



**ADDRESS BY THE HONOURABLE PHILIP J. PIERRE  
MINISTER FOR COMMERCE, INTERNATIONAL FINANCIAL SERVICES AND  
CONSUMER AFFAIRS, GOVERNMENT OF ST LUCIA,**

**AT THE OFFICIAL OPENING CEREMONY OF BANK CROZIER LTD**

**NOVEMBER 17, 2001**

Today marks an important milestone in the development of the International Financial Services Sector in St. Lucia. It is a day which demonstrates, that the Financial Services Industry in St. Lucia is alive, and more importantly, that it is growing.

It was eleven (11) months ago that I approved a licence for Bank Crozier Ltd., after intense scrutiny and due diligence procedures under the International Banks Act No. 43 of 1999, to enable that entity to commence operations in St. Lucia. There have been a few delays, in the commencement of operations but finally today we are witnessing a realization of this objective as Bank Crozier becomes the first Offshore Bank to open its doors in St. Lucia.

This is indeed an occasion for celebration, but it also provides us with an opportunity for us to reflect on where we are at today at this juncture of our development of our Financial Services Industry.

When this Government decided, as part of our economic diversification initiative to enter into the International Financial Services Industry, we realized that we were doing this against the background of a number of constraints.

Firstly, that we were entering the sector at a comparatively late stage. The other regional countries had been operating as financial services jurisdictions for many years and we had much catching up to do.

It meant that unless we were able to offer a product that was different, a product that was unique in it's own particular way, we were likely to face difficulty in penetrating the market.

Secondly, we were entering a sector that was extremely competitive and if we were to attract business, we would have had to face the competition head on.

Thirdly, since it was a new sector for us, we did not have the human resources in St. Lucia to service the sector and so we would have to develop the necessary human capital to ensure a high quality product.

Fourthly, to promote St. Lucia as an attractive jurisdiction, required us to invest significantly in the market place, and in a situation where resources were scarce, we had to design creative means that would ensure that we were able to effectively penetrate the market. In this regard I am pleased to express the satisfaction of government with the Private Sector promoter Financial Centre Corporation for their outstanding hard work and their full cooperation with government's position that regulation and promotion would be separate activities.

Mr. Chairman, we decided then that what was going to contribute significantly to the attainment of that competitive edge was for us to focus on developing a reputation for St. Lucia as a jurisdiction that was clean, that remained pristine, and that gave investors the confidence that when they came to St. Lucia, everything was guaranteed to be above board.

We developed at the time the most elaborate and the most modern set of legislation that we could which impose the stringent requirements, both on entities investing in St. Lucia; and on the service providers who sought to operate in the sector but remain business friendly. The over three hundred entities currently registered in St. Lucia are few but to the best of our knowledge they are reputable and we will ensure that this is maintained.

I am pleased at the progress that we have made and today's formal opening of Bank Crozier is an indication of the confidence that exists in the Sector, and in our ability for continued growth

Mr. Chairman, we face many challenges as we attempt to carve a niche for ourselves in this new industry.

You would be familiar with the Harmful Tax Competition Initiative being pushed by the Organization for Economic Co-operation and Development (OECD). The OECD has taken the responsibility of defining what it terms Harmful Tax Competition and has published a set of criteria which countries must agree to if they are not to be classified as tax havens.

In order to indicate their consent to abide by these conditions, countries are required to sign a commitment letter in which they agree to take measures to implement these criteria within a set time frame. The OECD has set various deadlines for countries to sign this letter of commitment or face harsh consequences. The latest deadline is the end of February 2002.

It is however the terrorist attacks of September 11, 2001 in the United States of America, that have led to increased pressure being placed on jurisdictions like ourselves, in the fight against Money Laundering and to cut off access by terrorists to sources of finance.

I would like to take this opportunity to re-state St. Lucia's position regarding the recent terrorist attacks, access to terrorist financing and money laundering.

Immediately upon learning of the tragic events in the United States and the loss of life and human carnage, the Hon. Prime Minister Dr Kenny D. Anthony issued a statement in which he condemned the attacks, and extended to the Government and People of the United States of America the sympathies of the Government and People of St. Lucia. The United States President has since responded expressing his appreciation to the government and people of St. Lucia.

Mr. Chairman, I want to re-state that St. Lucia condemns in the strongest possible terms, the terrorist attacks of September 11, 2001 in the United States of America and all forms of terrorist acts, committed against states, individuals or otherwise.

We believe that the barbaric attacks on the United States are attacks on humanity and no civilized person or country can condone it.

We therefore support fully the actions by the International Community to combat terrorism and eliminate access by terrorists to finance. We will not allow the territory of St. Lucia or any entity registered in St. Lucia to be used to support terrorist activities, including access to funds.

The Money Laundering Prevention Act No. 36 of 1999 specifically lists terrorism as a criminal offence, under the Act long before September 11, 2001 illustrating the fact that we had already taken action to criminalize terrorism in all its forms.

A Money Laundering Authority as required under the Act has been appointed and Parliament has only recently taken action that will considerably strengthen the Authority and its ability to carry out its functions.

A decision to establish a Financial Intelligence Unit (FIU) in St. Lucia has been taken and the Attorney General's Office is drafting legislation to facilitate the establishment of the Unit within a short space of time.

The Caribbean Financial Action Task Force is also examining the feasibility of establishing an OECS FIU, under the umbrella of the Eastern Caribbean Central Bank (ECCB). An expert attached to the Global Programme Against Money Laundering of the United Nations Office for Drug Control and Crime Prevention will be in St. Lucia next month to hold discussions on this matter. We welcome and will partake in this initiative.

In addition to the Money Laundering Prevention Act No. 36 of 1999, there is also in existence the Proceeds of Crime Act 1993 which forms part of our legislative framework.

We have published and distributed to all Financial Institutions a Handbook on Financial Institutions Statutory Obligations For Money Laundering Prevention, March 2000, which outlines "Know your Customer" rules to be followed by these institutions.

More recently, we have been accorded Qualified Intermediary (QI) Status by the Internal Revenue Service (IRS) of the United States, a status, which was approved after full examination of our systems. Including "The know your Customer" procedures and other guidelines followed by the banks in opening accounts.

St. Lucia has subjected itself to a Voluntary Self Assessment Process being piloted by the International Monetary Fund (IMF) with a view to verifying the adequacy of its administrative and legal framework for combating money laundering. We offered to subject ourselves to this process because we have full confidence in our institutions and processes, and we wish to be fully transparent.

We have committed ourselves to the implementation of United Nations resolution 1373 and all other UN Resolutions to combat terrorism. The relevant technical officials are presently attending to this matter and will report to the Cabinet Committee on Financial Services.

The Financial Services Supervision Unit, which has the responsibility for regulating and supervising the Offshore Financial Services Sector, has in place rigid application and Due Diligence Procedures which ensure full disclosure of information by all applicants. The Unit now works very closely with the Eastern Caribbean Central Bank. We take very seriously the work of this Unit and pay close attention to the quality and calibre of persons recruited to work there. Heavy emphasis is placed on the training of staff, and since the establishment of the Unit, almost a Million Dollars has been spent on staff training alone.

I have taken time to outline these measures to demonstrate the seriousness with which we treat the threat of international terrorism and our commitment to do everything possible to ensure that St. Lucia is not used as a conduit for the financing of terrorism, money laundering or any other illegal activities.

For us, the reputation of St. Lucia is paramount. What we seek is legitimate, clean business and will never compromise the integrity of our jurisdiction on the alter of economic expediency.

Congratulations to the Director and management of Bank Crozier and we assure them that they are very welcomed to St. Lucia and can assure them of the cooperation of Government in their operations which will be well regulated according to international standards, an intervention I am sure that they will welcome.

Congratulations also to the local RATLAS for their perseverance and Ms. Natalie Augustin in particular for being the first local director and service provider for the first international bank to be registered in St. Lucia.

It is with a sense of pride that I formerly declare Bank Crozier open.