



**STATEMENT BY
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AND CHAIRMAN OF THE CONFERENCE,
OF HEADS OF GOVERNMENT OF CARICOM
RT. HON. PERRY G. CHRISTIE**

AT THE

CARIBBEAN ENERGY SECURITY SUMMIT

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Introduction

I am delighted to be here in Washington, DC, in my dual capacities as Prime Minister of The Bahamas and Chair of CARICOM to discuss matters of primary importance to the Region with Vice President Biden of the United States of America, his colleagues, Heads of Government and Heads of Delegation of the CARICOM Region, the President of the Atlantic Council and other Government and private sector representatives.

On behalf of the Governments of the Region, we welcome this opportunity, not only to discuss the critical issue of energy security and independence but also to engage in dialogue on a range of multilateral issues on which discussion was begun at our May 2013 meeting in Trinidad and Tobago. We note that the agenda themes will include Regional/Global cooperation, Economic Competiveness, Education and Citizen Security.

These important topics are of common interest to all the countries represented here, and offer opportunities for the deepening of the traditionally close relationship between the United States of America and the countries of the Caribbean.

We are meeting in the aftermath of a protracted worldwide economic recession, one that has negatively impacted the countries of our Region. The significant improvement in the economy of the United States is

expected to have a positive impact on our Region, particularly, in areas such as tourism, foreign direct investment, trade and energy.

Our Region as a whole faces developmental challenges. The high cost of energy, the heightened demands on social services, including education and health care, provision of essential infrastructure and increased security measures to combat crime and terrorism, illegal migration and natural disasters are but a few of the hurdles we

have to overcome as we strive to meet the expectations of the peoples we represent

I must, before I proceed any further, express my personal and our collective thanks to Vice President Biden for this practical demonstration of his interest in the development of the Member States of the Caribbean Community. This forum presents an opportunity to devise solutions to one of the most pressing challenges to securing growth and

development of our Region, that of energy security.

The stated intention of the Caribbean Energy Security Initiative, which you announced last June, Mr. Vice President, is to support Caribbean nations in our efforts to greatly reduce reliance on imported petroleum products and to chart our own energy future. These goals dovetail with one of the key strategies of CARICOM's Five-Year Strategic Plan 2015-2019 which identifies energy efficiency,

diversification and cost reduction as a key factor in building competitiveness. One of its main policy goals is aimed at renewable energy providing 20 percent of the total electricity supply by 2017.

Current Situation

With an overall population estimated at 16.5 million and an average GDP per capita of US \$5,725, CARICOM countries account for approximately 0.1 per cent of world export of goods and less than 0.2 per cent of global oil

imports. However, we depend on imported oil and petroleum products for more than 90 per cent of our energy needs. This makes us extremely vulnerable to the vagaries of the international oil markets. The recent decline in oil prices should not be construed as a harbinger for the emergence of a new oil economy. Instead it should be recognized as an indication of increasing oil price volatility and the unpredictability of the forecasting environment in which oil dependent economies operate.

A predominant challenge continues to be the identification of ways in which substantially more private investments from both domestic and foreign sources can be channeled into energy enterprises. Most economies in the Region have very limited fiscal space and extremely high sovereign indebtedness. This is exacerbated by the fact that many of us, having been defined as middle income countries based purely on GDP per capita criteria, are graduated out of access to concessional development financing. I

must at this point emphasize, Mr. Vice President, that this is an issue of grave concern to us in CARICOM, and one that we continue to hope will receive the favourable notice of OECD countries and fora such as the G20.

Specifically, despite our categorization as middle income countries, our high level of inherent vulnerability and lack of economic resilience should serve as qualifying factors which determine our continued access to concessional development financing. Indeed, I am pleased that at least one member of the

OECD – Japan, has led the way in recognizing our peculiar circumstances and has moved to infuse the appropriate criteria in their development financing policy in respect of CARICOM States.

Here, Vice President Biden, I wish to advise that CARICOM welcomes your pronouncement regarding the removal of the per capita GDP/GNP qualification criteria for future energy security initiatives. We remain hopeful that this pronouncement is not exclusive to energy security initiatives and this

methodological change will be representative of broader shifts in reconceptualising indicators of development need for aid and for accessing finance from international financial institutions, where the United States yields considerable influence.

Also, I must highlight the fact that, in many instances, the conditions imposed under adjustment agreements with international financial institutions further restrict the “space within which governments can play”. This raises the

fundamental question of how we can de-risk the financial environment to substantially increase investments in the clean energy sector remains.” Here again, I offer the suggestion that agreements with the international financial institutions should contain default provisions which allow for public sector risk reduction initiatives in instances where such interventions result in a direct contribution to the stimulation of economic growth.

Unlocking the potential of Energy

Energy has direct implications for economic development. Most of the Caribbean is non-industrialized but heavily dependent on Tourism. Energy costs have a direct effect on pricing and this can affect competitiveness as it relates to the Caribbean place in global tourism

Access to energy in CARICOM countries varies significantly, with nearly full access to electricity and/or

petroleum products for some populations but in others there are significant energy access gaps that remain to be addressed. The reality is that as population levels and living standards across the Region rise, so too does the demand for electricity and other energy products, including transport fuels.

We must therefore attack our energy issues from a basis of developing reliable access to secure, affordable, clean and sustainable energy services. With such services, our countries will be

able to meet the basic needs of our growing populations, increase our competitiveness, further our sustainable development and poverty reduction efforts, bolster our respective urban economies and unlock economic opportunities in rural and remote areas.

Another reality is that without massive investments, transformation of the energy sector and the achievement of our respective sustainable development goals, as well as the broader Sustainable Energy for All objectives, are out of reach. Here, the private

sector has an important role to play. But public resources, including Development Assistance, need to be used in a catalytic way to attract and leverage sufficient investment to exploit our considerable renewable energy potential.

In an environment where the economies of the Region are characterized by very limited fiscal space and, in many instances, where the conditions imposed in agreements with

international financial institutions further restrict the “space within which governments can play”, the fundamental question on how we can de-risk the financial environment to substantially increase investments in the clean energy sector remains.

A majority of the prefeasibility and feasibility studies conducted thus far suggest that the average internal rate of return (IRR) on low carbon investments in CARICOM is estimated at around 17 per cent. This compares to an average of 1 per cent in Europe, 11 per cent in

India, and 20 per cent in the US. In particular, a majority of investments in energy efficiency are believed to have achieved an average IRR of 16.7 per cent even without government fiscal incentives.

The business case is there. With the right policy in place at the national levels, the appropriate Regional framework, and a pool of global partners acting in support, low-carbon business

action in our Community will become a reality.

This will help enormously to fuel the sustainable growth that is necessary for our countries and also help them to become more resilient in the face of the threat posed by climate change. As small island states and low-lying countries, we are extremely vulnerable to the effects of climate change. For SIDS, sustainable energy development is also a critical climate adaptation mechanism.

Co-ordination of Efforts and Resources

Mr Chairman, a significant challenge to the regional energy sector is the need to improve coordination among the multiplicity of energy initiatives especially in the area of sustainable energy development, both at the national and regional levels. At present,

the level of information sharing and linkages is simply inadequate.

Our Community has, with the support of a number of Development Partners, dedicated significant efforts and resources toward designing and implementing mechanisms to improve the existing coordination and knowledge management framework among stakeholders. We welcome the commitment by the United States Government, as well as other government partners and institutions

present at this Summit, to help plug the gaps that continue to arise even as greater numbers of actors enter the Caribbean sustainable energy “stage”.

The expectation is that improved coordination will ensure a more optimal utilization of resources, human and financial, by reducing the amount of duplication of effort. Often, many well intended project sponsors and development partners pursue initiatives without sufficient recognition of work that is being done by other agencies in a

particular Member State or other parts of the Community. Consequently, opportunities for pursuing synergistic or collaborative approaches, and their attendant benefits, are frequently missed.

There is movement in the right direction. The Caribbean Sustainable Energy Roadmap and Strategy (CSERMS) is a strategic planning, management and implementation framework aimed at rationalizing and expediting development of sustainable energy in

CARICOM. Its platform, which is being developed to facilitate regular engagement among various stakeholder groups, has already been approved by CARICOM Energy Ministers.

Further, we have agreed to the establishment of a Caribbean Centre for Renewable Energy and Energy Efficiency. Next week our Energy Ministers are expected to sign off on the operational aspects of the Centre. The Centre, which has been developed by SIDS DOCK with support from UNIDO

and the Government of Austria, will among other things co-ordinate donor activities and act as the regional implementation hub for sustainable energy issues and activities in CARICOM including project implementation, investment and business promotion.

The Way Forward

In going forward, we also have to take into account the fact that the energy

economics and socio-political dynamics within the respective Member States are different. Therefore solutions for increasing the renewable energy use and energy efficient applications in the Region must consider the individual country situations.

Governments in the region, each in their own way, are tackling the growing energy challenges and moving closer to the various national targets on energy access, renewable energy, energy efficiency and energy security. They are

also striving to meet the regional targets on renewable energy and energy efficiency that have been adapted under CSERMS which I alluded to earlier.

In Barbados, for example, citizens invested in solar water heaters for thermal energy production in residences after the introduction of financial incentives by the Government. Today, Barbados, with well over 300 thermal kilowatts of capacity per 100,000 inhabitants, has the third highest

penetration of solar water heaters in the world.

In Jamaica the Wigton Windfarm, which has been lauded as a best practice within SIDS, adds 40 megawatts to the electricity grid. In St Vincent and the Grenadines, a mix of hydro electric and solar PV contributes 25 percent of the country's electricity generation mix.

Many other CARICOM Member States are endowed with significant

commercially developable geothermal resources. Dominica, Montserrat, St. Kitts and Nevis have made significant progress in identifying and developing these resources and have already committed to a 100 per cent contribution of renewables to their power sector by 2020. The Geothermal Drill Risk Facility (GDRF) that is being executed by the Caribbean Development Bank (CDB) is a tool that has been developed to assist in this regard and provides further proof that sustainable energy development is an area to which Regional governments

and institutions are committed. We are aware, however, that these actions do not reach far enough.

With our Partners, we can create specific instruments which can help to reshape and modernize the frameworks for building a strong energy sector. Together we can also put in place innovative blending of grants and loans to leverage the necessary funds for additional investment to move the energy sector from one that is relatively inefficient and dependent on expensive,

imported fossil products to one that is efficient and dependent on cost effective, clean, indigenous sources. As governments we must continue to implement the regulatory reforms that increase efficiency, transparency and accountability within the sector.

There are two practical ways to the U.S. can help:

1. The issue of funding without conditionalities; and,

2. The facilitation of the export of liquefied natural gas (LNG).

I cannot conclude these Remarks without referring to the connection between the production of energy and Climate Change. Last September, I addressed the United Nations Conference on Climate Change and it is, I think, appropriate that I should bring to the attention of this Summit excerpts from that Address and, in doing so, solicit the support of the United States of America in alleviating the plight of the

Bahamas and other Caribbean States in regard to the issues raised:

“I want my presence here today to signal that for The Bahamas, Climate Change is serious business. This threatens our very existence. Here is what the scientists say:

Eighty (80) percent of my nation's land mass will be lost if the sea level rises 1.5 meters. They also say that with a warming of 3.7-4.8°C by 2100, as currently predicted, The Bahamas we know would be no more.

It is with this sense of urgency that I address you today.

The Bahamas accepts the science on this issue. We have signed on to all the agreements, yet emissions into the atmosphere continue to grow.

Notwithstanding our negligible contribution to the issue, we are taking concrete steps to reduce our carbon footprint. We adopted a National Energy Policy, which includes the introduction of renewable energy goals of at least 30% of energy generation by way of renewable technologies by 2030.

We also continue to focus on adaptation to climate change, despite our limited access to grant and concessional funding. We have identified the National Policy for Adaptation to Climate Change and work steadily toward implementation with civil society and other key partners.

As we seek to expand our marine protected area, we have established the Bahamas Protected Area Fund (BPAF); and cognizant of the possible impact of climate change on our food security we have established the Bahamas Agriculture and Marine Science Institute (BAMSI).

We have done this and more to enhance our resilience to the adverse impacts of climate change. We are a low lying archipelagic chain of islands and are painfully aware of the impact of sea level rise for our country.

Every day the sea is rising, the coral reefs are dying; yet so far all the world has done is talk. The fact is that nothing the world has done so far has stopped this upward trend in global emissions.

The Bahamas calls therefore for a sufficiently ambitious, comprehensive and inclusive, legally

binding framework, with commitments strong enough to reverse present upward emission trends.

The survival of Small Island Developing States (SIDS) must be the benchmark for the 2015 agreement.

We must increase global action so as to trigger the necessary shifts in investments, and changes in business models toward sustainable development and renewable energy. We must meet the potential for rapid deployment of renewable energy and positively change the global energy mix.

Having said that, money is important. Nothing can happen without it. Developed countries must honour their financial commitments from Copenhagen. We need a clear pathway for developed countries to contribute what they promised to pay for climate finance support in the amount of US 100 billion dollars a year by 2020”.

I wish now to speak finally about the more general importance of this day's meetings. This meeting sends a welcomed signal of the more general engagement of the United States of

America in the region; it is a region that is the third border of the United States. We provide the tourist services for millions of American visitors per year and we are a source of talent for your society. The region is a net importer of American goods. All of these are practical reasons for a continued engagement between the region and the United States.

I have just returned from China where I met for the second time in my term the President of China. We are all aware of

the concessional development assistance that China has provided for the region. It is my hope that within this term, prior to the Summit of the Americas, the leaders of this region can sit down in a summit with the President of the United States.

Please convey to the President our thanks for this meeting and the warm welcome we have received. We thank you Mr. Vice President for the excellent arrangements that have been made for our meeting. Please convey to the

President that he has an open invitation to meet with us in the region at his earliest convenience. We have much to discuss at such a meeting; how the two regions are intertwined. A proactive strategy is the best offence to avoid trouble in your own backyard.

As you speak to the challenges of the world, and as your largest ally, the world is at our doorstep, with the battles far afield bringing themselves right here near home. The stability and security of our countries is at stake. Young men are taking up guns and killing each other in

as yet mindless criminal violence but given the development across the world, what makes us think that the radicalization far afield will not find itself near home. We ignore it our peril. The hemisphere, the region and the world demand that we act.

Each of us respectively knows that as we grapple with the energy issues of the utmost importance to our economies, that we have this enduring challenge of providing a future for our young people. They are our future. I place the young people of the region at the top of my

agenda. We have an obligation to provide them with the hope of providing a dignified future in their own country through employment. We continue to be challenged. No matter what we come up with on energy, we ignore our young people at our peril. We have a collective interest in resolving this. We struggle every day to deal with the joblessness, the sense of hopelessness of our young people. We must recommit ourselves to them.

The region is pleased at the measures taken so far to normalize relations with Cuba. We believe that this is to the greater benefit of the region and we hope that normalization proceeds apace.

Mr. Chairman, Ladies and Gentlemen, let us use this Forum as the catalyst for the crystallization of the partnerships and investments needed to improve energy security, sustainability and access in our Region.

I thank you