



Government of St. Kitts & Nevis  
Cabinet Secretariat, Government Headquarters  
Church Street, Basseterre  
St. Kitts & Nevis

## **POST-CABINET STATEMENT**

Citizens and residents of St. Kitts and Nevis, good evening. This is the post-Cabinet briefing for Cabinet meeting held today Wednesday March 26, 2008. The Cabinet meeting focused almost entirely on the cost of living.

### **Cost of Living**

Cabinet received an update from Dr Hon Timothy Harris, Minister responsible for Trade, who gave an overview of the discussions conducted at the most recent meeting of the CARICOM Council on Trade and Economic Development (COTED) held 7-8 March in the Bahamas. The Minister reported that COTED approved the suspension of the CET (Common External Tariff) on a set of commodities which have a significant impact on the Consumer Price Index (CPI) and are not significantly produced in the CARICOM region or have a close substitute in the region. The minister emphasized that the cost of living is a global problem resulting from the increase in the price of fuel, hence manufacturing and transport costs, and the increased demand for traditional food crops to be diverted into the production of alternative fuels, and concluded that the CET is the only instrument available for intervention at the regional level to address the issue of the rising cost of living.

In one category of commodities that includes cheddar cheese, oils, raisin bran/corn flakes and dried breakfast cereals, baby formula and baking powder, the CET would be completely suspended for the most part for two years ending March 2010.

In a second category, the suspension of the CET was granted for six months on juices for infant use; and in a third category which consists



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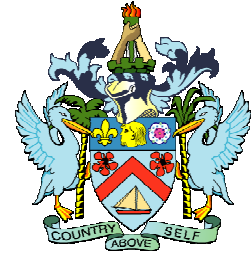
of milk, chicken, beef, lamb, onions, oatmeal, beans and potatoes, the CET can be indefinitely suspended.

Although COTED did approve the suspension of these commodities, respective states must notify CARICOM by April 4 of the items on which they would wish to join other Member States in suspending the CET on items agreed by the COTED.

Cabinet also received an update from Permanent Secretary in the Ministry of Industry, Commerce and Consumer Affairs, Ambassador Roslyn Hazelle, and other top officials from the Department of Consumer Affairs. The Ambassador reported that her ministry had employed two experienced officials to lead the Department of Consumer Affairs in overseeing the present initiatives geared at reducing or stabilizing the prices of certain commodities. In particular, she advised that the Department of Consumer Affairs would shortly be in a position to more closely monitor the price of commodities that comprise the basket of goods implemented during 2007.

Cabinet approved an amendment in the law to allow for greater flexibility in controlling of the price of goods, mainly by encouraging importers to source goods more cost-efficiently. Cabinet also agreed that monetary penalties for violating the price control laws need to be increased.

In relation to the price of tinned evaporated milk, Cabinet is proud to report that although the price of the product from overseas sources has increased by over 20% in the recent past, by working directly with suppliers to achieve a 2% discount and by eliminating and reducing a number of transactional fees, the price of a large tin of milk should remain relatively stable at under \$2.00 per tin. The public is asked to



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recall that evaporated milk is a commodity regulated by the Supply Office in the Department of Consumer Affairs.

On the subject of flour, flour suppliers have indicated that the imported price of the commodity has increased significantly from shrinking in global supplies, a more than 100% increase in the cost of freight and a 78% in FOB prices compared to August of 2007. The new prices of a 100LB bag of white flour and wheat flour are likely to be in the region of \$93.00 and \$110.00, respectively, compared to earlier prices of \$86.00 and 105.60, respectively. This could translate into a 20 cent increase in the cost of a pound of white flour, but the Department of Consumer Affairs has been mandated to engage in further negotiation with suppliers to achieve a more advantageous price for consumers.

The department has also been asked to study the impact that a likely increase in the cost of flour would have on the cost of bread. The output of such a study will form the basis for ongoing negotiations with our local bakers to keep the cost of bread within a manageable range for consumers while respecting the need for bakers to make a profit from their hard work and investment.

Cabinet also discussed the possible increase in the price of bag rice. Local suppliers have reported a \$4.00 increase in the price of a 100LB bag of rice from overseas sources and are demanding an increase in the price of a pound of the commodity. A final decision on this matter will be forthcoming shortly.

## **THE END**

This brings to an end the post-cabinet meeting for Cabinet meeting held today Wednesday March 26, 2008.