



Transforming the Caribbean Economy

new avenues for investment

Summary report on Conference held on Thursday 2 November at Lancaster House, London

1. At the initiative of Prime Minister Tony Blair, some 200 invited participants from the Caribbean, Europe and further afield gathered at Lancaster House on 2 November. Their objectives were to provide a vision of a new Caribbean economy post-preferential arrangements; to establish ways in which the Caribbean could make itself more attractive to investment; and to consider specific opportunities for investment. Through use of a mixture of plenary sessions, workshops, and informal sessions, the conference was fully interactive. By far the majority of participants were from the private sector. This was because the conference preceded from the premise that investment and a vibrant private sector were central to the success of the Common Single Market and Economy (CSME); and that governments were enablers rather than directors of change.
2. Tony Blair described the direction of travel away from agricultural subsidies as inevitable. He therefore looked at the question of how the Caribbean economy could adjust to the consequent process of change. He commended the steps taken to bring the CSME into force and said that he believed that further broadening and deepening of the agreement would bring real benefit to the region. Indeed, he believed that good cooperation across the Caribbean was crucial in a number of regards. He also said he believed the Caribbean could benefit from a rules-based world trading system that promoted a more open and more liberal trading system. In this context, he also stressed the importance of a successful WTO development round. While making clear his

commitment to do what he could to help, he said that, in the end, the answers were to be found within the Caribbean itself.

3. Prime Minister Arthur also commented on what he described as "an irrevocable turning point in the Caribbean's history" with the age of preferences coming to an end. There was hence a need for the region to make rapid and substantial structural adjustments. He suggested that there was currently no regional consensus in respect of the appropriate intellectual and psychological response needed. He saw a need for a shift in the outlook, the thinking, and the actions by Caribbean politicians, private sector, the academic community and the entire civil society. He was positive that the creative imagination of the Caribbean people would allow for this. He called for a clear recognition of the challenges the region faced, and for attention to be given to the development dimension of trade negotiations. He set out plans for the establishment of a framework for a single economy by 2008 and the advantages of this to the region.
4. In two plenary sessions in the morning, a number of speakers set out their thoughts on what kind of a Caribbean should be sought in 2020; and on how the Caribbean should approach the change necessary to achieve that vision. Others looked at options for private investment flows for financing that development. The example of the programme of dramatic economic reform in New Zealand between 1984 and 1992 was considered. The example of a UK company which had adapted successfully to liberalised markets, had benefited from the competition which ensued, and had grasped the opportunities thrown up by the ITC revolution and by globalisation was put forward. A Caribbean private sector perspective was also put forward of a region whose future no longer lay primarily in commodity exports, but more in services making more efficient use of human resources and stimulating a climate where people wanted to remain in the Caribbean. Attention was also drawn to the enormous opportunities for investment in the Caribbean with its English-speaking, highly educated workforce. The case was again made that the region would benefit from a greater emphasis on regional working.

5. In discussion of financing options for the Caribbean, some attention was given to the challenges the Caribbean faced - eg the financing of debt, the decline in aid. Advice was given as to the current means of raising capital for projects within the Caribbean. While regional capital markets already operated well, a need was seen to further develop those markets. There was also discussion of how to approach international capital markets. The value of public/private partnerships was also considered.
6. The afternoon saw three concurrent working groups: on new opportunities in Caribbean services, on tourism and allied industries, and on the role of agriculture in the new Caribbean economy. These all reported back at the end of the day as follows:-

New opportunities in Caribbean services: New opportunities are arising in telecommunications, including call centres; e-services; offshore universities and health care. But in order to grasp new opportunities, the Caribbean needs to improve higher and further education and develop curricula which will enable people to take advantage of new openings in the service sector. It also needs to establish the legal framework to ensure protection of intellectual property and to develop the Caribbean as a sought-after brand.

Tourism and Allied Industries: Tourism is the fastest growing industry in the world but it does not attract the best of the workforce because work in the tourist sector is often confused with servitude. More attention should be paid to the wide range of openings in tourism, such as ICT, finance and management. There should be more opportunities for training, including a degree in tourism. More needs to be done to source locally food supplies for the tourist sector. Inter-island transport links should be improved and more attractions for tourists developed. The development of a Tourism Investment Fund was welcomed as a source of funding for improvement.

The Role of Agriculture in the new Caribbean economy: There is a viable future for agriculture but it will be a radically changed industry with the emphasis on new activities like off-shore fish farming. But some sugar

production should continue in countries where it is used for eg production of electricity or rum. The region needs to develop an investment package which is specific to agriculture. Without this, it will be difficult to compete in the global market. The Caribbean needs to reduce bureaucracy and the high cost of inter-regional transport if it is to attract major investment in agriculture. The EU should make access to its funding less difficult.

Conclusions/next steps

7. It is of course too early to judge the success of the conference. While almost all of the participants said that they found the event useful, it will only be in the long term that its value will be really understood. While Prime Minister Blair made clear that he stood ready to help where he could, Caribbean participants were clear that the answers to the issues discussed rested with them. In terms of the policy agenda, ideas brought up will be taken forward in a number of fora. Plans are already in hand for a business conference next year in the Caribbean in the context of the UK/Caribbean Forum process. The Caribbean Council and the Caribbean Association of Industry and Commerce will be considering follow up with the private sector, while individual companies also commented that they will be following up on specific project ideas.

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