



**Statement to the Nation
on
Government's COVID-19 National Response
By
The Honourable Gaston Browne MP
Prime Minister of Antigua and Barbuda
On Sunday, 3 May 2020**

Fellow Citizens and Residents of Antigua and Barbuda

As you are aware, the global economic effects of COVID-19 – has had a devastating impact on our economy, through no fault of our own. At the start of this year, we were on a trajectory to faster growth, more rapid development, and wealth creation than at any other time in our history.

Our policies and programmes had yielded five years of consistently high growth and the UN Economic Commission for Latin America and the Caribbean (ECLAC) had forecast another 6.5% growth this year. We were looking forward to over \$2 billion in private and public sector investments, expanded employment, significant reductions in the pockets of poverty in our country, and considerable improvements in our education and health sectors.

We were also building resilience to the more frequent, powerful and destructive hurricanes that the Caribbean region has been experiencing in recent years. While my Government provided effective leadership, all of you - every citizen and resident in our country – contributed to positioning our nation, to make a giant leap forward in our economic fortunes and our social progress. Unfortunately, the unexpected, extremely potent, and highly contagious COVID-19, devastated the global economy, including ours.

Once again, we have become victims of factors external to our country; exogenous to our own policies and governance. In the last two months of this year, the effects of the coronavirus caused a major reduction in government revenues, a severe decline in employment in the private sector and a drop in payments to social security, medical benefits and education levy. In detail, the Government lost revenues from the closure of all hotel properties and other businesses in the hospitality industry. Revenues were lost from the catastrophic fallout in businesses that rely directly or, indirectly on tourism. With tourism in complete paralysis, because cruise ships have stopped sailing and airplanes have stopped human transportation, we anticipate that the next quarter, ending July 31st, 2020 will be significantly worse. Despite these monumental economic challenges, my Government puts first and above all things, the health of our people.

Protecting the health and the lives of our people is our foremost priority, even as we seek to create a balance of concurrently protecting livelihoods. We moved with urgency to establish the logistics for testing all persons with symptoms of COVID-19; and we immediately quarantined those who travelled from COVID-19 global hotspots and isolated those who tested positively or displayed symptoms of infection with the Coronavirus. On January 31, 2020 Antigua & Barbuda instituted travel restrictions on passengers from China and was one of the first movers in the Caribbean to establish a list of COVID-19 restricted countries. As more information became available from the World Health Organisation and the Pan-American Health Organisation of the methods of transmission of the disease, we closed our borders and ramped-up our spending on building our capacity to manage its inevitable arrival to our shores and potential community spread.

We invested heavily in quarantining suspected cases and in the treatment of those who had contracted COVID-19, including by purchasing ventilators, masks and other personal protective equipment for our front-line medical team. In addition, we reconstructed the Margetson Ward at the former Holberton Hospital, to create a modern and well-equipped 17-bed Infectious Disease Control Centre; and invested in machinery and reagents for testing for the dreaded disease. We are presently converting the NTTC, to a 75-bed hospital and are in the process of establishing a cardiac unit at Mt. St. John; and a public health laboratory and kidney transplant facility at Holberton. These vital and important spending depleted government's revenue at a time when there are sparse earnings to replenish it.

In order to keep everyone as safe as possible, and to curb the spread of the virus, my Government took the decision to lock down the country, except for the provision of essential services and to impose a curfew. Globally, approximately 3.5 million people have been infected, of whom nearly 250,000 have died. Since the first reported case within our Hemisphere on January 21st this year, from Canada in the North to Argentina in the South, there have been over 1.3 million COVID-19 infections and more than 72,000 deaths. Because of our rapid and measured response, to this invisible and deadly global pandemic, our country, so far, contained the number of confirmed cases to 25, with only 3 deaths, and 16 persons have recovered. This means there are only six known positive cases, one of whom travelled back to the UK, three hospitalised and two presently in isolation. Consequently, we could conclude, without becoming complacent, that the COVID-19 health cases are stable and manageable at this time. In this horrible situation, while even three deaths are three too many, and we mourn with the families and friends of those who were so unexpectedly taken from this life; as a nation we have much for which to be thankful. It could have been significantly worse.

I therefore implore you join to me in giving thanks to the Most High for his protection, mercies and blessings. The necessary and swift actions that we took; while they may have seemed stringent at the time, have spared us mass deaths and undignified collective burials in mass graves that have occurred elsewhere in the world, including Europe, United States, Brazil and Ecuador. Even as we look forward, in the coming weeks, to opening the country for domestic business and for a relaxation of the curfew, we must not believe that there is a return to normal behaviour.

We are not yet free from the scourge of COVID-19, therefore, we must remain responsible and vigilant. As we relax the restrictions and open up the economy, greater personal responsibility and vigilance will be required by all citizens and residents.

Until a vaccine is developed and produced in large enough quantities for worldwide distribution, we will retain the COVID-19 health and hygiene protocols to include physical distancing and the mandatory wearing of masks to keep our country and our people safe.

The opening of the economy will require discipline; it will require restraint; and, most of all, it will require good sense; and as I have said repeatedly, personal responsibility by everyone. **There is no substitute for personal responsibility.**

Now, Brothers and Sisters, I turn to the state of our economy.

I personally – and my Government collectively – have always operated based on full unvarnished transparency and accountability to you, the people of this nation.

In reporting now on our present situation, and the likely expectations for the near term, I would be less than candid, if I did not make it clear, that **our nation is in difficult times, unprecedented in our history**. I need not tell you that our country is highly reliant on the tourism industry which contributes at least 45% directly to our Gross Domestic Product and another 30% indirectly. Indeed, we are among the top ten most tourism reliant countries in the world, which makes us extremely vulnerable to any decline in tourism revenues. Already it has been determined that, globally, tourism receipts will decline by as much as 30%, on a scenario that expects the industry to resume by the third quarter of this year. If tourism does not improve by then, the situation could become significantly worse. By comparison, in 2009, after the global economic crisis, which started with the banking collapse in the US; arrivals declined by 4%. However, our economy declined by a whopping 25 percent, and in excess of 8000 people were put out of work.

We all know that tourist arrivals in Antigua and Barbuda is now zero and that it will remain so until such time as our main source countries open their borders, their planes start flying and their cruise ships start sailing. Even after these border openings occur, it would be foolhardy for us to assume that we will quickly experience a return to the record numbers we enjoyed in 2019. There are many other obstacles to overcome. In North America and Europe, the main areas from which most of our tourists emanate, there is now high unemployment. Consequently, disposable incomes to fund holidays will be eliminated for some, while others will focus spending on living expenses. Further, until a vaccination against COVID-19 has been developed and tested, there will be a reluctance to travel by plane or cruise ships, particularly by persons over 60, or those who have pre-existing health conditions. The timeline for the development for such a vaccine is 18 months, assuming it does not prove, as elusive as, the development of a vaccine for HIV/Aids, which has eluded humanity for over 40 years. Added to all this, if airlines are to be configured for physical distancing, they will have less seats, and, inevitably, cost of travel will increase.

We, ourselves, will have to prove to airlines, tour operators and cruise lines that, as a destination, our country can deliver a COVID free environment, where the disease has a low level of possibility to be contracted. These are challenges that we now face, and that we are working to overcome, in alliances with international airlines, cruise ship companies, our hotels and tour operating

companies. Overcoming these challenges is not a task for Government alone. As is now powerfully clear, our entire country is gravely affected by the sudden, comprehensive and crippling blow to our tourism industry. Therefore, it is incumbent on all of us – without exception – to act together and in common purpose, to create the conditions that will place us at the top of destinations most ready to accommodate tourists.

Our economic recovery heavily depends on all of us working together; government working hand in hand with public and private sector and our international partners. Throughout the crisis we have been the beneficiary of assistance from some of our friends in the international community. My government thank the People's Republic of China, the Bolivarian Republic of Venezuela, India, the Republic of Cuba and the Pan American Health Organisation for their demonstration of kindness to Antigua and Barbuda.

Sisters and brothers,

Our objective is to reopen for tourism, as early as, it is possible to do so safely, for our own people and our visitors. The emphasis is on safety through the establishment of health protocols, to avoid any importation of new cases and to insulate our people against any future community spread. Realistically, however, it should be recognised that, the Government will not collect, this year, anywhere near the sums of money we anticipated when the Budget was presented in Parliament, just over three months ago, on January 23rd. Yet, our expenditures will rise to pay wages and other costs related to public servants and to maintain the services that the nation expects, including police, courts, prisons, schools, hospitals and COVID-19 prevention and treatment. It is expected that, by year end, even with cutbacks in expenditure, which my Government must make in several areas, the Treasury will have a shortfall of approximately \$500 million and will be called upon to make transfer payments of \$150M to Social Security and other statutory organisations. This represents aggregate revenue reduction of 14 percent of GDP. Consequently, there are many projects, both economic and social, that the Government had budgeted to deliver this year, which cannot now be done because of the comprehensive bludgeoning of our economy by COVID-19.

One of the privileges that we have discontinued is discretionary waiver of duties and taxes. However, Capital projects, COVID-19 medical equipment and such essential imports required to

regenerate the tourism, agriculture and manufacturing industries will continue to attract tax concessions and duty waivers. As everyone should now appreciate, until we can open-up the country, first to local commercial activity and then to international tourism, Government's revenue will remain small and our expenditures high. In these circumstances, the obvious policy option is to reduce expenditure drastically. In doing so, the government would be forced to reduce employment in the public service by lay-offs and terminations, as has been done in the private sector. But, my Government will not take that action; except at last resort. We are a caring government – one that always puts the interest of the people first.

We know that laying-off public servants now would bring immense hardship to families, particularly where there is only one breadwinner, or where other family members have been laid-off from the private sector. Therefore, my Government will do all in its power, to retain the staffing of the public service at its present level, for as long as it can, including by borrowing and the issuance of bonds. This action will increase our debt, and push-up the level of our debt to Gross Domestic Product (GDP) – something we would have wished not to do, particularly as, over the last five years, we have worked diligently to reduce the debt to GDP ratio. In January of this year, we had reduced the debt to GDP ratio from 104% when we came into office to 69.1% - a whopping 35% decrease in just five years, while growing the economy by five percent per annum. Now, in seeking to maintain employment in the public service and to deliver services, our debts will certainly rise; and, in combination, with limited economic activity, the debt to GDP ratio will also rise. Nonetheless, we give the undertaking to public servants, as part of our compact with them, that we will not lay-off personnel at this time. In return, we ask of them, that they perform at the highest possible level to help get the economy up and running.

Of course, if the adverse economic effects of COVID-19 are prolonged and government is unable both to improve its intake of revenues and to borrow enough funds, the time may come when the public service will have to be significantly reduced. But, as I said, any such action will be a last resort, and it could be avoided by increased national productivity as soon as the country's lock down is lifted, commercial activity is restored, and tourism regenerated. The last four months have been the most challenging months for us as a nation and more so for employees, especially those who are at the forefront of the fight against the spread of the Coronavirus. Our Healthcare workers deserve our thanks and gratitude for the sacrifices they are making to ensure that our people are protected from the coronavirus.

Your government is playing its part in putting in place measures to ensure that your long-term livelihoods and wellbeing are protected. Like our healthcare workers, who have placed themselves at the forefront of the battlefield against COVID-19, public sector workers and indeed all workers are called upon to join forces to restart our economy and ensure that all sectors, including our soon to be reopened tourism sector, contribute to the growth of our economy. If we sit back and wait for COVID-19 to die a natural death our economy will suffer the same faith. COVID-19 has already profoundly affected our economy – together we must stop this trend.

Your government wants our economy to move ahead and build upon the last few years of growth and prosperity. Workers have played their role in the successes of our nation in the past – you are called upon to rise to the occasion in this time of crisis. As our nation’s anthem calls upon us to “answer now to duty’s call” let us all move forward together as one nation in this fight against COVID and making our nation stronger than before.

Brother and sisters

I would also not be straight with you, if I did not point out that our borrowing options are limited. We have made arrangements with the Eastern Caribbean Central Bank and our local banks for a moratorium of six months on loan repayments. However, we have decided to continue to honour our obligations to bonds and treasury bills investors on the Eastern Caribbean Stock Exchange, to retain creditworthiness. But, these moratoriums, while easing us of the necessity to pay interest and capital on loans and bonds, do not produce enough cash to carry us through this critical period. At an early stage, my Government recognised that this situation would be calamitous, not only for Antigua and Barbuda, but for all CARICOM countries that are facing similar declines in tourism and in the prices of the commodities they export such as oil.

This is why on March 30th, I wrote to the Heads of the International Monetary Fund (IMF) and the World Bank Group, pointing out that:

“Each of our nations is struggling to manage the fiscal demands in these externally generated and desperate circumstances and with scarce and dwindling resources, that are not the fault of our policies or failures”.

I should point out that I wrote to the Heads of these International Financial Institutions as the Head of Government in the quasi-Cabinet of CARICOM Heads of Government, responsible for financial services. It was my duty to do so. In describing the situation of all CARICOM countries, I requested that, in considering how to address the urgent needs of vulnerable small island developing states, proposals should include: “(a) suspension of per capita income as a criteria for concessional financing; (b) debt relief including suspension of debt payments, write-offs of aged debt particularly by the Paris Club; (c) budgetary support through a mix of grants and low-cost loans, on a country by country basis”.

I was acutely aware, even then, that the International Financial Institutions were focusing only on least developed countries and countries classified as “low income”. I knew that if this remained the situation, countries such as ours which are classified as “high-income”, would not be granted the emergency assistance on concessionary terms that would be provided to lower income countries. Incidentally, it is the status of Dominica, Grenada, St Lucia and St Vincent & The Grenadines, as eligible low-income - International Development Association (IDA) borrowing countries, which provides them access to the IMF’s Rapid Credit Facility with generous concessional terms. And, it is precisely because Antigua and Barbuda is a high-income country, why we have not been treated in the same way.

Myself – and others – have made the point that vulnerable high-income countries, such as Antigua and Barbuda, are denied concessional funds by the international financial institutions, pushing us into the commercial capital market where the interest rates are higher and the repayment periods shorter. We have always made it plain that this single criterion for denying vulnerable countries like ours, access to concessional funding is unfair and unjust, since we are no less vulnerable to external shocks that threaten to demolish our economy. In a sense, we are being punished for our good historical economic performance, notwithstanding the fact that we share all the vulnerabilities of lower income countries, as is now clearly demonstrated. The reality is, measured in today’s terms, given the lay-offs in the private sector and the sudden and swift decline in our economic activity, we would rank as a low-income country. In any event, the IMF

facilities provide loans, not grants and the country will have to pay back that money, further straining its debt service capacity.

The arguments I made to the Heads of the International Financial Institutions, have since been re-enforced by the UN Economic Commission for Latin America and the Caribbean.

Alicia Bárcena, the Executive Secretary of ECLAC, stressed that “Caribbean countries must increase their fiscal space and need more favourable financing conditions notwithstanding their income per capita levels.” It is widely known that Caribbean countries are in need of grants and debt relief and that borrowing is not a sustainable option, since it will exacerbate their debt overhang and debt service ratio.

At this juncture, I should point out the following.

Even though my Government has sought re-scheduling of its domestic and international debt and has urged that consideration be given to writing-off some of it, it is not our intention to renege on payment of our debts. We want to maintain our creditworthiness globally for the benefit of both the public and private sectors. But, we need now the fiscal space in which we can defer payment of interest and capital, until our economy has recovered sufficiently to assume fully all of our obligations. That should not be an unreasonable request, given particularly, that we are not in sole control of the regeneration of the tourism industry which is our main source of income. In this connection, I would like to draw attention to an important point made by David Lubin, the managing director and head of emerging markets economics at Citi, an American bank, where he is responsible for a team of more than 30 economists, in 15 locations globally.

This is what the highly respected, experienced and qualified Mr Lubin says:

“Countries are stricken not because they have indulged in any irresponsible spending sprees that led to a shortage of foreign exchange, but because of a virus beyond their control. Indeed, it would seem almost grotesque for the Fund to ask countries to cut spending at a time when, if anything, more spending is needed to stop people dying or from falling into a permanent trap of unemployment”.

Antigua and Barbuda is the classic example of what Mr Lubin describes.

We have been stricken not because of our own fault; indeed, our own policies had resulted in five years of unbroken high growth.

We have been stricken because of the consequences of a virus beyond our control. In these circumstances, it is not more than reasonable for us to expect that international financial institutions would be willing to engage with us on terms that are not based on their usual austere conditionalities; that often times require prioritising foreign debt payments, dismissing public servants and imposing taxes on a struggling population.

My Government recognizes that, for instance, the IMF, unlike commercial banks, does not require countries to put up collateral against loans and, therefore, conditionalities become its own form of security. But, as Mr Lubin has emphasized, “belt-tightening is a completely inappropriate approach to managing the current crisis”.

My Government continues to engage all the international financial institutions in discussions, that could lead to the provision of near-term financing, that would help our country to recover from this entirely externally-driven devastation of our economy, but in conditions where, firing public servants and burdening the population and the private sector with new taxes, are not part of the equation.

As you are aware, last week, my Government established an Economic Recovery Committee (ERC) whose membership, at the levels of the Central Committee and its sub-committees, will be drawn from every sector of the economy. It is meant to be a national effort, in which every political party, trade union, private sector organisation and church institutions play a meaningful part. Clearly, nothing that was the normal way of doing and making business, will be the same in the future. It is my expectation that the ERC will identify and explore new ways of investing to stimulate and diversify the economy and new opportunities for business expansion and job creation.

The critical sectors for development of export services include; tourism, health and education, while expanding the manufacturing, agriculture and fisheries sectors to ensure food security, food sovereignty and import substitution. The ERC’s mandate also include the development of plans and programs to accelerate food production, processing, preservation and packaging; new and faster means of online data access for education, health, finance, and e-commerce; and to propose new business initiatives and plans that can supplement tourism and diversify our economy.

We are in a national crisis, and while my Government can – and will – give leadership, we want to encourage a national effort in which all views are heard and in which all ideas contend. I have no doubt that, out of this national effort, for which the contribution of all is welcome, will come pathways to our national progress, to include the development of a genuine, post COVID-19 Relief, stimulus package, to increase national value added and to reduce the impact of COVID-19 on the economy.

My sisters and brothers,

Ronald Reagan, a former President of the United States had occasion to tell his people:

“If we ever forget that we are one nation under God, then we will be a nation gone under”.

There has been no more momentous a time than now, for all of us to acknowledge, that we too are one nation under God, and that if we forget it, we will be a nation gone under. Let me end by saying that there have been other times when our small nation has faced adversity and yet we have risen like a phoenix from to ashes to overcome them. Of more recent memory, was the devastation caused by Hurricane Irma, and the fact that we rebounded quickly and achieved the 10th fastest growing economy in the world in 2018. That is characteristic of the courage and resilience of our people.

As a people, we must never wallow in self-pity, hopelessness and pessimism.

That was not our way – as it is not our way now.

As a nation, we must pick up ourselves up; and move forward courageously in optimistic solidity and faith to rebuild our nation, even in the face of this COVID-19 catastrophe.

Once again, history calls us to show the better angels of ourselves, and to manifest that the fruits of our labour can be abundant in putting our people back to work, to opening the doors to prosperity, and to reclaiming our place in the world as a high growth economy, delivering benefits to all. I have every confidence in our capacity to overcome every obstacle and march with success the path that lies before us. Let us be our brother’s keeper and live in the light of unselfishness and not be tempted into the darkness of indiscipline and recklessness, that could cost the lives of our

friends and family. I urge you to let's do it: and do it together with the blessings and guidance of our one Almighty God.

I thank you.