

## PROPAGANDA, POLITICS & POWER - THE GLOBAL NORTH'S PRO-POVERTY AGENDA

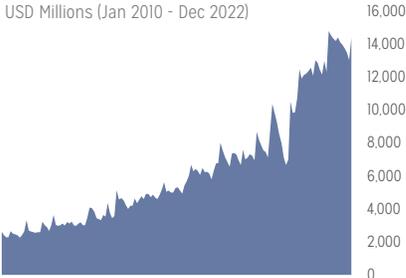
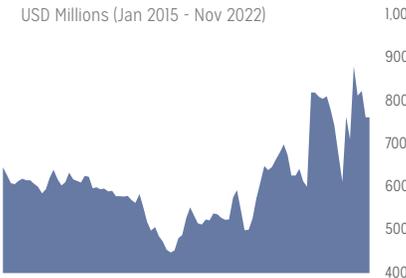
As always, just as the world's elite gather in Davos, Switzerland - [the world's second largest financial secrecy jurisdiction by the way](#) - [Oxfam published its annual exposé](#) on the increasingly acute global inequality and poverty problem. Kudos to Oxfam for tirelessly collecting and compiling this important data, and for demonstrating the solutions. According to the Oxfam report:

- Poverty has increased for the first time in 25 years and tens of millions more people are facing hunger.
- The IMF is forecasting that a third of the global economy will be in recession in 2023.
- For the first time, the UNDP has found that human development is falling in 9 out of 10 countries.
- In 2022, the World Bank announced that we will fail to meet the goal of ending extreme poverty by 2030 and that 'global progress in reducing extreme poverty has come to a halt,' amid what it said was likely to be the largest increase in global inequality and the largest setback in addressing global poverty since World War II.
- The richest 1% bagged nearly 2/3 of all new wealth over the past two years, nearly twice as much money as the bottom 99% of the world's population.
- The richest 1% hold 45.6% of global wealth, while the poorest half of the world have just 0.75%.
- 81 Billionaires hold more wealth than 50% of the world combined, and billionaire fortunes are increasing by USD2.7 billion a day.
- Food and energy companies more than doubled their profits in 2022, paying out USD257 billion to wealthy shareholders, while over 800 million people went to bed hungry. Corporate price profiteering is driving at least 50% of inflation in Australia, the US and Europe, in what is as much a 'cost-of-profit' crisis as a cost-of-living one.
- In 2020, Oxfam and the Stockholm Environment Institute showed that the richest 1% generate more emissions than the whole of the bottom half of humanity,
- As tax rates on the rich and corporations have fallen, governments have compensated by increasing regressive taxes on goods and services, like value added tax (VAT). These taxes fall disproportionately on the poorest people, who spend a higher share of their income on consumption. They also exacerbate gender inequality. For example, a study carried out in Guatemala, Honduras and El Salvador found that hikes in VAT resulted in an increase in poverty in female-dominated households.
- Today, taxes falling on citizens, be it through personal income, payroll or consumption, account for more than 80% of total tax revenue, while taxes on corporations contribute around 14% and taxes on wealth 4%.
- In January 2022, over 100 millionaires signed a letter calling for higher taxes.

Clearly, we have a global problem which is not new, but which is accelerating exponentially. Inequality is a driver of poverty, and poverty will not solve itself with growth / economic recovery alone. Specific policy intervention is crucial, and the scale and complexity of this problem requires global policy coordination just as much as the GFC and pandemic did. What is shocking however, is that instead of uniting to address this poverty tsunami, the Global North's agenda appears to be pro-poverty. For example, Oxfam further stated that "countries face significant challenges in taxing wealth, and there is a need for concrete proposals on how to do so, especially for developing countries. There are very real constraints that revenue authorities face." Really Oxfam? The world's largest financial secrecy jurisdictions are the USA, Switzerland, Singapore, Hong Kong, Luxembourg, Japan, and Germany, with a total weight of ~59%. I am pretty sure that those countries do not face any technical or capacity challenges to 'tax the rich' if they wanted to. But why would they if they are never held to account? The USA alone is weighted 26% but the USA is STILL not part of the automatic exchange of information. [Oxfam is again playing into the prevailing false narrative](#) that this global inequality and poverty problem because we don't tax the rich is a developing country problem, when all the data show that it most certainly is NOT. This is not what we need from Oxfam.

The OECD and EU also, in particular, relentlessly hold smaller, weaker states to a higher standard and paint us as the main culprits behind tax evasion, money laundering, and terrorism financing, [while virtue-signalling via blacklisting and downplaying the abundant evidence that they are in fact the best-in-class for financial crime](#). Their actions against smaller states make us undeniably weaker and poorer. The fact that they continue with this agenda suggests one thing - their strategy is working.

	THE BAHAMAS	BARBADOS	THE CAYMAN ISLANDS
UPDATE	<p>External reserves fell to USD2.9 billion, but were 17% higher y/y in Nov 2022, while USD deposits by residents fell 20% y/y. Gov't <a href="#">accessed IMF SDRs</a> of ~USD233 million from the Central Bank in Dec 2022 to finance the fiscal deficit. For Q1 FY2022/23, Gov't revenue increased 9.7% y/y, while current and capital expenditure fell by 7.2% and 16.7%, respectively. The deficit on the current account of the balance of payments narrowed to <a href="#">USD395.5 million</a> in Q3 2022, as total tourist arrivals for Jan-Oct reached 5.3 million or 90% of 2019 levels. Inflation for Sept was 6.5% as food prices increased 16%, up from 14% in Aug. The minimum wage was hiked by 24% and the IDB cautions that this move, along with other price control measures to curb inflation such as VAT exemptions and tariff reductions, could negatively impact SMEs and disproportionately benefit the wealthy. National debt was 6.5% higher in Q3 2022 vs Q3 2021 at USD11.17 billion, with external debt up 14% y/y to USD4.97 billion.</p>	<p>Headline inflation reached 8.4% in Oct 2022, with food prices +13%, household furnishings &amp; maintenance +13%, and transport +7%. Reserves were USD1.2 billion in Nov 2022, roughly 9 months of import cover, buttressed by loans from international financial institutions. In Dec 2022, the IMF approved an Extended Fund Facility of USD136 million for 36 months and USD189 million via the RSF. In Jan 2023, the World Bank approved a USD100 million loan to support low carbon economic development and resilience to climate change. For FY2022/23, the fiscal deficit is projected to decline to 2.2% of GDP vs 4.8% for FY2021/22. As such, public debt/GDP is expected to decline by 12.6 p.p. between FY2021/22 and FY2022/23 to reach 122.5% of GDP and continue on a downward trajectory thereafter. The IMF projects that the debt target of 60%/GDP will be reached by FY2035/36. Tourism continued to gradually rebound in 2022, reaching 442,576 stopovers for 2022 or 64% of 2019 levels.</p>	<p>For Jan-Sept 2022, the fiscal surplus reached KYD81.1 million, down 20% y/y. However, this was 50% more than projected, due largely to an increase in Gov't revenue. Gov't debt increased to KYD524 million at the end of Sept 2022, up 2.2 times y/y. For Q2 2022 y/y, headline inflation was 12.1%, with housing prices +19.2%, transport +17%, food prices +7.9%, and electricity costs +20.2%. The value of merchandise imports increased for H1 2022 by 21%, with imports of fuel up 96%, food and live animals up 20%, and beverages and tobacco up 25%. Stayover arrivals for Jan-Nov exceeded the Ministry of Tourism's target of 200,000 by 18%, reaching 53% of 2019 levels. For the months of Oct and Nov, tourist arrivals were 91% and 89% of 2019 levels, respectively. The cruise sector is also rebounding, but at a slower pace than anticipated, reaching 38% of 2019 levels - just below the Ministry's target of 40% of 2019 levels.</p>
TOURISM	<p>Stay-over: 2022: 892,738 (July) @ 77% of 2019</p> <p>Cruise: 2022: 2,700,075 (July) @ 83% of 2019</p>	<p>Stay-over: 2022: 442,576 (Dec) @ 64% of 2019</p> <p>Cruise: 2022: 357,853 (Dec) @ 64% of 2019</p>	<p>Stay-over: 2022: 180,624 (Sept) @ 47% of 2019</p> <p>Cruise: 2022: 426,293 (Sept) @ 32% of 2019</p>
GROWTH	+13.7% (2021) / 2022: 8% (IMF)	-0.7% (2021) / 2022: 10% (CBB/IMF)	+1.8% (2021) / 2022: 3.4% (ESO)
RESERVES	<p><b>External Reserves</b> USD Millions (Jan 2010 - Nov 2022)</p> <p>Source: Central Bank of The Bahamas, Marla Dukharan</p>	<p><b>International Reserves</b> USD Millions (Jan 2010 - Nov 2022)</p> <p>Source: Central Bank of Barbados, Marla Dukharan</p>	<p><b>Foreign Reserve Assets</b> USD Millions (Dec 2017 - June 2022)</p> <p>Source: CIMA, Marla Dukharan</p>
OUTLOOK	<p>We expect growth of 6% in 2022 and 4% in 2023, backed by Reconstruction and Tourism, with economic activity below its 2019 level to 2025. The IMF forecasts 8% growth for 2022, 4.1% for 2023, averaging below 2% to 2027.</p>	<p>Growth is estimated at 10% in 2022 by the Central Bank and projected at 5% for 2023, driven largely by tourism and construction. The IMF forecasts 10.5% growth for 2022 and 5% for 2023, averaging 2.4% to 2027. ECLAC projects growth of 5.9% for 2022.</p>	<p>ESO currently <a href="#">projects</a> growth at 3.4% for 2022 and 3.0% for 2023, backed by construction activity and the gradual recovery of tourism. We expect growth to pick up in 2023 to around 4% then average around 3% to 2027.</p>

	CUBA	DOMINICAN REPUBLIC	GUYANA
UPDATE	<p>Gov't estimates growth for 2022 at 2% - half the forecasted 4%. The official inflation rate for Nov 2022 was 40%, with food prices +63%, restaurant &amp; hotel +53%, and recreation &amp; culture +61%. Unofficial inflation estimates are closer to 200%. For Jan-Nov 2022 total visitors reached 1.38 million, with Canada accounting for 31%. Gov't expects around 1.7 million tourists arrived for the total year 2022, far below the goal of 2.5 million. Goods exports are estimated to have recovered to pre-pandemic levels in 2022. Since Nov 2022, the <a href="#">informal exchange rate</a> has stabilized, starting 2023 at CUP160:USD1.00. Gov't priorities in 2023 include improving capacity of the power grid and restructuring the mechanism for FX allocations to achieve its growth target. Exports would need to increase by USD1 billion y/y to achieve the USD9.76 billion target, and tourism arrivals would have to double to 3.5 million. Gov't estimates USD1.65 billion in FX will be needed to cover food imports in 2023.</p>	<p>The policy rate was maintained at 8.5% in Dec 2022 as headline inflation moderated to 7.8% in 2022 - still well above 3-5% target. Core inflation was 6.6%. Food prices rose +11%, restaurant &amp; hotel prices +9.5%, and housing prices +9.1% y/y. For Jan-Nov 2022, the economy expanded by 5% y/y. Growth for Q3 was 5% y/y, compared to 6.1% and 5.1% in Q1 and Q2, respectively, as domestic demand fell due to high materials cost and monetary tightening. Hotels, bars &amp; rest. activity grew 25.2%, free zone mfg activity +5.9%, however mining contracted by 9.8%. For Jan-Nov, the total number of stayover arrivals reached 6.4 million, surpassing 2019 arrivals by 10%. Total exports for 2022 is expected to have reached USD14.1 billion with free zones accounting for around 57% of exports. For Jan-Nov, remittances reached USD8.9 million. The unemployment rate fell to 4.8% in Q3 2022, down 2 p.p. y/y. International reserves reached an all-time high of USD14.4 billion at the end of 2022, or around 6 months of imports.</p>	<p>Growth is projected at 25.2% in 2023 following the highest ever at 57.8% in 2022, according to the World Bank. The ILO highlighted the skills gap in the oil and gas industry, which inevitably encourages expatriate labour inflows, making the local content legislation near-impossible to comply with, thereby discouraging domestic investment. For Jan-Sept 2022, production of sugar and rice contracted by 16.9% and 6.4% y/y, respectively due to flooding earlier in the year. In the mining and quarrying sector, crude oil production more than doubled while gold production fell by 2% for Jan-Sept 2022. Despite a third withdrawal for the year of USD207.6 million, Guyana's sovereign wealth fund, the Natural Resource Fund, ended 2022 at USD1.4 billion or 2.3 times the balance in Jan 2022. Headline inflation for Nov was 6.9% with food prices +13.4%. Net international reserves fell to USD762 million or 1.3 months of imports in Nov 2022, which is 2.4% lower than Jan 2022 levels.</p>
TOURISM	<p>Stay-over: 2022: 1,377,253 (Nov) @ 35% of 2019</p> <p>Cruise : n/a</p>	<p>Stay-over: 2022: 6,397,464 (Nov) @ 110% of 2019</p> <p>Cruise: 2022: 905,486 (Oct) @ 108% of 2019</p>	<p>Stay-over: 2022: 105,905 (May) @ 86% of 2019</p> <p>Cruise : n/a</p>
GROWTH	+1.3% (2021) / 2022: 2% (Min. of Fin.)	+12.3% (2021) / 2022: 5.2% (IMF)	+23.8% (2021) / 2022: 57.8% (WB/IMF)
RESERVES	n/a	<p><b>Net International Reserves</b> USD Millions (Jan 2010 - Dec 2022)</p>  <p>Source: Central Bank of the Dominican Republic, Marla Dukharan</p>	<p><b>Net International Reserves</b> USD Millions (Jan 2015 - Nov 2022)</p>  <p>Source: Bank of Guyana, Marla Dukharan</p>
OUTLOOK	<p>Govt anticipates 3% real growth in 2023, while growth for 2022 was estimated at 2%. Recovery beyond this depends mainly on FDI, tourism, investments in Agriculture and Power Generation, international relations / sanctions, and Russia's invasion of Ukraine.</p>	<p>The external sector will continue to see robust activity, with the recovery of tourism to continue in 2023. The IMF's growth forecast for 2022 was revised to 5.25% and growth is expected to remain around 5% over the next 5 years.</p>	<p>Growth is projected at 25.2% in 2023 following the highest ever at 57.8% in 2022, according to the World Bank. For 2023-2026, oil GDP is forecast to increase by an average of 30% and non-oil GDP by 5.1%.</p>

	JAMAICA	SURINAME	TRINIDAD & TOBAGO
UPDATE	<p>An agreement was initiated to access USD1.7 billion via the IMF's Precautionary and Liquidity Line (PLL) and Resilience &amp; Sustainability Facility (RSF). The PLL is expected to provide insurance in case of negative external shocks, while the RSF will be used to facilitate resilience against climate change and other risks, allowing access to USD763 million at 3.8% interest for 20 years. Q3 2022 marked the 6th consecutive quarter of real growth, at 5.9% y/y. The hotel &amp; restaurant industry grew by 35.3%, agric., forestry &amp; fishing +17% and food, beverage &amp; tobacco +12.9%. The mining &amp; quarrying sector contracted by 27.6% as bauxite and alumina production fell by 27.4% and 39% y/y, respectively. For Nov 2022, headline inflation reached 10.3%, with restaurant &amp; accommodation prices +20.2%, and food prices +14.3% y/y. Core inflation was 8.8%. BoJ maintained its policy rate at 7% in Dec 2022. Int'l reserves reached USD3.98 billion or 25 weeks of goods &amp; services imports at end-2022. For Jan-Sept 2022, stopover arrivals reached 90% of 2019 levels. Remittance inflows remained strong at USD2.9 billion for Jan-Oct 2022.</p>	<p>Given ongoing debt restructure exercises, in Dec 2022, India agreed to restructure a USD38 million loan and under the Paris Club agreement, EUR88.3 million (USD96 million) was rescheduled with two bilateral agreements signed at the end of 2022 with France and the Netherlands. Roughly USD26 million was rescheduled with the Netherlands. Restructuring with China is pending. At the end of Q3 2022, external debt was 82%/GDP, domestic debt was 34%/GDP, and total debt was 116%/GDP. Outstanding arrears on external debt was USD386 million, up by 35% since Q4 2021. Economic activity for Aug 2022 increased by 0.9% y/y, with accommodations and food services +54% and activity in construction rising +27.1%. Contraction of -29% and -23% was recorded for the information &amp; communications and mining sectors, respectively. The SRD depreciated by 32% in 2022, ending the year at SRD31.90:USD1.00, vs SRD21.60:USD1.00 in Jan 2022. Headline inflation reached 49.5% in Nov, with housing and utilities +68%, food +55%, and transportation +44%.</p>	<p>T&amp;T recorded its highest murder rate ever, surpassing 600 homicides in 2022. The Central Bank maintained its policy (repo) rate at 3.5% in Dec 2022, as disinflation drove Sept 2022 headline inflation to 6.2%, down from 6.3% in Aug, with core inflation at 4.8%. Food prices rose 1.6% and transport +8.6% y/y. Further pressures are expected in Q1 2023 due to flooding, the reduction in the fuel subsidy, and proposed increases in electricity rates. For Q1-Q3 2022, natural gas production increased by 5% y/y, but remained 15% below 2020 and 25% below 2019 levels. The unemployment rate increased to 5.4% in Q3 from 4.5% in Q2 2022. Activity in the non-energy sector expanded by only 0.5% y/y in Q3. Overall economic activity increased by 3% y/y in Q3 2022, with energy sector activity up 6.9% y/y. Construction and financial &amp; insurance activity declined by 7.4% and 3.7% y/y, respectively. Deposits into the HSF of USD344.5 million from Sept-Dec 2022 would add to the mid-Sept NAV of USD4.8 billion - the lowest level since Sept 2012. Net Official reserves reached USD6.8 billion in Nov 2022.</p>
TOURISM	<p>Stay-over: 2022: 1,817,791 (Sept) @ 90% of 2019</p> <p>Cruise: 2022: 510,958 (Sept) @ 46% of 2019</p>	n/a	<p>Stay-over: 2022: 226,489 (Dec) @ 58% of 2019</p> <p>Cruise: 2022: n/a</p>
GROWTH	+4.6% (2021) / 2022: 2.8% (IMF)	-3.5% (2021) / 2022: 1.3% (IMF)	-0.7% (2021 est) / 2022: 4% (IMF)
RESERVES	<p><b>Net International Reserves</b> USD Millions (Jan 2010 - Dec 2022)</p> <p>Source: Bank of Jamaica, Marla Dukharan</p>	<p><b>Foreign Currency Reserves</b> USD Millions (Jan 2010 - Dec 2022)</p> <p>Source: Centrale Bank van Suriname, Marla Dukharan</p>	<p><b>Net Official Reserves</b> USD Millions (Jan 2010 - Nov 2022)</p> <p>Source: Central Bank of Trinidad and Tobago, Marla Dukharan</p>
OUTLOOK	<p>BoJ expects growth of 2-4% in FY 2022/23 as the tourism recovery strengthens. Pre-COVID GDP levels could return in FY2022 /2023. The IMF forecasts growth of 3% in 2023, averaging 1.8% to 2027.</p>	<p>The IMF program underway supports a recovery from the debt / balance of payments crisis. The IMF projects growth of 1.3% in 2022, 2.3% in 2023, averaging 3% to 2027.</p>	<p>The IMF lowered its GDP growth forecast to 4.0% for 2022, then averaging 2.5% to 2027. <a href="#">We expect a debt restructure in the coming years, absent significant reforms to address debt and declining reserves.</a></p>

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