

BUSINESS

Caribbean leaders reexamine regional stock exchange idea

PORT OF SPAIN (IPS) — When Caribbean leaders meet in the Bahamas next month for their annual summit, one of the likely issues on the agenda will be potential obstacles to the establishment of a Caribbean Stock Exchange.

The Caribbean Association of Industry and Commerce (CAIC) has already indicated that it wants to "present a comprehensive picture" to the leaders during their deliberations in Nassau.

The CAIC and the region's umbrella labor movement, the Caribbean Congress of Labor, are afforded an audience by the leaders annually as part of the process of involving the social partners in the overall development of the English-speaking Caribbean.

CAIC's President Charmaine Gardner has warned that there is need for the region to ensure it is able to cope with the globalization process, highlighted by the ongoing efforts towards liberalization and global free trade.

"The potential of seamless connectivity and its manifestation in electronic commerce, provides individuals and institutions with the power to sit in the comfort of their homes or offices and to be able to buy and sell on any exchange in the world."

She described as "phenomenal" the fact that whether it be in New York, London or Tokyo, trading in stocks and securities happen 24 hours daily for almost the entire year. "However, right here in the Caribbean, such facilities are not available to the average investor," she added.

Only Barbados, Jamaica, Trinidad and Tobago and the Bahamas among Caribbean Community (CARICOM) countries have active stock markets. Suriname and Guyana have put the necessary legislation in place for their securities commissions to begin operation.

The smaller Organization of Eastern Caribbean States encompassing seven territories — Dominica, Grenada, St. Lucia, St. Vincent and the Grenadines, St. Kitts-Nevis, Montserrat and Antigua and Barbuda — is in the process of establishing its own stock exchange.

Of the CARICOM coun-

tries, Belize is the only member state without an organized mechanism for the creation of a stock exchange.

In 1991, there was an experiment involving Barbados, Jamaica and Trinidad and Tobago to cross lists and cross-trade stocks on their markets. It was seen as an initial step in the creation of an integrated capital market in CARICOM.

The countries had also addressed the issue of currency for cross-border trading by the provision of a foreign exchange float provided by each country's central bank.

"Although the initial focus was on utilizing the facilities and infrastructure that existed in the three countries, the intention was that the participation by all territories was the ultimate goal and long-term objective," said Enid Bisember, senior economist with the Guyana-based CARICOM Secretariat.

Butas Prof. St. Clair King, a consultant to the Central Bank of Trinidad and Tobago observed, the problem that facility was trying to solve was "trading in an environment of different and volatile (not trusted) currencies."

There are at least seven different currencies operating within the member states of the Caribbean integration movement and efforts towards establishing a common currency have so far proved fruitless.

"Some authors have even suggested that the obvious end point of such a float is the dollarization of the economies or at least the stock exchanges," King said.

"The usual arguments that support dollarization spring from the view that pegged but adjustable exchange rate regimes are unstable while flexible rate regimes are unfeasible or undesirable," he added.

Back in 1988, when an agreement was reached by Caribbean leaders to strengthen the integration process through the establishment of a single market and economy and the creation of the regional stock exchange, there were a number of problems confronting the region.

Among the problems were weak and in many cases outdated and discriminatory financial and capital market laws and regulations, national financial markets at different stages of development, limitations in some countries on the ability of non-nationals to acquire and hold assets including real property.

But Bisember says while Caribbean leaders were dealing with these barriers, there were other impediments, such as the fears being generated by the lack of knowledge about the details of firms in other states and the structure of the ownership of the business itself.

"In the Caribbean, family owned firms are dominant and are reluctant to admit new outside entities on the irrational fear of ownership and control dilution," he said. "Because of this, there are a number of large, and in most cases, profitable firms in the region that are held privately, effectively limiting the number of firms available in which investors can participate."

A study done by the CARICOM Secretariat in 2000, found that a total of 39 firms in the region have cross border operations. But of that number, a mere 16 is publicly listed in their domestic market and of the publicly listed companies, nine opted to cross list.

But Bisember said the idea of a regional stock exchange is worth pursuing "as there are still some investors who might be willing to tap into the regional market."

But he said there would be



BOYCOTT AVERTED?

The Rev. Jesse Jackson, right, threatened a boycott against auto manufacturer Toyota during a news conference Wednesday in Torrance, Calif., accusing the company of using racist advertising while excluding blacks among its dealers, board of directors and advertising teams. Donald V. Esmond, senior vice-president and general manager of Toyota Motor Sales, USA, Inc., left, listens during Jackson's remarks.

need to increase the education drive across the region, increase the number of financial instruments available and constantly develop and market new instruments, and install a mechanism whereby government securities can be traded in each other member state.

He said another step would be for the establishment of a body with the authority to make decisions that are binding especially in cases of disputes arising from cross border trades.

Last month the CAIC and the accounting firm Ernst & Young brought together the major players in the region's stock exchanges for a symposium in Trinidad entitled "Toward a Common Caribbean Regional Stock/Securities Exchange."

Barbados businessman Joseph Goddard said a regional stock exchange would prove beneficial to some of the Caribbean financial institutions in further widening their equity portfolio composition and "move further out of their historic home."

"Barbados as a market with severe concentration for such institutions and whose recent involvement on the

local exchange has been almost non-existent would have little to lose at present and potentially much to gain by such a widening of the market," Goddard said.

Jamaican Wayne Wray summed up the lethargy that plagues the Caribbean Stock Exchange, when he told the symposium: "If we choose to let the opportunity go by, then the fast-moving e-trade will become the chosen alternative for our region's investors who will easily take their funds to the global markets

of the USA, Europe and Asia."

The vision for a single Caribbean Stock Market at the symposium generally seemed to be of an electronic exchange, incorporating the 90-plus publicly traded stocks on the existing exchanges, linking issuers, investors and stockbrokers. These players would operate under a single set of rules relating to trading, settlement and clearing, enforced by a regional regulator and utilizing a single currency.

• PUBLIC NOTICE •

Regional Transportation Commission of Southern Nevada

**NOTICE OF AVAILABILITY OF
DISADVANTAGED BUSINESS ENTERPRISE
PROGRAM INFORMATION
INITIATION OF 45-DAY COMMENT PERIOD
MAY 28, 2001-JULY 11, 2001
ON**

DISADVANTAGED BUSINESS ENTERPRISE GOAL YEAR 2001-2002

The Regional Transportation Commission of Southern Nevada (RTC) is proposing a goal of 5.9% for Disadvantaged Business Enterprises (DBEs) to furnish services under its Federal Transit Administration (FTA) assisted transportation programs.

Comment Period - The proposed goal and methodology is available for inspection at the RTC offices, from 8:00 a.m. to 5:00 p.m., Monday through Friday. Comments will be accepted by the RTC and the U.S. Department of Transportation for 45 days from the date of this notice.

DBE Goal Comments

Regional Transportation Commission
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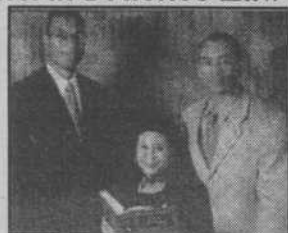


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