FROM BLACKBIRDING TO BLACKLISTING -THE EU'S ONGOING SUBJUGATION OF VANUATU

Imagine you gained independence only 40 years ago from France and the UK, you are the world's most vulnerable country to natural disasters, you are ranked as the 30th poorest globally (right after Haiti), you are one of the world's smallest physically (83 islands are collectively slightly larger than Jamaica) and population-wise (slightly more populous than Barbados), you only graduated from Least Developed Country Status in December 2020 (in a pandemic, months after category 5 cyclone Harold hit), you are classified as a Small Island Developing State, and you are struggling to survive, let alone overcome the deep, structural, institutional and socio-economic weaknesses inherent in extractive colonies.

Now, imagine that your former colonizers see it fit to place you on not one, but TWO Blacklists, for alleged tax and AML/CFT non-compliance with their rules, despite being cleared by the globally recognized tax and AML/CFT authorities. This, when only an estimated USD7 million in corporate tax revenue is 'lost' annually due to your zero-corporate tax, while an estimated EUR6 trillion is managed in never-Blacklisted Luxembourg, for example. How could this ever be justifiable?

Furthermore, it is quite the bureaucratic and statistical feat that the European Union (EU) concocted and executed a methodology for their Blacklists, so complex, so sophisticated, so precise, and ultimately so effective in achieving their true intent, that it produced not one, but TWO Blacklists, where NOT ONE SINGLE COUNTRY is predominantly white. It is embarrassing that even EU Members of Parliament highlighted the fact that jurisdictions currently on the EU tax haven Blacklist account for less than 2% of worldwide tax revenue losses, and that EU "member states forgot something when composing it: actual tax havens." The EU's Blacklists are farcical at best, and devoid of any shred of credibility or validity.

The EU forgot something when composing its Tax haven Blacklist : actual tax havens

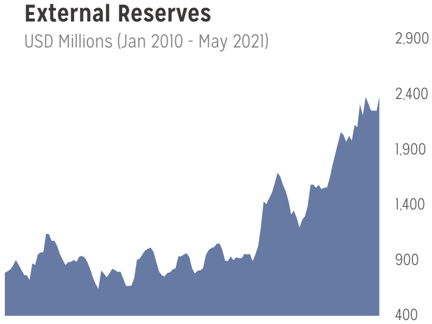
The EU's actions are extrajudicial in nature, given that the FATF and the OECD are THE internationally recognized authorities on AML/CFT and Tax policy respectively – NOT the EU. The extent of the EU's overreach into Vanuatu's sovereignty and the OECD's and FATF's territory, its grossly disproportionate treatment of one of the world's smallest, poorest, and most vulnerable countries on earth, its shamefully discriminatory stance based on size and ethnicity, and ultimately, its unapologetic immorality and de facto subjugation of the people of Vanuatu, is beyond abhorrent.

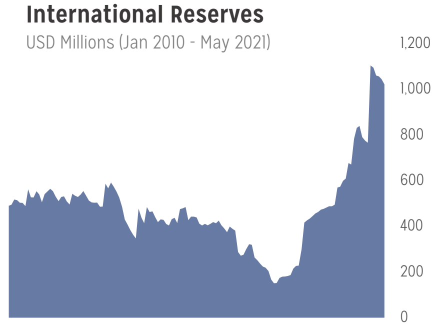
The EU's Blacklists represent indisputable examples of entrenched institutional racism and bullying. The penalties being imposed on Vanuatu have the potential to damage its economy irreparably. This is nothing short of economic warfare. Especially in the context of the pandemic, the EU's behaviour is totally unjustifiable. The EU's Blacklists are a clear manifestation of Europeans' longstanding penchant for domination, exploitation, and brutality, which evidently continues unabated even today. In the context of a global pandemic in the first place, and #BlackLivesMatter - when it is finally politically incorrect to continue to behave in such a brutal, neo-colonial manner - we demand that the EU cease and desist from its economic warfare, dressed up as its totally unjustifiable Blacklisting of Vanuatu.

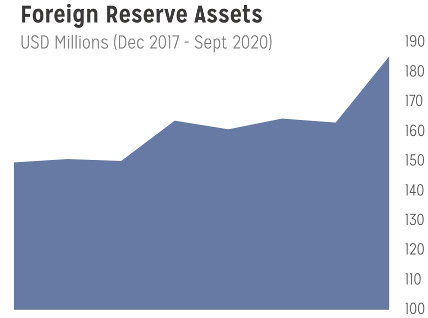
<table>
<tr><th></th><th>BAHAMAS</th><th>BARBADOS</th><th>CAYMAN ISLANDS</th></tr>
<tr><td>UPDATE</td><td>A rise in national debt (up 10.5 p.p. y/y) which reached 96% of GDP in March 2021 will put further pressure on government finances. External debt rose 57% y/y in May to USD4.16 billion. Largely as a result of external borrowing, international reserves reached USD2.38 billion in May, up 21% y/y with usable reserves at USD1.17 billion and non-borrowed usable reserves at (USD368.7 million), which is not sustainable. The Central Bank relaxed the ceiling on long positions on foreign exchange transactions for commercial banks which was instituted in April 2020. This will afford greater flexibility on foreign exchange trading activities. The Central Bank took the measure as they expect FX inflows from tourism to strengthen in the remainder of 2021. Medium-scale FDI projects boosted construction activity in Q1 2021, though domestic private sector activity was weak. Hurricane reconstruction works and ongoing FDI-led projects will continue to drive activity and employment.</td><td>Net international reserves stood above USD1 billion in May - about 35 weeks of import cover. This represents an increase of 52% y/y. Government has primarily drawn on reserves to cover debt repayment, the procurement of vaccines, and other pandemic-related expenses. At 1.4% in May, average inflation hit the lowest level since November 2016. Compared to May 2020, inflationary pressures were greatest in Transportation prices, up 10% y/y, while Food prices declined 1.2% y/y, Clothing prices dropped 13% and Household Equipment prices fell 5.7%. There were 22,245 unemployment claims received by the NIS in May 2021, a decline of 37% y/y. For the month of May, claims totalled 1,985. Changes to the IMF BERT program targets were officialised in June, with a new primary balance target of 0% of GDP for the current fiscal year (Apr 2021 – Mar 2022) and the timeline for the debt-to-GDP target of 60% being extended by 2 years.</td><td>Prior fiscal surpluses and low debt put the government in a position to respond to the crisis and ease the long-term impacts of the pandemic on the economy and society. Debt-to-GDP in March 2021 was 5.1% - one of the lowest in the world. Govt expects the economy to grow by a moderate 1.2% in 2021 and accelerate to 4.7% in 2022, according to its Strategic Policy Statement 2022-2024. Average annual growth of 2.9% will then follow through 2025. Construction will lead growth in 2021, expanding 10% and then averaging 5% growth annually through 2025. The Hotel & Restaurant sector will continue to decline in 2021 as pandemic measures remain in force, and borders will remain closed until November, leading to a contraction of 88% y/y in 2021. For 2022-2025 the sector will average annual growth of 68%. Wholesale & Retail will increase 2% in 2021 and average growth of 4% through 2025. Financial Services will grow 3% in 2021, then average 2% growth through 2025.</td></tr>
<tr><td>TOURISM</td><td>Stay-over:
2021: 244,379 (May) -30% y/y

Cruise pax:
2021: 666 (May) -99.9% y/y</td><td>Stay-over (est):
2020: 203,663 (Dec) -71% y/y

Cruise pax (est):
2020: 250,881 (Dec) -64% y/y</td><td>Stay-over:
2021: 2,085 (Mar) -98.5%

Cruise pax:
2020: 538,140 (Dec) -76%</td></tr>
<tr><td>GROWTH</td><td>-16.3% (2020)</td><td>-17.6% (2020)</td><td>-6.7% (2020)</td></tr>
<tr><td>RESERVES</td><td>External Reserves
USD Millions (Jan 2010 - May 2021)


Source: Central Bank of The Bahamas, Marla Dukharan</td><td>International Reserves
USD Millions (Jan 2010 - May 2021)


Source: Central Bank of Barbados, Marla Dukharan</td><td>Foreign Reserve Assets
USD Millions (Dec 2017 - Sept 2020)


Source: CIMA, Marla Dukharan</td></tr>
<tr><td>OUTLOOK</td><td>Central Bank estimates the recovery could take until 2023 with only incremental growth in 2021. The IMF forecasts growth at 2% in 2021, a stronger recovery in 2022 of 8.5%, and pre-pandemic levels of activity not expected before 2024.</td><td>The Central Bank expects growth in the range of 1-3% in 2021. IMF forecasts gradual recovery to begin at 4.1% for 2021. Growth will return to a medium-term average of 2% as structural reforms are implemented.</td><td>The Gov't expects growth for 2021 will be 1.2%, accelerating in 2022 to 4.7% as tourism begins to recover. For 2023-2025, Gov't expects growth will average 2.9% per annum.</td></tr>
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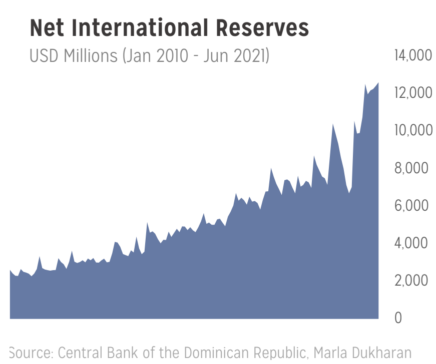
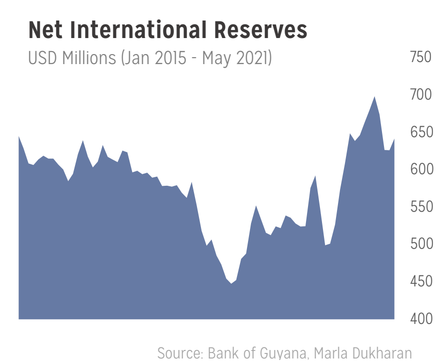
	CUBA	DOMINICAN REPUBLIC	GUYANA
UPDATE	Official figures estimate GDP contracted in 2020 by 10.9%. ECLAC projects the Cuban economy will grow only 2.2% in 2021 and 4.1% in 2022, meaning it will likely be 2023 or 2024 before Cuba's economy returns to its 2019 level of output. Gov't was targeting 6% growth this year, but the economy contracted 2% in H1 2021. The economic crisis caused massive widespread protests as the unification of the currencies and the lack of tourism/remittance inflows has exacerbated socio-economic difficulties. Scarcity of basic goods pre-dates the pandemic but has been amplified in the face of the absence of foreign currency inflows from tourism. Further complicating matters, Cuba is experiencing its largest spike in new COVID cases, recording 7,745 new cases on July 22. Since July 1, Cuba has recorded 117,606 new cases vs 11,863 for the total year 2020. Only 19.55% of Cubans have been fully vaccinated as of July 21, falling short of the Govt's goal of having 60% of the population fully vaccinated in August.	The economy has returned to growth, with economic activity expanding 21.2% y/y in May. Construction activity led growth YTD, expanding 54%, followed by Free Zones up 30%, Mining up 16%, Local Mfg 16%, Transport & Storage 15% and Commerce 10%. Remittances over the 12 months to June surpassed USD10 billion for the first time in history. Remittances are now 33% higher than tourism revenues have ever been on an annual basis. International reserves reached USD12.6 billion in June, up 76% y/y. This is partly owed to higher external debt. The DOP appreciated by 1.4% y/y in June 2021 to DOP57.13 : USD1 after being above DOP58 from July 2020 – Feb 2021. Tourism grew in H1 2021, with 1.9 million tourists arriving, up 36% y/y. The labour market is showing some positive signs, with 192,491 less persons unemployed y/y in March vs a total loss of 410,367 jobs at the peak of the pandemic. Nonetheless, unemployment increased to 8% in Mar 2021 - the highest since Sept 2014.	Mixed results were recorded for the non-oil sector in Q1 2021. Rice output increased 80% y/y in spite of adverse weather, and sugar output benefitted from rehabilitation work at major estates and capital equipment investments by GUYSUCO. Mining & Quarrying output dropped y/y. Gold production fell 18% and bauxite output dropped 33%. Diamond output grew 45%. Both public and private sector fuelled activity in the construction sector, and the services sector posted growth though remaining below pre-pandemic levels. Oil output rose by 83%. Guyana has exported USD1.7 billion since production began in Dec 2019. Crude exports doubled y/y in Q1 2021 to 11 million barrels. The oil sector is expected to grow 21% in 2021, and the non-oil sector 6.1%. The non-oil sector contracted 7.3% in 2020, impacted by the pandemic. Total public debt amounted to USD2.7 billion in March 2021, half domestic, half external. The natural resource fund had a balance of USD344 million at the end of June 2021.
TOURISM	Stay-over: 2021: 114 460 (Jun) +11.6% Cruise pax: 2018: 877,500 +43% y/y (*341,005 from USA)	Stay-over: 2021: 1,897,643 (Jun) +36%y/y Cruise pax: 2021: 4,841 (Apr) -99%y/y	Stay-over: 2021: 13,599 (Feb) -73% y/y Cruise pax: n/a
GROWTH	-10.9% (2020)	-6.7% (2020)	43.4% (2020)
RESERVES	n/a		
OUTLOOK	We expect growth to remain below 3% in 2021. Recovery beyond this is largely contingent on tourism, investment in agriculture and power generation and improving int'l relations / sanctions.	Growth is projected at 5.5-6% this year, according to the Central Bank. The IMF expects growth of 5.5% in 2021, with growth averaging 5% in the medium-term.	The World Bank forecasts 7.8% growth in 2021 and 3.6% in 2022. The IMF forecasts 16.4% growth in 2021 and 46.5% growth in 2022, 30.6% in 2023, then averaging 3% in subsequent years.

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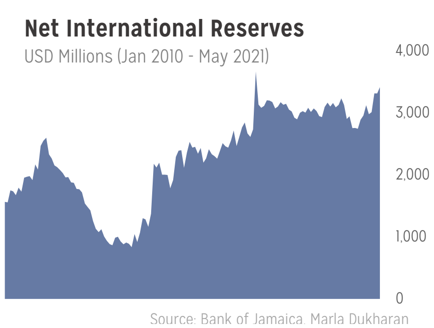
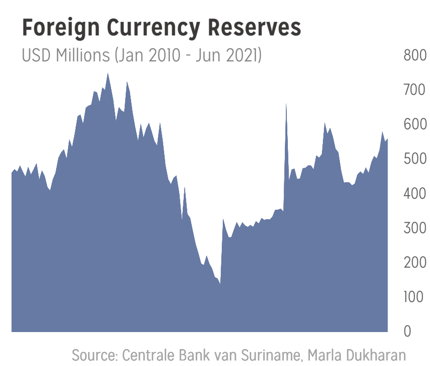
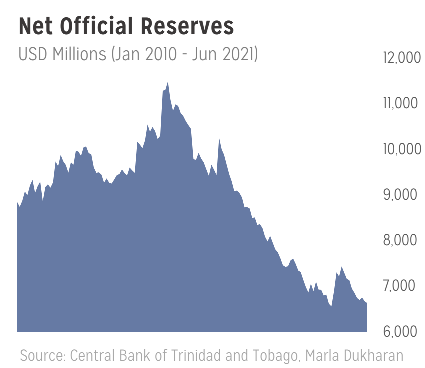
<tr><th></th><th>JAMAICA</th><th>SURINAME</th><th>TRINIDAD & TOBAGO</th></tr>
<tr><td>UPDATE</td><td>The unemployment rate in April 2021 fell to 9%, down from a high of 12.6% in July 2020. Compared to July 2020, the number of people unemployed fell 26% and 84,400 jobs were created or restored. Remittances have reached historic highs - in the first 4 months of 2021, remittances grew 46% y/y, passing the USD1 billion mark two months earlier than ever in history. In June, the JMD depreciated 6.1% y/y to JMD150.15 : USD1.00. The Inflation Expectations Survey revealed businesses anticipate that in the next 12 months, the JMD will depreciate a further 4.5%. The economy contracted 6.7% y/y in Q1 2021 - the 5th consecutive quarter of y/y declines. The Service industry declined 9.9% and the Goods Producing industry grew 2.6%; the latter based on Mining & Quarrying +7.1% and Construction +10.5% y/y. Unfavourable weather conditions affected Agricultural Production, which contracted 2.0% y/y, and Manufacturing activity declined 1.1%. The Financial services sector contracted 1.2%. Growth is expected to have returned in Q2 2021.</td><td>The 33% m/m depreciation of the currency in June saw the exchange rate close the month at SRD21.274 : USD1. The SRD has lost almost 65% of its value over the last 12 months. Prices in May 2021 rose 43.6% y/y, with further prices pressures expected from June as a result of the depreciation of the SRD. Inflation will mostly impact imported goods, while the SRD depreciation will give domestic products greater external competitiveness. In June, the Central Bank (CBvS) committed to moving to a flexible exchange rate system which would move according to market forces. The move is expected to eliminate FX demand on the black market, leading to convergence to one exchange rate, and reduce pressures on foreign reserves. From the standpoint of monetary policy, the CBvS will now use the SRD money supply as the means of controlling inflation, instead of the exchange rate. The Ministry of Finance and CBvS signed an MOU to cease monetary financing of the budget, a necessary step for the adjustment to have a stabilizing effect.</td><td>International reserves continue to decline, falling to USD6.63 billion in June (2007 levels). The decline in reserves has been buffered by USD1.47 billion in withdrawals from the Heritage & Stabilization Fund between Q1 2020 and Q1 2021, and a total of USD2.1 billion withdrawn since reserves peaked in 2014. The issuance of external debt has also mitigated a steeper decline, with over USD2.5 billion in foreign debt issued since reserves began to collapse in 2014. Excluding the HSF withdrawals and external debt, the 'organic' level of foreign reserves would have been around USD2 billion in June 2021. The Central Bank estimates that the non-energy sector contracted in Q2 2021 as a result of the lockdown. Cement sales are down 15% y/y for Jan-Jun 2021 in spite of a strong start to the year. Natural gas output dropped 21% y/y for Jan-Apr, causing declines in downstream production. The weak labour environment has put pressure on household incomes. Consumer lending dropped 3% y/y in March and business lending fell 3.5% y/y.</td></tr>
<tr><td>TOURISM</td><td>Stay-over:
2021: 366,499 (May) -36% y/y

Cruise pax:
2020: 449,271 (Dec) -71.1% y/y</td><td>n/a</td><td>Stay-over:
2021: 1,293 (Mar) -99% y/y

Cruise pax:
2020: 45,580 (Dec) -50% y/y</td></tr>
<tr><td>GROWTH</td><td>-10.2% (2020 prelim. est.)</td><td>-14.5% (2020 prelim. est.)</td><td>-10% (2020 prelim. est.)</td></tr>
<tr><td>RESERVES</td><td>
</td><td>
</td><td>
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<tr><td>OUTLOOK</td><td>EPOC does not anticipate the economy will recover to pre-pandemic levels before FY2023/24. The IMF forecasts 1.5% growth in 2021, 5.7% in 2022. Fitch forecasts growth at 4.5% in 2021, and 5.2% in 2022.</td><td>For 2021, the National Planning Office expects a further contraction of 1.9%. The Govt has agreed on a program with the IMF as a debt / balance of payments crisis is underway. The IMF is projecting only 0.7% growth for 2021 and 1.5% growth in 2022.</td><td>We expect the economy contracted by at least 10% in 2020. The IMF forecasts growth of only 2.1% in 2021 and 4.1% in 2022. We also expect a balance of payments crisis and an IMF program by 2022, at the latest.</td></tr>
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