



Offering a warm welcome

Renowned for its high-end hospitality, St. Lucia is embracing quality hotel brands and strong partnerships as it continues its transformation to a service-led economy.

With Prime Minister Stephenson King now at the helm, following the death of visionary PM Sir John Compton in September, the beautiful island of St. Lucia is continuing to reposition itself as a competitive, service-led economy. Speaking in August, when he was Acting Prime Minister and Minister of Finance, King said: "St. Lucia is on the starting block of a new era of national, social and economic development."

Growth for 2006/7 increased by 5.4%, thanks largely to an influx of construction projects created to accommodate this year's Cricket World Cup event. As King points out, however, 2006 marked the country's fifth consecutive year of local growth driven by value addition in construction, road transport, electricity and banking.

"The interest being shown by foreign investors is still being sustained," he says. "There are a number of major hotel projects coming on stream, including Ritz-Carlton, Raffles, and Sandals, who want to

skills so that they can respond to any call. The main pillars of our economy in the future will be tourism, ICT, and international finance."

Stephenson King, Prime Minister



The country, which was ranked number one for ease of doing business within the Organization of Eastern Caribbean States in a World Bank report, and has produced two Nobel Prize winners, is more than ready to embrace private sector-led initiatives. As King points out, the tourism industry, St. Lucia's major earner, is "no longer an industry of bar-tenders and waiters, but an industry of professionals offering a service."

Guy Mayers, Minister for Trade, Industry, Commerce and Consumer Affairs agrees. He says: "Having led the private sector for many years, I

"St. Lucia continues to perform well as a Caribbean country, which is notable considering we are in transition."

Stephenson King, Prime Minister

build their fourth property here. St. Lucia continues to perform well as a Caribbean country, which is notable considering that we are shifting from an agricultural to a service-led economy."

The country is indeed at a pivotal stage in its development as it faces the challenges of trade liberalization and globalization. Since 2000, banana production—once St. Lucia's economic mainstay—has halved, with a corresponding drop in revenue of 44%. Continued and increased investment is therefore crucial if St. Lucia is to build up a sustainable services sector. As King says. "Before, we believed the only way to survive was to have preferential treatment. Now we know we have to be strong and respond to the needs and demands of the environment instead. What we require of our people is an internationalization of

recognize the need for strong partnerships. As well as diversifying the tourism sector, we want to establish St. Lucia as an ICT base, particularly in terms of business outsourcing. We have the same time zone as the U.S., and we speak English. Our currency is pegged to the U.S. dollar. We are within a four and a half hour flight from Miami. That is our competitive advantage, and we would like to promote ourselves as the ICT capital of the Caribbean, to both U.S. and European companies."

Ausbert d'Auvergne, Minister of Economic Affairs, Economic Planning, Investment, and National Development, is, meanwhile, pushing forward with harnessing international financing for national planning schemes. He says: "We are using our access to international

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financial institutions, such as the World Bank and the Caribbean Development Bank, to attract the capital needed to create the infrastructure that will make this an attractive place for investors.”

The country is already one of the best in the region in terms of its communications and transport infrastructure, however. Allen Chastanet, Minister of Tourism and Civil Aviation, notes how these factors have fueled a boom in second-home purchases, as other high-end destinations in the area reach capacity limits.

The stamp of approval on St. Lucia as a quality location has also been given by the aforementioned hotel brands currently planning their

developments. The increase in the number of rooms will have a major impact on St. Lucia as a destination. “By the end of the year, we will have 4,200 rooms,” Chastanet continues, “and by 2010, we aim to have 8,000, with 15,000 by 2015.”

The government has already doubled its tourism budget for this year and has targeted American Airlines for the New York market and British Airways to increase airlift to the island. It is developing its yachting industry, and expanding its attractions base to entice more visitors. The volcanic island, publicized by the St. Lucia Tourist Board as being “Simply Beautiful”, already boasts a range of natural attractions that offer far more than the Caribbean’s usual beach package. The Pitons, for example, near Soufriere in the east, are primeval twin peaks, over 2,000 feet high, and St. Lucia’s most famous landmark. The island also has one of the world’s only “drive-in” volcanoes, sulfur springs, botanical gardens, rainforests, and the Pigeon Island National Park, home to an old British military base. “We also want to bring a dolphin quest project here,” Chastanet says.

The island also puts on an annual Jazz Festival in May, a Carnival in July, a Rum Festival in November, and the Heineken-sponsored Kalalu World Music Festival in December.

To complement these unique offerings, the government is on a mission to improve the quality of the island’s restaurants, shopping, and roads. It plans to build more golf courses, and is redeveloping Castries, the capital. Port Castries will eventually double its cruise ship capacity, which is currently 400,000 passengers a month.

Allen Chastanet, Minister of Tourism & Civil Aviation

Guy Joseph, Minister of Communications, Works, Transport and Public Utilities, describes these far-reaching development plans as holistic. “We will take every part of the island into



Communications with a conscience and a service that’s second to none.

Cable and Wireless St. Lucia has been delivering quality communications on the island for more than 100 years, and is now gearing up to launch WiMAX, the latest addition to its robust portfolio. “WiMAX, a technology which allows people to wire data over the Internet from their laptop without the need to plug-in, is the latest and greatest mobile technology,” says John Boyle, chief executive officer, East Caribbean Area. “It will allow the business community to have the mobility they need.”

WiMAX is the next logical step for the company, which is bracing itself for a challenge to its current 100% broadband stronghold. “We are making sure everyone, from residents to hotel guests to second-home investors, has state-of-the-art connectivity to the outside world. We want to make sure we have the right speeds for the market at the right prices. If we can get that now, we can increase the barrier in terms of customers moving over to the competition. At the same time, we welcome the competition because it keeps us efficient, gives the customer the lowest retail prices and makes them happy in terms of the value and quality we bring to the market.”

Boyle explains the company’s competitive advantages. “We have the infrastructure in place,” he says. “We also have a long history, not only from a technological standpoint, where we were able to offer fixed lines and everything that followed, but also from a social standpoint. Cable and Wireless are good corporate citizens. We have invested heavily in the community here—in education and scholarship programs, for example. We help the economy to grow. We make sure we are contributing and partnering with the government on technology or

social issues. We are also quicker at bringing things to market once we decide it is the right thing to do.”

John Boyle, CEO, East Caribbean Area

As sponsors of this year’s Cricket World Cup, Cable and Wireless has shown its commitment to the region as well. “From a business perspective, it was not a money-spinner,” says Boyle. “But I still believe it was successful. We knew we were not going to make a lot of money, but we needed to support the event because of the exposure it would bring to the Caribbean. At a local level, we offered the people coming in some special packages and made sure their experience was a good one.”

As someone who believes in launching world-class services backed up by state-of-the-art technology, Boyle is confident that C&W St. Lucia can maintain its status as a market leader in the telecommunications sector. Its bMobile multi-media mobile service, Boyle points out, is a very well recognized brand. “If you walked up to any ten-year old and asked him who bMobile is he would absolutely know,” he says. “A few of them are even more familiar with bMobile than Cable & Wireless. bMobile is very valuable to us, and we need to make sure we develop the attributes that will improve our market share on this brand.

“Our networks are better, our value composition is better and our customer service is better. We just have to make sure we get that message to the customers.”



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consideration and should see an improvement within three to five years," he says.

Opportunities for joint ventures now exist at Port Castries and Hewanorra International Airport at Vieux Fort. Sean Matthew, general manager at the St. Lucia Air and Sea Ports Authority (SLASPA), takes up the story. "In terms of the cruise liners, we want to transform St. Lucia from a "filler" destination to a market destination. The Port Castries development will facilitate this. We are aiming to relocate the cargo traffic to Cul de Sac, where we have capacity for TAE 30,000, and have only passenger traffic at Castries. The ports will become vibrant and profitable from these activities, and the new location will provide the space we need for transshipment and storage.

"We are also going to upgrade the airports so they can accommodate the private jets of the high class/celebrity visitors we attract. That will be a niche market. We are redesigning Hewanorra Airport to facilitate most of the tourism traffic, which accounts for 80% of our business. The Tourism Minister is identifying where the majority of our clients are coming from, and approaching the airlines in those regions to increase the number of seats available. He wants to make sure anyone wishing to come to St. Lucia can find a route easily through the Internet or travel agents. With the new hotel developments coming on stream, it is important we get the equation right."

Utilities companies are also gearing up to meet the new demands, and LUCELEC, the island's electricity provider, is already well positioned for growth, according to Trevor Louisy, LUCELEC's managing director. "We have good systems in place, in terms of transmission and generation infrastructure," he says. "Our supply is also very reliable. We will need to increase capacity on the generation side, but we are, I would say, operating as a first rate utility. Our next priority is to find opportunities where we can bring costs down."

LUCELEC has been actively investigating cheaper sources of fuel, such as heavy fuel oil and natural gas, and more benign alternatives, such as geothermal and wind power. "Once we have overcome the challenge of acquiring the land we need for the wind farm, we would like to partner with a reputable company who can develop and operate a wind power facility here."

At the close of the 2006 financial year, one of LUCELEC's two main shareholder partners, CBPF Saint Lucia Ltd., announced that its parent company, Caribbean Basin Power Fund had sold its entire interest in CBPF Saint Lucia Ltd. to Emera Inc., a Canadian based company with a number of North American power company connections. The deal, at

US\$22 million for a 20% holding of LUCELEC's equity, highlights the shareholder value and its growth prospects and will be an invaluable asset

Trevor Louisy, MD, LUCELEC



in enhancing LUCELEC's strategic outlook and operating efficiencies.

Changes are also underway at the National Development Corporation (NDC), which is restructuring to better deliver on "facilitating, stimulating, consolidating and promoting" investment in St. Lucia. "The NDC is different to many development agencies because it is also a very large landowner in St. Lucia," Nicholas John, the NDC's executive chairman, explains. Owning a number of significant tourism properties, and properties with potential for industrial, commercial and residential development puts the NDC in a very strong position, John says. "In the first place, we have a source of income in our real estate holdings, which gives us a level of independence," he says. "We own the Coconut Bay Resort and Spa, for example, which has recently been renovated and is run by National Continental Jamaica. We are currently entering joint ventures for a number of other key tourist sites in the south."

Vieux Fort, an area earmarked for substantial development, is one of the NDC's primary focuses. The NDC has already identified two sites there for residential units. "We have land on the waterfront, around a hundred acres, which we would like to see developed as a tourist village," says John. "The area will comprise small units of gardens, parks, and small hotels, giving people in the south an entertainment venue, and the opportunity to participate in the tourism product." The NDC owns Pointe Seraphine, a duty-free shopping area in Castries, and will be playing a key role in the port's redevelopment.

"ICT is another area we are investigating," John says. "We are gauging the demands of the market in terms of what current investors

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would like a country to provide to be attractive. The government has identified a number of sites around the country where ICT parks can be set up, and there is an open discussion for investors to play a key role. There are also opportunities for people to invest in food processing. St. Lucia has a large farming community that needs the facilities in place to better process what it produces and to become more marketable.”

St. Lucia’s competitive advantages lie in its friendly, hospitable people, John believes, and the fact there is still a lot of land available for development. He says: “Our infrastructure is far superior to other islands. We have two airports and deep harbor ports, so access for

people and goods is easy. Our telecommunications system is advanced. We have a large, educated workforce, and a professionals work base, such as accountants and lawyers, who can provide the support services needed by foreign investors. One of the NDC’s key roles is to help investors set up their business, and we want to make this process run as smoothly as possible.”

An agreement signed in July to allow the Hess Corporation to set up an oil refinery on its land at Cul de Sac has been warmly welcomed by John. “None of the specifics have been decided yet,” he says. “However, in the short-term, it means St. Lucia is getting a good income, and if Hess does decide to go ahead, it will have a significant economic impact in terms of job creation and concessions on oil prices. It is very exciting.”

East Caribbean Financial Holding Co. Ltd. (ECFH) is another indigenous organization looking to expand. With assets of US\$1.6 billion, ECFH is eyeing up profitable business opportunities as the Caribbean Single Market and Economy edges closer.

The Bank of St. Lucia Ltd., Bank of St. Lucia International Ltd., and EC Global Insurance Co. Ltd., are all owned by ECFH, and will play a strategic part in its growth. Robert Norstrom, group managing director, says: “We offer investors straightforward loans, and international banking services. In June, we

offered the public ordinary shares totaling EC\$100 million, 90% of

Nicholas John, Executive Chairman, NDC

which were bought. We are the largest company in the region in terms of shares, but we still need to grow.”

In the meantime, one of the island’s newest hotels enjoyed a highly successful first summer on the island. The four-star Bay Gardens Beach Resort was built with comfort and ambience in mind. Berthia Parle MBE, the resort’s general manager, says: “We offer both vacationers and business travelers the quintessential Caribbean experience at a modern boutique property on the famous Reduit Beach, the best on the island.”

The 72-room all-suite establishment combines St. Lucia’s colonial heritage with a French-Caribbean influence in its stunning architecture, and offers a host of amenities, including a business center with conference room, fine dining, watersports and dive facilities, executive transfers, and Wi-Fi in all public areas. The resort also caters for weddings, honeymoon couples and families.

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Honeymooners’ paradise aims for high-end market with a New York connection.

Although probably best known for being the Caribbean’s most romantic honeymoon destination, St. Lucia is fast earning a reputation as a high-end paradise, with golf courses, a casino and a host of luxurious hotels soon to come online. Thanks to the efforts of a newly streamlined Tourist Board, St. Lucia will be able to offer an even wider vacation package, although not at the expense of the natural beauty and tranquility which has attracted people to the islands for decades.

“To ruin the beauty of these islands would make no sense,” says Maria Fowell, director of tourism for the St. Lucia Tourist Board (SLTB) “so every major development, tourism or otherwise, is approved by the government. The reality is, however, that developers are very sensitive to environmental issues these days.”

With U.S. vacationers currently accounting for the majority of St. Lucia’s visitors, Fowell is keen to increase airlift to North America, in particular to New York, which offers good connections and has been strategically targeted to bring in more traffic. “We have been working quite diligently on increasing airlift and are delighted to announce that a direct New York-St. Lucia flight with American Airlines will begin in November,” Fowell explains. “We will be very pleased to see this three times weekly service from JFK International Airport in progress.”

The New York market is an important one for St. Lucia, so the SLTB is pulling out all the stops and planning some big promotions around that time to advertise its annual events, which include the

Jazz Festival in May, Carnival in July, and a Food and Rum Festival in November. “We also have an international boxing match taking place in St. Lucia on 16th November, which will be televised by Showtime, to coincide with the American Airlines launch celebrations,” says Fowell.

The cruise sector is another important part of St. Lucia’s overall tourism reach, with the island receiving as many cruise passengers as stay-over arrivals. “We are known within the industry as “the destination of tours”, because of the number of sights and attractions we are able to show passengers,” says Fowell. “With all the new developments now taking place in Castries and the port area, it promises to be even more attractive. There are many projects in the pipeline that will make this a more vibrant city.

“The government has attracted a lot of investment there with its excellent incentives and tax breaks, but opportunities exist throughout the island. There are niche markets we would like to capture, such as the family market. We have properties specifically geared toward families and that tends to be important.”

The next few years promise to be busy ones for the SLTB as it continues to diversify and promote St. Lucia more aggressively. As Fowell says: “There is a lot of competition globally, so we are doing things differently from now on. The Internet is important as a new media, but it is also crucial for travel agents to know what we offer. We have therefore organized a series of road-shows across the U.S. to facilitate this.”

St. Lucia Tourist Board

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