

Stepping up

Louise Polcaro speaks to *Dr the Hon Denzil Llewellyn Douglas*, Prime Minister of the Federation of St Kitts and Nevis

Tell me a bit about yourself

I am the Prime Minister of St Kitts and Nevis and I also hold the positions of Minister of Finance, Sustainable Development, Information and Technology in the Federal Government of St Kitts and Nevis. I initially trained as a medical doctor, but I have been involved in electoral politics since 1989 when I was first elected to parliament. I was then the leader of the opposition and became leader of my party (the St Kitts-Nevis Labour Party) in the same year. I became Prime Minister in 1995 and since then I have been holding the Primeministership and also the Finance portfolio in the Federal Government of St Kitts and Nevis.

You are in Britain to talk about the St Kitts and Nevis Citizenship by Investment programme – can you tell me more about this?

The St Kitts and Nevis Citizenship by Investment programme is, I believe, the oldest in the world. We became independent as a country in 1983 – gaining political independence from Great Britain, and in 1984 we introduced the Citizenship by Investment programme. It has been a most reliable programme, which over the years has been transformed. It began as an investment in property, real estate in particular, and was also associated with a bond issuance for ten-year periods after which you would have the initial investment plus interest. Over the years we have revisited the programme on several occasions. Just recently, we increased the investment amount to USD350,000 and we

have also removed the bond issuance that has been associated with the programme as an investment.

We have had the rare distinction of being, I believe, the only Citizenship by Investment programme in the Caribbean that has withstood the test of time. The US and Canadian governments have looked very closely at the programme and have described it as wholly an investment programme, where the citizenship, once applied for, is given only after very rigorous and detailed checks into the background of the applicant who is making the investment, whereas other countries' programmes have had to be modified or have not been accepted.

We recently made a modification to the programme in the sense that we have introduced a Sugar Industry Diversification Foundation and investment into that Foundation will also allow for citizenship on application. This has become necessary because over the years the economy of St Kitts and Nevis has been undergoing tremendous change. Back in 2005, for example, we had to dismantle and close our sugar industry, which was over 400 years old and the main part of our economy, because of the competition we faced within the global economy. One of the important things that we had to do on the close of the industry was to try to retrain, retool and reskill the workers who had been made redundant and who had lost their jobs. We have found that the Foundation has been a very important instrument that can be utilised to finance the changes that are taking place within the economy and to ensure that the former sugar workers in particular are not left behind. So

the Foundation is to provide quite a bit of important support activity in diversifying agriculture away from sugar into food crops, vegetables, livestock etc and also, of course, to teach people new skills.



What kind of take up have you had in the programme?

It is global, we have Americans, British, Asians, etc – and that is part of the success that we have found with the programme. Of course, we have been very careful not to over emphasise the programme by way of uncontrolled marketing and promotion. Any marketing or promotion must seek full advice from the Federal Government and we will supply the necessary material to be put out into the international marketplace. This is important to us because we are a small country and we have to control the numbers of people who make the investment and apply for citizenship. So there is a limit – and we must make sure there is the right balance of those who acquire citizenship by investment and those who acquire citizenship by birth.

What makes the programme attractive is that it couples very well with the high end tourism that we are trying to create as the driving economic force in the country. We have turned to hospitality and tourism services as we have developed the economy,



but it is high-end tourism and we want to target the high-end investor.

With the decline of the sugar industry, an important part of your economy is financial services – tell me a bit more about this sector

One of the important aspects of any services-oriented economy is the financial services sector and we have been able to offer a number of important instruments in this sector: we have international business companies, LLCs, insurance, trusts and foundations – to mention just a few. We are a Common Law jurisdiction and strongly adhere to the principles of trusts. We are part of the Eastern Caribbean Supreme Court system, and we have a Westminster type of democracy: we have separation of powers between the executive and the legislative and judiciary and our final appeal is to Privy Council in London.

Over the years we have not had any serious challenges to the regulation and the supervision of the sector. Of course, we went through a period a few years ago when the

OECD countries did identify the Caribbean countries that were involved in financial services as being involved in harmful tax initiative practices. We were able to revamp the entire sector. We introduced two new institutions to ensure that international standards were maintained in the regulation of the sector and we have since then been recognised as adhering to all of the national standards that are used to regulate and supervise the sector.

We have a Financial Intelligence Unit, which is a separate independent institution that allows for the sharing of information – in terms of criminal matters (we have not signed any TIEAs because we think that it is of critical importance in terms of the independence of our sector in that area), we also have the financial services commission.

We are well-supervised and well-regulated. In fact, St Kitts and Nevis is the financial centre of the Eastern Caribbean. We have the Eastern Caribbean Central Bank that looks after the currency and fiscal and monetary policies of about nine different territories. We also have the Eastern Caribbean Stock Exchange and the commission for the

exchange, the Institute of Bankers and Home Mortgage Bank. So, to a large extent, we are symbolic of a well supervised and regulated financial services centre. We offer a large number of diversified products and services and we continue to be one of the leaders in the Eastern Caribbean in that regard.

What are your plans for the future in developing the finance sector?

We believe that we need to properly regulate the captive insurance market. We believe very strongly that eventually we will have a single regulatory body for insurance companies, and trusts and companies generally. We believe we will advance eventually to that stage. We will also try to diversify the instruments and services we provide as much as possible and strengthen the regulatory and supervisory end of the sector. On top of this we want to ensure that there is increased efficiency and computerisation of the sector.

Dr Denzil Llewellyn Douglas is Prime Minister of the Federation of St Kitts and Nevis