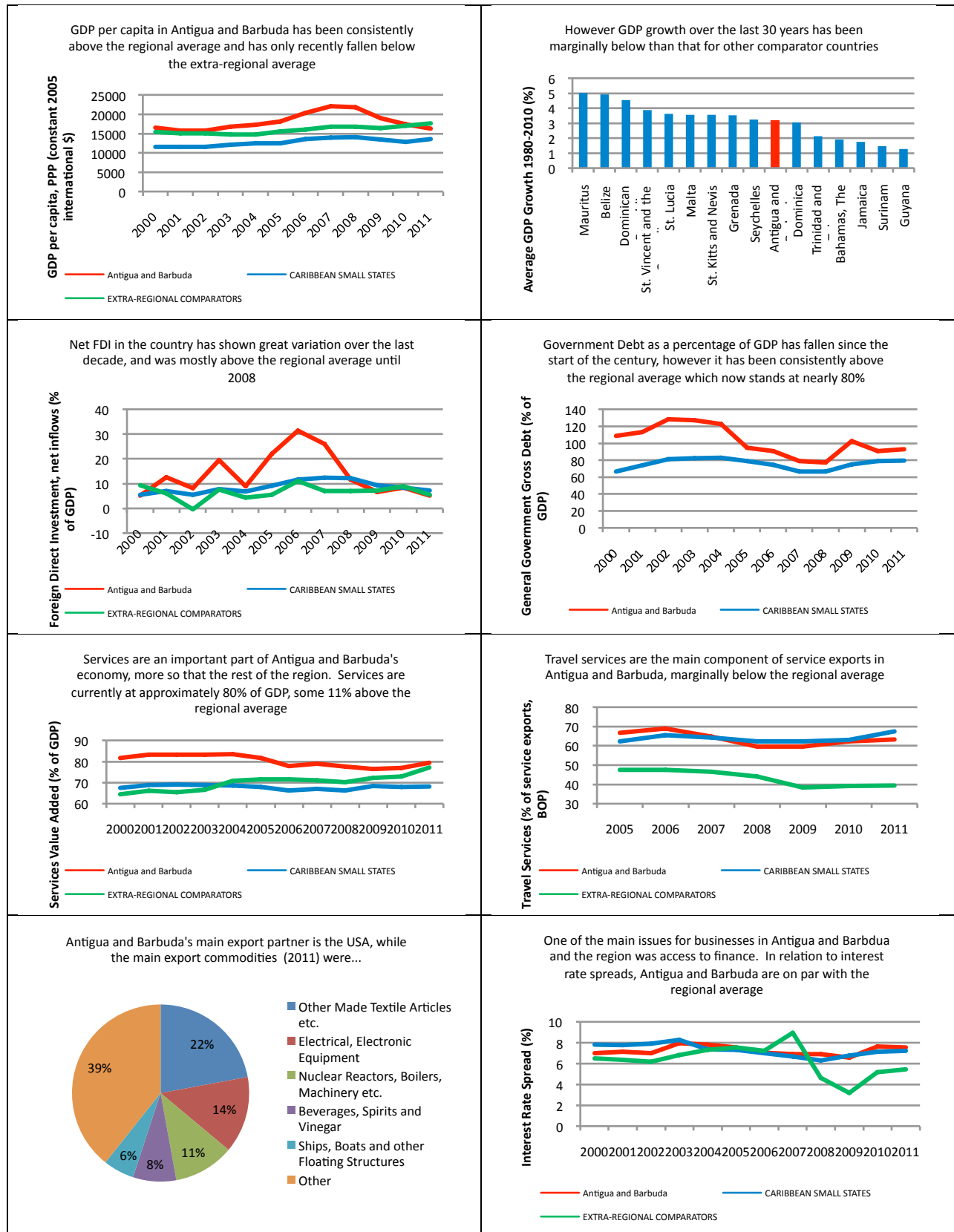


A Snap-Shot of the Private Sector In Antigua and Barbuda 2013



*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 *Sources of Data: World Development Indicators, World Bank, Central Bank data, Doing Business Reports, Enterprise Surveys

Opportunities to accelerate private sector growth

The global slowdown has severely affected Antigua and Barbuda's economy through its impact on tourist arrivals, FDI inflows and remittances, and fiscal revenue. Real GDP contracted by 7% in 2009 after expanding on average by about 6% during the previous 5 years. Following a spike in 2008, inflation has remained in the low single digits despite a 20% increase in fuel prices and higher consumption taxes. The recession and associated fiscal crisis coincides with mounting problems in the financial sector—the collapse of the Stanford Group (the largest private conglomerate) and of the Trinidad-based CL Financial Group. Locally incorporated banks with large exposure to the government have experienced a decline in deposits, which have subsequently stabilized.

Real GDP growth, driven by tourism and construction, has declined since 2006 and at a faster rate than in other ECCU countries. The external current account deficit narrowed, reflecting a decline in FDI. Private sector credit slowed, following a period of strong growth accompanied by a sharp decline in private investment. The fiscal deficit rose to abnormally high levels owing to a drop in revenue and a sharp rise in expenditure particularly in capital outlays and transfers. As a result, public debt remains high despite debt forgiveness in 2005.

<p style="text-align: center;">Large and fast growing sectors</p> <p>The largest sectors in Antigua and Barbuda as a percentage of gross value added (GVA) are: Hotels and Restaurants (16%); Construction (14%); Real Estate, Renting and Business Activities (12%); Wholesale and Retail Trade (12%); Transport, Storage and Communication (11%); and Financial Intermediation (10%).</p> <p>Tourism continues to be the focal point for economic growth in Antigua and Barbuda. It receives most of the domestic and foreign direct investment, however, with the slowing in the world economy, many hotels have already closed and others are on the brink of collapse. There is tremendous scope for growth in the sector if hoteliers, tour operators and other stakeholders are able to broaden the source markets in the north as well as well to significantly develop markets from the south.</p>	<p style="text-align: center;">Business climate</p> <p>The Private Sector Assessment for Antigua and Barbuda revealed the following constraints to growth:</p> <ul style="list-style-type: none"> • Need for more effective representation of the private sector • A 'silo-mindset' in business support organizations, particularly in the public sector • Concentration on tourism (lack of 'product' differentiation) • Access and cost of finance • Inadequate skills in the labour force • Cost of energy and electricity • Lack of structured Research and Development in the private sector
<p style="text-align: center;">Government priorities as identified by government</p> <p>The Government of Antigua and Barbuda has implemented a National Economic and Social Transformation (NEST) Plan to deal with the current economic crisis. This Plan to deal with the fallout from the global economic crisis is to be superseded by a Medium-Term Strategic Development Plan (MTSDP), once approved by stakeholders. The main components of the MTSDP are:</p> <ul style="list-style-type: none"> • Fiscal Balance • Education for All • Enhancing the Social Development Agenda • Preserving the Environment and Building a Stronger Physical Infrastructure • Economic Sustainability • Development of 'Antigua and Barbuda- the Best Brand' <p>In relation to PSD, the Government of Antigua and Barbuda, as indicated in the Budget of December 2012, will focus on:</p> <ul style="list-style-type: none"> • Creating a business and investor friendly environment • Tourism • Agriculture • Investment for growth and development <p>It appears from a review of Government's activities to promote PSD, that the focus is two-fold, to promote economic growth in its own right, as well as create jobs.</p>	<p style="text-align: center;">Priorities actions to expand business as identified in the Compete Caribbean Private Sector Assessment Report</p> <p>The main priorities to emerge from the Private Sector Assessment in Antigua and Barbuda were developed into Action Plans. The first of these Action Plans relate to the establishment of a formal <i>Tripartite Committee</i> to oversee the development of private sector development strategies and the mainstreaming of private sector development in national strategic plans. However, before such a representative body can be formed, there needs to be a coming together of private sector representative organizations in a more formal arrangement. The other elements of the Action Plan include the following:</p> <ul style="list-style-type: none"> • Improve access to finance and reduce the cost by reducing the risk attached to lending through the development of credit bureaus, collateral registries and greater competition in the financial sector; • Targeting the exploitation of renewable/alternative energy to reduce the cost of doing business as well as its development as a productive sector in its own right; • Education and curriculum reform to ensure the skills demanded in the private sector are supplied by the educational sector; • Incentivisation of structured R&D and dissemination of information across all sectors.

*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 *Sources of Data: World Development Indicators, World Bank, Central Bank data, Doing Business Reports, Enterprise Surveys