

24th March 2020

Honourable Dominic Fedee

Minister for Tourism, Information and Broadcasting, Culture and Creative Industries
3rd Floor, Sir Stanislaus James Bldg.
Waterfront,
CASTRIES

"This rather uncertain time is making people very nervous about their investments, whether its Carnival, whether its tourism, there is an economic fallout as well as a health fallout and so what we're trying to do, while we are prioritizing the health situation in the country making sure St Lucians are safe first and foremost, we're also trying to see how we can cushion the blow as much as we can." Hon. Minister for Tourism, Information and Broadcasting and Creative Industries, Saint Lucia

Dear Minister Fedee,

Stimulating Economic Recovery from COVID 19 Shocks

As you are aware and have stated yourself, these trying times are affecting all tourism related enterprises in a devastating way. International experts are surmising that the shocks of COVID-19 will have more globally disruptive impact on commerce, human behavior and social stability than any other catastrophe in modern history.

With every passing day, the international economic stagnation and the ripple effect it is having on small, medium and corporate enterprises in Saint Lucia is becoming more worrisome. Alas, our faithful team members and their families are also impacted by the fallout.

The SLHTA has been working tirelessly with other Private Sector Associations to present a number of recommendations for immediate response by Government agencies to cushion the blow on our displaced workforce. Even while we await

these urgent responses, the industry -whilst having no choice but to downsize dramatically- is moving swiftly to provide care packages to displaced employees, support employee premium payments for medical insurance, rotate existing team members where still possible, offer paid vacation leave and, in some instances, access to counseling and support services to get them through this crisis.

We stand in solidarity with you to call for the establishment of an unemployment benefits scheme to ease families through this most difficult time and have already made some practical suggestions in this regard to you, the Prime Minister and Minister of Labour. We will further pursue this urgent and critical issue in a separate communication to ensure that a decision can be reached as soon as possible.

We wish to emphasize how urgent and critical it is for government to present an unemployment scheme as quickly as possible as workers have already been laid off and the sooner this is addressed it will allay fears, anxieties and apprehensions.

As you will read below in our recommendations, businesses which have been financially able or received support from their individual banks to pay out worker benefits wish to know if a tax credit will be made available in the future to offset this support.

We are mindful of the diversity of our industry and the dependence of other micro businesses such as entertainment, art and crafts, beach vendors and other SME's such as duty free shops, restaurants etc. on tourism activity, all of which find themselves in dire straits.

Further to your advice at our meeting with you on Friday 13th March 2020, the SLHTA has canvassed our members to obtain recommendations and present to you for consideration, a suite of economic relief actions aimed at giving the private sector a head start on recovery, post COVID 19.

We wish to obtain an audience with yourself and the Minister of Finance via teleconference to discuss the following stimuli which should be provided to the private sector:

Our suggestions present the collective effort of our diverse membership and their contributions:

1. Through a strategic arrangement with airlines, reduce landing fees and facilitation charges at Hewanorra International Airport and ensure these savings to the airlines are passed on to the end consumer, thereby triggering a reduction in cost of flights to Saint Lucia to approximately \$400-\$500 US dollars per pax from 1st May 2020 – 30th November 2020. Consideration should also be given to reduction of facilitation fees
2. Provide Duty Free waivers on all construction materials and cleaning equipment not produced locally, so that firms can invest in refurbishment works over this zero occupancy period. This should be retroactive, to commence from 1st March 2020 to 30th November 2020.
3. Six-month moratorium of principal and interest on all existing loans and mortgages for individuals and businesses who are directly impacted by COVID-19 and facilitate the non-accrual of interest during the moratorium. This adjustment should be revisited at the end of the 6-month period based on economic performance and outlook.
4. Provide duty-free concessions to ALL independent restaurants and hotel restaurants on a basket of goods which are NOT produced in Saint Lucia and which could include:
 - a. Vodka, Wines and Scotch
 - b. Meats (not including Chicken and Fish)
 - c. Imported Shellfish

5. Expand Corporate Tax Holiday to ALL non-accommodation enterprises for up to 3 years.
6. Defer payment of utilities (electricity, water and telecommunications) for three months starting 31st March 2020, and spreading the outstanding amounts due, over a 6-month period starting 1st July 2020. Reduction of tariffs that apply to utilities and fuel (telecoms, electricity, gas, lpg etc.) Only companies and private consumers whose bills are paid up to 29th February 2020 would be eligible for this facility.
7. Suspend disconnection of all utilities for 12 months
8. A further support measure would be to immediately pass on any savings incurred by Lucelec as a result of oil prices reduction on the international market, to the private sector. These reduced prices should be locked in for a 24-month period.
9. Provide a dollar for dollar tax credit to all companies who have extended assistance and provided benefits to employees from 13th March 2020 – 1st July 2020. The tax credit would be to the value of the amount expended in assistance.
10. All Government owned property management companies to provide a moratorium or discounted rent retroactive 1st March 2020 – 30th November 2020. Considerations for adjustments should be provided for lease charges for office space, rent of land and premises at the Airports, port fees and other operating fees billed by SLASPA and Invest Saint Lucia (Point Seraphine Shopping Complex, La Place Carenage etc.)

11. Delay the Accommodation Head Tax for at least 12 months. It is apparent to us that the global recovery will be a slow process and businesses will not be able to come back full force until late fall.
12. Cap Brokerage fees for imports to less than 0.05% of value for one year.
13. Exempt locally produced items from VAT charges from 1st April 2020 – 31st December 2020
14. For the cruise dependent sector, establishment of a low interest loan facility for working and reinvestment capital.
15. Duty free concessions on imported tourism transportation vehicles and parts no older than 5 years.
16. Suspend PAYE for all professionals whose employment status and salaries have been directly impacted by COVID-19 for 6 months
17. Marketing consideration and support to be provided to small and medium sized firms seeking to promote their offerings in the international market. This could be in the form of an allocation for the dedicated marketing of small businesses which traditionally have struggled to gain market penetration. In the post COVID19 period the uniqueness of the destination will be an important distinguishing factor that must be promoted like it has never been promoted before and this could be the perfect way to achieve this goal.

This stimulus could be in the form of a grant, a soft loan or some other financial instrument that is used to promote a collection of local vacation experiences that showcase Saint Lucia's unique culture, history & cuisine, with the intention of creating economic sustainability rather than just relief from the ravages of COVID-19.

18.Suspend property taxes for 12 months

19.Suspend NIC contributions for all companies who have had to suspend trade as a result of COVID-19 for 6 months

Coupled with a temporary VAT reduction strategy, a stimulus package to local manufacturers and a strong buy local campaign, the SLHTA believes that these actions will spur investment, hasten employment, generate consumption and allow the destination to have an aggressive presence in the marketplace, post COVID 19, when we believe many other destinations will be discounting heavily to attract visitors.

We expect to write under separate cover, our recommendations for a marketing strategy to enhance the visibility of the destination and our offerings.

We understand that this is an extremely difficult and unprecedented situation and we stand ready to participate in any stimuli task force the Government may see fit to establish. Our Board of Directors and TEF Trustees are brainstorming how initiatives could be created that would stretch throughout the grass roots level in an effort to not leave anyone behind.

I thank you for your swift attention to these recommendations and look forward to your response.



Karolin Troubetzkoy
President
SLHTA

Cc: Prime Minister
Minister for Commerce