

Republic Economic NEWSLETTER

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Coronavirus to Determine Short-term Prospects

OVERVIEW

Pandemics are always bad and there is never a good time to have to deal with one. However, few would disagree that the spread of COVID-19 is occurring at an inopportune time for the global economy, considering the severe challenges with which it is already saddled. As for Trinidad and Tobago, the timing couldn't be more terrible. Available data from fourth quarter 2019 suggests that the domestic economy continues to be stymied by weak activity in both the energy and non-energy sectors. The rapid spread of the virus has caused these difficulties to intensify, as related anxieties have resulted in a plunge in oil and gas prices, in addition to disruptions in several non-energy sectors.

In the fourth quarter of 2019, the overall output of the energy sector is estimated to have been negative, notwithstanding a 1.8 percent increase in oil production. The sector was beset by continued weak prices. In the non-energy sector, indications are that construction sector activity cooled appreciably during the period, when compared to the third quarter, while there was a pick-up in activity in the trade and repairs sector. Republic Bank estimates that the domestic economy experienced a 1 percent fall in economic activity during the fourth

TRINIDAD AND TOBAGO KEY ECONOMIC INDICATORS

INDICATOR	2018	2018.4	2019.4 p/e
Real GDP (% change)	-0.2	-0.1*	-1
Retail Prices (% change)	1.0	0.7	0.01
Unemployment Rate (%)	3.9	4.0	5.5
Fiscal Surplus/Deficit (\$M)	-5,696.8	942.8	-386.8
Bank Deposits (% change)	3.1	3.9	3.1
Private Sector Bank Credit (% change)	4.8	1.5	2.9
Net Foreign Reserves (US\$m)	10,348.3	10,348.3	9,619.3
Exchange Rate (TT\$/US\$)	6.73/6.78	6.74/6.78	6.73/6.78
Stock Market Comp. Price Index	1,302.48	1,302.48	1,468.41
Oil Price (WTI) (US\$ per barrel)	65.06	59.59	56.86
Gas Price (Henry Hub) (US\$ per mmbtu)	3.15	3.80	2.40

Source: Central Bank of Trinidad and Tobago, TTSE, Energy Information Administration
 p - Provisional data
 e - Republic Bank Limited estimate
 * - Estimate based on CBTT's Index of Economic Activity

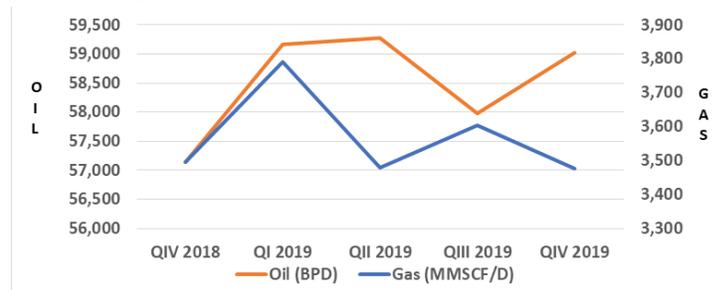
quarter of 2019, compared to the third. Nevertheless, activity on the domestic stock market remained positive, increasing by 4.8 percent, compared to a marginal rise of 0.5 percent in the third quarter.

ENERGY

Between October and December 2019, oil production increased by 1.8 percent over the previous quarter to average 59,029.8 barrels per day (Figure 1) and was accompanied by a marginal increase in prices. The average West Texas Intermediate (WTI) oil price increased to US\$56.86 per barrel from US\$56.35 in the third quarter. On the other hand, Henry Hub gas prices went up by a negligible 2 cents to US\$2.40 per million British thermal units (MMBTU), while gas production fell by 3.5 percent to 3.5 billion cubic feet per day (bcf/d) during the period. Beside low prices, the downstream sub-sector continues to be impeded by production challenges. During the fourth quarter of 2019, there were declines in ammonia (13.2 percent), methanol (4.5 percent) and LNG (2 percent) output. There were also declines in the barometers of exploration activity, with rig days decreasing by 6.1 percent and depth drilled down 9.6 percent.

The short-term prospects for the energy sector took a significant hit during the first quarter of 2020. As COVID-19 fears pushed global energy demand down, a price war ignited between Saudi Arabia and Russia, causing prices to plummet further. The price war was sparked by a failure of OPEC and Russia to reach a production cut agreement, which was the intended response to mitigate the impact of the virus. This was followed by the closure of another downstream plant, as Methanex, a Canadian-based methanol producer, indefinitely closed its Trinidad-based Titan plant in March, citing unfavourable market conditions. On the positive side, in December 2019, Touchstone Exploration announced a significant crude oil find in its onshore Cascadura field in Ortoire. This is an encouraging sign for the long-term outlook for the sector and follows the company's gas discovery, which was declared three months earlier.

Figure 1. Energy Production



Source: Ministry of Energy and Energy Industries

NON-ENERGY

Although construction activity expanded on a year-on-year (y-o-y) basis in the fourth quarter of 2019, available information on cement sales suggests that there was some cooling in comparison to third

quarter 2019. Domestic cement sales, which are a good gauge of the strength of the sector, expanded by 1.3 percent (y-o-y) but was 7.8 percent below the levels of the previous quarter. For all of 2019, cement sales rose by 0.6 percent. This was the first increase since 2014. Before the Central Statistical Office reclassified domestic industries to be consistent with the International Standard Industrial Classification (ISIC) for the purposes of calculating GDP, the sale of new motor vehicles, was used as a proxy for activity in the distribution sector. However, it is now captured in the trade and repairs sector. Between October and December 2019, new motor vehicle sales were 7.2 percent higher than what was recorded in the previous quarter, but down 1.8 percent y-o-y. As COVID-19 related panic became pervasive, some domestic retailers, including pharmacies benefitted from a boost in sales during the first quarter of 2020. Concurrently, some of the measures adopted to control the spread of the disease have negatively affected air travel, certain areas in retail, the tourism and entertainment industries, to name a few. The net effect on the non-energy sector is likely to be negative.

FISCAL

Trinidad and Tobago registered a fiscal deficit of \$386.8 million in the fourth quarter, which was a reversal of the \$942.8 million surplus recorded during the same period in 2018. This outturn was the result of a 11.9 percent fall in central government revenue to \$9,989.9 million, which significantly outweighed the 0.2 percent fall in expenditure to \$10,376.8 million. Current expenditure accounted for 97.4 percent of total spending during the period. In response to the fall in energy prices related to the COVID-19 outbreak and the ongoing oil-price war, in March 2020 government reduced its budgeted prices for gas from US\$3.00 per MMBtu to US\$1.80 and oil from US\$60.00 per barrel to US\$40. The Minister of Finance revealed that the fall in energy prices is expected to result in at least a \$4.5 billion in lost revenue for the 2019/2020 fiscal year. Considering this alone, the fiscal deficit could potentially exceed \$9.5 billion, instead of the \$5.3 billion initially envisaged. However, when the costs associated with the array of social and fiscal measures designed to mitigate the impact of COVID-19 on the economy and the most vulnerable citizens are included, a double-digit deficit and a substantial rise in public debt is likely to be realised. This may occur, notwithstanding government's plan to withdraw US\$1.1 billion from the Heritage and Stabilisation Fund. The social initiatives are expected to cost \$1 billion in the first instance and include a \$1,500 salary grant for displaced workers and temporary increases under the food card programme. Government also plans to accelerate \$1 billion of its \$6.2 billion in outstanding VAT refund payments, as well as \$400 million in tax returns. It should be noted, that the longer it takes to control the spread of the virus, the greater the impact will be on the country's fiscal accounts. Public debt ended 2019 at 65.5 percent of GDP.

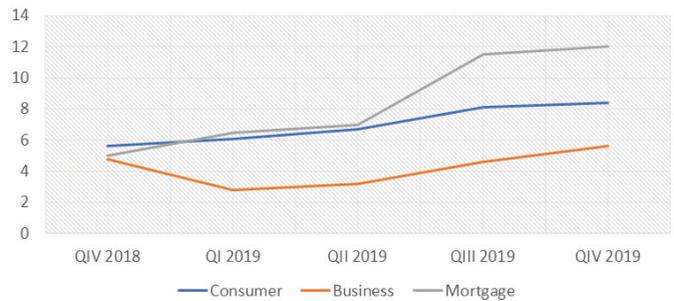
MONETARY

The general rise of prices remained well within manageable levels in the fourth quarter, with headline inflation averaging 0.4 percent, while core prices increased by an average of 0.6 percent. On the other hand, food prices fell by 0.5 percent. Given the still negative short-term interest rate spread between TT and US treasury securities, the slowing global economy and the severe challenges facing the domestic economy, the Central Bank's Monetary Policy Committee (MPC) maintained the 'Repo' rate at 5 percent during its December 2019 monetary policy announcement. However, in March 2020, with decreases in US policy rates turning the TT-US spread positive, the MPC cut the 'Repo' by 150 basis points to 3.5 percent and reduced

the commercial banks' primary reserve requirement to 14 percent from 17 percent. The decision was also significantly influenced by mounting economic challenges related to COVID-19. Earlier in the month, the US Federal Reserve cut its policy rates to zero-0.25 percent, to counteract the deleterious economic impact of the virus. The Fed also announced a bond purchase programme to pump cash into the financial system and encourage banks to lend more.

As the commercial banks' average prime lending rate remained unchanged at 9.26 percent, the demand for credit encouragingly grew at healthy rates during the last three months of 2019. For instance, commercial banks' loans to businesses expanded by 2.9 percent over the levels recorded in the third quarter and 5.6 percent y-o-y, while consumer credit grew by 3.5 percent compared to the previous quarter and 8.4 percent y-o-y. Similarly, mortgage loans increased by 12 percent on a y-o-y basis and 2.6 percent in comparison to the previous quarter (Figure 2).

Figure 2: Credit Growth (% Change)



Source: CBTT

RESERVES

The country's stock of foreign exchange represented by the net foreign position, continued to trend down reaching US\$9,489.7 million or 7.6 months of import cover (MIC) in December 2019, from US\$9,839.7 million or 7.7 MIC, three months earlier. This is not surprising given low energy sector revenue and the enduring strong demand for foreign exchange. Nevertheless, between October and December 2019, the net sale of foreign currency decreased by 11.8 percent from the previous quarter to US\$397 million, a figure that was 19.6 percent below fourth quarter 2018 levels. The TT/US exchange rate remained at TT\$6.78 per US\$1.

OUTLOOK

The COVID-19 virus is expected to remain a disruptive force heading into the second quarter of 2020. Its continued spread is expected to constrain the demand for fossil fuel in the second quarter and as such keep prices low. With no meaningful increase in domestic production expected for some time, the performance of the energy sector is projected to remain negative for the first half of 2020. With factories in China having been shut for an extended period to control the virus' spread, our retailers and manufactures could experience some challenges replenishing their stock. In tourism, the initiatives adopted by many governments to halt the advance of COVID-19 are expected to subdue activity in the global tourism sector. This represents a serious challenge to the domestic manufacturing sector, since its largest export market, CARICOM, is heavily reliant on tourism. In the financial sector, growth will be stymied by moves by banks and other institutions to offer loan moratoria and reduced credit card interest rates, among other things to customers negatively impacted by the virus. Overall, economic activity is likely to shrink significantly in the first half of 2020.

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A New Challenge

OVERVIEW

In the past, the region faced many hardships, but the COVID-19 virus provides a new challenge which has taken the entire the world by surprise. Although the Caribbean consists mainly of tourism-dependent countries with just a few commodity-exporters, this pandemic will threaten growth prospects for all jurisdictions. In the first quarter of 2020, there was a decline in inter-continental travel, with many countries taking the drastic decision to close their borders in an attempt to stop the rapid spread of the virus. Global trade is expected to decrease further in the coming months, as the novel coronavirus is putting a halt to most economic activities, given that most people are now practicing social distancing to protect themselves and loved ones from contracting the virus. Schools, industrial plants, hotels and resorts, bars, restaurants, hair salons, health and wellness studios, cinemas and even places of worship are all closing temporarily to stem the spread of this highly infectious virus. This is clearly a serious situation and the global economic repercussions are dire. Needless to say, the region is not immune.

ANGUILLA

Anguilla is making great strides in rebuilding its economy following setbacks from Hurricane Irma in 2017. Long-stay visitors increased by 75 percent in 2019 compared to a 20 percent contraction in 2018. The tourist-dependent country recorded its highest-ever arrivals of 95,375 visitors compared to its previous high of 79,239 in 2016. Earlier this year, the Anguilla Tourism Board (ATB) embarked on a number of marketing initiatives and also indicated that the provision of authentic and quality experiences for travelers is one of their main priorities going forward. The opening of the Tranquility Beach Anguilla and the Zemi Beach House resorts in December 2019 augurs well for the tourism sector, as it has increased the destination's overall room stock. However, global tourism activity is now at a standstill due to the coronavirus. In addition, given that Anguilla is a British Overseas Territory, the country may have a few concerns regarding Brexit. The settling of the maritime border between Anguilla and St Martin could be a contentious issue, since this open-border arrangement is vital to Anguilla's economy. A very large percentage of Anguilla's services and visitors come from both the Dutch and French sides of St. Martin.

BARBADOS

In 2019, Barbados' all-important tourism sector recorded its fifth consecutive year of growth. During the first nine months of 2019, long-stay arrivals increased by 4.1 percent (year-on-year), but activity slowed in the final quarter of the year. Regardless,

the sector still managed to record respectable growth in long-stay arrivals of 3.5 percent in 2019. Additionally, the cruise sector rebounded in the fourth quarter of 2019. During the first three quarters of last year, cruise passenger arrivals contracted by 1.3 percent (year-on-year), but still managed to grow by 1.6 percent (year-on-year) for the entire year. The success of the tourism industry was mainly attributed to increased airlift and sustained marketing efforts. Nevertheless, delays in some major tourism-related projects led to a contraction in construction sector activity. With respect to the government's debt reduction strategy, there were some positive signs. Barbados' debt-to-GDP ratio was reduced to 119.5 percent as at December 2019 from 126.3 percent in December 2018. In the first quarter of 2020, the International Monetary Fund (IMF) concluded its staff visit to Barbados and acknowledged that the Caribbean island made good progress in implementing its economic reform programme called BERT (Barbados' Economic Recovery and Transformation), which is supported by the IMF under its Extended Fund Facility (EFF). All targets for end-December 2019 were met and international reserves improved to US\$740 million by the end of 2019, compared to a low of US\$220 million, as at May 2018. The current administration remains committed to further debt reduction through sustained fiscal discipline and stronger economic performance but based on recent global challenges stemming mainly from the spread of COVID-19, these efforts may be stymied.

CAYMAN ISLANDS

Latest statistics from the Economic and Statistics Office (ESO), revealed that the Cayman Islands registered economic growth of 3 percent (year-on-year) in the first quarter of 2019. This growth was driven mainly by the following sectors: hotels and restaurants, wholesale and retail trade, repair and installation of machinery and construction. Recent data from the Caribbean Tourism Organization (CTO) showed that tourists arrivals declined in the last quarter of 2019. Although the cruise sector experienced slight improvement in the fourth quarter of 2019, cruise passengers still contracted by 4.7 percent for the entire year. The COVID-19 pandemic will also put a damper on tourism activity as well as tourism-led construction in the Cayman Islands. The challenges facing the financial sector were intensified in February 2020, when the European Union (EU) blacklisted the Cayman Islands as a non-cooperative jurisdiction for tax purposes. This decision has already created some negative ripple effects with some Nordic investors avoiding investments in the Cayman Islands. While the government was disappointed with the EU's decision, they have already contacted the bloc to commence the process of being delisted by October 2020 for the latest. Given the current global upheaval, this timeframe may seem unrealistic.

CUBA

Since June 2019, arrivals growth has been slowing and this is largely due to the deteriorating relationship with the US. American visitors declined significantly by 21.9 percent in 2019. This trend continued in 2020, as official data from the National Bureau of Statistics and Information revealed that the most drastic fall in tourist arrivals for January came from US visitors, which dropped by almost 70 percent (year-on-year). During the first month of 2020, Cuba received 95,856 fewer visitors compared to January 2019, which represented a 19.6 percent (year-on-year) decline. Cuban-American visitors also decreased by 12 percent (year-on-year) for the same month. Some of the measures by the US administration that have led to this fall in US travelers to Cuba include: tighter restrictions on US residents travelling to Cuba; the suspension of all ports in Cuba for US cruise ships; the banning of commercial flights to cities outside of Havana and; the ceasing of all charter flights to the island except to Havana. Cuba continues to face challenges related to the decline in petroleum deliveries from Venezuela. Oil shortages are now hindering agricultural production and two sugar mills were forced to shut down in early 2020. The delivery of goods from fields has also been compromised due to fuel shortages. US sanctions against the state enterprise that imports liquefied natural gas (LNG) has also slowed down economic activity, as cooking gas rations for citizens were halved.

DOMINICA

Dominica continues to rebound from the negative economic effects from Hurricane Maria, which resulted in a 226 percent loss of GDP in September 2017. Recent statistics from the Caribbean Tourism Organization (CTO) have shown that long-stay arrivals increased by 52 percent (year-on-year) in the first ten months of 2019. The cruise sector also performed admirably with cruise visitors increasing by 71 percent (year-on-year). According to the Economic Commission for Latin America and the Caribbean (ECLAC), Dominica was the fastest growing economy in the Latin America and the Caribbean region in 2019. Real GDP growth of 9 percent was mainly driven by its successful Citizenship by Investment (CBI) programme, heightened tourism activity and increased public sector-led construction. In the coming months, the resilience of their economy will be tested with the expected drop in global travel. There are also some concerns that the downside risks stemming from COVID-19 may cause a delay in some China-funded projects, like the construction of the International Airport. Some of the technical work for this project has to be physically done by the Chinese experts and with a number of airlines shutting down their flights in and out of China, this project may have to be rescheduled to a later date.

GRENADA

Based on the latest information from the Grenada Tourism Authority (GTA), healthy tourism sector growth was maintained in 2019 which, was partly due to its aggressive public relations and marketing efforts. Long-stay arrivals expanded by 3 percent (year-on-year) in the first nine months of 2019 but tourism activity weakened in the last quarter of the year and as a result, arrivals growth averaged 1.2 percent for the year. Cruise sector activity slowed considerably in 2019, as cruise passenger

arrivals contracted by 1.4 percent following significant growth of 14.5 percent in 2018. However, tourism-led construction remains buoyant. In February of this year, the construction of Six Senses 110-room luxury hotel project broke ground and is scheduled to be completed by November, 2022. However, given the current COVID-19 pandemic, some tourism-driven projects could be delayed.

GUYANA

Guyana recorded real GDP growth of 4.7 percent in 2019, which is its highest growth level since 2014. This growth was mainly attributed to oil and gas sector investments and healthy activity in other traditional industries. Oil production has already commenced and according to the Chief Executive Officer (CEO) of Hess Corporation, they are aiming to ramp up production at the Liza Phase One, which currently stands at around 75,000 barrels of oil per day (BOPD). In light of the current low oil-price environment, Hess Corporation has reduced its capital expenditure by US\$800 million to strengthen its financial liquidity, however, the company remains upbeat on the prospects for Guyana's hydrocarbon sector given it has one of the lowest breakeven prices (US\$35 per barrel). Bauxite production is expected to improve in the short to medium-term with the opening of the country's third large-scale bauxite mining operation, First Bauxite LLC and its subsidiary, Guyana Industrial Mineral Incorporated (GINMIN) on February 20, 2020. Nonetheless, political instability could provide some downside risks for Guyana in the coming months. In the latest development, a court in Guyana issued a temporary injunction to block a recount of votes for its presidential election, which was held on March 2, 2020.

ST KITTS AND NEVIS

St. Kitts and Nevis recorded one million cruise passengers in the 2018-2019 cruise season and was recently named as the top cruise destination of the year in the Caribbean Journal's Caribbean Travel Awards 2020. A second cruise pier at Port Zante was completed in early November 2019 to accommodate two more oasis class cruise vessels. However, the significant slowdown in global travel stemming from the spread of COVID-19 could put a serious damper on the country's booming cruise sector. The St. Kitts and Nevis government has taken steps to prevent the dreaded virus from entering its borders via strengthened surveillance mechanisms and pre-emptive screening at its airport and seaport. Some level of success was attained as the country had only one confirmed Coronavirus case at the time this article was written. The financial sector is stable and the government's implementation of necessary reforms to comply with the EU's tax standards helped to bolster its position.

ST LUCIA

In the first nine months of 2019, long-stay visitor arrivals increased by 7.9 percent (year-on-year) but cooled in the final quarter and as a result, long-stay arrivals growth averaged 7.3 percent for the year. The US was the main source market with 191,719 visitors, which was 9.5 percent higher than the number of US visitors for 2018. Cruise sector activity accelerated in the fourth quarter of 2019, as cruise passengers increased by 3.5 percent for all of 2019, following a 2.6 percent (year-on-year)

increase in cruise passengers for the first three quarters of the year. The Ministry of Tourism and the St Lucia Tourism Authority (SLTA) were making arrangements with specific airlines to increase flights for summer 2020. But these plans could be cancelled if the spread of COVID-19 is not brought under control by mid-2020. At the time this article was written, St Lucia only had two confirmed cases of the coronavirus and the tourism sector was already feeling the effects of this pandemic, as the BodyHoliday and Rendezvous resorts were scheduled to close from March 20 to May 31.

ST. MAARTEN

In September, 2017, the category 5 Hurricane Irma crippled St Maarten's economy with damage exceeding 250 percent of GDP. However, St Maarten's tourism industry rebounded in 2019, as it registered an 80 percent increase in long-stay arrivals and a 2.2 percent increase in cruise passengers. Last year, St Maarten was the fastest-growing tourism destination with the majority of its long-stay visitors coming from the US (165,743). The largest growth in long-stay arrivals came from Canada, which was just over 200 percent. This economic turnaround was achieved through the restoration of infrastructure and road networks, which also helped to create construction jobs for many citizens. In 2019, the St. Maarten port also embarked on a number of infrastructure projects including repairs to the inter-island berth and the RoRo pier. Furthermore, the construction of a new homeporting terminal augurs well for the long-term growth of the tourism sector, as homeporting generates a large percentage of airlifts in and out of the country and business for local service providers. However, these initiatives are less likely to bear fruit in the short-term in light of the reduced travel around the globe.

ST VINCENT AND THE GRENADINES

According to the ECCB, real GDP growth for St. Vincent and the Grenadines slowed down in 2019. This was mainly driven by reduced tourism activity. However, the nation remains committed to the further development of this vital sector with projects like the US\$60 million Royal Mill Hotel Luxury Resort and Residences, which is set to open in April 2020. In early 2020, the government presented its highest ever budget of EC\$1.2 billion, which was 9.1 percent higher than the previous fiscal package. The administration presented plans to boost construction sector activity in 2020, with a total of EC\$39 million allocated for the repair and construction of roads and bridges. This year, the government is hoping to reach a major milestone in the development of its medicinal cannabis industry, as they plan to commence exports in late 2020. As of February 2020, the Medicinal Cannabis Authority (MCA) had already received a number of license applications from foreign and local investors, traditional cultivators and traditional cultivators' cooperatives. However, in the upcoming months, the government will have to adopt a wait-and-see approach for many of their initiatives due to the global economic fallout stemming from the novel coronavirus. It is highly likely that the tourism sector will face further setbacks in the short-term.

SURINAME

General elections are due in May 2020, but considering the global COVID-19 turmoil, there is no guarantee that this will

take place. In January of this year, the people of Suriname received good news about a major oil discovery. Apache Corp and Total SA announced that they made a discovery just over the border from ExxonMobil-led discoveries off Guyana, which is estimated to hold more than 6 million barrels of oil. This bodes well for the country's long-term prospects, but the domestic economy faces challenges with declining external liquidity and rising government debt. As a result, the US credit ratings agency, Fitch Ratings, decided to downgrade Suriname's sovereign debt rating from B- to CCC, placing them into "junk" bond territory. This downgrade did not take into consideration the recent oil discovery mentioned earlier, but this is probably because any production from this oil find is unlikely to start before 2024-2025. Government finances continue to deteriorate, as the fiscal deficit widened to 9.1 percent of GDP by the end of 2019. This was partly due to the government's controversial decision in October 2019 to remove debt limits to allow them to borrow more. In light of this, other rating agencies may also decide to downgrade Suriname's credit rating, which could make the country's debt unattractive to investors and thus, drive up its costs of borrowing.

REGION

Recent data from the Bank of Jamaica (BOJ) revealed that Jamaica's economy slowed in the last quarter of 2019. Although the Government of Jamaica received its highest rating in 10 years from Fitch Ratings in February of this year, the agency highlighted that high debt and low economic growth continue to limit progress. In the coming months, these problems may be further compounded with the spread of the novel coronavirus. Tourism sector forecasts have already been revised downward due to the reduction in global travel.

The Bahamas tourism sector has rebounded from the catastrophic impact of Hurricane Dorian with a record-breaking year. The country recorded 7 million visitors in 2019, which represented a 9 percent increase from 2018. Stopover visitors were also the highest ever recorded in history at 1.8 million, with US visitors accounting for 1.5 million. This came at a good time because tourism is expected to slowdown in the coming quarters due to the pandemic risk provided by COVID-19.

OUTLOOK

Looking ahead, the situation looks very grim for the region, as the regional health authority raised its COVID-19 alert to very high, due to a number of confirmed cases in the Caribbean. The imminent fall in global travel will negatively impact tourism-dependent countries, as tourist arrivals from major source markets like the US, Canada and Europe are expected to contract in the short-term. Commodity-exporters will also experience reduced economic activity, as global trade is expected to decline further. Weaker energy prices will hinder growth in oil producing countries like Suriname and Guyana but on a positive note, gold prices have climbed to its highest level in 11 years, which was largely due to the closure of many gold mining operations and moves by the Federal Reserve to address the coronavirus crisis. However, there will be more negative spill-over effects from this pandemic in the coming months and how the region deals with this new challenge will ultimately determine the trajectory of their economies in the short to medium-term.

VIRAL LESSONS

As at March 26, 2020 there were COVID-19 cases in 198 countries, including Trinidad and Tobago. In roughly three months 520,427 people were infected with 23,595 deaths giving a mortality rate of 4.5 percent.

In terms of context and perspective, the previous major outbreak of a disease was the Ebola virus which was centered in three West African countries from 2014 to 2016 and reached the level of a Public Health Emergency of International Concern (PHEIC). The Ebola outbreak ended with 28,652 cases with 11,325 deaths, resulting in a mortality rate of 39.5 percent.

The last pandemic was the H1N1 pandemic of 2009. Popularly referred to as the swine flu, the World Health Organisation (WHO) reported 18,631 laboratory-confirmed deaths. However, the laboratory-confirmed total greatly underestimates the mortality level, because only a minority of influenza-related deaths are ever definitively diagnosed as such, also, beyond a certain level it is virtually impossible to test every death. In instances like these, statistical methods are used to estimate the numbers. One such study the Global Pandemic Mortality (GLaMOR) Project estimated that between 123,000 and 203,000 H1N1 pandemic respiratory deaths occurred globally for the last 9 months of 2009. Interestingly, while these numbers are in no way small, they were lower than most people feared and in fact were lower than the 650,000 deaths annually associated with respiratory diseases from seasonal influenza, according to estimates by the United States Centers for Disease Control and Prevention (US-CDC) and the WHO. In fact, at the time, the WHO faced pressure from some key member countries not to declare H1N1 a pandemic at all, because of the apparent lack of severity of the situation. The outbreak seemed relatively mild, after years of warnings of a serious pandemic. Supply chains didn't break; global air travel was not disrupted.

By far, the most severe pandemic in relatively recent history, was the 1918 influenza pandemic. Also called the Spanish flu, it was caused by an H1N1 virus with genes of avian origin. The virus spread worldwide during 1918-1919, infecting an estimated 500 million people, or one-third of the world's population at the time. The number of deaths from the 1918 H1N1 pandemic was estimated to be at least 50 million.

While it is unreasonable to make any meaningful comparisons with an event from over a century ago, even next to recent outbreaks, the impact of the COVID-19 pandemic is unique. While it is possible that COVID-19 has spread further and faster than the viruses mentioned earlier, in most instances (thus far) the number of people infected and the number of deaths are significantly lower. Yet, in less than four months, COVID-19 has crippled the cruise industry, severely curtailed air travel, wreaked havoc with global supply networks, triggered record stock market losses, depressed commodity prices, lowered global economic growth and triggered an unprecedented level of disruption, panic and consequent reactive measures. What can we learn from all of this?

Globalisation, integration and efficiency come at a cost

According to the Peterson Institute for International Economics, globalisation is the word used to describe the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information.

Over the last five years, a rising tide of nationalist sentiment has sought to push back against globalisation. This phenomenon has seen nationalist groups gain increased political power in some European states, fueled 'Brexit' and facilitated the ascension of Donald Trump to President of the United States. Notwithstanding this, globalisation remains a feature of today's world, with integration in areas such as investment, trade and transport. Businesses are constantly searching for efficiency and cost management. Invariably, most of these searches lead to one place.

When Asia was impacted by Severe Acute Respiratory Syndrome (SARS) in 2003, China was a smaller player in the global market. Since then, China has become the second largest economy in the world, and the world's largest manufacturing hub, with its share of global manufacturing output growing from 8.7 percent in 2004 to 28.4 percent in 2018.

For all its many benefits, globalisation has a flip side. The seemingly oversized disruption triggered by COVID-19 is due in part to when and where it hit. In 2020's China, the regions affected by the virus were home to millions of businesses that supply an estimated 56,000 multi-national companies. The shock presented by the outbreak was always going to be big, but globalisation expanded the direction, intensity and speed of the ripples.

Sometimes less is more

In reliability calculations, if a device or system is made up of one component, A, which has a reliability of 90 percent (0.9), then the device has a reliability of 90 percent, meaning that it is likely to work 90 percent of the time and likely to fail 10 percent of the time. If component B (also with a reliability of 90 percent) is added to the device to improve its function, then the reliability of the device becomes: $0.9 \times 0.9 = 0.81$ or 81 percent. The reliability of the device falls because its performance now depends on two components each of which has its own likelihood of failing. The principle here is that the more components or things that a machine or system needs to function, the lower its reliability rate will be. Conversely, the less components needed, the more reliable and resilient the machine or system will be. Over time, in pursuit of progress, products are enhanced, and systems may become more layered or integrated. While overall performance may improve, there is often a trade-off with reliability/durability as more parts are needed in order to perform the core function. This increased vulnerability may come to the fore in unusual or disruptive times such as during or after natural disasters where replacement parts, internet connectivity or electricity may be unavailable and speedy execution

is critical. Conversely, the simpler devices and systems may remain functional or be more adaptable to sub-optimal conditions. This principle can be applied to products, governments, systems, businesses and people. In T&T, while the many layers and steps involved in some procedures such as applying for construction permits, are undoubtedly checks and balances to ensure safety and prevent corruption, they reduce the reliability and efficiency of the process as there are more opportunities for delays and breakdowns. This country's challenge in improving its Ease of Doing Business ranking, centres around improving the efficiency of state institutions and reducing the number of procedural steps while maintaining the integrity of the process.

Those who have much...will react the same as everyone else

As the number of nations facing the same threat continued to grow, observing the reactions of the various governments was instructive. In many countries, regardless of the level of development or the quantum of resources available, there were initial lapses, travel bans, steadily increasing restrictions, concern that more testing isn't being done, shortages of personal protective equipment (PPE) for health workers, economic decline, cancellations of events and fiscal measures to provide some relief. The reactions of citizens were even more similar. There was disbelief, panic buying, attempts at profiteering, support for government's actions, anxiety, misinformation, initial resistance to changes by some people, continued resistance to some measures by a few.

Do what you are supposed to do

As the disease grew from an outbreak to a Public Health Emergency of International Concern (PHEIC) to an epidemic and then a pandemic, many agree that this country's government has handled this unfolding threat well thus far. The officials and relevant state agencies have been active and engaged in their preparations and forthright with the population, while the country's leaders have taken decisive action, informed by the successes and failures of the countries first impacted. It would be a shame, as well as shameful, if T&T's best efforts to minimise the damage done by this pandemic are undone by its porous borders.

While no island can completely seal its encircling coastline, the ease with which people and contraband can enter this country, has been an 'open secret' that has remained through successive administrations. While robust surveillance of T&T's waters should always be a high priority, (if only to aid in the fight against crime) the issue was brought into sharp focus just one year ago with the 'Venezuelan migrant crisis'. Now facing another potentially overwhelming threat, the authorities are still in no position to 'lock down de country' with any degree of confidence. The lesson here is clear, big or little, easy or hard, do what you are supposed to do; for chances are, the thing that remains undone will continue to be an Achilles heel that will keep you from reaching your full potential or at the very least prevent you from feeling better about yourself.

'Really difficult' is nothing

('Impossible Is Nothing' was already taken by a sportswear company)

Despite more fuel-efficient aircrafts, growing numbers of travellers have driven an almost relentless increase in the pollution caused by the aviation industry. Global carbon dioxide (CO₂) emissions from commercial aviation has steadily grown from 710 million tonnes in 2013 to 905 million tonnes in 2018, which represented 2.4 percent of total CO₂ emissions that year. While this may seem like a relatively small amount, understand that if the global aviation

industry was a country, its CO₂ emissions would place it sixth in the world between Japan and Germany. As pollution levels increased, initiatives were developed to reduce it or at least slow its growth. The first, required the aviation sector to improve fuel efficiency by 2 percent each year to 2050. The second initiative allows the aviation sector to continue to grow but reduce its net carbon footprint by purchasing carbon emission offsets, which is essentially, paying money to support the reduction of carbon dioxide production in some other area or industry. The tacit view here is that, because of the importance of air transportation, reducing its pollution is virtually impossible. Interestingly, as a growing number of countries closed their borders and flight numbers plummeted, the level of CO₂ emitted by the aviation industry in February and March would undoubtedly have dropped significantly.

With huge numbers of power plants and factories, along with growing numbers of vehicles, China's cities are among the most polluted in the world. The restrictions implemented by Chinese authorities to curb the spread of the virus, resulted in an estimated 25 percent reduction in emissions of nitrogen dioxide and carbon dioxide, with the change in atmospheric conditions visible from satellites in space.

Permanence is nothing

(Copyright pending)

The first few months of this new decade have been a revelation. Religious practices and customs going back centuries have been put on hold. In late January, China locked down 60 million people in several cities in Hubei province. As the world looked on in amazement, the underlying sentiment was that only a communist state could do that. By mid-March, like a strategy from a playbook, lockdowns of varying degrees have been implemented in many democracies across the world including Europe, parts of the United States, Trinidad and Tobago and Jamaica and some countries in South America. The world's biggest sports leagues have stopped mid-season and virtually all sporting events and conventions have been postponed or cancelled altogether. It is possible that preparing for the threat at hand, along with the sheer number of cancellations have prevented most people from reflecting on the magnitude of these events (or more accurately non-events). One thing has become clear; nothing is permanent.

Man (mankind) has always used the power of his mind to create, to build, to use the things around him to survive and eventually improve his circumstances. With each passing millennium, this has intensified to become an inexorable drive for more; more energy, more products, more profits, more medicines, more food, more travel, more convenience, more housing, more entertainment, more machines, more money, more connectivity, more. Even when it was first realised, over two centuries ago, that man's actions were having a measurable negative impact on the Earth's atmosphere, notwithstanding increased environmental awareness and protection efforts in recent decades, corrective action has been a drop in the bucket. Man, essentially decided that the juggernaut could not, or more accurately, should not be stopped. Curtailment in a few areas is the best that can be done.

COVID-19 is by no means the first pandemic, but its impact and the lessons being taught are astounding. Hubris has been humbled. After centuries of man's activities pushing Mother Nature to the brink, Mother Nature sneezes, and man is left powerless as life as he knows it literally grinds to a halt. If man does not have the power, it makes one wonder who does.