



# EIU MONITOR

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# Main Highlights...

## Geopolitics

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Page 1

Russia/Ukraine war highlights  
Black Sea grain initiative  
The growing nuclear club

## Trade

---

Page 5

Emerging trends in global trade  
Ally-shoring  
Major developments

## Banking and Finance

---

Page 8

Interest Rates  
Other developments

## Commodities

---

Page 12

Energy  
Petrochemicals  
Cocoa

## Tourism

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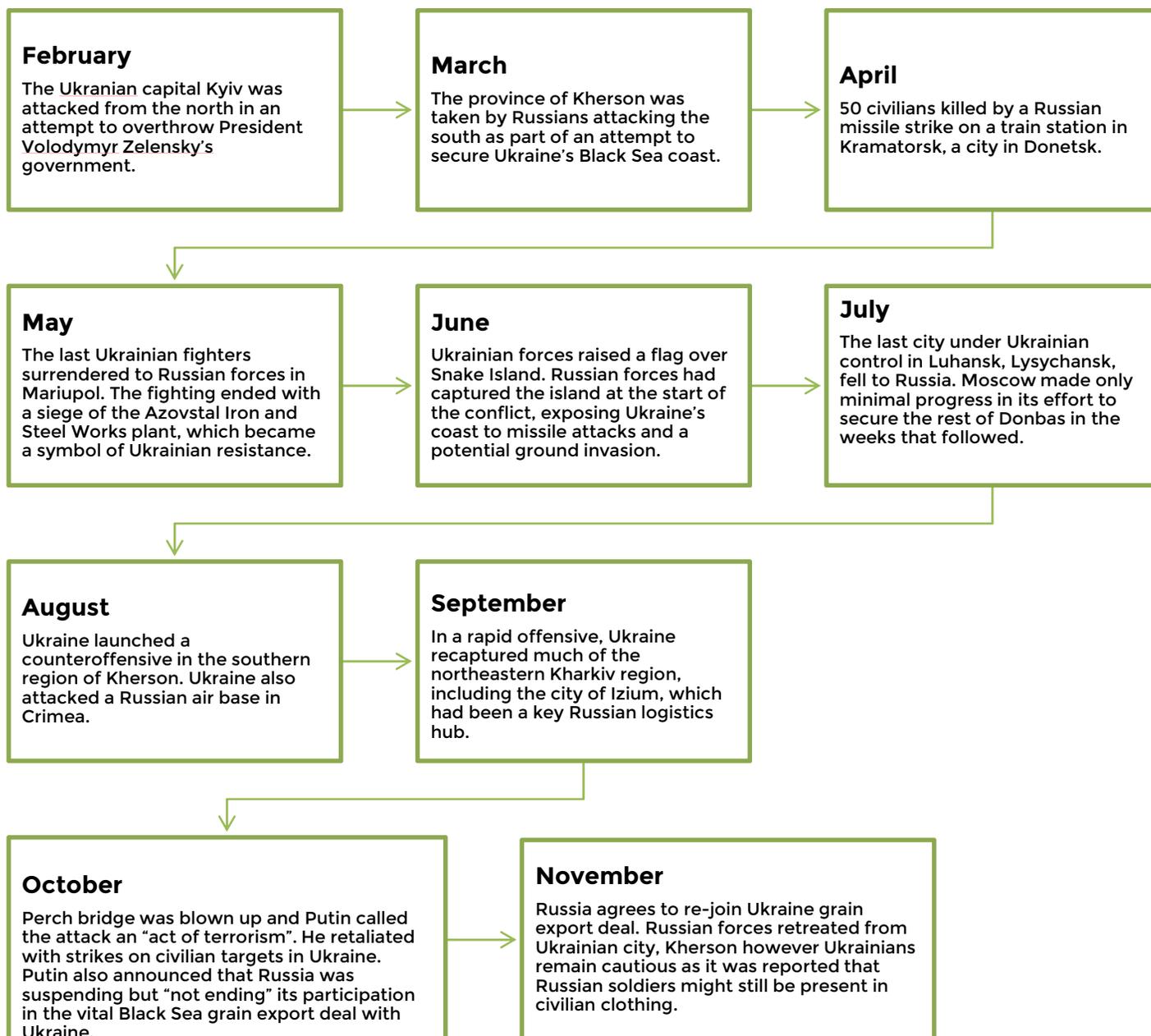
Page 15

World Passengers update  
Caribbean performance 2022  
Qatar World Cup and economic activity

# Geopolitics

## Russia/Ukraine war highlights

It has been 9 months since Russia invaded Ukraine on February 24, 2022, and since then, millions of Ukrainians have been displaced, thousands are dead, and Ukraine has sustained billions of dollars in damages. Russia has not gone unscathed, as the country has been slapped with severe sanctions and is facing strong resistance from the Ukrainians, with Western support.



# Geopolitics

## Black Sea grain initiative



When Russia invaded Ukraine in February, it deployed warships along Ukraine's Black Sea coast making it difficult for the country to successfully conduct commercial shipping.

By halting Ukrainian supply, Russia was able to create more demand for its own exports among its allies, leaving over 20 million metric tons of grain stranded at Ukraine's ports, leading to a surge in global food prices.

In July, an agreement was brokered by the United Nations and Turkey, establishing a protected sea corridor for the transportation of grain shipments to resume for the first time since February. To monitor the agreement, a joint command and control center was set up in Istanbul to oversee smooth operations and resolve disputes.

On October 29<sup>th</sup>, Russia temporarily suspended its participation in the deal after an attack on its Black Sea fleet in the Crimean city of Sevastopol, as it suspected Ukraine was responsible. The decision saw prices for food commodities increase immediately. Russia reversed this decision and returned to the agreement a few days later.

Ukraine Negotiated Shipping Route



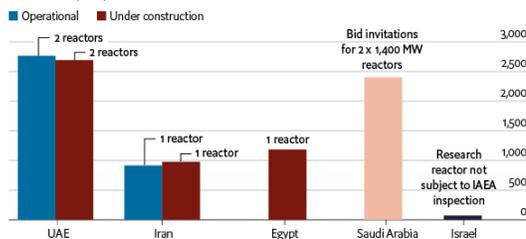
Source: The Washington Post

## The Growing Nuclear Club

Nuclear energy is one of the world's main sources of low-carbon power. It is used in medicine to control the spread of disease, assist doctors with diagnoses and treat patients. It also powers space exploration missions.

Figure 1

Nuclear reactors in the MENA region  
(Electrical capacity, MW)



Source: The Economic Intelligence Unit

With the assistance of Russia, Egypt has begun the construction of its first nuclear power plant. It will be one of just three countries in the Middle East and North Africa (MENA) region operating nuclear power plants, with Iran being the first. According to the International Atomic Energy Agency (IAEA), the plant will have a gross electrical capacity of 1,184 MW and will be the first operational nuclear power plant in North Africa.

# Geopolitics

Saudi Arabia is expected to be the third country in the region to join the nuclear power club in the coming years, having recently established the Saudi Nuclear Energy Holding Company, which was tasked with developing nuclear power plants. In May 2022, bid invitations were sent out to South Korea, China, France and Russia for the construction of two plants, of 1.4 GW each. Figure 1 illustrates the number of nuclear reactors in the MENA region. While the UAE does not have nuclear power plants, it currently leads the regions with regard to reactors, with a total of 4 (2 operational, 2 under construction). Iran has 2 nuclear reactors (1 operational, 1 under construction).

But there is also a dark side to nuclear energy. Iran's interest in creating nuclear weapons is of concern to the MENA region, especially because of the reactions it will likely evoke. Saudi Arabia is prepared to develop its own weapons of mass destruction if Iran follows through with its plans. Israel is also wary of Iran's actions and has stated that it will not join the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) until it signs peace agreements with countries, such as Iran, that currently refuses to acknowledge the existence of Israel and threatens to destroy it.

Iran's unwillingness also extends to its response to the 2015 nuclear deal negotiations, officially known as the Joint Comprehensive Plan of Action (JCPOA). Iran agreed to nuclear restrictions in exchange for sanctions relief. However, when Donald Trump withdrew the US from the agreement in 2018, the deal essentially fell apart. Iran has been progressively violating the deal's nuclear limits, reviving US, Israeli and Gulf Arab fears that the country has ambitions of obtaining an atomic weapon, a claim that Iran denies. Even with a new US administration, it has been difficult to revive the agreement or implement a new one.

## IRAN: SANCTIONS, UN RESOLUTIONS

- *Iranian officials and entities were slapped with a slew of sanctions by the US, the European Union and the UK; in relation to the country's harsh response to protests which began after the death (while in police custody) of Mahsa Amini, a 22-year-old woman who was arrested by Iran's morality police for allegedly not adhering to the country's dress code for women.*
- *Several global leaders denounced the Iranian officials' crackdown on the protests, citing human rights violations. Germany and Iceland requested a special session of the United Nations Human Rights Council to address the issue.*
- *On November 16<sup>th</sup>, the Third Committee of the UN General Assembly approved a resolution censuring Iran, which Iran's foreign ministry labelled as an example of "Iranophobia".*
- *It was reported by the Iranian judiciary that at least five people have been sentenced to death in cases linked to the protests. Hundreds have been killed during the protests, according to foreign-based human rights organisations, but Iranian authorities have not released official tallies.*

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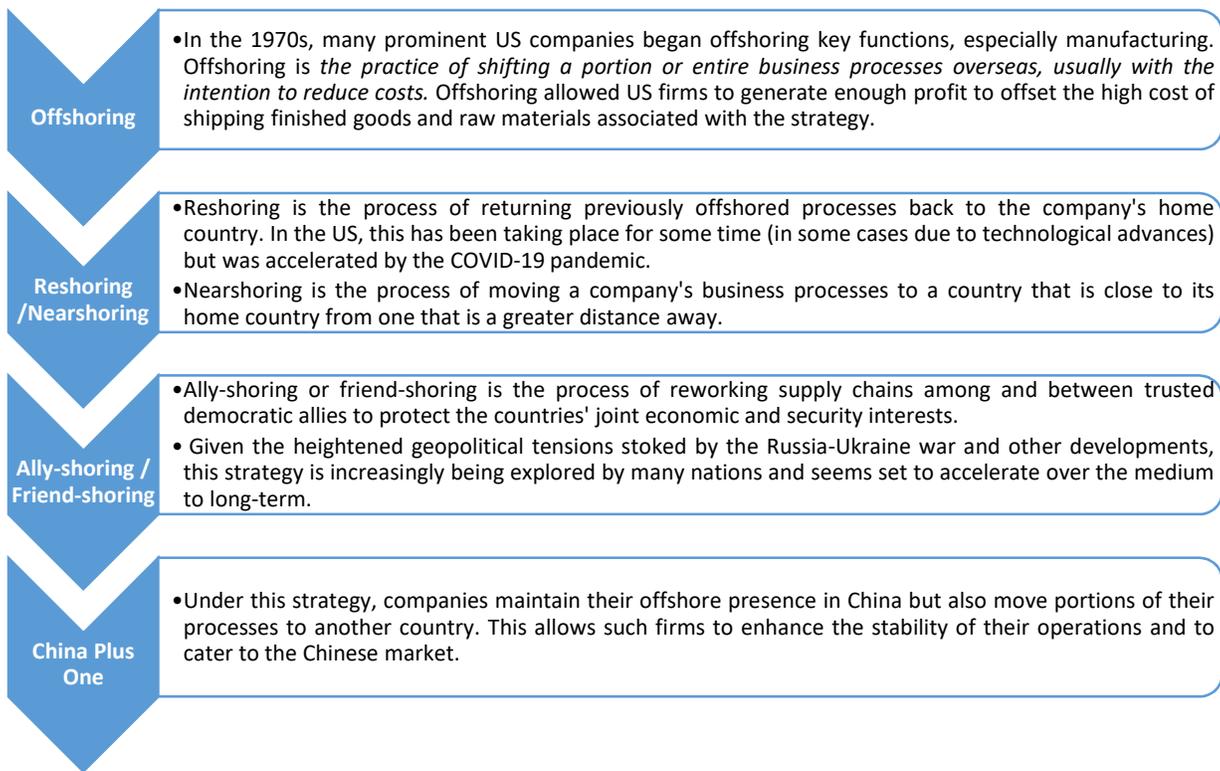
# Geopolitics

## Implications

- With the Black Sea grain agreement renewed, recent developments serve as a reminder of how quickly the arrangement can be jettisoned. In this regard, global food security will remain under threat for the foreseeable future.
- Despite the plethora of benefits that are derived from nuclear power, it can potentially be a threat to human existence once misused. With Iran and other countries willing to take action or make credible threats to acquire their own nuclear weapons, geopolitical tensions will continue to run high and global peace will remain under threat.

# Trade

## Emerging Trends in Global Trade

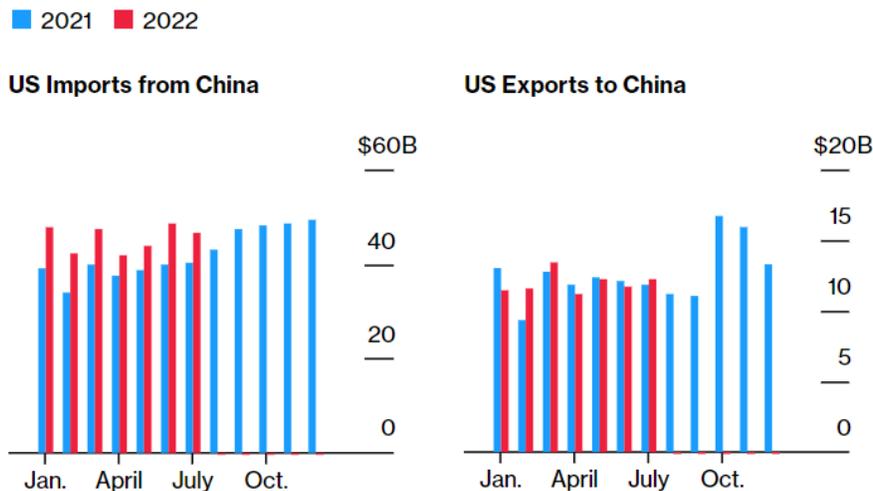


In the US' push towards ally-shoring and reshoring, the Biden administration has:

- tightened export controls on strategic US goods, like semiconductors
- signed legislation that incentivises companies to reshore their production capacity
- maintained former President Trump's tariffs on more than US\$300 billion worth of Chinese exports

Despite these steps being employed, trade with China continues apace. According to data from the US Census Bureau (Figure 2), US imports from China, while slowing, are largely consistent with their 2021 levels.

**Figure 2**  
**US trade with China 2021 - 2022**



Source: US Census Bureau

### Five sectors where ally-shoring is being explored:

- **Semiconductors**
  - The United States has proposed a Chip 4 Alliance with Japan, South Korea, and Taiwan to cooperate more closely in all phases of the computer-chip supply chain, aiming to exclude China in the process
- **Telecommunications, 5G infrastructure**
  - The US and its close allies will intensify their efforts to develop and source telecom equipment in their own markets or from friendly countries
- **Equipment needed for the green energy transition**
  - China's state owned enterprises (SOEs) have been able to dominate the global supply chains for solar panels, wind turbines, and high-capacity batteries. The US and Europe have yet to develop systemic plans to address China's dominance in these sectors.
- **Active pharmaceutical ingredients**
  - India accounts for 20 percent of the global supply of generic drugs, but relies on China for 80 percent of the active pharmaceutical ingredients (APIs) and even more for the key starting materials that go into making their own APIs.
  - The pressure on drug makers to lower drug prices have made it practically impossible for them to move their supply chains from China given its significant cost advantages.
- **Strategic and Critical Minerals**
  - The US Department of Defense has signed a US\$120 million deal with Lynas mines to build the first and only heavy rare-earth separation facility outside of China, to be operational in 2025.
  - The US government has invested and revived companies to mine rare earths in Mountain Pass, Colorado. US production already exceeds 40,000 tonnes of rare earth elements (REEs) per year—second only to China—yet it still has to import refined and separated REEs from China.

# Trade

- The EU has stated its intention to take steps to secure its supply of rare earths, but has yet to implement any concrete projects.

The supply chains for each of these products have evolved over decades to exploit comparative advantages in various countries and cannot be changed easily without significant costs. It is unlikely that the West will become self-sufficient regarding the supply of these resources anytime soon.

## Major Developments in Global Trade

- World trade is expected to lose momentum in the second half of 2022 and remain subdued in 2023 as multiple shocks weigh on the global economy.
- World merchandise trade volume is expected to grow 3.5 percent in 2022 before slowing to 1.0 percent in 2023, a downward revision from 3.4 percent.
- Output will be constrained by several related shocks, including the war in Ukraine, high energy prices, inflation, and monetary tightening.
- The world food import bill is estimated to rise to US\$1.94 trillion in 2022. This would mark an all-time high and a 10-percent increase over the record level of US\$1.76 trillion in 2021.
- The global agricultural input import bill is expected to rise to US\$424 billion in 2022, up 48 percent from 2021. Higher costs for imported energy and fertiliser account for the projected increase.
- The Middle East will have the strongest trade volume growth of any region in 2022 on both the export side (14.6 percent) and the import side (11.1 percent).
- China's exports and imports contracted in October 2022. Exports fell by 0.3 percent from 2021, marking a sharp turnaround from a 5.7 percent gain in September. It came as domestic COVID-19 restrictions and global recession risks constrained demand.
- On October 29<sup>th</sup>, Russia quit the Black Sea Grain Initiative that would allow the export of grains and other food commodities from Ukraine through the Black Sea, then reversed its decision on November 2<sup>nd</sup> after Turkey intervened.

## Implications

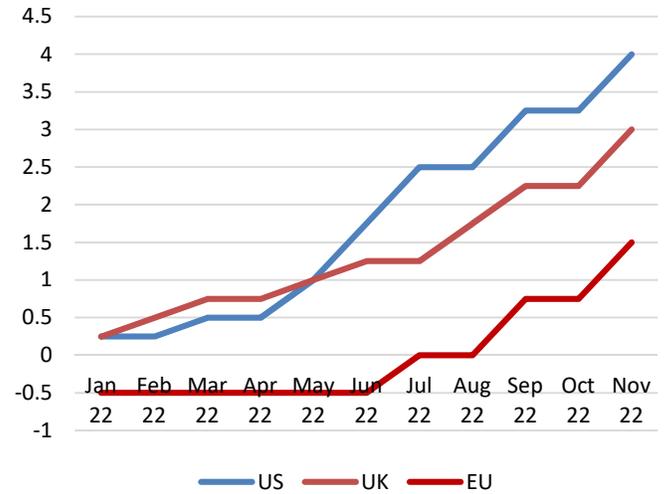
- Reshoring and ally-shoring will cause the associated firm to incur costs and could result in a loss of efficiency in some cases due to duplication of processes. The trend is also growing because companies and countries are increasingly including national security and other non-economic concerns in their economic decisions.
- Growing import bills for fuels, food and fertilisers could lead to food insecurity and intensified fiscal challenges in developing countries.
- Ally-shoring and nearshoring could open new manufacturing and other opportunities for the Caribbean.

# Banking and Finance

## Interest Rates

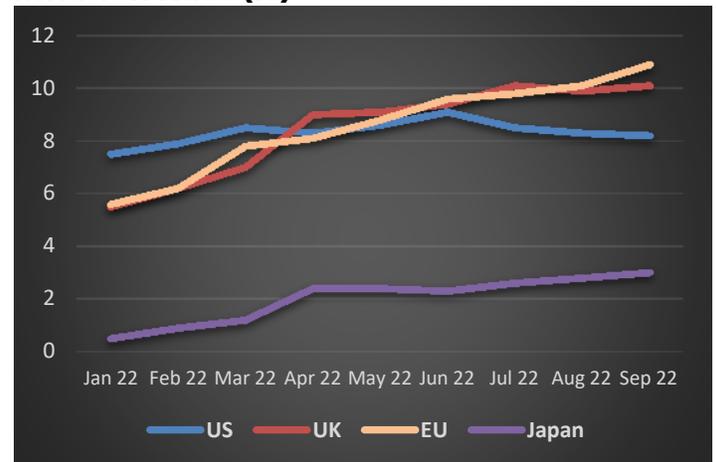
- With inflation still at worryingly high levels, several major central banks continue to focus on containing prices. In the process, some have executed successive substantial increases in their policy rates
- In the US, the Federal Reserve (FED) increased its policy rate by 75 basis points for the fourth consecutive time in November to the 3.75 - 4 percent range.
- On November 3<sup>rd</sup>, the Bank of England (BOE) announced the increase of its policy rates by 75 basis points to 3 percent (Figure 3). This was the single largest increase for 33 years.
- Consistent with the theme, the European Central Bank (ECB) also increased its policy rates by 75 basis points on October 27<sup>th</sup>, a week before it announced an annual 10.7 percent increase in inflation for the month, which is the highest on record to date.
- By comparison, the Bank of Japan (BOJ) maintained its dovish policy stance, leaving its policy rate unchanged at -0.1 - 0 percent, as it continues to prioritise the stimulation of economic growth. Japan has the lowest inflation rate among all leading economies (Figure 4).
- Sub-Saharan Africa is also faced with strong price pressures, with the median inflation rate rising to 9 percent in August 2022. Measuring 33.9 percent in August, inflation in Ghana continues to be among the highest in the region and has caused the Bank of Ghana to increase its policy rate from 14.5 percent in January 2022 to 27 percent at the end of November 2022.

Figure 3  
Central Bank Policy Rates



Source: US Fed, BOE, ECB

Figure 4  
Inflation Rate (%)

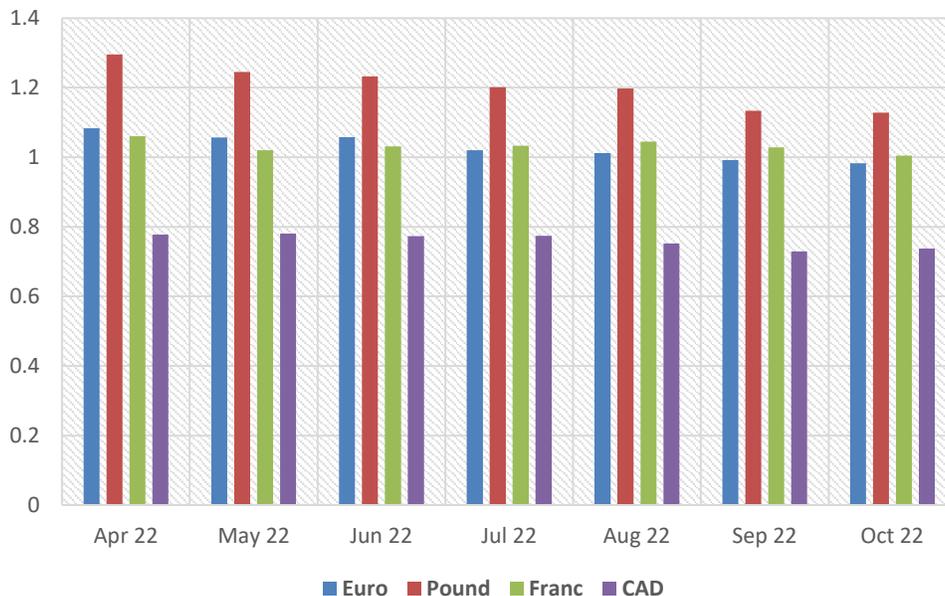


Source: US BLS, BOE, ECB, BOJ

# Banking and Finance

- The rising policy rates of major central banks have started to constrain activity in the respective domestic economies and have added further complexity to the already challenged global economy.
- In the UK, the BOE has warned that the kingdom could endure a two-year slump with unemployment nearly doubling by 2025. If this does occur, it would be its longest recession on record.
- Globally, the aggressive policy rate increases, particularly in the US, have intensified the challenges facing many emerging and developing nations. For instance, many of these nations have experienced substantial capital flight, as investors are drawn to the increased returns offered in the US and other markets. This has exposed the currencies of many developing nations to significant downward pressure in the process.
- With the value of their currency trending down, many emerging and developing economies have experienced an increase in the value of their external debt, causing further deterioration in their fiscal accounts.
- The rapid increase in US policy rates has also caused other major currencies to depreciate against the dollar (Figure 5).

**Figure 5**  
**Movement of global currencies against the dollar**



Source: US Fed, BOE, ECB

# Banking and Finance

- In other developments, embattled Swiss lender, Credit Suisse announced plans to comprehensively restructure its business over the next three years. The revamp will include the breakup of its investment bank and is expected to result in the loss of 9,000 jobs. The firm, which has endured several scandals, experienced a substantial exodus of clients in the first nine months of 2022, equating to over \$12 billion.
- The Federal Deposit Insurance Corporation (FDIC) indicated that government relief payments in response to the COVID-19 pandemic resulted in a fall in the number of unbanked Americans to an estimated 4.5 percent of the population. This represents the lowest national unbanked rate on file since records started being kept in 2009.
- Bahamas-based cryptocurrency exchange, FTX, one of the largest cryptocurrency exchanges in the world, filed for bankruptcy protection on November 11<sup>th</sup>, 2022. The US Department of Justice and the Securities and Exchange Commission are investigating the company and its founder for the alleged mishandling of customers' funds. This development could inflict significant reputational harm on The Bahamas and its financial industry.
- The collapse of FTX, sent shockwaves throughout the market, prompting widespread sell-offs. It is expected to spur global regulators to substantially increase their focus on the cryptocurrency sector.
- In accordance with its international financial inclusion strategy Mastercard has made an investment in Egyptian based fintech venture capital fund, Nclude. The fund was launched by Egypt's largest banks and aims to establish a fintech hub for the Middle East and Africa, as well as improve financial inclusion in the regions.

## Implications

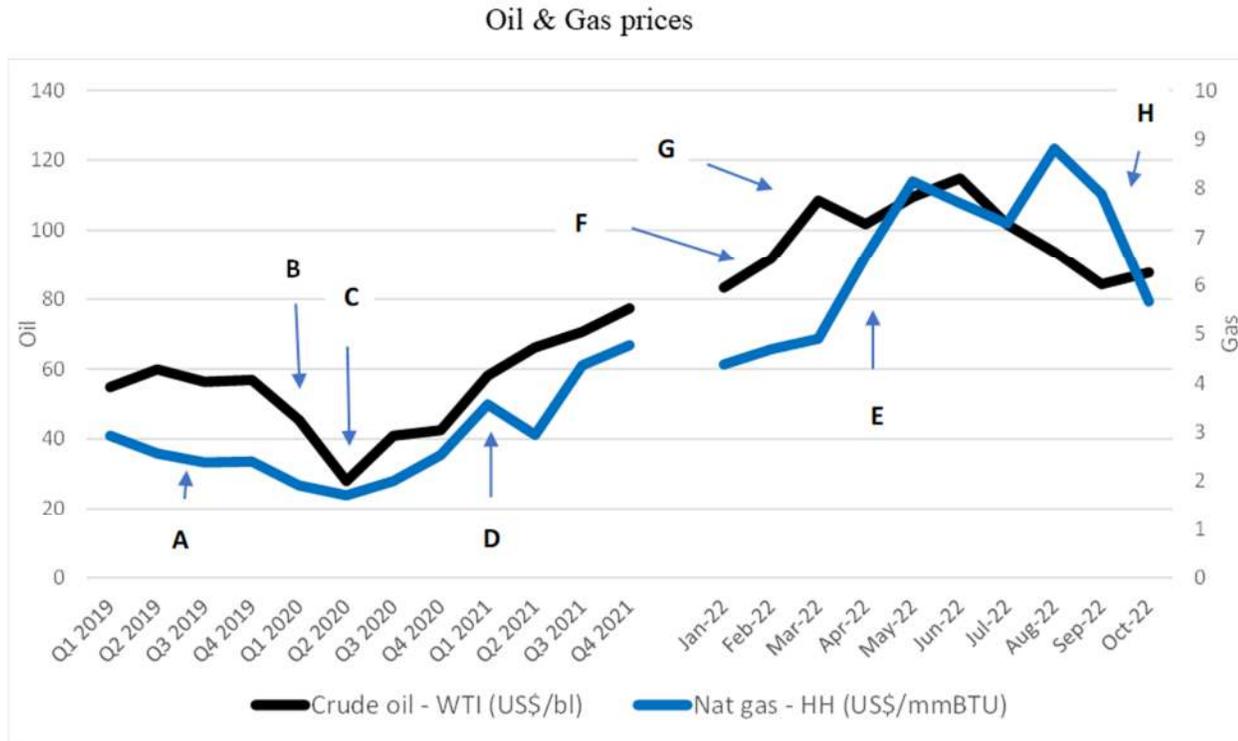
- Given the continued thrust by several major central banks to contain inflationary pressures, the challenges confronting emerging and developing nations are expected to linger. Further, this policy stance has stoked fears that the global economy may fall into recession heading into 2023. This would be especially difficult for developing economies, since they would face weaker tourism demand, lower prices for the commodities they export and reduced access to capital, simultaneously.

# Commodities

## The Ups and Downs

### Energy

Figure 6



Source: Energy Information Administration (EIA)

With reference to Figure 6:

**A** - Natural gas prices fall in 2019 due to robust growth in supply that has allowed above-average inventory to be built up.

**B** - The decline in oil prices from the beginning of 2020, accelerates in the first quarter, as the members of the Organisation of the Petroleum Exporting Countries (OPEC) and its partner countries, fail to reach an agreement on reducing production levels amid expectations for declining global oil demand growth in the coming months.

**C** - WTI crude oil prices average US\$27.96 per barrel in the second quarter of 2020. Prices fall significantly as demand for oil plummets due to the cessation of flights, and restrictions on movement and economic activity that countries implement to slow the spread of COVID-19.

**D** - Gas prices in the US (Henry Hub) jump in the first quarter of 2021, as much colder-than-normal temperatures increase the demand for gas, just as supply drops due to well freeze-offs.

**E** - Gas prices rise as the level of US inventory falls below the five-year average.

**F** - The steady increase in oil prices since mid-2020 due to consistent draws on global oil inventories, intensifies from January 2022, with heightened market concerns about the possibility of oil supply disruptions, as Russia continues to mass forces on its border with Ukraine.

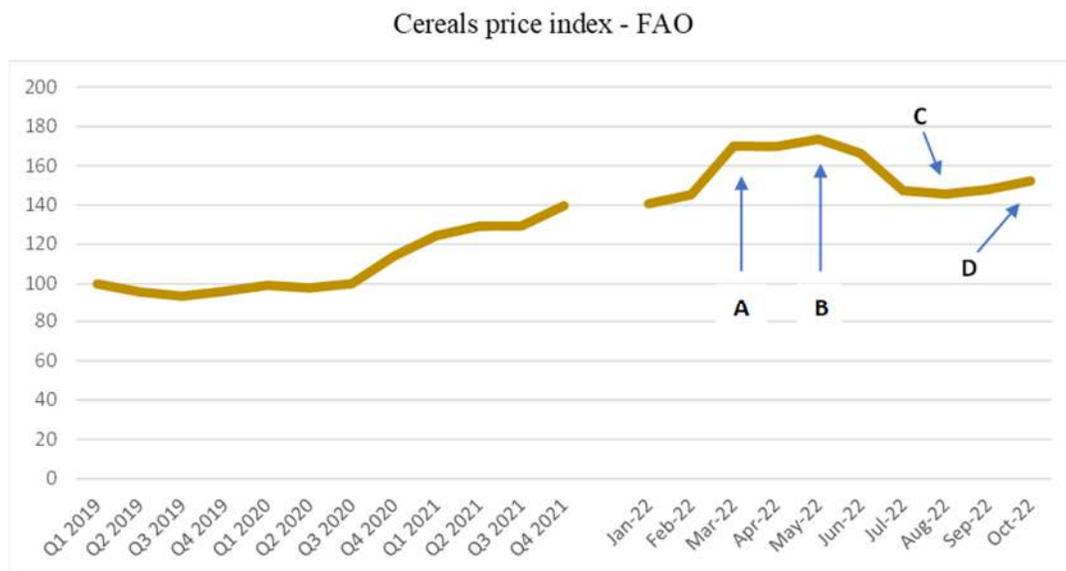
# Commodities

**G** - Oil prices shoot up following Russia's full-on invasion of Ukraine. Sanctions on Russia and other actions contribute to falling oil production in Russia and create significant market uncertainty about the potential for further oil supply disruptions.

**H** - Gas prices continue to rise, averaging US\$8.80 per million British thermal units (MMBtu) in August. Greater injections of gas into storage in September and October improves the inventory position and leads to a fall in price.

## Food

Figure 7



Source: Food and Agriculture Organisation (FAO)

The cereals category of the Food and Agriculture Organisation's (FAO) Food Price Index (Figure 7), represents price movement and trends in a number of grains, specifically, wheat, maize, rice, barley and sorghum.

**A** - March 2022: Wheat and maize prices surge in March due to a sharp drop in exports from Ukraine. Rice prices are largely unchanged due to robust exports from India.

**B** - May 2022: Wheat prices increase sharply in May due to the announcement of an export ban by India. Ukraine's exports are hindered. Maize prices fall in May due to the prospect of a record harvest. Rice prices grow in May due to offshore demand.

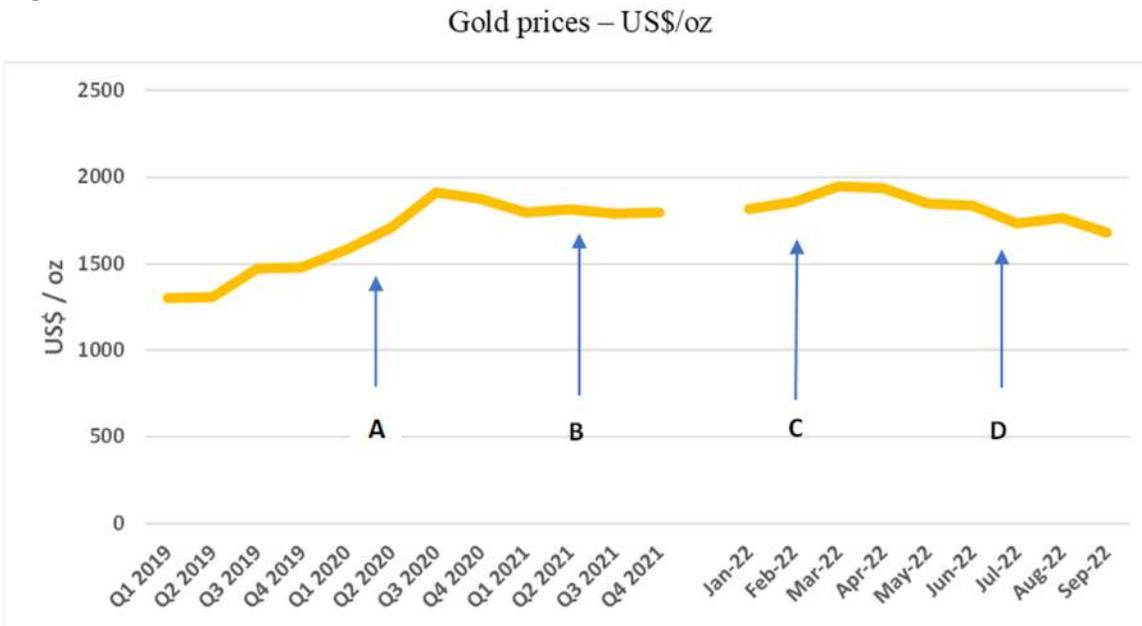
July 27, 2022, sees the signing ceremony for the Black Sea Grain Initiative. This agreement, conceptualised and brokered by United Nations Secretary-General Antonio Guterres, facilitates the resumption of Ukrainian grain exports via the Black Sea, amid the ongoing war. The plan, also paves the way for Russian food and fertiliser to reach global markets, thus helping to stabilise spiralling food prices worldwide and stave off famine for millions.

# Commodities

**C - August 2022:** Wheat prices decline for a third month due to greater seasonal availability and increased availability from Ukraine. Maize prices increase slightly while rice prices hold steady.  
**D - October 2022:** Prices of wheat, maize and rice all rise in October due to uncertainty (wheat and maize) regarding the Black Sea Grain Initiative which is set to end on November 19th. The initiative has since been extended on November 17th, for four months.

## Gold

Figure 8



Source: IndexMundi.com

With reference to Figure 6:

**A** - Buoyed by the pandemic and its economic fallout, the average gold price rises from US\$1,583.23/oz in the first quarter of 2020 to US\$1,912.35 by the third quarter.

**B** - A weaker US dollar and lower real interest rates leads to a modest rise in average prices in quarter two, 2021.

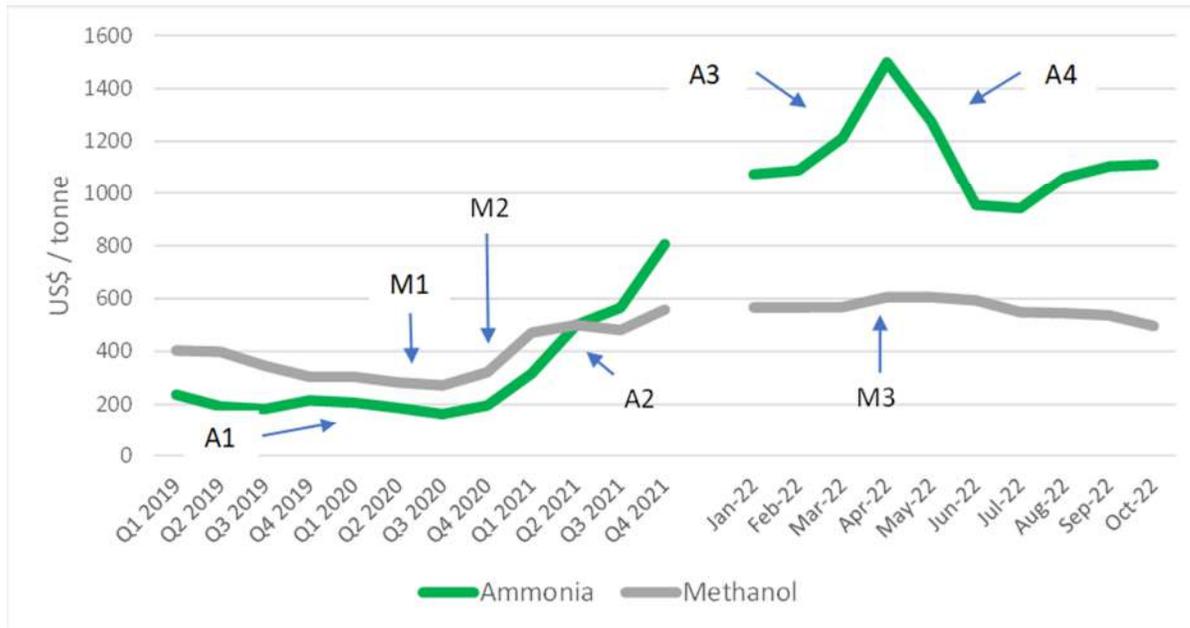
**C** - Prices increase by 8.8 percent over the first three months of 2022, as the boost provided by rapidly rising inflation and unexpected geopolitical risks more than offsets the downward pressure provided by higher interest rates.

**D** - The gold price falls in July 2022, as the US dollar continues to strengthen, and inflation expectations weaken.

## Petrochemicals

Figure 9

Ammonia & Methanol prices



Source: Review of the Economy 2020, 2021 & 2022 - T&T Ministry of Finance, CBTT

With reference to Figure 9:

### Ammonia

**A1** - Ammonia prices fall from the fourth quarter of 2019 to the third quarter of 2020, as the downturn in global economic activity due to COVID-19 related restrictions dampens the demand for and production of fertiliser, resulting in an oversupply of ammonia, which puts downward pressure on its price.

**A2** - Prices increase steadily from quarter four of 2020 through 2021 due to a combination of higher global demand, as global economic activity increases, reduced ammonia output on account of plant outages across various regions, and winter storms which exacerbated shortages of natural gas, a key component in the manufacture of ammonia.

**A3** - The increases at the end of 2021 are intensified by the Russia/Ukraine conflict, which results in a shock to global supply, given the absence of Russian ammonia exports. The increase in natural gas feedstock prices also contributes to the surge in ammonia prices through April 2022.

**A4** - Prices decline from May 2022 in light of improved supply and consumers' resistance to paying the inflated prices.

# Commodities

## Methanol

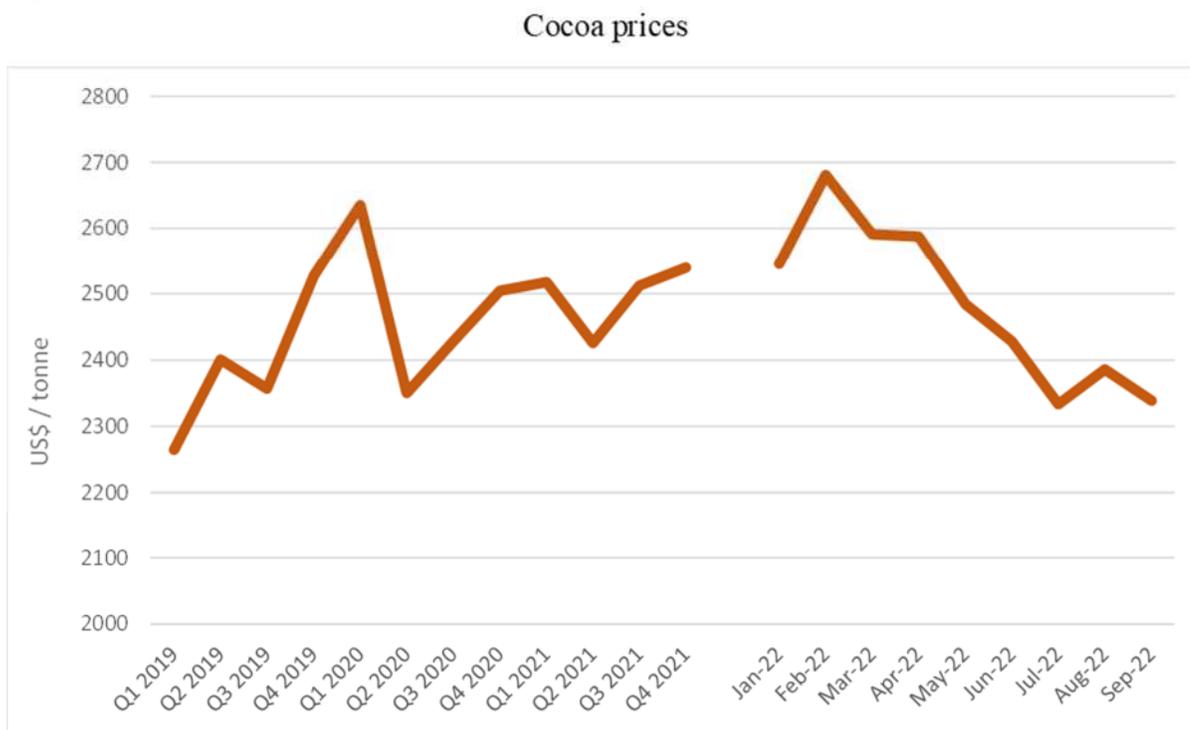
**M1** - A significant falloff in manufacturing activity in countries affected by COVID-19 contributes to a slump in methanol demand and a decline in price from the fourth quarter of 2019 to the third quarter of 2020.

**M2** - Prices increase from quarter four of 2020 through 2021, as a series of planned and unplanned outages by producers tightens supply.

**M3** - After a steady first three months, prices increase in the second quarter of 2022 due to planned plant outages in February and the effects of the Russia/Ukraine war on the global energy commodity market.

## Cocoa

Figure 10



Source: Bank of Ghana

Cocoa is traded on the New York Mercantile Exchange (NYMEX) and the Intercontinental Exchange (ICE) in London. The prices in New York are based on the South-Asian market and prices in London are based on cocoa from Africa. The size of each cocoa contract on the NYMEX is ten metric tons. The biggest producers of cocoa are Côte d'Ivoire and Ghana which together account for more than 60 percent of the world's output. Other major producers include Indonesia, Nigeria, Cameroon, Ecuador and Brazil.

# Commodities

Cocoa futures prices are quickly affected by production levels. News in August 2022, that the world's largest producer, Côte d'Ivoire, reported that its cocoa farmers sent a cumulative 2.41 million metric tons for export from October 1, 2021, to August 21, 2022, put downward pressure on cocoa prices as this output level was higher than expected.

## Implications

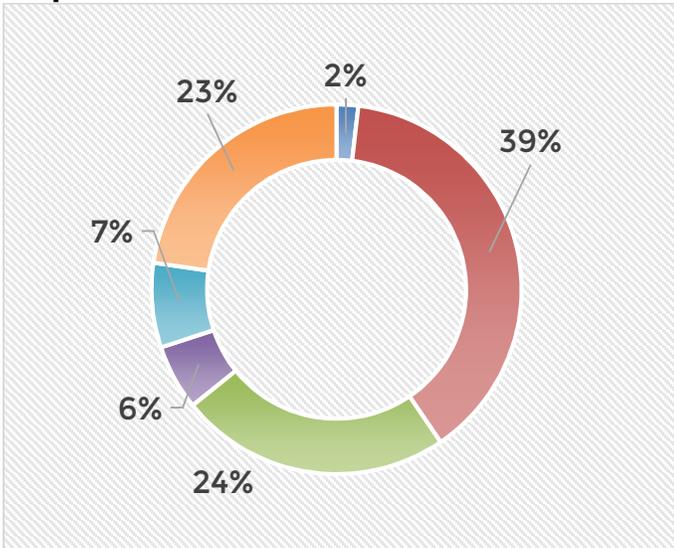
- Like most countries, regional states have no control over the variables that can impact the price or availability of commodities. The small size of the Caribbean collectively, and as individual states, can be an additional disadvantage as this very small market can be easily ignored in favour of larger ones. As far as possible and as much as is practicable, governments need to be prescient to get a sense of what could or may happen, so that preparations can be made. Increased storage capacity for, and reserves of, some commodities need to be built up and where possible, substitute commodities or alternative capabilities established and put into practice, to reduce the vulnerability of the state, businesses and citizens.

# Tourism

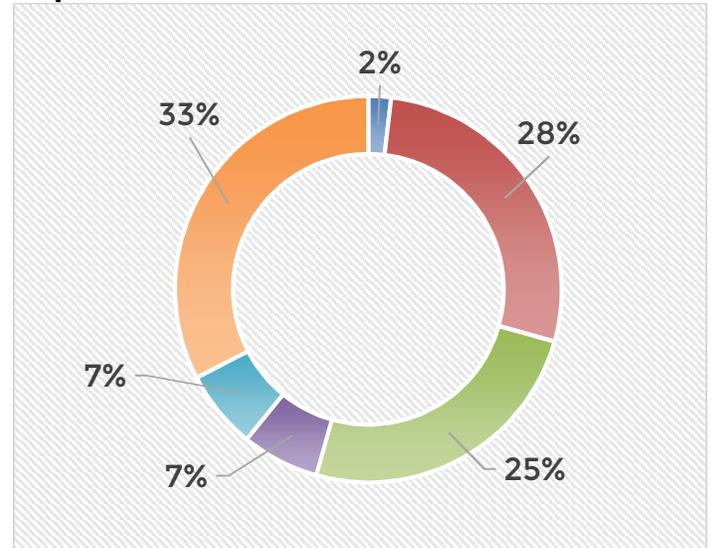
Figure 11

## World Share of Air Passengers

September 2021



September 2022



Source: IATA Economics

In September 2022, air passengers from Asia Pacific accounted for 28 percent of total global air passengers, down from 39 percent in September 2021. The decrease was related to the continued recovery of the sector in other regions as opposed to a fall in total air passengers in Asia Pacific. The share of global air passengers remained unchanged in Africa and the Middle East at 2 percent and 7 percent, respectively. The largest increase was recorded in Latin America, as its portion of global air passengers increased from 23 percent in September 2021 to 33 percent in September 2022.

## Industry-wide Revenue Passenger Kilometres (RPKs)

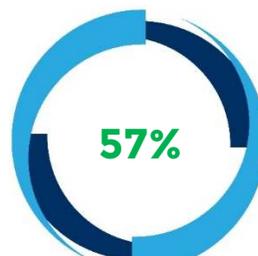
Sep 2020



Sep 2021



Sep 2022



# Tourism

## RPKs Definition

**Revenue Passenger Kilometers (RPKs)** or **Revenue Passenger Miles (RPM)** measures the air traffic for airbus and aircrafts using the formula:  $RPK \text{ or } RPM = P * D$  where P is the total of revenue paying passengers and D is the distance travelled in kilometers. Units vary depending on the distance measurement units used by countries. RPK can be regarded as the basic airline production. Also, this measures the passenger volume carried by the aircraft. Revenue passengers do not include airline employees and young children who do not take their seats.

Source: <https://skymartsales.com/glossary/rpk.php>

Global RPKs reached **73.8** percent of Pre-pandemic Levels in **September 2022**

- Historical data shows that the month of September generally has lower air traffic levels compared to the high summer periods, but seasonally adjusted data for September 2022 indicates a significantly improved performance over September 2021.

## CHINA EASED COVID RESTRICTIONS ON DOMESTIC TOURISM ACTIVITIES

China eased COVID restrictions on domestic group tours organised by travel agencies.

Tourists can now make cross-province trips organised by travel agencies with proof of negative test results.

Previously, travel agents were barred from organising group trips to a county that has reported areas deemed to be of high or medium COVID risk.

## RPKs in Key Countries

<b>USA</b>	<b>0.4 %</b>
<b>BRAZIL</b>	<b>15 %</b>
<b>INDIA</b>	<b>43 %</b>
<b>JAPAN</b>	<b>128 %</b>
<b>AUSTRALIA</b>	<b>276 %</b>

# Tourism

## Key Caribbean Performances 2022

### Long-Stay Arrivals Growth (%)

#### Jan - Aug 2022

Barbados	499%
BVI	375%
St. Lucia	120%
St. Maarten	70%
SVG	283%

#### Jan - Jul 2022

Anguilla	263%
The Bahamas	66%
Cayman Islands	2679%
Jamaica	100%

### New Flights

#### Anguilla

- Tradewind Aviation to commence non-stop service between San Juan's Luis Munoz Marin International Airport and Anguilla's Clayton J. Lloyd Airport on December 15th, 2022. Service will operate three times per week.
- American Airlines commenced additional flights between the island and Miami International Airport through the end of 2022. During the period November 3<sup>rd</sup> - December 17<sup>th</sup> eight weekly flights were to be conducted. The Airline intends to increase the number to 11 during the festive period December 18<sup>th</sup> -January 8<sup>th</sup>, 2023.

#### Antigua and Barbuda

- Antigua and Barbuda welcomed its first-ever commercial flight from Africa on November 1<sup>st</sup>, 2022. EuroAtlantic Airways made the 12-hour journey with 100 passengers from Lagos, Nigeria. This was a major step toward strengthening the air bridge between Africa and Antigua and Barbuda.

#### The Bahamas

- In November 2022, American Airlines launched a new nonstop service between Charlotte, North Carolina and Freeport, Grand Bahama. This new service will operate weekly on Saturdays and could be a major boost for the island's tourism sector.

# Tourism

- Bahamasair plans to launch a new service between Raleigh North Carolina and Grand Bahama.
- Fast-expanding Bahamian carrier, Aztec Airways, added another new nonstop service between Fort Lauderdale and the island of Great Harbour Cay in the Berry Islands in late November 2022. This service will operate twice weekly and bodes well for the tourism sector as the Great Harbour Cay area is a popular vacation spot for Floridians.

## Cayman Islands

- Cayman Airways launched a nonstop service between Owen Roberts International Airport, Cayman Islands and Los Angeles Airport (LAX), California on November 5<sup>th</sup>, 2022.

## St. Vincent and the Grenadines

- Air Canada resumed direct flights to the Argyle International Airport (AIA) on November 4<sup>th</sup>, 2022 and this service will operate twice weekly.

## Construction Projects

### The Bahamas

- Construction of \$250 million cruise ship port called the Calypso Cove has already commenced. Once completed, the port will have the capacity to dock two large cruise ships with a separate marina for mega-yachts. It will also have the capacity to welcome up to 13,000 cruise passengers daily.

## St. Vincent and the Grenadines

- Myah's Luxury Suites Hotel is under construction and the 40-room facility is scheduled for completion by the end of 2022. The \$18 million-dollar facility will be ideally located close to the Argyle International Airport.

## Trinidad and Tobago

- The construction of a new five-star hotel is set to commence in Tobago in June 2023 at the Kilgwyn Bay area. Details related to the capacity, brand and operator are yet to be revealed.

# Tourism

Qatar World Cup to boost economic activity across the region

## Projected Onward Visits for Dubai

65%

A shortage of accommodations in Qatar will boost tourism in Dubai as football fans look to the United Arab Emirates (UAE) for an alternative location from which they can travel to the games. As a result, onward visits for Dubai are projected to increase by 65 percent for the period of the tournament.

## Projected Food Delivery Orders

80%

Food delivery orders are likely to surge by 80 percent in Qatar on match days *(Source: Redseer Consultancy)*

## Q4 MENA Online Sales

8.5

According to Redseer Consultancy, the overlap of the World Cup with Black Friday retail events is likely to propel fourth-quarter online sales in North Africa and the Middle East (MENA) to US\$8.5 Billion, an increase of US\$2 Billion compared to the similar period of the previous year.

# Tourism

## COP27, UNWTO Key Highlights

Since the launch of the Glasgow Declaration on Climate Action in Tourism at COP26 more than **700 businesses**, destinations, civil society groups and even countries have signed up, committing to decarbonise, regenerate and measure in order to halve their carbon emissions by **2030** and reach Net-Zero by **2050** at the latest.

Representatives from the **United Nations Development Programme (UNDP)**, the **World Bank Group** and the **Development Bank of Latin America (CAF)** voiced their readiness to support tourism destinations with their transformation towards low-carbon, sustainable and resilient tourism models.

The event focused on the pathways to **Measurement and Decarbonisation**. Among the countries that shared their Tourism and Environmental Strategies/Progress were Mexico and the Canary Islands.

## Implications

- Upward trending RPKs bode well for the tourism-dependent jurisdictions in the Caribbean. With confidence in air travel up given the reduced threat of COVID-19, the region should see a gradual return to pre-pandemic levels of tourism activity.
- New and returning flights from some key airlines augurs well for Caribbean tourist destinations.
- Ongoing tourism-related construction projects are a good sign that investors are confident of the sector's prospects.