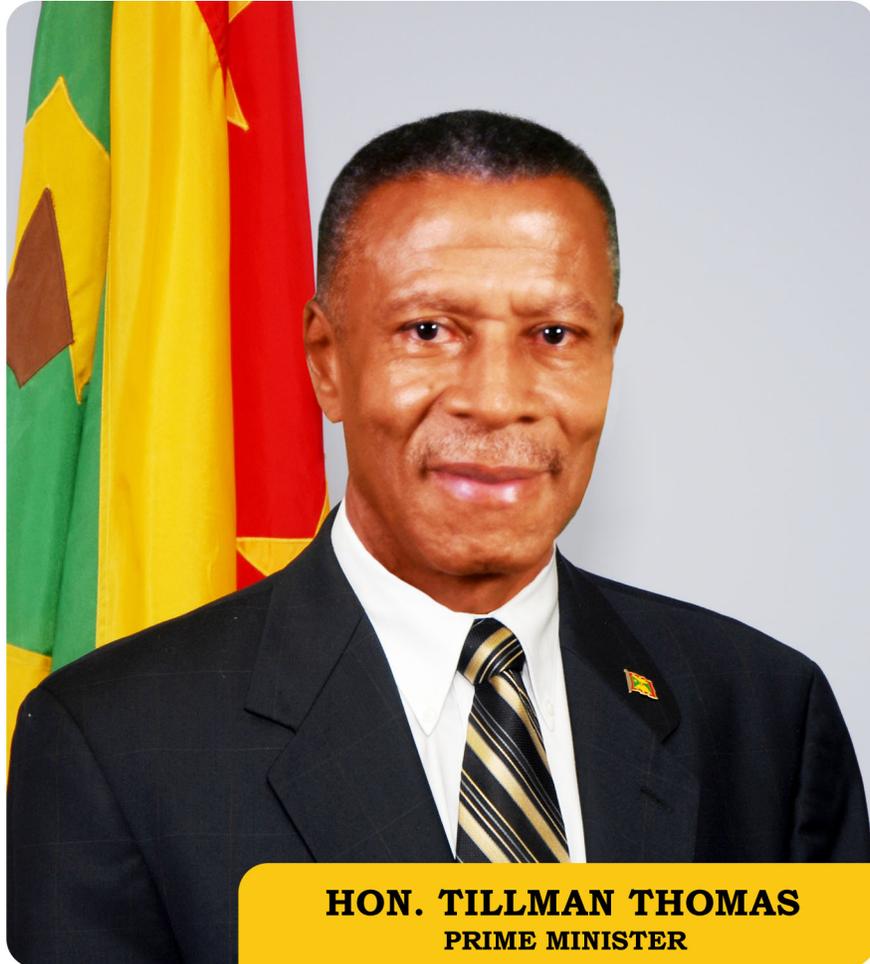




**GRENADA**



**HON. TILLMAN THOMAS**  
**PRIME MINISTER**

***Address to the Nation***

**Thursday, July 9th, 2009**



## **ADDRESS TO THE NATION** **by Prime Minister Tillman Thomas**

Ladies and gentlemen, fellow citizens, it is with a sense of duty that I am pleased to address you on the completion of our first year in office following our historic victory at the polls last July.

This is in keeping with our stated commitment to keep you constantly informed about our work in government. With humility, I wish to thank you for your confidence placed in the National democratic Congress and our vision for the growth and development of our beloved country.

We promised good governance;  
the restoration of integrity;  
the renewal of hope;  
inclusion;  
tolerance and fair play  
and the building of our country together for the benefit of all.

Ladies and gentlemen, the world we now live in is considerably different from that of July 2008 when we assumed office. During that relatively short period, the world economic situation has changed significantly. There are major declines in almost all economic sectors. A series of crises, have resulted in major economic declines and massive unemployment throughout the world.

What is even more disconcerting however, is that the crisis is still deepening particularly for us in Grenada and the wider Caribbean. Given the current structure and openness of our economies, we are extremely vulnerable to external shocks and circumstances.

Typically, the full impact of any economic trauma in the developed world is always felt months after in our area. As a consequence, is it expected that the full extent of the crisis will affect us for a while to come.

These are the realities with which our new government has to contend with. These crises come at a time when our country was already burdened by a growing public debt.

A debt that was created by irresponsible borrowing and in many cases mismanagement. With a debt to GDP ratio of 107%, Grenada is amongst the most heavily indebted economies in the world. As a result, we enjoy very little fiscal space to pursue our socio-economic objectives.

When ninety cents of every dollar goes to debt servicing and meeting salaries, there is very little left to provide basic services.

This means that to grow our economy and to provide improved services to the public, we will have to borrow responsibly to stimulate our productive sectors. Compounding this situation is the fact that we are a poor small country. A recent study commissioned by the Caribbean Development Bank and the government of Grenada reveals that the rate of poverty stood at 37.3% as compared to 32.1% in June 1998.

This study clearly indicates that our poverty situation worsened over the last ten years. Upon assuming office we took the firm view that urgent steps must be taken, as a matter of priority, to reduce the cost of living, to create a more robust safety net for the most vulnerable members of our society and to place our economy on a sound footing.

Ladies and gentlemen, permit me to quickly remind you of some of the things that we have already done. Things that we indicated and promised that we will do.

- We have removed the National Reconstruction levy thereby putting back \$10.0 million of disposable income in the hands of ordinary Grenadians.
- We implemented the Free School Books Program at a cost of \$10.0 million. This saved families money that can be spent on other priorities.
- We changed our fuel pricing structure to allow consumers to benefit frequently from price changes.
- We increased the monthly allowance under the Public Assistance Program from \$150 to \$200.
- We granted concessions to all Grenadians under the duty free barrels programs effected in the months leading up to Christmas. Over 4,500 persons benefited from this programme.
- We have offered a tax amnesty to give businesses and individuals a chance to make a fresh start.
- We also gave tax credits opportunities to hoteliers and developers in the tourism sector who assisted with our Airlift Program.
- We extended tax credits to business for approved Human Resource development and training

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- We created a national scholarship awards committee to remove political influence in the award of scholarships.
- We restructured the youth programme to make it more meaningful. Young people will be given an opportunity to acquire a skill for life and the requisite certification that will enable them to work anywhere in the Caribbean.
- We have restructured the police force giving it full independence to increase its level of professionalism and to discharge its obligations in the pursuit of effective national security.
- We have restructured our safety net programmes to better serve the needy.
- We have so far significantly restored Grenada's credibility within the international environment as a responsible government. At the same time we have forged new relationships with non traditional friends and consolidated previous ones.

Negotiations are ongoing with over seven countries to bring opportunities to secure investment, educational and other opportunities for our people.

- In collaboration with the European Union and a local financial institution, we have launched a rural credit scheme to provide support for many farmers to dramatically increase local production of fruits and vegetables.
- The Marketing and National Importing Board (MNIB) in collaboration with the Ministry of Agriculture launched a Market Guarantee Scheme to provide support for our farmers to dramatically increase local production of fruits and vegetables. Under this programme, the MNIB will be charged with providing market intelligence and guaranteeing the badly needed market for the produce of our farmers.
- We have begun to reach out to our Grenadian diaspora around the world in a structured way to incorporate and involve them in nation building.
- We have commenced boundary delimitation talks with the government of Trinidad & Tobago. This will allow us to pursue gas exploration and other marine activities. We are also discussing the introduction of a ferry service between our countries to enhance the movement of goods and people.
- We have opened a Trade and Consular service office in Port of Spain to deepen trade possibilities and to provide services to the many Grenadians in that country. The government of Trinidad & Tobago allocated a building for our use since 2003 and it took an NDC government to make use of this facility.
- We are completing the La Calome houses for distribution after many hiccups and delays. In Carriacou, we have been able to harness the goodwill and maroon spirit of the people to collectively construct homes for the needy.

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Ladies and gentlemen, at the outset, we have determined that a major priority was to strengthen our economic management and to build a platform for sustained prosperity. Accordingly, upon assuming office our government moved with discipline and urgency to establish a debt management unit, a waste reduction unit, to improve the efficiency of revenue mobilization and to lay the foundation for sound economic management.

Already, our efforts are being recognized and applauded. In March 2009, while on a visit to Grenada, a delegation from the International Monetary Fund (IMF) had this to say about our efforts and 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. End of quote.***

**Further, the IMF mission welcomed the government’s success in bringing down the large stock of domestic unpaid claims .**

That action ensured that many small businesses were able to keep afloat.

In the month of March, in the face of the deepening crisis, the Government of Grenada undertook a very detailed and disciplined review of the economic and social situation in the country aimed at developing a package of stimulus to navigate this turbulent period.

The objective of this review was as follows:

- To raise the level of economic activity by stimulating in particular, the productive sectors of the economy including tourism, agriculture, fisheries and light manufacturing for the purpose of generating employment, foreign exchange, and enhancing food security;
- To stimulate the construction sector, given its capacity to generate significant short term employment;
- To preserve existing employment and create new employment opportunities, recognizing the relationship between unemployment and poverty and the attendant risks of social dislocation, particularly among young people;
- To provide well targeted safety nets to protect the most vulnerable members of our society from the effects of this crisis
- To ensure the continued education and training of our workforce, especially our youth so as to better prepare them for the job market and the competitive global environment in which they are required to live.

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- To maintain a stable industrial relations climate, recognizing its importance to overcoming the present crisis
- To maintain a sense of hope and optimism and confidence in our ability, working together, to overcome this crisis stronger and more united than before it began.

So far the measures adopted have served to stabilize our situation.

On Tuesday of this week, our government launched the small business entrepreneurs' programme. 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 small entrepreneurs to assist them in starting new initiatives and or improving their current business.

Given the special disadvantages in the rural economy at this time, Government has decided that special consideration should be given to attracting businesses in the rural communities.

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.

Ladies and gentlemen, only two weeks ago the Government of Grenada signed a Memorandum of Understanding (MOU) with the Grenada Hotel and Tourism Association (GHATA) as a result of which Government will allow hotels and guest houses to retain 50% of the General Consumption Tax they collect on rooms.

This relief is intended to ease their cash flow problems during this period of low occupancy and to minimize the extent of layoff in the sector. Under the MOU, Government will also provide some tax relief on consumables, other than food that can be locally produced.

Extensive discussions are continuing among the social partners and government in the pursuit of finalizing a social protocol.

This protocol is premised on the conviction that sustained social and economic progress in Grenada will largely depend on their on-going individual and collective commitment to a shared philosophy of governance.

It was hoped that this protocol could be completed before the middle of July.

This is absolutely critical for the stability and revitalization of our country.

Ladies and gentlemen, it is important to note that our response to the crisis continues to attract commendation from the international organizations.

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On June 3<sup>rd</sup> 2009, the Executive Board of the International Monetary Fund met and approved the completion of Grenada's 3<sup>rd</sup> review under the Poverty Reduction and Growth Facility (PRGF) arrangement.

In its subsequent news release, the Fund observed that:

***“Grenada has resolutely implemented its PRGF-supported program in the face of economic difficulties arising from the global economic downturn.***

***Since the second half of 2008, tourism earnings, foreign direct investment and remittances have declined, which has led to a marked fall in economic growth and a projected shortfall in government revenue in 2009.***

***The authorities have strengthened policies in response-in particular; they have tightened fiscal policy since the second half of 2008.”***

This positive endorsement clearly indicates that our policies and approach are appropriate and are designed to return Grenada's economy on track.

We have had a mixed start as new managers of a new government. We have not always been perfect, but we have already done many of the things that we promised despite the difficult conditions.

Many challenges remain, but we will succeed because our hearts are in the right place. Grenada is now a much better place. People can now exhale to the extent that some feel that they own the airwaves.

That is now possible because we have created a climate of peace and freedom.

Ladies and gentlemen, this period in our history requires considerable patience and a disciplined resolve to taking the right actions not only to survive this recession but to build a sustainable Grenada.

Let us focus on the journey.

It requires that we look inward to our strengths, our capabilities and our resources to become more self sufficient and productive. Here I want to call on all our citizens to maximize this season of planting. We need to grow what we eat and eat what we grow.

It requires that we exhibit greater unity and collaboration among all as we together put our shoulders to the wheel.

It is only by doing so that we will surmount all obstacles and improve our collective well being as a people.

We have done it before and we can do it again.

As the late Michael Jackson sings ( and I quote)

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“There is nothing that cannot be done if we raise our voices as one”

As we move forward, we will continue to listen to your voices.

We will make the required changes and adjustments necessary to improve our efficiency and effectiveness.

You will be kept constantly abreast of all actions and our progress.

I call on all to work to maintain our peace and stability particularly in our festive season.

I look forward to your continued support and dedication as we work to build a new sustainable Grenada. A Grenada that we can **will** to our future generations.

I thank you and may God bless Grenada.

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