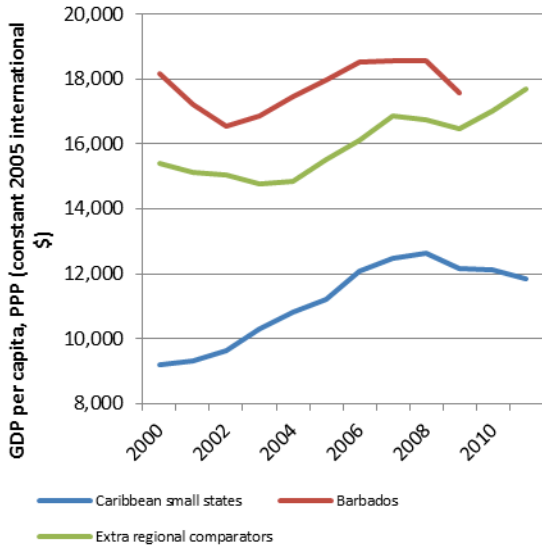


A Snap-Shot of the Private Sector In Barbados 2013

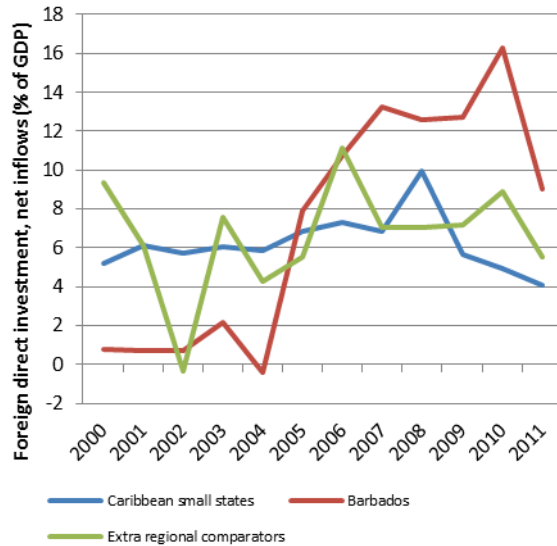
GDP per Capita

Barbados is small, open economy with a relatively high level of economic development. GDP per capita in Barbados was almost 40 per cent higher than the average for a group of comparator countries. The recent global economic crises reduced growth outcomes and a more positive external environment bodes well for a recovery.



Foreign Direct Investment

The recent international crises delayed large investment projects on the island and caused gross capital formation in GDP to contract. However, the country's legislation is one of the most welcoming in the region for FDI. Incentives include a 15-year tax holiday for export manufacturers or capital intensive industries; low tax rates for companies in the international business and financial services sector; and no withholding tax on dividends and interest.

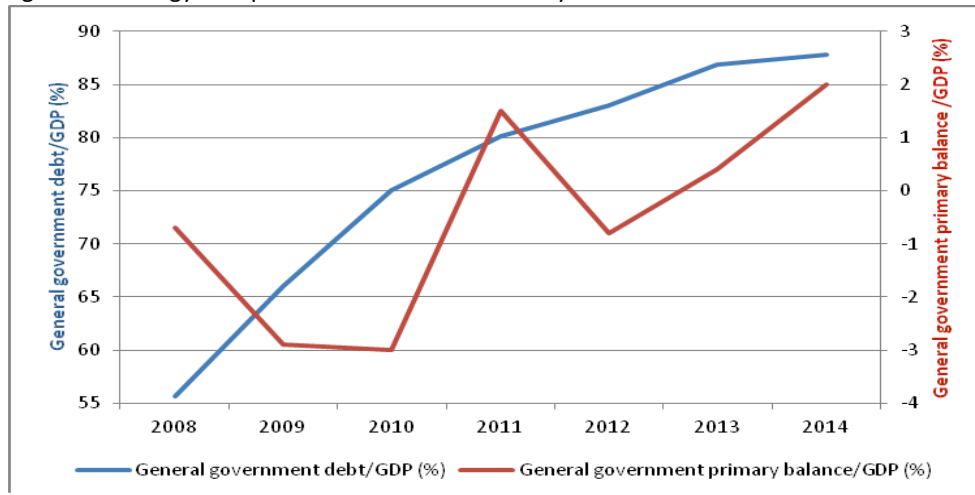


*Caribbean small states aggregate: includes Antigua and Barbuda, The Bahamas, Barbados, Belize, Guyana, Suriname, Dominica, Grenada, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

**Extra-regional comparators are Seychelles, Palau, Malta and Mauritius

National Debt

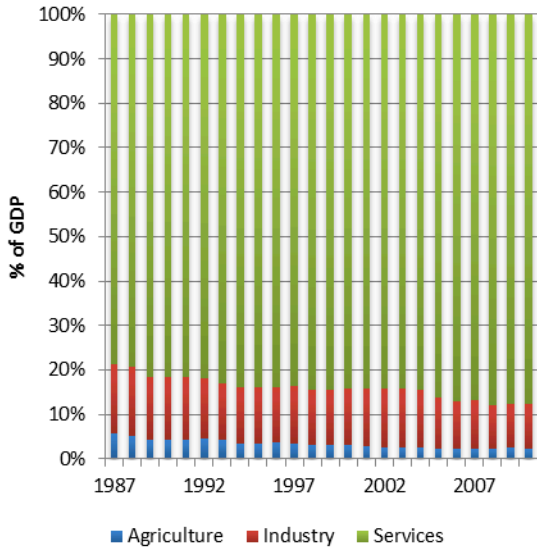
National debt is high and is being addressed by Government. While domestic institutions hold most of this debt, servicing debt is taking away from other high-value national investments. The Government is crafting a homegrown growth strategy that prioritizes fiscal sustainability and debt reduction.



Source: Moody's Investor Service

Economic Sectors

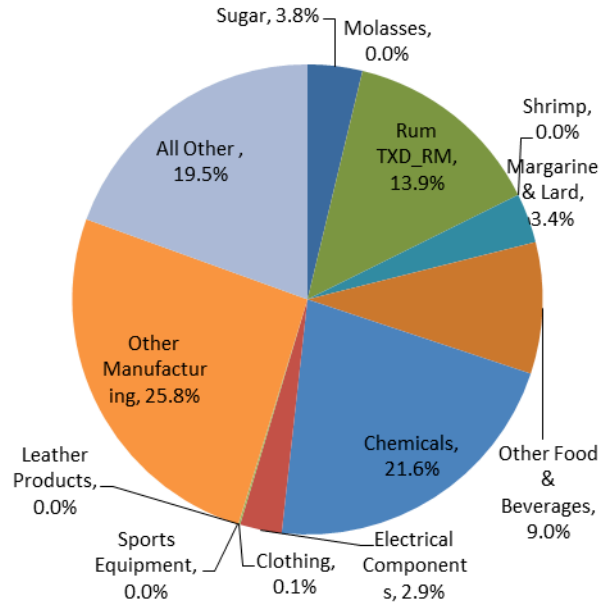
The services sector increasingly drives the Barbadian economy. In 1987 services value-added accounted for 79 % of GDP, by 2000 this figure had grown to 84%, and by 2010, it was almost 90% of GDP. The services industry mainly comprises hotels and restaurants (14%, finance and business services (32%) and government services (15%).



Source: UN National

Exports 2012

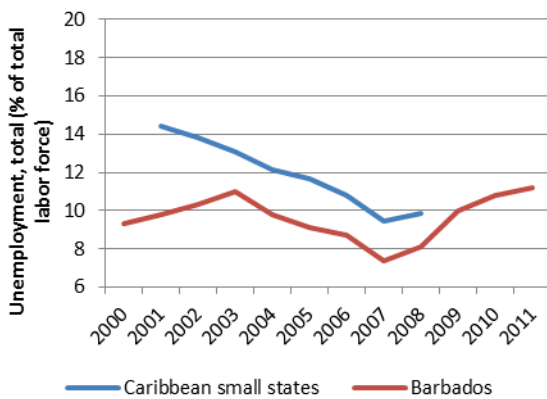
The main exports, in addition to tourism, include pharmaceuticals and beverages. Pharmaceutical exports reflect the island's role as the Caribbean distributor for a number of global brands. The rum industry is one of main non-service exports with linkages to tourism and agriculture.



Source: Central Bank

Unemployment

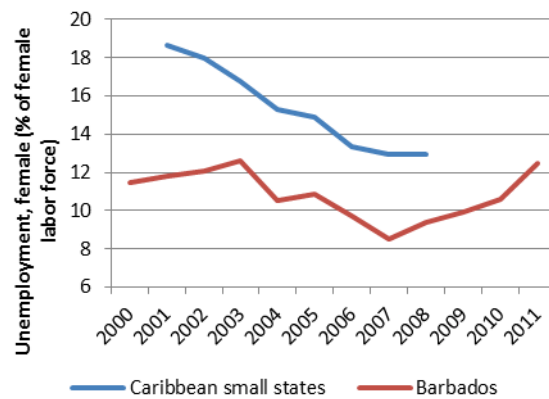
Unemployment was on a declining trend until the international crisis hit the country in 2007-2010.



Source: World

Women and work

The gender gap is not as wide as it is in other CARIFORUM countries. Nevertheless, there is room for improvement.



Opportunities to accelerate private sector growth

Like most small open economies, production in Barbados is concentrated around a few goods and services. The services industry is largely driven by tourism, finance and business, and government services. A characteristic of Barbados' macroeconomic management is the fixed exchange rate against the US dollar at BBD\$2:US\$1. The island's average annual rate of growth over the last 25 years has been low, but stable. Average growth during the period averaged 1 per cent per annum, largely due to the effects of three major economic downturns during the period: 1990-1992; 2001-2002; and, 2008-2009. The downturn in the global economy has also had a significant effect on growth in recent years with the economy contracting by 5.3 per cent in 2009 after growth by just 0.2 per cent in the previous year. Between 2010 and 2012, growth averaged 0.4 percent.

<p style="text-align: center;">Largest and fast growing sectors</p> <ul style="list-style-type: none"> • The wholesale and retail sector is the largest employer in Barbados as well as the largest employer of women, while the construction sector is the second largest employer and the largest employer of men. Together these two sectors employ 28% of the labor force and when the tourism sector is added, the top three sectors employ 39 %of the labor force. Tourism (accommodation and related services), is the driver of economic activity but is the third largest employer (11%). These three sectors are highly interconnected. Tourism has been the main driver of construction activity in recent years, while the wholesale and retail trade is highly dependent on tourism and construction activity for growth. • The International business and financial service sector also strong • The food and beverages industry is the main employer in the manufacturing industry. Double-digit growth in employment was also reported for the Wood, Wooden Products and Fittings as well as Fabricated Metal Products segments over the last five years. 	<p style="text-align: center;">The challenges of the business climate</p> <ul style="list-style-type: none"> • Barbados has one of the highest rankings in terms of government effectiveness for any small island developing state. Of particular relevance is the successful Social Compact between the private sector, unions and government that ensures stable relations and minimizes social conflict. • Barbados has a well-regulated, transparent and supportive environment for doing business. The Corporate Affairs and Intellectual Property Office (CAIPO) is responsible for the incorporation and registration of companies (both domestic and external) as well as the registration and maintenance of public records relating to businesses. • While the cost of incorporation is relatively low—just above 10 per cent annual GNI per capita—the time it takes to incorporate a business is one of the highest in the region at just over 35 days. In spite of these statistics, less than 2 per cent of businesses surveyed in World Bank (2011) identified business licensing and permits as a major constraint.
<p style="text-align: center;">Government priorities as identified by government</p> <ul style="list-style-type: none"> • Barbados has six national strategic goals to support its objective to become a <i>“fully developed society that is prosperous, socially just, and globally competitive by the end of the first quarter of this century”</i>. • Strategic goals aim to increase substantially Barbados' annual sustainable GDP growth rate; achieve full employment; develop strong macroeconomic fundamentals; foster an entrepreneurial society; boost the information economy; enhance productivity and competitiveness; increase the export of services and products; integrate Barbados into the global economy; achieve world class excellence in the delivery of service; become a preferred investment centre; develop the financial sector; promote leading role for private sector in economic and social development; deepen efforts in research and development; and build stronger development partnerships. 	<p style="text-align: center;">Priorities actions to expand business as identified in the Compete Caribbean Private Sector Assessment Report (2012)</p> <ul style="list-style-type: none"> • Increase public sector productivity—create one-stop counters located on the ground floor of office buildings, use electronic queuing systems, and one-stop bill payment centers. Create manuals of office procedures and corresponding desk files to clarify the functions of the organization, enhance continuity and identify bottlenecks, or inefficiencies. • Increase R&D in the private sector—consider increasing finance to leverage R&D initiatives and long-term strategic planning. In general, there is a view that traditional financial institutions do not provide financing for start-ups or R&D investments unless collateral is made available (e.g. vehicles, land or houses). • Additional issues identified by the private sector include: reduce cost of tax compliance; accelerate tax refunds and credits, especially for VAT; increase labor flexibility in the context of the recently passed by Parliament Employment Rights Act (2012) expanding the regulatory framework for employment relations.

