Strategic Regional Dialogue on Private Sector Development

Compete Caribbean

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OECS in Review

Fairly Strong Growth Performance of 1980s

During the 1990s the OECS experienced:

- Contraction in the Agricultural Sector
- Loss of World Market Share
- Decline in Private Investment
- OECS States ranked among the top 16 most highly indebted economies
- Public Sector debt exceeded 100% of GDP
OECS in Review  Cont’d

Up to early part of second half of 2000 decade:

Improved GDP Growth rates

Resurgence in Tourism & Economic Diversification Strategies

OECS Today:

Four steady years of negative growth, below pre-crisis levels of performance.
OECS TODAY

• Still reeling from Global crisis
• ECCB confirms four steady years of negative economic growth.
• Real GDP in 2012 declining by 0.1%
• Decline in the Construction, Tourism, Transport & Communications Sectors.
OECS SME Profile

- Small, Family – Owned, Sole Proprietorships
- Non-Corporatized Informal Entities
- High Cost Structure
  - Diseconomies of scale
- Limited Knowledge in Advance Technology and Innovation
- Highly Leveraged
- Weak or non-existent Business Advocacy
OECS Business Environment

• Human Resource Constraints  
  – Labour Productivity.

External Factors

• Macro-Economic Turbulence and Instability  
  – Shrinking Fiscal Space & Taxation Pressures.

• High Costs for Energy and Transportation Infrastructure.
External Factors

• Limited Range of Credit and Finance Instruments.

• Absence of Competition Policy
  – Absence of Institutions to safeguard against Unfair Trade Practices

• Small Domestic Markets

• High Cost of Raw Material, other Inputs and Resources

• Open Economies
Economic Union - Single Economic Space

COMMON INSTITUTIONS & APPROACH:
**OECS Assembly with Legislative Competence on economic matters**
**Competition Commission;**
**Common Registry;**
**Common Tourism & Agriculture Policy & Strategy;**
**Convergence of Trade Policy.**
Implications for Business

• Larger markets
• Production Integration – Pan OECS enterprises
• Common Arrangements & Ease of Doing Business.
• Ease of Movement of Persons, broader skills/labour pool.
• Single Regulatory Space (single registry for business, single financial space)
Strategies for Private Sector Development

MACRO ASPECTS

• Convergence of Fiscal Policies across the Economic Space
• Accelerate Reforms to Facilitate Doing Business
SECTORAL LEVEL
Target Growth drivers in Key Sectors

1. Tourism
   • Cost-sharing marketing campaigns
   • State-sponsored visitor Insurance;
   • Drive down Regional Travel Costs
   • Opening up of a Southern Visitor Source Market Front & VFR Campaigns.
   • Design and Promote Regional Branding for Product differentiation
SECTORAL LEVEL
Target Growth drivers in Key Sectors

2. Agriculture
   - High-value Products for Export
     - (ethnic foods for diaspora, organics)
   - Strengthened Product Linkages with Tourism

3. Creative Industries (Audio-Visual)
   - Business Development Support
   - Intellectual Property Protection
ENTERPRISE LEVEL

- Promote Public-Private Partnerships
- Increase Public Procurement for SME Products and Services

Strengthening of SME Work programs in:

- Management Enhancement
- Product and Services Development
- Innovative Marketing Systems
Obstacles to be Overcome

• Member State national resistance to common Fiscal Policy implementation due to Revenue allocation concerns
• Institutional Bureaucracy Culture
• Resource Constraint to pursuing new Tourism Marketing Campaigns
• Underdeveloped Business Culture in the Agricultural Sector
• SME Capacity to engage in new business models which impact ownership, structure, control and performance