
PARTY SPEECH

The BVI of Tomorrow

This past year 2013 has been a year to remember, not for the prosperity it brought, but instead for the difficulties many of us had to endure. It was the year we saw company downsizing and layoffs like never before.

COMPANY DOWNSIZING & LAYOFFS

As for Company Downsizing & Layoffs, **1)** In the telecomm sector we saw CCT laid off 16 employees: **some of whom had been with the company for 20 years;** and

2) LIME another 2, *one of whom was a longtime senior executive.* And they have served notice to their entire technical unit that it will be closed pending the finalization of an agreement with Ericsson, resulting in the layoff of 30 persons.

3) Also our tourism industry took a hit when the Moorings laid-off 16 people *which included 5 upper managers*, and at the time there was speculation of an even bigger number to follow.

4) Then there was the case with the Long Bay Hotel, a facility which prominently featured as a year round 100 room hotel, downsized to a seasonal 42 room facility causing some 40 persons to be unemployed, reason being, a downturn in tourism due to the absence of an effective national marketing strategy for tourism.

5) Pussers closed its popular Hodges Creek restaurant resulting in 25 layoffs, and the same company has laid-off a number of workers from other locations.

6) First Bank **has also** served notice of employee cutbacks.

7) First Caribbean Bank **has** served notice of Staff reduction.

8) Citco BVI Ltd made redundant the positions of two corporate administrators and an accounts position held by three locals.

9) Yates Associates Construction Co. Ltd has claimed 'financial suicide' forced their decision to lay-off 40 employees, and closed the company days before Christmas.

ALL THIS HAS HAPPENED WITHOUT ANY MEANINGFUL GOVERNMENT INTERVENTION

And remember 2012, the year before that started with the pullout of American Eagle, which on its best days flew upwards of 12 flights a day out of San Juan with as many as 768 passengers, which has done irreparable damage to our economy; TMF's acquisition of Commonwealth and Equity Trust has resulted in the layoff of 15 employees; the closure of Columbian Emeralds, and A. H. Riise: two major multinational jewelers no tourism destination like ours could afford to lose.

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MIS-STEPS HALF-STEPS & FAILURES

Mis-steps Half-steps & Failures: are all characteristics that can be used to describe the lackluster performance of this Government throughout the past year.

- 1) Among which were: This Government's selection of Tortola Pier Partners as the winning bidder on the **Road Town Cruise Pier Project and surrounding amenities** after bungling the Bidding Process which attracted a vigorous protest from Royal Caribbean Cruises Lines in a letter to the Governor charging that the process was rigged. And even after having the so-called winning bidder proceed to execute some work before executing a contract, the negotiations were abruptly terminated and the relationship ended without explanation.
- 2) Then Government decided to commit to **Norwegian Cruise Lines and Disney** for an exclusive longterm arrangement to monopolize the cruise pier, thus making it mandatory for any other Liners wishing to make calls to the territory to negotiate with Disney and Norwegian. This decision infuriated Carnival, who summarily withdrew all its calls to the territory for 2015 and possibly beyond.
- 3) Carnival Cruise Lines the largest of the Liners to serve the territory, and is purported to bring the most extravagant of all passengers, has been a favorite of our vendors and taxi operators. It is my understanding that it is the only Cruise Line that makes regular calls to the territory in the summer off season.

Needless to say, that this decision by the government has left the taxi operators hopping mad, and had even planned a protest march.

4) For the first time in the history of our long and distinguished life in the Financial Services Industry, as the number one jurisdiction in Companies Registration we have had to suffer the embarrassment of being labeled "an un-cooperative Tax Haven", and then BLACKLISTED by *Europe's #2 Economic Power*, (France). **This action I attribute to negligence on the part of the government.**

5) Following the French Blacklisting, within a month the **Organization for Economic Cooperation and Development** followed suit with their own form of Blacklisting. This Organization is Europe's watch dog and standard setter for good governance, transparency, and anti-money laundering.

6) They promised that they will fix the ferry service between the Virgin Islands by bringing in new ferries last November, and when pressured on the wisdom of such a venture the Premier denied ever making such a promise.

7) They doubled the departure tax from here to the US Virgin Islands from \$5 to \$10, on the silly premiss that it would reduce the incentive to go to St. Thomas to shop. All I see it as, is a penalty on the poor.



Some have accused me of condemning the government for its failures, while not offering solutions. But the truth is, I have offered solutions, they just haven't been reported.

As a matter of fact, one of the greater perils this territory faces is the "economic malaise" that we are in, the Premier called it "a recession", and I have offered what some including myself may consider the greatest piece of advice the Premier could have at this time, which is an alternate method to his Austerity program which is not working.

Leading up to tonight I wondered how best I could give you an eyeopener on what the Premier's plan is like, and I saw this recently published story and I said "bingo", the author is going to love this, so I decided I would read excerpts of it for you.

The author wrote, "a story in the Inter Press Service, of December 28, 2013 was titled, " NEW POLICIES BEYOND AUSTERITY AND STIMULUS." This article was penned by Hazel Henderson, a science policy wonk at the US Office of Technology Assessment, and the National Academy of Engineering. Henderson is also an illustrious economics writer and creator of the Green Transition Scoreboard. She began with a chastisement of strict adherence to either of the two economic polarities: austerity and stimulus.

Henderson began her story by stating that it was time to move the global policy debate beyond these two options of national and international economic policy. In fact Henderson asserted that the austerity versus stimulus debate had, " produced dangerous policy stalemates in Europe, the US, Japan, and other countries.

Henderson gave austerity a black mark. "The experiments in Europe to impose austerity have not only caused unemployment, falling growth rates, and falling quality of life, they have caused rising extremism and political polarization," she wrote in her story.

I'm sure you recognize the similarities here in the Virgin Islands.

Henderson's anti austerity assertions were reinforced by a giant of global finance on January 3, 2014. **George Soros,** a legend on Wall Street and in the City Of London, and a multibillionaire financier and philanthropist, in his column, stated that, **'while austerity could end up destroying the European Union, stimulus was enabling the US become the strongest economy in a new and more volatile era.'**

For Soros, austerity was equivalent to giving a millstone to a drowning man, instead of a life jacket.



International Finance Center On FATCA

Just this week I read in a local publication where a view I long held and shared on FATCA was supported.

FATCA which stands for Foreign Accounts Compliance Act, is a United States law which mandates that US Citizens and Green Card holders pay taxes on income no matter where it's earned. The law further places an obligation on the individual and any institution where an account is held to report those incomes to the US Government. **Note:** I said the individual and any institution.

Our Government, for reasons I have not been able to comprehend, has decided to seek an agreement with the US Government to act as a middleman for these Individuals and Institutions. I call it being the policeman for the United States.

Well like I said I saw this article, and it was quoting the International Finance Center (IFC), from their 2012 Annual Report, which I will read to you.

"According to IFC, FATCA and other initiatives by supranational bodies may have significant implications for the BVI, not just the **administrative burden**...But it is shifting of business if they are not applied concurrently and universally across all jurisdictions".



FOCUS FOR THE FUTURE

This territory needs leadership that is compassionate, so they can understand the day to day needs of the ordinary man. It needs Leadership that is Understanding, so that they can comprehend the importance of the flow of money to the dynamics of an economic system. Certainly such leadership will not withhold \$12 million of its citizens hard earn money in the government Treasury and allow the economy to go to the dogs.

"The next Leader of these Virgin Islands must possess the ability to have knowledge of events before they take place, they must have an infectious optimism and clear plan for the future, and they must be able to live in the reality of today but also look to the future and plan how we're going to get there and make it fun".



PROTOCOLS

I must tell you that I am worried for the immediate future of the Virgin Islands; and the long term future of its citizens.

Our government on April 23rd 2012 has signed an Agreement called "Protocols For Effective Financial Management", with the Government of the United Kingdom, and we have violated its provisions recklessly. I am worried that the day of recognig will come.

That Document was the biggest sellout of the people of the Virgin Islands any government has ever negotiated.