

**Remarks of the Minister of Industry, International Business, Commerce  
and Small Business Development on the Occasion of BIBA Luncheon at the  
Barbados Hilton,  
April 17<sup>th</sup>, 2013**

**President of Barbados International Business Association (BIBA), Ms.  
Melanie Jones**

**D.P.S. (Ag), Industry, International Business, Commerce and Small  
Business Development,**

**Executive Director of BIBA, Mr. Henderson Holmes**

**Officers of BIBA and its Stakeholders**

**Specially Invited Guests**

**Members of the Media**

**Ladies and Gentlemen**

**A Pleasant Good Afternoon to everyone**

I wish to thank BIBA officials for giving me this opportunity of speaking at this your monthly International Business Luncheon in my new role as Minister with responsibility for Industry, International Business, Commerce and Small Business Development. I am sure that you all will agree with me that our Honourable Prime Minister was well aware of the intricate nexus which exist among Industry, International Business, Commerce and Small Business Development and the potential that this creates for a better International Business and Financial Services Sector and indeed a better Barbados, for that is the goal towards which we all strive.

Ladies and Gentlemen, after the consumption of that most tasty meal so graciously provided by our host that you do not wish for me to bore you with highfalutin conjecture, but rather to succinctly convey to you my views on the challenges and solutions to our International Business and Financial Services sector whilst outlining the vision for the sector. Thereafter, I invite your questions and comments as I do not pretend to be the sole reservoir or depository of knowledge on this sector.

It is certainly my view that the topic chosen for today aptly encapsulates the philosophy and vision which all of us whom are involved in this sector from policy makers to practitioners should and must embrace, that is ***“International Business – Our Best Hope in the New Economic Order”***.

I also wish at the start of this session to extend deepest gratitude to all of our partners in the private sector with whom I have met and who have all candidly shared their views on our domestic and international business environment with me. These include BIBA, ICAB, SBA, BCCI and BCSIL. Also sincerest thanks to the many individuals who have freely shared their views on the myriad of issues related to this sector.

### Challenges and Solutions

My Ministry is all too well aware of the challenges that you face on a daily basis and I will be pragmatic here and dare say that many of you are of the view that your interactions with the Ministry represents a challenge in itself. I am not here to question the veracity of that view but rather to assure you that changes are on the way and indeed changes are here, in the way we at the Ministry conduct our affairs, facilitate your views and interest and implement new standards in best practice in the administration and regulation of the sector.

### *Measuring the Contribution of the IB Sector*

One of the major challenges confronting this sector relates to a failure on the part of wider society to recognize and appreciate the importance of this sector to the development of our economy and society. I must commend Invest Barbados for taking the initiative and engaging a consultant to collect and analyze data on

the sector over the past four years. We must move with a sense of urgency to make this a permanent part of our data collection landscape.

How many persons in Barbados are aware that the IBFS sector contributed approximately \$878 million in income to our economy in 2011 by way of taxes and other expenses? This translates into about 9% of GDP. How many of us appreciate the point that our public health and education budgets cost almost as much as the IBFS sector contributes to this economy? I am and have always been satisfied that this sector is too important to this economy for it not be to given a higher level of appreciation, respect and support.

There is now full agreement that the Government will provide the necessary resources and leadership to ensure that data on this sector can be collected in a timely and regular basis, analyzed and our decisions will be much more informed than before. We will drill down and seek to ascertain how and to what extent our treaties are being utilized, the source countries for our business and the beneficiaries as well.

### *COMPANY FORMATION AND ENTITIES LICENSED*

Notwithstanding declines witnessed in overall company formation in 2012, the international business sector saw an increase in the renewal of entities for the same period over 2011. During the 2012 year some four thousand and twenty –

four (4,024) entities renewed licences compared to three thousand one hundred and seventy (3,170) in 2011. This represented a 26.9 per cent increase in total entities renewed in 2012 when compared with the previous year.

The number of new entities licensed at the end of 2012 totalled 433 as compared with 564 entities in 2011. This represented a 30.2 per cent decrease in new entities. During 2012, there were 393 new international business companies (IBCs) as compared with 511 in the previous year which represented a 30.0 per cent decline in IBCs.

The number of new International Societies with Restricted Liability (ISRLs) for 2012 was comparable with 2011 figures with new entities totalling twenty-seven (27), one (1) less than that recorded for 2012. With respect to renewals, there were ninety-one (91) more ISRLs renewed in 2012 over 2011, a 28.5 per cent increase in the renewal of these entities.

In the insurance sub-sector there was a significant decrease in the number of exempt insurance companies (EICs). During 2012, eight (8) new EICs were registered when compared with twenty-one (21) in 2011, a decrease of 61.9 per cent. The number of exempt insurance management companies (EIMCs) stood at four (4) in 2012 when compared with two (2) in 2011.

The number of renewal of Offshore Banks remained unchanged at forty-five (45).

### *Business Facilitation*

The Ministry recognizes that in order for the sector to progress and develop, certain innovative developments have to be made. We at the Ministry are therefore putting our house in order as a matter of urgency we will be focusing on the development of an integrated approach to the marketing and promotion both at the domestic and international levels, refashioning our regulatory framework, creating a new dynamism in the development of policies for the sector as well as placing renewed emphasis on product formulation and development. In short Ladies and Gentlemen my ministry has begun the process of transformation which with your continued partnership as our valued stakeholders we shall soldier on. The Ministry will be the focal point for International Business in Barbados.

Inadequate business facilitation has long being identified as one of the major hindrances to the development and expansion of the IBFS sector. Many Ministers before me have spoken about this and my goal is to have those that

will come after me speak of how efficient we are as a jurisdiction, not to lament on poor service.

To address this, my Ministry has already started the process of consultation with stakeholders to identify the prevailing challenges and to agree on solutions. First order of business is to ensure that our internal stakeholders (Government agencies) fully appreciate not only the importance of the sector to the economy and to their livelihood, but just as important how their work both in terms of quantity and quality and make a company decide to come to Barbados, stay and expand in Barbados or pack their bags and go elsewhere.

I am satisfied that an enhanced Joint Policy Working Group adequately serviced by senior staff in my Ministry will provide the necessary information on these challenges and solutions. Last Friday we met and agreed on the assignment of senior staff to ensure that the JPWG work is done on a timely basis.

Corporate Affairs and Intellectual Property Office continues to be a challenge to many service providers. Let me say however, that there have been great efforts made in recent years to address the issues within CAIPO and we are poised to

change the image of that department. I thank the staff who have been leading the change therein.

I am advised that once you are a registered agent with CAIPO you can now do file searches, name reservations and requests for Registrar's certificates online. Our IT infrastructure is almost ready for filing of incorporation documents and other pertinent applications. However, we do need to make changes to current legislation namely the Companies Act Cap 308 and the Evidence Act Cap 121 to allow for the recognition of electronic signatures. I am pleased to report to you that these proposed changes have been submitted to the Governance Committee of Cabinet for consideration. I have also requested that these along with proposed changes to the Companies Act be forwarded to the Bar Association, ICAB, BIBA and any other stakeholders for their urgent review and comments. Once such is completed in a timely fashion then I expect that the CAIPO can institute full e-commerce operations in its day-to-day activities within the first half of this financial year. That is my goal and commitment to you. Just do your part and submit your comments soonest.

Issues related to an adequate quantity and quality of staff for CAIPO and IB Division are being addressed with a sense of urgency. We cannot say that these departments are key to the survival of this sector and the resilience of our economy and then have lengthy delays in decision-making processes due to

insufficient staff or staff who are tardy in making decisions either out of fear or because it is just their style. I am prepared to ensure that my departments are adequately resourced with personnel, technology and finance; once that is done then rest assured that I will not settle for mediocrity or tardiness.

### *Product Development*

Another area of concern relates to the perception that we are slow to respond to dynamics in the market place, to amend or create new legislation and to be more proactive. As a result of these concerns we will have a Product Development Unit within my Ministry that will be driven by the work of the Joint Policy Working Group and will be tasked to work closely with Invest Barbados, Chief Parliamentary Counsel Office and all other stakeholders to address these concerns. This will be in place by June 01.

This relates as well to the need for enhanced surveillance of the sector. This involves access to timely information on the sector, our competitors, new potential markets and other pertinent information.

The issue of delays in renewal of licences will be addressed by the issuance of a multi-year licence for IBCs and other entities. This will not negate the need to submit annual returns but will enhance that once licenced, entities will at all times be legally in operation unless and until said licenced is revoked by the

competent authority. Instructions have already been issued for this to be legislated without further delay.

### *The Way Forward*

We know that our sector and industry faces immense challenges from varied quarters such as the:

- Increased competition from zero-tax jurisdictions for traditional and new markets (Canada, Latin America)
- Sector vulnerable to changes in global political and economic spheres
- Organisation for Economic Cooperation and Development: Global Forum Issue, World Trade Organisation (removal of prohibitive subsidies related to manufacturing) and its impact on international business companies located here; but we are more than optimistic that the opportunities far outweigh these obstacles.

We are witnessing increased pressure from traditional markets of our IB sector. These are indeed very serious challenges and the Government is committed to being proactive and very responsive to these challenges. This sector is too critical for our economic survival for anyone of us to roll over and play dead when external challenges loom on the horizon. To that extent we shall shortly

be sending a delegation to Canada for high level discussions on Barbados-Canada relations.

My Ministry, with the assistance of our strategic partners, BIBA, ICAB, Bar Association, FSC, Central Bank and Invest Barbados in the public and private sector has begun the process of exploring the many opportunities that this global environment presents. It is our concerted view that these can be found in areas such as:

- Expansion opportunities in the Canadian market in untapped sectors (e.g. Oil & Gas, mining).
- Development of Barbados as a wealth management centre (attraction of private banks).
- New opportunities inherent in new DTAs.
- Continued development of Barbados in the high-end industries (ICT etc.)
- Development of Barbados as a centre for medical and education services.
- Exploiting the Latin American, Chinese, African, South American and Eastern European markets.

- Development of Barbados as a hub for investment into the rest of CARICOM and Latin America.
- Exploiting synergies between International Business, Tourism and other sectors.
- the establishment of Barbados as an international arbitration and ADR centre.
- the establishment of Barbados as a premier destination for Meetings, Incentives, Conferences & Events.
- the development of Barbados as a jurisdiction to which High Net Worth (HNW) families and global businesses relocate their home base and headquarters.

These and more will be included in our new strategic plan for the sector which is in train and will chart a development path for the International Business and Financial Services Sector over the next five (5) years

I wish to re-iterate a point which many have said before – you the private sector practitioners must do more to market Barbados as a domicile of choice for the discerning investor. You must fully understand the various treaties and their application. You must spend more of your own resources to market your products and services. The state on the other hand will continue to provide

general promotional activities and more importantly an enhanced environment within which you can grow and prosper.

It is clear as evidenced by the foregoing, there is much work to be done, the harvest is great but the workers are few. So let us band together put our hands to the proverbial plough, such that our labours be not in vein and make international business work for you and for Barbados.

I am very satisfied that Barbados will become the domicile of choice for the global entrepreneur. The IBFS is critical to the survival of this economy and the comfort of our society. We have challenges but together we will turn them into opportunities which we will vigorously pursue and conquer.

Ladies and Gentlemen I Thank You.