

# **Pay up outstanding US\$60M Clico/Baico balance**

Antigua PM to T&T Govt



Antigua and Barbuda Prime Minister Gaston Browne, right, and Trinidad and Tobago Foreign and Caricom Affairs Minister Sean Sobers make their way to a plenary session at the 49th Regular Meeting of the Conference of Heads of Government of Caricom in Montego Bay, Jamaica, yesterday. PHOTO BY CHE TEEKERSINGH

AKASH SAMAROO REPORTING FROM JAMAICA

Antigua and Barbuda Prime Minister Gaston Browne is urging the new Kamla Persad-Bissessar Government to fulfil a commitment made to the Organisation of Eastern Caribbean States (OECS) during the tenure of the People's Partnership government—an obligation that would cost Trinidad

and Tobago approximately US\$60 million.

This matter stems from the massive financial crisis that originated with the collapse of two major Caribbean insurance and financial companies: Colonial Life Insurance Company (Clico) and British American Insurance Company (Baico). This crisis, which began in late 2008, sent shockwaves across the Caribbean, particularly affecting T&T (where Clico was headquartered) and the OECS.

“About a billion dollars was lost by EC (Eastern Caribbean) depositors. Those are funds that were invested by Clico/Baico in the Trinidad economy. And we felt that there should have been greater participation of Trinidad and Tobago in the resolution of the issue. Now, the previous Kamla (Persad-Bissessar) administration had agreed to provide a compensation of 100 million US dollars for the OECS countries, of which 40 million US dollars is paid. Unfortunately, the (Dr Keith) Rowley administration did not honour the remaining 60 million US dollars,” Browne explained to Guardian Media during a lunch break at the 49th meeting of Caricom Heads of Government in Jamaica yesterday.

Browne said with the return of Persad-Bissessar as T&T Prime Minister, he is hoping the balance will be paid. He, however, acknowledged that T&T has its own financial problems.

“So, we’re not even asking for all of it to be paid at once. It could be a long-term bond, payable at a low interest rate over an extended period in order to reduce the cash flow impact. But those are negotiations that we hope to have with Kamla (Persad-Bissessar). And I remain hopeful that we’ll be able to resolve the issue.”

Persad-Bissessar did not attend the ongoing Caricom meeting in Jamaica.

However, PM Browne said the option of sending a small OECS delegation to T&T is a viable option to discuss the matter.

“Mohammed will go to the mountain,” he said.

The Clico and Baico fallout had a particularly severe and disproportionate impact on the Organisation of Eastern Caribbean States (OECS) and the Eastern Caribbean Currency Union (ECCU).

The OECS/ECCU region had the largest exposure to Clico and Baico as a share of their GDPs, with some countries’ exposure reaching as high as 15 per cent of their 2009 GDP.

OECS governments were forced to undertake costly interventions and bailouts to mitigate the crisis and protect policyholders. This placed a severe strain on their national budgets and significantly increased public debt.

Browne said the inequities faced by OECS members in the Caribbean Single Market and Economy (CSME) framework were discussed during yesterday’s meeting. And again, he referenced T&T.

“There must be some benefit for the OECS countries. You’d find, for example, that the MDCs (more developed countries), they produce most of the goods that we consume. Trinidad and Tobago, for example, is like a supermarket to the OECS. A lot of the goods that we consume, they’re imported from Trinidad and Tobago,” he said.

“But we can also source goods extra-regionally at a cheaper price. But the CET (Common External Tariff) precludes us from importing those goods, even from the Dominican Republic, for example, where we can get better prices. So technically speaking, we are subsidising prices for the MDCs.”

He said within the treaty, there is the Caribbean Development Fund (CDF), which is required to assist countries displaced as a result of the CSME to assist in capacity building but MDCs have

failed to meet their subscription to the CDF.

OECS countries have felt that the Caricom arrangements, particularly the CSME, have historically disadvantaged their manufacturing sectors, he said.

St Vincent and the Grenadines Prime Minister Dr Ralph Gonsalves recently used the phrase “Monopoly money” to describe T&T’s currency due to the severe difficulties Vincentian traders face in converting their earnings in TT dollars into hard foreign currency.

PM Browne said he would never refer to any Caricom member’s currency in that manner.

However, he said, “But in terms of settling these outstanding invoices in US dollars, understanding they’re small amounts, three million US dollars, I don’t know that is insurmountable. So, as far as practicable, I believe that Trinidad and Tobago should settle, and to settle in the appropriate currency, that is US dollars. And it’s a work in progress. These issues that have been raised now for several years, and we’re hoping that the new administration will give a tangible effect to resolving these issues.”