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“PROSPECTS FOR SERVICE INDUSTRIES IN THE CARIBBEAN”

by

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I. Introduction

The Caribbean is juxtaposed between Europe and North and South America. We are either squeezed by the giants around us or we are fortunately poised to reach out to them centrifugally, depending on whether you take the pessimistic or optimistic view. We, obviously, take the latter.

Within the boundaries of the Bahamas in the north and Belize and Guyana on the South American mainland, we are mainly small island states, with a population of 5 million in the English-speaking Caribbean, and 20 million if you include Haiti and the Dominican Republic. The populations range from 3 000 in Montserrat to 2 million in Jamaica, and 7 million and 8 million in the Dominican Republic and Haiti respectively. As new societies from peoples transplanted over 500 years ago, we moved dramatically in the 1990's from agricultural and manufacturing economies to economies dominated by services. While more than 60 to 70% of our exports are in services, with tourism and travel services representing the most important services export, the region has yet to develop the capacity to fully exploit trade opportunities in services (other than tourism).

The growth of the services sector, driven by advances in technology and cheaper communications, presents an unsurpassed opportunity and considerable challenge for the world in general and the Caribbean region in particular. The fact that economic prospects no longer depend on size, resource endowment or proximity to markets is of enormous benefit to the Caribbean. Skilled and capable people are the key resources of the knowledge-based economy and this is a resource that is present in all of the countries of the Caribbean.

II. Major Services Areas

What are some of these service areas?

Tourism

The Eastern Caribbean islands, the Bahamas, Dominican Republic and Jamaica

Finance

In particular, Barbados, Trinidad and Tobago, the Bahamas and Jamaica, with stock exchanges in several of the islands.

Education

This is a high point in the Caribbean through wide scale tertiary level training, especially through a decentralized university system – the University of the West Indies. The spin-off of this is a major distribution of professional services: legal services, engineering, accounting, etc.

Entertainment and Culture

Major musicians of the world entertainment industry are nurtured in the Caribbean. The steel pan which originated in Trinidad and Tobago and Bob Marley's Reggae legacy in Jamaica are leading examples. More recently carnival festivals in most of the countries have spawned an entertainment industry that generates year-round employment.

Telecommunications

Some major infrastructures of fibre networks link us to North and South America as well as Europe, with Barbados as a major hub.

Health Services

Partly through education and partly through tourism, health services are fast becoming a major feature of the newer services of the Caribbean. Telemedicine is in its embryonic stages in countries of vast territory such as Guyana, while the University of the West Indies and off-shore medical schools offer medical training to students from as far away as Asia. At the high end, Caribbean doctors are carrying out research and solving problems for laboratories abroad.

III. Institutional Support

We have an array of institutional responses where we experiment and try to build fences around our new economic ventures. At the sub-regional level, there is the Caribbean Development Bank which builds partnerships with the global private and multilateral funding sources.

Again at the sub-regional level, the Caribbean Community is the policy shop, similar to the ASEAN in this region, where governments harness efforts to build the process.

Within the hemisphere, two significant bodies interface with us – the Organisation of American States which includes almost all of the countries of the Americas, and the Association of Caribbean States which is a relatively new institution building cooperation among the English, Spanish, French and Dutch Caribbean.

In the private sector, business bodies coalesce around the Caribbean Association of Industry and Commerce, which is caught up with the challenges of the fledgling services industry.

IV. The Centre for International Services, University of the West Indies

Continued access to the new global economy and the economic diversification of our region will require a policy of continuous knowledge gathering and the development of a trained population, particularly through improved capacity in information communications technologies. It is imperative that we move rapidly to develop our

services sector in light of the fast-changing environment for services exports. It is in response to this challenge that the University of the West Indies is in the process of establishing the Centre for International Services.

The University of the West Indies is a satellite university with separate campuses on three different islands, namely Jamaica, Trinidad & Tobago and Barbados. The Centre has been set up at the Barbados campus to serve the entire region. Its mission is to:

- identify market opportunities for services exports;
- interpret and concretize into actual business the agreements reached at the bilateral, regional and multilateral levels;
- create a forum for enterprise development in order to facilitate the shaping of ideas for the business sector;
- provide consultancy and advisory services to governments and the private sector;
- collect and disseminate information on international services;
- provide targeted, high impact training to enhance competitiveness in international services trade, allowing persons to find jobs as well as to create their own.

V. Some Strategic Approaches

The following strategies are symbolic of the approach to dynamise the service sector in the Caribbean:

Innovation is a key to expansion. The universities of the region provide a potential advantage through research. However innovation requires more than research. It is also about commercialisation of new ideas and processes. Government, the private sector and academic institutions need to be mobilized in order to create a culture of innovation and design.

At the level of innovation, the Caribbean Development Bank has spawned a hyper-growth programme - spearheaded by a Caribbean businessman - which identifies new business ideas, providing training and offering seed funding to move them from concept to commercial reality.

Seventy of such innovations of how to reach the global market place through niche demand have been completed in less than two years. The hyper-growth programme looks for smart partnerships, offers consulting services to keep the business venture alive and facilitates the enabling of the private sector environment for businesses to grow.

One example of this programme is the Montserrat volcano. Montserrat, which has a population of 3 000 - down from 12 000 since the eruption - has a smart partnership with Earth Sciences to produce knowledge feeds of the actual volcano action into Earth Sciences' training anywhere in the world.

Labour force: In knowledge-based economies, human capital is key to competitive advantage and is as important as financial or infrastructural capital. The Centre for International Services has as a particular focus the development of human capital through just-in-time education in order to assist businesses in achieving their goals.

Market intelligence: The identification of opportunities for trade diversification and opportunities in new markets is essential if economic growth is to be achieved. Allied with this is the need for export promotion and trade missions. At the national level, a number of export and investment entities exist. At the regional level, this work is carried out by Caribbean Export (Development Agency).

Focus on vital economic sectors: The Centre will be placing special emphasis on information communication technologies. The ICT sector is a fast growing, high-paying sector and includes digital technology developers, professional business services in e-commerce and cross-sectoral adoption of digital technologies. It also is an enabling sector for all businesses if they are to compete globally.

We consider that a major challenge in ICT is security. E-business cannot exist or thrive if customers do not have confidence in their on-line suppliers. For this reason we held two weeks ago the first of what will be a series of seminars on IT Law, looking at computer crime and data protection. We are heartened by a discussion we had here this week with a Department of Government about the similar emphasis they place on security.

Partnerships: The framework for partnering needs to be developed between government and the private sector. As part of its strategy for facilitating the growth in services trade, the Centre will be establishing a series of partnerships: with governments and the business of the Caribbean; with multilateral, hemispheric and global institutions; and with international and regional agencies.

Public awareness: Raising the awareness of government and the business sector as to the importance and role of services in the diversification of our economies is a key principle in promoting growth.

Policy advisory services: There is need for governments to provide a supportive and enabling environment for business as well as an appropriate regulatory framework for the public good. There is also need to work with the business sector to smooth the way for their development. Policy advice to both governments and the private sector can facilitate this.

Information is a core need for both governments and the business sector to allow them to make decisions. There is a dearth of information on services in the region. This will need to be remedied quickly if the region is to move to realize its potential.

VI. Conclusion

The objective of the strategies outlined is to assist the countries of the region in achieving sustainable economic development through the exploitation of the opportunities created by the global economy and through the development of specialist service industries for export. The Centre for International Services has been established to assist the region in meeting these challenges.