



# **ADDRESS TO PARLIAMENT**

**BY**

**HIS EXCELLENCY VERNON LORDEN SHAW, S.A.H.**

**President of the Commonwealth of Dominica**

**ON THE OCCASION OF THE**

**OPENING OF THE FIRST MEETING**

**OF THE FIFTH SESSION OF THE FIFTH PARLIAMENT**

**ON WEDNESDAY, 16<sup>th</sup> JUNE, 1999**

Mr. Speaker,

Honourable Members of the House of Assembly,

I thank you for the invitation extended to my wife to attend the First Meeting of the Fifth Session of the Fifth Parliament, and to me to deliver the Presidential Address.

Mr. Speaker, Honourable Members, we live in an age of globalization and liberalization. It is a complex and dynamic environment which increases interdependence and competition and places pressure both internally and externally on our institutions and systems. There has been a noticeable contraction in capital inflows from traditional sources including donor Governments and agencies, and there has also been downward pressure on export prices of most primary products, and increasing pressure to dismantle trade regimes which provide protection for domestic producers or allow preferential treatment for imports from specified countries of origin. Given the size, openness and dependence of our economy and our stage in the development process, the issues and complexities raised by this changing world environment become even more acute and make the task of managing growth and development even more challenging, and this is so not only for Dominica, but for several of the world's small developing economies including the other OECS and Caricom countries.

With respect to much needed capital inflows, since the early 1990's the entire Caribbean has seen a declining trend and in some countries negative inflows were recorded. This trend has been associated with several factors including the following:

- Aid flows are generally subject to the vagaries of budgetary conditions in donor countries, and also the dictates of international power broking and formation of strategic alliances;
- Since the opening up of the economies of the newly independent states of Eastern Europe there has been a diversion of private direct investment to these markets which because of their relative large size and potential for economies of scale have become attractive to foreign investors;
- Dominica and the other OECS countries, based on per capita income estimates are not classified as poor countries and therefore are not given priority by bilateral donors and do not qualify as recipients under several programmes aimed at assisting poor developing countries.

In the private sector the economic citizenship programme accounted for the single most significant inflow of foreign capital since its establishment in 1991. The enhancements to the programme in 1996 allow cash investments under the programme to be used for financing of national development projects rather than being restricted for purely private sector projects; and during the new Fiscal Year will continue to provide counterpart financing for implementation of infrastructural development projects in the public sector.

With respect to international trends in commodity prices, the fall in international prices for oil and other primary commodities, including sugar, bauxite and bananas, has contributed to fiscal imbalances in several countries to varying degrees. In Trinidad and Jamaica adjustment to those

imbalances meant undertaking IMF programmes which included use of exchange rate policies. In the case of Dominica and the other OECS countries exchange rate policy as an adjustment mechanism is not an option given the diversity of economies within the area and the need for unanimity among all member governments in that regard. The adjustment process will therefore be manifested by current account deficits on the balance of payments, weakened demand, and overall sluggishness in the economies.

But of pressing concern to Dominica have been the challenges to preferential access of bananas from ACP countries into the European market. A marketing arrangement which because of the secure export market and guaranteed price it provided, resulted in the banana industry being the economic lifeblood of Dominica over the last three to four decades.

As the world moved more and more towards trade liberalization and competition the first blow to this preferential access for our bananas in the United Kingdom (UK) market came with the new European Union (EU) banana regime in 1993, and later in 1997 the successful challenge to the new regime by the United States Government at the World Trade Organization (WTO), a development, which has festered into the possible makings of a trade war between the European Union and the United States and can result in policy reactions on either side of the Atlantic which may have serious implications for us. In that regard we want to sincerely thank the EU countries for their understanding of and support for our need to have a transition period to adjust to these changing rules of international trade.

At the sub-regional level our Governments have been relentless in their lobbying efforts. Only two weeks ago the leader of the Opposition in St Vincent and the Grenadines was quoted in the regional press complementing the Governments of the Windward Islands on the manner in which they are handling the lobbying efforts against the threat posed to our banana industry by the United States.

Mr. Speaker,

Honourable Members,

My Government intends during the coming year to deepen the consultation process involving both leaders of the opposition parties and to allow all views to contend so as to have a unified approach as we continue to take on the challenge to ensure continued profitability of the banana industry.

In this increased competition and action by major international powers which can be regarded by some as rash in their implications for small open developing economies like Dominica, and can lead to quick erosion of our economic well being, we can only survive as a nation and as a region if we remain courageous, imaginative, innovative, and disposed to taking action to enhance our management capabilities. In this new world order we must therefore always focus on the goal of Human Resource Development (HRD).

Mr. Speaker,

Honourable Members,

The achievement of these goals clearly must be facilitated by all - policy makers and senior executives in the private and public sector, producers and consumers, parents and social partners.

My Government realizes that in this scenario our economic well being will depend on the creativity and resilience of national economic and fiscal initiatives, and appropriateness of policy responses to changes in the external global environment, and in that regard is continuing to implement measures aimed at improving efficiency in public sector administration and delivery of social services and to introduce new initiatives aimed at increasing public sector savings and expansion of the economy during the Fiscal Year 1999/2000.

Given the importance placed on Human Resource Development by my Government, the activities of the Ministry of Education Youth Affairs and Sports and the Establishment Department respectively will be particularly critical during the new fiscal year.

Mr. Speaker,

Honourable Members,

In the Ministry of Education, Sports and Youth Affairs the priorities during the coming year will include the following:

- Completion of restructuring of the Central Ministry and the divisions of Education, Sports, and Library and Information Services in order to more efficiently administer the provision of services;
- Improvement of human resource management systems through activities including ongoing training and development. In that regard at least 352 staff members of the Ministry at all levels will benefit from in-house training while another 13 will travel overseas for training at tertiary level institutions;
- Introduction of information technology to facilitate the operations of the Ministry;
- Development of a comprehensive and integrated youth policy to inform youth programmes;
- Construction of a modern secondary school facility estimated at \$11.3m to replace the existing St. Andrew's High School in Wesley;

In addition to these direct human resource development activities which will impact on the quality of services provided by the Ministry particularly in the teaching service, and contribute to the development of our youth, the future leaders of this country; the construction of a sports stadium at the Windsor Park will commence during this year. This project will in its indirect way, contribute immensely to the development of our youth; so will the policy to reintroduce the Cadet Corps in the school system starting from the commencement of the 1999 school year.

The Establishment Department of the Prime Minister's Office among its other tasks is primarily responsible for Human Resource Development not only in the Public Service but also in the entire country and this continues to be a high priority for my Government, as is reflected in the constantly increasing budgetary allocation for training locally, regionally and internationally.

With assistance from friendly donor countries and agencies in its Human Resource Development thrust - the Government of the United Kingdom, the Government of the Republic of China on Taiwan, the Governments of Canada, Cuba, Trinidad and Tobago, the Commonwealth Fund for Technical Cooperation (CFTC) and the European Development Fund among others, my Government will in the new Fiscal Year continue to provide opportunities for as many nationals as possible who wish to pursue higher education for the development of themselves and ultimately their country.

With respect to the Public Sector Development Programme designed to improve efficiency and effectiveness in the public service, my Government wishes to express appreciation for the support received from the Government of the United Kingdom. Implementation of approved recommendations in respect of the three components - Review of Legislation governing the Public Service, Enhancement of the Performance Appraisal System, and the pilot Value for Money Studies - has commenced and will continue in the new fiscal year.

Mr. Speaker,

Honourable Members,

In the directly productive sectors, the priorities in the Ministry of Agriculture relate to the challenges facing bananas, the need to transform agriculture from a largely subsistence undertaking to be more commerce oriented, and the preservation of our natural resource base. In that regard Mr. Speaker, during the year emphasis will be placed on agricultural diversification particularly on specific crops, and to include fisheries, agro-processing and livestock. Regarding fisheries development a US\$12m complex will be constructed at the Marigot Bay during the new Fiscal Year. These measures are not only intended to broaden the production base, and provide income for rural communities but also to enhance food security in the country. Also in its thrust to develop agribusiness my Government will this year seek to revitalize agricultural training programmes at schools and in addition to train a cadre of young farmers to foster and encourage youth participation and entrepreneurial skills in the agricultural sector. An amount of \$1m has already been earmarked for this purpose. In that regard my Government will not only encourage private sector participation but will get involved as an equity holder and take the lead where necessary.

In the major banana industry Mr. Speaker, during the year efforts will continue to concentrate on programmes to increase production, productivity and quality so as to achieve competitiveness and secure niche markets at the level of the supermarket chains to maintain profitability and sustainability of the industry.

Mr. Speaker,

Honourable Members,

The issue of environmental management and preservation, which is most important to my Government and also a very topical subject, will receive further attention.

During the new Fiscal Year an Environmental Management Unit will be established within the Ministry, with the primary goal of sensitizing, and involving all communities across Dominica in the business of preservation of the environment.

Given the challenges faced by the dominant agricultural sector the services sector has been identified as a sector which based on its rapid growth prospects, can ease the impact of lower levels of foreign exchange earnings from banana exports. Already there is some evidence of this ameliorative impact of the services sector on economic activity .

The Ministry of Tourism, Ports and Employment will therefore during this year focus on the improvement and development of access to Dominica including the construction of an international airport, product development and marketing, and promotion of high quality standards throughout the industry. Efforts will also be directed at coordinating and integrating public and private sector initiatives in order to achieve the maximum level of effectiveness and efficiency from resources invested in promotion, and importantly, every opportunity for community involvement in enhancing the tourism product through linkages between agriculture and tourism etc, and increasing the impact of tourism on economic activity in rural areas will be explored. Also during the year the Ministry will continue to get involved in training programmes for service providers in the sector at the tertiary and lower levels and will continue to work tirelessly in attracting at least one five star luxury hotel to Dominica.

With respect to other services, initiatives relating to the development of an offshore financial sector are already generating significant levels of direct revenue both to Government and to service providers in the private sector. During the new Fiscal Year measures to consolidate the regulatory mechanisms and strengthen the administrative framework will be introduced while enabling legislation for the informatics sector will be tabled in Parliament during the New Year.

In the Ministry of Communications and Works, Mr. Speaker, Hon. Members, it is anticipated that regulatory issues with respect to utility services will receive attention during this year as the implementation of the OECS/World Bank Telecommunications Reform Project progresses, also construction of an international jet airport will add new dimensions to the administration of civil aviation in Dominica.

Both developments it is anticipated will significantly impact on the conduct of international trade in goods and services in a manner which will broaden the productive base and stimulate the process of national development.

Still in the field of communication a Postal Development Plan will be developed with the objective of improving the quality of service and operations of the Post Office System in Dominica, as part of this plan an express mail service and philatelic services will be introduced.

A new challenge for the Ministry which emerged in the last fiscal year and will continue to receive attention during this Fiscal Year is the development of a clearly defined plan for monitoring of seismic activity and all other related emergency plans including an Emergency Telecommunications System as part of the National Disaster Preparedness Plan.

In the Ministry of Legal Affairs Immigration and Labour emphasis will be placed on institutional strengthening - training, computerization, adequate staffing — particularly at the revenue collection sections. During the new Fiscal Year the computerization and automation of the various registration systems at the Registry will be completed, and the Companies and Offshore section of the Registry will be organized to improve efficiency and maximize revenue collection. To ensure that Certificates of Title are issued within reasonable time and that matters related to land are dealt with effectively and speedily it is proposed that by the end of this calendar year the Title by Registration Act will be revised and enabling regulations to the Act will be introduced.

Mr. Speaker,

Honourable Members,

The delivery of all of these new and ongoing services by my Government will depend largely on the effectiveness of fiscal management by the Ministry of Finance, as fiscal stability is critical to economic management. During the coming fiscal year therefore the Ministry of Finance will concentrate on the following:

1. Achievement of a current account saving equivalent to a ratio of at least 1.6% of GDP. Such a current account performance will contribute to reduced dependence on overdraft facilities at the commercial banks and also contribute to smoother implementation of approved projects on a more timely basis. Continued training to upgrade technical capability and efficiency of major revenue collection departments within the Ministry, and prudent expenditure control measures are expected to facilitate this saving performance.
2. Strengthening of the reporting capabilities of the macro-economic unit of the Ministry to allow slippages in revenue targets or expenditure ceilings to be identified early and quick corrective action taken.
3. Continued rationalization of tax collection system to a simpler, more efficient system.

In the emerging world trends, even as the Ministry of Finance achieves its objectives, economic management in Dominica, and indeed in the wider Caribbean will continue to become increasingly challenging in the years ahead. In all of these developments and concerns about poverty alleviation and Human Resource Development we can each make a minimum contribution by an attitude change as we approach the 21st Century by seeking to see adversities when they come as challenges to improve the future, and seeking to recognize opportunities for self development and ultimate national development when they are presented.

Mr. Speaker,

Honourable Members,

Let's all pray for God's guidance and blessings for a successful and productive fiscal year as we approach the new millennium.