



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 Monday April 7, 2008.

PRICE CONTROL

Over the last six meetings of the Cabinet, very heavy and consistent focus has been placed on the high cost of living and deriving solutions to cushion the impact of the global phenomenon driven by the spiraling cost of fuel and the increasing demand for feedstock. The public would recall that towards the end of 2007, government implemented a basket of goods whose prices are now regulated. These goods include basic food items, basic medicine for chronic diseases, basic hygiene items and other non-food items. Under the regulation mechanism, limits have been imposed on the margins of profit that retailers and wholesalers can apply to the listed products.

Cabinet also reflected on and discussed the policies that have been implemented to shield consumers from the direct impact of the high cost of electricity. For in excess of one year, persons consuming less than 150Kwh of electricity are not required to pay the fuel surcharge. Recently, a new policy that caps the amount of the fuel surcharge at a maximum of 50% of the base charge has been implemented and this is anticipated to bring tremendous relief to consumers even as the price of fuel continues to increase.

Cabinet reiterated the need to exert control over the price of flour, tinned milk and bag rice, as these are among the most basic of items consumed by the poor.



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At today's meeting, Cabinet once again moved to protect consumers from the high cost of living by removing the consumption tax from ten (10) commodities: chicken, cheese, pasta, canned corn beef, Raisin bran corn flakes, sardines, soybean oil, tinned tuna, Vienna sausage, margarine, tomato ketchup and diapers for babies and adults. The consumption tax usually applied to these products ranges from 15% to 22.5%, hence the removal of the consumption tax will yield significant savings for consumers. Some of these items will also very shortly be subjected to a further reduction in price through the removal of another tax called the CET or the Common External Tariff. The items listed above have been selected because they are among the commodities most frequently imported from St. Eustatius by our local consumers.

It is important to note that the Ministry of Commerce and Consumer Affairs has been charged with the task of vigorously monitoring these price control mechanisms to ensure that the benefits fall directly to the consumers rather than to businesses. Price control laws will also shortly be updated to support these objectives. The ministry has recently employed additional staff to carry out its improved programme of price control.

FINANCIAL SERVICES REGULATION

At today's meeting, cabinet received an update from the Director of Financial Services – Ms Fidela Clarke, and the Financial Secretary – Mrs. Janet Harris, on the state of the regulation of the financial services sector in the Federation. The officials from the Ministry of Finance reported that significant achievements have been had in the regulation of the financial sector since our Federation was blacklisted back in 2001 by the FATF of the OECD, thus the Federation is no longer listed among countries like the United States, the United Kingdom, the Cayman Islands, Germany, France, Canada, Nigeria,

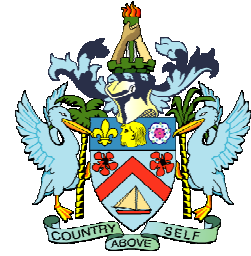


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Pakistan, China and a host of other countries that are jurisdictions of primary concern in the matter of Financial Crimes and Money Laundering.

The Finance Ministry officials reminded the Cabinet that St. Kitts and Nevis will undergo its second mutual evaluation/assessment of the financial services regulation regime in September 2008, the first being in 2003. The evaluation will be carried out by the Caribbean Financial Action Task Force (CFATF), which is an organization of thirty Caribbean Basin countries who have agreed to implement common countermeasures to address the problem of money laundering and the financing of global terrorism. The principal focus of the CFATF is to bring all of its member countries into compliance with what are known as the "forty plus nine" recommendations of the FATF of the OECD. These recommendations are geared towards strengthening the financial services regulatory framework in member countries to detect and prevent money laundering and terrorism financing.

The Finance Ministry officials highlighted that there are some areas that demand immediate attention that fall within the remit of various government agencies including: the Legal Department, the Financial Services Commission, the Financial Intelligence Unit, the Office of the DPP, the Customs Department, and the Police Department. The specific measures to be implemented by each agency were outlined and discussed at length. The government is convinced that sufficient additional progress will be made so that the Federation will achieve a favourable assessment by the CFATF in September of this year. Cabinet emphasizes the importance of the integrity of the financial services sector to protecting the image of the country, boosting investor confidence, and achieving more economic growth.



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LAND FOR FARMERS

Consistent with its policy to give maximum support to the local agricultural sectors and to farmers, Cabinet approved the distribution of a further 50 acres of agricultural land. Cabinet committed to moving swiftly to approve other land applications by farmers as non-sugar agriculture has been identified as one of the key sectors of the new and changing economy. Cabinet reaffirmed its conviction that a robust agricultural sector would create livelihood for locals, help to reduce the cost of living, provide healthy food and bolster local food security.

THE END

This brings to an end the post-cabinet meeting for Cabinet meeting held today Monday April 7, 2008.