

The Novel Caribbean Approach: How COVID-19 is much more than just a virus!

No one has any idea where we will land when the COVID 19 pandemic outbreak comes to an end. No matter what model you may use, it could be months before any sense of normalcy returns to the world and indeed the Caribbean.

Currently, the United States of America has a record 188,592 confirmed cases, with over 4,056 deaths. Over the weekend, top doctors advising President Trump on the coronavirus pandemic warned that as many as 200,000 Americans could die during the outbreak, even with much of the country already under stay-at-home orders and practicing physical distancing.

When the U.S. sneezes, the old adage goes, the Caribbean catches pneumonia. But what happens when the U.S. coughs? Well, we are about to find out. The consequences of an ineffective response to this public health emergency in America will reverberate through the Caribbean and perhaps has the capacity to deepen the divide between the wealthy and the general population. The ripple effect to the Caribbean where inequality has been on the rise over the last number of years, the disposable income of households have been on a steady decline and any growth and wealth has been going to a smaller and smaller percentage of the upper population is a stark reality. This is no easy time for governments in the region but its also not the time for inaction. Across the region, economic stimulus packages have been ushered out to its citizenry and in theory have the potential to secure that those affected by the public health emergency are provided with some level of an economic cushion to make it through the next coming months.

For example, Saint Kitts & Nevis has rolled out a comprehensive stimulus package, with the activation of an EC \$120 million fund being made available for those affected by the slowing down of the economy. This amount includes to EC \$1,000 per month available to taxi operators, hotel & restaurants staff , local vendors, fishermen/women and farmers. Barbados has earmarked BDS \$20 million along with the establishment of a Household Survival Programme to help more than 1,500 vulnerable families. Through its Welfare Department, the fund will provide up to BDS\$600 per month to each family and also provide a 40 per cent increase in all rates and fees paid by the Welfare Department to individuals. Grenada's economic stimulus package provides for EC \$20 million of payroll to the hoteliers, restaurants, bars, small travel agents, and income support to public buses, taxi drivers, tourists vendors and other such identified hospitality -based businesses. Lauded as one of the countries in the Caribbean to have implemented early measures, the Cayman Islands had already implemented COVID-19 regulations about a week and a half prior to the World

Health Organization's (WHO) announcement that COVID 19 had reached the level of a pandemic, despite not having yet identified a single case of the virus within its territory. Cayman Islands has also made a one time stipend available to taxi drivers, tour operators and water sport employees in the amount of US \$600 per person and for an initial one month closure of the economy.

Even in the United Kingdom, on March 11th a budget was announced with nearly £37 billion in fiscal stimulus, including a tax cut for retailers, cash grants to small businesses and expanded access to government benefits for the self-employed and unemployed. They have recently unveiled another, larger stimulus package and included, among other things: £379 billion in business loan guarantees and £23 billion in business tax cuts and grant funding to businesses hit worst by the virus.

It should be noted that no matter how robust any economic stimulus package is, it will not be able to address the low demand and supply shocks being felt across the globe and by extension the Caribbean. It is however, incumbent on the administrations to focus on a "relief package" for its citizens and the most vulnerable. This is particularly staggering in the Caribbean, where unemployment is compounded from high rates of conditions like asthma, heart disease, diabetes and kidney disease – problems that experts say could make COVID-19 more damaging, if contracted.

Here in the BVI, we have an economy that is fortified by two pillars, financial services and tourism. Financial services puts more direct revenue in the government coffers however, the dollar distribution through the territory is more significant in the tourism sector. Some positive steps have already been taken to secure our financial services industry and the use of technology and the internet allows for remote working by persons employed in that sector. Tourism is an industry that requires face to face contact and this very contact is being discouraged in order to prevent the transmission of the coronavirus. Therefore, business owners and their employees in tourism and tourism related-sectors will require immediate financial support to keep them afloat. So it behoves us to take similar approaches to what has already been done in different parts of the developed world and in neighboring Caribbean countries. I commend the Government for indicating that they will bring forth an economic stimulus package geared towards supporting the most vulnerable, including small and mediums to large businesses.

Here are some examples of actions that can be taken to provide economic support to our communities. I take no credit for these, as I am sure you the reader has had those very thoughts:

- A loan payment moratorium (personal and business) should be put in place for a minimum period of 3 months and I commend some banks in the BVI who have already committed to deferring loans
- A waiver or cost reduction of payments for water and electrical consumption for households of an initial period of 3 months
- Landlords should not be allowed to evict tenants of non-payment of rent, but those tenants who can afford should pay their rent. This particular matter is not a straight forward situation as some of us may think
- A moratorium on customs duties for essential businesses for an initial period of 3 months, with the proviso that the cost savings be passed to the consumer
- Interest free or very low interest loans for existing micro and small businesses should be established, this could be done through the National Bank of the Virgin Islands with the requisite stipulations
- Create other incentives to encourage businesses not to lay off their workers
- Through social security, an unemployment stipend should be considered for an initial period of at least 3 months
- Give food security the prominence that it needs in our national development. We cannot only throw money at agriculture when we are in difficult times, there must be an organized and properly funded program to move us as close as possible to self sufficiency

These are just some of the things that can be done and there may be others and we encourage the government to consider all the options available to them but it must act before any more damage is done to the local economy.

Of course the health and safety of our citizens is paramount, but the viability of the economy to withstand this shock should also be at the top of our minds. The proportional balancing of these two are delicate to say the least, but we cannot afford to have our citizens survive the near death of COVID 19 and then face economic ruin long after this outbreak is gone.