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## FEATURED Q&A

### Do Caribbean Nations Need More Financial Help?

**Q** A lack of favorable financing has crimped Caribbean countries' efforts at development and poverty reduction, Caribbean leaders said at the U.N. General Assembly meeting in late September. Leaders expressed concerns that small island nations need more financial assistance, especially in light of unique challenges they face from climate change. What are the greatest economic challenges facing Caribbean nations, and what needs to be done to address them successfully? How important is finance to the overall problem, relative to other issues?

themselves, their institutions and the way they govern. This transition should focus on serving the new producers and creators of economic and social value. They must embrace policy innovation that unleashes the creative capacity of youthful innovators, startups, tech-savvy workers and entrepreneurs. A reliance on old-line transgenerational agency firms, great at reselling and redistributing products from the metropole, have proven inept at spawning innovation and unable to absorb the annual production of human capital seeking

*Continued on page 2*

**A Philip Dickenson Peters, CEO of Zagada Markets and founder of CitiQuants Corporation:**

"Sovereign mendicancy and persistently taking a posture of historical and contemporary victimhood are hackneyed and worn. Caribbean governments must now radically change how they perceive themselves and the world in order to compete, attract investment and thrive in an innovative-intensive world economy. Rapid digitalization, service globalization and massive demographic shifts have simultaneously rendered the world's capital, labor and consumer markets veritable battle zones and opportunity fields. The calculus for regional wealth-creation, wellness and wellbeing has radically shifted. To regain financial footing and win the future for its peoples, regional governments must adopt a corresponding urgency to disrupt them-



### Pérez Molina Eyes Easing Penalties for Some Drug Crimes

Guatemala will consider easing sentences for some minor drug crimes, said President Otto Pérez Molina. The government will also consider regulation of marijuana and opium poppies for medicinal use, the president added. See brief on page 2.

*File Photo: Guatemalan Government.*

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## NEWS BRIEFS

**Poll Shows Tight Second-Round Race in Uruguay**

National Party candidate Luis Lacalle Pou and Broad Front candidate Tabaré Vázquez are polling at a statistical tie if they face each other in a second round of Uruguay's presidential election on Nov. 30. The new survey by Uruguayan pollster **Interconsult** was released Oct. 14, the *Buenos Aires Herald* reported. The first round is scheduled for Oct. 26.

**Guatemala's President Eyes Eased Sentences for Some Drug Crimes**

As part of a push to consider easing drug laws, Guatemala is studying the possibility of reducing punishments for minor narcotics-related offenses, President Otto Pérez Molina told Reuters in an interview this week. Pérez Molina highlighted the large number of prisoners in Guatemala's jails, many for drug-related crimes and many for minor offenses like minimal consumption or possession. The president said the government is considering regulating the production of poppies and marijuana for medicinal uses.

**Cuba's Help is 'Welcome' in Fight Against Ebola: U.S. Official**

A senior U.S. official acknowledged that Cuba, which announced last month that it would send 450 medical and support staff to West Africa to help with the Ebola outbreak and will host a regional summit on Ebola next week, is doing more than many other countries to fight the disease and said the nation's help is "welcome," BBC News reported today. "We welcome their support," a state department spokesman said. The U.S. has had an embargo on Cuba for more than 50 years.

**Political News****Polls Show Rousseff, Neves Deadlocked Ahead of Brazil Vote**

Two new polls published Wednesday show President Dilma Rousseff and challenger Aécio Neves virtually tied just more than a week ahead of the second round of Brazil's presidential election, Bloomberg News reported. Neves had the support of 45 percent of respondents, and Rousseff had 43 percent backing in a **Datafolha** poll of 9,081 people, conducted Oct. 14-15. An **Ibope** poll of 3,010 people, conducted Oct. 12-14, also showed Neves with 45 percent and Rousseff with 43 percent. Both surveys have a margin of error of two percentage points. The survey results were released a day after Rousseff and Neves attacked each other in a televised debate, in which the candidates squabbled over who would be able to spur Brazil's economy. Neves assailed Rousseff's economic record and pointed to a widening kickback scandal at Brazil's state-run oil company, **Petrobras**,

the Associated Press reported. Rousseff shot back, saying Neves gave family members favorable treatment for airport projects when he was governor of Minas Gerais. Rousseff won 42 percent of the vote in the first round on Oct. 5, as com-

“They are head to head.”

— André Pereira César

pared to Neves' 34 percent. Former Environment Minister Marina Silva, who failed to advance to the runoff, endorsed Neves on Oct. 12, saying Brazil needs a stable economy and "competent" management, Bloomberg News reported. "Both Rousseff and Aécio are in a highly disputed, difficult campaign, so the poll shows there is no favorite," André Pereira César, director of public policy and business strategy at the **Prospectiva** consulting company, told the news service in a telephone interview. "They are head to

**Featured Q&A**

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employment in their markets. Government must adopt policies that accelerate externalizing regional talent to serve global markets—thus rendering mute constraints associated with small size and limited internal markets. With developed economies running large deficits and burdensome debts, pleadings at economic and statutory bodies and forums for assistance, though understandable, have run their course. The time has come for regional sovereigns who sought, fought and secured independence 50 or so years ago to mature and face the demands and responsibility of sovereignty. Governments must disembowel the misguided belief that they are the creators of jobs, growth and economic expansion and affirm an enablement role for its talent base to explode as entrepreneurs. The age of preferential tariffs, grants, easy loans and aid is fundamentally over. After all, the world econo-

my now exceeds \$75 trillion with the adjacent U.S. market capturing \$17 trillion of that opportunity. Caribbean sovereigns don't really have a financial or economic problem, though, on surface that appears to be the case. What's needed is a perceptive shift to embrace to embrace the new."

**Anton Edmunds, president and CEO of The Edmunds Group:**

"While Caribbean nations do need access to favorable financing to address development and poverty reduction, the unfortunate reality is that long-ignored policy adjustments related to competitiveness and high public debt have caught up with many Caribbean economies. A paucity of reforms to address educational shortcomings combined with archaic and uneven systems associated with the investment and business climate have also not been helpful,

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head. This still doesn't show the impact of the debate, although even if it had you wouldn't see much difference."

## Company News

### Mexico Regulator Fines Banamex \$2.2 Million in Loan Scandal

Mexico's bank regulator, known as CNVB, announced Wednesday that it had fined **Citigroup's** Mexican unit, **Banamex**, 30 million pesos (\$2.2 million) for inadequate controls that prevented it from stopping an alleged fraud by one of the bank's clients, Bloomberg News reported. In a separate statement, Banamex said it paid the fine and is pursuing corrective measures. Citi announced in February that it had made loans to oil services company **Oceanografia**, which allegedly secured the loans with falsified invoices relating to Mexican state oil company **Pemex**. The alleged accounting fraud by Oceanografia resulted in a \$400 million pretax loss for the bank, *The Wall Street Journal* reported. In disclosing the fraud allegations, Citi's chief executive officer, Michael Corbat, called the incident a "despicable crime" and vowed to punish those responsible. The incident led to several high-level departures at Banamex, including CEO Javier Arrigunaga, who stepped down earlier this month.



Corbat

File Photo: Citigroup.

### MetLife Provides \$150 Million Loan to Brazil's Amaggi Group

New York-based life insurer **MetLife** said Wednesday it has provided a \$150 million agricultural mortgage loan to the **Amaggi Group**, a family-owned agricultural conglomerate that is one of largest domestic producers and traders of farm commodities in Brazil. The loan has a floating rate and a term of 12 years. The debt is secured by a qualified real estate mortgage on developed farmland in the state

## Comings & Goings

### Romano Hired to Head Bank of America's Operations in Mexico

U.S.-based **Bank of America Corp.** has hired Emilio Romano to take the role of chief executive officer for Mexico effective Oct. 20, Bloomberg News reported Sept. 25, citing an e-mailed statement from Alexandre Bettamio, Bank of America's president and CEO for Latin America. Romano, who previously worked at **NBC Universal's Telemundo** and was the network's president from 2011 to 2013, will replace Tito Vidaurri, who will take a position in the United States. Bettamio said Bank of America has hired 150 people this year in Latin America as the bank has increased its market share of investment banking. As a merger-and-acquisitions financial advisor in the region, the bank participated in transactions worth \$57.85 billion over the last year, quadruple the previous year.

### Anheuser-Busch InBev Shuffles Management Team

**Anheuser-Busch InBev**, the world's largest brewer, on Sep. 26 announced a shuffling of its global management team, including João Castro Neves, the company's current zone president for Latin America north and CEO of Ambev, who has been named head of the North America zone. Bernardo Pinto Paiva, currently AB InBev's chief sales officer, will succeed Neves as the zone president of Latin America north. Luiz Fernando Edmond, the current head of the North America zone and CEO of Anheuser-Busch, will take on a global role as AB InBev's chief sales officer. The changes take effect on Jan. 1.

### Quirino Named President of Univar Latin America

Mario Antonio Quirino has been named president of chemical distribution company **Univar Latin America**, effective Sept. 1, the company announced Sept. 16. Quirino, who will report to David Flitman, the company's COO and president of **Univar USA and Latin America**, will oversee the company's operations in Mexico and Brazil and be responsible for growth in key sectors including food, agrochemicals and oilfields services. Quirino joined Univar in 2013 as the president of **Univar Brazil**. His previous experience includes time as business director for Brazilian petrochemical company **Braskem's** polyethylene business as well as more than 20 years at **Dow Chemical**, including eight years in Mexico City.

### Starwood Hotels Appoints Vázquez as VP for Development in Latin America

Víctor Vázquez has been named vice president of development and acquisitions for Latin America, **Starwood Hotels and Resorts** announced Sept. 16 at an industry conference in Quito, Ecuador. Vázquez, who is based in Miami, will oversee Starwood's growth strategy in the region and report to Matthew Fry, the senior vice president for global development. Vázquez most recently worked for **InterContinental Hotels Group** (IHG) as brand standards and global project lead in Singapore, overseeing project development in Asia, the Middle East and Africa. Starwood currently has 80 hotels in Latin America and 17 properties under development.

of Mato Grosso. Founded in 1977, the Amaggi Group has \$4 billion in sales and owns 1.5 billion in farmland in Brazil. The company also has well-developed grain storage and transportation facilities, according to MetLife. MetLife

opened its agricultural investments office in Brazil in April 2012, and currently has an agricultural loan portfolio in Brazil of approximately \$700 million. Globally, MetLife's agricultural portfolio is approximately \$13 billion.

**Featured Q&A***Continued from page 2*

resulting in a slow to no growth environment. The Caribbean as a region timidly implementing change has a negative risk profile, not helpful when trying to access capital from a jittery international market. On the investment front, countries need to streamline their investment process and harmonize incentive policy so that it benefits local and foreign investors alike, while the tendency by many to act as mendicants, rather than developing a plan of action that can be supported by external entities, is a troubling holdover of the region's colonial past. Specific to the issue of climate change, while the region is not a major

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“Long-ignored policy adjustments related to competitiveness and high public debt have caught up with many Caribbean economies.”

— *Anton Edmunds*

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source of emissions, the destructive effects of climate change are being felt with increasing regularity. A clarion call for better planning in terms of hardening the current infrastructure, better land use management and public-private sector partnerships in disaster response and business continuity can only help mitigate these effects and the accompanying impact to country competitiveness. Development and financial support is willing to go where national plans exist. The above said, maybe one of the largest challenges facing the Caribbean is the lack of a seat at the table within the myriad development institutions and programs that are supposed to help. No Caribbean stakeholder input ensures deployment of initiatives that lack creativity and increase reliance on programs designed for elsewhere being shoehorned into the Caribbean. This hurts more than helps.”

**A** **Keith Nurse, executive director of UWI Consulting Inc.:** "Caribbean economies have been hard hit by the global economic downturn as exemplified by the rise in financial indebtedness. Overall government debt has risen from 54 percent in 1997 to 79 percent of the region's GDP in 2012. The financial woes are, however, differentiated between the low-growth, high-debt tourism-dependent economies (such as St. Kitts and Nevis, Jamaica, Barbados, Grenada, Antigua and Barbuda, St. Lucia and Barbados) and the moderate-growth commodity exporters (Guyana, Suriname, Trinidad and Tobago and Belize). Irrespective of the type of exports, these economies are characterized by an overdependence on a narrow range of exports, an overreliance on food, energy and health-related imports, declining terms of trade and deteriorating external balances. These problems predate the financial crisis, and as such what is at issue is not just a matter of financial solvency, but rather a wider concern about the viability of the economies and the need to engage in an innovation agenda of which climate change adaptation is a key component. The Caribbean is one of the 'hotspots' for climate change impact due to the alarming rate of global warming, rising sea levels, coral bleaching, the ingress of tropical diseases, loss of biodiversity and the increased intensity of hurricanes, which are estimated to amount to significant annual GDP losses and adversely affect their ability to engage in international trade. Given the dismal financial and economic picture, the cost of adaptation is estimated to be high and beyond the means of most Caribbean countries. Favorable and accessible climate change adaptation financing is critical to avert a deeper economic and ecological crisis."

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*The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org) with comments.*

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