



**STATEMENT BY PREMIER AND MINISTER OF FINANCE,
HONOURABLE ANDREW A. FAHIE
DURING THE SEVENTH SITTING OF THE SECOND SESSION OF THE FOURTH
HOUSE OF ASSEMBLY OF THE VIRGIN ISLANDS**

April 16, 2020

COVID-19 UPDATE: INNOVATION AND INVESTMENT

Mr. Speaker, the Coronavirus/COVID-19 Pandemic, escalated very quickly since the initial outbreak was detected in China in late December 2019.

In the few short months since then, no one in the world would have anticipated that so much would have changed, and so dramatically.

It was only last November that I presented the 2020 National Budget, which is aimed at supporting the ongoing recovery of the BVI from the Hurricanes of 2017, and our vision to transform the BVI into a leading regional economy in the next five years through entrepreneurship, innovation and local and foreign investment.

The 2020 Budget, which is laden with investment and partnership opportunities for local and foreign investors, is a major driver of the BVI's economic transformation thrust.

Now, COVID-19 has thrown the world a curveball.

It has changed almost every aspect of how everyone has traditionally done business. It has crippled some sectors, and in the case of industries such as travel and tourism, the impacts are expected to be protracted.

We have seen where the supply of food and other goods are being affected.

We are even seeing where countries are restricting exports on in-demand items because they are prioritizing the needs of their own populations.

So, going forward, COVID-19 has given us a lot to think about, because the operating environment has changed.

Mr. Speaker, in the midst of this dramatic redefinition of the global landscape, two things that have not changed include the vision and the determination of the BVI.

The BVI's vision and the 2020 Budget were developed against the backdrop of the following strategy:

1. Maximise existing resources and opportunities;
2. Create new opportunities and new industries, so that our eggs are not all placed in two fragile baskets, but spread out across a diverse base;
3. Empowerment of persons to participate in the economic opportunities; and
4. Sustainability and preservation of our environment and natural resources.

Our plan involved such things as boosting our tourism capacity and products, transitioning to green energy and smart technology, increasing food production in agriculture and fisheries, and developing aviation and maritime connectivity to support trade and other activities.

These are the same essentials of the COVID-19 pandemic era.

Therefore, the targets for the BVI do not change. But the roadmap will have to be adjusted for us to get to where we what to be in the timeframe we have set.

While we look at the marathon, we have to look at individual laps and hurdles. A large segment of the population is without work and without income because the global tourism industry is down.

Much of the rest of the economy depends on the money generated by tourism. We have to help the people, support the businesses, and save the economy.

Reports are that the UK is bracing for an economic disaster in which GDP could plummet by up to 30 percent between now and June. In such circumstances, the UK's ability to provide support to the Overseas Territories will be limited at best.

Every country in the world is operating in an atmosphere of uncertainty that will probably only be lifted when a vaccine is found. The BVI also has to proceed with caution. There is a lot at stake, and the BVI has to err on the side of caution.

Mr. Speaker, it is necessary that I report to this Honourable House that your Government has been in constant discussion with stakeholders in the tourism sector to map out a way forward. Earlier this week, we held discussions with owners of several large tourism properties here in the BVI.

There were questions about when borders would reopen when we would resume welcoming guests, options for keeping tourism sector employees employed, and so forth.

As I have stated, we in the BVI have to be very careful with every step. One wrong move can put us back at square one and compromise everything we have sacrificed for and everything we have accomplished.

It is a daunting task to try to balance economics with keeping people alive, and neither must be compromised; because if either is compromised, then the results will be the same. Other countries are also struggling to find the balance that works for them.

So, we have to be careful with every step we take. One wrong move can cost us everything. Our borders have to remain closed for a while, as I have previously advised Honourable Members.

What we can do in the meantime, however, is to work on the areas that it is safer to work in. Areas such as:

- food security,
- going green - switching from fossil fuels to LPG and Natural Gas; installing solar street lighting, introducing technology – particularly in the area of education and training and skills development,
- creating internal tourism, and
- construction.

If we do these things, everyone will benefit. Based on the size of the BVI, this can be achieved - and, with God's help, it will be achieved.

Our Green agenda is one of our top priorities. Because it will take us in the direction of sustainability, lowering costs to citizens, protecting the natural environment, boosting the BVI's competitiveness, and changing the tourism

marketing structure since BVI Love will also reflect love for the environment. When things get back to normal, after this pandemic crisis, the BVI would be powered by clean, renewable energy resources from the sun, sea, and wind. But, we have to do the work now.

Mr. Speaker, we are awaiting the development of the full Phase Two Economic and Social Response Programme. This programme is to be guided by the Economic Stimulus component of the Government's Policy Response to the Coronavirus Crisis Policy Paper, which was produced by the Coronavirus Economic and Fiscal Stability Task Force, and which was accepted by Cabinet.

While this programme is being developed, your Government is exploring strategies. As we said, there is no playbook. The economic landscape has changed. The business landscape has changed.

So, we have been performing some market testing with some of the options that were suggested for inclusion in the programme.

Before I say more on these options, let me say that your Government's aim is to minimise the need for handouts; whether it is in asking for handouts or giving away handouts.

We recognise there will be the need for some charity, but as much as possible, we want there to be an exchange of value. Money spent must translate to productivity. There must be win-win-win scenarios.

We are looking at ways for generating funding that will be the lifeline to the BVI economy, to our BVI businesses and to our BVI people.

We are looking at how revenues can be optimised.

We are looking at how the Government can make adjustments to the 2020 Budget so that funds can be redirected to areas that would help the employment situation and minimise social fallout, and where possible, providing value in return.

Mr. Speaker, I want to advise Honourable Members of a strategy that we have floated that is gaining some traction and which holds some potential.

In short, the strategy involves setting up three funds: the COVID-19 Response Fund, the National Recovery Fund, and the National Food Assistance Program Fund.

The National Food Assistance Program Fund will accept humanitarian donations that will be used to finance food grants for needy families.

Eligible recipients would include persons who have lost their jobs due to the COVID-19 pandemic who have no means to support their family and persons who demonstrate an inability to support themselves or their families.

The COVID-19 Response Fund will be funded by voluntary contributions from businesses. These contributions would be applied as prepayments to the business' property tax over a 5 to 10-year period. The tax credit will be calculated at a rate of 1.15 times the contribution made. Contributions can be made in cash, needed equipment, or medical supplies. The funds would be used for the procurement of rapid detection COVID-19 test kits, procurement of ventilation equipment, and management of social distancing and quarantining initiatives.

The National Recovery Fund will be funded by voluntary contributions from businesses. These contributions would be applied as prepayments to the business' property tax over a 5 to 10-year period. The tax credit will be calculated at a rate of 1.15 times the contribution made. The funds would be used for:

1. Collateral for banks and other lending institutions to provide loans to SMEs at preferential rates;
2. Collateral for Banks and other lending institutions to provide loans to qualified individuals who have been temporarily released from their employment or who have experienced a reduction in their monthly salary;
3. Funding for financial management training of individuals and SMEs as a prerequisite for receiving funding; and
4. Funding for online learning platforms for all primary, secondary, and tertiary level institutions in the Territory.

The discussions we have held thus far with current and potential have provided useful information on how we need to tweak the design of these proposals.

All of the aforementioned Funds will be governed by a board of directors which will comprise:

- Two representatives from the business community or investor grouping
- Financial Secretary

- Chairman of Health Services Authority
- Head of Family Support Network
- Minister of Finance
- Minister for Health and Social Development

We aim to channel most of the funds that are realised into projects that will result in some value being created while the funds are disbursed as salaries. Our investments in agriculture, fishing, construction, and so forth, will build businesses, create employment, and attend to citizens' needs.

It is clear, Mr. Speaker, that in order for these Funds and programmes to be put into place, legislative amendments will be required. As soon as we finalise the full details of these proposals, the required amendments will be brought before this Honourable House.

Mr. Speaker, your Government, is also planning, as part of this strategy, to introduce a National Innovation Competition, aimed at challenging local entrepreneurs in the tourism, financial services, retail, and construction sub-sectors to come up with new and innovative products, services and service delivery mechanisms in a transitioning and post COVID-19 economy that must be cognisant of social distancing and guaranteeing adherence to protocols.

We are considering prizes of \$2,500 for the winners in each sector of the economy with an additional \$2,500 for the overall winner, for a total of \$15,000 in prizes.

For the BVI to realise its full potential, we must encourage and stimulate innovation.

Other areas that persons who have the resources to invest would be asked to consider are greenhouses, seed banks, fishing vessels, fish farms, fish processing, and training.

These investment opportunities would be opened up to the entire BVI business community as well as foreign investors who may meet established criteria.

Similarly, the investment opportunities identified in the 2020 Budget remain available to local and foreign investors. These include investments in

- Medical Tourism Services,
- Medicinal Marijuana Production, Processing, and Export,
- Hotels, Hospitality and Tourism,
- Public-Private Partnerships in projects such as Prospect Reef,

- Green and SMART Technology products and services, and
- Maritime and shipping.

Mr. Speaker, we are all bonded by our shared and common love for these beautiful Virgin Islands – our BVILOVE.

Fate has dealt us a challenge. But we believe that the Good Lord does not give us more than he knows we can bear. Just like the 2017 disasters, this global health emergency provides us with another opportunity to rise to the challenge and to overcome it, to regroup and improve our resilience and competitiveness.

I look forward to providing further details on the way forward for the BVI, beyond COVID-19, in the near future.

God bless our beautiful Virgin Islands.

I thank you.