



The St. Lucia Chamber Of Commerce Industry & Agriculture

Serving Members and the Community since 1884

P. O. Box 482, The Orange Park Commercial Centre, Bois D 'Orange, Gros Islet

Tel: 758 4523165 / 4531540 Fax: 758 453690

Email: info@stluciachamber.org Website: www.stluciachamber.org

May 9, 2022

Ms. Emma Hippolyte
Minister
Ministry of Commerce, International Trade, Investment,
Enterprise Development and Consumer Affairs
Heraldine Rock Building, Waterfront
Castries

Dear Ms. Hippolyte,

Price Escalation

Thank you very much for your letter of May 03, 2022, in response to mine of April 11, 2022 on the above captioned subject.

On behalf of the Membership and the Board of Directors of the St. Lucia Chamber of Commerce I thank you for the expeditious and comprehensive response. The Chamber appreciates this approach.

We know you are aware that the members of the St. Lucia have never swayed from their responsibility and expressed commitment to provide high quality goods and services to the nation and customers at the most reasonable prices, and to be assertive and forward thinking in this pursuit. Testament to this commitment was the proactive approach the Chamber adopted on this crucial issue, where from last September, we first broached the subject and mooted the idea of capping the freight cost at a lower level when calculating duties as a price escalating mitigating measure.

Item 1: Explore access to critical food supplies from a variety of source markets with particular emphasis on the supply of poultry products from the UK and Brazil.

We note the information on the importation of chicken from the UK and welcome the impending change. We look forward to this being realized.

We acknowledge the explanation proffered by the Veterinary Division of the Ministry of Agriculture. The Chamber fully respects St. Lucia's regional and international trade obligations alluded to. Yet, the St. Lucia Chamber of Commerce is aware that other Members of CARICOM import chicken from Brazil and have done so for many

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years.

Item 2: Review of freight charges in CIF calculations

Indeed, your description of our dialogue on this matter does capture our discussion. In fact, the Ministry of Commerce did share “excerpts from a draft Cabinet Memo” on Sunday April 17th at 4:30 p.m., seeking a response by the 19th of April 2022. Then on the Monday the 18th I was invited to meet on the 20th of April to discuss the matter.

At the said meeting based on the presentation made, I provided some initial reactions to the proposal, stressing that the Chamber would be hard pressed to support the expansion of the price control list and went on to highlight some of the flaws with that approach and some possible impacts. Later that evening I was provided with a copy of the “*List of Price control items*” and the Chamber was asked to consider “*this this proposal and submit comments to the Ministry by mid day tomorrow*”, meaning 21st April 2022.

Surely you should not be surprised that the Chamber was in no position to make a substantive contribution as the time frame provided was insufficient. The Chamber as a membership organization is duty bound to consult with its members on such serious issues as we seek to represent their interests and concerns.

We note the proposed measures of Waiver of 6% Customs Service Charge on imports of select Food, Pharmaceuticals and Building Material and 2. Temporary expansion of Section A of the Price Control Order No. 54 of 2008 and its amendments. Having not been privy to the data used we cannot comment on the assertion that the measures will have a similar effect to the proposed reduction in freight charges while introducing fewer administrative impediments in its implementation”.

I wish to reiterate a few of the points I made at the said meeting of 20th April;

- (1) the Chamber is philosophically opposed to the use of price control as a price containment measure.
- (2) Our experience shows that it does not work
- (3) The current situation where the price escalation being experienced is exogenous and outside the control of the local business community.
- (4) The relatively high percentage of goods under price control in St. Lucia has a disproportionately higher negative impact on smaller operators

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- (5) I was not convinced by the reported analysis finding suggestion the rise in freight costs was primarily associated with goods coming from China.
- (6) Public policy that is not thoroughly analyzed could have serious unintended negative consequences.

In addition to the above, the Ministry of Commerce must remember and consider the that the business community is reeling from two years of serious financial difficulty due to the COVID-19 pandemic and related measures.

That sector is experiencing lower sales volumes, higher operating costs due to new costs related to health and safety protocols, high levels of staff absenteeism due to sickness, increased costs of fuel and security to name a few. This reality is compounded by the unilateral decision of the Ministry to eliminate the “distributor margin” on price control items. This margin is legislated in recognition of the cost of ensuring goods are distributed to all parts of the island and so these costs are covered. Now this is no longer recoverable.

Recognizing that phenomenon of price escalations is exogenous to St. Lucia and in no way instigated by local retailers. The Ministry appears to be ignoring the negative impact of this measure on business in its effort to assuage public sentiments. In fact, the Ministry is proposing that the business community subsidize the consuming public without any compensation. Moreover, we are all aware that it is expected that the current situation will continue for longer than a seven-month period.

Currently the Chamber is working with its members to assess the cost of such a policy to their business. We therefore request the requisite time and space to do so.

Item 3: Review of current Free Trade Agreements to allow for Duty free entry of certain goods into the Saint Lucia Market. Emphasis on Colombia, Dominican Republic and Costa Rica.

We acknowledge the response provided under this item. We fully appreciate that the suggestion made was not one for immediate action, but rather a call for action to be taken as the Chamber of Commerce has always and continues to believe that Trade Agreements have the potential to positively touch the lives of the average St. Lucian if they are well thought out and more importantly properly implemented. We see the current state not as a reason for in-action but rather as the imperative for action to so benefits can be derived by citizens.

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The Chamber looks forward to continuing a constructive dialogue with your Ministry on these and other critical issues at this most challenging economic and social juncture.

We strongly believe that other issues related to trading, particularly at the border must be revisited with a greater sense of urgency in an effort to minimize additional unnecessary costs are not imposed on the citizenry due to inefficiencies.

The St. Lucia Chamber of Commerce, Industry and Agriculture remains committed to working with Government to find pathways to development and improved welfare of our nation. We stand prepared to discuss further.

Yours Sincerely

Brian Louisy
Executive Director

cc. Prime Minister
President of the Chamber
Minister of Agriculture

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