

**Throne Speech delivered by
the Governor General
His Excellency
Sir Cuthbert Sebastian GCMG OBE, CM, MD
On the Opening of
the National Assembly,
December 16, 2004**

Introduction

It is my pleasure to outline the plans and programmes of my Government for the next five years and to share with you my Government's vision of the future of our beloved Federation. It is a vision that our people overwhelmingly embraced and endorsed in the recent General Elections held here in St. Kitts and Nevis.

It is a vision that is expected to spur on every Kittitian and Nevisian to build on our outstanding achievements and to create a new St. Kitts and Nevis in which all citizens and residents would continue to expand on the abundance of freedoms that we enjoy – the freedom of access to high quality education, proper health services, suitable housing accommodation and comprehensive social services; the freedom to work, invest and establish businesses as a means of advancing our Country and providing income commensurate with effort, resourcefulness and creativity; the freedom to peacefully pursue our daily personal and business endeavours in a clean, healthy, safe and crime-free environment; freedom from the debilitating grip of poverty, deprivation, disease, discrimination and alienation of all forms; the freedom to give full expression to our various views and ideas without fear of recrimination; and freedom for all citizens and residents to unleash our talents and capabilities in the pursuit of happiness for ourselves and our successors, and in the creation of a peaceful and happy society replete with opportunities for wealth-creation and personal advancement.

SOCIAL AND ECONOMIC PROGRESS

We are quite fortunate that in our quest to create a new society, we have a solid foundation on which to build. The heavy investment by my Government in the social sector has borne great fruit. Over 1,600 low-income families now proudly live in their own homes through the very expansive housing development programme that was introduced in 1995 and that continues to provide affordable homes to our people.

The minimum wage of our lowest paid workers has been increased by an aggregate of 67% or an average of over 7% per year from \$3.75 per hour in 1995 to the current rate of \$6.25 per hour. Moreover, my Government is continuing its efforts to upgrade the living standards of our workers by enhancing their skills and ensuring that more and more of them would earn wages that are well above the minimum wage. In addition, we are in the process of developing a comprehensive labour code that will provide enhanced protection for our workers, strengthen the existing provisions in respect of occupational health and safety and Holiday with pay, and make new provisions for the establishment

of an Industrial Tribunal. We think this is absolutely essential as the forces of globalization and competition intensify and enterprises seek to become more competitive by keeping down their labour cost as they extract more and more output from workers.

It is also commendable that the benefits paid by Social Security to our pensioners have improved substantially over the past 9 years, and that the indigents in particular, have benefited from an increase in their annual pension by approximately 131% or an average of 14.5% per year.

Our education system has undergone substantial transformation and the performances of our students are among the best in the region. Indeed our comprehensive education system has been rated highly by international and regional organizations and has become a model that other countries in the region are seeking to emulate. Our school curricula have been expanded and our educational facilities enhanced to provide training and skills that are even more relevant to our developmental needs. For instance, the Computer Laboratories provided at our schools have ensured that when our young people enter the workplace they can sit before a computer with confidence and immediately begin to make a positive contribution to the enterprises and other entities that employ them. Similarly, the Hospitality Centre at the Clarence Fitzroy Bryant College is helping to prepare more and more people for employment in the very vibrant and dynamic tourism sector.

The Health Sector has also been revolutionized through substantially improved primary and preventative health services and through the reconstruction of the JNF General Hospital which stands at the pinnacle of our health system, and which, through its enhanced human resources and its modern and convenient facilities, is now delivering medical services of a range and quality unprecedented in our Federation. The reconstruction of the Pogson Hospital will also bring additional primary health and medical services to residents in the rural communities and will play a critical role in the fight against HIV Aids.

The Health system is therefore well placed to take the quality of medical and health care to an even higher level and to execute Government's plans to introduce a national health insurance scheme and to intensify health promotional and educational activities focusing on the management of chronic diseases and the prevention of communicable and non-communicable diseases. The health promotion programme would be even more active in encouraging healthy life styles among our people and educating them in the risk of obesity, hypertension, diabetes and other health problems that predispose them to even more serious diseases.

The economy has also demonstrated great resilience over the past 10 years. We have been battered over and over again by hurricanes, and the international economic climate generates new challenges every day but our economy continues to grow. In recent years, the economic landscape in our Federation has been adversely affected by International terrorism and war, a relatively sluggish and uncertain global economy, fluctuating

exchange rates, massive increases in the price of oil, substantially reduced prices for sugar, and the dramatic decline in the flow of development assistance to our Federation.

Yet our economy continues to make rapid strides forward and to open up new opportunities for our citizens to improve themselves and make a decent living. This is reflected in the massive increase in deposits held in our Banks over the past ten years. In particular, in the nine years between June 1995 and June 2004 the deposits held by our banks jumped by over \$1 billion from \$660.2 million to \$1.7 billion.

Moreover, the number of business licences issued by the Ministry of Finance over the period 1995 to 2004 totalled approximately 1,500, of which over 91% were issued to nationals of this Country, 6% to non-nationals and 3% in respect of enterprises owned jointly by national and non-nationals. These statistics are consistent with the policy of my Government of attracting large inflows of foreign direct capital to our Federation while at the same time ensuring that only our nationals are issued licences to operate in those areas of the economy, where the capital, technology and expertise required are within the capabilities of our people.

For instance, the Marriott Hotel, which is one of the most impressive hotel and casino operations in the entire Caribbean region, represents the largest foreign private investment project ever undertaken in our Federation and it has dramatically boosted the prospects of our tourism industry. However, the vast majority of the businesses that have been spun-off of this massive enterprise are owned by our nationals. Indeed taxi drivers, handicraft producers, tour operators, restaurateurs, operators of duty free shops and other retailers have all benefited considerably from the great influx of tourists that the Marriott Hotel and Casino has generated.

It is clear, therefore, that the social and economic initiatives of my Government have set in motion a transformation process that is taking us steadily towards that new and even more prosperous society that we are striving to create here in our beloved Federation. Hence, it is not surprising that St. Kitts and Nevis was ranked higher than all other OECS countries and the second highest in the Caribbean in the United Nations Human Development Index. Indeed, in 2003 St. Kitts and Nevis increased its ranking by 12 places to reach the 39th position of 177 nations. This most commendable achievement in respect of the Human Development Index, which is a very broad-based measure of the social and economic progress of the nations of the world, testifies to the creativity and effectiveness of the policies of my Government and to the responsiveness of our people to the policy framework established by my Government.

PUBLIC DEBT AND FISCAL PERFORMANCE

However, there are risks and challenges that we must overcome if we are to move swiftly to our cherished goal. In particular, we must comprehensively and definitively address the issue of the national debt. There is no doubt as to the cause of the substantial increase in public debt. The International Monetary Fund (IMF), after a detailed analysis of the

impact of economic shocks on St. Kitts and Nevis arrived at the following conclusion, which was included in their report on the 2004 Article IV consultations.

“Economic Developments in St. Kitts and Nevis have in the past decade been shaped by a series of large shocks. A protracted decline in the sugar industry has sharply reduced agriculture’s contribution to the economy. In addition, three major hurricanes in the second half of the 1990’s caused widespread damage. Finally, the September 11 terrorist attacks in 2001 had a negative impact on the important tourism sector. As a result economic growth slowed and fiscal balance worsened, with the policy response focused on rebuilding infrastructure and maintaining social well-being. This led to a rapid build-up of public debt to 169% of GDP in 2003.”

However, while it is quite clear that the accumulation of debt is attributable to circumstances beyond the control of any person or entity in St. Kitts and Nevis, the harsh reality is that the public debt is at a level that could slow down the progress of our Nation if it is not addressed expeditiously.

The strategy of my Government for debt reduction has four important components as follows:

Fiscal Consolidation aimed at generating an annual surplus on the current account of at least 1.5% of GDP and reducing the overall fiscal deficit to under 3.5% of GDP over the medium term.

Active Liability Management aimed at reducing the cost of debt and minimizing financial risk by adjusting the maturity of debt through refinancing where this is feasible.

Active Asset Management, including the implementation of a comprehensive privatization and commercialization programme aimed at mobilizing considerable resources through more effective utilization of Government assets and enterprises and the sale of selected assets and enterprises where this is deemed appropriate and consistent with the interest of our Nation and the aspirations of our people.

The continuation and strengthening of the policies aimed at spurring economic activity and enhancing growth. The acceleration of the pace of growth of the GDP would directly reduce the debt to GDP ratio, and would indirectly reduce it by enhancing the revenue intake of the Government, thereby facilitating the commitment of more resources to the repayment of debt.

My Government has already made considerable progress in implementing a programme of fiscal consolidation. Our efforts at improving the tax administration have yielded substantial resources. These efforts will continue and will not only focus on raising revenues but also on achieving greater equity in the tax system. The evasion of tax by a number of our enterprises could result in a shift of the tax burden from the rich to the poor if it is not combated. Hence, we will be even more vigilant in combating tax and customs duty evasion and in prosecuting offenders – be they large or small, rich or poor.

We urge all persons and entities with outstanding tax and customs issues to move with haste in resolving these issues because we will apply the law fairly but definitively in dealing with criminal offences under our tax laws and in collecting that which properly belongs to the people of this country.

There is no better summary of the results of the fiscal consolidation programme to date than that provided by the IMF. According to the Report of the IMF on their Article IV Consultations with St. Kitts and Nevis:

“The fiscal position improved markedly in 2003-04, with the primary deficit of the central government expected to record a small deficit of ½ of one percent of GDP. The primary deficit of the central government was cut by 10% of GDP in 2003, reflecting major reductions in capital outlays, as well as improved revenue collections (largely due to strengthened tax administration) and enhanced control over non-interest expenditures.”

Similarly, the Government has been exerting every effort to actively manage its debt portfolio with a view to reducing cost and minimizing risk. For instance the IMF reports that “the Authorities have extended the maturity of the existing debt stock and lowered the cost – largely by refinancing domestic debt with external commercial debt ...”

Unfortunately, notwithstanding these improvements in the fiscal position of the Government, the IMF reports that the public debt to GDP ratio continues to rise and interest costs are also rising. This clearly indicates that we must intensify our efforts aimed at fiscal consolidation through even tighter expenditure controls and further improvements in revenue management.

PRIVATIZATION AND COMMERCIALIZATION

In addition, we must expeditiously implement policies aimed at privatization, commercialization and overall public sector asset management. In this regard, the Government will consult with the public concerning a privatization and commercialization strategy in the first quarter of next year with a view to finalizing the strategy and proceeding with its implementation by the middle of 2005. The strategy will clearly identify the assets recommended for privatization, commercialization or more effective management and will set out the methods of privatization or commercialization that would be deployed in respect of each asset, and the expected time frames for the various activities that would be necessary to ensure successful implementation of this programme.

The assets or enterprises that will be proposed for privatization or commercialization will include CEMACO, the Quarry Operations, the Development Bank, Government’s ownership interest in Cable and Wireless and in the Cable, and the Electricity Service. We have been making great progress in upgrading our electricity distribution system and in achieving greater reliability in the generation of electricity. The Crown Agents/Bank of Nova Scotia project for electricity and water development is proceeding quite smoothly and will make a huge difference in the reliability of these services. We are satisfied that

with the changes and improvement that we have made to the system, we will, in the upcoming months, be able reduce even further, if not eliminate entirely, the incidence of power outages.

However, we are convinced that the electricity would be best run as a business enterprise instead of a Government Department and we will work towards commercializing this operation within an 18-month period with a view to privatizing it thereafter. We will start with the establishment of a limited liability company that will take over the assets of the Electricity Department during the course of next year.

But resource mobilization and enhanced efficiency are not the only objectives of privatization. My Government also views privatization as an important tool for further empowering our citizens. In 1995, the people of the island of St. Kitts, in particular, were still viewed as landless. Today, about ten years afterwards, thousands of our people now own real property and over 1,600 low income families now live in their own homes through the direct involvement of my Government in the housing market.

The next stage of the empowerment process is to give our people a share- of the enterprises in St. Kitts and Nevis and to foster a culture of share ownership among our people. My Government therefore intends that in the privatization process, our people will be given first priority in the allocation of assets and shares of public sector enterprises earmarked for privatization.

We also expect the privatization strategy will strengthen the regional programme for capital market development by increasing the number of companies listed on the Eastern Caribbean Securities Exchange, and by fostering even greater participation of our people in capital markets. My Government is aware that this will require enhanced public education in financial matters, and we propose to work closely with the Eastern Caribbean Central Bank, the Eastern Caribbean Securities Exchange and the other Governments of the Currency Union to implement a wide range of public education and awareness programmes for the people of the region including the citizens and residents of St. Kitts and Nevis.

THE SUGAR INDUSTRY

An important enterprise that has been identified for restructuring and reorganization is the sugar industry. My Government has brought the issues and problems affecting the industry to the people through a very extensive programme of public consultation and I believe there is a national consensus that it cannot be 'business as usual' in the sugar industry. The main problem affecting the industry is the relatively low prices that it has been obtaining for sugar and the consequent escalation in financial losses and debts. For instance, at November 30, 2004 the amount owing by the SSMC to the National Bank and the Development Bank totalled \$307.6 million.

Indeed the depressed sugar prices are adversely affecting all sugar producers in the Caribbean. For instance for 2002/2003 period, only Belize and Guyana were able to

produce sugar at production costs below the current European Union Quota Price. In addition, no Caribbean sugar producer is able to produce sugar at a production cost below the world price of sugar. In St. Kitts and Nevis, the differential between price and production cost is exceptionally high because the relatively small size of our operations prevents us from enjoying economies of scale, and pushes the breakeven point well beyond our reach even under the most favourable production conditions.

For instance, it is estimated that in 2002/2003 the production cost of sugar in St. Kitts and Nevis was US\$1,458 per metric ton while the European Union Quota price was US\$523.70 per metric ton and the world price of sugar was US\$155.00 per metric ton. In other words, the SSMC lost US\$934.30 for each metric ton of sugar produced and sold as part of the European Union Quota.

But this is not the whole story. The European Union Proposals for the Reform of the EU Sugar Regime include a proposal for a reduction in the price of raw sugar by 37% in 2005/2006. This would carry the price of sugar below the production cost of all Caribbean sugar producers including Belize and Guyana.

Under these circumstances it is not difficult to understand why the debt of the SSMC continues to rise, and could accelerate at a meteoric pace unless there is expeditious and dramatic change at the SSMC. This problem is particularly bothersome because of its implications for the economy as a whole. Each year the sugar industry contributes about 4% of GDP to the Public Debt, and if the industry continues in its existing form, as the sugar prices fall even further this percentage would rise and could threaten the fiscal stability of the entire Country.

There can be no doubt therefore that the proposed 37% reduction in the price of sugar would carry the losses of the industry well beyond the financing capacity of our domestic banking system, and well beyond capacity of our economy as a whole. Hence, my Government has acted expeditiously and pre-emptively to call a number of emergency meetings with key stakeholders including the labour union, the SSMC management, and a number of regional organizations, to decide on an urgent and appropriate response to this most devastating development.

The consensus is quite clear and is consistent with results of our extensive consultations with the general public. We must accelerate the implementation of my Government's transition programme with a view to moving the industry away from the production and export of sugar at the end of next crop. Hence, my Government is determined that, immediately after next year's crop, the operations of the SSMC would be dramatically changed in that the corporation would be restructured to enable it to shift its focus from the manufacturing of sugar to the production of a wide range of agricultural products and services. Moreover, a number of its existing operations, including the service station and the welding and metalwork operations, would be commercialized or privatized.

Of course, my Government fully understands the very important role that the sugar industry plays in soil conservation and in aesthetic appeal of the island of St. Kitts. We

are also concerned that about over 1,000 workers continue to depend on the industry for their daily subsistence, and many of them have worked in the industry for their entire lives with little or no prospect of alternative employment. Hence, whatever course of action that we decide upon, the interest of these workers must be paramount. Many of the problems of the industry are attributable to issues arising in the international market place and we cannot therefore, ask the workers of the industry to bear the cost of these unfavourable global developments by themselves. This is the reason why my Government arranged for the workers to be paid the increase to which they were entitled so that they would be fairly rewarded for their work and effort.

My Government has therefore insisted that a key component of that transition process must be the protection of the rights of the workers and the implementation of a comprehensive strategy to ensure that these workers continue to be provided the means of subsistence. Indeed, the Cabinet has put in place a special transition team that will assume the responsibility of managing the transition process and ensuring that the workers are fairly treated.

In this regard, my Government has established certain broad guidelines that the transition team must comply with in respect of the treatment of workers. Firstly, the workers must be given adequate time to find alternative employment during which time they must be provided income. Secondly the workers must receive all benefits including Severance Pay, to which they are entitled by Law or under the terms of their employment. Thirdly, the workers who are least likely to find alternative employment must be specifically identified and given priority in the assignment of jobs relating to soil conservation, environmental protection, and the continued planting and reaping of sugar cane for alternative uses.

The transition team will also build on the efforts of my Government to develop alternative uses for sugar cane and to expedite our programme of agricultural diversification. Already the feasibility of a number of alternatives is being evaluated. These include the production of animal feed, the co-generation of electricity, and the production of ethanol and alcohol based products including rum. A number of donors including the European Union, The Caribbean Development Bank, The Food and Agricultural Organization (FAO), the World Bank, the ECCB, the OECS and UNECLAC have already indicated an interest in assisting us in the transition process. The transition team will provide an interface between the Government and the donor community and assist in the coordination of donor activities.

THE ECONOMIC GROWTH AGENDA

As we restructure the sugar industry and develop alternative economic uses for the resources currently committed to the industry, we must also seek to significantly boost the pace of growth in the other sectors of the economy. It is expected that tourism will continue to be the main engine of growth over the foreseeable future and my Government is devoting considerable effort and resources to the strengthening of this very critical industry. At present, we are in discussion with a number of hoteliers for the construction

of new hotels at various areas in the Federation, including the Southeast Peninsula, Frigate Bay, White Gate and La Vallee. At least three of these proposals are sufficiently advanced to give us confidence that construction on them is likely to commence within the next eighteen months.

There are also a number of new initiatives that will fuel the growth of the tourism sector. In particular we expect that our tourism product will be significantly enhanced by The La Vallee Golf Course under construction in the Sandy Point area, the hosting of 2007 World Cup Cricket matches in brand-new facilities at Warner Park, the Horse Race Track under construction at White Gate, the Dolphin Park scheduled for construction on the Southeast Peninsula in 2005, the construction of a new pier at Port Zante, the construction of the West Basseterre Bypass Road, the upgrading of the Airport Facilities, and the introduction of direct jet services to and from various international destinations.

The aim of my Government is the creation of a niche for our Federation in resort tourism. Hence, we will work assiduously to create and promote a high-quality tourism product characterized by opportunities for our guests to participate in a wide a range of activities including golf and various forms of entertainment, and the opportunity for our tourists to purchase villas, condominiums and residential units to facilitate their annual visits. The expansive Villa and Commercial Development Project at Potato Bay, along with a wide array of private sector villa and condominium projects currently planned or under construction, will boost our efforts in this regard.

We also expect that with the restructuring of the SSMC, more lands would be made available for agriculture and we would be able to supply the produce necessary to meet the demands of our people and of the increasing number of tourists expected to visit our shores. Of course, we also expect to enhance our export capability in agricultural products and to specifically target neighbouring islands with sophisticated tourism plants but limited agricultural production capacity. In this regard, we will identify a number of areas for farm development including irrigation and encourage more people into farming operations. Already the Con-Phipps area has been targeted for the implementation of an irrigation project and other areas will be identified shortly.

Of course, my Government will continue to market a range of financial services to the international community and we plan to place particular emphasis on segregated companies and private foundations. We will take full advantage of the presence in our Federation of the Eastern Caribbean Central Bank, the Eastern Caribbean Securities Exchange, the Eastern Caribbean Home Mortgage Bank and a number of other regional financial institutions, to establish St. Kitts and Nevis as a leading regional and international financial centre.

My Government will continue to support manufacturing activities, focussing primarily on high value-added processes that can pay wages and salaries consistent with the stage of development of our Federation. In this regard, a new industrial park will be opened in the Conaree area during the course of next year. This park will also support Information Technology enterprises which we expect will play an important role in generating

economic growth over the medium term. The liberalization of the Telecommunications Industry will not only give rise to new telecommunications enterprises but it would also facilitate the development of the Information Technology sector.

MODERNIZATION AND REFORM

We are convinced that these plans and programmes will significantly boost the rate of economic growth in St. Kitts and Nevis and accelerate our march to the new society that we striving to create here in our beloved Federation. But if we are to secure our economic and social gains, we must continue to strengthen our democracy and foster greater participation in the social, economic and political life of our Nation. We are truly proud that our recent elections were observed by a Commonwealth Expert Team who concluded that “Our overall judgement, notwithstanding the concerns we have enumerated, is that the election was credible and that the result reflected the will of those who voted.” At the same time we cannot afford to sit on our laurels.

Democracy and good governance will continue to pervade all aspects of Government operations. In this regard, my Government is determined to pursue comprehensive and unified modernization and reform project that would embrace constitutional reform, electoral reform, boundaries revision, and public sector reform. As part of this process, we intend to put to bed the issues that divide the policymakers in the islands of St. Kitts and Nevis. Similarly, we intend to draft new election laws and put in place a new voter registration and identification system that would prevent any political party from using the electoral system as an excuse for their performance at the polls.

In pursuing constitutional reform and in modernizing the electoral system that has been in place for the past six elections, we intend to engage in extensive consultations with all political parties, non-governmental organizations and the public-at-large. We will also seek technical assistance from regional and international organizations, including the Commonwealth, with a view to ensuring that the proposed changes not only take cognizance of our unique culture and history but also conform to international norms.

In respect of public sector reform we propose to streamline the processes of Government and give the various Ministries and Departments a greater customer focus. Moreover, those areas of Government operations that may be more efficiently run as business enterprises will be commercialized or privatized so that our public servants would now be able to devote a larger portion of their time and energy to core Governmental activities.

It is worthy of note that a reform programme is currently underway at the Customs Department. It includes the development of a code of ethics, the revision of the system of performance appraisal, the revision of the organizational chart to give greater weight to strategic planning and control, and the complete modernization and re-engineering of the operational processes. We expect to replicate a number of the reform activities in other Ministries and Departments and thereby give greater momentum to the public sector reform programme.

The restructuring of the ministerial portfolios just after the recent General Elections represents an important element of our public sector reform initiative. In particular, the combination of portfolios assigned to the Ministers have been fashioned to exploit synergies between various Government operations, to enhance the efficiency and effectiveness of each Ministry and to ensure that there is greater focus on areas deemed critical to the continued development of our Federation.

For instance, Technology has been included in a central Ministry, the Ministry of Finance, Sustainable Development, Technology and Information, because we expect technological development to pervade all aspects of Government operations, and it is our intention that this Ministry will play an active role in promoting international competitiveness by fostering innovation through the use of appropriate technology throughout the entire Federation.

Already the Government is leading by example. The Accountant General's Department is introducing a new computer network that will revolutionize the way in which the financial operations of the Government are conducted, and will strengthen the system of budgetary and accounting control. With the introduction of this new system, the use of paper will be reduced dramatically and financial transactions originating in the various Ministries will be updated and processed at the Treasury in real time. A similar project is being undertaken to upgrade the computer system at the Customs Department. This system would not only enhance the valuation, auditing and intelligence functions of the Customs Department but it would also provide additional convenience to our importers by allowing our enterprises and brokers to submit customs entries electronically in real time.

Moreover, this Ministry will work with the Development Bank to construct modern fully serviced 'smart buildings' that will act as incubators for information technology enterprises, by providing them rented space with appropriate networking and telecommunication facilities to support the development and operation of these enterprises.

The portfolios of Planning, Development, Environment, and Lands have been combined into a single portfolio - Sustainable Development. This has become necessary because, as we move away from sugar production, land use management will become an extremely critical component of development planning. We are determined that any land taken out of sugar cane production must be put to better use and must enhance economic growth and development in our Federation. In addition, the issues of soil conservation and environmental protection will become even more critical as we take more and more land out of cane. Hence, my Government would wish to ensure that the protection of the environment be given due weight in all aspects of development planning and land use management.

This newly created Ministry of Sustainable Development will also take up some new challenges including development of a programme to reduce our dependence on fossil fuels through greater efficiency in the use of energy and the evaluation of the feasibility

of alternative energy sources including wind energy, geothermal energy and the use of sugar cane for the co-generation of electricity. We do not expect to commit much more human resources to this Ministry to enable it to carry out its enhanced functions. This is because there has been some overlap in the functions of the Ministry of Lands, the Ministry of Environment and the Physical Planning Division. The inclusion of all of these functional areas under one Ministry will eliminate duplication and waste, and promote greater efficiency.

Foreign Affairs, International Trade, Industry and Commerce have been combined under a single Ministry. This is because as globalization takes hold and as we are called up to participate in a whole range of negotiating forums including WTO, Cotonou Arrangement, the FTAA, CARICOM and the OECS, our overseas representation must focus even more keenly on economic and trade matters. Hence, the combination of International Trade and Foreign Affairs facilitates greater coherence in external representation and in international trade and foreign policy. It would also allow for the better utilization of our scarce human and technical resources in this important area.

Industry and Commerce are also included in this Ministry because we believe that in the current international economic climate, the interest of our business enterprises must exert even greater influence on our international trade and foreign policy. In particular, as we proceed with the implementation of the Protocols that are bringing into being the Caribbean Single Market and Economy, we must ensure that our enterprises are positioned to obtain maximum benefits from participation in the region-wide market.

Indeed, this Ministry will be expected to play a key role in facilitating public sector-private sector dialogue. As Government streamlines its operations and focus on core Governmental activities, the private sector will be expected to play an even greater role in national development. My Government has ensured that, through its Cabinet appointments, the voice of the private sector resounds with even greater clarity at the highest levels of Government. There can be no stronger indication of the seriousness of my Government's quest to foster even tighter and closer private sector- public sector partnership.

Education, youth and social development have been placed under one Ministry. This is to ensure that many of the cross-cutting issues of relevance to young people are properly addressed. The issue of youth crime, for example, requires both educational and social initiatives specifically targeting our young people.

The creation of a crime-free environment occupies a prominent place among the policy objectives of my Government. We are convinced, however, that unless we are able to confront many of the problems faced by our youth, our efforts at crime eradication would only be addressing the symptoms and not the root cause. We have noted, for example, that although our education system produces some of the brightest and finest young people of the entire Caribbean region and indeed, the entire world, there are too many young people who do not make it through the system, and who end up on our streets with

a sense of despair and hopelessness, which is soon translated into cynicism, rage and criminal behaviour.

This Ministry is therefore charged with the responsibility of implementing a comprehensive CDB-funded project aimed at bringing hope to the youth at risk. It will seek to expeditiously identify and correct learning deficiencies of primary school children and thereby improve their chances of successfully passing through the entire education system. It would provide enhanced counselling for children in our schools that would assist them in dealing with emotional issues and in choosing subjects and activities that best suit their interests, aptitudes and capabilities.

The officers engaged in social development in the Ministry will be expected to enhance their probation services, provide additional counselling for young people out of school, provide training for parents, and protect children from child abuse. The Ministry will also identify children that have not made it through the school system and assist them in finding employment. In this regard, we intend to use the Hospitality Training Centre at the Clarence Fitzroy Bryant College to prepare them for jobs in the growing tourism sector of the economy. This would be part of a general skills development programme that would be geared towards helping young people make the transition from school to the work place as smoothly and expeditiously as possible.

Even with our best efforts some young people will find themselves in trouble with the Law. We are determined, though, that they would not be allowed to intermingle with hardened criminals in our prisons. Hence, as part of the Youth-at-Risk Project we will construct a co-ed facility to facilitate their training, rehabilitation and return to society as responsible, productive and decent citizens. We expect that these measures will help to suppress criminal activity dramatically over the medium-term, and will support the efforts of the Ministry of National Security to enhance the human, infrastructural and technical resources of our security forces with a view to intensifying the fight against crime.

Of course the Ministry must also carry out the poverty reduction programmes of the Government and give due emphasis to improving the living standards of the poor and vulnerable groups in our society, including the elderly and disabled. The Ministry will also implement Government's strategy aimed at achieving gender equity and consolidating the gains made by women in all sectors of our economy. The overarching development objective of my Government continues to be the elimination of poverty and we believe that this Ministry is well placed to continue the fight against poverty and to sever the links between poverty, incomplete schooling and crime.

We know that if we are to carry the reform and growth agenda forward, we must intensify our human resource development efforts. Hence, we will commit more resources to training and personal development programmes. Moreover, my Government is committed to the view that no Kittitian or Nevisian should be denied access to University education because of limited funds. We will therefore proceed immediately

with the introduction of a Higher Education Loan Guarantee Scheme to give interested persons access to the funds required for the pursuit of tertiary education.

CONCLUSION

In closing, I invite all of our citizens to come together in peace and harmony and play their part in building a new St. Kitts and Nevis. The future seems bright and our chances for success are exceedingly good, but only by acting together in unity we can truly push hard against the wheels of human progress and confront challenges and risks that we encounter as a Nation.

The programme of development that I have outlined here today is comprehensive and creative and it will accelerate the social economic transformation process that my Government has initiated. It contains a range of opportunities for our people to contribute to the nation-building process and at the same time pursue their own goals for personal advancement. I urge every Kittitian and Nevisian to identify his or her own niche in this comprehensive development agenda and take up the challenge of converting opportunity into achievement.

May the Almighty God bless us all.