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ECONOMIES OF LATIN AMERICA AND THE CARIBBEAN WILL DECELERATE IN 2023

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NEW STUDY ON SUSTAINABLE TRANSPORT
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ABOUT US

Issued on a monthly basis, The Hummingbird offers insights into the latest projects, publications, technical assistance missions and research carried out by ECLAC Caribbean. In addition to these, sneak previews are provided of the most salient upcoming events, alongside enriching follow-ups to previously covered issues. With a view to featuring a variety of facets of Caribbean life and lifestyle, The Hummingbird also zooms in on cultural activities and landmark occurrences through an eye-opening regional round-up.

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INTERNATIONAL DAYS

4 February
International Day of Human Fraternity

6 February
International Day of Zero Tolerance to Female Genital Mutilation

10 February
World Pulses Day

11 February
International Day of Women and Girls in Science

UPCOMING MEETINGS

1 FEBRUARY 2023
Towards the 2023 Water Conference – Regional Water Dialogues 2023 of LAC

8 FEBRUARY 2023
The 64th Meeting of the Presiding Officers of the Regional Conference on Women in Latin America and the Caribbean

22 FEBRUARY 2023
ESCAP-ECA-ECLAC workshop Regional Digital Trade Integration Index (RDTII): findings and implications from Asia-Pacific, Africa, and LAC
For the past several decades, Trinidad and Tobago (T&T) was the only country in the Caribbean with a major hydrocarbon sector. This has changed within recent years, however, with the discovery of large offshore oil and gas deposits in both Guyana and Suriname. The former began extraction and export of oil in 2020 which has resulted in an increase in gross domestic product (GDP), while the latter hopes to begin extraction in the coming years.

In Trinidad and Tobago, the natural gas industry production declined over the 2010 to 2014 period. This was due to the extensive work undertaken by major upstream producers - British Petroleum of Trinidad and Tobago (BPTT) and British Gas (BG) - to upgrade their gas infrastructure.

Further examination of these developments along with expert analysis forms the basis of a new study from ECLAC Caribbean, entitled “Exploring the elements of an optimal hydrocarbon fiscal regime: The case of Guyana, Suriname and Trinidad and Tobago”.

The study reviews the framework for the awarding of acreage; assesses the process for the awarding of blocks in specific countries within Latin America and the Caribbean; and provides policy recommendations on how Guyana and Trinidad and Tobago (and by extension Suriname) can earn their fair share of hydrocarbon rents, whilst facilitating exploration and production activity in the offshore blocks.

The study reveals that Trinidad and Tobago has the most progressive fiscal regime for the oil and gas sector amongst the countries examined, while Guyana’s hydrocarbon fiscal regime does not contain sufficient progressive instruments to allow the Government of Guyana to fully share in the upside of spiralling revenues, from relatively high oil prices...
IN GRENADA, A NEW WELCOME FOR CRUISE PASSENGERS

Grenada has unveiled a new “welcome” for its cruise passengers: a striking new “Grenada” sign at the Melville Street Cruise Ship Terminal. The new sign, located at the entrance of the terminal’s welcome center, greets visitors “with a bold and colorful display of the island’s name in large letters,” according to the Grenada Tourism Authority (GTA).

“We are thrilled to unveil this beautiful new sign at the Melville Street Cruise Ship Terminal,” said the CEO of the GTA, Petra Roach, “It is a true representation of what Grenada has to offer, and it serves as a warm welcome to all who visit our island.”

The sign’s letters were crafted to feature depictions of the island, from flora and fauna to yachting and, of course, the island’s signature spice, nutmeg. It is a new addition that should prove to be a hit, particularly with Instagrammers.

Officials say they are confident “that the new sign will serve as a powerful symbol and a perfect representation of Grenada’s unique selling points and, will inspire more visitors to explore every facet of the tri-island state.”

or increasing production levels. This notwithstanding, both Guyana and T&T require a fiscal regime that has incentives, attracts and retains investors to engage in exploration and production activity, while allowing the country to maximize its rewards from the exploitation of its exhausted natural resources.

Meanwhile in Guyana, commercial discoveries of crude oil were made by ExxonMobil affiliate, Esso Exploration and Production Guyana Ltd., in 2015. Since the first discovery at the Lisa-1 well, several discoveries were made in the Stabroek block, some 190 km offshore Guyana (Exxon Mobil 2015). Following this discovery, the Guyana Government negotiated with ExxonMobil, for the continued exploration and production offshore.

The study notes that, as a new frontier for Guyana, it was important that they have the know-how necessary to receive fair value for their hydrocarbon resources.

For this to be progressive, a windfall tax must be charged. This can work in two ways. The first is where the windfall tax is charged on the spot price of the hydrocarbon.

The framework would allow for the capture of windfall rents in bullish periods. The second type of windfall tax is where it is applied to the production of hydrocarbons. This framework would implement one tax rate for a given scale of the hydrocarbon production, then as the production rate increases to a new scale, a higher tax rate is applied.

The study further articulates key elements of what can be considered an optimal hydrocarbon fiscal regime, for hydrocarbon-rich Caribbean economies that would allow governments to derive a fair share of hydrocarbon rents, while ensuring sufficient exploration and production activity.

Moreover, it suggests that for the Caribbean, the optimal fiscal regime should include a reservation price (the lowest price of value that an entity is willing to accept for a good or service), as well as royalties and a windfall tax (this is a tax levied on an unforeseen or unexpectedly large profit). Mindful of the sunk costs (which is an investment already incurred that can’t be recovered), that may befall the multinational companies in exploration and production activities, invariably, fiscal incentives would also be necessary.

Further explanation of this and other interesting facts can be found in the study, via the following link:

[CLICK HERE]
ECONOMIES OF LATIN AMERICA AND THE CARIBBEAN WILL DECELERATE IN 2023
Countries of Latin America and the Caribbean are expected to grow by 3.7 per cent in 2022, just over half of the 6.7 per cent rate recorded in 2021. It is estimated that the deceleration in economic growth will intensify in 2023, giving rise to a 1.3 per cent rate.

This is outlined in the 2022 edition of ECLAC’s annual report, entitled “Preliminary Overview of the Economies of Latin America and the Caribbean” (PO), which examines the performance of the region’s economies.
ECONOMIES OF LATIN AMERICA AND THE CARIBBEAN WILL DECELERATE IN 2023

Specifically, this annual report presents new Gross Domestic Product (GDP) estimates for the region in 2022 as well as projections for 2023. The document also analyzes the economic and social dynamics of the last year, and discusses the policy risks and challenges that the region will face in 2023 for fostering a transformative recovery.

According to the PO, which was unveiled in December 2022 by ECLAC’s Executive Secretary José Manuel Salazar-Xirinachs, the monetary policy responses adopted worldwide in 2022, in a context of rising global inflation, have sparked greater financial volatility and increased risk aversion, and have thereby prompted fewer capital flows to emerging economies, including the region’s economies.

The report emphasizes that the labour market recovery process underway in the first half of 2022, did not allow for eliminating the traditional gaps between men and women, for example in the labour force participation rate and the unemployment rate. In addition, an increase in informality has been observed in 2022 along with a decline in real wages.

One aspect that the report highlights is the changes seen regarding regional inflation in the second half of 2022. Coupled with the deceleration in economic activity that is expected to continue next year, this will reduce the pressure on monetary authorities in Latin America and the Caribbean to continue raising monetary policy rates.

Also, the impacts of inflation on the economies of the Caribbean, have not only weighed on real incomes and in turn, consumption, but also on production costs, which has weakened the competitiveness of both goods exports and tourism.

ECLAC indicates that the current situation poses challenges for
macroeconomic management. It is also necessary to make progress on improving the efficiency and effectiveness of public spending to enhance fiscal policy.

Finally, the Preliminary Overview argues that it is critical to stimulate investment and productivity, in order to address social demands, the creation of decent employment, to reduce informality, inequality and poverty, and move forward on climate change adaptation and mitigation. To that end, innovative public policies are needed on productive, financial, trade and social matters and on the care economy, to avoid another lost decade like the one observed for the 2014-2023 period.
IN BONAIRE, A MAJOR STEP FOR CORAL REEF RESTORATION

Bonaire was the Caribbean pioneer for coral reef restoration. And now the island is again at the forefront of the movement to plant new reefs. For the first time in history, three species of boulder coral have been outplanted back to Bonaire’s reefs. These species are lobed star coral, mountainous star coral and great star coral.

In late 2022, Reef Renewal Foundation Bonaire (RRFB) began outplanting boulder coral fragments that were propagated via fragmentation almost two years prior and reared in nurseries. “Outplanting these boulder coral fragments for the first time was a critical step for us, one that was necessary to fine-tune our restoration techniques and establish proper operating protocols,” said Francesca Virdis, Chief Operating Officer of RRFB.

“From now on, our focus is scaling up their production to make sure that, with the help of our incredible community of dedicated volunteers, thousands of corals will be outplanted back to our reefs every year.” The boulder coral project is important not only for the preservation of key species, but also for ensuring the resilience of Bonaire’s reefs in the face of growing local and global threats. By expanding the quantity and species of coral they outplant, the Foundation is introducing much needed diversity to degraded reef areas, allowing them to better withstand today’s ever-changing environment and the uncertain
conditions of the future. All three species of boulder coral, two of which are endangered, are key building blocks of the marine ecosystem and will bolster the resilience of Bonaire’s reefs for years to come. At their inception in 2012, RRFB initially focused on two species of branching coral: staghorn coral and elkhorn coral. The foundation has since expanded their restoration efforts to more species, first through their larval propagation program and now fragmentation technique, as well. It is crucial to maximize the number of species that benefit from restoration, to ensure that future reefs are as genetically diverse and resilient as possible. Reef Renewal Bonaire will continue to grow and propagate boulder corals in nurseries and outplant them back to the reef. The efforts guarantee that these coral species, staples of Bonaire’s marine ecosystem, will continue to thrive amidst growing pressures.
Issues relating to land transportation in three Caribbean States were the basis for a recent study by ECLAC Caribbean. It was undertaken in the context of the subregion’s current challenges in providing sustainable and efficient land transportation, as well as its obligations to mitigate greenhouse gas emissions, to which land transportation was a significant contributor. The study is titled, “Policy considerations for sustainable transportation in three Caribbean small island developing States: Options for improving land transportation efficiency in Barbados, the British Virgin Islands and Jamaica”.

ECLAC Caribbean also recently convened an expert group meeting (EGM) via Webex, to discuss the findings of the study. Participants included representatives from the Governments of British Virgin Islands, Saint Lucia, and Trinidad and Tobago, the Organization of Eastern Caribbean States (OECS), the University of the West Indies (UWI), and case consultants for each of the three countries.
ECLAC’s Economic Affairs Officer, Willard Phillips, in presenting the study, noted that the research was undertaken to respond to the growing challenge of improving the sustainability and efficiency of land transportation in the Caribbean, and particularly considering the subregion’s obligations to mitigate greenhouse gas emissions (GHGs) under the Paris Agreement.

Phillips pointed out that transportation was pivotal to economic development, and that notwithstanding that international transportation systems were fairly well studied in the Caribbean, the area of internal land transportation remained relatively unexplored for the subregion. He informed the meeting that in terms of the issue of global climate change, transportation contributed up to 30 per cent of GHGs, thus making it an important challenge for the subregion.

Phillips said that this, alongside growing urbanization and congestion, now required significant policy changes in order to enhance its sustainability and efficiency. In setting the economic context for the analysis, he observed that transportation itself is regarded as a derived demand. “It reflects the state of economic activity in any country or region, since it is necessary for the movement of persons, as both consumers and suppliers of labour and other production inputs,” he stated.

With respect to the study findings, Phillips said the analysis revealed that in all three case countries, both vehicles in use and vehicle kilometres travelled, showed generally upward trends over the past decade. This trend was temporarily adjusted in the British Virgin Islands during 2017, when it was affected by Hurricane Irma, and in all the countries in 2020 because of the suspension of economic activities due to the COVID-19 pandemic.

Phillips pointed out that several areas should be considered in terms of policy options for sustainable land transportation, including strengthening or restructuring national transportation authorities; improving public transportation offerings; incentivizing electric/hybrid vehicle ownership; and supporting electric vehicle transitions. 

See the full list in the study, via the following link:

Experts who worked on each of the three case countries also made presentations. In the case of Barbados, a critical limitation of the study was identified, this being the issue of costs related to effectively transferring the transportation sector from internal combustion engines to electrical vehicles. The expert pointed out that one of the main related concerns was the potential waste generated when electric vehicles neared their end of life. He suggested that effective polices were needed to address this issue.

The British Virgin Islands (BVI) case study expert agreed with this comment, and raised additional concerns regarding the BVI’s peculiarities related to the data issues in the aftermath of Hurricane Irma and the COVID-19 pandemic, while underscoring the importance of public education in supporting the transition to a sustainable transportation system.

The Jamaica case study expert shared perspectives on the uniqueness of the Jamaican transportation system, which revealed high vehicular traffic despite that country’s low vehicle per capita. However, he pointed out that public transportation usage was significant, especially in the Kingston metropolitan area, because of substantial urban sprawl. Further, he observed that the study did not fully explore the dynamics of public transportation since there was not much data to argue the case.

There was consensus in the meeting that the study represented a good body of work that could lead to further inquiry to better understand the dynamics of the sector, as the subregion moves towards sustainable land transportation.

Further reading on the details of the EGM can be found here:
The Saint Lucia Jazz and Arts Festival is back this year, and a pair of music legends will be headlining the event: Sting and Shaggy.

Sting and Shaggy, who have collaborated on two new albums in the last few years, will be part of a diverse line-up of artistes across genres including Afro beats, jazz, gospel, Soca, reggae, Zouk and pop. This year’s event runs from 5 to 14 May.

“The 2023 Saint Lucia Jazz & Arts Festival promises to be the best yet, as we continue our tradition of hosting the Caribbean’s premier jazz and arts event. The Festival will showcase music, the performing arts, fine arts, creole cuisine and the effervescence of Saint Lucia’s creative industries.”

said Saint Lucia Tourism Minister, Dr Ernest Hilaire.

There will also be a robust “Arts” component to the festival, held this year under the theme “Art and the City.”

That will include visual art, theater, fashion, souvenir markets and several events at Derek Walcott Square, Peter Boulevard and Constitution Park, among others.
NEVIS’ MANGO FESTIVAL IS BACK

The Caribbean’s only mango-focused festival is making its return this year, from 30 June to 2 July, according to Nevis tourism officials. It is “the sweetest festival around, where mangoes are always the star of the show,” the Nevis Tourism Authority said in a statement.

The summer festival has a bit of everything, with chef master classes, mango eating competitions, quizzes, wellness zones and food tastings, all centered around the island’s most abundant, delicious fruit.

Once the star island of the sugar trade, the tiny Caribbean Island now produces an overwhelming surplus of mangoes. Branches hang heavy with them over the narrow roads that wind around the island.

Fallen fruit stays only a few minutes on the ground before the wild donkeys and monkeys that roam the island snatch it up. Something about the island’s climate and soil has led it to play host to thousands of mango trees, sporting the indigenous Nano variety — fibrous and complex, with undertones of papaya — the much-coveted Amory Polly, favored by Nevisians for its sweetness, or some 42 other kinds of mango. But if you want to taste the fruits of this mango paradise, you’ve got to get there first.
How to Make it:

Step 1: Season cow foot with salt and 1/2 teaspoon chicken bouillon. In a stovetop pressure cooker, combine cow foot with 1/2 cup cassareep, 7 sprigs thyme, 8 whole cloves, 1 cinnamon stick, and 4 cups water. Bring to high pressure and cook for 60 minutes. Depressurize the cooker using the rapid release valve, then transfer cow foot and cooking juices into a large pot or Dutch oven and set aside.

Step 2: Season oxtail with salt and 1/2 teaspoon chicken bouillon. Using the same pressure cooker, combine oxtails with 1/2 cup cassareep, 7 sprigs thyme, 8 whole cloves, 1 cinnamon stick, and 2 cups water. Bring to high pressure and cook for 30 minutes. Depressurize the cooker using the rapid release valve, then transfer cooked oxtails and their cooking liquid into the pot with the cow foot.

Step 3: Season beef chuck with salt and 1/2 teaspoon chicken bouillon. Using the same pressure cooker, combine beef chuck with 1/2 cup cassareep, 7 sprigs thyme, 8 whole cloves, 1 cinnamon stick, and 3 cups water. Bring to high pressure and cook for 30 minutes. Depressurize the cooker using the rapid release valve, then transfer cooked beef chuck and its cooking liquid into the pot with the cow foot and oxtails.

Step 4: Add minced garlic, wiri wiri peppers (puncture one or two peppers with a knife first for extra heat), brown sugar, grated ginger, nutmeg, orange peel, and the remaining 1/4 cup cassareep and 1 teaspoon chicken bouillon to the pot and stir well.

Step 5: Bring to a simmer, then reduce heat to medium-low and cook for 15 minutes; the stew’s sauce should be brothy but with body. Season with salt, if needed.

Step 6: Remove from heat, then skim any fat from the surface. Serve with plait bread.
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