



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 precrisis 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.





OECS Business Environment cont'd

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



Strategic Framework/Actions



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





Strategies for Private Sector Development Cont'd

SECTORAL LEVEL

Target Growth drivers in Key Sectors



- 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





Strategies for Private Sector Development Cont'd

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



Strategies for Private Sector Development Cont'd.



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

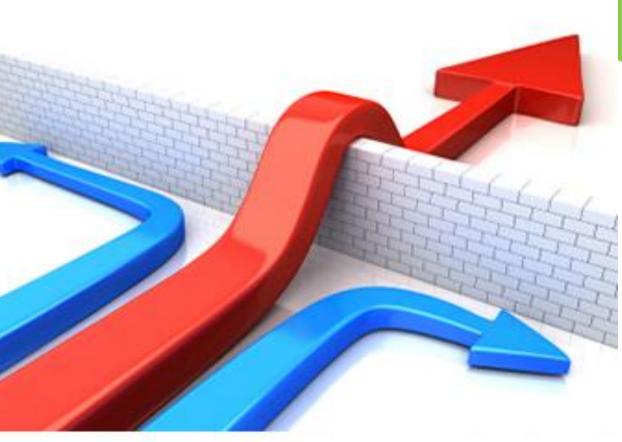
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