



MINISTRY OF
COMMERCE, PLANNING
& INFRASTRUCTURE
CAYMAN ISLANDS GOVERNMENT

**Remarks by
Honourable Joey Hew, JP, MLA
Minister of Commerce, Planning and Infrastructure**

**Cayman Islands Chamber of Commerce
2020 Economic Forum
Friday, August 14, 2020
10:15 a.m.
Virtual Event**

Good morning, ladies and gentlemen.

Many thanks to the Chamber, the Ministry of Finance and Economic Development and other sponsors for the opportunity to address this third economic forum.

I must begin by commending the Chamber and its members for transitioning the annual conference to this virtual space due to COVID-19. It truly reflects your abilities in adapting your organisation and its members to keep moving forward.

Looking at the agenda for today and the upcoming speakers, I am sure that as attendees, we will enjoy a stimulating and thought-provoking forum with presentations and interactive discussions as in previous years.

Today, I have been asked to address the topic, “Cayman 2.0: What will drive the Cayman economy in the future”. But before I do so, I hope you will permit me to say a few words about some of the most significant challenges we currently face as people of these three Islands.

One of the significant threats facing us is climate change. Sea level rise poses an obvious threat. We are reminded of how exposed we are to severe risks as weather patterns grow more extreme. This year forecasters predict a very active hurricane season, with a 63% chance of at least one major hurricane tracking into the Caribbean.

We therefore have to think differently about development if we are to meet these challenges successfully. In the future, we need to think of how to better utilise our land space, with greater density and higher building heights. We must also integrate into our planning, more natural and green spaces – for both humans and our diverse flora and fauna. All

these issues are being addressed in the comprehensive 'Plan Cayman' process that my Ministry is leading on behalf of the Government.

The first phase of the five phase review will be the Seven Mile Beach corridor; with public consultation to begin next month.

There is also the ever-present risk of international terrorism. Significant military conflict may result from tensions in a number of regions, while cyber-attacks pose a critical risk for both governments and the private sector.

At the Cayman Alternative Investment Summit held in February this year, I noted that events in China pointed to the risk of a global pandemic.

Here we are today with the stark reality.

The COVID-19 pandemic we face is the most serious global health threat in a century. As the health and human toll grows, the economic fallout represents the most damaging global economic crisis the world has experienced in decades.

The World Bank in its June 2020 Global Economic Prospects baseline forecast - envisions the deepest global recession in decades, despite the extraordinary efforts of governments to counter the downturn with fiscal and monetary policy support.

The deep recessions triggered by the pandemic are expected to leave lasting health, social and economic scars on every country, the Cayman Islands being no exception.

We have already seen a steep drop in economic activity, an increase in unemployment, decline in government revenues and a halt to our tourism sector which represents about 20% of the Islands economy.

I know that for many in this virtual room, understanding and dealing with challenges is what your business is all about. While we have not faced a crisis of this magnitude, I believe that the approach we have developed here in the Cayman Islands over the last 50 years demonstrates that we have what it takes to absorb this enormous shock and bounce back even stronger.

The Government's response, through my Ministry, included the Department of Planning's support for the reopening of the construction industry. The Department has provided in-field inspection services for a number of projects ranging from multi-family to commercial projects, which have now restarted.

Over the lockdown period, the Department processed thousands of applications, approving projects valued nearly **\$150 million** and granting permits valued close to **\$200 million**. This could not have been achieved

had we not implemented the 100% online planning process in November of 2017.

This is evidence that developers still have confidence in our local economy. Investors still see Cayman Islands as a good place to invest, especially at this time. As the construction industry supports both local and foreign investors, we have to facilitate these relationships through innovative processes that will make doing business easier.

A flourishing construction industry will lead to higher government revenues, increased employment and more spending throughout the other industries, especially small businesses.

My Ministry also virtually opened the Cayman Islands Centre for Business Development in March to respond to the immediate needs of businesses. Originally to be a hand holding incubator for SMEs, the Centre retooled its focus to assist micro and small businesses stay afloat

by underwriting some operational costs. The Centre for Business Development also coordinated Government's relief measures in the amount of **\$14 million** allocated to the micro and small business grant programme, a low interest loan programme as well as technical and training programmes.

One thousand one hundred and eighty eight (**1,188**) micro and small business grants have been awarded to date, at a value of Cayman Islands 2 million, nine hundred and sixty eight thousand dollars, (**CI\$2,968,000**).

We are looking to move into a new phase of the programme by extending a medium-term economic incentive package to the sector. It is envisioned that this phase will introduce a targeted approach to benefit a minimum of 300 businesses that are assessed as competitive post-COVID.

The business interruption loan programme (or low interest loan programme), administered jointly with Cayman Islands Development

Bank, unearthed the financial fragility of the small business sector and provided more evidence of the need for the technical assistance programme. To date ten (10) loans have been awarded with a further thirteen (13) awaiting approval for a total value of One million and thirty thousand dollars (**1,030,000.00**).

Going forward, the work of the Centre will be supported by professionals in accounting, finance and auditing – to provide guidance to small businesses as they try to navigate the choppy waters of the new business environment.

Government is intent on supporting high-growth potential entrepreneurship, harnessing the creativity of our people to build innovative, sustainable businesses with the potential to employ significant number of people and increase global competitiveness.

To this end, the Centre which opened its doors to walk in clients on Monday, will in a few weeks launch a residential business incubator. It will house twelve (12) innovate start-ups for a period of two years, free of cost to residents. Again, we are looking to identify and help nurture new business concepts that can provide an impetus to the sector.

The establishment of the Cayman Islands Centre for Business Development is an acknowledgement by the Government of the importance of small businesses here in the Cayman Islands. The global pandemic has made the Centre's mandate of improving and proving the economic value of small businesses in the Islands even more urgent.

As we seek to chart our path through difficult waters in the coming months, the Government will use the Centre and its strategic partners to ensure that the small business sector emerges strong and becomes one, if not, the major driving forces behind the Islands economy going forward.

And now to turn my attention to today's topic; rebuilding a resilient
Cayman 2.0!

It is my view that for the Cayman Islands to rebound as a stronger, more resilient economy, and as a better place to live on the other side of this pandemic, it will require stronger cooperation and collaboration between private sector and Government.

It is with this in mind that I recently commissioned a Strategic Economic Advisory Council to provide advice on innovative and strategic ideas to strengthen Cayman's economic response to the fallout of COVID-19.

Recovery from any major challenge such as Covid-19 provides a good opportunity to re-examine what we have done thus far, what mistakes we have made, what are our strengths and weaknesses, and what should we do to improve ourselves.

The team, made up of private and public sector leaders - Mr. Dan Scott, Mr. Mark Vandavelde, Mr. Mathew Wight, Mr. Bobby Bodden, and Mr. Eric Bush - have focused on industries that will provide the backbone of the Islands economy and will have the highest level of success in the short term, while not losing focus on medium and long term realities.

The Council set four (4) goals, namely:

1. To grow the economy;
2. Diversify revenue streams;
3. Mitigate risks over the short- mid- and long-term; and
4. Ensure the Cayman Islands are better prepared for the next crisis.

I must pause to thank members of the private sector for their willingness to be part of the Council and giving so much of their valuable time.

In pursuit of our 4 goals, the Cayman economy was organized into 6

economic sectors:

1. Tourism / hospitality
2. Technology / infrastructure
3. Retail outlets /
4. Social services / healthcare
5. Development / construction; and
6. Financial institutions

Network Groups were organised for each of the six (6) sectors. Each group had a private sector chair and facilitators were provided by PWC, Deloitte, EY, and KPMG.

The Network Groups met several times a week over six to eight weeks and interviewed dozens of private and public sector representatives.

Hundreds of recommendations and ideas were collected and the groups then had the hard task of narrowing those down to the top four (4) within each sector.

The SEAC has finalised the top twenty-four recommendations. I am preparing to update the Cabinet, and will meet with the relevant Ministers on the recommendations that fall under their purview. It is anticipated that the Ministers will establish implementation task force to review and implement the recommendations that align with the overall objectives of that ministry.

I would like to thank the network chairs, participants, and the facilitators for their outstanding job and the dedication and commitment shown to betterment of our beautiful Islands.

Because I have not presented the findings to the Cabinet I am unable to publish them here today. However, there were no secrets or even surprises, in fact, many of the recommendations were already in train one fashion or the other, but the recent months highlighted how important and urgent these objectives are.

Some key takeaways included:

- Data inclusion and governance of high speed and affordable internet;
- Diversification of the energy sector to provide secure, reliable and affordable energy for residents and businesses, in an environmentally suitable manner;
- Creation of a regulatory and business environment that will foster rapid development and adoption of digital payment systems within the Cayman Islands;

- Creation of a niche for Cayman in the growth area of Environmental Social Governance (ESG), investing to become the jurisdiction of choice for ESG related investment vehicles;
- Development and implementation of a national crisis plan around the provision of healthcare services; and the
- Establishment of a single shared vision for the country, and market the Cayman Islands' multi-faceted appeal as a premier leisure, business, medical and investment destination.

The Government recognises now more than ever that alongside maintaining our strength in financial services, we must diversify Cayman's economy. On a small Caribbean island with few natural resources, service and knowledge-based industries will be central to that diversification. We already have, of course, some of the best professional service firms in the world, able to support the development of business in Cayman. With the legislative framework and the supporting eco-

system in place, we must continue to attract new digital businesses to Cayman.

Central to our efforts to Cayman 2.0 will be a move towards more sustainable energy production and usage. Our National Energy Policy represents an ambition to transform our approach including a target of 70% renewable energy in our energy mix by 2037. We will achieve that through “enhancing and embracing a sustainable life style through responsible and innovative energy supply and consumption”.

The policy gives us a 20 year roadmap for change. We are now turning that into a clear set of tangible initiatives to deliver the transformation we are seeking. We will encourage green energy through the increased use of solar panels and other forms of renewable energy across all three Islands, including at Government facilities. The renewable mix will include power from our new waste-to-energy plant that also end our unsustainable reliance on the landfill.

This approach makes sense for our environment but it also delivers on two other crucial objectives. First is the need to create technical and vocational jobs for the next generation of Caymanians. The low carbon energy sector will require the creation of significant number of such jobs. We will work with the sector to ensure that training is there to equip Caymanians to take on those new opportunities.

Secondly, we need to improve Cayman's energy security. At present we are the mercy of world fossil fuel markets, and current events have demonstrated both market volatility and the potential for supply to be interrupted. Renewables will give us a path to self-sufficiency in energy generation.

In addition to structural reforms such improving business climate, improving access to finance and boosting competitiveness – expanding

technological capabilities as we prepare for the opportunities ahead will be critical.

Providing universal broadband access, digitising public and private sector services, providing a national identification for Caymanians, and full transition to an online economy are important strategies to move the Islands forward.

The COVID-19 pandemic demonstrated the values of online, digital options for commerce, and the imperative of ensuring that our economy adapts to that modality. Transition to a digital economy will require robust broadband infrastructure as well as strategies to encourage businesses to make the necessary investment for this transition.

The Ministry of Commerce, Planning and Infrastructure is proactive in advancing the smart island initiative to create a more digitally connected

Cayman Islands. As the smart island approach is likely to be modular, my Cabinet has issued a directive for a team to explore the opportunity to land a modern submarine cable in Cayman.

This submarine cable will be the foundation to make Cayman Islands a data and information centre hub, and will place us at the cutting edge of modern business communications.

I am very excited about the prospect of a second information technology revolution.

The E-Government Services Unit, which is under my remit, is now working towards the procurement of a suite of services, equipment, software and support in relation to the national identification. It is anticipated that we will start issuing **E-ID's** at the beginning of the second quarter of 2021.

It will be the primary Government issued form of photo ID, which will also incorporate electronic capabilities to allow the holder to use it for multi-factor authentication and digital document signing. This will allow easier access to government services without duplication of information. It will also assist the private sector by validating customer identity through the know your customer process.

One of the key recommendations from the SEAC is to develop a regulated Certified Customer Due Diligence ID System (“Ecosystem”) that will become a new innovative sector of our economy, resulting in the creation of an "Identity Industry" which one day could be larger than Cayman's funds industry is today.

The E-Government Unit continues to expand government services online. Ninety six per cent (96%) of company registrations, annual returns and director changes are now being made digitally. In a few weeks, the Unit will launch its online system to allow persons to apply for British Overseas Territories Citizen naturalisation or registration.

So while we continue to improve and expand our online systems, we are cognisant that we must continue to improve our physical environment in order to attract and retain people here.

We have a lot to be optimistic about. As I go about my daily life, I see how the economy is starting to bounce back, despite the challenges. Rest assured that this Government will seize opportunities that arise as a result of this crisis - to make these Islands and its residents grow stronger than before.

I hope that you will share my optimism about the potential the future holds.

Ladies and gentlemen, thank you.

###