

**No. 7**

**Friday**

**First Session**

**25<sup>th</sup> November, 2011**

**Ninth Parliament**

**SAINT VINCENT AND THE GRENADINES**

**THE**

**PARLIAMENTARY DEBATES**

**(HANSARD)**

**ADVANCE COPY**

**OFFICIAL REPORT**

**CONTENTS**

**Friday 25<sup>th</sup> November, 2011**

Prayers	5
Motion	5
Statement	5
International Cooperation (Tax Information Exchange Agreements) Bill, 2011	6
Cocoa Support Programme	20
Adjournment	61

**THE PARLIAMENTARY DEBATES**

**OFFICIAL REPORT**

**PROCEEDINGS AND DEBATES OF THE SEVENTH MEETING, FIRST SESSION OF THE  
NINTH PARLIAMENT OF SAINT VINCENT AND THE GRENADINES CONSTITUTED AS SET  
OUT IN SCHEDULE 2 TO THE SAINT VINCENT AND THE GRENADINES ORDER, 1979.**

**FOURTEENTH SITTING**

**25<sup>TH</sup> NOVEMBER 2011**

**HOUSE OF ASSEMBLY**

The Honourable House of Assembly met at 10:15 a.m. in the Assembly Chamber, Court House, Kingstown.

**PRAYERS**

**MR. SPEAKER IN THE CHAIR**

Honourable Hendrick Alexander

**Present**

**MEMBERS OF CABINET**

Prime Minister, Minister of Finance,  
Economic Planning, National Security,  
Grenadines and Legal Affairs  
Dr. the Honourable Ralph Gonsalves

Member for North Central Windward

Attorney General  
Honourable Judith Jones-Morgan

Minister of Education/ Deputy  
Prime Minister  
Honourable Girlyn Miguel

Member for Marriaqua

Minister of Housing, Informal  
Human Settlements, Physical Planning,  
Lands and Surveys  
Honourable Clayton Burgin

Member for East St. George

Minister of Agriculture, Forestry  
and Fisheries and Rural Transformation  
Honourable Montgomery Daniel

Member for North Windward

Minister of Tourism and Industry  
Honourable Saboto Caesar

Member for South Central Windward

Minister of Health, Wellness and  
The Environment  
Honourable Cecil McKie

Member for West St. George

Minister of National Reconciliation  
Labour, Information and Ecclesiastical Affairs  
Honourable Maxwell Charles

Member for Central Leeward

Minister of National Mobilisation,  
Social Development, the Family,  
Persons with Disabilities, Youths,  
Sports and Culture  
Honourable Frederick Stephenson

Member for South Windward

Minister of Transport and Works, Urban  
Development and Local Government  
Honourable Julian Francis

Government Senator

Parliamentary Secretary in the Office  
Of the Prime Minister  
Honourable Elvis Charles

Government Senator

Honourable David Browne

Government Senator/ Deputy Speaker

### **OTHER MEMBERS OF THE HOUSE**

Honourable Arnhim Eustace  
Leader of the Opposition

Member for East Kingstown

Dr. the Honourable Godwin Friday

Member for Northern Grenadines

Honourable St. Claire Leacock

Member for Central Kingstown

Honourable Daniel Cummings

Member for West Kingstown

Honourable Roland Matthews

Member for North Leeward

Honourable Nigel Stephenson

Member for South Leeward

Honourable Vynnette Frederick

Opposition Senator

Honourable Anesia Baptiste

Opposition Senator

**ABSENT**

Minister of Foreign Affairs, Foreign Trade  
And Consumer Affairs  
Honourable Dr. Douglas Slater

Government Senator

Honourable Terrance Ollivierre

Member for Southern Grenadines

# ST VINCENT AND THE GRENADINES

## HOUSE OF ASSEMBLY

FRIDAY 25th NOVEMBER, 2011

**HONOURABLE MR. SPEAKER:** Mr. Speaker, Honourable Hendrick Alexander, read the Prayers of the House. Pray be seated.

**DR. THE HONOURABLE RALPH GONSALVES:** Mr. Speaker, Honourable Members, though I suspect we probably would not go beyond the luncheon period today, out of the abundance of caution, this is parliament and one never can predict, parliament is like in one respect like the law court, you think something would last two hours but it goes on and last a whole day several days.

I beg to move, Honourable Speaker, Honourable Members, under Standing Order 12(5) that the proceedings of today's sitting be exempted from the provisions of the Standing Order hours of sitting.

### Question put and agreed

**HONOURABLE MR. SPEAKER:** Before we take the Orders of the day, the particular matters on the Standing Orders of the day; the Minister for National Mobilisation et cetera would like to make a short, very short statement in relation to today being the International Day of Violence against Women and the Minister has a very short statement.

**HONOURABLE FREDERICK STEPHENSON:** Mr. Speaker, Honourable Members, today November 25<sup>th</sup> is the United Nations International Day for the Elimination of Violence Against Women, and I want us as a parliament and as a nation to join the United Nations Secretary General Ban Ki-moon 'Unite Campaign' to end violence against women. The aim of this campaign, Mr. Speaker, Honourable Members, is to prevent and eliminate violence against women and girls in all parts of the world. The 'Unite Campaign' brings together a host of UN agencies and offices to galvanise action across the United Nations system, and to prevent and punish violence against women. Through this Unite Campaign the UN is joining forces with individuals, civil society and government to put an end to violence against women in all its form. And today, Mr. Speaker, Honourable Members, I want to ask us as a parliament to join that campaign, and I know that there are a number of activities throughout today put on by the Gender Affairs Department and other women's organisations in St Vincent and the Grenadines and I want us as a parliament to stand, Mr. Speaker, for one moment of silence for the elimination of violence against women and girls in St Vincent and the Grenadines.

**In keeping with the United Nations Secretary General's  
2011 Unite Campaign for the Elimination of Violence  
Against Women and Girls  
The House observed one minute of silence**

**HONOURABLE FREDERICK STEPHENSON:** Much obliged, Mr. Speaker.

**HONOURABLE MR. SPEAKER:** Honourable Prime Minister.

**DR. THE HONOURABLE RALPH GONSALVES:** Mr. Speaker, Honourable Members, I beg to move that a Bill for an Act to make general provisions for the implementation of agreements and arrangements entered into by the Government of St Vincent and the Grenadines with other jurisdictions, to provide for the exchange of information for the purpose of taxation and for connected purposes be read a first time.

**Question put and agreed to**

**DR. THE HONOURABLE RALPH GONSALVES:** Mr. Speaker, Honourable Members, I beg to move under Sanding Order 48(2) that this Bill be taken through all its stages at today's sitting.

**Question put and agreed to**

**DR. THE HONOURABLE RALPH GONSALVES:** Mr. Speaker, Honourable Members, I beg to move that a Bill for an Act to make general provisions for the implementation of agreements and arrangements entered into by the Government of St Vincent and the Grenadines with other jurisdictions to provide for the exchange of information for the purpose of taxation and for connected purposes be read a second time

**Question put and agreed to**

**HONOURABLE MR. SPEAKER:** Debate on the Bill.

**DR. THE HONOURABLE RALPH GONSALVES:** Mr. Speaker, Honourable Members, I first of all would like to provide the broad framework against which context and circumstances I am suggesting that we view this Bill. This Bill is wholly concerned with ensuring that the appropriate legislative framework exists for giving effect for tax information exchange agreement known in the business as TIEAs and any other international arrangement concerning tax information exchange, for example your double taxation agreement, which St Vincent and the Grenadines enters into.

The intention of the Act is to ensure that the TIEA's and other tax arrangements can be properly executed without any legal impediment. This Act informally can be referred to as the enabling legislation for the TIEAs, since legislation is being enacted for the purpose of enabling the actual implementation of the TIEAs or any tax arrangement established or to be established by St Vincent and the Grenadines. Mr. Speaker, this country like several others around the world including all countries in the Eastern Caribbean like many countries all over the

world including some here in the Eastern Caribbean, you may recall that they were “grey listed” by an international organisation known as the Organisation for Economic Cooperation and Development the OECD, this is a group really of the richest countries over the world. And that grey listing was done April, 2009.

The grey listing essentially meant that even though St Vincent and the Grenadines had committed itself to the OECD’s international tax principles it had not sufficiently demonstrated according to the OECD its commitment to these principles. They say you accepted them but we have not seen you commit yourself really properly. As a result the OECD grey listed a number of countries in the Eastern Caribbean and around the world including our own and gave a deadline until March 2010 to establish bilateral tax information exchange agreements with other countries in order to demonstrate their commitment to the international tax principles. And I think it is a dozen to [pause] they had asked for twelve but we concluded twenty within the stipulated time period and as a result a word which I do not like in the circumstances that by March 2010, the OECD had ‘white listed’ us. There is a ‘blacklist’ if they think you are bad, a ‘white list’ if they think you are good a ‘grey list’ if they think you are somewhere in between. That is really the gravamen and I really do not like this colour coding and the implications.

The twenty countries with which we have established TIEAs are the following:

Australia	Finland	France
Austria	Norway	Liechtenstein
Belgium	Germany	New Zealand
Canada	Greenland	Sweden
Denmark	Iceland	The Kingdom of the
The Faroes	Ireland	Netherlands

That is the Netherlands Antilles included.

The Kingdom of the  
Netherlands itself

The Kingdom of the Netherlands-Aruba  
United Kingdom of Great Britain & Northern Ireland

Mr. Speaker, if I may just pause a moment, this government stands in solidarity with Barbados against the unfair designation of Barbados by President Sarkozy of France as a jurisdiction which is a tax haven. I similarly, Mr. Speaker, take issue with the designation ... also, we are in solidarity with the people of Antigua for which there was such a designation. Similarly, we are in solidarity with the government and people of Trinidad and Tobago against whom there was also such a designation by President Sarkozy. Of course, the cynic may say, and I am not affirming whether I support the positions of the cynics, President Sarkozy is a politician facing a highly competitive presidential election in which he is, according to the polls, is behind, and we know that France is having its own economic travails and cynics say that he is thundering and looking for

reasons for the economic difficulties in France. I do not share the cynics' views, I think President Sarkozy is a honourable man but I would not play politics with another company's welfare or well being, I think he is just simply mistaken. And that is why we put ourselves ... and I hope the Press reports we put ourselves in solidarity with these three countries in the Caribbean: Barbados, Antigua and Barbuda and Trinidad and Tobago where there is the designation that there is a tax haven.

The interest in all this take for instance, Barbados as Honourable Members would know in March 2009 when countries in St Vincent and the Grenadines were blacklisted sorry were grey listed, Barbados was the only country in the Eastern Caribbean which was not grey listed and it was said that it is not grey listed because it had complied with all of the requirements of the OECD. So, how all of a sudden it is downgraded, it is very strange, this got to be a mistake. But you see when powerful countries make mistakes other countries suffer. I mean I will give an example, when we came to office this country was blacklisted, we had the blacklist by the OECD and FATF Financial Action Task Force and by the end of 2002 we had done everything to come off the blacklist and that formally took place in early 2003. But the amazing thing is that on several web sites all over the world they still showed our country as "blacklisted" when in fact the impediments which we had inherited we had removed them. And this is a problem it is not an easy thing when you get smeared to have it removed internationally, if you are smeared in St Vincent and the Grenadines it is relatively easy to get over the smear because the place is small, but if you are smeared and not just by people on the internet, if you are smeared by countries it becomes problematic and I really want to stand in solidarity with my Caribbean brothers and sisters and I think the entire House should.

Now, though the 20 TIEA's have been signed and ratified there is no specific legislative mechanism to facilitate their implementation, just this particular law today. The standard practice, as we know, which has evolved around the world is for enabling legislation to be introduced after we have twelve TIEA's signed. Many Caribbean countries have done so and have passed identical or similar enabling legislation prior to the implementation of the TIEA regime. For example, in Anguilla, there is International Tax Information Exchange Agreement Act of 2010; the Bahamas is the International Tax Cooperation Act 2010; Bermuda, the International Cooperation Tax Information Exchange Agreement Act 2005; the BVI, Mutual Legal Assistance Tax Matters Act 2003; St Christopher and Nevis, Mutual Exchange and Tax Matters Act 2005; The Mutual Exchange of Information On Tax Matters Act 2011 of Grenada. And those countries which have not done it in time, they all are going to do it like what we are doing today. It is part of the external regime, part of the external environment if you want to do business, legitimate business, in the field of international finance.

Before I go to some broad details of the Bill I just want to identify five main provisions in this Bill without reference to the sections, I shall look at the sections shortly.

- 1. Of primary significance is that the Bill ensures that the competent authority in St Vincent and the Grenadines namely the Minister of Finance or his authorised representative has the necessary powers to access information which is being requested pursuant for the TIEA or any other tax arrangement and to exchange the information with the requesting country. Equally significant is**

**that the Bill makes it obligatory for the person from whom information is requested to make that information available to the competent authority.**

- 2. The Bill outlines the procedures for the execution of a request for information and also importantly outlines the instances when such a request may be declined by the competent authority.**

Notice outlined instances when such a request for information from a country outside may be declined by the Minister of Finance.

- 3. Desirable safety mechanisms for preserving the confidentiality of information received by the requesting country as well as on the part of St Vincent and the Grenadines as are outlined in the Bill.**
- 4. The Bill seeks to ensure compliance by appropriately criminalising two offences. The first one is a failure to provide information required by the competent authority and the second one is tampering with or altering the information to be received by the competent authority.**
- 5. The rights of any person aggrieved by a decision of the competent authority are preserved in the Bill by specifically referencing the facility of judicial review.**

So, this not just a matter where the executives can do things unfettered. Without these provisions Mr. Speaker, Honourable Members being explicitly stated in our law through this present Bill the contention can legally, technically and successfully be made that the tax agreements and arrangements entered into would not be able to be implemented or effectively implemented. So, we need this framework.

Mr. Speaker, please permit me to give a further limb to the context by addressing a current issue call the OECD's Global Forum Phase 1 Peer Review. The OECD's Global Forum on Transparency and Exchange of Information is a multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 100 jurisdictions including our country. So, there is this multilateral framework initiated by the OECD called The Global Forum on Transparency and Exchange of Information. The forum is charged with indebt monitoring and review of implementation of the international standard of transparency and exchange of information for tax purposes.

St Vincent and the Grenadines is committed to the international standard set by the OECD since 2002 and since then we have been working towards meeting the standard. The said standard provides for international exchange of "foreseeably relevant" information for the administration and enforcement of the domestic tax laws of a requesting party. The fishing expeditions by an external authority are forbidden as the information must be "foreseeably relevant" to the tax investigation. So, that is an important issue which we must always remember in these matters. You have to go somewhere but you nevertheless ... you are a sovereign country and therefore there are certain matters which both in the negotiated arrangement with the OECD Global Forum, also with our

own law, our sovereignty and independence, they are clearly maintained. Indeed, it is the very sovereignty and independence which permits you to enter these global forum arrangements.

In 2010, the OECD Global Forum commenced assessment of the tax regimes in its member countries. Assessments are drawn from member countries; therefore, the assessments are called “peer reviews” we review one another. This process is undertaken in two phases. Phase I reviews assess the quality of a jurisdiction’s legal and regulatory framework for the exchange of information; and phase 2 looks at the practical implementation of that framework. All jurisdictions are assessed on the basis of the following elements:-

- 1. The availability of ownership and identity information for all relevant entities for their competent authorities.**
- 2. The keeping of reliable accounting records for all relevant entities.**
- 3. The availability of banking information for all account holders.**
- 4. Competent authorities power to obtain and provide information that is the subject of our request under an exchange of information agreement, and from any person within the jurisdiction in possession or control of that information.**
- 5. The compatibility of the rights and safeguards applicable to persons in the requested jurisdiction, with effective exchange of information.**
- 6. The effectiveness of exchange of information mechanism.**
- 7. The extent to which the network of information exchange covers all relevant partners.**
- 8. Confidentiality of exchange of information mechanisms.**
- 9. The exchange of information mechanism respecting the rights and safeguards of the taxpayers and third party.**

Phase 1 of this Peer Review of our country St Vincent and the Grenadines started on the 28<sup>th</sup> October, 2011 and the Global Forum is currently assessing whether our country has in place the required legislative foundation for the implementation of tax information exchange information agreement. So; that the enactment of this law, the one before the House today is therefore timely and necessary for us in St Vincent and the Grenadines to be able to illustrate that its law can be effectively accommodate the tax information request.

Now, Mr. Speaker that is the broad context, I should add here that there are countries which may wish to say: look in 1648 at the Treaty of Westphalia, the notion of the nation state was consolidated and its clothing or political adornment, sovereignty, was emphasised that is at the end of the thirty year-war. And that we are

taking a pristine view of sovereignty and we are not going to pay attention to what everybody else is saying in respect of international financial services. We are going to do our own thing be buccaneers, be rogues be anything we want to do because we have a sovereign right to do it. Now, you may have a sovereign right to do that but at the end of the day you can only have international financial services with other countries; that is why it is called international and when defensive measures are taken against you it would affect not just the international financial services sector it would affect the usual commercial banking sector and the real economy. And it will affect it this way, there are several ways but I will give a few examples.

In 2000 and the Honourable Leader of the Opposition was then the Minister of Finance and in charge of the Offshore Finance Authority in terms of the ministerial responsibility and he would know what happened then. St Vincent and the Grenadines was black listed by the Financial Action Task Force (FATF) and by the OECD. The OECD's black listing was a double whammy. OECD black listing is saying that you are a ... the expression they used for tax haven at the time was that you are a "non cooperative tax regime" that is the euphemism "uncooperative tax regime" or a "harmful tax regime" you are harmful to them because people are hiding their money elsewhere and escaping the taxes in those countries; that is one. The second was FATF was beating up on St Vincent and the Grenadines saying: "Look because of the laxity in your legislation and implementation framework, you were a possible source of money laundering or financing of drugs".

Of course, to be fair to the administration then no evidence was presented that it was a haven for money laundering or that its international financial services were used to facilitate drug trafficking but they are saying that that laxity in the framework points to a regime which would allow that. And in any event they were arguing that because you are in the international financial services because you are a no tax regime you are a harmful tax regime.

What followed that black listing the Honourable Leader of the Opposition then Minister of Finance would remember: this led immediately to the National Commercial Bank which holds accounts for these international financial entities caused it immediately to lose corresponding banking arrangements. The banking arrangements had to be made; that is in the US banking arrangements had to be made with Canada with a bank in Canada to be in the same time zone. And when we arrived in office the Canadian banks were under serious pressure, I do not know if the Honourable Leader of the Opposition knew this, he was then Minister of Finance, from the US Treasury Department to stop the commercial banking arrangements. Could you imagine if the National Commercial Bank as it was then did not have external corresponding banking arrangement people could not buy and sell goods through the bank, all it would have been reduced to is a savings bank not a commercial bank, like a penny bank.

So, that would have had an effect on the bank in which workers' money in the NIS, at that time half of the workers' money was their savings. Then it would have had a knock on effect on the real economy, issues of foreign investments and the like. So, it is a serious point. In fact, we had at the time when I arrived here in office forty odd international banks and they were the central problem as seen by the international company. We now have two; we had to swiftly move them down to six and now two; because the new standard which we put

into place makes it difficult to have many of those. That is just one example or a couple of examples of how it would affect us. And a number of people do not realize this.

You may say, “well, all these restrictions make it very difficult to have as viable an international financial services sector as being originally contemplated by the framers of the legislation in 1996/97”. That may well be so, but there is still a lot of money that could be made legitimately even amidst all these arrangements and supervisory structures and provisions and openness and transparency but we have to work hard and we have to mark it hard. In fact, in some circles I remember two years ago I went through Europe helping to market our sector and there are some persons who use our facility, professionals would say that when the name of St Vincent and the Grenadines come up and people ask them the difference between St Vincent and the Grenadines and another jurisdiction in the region which shall be nameless, they said, “Well, you have a choice between a Rolls Royce and Volkswagen Beetle”. The Rolls Royce of jurisdiction being St Vincent and the Grenadines whilst the Beetle being that other country. Of course, the Beetle is making far more money from the international financial services than the Rolls Royce because they got into the business much earlier and they have established a longer track record, until the name for instance IBC’s (International Business Companies) are synonymous with the name of that country. A feller would put the name of that country in front of the word company to signify an international business company.

So, we have to find the niche where we are able, we are late comers in it though we started this business under the late Robert Milton Cato in the mid ‘70s but we did not pay a great deal of attention to it. We had a rush of legislations 1996 and 1997 but when we did the rush of legislation including what is called the Confidentiality Act which essentially in the marketplace they call it the Secrecy Act it was so tight that was one of the reasons why St Vincent and the Grenadines was blacklisted, there were no due diligence or know your customer requirements. It was passed here but the government at the day chose the wrong time to bring those kinds of laws because it was on the cusp of a movement internationally for openness and transparency and rather than openness and transparency, legislation was brought here which closed it, which led to the blacklisting as I have indicated.

And I would say this, we had to be amending these laws, making changes as the environment outside changes. The analogy that I have used elsewhere on more than once over the last couple of weeks is that when the asteroid hit earth the dinosaurs did not survive because they could not adapt to the changing climatic situation, the ecology and the environment but the smaller mammals survived, they evolved and they thrived. In St Vincent and the Grenadines we have to be like the small mammals structured by the asteroid; that is the reality. And sometimes when they say the comrade is contradictory, I am not being contradictory, the world is changing, there are some internal principles yes and we have them in the good book but in the practical workings of the world we have to adapt, we have to be the small mammal.

Mr. Speaker, if I could just go briefly through the actual Bill itself, it has twenty one Clauses. I go to Clause 3, which seeks to give effect in the agreements and the arrangements entered into by this country to facilitate the exchange of information for tax purposes. Clause 4 designates the Minister of Finance as the competent authority and this Clause also allows the Minister of Finance to delegate functions under the Act to any other person or authority. Clause 5 provides both the general and specific powers of the competent authority.

**“The competent authority shall be responsible for executing requests made for assistance in relation to matters provided for by the Act; securing compliance with the agreement or arrangement made by this country. Making determinations under the terms of the agreement and arrangements as to any cost and the apportionment of such cost relating to .....**

Please forgive, me I just receive some communication here; I just wanted to see what it is. Yes.

**Making determinations under the terms of the arrangements as to any cost and the apportionment of such cost relating to or arising from any request”.**

Clause 6 contains the grounds for declining a request for assistance. And if you look at Clause 6 carefully, Honourable members would see it, I marked it, I put an NB “note well” *nota bene*. You noticed the reason why the competent authority may decline a request. And I should read them out:-

**“The competent authority may also decline**

First of all, the first one is a non payment of cost that is not particularly serious. Sub Clause 2 of Clause 6:-

**The competent authority may also decline a request for assistance if -**

**a) the requested information is not foreseeably relevant to the administration or enforcement of the tax laws of the requesting party.**

In other words do not come on a fishing expedition to me.

**b) The information is protected from disclosure under the laws of Saint Vincent and the Grenadines on the grounds that the information constitutes or would reveal a privileged communication.**

**c) The requesting party would not be able to obtain the information –**

**i. under its own laws for the purposes of administration or enforcement of its tax laws; or**

So, if you cannot do it in your own country, you cannot ask me to do it. There has to be reciprocity; you cannot be a hypocrite about this thing, you cannot have an open sesame and ask me to tighten up and we all in the same competitive business selling the services.

**ii. in response to a similar valid request from the competent authority under the agreement or arrangement.**

**d) The disclosure of the information would be contrary to public policy or national security.**

**e) The information is requested by the requesting party to administer or enforce a provision of the tax law of the requesting party, or any requirement connected therewith, which discriminates against a national of St Vincent and the Grenadines as compared with a national of the requesting party in the same circumstances.**

**f) The supply of the information would disclose a trade, business, industrial, commercial or professional secret or trade process.**

So, those are fairly substantial grounds under which the Ministry of Finance may decline to provide the information: decline the request.

Clause 7: provide instructions on the procedures for the execution of a request for assistance. Clause 8: empowers the competent authority to obtain information from any person by serving notice in writing on that person to that effect. Clause 9: imposes a statutory obligation on a person served with a notice pursuant to Clause 8 to provide the information requested by the competent authority. Clause 10: deals with the power to compel witnesses or the production of evidence. Clause 11: allows the competent authority to search pursuant to a warrant issued by the High Court and specifies premises and seize specified information of as specified description. Clause 12: provides protection for persons who divulge confidential information or give any evidence in compliance with a notice, order, or order issued pursuant to a request. Clause 13: imposes a waiting period before information is forwarded to the requesting party. Clause 14: requires confidentiality with respect to information received by a requesting party, and to a request to supply any information or to take action. And the person who commits a breach of confidentiality with respect to a notification or request to take any action or supply any information shall be liable to a fine and imprisonment or to both such fine and imprisonment. Clause 15: prescribes the offences and corresponding penalty. Clause 16: provides for the manner in which information is to be obtained. Clause 17: makes provision for a judicial review of a decision of the competent authority. Clause 18: sets out the mode for the service of the document. Clause 19: allows for agreements, as to costs incurred in providing assistance. Clause 20: seeks to provide an expedient mechanism for dealing with difficulties which may arise in giving effect to an agreement or arrangement or to the provisions of the Act. And Clause 21 contains the usual powers to make regulations under the Act.

Mr. Speaker, I think that is the best I can do to assist the Honourable House, the Members in this House. I think I have justified a need for this legislation, I have put the framework and it is a sensible and balanced piece of legislation and I urge that it be passed today in this Honourable House. I am obliged.

**HONOURABLE MR. SPEAKER:** Further debate, Honourable Leader of the Opposition.

**HONOURABLE ARNHIM EUSTACE:** Mr. Speaker, I rise to make my contribution to this debate, the Bill before us International Co-operation, Tax information Exchange Agreements Bill 2011. Mr. Speaker, as I look at this Bill at the beginning when I first received it, my mind flashed back to a number of events some of which have been mentioned by the Prime Minister in his own presentation this morning, particularly Mr. Speaker, back to the early days of changing the legislation in relation to the Offshore Sector in St Vincent and the Grenadines. It is true, Mr. Speaker, that in the period around 1996 that in fact we had passed in this House, I should not say we because I was not in the House; legislation was passed in this House dealing with revision of the Laws relating to the Offshore Financial Sector. And there were quite a few changes and some new laws which we introduced. The fundamental intention at that time, Mr. Speaker, was to take growth in the number of offshore entities registered in St Vincent and the Grenadines, whether they be International Banks, whether they be IBC's; whether they be Mutual Trust: Mutual Funds or Trust; and even International Insurance.

We had a raft of legislations that was done in that regard not only in St Vincent and the Grenadines but in other countries of our region. In those days it was felt that the Offshore Financial Sector could make a significant contribution to the earning of revenue for St Vincent and the Grenadines. It was seen at that time as a sector; it had potential for growth and that a legislative framework could have been developed to deal and provide the arrangements, put in place the framework for an expansion of that sector. And most of these legislations, Mr. Speaker, was passed in 1996 and also I think in 1997 and during those very days, Mr. Speaker, there was a rapid growth in the number of entities that was registered in St Vincent and the Grenadines and I think the piece of legislation which was most noted at that time was the Confidentiality Act. That Act gave as it was intended a great deal of confidence to investors in the offshore finance sector to come and do business in St Vincent and the Grenadines. And I do not think that those in the OECD ever liked this legislation, I think that the work done by countries in this region was seen as an intrusion by us because it could take away revenues from the OECD. I think that was the general feeling of the OECD and they wanted to ensure that we backtrack.

They did not like the idea of small countries of those in the Caribbean could make money from their investors, their own nationals at the expense of their own treasuries and as the Prime Minister himself said as he indicated when he made his presentation did indicate that all this talk with money laundering and drugs and so on no evidence was ever provided to indicate that our jurisdiction here in the Caribbean were involved in that exercise. Indeed, the very countries who accuse of that were much more involved in money laundering and other such types of activities but the idea was and I maintained that up to this day: we would be earning too much revenue in these parts. Our small emerging economies in the Caribbean and some other parts of the world would be earning too much. And there was in fact significant growth at the time. When I came to parliament in 1998, this process was advancing fairly rapidly in terms of the new registrations that were taking place here in St Vincent and the Grenadines and other Caribbean countries.

The pressures which the Prime Minister refers to they are correct leading to our country being put on lists of various colours and a lot of pressures were indeed on from the OECD to get our country to change the legislative framework that had been developed in an effort on our part to develop the offshore financial sector. And Of course, one of the main target would be the Confidentiality Act and when I looked at this piece of legislation and knowing about the various tax exchange information agreements that had already been signed by

the government over the last few years, I just saw it as another step in a process which makes it increasingly difficult for us to advance our financial sector at any meaningful pace. We are now in a position, Mr. Speaker, where so many conditions, so many agreements, so many laws have to be made to govern the operations of the financial sector that sometimes we just seem to be simply takers and not earners in that sector.

I understand pressures and I understand the need, understood it when it started back in 2001, 2002 to change the legislation [inaudible] we had to support some of those legislations here in this very House because the pressure was on. And to a large extent those in the developed world have in fact succeeded in getting what they wanted but I am not sure that we have any less money laundering or any less use or resources going into drugs in these areas, what I do know is that we did not get as much business that we could have gotten in financial terms from the exercises that we still have to pursue up to today. This is not a question, Mr. Speaker, of casting blame; this is a reality of seeking to develop in a world which is very unequal and whereas sometimes our own effort in our own interests are seen as threatening.

I read this piece of legislation Mr. Speaker, pretty carefully and it reminded me very early on of what used to happen around 1998/99 in terms of what the Prime Minister called “fishing expedition”. In fact, I had a top note here right at the top of the sheet marked “fishing expedition” because in those days what happened is that you get requests on a regular basis seeking information on this investor and that investor and so forth, and you did not have legislation of this type in those days. You did not have all these tax information exchange agreements that we now have but people were fishing to try and get information by whatever means they could for their own specific purposes and benefit. And when you look at this legislation you will see as you go through it that it is hard to fish, it becomes much harder to fish because we now have guidelines which are included in this legislation. And I think the Prime Minister referred to section 6 and I would want to look at that section also myself because I believe that these types of changes at least militate against the undue pressure that is brought upon jurisdictions, which are seen as small and may be seen as uncompetitive in terms of economic strength with other countries in the world especially the OECD.

Today, Mr. Speaker, all of us look around and everyday on the TV and in the newspapers, we witness what is happening in Europe, and we witness what is happening in North Africa, and the Middle Eastern countries and all of those, Mr. Speaker, are going to affect us one way or the other sooner or later. Indeed, I believe the situation in Europe: in the European Union will have its effect on transfers of resources to us here in St Vincent and the Grenadines, even those resources which we get under the framework of assistances. I think the time for that will come because with the decline that is taking place, the destruction of the economy of Greece and other countries in Europe. See what is happening in Italy the cost of bonds going up to such a level, the Prime Minister had to step down a few days ago and you see all these things taking place, the establishment of this large fund to bail out countries it means that resources available for our own country from those sources will have to compete with those needs and while we may not feel an immediate impact, I am quite sure we are going to feel later on.

In this framework Speaker, I look very carefully at some of the proposals we see coming out and one asks the question: setting up a fund of trillion and trillion of Euros is it going to be enough is this strengthening the

confidence of the government and people of those countries that when we seek assistance that they have other irons in the fire, which are more domestic and therefore less available for assistance to developing countries?

Mr. Speaker, I want to look first of all at Section 6 which I think the Prime Minister himself also dealt with because to me this is very important, I regard this section as very important. You know, he talked about sovereignty and various other names of that type and I am pleased to see here, Mr. Speaker, the basis on which the competent authority, which in this case the Minister of Finance can in fact decide not to provide assistance or information requested. Like him I am going to read them because I think they are critical to what we are discussing and what we are trying to achieve: the basis of this legislation.

**“The competent authority may also decline a request for assistance if:-**

- a. the requested information is not foreseeably relevant to the administration or enforcement of the tax laws of the requesting party;**

We are not looking only at our legislation we are looking at what they themselves have in law to see whether in fact we should provide the information, and that is important Mr. Speaker. We have to look and see under:

- b. the information is protected from disclosure under the laws of Saint Vincent and the Grenadines on the grounds that the information constitutes or would reveal a privileged communication;**

Because in the past you know what happened, people sent requests because they were fishing, they did not always know exactly what they wanted [inaudible] they wanted everything about the various companies.

- c. The requesting party would not be able to obtain the information under its own laws for the purpose of administration or enforcing of the tax laws.**

**In response to a similar valid request from the competent authority under the agreement or arrangement;**

All of these, Mr. Speaker, are very important to provisions and give some strength; I do not want to use the word pride but let people understand that a law that we have passed, brought to this parliament recognises that we too have some rights, we too have some protection, we too can say no despite whatever strength those who seek to get the information may have. I am pleased to see Section 6.

- d. The disclosure of the information would be contrary to public policy or national security.**

Again another strong provision

- e. **The information is requested by the requesting party to administer or enforce a provision of the tax law of the requesting party, or any requirement connected therewith, which discriminates against a national of Saint Vincent and the Grenadines as compared with a national of the requesting party in the same circumstances.**

And finally;

- f. **The supply of information would disclose a trade, business, industrial, commercial or professional secret or trade process.**

So, the competent authority, which in this case the Minister of Finance has options, and yes the framework within this law under Section 6 to exercise his discretion. And he knows he can refer to this and say, “No, I am not going to do that for reason [X] or reason [Y]”. This to me is a very significant matter and I am pleased to see it in the legislation.

There is another area, Mr. Speaker, I do not intend to talk very long on this. There is another area which I like and you will see it throughout this document, in Section 10, in Section 7, even in Section 5, Section 11, Section 4, 7:(1)(4), 10:(1) a number of areas where you have to make application to the court. The role of the court in this exercise of applying, and that making request for information our court has a very significant role to play in the determination. You will see there a number of applications which must go through the court. That too I regard as something significant and important within the context of what I regard as sometimes undue pressure for purely nationalistic reasons by countries that are more powerful than our own. And I am pleased to see that the court has a significant role to play in terms of that exercise.

Mr. Speaker, we are now living in a an environment and all of our countries in this region and one has listened to the comments raised in relation to Barbados and Antigua and I support those comments, and Trinidad and Tobago. We are now living, Mr. Speaker, in a world where it becomes increasingly important that despite our small size we do have to stand up. And it is important, Mr. Speaker, that we have a legislative framework which allows us to stand up and speak very clearly in terms of our own position knowing that we are backed by the laws of this country. A world in which it is becoming increasingly unequal in terms of its' own economic development between those who have and those who have not; a world in which the financial crisis that has been affecting many of the more developed countries has also had its impact to us. A world which indeed is changing very significantly and at a fast pace and we find ourselves, Mr. Speaker, in a position where we have to think and do what we believe is in our best interests to refloat our economies to have them operate on a scale which allows us to look after the best interests and the standard of living for our people.

That is the kind of environment, Mr. Speaker, in which this legislation is placed, so while in fact it allows us a level of control over certain activities. We ourselves have to continue, we have to work very hard to ensure that the problems that we do see and their negative impact and our own fault review and try to move on and improve the process [of] development and the well being of the people of St Vincent and the Grenadines.

You know this piece of legislation, Mr. Speaker, in a sense is a culmination relating to activities which have to do, Mr. Speaker, with our sovereignty over a period stemming back from 1996 to the present time, and the fact that we can in this agreement make some provisions which give the competent authority latitude and discretion in decision is of the utmost importance. There are many who would probably look at this and say, “Well, it is another piece of paper, another piece of legislation”; quite frankly in the current environment I do not take that view. I believe we must at this time make a concerted effort while recognising our small size being able to stand and defend the interest of St Vincent and the Grenadines. Mr. Speaker, I am obliged. [Knocking on desk]

**HONOURABLE MR. SPEAKER:** Any further debate on the Bill, it seems like there is no further debate; Honourable Prime Minister.

**DR. THE HONOURABLE RALPH GONSALVES:** Mr. Speaker, Honourable Members, I would like to thank the Honourable Leader of the Opposition for his comments and from his ... though he did not actually give an overall conclusion, I found the impression from his presentation that today we are going to have on this Bill unanimity.

Mr. Speaker, St Vincent and the Grenadines they are very small, resource challenged, structurally dependent opened economy, I mean that is a fair description of where we are. Structural dependence on overseas markets, goods and services, especially tourism services, structurally dependent on capital flows from overseas either foreign direct investment flows, remittances or Grants and Soft Loans. Mr. Speaker, in this small country there are 50,000 persons in the economically active category; 50,000 and the economic activity of this 50,000 have to maintain all the goods and services of a middle income country, which resides close to the richest nation the world has ever seen and with all the influences of consumer choices and information and an enhancing appetite for more consumers. Even without an international economic crisis and without natural disasters we have serious challenges; and that is why we have to find space, we have to develop this 50,000 very, very well or be economically active and we have to start from small; because from the time when our people are very young, train the best. Be most productive and to look for all the avenues for economic activity, one being International Financial Services, another one being Ship’s Registry where we do not have to tax the people of St Vincent and Grenadines.

It’s a matter when you give very careful reflection with a lot of the internecine battles which we have and though it is necessary and desirable to have a competitive political system they allow the internecine battles to go too far and the dissipation of energies which we should focus on other things developmental. I am not putting any blame on anybody one side or the other, I am just saying that we have evolved and we have got to look at it very carefully as leaders; very important.

Mr. Speaker, and when we train our people we have to admit that we are training a large number of them to go overseas to enter at a higher level of the chain of the international division of labour and hopefully when they go overseas they send us scarce money: remittance. And it is not an easy task though in our nature Caribbean people we trying what is not an easy task to make it look easy but we have challenges and this legislation is part

and parcel of seeking to come to terms with some of these challenges. And I want to reaffirm many of the things which I said earlier in my presentation and what the Leader of the Opposition has said.

Mr. Speaker, I would like to move that this Honourable House resolve itself into a committee of the whole House to consider this Bill Clause by Clause.

**Question put and agreed to**  
**House resolved into a Committee**  
**House resumed**

**HONOURABLE MR. SPEAKER:** Honourable Members, I have the honour to report that a Bill for an Act to make general provisions for the implementation of agreements and arrangements entered into by the Government of St Vincent and the Grenadines with other jurisdictions to provide for the exchange of information for the purpose of taxation and for connected purposes has passed the committee stage without amendment.

**DR. THE HONOURABLE RALPH GONSALVES:** Mr. Speaker, Honourable Members, I beg to move that a Bill for an Act to make general provisions for the implementation of agreements and arrangements entered into by the Government of St Vincent and the Grenadines with other jurisdictions to provide for the exchange of information for the purpose of taxation and for connected purposes be read a third time by title and passed.

**HONOURABLE GIRLYN MIGUEL:** I second the motion.

**Question put and agreed to**  
**Bill for the International Co-operation**  
**(Tax Information Exchange Agreement) read**  
**A third time by title and passed**

**MOTIONS**

1. **MOTION ON COCOA SUPPORT PROGRAMME**

**DR. THE HONOURABLE RALPH GONSALVES:** Mr. Speaker, Honourable Members, I like to move the motion standing in my name and to be seconded by the Honourable Minister of Agriculture on the Cocoa Support Programme.

**WHEREAS,** the Government is seeking even more opportunities to further enhance the development of its agricultural diversification programme so as to provide economic benefits to the farmers and to the Government and people of Saint Vincent and the Grenadines.

**AND WHEREAS**, the Government is desirous of creating a substantial amount of new employment in the agricultural sector with the reintroduction of cocoa as a major crop;

**AND WHEREAS**, the Government as part of its agricultural diversification programme is desirous of giving its full support to the development of the cocoa industry as an export activity and as such is committed to the introduction of an initiative called the Cocoa Support Programme;

**AND WHEREAS**, the Government is desirous of creating an enabling environment for the commercial success of the Cocoa Support Programme.

**AND WHEREAS**, the Government entered into a Memorandum of Agreement with the Armajaro Trading Limited to develop a sustainable cocoa industry in the state of Saint Vincent and the Grenadines.

**NOW, THEREFOE BE IT RESOLVED**, that this Honourable House do endorse the said Agreement which is laid before this Honourable House this 22<sup>nd</sup> day of November, 2011.

Mr. Speaker, I beg to move that we proceed with this Motion.

### **Question put and agreed to**

**HONOURABLE MR. SPEAKER:** Debate on the Motion.

**HONOURABLE ST CLAIR LEACOCK:** Mr. Speaker, I did not get the Agreement in my package. I have not seen the Agreement [Interjection]

**DR. THE HONOURABLE RALPH GONSALVES:** Mr. Speaker...

**HONOURABLE ST CLAIR LEACOCK:** if it is then I would try to get a copy.

**DR. THE HONOURABLE RALPH GONSALVES:** No! No! Mr. Speaker, the Agreement has been circulated; I know the Honourable Leader of the Opposition has one, and Mr. Speaker, maybe you can find out ...

**HONOURABLE ST CLAIR LEACOCK:** I take your word, Honourable Prime Minister.

**DR. THE HONOURABLE RALPH GONSALVES:** No! No! No! We can find out whether there are limitations because, Mr. Speaker, this is an important subject, if Honourable Members do not have it and they may wish to speak, we can suspend our sitting until Monday morning. [Interjection] No! No! It is ... eh! [Interjection] It was circulated at the meeting before, so I would not wish any Honourable Member who may wish to debate this matter ... because without the Agreement ... So, we proceed Mr. Speaker? I do not know what is the ...

**HONOURABLE MR. SPEAKER:** Well, I do not know but your request is a fair one because we are hoping that if Members are going to debate they will be able to participate fully; and you know they are not sort of - we use a certain term 'filibustering' on the issue. [Interjection] Okay, fine all right.

**DR. THE HONOURABLE RALPH GONSALVES:** Mr. Speaker, all other Members have the Agreement?

**HONOURABLE VYNETTE FREDERICKS:** I did not, I am aware that they were passed out in the packages that we got for last Tuesday but one was not with my package, because I am very sort of meticulous about ensuring that I have one. However, I am aware of the substance of the Agreement and I am in a position to if I need to comment [inaudible] do so.

**DR. THE HONOURABLE RALPH GONSALVES:** I am grateful, Mr. Speaker, I would not wish us to proceed without everyone having the Agreement. Mr. Speaker, this Agreement was signed on the 12<sup>th</sup> August, 2011. Mr. Speaker, cocoa production in St Vincent and the Grenadines has a long history various times in our past, as recently as in the 1940's and '50's there was before the arrival of bananas as a principal export commodity, we had a menu of commodities. We had sugar, we had arrow root, at an earlier period we even had cotton; there was a cotton ginnery which was burnt, which went up in a fire in 1959-1960, we had a lot of ground provisions, cassava. St Vincent was then overwhelmingly an agricultural country. It is only in recent years we have seen the rise of tourism and other services to the extent that now, the economy is 70% services, but as much as tourism is a transformative sector in terms of the resources it can generate; agriculture is still the mainstay from the standpoint of the single most important employer of labour in the private sector. And very importantly, Mr. Speaker, it employs a large number of persons who have opted for one reason or the other to stay within the agricultural sector or who may find it difficult to make the transference into the non-agricultural or service sector.

Mr. Speaker, I remember as a boy my father who had a ten acre block of land at Grace Field at the back of South Rivers and a chunk of that land was leased to the then colonial government for a cocoa demonstration plot, I remember it well. And we also had cocoa in other parts of that country and throughout on the Leeward side we had cocoa. We used to do a fair amount of local marketing of cocoa and we used to do some exports to the regions in cocoa, traffickers, my father being one in the 1950's going down on what they used to call the ram goat boat; it is part of my history. In fact, as a boy I had to be packing crates with plantain, ground provisions and bringing sheep and goats to the agricultural department to be marked with the red for export also the same thing ... So, this thing is a noise in my blood and an echo in my bones but of course as bananas came and farmers are rational economic beings given the subsidy in Britain bananas became a more lucrative crop and you were able to cultivate it on the slopes and undulating valleys. In fact, you can cultivate it as it was done beyond the 1000 ft contour and a lot of trees were cut down. I have always maintained that for all the wealth that bananas brought us since conquest and settlement it has been the crop which has been environmentally the most damaging in terms of removal of forest area above the 1000 ft contour and the questions of pollution in the spraying we must not forget *Gao Song* that in the 1980's he said, he has not seen any butterflies; we have seen the butterflies again.

Caterpillars were things as boys we used to have them to take to our classes in the primary school when you are discussing elementary biology. Who sees caterpillars? Until again recently, so with farmers it was a rational economic decision for them to go to farming, to banana cultivation because let us face it, sugar and arrowroot were year long crops and people would credit from the shops for eight months until the next crop when they sell their sugar or their arrowroots. And shops had to carry the credit without interest and of course in the meantime people would try to make a living on cocoa, on plantain, on ground provisions, a little cassava too; that is how it was and some small animals and a couple heads of cattle. That is the life of the farmer. And the end of banana protection regime and the change in the market conditions, both in the market regime and the market conditions began really from July 1<sup>st</sup>, 1993 and got progressively more difficult until the Banana Industry today is a shadow of its former self. That is common ground and it has nothing to do with any particular government, with any particular set of farmers but it has to do with the altered external environment both the market condition and the market regime that is the objective reality. And I always say we must see truth from facts let the real world validate the truth.

So, we have been looking for other crops, we have done a fair amount of work in diversification, we invested quite a lot in arrowroot, unfortunately in arrowroot; arrowroot is the most back breaking manual task in the world, certainly the most back breaking in agriculture. To dig arrowroot with a five feet hoe is not easy and I have done it, I have seen it being done, and it is not easy. And the point is this you are having fewer persons who are prepared to dig arrowroot. We tried to do some mechanization and mechanization has not succeeded properly because of the nature of our terrain and the nature itself of the rise zone but we still have that in a part of the country particularly north in the northeast. At one time we had arrowroot factories on every single plantation plus private factories. In Park Hill for instance Daddy D'Andrade had a factory. Mr. Speaker, I am putting the context in the history for our cocoa. If you go up and you see the water wheel on which Impact 2000 in Park Hill put their lights which caused them to win for many years the lighting up competition for Christmas; that is Daddy D'Andrade's water wheel and my father used to sell his arrowroot; well, take his arrowroot by Daddy D'Andrade to grind and you had very primitive kind of drying on the wire mesh.

All the Estates had an Arrowroot Factory, Colonaire Estate, Gorse Estate, Hunt William, you could go to them and you go all the way up to Bentinck, you going to La Croix all over the country now you have only... San Souci had one, and one remains now at Owia. In fact, where I live at Gorse Dam, which is part and parcel of a piece of land which my father had bought which he bequeathed to me before at his death, on which I have a house built. That Dam used to provide the water for the water wheel by Gorse just below that is where the factory was; that is part of the social history of the country. [Interjection] Ah! Before I got short breath [Laughs] you know about sucking off the pulp off the cocoa and drying it? No, it did not give me short breath [Laughs] Ahhh! Mr. Speaker, my Honourable friend from Central Kingstown, today is a day that he is not being naughty he is being humorous [laughs] and I noticed that those who are more knowledgeable on this subject a little to your left they are smiling warmly about your humour.

Mr. Speaker, there was also ground nuts but all of these things went away because of bananas and more particularly, the Lakatan variety, the banana which was there before from the late nineteenth century into the early twentieth century what we call as boys "Gros Michel" I only know it was known as Gros Michel when I

went to Grammar School and I was reading French and I see Gros Michel that is the only time I knew that what it is; I thought it was “gramachel” and with a peculiar spelling G.R.A.M.A.C.H.E.L or E.L.L.E just like, they never somehow in school taught us how to spell “gramachel”, they taught us how to spell maughfaughbaugh which is a species and that was always a test [spelling it rapidly] maughfaughbaugh, how you expect a five-year old child who eating maughfaughbaugh every day would know how to spell maughfaughbaugh and the teachers always love to trick you with that one: maughfaughbaugh. I see my Deputy Prime Minister who came from the same country experience ... all these are a part of ... I do not know, those who are much younger do not have these experiences or those who have not lived in the country side, have these experiences but they are wonderful experiences. And I think those persons who are listening to me today, Friday, I doubt you have too many listening but those who may be on the farms listening must be smiling.

Mr. Speaker, in our national agricultural plan; our government they put cocoa and in our Manifesto we also mentioned cocoa as part of the agricultural diversification programme. The issue of course came to great prominence in the last election one must acknowledge immediately because Sir James Mitchell former Prime Minister was an agronomist by training had a chance meeting with persons from ARMAJARO which is a major trading company in cocoa in the world and he began to speak about it on the platforms. And the position which we have had is that you are not expecting cocoa to provide the employment and cover the acreage of lands like bananas because face it in 1992 bananas produced over EC\$100 million in export earning and about 78,000 tons in export. That is before the July 1<sup>st</sup> alterations in the regime; we saw an immediate drop to about 55,000 tons by 1995 and down to below 30,000 tons by 2000. So, we saw the progressive drop and then I was ... about two years, three years now it would be about two years before the last elections, the company known as Hotel Chocolat representatives came to see me actually a friend of mine in the British Foreign Service had made contact with them and brought them to see me.

Hotel Chocolat is in St Lucia but what Hotel Chocolat does they produce a very high quality chocolate but the production of chocolate is not their only activity, they farm, they have a plantation and they have a hotel so it is a nature based product linking the hotel industry, the tourism industry to the cocoa plantation; and of course high end cocoa. Any person who goes on to any of the High streets: for instance if you go on Kensington High Streets in London you will see a big Hotel Chocolat Outlet. They have them all over the big cities in the United Kingdom, very high quality high end chocolate small operation and they were in addition to doing work in St Lucia they were looking at St Vincent and the Grenadines and they were looking at Tobago. It seems as though they decide they will consolidate in St Lucia. So, while we are still exploring Hotel Chocolat I got the telephone call and made the information known here in the House that the Armajaro people were interested in meeting with us and we met and the Agreement here is a result of subsequent meetings. I went to England, I went to the ARMAJARO headquarters, I spent a lot of time with them and we have been in good communication and with their local representatives.

Mr. Speaker, I am not going to get involved here with the local politics of cocoa between different political parties. I am talking about the Industry. The local politics of cocoa will be dealt with at other times on the platforms and so on and so forth, I am dealing with a developmental matter, I do not want to embarrass anybody in relation to the local politics on the cocoa, but I stake out broadly a position. Of course, I cannot stop other

people from getting involved in the politics but I am just advising and I am hoping that my colleagues on this side will keep within the ambit of the advice that the mover of the Motion suggested; though I cannot be held responsible if they are provoked into making comments which get us into some kind of debate on that. But frankly that in effect is really a sideshow; I want to deal with the main event because sometimes we are too preoccupied with sideshows and forget the main events and I want to focus on the main event.

So, I noticed the Honourable Member for the Northern Grenadines is smiling. [Laughs] Eh! You love a good story. [Interjection] Story in the sense of history is correct but not story in the sense of Nancy before it, which makes it a Nancy story; but our story ...

[Interjection] story appealing for bad light; yea! Yea! Yea! [Laughs] my brother for North Leeward is on the same wavelength with me: the Honourable Member from North Leeward. [Laughs] know what? I did not hear that one; no, hit me please [Laughs] All right, I did not get that one but maybe you will explain that one to me, I need to be educated all the time you know and I am hoping to be educated.

Mr. Speaker, the preamble sets the frame and I do not want to read the preamble, save and except to point out to Honourable Members that item (e) of the preamble where it states the government is desirable of creating an enabling environment for the success of the Cocoa Support Programme and it is stated in the appendix. That appendix is what has been worked out between the technical people from ARMAJARO and the technical people in the Ministry of Agriculture. And the Honourable Minister of Agriculture was very much involved in this particular aspect of this document in terms ... with his Chief Agriculture Officer and other persons in terms of the Cocoa Support Programme in the appendix; so, I will go to the actual framework of the Agreement broadly. Really this Agreement is to provide a broad rubric for both the Company and the Government: ARMAJARO and the Government to say broadly what our obligations are and what we will seek to do; to see how we could get this going with the farmers to plant cocoa. And I will go through the essentials of the Agreement.

The Agreement is currently effective and it is for a period of 50 years but we will review the Agreement after 20 years. Obviously, anybody coming in to do any investment it takes time and they need a certain period to feel comfortable about. So, as is we have 20 years unless mutually agreed upon to change anything here; and then at 20 years we will review within the 50 years frame. ARMAJARO is interested in buying the cocoa, the raw material, the cocoa from the farmers, there would be no processing done here and their attention as I have been advised is to have our cocoa beans be sold to a particular high end chocolate maker so that we will get a high end chocolate with a cocoa bean grown inside of a country like St Vincent and the Grenadines. Now, in Latin America you had a couple of places with some mass cocoa but disease had ravaged them; Ecuador for instance, Grenada has cocoa and the price of cocoa is very high and it is likely to be so for the foreseeable future.

We are not going to be in cocoa on the scale of Ghana or the neighbouring country Côte d'Ivoire the Ivory Coast where ARMAJARO operates and they produce together. They control 50-60% of the cocoa market internationally, about 60% I think is the figure, and the last figure I read. The problem though is that there is great instability in Côte d'Ivoire and ARMAJARO wants to have a mix of cocoa to have a product from a beautiful country like St Vincent and the Grenadines, good climate, good soil, suiting cocoa, for them to get quality for high end chocolate manufacturers to be part of the mix. Mr. Speaker, if I may just say this, there are

some people who say that we should not do it this way because what we should do is to have a factory; now persons who say that have not even analysed the volume you would require. The idea is that we would not have the volume to keep a factory going so we would have to import, and they are not interested in putting up a factory, you need an investor to do that and the government is not going to get involved in that.

Chocolate manufacture ARMAJARO does not make chocolate they are traders; a high end manufacturer of chocolate like Lindt: L.I.N.D.T they are people who make high quality chocolate and Hotel Chocolat makes high quality chocolate. There is a country in the Caribbean, I will not call the name which went into ... they had an arrangement with ARMAJARO and then they decided that ... sorry, they had an arrangement with a country not ARMAJARO; they decided to set up their own factory to make their chocolate and they just did not get it right – the actual making of the chocolate for the market place because it involves a real skill and the nature of the blending. So, we are in the business of growing cocoa to trade it as a primary commodity because as far as I understand it from the farmers and what is possible in the circumstances they would want to grow a commodity on which they can make some money. ARMAJARO understands that the farmers would only grow cocoa if it is economically practical for them: feasible. The farmers are rational economic beings and our farmers are not foolish they will know whether money is to be made or not. If money is not there to be made they are not going to grow it: simple as that.

What are the obligations of the company? The company will fulfil a series of obligations unless of course problem as an Act of God, commotion, civil unrest and all the rest of it. And any unforeseen or extraordinary circumstance where they cannot fulfill their obligations; but it says:-

**“In any event the Company shall provide a two year notice period to farmers of its intention to forfeit the investment in cocoa in St Vincent and the Grenadines”**

The two year there is important because farmers are growing the cocoa; and if they say that they are going to leave; the farmers will need a timeframe particularly when you look at it practically. If you are going to start to get your cocoa growing for about a year or three depending on the crop; some say a year, four, depending on the variety; and they are looking at varieties from ... (Costa Rica, they say Minister?) Costa Rica and from Trinidad and Tobago; Trinidad has a history also of cocoa and they have a very good research establishment in Trinidad for cocoa. So, that a person ... you do not want somebody to plant and before they actually get to reap - you say you gone; so you say you have to give two years notice. So, if you are practical, they are starting up with you for a year, they are not going to leave after a year in any practical sense so two years seems to be reasonable in all circumstances.

They are going to establish a local subsidiary which they have done called the St Vincent Cocoa Limited and they may consider selling shares to other interested parties including the farmers. The SCC, which is the St Vincent Cocoa Company, shall be set up for the purpose of fulfilling the aims of the Company as well as managing the cocoa industry operations, equipment, sales and marketing of the industry. They shall set up an office in this country. ARMAJARO through its local subsidiary shall invest in the necessary infrastructure in order to commercialize the cocoa industry including but not limited to renting or buying cocoa fermentation

stations and export warehouses. So, they will set up their fermentation station that is not the obligations of the farmers; they will set up their warehouses.

**“The company shall invest in human capital and goods and services offered in St Vincent and the Grenadines as is necessary and shall wherever possible hire Vincentian nationals”.**

I understand that the individual who they have on the ground who is their man of action so to speak is the son of a Vincentian farmer Mr. Hadley.

**“The Company, in collaboration with other international development partners, shall where possible offer training to farmers to set up and maintain cocoa farms with particular emphasis on increasing productivity per acre”.**

There are programmes through the British Government and programmes through the European Union generally Honourable Members for assistance in this regard. There are also programmes through the Food and Agricultural Organisation, so we will work in collaboration with one another in this regard and with the company.

**”The Company shall operate in a manner consistent with the laws of St Vincent and the Grenadines towards the goal of creating economic benefits and employment to improve the standard of living of persons within the cocoa producing areas”.**

**“The Company shall with the assistance of other international development partners and with the support of the Government, provide credit to cocoa farmers;**

They want to provide credit to the farmers but they do not want to do it by themselves, they are hoping to get assistance in addition to that. They said that is what they have done in several other countries. Bearing in mind ARMAJARO is not interested in growing cocoa itself that is not what the Agreement is about; they are not interested in growing cocoa. They are interested in farmers growing the cocoa, they will get the varieties and they will help you with some credit, they will bring the technical expertise, they will set up the fermentation stations, they will set up the export warehouses and they will give you a price for it. The way practically that they would do is that they will take the cocoa, they will have bags, you burst the cocoa out of the shells, you put it inside of the bags and they will weigh the bags with the pulp on it and they will give you a price. That is how they say they are going to do it.

Of course, let me make this point early, we know our farmers, some of them not the bulk of them it is not beyond some people to take out the pulp from breadfruit or take breadnut pulp and take ...; [Interjection] no! I am being very careful, and take similar types of commodities, minority: small persons, you always have one and two persons who try to beat the system. I do not know, soursop or whatever it is I want to say this if you do that and you get away with it one time you are not going to get away with it twice because there is traceability. So, I want to say that early up front just like we have traceability in bananas, you will have traceability in the product,

so that my dear colleague here the Deputy Prime Minister speaks it and said that it has happened with ginger and we know that. So, you may get away with it once but you cannot get away with it twice.

I know farmers will be laughing when they hear talk like this because they will be saying, “The comrade knows how one and two would want to function. The vast majority of farmers looks for quality and tries to maintain those.

**“will provide credit to farmers on clear terms and conditions including planting materials and other inputs in order to assist farmers in land rehabilitation and the development of on-farm irrigation systems; in order to increase the yield of cocoa per acre.”**

And they are interfacing with the Government doing that so the government cannot be a bystander, we are involved in doing irrigation work for instance and we will continue to do that.

**“The Company shall seek to transfer skills and knowledge and cocoa cultivation and production to Vincentian farmers”.**

Notice:-

**“Should there be insufficient farmer interest in the Cocoa Support Programme the Company reserves the right to cancel the Agreement”.**

So that if we do not have enough farmers who comes along it does not make sense that the people stay and invest their monies.

**Alien Land Holding License:** Article 3:1 of the Agreement states the legal position on Alien Land Holding Licence and the Company is required to have an Alien land Holding Licence to hold any land. As I said they are not interested in agricultural land they are interested in place to set up: enough land to set up their fermentation and warehouses and their offices. It is not a great deal of land that they will be looking for and what we have undertaken to do in 3(2) is to waive the fees in relation to the Alien Land Holding Licence which is about 6% the value of the land. Notice however, we say we will expedite the process so that when they make their application in the usual way the people who are dealing with this matter will make sure that it is not unduly delayed. But notice here the fees which would be waived will be the fees relating to Alien Land Holding Licence, this does not address the issue of the stamp duty transfer; it is important to recognize this. It addresses the issue here of Alien Land Holding, if you want to address the issue of the waiver of transfer tax which is 5% from purchaser and 5% from vendor that is a matter which has to be discussed separately. I am dealing with the Agreement.

**Obligations of the Government:** we will:-

**“Grant to the Company by way of legislation because we want to bring this Agreement into legislation exclusivity to buy cocoa beans in both wet and dry form and to perform all sales**

**and marketing of St Vincent and the Grenadines cocoa within the period of this Agreement. An exception is made for cottage industry persons selling for consumption in St Vincent and the Grenadines”.**

You know a number of farmers grow cocoa right now and they make their cocoa stick, you cannot stop them doing that through their cottage industry. The truth is this some people also put some cocoa on a boat to send to their friends or family or do some small trading in Trinidad they cannot stop that. What they are looking at is that you do not bring an international company in place to go for their marketing because they are investing a lot of resources. They have invested a lot already and will invest even more, because ARMAJARO is not a charitable institution you know, they are in this business to make money and the farmers are in this business to make money and the only way this agreement is going to work is if both of them make money: that is the reality. What we have is the fairness in the system and the fairness determine with the parameters by the market.

**“The government commits to not enter into any agreement with any other national, regional or international cocoa distributor other than the Company for the purposes of offering any licences or concessions of any kind in the area of cocoa production and sales”.**

This again I repeat does not include the cottage industry, which is exempt from all of this. Cottage industry, you cannot stop people from doing what they want to do. In fact, the truth of the matter is it would be unconstitutional, Honourable Members, you cannot stop them. A person decides to grow an acre of land of cocoa and say, “I am not selling Armajaro, I am going to dry my cocoa myself and I am going to grind it in the old way, I am going to make cocoa stick, I am going to sell my cocoa stick here and I am going to sell my cocoa stick in Trinidad”. You cannot stop them, how are you going to stop them, you cannot. So, I want to make that plain, you cannot go by the market and say that they are breaking any regulations, no, they are not breaking it. So, that is very important. As you noticed we are being helpful to them but we are very practical, we live in this country and we know what it is about.

**“Grant to the Company and its subsidiaries involved**

Oh! By the way, if I may say, Mr. Speaker, the Alien Landholding License which we waived is only in relation to cocoa production. So, if somebody wants to buy a piece of land, to build a house, an executive or the company for somebody to reside in; no that ought not to profit in anyway from any speculation of land; those things are not in that it is related to cocoa production.

**in the cocoa support programme in St Vincent and the Grenadines concessions based on the Fiscal Incentives Act such as a Tax Holiday of total exemption from income and export tax of fifteen (15) years under Sections 11 and 12 of the Fiscal Incentives Act”.**

Now, let me just say this, we are stating this here but right now we do not have any import tax on any agricultural commodity, so that by stating it there it is just to tell them we are not going to put one because we

do not have one at the moment. And in relation to their exemption from income tax, farmers and those engaged in farming activities do not pay taxes here but we put these things in to give the reassurance.

**“The Government will issue to the Company a Licence to import free from all customs and import duties cocoa propagation material and other inputs imported solely for the purposes of their onward distribution to cocoa farmers in accordance with the laws of St Vincent and the Grenadines”.**

Well, you do not pay import duties on materials which come in for agriculture, so that we are not giving them something which is new.

**“Issue duty-free concessions on all plant, equipment, machinery, spare parts, raw materials or components for a renewable period of fifteen (15) years related to the cocoa programme”.**

That is a standard thing which people will get when they come to invest in anything in the country.

**“With the Company engage other international development agencies or partners to lend economic support to cocoa farmers.**

**Expedite the quarantine processes for importing planting material from the Cocoa Research Unit in Trinidad and Tobago, or any other mutually approved source for the purposes of the Cocoa Support Programme”.**

You know, we can have this programme but if we do not expedite the quarantine process, farmers could always want the plant material, and they cannot get it even though it comes from Trinidad to here. You and I do not live on mars, we know what happens sometimes. So, we have to give this as a clear commitment.

**“Grant to the Company and its subsidiaries permission to employ such foreign nationals as consultants where skills are not available locally for a short time or less than six months who are technical, professional, managerial, or other experts needed to advise, train, consult or otherwise assist the Company and its subsidiaries in its operations or to enhance or assist in the development of the Cocoa Support Programme. The Company shall notify the Government of all relevant particulars related to the person working in St Vincent and the Grenadines under the terms set out above prior to his or her arrival in the State”.**

What that 4(8) is about is that we would allow people to work here for short term; somebody who wants to come in for less than six months, rather than put them through the work permit system. If you are coming here for less than six months we say okay but before you come in at the airport tell us who they are because we will need to check them. We need to do the due diligence and Special Branch needs to do the check on them. Because they are here for a very short time you do not bother with them with the work permit. But look at 4(9):-

**“Expedite all work permit applications submitted by the Company, and its subsidiaries for periods of more than six months”.**

I want to say that what we are doing here is consistent with the administrative arrangements which we have with places like Canouan and Mustique which have existed even before I arrived in office for people who are here for two weeks, three weeks, a month and so on. In fact, one of the problems with some short term administrative arrangements like those is that they are not informed before they arrive, but this agreement says that they must inform you before they arrive so that we could do the checks. We should respond to our permit application within sixty days and we tend to do that so that is not a problem for us and we have given that. We are going to incorporate this Agreement into an Act of Parliament but I brought it here first so that the people on the ground they can have confidence that we are addressing this thing in Parliament. The Motion is passed and in the New Year we will bring the Act itself which will really be a brief statement with this as the Schedule.

### **Dispute Settlement**

Dispute settlement Arbitration: two arbitrators and it is the law of St Vincent and the Grenadines and we are not going to go to England or anywhere else. And then the technical side of the Agreement, we will seek to identify 5000-7000 acres of land, the Ministry of Agriculture would be the Agency which will help them. But they themselves will be doing it because right now up in Backwater, in Mount William, Square Deal has some lands on the left side of the road in Backwater Valley and they are going to use that as one of their demonstration plants. I said to them that if they want to use more than one place in Backwater they have a piece of land on the right side of the road which was owned by my father and they can use it. So, if you hear they do it I talked it here in Parliament. In any event even if they do not do it I am going to plant cocoa there. The piece of land is very precious to me that is where my father was born; that is where he grew up it is called Backwater. If you are to say anywhere at all that I come from Backwater that would be a perfectly ... that would not be a defamatory statement at all that my origins are that of Backwater.

### **Interested Farmers**

Identification of interested Farmers with Clear Land Title – the Government will help with that.

### **Systems of Production**

Determination of the systems of production (i.e. mono-cropping, intercropping with other shade crops) the company and the Ministry will do so.

Incidentally, I have in my possession ... you know it is strange I would have spoken about this somewhere before. I am at my office and an old man came and left a series of documents on cocoa including a 1952-53 document prepared by the Ministry of Agriculture with details of how you grow cocoa. I sent a copy to Sir James, I photocopied it because he at first when I spoke to him about this document he thought that ... he was involved in one but this one was before him because he was not employed at that particular time with the

Ministry of Agriculture. But he is very familiar with the things, in fact, he even said to me that some of the issues which they raised like for instance at the time they said that you must put the fence, keep the place cool with glory cedar trees. Well, that was written in 1952 but all of us now know that glory cedar trees they are notorious for pulling nutrients from the soil. Glory cedar trees are what we call the rain trees the shade they provide but the downside is that they pull a lot of nutrients from the soil; they are greedy in that regard.

So that this is a very ... and the Ministry of Agriculture in 1952 had laid out all these things. I even showed the ARMAJARO people the documents this old man brought and left them by my office for me to look at: quite excited about this project.

**HONOURABLE MR. SPEAKER:** Honourable Prime Minister you have ten minutes.

**DR. THE HONOURABLE RALPH GONSALVES:** I am obliged, Mr. Speaker. [Interjection] Mr. ...? No, it is not Mr. Doyle. I could call his name but I do not know if he would want me to call his name but it is not Mr. Doyle. They are going to establish six demonstration farms of three to five acres each using different cropping systems in different Agro-ecological zones.

I saw an advertisement from my brother in Marriaqua I think he probably was selected for one of them. [Interjection] I do not know Bigger Biggs, I know Square Deal was selected for one and I do not know who the other persons are; at least six they may well do more demonstration farms.

### **Payment System**

Establishment of a payment system to be agreed upon by the farmers, and the Company: notice this, the Company and the farmers in consultation with the Cocoa Farmers Association would deal with issues of pricing which reflects world market conditions. Notice this: Cocoa Farmers Association, the government is not legislating for a Cocoa Farmers Association but I would expect that the Cocoa Farmers would form themselves into an organisation and have it to help them so that they are not there individually.

### **Credit**

Credit which I dealt with earlier: the Company, the Government and International Agencies.

### **Cocoa Nurseries**

Establishment of three cocoa nurseries one in each agricultural region: that is the Company.

### **Fermentation Stations**

Establishment of appropriate number of fermentation stations and the export warehouse: that is the Company.

## **Cocoa Producers**

Establishment of a Cocoa Producer Association: that is the farmers, and I am hoping that they listen as I have spoken of this before.

## **Training**

Training of farmers and farm workers and the Ministries officials: that is the Company and International Agencies.

## **Irrigation Infrastructure**

Upgrading in irrigation infrastructure if necessary: the Government and funding agencies; the same thing with Feeder roads to facilitate cocoa production; so, we have put together a practical agreement.

I really want to thank the Armajaro people; I want to thank the Minister of Agriculture; the Honourable Minister and the officials. I want to thank the Honourable Minister of Tourism and Industry who as a man representing a constituency where you will have a lot of cocoa being grown and who is a lawyer to assist in hammering out a number of the details within the framework of the instructions, which we gave other Honourable Members including the Honourable Deputy Prime Minister, the Honourable Minister of Housing, he is also a cocoa man by virtue of his experience. The Honourable Minister of Social Development also from an area which did cocoa producing; the Honourable Minister of Development and Transport and Works. The Honourable Minister of Health who is also from an area where there will be some cocoa. I do not have somebody from parliament from South Leeward, so, we had the candidate for the Unity Labour Party who sat in on the discussion and somebody who made invaluable contribution was Dr. Thompson; Dr. Jerrold Thompson who is familiar with the North Leeward area, and who is a special project person at the Office of the Prime Minister.

I want to thank also Mrs. Louise Mitchell Joseph, who is the lawyer for Armajaro here and who did a lot of work with the Agreement. All those who are involved with Armajaro with discussion I want to thank them very much and actually in terms of the initial contact I want to thank Sir James and I also want to thank Sir Vincent Beache who was very much involved in an advisory capacity on this matter. I am obliged, Mr. Speaker.

**HONOURABLE MR. SPEAKER:** Further debate, Honourable Member for ...

**HONOURABLE ROLAND MATTHEWS:** Thank you very much, Mr. Speaker, I rise to give my contribution to the Motion Memorandum of Agreement with the Government, ARMAJARO and cocoa production or the reintroduction of cocoa in St Vincent and the Grenadines. Mr. Speaker, it is interesting and I say so because we on this side would have leading up to the last election, we would have championed the cause of the reintroduction of cocoa production into St Vincent and the Grenadines. And sad to hear about a minute ago when the Honourable Prime Minister named the entire ULP team for their contribution past and presence;

for their contribution with this project [Inaudible] of SVG, and the farmers who will initially benefit. I want to go further in thanking the New Democratic Party including our founding father who in spite being called a wind bag was one of the persons who would have championed this on the platform of the New Democratic Party during the last election campaign.

I said I was a bit baffled when I heard the PM congratulating his team because I could not believe in less than one year after we were hauled over the coals. They even had people coming in from Dominica championing on the other side saying that we want to reintroduce slavery into this country, when we talk about cocoa production the Winthrop cocoa. So, I [Laughs] it is good that we have an about turn in the situation, Mr. Speaker, and I am glad that the government has finally seen the light. I remember, Mr. Speaker, when I debated the Budget in January and I talked about the near 50 acres of land that was allocated in the Budget for Cocoa production, one member on the other side said I need to go back to school to understand agriculture. He said poultry production was more viable; you can check the Hansard and you will know who said that. The point is, Mr. Speaker, why I am making these comments because we have to send a signal to our farmers that we are serious because when we are on the platform and we are campaigning, Mr. Speaker, we are telling the people of SVG what we intend to do when we go to government.

So, when as the Prime Minister correctly said, we did not start the sideshow on this side you know; we did not start it, I believe that everyone in this Honourable House; we are quite aware who and the source of the sideshow, if I wish to use the Prime Minister's terminology. However, I wish to say, Mr. Speaker, that on this side of the House we are in support of this Agreement, yes there are some concerns that we have and we believe that the Government when it comes to enacting legislation to deal with this matter might see it fit to discuss certain matters with Armajaro and maybe some of our concerns could be looked at and if possible changes could be made.

I noted, Mr. Speaker, that we have an Agreement that is supposed to last for 50 years and to be reviewed in 20 odd I think it is. This is modern times, Mr. Speaker, it is modern times and we heard the Honourable Prime Minister when he was talking about the Bill before this one about legislation that was to deal with the Offshore; I heard the Opposition Leader who said at that time he thought it was the best thing to do, but within a short three years what we thought then was the best thing to do we were blacklisted for doing exactly that. So, when we have an agreement which is supposed to be reviewed in 20 years with the way things are changing that is a very long time and maybe we should put a shorter timeframe to deal with something of this nature.

Mr. Speaker, I noted on the Appendix of the Cocoa Support Programme, I said which we fully support with some revision in some areas, the Government has certain responsibility; there are certain things that they must do as a part of this contract but we are fully aware that when things are not done we do not like to take blame. We like to take responsibility but not blame. I say this because when you look at for example, Mr. Speaker, the first one, one of the responsibilities of the Government: the Government is the primary agency responsible for information to be reviewed by the Company for determining the acceptability for cocoa production, this has to do with the allocation between 5000-7000 acres of land to be used in most appropriate agri..... (Let me read it properly):-

**“The identification of 5000-7000 acres in the most appropriate agro-ecological zones for cocoa production; areas already mapped by the Ministry of Agriculture Rural Transformation Forestry and Fisheries”**

Mr. Speaker, I am hoping that the Ministry of Agriculture who within recent times is quite well known for its tardiness in some areas, so, I am hoping that this serious what I would call Memorandum of Agreement; I hope that the seriousness of it will be taken into consideration when Government is doing its part in taking care of the responsibilities when it comes to this Agreement. Because you know cocoa, as the Prime Minister rightly said, is yielding a lot of money on the international market, money, money that we in St Vincent and the Grenadines could well do with at this point and time; money that even our farmers they would glad to have in their pockets in these trying times. That is why I said that when we are dealing with the livelihood of people I am hoping that we are serious in doing so.

I noted too, Mr. Speaker, that the identification of interested farmers with clear land title. In SVG, Mr. Speaker, it is traditional that a number of our farmers are accustomed to plant lands that do not belong to them. A number of farmers sometimes somebody might say in a sort of verbal way, “Look I have a piece of land you can work it for me and you can give me a part” you know some kind of arrangement could be made. So, I am hoping...  
Yeah

**DR. THE HONOURABLE RALPH GONSALVES:** If my friend ... under the Agricultural Small Tenancy’s Act, below 5 acres of land I think that is the ... you can always check it. If you have a verbal agreement it is perfectly in order and there are enforcement provisions in relations to agricultural small tenancies. So, when you talk about a title you are not meaning that a farmer must have a title deed but if you have an arrangement with someone all you do is you check the person with whom you have the arrangement. Yea! Yea! I have an arrangement with Mr. Browne that is fine because Mr. Browne is protected under the Agricultural Small Tenancy Act. For instance, they have crops on it you have to give them ...; you either have to pay for the crops or you have to give them notice of one year in order to reap their crops. So, I just want to make that point. So, when you see certain points of agreements which are listed you have to take into account what is the existing legal framework. I gave that one as an example, as the lawyers on the other side will tell you even if you do not have a title but you have a lease, since the eighteenth century in the famous case of Walsh and Lonsdale an agreement for a lease is as good as a lease. I mean there are a number of things but I want to make that point so that we do not go down a road where we are confusing as you say the farmers outside and say, “Well, a mean wait, what kind of agreement we signed”? There are preexisting things to take care of this and there is a legal framework. I want to make that point.

**HONOURABLE ROLAND MATTHEWS:** Thank you very much, Mr. Speaker. Honourable Prime Minister, I am very sure that a number of farmers out there are happy to hear this. Mr. Speaker, I have noted as well that the Government is also involved with the Company in terms of determination of the system of production like example mono cropping, intercropping with other shade crops etcetera. Ugh! I mentioned this one because I recalled in this Honourable House I was sort of reprimanded when I suggested that in this Honourable House. I

suggested that the cocoa because it takes a long time, three years, before it starts to bear fruits a little intercrop, I was told that – the Senator David Browne said that and he even went as far and say that you shouldn't plant other things because they might get disease to the cocoa. I remember it quite clearly. I was wondering well, if [Laughs] [Interjection] exactly but I am glad that the Government in their document that they signed with ARMAJARO is bringing that out. I am very glad for that. [Interjection] [Laughs] Mr. Speaker, I am so happy that the Prime Minister and I are on the same side and in so doing he has also taught the Honourable Member who would have criticized me a little farming lesson as well.

Mr. Speaker, we know in this country that it is difficult for farmers to access funds to produce whatever crops they produce. The New Democratic Party our Party suggested the introduction of a development bank because we recognize, Mr. Speaker, that the loan portfolio at a development bank and a commercial bank are quite different. And we as part of our understanding of these things suggested or we said that we would introduce or bring into operation a development bank with the sole intention to help small businesses including the farmers because we know the difficulties they experience when trying to access loans for agricultural purposes and from traditional sources in terms that the interest rates are very high. And a lot of the commercial banks will not want to go into that kind of loan agreement with farmers, because they say the collateral is not there.

Mr. Speaker, I noted with a bit of interest as well the upgrading of feeder roads to facilitate cocoa production and government and funding agency are earmarked to carry out this responsibility. In St Vincent and the Grenadines at this very moment our feeder roads, Mr. Speaker, are in a deplorable condition, very deplorable and I know it is going to take a lot to bring them into some sort of accessibility that they can be used to help farmers who are going to be involved in cocoa production and other agricultural crops as well. That is the reason why I said at the beginning, Mr. Chairman, this is serious business and if we know that we are going to let down the hopes of our farmers then why did we do this? Because Mr. Speaker, I believe this reintroduction of cocoa as a viable crop into SVG is something that all of us in this House we have in common; never mind some people play little ... PM says, we know how important, sideshows with it when it was first highlighted.

But we as a parliament, I believe every one of us, we know how important something like cocoa could do to the economy of this country. It could develop our people and we have to bear in mind, Mr. Speaker, that most of the farmers involved in cocoa production are our small farmers and St Vincent and the Grenadines the persons who are involved in farming are small farmers. So, we are going to be directly impacted upon, and hence the reason why I said I am hoping that the Government through the Ministry of Agriculture is very serious and will give the support necessary as outlined in the Agreement so that this Agreement could mean something. Because what I am seeing here and when you look at the last Budget and the amount of money allocated to Agriculture what I am seeing here; I had expected a substantial improvement in the resources allocated to the Agriculture Ministry to be able to carry out this important mandate. It is very important, Mr. Speaker, because our farmers are out there and I am sure many of them are listening to this debate and they want to know what we are discussing and hence I said to the PM awhile ago I am very glad that he would have clarified the part which has to deal with land title and so on. I am very glad for that.

I was part of a discussion with the Leader of the Opposition and other colleagues, with some principals from the Armajaro Company and they have expressed some concerns themselves because the message isn't getting to the farmers out there the way it should in terms of getting the farmers more involved. Because something of this nature and with the amount of money involved in terms of what the farmers are likely to get one would have thought they would have been jumping up and ready to go, but we have to ask ourselves if we are getting the message across to them. [Interjection] well, I am glad to hear that; yes I am glad to hear that. Yea! Yea! Yea! I am glad to hear that here, Mr. Speaker, but what I want is to hear it out there in the community that matters. [Interjection]

You know, sometimes ... I just said that both of us are at the same [Interjection] and sometimes when I am trying to say to this Honourable House that we have to be serious, we have to make sure that our farmers are ready. [Interjection] but I am telling you a concern expressed by the principal of Armajaro in a meeting they had with the Opposition; they expressed that concern and other Members here can bear me out on that they did and hence the reason why I am appealing to this Honourable House and to the Ministry of Agriculture as the executing agency who will implement this plan to ensure that our farmers who wishes [Interjection] to be part of this; who wish to be part of this project, (thank you). Who wish to be part of this project that they should get all the information necessary so that when they go in they will do so wholeheartedly, knowing that Government is fully behind them and supportive of them all the way. That is my point; that is my point.

[Laughs] so, I am glad Mr. Speaker, that I heard so many people on the other side would have had land set aside to plant cocoa. I am so happy for that so I know that if a larger amount of people also on the other side who are involved then they would not want their investment to go down the drain, so they would be making sure that the Ministry of Agriculture and other government agencies responsible for making this a success they will make sure that it happens. [Interjection] My father was not as fortunate like yours to have excess lands to give you and others [Laughs] [Interjection] good for you.

Mr. Speaker, at this point I wish to reiterate that we on this House, we on this side of the House, sorry we support this initiative, we support it because it is an initiative of the New Democratic Party and we are glad that the Government is on board with it and that they have finally seen the light [Interjection] and [Striking of the gavel] [Laughs]

**HONOURABLE MR. SPEAKER:** [Striking of the gavel] come on let us [Interjection] [Striking of the gavel] Honourable Member let us have [Inaudible] kindly [Inaudible]

**HONOURABLE ROLAND MATTHEWS:** Yes, I believe that the Honourable Member of Tourism did not hear you, Mr. Prime Minister, he did not hear you. So, we in this House support the initiative and as I said we have some concerns, and I am sure other Members on this side of the House in their presentations would say exactly what some of our concerns are. [Interjection]

**HONOURABLE MR. SPEAKER:** [Striking of the gavel] Please allow the Honourable Member to make his I supposed conclusion in this debate.

**HONOURABLE ROLAND MATTHEWS:** You could imagine that now we have a situation where everybody agrees

**HONOURABLE MR. SPEAKER:** Yea! Yea!

**HONOURABLE ROLAND MATTHEWS:** they still making noise. [Interjection]

**HONOURABLE MR. SPEAKER:** Yea. [Striking of gavel] Honourable Members please.

**HONOURABLE ROLAND MATTHEWS:** Anyhow, as I said, supported and other Members on our side would continue to raise some of the concerns that we have with this Memorandum of Agreement even though we give it our support. Mr. Speaker, much obliged.

**HONOURABLE MR. SPEAKER:** Further debate on the Bill.

**HONOURABLE ARNHIM EUSTACE:** Mr. Speaker, I will be very, very brief. Mr. Speaker, there are two areas that were raised by the Member for North Leeward in his presentation which I want to reinforce a little and it first relates to the whole question of the length of the review period on the Agreement. Given the nature of trade and the nature of business today, Mr. Speaker, I really find that the length of this Agreement, in the year of our Lord 2031 will be difficult to take. Twenty years indeed is a very, very long time before you have even the first review of this fifty year agreement and I will urge that in further discussions with ARMAJARO that this matter be raised again. [Inaudible] said we may not require complete reviews but certainly there are going to be issues relating to prices and so forth, which will come up from time to time and other changes in the general economic climate in the world. And for cocoa that may occur and twenty years is really a very long time before you can have your first review of the Agreement.

**DR. THE HONOURABLE RALPH GONSALVES:** If my Honourable Friend would give way. The review does not relate to the issues of prices, the prices would be reviewed on an ongoing basis by the Farmers Association and ARMAJARO and naturally the Government would be monitoring it: the farmers selling their commodity. Let me make this point on the critical issue of prices - that is an ongoing matter. In fact, it is specifically stated in the Appendix:-

**“Establishment of a payment system to be agreed upon by the farmers and the Company which provides full price transparency: and reflects the world market trading conditions”.**

That is an ongoing business; yes.

**HONOURABLE ARNHIM EUSTACE:** That with other matters that may arise, which are subject only to the twenty year period and I am seeking a review of that when you have further discussions with ARMAJARO. The second issue which I wish to raise, Mr. Speaker, relates to the question of the exclusivity. The Prime Minister in

his presentation, and I am amplifying the matter, made reference to the possibility of a local producer of cocoa and he said that if a man planted a ten acres, one acre or so on could there be any limitations to that or is it sufficient to say that no local producer will prevent cocoa? I want that issue to be considered.

**DR. THE HONOURABLE RALPH GONSALVES:** I am saying as I understand it, it is better this way because if you say, “Look this takes care of the Cottage Industry”, this exclusively covers that and a Cottage Industry is really a very small industry. And the point about it is this: you cannot come and say to somebody that that is not cottage if somebody plants ten acres or forty acres of ... how are you going to tell them it is not cottage? The very formulation of it makes it easy for people to do it.

**HONOURABLE ARNHIM EUSTACE:** Cottage in people’s mind is associated with smallness that is in math. I just want to be clear in my mind that if a Vincentian producer decides to do 180 acres cocoa farm that he is covered under the existing clause here, [interjection] Okay, because those are the two issues I wanted to raise. Much obliged, Mr. Speaker.

**HONOURABLE MR. SPEAKER:** Further debate, Honourable Member of [break in transmission]

**HONOURABLE MONTGOMERY DANIELS:** Thank you very much, Mr. Speaker. Mr. Speaker, I rise to give support to this Resolution that is before this Honourable House. Mr. Speaker, just before I get into the debate on this Resolution, I just want to indicate in terms of clarification that the Ministry of Agriculture, Rural Transformation, Forestry and Fisheries as the Ministry that is responsible for the process of carrying this project forward is really unaware of farmers and the issue with ARMAJARO in this project. The Ministry of Agriculture has been working steadfastly with ARMAJARO and it is surprising news to me to hear that ARMAJARO has raised such a concern that they seemed to be having problems with farmers and lands for this project. On the contrary, Mr. Speaker, I have been getting calls from a lot of farmers. The Ministry of Agriculture has been having numerous calls from farmers wanting to get into cocoa production. So, Mr. Speaker, I know that a number of farmers, the Prime Minister made mention in terms of Square Deal and Bigger Biggs and all of these are farmers who at the moment getting into or wanting to get into the project. So, as I said Mr. Speaker, it is really at the moment news to the Ministry of Agriculture.

But, Mr. Speaker, cocoa is quite an important economic crop to St Vincent and the Grenadines and by extension the diversification of the agricultural sector. Mr. Speaker, in the 1950’s into the ‘60s there were crops like cocoa, coconut, arrowroot and bananas to the less extent that accounted for major exports out of St Vincent and the Grenadines. And Cocoa at that time had an estimated average acreage of 1700 acres. The crop was very dominant in North Leeward particularly in areas like Richmond, like Mount Wynne and Peters Hope. The crop was dominant in areas like Marriaqua into the North Central and North Windward area. So, farmers would have been growing the crop and have been receiving tremendous economic benefits in that regard.

During that period of time, Mr. Speaker, the experimental station at Campden Park was deeply involved in the testing of varieties; because one wanted to make sure that the different varieties that were being used that those varieties were high yielding but at the same time, Mr. Speaker, Wallilabou Agricultural Station was the main

station to which propagation and the delivery were done. And so Mr. Speaker, there was a well organised operation in those days; as a matter of fact the varieties that were established at that time for export was really for flavoured cocoa or what was also termed premium cocoa and a number of farmers really planted cocoa for a number of reasons. Cocoa in itself, Mr. Speaker, help to build rural communities but as the 70's and 80's approached we would have seen, Mr. Speaker, that the prices of cocoa began to fall on the world market and then as is normal with farmers where prices would fall with any agricultural commodity there will be a response in that regard and so cocoa production began to see itself in a reduction state. At that time, Mr. Speaker, of course bananas flourished and a number of farmers went into banana production but banana flourished until 90's and particularly in the year 1994 when the WTO challenges were placed before the European Union and this in itself created tremendous difficulties for our farmers. So, banana today is very much being challenged to the extent that there is a reduction in the production of bananas at the moment.

But Mr. Speaker, when this administration came to office in 2001 this administration had already recognised the problems that the Banana Industry was facing and so this administration ensured that the diversification programme within the agricultural sector was improved. But equally as the Banana Industry would have been facing challenges up until today this administration continues to give full support to the Banana Industry knowing very well the very economic importance of the Banana Industry to the rural areas, but this administration it insisted that the diversification programme was well established and to set the foundation, set the base for a better agricultural sector in this country. There are various initiatives that were established which included areas like the revitalisation of the Arrowroot Industry, the establishment of the Cassava Plant up at the Orange Hill Estate, Rabacca Farm, we went into an initiative of the Coconut Water Bottling Plant of course that was so with the FAO and we had some problems there and we are still working with the FAO to have this initiative improved.

We established a hatchery to ensure that the Poultry Industry moved forward and I heard comments from the Member for North Leeward in his opening remarks indicating that he made comments earlier on when the Budget was done that cocoa was much more a better investment than poultry. Mr. Speaker poultry and pig production are two of the better investments.

**HONOURABLE ROLAND MATTHEWS:** I rise on a point of correction. I wish to say that I was only stating what another Member on the other side said when I was making my budget presentation, I never said ...

**HONOURABLE MR. SPEAKER:** Yes, I thought that was the way.

**HONOURABLE ROLAND MATHEWS:** Thank you very much. Oh I see, okay, Mr. Speaker, all right. Well, the issue here, Mr. Speaker, is that we would have established a hatchery to boost the Poultry Industry in this country and of course, Mr. Speaker, since we came to office particularly during this year we would have been having tremendous discussions in terms of improving the poultry industry overall here in St Vincent and the Grenadines. There would have been an interested investor who would have come to St Vincent and would have had discussions with the Ministry of Agriculture, Government as a whole wanting to establish a major Poultry Industry here with us where the investments were somewhere in the region around \$70-\$80 million dollars,

wanting to involve up to about 1200 acres of lands into poultry production but of course that discussion is ongoing because there are one and two areas that need to be clarified. Equally Mr. Speaker, of course, the Ministry of Agriculture is in discussion with ECGC on another poultry product of which ECGC is interested in establishing here in this country and so the Ministry of Agriculture is in [accommodation] with this kind of investment and so the discussions are ongoing because these investments do mean a lot to the agriculture sector at this time.

Mr. Speaker, we also established what was the Lauders Agro Processing Plant now WINFRESH, and of course, when that was done it was done on the basis for the export of root crops particularly Vacuum Pac products, but today, Mr. Speaker, VINCY FRESH has gone much further; VINCY FRESH, Mr. Speaker, has developed a number of products of which there are high demands for these products, as a matter of fact there is a Pepper Mash, a Pepper Jelly, there is All Purpose Seasoning and all these are in high demand. There are also a number of chips that will be done at VINCY FRESH which includes Banana Chips, Potato Chips, Plantain Chips and Eddoe Chips: all these are products that will be rolled out early in the New Year and so Lauders as one of the initiatives that this administration has established is indeed aiming to take its rightful place in the sector.

And so, Mr. Speaker, understanding the overall need for improvement in the diversification sector, cocoa is also one of those crops of which this government recognises fully and that even in its manifesto for 2010 it is identified in that document and even within the Ministry of Agriculture in its production plan cocoa is one of the many crops that has been identified through which the Ministry of Agriculture is working on. And so, Mr. Speaker, this government understanding the role that is required for diversification within the overall sector, government has put in place that Motion through the Ministry of Agriculture and so when the contact was made with ARMAJARO to establish this cocoa project the Ministry of Agriculture was immediately called upon to get involved in the preliminary work and to set the framework through which we can have this project established. With many meetings and many discussions we finally came to the position where this MOU was signed and so the Government is ready to roll out with this cocoa programme as established.

Mr. Speaker, cocoa as a crop no doubt will strengthen the diversification programme in the Ministry of Agriculture; cocoa as a crop will restore crop cover to areas that have been deforested for many, many years. As a matter of fact, Mr. Speaker, this crop will assist in Agro Forestry to the extent whereby that wild life will once again be improved in this country. The Prime Minister made mention of butterflies and those night flies larbelle, but of course, Mr. Speaker, one can see once there is an improvement in Agro Forestry that certainly one would see the increase in wild life such as iguanas, such as Man-i-cou which we know would have been on the depletion for sometime due to the chemicals and so on that would have been used within the Banana Industry but certainly cocoa to assist in the Agro Forestry will really assist in the wild life that was severely affected over the last couple of years.

Mr. Speaker, cocoa as a crop would certainly bring economic benefits to St Vincent and the Grenadines; initially within the first year the target is approximately 3000 acres but with a final target of some 7000 acres. When banana production was at its heights there was well over 8000 acres in bananas but one can see 7000 acres going into cocoa production and while on the average banana would have been given returns of around \$8,000 per acre in terms of gross returns. On average, cocoa presently at the price of the world market one can

be seeing on average of \$7,000 per acre, and so this is indeed a crop that can bring tremendous economic benefits to our farmers. Mr. Speaker, cocoa as a crop will also bring investment into this country, we have seen in the Agreement of course of the various kinds of infrastructure that is required of course, there will be improvement of roads on the propagation stations and a number of other areas will indeed be worked on to bring that kind of benefit to St Vincent and the Grenadines.

Mr. Speaker, the Ministry of Agriculture has been working steadfastly with representative of Armajaro to ensure that this project is moving forward. The Ministry would have been having discussions with the Research Stations in Trinidad and Tobago, the Ministry would have been having discussions and I myself would have journeyed to Costa Rico working with IICA and with CATI (Central America Institution for Research) where that institution also provides a number of planting material in cocoa production and so the Ministry we are working with these two research institutions to ensure that we have the best varieties that is required at this time for cocoa production. In Trinidad and Tobago of course, the variety is Trinitario which is one of the high yielding varieties and so we are working steadfastly to ensure that come early next year that this project will begin to see the preliminary work in terms of establishing the bins and establishing the varieties that are required to move this project forward.

Mr. Speaker, I believe once this project is well on the way there are certain cultural practices that will certainly return to this country. I recall when I was a boy there were the Summin who would have gone to the forest and who would have been cutting trees; and of course, their breakfast Sunday morning was cocoa tea. They would have had it with some cocoa milk and I understand from the health perspective that cocoa as a tea could help in the control of pressure and sugar [ turning to the Minister of Health] Minister, I mean you are the Minister of Health, you are there to correct me if I am wrong. So, we will go back to wellness the wellness days and so, Mr. Speaker, this government is committed to the production of cocoa here in St Vincent and the Grenadines through the Ministry of Agriculture we want to ensure that this industry is sustainable and so we will be working together with Armajaro to ensure that this project is a sustainable one.

This Government as has been identified in the Memorandum of Understanding to create the kind of enabling environment to have this project moving forward. The Prime Minister would have already indicated in terms of the support programme what would be done and so I would not go into that. But just to say, Mr. Speaker, the farmers are waiting on this project and that the Ministry of Agriculture is giving full support to this project as we go forward with the diversification project. I am much obliged, Mr. Speaker.

**HONOURABLE MR. SPEAKER:** Further debate, Honourable Senator ... you are not? What you're ...?

**HONOURABLE DAVID BROWNE:** I am not debating the Bill.

**HONOURABLE MR. SPEAKER:** What are you going to do?

**HONOURABLE DAVID BROWNE:** Apparently, sorry, awhile ago the Honourable Representative for North Leeward give his view of what I would have said in my presentation and I was just drawing clarity; I just got

the information from the staff and it is far from what I mentioned in my presentation a few months ago. He said, I spoke about intercropping and you should not intercrop; and I said; “I am a farmer, how could I say such a dumb thing”? So, I went and I collected the facts; and I got the facts in less than five minutes. I mean it is easy for us to stand up and speak like that.

**HONOURABLE MR. SPEAKER:** What are the facts?

**HONOURABLE DAVID BROWNE:** Page 13 of my presentation Mr. Speaker, and I am going to read it:-

**“Mr. Speaker, poultry importation runs \$20 million in this country; I make reference again to last night in the aspect of developing cocoa, and the crop takes about three years for a commercial crop. I will say Mr. Speaker, the investment is better in poultry; the risk is lower the timeframe is indeed lower and the overturn is better.**

**You see, Mr. Speaker, it takes a bird about eight weeks to grow and it takes cocoa three years to grow; but the Honourable Member made reference that we can intercrop and there are scientific complications with that Mr. Speaker, plants can develop various diseases when you intercrop”.**

Now, I never said that we should never intercrop.

**HONOURABLE MR. SPEAKER:** All right point is taken. Honourable Prime Minister, kindly ...

**DR. THE HONOURABLE RALPH GONSALVES:** I want to thank Honourable Members for their contributions ...

**HONOURABLE MR. SPEAKER:** Honourable Prime Minister just a minute. I was not aware that the Honourable Member was ...

**DR. THE HONOURABLE GODWIN FRIDAY:** No I didn't say.

**HONOURABLE MR. SPEAKER:** As a matter of fact, I did not see him stand at all.

**DR. THE HONOURABLE RALPH GONSALVES:** I did not, Mr. Speaker

**HONOURABLE MR. SPEAKER:** Okay.

**DR. THE HONOURABLE RALPH GONSALVES:** but I intended to, but when the Honourable Member stood I thought he was going to add to the discussion, so I gave way to him. When the Prime Minister stood again I thought he was going to respond to the Honourable Member [Laughs]

**HONOURABLE MR. SPEAKER:** No! No!

**DR. THE HONOURABLE GODWIN FRIDAY:** I just have a few brief comments that I would like to add to the debate.

**HONOURABLE MR. SPEAKER:** Okay, fine, no problem.

**DR. THE HONOURABLE GODWIN FRIDAY:** Thank you, Mr. Speaker. Mr. Speaker, the Honourable ... I rise to add my comments to the debate on the Motion regarding the introduction of cocoa as the commercial crop or the reintroduction in St Vincent in the Agreement of Armajaro Limited. Mr. Speaker, the Honourable Member for North Leeward would have set the context very well for how the matter arose, how the subject of cocoa farming arose and was dealt with during the last elections debate; you do not need to go over that I think that is a matter of public record. What I wish to add and to reiterate, Mr. Speaker, is that the New Democratic Party embraced this opportunity when it was presented to the Party by Sir James as an opportunity for the diversification of farming in St Vincent and the Grenadines.

And I want to commend Sir James for his own perceptiveness in seeing the opportunity when it arose and for grasping it and for bringing it to us here in St Vincent and the Grenadines for the benefits of farmers and the country as a whole. We recognised the potential of it, Mr. Speaker, and we championed it without reservation during the last elections in 2010. What I want to say too is that, Mr. Speaker, what we say in public whether it is during the election campaign or otherwise should be consistent with what we say here in the House when we are talking about matters of development of the country. If there is any difference it should only be a difference in style not in substance, so when we say we are in support of it, we should say it here and we should say it everywhere, and we in the New Democratic Party we are consistent in that. We said it in the election and we are saying it here in the House not with any water in our mouths.

Mr. Speaker, there is considerable potential for those. There is no magic or any silver bullet in economic development. We have to try and make a living from a variety of different areas of economic activities whether it is in farming, in tourism, fishing as we discussed earlier this morning and international finance; we have to be ready to take opportunities when they present themselves, because they do not usually come with a label saying "opportunity". Sometimes they may look like hard work, they may look like a lot of trial and tribulation but in the end we have to see a goal at the end of it that we are all assured would bring benefit to this country. We say that very early in this project, Mr. Speaker, we embraced it and we have been consistent in supporting it and we do that here in this Honourable House.

Now the reservations that were raised by the Honourable Leader of the Opposition and by my Honourable Friend from North Leeward are not matters to be slighted or to be overlooked easily. Ultimately what would matter is how the farmers regard it, as the Honourable Prime Minister said in his own presentation. The farmers are rational economic beings and don't matter what the Agreement says facts on the ground may require adjustments as you go along because the farmers themselves they are not going to engage in something if they see it is not in their own interest. So, I hope that in our support for it and the support on the other side of the

House that from hence forth we would speak in support of it and in promoting the best interest of the farming community and of St Vincent and the Grenadines.

Of course, the people who have brought the project Armajaro they have commercial interest and they would look for their own commercial interest and for their shareholder. But we here in St Vincent and the Grenadines, Mr. Speaker, we have to ensure that our people benefit from it, that the country benefits from it and that our primary interest if not our sole interest has to be the benefit of the people of St Vincent and the Grenadines. That is what we are here to look out for and while I do support and wish that the reservations that were raised by the Honourable Leader of the Opposition and the Member for North Leeward are taken into account and address up front I know that in fact reality would be a much more persuasive force than the voices here in this House and on the ground. So, in that I am assured, Mr. Speaker, hopefully, the project would proceed with success and quickly, and that the Ministry of Agriculture will take the responsibility, do it in a professionally way, deal with what it has to do and do it in a timely manner for the farmers and for the reputation of St Vincent and the Grenadines.

The farmers themselves would need a lot of assistance, Mr. Speaker, even if it is not within the Agreement or the Memorandum of Agreement and it can be provided by whichever Ministry: Finance, Ministry of Agriculture, the Ministry of Transport and Works, in providing roads and so on. These are things we all have to put our support behind to ensure that the farmers have the best opportunities to succeed. Farming is really in a very delicate position, Mr. Speaker. I was on the radio yesterday and talking about the Banana Industry and one of the callers said that he has to now decide whether or not to go back into bananas not because he cannot farm but because of his previous experience and as to whether the compensation provided is sufficient and the reassurances given are sufficient to encourage him to proceed.

So, we are at a delicate stage, Mr. Speaker, and we have to give confidence and assurance to the farmers of this country so that they would take up the opportunity and go forward, knowing that three or four years down the road that there is something of a return for them and not just dashed promises. With those comments, Mr. Speaker, I want to add my voice to the Members on this side in supporting the Motion.

**HONOURABLE MR. SPEAKER:** Honourable Member for Central Kingstown [interjection] [inaudible] your mike on.

**HONOURABLE ST CLAIR LEACOCK:** I know, but I saw you peeping out here. Mr. Speaker, Honourable Members, Fridays are not the established date for parliamentary debates and while like you I feel we should be going home, Mr. speaker, I also have an obligation to make my contribution to this [inaudible]. Mr. Speaker, I am going to remain in sync with my Honourable Leader, Member for East Kingstown and my other colleagues including the Member for North Leeward, but I have to be very blunt about it while I lend support to this Motion. It is to me one of our most challenging parliamentary debates. Today we had a Bill that came earlier that spoke to the survival of our offshore financial sector and I heard in the summary conclusions contribution of the Honourable Member for East Kingstown in which he was encouraged by, in my words in a number of innovative and protected clauses that spoke to our sovereignty of sorts in this very trying industry.

Mr. Speaker, the contribution of both the Honourable Minister of Finance Prime Minister and the Honourable Leader of the Opposition on that subject, acknowledge at one time the fact that here is an industry that we in St Vincent and the Grenadines, indeed in the whole OECS in many Caribbean jurisdictions were able to establish principally on the basis of legislation. It was the law the protective use of the law that gave us an industry with what is called in the literature “a competitive advantage” that is what we got, and that competitive advantage created in law in particularly the confidentiality clause. It is history now that we had to dismantle that industry, restructure it and reorganize it. In fact the jury is still out in some quarters whether or not we were not beaten into submission, and whether the OECD and others did not bully us into that position and whether in fact their own position was legal. That is not the subject of the debate today, the subject of my attention, Mr. Speaker, is that we had to give up something on which we were making a significant living. In fact, I think at one time the position their projection was high as \$35 million per year to the economy. We are a long shot from that today; that is on the competitive advantage.

Today, Mr. Speaker, in this Motion we have moved from a debate and a discussion on the competitive advantage of our economy to an area in which we have comparative advantage: namely we have the soil, we have the climate, we have the know how, we have the technical expertise that can allow us to produce in St Vincent and the Grenadines and in the OECS something – a commodity that cannot be produced in many other places and that is why we are of interest to Armajaro. And so, even if and while we are in fact advancing support for cocoa and I speak directly to the Honourable Prime Minister he has to add more to his historical backdrop mainly that we have been in cocoa for very many, many years with different levels of success. We have to add to that debate and that discussion and remind ourselves of our own political economy which is so well researched and presented for years by our scholars and people like Lloyd Best and Beckford would turn in their grave having presented to us the inherent weaknesses of us as a people on a dependence on what they called “A plantation economy in the Caribbean”. Dependence upon sugar, cocoa, arrowroot, you name it, bananas over the years and we have seen today what has been the end result of our dependence upon a plantation economy and a failure to advance and to take advantage of the value added streams in those activities.

Today, our determination to go into cocoa in as much as it would facilitate our diversification, it is a further weakening of our dependence upon plantation economy on our way out for our societies and I say so to the extent that we are not amplifying the value added portion of cocoa production. And I am not apologizing for that, Mr. Speaker. And many years from now if we do not revisit one of the points that was raised whether or not twenty years is enough time for us to revise our position we may say that one more time we failed our peoples.

Mr. Speaker, an inherent problem for our society and our economy is the structural weaknesses that exist, our own vulnerabilities that have been spoken about and again we are going to emphasise that vulnerability in our cocoa involvement. Again, I am not contradicting myself but I am saying that I am not satisfied that we have sufficiently exploited all of the permutations to have gotten the best result on what clearly is an opportunity.

I heard the Prime Minister said emphatically: “No processing would be done here by Armajaro”. He said, “No processing would be done here by Armajaro”. Put another way Armajaro’S foreign direct investment would be limited to the primary production functions – commodity and production stage. He went on to say, “We will sell to a high end processor or manufacturer”. That is where the value added chain is. He also made mention of the fact that we would not be on the level and scale of Ghana, and I agree with you, and Cote d’ Ivoire. And that is not the subject for today they have other cultural problems relating there – child labour and so forth on the cocoa plantation and so on and so forth; that is not the subject for today but that is a serious problem in Ghana: the child labour situation in that society but what made me jump back a little, Mr. Speaker, is that I could not believe that I was hearing from the Prime Minister that the government does not have any intention to be in the value added aspects of the function – leave that to an investor that is not Ralphie Gonsalves of yesterday speaking. That has to be a bitter pill for him to speak, to come from his mouth. His history, his training, his commitment, I know goes much deeper than that, I cannot believe I could hear that from him; that he is not interested in the value added chain.

In fact, it contradicts fundamentally the very Agreement that we have signed and I want to bring to your attention what I see as contradiction here, Mr. Speaker, Appendix (1):-

**“The Cocoa Support Programme seeks to develop the entire cocoa value chain in St Vincent and the Grenadines through the establishment of appropriate infrastructure, training and finance”.**

If we are not going beyond the commodity production stage there is no value added to cocoa production or very little; very, very little because the money to be made in cocoa is in its processing and ten, fifteen and twenty years we have written and researched these things in the Caribbean that we as a people exported cocoa to England and sugar to England and we imported Cadbury Chocolate and people have chided us for years of our lack of imagination. And it is the same backwardness that have us here today fifty six years after in bananas where we are still [inaudible] the primary export of bananas when there are some twenty six derivatives of bananas that as a region we could have done much better on. And I am saying today, Mr. Speaker, I heard Clyde Bishop on the radio the other night speaking about Trinidad’s serious incursion into agriculture which would give serious challenges to our farmers and traffickers including the significant performance of cocoa production, and the Trinidad variety of cocoa production. Trinidad is by far the biggest successful economy in the region by far. If we do not feel we could go to the value added chain where is the Jagdeo Initiative of regionalizing our agriculture? That we don’t see the collective wisdom that by ourselves we cannot get down the value added chain but with St Lucia, Dominica, Grenada, and Trinidad whoever it is that there ought to be other possibilities that exist for us in cocoa production.

I refuse to accept that. I refuse bluntly to accept an involvement and a decision to be in cocoa production has to be at the expense of not going further in the value added chain and we have to hang our heads in shame and I am not going to be a part of that debate, Mr. Speaker, in which I supported not going down the value added chain because that is where the money is in this industry, so I want to be the exception in that regard.

Mr. Speaker, Mr. Speaker juxtapose our position on cocoa you may find this humorous, you know Mr. Speaker.

**HONOURABLE MR. SPEAKER:** What?

**HONOURABLE ST CLAIR LEACOCK:** Let me say this, Mr. Speaker.

**HONOURABLE MR. SPEAKER:** No! No! What are you accusing me of?

**HONOURABLE ST CLAIR LEACOCK:** Of smiling, nodding your head, being excited that is your privilege and that is your prerogative.

**HONOURABLE MR. SPEAKER:** So, you know why I am nodding my head.

**HONOURABLE ST CLAIR LEACOCK:** No, Mr. Speaker, so therefore, I will move on.

**HONOURABLE MR. SPEAKER:** You better do that.

**HONOURABLE ST CLAIR LEACOCK:** I will move on.

**HONOURABLE MR. SPEAKER:** Or you will run into trouble.

**HONOURABLE ST CLAIR LEACOCK:** No, I would not run into trouble, Mr. Speaker, I am entitled to be on my feet ...

**HONOURABLE MR. SPEAKER:** I do not know why ...

**HONOURABLE ST CLAIR LEACOCK:** I am moving on, Mr. Speaker, I do not want any contest because I am very passionate about what I am saying here, Mr. Speaker. Cocoa: let us juxtapose cocoa with coconut production in St Vincent and the Grenadines an industry that we are ignoring that has tremendous potential. You drive, left, right, north, south east and west there is coconut, coconut, coconut. We can do a lot in St Vincent and the Grenadines with coconut production again taking the value added production some twenty something products. The milk and the shell whether or not it is that we want to with Haagen-Dazs, Ben and Jerry's whatever the international chain that wants to produce coconut flavoured ice cream. We import all kinds of product on the supermarket shelves here derivatives of coconut that is something that every farmer with two or three coconut trees in the yard can plant ten fifteen to provide income for a family. But you see we are at a stage in this company in which our vision sometimes is so myopic we are prepared to borrow long and invest, no borrow short and invest long. Take \$20, \$40 million, \$100 million, \$300 million and we sink it into investments where we would not get returns for it 50 years, 70 years when our grandchildren would be dead; without the same energies for reversing that and raising funds and borrowing long to invest short to make monies right now. And we can do those things for coconut.

So, I am saying, Mr. Speaker, one more time we have this situation in our country where the absence of a regional approach to our economic development has been ignored and ignored at our peril and the people around the place will be upset about it. But at the time when we are talking about a single economic space a new financial architecture and economic union, I do not see sense that we have exhausted all of the possibilities from foreign direct investment to take a potential commodity that will help in the diversification of agriculture but also go the other step of exploiting value added chain. And it is less than satisfactory for me that we should lock ourselves into an agreement for fifty years to be reviewed twenty years from now which keeps us at the doorstep of a major industry. It is an indictment; we can do better and should do better. It should not be a casual pass over like – if the cottage industry wants to do it, so let them do it.

As a matter of fact, Mr. Speaker, I find that I had a difficulty in relating Appendix (1) that:-

**“The Cocoa Support Programme seeks to develop the entire cocoa value chain in St Vincent and the Grenadines through the establishment of appropriate infrastructure, training and finance”.**

with 4(1). I think that was raised before by the Honourable Member for East Kingstown, what I called the exclusivity clause: we will grant to the Company by way of legislation exclusivity in St Vincent and the Grenadines to buy cocoa beans wet or dry and to perform all sales and marketing of St Vincent and the Grenadines cocoa within the period of this Agreement that is for fifty years. You want to tell me for the next fifty years if some serious investor wants to come and say: “Look, I think I could do better rather than just simply putting your cocoa beans in a bag and send them out we could now link you with a serious production activity in which you have to at least bulk produce the cocoa here and send for refinement”; or whatever it is. We would not look at that for fifty years; no! No! Mr. Speaker! We cannot lock ourselves out of that, and we should drive a harder bargain with Armajaro with that that if they want to be here for fifty years you have to move our primary export for cocoa and at some stage of the game whether directly or in union with other members go up the value added chain, I do not know if we have struck enough hard bargain in that regard, so I have real difficulty in that position for St Vincent and the Grenadines, Mr. Speaker.

As a matter of fact, Mr. Speaker, I do not even know that what they are trying to do here with the exclusivity clause, for Armajaro in St Vincent is compatible with the WTO in that no other person could come in here and buy cocoa internationally to compete with Armajaro. I believe if that is challenged seriously in the appropriate courts we could have a problem, because we are in fact almost creating a monopoly benefit for Armajaro. And on the same subject to the legal argument I am not too sure that we are on solid ground there in that sense, Mr. Speaker. And I know too, I will confess to that; it is easier to speak from the point of view of an opposition on these issues than if you are in government. When your hands are to the fire or when you have serious challenges to create jobs, employment opportunities and to feed mouths and social policies issues are all around you. But we cannot compromise the fundamentals and I know the Honourable Prime Minister knows the fundamentals he has been there in the corridors with these discussions debates. And so today I have foreseen a dismantling of our economy both sides on the competitive side and on the comparative side and it begs the question where is

all this chest beating about our sovereignty, about our nation state, about our independence, we are not a colony of this, we are not a colony of that.

Where so quickly, and so easy we put up the white flag and surrender. Mr. Speaker, in essence I close with this it is no longer a question as to whether we are blacklisted, grey listed or white listed it is now whether we are “debt listed” and you can spell that “debt”: d-e-b-t or d-e-a-t-h because ultimately what will happen here and it has happened before the history is replete with it. Anytime there is a public partnership especially in agriculture the taxpayers carry a large part of that burden because the infrastructure investment is always heavy. If it is sugar there is port investment for shipping the sugar abroad, if it is bananas it is the same thing at the port, if it is nutmeg is the same thing and when the things build up it is the taxpayers who have to carry the weight.

So, I am saying Mr. Speaker, even at this stage while I want to be in sync and in concert on this side; that cocoa does add to the diversification it provides great opportunity to our farmers, we must do more than depend solely on the local [inaudible] industry to take advantage of the potential value added chain. Much obliged, Mr. Speaker.

Mr. Speaker, before I leave, I just want to say one thing, I am sorry, all of us today have forgotten to mention the significant contribution of Mr. Lenny Daisley our colleague on this side in this whole Armajaro debate. Not just Sir James Mitchell but Lenny did then and he still continues to place great faith in the cocoa industry. Much obliged, Mr. Speaker.

**HONOURABLE MR. SPEAKER:** Honourable Member for South Central, before you begin your contribution maybe I will ask the Deputy Chair to sit awhile; the Deputy Speaker, sorry.

**[Seating of the Deputy Speaker – Honourable David Browne]**

**HONOURABLE SABOTO CAESAR:** Thank you, Mr. Speaker. Mr. Speaker, I rise this afternoon to give my fullest support to this very important Motion and to shed some light on a very important subject matter. I sat here and I listened quite carefully the discussions and contributions from the other side and later on in my presentation I will address them in part especially those that merit a response.

Mr. Speaker, as I sat there and I listened I started to contextualize the discussion of cocoa because it is in some persons interest to play politics with cocoa production and to play politics with an attempt by a sovereign to engage in the production of a crop as a critical and important part of a diversification plan. Mr. Speaker, the facts are these: when Christopher Columbus and I want the students listening to take careful note because the history is there. When Christopher Columbus passed Nicaragua in 1582, in his notes he wrote about cocoa beans in the Aztec and Mayan Empire. Mr. Speaker, when Hernàn Cortèz in 1519 led an expedition to South America and he met with the Aztecs in 1528 he took back a recipe of how to make a cocoa drink to Spain. That is not the view of Saboto Caesar that is not something that is coming off of the top of my head those are the facts. So when I sit here and I hear people talking about who brought cocoa and it is NDP who brought cocoa and a political party raised the issue and ... I mean cocoa is a product that has been around for hundreds of

years and I do not accredit any political party for developing this crop or this product over another. And I do not think that we should engage in the discussion and particularly so in a period where we are having a global financial crisis agriculture is of paramount importance, so is tourism, so is industry and if we try to politicize this issue what you are going to have veritably are some farmers who support a particular political party being divisive against another set of farmers and it is going to throw this entire cocoa production plan into a tailspin.

So, I just want to note that by way of introduction that if I am to praise anybody about cocoa Hernàn Cortèz is the man who took it to Spain and since then cocoa as a flavour, so is coffee, vanilla and strawberry. But cocoa as a flavor has traversed the corner of the world and we know that because it is an excellent flavour it is in great demand, Mr. Speaker. But I want to speak to more germane issues and as Minister of Industry cocoa production in St Vincent and the Grenadines is going to play a very critical role in the revitalization of the rural economy. Mr. Speaker, when you study the history of agriculture in St Vincent and the Grenadines and I heard the Honourable Member for Central Kingstown in a very flirting way had a scant shot at terms: “competitive advantage”, “comparative advantage” without going into any depth of analysis. He quoted Beckford, I have read almost all the work of Beckford but I do not have to come here and in a very scant way and speak about Beckford especially, since the note that you stated was in accordance with writings on the plantation economy and not more particularly on the discussions of how adverse a monoculture in terms of agriculture can be detrimental to the development, growth and prosperity of a small island economy. [Applause] When I heard you started ...

**HONOURABLE DAVID BROWNE:** Yes.

**HONOURABLE ST CLAIR LEACOCK:** The Honourable Member clearly did not understand or does not understand what I am speaking about. I spoke emphatically and I referred to two prominent and they are all deceased now, Mr. Speaker, Lloyd Best who is one of my tutors on: “Plantation Economy and its Effect and Impact on the Political Economy of the Caribbean”. And I also spoke about Beckford with whom I had the privilege also to work on the Mexican Mill because I was working for UNESCO. So, I am not speaking about people who I do not know about or read about they were either my teachers or I worked with these people. In fact, both of them were with me in Mexico when I worked there for UNESCO. I am a graduate of economics and management so I can speak with authority. I am not flirting with these subject matters as is being related here this evening and I take strong offence, it is not the subject of the debate but I made them in the proper context of the political context of the country: I want to emphasise that, Mr. Speaker. Thank you very much.

**HONOURABLE SABOTO CAESAR:** Mr. Speaker, the records are clear, I sat here and I took very copious notes. You spoke about those two persons, those two writers in the context to lay the basis that there is a need to have value added that is the context in which you spoke about it. You did not speak about those writings in the context of the importance of having a diversified economy as opposed to having a monoculture that is clear, I listened to you carefully, you know and I did not have to go to Mexico with a man to understand his writings. I did not have to meet him personally, I never met Durkheim and I never met Marks but I have read their writings and I do not have to come here and pontify that my name is Saboto Caesar and I went to Mexico with a man and, and this is the level. [Interjection] I mean I sit with professors, I have spoken at Harvard University, and I

do not have to say that; [Interjections] but you see other things are bothering you [Striking of gavel] other things are bothering you.

**HONOURABLE DAVID BROWNE:** [Striking of gavel] Honourable Member.

**HONOURABLE SABOTO CAESAR:** Other things are bothering you, my friend. Mr. Speaker, so as I said by way of introduction, and you see I have to deal with that in parliament, now, I have to deal with it in public for everyone who is listening. The Honourable Member is saying that I am a clone of Ralph Gonsalves but if I am a clone of Ralph Gonsalves at least he is a good man. [Striking the desk] I would never say I do not want to be a clone of the Leader of the Opposition and I would never want to be your clone; you want to throw it in a cyclone. But, Mr. Speaker, I move on, little distraction is always good and I know the persons in South Central Windward probably raising a flag a red flag somewhere in Diamonds that men are going to have a drink on that this evening.

But Mr. Speaker, as agriculture continues to evolve there will be a need and a greater weight placed on certain crops. When you speak and analyse the issue of comparative advantage and the Honourable Member for Central Kingstown was 80% correct when he spoke about the factor of the production that would positively impact a company like Armajaro in the primary stages of their production but to go on to the other end where he spoke about the value added he never once mentioned whether Armajaro could have either a competitive or comparative advantage in St Vincent and the Grenadines when it comes to that aspect. It is nice to come here you know and pontify and speak words. I mean my little sister who is in A' level college even though she is a science student she would have flirted in Girls High School with words of comparative advantage and competitive advantage. And you are coming here and you are concocting what is somewhat grandchild in the economics trying to relate competitive advantage, comparative advantage and production issues and not making it clear; and all I can say is something like that is basically a concoction just for mere pontification.

Mr. Speaker, the factors of production labour, land and capital; St Vincent and the Grenadines are ripe for a take off once we have a crop, once we have the requisite foreign direct investment, the Government of St Vincent and the Grenadines as would have done over the past years will continue to encourage the attractions of FDI's [Foreign Direct Investors] and if I may turn, Mr. Speaker, to the obligations of the Government it is important that we noted here clearly in 4(3):-

**“The obligation of the Government is to grant the Company and its subsidiaries involved in the cocoa support programme in St Vincent and the Grenadines concessions based on the Fiscal Incentives Act”.**

And it goes on. I would have had discussions in my capacity of the Minister of Industry with Armajaro, I have also spoken to a conglomerate out of the United Kingdom and that company has intention to come to St Vincent and the Grenadines to set up a factory to extract flavours and they are a good way in their discussions where they want to come and extract the flavor whether it is the guava, soursop all flavours that they can once they can do it within the realms of the economy of scales. Because a man do not want to come to extract a guava flavour

where he can only do it three months in the year. So, they are now doing a comprehensive study as to the flavours that they would be extracting. So, I just want to say that for persons who are listening for their knowledge so that we can begin to think very broadly as we approach a more diversified setting in agriculture.

Mr. Speaker, it is also important for us within the context of our labour to note that with the onslaught of the World Trade Organisation decision in the banana case in the aftermath of Hurricane Tomas, our disease that we had to grapple with over the past months the black leaf spot that there are many persons within the agriculture sector who today are either unemployed or underemployed. The important thing is the lands are there and in agreement with the Member for Central Kingstown our lands are extremely fertile and that is the blessing that we have because of our volcanic origin. Mr. Speaker, the issue in recital (a) that speaks to export activities and the increase of export activities, I am certain that this would have a positive impact on our balance of payments in terms of the new employment. It would stimulate the rural economy and the Company in recital (d):

**“The Company is desirous of developing a sustainable cocoa Industry in St Vincent and the Grenadines”**

That also will bring significant earnings to the people of St Vincent and the Grenadines. And Mr. Speaker, I do not want to be long, too long on this issue but save to say that this crop once produced within the correct environment. When I speak about the environment I am speaking about once we get all the issues of the agronomics and the biological issues sorted out which I know that ARMAJARO they would have had meetings with the Minister of Agriculture. I attended the meeting that they had in North Union farmers such as Cox and Freddie Ollivierre were there finney man Allen, so a lot of ground work already have been done, quite contrary to what the Honourable Member for North Leeward was trying to give the impression that significant ground work has not yet been done, and that the idea of cocoa production is one that is not popularized.

In South Central Windward alone I know Aster John also referred to as Ras John he has already been contacted to assist in the propagation, Andrew Hadley another man in South Central Windward already and as the Representative of South Central Windward it is within my purview and capacity to ensure that I work with the requisite stakeholders so that the land use issues would be properly addressed. Because I do not want the lands that are most tractable to go into cocoa production, and then place extreme pressure on the production of the other crops; so all these are discussions ongoing. I would not like to see lands of the Leader of the Opposition or my lands right there in the Mount Grenan Basin go into cocoa production which and while they are tractable and they can be used as I know the Honourable Leader of the Opposition his lands are being used to plant asparagus [Interjection] I know, remember we are neighbours you know, [Laughter] remember we are neighbours, so I do not want you to stop your asparagus production and other vegetables because we have to balance issues of land use. Remember you know man; we live along the same street [Laughs] But Mr. Speaker, in all seriousness I just want to wish the farmers, the Entrepreneurs all the very best as we embark on the production of cocoa and I also want to thank ARMAJARO and Hernàn Cortèz for taking the cocoa beans in 1528, the recipe to make the cocoa drink to Spain when he did. I am obliged, Mr. Speaker.

**HONOURABLE DAVID BROWNE [Deputy Speaker]:** Any further debate?

**DR. THE HONOURABLE RALPH GONSALVES:** Speaker...

**HONOURABLE ST CLAIR LEACOCK:** Oh! So, I am not disrespecting you standing? Just making my way to the [inaudible]

**DR. THE HONOURABLE RALPH GONSALVES:** Sure

**HONOURABLE ST CLAIR LEACOCK:** [Inaudible] it is just that I [inaudible]

**HONOURABLE DAVID BROWNE [Deputy Speaker]:** Honourable Prime Minister.

**DR. THE HONOURABLE RALPH GONSALVES:** Mr. Speaker, Honourable Members, I see the Honourable Speaker is coming back.

**HONOURABLE MR. SPEAKER:** Thank you Honourable Deputy Speaker.

**DR. THE HONOURABLE RALPH GONSALVES:** Mr. Speaker, Honourable Members, I want to thank all the Honourable Members for their contributions this has been a very good and lively debate; it shows that yet again that democracy is well and alive; parliamentary democracy is well and alive in this country, contrary to the comments by some people. I always say this that we have a competitive party political system and persons are represented but those who no one votes for seemed to think that the system is only democratic if you do what they say should be done. There was once upon a time when there was such a system in this country it was called colonialism where a minority of people not receiving the sanction of the electorate made the decisions for the people. And then of course we have a government and we have an opposition and we have to make sure that we take account of what all the representatives of the people are saying both government and opposition but clearly the government has an obligation to govern because that is the mandate given in the constitution and specifically to the legislator and the executive.

Now, Mr. Speaker, I want to address first of all the two issues raised by the Honourable Leader of the Opposition and the Honourable Member for North Leeward that is to say the length of the review period and the matter of the exclusivity. Mr. Speaker, one could debate as to whether the review period should be fifteen years, ten years or twenty, the fact of the matter is a review in relation to those matters which are broadly in sync for the carrying out of the project stated, they are pretty much balance for both the country and the investor. The issue of prices is not an issue governed by the Agreement, I want to emphasise that. The issue of price paid for cocoa by the farmers is not a matter covered by the Agreement that is a matter which will go up or down depending on the market situation and that is specifically recognized in the Agreement. And the farmers when they grow their cocoa what they want to know is that they get the best price possible in all the circumstances and the mechanism is laid out for that for an Agreement between themselves in the form of a Cocoa Producers Association and Armajaro.

We made the case for the Cocoa Producers to be included in the Agreement because we did not want individual farmers to be picked off, now we have to do our work as a people to make sure there is an effective Cocoa Farmers Cocoa Producer Association who would know what are their market trends in the world, what is the actual situation happening and the Government has a role to play in that regard so I do not want the farmers to get the feeling that we are setting price for twenty years that is not the case at all; emphatically not the case. The issues which are set for the twenty year period are those in relation to the questions of the fiscal incentives, the Alien Landholding Licences these are ... if an investor is going to come in he wants an element of certainty on matters for a minimum period of time so that the government would not be capricious and that is what all this is about.

Now, the issue of exclusivity it is exclusivity in relation to the granting of a license for the purpose of trading; Armajaro is not a production company; Armajaro is a trading company. I thought I made myself clear that there is a company which we had been in contact with in respect of tying tourism with a cocoa plantation or plantation and they have their own production apparatus elsewhere. But that discussion was not getting anywhere and we are looking for people who would want to purchase our cocoa if we produce it and ARMAJARO was there. What do I tell Armajaro? "That well, listen to me I am not giving you exclusivity in relation to your trading". In the same way that these had and then subsequently our own company WIBDECO, then WINFRESH the exclusivity in relation to the trading until of course the Banana Act dismantled that much later in the day. We believe there is a good balance in the Agreement.

The matter concerning...

**HONOURABLE ST CLAIR LEACOCK:** Would the Honourable Prime Minister ... he has given away, thank you, Mr. Prime Minister. Prime Minister as I read the Agreement because you are making the distinction between ARMAJARO not being a production organisation against a trading organisation. This Agreement gives them an exclusive right to buy and sell cocoa for fifty years. No one else from outside of St Vincent can come in within that fifty years to buy and sell; that is the exclusivity I am speaking to. Thank you very much.

**DR. THE HONOURABLE RALPH GONSALVES:** That is what it says. Now, we can take the view that a company ... we can take the sovereign decision you know, to say, "You want exclusivity but we are not giving you"; and they will simply walk away and say, "All right it is fine, you are a sovereign country". The decision which we took here is a sovereign decision no one put a gun to our head, no one put a gun boat, no one put any weapon of any kind. We took a sovereign decision to say to them; "You are coming in, you have this exclusivity but this is a matter which we will review in twenty years time". We have lands which are lying fallow, here is a trading company with a track record of trading; I am not getting involved when I am dealing with a company looking for a company which is perfect. I read also on the internet all kinds of things which are said about ARMAJARO. I do not expect any successful company in the world would not have certain things negative written or said about them. Bill Gates Company which is seen as one of the top companies of the world people put them in court for all kind of things: monopolies, they go before the Securities and Exchange Commission, they went to court and the battle is between them. Steve Jobs, Apple and all the rest of them.

I am in the real world, I have my feet firmly planted on the ground not in the sky, so the farmers have come out of bananas because the market regime and the market conditions are inhospitable for the continuation of bananas as a crop, which would give them the kind of livelihood that they had before. They are doing other things and if you notice the figures, the non-banana agriculture numbers are up; very much up because farmers are adopting and going into other areas. But the fact remains that there is a lot of lands lying fallow and ARMAJARO comes along and we make this Agreement. Ultimately, this matter is going to determine how the farmers produce, the extent of the efficiency and productivity and the prices which we are getting from Armajaro, which depends on several other factors. Now, I do not think that the review period is exceptionally long; I think it is a fair period for an entity which is going to come in and invest in the way in which they are suggesting under the Agreement they are going to invest.

I want to address the issue of the Development Bank proposal by my friendly Member for North Leeward. The farmers are interested in easier credit; in fact, among the impediments for business in this country let us move away from the farmers right away. Among the major impediments are the availability and cost of credit, labour productivity and the comparatively high cost of electricity. These are major problems for businesses in this country, of course, there are issues of size of the domestic market and all the rest of things. I identify those and in the farming community the question of availability of credit and the cost of the credit and labour productivity. In fact, in some cases the availability of labour. One of the problems we are having in the agricultural sector and we must talk about this thing honestly; farmers are finding it difficult to get labour; agricultural labour, because in fact even when farmers pay much more than the minimum wage ... farmers would pay \$40, \$50 more than the minimum wage and there are people who will tell you that they are not going to work for \$50. Because of the way the labour market is and serious analyses have to be done about this. This is not a question of laziness on the part of human beings do not want to go and work for \$50 you know, or they do not want to have hard work, not that. There are a number of ways in which they can make a living as they see it with less effort being expended and they do a number of odd jobs. Some of them would go and work for a short while on a construction site.

And I tell you this, the Government and the state sector provides a number of jobs which, frankly speaking, many of them amount to the payment of social welfare monies for people to do work. This has started 40 years ago, 50 years ago and it has grown so that there are persons who do not have skills but would rather than go to work on a farm they would tell you they want a job as a watchman. And once you are in the system you get the increments for the watchman, and if somebody watches between 7:00 o'clock in the morning until 3:00 o'clock at a government building, they tell you that you shouldn't have one you should have two persons, because you have two persons watching 3:00 o'clock and 9:00 o'clock.

The road work, the value of jobs they draw persons many of whom should be available for agriculture but they wait on these alternatives even some of them which come up intermittently. It is a real issue which we must talk about. I am not casting aspersions on persons who work as watchmen or who work as watch women in terms of the hours they put in whether the wage they are getting is too much for the job they are doing. I am not into that I am just talking about the alternatives which are available for them and I saw the way in which work on a farm how it has moved over the years. In the old plantation days and no one wants to see that return, it was you go to

work at 7:00 o'clock in the morning you work until 12:00 o'clock you take a one hour lunch and you start back at 1:00 o'clock and work until 4:00 o'clock that was the plantation agriculture. Then a planter came along name Basil Balcombe and he recognised that when you work after 1:00 o'clock in the sun the productivity is very limited, so he says to you "Come to work at 7:00 o'clock and work straight to 1:00 o'clock"; and he felt that he got more value for money. Well that has metamorphosed into going the work at 8:00 o'clock and finishing at 11:00 o'clock. That is what has happened you know.

The Honourable Leader of the Opposition, I know he is a gentleman farmer because it is not a matter which is [laughter] [laughs] I noticed my friend the Honourable Member for Central Kingstown laughed at the shot, I mean he found it today, Friday, quite a beautiful shot. In fact, even my friend the Honourable Leader of the Opposition found it quite amusing and it is a good thing. So that is an issue which we have to address the question of labour productivity. How can you work three hours, four hours at most on a farm and we expect agriculture to be competitive or to give the requisite return. Now, the farm workers say naturally: "The wages we get is too small". And there are some challenges in a small island economy like ours.

I want, Mr. Speaker, having dealt with one and two of the specific issues which have risen; I want to turn to a third one: the idea about credit. The farmers are not interested whether they get the interest from the commercial bank, the development bank, the NDF or the Credit Union all they want to know is that there is adequate credit available. The idea of a development bank is an idea which grew up parallel to the postwar economic strategy of industrialisation by invitation using an unlimited supply of labour within the framework of what is called the Authur Lewis Model: the whole fiscal incentive regime. And parallel to that questions of development banking or if not development banking the one stop place to deal with the foreign enterprises, which come to do screwdriver industries and the like, and to have a window: a development banking window, like for instances the development corporation.

And my own view, when the Honourable Leader of the Opposition was Minister of Finance and he put in place a proposal for a development bank my view then and still is now that the time for that kind of institution is not as relevant as it used to be though the issue of credit, available credit on good terms remain a critical matter. Because when the development bank was started with \$5 million as we all know, the development bank was strangled at its birth because all the loans from the development corporation both good loans and bad loans were transferred to the development bank and it was therefore an institution which was strangled by a history of bad loan from the development corporation. The idea of course, was to have had a special purpose vehicle to deal with the bad loans and let the development bank just deal with the good loans; but the level of capitalisation was so small and you are not going to get ... \$5 million is not going to carry you anywhere and international agencies are not giving loans to development banks as they used to do before.

So, the capitalization of a development bank ... and I would wish us not to look for solution which have been tried in other places and not succeeded and the current circumstances are not [inaudible]. What we have is a massive Credit Union Movement. I think the assets of the Credit Union are in excess of \$400 million; I think is the figure. They have a lot of money and the Credit Unions have decided to set up a micro credit lending facility and they are talking about \$10 million and when they set it up the Government is committed to inject \$1 million

in it. They were talking first of starting first at \$1, \$2 or \$3 million and I now hear \$10 million, they have gotten more ambitious and a big push in that regard would be lending to farmers. In fact, in several places there are Credit Unions, in South Rivers there is a Credit Union and I understand GECCU is now going to take it over and leave an outlet there, as we are speaking, so that we are seeing changes.

The question is the availability of the credit which is the point that the member for North Leeward is making but which is a point that we have put in our manifesto under agriculture: "Facilitate further appropriate credit facilities specially designed for farmers". We are not saying a development bank, what we are looking at there are institutions to be created and therefore ... [Interjection] Ah! Special windows; something and let the record be clear in our manifesto on page [Interjection] last election's manifesto on page 34 we said,

**"Accelerate the agriculture diversification programme in the context of the National Agricultural Plan and Food Security Plan;**

plans which we had

**"...especially root crops, fruits, vegetables, coconuts, cocoa and plantains".**

We stated them here; I am not going to get into the discussion here about when the Leader of the Opposition said that I had announced in Parliament that I was in contact with Sir James, he with me and Louise Mitchell on the cocoa and he gave an instant reaction which perhaps on reflection he ought not to have given. And the subsequent issues there, I do not want to go into that and Sir James's famous interview. I am not dealing with those things, as I am saying I do not want to get on the sideshows with those matters and I am not going to be tempted today, Friday; thank God it's Friday. I am not going to be tempted [Interjection] me too, I am not going to be tempted, but I have to answer these things. Mr. Speaker, time?

**HONOURABLE MR. SPEAKER:** Ten minutes.

**DR. THE HONOURABLE RALPH GONSLAVES:** I am obliged, Mr. Speaker. Mr. Speaker, I want to say this I support very much the Honourable Minister of Tourism and Industry his pleas not to politicize the issue it would be a major error. I find it a little strange that in the light of what our manifesto has said and what we have said repeatedly that the Honourable Member for West Kingstown would say that ... of Central Kingstown, sorry, would say that if anyone wants to build a cocoa factory; build a factory to make chocolate. I leave that to the private sector the state is not getting involved with that; as though he did not know he would have heard that from the mouth of Ralph Gonsalves. This is what the manifesto says; we have identified Mr. Speaker, ten important features, central features of our economic strategy.

1. The harmonious working of a mixed economy involving private corporation and state sectors in a non ideological and practical manner suitable to the circumstances of St Vincent and the Grenadines.

This is the Manifesto I am reading from.

2. Placement of private sector and non-state corporate enterprises at the centre of the economic system. Although the economic role of the state ought not to be confined solely to business regulation and facilitation. It cannot retreat as a force for good.

That is to say the state;

Still the state must not have an overwhelming presence in the ownership and management of economic activity or businesses.

That is the position laid out in our manifesto; I would wish really that my friend from Central Kingstown, my Honourable Friend read the Manifesto; he may be saying in his mind this is how the small mammals are adjusting to avoid extinction, like the dinosaurs and we are not.

I just want to say this, Mr. Speaker, I do not want to add to the debate much between the Honourable Minister for Tourism and the Honourable Member for Central Kingstown on the Plantation Model. I want to say this there is as grave danger, Mr. Speaker, Honourable Members to stylize facts in search of a theory of explanation; in our economy particularly in this time when we are having an internationalisation of production and the financialisation of monopoly capitalism. I, Mr. Speaker, to the extent that these personal testimonies matter; I was taught by Professors Girvan and Beckford in a course called ... which I did and I got a good grade in it too – “Caribbean Economic Problems” which is applied economics to the Caribbean; I know them personally; lectured by Lloyd Best. I audited the course in Agricultural Economics by Professor Beckford C.Y. Thomas Monetary Economics, I audited those courses. I went on the staff and they were my colleagues. I really ... it is a matter in political economy and I have done detailed study on but I am not going to use those to show my knowledge of the subject but in so far as some connection for testimonial nature maybe important in this.

Mr. Speaker, the traditional ... why I say you have to be careful that you do not stylize the facts; the old plantation was described in the plantation model both by Lloyd Best and also by Kari Levitt his collaborator a wonderful Canadian Political Economist and there are very interesting critiques of the plantation model and that is why I urge that we do not stylize facts in search of a theory of explanation. A very interesting debate between Michael Manley and Kari Levitt and the correspondences which are the correspondences with Michael Manley too; the correspondences are very interesting and they have been published by Kari Levitt. And you can stylize for instance the whole plantation people try to superimpose and say that they were old plantations and now there are new and modified plantations and therefore see the tourism plant as a new plantation or the extractive industry in petroleum or in bauxite as being new and modified plantations; the difference being the issue of the role of the State in the ownership. But I raised the question of the signal issue of the internationalisation of production and the financialisation of capital as being issues which have caused us to rethink, in addition to the other critique of the plantation model itself of explanation: a theory of explanation for our new context in analysing and going forward.

You do not have to go to the Washington Consensus [inaudible] own to do because you know my views on the Washington Consensus but a different perspective all together. Because, Mr. Speaker, why I tell you that you have to be careful in stylizing things; you no longer have plantations in St Vincent and the Grenadines it is essentially small scale agriculture. A man has twenty acres of land is a big farmer today, and one of the foundation stones of the plantation was the spatial or physical layout of the plantation itself, there were other characteristics, the internal hierarchal arrangement of the plantation interlaced with paternalism and racism. And at an earlier stage slavery; low level of technology, the Muscovado process with sugar which evolved further and monocrop production and primary production. But I preface it by saying the economy of St Vincent and the Grenadines today is 70% services unless you want to stylize the tourism plant as new and modified plantation, and in stylizing the facts you distort the reality and you go in search of a theory of explanation which you cannot find because you have stylized the facts. I would like to get engaged in a whole debate on this question, but, Mr. Speaker that would take me into an area of political economy. The important nature of course is the nature of the relationship between the metropolis and the hinterland and there are many mediating forces between that.

**HONOURABLE MR. SPEAKER:** Three minutes, Honourable Member.

**DR. THE HONOURABLE RALPH GONSALVES:** Mr. Speaker, I just want to say, well the Honourable Leader of the Opposition knows that I am in a good wicket in making the critique of the Honourable Member for Central Kingstown. I just want to say one thing, Mr. Speaker, on which everyone here will be ... certainly, the Honourable Senator Charles and the Honourable Member for Central Kingstown. Mr. Speaker, I am really distressed by the fire which took place two days ago at the Alexanders' in Paul's Lot and also there is ... one of the houses was being rented by Antonio Isles. Also I want to pay my regards to Mrs. Alexander who is a wonderful lady well known in Paul's Lot and the family have been there for many, many years and for the community spiritedness of the people of Paul's Avenue that helped to out the fire. It was helped very much because there was a hydrant right there and one fire engine was behind and one was in front of Niko's Cook Shop. And I am trying to find out the name, there was a young Rastafarian brother who was bare back, he was really very instrumental in helping to extinguish the fire. I want to pay tribute to them and to also say sorry to the people of Paul's Lot and to say I am so saddened by what has happened to those who suffered loss.

I am awaiting a full report and because I was tied up the whole of yesterday in a wider range of meetings and I had to go down to Lowmans' for the opening and last night I had to host the Christian Hospital Doctors from Taiwan at a function at the official residence for the Prime Minister. I did not get a chance to go around there but I want to go there sometime today to see what is happening and to see if everything is in order. I want to thank the fire services of St Vincent and the Grenadines.

You know, Mr. Speaker, a lot of people say a lot of bad things about Paul's Lot people who do not know Paul's Avenue; communities strive because they have a set of informal network and they look out for one another maybe less so in these highly individualised days than the days of greater community feeling but there is still a community spiritedness in that community which I applaud which was manifested in the fighting of the fire. I

want to congratulate the people of Paul's Avenue in this regard and I do not want to say this for the purpose of just effect but to acknowledge it.

Mr. Speaker, I beg to move the operative part of the Motion, the whole of it was read that it may be put, that:

**Now be it resolved** that this Honourable House do endorse the said Agreement as laid before this Honourable House this 22<sup>nd</sup> day of November, 2011.

**Question is put and agreed to**

**DR. THE HONOURABLE RALPH GONSALVES:** I know now is the time for the adjournment of the House. The House is going to be prorogued; I have seen the instrument by the Honourable Attorney General, the draft instrument to go up to the Governor General for the prorogation of the House on the 5<sup>th</sup> December and for the proclamation. The draft proclamation for the House for a new session to commence on the 13<sup>th</sup> December on which day we will begin the discussion on the Estimates and the Finance Committee would be on Monday the 12<sup>th</sup> the day before the Estimates. Those are the dates.

Mr. Speaker, I beg to move that this House do stand adjourned sine die because there is no date: without a date being set. I am obliged.

**Question put and agreed to**  
**House adjourned at 3:02 p.m. sine die**