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SAINT LUCIA

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Sustainable options in Paradise

Stable Saint Lucia tempts both businesspeople and pleasure-seekers

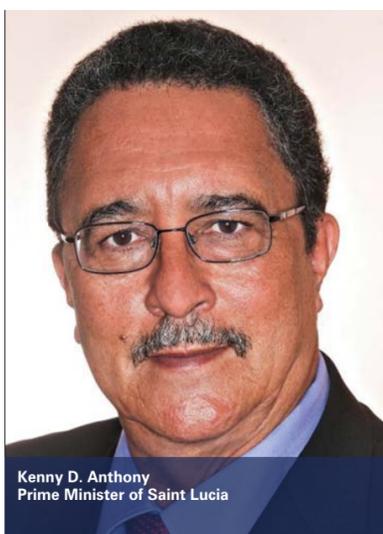
When it comes to the Caribbean island of Saint Lucia, what springs to mind is glorious down-time amid paradisaical surroundings; the idea of work far away. Behind the rainforest views, sparkling sea and unspoilt beaches, however, the island is a hive of activity, bursting with opportunities as well as breathtaking flora and fauna.

Saint Lucia is undergoing an important economic transformation at present and Prime Minister Kenny D. Anthony remains keen to showcase the openings that exist for U.S. investors and vacationers, at both local and regional levels, while also alerting the U.S. to the challenges faced by the small islands off its coastline.

"Saint Lucia has been through several economic cycles," he says. "First it was sugar production, until the plantation system collapsed. Then bananas, until that too collapsed. Now, we are focused on tourism and financial services, as we work to diversify the economy. It is the only sustainable way."

Despite the setbacks of unfavorable trading agreements, the global downturn and the force of Hurricane Tomas, which left a blight on the economic landscape as well as the natural one in 2010, St Lucia has come out fighting. The World Bank recently named it the number one place in the Caribbean to do business, in recognition of the processes that have been put in place to encourage and facilitate foreign investment.

"Investors know that we have an honest and credible government in this country. We



Kenny D. Anthony
Prime Minister of Saint Lucia

have strong laws against corruption. Our reputation is critical and very important for us," the Prime Minister says. "We help investors and guide them through the process of securing incentives and permits when required. We set up the Invest Saint Lucia agency and are constantly assessing what we offer to the rest of the world. We have to inspire confidence; and we know that investors have to be fairly treated. A good indication of our performance is that many foreign investors have sought citizenship here.

"We have a long history of political stability and democracy, we offer high-quality services, a skilled, cost-effective and motiva-



Philip J. Pierre, Deputy Prime Minister
and Minister for Infrastructure, Port Services
and Transport

ted workforce—and we are only three hours from Miami."

Saint Lucia enjoys several direct flights to U.S. cities via its international Hewanorra airport and receives more than 60,000 cruise passengers a year. Philip J. Pierre, Deputy Prime Minister and Minister for Infrastructure, Port Services and Transport, explains the expansion plans currently under way.

"We are going to resurface the runway and improve the airport buildings to ensure passengers receive a warm Caribbean experience," he says. "We are also in discussion with Royal Caribbean on the development of Port Castries. We need to upgrade the shop-

ping facilities and attractions so that cruise passengers can have an unforgettable experience here. It is really important that we offer world-class facilities to our guests. It is for that reason we are also commencing the construction of a fixed-base operation facility for travellers on private aircraft, close to the international airport, to be managed by a world-class operator."

Through the Saint Lucia Air and Sea Ports Authority (SLASPA), the Minister is also overseeing the increase of international airport capacity over the next three years. The expansion will go a long way to accommodate more international carriers and process them in a timely manner. Quality and international standards will be key, especially when tourism is a country's main activity, and the fact St. Lucia is already patronized by American Airlines, Air Canada, British Airways, and Virgin Atlantic shows the high level of its services.

As the government knows, foreign direct investment is vital for St. Lucia's development, and with increased FDI, there is increased activity. With most investments relating to tourism, the country's long-term capacity increases by the day. There are no restrictions on the movement of capital, so no issue with the repatriation of profits, and there is a strong political and legal framework in place for operations. St. Lucia benefits from its proximity to Miami and the fact it is in the same time zone: investors can hop on a plane, do business, and be back home before the sun goes down.

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Saint Lucia: “An experience, not a vacation”

This special island hits the spot for those who want more than the beach.

With such a lush, tropical landscape, bespoke honeymoon and wedding packages, and one of the best eco-tourism structures in the world, it is no surprise that Saint Lucia's tourism sector is the driving force of this fast-growing economy.

Last year, the full scope of travel and tourism receipts made up 39% of GDP, and is forecast to rise by 4.2% in 2013. The sector employs 13,500 people directly, and 31,000 people indirectly, and accounted for 16.2% of total investment last year. More than 314,000 tourists are expected to visit the island this year—5% more than 2012—and the World Travel and Tourism Council predicts Saint Lucia will be one of the highest tourism earners in the Caribbean over the next decade.

As those who have visited know, there is so much more to Saint Lucia than sandy beaches, but Lorne Theophilus, Minister for Tourism, Heritage and Creative Industries, outlines an exciting new marketing campaign for the uninitiated.

“We're exposing the diversity of what we have to offer the world,” he says. “We are not restricted to weddings and honeymoons; we also offer soft adventure and health and wellness. The latter will be our main growth potential and I also believe we can be a viable alternative in terms of sports tourism. The elevated experience is how we differentiate ourselves from other territories. They offer sea and sand, but we offer sea, sand and more, thanks to our cultural history, our cuisine, our nightlife, our festivals, and our diverse natural beauties like the rainforest, the Pitons—two volcanic plugs that have been awarded UNESCO's World Heritage status—and our drive-in volcano.”

Minister Theophilus and his team use a targeted approach when it comes to foreign investors, who play a significant role in the sector. “We focus on developing our hotel and tourism product because we would like it to endure for years to come,” he says.

“We are a boutique destination. For the U.S. market, we offer all-inclusive packages, or a unique, tailor-made product, and both up to a particular standard. Investors are offered attractive investment packages along with other relevant ministries or government agencies to ensure that they can make investments easily on the one hand,



Lorne Theophilus
Minister for Tourism,
Heritage and Creative Industries

and that this investment benefits Saint Lucia on the other. This enables them to see we have a favorable business environment.

“We are striving to ensure that what we present our guests with is of the highest possible quality, and what they get when they come is an experience, not a vacation.”

Drawing from the Saint Lucia Tourist Board's (SLTB) five-year strategic plan (2012 to 2017)—a comprehensive blueprint for growth, based on rigorous research, Director of Tourism Louis Lewis explains that the immediate growth potential for investors lies in the accommodation sector.

“We have about 5,200 rooms at the moment but could go up to 10,000 without any negative impact,” he says. “We have to look at how to bridge the gap between what we can accommodate sustainably and where we are now. We invite investors to establish companies here and invest in hotel accommodations.”

“The government has recently revamped its investment legislation to be more relevant, and investors can access us through a number of important gateways, like Miami, New York and Atlanta. We have a workforce that is amenable to the demands of business operators, and a very stable economy.”

For Matthew Beaubrun, the SLTB chairman, the key is to keep tourism products fresh and then exceed the expectations of fast-moving consumers.



Louis Lewis
Director of Tourism
Saint Lucia Tourist Board

“As well as high-end, we are also doing well on the romance/wedding/honeymoon segment. Compared to some giants in the region, we cannot compete on price so we have to strive for excellence, both in service and facilities and more generally in what we offer, especially in terms of infrastructure.

“We are not only competing with the other Caribbean islands, but also globally, especially when it comes to cruises. While we have a regionally competitive product, it is not going to carry us through—to become world class, we will continue equipping our people with the right skills through incentives and capitalize on our natural advantages of beauty, intimacy, safety and friendliness.”

World-class connections

The safety aspect is an important one for investors as well as tourists. Added to that, the island boasts state-of-the-art banking, telecoms and the infrastructure. For LIME—a member of the Cable and Wireless group, and the Caribbean's largest telecommunications company, going to Saint Lucia was a no-brainer.

“Telecoms in any country is important, and ICT is something any government will have a major stake in. Telecommunications allow companies to bring down their cost base and it is ultimately a catalyst for doing business and linking Saint Lucia to the world,” says V. Chris Williams, LIME's general manager. “One revered study pointed out that for every doubling of Internet speed, the country's GDP increases by 0.3%, and for every 10% of broadband penetration, GDP is increased by 1%. That shows how vital it is to the development of a country.”

“In Saint Lucia, we have three broadband providers and penetration is quite low, about 30%, despite between 85 and 90% of the island being covered. In comparison, mobile penetration is about 120%. The needs therefore are definitely in increasing broadband access and the infrastructure is there. For the companies that want to come here, we have solutions like DIA and MetroE that can cater to their needs with speeds of over 100 MB—on par with first-world countries.”

LIME's expertise is proud to be an integrated full service provider. “We do Internet, broadband, fixed line, mobile and TV—the whole gambit,” Williams says. “When it comes to the telecoms business, I would say that LIME is the company of choice, the flagship entity. We stand out when it comes to our customer experience; we deliver the best service on the island.”

LIME serves 13 countries in the Caribbean and is closely involved in the local communities. “Although the region has a range of small markets with limited potential for growth, LIME has shown considerable confidence in the sector, with a willingness to invest in the market, because of the potential in new revenue streams, like data. Data is really taking over the market,” Williams says.

“We have to look at how to bridge the gap between what we can accommodate sustainably and where we are now.”

Louis Lewis
Director of Tourism, SLTB

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Lucelec explores greener options

Having contributed to the development of St. Lucia for more than 40 years, the Saint Lucia Electricity Services Limited (LUCELEC) has earned a reputation in the Organization of Eastern Caribbean States and the wider Caribbean as a well-run, world-class utility.

With a strong emphasis on customer service, innovation, employee development and social and economic development, the company has worked hard to reduce costs and diversify the island's energy mix in order to promote a more sustainable electricity supply.

“We have a reach of more than 99 percent of the households in St. Lucia and there is electricity available to everyone that wants it,” managing director Trevor Louisy says. “Our system is very reliable and this is one of the first things developers and investors ask about when they consider St. Lucia. “However, if one wants a good product and a reliable service, it comes at a price. We cannot be competitive with countries like the U.S. because of economies of scale and the fact we

have no domestic hydrocarbon resources. Nonetheless, our tariffs are known to be very competitive in the region and we are constantly seeking ways to bring those tariffs down through strategic initiatives.”

Partners needed

Over the last decade, Louisy and his team have been looking at renewable options for St. Lucia, including geothermal, wind power, photo-voltaic and waste energy.

Negotiations are ongoing to find the land and investment needed to develop these.

As the managing director says: “In the case of wind and solar energy, we are looking for partners for a joint venture or 100 percent ownership. We are open to partners in terms of all generation expansion.”

“St. Lucia is a democratic country and there is a tremendous ease of doing business here. The regulatory environment is stable, which is an advantage as investors can have an idea of what their returns can be over a long period of time.”



Keeping St. Lucia in close contact

Boasting more than 13 million customers across 31 markets in the Caribbean, Central America and Pacific including St. Lucia, the Digicel Group Limited is renowned for delivering best value, best service and the best network.

As well as being the lead sponsor for the Caribbean, Central America and Pacific Sports teams, throughout these regions, the company also sponsors the West Indies cricket team. In the Pacific, Digicel is the proud sponsor of several national rugby teams and the Vanuatu Cricket team. It runs a host of community-based initiatives in the countries in which it operates and various foundations that focus on education and cultural and social development.

During its 10 years in St. Lucia, Digicel has made a huge impact. “We arrived when the market was liberalized,” says dynamic country manager, Holly Hughes-McNamara. “With the aim of offering affordable mobile communication that were accessible to all, we changed the efficiency of the market by improving contact not only on the island, but with the rest

of the world. Digicel made life easy for a number of people. They can communicate quicker, better and more affordably and get jobs done faster. It has opened up the market between the islands as well.

“As a small market, we can't always benefit from economies of scale so competing can be trickier, but we have done so nonetheless. We are committed to keeping St. Lucia at the forefront in terms of technology. When we talk about telecommunications, we are not just referring to mobile, but to broadband and new technologies such as 4G—investments that do not have paybacks in these markets yet.

“There is an opportunity for the government to fast-track those investments to ensure they correctly position the economy to handle the global challenges ahead.

“Digicel put a cell phone in everyone's hand. We continue to do that, as well as providing good employment and working within the community. That's our investment in and promise to the people of St. Lucia.”

Digicel

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