

Sponsored Report

ANTIGUA AND BARBUDA

The new economic powerhouse in the Caribbean

The lush tropical islands of Antigua and Barbuda have 365 beaches, one for every day of the year. Bathed by crystalline turquoise waters, the country is frequently described as one of the most beautiful in the world – an enticing paradise that is now attracting major high-end tourist investments.





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Where the beach is just the beginning

Fast growth, a government that sees foreign investment as essential to future development, and new special economic zones with tax breaks help make Antigua and Barbuda an exceptionally attractive option.

A recent report by the Economic Commission for Latin America and the Caribbean showed Antigua and Barbuda to be one of the fastest expanding economies in the Caribbean. The country’s recorded growth of 3.2 percent in 2015 was more than triple the regional average and International Monetary Fund (IMF) projections see the country staying ahead through 2020. Prime Minister Gaston Browne and his government have been actively attracting foreign direct investment (FDI) from around the world since they took office in June 2014. Thanks to a declared strategy of welcoming investors, an estimated US\$3 billion of FDI has been committed and several major projects are under way. Their relatively new Citizenship by Investment Program has attracted more high-net-worth individuals than any other eastern Caribbean country.

Within days of being elected, Browne signed a memorandum of understanding with China’s Yida International Investment Group for a proposed US\$740 million development. Ground-breaking took place in April 2015 on Guiana Island, northeast of the main island of Antigua.

Acquisition of the large swathe of desolate and uninhabited land generated more than US\$80 million for the public coffers. The first phase includes a Hard Rock International Hotel, a casino café, and a water park. Future stages will see development of the Yida International Financial Center, a university city and corporate headquarters.

Special Economic Zones

The Yida project lies within the newly-created Antigua Special Economic Zone. This is scheduled to include sixteen func-

tional areas and represents an important step toward diversifying the island economy. The Special Economic Zone Act approved by parliament in September 2015 allows for creation of free trade zones where companies can operate primarily for export purposes. It’s based on a successful Chinese model where manufacturing plants and logistics warehouses can take advantage of low taxation and a more relaxed regulatory regime, and is designed to enhance Antigua and Barbuda’s global competitiveness.

The islands’ location makes for convenient air and shipping links to major cities in North America and Europe, and they are well positioned to share in increased global trade; import/export procedures have been streamlined.

VC Bird International Airport offers direct flights and same-day connectivity to the major financial centers of London and New York. New flights already started in 2015 include JetBlue from New York, InterCaribbean Airways from the Dominican Republic, Seaborne from Puerto Rico, and Alitalia from Italy. Customs and immigration procedures have been modernized, making for fast and efficient clearance for both business and leisure.

A Caribbean Hollywood

Antigua and Barbuda is seeking success in a new venture: financing and making movies. Last year the government announced a US\$125 million investment with Golden Island Filmworks to produce five films, including *Rebels* featuring the early life of Jamaican reggae artist Bob Marley. Shooting will take place partly in Antigua and Barbuda.

“We are welcoming the leading directors, actors and filmmaking technicians of the world to Antigua; they are coming to create exciting films that capture the beauty, mystery and complexity of our country, our history, our people,” Prime Minister Gaston Browne told reporters when the deal was announced last September.

The country is putting up 50 percent of the projected five-movie budget, with foreign sales, tax credits, and co-productions expected to cover the balance.

“The idea is to give the people of Antigua the opportunity to participate in a new industry other than tourism,” said Golden Island’s Rudy Langlais, producer of *The Hurricane*. •

FACTS&FIGURES



- Independent state within the British Commonwealth of Nations since 1981
- Parliamentary democracy; HRH Queen Elizabeth II is head of state
- Area: 443 square km (ranks 201st in world)
- Population: 92,400
- Capital: Saint John’s (pop. 22,000)
- Literacy: 99%
- Official language: English
- Main religions: Protestant 68%, Roman Catholic 8%
- GDP: US\$2 billion
- Currency: East Caribbean dollar, pegged at XCD2.7 = US\$1.0
- Mobile phones: 120 per 100 inhabitants
- Internet access: 90% of population

Q&A



GASTON BROWNE Prime Minister

You took office in June 2014 promising to increase transparency, diversify the economy, create a more conducive business environment, and attract investment. How do you rate your progress?

Well, our first task was to stabilize the economy. We inherited a broken and contracting economy; it had been decimated and we had lost 25 percent of GDP. Unemployment was at 25 percent – that was ten thousand people out of work. We also had a lot of delinquent debts. Things were so dire that we had defaulted on the IMF loan. Chinese loans were also delinquent so we immediately had to get them up to date because it would have jeopardized the airport that we were just finishing, and also future funding for projects like the port expansion. So we started at a time when the country could not meet its obligations, pensions were late, we didn’t have enough money for socioeconomic development. We moved quickly to stabilize the economy and I’m glad to say it has been very successful; we have been able to increase revenue, control expenditure and at the same time service a number of delinquent debts. We brought most of them up to date and we have kept them up to date for well over a year now.

So is all that resolved?

There are still organizations like USAID where we have to bring our subscriptions up to date, but the IMF and Chinese loans are up to date. What’s more, we created 1,500 jobs in our first year in office. In the last eighteen months we have created a platform for robust growth and economic development and we are now on track to become the fastest growing economy in the region and maybe the Americas.

So where do you go from here?

Our vision is to transform Antigua and Barbuda into an economic powerhouse of the Caribbean. We want to

“We have set a very ambitious vision for our country and that is to transform Antigua and Barbuda into an economic powerhouse of the Caribbean. But we cannot do it alone. We need to engage various stakeholders throughout the globe.”

make sure that our people can have the same standard of living as everybody else in the world, we are creating opportunities for good sustainable employment for our citizens. Our priorities are to attract foreign investment and increase tourism.

Why the emphasis on foreign investment?

We are counting on stimulating domestic investment, which is critical, but we know that domestic growth needs fresh money, new investments, a transfer of skills. So we have been very proactive in attracting investors, we aren’t waiting for them to come to us. When we find interest we will go to them whether they are in Europe, China, South America, or wherever. The success can be seen in the investment pledges that we have received in such a very short period of time, over US\$3 billion, and these (projects) will produce tangible results in just a few years.

Which projects would you highlight?

We’re talking about premium investments, for example [American movie star] Robert De Niro and [Australian billionaire] James Packer, the [China based] Yida International Investment Group, Canada’s Sunwing Travel Group, and a sheikh from Dubai who is building a high-end hotel. And just recently a wealthy investor from the Middle East bought two small private islands – Maiden Island and Pelican Island – for development. So the investment prospects for the country are very good.

Obviously tourism is Antigua and Barbuda’s trump card, but where else do you see investment and growth opportunities?

Financial services, gaming and fisheries. In fact, the blue economy (sustainable use and development of maritime resources) is one of the most unexploited areas. We have maybe more than one hundred times the amount of sea to land because we have a relatively large economic zone that stretches two hundred miles into the ocean. So we need to do more in fisheries.

Gaston Browne rose from humble beginnings to receive a degree in banking from London’s City Banking College and an MBA in Finance from the University of Manchester. He worked in finance in Antigua and Barbuda before being elected to parliament and serving as Minister of Planning, Trade, Industry, Commerce and Public Service Affairs.



ASOT MICHAEL
**Minister of Tourism, Economic
Development, Investment and Energy**

The government sees Antigua and Barbuda becoming an economic powerhouse in the Caribbean. What’s your strategy to achieve this?

First, we want to structure and perfect a regional model for economic development driven by foreign direct investment that promotes sustainable growth across the economy, but principally in tourism. This will stimulate local entrepreneurs to start their own businesses, to take advantage of the many opportunities that will naturally spin off from the services sector.

What are your priorities in tourism?

I want to ensure new tourism investment and enhance the product we offer to the discerning traveler, increase the airlift and accessibility to Antigua and Barbuda and, finally, redevelop the Port of St. John’s. The new tourism projects have an immediate impact on local employment, both in the construction phase and when they are open for business. Thousands of well-paying jobs will increase the economic prospects of all Antiguan and Barbudans, and the government can expect significant increases in tax revenues.

Tourism is a very competitive market; how will you promote the islands?

We are raising consumer awareness of the destination in our major source markets; we have been creative in using social media and online marketing. It’s very important to understand who your market is and how today’s travelers research and make decisions on where to go for a vacation. So our promotions are very targeted, to ensure the best return on our marketing spend.

Asot Michael holds an MBA from the University of Miami Graduate School of Business. Previous government appointments include Chief of Staff to the Prime Minister, Minister of State for Finance, and Leader of Government Business in the Senate.



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The National Development Plan

Jobs, diversification, and self-sufficiency

No heavy industry here! Antigua and Barbuda’s National Development Plan seeks to preserve and leverage the islands’ exceptional tourism advantages while diversifying the economy in some service areas and promoting sustainable energy. Reducing fossil fuel imports will decrease foreign exchange expenditures and vulnerability to oil price fluctuations, while underscoring the country’s commitment to tackling global climate change. Waste-to-energy projects are also on the radar.

International financial and other services are a logical focus, thanks to the location, climate, and existing investment in information and communications technology (ICT) infrastructure,

plus the commitment to training and new skills development. The jurisdiction is especially appropriate for graphic design, electronic editing and publishing, accounting, compliance, and other financial services.

Family agriculture is being promoted primarily to improve food security, reducing imports, but there is potential for developing a sustainable export market in selected root crops and specialty cuts of small ruminants.

Central to promoting Antigua and Barbuda are the Prime Minister’s Special Economic Envoys, figures of international standing that include actor Robert De Niro and businessmen Armand Arton and Martin Ellis Franklin. ●

AIRPORT EXPANSION



ST. JOHN’S PORT DEVELOPMENT



RENEWABLE ENERGY



Named for the nation’s first prime minister, the VC Bird International Airport has been modernized to become a principal gateway to the East Caribbean, ready for the expected surge in tourism. Capacity has more than doubled to two million passengers per year with a new terminal inaugurated late 2015. Financed by China, this features jet bridges, state-of-the-art security screening, ample check-in desks, self-service check-in stands, multiple baggage carousels, and VIP lounges.

More than half a million tourists arrived by sea in 2014, according to the Antigua Hotels & Tourist Association, and the government is looking to boost this by perhaps 50 percent. Most come from the United States, Canada, and Europe. The Port of St. John’s is being completely revamped, back to “marquee status” within the Caribbean cruise industry, as one official put it. A deeper channel and basin will lead to larger piers, and there will be a marina, casino, hotel, and high-end duty free shopping.

The 2015 Renewable Energy Act calls for 10 megawatts (MW) of photovoltaic power, with the first 3 MW already operational at the airport. Biofuels and waste-to-energy are also planned. “This will tap the environmental sensitivities of our bright young minds,” Minister Asot Michael said. “We aim to leverage diplomatic relations to access training opportunities and skills transfer to ensure the development of manufacturing entities and the deployment of appropriate technologies across the islands.”



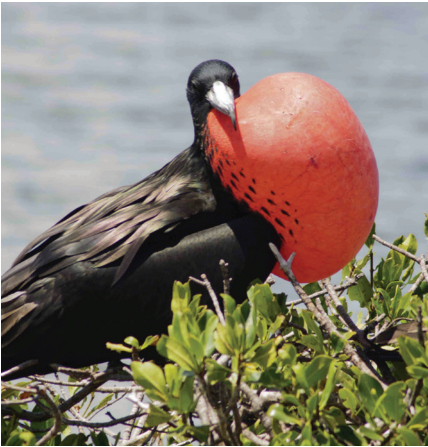
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Tourism development & growth

Tourism dominates the economy, as well it might, given the stunning beaches and the welcoming, laid-back Caribbean island ambience. “Antigua and Barbuda move to the music of steel drums,” says Trip Advisor. “Tourists and celebrities alike flock to this sun-soaked Caribbean island.” The mix can be seen at the historic Nelson’s Dockyard – named for the British Admiral who served there early in his career – where tourists from cruise ships stroll past billionaire yachts.

Tourism Minister Asot Michael is happy with this sector positioning, ranging from the high end of the mass market to the most exclusive jet-set hideaways: “Sun, sand and sea are the fundamental attributes that a Caribbean destination must offer and we have that in many shades. However we also offer so much more.”

Multiple new investments now planned for the sector will see Antigua and Barbuda expand its product offering, reinforcing existing market segments and promoting some potentially lucrative



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niches. China’s Yida International Investment Group is leading a massive project in the newly-created Special Economic Zone that will see multiple developments across a 1,600 acre site encompassing five islands, three peninsulas, and more than 10 miles of oceanfront and beachfront-land. The Hard Rock Hotel & Casino Antigua has announced a 300+ room facility with an events and concert area. Other big projects include the US\$120 million Callaloo Cay at Morris Bay, described by its developers as “nothing short of island utopia” with a 200+ room five star hotel and a 90+ room boutique hotel with private villas. There’s also an agreement with Canada’s Sunwing Travel Group for a Royalton Antigua Resort & Spa plus a residential complex with more than two hundred condominium units. Sunwing puts the total investment at US\$400 million.

Niche attractions to be promoted, Michael said, include the islands’ Carnival and annual sailing regatta, plus a growing presence in the weddings and honeymoons market. ●

Prime Projects

PARADISE FOUND

A 391-acre mega-resort on Barbuda Island, Paradise Found, is being developed by movie star Robert De Niro and Australian businessman James Packer. It will include an eco-lodge, a five-star boutique hotel, dozens of high-end residential units, a marina for super-yachts, and a new airport for executive jets. Barbuda Island lies some twenty-five miles north of Antigua and is much less developed – the population is listed as under two thousand. There is a large sanctuary to protect frigate birds.

PEARNS POINT

A high-end development on a verdant headland close to Jolly Harbour with no less than seven beaches, Pearn’s Point has fifty-nine individual residential plots and a boutique hotel by The Setai. Total investment is put at around US\$250 million. Government sources said a number of high-net-worth individuals have already bought plots and some construction has started. Pearn’s Point is owned and developed by Dutch investors Albert Hartog and Ben de Jonge, with administration handled by Antigua-based Orange Limited.

CITIZENSHIP BY INVESTMENT PROGRAM



Antigua and Barbuda is offering foreign investors the chance of citizenship plus the right to a passport that allows visa-free travel to 131 countries. They include the United Kingdom, Canada, Hong Kong, Singapore, and the countries of the European Union’s Schengen area. Last year saw 661 successful applications. Legislation requires either an investment in government-approved real estate of at least US\$400,000 (23 percent of cases), a local business investment of at least US\$1.5 million (6 percent), or a contribution to the National Development Fund (NDF) of at least US\$200,000 (71 percent). Applicants undergo three-stage vetting including international law enforcement intelligence, and must spend at least five days in Antigua and Barbuda in the subsequent five years.

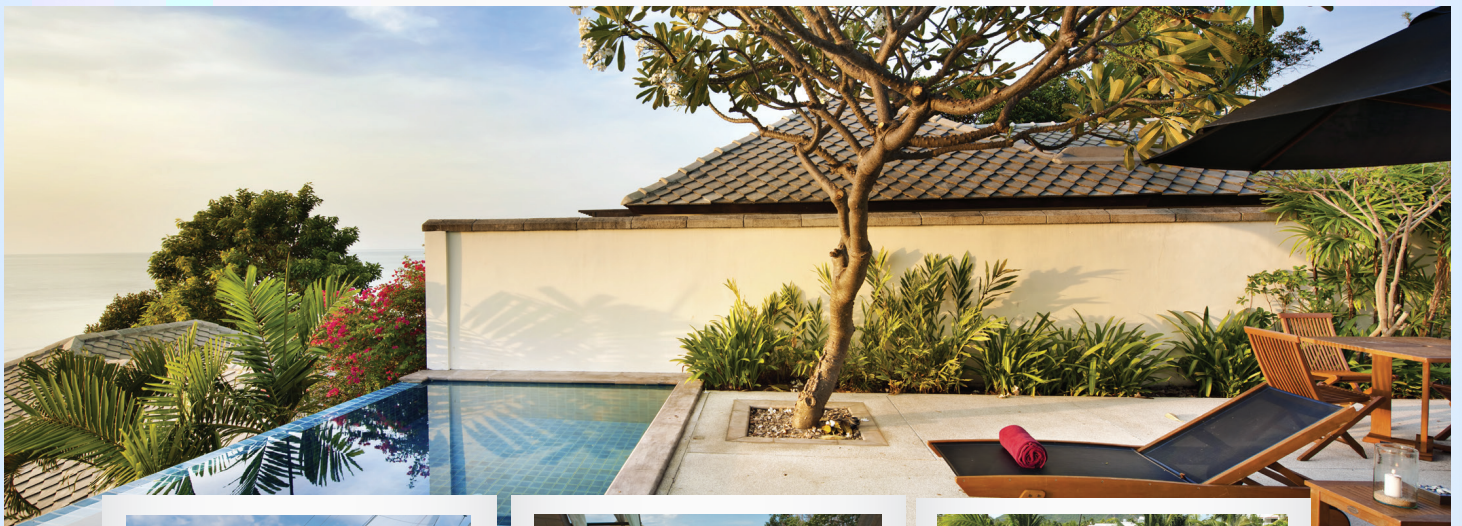
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ANTIGUA AND BARBUDA

IT'S ALL HERE IN PARADISE



DREAM HOME. DREAM VACATION.



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