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Latino-Americano e do Caribe

Système Economique  
Latinoaméricain et Caribéen

# Business vision and integral approach for the International of Caribbean SMEs

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CARICOM Secretariat

**Intra-Regional Relations**

*Workshop on Internationalization and Promotion of Caribbean SMEs Consortiums*  
*Santo Domingo, Dominican Republic*  
*8 and 9 July, 2013*  
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# CURRENT MACRO ECONOMIC SCENARIO

- CARICOM MEMBER STATES DESCRIBED AS LOW GROWTH, HIGH DEBT ECONOMIES
- OVER LAST 4 YEARS (2009-2012), CARICOM GROWTH HAS AVERAGED LESS THAN 2% AND THE PROJECTION FOR 2013 – 2.3% IS LOWER THAN LATIN AMERICA AND THE WORLD AS A WHOLE
- CARICOM DEBT TO GDP RATIOS ARE OVER 60% FOR MAJORITY OF MEMBER STATES. THIS SITUATION IS CLEARLY UNSUSTAINABLE
- GROWTH OF MERCHANDISE EXPORTS IS AROUND 8% - LAGGING BEHIND ANNUAL GROWTH IN WORLD TRADE (11%)

# OTHER CHALLENGES

- LACK OF AN ENABLING ENVIRONMENT FOR DOING BUSINESS – DESCRIBED AS BEING “UNFRIENDLY” WITH A HIGH LEVEL OF GOVERNMENT BUREAUCRACY
- UNCOMPETITIVE FACTORS OF PRODUCTION ESPECIALLY ENERGY AND TRANSPORTATION
- HIGH COST OF FINANCING, ONEROUS LOAN APPLICATION PROCESSES AND COLLATERAL REQUIREMENTS RELATING TO COMMERCIAL FINANCING
- INADEQUATE SOURCES OF DEVELOPMENT FINANCING AND THE ABSENCE OF INNOVATIVE SOURCES OF FINANCING SUCH AS LEASE FINANCING, LOAN GUARANTEE PROGRAMMES, VENTURE CAPITAL, DEBT FACTORING, EXIM TYPE FINANCING AND “ANGEL FINANCING”
- INEFFICIENT, INADEQUATE AND VERY EXPENSIVE AIR AND SEA TRANSPORTATION FOR GOODS AND PEOPLE
- INEFFICIENT PORTS AND EXORBITANT PORT CHARGES
- LACK OF DYNAMIC PUBLIC/PRIVATE SECTOR PARTNERSHIPS
- WEAK BUSINESS SUPPORT ORGANISATIONS (BSOS) AND LIMITED BUSINESS DEVELOPMENT PROGRAMMES AT NATIONAL LEVELS
- LIMITED FREE MOVEMENT OF LABOUR WITHIN CARICOM

# SOLUTIONS TO GROWTH AND INTERNATIONALIZATION

*Mr. Luis Alberto Moreno, President of the Inter-American Development Bank at the Caribbean Growth Forum:*

- INCREASE EXPORTS
- REDUCE FISCAL PUBLIC DEBT
- INCREASE INVESTMENTS IN INFRASTRUCTURE
- DEVELOP RENEWABLE ENERGY SOURCES
- INCREASE PRODUCTIVITY AND COMPETITIVENESS

# INTERNATIONALIZATION = INCREASING PRODUCTIVITY AND COMPETITIVENESS

- REVIEW OF EXISTING REGULATIONS, POLICIES AND LEGISLATION WITH THE AIM OF CREATING A SEAMLESS AND EFFICIENT BUSINESS ENVIRONMENT
- MAKE THE FACTORS OF PRODUCTION MORE COMPETITIVE – ENERGY, TRANSPORTATION, USE OF INNOVATION AND TECHNOLOGY, RESEARCH AND DEVELOPMENT
- FINANCING – DEVELOPMENT FINANCING, INNOVATIVE SOURCES OF FINANCING, SME FRIENDLY COMMERCIAL FINANCING, PUBLIC-PRIVATE PARTNERSHIPS
- EFFICIENT AND COST EFFECTIVE TRANSPORTATION OF GOODS AND PEOPLE
- DIVERSIFY THE REGION'S BUSINESS BASE AWAY FROM TOURISM, AGRICULTURE AND FINANCIAL SERVICES
- PROPERLY RESOURCED BUSINESS SUPPORT ORGANISATIONS (BSOs)
- BEST PRACTICE GROWTH MECHANISMS SUCH AS CLUSTERING AND EXPORT CONSORTIUMS

# THE CARICOM RESPONSE

CARICOM SINGLE MARKET AND ECONOMY: Supporting instruments include:

- CARICOM INVESTMENT CODE
- CARICOM FINANCIAL SERVICES AGREEMENT
- INTRA-CARICOM DOUBLE TAXATION AGREEMENT
- INVESTMENT INCENTIVES AGREEMENT
- CARICOM SECURITIES MARKET LAW
- INDUSTRIAL DEVELOPMENT POLICY
- HARMONISED MODEL LEGISLATION - SMALL AND MEDIUM BUSINESS DEVELOPMENT ACT 2013
- HARMONISED REGIONAL POLICY FOR SMEs



# **THANK YOU**

**!**

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