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Barbados Announces Unprecedented \$1 Billion (USD) Economic Stimulus Package, Eases Restrictions

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BRIDGETOWN, Barbados, CMC – Barbados Wednesday announced an unprecedented two billion dollar (One Barbados dollar=US\$0.50 cents) stimulus package as well as lifting some restrictions as the island geared for a new lifestyle after the coronavirus (COVID-19) pandemic.

In a 90 minute radio and television broadcast on Wednesday night, Prime Minister Mia Mottley life two year old economic plan was designed to provide incentives and stimulate the economy that has hit by the pandemic for which there is no cure or vaccine to date.

“This is the biggest package of spending initiatives ever rolled out over a two-year period on a supplemental basis from what we would otherwise have as our core activities,” Mottley said, noting that the BDS\$400 million stimulus package would allow businesses to keep staff on their

payroll and was also designed to “fill the holes in spending in the economy”.

Mottley said that the plan would also focus on a public and private capital works programme (PPP), increasing the island’s self-sufficiency, the creation of a Barbados Tourism Fund. In addition BDS\$210 million would be spent on families affected by the shutdown.

She said the economy prior to the pandemic was sticking to the course, providing “us with the reserves, provided us with the room, provided us with the credit and enough standing now regionally and internationally for us to launch this most comprehensive integrated programme that the country has ever seen, largely because we have never had this kind of crisis facing us.

“We’ve focused the programme on supporting those who have lost their jobs in the shutdown and to keep those as far as possible who have jobs into their jobs. The economic plan has five parts... and the effect of them is to fill the hole in spending in this economy to the tune of near \$2 billion over two years.

She said she hoped private sector would be inclined to keep staff on board, saying “this is largely new and which I will announce tonight is a series of measures that will inject BDS\$215 million one way and a BDS\$200 million fund being mobilized on condition that we hold on to as much staff and jobs as possible”.

Mottley said the private sector was also expected to contribute BDS\$800 million in investment due to the start of six major projects in the next two years, noting that among those projects are the BDS\$400 million Sam Lord’s Castle project, the Crane and BDS\$25 million in improvements to the Apes Hill Golf Course.

She said the BDS\$60 million expansion of Sandals at Dover, the BDS\$200 million Sagicor Retirement Villages Project as well as the BDS\$400 million Hyatt Zero to begin shortly.

But Mottley acknowledged that the COVID-19 pandemic would result in the government not being able to collect an estimated BDS\$400 million in tax revenue.

“We estimate that over the next 12 months, and we have had to revise upwards the numbers that we spoke about three, four weeks ago in Parliament, that we will lose now in the vicinity of \$450 million in government’s tax revenues as a result of the economy being fully, partially shut, or only slowly opening.

“There will be less income tax collected, less corporation tax, less Value Added Tax (VAT), less excise tax, less duties, less fuel and air transport levies. We have spent or committed over \$75 million in health related expenditures over the course of the last few weeks on different items.”

Mottley said that BDS\$40 million had been spent on isolation and quarantine treatment centres, and buying much-needed equipment for the Queen Elizabeth Hospital and polyclinics around the island.

She said the difference in public revenues and expenditures could worsen by a cumulative BDS\$700 million and gave the assurance that foreign reserves were enough to see the island through the crisis.

“Just before COVID-19 struck, our reserves had reached BDS\$1.55 billion, the highest level at that time recorded on a like-for-like basis for a while. Today, as a result of the low-interest borrowing from our partner, the Inter-American Development Bank, our reserves today as I speak

to you are just over BDS\$1.7billion. It is more than enough reserve cover,” Mottley said, announcing also that a mission from the International Monetary Fund (IMF) was here examining the progress of the local economy.

Meanwhile, the government has announced a relaxation of the 24 hour stay-at-home order with Mottley indicating that an 8.00 pm to 5.00 am (local time) curfew would instead be imposed.

But she warned as the government as moving to relax the measures put in place to prevent the spread of the virus, complacency must be avoided.

Barbados has recorded its seventh death from the virus in addition to 73 positive cases over the past five weeks.

Prime Minister Mottley said the latest casualty was a 78-year-old woman, who had been on a ventilator for the past 33 days and had also been suffering from diabetes and hypertension.

Mottley said that due to progress made in the fight against COVID-19, Barbados was now moving to Phase 2 and that as part of the new proposals, businesses involved in construction and mining, landscaping services, food and beverages manufacturing and retailing, supermarkets, finance and insurance companies, automotive stores and workshops and legal and accounting services, will be allowed to reopen from May 4.

She said that some of the government departments would also be re-opening insisting that any work which required human contact would not be permitted.

She told the nation that the easing of restrictions would come as a relief for Barbadians, but maintained that she was not willing to risk lifting all restrictions until a cure for COVID-19 was available.

“All the experts have pointed out that without the procurement of a vaccine or indeed at least an effective treatment, which could regrettably, be as much as 12 to 18 months away, without that to fight this deadly virus we will have to adjust to a new normal, and it is within this framework that we have now set out a plan for our country, a plan that will simply require all hands to be on deck.

“In front of Phase 2 comes Phase 3 and Phase 4, but Phase 4 will be when we can return to as close to normal after an effective treatment or vaccine has been procured and we can get back to the kind of life that we were accustomed to, but we are not yet there,” she added.