

Presentation by Sir Ronald Sanders
To Caribbean Export Development Agency Colloquium
at the Barbados Hilton Hotel
on Wednesday, March 21st 2013

This session of the Colloquium is concerned with "The status of private sector advocacy".

No one in this room needs reminding that the Caribbean is facing its most challenging economic times in recent years.

Indeed, the parlous state of some economies border on collapse, burdened as they are with high debt, alarming budget deficits and disquieting balance of trade deficits.

Some governments are unable to provide the goods and services that their communities require including paying wages for public servants, and they have borrowed their way into calamity.

Some are already in the clutch of the International Monetary Fund as a lender of last resort, complete with its iron-hard conditionalities; conditionalities that impacted severely on the domestic private sector that have been required to endure bigger sacrifices than foreign creditors.

It is this same private sector that is also being asked to maintain employment, keep down prices, and to maintain and expand exports that would lead to increased economic growth.

Other countries are not far from the IMF's embrace.

Throughout the region, we are witnessing a break down in the institutions that are vital to the region's well-being and progress.

The consequences are higher unemployment levels, increasing crime, crumbling infrastructure including roads, ports and tourism plants, education - including the University of the West Indies - and restricted access to capital markets, and even then at higher rates of interest.

Altogether, a scenario that makes the region and the countries within them, less competitive in the global market place.

At the same time, in a region where some of its member states produce enough food to feed the entire area several times over, there is food insecurity and a foreign-food bill of US\$4 billion that is unsustainable.

In a region where there is no energy security beyond dependence on the generosity of an external government, there is no regional plan to pool regional resources in joint action to develop sources of energy that would include oil but also renewable sources of energy.

This is the scenario in which we are discussing Export led growth.

It is the private sector, not governments, that exports or achieves export earnings from services.

Yet, except in Trinidad and Tobago, where there is a government-appointed Standing Committee on Trade consisting of private sector and government bodies, the private sector is notably absent from the table of national policy-making and implementation.

And at the regional level, since the demise of the Caribbean Association of Industry and Commerce, the private sector is completely absent.

In Canada, the United States and the European Union – and now in China and India – governments consult widely and fully with their private sectors who are affected by trade rules and trade agreements.

The negotiators for these governments negotiate for their national private sectors to expand and deepen their market penetration, to put them in the best competitive position.

However, this is not happening in the Caribbean where the distance between governments and the private sector is huge and the level of mistrust is high.

Private sector organisations are as much to blame for this damaging state of affairs as are governments.

For instance, in which Caribbean country has the private sector said to governments that the fiscal situation is unsustainable, and asked for a plan in which they could play a meaningful role?

And at the regional level, where is any vibrant Caribbean-wide private sector organisation that commands the attention of governments by laying-out its own plan for overall economic growth and development?

We have to ask the question: how many private sector organisations are involved with Caribbean governments in ongoing negotiations at the World Trade Organisation?

Two private sector organisations presently stand-out in this otherwise barren field – the first is the Caribbean Hotels Association in collaboration with the Caribbean Tourism Organisation, and the second is the West Indies Rum and Spirits Producers Association.

Both organisations are vital to the region's foreign exchange earnings and to employment, and they, at least, have put forward proposals for the survival of their industries. Regrettably, governments have not reacted rapidly to these serious concerns.

On other urgent export issues, China is now the world's second largest economy. It has over a US\$3.3 trillion in foreign reserves.

What is the Caribbean plan for penetrating the Chinese market with goods and services, apart from the extractive industries that China wants and which China has initiated?

Certainly, China has penetrated the Caribbean where, in a few short years since 2005, it now enjoys a huge balance of trade surplus with the region.

In the best of times, there should be in the region a standing structure of regular and meaningful dialogue and consultation between governments and the private sector.

In the worst of times – such as the time in which we now live – the urgent necessity for such a standing structure is a vital necessity.

Governments should recognise that vital necessity at the national and regional levels; but so too should the private sector.

And, the creation of that structure of government-private sector consultation ought not to be a waiting game.

The private sector is already at the sharp edge of the region's fiscal and economic difficulties; therefore the private sector owes it to itself to present its own ideas to government and to advocate them publicly seeking the involvement of the media and other non-governmental organisations.

For, in the words of the Guyanese Poet, Martin Carter, "all are involved; all are consumed".