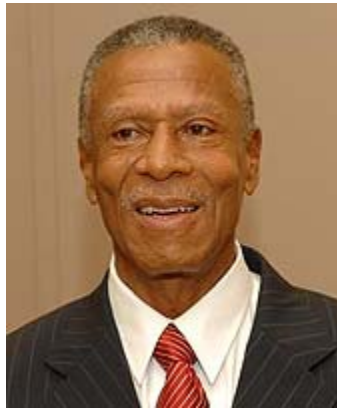




OFFICE OF THE PRIME MINISTER



**ADDRESS TO THE NATION BY PRIME MINISTER HON. TILLMAN THOMAS
AT TOWN HALL MEETING,
GRENADA TRADE CENTER
MARCH 31ST, 2009.**

"Fellow Citizens, Good evening

Once again I am delighted to address you on issues of national importance. This address is in keeping with our commitment to continuously engage you, and to keep you informed as we implement our plans to rebuild our beloved Country for the benefit of all.

We also pledged regular and active consultations. So this is why we are here this evening to engage you the people in an interactive and consultative forum.

A PERIOD OF TURBULENCE

Ladies and gentlemen, we live in a time of turbulence.

During the past two years, the world has experienced a series of crises which has severely affected the way of life of all peoples everywhere. A food crisis, a fuel crisis, a financial crisis and now an unemployment crisis is now sweeping through all countries of the world. Every one is at risk as we endure this very unusual situation. Indeed, even here in Grenada, there are some families where both breadwinners who only a month ago had good paying jobs are now on the breadline.

We in Grenada, and indeed all of us in the OECS, have felt the impact particularly through price increases in virtually everything. Thankfully, fuel prices have fallen in the past few months. Furthermore, many have experienced a reduction in much needed monies sent from family members living overseas. As we sat in our homes and viewed the financial turmoil in the United States, many were unaware that very soon, we would also be addressing a similar crisis in our front yard.

However, recent developments with CL Financial demonstrate that we are vulnerable to the global crisis as many Grenadians have invested very heavily in that company and its affiliates.

I wish to assure persons affected that your Government, in partnership with other Governments across the region, is working to resolve this issue. It is a regional problem and requires a regional solution. I expect to provide more information on this issue very soon.

Already the Government of Trinidad and Tobago has moved expeditiously to address this situation. The government of Barbados has also taken certain steps. Further, our regional regulators are now working together to ensure better regulation of the insurance sector in our region.

We in Grenada have also begun to feel the effects of the economic downturn. Most of the large tourism development projects have slowed down or stopped due to a lack of financing. Tourist arrivals have declined, bank liquidity has tightened and some jobs have been lost.

In addition, we have also found ourselves saddled with burdens inflicted by the previous administration. On assuming office, we found unpaid claims of EC\$ 53 million to suppliers of building materials and local building contractors, truckers, caterers, and other suppliers. Of this sum, \$37.0 million was accumulated in the 60 days leading up to the general elections.

In an attempt to ensure that our local businesses continue to operate on a stable footing we immediately moved to satisfy their claims and reduced this figure by EC\$41 million by the end of December 2008. We still have EC\$ 12 million more to pay.

During 2008, EC\$ 28.0 million in back pay alone was paid to public servants and teachers. Government pensions were also increased.

At the same time, increased monthly interest payments on loans restructured by the NNP government are also being paid. Moreover, these interest charges continue to mount with every passing month.

For example, in 2008, interest payments were \$8.0 million. In 2009, interests payments will be \$18.0 million. Earlier this month, on March 15th Government made a major payment of \$9.0 to service these restructured debts. The fulfillment of these commitments, together with the ongoing monthly obligations of wages, salaries and pensions, have put tremendous pressures on our cash flow.

Yet in the face of all these challenges, your government has taken several bold and decisive steps aimed at stimulating economic activity, alleviating the cost of living and easing the burden of the poor and vulnerable.

Permit me to state for the record some of the things that we have done so far.

- We have removed the National Reconstruction levy putting back \$ 10.0 million of disposable income in the hands of ordinary Grenadians.
- We have offered a tax amnesty to give businesses and individuals a chance to make a fresh start.
- We have implemented the Free School Books Program at a cost of \$10.0 million.
- We have increased the monthly allowance under the Public Assistance Program from \$150 to \$200.
- We have also given tax credit opportunities to hoteliers and developers in the tourism sector who assist with our Airlift Program.
- We have extended tax credits to businesses for approved Human Resource development and training.
- We have granted concessions to all Grenadians under the duty free barrels programs effected in the months leading up to Christmas.
- We have reached an agreement with the bus owners to offer a reduction in taxes on tyres for buses.

All of these actions have contributed towards easing the financial burden on all our citizens and are completely in line with the commitments given in our election manifesto to the people of this country.

These efforts by your government have been recognized and applauded. Only one week ago the International Monetary Fund (IMF) had this to say about our efforts: I quote: ***“Reflecting the strong measures, taken after the new Government took office in July 2008, the authorities have made significant progress with their economic program, including a sizeable improvement in the fiscal balance. The mission welcomed the government’s success in bringing down the large stock of unpaid claims (domestic arrears).”***

As a result of our demonstrated commitment and progress, the IMF mission has indicated their intention to recommend that we have successfully completed the third review. More importantly, this recommendation will lead to a higher disbursement of funds. Indeed, subject to IMF Board approval, we expect the disbursement to Grenada to double to approximately \$25.0 million this year. Further, our good performance would unlock approximately \$20.0m in grants from the European Union.

Fellow Grenadians, these funds were denied to the NNP administration as they failed to perform. Yet, while all this have helped, life remains quite challenging for most Grenadians.

Ladies and gentlemen, in this extraordinary crisis we are challenged to come up with extraordinary responses.

GOVERNMENT IS MOVING TO IMMEDIATELY STIMULATE THE LOCAL ECONOMY

In recent weeks, the Cabinet of Ministers have been engaged in a very detailed and disciplined review of the economic and social situation in the country aimed at creating spending power, increasing investments, stimulating economic growth and improving welfare. As part of that exercise, we undertook a complete strategic review of the Public Sector Investment Program and we evaluated the State Owned Enterprises, paying particular attention to their investment plans for 2009-2010.

In collaboration with the Grenada Industrial Development Corporation (GIDC), we carefully reviewed all private sector projects so as to identify their true status, and in particular, the actual and potential bottlenecks that may impede their timely implementation and completion.

Ladies and gentlemen, as a result of these exercises, I wish to announce the following package of measures aimed at stimulating the national economy and arresting the economic decline brought on by the global crisis. Starting yesterday, Monday, the Ministry of Works commenced implementation of the Road Improvement and Maintenance Programme.

Under this program, seventy five (75) gangs comprising of five (5) persons each- for a total of 375 persons will be employed on a monthly basis-over the next eight months to maintain our roads. These teams will be rotated monthly to ensure that the widest cross section of unemployed persons get an opportunity, to support themselves and their families. The total injection from this program would be \$3.0 million.

It should be noted that this program is not intended to, and will not replace the De-bushing program, which shall continue to run in the months of August, November and December. A total of 275 additional gangs of seven persons each (for a total of 1925 persons) will be employed in each of the three months to de-bush our roadways. It is intended that the injection for this program shall be \$3.5 million

Commencing in the third week of April, the Ministry of Agriculture will initiate the Farm Labour Support Programme aimed at revitalizing the agricultural sector through the provision of labour for specially targeted farms and agricultural activities.

Specifically, this program will center on the clearing and replanting of cocoa and nutmegs on the government estates. Similar assistance will be provided for the revitalization of cocoa, nutmegs and the fruit sub-sector to the general farming community.

There will also be a focus on the development and maintenance of the propagation stations at Ashenden, Boulonge and Maran as well as the repair and maintenance of some farm and feeder roads. This program will run for a period of 12 fortnights with 4 batches of workers hired for 3 fortnights per batch. A total of 792 people will be hired in this program over the 12 fortnights. The allocation for this program is \$2.5 million

In an effort to create short term employment and at the same time rehabilitate many of the Government buildings that have remained in a state of disrepair since the ravages of Hurricane Ivan, a building renovation initiative will be undertaken. In this regard, priority will be given to the

health and education buildings. Work will shortly begin on the refurbishment of Duncan's Ward at the General Hospital. In addition, a new Health Centre shall be constructed in Gouyave.

The Ministry of Works will also soon commence work on the Bishop's College, Carriacou, Calliste Government School and phase 1 of the St. Mary's Roman Catholic School in St. Andrew. These projects will cost approximately \$1.7 million and create at least 225 jobs in 2009.

In St. David, \$ 1.5 million will be spent on the La Calome Housing Project for the completion of infrastructural works. This will create several jobs and in the end provide badly needed housing for 100 families.

In addition, the Ministry of Youth Empowerment, Sports and Culture will establish night lighting facilities in at least one playing field in each parish at a cost of \$600,000.

SOCIAL PROGRAMS

Ladies and gentlemen, government stands prepared to increase the number of persons eligible for assistance under the Public Assistance Program from the present 4000 to 4600. It should be noted that this process will take place throughout the remainder of the year as the audit of the list continues.

The Ministry of Social Development is presently undertaking a field survey to identify all eligible persons not presently on the list so as to ensure that the neediest persons do not fall through the cracks.

Importantly, detailed plans are afoot to commence the Skills For Inclusive Growth programme in September 2009. Under this program at least 300 young persons will be trained annually over the next four(4) years.

Investments by State Owned Enterprises

Within the next 3 months NAWASA will commence a \$20 Million water supply project from St. David to St. George's. At least \$8.0 million will be spent this year on that project . It is expected that 65 jobs would be created.

Private Sector Investments

In order to advance private sector projects, cabinet has established a **Business Facilitation Committee** to meet with the developers on an ongoing basis to identify and assist in removing bottlenecks in the way of implementation and completion of these projects. This Committee will be chaired by the Minister for Finance and include other senior Government Ministers and officials. It shall also include representatives of key business facilitating institutions.

At this moment, Government is engaged in negotiations with a foreign bank aimed at assisting one or more of the developers in raising concessional financing for their projects. Given the special disadvantages in the rural areas at this time, Government has decided that special consideration should be given to attracting businesses in the rural community.

Small Business Development

Ladies and gentlemen the small business sector is pivotal in the provision of local goods and services to the public. This sector accounts for over fifty percent of all employment. More importantly, it provides numerous opportunities particularly for our young persons to realize their dreams to convert a business idea into commercial reality. As a result, government is committed to giving its fullest support to this sector.

In the month of May 2009, the small business entrepreneurs' programme will be launched. This programme will provide finance, training and outreach services by the Business Development Center of the Industrial Development Corporation.

The programme aims to provide financial assistance to a targeted number of one hundred (100) small entrepreneurs to assist them in starting new initiatives, and or improving their current business. The sum of \$1.0 million is being injected into this program.

I want to make a special appeal to those persons who have been laid off their jobs but have a good business idea to take up the challenge. You may well be the world's next Microsoft.

Many in the business community have welcomed our tax amnesty and are responding positively. However, there have also been calls for an extension. As a result, I wish to announce that this amnesty will be extended to the end of **April** 2009 with certain conditions. It is hoped that this extension will be maximized by those who are yet to do so.

The Rural Economy

In collaboration with the European Union and a local financial institution, we will be launching a rural credit scheme to provide support for many farmers to increase dramatically local production of fruits and vegetables.

Within the next month, the Marketing and National Importing Board (MNIB) will launch a Market Guarantee Scheme to provide support for our farmers to dramatically increase local production of fruits and vegetables. This programme will be a joint effort by the MNIB, the Ministry of agriculture and targeted farmers. Under this programme, the MNIB will be charged with providing market intelligence and guaranteeing the badly needed market for the produce of our farmers.

Specific fruits and vegetables have been identified for both local consumption and export under the scheme. We view this initiative as fundamental to the achievement of our food security goals, the generation of foreign exchange and the provision of employment to our farmers. The sum of \$1.0 million is being injected into this programme.

NATIONAL SECURITY

Ladies and gentlemen, as minister responsible for national security, I have to report that our RGPF has been doing a significantly improved job. I wish to commend them. However, in difficult economic times there are those who may be attracted to a life of crime. I want to take this opportunity to urge all citizens to be our brother's keeper. We need to pay attention to our surroundings, seek each other's interest and to collaborate actively with the police.

WE WILL GET THROUGH THIS PERIOD BY UNITY AND SHARED SACRIFICES

Ladies and gentlemen, if we are to fulfill the plans outlined above, we need to work closely together as a nation. The need for a multipartite approach is greater now more than ever in this crisis. For this to happen we must arrive at a consensus hammered out on the basis of mutual trust and respect for all stakeholders.

We must build a social pact in which we all recognize the need for unity and shared sacrifice. That pact should address all critical areas of concern to the social partners. At the end we must enter into a social protocol that will guide our conduct for the next three years. This will be brought before the Parliament and passed by way of resolution

Fellow Grenadians, the survival of this crisis requires bold actions.

We articulated a vision and plan and we will pursue them vigorously to improve the well being of all Grenadians. With your support and commitment, we will surmount all challenges. We are a resilient people who have demonstrated the courage and fortitude to overcome adversity. We demonstrated that before and as recent as in 2004 when we rebuilt our homes and lives after hurricane IVAN.

We will do it again.

With our leadership, we will reposition Grenada to take-off when the economic tides turn. I urge all of you to be patient, to persevere and to commit to rebuilding Grenada for our families, our communities and our continued prosperity.

May God Bless Grenada

I thank you”