



Sistema Económico
Latinoamericano y del Caribe

Latin American and Caribbean
Economic System

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Latino-Americano e do Caribe

Système Economique
Latinoaméricain et Caraïbéen



Public Policies to Promote SMEs Exports

Anderson Cumberbatch, Ministry of Industry
and Commerce of Barbados

Intra-Regional Relations

Workshop on Internationalization and Promotion of Caribbean SMEs Consortiums

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The Internationalization and Promotion of Caribbean SME Consortiums

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Barbados: Social and Economic Indicators

2

Land Area of 166 sq miles

Population 287,733 (2012)

Per Capita Income US\$25,500 (2012)

Adult Literacy Rate 99.7%

Life Expectancy 74.5 yrs

Gross Domestic Product US\$7.09 billion (2012)

Inflation Rate 6.1% (2012)

Unemployment Rate 11.6 % (2012)

Labour Force 145,000

Overview of the SME (small business) sector

3

- Approximately 11,378 small businesses.
- Small businesses contribute 32,000 jobs or 24.8% of employed labour force (2009).
- Contribution of 50-60% of GDP
- Small businesses in wholesale and retail earned Bds\$87 Million in revenue (2009)
- Small businesses in professional services earned Bds\$52 Million in revenue (2009).



SME Infrastructure Sector

4

- Financial assistance (grants and loans).
- Education and Training.
- Policy/Regulatory/Legislative.
- Advocacy.
- Technical Assistance.

Export Framework (Manufacturing)

5

Establishment of the Barbados Investment and Development Corporation (BIDC) whose mandate is to:

- To advise on, promote and facilitate the development of export trade.
- To conduct and facilitate research into investment, industrial development and the export of goods and services.
- To engage in the export of such goods and services.
- To provide financial, technical or other assistance to enterprise engaged in investment, production of goods and services and export of goods and services.



Export Framework (Manufacturing)

6

Major functions of the BIDC:

Export Capacity Building

- General business counselling.
- Product development including product testing and registration with overseas bodies.
- Development and implementation of export marketing plans.

Overseas Market Development and Promotion

- Identification of target markets, buyers, distributors and imports.
- Establishment and management of market development programmes through strategic alliances with distributors.
- Organising of outward and inward trade missions.

Certification

Certifying Authority for exports claiming preferential treatment under a number of Trade Agreements. Provides Certificates of Origin including:

- CARICOM
- CARICOM/Venezuela/Colombia/Cuba/Dominican Republic/Costa Rica

Export Framework (Services)

7

Economic profile

- Contributes 65% of GDP
- Employs 80,000 persons
- Tourism contributes 34% of total exports
- Other business services contribute 24% of service exports
- Non-tourism travel contributes 23% of service exports
- Finance & Insurance 4.4%
- Transport and communication contributes 3%

Priority Areas

8

- **Professional Services**
- **Creative & Cultural Industries**
- **Health & Wellness**
- **ICT & Innovation**
- **Research & Development**
- **Education**

Benefits and Incentives Provided to the SME Sector

- Waiver of customs duties and taxes payable on inputs
- Benefits under Small Business Development Act
- Fiscal Incentives Act
- Export Allowance
- Investment Allowance
- Market Research and Development Allowance
- International Business Company Act
- Special Technical Assistance Programme
- Export Credit Insurance Scheme
- Enhanced Credit Guarantee Scheme
- Export Finance Guarantee Scheme
- Export Rediscount Facility
- Barbados Investment Fund
- **Enterprise Growth Fund Ltd. (Range of Funds)**
- Tourism and Manufacturing Guarantee Facility
- Industrial Credit Fund Technical Assistance Grant

Five Major Exports to Caricom Destinations (2012)

10

Trinidad	Bds\$114,623,000
St. Lucia	Bds\$32,982,000
Jamaica	Bds\$30,380,000
Guyana	Bds\$29,828,000
St. Vincent	Bds\$18,556,000
<u>Total value of exports:</u>	Bds\$270,598.056

Five Major Goods Exported Regionally & extra-regionally (2012)

11

Chemicals	Bds\$128,327,000
Rum	Bds\$82,403,000
Food & Beverages	Bds\$53,592,000
Sugar	Bds\$22,281,000
Margarine & Lard	Bds\$20,238,000

Total value of goods: \$592,877,000

10 Barriers to SME Internationalization/Exports

12

- Inadequate quantity of and/or untrained personnel for internationalization.
- Shortage of working capital to finance exports.
- Limited information to locate/analyse markets.
- Difficulty in identifying foreign business opportunities.
- Lack of managerial time to deal with internationalization.
- Inability to contact potential overseas customers.
- Difficulty in developing new products for foreign markets.
- Unfamiliar foreign business practices.
- Meeting export quality/standard/specifications.
- Unfamiliar exporting procedures/paperwork.

Strategies to Overcome These Barriers

13

SMEs must be:

- Proactive.
- Innovative.
- Have the ability to take risk.
- Develop networking capability, build trust, develop collaboration and relationship building skills.

Emerging Strategies for SME Export Development

14

- Adopt and adapt the SBDC Model.
- Take a pro-active approach to support SMEs' internationalization.
- Exploration of domestic SMEs with high potential for success in emerging markets.
- Segmentation for different groups of SMEs.
- Relate policies and instruments for internationalization with those for innovation.
- Favour linkages of SMEs to global value chains and networks.
- Increase the awareness of existing programmes for assisting with SME internationalization.
- Encourage the integration of a demand-driven perspective into the strategies of Trade Promotion Organizations.

Thank you for your attention



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