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WHEN A BLACKLIST IS, UNFORTUNATELY, JUST THAT.

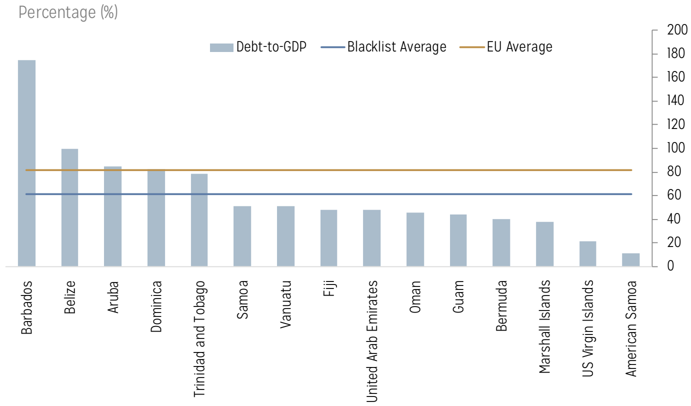
The Organization for Economic Co-operation and Development (OECD) established the Global Forum on Transparency and Exchange of Information for Tax Purposes, which now has 154 members and is recognized as the global tax policy authority. Importantly, since 2009, "no jurisdiction is currently listed as an uncooperative tax haven by the Committee on Fiscal Affairs" of the OECD. However, OECD Global Forum peer reviews as at March 2019 lists Anguilla, Sint Maarten, Turkey, Curacao, Ghana and Kazakhstan as "Partially Compliant", Marshall Islands as "Provisionally Partially Compliant", and only Trinidad and Tobago as "Non-Compliant", while the remainder are listed as "Provisionally Largely Compliant", "Largely Compliant", or "Compliant" with the OECD's requirements.

Enter the European Union (EU) whose members are mostly also OECD members. The EU published its first blacklist of 17 countries in December 2017, and updated it in March 2019 to reflect 15 countries, including the OECD's "Largely Compliant" territories of Aruba, Barbados, Belize and Bermuda. How could this be?

> **It appears the EU's concern is that its competitiveness as a place to do business is in jeopardy - and with good reason**

Averaging 22.5%, the EU's corporate tax rates are higher than the global average of 21.4%, but by the end of 2017, EU countries had accumulated over EUR12.5 trillion in Government debt, at 82% of EU GDP. The EU blacklisted countries on average carry Government debt at 61.3% of GDP - about 20 percentage points lower than the EU average, despite the EU having higher than average corporate tax rates.

Debt-to-GDP: Blacklisted Countries vs EU
Percentage (%)



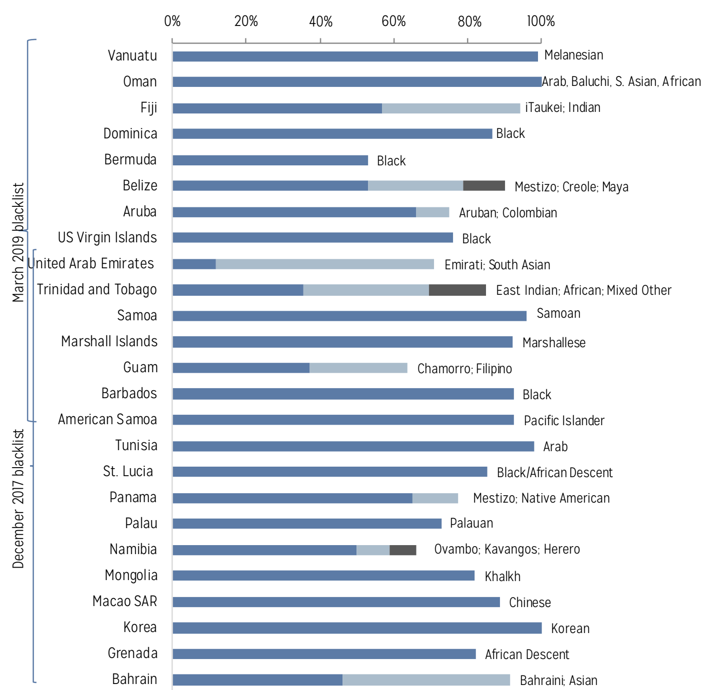
Source: Eurostat, IMF, Government Ministries and Central Banks, Marla Dukharan

According to IMF data for 2018, General Government revenue reached 46% of GDP in the Euro area, but only 26.8% in Emerging Market and Developing Economies, and 26% in Latin America and the Caribbean.

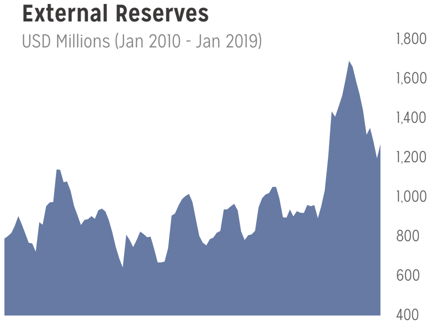
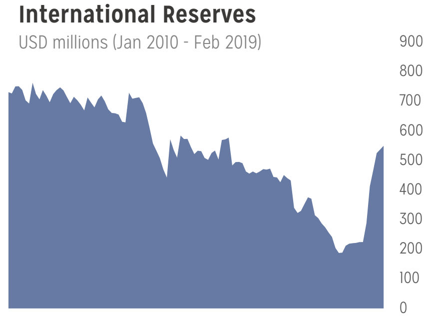
So, the EU is clearly concerned about collecting sufficient fiscal revenue not just to repay its relatively high Government debt, but to finance its high level of fiscal spending.

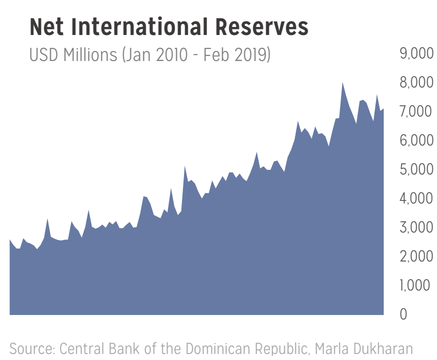
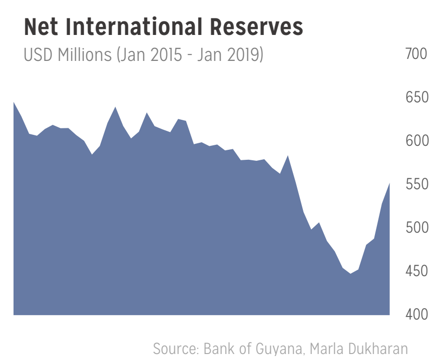
And finally, the data suggest a particular commonality among the blacklisted countries which is too striking to be dismissed as mere coincidence, or to be ignored - they are ALL predominantly non-white. >Click here for full report

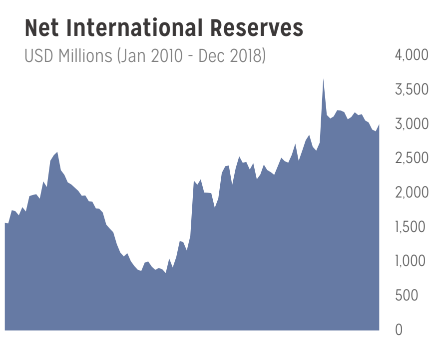
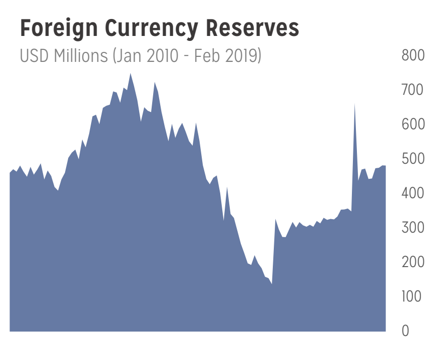
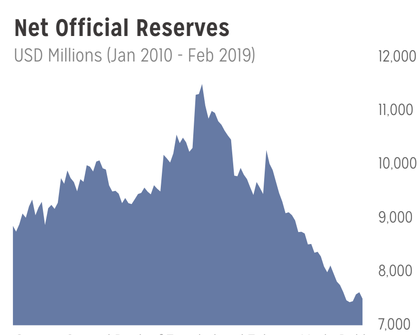
Non-white Population: EU Blacklisted Countries
Percentage (%) by racial or ethnic category (as reported) labels left to right



Source: CIA The World Factbook, Marla Dukharan

	BAHAMAS	BARBADOS	CAYMAN ISLANDS
UPDATE	The July 2018 VAT rate hike continues to stoke inflation, driving the retail price index up 3.68% y/y in Oct 2018. Tourism underpinned economic activity with a 16.6% y/y expansion in air arrivals for 2018, room revenues up 34% y/y as a result of additional high-end capacity, average daily room rate up 4.7% y/y to BSD250.57, and the number of room nights sold up 28% y/y. External reserves stood at USD1.268 billion or 5.1 months of imports at the end of January 2019, down 13.1% y/y. The growth in external reserves from Nov 2017 was related to Government borrowing in USD and was not organic in nature. During 2018, foreign exchange sales increased 12.8% y/y to USD5.77 billion. The overall unemployment rate increased to 10.7% in Nov 2018, up from 10.1% in Nov 2017. The number of employed persons increased 3.4% y/y in Nov 2018 but was outpaced by growth in the active labor force.	The FY2019/2020 budget highlights the government's expectation that growth not will return until 2020. Reserves stood at USD550 million in March 2019 - roughly 14.1 weeks of imports, supported by inflows from multilateral lenders. Domestic debt restructuring took debt-to-GDP from 170% to 125%, and the Government will not need to borrow domestically for the next 4 years. External debt restructuring, which accounts for approx. 15% of total debt, is not yet complete. Relaxation of FX controls effective July 1, 2019 will improve the business and investment climate. The deficit target was on track to be met for FY2018/2019 under the BERT program with a primary surplus at the end 2018 of BBD428 million. Higher taxes on tourism could further erode competitiveness. Stay-over arrivals grew at the slowest pace in 4 years in 2018, up 2.5% y/y to 680,269.	The economy grew 3.6% in the first three quarters of 2018, across all sectors, but in the lead were Hotels, Restaurants & Bars at 11.5% y/y and Construction at 6.9% y/y. The unemployment rate fell to 2.9% in Fall 2018 according to preliminary results, down from 4.9% a year prior. Caymanian unemployment reached the lowest level in over a decade, falling y/y from 7.3% to 4.6%. Work permits issuance rose 7.9% y/y in Q3 2018, reaching 25,598. Inflation dropped from 4.8% in Q2 2018 to 3.5% in Q3 2018 and averaged 3.8% in the first 9 months of 2018. Rebased GDP figures reveal GDP per capita in 2017 rose to KYD67,887, up 2% y/y. The prime lending rate increased by 83 basis points y/y to 5.08% in Sept 2018, with the weighted average lending rate up 77 bps y/y to 7.95%. New company registrations reached a record 12,941 for Jan-Sept 2018, up 34.5% y/y, demonstrating the resilience of this sector, despite OECD and EU driven reforms.
TOURISM	Stay-over: 2018: 1,558,086 +16.6% y/y Cruise pax: 2018: 4,877,596 +5.4% y/y	Stay-over: 2018: 607,762 (Nov 2018) +2.8% y/y Cruise pax: 2018: 554,438 (Nov 2018) -0.9% y/y	Stay-over: 2018: +10.7% y/y / 41,365 (Jan 2019) +5.6% Cruise pax: 2018: 1,921,057 +11.1% y/y
GROWTH	2.3% (2018 est.)	-0.6% y/y 2018	2.9% (2017), 4% y/y in Q1 2018
RESERVES	**External Reserves** USD Millions (Jan 2010 - Jan 2019)  Source: Central Bank of The Bahamas, Marla Dukharan	**International Reserves** USD millions (Jan 2010 - Feb 2019)  Source: Central Bank of Barbados, Marla Dukharan	n/a
OUTLOOK	IMF estimates growth at 2.3% in 2018, moderating to 2.1% in 2019, and 1.5% by 2023, contingent on improvements in tourism and fiscal consolidation.	IMF forecasted 0.5% contraction in 2018, 0.1% in 2019, and growth of 1.8% by 2023. We are working with a projection of roughly zero growth in 2019, following an estimated contraction of 0.6% in 2018 by the Central Bank.	2018 growth is estimated at 3.0% based on sound fiscal management and stronger construction and tourism activity, but less so on financial services. Government projects growth will slow to 2.2% by 2020.

	CUBA	DOMINICAN REPUBLIC	GUYANA
UPDATE	Economic contractions in Agriculture (-4.9%) Mining (-2.0%), and Construction (-2.2%), sugar production (-39%), and under-performance in tourism and investment contributed to the lower than expected 1.2% real GDP growth reported in 2018. Hotel occupancy at 55.4% was lower than the 66% target. The fiscal deficit widened to 9.0% of GDP, though lower than the anticipated 11.4% of GDP. Greater economic pressure is expected as Venezuela's National Assembly ordered a halt to all oil shipments to Cuba, and US Whitehouse Security Advisor John Bolton issued a consequent warning to insurers and flag carriers that facilitate such shipments. It is estimated the Venezuela currently provides around 50,000 barrels of oil per day to Cuba. An end to the Maduro regime in Venezuela would likely lead to the conclusion of economic cooperation between the nations, creating further external and domestic pressures in Cuba.	Remittances grew 9.8% y/y in 2018 to USD6.49 billion, then set a new record for the month of January at USD512.3 million in 2019, up 3.6% y/y. International reserves have declined from the peak in Feb 2018 of USD8 billion, which was generated by external borrowing, down 11.4% y/y to USD7.13 billion - over 4.5 months of imports. Public debt continues to gradually rise, with the Treasury reporting debt-to-GDP of 39.7% at Dec 2018 vs 27.5% in 2010. External debt accounts for 2/3 of total debt. Moody's affirmed its Ba3 sovereign credit rating with a stable outlook, pointing out that a decline in the exposure of government debt to exchange rate risks, or improved fiscal sustainability and debt affordability would be positive for the country's credit profile. A deterioration of the current account deficit or weakening of external accounts would put pressures on the rating.	Economic growth in Q3 2018 was fuelled by agriculture and services. Wholesale & Retail benefitted from greater demand for imported goods. This resulted in a larger deficit on the Balance of Payments, expanding y/y from USD53.4 million to USD160.6 million. The deficit on the current account nearly tripled y/y to USD324 million from USD111.8 million, also impacted by 47.4% lower sugar exports, gold down 8.6%, and timber down 0.8%. Gold production from Guyana Goldfields and Troy Resources rose 18.2% y/y, though declarations by small and medium miners were 23% lower. FDI inflows fuelled a 50% y/y rise in the capital account surplus to USD189.2 million. Political tensions and uncertainty persist in Guyana as a high court ruling dismissed the no-confidence motion. In any event, the Elections Commission has indicated that elections cannot be held until late November 2019.
TOURISM	Stay-over: 2018: 4,750,000 (est. Dec 2018) 1.3% y/y Cruise pax: 2018: 703,519 (Oct 2018) +20% y/y	Stay-over: 2018: +6.2%y/y / 598,198 (Jan 2019) +5.5%y/y Cruise pax: 2018: 982,329 (Dec 2018) -11.3%y/y	Stay-over (CTO): 2018: 211,448 (Sept 2018) +17.5% y/y Cruise pax: n/a
GROWTH	1.2% in 2018	7.0% 2018	4.5% H1 2018; 3.4% (2018 est.)
RESERVES	n/a		
OUTLOOK	Low growth (<2%) likely to persist as a result of Venezuela's crisis and shifts in US policy. Availability of foreign currency will remain a challenge. Government projects growth of 1.5% in 2019.	Growth is expected by the IMF to moderate to 5.0% through 2023.	Growth is expected by the IMF to ramp up to 4.8% in 2019, and with the impact of oil production, almost 30% in 2020.

	JAMAICA	SURINAME	TRINIDAD & TOBAGO
UPDATE	A reduction in the primary surplus target from 7.0% of GDP to 6.5% received support from the IMF for spending on social assistance, citizen security and rural infrastructure. The IMF also pointed out that the removal of distortionary taxes will lower the cost of doing business, reduce informality, and support an increase in economic activity. Several tax cuts were proposed in the budget debate, including an increase in the Gross Consumption Tax Threshold from JMD3 million to JMD10 million, a reduction of the transfer tax on property and financial instruments from 5% to 2%, removal of minimum business tax of JMD60,000 per year, elimination of asset tax payable to non-financial institutions. International reserves remained at USD3 billion in Feb 2019. Non-borrowed reserves are USD2.5 billion. The Bank of Jamaica's policy rate was reduced by a further 25 bps on March 27 to 1.25% in the context of below-target inflation.	Foreign reserves continue to strengthen, up 36% y/y to USD482.8 million in Feb 2019. Following the recent resignation of the Governor of the Central Bank, Moody's reported that they do not anticipate the change will affect funding conditions or the direction of fiscal policy. The primary change they expect is the resumption of lending to the government within the limit set by the Bank Act of up to 10% of projected government revenue. On Feb 28, 2019, Moody's had raised its outlook on Suriname's sovereign credit rating to stable, affirming its B2 rating. The more optimistic outlook reflects the government's improved liquidity position and access to financing. Moody's expects government will not meet its 5.0% of GDP fiscal deficit target, which could be as high as 6.2% as a higher wage bill and development spending outstrip revenue increases, and debt-to-GDP will decline to 60.8% in 2019.	Reserves fell 7.4% y/y to USD7.495 billion in Feb 2019, down by over USD4 billion in since its peak in December 2014. Inflation ended 2018 at 1.1%, indicating there is space for a depreciation of the grossly overvalued TTD. Gross public sector debt-to-GDP ended 2018 at 78.3% according to the CBTT, up from 77% in Dec 2017, mainly due to higher Central Government external debt, which reached 16.3% of GDP vs 15.3% a year prior. This debt level does not include VAT arrears, Petrotrin debt or the Overdraft facility with CBTT, which were respectively estimated at 4%, 8% and 6% of GDP last year by the IMF and the IDB. T&T first appeared on the EU's Dec 2017 blacklist of "Non-cooperative tax jurisdictions" and remained there on the March 2019 update, classified as having "major transparency concerns." Furthermore, T&T is the ONLY country globally to be classified by the OECD as "non compliant" based on peer reviews, as at March 2019.
TOURISM	Stay-over: 2018: +5.1% y/y / 216,509 (Jan 2019) +11.3%y/y Cruise pax: 2018: / 249,239 (Jan 2019) -0.2% y/y	n/a	Stay-over: 2018: 311,912 (Oct 2018) -5.2% y/y (CTO) Cruise pax: 2018: 96,610 (Oct 2018) +159% y/y (CTO)
GROWTH	1.4% Q1 2018; 1.8% in Q2 2018; 1.9% Q3 2018	2.0% (IMF 2018 est.)	0.8% (2018 CSO est.)
RESERVES	 Source: Bank of Jamaica, Marla Dukharan	 Source: Centrale Bank van Suriname, Marla Dukharan	 Source: Central Bank of Trinidad and Tobago, Marla Dukharan
OUTLOOK	The IMF expects growth at 1.2% in 2018, ramping up to 1.5% in 2019 and 2.2% by 2023.	IMF forecasts growth of 2.2% in 2019, 2.5% in 2020 and 2.1% in 2021.	The IMF is estimating growth at 1% for 2018, falling to 0.9% in 2019, then averaging 1.8% through 2023. We maintain our projection of roughly 0% growth in 2018, and average growth of 1% in 2019-2020.