

# ANGUILLA

## Time to consolidate

Built on the wealth of exclusive tourism, Anguilla has undergone a rapid transformation.

**J**ust 16 miles long and three miles wide, Anguilla, to the north of St Kitts and Nevis, offers unrivalled peace and quiet. A sophisticated, unspoilt vacation destination, Anguilla continues to attract the rich, famous and discerning, its reputation protected by government policies that focus strongly on quality rather than quantity.

The British Overseas Territory grew by 15% last year, making it one of the Caribbean's most promising economies. However, with a commitment to preserving the serenity and peace of the island, the government is now taking stock and looking at options other than tourism to ensure a sustainable future.

It seems hard to believe that just 40 years ago, Anguilla was a wasteland—an island with no electricity, paved roads, running water or telecommunications and with citizens migrating in droves to find work. Today, it has been hailed the "America of the Caribbean". Politically, economically and socially stable, it has a well-regulated financial services jurisdiction, worldwide banking facilities, a liberalized telecommunications industry, zero tax status and no foreign exchange regulations. Unemployment is below 3%, and Anguillians enjoy a quality of life to rival any developed country.

Chief Minister Osbourne Fleming says, "Anguilla is a very small country and we are not blessed with resources such as gold or oil. Many years ago, we drew up a master plan highlighting which industries we could develop on the island. Tourism was the solution and today we are enjoying the benefits."

Indeed they are. This year's U.S.\$253 million budget is the largest in Anguilla's history, and almost entirely generated by the tourism and construction boom. The "strictly upmarket" policy is clearly paying off, with hotels and restaurants

IMAGE: Twinkle Daniel



Carefree relaxation is a way of life.

accounting for 32.7% of economic activity. However, the economy is already suffering from labor shortages, which could put pressure on inflation and real incomes. "Our objective now is to reach a level where we can sustain the running of this country and living of our people in a decent way," says Osbourne.

On 1st November 2005, a 20-month

moratorium went into effect for the approval of major new foreign tourism projects, pre-sales of real estate products by major new foreign direct investment and approval of construction work, in a bid to contain the influx of foreign development. "We want to preserve Anguilla," Osbourne explains. "We want our people to maintain a standard of living for themselves and their families.

Our priority is to educate our children and give them the capacity to evolve in proper conditions and finally support them in finding work on the island in hotels or other sectors. Obviously protecting and keeping Anguilla's culture as well as preserving the surroundings is fundamental for us in order to have a destination that attracts visitors. Currently with all these

developments, we actually have to import labor in order to fill vacancies."

Most of the vacation property on the island is five-star, but the government is supporting projects where hotels come with villas, "as people around here do not want to rent but to live on the island. Developers need to present a genuine real estate aspect of development, which means in our mind, luxury homes and



Osbourne Fleming  
Chief Minister

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villas in order to position Anguilla as an attractive location," says Osbourne. "In five years, we should have a solid offering to display. We have proposals for projects every day, which is the reason we put a moratorium on investments. Many people gravitate around the island with all types of projects and ambitions, but our role is to preserve the island and monitor its developments."

### A tourism master plan

The government recently employed consultants to work on a Tourism Master Plan Study that will help shape a vision for the coming years. Osbourne says, "I would like to see more money coming into the island, especially taking into account the strength of the Euro. Although 60% of our tourists hail from the U.S., and many from the U.K., we have to diversify the type of visitors coming to the island to other European nations. We advertise in Europe and the U.S. because people there have huge amounts of money, but we also want to attract Asians and Eastern Europeans. That said, we are still very happy with Americans who, despite a weak dollar, spend a lot."

There are two major projects currently under construction, the Viceroy Anguilla and Temenos Anguilla, both of which perfectly encapsulate what has brought

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Tastefully laid out, luxurious resorts offer guests the perfect retreat.

high-end tourists flocking to these unspoilt islands for decades. The Viceroy promises “every privilege and convenience of a refined island residence made irresistible by five-star service and a surprising array of resort amenities,” while Temenos—which means “sanctuary” in Greek—is a sacred place of uncommon beauty.” Here, carefree, relaxed luxury is a way of everyday life. Inspired by the timeless simplicity of the Greek islands, Temenos defines a truly refined and unhurried way of life.

Finance Minister Victor Banks says, “We are experiencing challenges in financing these developments, but they are evolving positively. The owners are looking for investment. The cost of the structure has increased. Labor issues come on top of that. In parallel, there are many local projects under construction and we had to bring foreign labor from places like India or China in order to support Temenos and Viceroy developments.”

As the Minister notes, Anguilla has hard-working people and a strong work ethic. Most of the locals are involved and benefit from a large hotel sector, even though the biggest ones are not Anguillan-owned. “All the support industries, such as concrete and retail, are owned solely by Anguillans,” he says. “Joint ventures have been established in certain domains with foreign players and we are open for some more. The investment plan we are carrying is bringing returns, especially in real estate. Foreigners who invested five years ago are witnessing major returns. We have a well-regulated financial sector and the legislation naturally covers the protection of the rights of the investors. We have

also implemented training programs over the last ten years and we have qualified agents, which give confidence to some of our expanding sectors such as ICT.”

#### A growing financial services sector

He continues, “The challenges we face are largely related to the social sector. Providing more services in education and health is definitely vital. Bringing more social facilities for children, organizing programs to make sure we help all the population are constantly on the agenda. On the economic side, we want to maintain the golden product that we have which is obviously the tourism product. We are trying to increase the size of our tourism plan in order to have more ambition. We defend the idea of a low volume and high value product. However it may not be sustainable on the long run. We need to find a balance and maintain our core market as well as sustain the demands of the local population.”

Financial services, accounting for 17.1% of the economy, is already an option. “We have no income tax which naturally contributes to fully satisfying our



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Victor Banks  
Minister of Finance and Tourism



Anguilla is blessed with unspoilt, tranquil beaches and coves.

visitors,” says Banks. “We also have state-of-the-art legislation for people to assist them, for instance, in terms of planning or asset protection. This structure logically generates a major incentive. In addition, we have an independent commission that regulates the financial sector with its own budget and is totally respectful of international standards. We also have a good infrastructure to service the industries and two indigenous banks in

addition to foreign ones. Our local banks are larger than the foreign banks. We have an insurance company. Those are some of the attributes of our economy that people are interested in.” Visitors, he concludes, will always receive a warm welcome. “We have a beautiful island with friendly people. Anguillans own 80% of the land, which gives them a different attitude to visitors, and people coming in feel this confidence and serenity.” **P**

feeling is believing™

the **anguilla** experience

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