

Republic Economic

NEWSLETTER

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The Tepid Growth Trend Continues

OVERVIEW

During the first quarter of this year, the domestic economy turned in a tepid performance, partly due to the challenges facing the energy sector. However, moderate growth in natural gas production, a rebound in some key output indicators in the downstream sector, as well as a slight uplift in exploration activity, all offered some hope. The non-energy sector was bolstered by activity in the construction industry, which seems to be slowly gathering steam heading into the second half of the year. Preliminary data suggest that the manufacturing sector may have recorded a positive performance in the fourth quarter of 2023 after contracting

in the previous quarter. Considering these events, Republic Bank estimates that the economy expanded by 0.7 percent in the first quarter of 2024 compared to the previous quarter. Moreover, the nation's unemployment rate is estimated to have remained low at 4 percent during the period. While the domestic equity market does not capture the full story of Trinidad and Tobago's economy, the 1.3 percent quarter-on-quarter (q-o-q) decline in the Composite Price Index was reflective of the subdued performance.

TRINIDAD AND TOBAGO KEY ECONOMIC INDICATORS

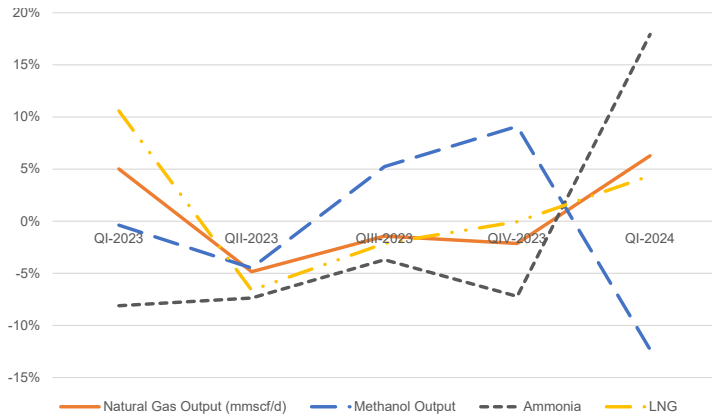
INDICATOR	2023	2023.1	2024.1
Real GDP (% change)	2.1	2.0	0.7
Retail Prices (% change)	0.1	-0.1	-0.1
Unemployment Rate (%)	4.0	4.9	4.0
Fiscal Surplus/Deficit (\$M)	-4,317.4	-1,211.1	-2,243.2
Bank Deposits (% change)	0.7	-0.9	0.1
Private Sector Bank Credit (% change)	8.5	1.0	1.3
Net Foreign Reserves (US\$M)	10,025.9	10,584.8	9,343.3
Exchange Rate (TT\$/US\$)	6.72/6.78	6.72/6.78	6.72/6.78
Stock Market Comp. Price Index	1214.1	1312.4	1198.0
Oil Price (WTI) (US\$ per barrel)	77.58	78.63	77.50
Gas Price (Henry Hub) (US\$ per MMBtu)	2.54	2.74	2.13

ENERGY

Global energy prices decreased in the first quarter of 2024 when compared to the previous quarter. The West Texas Intermediate (WTI) oil price and the Henry Hub Natural Gas price contracted by 1.4 percent and 22.3 percent, respectively. In terms of output, it was a mixed bag. Oil production declined by 0.7 percent, from an average of 50,188 barrels of oil per day (BOPD) in the fourth quarter of 2023 to 49,857 BOPD in the first three months of 2024. On the other hand, natural gas output improved slightly by 6.3 percent, and this had a positive impact on the downstream sector (Figure 1 and Figure 2). Liquefied natural gas (LNG), ammonia and urea production increased by 4.4 percent, 17.9 percent and 287.2 percent, respectively, while methanol output contracted by 12.3 percent. Exploration activity ramped up, as average rig days and average depth drilled grew by 1.8 percent and 34.1 percent, respectively when compared to the final quarter of 2023.

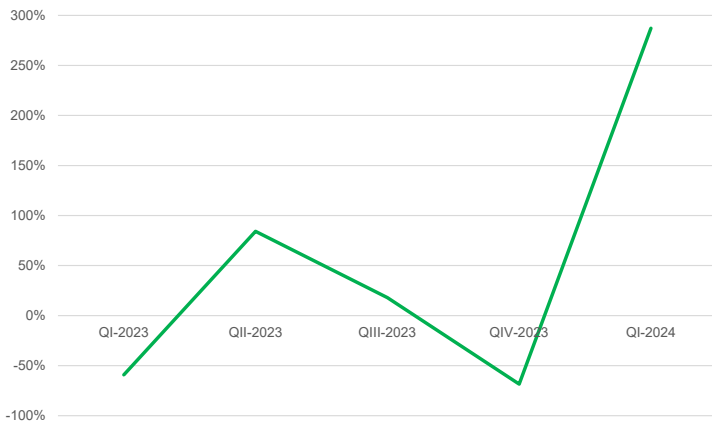
Source: – Central Bank of Trinidad and Tobago, TTSE, Energy Information Administration
p - Provisional data
e - Republic Bank Limited estimate
* - Estimate based on CBTT's Index of Economic Activity

Figure 1: Natural Gas, LNG, Ammonia and Methanol Output (q-o-q % Change)



Source: CBTT

Figure 2: Urea Output (q-o-q % Change)



Source: CBTT

The 2023/2024 shallow water competitive bid round concluded on May 7, 2024 and the results were encouraging, as 6 bids were made for four blocks out of the thirteen offshore blocks on offer. However, some energy sector experts used the opportunity to point out that the 2022 onshore and nearshore competitive bid round was more successful, as it resulted in 16 bids on 8 of the 11 blocks that were being offered. Coming out of the 2022 bid round, contracts for five onshore blocks in southern Trinidad were signed on June 21, 2024, but no definitive date was provided on how soon exploration activity will commence on these blocks. With regard to the Pointe-a-Pierre oil refinery, which was closed in 2018, the government committed to assess all offers and make a final decision on its potential sale by the end of August 2024. While significant focus has been placed on the Dragon gas deal with Venezuela, a collaborative venture between oil major BP and US-based EOG Resources may provide a boost to output over the next two years. Both companies are in talks to develop the Coconut natural gas field off the coast of Trinidad and Tobago

which is estimated to hold just under 1 trillion cubic feet (tcf) of natural gas. First gas from this field is expected in late 2026 and will be used to feed Atlantic LNG.

NON-ENERGY

Local cement sales, which are usually a good barometer for construction sector activity, increased by 10.1 percent q-o-q but contracted by 2.9 percent on an annual basis. Judging by government’s capital expenditure during the first half of the fiscal year (October 2023 – March 2024), the slow roll-out of public projects continues to limit the growth of the sector. In the trade and repairs sector, the sale of new motor vehicles, which serves as a proxy for at least some portion of the activity in the sector, registered a 9.3 percent q-o-q increase and a 34.6 percent year-on-year (y-o-y) increase. This suggests that the sector recorded another positive performance in first quarter 2024. Turning to the manufacturing sector, capacity utilisation reached 65.1 percent in the final quarter of 2023, above the 63.6 percent and 61.8 percent recorded in the third quarter of 2023 and the final three months of 2022, respectively. In the fourth quarter of 2023, capacity utilisation in the food, beverages and tobacco products sub-sector stood at 69.7 percent compared to chemical products (60.1 percent) and textiles, clothing, leather, wood, paper and printing (54.2 percent).

FISCAL

During the Mid-Year review for fiscal 2024, which was held on June 7, 2024, the government stated that due to lower-than-budgeted natural gas prices for the first half of the fiscal year, revenue is expected to be \$3 billion lower than the budgeted figure. In the first quarter of 2024, the government recorded an overall deficit of \$2,243.2 million compared to an overall surplus of \$1,072.9 million in the previous three months. This deficit was also larger than the \$1,211.1 million shortfall the government incurred in the first quarter of 2023. Total revenue stood at approximately \$10,962 million, which was 16.2 percent lower than the figure recorded in the last quarter of 2023. Unsurprisingly, this decline was mainly due to lower energy sector revenue brought on by weaker global energy prices. Energy sector revenue contracted by 29.7 percent, falling from \$3,926 million in the fourth quarter of 2023 to \$2,758 million in the first quarter of 2024. Additionally, first quarter 2024 energy sector revenue was 55.4 percent below the figure recorded in the same period in the previous year. Looking at total expenditure, government spending increased by 9.9 percent in the first three months of 2024 to \$13,205 million from \$12,011 million in the last quarter of 2023. However, this was still 0.8 percent below the amount spent in the similar period in 2023.

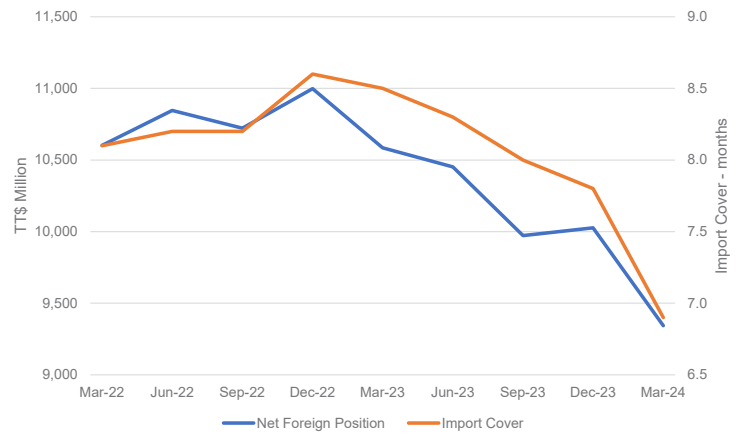
MONETARY

The Central Bank's Monetary Policy Committee (MPC) left its Repo rate at 3.5 percent in its June 2024 monetary policy announcement. This decision was based on the easing of some international benchmark rates, reduced global inflation and a low level of domestic inflation. Further, there was a fall in the negative TT-US interest rate differential on 3-month treasuries from -432 basis points in February 2024 to -406 basis points in May 2024. This represented a minor decrease in the external pressures facing the MPC. Inflationary pressures relented further in the first quarter, with headline inflation slowing to 0.6 percent from 1 percent in the fourth quarter of 2023. The deceleration of headline inflation was mainly due to the 0.6 percent fall in food prices. With the commercial bank's average prime lending rate unchanged at 7.57 percent in the first three months of 2024, the trends in credit demand were encouraging. Business loans expanded by 0.5 percent q-o-q and 9.8 percent year-on-year (y-o-y), while real estate loans grew by 0.7 percent q-o-q and 5.4 percent y-o-y. Consumer loan growth stood out at 10.8 percent on an annual basis and 2.3 percent in comparison to the previous quarter. Although commercial banks' average excess reserves at the Central Bank fell from \$4,604.1 million in the last three months of 2023 to \$4,505.8 million in first quarter 2024, the banking system remains highly liquid.

RESERVES

The country's reserves trended downward, as the net foreign position declined to US\$9,343.3 million (6.9 months of import cover) at the end of March 2024 from US\$10,025.9 million (7.8 months of import cover) in December 2023 (Figure 3). This figure was also 11.7 percent below the US\$10,584.8 million (8.5 months of import cover) recorded at the end of March 2023. Despite the tight foreign exchange market, the nation's TT-US exchange rate remained at TT\$6.78 per US\$1. During the period, the net sale of foreign currency (the difference between sales to the public and purchases from the public by authorized dealers) declined slightly by 1.5 percent in comparison to the previous quarter and it was also 34.6 percent below the figure recorded one year ago (first quarter of 2023).

Figure 3: Net Foreign Position and Import Cover



Source: CBTT

OUTLOOK

The domestic energy sector is not likely to experience a significant increase in output in the second half of the year. However, OPEC+'s decision to extend production cuts into 2025 and a further intensification of the Israel-Hamas war could both contribute to higher global energy prices during the period. The outlook for the non-energy sector is more encouraging, with activity expected to remain positive in the trade and repairs and other sectors over the next six months. Although construction activity is expected to improve during the period, the extent to which it does will be heavily reliant on the pace with which government executes its projects. Overall, the domestic economy is projected to record continued growth in the second half of 2024, led by the non-energy sector. Inflation is expected to remain contained although flooding may exert some upward pressure on the food component.

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A Positive Performance Despite a Mix of Influences

Overview

The first quarter of 2024 provided the Caribbean with a mix of excitement, encouragement and challenges. The excitement emanated from the region's preparations to co-host and participate in the International Cricket Council's 2024 Men's T20 World Cup from June 1st to 29th. After hosting the 2007 Men's 50 over World Cup, there was no need for the regional host nations to make a significant investment in infrastructural upgrades this time around. Nevertheless, most are expected to benefit from increased tourist arrivals as a result of the event. In terms of other encouraging developments, the regional economy benefitted from the continued growth in tourist arrivals and further deceleration of global inflation rates. These events occurred in the face of both usual and peculiar challenges, including a harsh dry season which caused drought-like conditions in some jurisdictions, prompting the authorities to adopt water rationing measures in several cases. The hot, dry weather conditions also curbed yields in the agriculture sector and placed additional strain on the region's electricity grids, as people sought to keep cool. While Cuba continued to be blighted by severe economic strains, the wider region sought solutions for the rising levels of criminal activity. Sadly, any meaningful resolution to the dual stresses of extreme violence and economic decline facing Haiti seemed quite some way off. Overall, the region is estimated to have recorded a positive performance in the first three months of 2024.

Anguilla

Anguilla has been benefitting from an unusual surge in revenue in recent times, due to its country-code internet domain ".ai". The country's domain has become hugely popular with technology companies around the world since the launch of ChatGPT in November 2022. According to the IMF, revenue from .ai domain registrations netted the nation \$87 million (US\$32 million) in 2023 alone. This figure was equal to 20 percent of government revenue and was achieved on the basis of a 146 percent surge in registrations from 144,000 in 2022 to 354,000. Regarding the traditional catalyst of domestic economic growth, the tourism sector benefitted from a 15 percent year-on-year (y-o-y) increase in stay-over arrivals during the first quarter of 2024. This performance was driven by increases in arrivals from the US (20.5 percent), Canada (11.6 percent) and other markets (5.9 percent), which

outweighed the 6.4 percent decline in stay-over arrivals from Europe. Stay-over arrivals were 22.8 percent above the level recorded in the January-March 2019 period. Beyond stay-over arrivals, figures from the Anguilla Tourist Board indicate that total visitor arrivals were 22.2 percent and 24.4 percent above the comparable periods in 2023 and 2019, respectively.

Barbados

According to the Central Bank of Barbados, the domestic economy recorded broad-based growth during the first quarter of 2024, led by the tourism sector. Overall, real GDP is estimated to have expanded by 4.1 percent during the period. Robust tourism activity facilitated the expansion of the wholesale and retail sector (2.3 percent), and the business and other services industry (3.8 percent), while upbeat construction activity was fuelled by a mix of private and public projects. Contrarily, adverse weather conditions triggered a 6.8 percent decline in output in the agriculture sector, despite increased poultry and fish production. Regarding tourism sector activity, stay-over arrivals rose 14.8 percent over first quarter 2023 and were 9.6 percent above pre-pandemic figures. Besides a 1.5 percent decline in arrivals from Europe, Barbados experienced strong growth in visitors from all other major source markets. While the cruise sub-sector registered 15.9 percent y-o-y growth, the 281,172 tourists arriving by this mode still trailed the pre-pandemic figure by 17.5 percent. Increased receipts from the tourism sector, together with external funding from multi-lateral agencies resulted in an 8.4 percent rise in gross international reserves from the end of 2023 to US\$1,625.2 million (8.3 months of import cover) at the end of March 2024. Turning to the country's public finances, government recorded a fiscal deficit equivalent to 1.7 percent of GDP in the first quarter of 2024 compared to 2.4 percent in the same period a year earlier. Public debt ended the fiscal year at 114.3 percent of GDP in March 2024, from 116.6 percent a year earlier.

British Virgin Islands

In May, the Dr Natalio Wheatley-led government published its first medium-term debt management strategy (MTDS). The MTDS covers the 2024-2026 period and aims to satisfy government's financing needs at the lowest cost and to develop the domestic debt market. This strategy is in line with the administration's efforts to implement key

economic reforms to enhance the nation's long-term financial sustainability. In terms of the progress related to the adoption of the recommendations contained in the UK-sanctioned 2021 Commission of Inquiry report, 36 of the 48 proposed changes were implemented by the original May 31st, 2024, deadline. The government was given a new target date of August 31st, 2024, to enact the 12 remaining recommendations. Switching the focus to the domestic tourism industry, it started 2024 with a brisk 25.5 percent increase in stay-over arrivals in the first quarter. This was accompanied by a 31.6 percent rise in the number of cruise passenger arrivals to 393,614 in the first four months of the year. In both categories, arrivals were beyond pre-pandemic levels, with the number of stay-over visitors 5.5 percent greater than the figure in first quarter 2019 and the number of cruise tourists 28.6 percent above that of the January-April period in that year.

Cayman Islands

The government recorded a \$260 million fiscal surplus in the first quarter of 2024, compared to the budgeted \$214.1 million. During the period, actual revenue was \$27.4 million greater than the budgeted figure, while expenditure was \$11.5 million less than what was initially envisaged. When compared to the first quarter of 2023, total revenue and expenditure rose by \$39 million and \$22.2 million, respectively. Government expects to record a \$42 million surplus in 2024. In April, government published its revised energy policy, which aims to take the Cayman Islands to the status of being completely dependent on energy from renewable sources by 2045. In addition to domestic electricity needs being fully satisfied by climate-friendly technologies, the plan is for all new vehicle sales and imports to be electric by 2045. In some air travel developments, on May 10th, it was announced that the Cayman Airways service between Grand Cayman and Barbados will cease on July 3rd, 2024, just eight months after it was launched. The service, which was part of ongoing efforts to enhance airlift between Barbados and the northern Caribbean, did not live up to expectations, leading to the mutual decision between the Barbados Tourism Marketing Inc. and Cayman Airways to end the agreement. The results of the wider domestic tourism sector were mixed during the first quarter, with stay-over arrivals rising by 13.4 percent y-o-y, despite remaining 6 percent below the figure recorded in the January-March period in 2019. Arrivals from the US grew by 15.5 percent and accounted for 82.9 percent of all stay-over visitors. This was accompanied by growth in all major source markets except Canada, which shrank by 8.3 percent. Unfortunately, cruise passenger arrivals fell by 14.3 percent from first quarter 2023 levels.

Cuba

Cuba's economic crisis rumbles on, with a shortage of critical goods and high inflation among the major issues plaguing the island. Now, the country is faced with a cash shortage, which threatens to apply further restraints on the economy, since it affects a plethora of regular transactions. This is the result of

the convergence of several factors, including government's large fiscal deficit, very high inflation, the choice by many businesses to hoard cash instead of making bank deposits. In response, the government has mandated the use of credit cards for certain transactions but with rapidly increasing prices, this policy faces considerable resistance from businesses, many of which continue to demand cash from customers. In some positive news, in May, the US announced its decision to remove Cuba from its list of countries not cooperating fully in the fight against terrorism, citing the resumption of law enforcement cooperation between the two countries as the main reason. This move has fuelled optimism in some quarters that the country may also be removed from the US' list of state sponsors of terrorism. In other encouraging developments, the destination registered a 7.5 percent rise in stay over arrivals during the first three months of 2024, led by a 17.6 percent and a 13.5 percent increase in visitors from Europe and the US, respectively. However, with the Canadian market accounting for 49 percent of all stay-over arrivals, its comparatively tame 3.2 percent growth, pulled down the overall average growth rate. Sadly, Cuba's post-COVID tourism sector recovery continues to be the slowest in the region, with the first quarter performance representing only 55.2 percent of the recorded outcome between January and March 2019. Additionally, with the destination still not able to welcome cruise ships as a result of a December 2022 decision of a US court, the overall performance of the sector will likely be hamstrung for some time.

Dominica

The IMF, in its Staff Concluding Statement of the 2024 Article IV Mission, indicated that economic activity has fully recovered to pre-pandemic levels, driven by the country's ambitious public sector investment programme, recovering tourism sector and growth in the agriculture industry. As it relates to the tourism sector, however, stay-over arrivals, remained 17.3 percent below pre-pandemic levels, even as the number of cruise tourists between January and March 2024 was 37.5 percent higher. It is worth noting that the average revenue received per passenger is normally greater among stay-over visitors. When the latest performance is compared to the first quarter of 2023, cruise passenger arrivals only rose by 1.5 percent, while total stay-over tourists increased by 8.9 percent. This uptick in stay-over visitors was impelled by the upbeat performances in the European (8 percent) and other markets segment (21.2 percent) which outweighed contractions in the US (4.1 percent) and Canadian (8.6 percent) markets. The sector is expected to benefit from increased airlift during the second half of 2024 with American Airlines scheduled to expand its service to the island during the summer and winter seasons and given regional airline, Sunrise Airways' launch of its Dominica route at the end of May. A long-term boost is also expected when the 101-room Tranquillity Beach Resort, which is currently under construction, begins operations in 2025. In some financial sector news, total commercial bank loans increased by 4.1 percent y-o-y during the first quarter,

with growth in construction, transport and storage, and accommodations and food service loans. However, there was a decline in the demand for credit from the government and households. The quality of loans deteriorated slightly as the ratio of non-performing loans to gross loans rose to 12.25 percent from 12.19 percent.

Grenada

Grenada recorded a 23.2 percent expansion in the number of stay-over tourists during the first four months of 2024, with double-digit growth in all major source markets. Accounting for 51.2 percent of arrivals in this category, visitors from the largest source market, the US, rose by 25.6 percent, with the second largest (Europe) growing by 12.7 percent. Arrivals from Canada and the other markets classification increased by 15.3 percent and 38.5 percent, respectively. This impressive display took total stay-over arrivals during the January-April period to 29.3 percent above the recorded figure in the same period in 2019. Unfortunately, the experience in the cruise sub-sector was not the same, with the sector contracting as it did by 2.8 percent y-o-y and still 12.4 percent below pre-pandemic levels. In the financial sector, the demand for credit was encouraging during the first quarter of 2024, with total loans growing by 9.1 percent. However, there were mixed performances among the various sectors, as loans to the construction, accommodation and food service, and the professional and technical services sectors declined, while there was an increase in credit demand from households, the real estate and manufacturing sectors. The commercial banking sector recorded a slight increase in its non-performing loans to gross loans ratio from 3.17 percent a year earlier, to 3.23 percent in first quarter 2024. However, the ratio remains among the lowest in the region.

Citing its concern for the nation's road infrastructure and the environment, the government, through Prime Minister, Dickon Mitchell, expressed the view that there are now too many private vehicles in use on the island. With 60,000 vehicles in use, the country has one vehicle for every two people, a ratio the government views as unsustainable. The Prime Minister hinted that a more efficient public mass transit system would be one of the means by which government would seek to reduce the number of private vehicles in use but did not provide any timelines.

Guyana

The country's energy sector continues to blossom, driven by the rapid growth in production. In just four years, Guyana's oil production rose from 98,000 barrels per day (b/d) in 2020 to 645,000 b/d in 2023, allowing it to become the third largest non-OPEC supplier according to the US' Energy Information Administration. In other developments in the sector, the ExxonMobil-led group approved a US\$12.7 billion investment in its Whiptail project in the resource-rich Stabroek block. This is the sixth project in the block for ExxonMobil and is expected to be operated by a floating facility capable of producing up

to 250,000 b/d, with first oil expected in 2027. This project is expected to take domestic oil output to 1.3 million b/d. In the gold mining industry, in April, Canadian-based Reunion Gold announced its agreement with the government to advance the Oko West gold project. As part of the agreement, the company committed to local content criteria, environmental and social initiatives. In May, another Canadian-based gold company, Omai Gold Mines Corporation was granted a new prospecting licence for the exclusive occupation and exploration for gold, base metals, precious metals and precious stones for its gold project in Sector Seven. These two developments could potentially boost domestic gold production over the long-term. In the agriculture sector, rice production is set to record another solid expansion after increasing by 7 percent in 2023. Government is hoping for a yield exceeding 710,000 tonnes, which would represent an increase of more than 8 percent. This rise in output is in turn supporting a greater level of foreign rice sales, as exports rose by 33,000 tonnes in the first quarter of 2024. The industry has benefitted from efforts to bring more acreage under production and the adoption of high yield varieties in recent times. As the country seeks to enhance its long-term growth prospects, government has announced plans to liquidate the student loans of 11,000 University of Guyana graduates. The government sees this as an avenue to retain skilled labour and a first step to making university education free in Guyana by 2025.

St. Kitts and Nevis

An agreement was signed with Saudi Arabia for a US\$40 million-dollar loan to support the expansion of St. Kitts and Nevis' power generation capacity. The proceeds will help to finance an 18-megawatt dual-fuel power generation station, which will support the establishment of a flexible hybrid power generating platform. This platform is part of the plan to eventually transition the country to a sustainable energy jurisdiction. The destination recorded a 13.6 percent expansion in stay-over arrivals during the first two months of 2024, according to the latest available data from the Caribbean Tourism Organisation. This was the result of the 7.1 percent and 7.6 percent respective decreases in arrivals from Canada and Europe being offset by the 14.9 percent and 41.6 percent respective increases from the US and the other markets category. Nevertheless, total stay-over arrivals remained 19.6 percent below what was attained in the first two months of 2019. Disappointingly, cruise ship arrivals slid by 12.2 percent y-o-y and were only 65 percent of the pre-pandemic levels. Judging by the 5.1 percent expansion in total loans, activity in the wider economy was encouraging in the first quarter of 2024. While the growth in construction loans was subdued, real estate credit and loans to households grew a bit more robustly. On the other hand, there were declines in loans to the accommodation and food service, and professional services sectors. Despite some improvement since the first quarter of 2023, non-performing loans still accounted for 19.06 percent of gross loans in first quarter 2024.

St. Lucia

To ease the burdens confronting low-income families and to ensure that workers are fairly compensated in the job market, the government is moving to enact the Minimum and Living Wage Bill on August 1, 2024. This is an historic development as it will be the first time workers on the island are guaranteed a minimum wage that is backed by legislation. The legislation is expected to affect 13,000 individuals and will ensure a minimum compensation rate of \$6.50 per hour or \$52 per day. Another initiative that is also intended to improve the quality of life for the average St. Lucian, is the plan by government to use revenue from the Citizenship by Investment Programme (CIP) to build affordable housing for citizens. This initiative is set to begin in the 2024/2025 fiscal year and together with the minimum wage introduction, were among the measures announced in the National Budget, which was delivered in April. The budget envisages total expenditure and revenue to reach \$1.791 billion and \$1.576 billion, respectively, producing a deficit of \$215 million, equivalent to 2.9 percent of GDP. The estimated outturn for the 2023/2024 fiscal year was a deficit of \$111 million (1.6 percent of GDP).

Activity in the tourism sector continues to be positive with stay-over arrivals expanding by 10.7 percent during the January-April 2024 period. There were increased arrivals from all major source markets, with the 32.1 percent expansion in the other markets grouping leading the way. Meanwhile, the number of tourists arriving by cruise ships also rose in the first quarter by 7.9 percent. Both stay-over and cruise arrivals were notably above pre-pandemic levels.

St. Vincent and the Grenadines (SVG)

The country's tourism sector is expected to receive a boost in the second half of 2024 with US-based airline, Jetblue, scheduled to launch its inaugural service on the New York – St. Vincent route in October. This new service is part of the airline's drive to strengthen its position in the Caribbean. Jetblue will also add Puerto Rico and Bonaire to the list of new routes it services in October. On a smaller scale, the jurisdiction's regional connectivity was augmented starting in April 2024, when Air Adelphi began chartered flights linking SVG, St. Lucia and Martinique. Increased stay-over arrivals from all major source markets in the first two months of 2024 resulted in a 29.8 percent expansion in the total, which itself was 16.4 percent greater than the same period in 2019. While cruise passenger arrivals contracted by 3.5 percent y-o-y, they were marginally above 2019 levels. In other parts of the economy, the constrictive impact of the harsh dry season was felt beyond the agriculture sector, as the Central Water and Sewerage Authority was forced to ration its supplies to customers. Following the conclusion of the IMF Article IV Mission in May, the Minister of Finance revealed that while the government had already begun to implement some of the multilateral agency's recommendations, it rejected a few others because they would likely not achieve the desired effect in the context of a small island economy. This included

the suggestion by the IMF to make the country's tax system more progressive. Switching the focus to the financial sector, commercial bank loans expanded by 11.8 percent y-o-y in the first quarter of 2024, led by credit to the construction sector and despite a fall in real estate and household loans.

Sint Maarten

With the tourism sector having long since recovered the pandemic-related losses, the country continues its efforts to return the industry's capacity to the level it was prior to the catastrophic impact of Hurricane Irma in 2017. In this regard, construction activity remained upbeat throughout 2023, supported by reconstruction and renovation projects, including the Princess Juliana International Airport. Consequently, the impetus from construction, together with tourism sector growth provided the bulk of the stimulus for the domestic economy in 2023. This trend is estimated to have continued during the first quarter of 2024. According to the latest available data, stay-over arrivals increased by 15 percent in the month of January, with the number of tourists from the major markets growing between 6.3 percent and 17.8 percent. The strongest growth was recorded by the US market, followed by Canada (17.7 percent), other markets (17.3 percent) and Europe (6.3 percent). On the other hand, activity in the cruise tourism component of the industry registered a minor 0.2 percent decline. In its latest monetary policy announcement on June 17th, the Central Bank of Curaçao and Sint Maarten (CBCS) kept its policy rate, the Pledging rate, unchanged at 5.75 percent. The decision was based on the US Federal Reserve's move to leave its policy rate unchanged until it was confident that inflation was moving sustainably toward the targeted 2 percent rate. The Pledging rate is the rate at which commercial banks can borrow from the CBCS. Because the domestic currency, the NAF, is pegged to the US dollar, a change in US policy interest rates affects domestic interest rates.

Suriname

Suriname's economic prospects look set to improve markedly with the final investment decision on the country's first deep-water oil project, just months away. The project in question is located in Block 58, which is operated by the French energy company TotalEnergies SE, which owns 50 percent, with Houston-based APA Corporation controlling the other half. The domestic oil company, Staatsolie Maatschappij Suriname N.V is representing the country's interest in the project and has the option to enter the development project with up to 20 percent interest after the investment decision is made. The final investment decision is expected in the fourth quarter of 2024. Several key milestones have already been met in the lead-up to the final investment decision, including the procurement of the hull for the project's floating production storage and offloading (FPSO) unit, which has a capacity of 200,000 b/d. Once sanctioned, first oil is expected in 2028. The country is estimated to have more than 2.4 billion barrels of discovered oil and 12.5 trillion cubic feet of gas. In more encouraging developments, Malaysian firm, Petroliam

Nasional Bhd's (Petronas) announced a third oil discovery in Block 52 at the Fusaea-1 exploration well, located 170 kilometres offshore. Petronas Suriname E&P is the operator of the block in a 50-50 partnership with ExxonMobil Corporation. The government secured an IMF staff-level agreement after the multi-lateral agency's sixth review of the country's economic recovery programme supported by the Extended Fund Facility (EFF). The agreement is now subject to the approval of the IMF Executive Board, upon which US\$61.8 million will become available to the country. While some quantitative targets were missed, the IMF was satisfied that government was taking corrective action. The agency was also pleased that the efforts to stabilise the economy were yielding results, including the growth of the economy, the return of investor confidence and the steady downward trend of inflation. Regarding price pressures, inflation decelerated to average 27.1 percent in the first quarter of 2024 from 57.7 percent a year earlier and 38.1 percent in the fourth quarter of 2023.

Region

In May, the Planning Institute of Jamaica (PIOJ) revealed that the country's economy expanded by 2 percent during the 2023/2024 fiscal year (April 1, 2023 - March 31, 2024). During the period, most sectors posted positive performances, with mining and quarrying expanding by 60.9 percent, on the basis of increased capacity utilisation. The tourism sector, represented by hotels and restaurants grew by 7.6 percent, bolstered by increased stay-over and cruise arrivals. The increase in tourism receipts contributed to the growth in the country's net international reserves to record levels (US\$ 5.137 billion) at the end of March 2024. The figure represented 6.4 months of import cover. During the same period, inflation fell from its 2024 peak of 7.4 percent in January to 5.6 percent in March, decelerating further to 5.2 percent by May. The consistent ease in inflation has fuelled hope among some stakeholders that the Bank of Jamaica may move to cut interest rates in the second half of 2024.

Tourism activity continues to expand in the Bahamas, with cruise arrivals rising by 17 percent in the first quarter and the country welcoming 4.7 percent more stay-over visitors in the first two months of 2024. The US market, accounted for 81 percent of all stay-over arrivals but recorded a 1.5

percent decline during the period. During the period, the Canadian, European and other markets registered increases of 53 percent, 33.1 percent and 35.3 percent respectively. The sector is set to receive a long-term boost when Royal Caribbean International's Royal Beach Club Paradise Island begins operating in Nassau. Construction of the 17-acre destination began in April and is expected to be completed in 2025. It is expected to be able to host 2000 guests.

A transitional council was installed in Haiti on April 25th, charged with the responsibility of restoring political processes, with the aim of eventually facilitating presidential elections. It is hoped that the activities of the council would ultimately help to quell the level of violence plaguing the nation. The council's first major task was to appoint a new Prime Minister, which it did on April 30th in the person of Fritz Bélizaire. However, Mr. Bélizaire's appointment was short-lived as the council decided to seek another candidate, in the wake of the disquiet his selection caused among council members. In May, United Nations development specialist, Garry Conille, was selected as the new Prime Minister. He has since formed his new government, replacing all the members of former Prime Minister Ariel Henry's cabinet. To highlight the magnitude of the challenge facing the new government, in May it was estimated that gangs were in control of 80 percent of Port-au-Prince.

Outlook

The outlook for the regional economy in the second half of 2024 is positive, with continued growth envisaged for the tourism sector and the commodity-producing economies expected to register growth, even if the influence of Guyana is excluded. While much of the region will be relieved to leave the pressures of the harsh dry weather behind, the start of the hurricane season on June 1st and the warning for possibly above-average activity, ushered in another period where the region lives in hope of not being significantly impacted. The perennial threat of hurricanes is not the only downside risk, however. A significant intensification of geopolitical tensions, escalation of the war in the Middle East or Europe and the lengthening of global trade routes, could affect the availability and prices of important commodities and services and thus constrain growth in the Caribbean.

The fruit of seeds long sown

H A I T I

The travails of the first Black Republic Part 2

Part one of this two-part series on Haiti's story can be found in the March 2024 issue of this newsletter.

In 1929, a series of strikes and uprisings led the United States to begin its withdrawal from Haiti. In 1930, U.S. officials began training Haitian officials to take control of the government. In October 1930, Haitians chose a national assembly for the first time since 1918. It elected as president, Sténio Joseph Vincent. In 1935 a plebiscite extended Vincent's term to 1941 and amended the constitution so that future presidents would be elected by popular vote.

In August 1934, U.S. President Franklin D. Roosevelt withdrew the Marines. However, the United States maintained direct fiscal control until 1941 and indirect control over Haiti until 1947. When investigators with the newly formed United Nations visited Haiti after the Americans gave up financial control in 1947, they found a country in the same desperate straits as always.

In October 1937, troops and police from the Dominican Republic massacred thousands of Haitian labourers living near the border. The Dominican government agreed to compensate the slain workers' relatives the following year, but only part of the promised amount was actually paid. The enmity between the two countries had long historical roots and racist underpinnings: Dominicans, with their Spanish culture and largely mixed African and European ancestry, looked disdainfully upon black Haitian labourers; however, the Dominican economy depended on cheap Haitian labour.

In 1946, Haitian workers and students held strikes and violent demonstrations in opposition to the president, Élie Lescot, who had succeeded Vincent in 1941. Three military officers seized power, and under their supervision Dumarsais Estimé was elected president. In 1950, after Estimé had attempted to extend his term, the military took control. In October, Colonel Paul E. Magloire was elected president in a plebiscite.

Magloire was forced to resign in 1956, and considerable unrest and several provisional presidents followed until a physician,

François Duvalier was elected president in September 1957 after promising to end domination by the mulatto elite and to extend political and economic power to the black masses. Violence continued, however, and following an unsuccessful attempt to overthrow him in July 1958, Duvalier, nicknamed Papa Doc, created a paramilitary group, the so-called Tontons Macoutes ("Bogeymen"), to attack every perceived threat. In 1964 Duvalier, by then firmly in control, appointed himself President for Life of what was effectively a police state. He perfected the corruption of past leaders, dipping into the state tobacco monopoly and skimming the pay of Haitian workers sent to Dominican sugar mills. His time in power saw increasing international isolation, renewed friction with the Dominican Republic, and a marked exodus of Haitian professionals. The regime was characterised by corruption and human rights abuses, but a personality cult developed around Duvalier himself, and some sectors of society strongly supported him, including a small, upwardly mobile, black middle class.

After a second heart attack, Duvalier had the country's Constitution changed so that his 19-year-old son could replace him, which he did, in April 1971 following the elder Duvalier's death. Known as "Baby Doc," Jean-Claude Duvalier's regime sought international respectability. Repression diminished, and tourism, U.S. aid, and the economy revived somewhat. Opponents, however, saw little change in the regime's basic nature. By the time protests forced the dictator and his family to be spirited away on an American plane to France in 1986, he and his relatives had stolen hundreds of millions of dollars, a Haitian government investigation found.

Over that time, the country's misery deepened. Fewer than one in four adults could read, according to a 1985 World Bank report. From a quarter to half of Haitian children suffered severe malnutrition. Many were in the countryside, where coffee farmers earned even less than they had before the Duvalier regime.

Meanwhile, two public health scares adversely affected Haiti in the 1980s. First, U.S. agricultural authorities oversaw the mass eradication of Haiti's pig population in response to an outbreak of African swine fever in the late 1970s. The extermination caused widespread hardship among the rural population, many of whom had bred pigs as an investment. This coincided with reports that AIDS was becoming a major problem in Haiti. As a result of these health concerns and ongoing political unrest, the country's tourism sector virtually collapsed.

After Jean-Claude Duvalier fled the country, the coffee tax was removed for the first time in more than a century. But it was too little, too late. Farmers had been growing coffee the same way since the days after the revolution. There had never been a serious push by the government to develop the industry with new technology, fertilisers, or new varieties of coffee. By the 1980s, bountiful harvests were a thing of the past. Poor farmers began to cut down their coffee trees and plant quicker-growing cash crops instead, leading to erosion. Coffee exports began to plummet.

After Duvalier's departure, a five-member civilian-military council led by Lieutenant General Henri Namphy took charge, promising free elections and democratic reforms. The first attempt at elections, in November 1987, ended when some three dozen voters were killed. In January 1988 Leslie Manigat won elections that were widely considered fraudulent, and Namphy overthrew him in June. A few months later Lieutenant General Prosper Avril took power, but his unstable regime ended in March 1990. On December 16, 1990, Jean-Bertrand Aristide, a leftist Roman Catholic priest, won the presidency by a landslide in what were widely reported to be the first free elections in Haiti's history. Legislative elections in January 1991 gave Aristide supporters a plurality in Haiti's parliament. As president he initiated a literacy programme, dismantled the repressive system of rural section chiefs, and oversaw a drastic reduction in human rights violations. His reforms, however, angered the military and Haiti's elite, and on September 30, 1991, Aristide was ousted in a coup. He lived in exile until October 15, 1994, when the military, faced with a U.S. invasion, agreed to let Aristide return to power while the coup leaders went into exile. Aristide dismantled the Haitian military, an act that would have been impossible without the presence of the U.S. military, and, under pressure from the United States and other nations, pressed for free-market reforms. Haiti benefited economically from a large influx of international aid and loans, but many of its farmers (the largest component of its workforce) struggled to compete with cheaper imported foodstuffs. The United States and United Nations began forming a new Haitian police force, but the bulk of U.S. forces were soon withdrawn. The Haitian police were thrust into their duties with inadequate preparation and were soon criticised for high incidences of corruption and unwarranted violence.

Elections in 1995 brought about the first peaceful transfer of power between elected presidents in Haiti's history when René Préval, an associate of Aristide, was chosen to succeed him. Préval, faced with political infighting among the groups that had supported Aristide, dissolved the parliament in 1999. Having formed a new political party, the Lavalas Family in 1997, Aristide was again elected president in 2000. Although the opposition boycotted the election and charges of electoral fraud led to international calls for new or runoff elections, the results were declared official, and Aristide was inaugurated in February 2001.

Aristide faced serious economic and political problems on his return to power in 2001. International aid sanctions, imposed after the 2000 elections, helped fuel a downward economic spiral that further impoverished an already desperate population. In 2003, on the 200th anniversary of Toussaint L'Ouverture's death, Aristide launched a campaign demanding that France repay the money it had extracted, with television ads, street banners and a legal team putting together the elements of an international lawsuit. The French government responded by assembling a public commission to study relations between the two countries, but quietly instructed it "not to say a word in favour of restitution," Thierry Burkard, the French ambassador to Haiti at the time, told The New York Times in a later interview.

U.S. leaders did not like the direction Haiti's restored democracy took. They particularly resented President Aristide challenging the United States by trying to raise the minimum wage for workers sewing Americans' clothes, defying "small government" dogma by increasing government investment in education and healthcare, speaking out against the unjust international order, and demanding \$21 billion from France as restitution of the "independence debt" that France extorted in 1825.

As reported in a 2022 New York Times article, the Americans arrived at the gates of President Jean-Bertrand Aristide's house before dawn on February 29, 2004. Flanked by security officers, a U.S. diplomat climbed the mansion's steps to see the president and ask for his resignation letter before whisking him into exile. Mr. Aristide and the first lady, Mildred Aristide, stepped into a diplomatic car to the airport and boarded an American plane from the tarmac. Their destination was unknown even then. They were simply being removed from the country. As the plane circled in the air, its blinds down, French officials frantically called the leaders of African countries, searching for someone willing to host Haiti's soon-to-be former president, according to Mr. Burkard, the French ambassador to Haiti at the time. Finally, after three rejections, President François Bozizé of the Central African Republic agreed.

Haiti's two former colonisers described their joint action as both a rapprochement after their friction over the Iraq War and

a humanitarian mission to avoid a looming civil war in Haiti. Haitian rebel soldiers were in the north, threatening to soon take the capital and Mr. Aristide. Pro-Aristide and anti-Aristide protesters had clashed violently in the streets. Secretary of State Colin Powell called Mr. Aristide's claim of being kidnapped "absurd."

However, Mr. Burkard, the French ambassador, told *The Times* that France and the United States had effectively orchestrated "a coup" against Mr. Aristide by forcing him into exile. And while Mr. Aristide's demand for financial restitution from France was not the principal reason for his removal, Mr. Burkard said, his ouster had an added benefit: It ended Mr. Aristide's noisy campaign, which had landed with the force of a grenade, threatening to blow up relations with all former colonies. That made his removal "all the better," said Mr. Burkard.

Aristide's departure left a polarised country, and conflicts between his supporters and his rivals escalated, leading to hundreds of deaths and international accusations of human rights abuses. Concurrently, U.S.-led armed forces under the authority of the UN Security Council were sent to Port-au-Prince to stabilise the situation and to oversee the installation of an interim government.

The United Nations Stabilisation Mission in Haiti (MINUSTAH [French: Mission des Nations Unies pour la stabilisation en Haiti]) assumed authority over the international intervention in June 2004 with a mandate to maintain security, help stabilise the political process, and monitor and promote human rights. MINUSTAH personnel included thousands of Brazil-led military troops, police, and volunteers from countries around the world. However, various human rights organisations accused MINUSTAH and the UN and U.S.-trained Haitian National Police force of having committed atrocities against political demonstrators and other citizens. In December 2004, at hearings in Brazil, the MINUSTAH commander testified that the mission had been strongly pressured by the international community to use violence. Most of the force was directed against groups in the poorest areas of Port-au-Prince that held strong allegiance to former president Aristide; those groups were often termed "gangs" by MINUSTAH and the media.

The interim government, planning to hold presidential elections by the end of 2005, had registered about three-fourths of eligible voters, but crime, kidnappings, and gang activity delayed the election process. On February 7, 2006, 63 percent of Haitian voters went to the polls, and Préval claimed the presidency, earning 51 percent of the vote with the overwhelming support of Haiti's poor. A sense of optimism prevailed throughout that year but increasing food and fuel prices during his term led to protests. Moreover, government instability—the parliament rejected Préval's nominations for prime minister several times—impeded social progress.

Violent riots against the high cost of living broke out in April 2008, and much of the anger was directed toward the government and MINUSTAH. Several people were killed, and dozens injured. As a result, the Senate dismissed the prime minister, Jacques-Édouard Alexis, but his replacement, Michèle Pierre-Louis, did not take office until September. Pierre-Louis was Haiti's first female prime minister, and her selection seemed to offer promise that a new generation, including women, was taking the reins of power, albeit that the personnel still came exclusively from the urban elite. However, in October 2009, Pierre-Louis was ousted by the Senate, which criticised her for having done little to improve the country's living standards. She was replaced by Jean-Max Bellerive, who had served as minister of planning in her cabinet.

Meanwhile, the country was subject to two major natural disasters within a year and a half. In August and September 2008, a series of hurricanes ravaged the country, killing nearly 800 Haitians and displacing hundreds of thousands. Flooding destroyed crops, and the country had to rely on international relief efforts. Rebuilding was hampered by a lack of government action and continued violence both from Haitians and from MINUSTAH. Disaster struck again on January 12, 2010, when a devastating earthquake southwest of Port-au-Prince resulted in massive damage and considerable loss of life in the capital and surrounding region. The quake caused the collapse of homes as well as public buildings, such as hospitals, schools, and almost all the important national government buildings, including the National Palace. The day-to-day operation of the government was effectively halted for a time. It was estimated that some three million people were affected by the quake, nearly one-third of the country's total population. In addition to a death toll of 316,000, more than one million were left homeless. An international effort was mounted by multinational organisations and countries around the world to provide aid to the country.

Long after the 2010 earthquake an estimated 1.3 million survivors were still living in makeshift shelters, generally with only rudimentary sanitation and other facilities. The bulk of the refugees were still in Port-au-Prince, and much of the city remained in ruins. With so many people crowded together, concerns were high that an epidemic might strike the camps. Beginning in mid-October 2010, nine months after the quake, a cholera outbreak did hit Haiti, resulting in about 9,800 deaths and over 820,000 infections over the course of several months. The source of the outbreak was traced back to sewage negligently released from a United Nations Peacekeepers base into a river near the town of Mirebalais. In 2017, the United Nations belatedly acknowledged its role in causing the epidemic and accepted a moral, but not legal, responsibility to address it. It did not pay compensation to victims and underfunded other aid efforts, United Nations independent human rights experts said in 2020.

Amid the continuing chaos, the presidential election to choose Preval's successor, which was to have taken place in February 2010, was delayed until November 28th. Voter turnout was low, and allegations of electoral fraud were widespread. No candidate received a majority of votes cast, and the top two, popular musician Michel Martelly and Mirlande Manigat, a legal scholar and the wife of a former president of Haiti, faced each other in a runoff election on March 20, 2011. Martelly was declared the winner on April 21st.

In late October 2012, Hurricane Sandy wreaked further destruction on Haiti's ongoing efforts to recover from the 2010 earthquake and subsequent setbacks. Dozens died in floods and landslides, and the storm caused extensive property damage, including the destruction of roads and some two-thirds of the crops in the southern region.

The Martelly government reached a crisis point in late 2014 and early 2015 with its failure to organise parliamentary and local elections, which were three years overdue. Martelly and his political opposition reached an impasse over the composition of the electoral council and the electoral law itself. In the absence of elections, the parliamentary terms of the lower house and all but one-third of the Senate expired on January 12, 2015. Martelly dissolved the parliament, which left him the country's sole leader. He formed an 18-member cabinet that included a number of opposition politicians, and he declared that he would work toward holding the vote later in the year.

Meanwhile, in May 2015, François Hollande, France's president, stunned an audience in Guadeloupe when he referred to Haiti's payments to its former slave masters as "the ransom of independence" and further stated, "When I come to Haiti, I will, for my part, pay off the debt we have." The joy and excitement his statement generated was short-lived. A few hours later, Mr. Hollande's aides clarified to news organisations that he was speaking only of the "moral debt" France owed to Haiti, not of any financial compensation. The French government maintains the same position today.

The first round of parliamentary elections finally took place on August 9th. A second round took place October 25th, alongside the presidential election. In the October poll, however, Martelly's chosen successor, a little-known candidate from the private sector, nonetheless won the largest share of the vote, which brought allegations of fraud and protests in the streets. A presidential runoff was scheduled for December 27th, but it was postponed and then shelved amid continuing unrest and the refusal of the second-place candidate to participate. After weeks of sometimes violent demonstrations demanding Martelly's resignation and counterprotests supporting him, a deal was reached in early February 2016, whereby he agreed to leave office before the election of a successor. An interim president was to be elected by the new parliament, which

had been sworn in on January 11th. Further, the results of the October 2015 election would be reviewed by a verification commission, which would determine whether the runoff could proceed, or new elections would be called.

The Interim President, Jocelerme Privert, took office on February 14, 2016, for a term designated to end June 14th. At that time a new interim president elected by the parliament was to be installed or Privert's term officially extended, but, because of stalling tactics by members of the parliament, the deadline passed without event. In May 2016, the electoral review commission declared that the October 2015 election had been so marred by fraud that fresh elections should be held. The first round of the new presidential election was held on November 20, 2016, and business leader Jovenel Moïse won a clear majority of the vote, obviating the need for a runoff. Privert remained interim president until February 7, 2017, when Moïse was sworn in, but the official transfer of power did little to bring stability to the country.

Moïse had campaigned on a platform of economic growth, but, almost from the outset, his administration was dogged by allegations of corruption. Opposition politicians from across the ideological spectrum pushed back against Moïse's attempts to consolidate power, especially when in October 2019, he indefinitely postponed scheduled legislative elections. In January 2020, the terms of the sitting legislators expired, and Haiti entered a period of rule by presidential decree. A wave of violent crime brought protesters into the streets in late 2020, and demonstrations intensified in early 2021. The opposition claimed that, according to their interpretation of Haiti's constitution, Moïse's term expired in February 2021, whereas Moïse and most international organisations held that he had another year in office. On February 7, 2021, Moïse reported that he had foiled a coup attempt, and two days later he forced out three senior members of the Court of Cassation. The latter event led Haiti's judiciary to suspend work, which effectively froze the legal process across the country. The opposition demanded Moïse's resignation, but the president dug in and announced his intention to hold a referendum to amend the constitution. In May 2021, Moïse declared a state of emergency and imposed a national curfew after a spike in cases of COVID-19, and he postponed the planned constitutional referendum.

On July 5, 2021, Moïse named Ariel Henry, a former minister of the interior, as prime minister; Henry would be the seventh person to hold that position in Moïse's administration. While the opposition was still raising questions about the legitimacy of a prime minister appointed without any legislative approval, in the early morning hours of July 7th, unidentified gunmen burst into the presidential residence, assassinated Moïse, and wounded the Haitian First Lady. The killing left a power vacuum at the highest level of Haitian government. Henry had not yet been sworn in as prime minister, and René Sylvestre,

the president of the Court of Cassation and the first in line of succession in the event of presidential incapacitation, had died of COVID-19 on June 23rd. Interim Prime Minister Claude Joseph announced that he was in control and declared martial law. The source of Joseph's authority remained unclear, however, as his assumption of presidential power relied on legislative consent, and the Haitian parliament had been effectively dissolved since 2020.

On July 20th Henry was sworn in as prime minister after Joseph agreed to step aside, and Henry pledged to lead an interim administration until free elections could be held. Perhaps the most pressing issue for the Haitian government was the investigation of Moïse's assassination, but Henry fired the country's justice minister and its top prosecutor when they tried to question him about phone calls between himself and the alleged mastermind of the assassination plot. Henry's government struggled to provide the most basic services, and the situation became even more dire after a magnitude 7.2 earthquake struck southwestern Haiti in August 2021. Some 2,200 people were killed and more than 12,000 were injured; with attempts at relief or reconstruction hampered by escalating gang violence. In the years following Moïse's assassination, criminal syndicates came to control most of the capital, and tens of thousands fled the city. After Henry announced the end of government fuel subsidies in September 2022, the G9 gang federation, led by former police officer Jimmy "Barbecue" Chérizier, seized the main fuel terminal in Port-au-Prince and occupied it for almost two months.

The United Nations estimated that nearly 5,000 people were killed in Haiti's ongoing gang war in 2023. Luis Abinader, president of the neighbouring Dominican Republic, likened the

violence to a "low-intensity civil war." By the end of January of that year, Henry had postponed elections so many times that no elected officials remained in the national government, because their terms had expired. Both houses of Haiti's bicameral legislature sat empty. In late February 2024 Henry travelled to Kenya to finalise a deal that would bring 1,000 Kenyan police officers to Haiti as a stabilisation force. Chérizier took advantage of the perceived power vacuum, ordering his gangs to attack government targets and demanding Henry's resignation. Gang members overran two of Haiti's largest prisons, leading to the escape of nearly 5,000 inmates, and heavily armed gunmen attempted to take control of the international airport in Port-au-Prince, in an apparent effort to prevent Henry from returning from abroad.

Caribbean leaders, through CARICOM, with the blessings of the United States, put together a transitional presidential council (TPC) charged with selecting an interim prime minister of Haiti. By mutual agreement, the swearing in of the TPC on April 25th also saw the official resignation of the de facto prime minister, Ariel Henry. Garry Conille, a seasoned politician, and medical doctor was appointed interim prime minister of Haiti by the TPC on May 28th. This marks his second tenure, having served officially from 2011 to 2012 during Michel Martelly's presidency. On June 12, 2024, the TPC inaugurated Prime Minister Conille and his 14-member cabinet. In his inauguration speech, the new Prime Minister laid out a bold agenda, pledged swift action to tackle the problems that have troubled Haiti for years: widespread insecurity, persistent corruption, and the dire living conditions of its population. Conille's message was clear: "We must get the country back on its feet, but it cannot be done without democracy and the rule of law," he asserted.

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