

# GRAND CAYMAN, STATE OF THE NATION ADDRESS, CAYMAN ON THE UPSWING?

## Diptel GRAND CAYMAN (Restricted)

Foreign & Commonwealth Office Diplomatic Telegram

### Summary

**Premier Alden McLaughlin delivered a 'state of the nation' address that provides an upbeat vision for Cayman. The focus was on sustainable growth, delivered through economic diversification, and stringent fiscal management.**

### Why the speech matters.

1. The Premier was a key note speaker at the annual Cayman Economic Forum on 20 Feb. This event, which is sponsored by Fidelity Bank (Cayman) Ltd, is widely acknowledged as Cayman's premier business and networking conference. The audience of 450 included senior business leaders, politicians and media. The Premier's address (text attached) immediately followed my, much briefer, opening comments. Historically, previous Premiers have used this opportunity to outline policy direction. Former Premier Bush used the platform to criticise the Governor and the relationship (or lack thereof) with the UK. In this context, it is particularly encouraging that this year the Premier chose to open his remarks by highlighting the excellent working relationship we have enjoyed thus far (p2).

### Why Cayman matters.

2. The first area tackled in the speech was the transparency agenda (p2-4), with the Premier referring to his recent 'HARDTalk' interview and reiterating key points from it. He stressed that it is better for Cayman to be in a position to have its voice heard in order to have influence in this area. He argued that Cayman must remain engaged and vigilant if it is to protect its primary revenue stream. He is keen for Cayman to promote the good story that he feels it has to tell - Moody's recently gave Cayman an 'Aa3 rating' (p7). Cayman, McLaughlin suggested, should take greater responsibility for its global image.

### What matters in Cayman?

3. The bulk of the speech was focused on the domestic agenda, covering intellectual property rights (p5), potential impact of the global recession (p6-7), development (p9-11) and immigration (p14). The Premier mentioned plans to announce a range of measures aimed at supporting small business (p4-5) which he recognises as the 'lifeblood of the economy'. He talked of the need to develop a leaner government structure supplemented with greater access to E-Government (p5). McLaughlin provided figures that demonstrate that the Government is on track to meet, or better, the projected \$100m operating surplus for this fiscal year (p7) and stated that they do not intend to borrow any long term money in the 'foreseeable future'.
4. The main thrust of the economic message was growth, through the diversification of the Cayman economy. The Premier referred to the opening of the Shetty Health City, Cayman Enterprise City (both p8), the Kimpton Hotel development, and the proposed \$360m

Ironwood Golf Community in Frank Sound together with the road redevelopment that will lead to it (all p9). Using the latter example the Premier highlighted the opportunities to use sport and culture as alternative ways for Cayman youth to make a living (p10). The same pillars could also provide the foundations on which we can build the GREAT brand in Cayman.

5. The redevelopment of George Town, the airport, the land fill site and the cruise ship terminal were all mentioned in the context of the FFR and the need to follow rigorous procurement processes that use public / private partnerships (p10-13). The Premier stressed that such processes are needed because of the 'disastrous consequences' of the last tendering exercise conducted by government for a waste management solution. McLaughlin told the audience that Cayman needs to pay more attention to the environment (p17).
6. The Premier highlighted the need to consider privatisation in the public sector, stressing that as they examine which agencies or services could be privatised there would be no 'sacred cows' (p15). He covered employment for Caymanians with praise for the work already done by the National Workforce Development Agency (p15) and he noted the need to prepare Caymanians for jobs of the new economy (p17). The national pension legislation, minimum wage, and the prospect of increasing the retirement age were also covered (p16).
7. Before closing the Premier touched on the work being done to reduce crime, noting a recent sharp reduction in the number of reported robberies, burglaries and thefts (p16).

### **Does it matter?**

8. In his first 'state of the nation' address in his role as the country's leader, McLaughlin covered both popular and controversial issues, and did so well. Nine months in to the administration, his words continue to be reassuring as they commit the Government to doing the right thing, in the right way. His public commitment to the FFR is welcome, as is his call for a leaner, potentially privatised, public sector.
9. The speech may have lacked surprises but did provide reassurance. If, as his closing sentence suggests, the Premier can deliver "a smooth, controlled climb to a high summit" the future relationship with the UK will be a positive one. If he falters, we will have more of a mountain to climb.

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