



THE SEARCH FOR A COLLECTIVE DETERMINATION

NEW YEAR'S ADDRESS TO THE NATION

BY

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&

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INTRODUCTION: A LEAP YEAR

I do not know whether many of you are aware that this year is another Leap Year. There are of course, many myths, tales, aphorisms and dire warnings which abound about Leap Years.

There is one aphorism in particular which says that “If you do not properly till the soil in a Leap Year there will be a poor harvest.”

My hope is that we till the soil well this year to reap a good harvest for our country and our people.

I believe that we are well - placed to reap a bountiful harvest. I say this because I am becoming increasingly confident about our economy and its future prospects.

PERFORMANCE OF OUR ECONOMY

Let me share with you, details on the performance of our economy for the first three quarters of the financial year.

Following a period of very tepid growth, domestic output strengthened in 2015. Most economic sectors

showed signs of recovery within the first nine months of 2015 as the construction sector gained momentum amid renewed confidence in the economy. This was supported by continued buoyancy in tourism, agriculture and other services.

Construction activity was led by the private sector as work commenced on the construction of the Royalton Hotel (the former Smugglers Resort) and continued on a number of projects including Tides Sugar Beach in Soufriere, Harbour Club Hotel, the Courts Megastore and the Dayana Commercial Centre. This increased level of activity was reflected

in a 13.5 percent increase in the importation of construction materials over the period from January to September 2015.

The tourism sector continued to accomplish record performances, with a 6.4 percent increase in total arrivals over the January to November period. An increase of 10.1 and 2.6 percent in cruise and stayover arrivals respectively over the period contributed to higher visitor expenditures, which stood at an estimated \$414.5 million in the first half of the year.

Higher levels of domestic and export demand were reflected in a 6.3 percent increase in manufacturing production. The output of food and food products increased by 21.6 percent, corrugated paper and paper board by 12.5 percent, wood and wood products by 11.6 percent and furnishings by 16.1 percent. From all vantage points, these increases are welcome and encouraging.

The agricultural sector experienced mixed fortunes during the review period. While there were declines in banana exports and livestock production overall, increases were recorded in pork production and

vegetable production. Purchases by supermarkets and hotels increased by an estimated 12.0 per cent to 6,648 tons, reflecting in some measure, the success of the CFL farmer certification programme coupled with increased demand from the tourism sector.

Our fiscal balances continue to show improvement. An overall deficit of \$-27.2 million was recorded for the first half of the fiscal year 2015/16, representing a 55.8 percent reduction from the \$-61.6 million in 2014/15. Total revenue and grants increased by 9.0 percent to \$507.7 million while total expenditure remained relatively flat with a 1.4 percent growth to

\$534.9 million. This resulted in a current account surplus of \$47.4 million in the first six months of the fiscal year compared to \$19.6 million in the previous year.

RISKS IN DEBT MANAGEMENT

Notwithstanding the improved fiscal performance over the first half of the financial year, I must caution you that significant risks remain in managing our debt and in ensuring debt and fiscal sustainability over the medium to long term. We have to continue to inspire confidence in the

management of our economy and contain reckless increases in our debt level.

FUTURE PROSPECTS

Growth in 2016 is expected to be sustained, driven by continued improvements in the construction industry and growth in tourism. Increased foreign direct investment in the hotel sector is expected to be the main impetus for the growth in the construction sector.

However, this projection is subject to downside risks related to the global outlook of the economy,

developments in mainland China, a slowdown in emerging market economies and movements in commodity prices, particularly oil.

TRENDS IN EMPLOYMENT

This time, I have with me the latest employment figures produced by the Department of Statistics and the data provides cause for optimism.

The rate of unemployment fell from 25.0 percent in the second quarter to 23.5 percent in the third quarter. In this period, the Department estimated that over 3,000 persons gained employment.

However, youth unemployment remains elevated at an estimated 44.0 percent, a reflection of the underlying structural impediments of the labour market and the education system.

Clearly, we have a long way to go but I am relieved that we are beginning to see a gradual reduction in unemployment as I had predicted some time ago.

A DIFFICULT BUT NECESSARY DECISION

On January 1st, 2016, Saint Lucia offered to the citizens of other countries the opportunity to share our citizenship by investing in our country. It was a

difficult decision to make. But given the persistent decline in foreign direct investment caused by the world financial crisis, the mounting challenges to raise money for our development, the increasing use of citizenship programmes by other countries as an incentive tool, we took the decision to offer a similar programme. I know that some of you are still opposed; others are uncertain and harbour doubts. Some worry about the need to protect our patrimony. Rest assured that I understand your concerns and fears. After all, I too was a non-believer in the necessity and viability of such programmes.

I offer those who have anxieties the comfort that we have designed the most transparent, robust, and structured programme to ensure that issues of credibility and integrity are well-protected. Since commencing on January 1st, we have received tremendous interest from potential applicants wishing to become new citizens of Saint Lucia.

Whilst we have spent the last four years stabilising and restoring our economic foundation, the Citizenship by Investment Programme will provide impetus to our recovering economy to take off in the coming months. Over the next few weeks,

announcements will be made of a number of resorts which will be constructed in Saint Lucia. These resorts will create much needed jobs in the construction sector, add more jobs in the hospitality sector, revive our real estate sector and restore a high level of growth to our economy, last enjoyed in 2006 when the Labour Party left office.

I am excited by the progress in the Citizenship by Investment Programme and its prospects for the future.

I ask you to have the faith and confidence that we can deliver the best managed and most respected programme in our region and indeed, the world.

Believe in Saint Lucia and believe in our abilities as a people!

CLIMATE CHANGE AND COP 21

As many of you know, the Government of Saint Lucia played a leading role in the negotiations that led to the adoption of a historic international climate change agreement in Paris in December, 2015. The Paris Agreement, as it is now known, will come into effect in the year 2020 and will establish new rules

and procedures for how the global community will reduce the emissions of dangerous greenhouse gases like Carbon Dioxide. This is critically important for vulnerable Small Island Developing States (SIDS) like ours that will feel the greatest impacts from climate change from events like dangerous sea level rise, more extreme hurricanes, more frequent and prolonged droughts, and increased prevalence of some infectious diseases.

One of our poets, Kendel Hippolyte, recently made the point on the Social Media - and I am paraphrasing him - that we must practice in our

country what we preached to the world. Kendel meant that if we preach “1.5 to stay alive” then we must begin to take better care of our environment. I agree with him, without reservation.

The Paris Agreement sets the stage for the mobilization of greater levels of climate finance to help countries like Saint Lucia adapt to the effects of climate change. It will take some time before these funds reach us. So, we have to make a start on our own as we have already started to do, using our limited financial resources. We have begun the process to reduce our own emissions of greenhouse

gases by making the transition from diesel and gasoline for the generation of electricity to renewable, indigenous forms of energy like wind, solar and geothermal.

Paris was a tremendous success for us. I want to thank our hardworking and committed group of negotiators from Saint Lucia who led the way for CARICOM and the Alliance of Small Island States. Equally importantly, I applaud the drive of our young people, particularly the members of the Saint Lucia Chapter of the Caribbean Youth Environment Network, the commitment of our artists who joined

the “1.5 to stay alive” fight and helped to amplify our voices, and the several media personnel who developed and carried so many climate change stories in the lead-up to COP 21.

A SILENT ENERGY REVOLUTION

What is taking place in the energy sector in Saint Lucia can best be described as a revolution. Our Government is completely transforming this sector so that it can be a catalyst for new, sustained national economic development.

At the end of last year, Parliament enacted new legislation to establish a National Utilities Regulatory Commission, or NURC as it is now popularly called, to regulate the electricity sector and the water sector. We have also started national consultations and work on drafting new legislation that will replace the current Electricity Supply Act that gives LUCELEC an 80-year monopoly on the generation, transmission and distribution of electricity in Saint Lucia. When the new suite of legislation is piloted through Parliament later this year, we will have a new Electricity Supply Act that will remove LUCELEC's monopoly on the

generation of electricity. We will also have new regulations for licensing of utility companies, customer service standards, tariffs, interconnection and anti-competitive behaviour, among others.

But that is just one side of the energy transformation triangle. At the same time, this Government is also aggressively pursuing new investments in the renewable energy sector. Last year, together with an investor from Texas known as WindTex, we commissioned a test tower in the area adjacent to the Bordelais Correctional Facility to collect wind data as the first step toward setting up a 12 Mega Watt

(MW) wind farm. The data collection phase is expected to be completed sometime toward the end of the first half of this year, but the preliminary studies appear promising. We anticipate that by the end of 2016 we will break ground for the construction of a 12 MW wind farm, which when completed, will provide 20% of our demand for electricity in Saint Lucia when operating at peak capacity.

We are also working to develop our potential in solar energy. Within the next few weeks, an international tender will be published for the

construction of a 3.2 Mega Watt solar photovoltaic farm in Vieux Fort South. This solar farm, when commissioned, will increase the penetration of renewables by another 5%. In other words, the solar farm and the wind farm will account for 25% of peak demand while staving off the need for investment in diesel generating plants.

At the same time, we continue to work with the World Bank, the New Zealand Government and the potential geothermal developer, which is a world-renowned geothermal company from Israel, to develop our geothermal potential. More exploratory

work will continue this year and we hope to conclude most of the legal negotiations during the course of the year.

The final side of our energy triangle involves energy efficiency. Over the last two years, government and LUCELEC have embarked on a replacement of the street lights in Castries and Gros Islet. Currently, we have a stock of over 21 thousand street lights around the island, which is costing the Government over \$11 million annually in electricity payments to LUCELEC. The current street lights are not energy efficient. Therefore, in collaboration with LUCELEC,

we have enlisted the support of the Caribbean Development Bank to fund the replacement of all of the street lights in Saint Lucia with energy-efficient, cost-effective, longer lasting LED lights. Those of you who have driven in the city of Castries at night would have noticed how much brighter and more effective these new LED lights are.

This year we will continue the replacement of the stock of street lights around the island, and our aim is to convert the entire inventory of 21,000 plus lights within a two-year period. We expect that when this process is complete, Government's

payments to LUCELEC for street lights should be cut in half.

VITAL WORK IN THE WATER SECTOR

The water sector is one that is expected to be hit hard by climate change. However, even before we started to feel the impacts of climate change, we already had serious challenges with our water system. Ours then is a most urgent task.

Consequently, this year will be an active one for the Government and WASCO. By the end of February,

we hope to complete works on the reconstruction of the Desruisseaux water intake, the rehabilitation of the Desruisseaux Water Treatment Plant, and improvement works at the Micoud Treatment Plant.

Last year, we launched multi-million dollar projects for the redevelopment of the water system serving Vieux Fort and Laborie and the development of a new system for the Mabouya Valley and Dennery.

Work on both of these important projects will commence this year. The Government is committed to putting an end to the suffering of the residents of these communities.

However, the biggest intervention that we will make in the water sector this year will be at the John Compton Dam. Hurricane Tomas and the Christmas Eve Trough did serious damage to the dam and impaired its ability to serve the residents in the north of our island. This year, we will finally start work on the de-silting of the John Compton Dam. It has been a long, carefully thought-out process and I am sure that like me, many of you will breathe a sigh of relief when this work starts.

EXCITEMENT IN THE ICT SECTOR

The information and communications technology, or ICT sector, is one that causes great excitement and provokes considerable interest among both the young and old. This sector is transforming the way we learn, the way we work, the way we communicate, and the way we live. Things that we take for granted today, like video chatting with a friend anywhere in the world on our cell phones, using a mobile app like Shazam to name a song that we are listening to, carrying our entire book or music libraries everywhere with us in the cloud,

were the source of science fiction when I first became Prime Minister in 1997.

This Government, at a very early stage, recognised the importance of the ICT sector for our national development and invested significant resources in ensuring that everyone would have access to this bold, new world. We promised island-wide WiFi, and we kicked that off in the town of Soufriere, which is also where we commissioned the first Community ICT Access Centre.

This year, we will take our Community ICT Access program to an entirely different level. Within the next three months, we will open new Community ICT Access Centres in the village of Micoud, the town of Vieux Fort, the village of Anse La Raye, the village of Canaries, and the community of La Ressource in Vieux Fort. All of these centres will be equipped with state-of-the-art computers, printers, projectors, and electronic whiteboards. Equally importantly, they will all have free WiFi and will serve as Wi-Fi hot spots for the immediate community in which they are located.

By the end of 2016, we would have also converted existing community centres into modern and fully-equipped Community ICT Access Centres in Monchy in Gros Islet; Garand in Babonneau; Faux A Chaud, Entrepot and Marchand in Castries; Belmont and Grande Riviere in Dennery North; Dennery Village; Grace and Belle Vue in Vieux Fort North; the village of Laborie; Darban, Mongouge, Lamaze and Saltibus in Choiseul; and Jacmel. Like the previous Centres opened earlier in the year, all of these new ICT Centres will have free Wi-Fi available to their users and residents in the immediate vicinity.

While there are other interesting developments planned for this year in the ICT sector, the last exciting one I want to share with you is the “Map Saint Lucia Project”. This is the brainchild of Minister James Fletcher. It involves using cell phones and tablets to digitally map the location of all streets, bridges, schools, health centres, churches, community centres, libraries, playing fields, banks, hotels, restaurants, emergency shelters, in fact every important national asset in our country. This project was launched last week and while it is expected to last the entire year, Sunday the 28th of February has been selected as the date for our national “Map-A-

Thon,” which is an official activity in our Independence Celebrations this year.

By the end of this year, we want to have a comprehensive digital map of Saint Lucia, with GPS locations of every place of national interest in our country. In addition to the obvious national benefits, this project will generate information that young Saint Lucian entrepreneurs can use to create mobile applications that will be valuable to Saint Lucians and visitors.

TWO DIPLOMATIC CHALLENGES

I now turn to two matters which have attracted your attention and may have caused you uneasiness and anxiety in recent times.

The first is the IMPACS REPORT and the insistence of the United States that those who are accused of the extra-judicial killings of twelve persons between 2010 and 2011 when the United Workers Party was in office, be brought to justice.

I assure you that we will continue to work closely with the United States to bring closure to this

matter. However, to assist us, the Government has engaged the services of a firm of lawyers operating in Washington to represent us in discussions with officials of the State Department.

The second matter concerns the decision of this Government to refuse the request by the Foreign and Commonwealth Office (the FCO) to waive the diplomatic immunity of Dr Walid Juffali, our representative at the International Maritime Organisation, in the application of his ex-wife to seek further and additional relief. Again, I know that this decision has caused concern in some quarters

given our close historical ties with the United Kingdom.

I am confident too that the motives of those who sought to compromise, tarnish and impugn the reputation of this Government and our country will be exposed wherever they may be. Suffice it to say that for the Government there were five overriding considerations in its decision.

Firstly, the request of the Foreign and Commonwealth Office was unprecedented in that it was made on behalf of a private citizen. Normally,

such requests are made on behalf of the state, in instances where the state has a defined interest of its own.

Secondly, the Foreign and Commonwealth Office could not point to a single instance where a foreign Government had ever acceded to such a request.

Thirdly, while we respected the right of the Foreign and Commonwealth Office to establish its own threshold to entertain such requests, we did not believe that the threshold which they had established had been met in this instance.

Fourthly, to accede to the request would have set a dangerous precedent and place other States at risk by the force of the precedent. We have a duty to uphold the Vienna Convention on Diplomatic Privileges and Immunities.

Fifthly, we have a responsibility to protect our diplomats, except where they commit criminal offences or acts which are outrageous and unprecedented in nature and character.

In this matter, the Government of Saint Lucia has been guided by our commitment to uphold the principles of International Law and respect for due

process. It was not an easy decision to make given the pressures involved but we must always seek to do what we believe to be right even if we are alone.

AN UNMATCHED SOCIAL CONSCIENCE

Earlier, I spoke about my confidence in the future of our island. There are some who will say that the confidence that I have in this country and this economy is misplaced; it is “just for show,” they will say. They will choose to ignore the positive projections of the IMF and the World Bank. They will deny all other upward indicators as Saint Lucia begins to rise again.

There are others who thrive on controversy, so they will extol negatives until they echo beyond our hills and valleys, beyond our shores. Of course, they will absent themselves from the responsibility of their actions, blaming everything on the Government. But we shall not be moved!

This Government has remained determined in the face of ALL challenges and adversity. It has been courageous, adapting to new realities and adopting policies which it once repudiated because it understands that a new and different world

confronts us. It has stood by the people, with a social conscience unmatched in our nation's history. Consider for a moment that it:

- Increased bursaries for the poor;
- Provided first time ever bursaries for the disabled;
- Introduced the National Initiative to Create Employment(NICE) without which thousands would still be unemployed and thousands of families would be left without an income;
- Ensured through the STEP Programme that hundreds are able to receive an occasional income, small as it may be, to assist them to meet their

commitments;

- Introduced the Home Help Care Programme for our elderly;

- Provided a subvention of \$500.00 to the parents of children who were successful at the Common Entrance Exam;

- Ensured that each child in Form 3 of every Secondary School is provided with a laptop so that no student is left behind in this digital age;

Established a targeted funding programme to train young persons for employment on Cruise Ships; and

- Provided targeted support to single mothers.

The compassion of this Government did not come by accident. It exists because there is not one MP or member of my Cabinet, who has not felt and lived it with you, and worked tirelessly to assist both personally and through our national programmes. But as we work each day, to deliver to the young, the elderly, the poor, the underprivileged and more, we recognise, that for all, progress may not be easily seen. So the work continues; our work continues.

CONCLUSION: COLLECTIVE

DETERMINATION

This year as we begin to turn the corner and move forward again and as the cadence of the political dramas unfold, many will debate our progress, but it will not negate the reality that a lot more has been done with a lot less. Somewhere in the middle of the attention for political parties, the economy, the media, and the communities; somewhere in all of this, is YOU.. and the truth that you live every day.

This year will not be defined by Kenny D. Anthony or anyone else. It will be defined as always, by our collective determination as Saint Lucians.

You, the sons and daughters of Saint Lucia will

determine whether you want to continue to drive our nation's progress, or whether, because we experienced some trying times together, you would let that progress collapse.

I have been and will always be a die-hard believer in Saint Lucia. I believe in the power of the Saint Lucian people to overcome all obstacles and emerge triumphant; and you have ALWAYS PROVEN ME RIGHT.

So my Cabinet will continue to FIGHT for the betterment of all Saint Lucians, and while there will

still be challenges to face, I ask you to do the same. Join together and let us all continue to work, because progress is not just a destination, for us, it must become our everyday way of life.

Unquestionably, there is a lot more to be done. I am confident that our collective determination will overcome the singular self-interest which sometimes dominate the pursuit of political power. I believe you have understood the challenges that we face and the hard work and sacrifice that we have all made to restore progress in our country. I know you are not easily fooled. I assure you that when needed,

I will make the difficult decisions because I believe we will build a better Saint Lucia for ourselves, our children and the generations yet to come.

In that spirit, I pray that this New year - what remains of it - is kind to you, confers many blessings, bestows good health, grants you prosperity and success in all that you do.

May our Mighty God bless and protect each and everyone one of you!

I thank you!