
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 2003 – 2008

HOUSE OF ASSEMBLY

Tuesday, May 18, 2004

Pursuant to the adjournment, the House of Assembly met at 10.15 a.m. on Tuesday, May 18, 2004.

PRESENT

His Honour I. A. ROETT, G.C.M., B.A., Dip. Ed. (Speaker)

His Honour J. M. Edghill, J.P. (Deputy Speaker)

Rt. Hon. O. S. ARTHUR, M.Sc. (Econ.) (Prime Minister, Minister of Finance and the Civil Service)

Mr. D. J. H. THOMPSON, LL.B. (Hons.)

Mr. L. R. TULL, Q.C., M.A. (Oxon.)

Hon. Dame Billie MILLER, D.A., B.C.H. (Senior Minister and Minister of Foreign Affairs and Foreign Trade)

Mr. G. W. PAYNE, LL.B.

Hon. R. C. EASTMOND, B.A. (Hons.), Dip. Ed., LL.B. (Hons.), L.E.C., J.P. (Minister of Labour and Social Security)

Hon. G. A. CLARKE, B.Sc., Dip. Ed., J.P. (Minister of Public Works and Transport)

Mr. R. D. MARSHALL (Chairman of Committees)

Hon. H. F. LASHLEY (Minister of Social Transformation)

Mr. R. St. C. TOPPIN, LL.B. (Hons.)

Mr. D. St. E. KELLMAN

Hon. Miss H. E. THOMPSON, LL.B. (Minister of Housing, Lands and the Environment)

Hon. Miss C. Y. FORDE, L.C.P., J.P. (Minister of State, Ministry of Education, Youth Affairs and Sports)

Mr. T. A. PRESCOD, B.A.

Rev. J. J. S. ATHERLEY, B.A., B.Sc., J.P. (Parliamentary Secretary to the Attorney General and Minister of Home Affairs)

Hon. N. A. LYNCH, B.Sc., M.B.A. (Minister of Tourism and International Transport)

Hon. A. P. WOOD, B.Sc., M.Sc., M.Phil., J.P. (Minister of Energy and Public Utilities)

Hon. R. R. FARLEY, B.Sc., J.P. (Minister of Education, Youth Affairs and Sports)

Mr. C. A. MASCOLL, B.Sc. (Econ.) (Hons.), M.A. (Public Finance) (Leader of the Opposition)

Dr. W. F. DUGUID, B.D.S. (Comm.), F.D.S., FDRCS, J.P.

Hon. K. D. SYMMONDS, B.A., LL.B. (Minister of State, Ministry of Foreign Affairs and Foreign Trade)

Hon. D. D. MARSHALL, LL.B. (Hons.), L.E.C. (Minister of Industry and International Business)

Mr. M. A. LASHLEY, LL.B. (Hons.)

Dr. D. C. ESTWICK, B.Sc., M.B., B.S.

Prayers were taken by Rev. Canon Ivan Harewood.

Mr. SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, May 11, 2004.

Hon. R. C. EASTMOND: Mr. Speaker, I beg to move that the Minutes for the Honourable the House of Assembly for its meeting of Tuesday, May 11, 2004, which Minutes have been circulated, be taken as read.

Hon. G. A. CLARKE: I beg to second that, Sir.

Mr. SPEAKER: If there are no corrections or observations, then let these Minutes stand confirmed.

PAPERS

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I am commanded to lay the following:

1. Judges (Salaries) (Amendment) Order, 2004;

2. Annual Report of the Barbados National Bank Incorporated, for the year 2003;
3. Annual Reports of the Supervisor of Insurance for the years 2000 and 2001.

FIRST READING OF BILLS

Hon. R. C. EASTMOND: Mr. Speaker, I beg to move the following Bills be read a first time:

1. The Betting and Gaming Duties (Amendment) Bill, 2004;
2. The National Insurance and Social Security (Amendment) Bill, 2004.

Hon. R. R. FARLEY: I beg to second that, Sir.

The question was put and resolved in the affirmative without division.

SUSPENSION OF STANDING ORDERS

Hon. R. C. EASTMOND: Mr. Speaker, I beg to move that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the rest of this day's Sitting.

Hon. G. A. CLARKE: I beg to second that, Sir.

The question was put and resolved in the affirmative without division.

GOVERNMENT BUSINESS

ORDER NO. 6 – THE INTERNATIONAL BUSINESS (MISCELLANEOUS PROVISIONS) BILL, 2004

Hon. D. D. MARSHALL: Mr. Speaker, I rise this morning to introduce by way of second reading, the International Business (Miscellaneous) Provisions Act, 2004, to this Honourable House. It comes at a time when we begin by recognising that what we call international business can sometimes be a very slippery substance. It comes at a time when the world, as we know it, is changing in so many ways and is changing in ways which impact directly on this aspect of our economy.

Mr. Speaker, I am not sure who it is that said that the only constant is change but in this context, that individual who said it would have been praised for having summed up, in a very neat way, the environment in which we operate today, as compared to previously.
10.20 a.m.

Mr. Speaker, it is common knowledge that the international business sector is a significant contributor to the economy of this country. It currently contributes to the second largest amount of foreign exchange after tourism and for the future it is going to play an increasing critical role as we seek to develop our nation and people and seek to strengthen the Barbadian economy.

This legislation seeks to make amendment to several different aspects of our legislative framework. We have to begin by recognising that the environment in which international business is conducted today is different from what existed in the 90s which itself was different from what we had in the 80s, 70s, as well as in the 60s when the International Business Companies Act was first introduced into law in Barbados.

The first characteristic we have to lay hold of is that this sector is in transition, but not in a way that we should be alarmed. It is characteristic of financial activity, of the way companies do business and of everything that we do. We will see this transition experiencing greater shifts from time to another but certainly always changing.

When the International Business Companies Act was introduced in the 60s as being the *fons et origo* of our international business we had an environment which was vastly different. In the 80s, this Barbados Labour Party sought to strategically strengthen it by establishing several new pieces of legislation to give greater variety of vehicles so that companies could exercise greater flexibility in their commercial matters.

At that time, in the global environment, there was nothing called trade liberalisation. Exchange controls were widespread and countries had relatively high rates of taxation. The environment gave rise to the need for companies to find ways in which to shield their income and reduce legitimately the amount of profits they paid in tax and so have additional capital reserves for investment.

Mr. President, this kind of activity found itself being criticised in recent years. Honourable Members would remember the OECD efforts which I will speak about later, but the point is that the economic environment that faced large global companies was one where they needed to find mechanisms to achieve tax efficiency and maintain competitiveness. However, as global economies have evolved, we have seen that more and more countries are going to a position of having significant lower corporation tax rates, that exchange control regulations have largely gone by the wayside and that we are in the process of liberalising our own exchange control regime.

Sir, today's environment is vastly different to what existed over the last decade. Another important feature which demonstrates the transition is what has happened in terms of trade liberalisation. As I mentioned earlier, in the 70s and 80s there was hardly anything called trade liberalisation and countries did what they had to do to protect their own domestic markets but with the advent of GATT and the WTO, this position is altered completely where we are seeing global trade as the dominant trend and protectionist's behaviour being reduced over time.

We in Barbados have already begun to recognise the way this event will impact on our environment and we ought not to fool ourselves into thinking that trade liberalisation is only a matter for manufacturers, importers and exporters. Sir, trade liberalisation is going to have a significant impact on international business.

I am pleased, therefore, today to come to this Honourable House, not to bring a piece of legislation that is going to alter the bedrock of how we do business, but to bring this piece of legislation to alter the framework in which we do international business as part of a continuum.

Honourable Members would remember that in 2001 the then Minister brought a series of amendments to the Companies Act, the Insurance Act, the International Business Act and the Exempt Insurance Act as a means of ensuring that Barbados continues to meet the needs of the marketplace, and this is another phase of that continuum.

It is important that our international business sector meets the needs of the marketplace because the companies that we attract to Barbados to conduct international business are themselves responding to the needs of the marketplace. Certainly, in the decade of the 80s, it would be fair to say that things moved relatively slowly.

In those days, companies spoke about a strategic plan for 20 years and, Honourable Members would agree that, today companies speak about a strategic plan for two to five years because they recognise that our economic environment is changing so rapidly that it is impossible in any meaningful way to plan 20 years into the future. They have to restrict themselves into thinking about the commercial environment that would present itself to them over the next two to five years.

Sir, when the companies with which we seek to do business are looking to engineer and re-engineer their business processes and their economic models and sales patterns every four to five years, we have to begin by accepting that the commercial environment, once it changes for our client class, must also change in terms of the Barbados sector. This is why it is critical for Barbados to

demonstrate what today we call commercial nimbleness and ensure that as a country our legislative framework is always in step with commercial practices and commercial realities. 10.30 a.m.

If we do not do that, then our client class will simply have to determine whether to stay in a jurisdiction that is not flexible, a jurisdiction that is not keeping pace with international marketing and commercial realities or to move to another domicile.

It would be, perhaps, fair to say that we have been criticised in Barbados, and in some sense, quite fairly, for not having kept apace with what is happening. There are obvious resource issues that affect us but in real terms, notwithstanding the fact that we have had some challenges in terms of our ability to respond to the needs of the marketplace, it is very much to our credit that through the other attributes that Barbados boasts of as a country, we have still been able to maintain and increase our share of the market.

We must begin today by admitting and accepting that as we go forward, Barbados has to be characterised with moving with alacrity as we seek to keep pace with the demands of the marketplace.

Sir, companies are always engineering their models, they are always trying to get into new products and we therefore have to be in step with them. I will outline as I go on during the course of the morning the measures we are taking to achieve this.

Mr. Speaker, we no longer feel that this international business sector is a sector that is to be dominated by foreign companies and foreign ownership. It is, perhaps, true that in the early days of international business when this Government took the bold initiative of creating a separate Ministry for it, it is perhaps true that in those early days it was characterised by a dominance of foreign firms and players.

Today, however, this Government sees the international business sector as a sector that has come to be dominated by locals in terms of the service providers and a sector that holds great potential for domination in terms of the kinds of commercial activity by Barbadians.

I spoke about an industry in transition and the approach of this Barbados Labour Party to that transition was seen quite readily, a few years ago, when we decided to amend the legislation and remove the restriction against International Business Companies by Barbadians. It is important that I remind Honourable Members that was the state of play 10 years ago when Barbadians could not own

International Business Companies. Sir, to ensure that Barbadian entrepreneurs could have the benefit of operating in this sector as a part of meeting that transitional process, we opened up International Business Companies ownership to Barbadians.

Mr. Speaker, the next step of the transitional period came in 2001 when we allowed International Business Companies to do business in CARICOM. Previously, they had to be conducting business outside of CARICOM but we recognised that CARICOM was an important marketplace for all businesses and, in fact, Barbadian entrepreneurs who owned their own International Business Companies had a competitive advantage within CARICOM, which they did not have beyond the region. It was therefore important to bring the CARICOM opportunities within their region. Therefore, that was the next step in meeting the transition.

We are in the process of making a similar transition in terms of insurance companies. I will remind all Honourable Members of this Honourable House that the Honourable Prime Minister in his Economic and Financial Statement spoke to the opening up of captive insurance companies to ownership by Barbadians.

These are opportunities that we are creating for Barbadian businesses to ensure that the whole paradigm of international business being the domain of foreign businesses and service providers is radically transformed to the point where we would see more and more locals dominating the international business sector. Sir, as I said, it is a sector in transition and this Barbados Labour Party, as it has always done, is seeking to respond to these changes.

We recognise that as we go forward, our international business sector must be competitive, first in the local sector, then the regional marketplace and thirdly in the global marketplace. These measures that we have brought onboard over the years have been designed to ensure that.

I believe that a good example in the way in which our economic environment is changing is seen when we watch Lou Dobbs' television programme on evenings where he is constantly preaching and battering the matter of what he calls "offshoring". There is a tremendous and intense public debate in the United States of America at this time, mostly denigrating the move by American businesses to move jobs offshore.

Sir, we must not fool ourselves into thinking that these phenomena will not affect us. In fact, the lobbying has become so intense, that companies that had previously stayed out of the debate have actually had to form their own trade bodies to counter this negative publicity that offshoring is experiencing.

Mr. Speaker, offshoring is at the very heart of what we have achieved in the international business sector. Sir, offshoring, in the way in which the Americans use the term, is moving jobs offshore but also moving commercial enterprises offshore. The reality is, and from where we sit, we know that the offshoring of jobs is really a competitiveness measure that businesses are taking. I do not think that anybody would deny that.

American businesses had to find ways to be competitive, not just in their domestic markets but also in their global markets. One of the modern ways of being competitive is by moving jobs to a domicile where you can get the same work done and the same quality but for far less cost.

I think that Honourable Members would know that in large countries businesses offshored many of their manufacturing enterprises to Third World countries long ago. The offshoring that we are experiencing in Barbados is offshoring of a different kind but it is all part and parcel of what is besetting the industry today.

The effort that companies have been engaged in to try to reduce their cost, to increase their profitability and to have larger sums of money to invest and reinvest in businesses and in the United States of America is being battered, simply because some people are seeing this move as an effort by companies to carry American jobs abroad.

I want to reiterate that our position on the matter is clear. The quality of jobs that is being sent abroad is not necessarily jobs of first tier opportunities. Many of those jobs are still being retained in the United States of America. Many of the Call Centre companies that I deal with say that they have 30 000 employees in the United States of America and they have only offshored 1 000 jobs.

While the issue is one that is receiving great attention and while it is one that we have to monitor carefully, I am satisfied that as a strategy, these companies are using offshoring as a measure of achieving global competitiveness and it is important that Barbados and Barbadians recognise that this is a strategic opportunity for us. We will, perhaps, speak about Call Centres and so on at a later time in this debate.

10.30 a.m.

The point is, however, that the view which is being taken in many quarters is that attempts by North American businesses to increase competitiveness, by setting up offshore companies to achieve tax advantages in places like Barbados, the Philippines, India and Jamaica, are receiving tremendous challenge, at least in the Press in the United States.

Also, the environment that we exist in, is one where we are now placing tremendous emphasis on multi-lateralism. Honourable Members would remember, no doubt, that currently, Barbados is engaged in trade liberalisation negotiations in the WTO, ACPEU, FTAA and the CSME. This means that the emphasis for us as a region, is going to have to respond to our increasing obligations in a multilateral environment. However, the fact is that the principal instruments we have been using to facilitate international business are double taxation agreements and bilateral investment treaties.

We are now at the point where we have to start asking ourselves whether or not this precise model will continue to be of paramount importance, as the entire globe goes towards multilateral obligations. We are already seeing a reluctance on the part of some countries to engage in bilateral talks, not just with Barbados but with anybody else, for the simple reason that they are engaged in multilateral negotiations whether it is in the FTAA or the WTO.

Sir, all of these multilateral negotiations are designed to obtain commitments from countries that may, in some respects, be replicated in the Bilateral Investment Treaties and in the BTAs. Therefore, the environment is one where we are also called to recognise the transition, in terms of how readily countries are willing to engage in bilateral negotiations with, as I said, not just Barbados but across the globe.

I want to say though that it will still be important for us to engage in our bilateral discussions because, as we have seen, the FTAA has been repeatedly forced to reduce its negotiating agenda. As such, the broad areas that would have been negotiated, in keeping with the original plan, is now significantly cut back. Therefore, it is important for us to continue to negotiate wherever possible in a bilateral environment. I am pleased to say that despite the challenges, this Government is going to step up its work, in relation to negotiating double taxation agreements with South American countries.

In fact, our new model is one where we attempt to create an opportunity to negotiate a bilateral investment treaty or a double taxation agreement, by way of increasing awareness of the business opportunities. Previously, we have been dealing with it at a diplomatic level.

In other words, our Foreign Affairs Ministry approaches another country, bearing in mind our strategic goals, and posits that we want to negotiate a double taxation agreement. Once the framework is put in place, we sometimes naively assume that business will follow.

We believe that the time has come when we need to make an addition to the way in which that model used to work. The change that we are making is creating an awareness of business opportunities which will then drive the need for the negotiation of the BTA and BITs.

I believe that our approach with Nigeria is apposite. I am happy to report to Honourable Members of this House that we had two trade missions to Nigeria over the last eight months. These trade missions have seen Barbadian businesses, in terms of people who are producing window shutters, entities that are doing recycling and producing various plastic products out of recycled pet bottles.

They have also seen our solar manufacturers going into Nigeria, and I am very proud of this, all as part of this trade mission, to say to our Nigerian brothers and sisters that we have a commercial experience that we feel would benefit you and would also benefit us. I am reliably informed that we have actually established, with companies in Nigeria, a joint venture product, I believe the Memorandum of Understanding has already been signed, for the manufacturing of solar water heaters in Nigeria for the Nigerian market.

We do not now have a double taxation agreement with Nigeria, but by virtue of having established this commercial opportunity and, hopefully shortly, this commercial presence in Nigeria, it is already driving the private sector in Barbados and in Nigeria to say to the respective Governments that this is a good commercial opportunity, but we are going to be savaged by the horror of double taxation. Therefore, we need to get a double taxation agreement in place.

Sir, the point I am making here is that the paradigm shift for us is where we have moved from negotiating double taxation agreements, purely through the foreign affairs component, to a point where we hope to negotiate double taxation agreements, the need for these agreements having been driven by existing commercial activity. As I said, I think Nigeria is an excellent example of how we hope to move ahead.

Therefore, we are going to be mounting various trade missions. We are going to be reaching out into other markets such as in South America, so that we can sensitise our South American businessmen, into the need to have a double taxation agreement with Barbados to facilitate their business.

I am happy to say that I am personally aware, I believe many other Honourable Members of this House will be aware of the fact that Simpson Motors has a significant commercial presence in Brazil. There are other Barbadian companies that have commercial interest in Brazil. Therefore, we are hoping to build on the commercial activity and opportunities, to

convince the authorities that there is a need to negotiate a bilateral investment treaty with Barbados.

This is characteristic of the fact that we on This Side of the House are satisfied that the old models of activity, really, the old ways in which we do things have to change, in accordance with the new demands of the marketplace.

Mr. Speaker, 25 years ago, this Barbados Labour Party sought to create an international business sector that would be a hallmark of our development. We sought to create an international business sector that was not based just on the IBC of the 60s but was based on more responsive vehicles, and on a wider range of corporate vehicles being available. Therefore, in those early years, we established the Exempt Insurance Act and the International Trust Act to give this international business sector a solid platform on which to grow.

This Barbados Labour Party is proud of the fact that it is our Government that has essentially brought international business to Barbados.
10.50 a.m.

Mr. Speaker, I want to remind this Honourable House that before we were returned to Government in 1994, the international business sector did not benefit from a separate and distinct ministry. As I recall, it was nothing more than a small resourceless unit operating in the then Minister of Finance's Office.

This Government has brought it out of that back room administrative environment and has placed it centre-stage where we now see it contributing to Barbados' economy in a way that gives us great confidence that we can meet our growth needs. Mr. Speaker, we have not only brought it out of that situation, we have defended it against the various thorns and challenges that have come our way.

Mr. Speaker, Honourable Members of this Honourable House would remember the challenge of the Organisation for Economic Cooperation and Development when Barbados was seen by the G7 countries as practising what they called armful taxation. We were assaulted and battered in a way that caused our industry to decline. We were battered in a way that caused many of the individuals who were eager to bring business to Barbados to put everything on hold because they felt that in the face of the challenge with the G7 countries, Barbados had to lose the fight.

However, we successfully defended this international business services sector from the Organisation for Economic Cooperation and Development and from the Financial Action

Task Force and we were able to emerge from that trial by fire without having to make a single commitment. Sir, what is left for this Government to do is to take it to the next level of activity.

Mr. Speaker, because of the transition that is happening regionally and globally, we have to rethink what international business will be for us as we go forward. We have spent a considerable amount of time considering this and I believe that we are at the point where we could safely say that, for the future, international business would not just be the sale or the provision of financial services. Financial services dominate our international business landscape today.

A moment ago, I referred to international financial services because that is what we generally think about when we talk about international business. Sir, going forward, we are forced to re-engineer ourselves and to examine the environment in which we currently operate to make our sector increasingly competitive and relevant in the face of global changes.

Mr. Speaker, this Government has had to ask itself what would be the impact of our multilateral commitments. In the Free Trade Area of the Americas and the World Trade Organisation we are being asked to make commitments for the full liberalisation of services.

Let me remind Honourable Members that international business is nothing more than the provision of services. The kinds of services may vary. For one company it may be financial services and for many others there may be legal services component, accounting services component and investment advice component, but it all revolves around the sale of services.

Mr. Speaker, the commitments we are being asked to make in the World Trade Organisation and the Free Trade Area of the Americas would see us completely removing the barrier to services being provided by foreign entities, because in the same way that we expect to receive the benefit of movement of natural persons, other countries would be expecting reciprocal benefit, so as we reduce the barriers to the provision of services in Barbados by other entities, we are going to have to accept that a lot of what we do today may well cease to be of paramount importance.

Mr. Speaker, we also have to remind ourselves that Barbados is not the only country in the world that is seeking to pursue economic opportunities in this area. There are other countries such as Malta, Gibraltar, Jersey, several of our Caribbean brothers and sisters, St. Lucia, Antigua and Dominica, the British Virgin Islands and the US Virgin Islands that have jumped on to this as an opportunity over the last few years, so we must not fool ourselves into thinking that it is still a closed shop with one or two players.

Mr. Speaker, Barbados has done exceedingly well. We are currently the largest domicile in the world for Canadian parented captives and we currently host over 55 per cent of the worldwide total of captives, but other countries are getting into the business. Therefore, we have to pay careful attention to how we retool to ensure that the international business sector continues to be viable. One way of achieving this is by diversifying.

Mr. Speaker, I want to say to this country today that the time has come when we have to accept that we need to look beyond the provision of financial services in the traditional sense or at all and recognise that for us, international business must now embrace all of the services that Barbados is able to offer.

Over the last 30 years we have so concentrated on financial services that it is proving a little difficult for some people to accept Barbadian service providers to provide architectural services or engineering services, which is international business too.

Mr. Speaker, over the last 30 years, international business was so carved out as a niche market for our finance companies, accounting firms and law firms that we did not recognise that there was significant opportunity for international business across the entire range of service products that Barbados is capable of producing for the rest of the region and the world. It is with this recognition, therefore, that we can begin to set the framework for how we go forward with international business as a nation.

Mr. Speaker, this Government, recognising that international business must henceforth include the provision of all services, has from the very outset encouraged the establishment of the Barbados Coalition of Services. The establishment of the Barbados Coalition of Services is in an effort to follow the example that was set by companies in England when they formed their own Coalition of Services in the 1980s and companies in the United States of America when they formed the American Coalition of Services so that together they could penetrate extra territorial markets. That is what our Coalition of Services is designed to do.

This Government sees our Coalition of Services as being the lynchpin for how we expand the range of international business products that we currently offer. The Coalition of Services currently has a membership of over 1 000 persons that are drawn from across the service providers in Barbados whether it is accounting, funeral homes, architecture, engineering, furniture manufacturing, design services, advertising, *et cetera*.
11.00 a.m.

Mr. Speaker, the Coalition of Services Industries is designed to provide Barbadian service providers with the knowledge of export opportunities. It is designed to organise trade missions; to identify and exploit these market opportunities and to provide service providers to engage in developing export programmes and promotional activities, locally, regionally and internationally.

Honourable Members, we all must remember that when speaking about international business, we are talking about exporting a service. This Government, in ensuring that services export realises the potential for Barbados that it can, has committed \$2 million out of the \$7 million that it has contributed to the Technical Assistance Fund, to be earmarked for the service providers.

Sir, that \$2 million is designed to ensure that our service providers can reach internationally-competitive standards. It is, therefore, the stated aim of this Government to see to it that over the short-term, that 30 or more export-competitive businesses emerge from Barbados, to be Caribbean leaders.

Mr. Speaker, when this Government talks about expanding international business, we talk about expanding not only in the traditional sense of expanding financial services but by going beyond that and expanding international business to encompass the wide range of services that Barbados currently offers.

Sir, so as to ensure that this is not just an ideal dream, we are putting our money where our mouth is, and are committing \$2 million to provide the necessary strengthening and capacity building in these companies, so that they can be truly export-oriented.

Mr. Speaker, it is perhaps unfortunate that today the only companies that have actually expanded their services base outside of Barbados would be the accounting companies principally. Law firms have begun to do that but we desperately need other entities to get in on the act.

Mr. Speaker, having been a graduate of the University of the West Indies (UWI), I often express surprise that in an environment where we were educated with our Caribbean brothers and sisters, we are today still operating in an insular way. Sir, if I need to be more specific, it causes me great concern that having sat next to students from Trinidad and Tobago, Jamaica, and over the region, the number of businesses that have a truly regional focus is so limited.

It is apparent to me that in a situation where one would have engineers coming from across the region who would be studying in Trinidad and Tobago, the time has come when we would have a truly regional engineering firm. I would also

have to say the same thing about my legal profession. The time has come when we need to have truly regional firms in the profession.

We have been schooled with our Caribbean brothers and sisters and after 30 years of university experience, surely together we have been able to gather confidence in ourselves and in our brothers and sisters across the region, that we are willing to cross that new frontier and that we can merge and form regional businesses.

I believe it is to the great credit of the Caribbean that many of our leaders of the 1950s, 1960s and 1970s, were schooled together in England and had maintained those relationships. As far as I am aware, they did not emerge as economic opportunities but certainly they used those relationships to carry their countries forward politically.

Therefore, how much easier would it be for our economists, doctors or lawyers, who have been schooled in the Caribbean, to start to pool our thoughts, resources and intellect together, to form Caribbean firms, but that might be seen as a digression.

Mr. Speaker, the point is, having accepted that we are going to be the hub for services, Barbados has an opportunity today to start reaching beyond our shores, not just in terms of the movement of natural people but we also have to move our companies into regional markets.

Mr. Speaker, the insurance sector is perhaps the largest sector in the Caribbean, and for the second time in a number of weeks, I would like to laud the example of SAGICOR Insurance. Again, I remind Honourable Members that the provision and sale of insurance is nothing more than the sale of a service and we have SAGICOR Insurance that has now expanded into 16 countries, including having an office in the United States of America and in Panama.

Mr. Speaker, as a primary life insurance provider and a general insurance service provider in the region, SAGICOR Insurance has now moved to phase three. As a service provider in our local market, it has established the various efficiencies that it needs to establish. It has then become export-competitive by offering the same kinds of services in the regional markets; and by establishing its presence in Panama and the United States of America, it has now shown that it is ready to go global.

Therefore, when we talk about expanding our services base, it is true that SAGICOR Insurance is a financial services company but the reality is that we have living and breathing examples of where it has gone before, and we can follow these examples to our advantage.

Mr. Speaker, over the years we have recognised capacity issues in many sectors of Barbados. When I say capacity issues, it might be argued that we have only so many tourism belts, or that we have only so many acres of land available for agriculture. Many of the things in which we get involved present limits in terms of capacity.

I want to say that the International Business Sector is one that is not limited by capacity in the same way as would our other sectors because when one is offering services internationally, the only capacity issue with which one would have to deal would be the availability of skilled resources in terms of our people and a legislative and regulatory environment to accommodate the activity.

Mr. Speaker, we can establish as many service-type companies as we could possibly imagine, our only limitation would be our ability to have personnel to service those industries. I, therefore, feel that we have tremendous potential in terms of growth because the capacity issues for us are very different. I think the International Business Sector is a sector that shows how the entire environment of Barbados provides inputs and, therefore, in order for the sector to survive, it needs skilled individuals, who continue to be thrown out by our educational environment.
11.10 a.m.

It is a little known fact that there are international companies in Barbados. I can think of one particular offshore bank, that of a staff of 30 only two are expatriates. Sir, another bank has a staff of 18 and of those only four are expatriates. More and more, these companies are finding the skilled individuals they need among Barbadians and some of them have been bold enough to say that if they cannot find them in Barbados, they can find them in the CARICOM region.

Sir, our educational system has been functioning much to our credit in being able to provide world-class skills for the sector. Once we accept that we have the skills and continue to work at it by increasing training and continuing our efforts with the University College of Barbados to ensure that a cadre of professionals is available, there will be no limitations on Barbadians providing services globally.

Mr. Speaker, the other matter we have to deal with in terms of our capacity has to do with ensuring that there is an adequate legislative and regulatory framework to achieve this. I mentioned earlier the significance of the rapid changes in global markets and the fact that Barbados has to be able to move with alacrity in reframing our environment as and when necessary and without any undue delay.

In our effort to ensure that Barbados achieves an acceptable level of nimbleness, this Government in keeping with its promise in the Manifesto has budgeted \$300 000 this

year to establish a research and development unit in the Ministry of International Business.

The search has already started for employees to serve in this unit and it is charged with the responsibility of ensuring that Barbados remains ahead of the next wave of economic opportunity. It is expected to function by researching all the developments across the globe in terms of international tax, trust and estate planning, wealth management, captive insurance, new business models or whatever.

This unit is going to be focussed on looking at the direction that companies are going in terms of their strategies and making recommendation on what the Government needs to do to ensure that it adapts to the level of change in these companies.

The unit is going to be staffed by attorneys, accountants, economists and we are seeking to bring together as broad a range of skills as possible. Sir, we are looking for people who can work independently and can think ahead of the game. In order to increase our capacity to grow, we are making a substantial investment in the research capacity of this Ministry so that we are able to stay ahead of the next wave.

Sir, we have consultants who are well-respected individuals working in the US market, the Canadian market and we also have a South American consultant. The work of these consultants is to help to keep us in tune with the tax and financial development in various jurisdictions, to help us to stay in contact with key players in terms of the administrative, regulatory, and legislative framework and also to increase our business contact in the private sector.

We have some internationally well-respected individuals working on tax planning and I want to applaud their work. They regularly make input into our strategic thrust. We have not just been dealing with our local service providers but we also have on board an excellent team of consultants across the globe who have been helping to make input in these areas.

Mr. Speaker, I want to refer to a report which we call the "Tillinghast Report", done by a firm, Tillinghast-Towers, Perrin. It is a study that looks at what Barbados' strategic opportunities are and focuses principally on insurance. It was commissioned by what used to be the Barbados International Insurance Association.

Sir, Tillinghast-Towers, Perrin is a well-regarded company which functions extensively in the captive insurance sector. This Report, having studied our

environment, made recommendations as to how Barbados can so deal with its environment to be on top of the insurance market. It shows the interplay of the private sector with Government because the Report has been shared quite openly with the Government and principally the recommendations made in the Report were for the Government.

Sir, I will examine a few of these recommendations briefly and what has been the response of the Government. One recommendation is that we need to strengthen the quality of local service providers and Government's staff. I want to report to this Honourable House that Government has taken this recommendation seriously because it sees us through the work of the Ministry of Education and the Community College trying to ensure, through our training programmes, that we have the kind of people we need to put into the sector including the training of Government's staff.

Sir, one of my Colleagues might want to speak in greater detail on the kind of training engaged in by the various Government departments but, certainly, within my Ministry, our staff has been trained in international trade so that they are on the cutting edge and can respond to the many issues that confront them as they execute their duties.

Sir, I am aware that the OAS is now sponsoring in Barbados at the University of the West Indies, an International Trade Seminar that used to be done at Georgetown University in Washington, D.C. which is opened to Government servants principally. Many of our civil servants in Barbados have been trained at the last two programmes to ensure that the skills required are resident within the civil servant.

Sir, when it comes to strengthening the quality of local service providers and Government staff, I want to say that this Government has risen to the challenge where possible. Of course, in terms of local service providers, Government opportunities are limited. It is largely for practitioners to do the kind of training they need to be able to meet the demands of the market. I am able to say that the accountants and lawyers have been doing a lot of work in terms of providing continuing education for the service providers.

11.20 a.m.

In terms of marketing initiatives, we have done a lot of work in terms of repositioning ourselves in the marketplace. The Barbados Industrial Development Corporation has been charged with the responsibility as the sole marketing agency for Barbados' International Business Sector and it has been doing tremendous work in that arena. The number of trade shows that Barbados has been participating in is significant.

We have hosted international conferences in Barbados and, as I speak, I think that we are committed to holding three international conferences in the international business sector in Barbados in the year 2005. Sir, one conference will be on insurance, one will be by the Society of Trust and Estate Planners, that will be an international conference. The Barbados Industrial Development Corporation has been playing a pivotal role in developing and working with our new marketing thrust.

Sir, it is recommended that we hire a Mr. or Miss Barbados as the cornerstone overseer responsible for being the point person in promoting the domicile in foreign markets. This is another recommendation that we have acted on.

Sir, late last year this Government appointed, through the Barbados Industrial Development Corporation, an excellent individual by the name of Kate Westover. Miss Westover who resides in Virginia has tremendous experience in the financial aspects of the business sector and particularly in the area of capital insurance. She is a frequent speaker on the global circuit on captives. She has also published a training manual in the area of captive insurance.

She has worked for many United States of America companies in terms of getting their captive launched and Miss Kate Westover has been doing fabulous work on behalf of Barbados. She has accepted many speaking engagements and in every one of them Barbados is being promoted. We have latched on to this particular recommendation. We ran with it and it is already achieving results.

Sir, let me tell you about the results. Last year we had about 11 captive insurance companies. Last year, January to May we had a total of six captive insurance companies. So far for this year we have 13 captive insurance companies registered. I am reliably informed that the number for this year is going to be significant.

Sir, Honourable Members on the Other Side of this Honourable House may wonder how it is that such small numbers are meaningful to us. I have to remind the Honourable Members of the Opposition that this Government is not engaged in the kind of numbers game that they would want us to engage in. I will always remember a recent debate in this Honourable House where Barbados was compared with Tortola and it was said that Tortola has thousands of companies incorporated every year.

Asides.

Hon. D. D. MARSHALL: Sir, what the Honourable Member who spoke on that occasion did not say was that the only revenue to the British Virgin Islands, Tortola, Government was the annual licence fee of US\$750.00. He

did not say that in order to get \$7 million in income you have to incorporate about 10 000 of those companies. When a licence fee US\$750 a year is going to be the only revenue the Government is going to be getting, then you have to be in the numbers game. Sir, when no employment is being generated, then you have to be in the numbers game.

Our captive insurance companies are employing Barbadians, bringing tremendous revenue to our economy and are paying taxes based on that revenue. I want to reiterate for the benefit of the Honourable Members on the Other Side that numbers is clearly an indicator of a different kind than it is for us.

Mr. Speaker, captive insurance companies bring real benefits to Barbados in terms of employment generated and taxes paid to the economy, unlike a regime which exists in the British Virgin Islands where the only money that the Government collects will be US\$750 per annum. We have always declared that Barbados is not that kind of domicile. Barbados is not the kind of domicile that is going to be running there and incorporating companies in large numbers, companies that do not do business.

In fact, if the Honourable Members of the Opposition were aware, they would recognise that many of the issues which are raised in the negotiation and renegotiation agreements are based on the fact there are companies that seek to exploit the double taxation agreement but do not do any active business.

It is quite clear that the countries with which we do business and with which we have double taxation agreements, we put it on the table that companies that are to benefit from double taxation agreements are companies that do real business and not companies that just operate as a name doing absolutely no commercial activity in the domicile.

Sir, I am able to draw on my experience as an attorney because we would have been incorporating many British Virgin Islands companies. Those British Virgin Islands companies, to our knowledge, did no business in the British Virgin Islands. There would have been established for the purpose of owning an asset somewhere else in the world but did no business in the British Virgin Islands, resulting in no employment in the British Virgin Islands or generating no revenue for the British Virgin Islands.

In fact, you would have to consider that a company in the British Virgin Islands that had an asset of \$1 000 was paying the same registration fee as a company in the British Virgin Islands that was worth \$700 000 000, no real business. That is how we are differentiating ourselves.

Sir, it is something that is proven to have worked well for us in the past and it is something that we do not intend to deviate from. We are not in the business of setting up companies that are shell companies. We are not in the business of setting up companies that are to own assets somewhere else. We are in the business of attracting solid business opportunities in Barbados.

In fact, we are poised to take it to another level because our aim is to ensure that in going forward, the international business sector, particularly captive insurance sector, will see significant investment and insurance decisions being made in Barbados because of the fact that we will have the personnel that are capable of making those investment and insurance decisions. This would be strengthened by the move by this Government to ensure that captive insurance can be owned by Barbadian entities.

Mr. Speaker, let me give you a practical example. Sir, because of the fact that hurricanes pass frequently through the Caribbean, we have insurance companies in Barbados that pay exorbitant rates for insurance. After September 11, it is extremely difficult to negotiate reasonably simply because of the tremendous losses that would have been suffered in the aftermath of September 11.

In an environment where insurance costs are high, an opportunity is presented for Barbadian businesses to get in on the captive insurance business and establish for themselves a captive insurance either individually or jointly. As a demonstration of the foresight that we have had, in 2001 we passed Segregated Cell legislation.

When we open up the captive insurance ownership by Barbadian entities and you couple that with the segregated cell company mechanism, we will have an environment in which Barbadian entities that have to pay huge insurance premiums, can come together and form their own captive, not individually but jointly.

11.30 a.m.

Sir, because of the fact that their funds can be held in a productive cell or in a segregated cell, they are able to join their resources together for the benefit of all of the companies, by reducing the insurance premiums that they pay and allowing them greater flexibility, in terms of how the insurance premium is to be managed, thus giving them tremendous flexibility in terms of investment opportunities, none of which are present under the existing regime.

Therefore, we feel that to strengthen our sector, we have a formula that would work well, not just for those people who are seeking to do international captive insurance, but for Barbadians to get in on the captive insurance

business. Our captive insurance legislation is good and flexible with sensible capital requirements, in the context of captive insurance companies. This presents an opportunity for Barbadians to expand beyond our shores and offer captive opportunities, across the region.

Sir, the point is that in all of the areas where the *Tillinghast Report* has made recommendations to Barbados, we have been able to make the changes so that we can better accommodate captive insurance. Sir, if that is not being responsive, I do not know what is and, today, I come before this Honourable House, as we move into another phase of the transition.

We are, as I mentioned earlier, beset by various arguments in foreign markets, whether it is in terms of harmful taxation, or in terms of ring-fencing or whatever title might be used to describe the activity. The fact of the matter is that Barbados continues to be a well-regarded domicile, notwithstanding the challenges.

I am privy to many comments made publicly by various commentators in Canada. For example, where Barbados, notwithstanding recent negative advertisements in the Canadian marketplace about our sector, continues to enjoy an excellent reputation. Our consultants in the market have been working assiduously for us, to ensure that we remain well-regarded and that the economic opportunities and benefits of using Barbados as part of a company's tax strategy, remain relevant.

The thrust of the amendments today, can be seen as principally regulatory. I want to stress this because we operate in a global environment where careful scrutiny is directed to the kinds of companies that are coming into a domicile, as its entire reputation can be lost through attracting business that is less than savoury. Therefore, it is important for us to maintain global standards, in terms of regulation and supervision.

We cannot say that we are operating in our marketplace and, therefore, the only standard should be our own. Any Honourable Member in this House who does general accounting, would know that there are general accounting standards that apply to accounting work across the world.

There are standards in food and in everything. There are HACCP and ISO. There are standards also in terms of regulation and supervision of a financial services sector. It is important for us to step up to the global standards that are being set, if we are going to say to the world that we are globally competitive.

Many of the amendments that are here will be to strengthen that regulatory framework by imposing penalties for false declarations, by setting up a system of forms where

there is greater specificity, in terms of the statements to be made. This is an important part of ensuring that Barbados meets the regulatory standards that are accepted globally.

The fact of the matter is that we have service providers who represent the first bridge which is to do their due diligence on their perspective clients. It is also important for us as a domicile to ensure that our regulatory agency is seen as having its own independent regulatory and due diligence framework, so that as a regulatory agency, we can be seen as serious in policing the kind of business that comes into our jurisdiction. As I said, it only takes one bad or unsavoury company coming into our jurisdiction to spoil the reputation that we have fought so hard to achieve and maintain. This Government sees meeting international regulatory and supervisory standards, as paramount.

Sir, as I said before, we have fought off successfully, the challenge of the OECD and FATF. The reality for us is that these countries are calling for a new level of awareness, in terms of anti-money laundering and anti-terrorism. In the global environment, we simply are called on to meet those global standards.

It is nothing that we need to be embarrassed about, but a reality as much as being able to establish that your milk was pasturized before you put it in the bottle. It is a concept of an international standard that we are now called on to honour. If we are to be seen as a global player, we simply have to meet the kinds of standards that are required for serious companies in the global marketplace.

Mr. Speaker, there are several things I would also want to look at briefly. As we go forward, we have to recognise that Barbados, apart from not having significant capacity limitations, had the benefit of being immersed in the provision of international business for 30 years. Therefore, we are in a situation where there is no learning curve for us, in terms of our ability to provide services globally or regionally.

However, we as a Government feel that it is important for us to develop a spirit of export when it comes to services, so that our service sector thinks immediately of the entire region as their marketplace, and not just limit themselves, as the customers that they may see as available in Barbados.

The other amendments that are being proposed in this legislation are to the Insurance Act and the Exempt Insurance Act. I want to mention the amendment to the Exempt Insurance Act which essentially deals with our captive insurance market.

The issue here relates specifically to Canada where we have been trying to adjust our legislative framework to

accommodate the taxing issues. As it stands, we changed our regime to allow a new concept called, the qualifying insurance company, which came into Barbados and established themselves on the basis that they would pay tax retroactively, either to the date of establishment or to 1996, whichever was the later.

In the beginning there was a deadline set for December 31, 1998. This was not met and in successive years, we have been forced to change the deadline.
11.40 a.m.

We have taken significant advice on this particular issue. It is recommended that we need to bring certainty to the tax position of quality insurance companies, and that we need to try to separate it from any issue relating to our ongoing discussions with our Canadian tax partners. Therefore, this particular amendment is timely as it would bring certainty to the sector and would, hopefully, provide a clearer framework within which our quality insurance companies would operate.

Mr. Speaker, I would like to remind Honourable Members that all of these amendments have been framed in full consultation with the private sector. I want to publicly laud the work of the Barbados International Business Association. In my view, the Barbados International Business Association represents a prime example of how a trade association anywhere in the world should function.

It is voluntary in its membership. It has, in many instances, made sacrifices in terms of members' time. It has always interfaced with the Ministry and the relevant Government agencies to make sure that the sector continues to adapt and it has been doing an extremely good job of it.

Mr. Speaker, since becoming Minister, I have committed to meeting with the Barbados International Business Association and its representatives on a monthly basis and we have been doing so. It is through these interchanges that I try to ensure that we are always familiar with the issues as and when they arise so that we are aware of them in a proactive way rather than after the fact.

Mr. Speaker, I have called publicly before for a strong Barbados International Business Association and I wish to make that call again this morning. This trade association has tremendous potential for Barbados. In a way it is a good example for the Coalition of Services to follow because all of its members are concentrating on the export of services, though of a particular kind.

Mr. Speaker, I wish to publicly thank the Barbados International Business Association for its support to the

Ministry in two ways. The Barbados International Business Association has been working with us in trying to get our legislation right. That is not to say that it was wrong to begin with, but it is to recognise that as the commercial environment changes, our legislation has to keep pace with those changes.

Sir, the Barbados International Business Association has been doing a lot of work in ensuring that the Ministry and its officers are aware of the developments that have been going on internationally. However, until we can get the research and development unit off the ground, we would have to rely extensively on the private sector because they are the ones dealing with the United States of America tax people, the Canadian tax people and the United Kingdom tax people. They are the ones who have a better feel than we do for what is happening in the marketplace and they readily supply us with that information because it is to everybody's benefit that we make rapid changes.

Mr. Speaker, they have also worked extensively in advising my predecessor as Minister on matters of international business and I am happy to say that they are doing so again with me in this particular capacity. The other way in which they have helped is by setting their members to the task of conceptualising new methods of doing business, things that we have simply not been able to do.

Mr. Speaker, the Barbados Insurance Association is now a part of the Barbados International Business Association. The Barbados Insurance Association is the one that commissioned the Tillinghast-Towers Perrin study. The Barbados International Business Association has been doing a tremendous amount of work and I want to publicly thank them. They also assist us invaluablely in terms of helping us to market.

Sir, it is a little known fact that on every trade show the Barbados Investment and Development Corporation goes on that they rely on members of the private sector to travel along with them to go into the minutia of the legislation and so on, and its representatives have always risen to the occasion to participate in that way.

Sir, I want to indicate publicly at this time that as Minister I have now appointed two advisory committees. One is an advisory committee on international business. That particular advisory committee is being chaired by a partner of a major accounting firm. The individual I have chosen to Chair that committee is very well regarded, has tremendous experience and is sure to serve the committee well.

The committee is made up of 13 individuals from several segments of the market. They are people who are

involved in insurance and the formation of international business companies. They are also lawyers, accountants and tax planners. These persons have a wide wealth of experience and they are expected to advise me as Minister on the issues and also on the direction we wish to take.

Mr. Speaker, of equal importance is the recent appointment by me of the advisory committee on the non-traditional businesses. This advisory committee is to advise me on all of the matters as they relate to the expanded thrust of international business. It is to work hand in hand with the Coalition of Services.

In fact, the present President of the Coalition of Services is appointed to be the Deputy Chair of that particular advisory committee. The chairman of that committee is also a well-respected member and partner of an accounting firm. That committee is essentially to provide advice to me as Minister, to my colleagues and to the Ministry on all the matters they consider to be important as we seek to expand our international business sector into the services component.

Mr. Speaker, the legislation is an ombudsman piece of legislation. It is going to amend the International Trust Act, the International Business Companies Act, the Exempt Insurance Act, the Insurance Act, the Societies with Restricted Liability Act and the International Financial Services Act. Much of it is going to be regulatory but there are some other amendments here that are designed to help us to stay ahead of the game, that are designed to help Barbados to achieve our strategic goal. This is just another phase in the transitional process. We recognise it is in transition, and that we need to move swiftly, and we are up to the challenge.

With those words, I commend this legislation to this Honourable House and beg to move that the Bill be read a second time.

Hon. R. C. EASTMOND: I beg to second that.

Mr. C. A. MASCOLL: Mr. Speaker, we just witnessed an intellectual discourse devoid of structure, lacking in substance but having the size in terms of time, yet not delivering the substance of the amendments to the legislation. The Honourable Member spent almost an hour and a half speaking and has not yet made contact with the substance of the amendments.

Mr. Speaker, I wish to say, notwithstanding the intended changes to the legislation, that in the absence of public sector reform to effectively and efficiently execute the Government's administrative machinery that these amendments would come to nought.

I wish to make direct contact with a study that the Honourable Member referenced, the 2001 *Barbados Strategic Planning Study* which was done by Tillinghast-Towers, Perrin. What fascinated me was the Honourable Member's attempt to draw on the recommendations in that Report. He said that the Report recommended the strengthening of the quality of people in delivering the necessary service to this sector, and then in his usual language, he said that the Government took it seriously. He never said it was implemented, he said the Government took the recommendation seriously.

11.50 a.m.

Mr. Speaker, the Honourable Member went on to speak about marketing initiatives at the Barbados Industrial Development Corporation. His third contact then was with the proposal to put either a Mr. Barbados or a Miss Barbados into the frame as part of the marketing strategy.

Mr. Speaker, I have the privilege of a more recent report which was written in February this year, from which I will quote. The document is called: *Realising Barbados' Potential as an International Business Centre*. Sir, at page 5 of the document, which will be made a document of the Honourable House, it says:

"In 2001, a 'Barbados Strategic Planning Study', done by Tillinghast-Towers, Perrin took an in-depth look at Barbados' competitiveness in international insurance and made a number of recommendations, many of which are relevant to the International Business Sector as a whole. The only recommendation, which has been implemented, is the appointment of an International Business Sector representative to develop business opportunities out of the United States of America insurance market."

Mr. Speaker, I could only presume that the recommendations to which the Honourable Minister has spoken, were implemented subsequent to February 26, 2004. This most recent study, in fact, has taken to task the Government for not having considered more than one recommendation in the Tillinghast-Towers Report, 2001.

Sir, it surprises me to hear the Honourable Minister suggesting that the Government has seriously taken the report and has started to implement its recommendations. There is an inconsistency of sorts.

Mr. Speaker, let me go further and look at some concerns raised in this Report. This is why I am suggesting that there has to be a Public Sector Reform Programme as a precondition to getting the international business sector up and running, in the way that we know it can and in the context that it was placed back in 1995 by the Honourable Prime Minister of Barbados who had seen it as second only to tourism, and, in fact, had identified this sector as being capable of producing 2 000 new jobs each year, over a five-

year programme. Sir, rather than creating 10 000 jobs since 1994, this sector has, in fact, seen a dramatic fall in the level of employment in the International Business Sector of Barbados.

Mr. Speaker, I wish to make direct contact with some of the comments made in that survey of the most recent report done by a local consultant. Sir, as a criticism, on page 9 of the Report, it says:

- (1) It can take forever to get a reply from a Government agency. If you write a letter, don't expect a reply any time soon;
- (2) The amount of time wasted at different Government offices is mind-boggling;
- (3) Legislative amendments are available, only as changes and in hard copies, (not on e-mail). So you have to take an old Act and have someone type in the changes, in order to create your own copy of the new Act. This does not impress prospective investors.

Mr. Speaker, in short, it does appear as if the international business sector has not yet moved to the new age of technology, in which people can move freely from one amended piece of legislation to the other.

Mr. Speaker, the Report then goes on to analyse the various important institutes of Government, Corporate Affairs, and the Intellectual Property Office, and, in fact, critiques this area. At page 11, it went on to make recommendations with respect to:

- (1) Establishing performance standards at the Corporate Registry, to ensure prompt and consistent processing of documents;
- (2) Improve corporate name reservation system, so that name reservation and confirmation of acceptability of name for registration are simultaneous;
- (3) Ensure that International Business Sector and Society of Restricted Liabilities Licences are effective as of date of application or are issued no later than three days after application.

Mr. Speaker, therefore, one understands why it is imperative that the Government not only seeks to amend legislation but seeks to ensure that the public sector is in a position to effectively execute any programmes and policies of the Government within the context of the international business sector.

Mr. Speaker, at page 12, it went on to criticise the Customs and Excise Department.

- (1) Although most international businesses enjoy freedom from import duties, there is inconsistency across the various pieces of legislation with respect to this issue. Customs duties are not applicable to international banks, but the legislation is not explicit. International Business Companies (IBCs) and Society of Restricted Liabilities Licences (SRLs) have duty-free status but not Exempt Insurance Companies;
- (2) The process for clearing duty-free items is too cumbersome. It can take four days to obtain small packages. In some areas, despite the provision of a letter to the Comptroller of Customs, evidencing duty-free status, duty will still be charged and then must be reclaimed.

Mr. Speaker, the Report then makes recommendations with respect to what could be done to improve the existing circumstances at the Customs and Excise Department, and by way of example, sought to show that a captive manager of a local company brought in three T-shirts valued at US\$40 for his staff, and ended up paying BDS\$240 in duty on those three T-shirts.

Sir, this is a simple example to demonstrate that the environment even within an already established captive insurance company is not, in fact, conducive to further growth. Therefore, we will demonstrate that rather than there being growth in this area, there has been a considerable decline.

Mr. Speaker, coming out of the analysis of this local consultant, the Report recommended:

- (1) Streamlining Customs process for international companies and suggested implementing an account number system;
- (2) Implementing door-to-door delivery for international companies, instead of the current collection system;
- (3) Remove duties on all packages arriving by mail or Fed-Ex, with a value of \$500 or less.

Mr. Speaker, I am suggesting that here again, in spite of all of the so-called amendments being made to the legislation, the nitty-gritty issues impacting on this sector need to be addressed.

The Report then looked at the question of the Immigration Department and outlined a host of recommendations, I supposed to be sent onto Government for consideration, but certainly given this most recent document, it is particularly evident that, in fact, the Honourable Minister not only needs to meet with BIBA but needs to take seriously any advice that is being given because it does appear that the document was written in a fairly friendly language and in an environment that is conducive to cooperation.

Sir, certainly having spent one and one-half hour this morning addressing the circumstances in the International Business Sector, the Honourable Member has never fully made contact with the really pressing issues as identified by the players in this particular sector.

Mr. Speaker, there is also an analysis of the legislative environment, and I found it intriguing that the Honourable Minister could have suggested that there would soon be an environment in which local businesses can get involved in captive insurance.

The Honourable Member went on to say that, in fact, they need to come together, which is a "must" because the underlying issue in insurance is risk, and if one cannot pool together in insurance to become large enough, then the capacity to cope with risks and to deal with the eventuality of risks, is an extremely dangerous environment in which one would have to operate.

Mr. Speaker, let me be more simplistic in the language. We have been lucky for perhaps several decades, not to have had a serious hurricane in Barbados. Therefore, the temptation is there to suggest that perhaps local insurance companies could come together and on the basis of coming together, pool risks, and to be able to cope with any eventuality that might result from the passing of a dangerous hurricane in Barbados.

12.00 noon.

In spite of the fact that we have not had a serious hurricane for many years to suggest that local companies will take the chance to manage against such risk in an environment of such uncertainty is in itself a major risk for local companies. Therefore, we have to be careful not to use the fact that a hurricane has not passed for many years, to make a suggestion that there can be such a coming together of local companies.

He went on to say that these local companies came under the umbrella of segregated cell companies. In the same Report to which I referred earlier, it is stated on page 17, that although the Companies Act provides for the formation of segregated cell companies, an existing exempt insurance entity cannot become a segregated cell company because the mechanism has not yet been prescribed. Sir, I hope that the Honourable Minister would take note of that reality.

There has been the passage of legislation in this Honourable Chamber about three years ago but in this report it is being stated quite clearly that existing exempt insurance entity cannot yet form segregated cell companies because the mechanism has not yet been prescribed.

Mr. Speaker, this Government has a way of listening to advice, acting and then making it seem as though they suggested it. In a debate in the Upper House, I recall making the suggestion that local companies can be involved in the establishment of International Business Companies (IBCs). We noticed not long after that local bands which ply their trade outside of Barbados have been able to establish IBCs to take advantage of the ability to earn foreign exchange on behalf of Barbados.

Mr. Speaker, it was always the case that IBCs could be established by local companies because in an environment in which there is globalisation, the levelling of the playing-field and the removal of fiscal incentives to attract individuals to our shores; in an environment in which you cannot have such discrimination, it would not be appropriate for any legislation to discriminate against local companies.

Therefore, it was always the case if you are moving towards an environment in which there is going to be a level playing-field for all, then there would have always been the desire to allow local companies to establish international business companies to take advantage of the capacity to earn foreign exchange beyond the shores of Barbados.

Out of that discussion, we recognised that even locally, it might become very difficult to put fiscal incentive measures in place because one could always argue that fiscal incentives discriminate against local companies in favour of foreign companies.

Whereas back in the 1950s and 1960s, we wanted to attract foreign investment and it was desirable to put a legislative framework in place in order to permit and allow foreign companies to invest in Barbados and across the region, it would always be discriminatory to now have such a system in place where foreign companies have been able to benefit substantially by way of concessions that local companies would not have.

Therefore, it is in that context that the whole concept of developing special development areas ought to be seen from the point of view of discrimination because you are going to be offering foreign investors certain benefits in this new global era, then those benefits would have to be considered for local companies as well since you can argue discrimination, as has been the case in the United States of America.

Mr. Speaker, this is precisely why Barbados no longer has foreign sales corporations. Sir, foreign sales corporations are no longer operational due to a World Trade Organisation ruling categorising the entity as an unfair trade subsidy offered by the United States of America.

To this date, Barbados now has zero foreign sales corporations because the concept of discrimination was invoked to deny companies setting up such foreign sales corporations overseas in order to demonstrate unfairness to existing companies at home in the United States of America.

There is a major debate coming to Congress in the United States of America for further consideration of some of these entities that are allowed to establish offshore. Herein lies the argument that globalisation cannot last for too long because, here it is that the United States of America, a major part of WTO which is supposed to facilitate the allocation of resources, labour and finances equally and equitably across the globe, removed barriers of entry and allowed and permitted free flow of capital yet the United States of America is now engaged in an offshore debate which is contrary to the spirit of globalisation. Therefore, globalisation has a very short life if it comes in to play next year.

Sir, there is no way that the United States of America could now be engaged in such a debate while we are making amendments in this legislation to allow insurance companies to come here in a greater way and while we are expanding the concept of local versus foreign to understand that local now means CARICOM and not Barbados.

Sir, while we are facilitating this process, there is a debate whether or not companies in the United States of America should go offshore. I am suggesting that herein lies the need for discussion and argument. Sir, if the United States of America plans to adopt this position, then we in the developing world would have to consider whether globalisation is the way forward for us.

Sir, as CARICOM and other developing countries start to feel the negative impact of the greed of these developed countries, they will start to react as people become affected by the process. Therefore, it is easy to see that we are at the stage where we need to consider whether or not the current strategy we are engaging in beyond the shore of CARICOM is a desirable strategy. That is all that I need. I am a CARICOM person and will always be one. The thing is, can we operate in an environment in which obstacles are being constructed for us? That is the argument.

12.10 p.m

Mr. Speaker, I said at the start of my speech that the Honourable Minister spent a lot of time engaging in discourse that was not structured. I now need to get to the

heart of the matter with respect to the international business sector and what is it? How does it really contribute to our process of economic growth and development?

Sir, after many years of putting emphasis in this area, would you believe that the Government of Barbados cannot measure the contribution of the International Business Sector to the Gross Domestic Product of Barbados? There is nowhere of measuring what the International Business Sector is doing within the economy.

If we had identified this sector of being so critical to the process of our growth, we would have ten years in which to engage some consultant to give us an opportunity to gauge the relative importance of the sector to the economy so that we could know whether or not policies which we are implementing are given the kind of result that we desire.

Sir, in the absence of being able to measure the contribution of the sector to the economy, how could we now know whether or not policies are effective, working or correct? Therefore, it does not surprise me that this sector has not delivered to the extent that was anticipated in 1994.

This sector has not delivered to the extent where we can say that it has employed many more Barbadians. This sector has not delivered to the extent where we can truly gauge its impact on foreign exchange, and we are still guessing today as to the true impact of the International Business Sector.

Sir, this cannot be seen as just my criticism because the World Bank in an earlier report said that Barbados' achievement in the areas of the International Business Sector has been modest. I think that we all would agree that it has been modest. I think that we will all agree that the international business sector has not performed to the extent that we would have anticipated and there are clear pieces of evidence to show that this is so.

Mr. Speaker, Caribbean Data Services was supposed to be a major player in the offshore sector, as it was then called. It hired in excess of 1,200 people at the time. There is no more Caribbean Data Services in the landscape of Barbados. The company PRT was supposed to be a flagship firm within software development in Barbados. It then became heritage and it no longer exists in the offshore sector or the International Business Sector of Barbados.

Sir, the two most prominent firms that were established in Barbados and had a chance to grow and develop its International Business Sector, have, in fact, left the shores of Barbados within the last six years. This was a sector on

which the Government and, certainly, the Prime Minister of Barbados placed heavy emphasis. This was a sector that was supposed to deliver 2,000 new jobs per year. Rather than delivering 2,000 new jobs per year, there has been a decline in the level of jobs in this particular sector.

Mr. Speaker, it gets deeper than this because there is need for criticism of the way we present information on this sector. If we look at the Central Bank report to see what the international business sector is doing, it tells you the number of new licences issued to active business sector companies. Then on the basis of new licences issued, the Central Bank does an assessment and it would read something like this. I quote from page 6 of the Annual Report.

"The international business and financial sector performed relatively well in 2002 partly due to the removal of Barbados from the OECD list of tax havens in 2002. Licences for new international business companies totalled 260, a 24 per cent increase over the previous year representing a substantial turnaround from the 54 per cent decline registered in 2001."

Sir, out of that last sentence, the impression is given that there would have been an upturn in the amount of activity in the international business sector as reported in the *Central Bank of Barbados' Annual Report for 2002*.

Mr. Speaker, what is unfortunate about this is that it speaks only to new licences issued. In fact, if you look at the same document which was produced this year, you would see that there is a substantial difference between international businesses registered in Barbados and international businesses that are active in Barbados. In fact, of the 4 635 international business companies registered in Barbados in 2003, 1 726 were active.

Mr. Speaker, it, therefore, means that less than 35 per cent of the registered International Business Companies in Barbados were, in fact, active companies. While the Central Bank may use new licensed businesses to show an apparent improvement, what is fascinating about this statistic is that in the year 2003 there were less active international business companies than there were in 1996, seven years before. Therefore, over that period there would have been a major decline in the actual active international business companies in Barbados. That is what has to be analysed.

Sir, that is why I am saying that you can get information that gives you the impression that the International Business and Financial Sector has done very well based on new licences as opposed to the amount of companies that are active within international business.

Mr. Speaker, I said that because of a United States of America concern, we no longer have foreign sales corporations. In the year 2000 there were 2,975 foreign sales corporations. When we look at the area of the International Business and Financial Sector that was identified by the Minister as a potential growth area that is captive insurance, there has been a decline in the amount of active exempt insurance companies in Barbados between 1996 and 2003.

Sir, what I found fascinating is that the Honourable Minister said that when compared to the British Virgin Islands, while we may have less insurance companies of this kind and while there may be thousands in the British Virgin Islands, the British Virgin Islands company only pays US\$750 a licence. The Minister went on to say that the local exempt insurance company environment employs more people, I supposed per company, than in the British Virgin Islands.

Mr. Speaker, I want to ask this question. Is the Honourable Minister saying that a captive insurance company in the British Virgin Islands, to which he referred, differs in nature, design and style to one in Barbados? If he is saying that, then he cannot make a comparison between captive insurance companies in the British Virgin Islands and Barbados.

12.20 p.m.

I suspect that, in fact, they are similar. Therefore, I would wish to ask the question, what is there about Barbados that allows for a greater employment benefit from captive insurance companies, than there is in the British Virgin Islands? As far as I gather, the British Virgin Islands is simply a tax-free domicile. Therefore, it has not to do with the insurance company itself, but the fact that it pays no taxes and becomes more attractive than Barbados, and any other domicile in which you have to pay some degree of tax.

It cannot be the case that the two insurance companies would differ substantially in what they are seeking to do within the region. Therefore, you cannot say that there is an employment benefit in Barbados that is not happening in the British Virgin Islands, so I had to take some objection to that point that was made by the Minister.

Asides.

Mr. C. A. MASCOLL: Mr. Speaker, it goes further. We have been given the impression that this sector is doing major work and the evidence is quite clear that what is happening in the sectors is to the contrary. I would have thought that after going for 10 years, we would have had an extremely well-developed International Business and Financial Sector. We cannot say that, and let me say here now that I am even going to query the so-called \$400 million

foreign exchange earnings from this sector.

Sir, having worked at the Central Bank, I know that the way the balance of payment survey is conducted, does not necessarily yield certain results. I would like to see from which source, this foreign exchange earning contribution to Barbados' economy is being derived. If it is so, I can tell you that we will have to contemplate whether or not, in net terms, the international business and financial sector is not making as big a contribution to Barbados' tourism, and I know that is not true.

Therefore, given my limited knowledge of economics, I would like to know really from which source was this particular figure derived, and how it was put together. If indeed we are capable of measuring the extent of the foreign exchange contribution in the International Business and Financial Sector, then we have to be in a position to measure the contribution to this sector to the GDP or local value added of the economy.

In the absence of knowing what the local value is to the Barbados economy, I have grave difficulty in understanding how we can know so well, the foreign exchange contribution derived from the sector. Sir, we know that this sector is at the high end and that the greatest benefit really goes to the fellows who have been able to build lavish buildings at Collymore Rock and other such locations in Barbados, and that the major benefit would derive from persons who had been able to invest in such buildings.

It does not really benefit or go down to the lower end of the market, except for the employment of two persons in a company, and for the most part, the payment of utilities and taxes.

Sir, when you look at the international business sector, and what is happening even across the landscape with respect to real estate, there must be a source of concern, and the impact that the building of those particular buildings would have made to the overall increased land values, and real estate values in Barbados.

Once there is a contraction in the sector, you can well anticipate the amount of excess capacity that is going to be lying around Bridgetown, as a result of the contraction that has been, and will continue to occur in the International Business and Financial Sector, and the extent to which that contraction would then impact on overall real estate values in Barbados. This is a major area that has to be analysed and discussed.

Sir, we know how it is in Barbados that the investors, and rightly so, would go for the safe investment. Once you have land and you build, you are guaranteed an adequate

rate of return. The thing that we need to ask is, what will happen in the event, as is now the case, when there is a contraction in the very sector to which those particular buildings were catering? We know of the excess capacity that already exists in allowing the Collymore Rock stretch and buildings in other parts of Barbados.

Mr. Speaker, I am aware of the time and therefore I am prepared to come back after lunch.

Hon. R. C. EASTMOND: Mr. Speaker, the Honourable Member has given way, without prejudice, to continue after lunch.

SUSPENSION

Hon. R.C. EASTMOND: Mr. Speaker, I beg to move that this Sitting be now suspended until 1.30 p.m. today.

Hon. R.R. FARLEY: I beg to second that, Sir.

The question that this Sitting be now suspended until 1.30 p.m. today was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the Sitting accordingly.
12.26 p.m.

RESUMPTION

Mr. SPEAKER: This Sitting is resumed.

Mr. C. A. MASCOLL: Mr. Speaker, I rise to resume my speech after lunch not because of the quality of the lunch but to pick up the strides that we were in before.

Mr. Speaker, as far back as the early 1980s, as a young economist in the Central Bank of Barbados, we had major discussions about how Barbados could become a service driven economy. What is fascinating about life is that many times when ideas come from people below the top layer, those ideas are not treated as seriously as they should be.

I well recall one young economist at the time arguing every week with the management of the Bank at the time that we need to devote more energy to tourism, services and research. At the time, the top management of the Bank was not as convinced as he was. That young economist, Peter Whitehall, emphasised daily that they needed to do more research, and the time has come for it to happen. Peter was a man who was of his convictions and once he is convinced about something, he cannot be turned back. We know there are several people like that in life.

Mr. Speaker, to truly embark on the services sector, even our legal profession has to be reformed. It is well known that several legal firms from North America and Europe are looking to come to the shores of Barbados. It is believed, in studies and in the services sector, that many of our lawyers have remained as separate one man run entities for the most part, whereas the new challenge up ahead is how to get several different disciplines to come together to deal with what the future holds for Barbados.

In that regard our legal profession has to try and adapt to the changing circumstances in the practice of law, if not we are going to find that some of the large legal firms from abroad will come and dominate the legal environment in Barbados.

Asides.

Mr. C. A. MASCOLL: Mr. Speaker, as we become increasingly more globalised and as we become increasingly more regional, it is going to be impossible to stop the advance.

Asides.

Mr. C. A. MASCOLL: It is going to be around for 10 to 15 years and then it would go. It is just a process. At this time, globalisation is an experiment.

Asides.

Mr. C. A. MASCOLL: Sir, because of what it appears to hold now for us, it has to be redefined up ahead, perhaps, in our favour. As it stands now, there is no doubt that the developed countries would benefit even more under this process called globalisation, so the legal fraternity is going to be challenged because of the influx of skills and because our systems will facilitate the search for legal advice beyond the shores of Barbados and CARICOM.

It is just a matter of time before the adjustment is made in terms of bringing together the required skills. This is also true within auditing and accounting. Ernst and Young, Peat Marwick and other large accounting firms in Barbados have been around for several years. However, it is going to be impossible to stop other companies from becoming part of the landscape of Barbados and the region, and we cannot use any form of discrimination to prevent it.

Asides.

Mr. C. A. MASCOLL: It is just like how we talked about the influx of the Guyanese and other people. Let us look back at our history and see that we migrated and it is going to be very difficult to stop the process at this stage, so it is a question of adopting to the new reality.

Mr. Speaker, the recent Budget made provisions for a 35 per cent exemption of pay to companies hiring foreign skills. If we are going to open up our markets to allow for the influx of skills, then we have to respect the skills we have. In the same way in which we are saying that there must be a level playing-field, consideration would have to be given to locals to have this kind of benefit as well because they are going to be offering their intellectual property, and you cannot discriminate on the basis of their location or their nationality.

Therefore, this would have to be revisited sooner rather than later because it is already a provision within our personal income tax exemption where non-nationals are allowed to come and get 35 per cent tax exemption. That is something that would have to be considered for local professionals as well because the world is supposed to be without borders, and if the world is going to be without borders, sooner rather than later, it is going to be very difficult to refer to a Barbadian in the context of work. If there is going to be a free flow, it is going to be very hard to restrict your legislation to a Barbadian. Mr. Speaker, I think the Prime Minister has recognised the importance of having a legacy, therefore the Caribbean Single Market and Economy is a stage upon which one could be built.

1.40 p.m.

Mr. Speaker, I have no doubt that the emphasis being placed on the Caribbean Single Market and Economy has as much to do with that, as it has with anything else. The issue is that we are tending to advocate at this stage, even now increasing our double taxation treaties with other countries, according to their capacities to have direct foreign investment, either in or out.

As long as we are a part of a mix that allows us to link with countries that have a high potential for foreign direct investment, then that is one of the criteria for becoming attracted to these kinds of countries.

The problem is that whereas before one could have justified double taxation treaties on the basis of bilateral arrangements and such like, in light of the circumstances that now prevail where one's worse enemy is to be given equal treatments to one's best friend, it is going to be very difficult in this new environment to justify double taxation treaties when other countries could always cry foul and ask why they cannot have such a privilege.

Mr. Speaker, the privilege, therefore, cannot be restricted to Barbados. In fact, sooner, rather than later, we have to be thinking in terms of CARICOM and the rest of the world, and not Barbados and the rest of the world. Therefore, our "bilateral double taxation treaties" would be CARICOM, not Barbados and the United States of America,

but CARICOM and the United States of America, and it has to start. In fact, it is the only obvious extension of the CARICOM Single Market and Economy.

Mr. Speaker, the provisions which we have used in double taxation treaties over the years to gain an advantage would no longer be relevant within the context of the wider CARICOM region. Therefore, what is being suggested is that we need to look at other areas in which we can develop a comparative advantage over other countries.

Sir, notwithstanding my desire to see CARICOM come together, we still have to individually pursue notions of efficiency and effectiveness. Therefore, that can be the only basis upon which an advantage can now be established or even sought, within the context of a CARICOM arrangement.

Sir, as I have said, any legislation or institutional arrangements that can be established within CARICOM, must be allowed across all the countries of CARICOM. Therefore, it still comes down to one fundamental issue, that is, how do we develop our human capital in such a way as to take advantage of any opportunities that lie ahead for us as a country?

Sir, our human capital development and our ability to provide the necessary skills will become, and should have been, the major focus of our strategy over the past 10 to 12 years. We should not have lost sight of the need to develop and to prepare our people to take advantage of any opportunities that might result from this new movement across the world.

Mr. Speaker, that is the context in which I have almost been too repetitious in speaking to this issue of enrolment, in speaking to the question of young men not taking full advantage of opportunities at tertiary institutions for their own self-development. It is also the context in which we have to praise our females for now outnumbering our young men at the ratio 3 to 1 at tertiary level institutions.

It is the only thing that we have had all of these years and it is the only thing that we will continue to have, that is the human resource. We are not going to be bigger, we are not going to be much richer unless we get an opportunity to get some of the oil from Trinidad and Tobago, which might be a necessary pursuit, but I cannot see any automatic change in the circumstances surrounding our countries, in terms of resource endowments. I can see a deliberate strategy on the part of Governments to make the best possible use of the excess capital resources within the region, and there are several excess capital resources within the region. Therefore, in a very strange way, education is still the key to success of Caribbean countries. It is the only way forward for Caribbean countries.

Mr. Speaker, what makes it particularly interesting at this stage is that not only would we be investing in such a social good but that social good now carries a serious economic value because of its ability to move beyond the shores of Barbados, and to be used extensively across the region and across the hemisphere.

Therefore, in short, the only way forward for us in the region, is to make even greater use of our human capital base in terms of its preparation for opportunities that lie ahead. Sir, if we are speaking about services, we have to understand the areas in which we ought to provide these services.

Mr. Speaker, I begun my speech by suggesting that no matter what we do with legislation, a critical component of the process has to be Public Sector Reform. I mean it because I have sought to explain this before, that there are basically two sectors in any economy – the private sector and the public sector. If the private sector is able to adapt to the present changing circumstances without the attendant changes within the Public Service, then the overall economy can be no better off.

Therefore, since the private sector depends on the public sector to facilitate its movement and its ability to be able to achieve and to get the job done, then the most critical part of our overall strategy is a Public Sector Reform programme that understands the need to become more efficient, more up-to-date and more effective in delivering the necessary services for the wider economy.

Mr. Speaker, we therefore, cannot escape even today, the whole notion that there has to be Public Sector Reform of a critical nature, and not the kind that we are practising because we seem to be practising a Public Sector Reform that speaks more to issues such as supersession, how do we position our people in order to get greater opportunities for them, rather than being concerned with the overall output of the private service and not to be concerned simply with an individual within the service, which has to be addressed as a matter of necessity.

Mr. Speaker, if it is critical to address issues of Public Sector Reform in Barbados, then the issue of taxation is at the heart of it because the two cannot be separated. If it is that we understand the future, if it is that we understand the need to better position the Public Service of Barbados, then we have to understand the extent to which we can deliver that objective within the ability of the economy to raise taxes which are absolutely critical in terms of carrying out the necessary reforms, or in terms of carrying out overall objectives as a Government.

Mr. Speaker, in that regard therefore, we are now being forced into a position to make adjustments to our local

corporate taxation and to bring it more in line with the existing tax on International Business Companies (IBCs).

Sir, I went to the website of the Ministry of International Business and it was suggesting that the measures that were put in place by the Honourable Prime Minister were more or less conforming to narrowing the gap between the level of taxes paid by domestic companies and those paid by foreign companies.

Asides.

Mr. C. A. MASCOLL: But that is an almost unachievable objective because to narrow a gap of 1.5 per cent and one of 37.5 per cent, over what period would it be done, would require us not to ask for an increase in the taxes imposed on International Businesses but we will have to think in terms of reducing taxes paid by domestic businesses. If it is that we cannot increase taxes paid by International Business Companies (IBCs) because we are competing in an environment in which it is accepted as a low tax regime, then we are confined and have no choice but to reduce the overall level of domestic corporate tax.
1.50 p.m.

If that is so, Mr. Speaker, then we are in a position where tax reform really means tax reduction over the next few years. Sir, you cannot reduce your taxation without making adjustments to your levels of experience. Barbados is going to be caught in a position of looking at both sides of the coin.

Mr. Speaker, it is particularly clear that this whole international business sector development has to be looked at within the context of several different aspects of the economy pertaining to the Government's administrative machinery. We need to look at the legal infrastructure, professional services and our tax policies.

We have dealt in some measure with telecommunications and the issue of education but most important is the need to be able to measure what it is we are seeking to do. Sir, we cannot continue as a Government to be in a position where we are unable to measure the contribution of the international business sector to the economy in a way that allows us to access whether or not policies are giving the kind of results that we expect and are able to evaluate.

In the absence of knowing what the sector is doing, we cannot fully evaluate its performance in the economy. This has been a major source of concern for us for several years. We have placed our hopes on this sector but yet have not done the kind of research necessary to be able to evaluate its performance and say whether it needs impetus here or input there because the whole entity has not been assessed.

Mr. Speaker, the amendments in this Bill were not fully dealt with by the Honourable Minister. It is more to do with imposing penalties on persons and redefining what CARICOM means within the context of the overall international business sector. While the amendment takes a lot of paper, basically they deal with the same thing over and over again whether in the Insurance Act or in the Exempt Insurance Act.

It is evident from the amendment that we are creating an environment in which foreign insurance companies are going to be able to practise far more easily in our environment. It therefore, has implications for the ability of many smaller insurance companies to survive. Already some insurance companies in Barbados are approaching insolvency. As I have said before, it would not be prudent to mention names because it can have a severe impact on their performance.

The evidence is clear in Barbados that some smaller insurance companies are in need of assistance. The only means of assistance that can be offered at this stage is to merge with larger entities. We have to understand that insurance is about risk and to deal with risk, you must have large numbers. This is why an insurance policy with a face value of \$100 000 may have a premium of only \$71 monthly because you are managing risk.

When smaller companies get involved in insurance, they are more vulnerable than larger companies. In this new environment in which foreign companies are allowed to come and serve, it means that our smaller insurance companies are going to be under greater threat.

I am not surprised to hear that a performing insurance company like the Insurance Corporation of Barbados is on the cards for sale. Sir, if we sold the Barbados National Bank, then it is quite obvious that the Insurance Corporation of Barbados could also be sold, but that would depend on your policy position. I thought that we should have kept Barbados National Bank given it had been turned around. If the Government did not keep the Barbados National Bank, I cannot see how it would not sell the Insurance Corporation of Barbados, so it is up for sale.

Therefore, what becomes critical is the use of the funds derived from the sale of the Insurance Corporation of Barbados, how those funds could be used to effectively engage us in creating a new services economy in Barbados and the extent to which Government is prepared to better utilise those resources in order to execute the objectives of the services sector in Barbados.

Sir, we have to be prepared for the onslaught because we were discussing this issue of globalisation for a long time

but now that the reality is clear, we are better able as a country to understand the implications of it. I have always said that we never quite dealt with the potential threats and opportunities of globalisation in the way in which we should because we could have anticipated better what we were going to confront as a country rather than wait and be confronted with the impact resulting from that confrontation.

Mr. Speaker, we have seen opportunities here in which the international financial services sector is being allowed to purchase foreign bonds, certificates and notes and, given what we experienced most recently in this Parliament where insurance companies were allowed to increase their capacity to purchase property and real estate from 15 per cent to 25 per cent of their assets, it is only correct to allow for greater opportunities for foreign placements within the international financial services sector of which the insurance sector is a part.

I hope that given what we are seeking to pursue as a country that in this context, insurance companies may also seek to exploit even further opportunities to invest beyond the shores of Barbados. In the absence of doing so, they will not be able to diversify their portfolio enough to deal with the potential risk that lies ahead in this industry.

Therefore, I cannot object to the potential changes as they appear to be designed to assist in putting the international financial services sector in a better position but I hope whatever we do, in terms of policy, that it redounds to the benefit of Barbadians. Sir, to this day, I am not satisfied that the international financial services sector has not been pursued enough for it to be reflected in the lives of average Barbadians.

Sir, I believe that like me, other politicians have a difficulty when we try to conceptualise what is the international business and financial sector. Sir, we have to remember that there are international business companies, restrictive societies, exempt insurance companies and offshore banks so it is not easy to conceptualise in one's mind and even though there is activity around the international business sector, it is not quite clear to what extent average Barbadians are benefitting from the international business and financial sector.

Sir, on reflection, the Owen Arthur's Administration must have struggled over the last ten years to come to terms with what this sector ought to be delivering and why we have not seen the sort of benefits being derived from this sector over the last 10 years or so. It is not clear to me that there has been a deliberate strategy with a particularly clear vision how to pursue the process in this sector.
2.00 p.m.

Sir, what has happened, more or less, is that our Government has reacted to changes regionally and internationally in order to either protect or advance the cause of the sector, but it has not been able to clearly define the path that is necessary for us to say that the international business and financial sector are on the correct path, a growth path or a developmental path. In fact, the evidence is there to show that we have experienced a decline more so than any growth in this sector. I think that has to be highlighted.

Mr. Speaker, I know that there are several areas that can be dealt with under this legislation but I can see no difficulty in agreeing or supporting the amendments that are being sought here today. However, I will repeat that inasmuch as you can amend legislation, you can improve the regulatory and supervisory environment for the sector that unless the public sector in particular is repositioned to be able to deliver the necessary services to the overall sector, then we as a Government would have failed. That is, the Barbados Labour Party would continue to fail in delivering this sector in bringing it towards the level of maturity we have anticipated after almost 20 years of its involvement.

Its character has changed but we have not been able to change in a dynamic way to respond to the kinds of changes that have occurred regionally and internationally to reposition the sector.

Mr. Speaker, I wish well but I still remain concerned about the ability to measure this sector's contribution to Gross Domestic Product. I remain concerned about the extent to which it contributes to taxation, even though it does. I remain concerned about the genuineness of its foreign exchange contribution to Barbados.

I remain concerned about how many people it does employ and to what extent can we be happy with the level of employment of the sector. I remain concerned about the extent to which average Barbadians really benefit from the international business and financial sector.

Sir, even with those concerns, I support the amendments to this legislation.

I thank you.

Hon. R. R. FARLEY: Mr. Speaker, I rise to give support to these proposed amendments to several aspects of the legislative framework which govern the operation of the international business sector in Barbados. This sector continues to be a major aspect of our economic arrangements in this country. This sector provides opportunity to this country to be able to earn its way in an increasingly globalised and, indeed, an increasingly hostile world.

It is one of the sectors of the economy which is not only relatively new but one which had to undergo several significant changes in its short existence and it will continue to undergo changes, some changes in relation to its own internal dynamics and others in response to some unforeseen fractures which are thrown at it.

Sir, let us not fool ourselves that the sector has over the past few years undergone some very serious challenges. In fact, in the post-September 11, MCI, Worldcom, Enron and this anti-terrorism environment, there has been a focus on international financial centres which have been anything but helpful or healthy. Sir, before those turn of events, the focus on the international financial sectors was from the perspective of negative competition.

We had the pre-September 11, and probably going back to the late 1990s, a perspective that had developed in the OECD that these new international financial centres were providing competition for them. Notwithstanding that the OECD was in its broader international trade negotiations, the OECD countries, particularly the G7 within that group, and they were coming up with a new world-based system of trade designed to prise open the markets across the world for their manufactured products and heavily subsidised agricultural products.

They wanted to ensure their superiority in the adoption of intellectual property related products whether in electronics or pharmaceuticals, and ensure that the rules of international trade would protect their interests around the world.

Sir, when these new international financial centres recognised a crack that they could prise open by way of financial services, the G7 countries within the OECD called it harmful competition. It was a most amazing thing.

Mr. Speaker, they were saying globalisation, competition and openness. They came in droves, whether they were ambassadors, other government representatives, consultants or motivational speakers. Sir, whenever they came, like the World Bank and the International Monetary Fund, the prescriptions they always advanced were that we open up, drop trade barriers, liberalise your economies and get rid of licences.

Mr. Speaker, this advice would have led one to believe that once you were open to competition that automatically economic prosperity would be the order of the day. Therefore, it was quite shocking when they made one exemption which was not to include financial services. Our G7 countries' markets were to be the recipients of global capital.

Sir, we made sure that we were able to emerge but then we had to face the hard knock of the corporate scandals in the United States of America where the approximate 15 000 companies that are traded on the securities markets had got themselves in the habit of their record keeping and reporting to show earnings where corporate governance was required to take a back seat to the private interest of directors and management.

There were then some spectacular collapses and as such the action taken by the Government of the United States of America, through Congress, to impose new and more strict regulations on the corporate world in the United States of America.

2.10 p.m.

Sir, as I mentioned previously, the focus on terrorism is knowing your customer, to be able to track international money. All of those, Sir, have come together to create an entirely new world for international finance, compared to where it was ten years ago.

What is interesting is that for Barbados, given some very sober decisions that we would have made as a country, going back, Sir, from the late 1970s early 1980s, in relation to the nature and character of the International Financial Centre that we chose to operate, has put us in good stead. The opportunity for the future exists for those financial centres that are able to find a balance between flexibility and control.

Flexibility, Sir, will continue to be important in order to ensure that we attract business. Let no one fool themselves. Money will always be mobile. It will find its location where it will be safest, while getting maximum rates of return. If the money is not in Barbados, it will be somewhere else.

The bottom line is that those countries which are pushing for the strong relation of the international business and financial services sectors want the money at them. The reality is that in order to continue to be in the game, we need to have some regulation but the flexibility as well.

I think, Sir, that we are in a position today where we have evolved a sector that offers the flexibility through new legislation. In the last few years, we have created the opportunity for segregated cell companies, for variable insurance products, again using the same segregated cell accounts.

We have had a series of innovative legislation that has provided opportunity for major companies to be involved with Barbados, while being able to meet the strict regulatory requirements which have now been imposed on offshore

centres around the world.

Therefore, whilst the sun may be setting on International Financial Centres elsewhere in the world, the sun continues to shine for Barbados as an International Financial Centre. We need to make hay whilst the sun shines, and be very much aware of what is happening in the marketplace. I am very pleased that the Ministry of International Business is establishing its dedicated research unit, because information and intelligence will be the driving force to determine our future success.

I also note that, notwithstanding the fact that financial services have been the flagship of the international business sector in Barbados, the Ministry also recognises that it is, but one component of a broader international business regime, Sir, and specific measures are being taken to further develop the fledgling non-financial aspect of the sector.

Sir, there is the matter of trade in services, such as the sale of educational services abroad, the sale of legal, dental and information technology services, the operation of call centres, software development companies, the sale of our music, sports and several other aspects of services abroad, some of which we are not able to contemplate today.

Sir, what is fundamental though, is that we create both the legal and financial frameworks that encourage and create a mind-set in our people that will have them focus on the outside world. They must have an outward orientation.

Sir, we live today, notwithstanding the challenge of globalisation, because there is a downside and an upside. The upside is that today, in 2004, we can contemplate the development of this country, without the feeling of being restricted to a land mass of 166 square miles, and being restricted to a population of 268 000.

The new rules of trade, Sir, as well as modern information and communications technology make it possible for Barbadians to deliver their services and goods anywhere in the world. It has in a way, provided a better opportunity, a more even chance for small countries and indeed, Sir, even for small companies to be able to participate in the international economy, in a way they could not previously.

Take, Sir, the old mode of international business. International manufacturing or international distribution, for example, could only be done by what used to be called the multinational companies, or the transnational companies. For example, if you wanted to be in international distribution, or international manufacturing, you needed to have enough money to invest in plants in different places. You needed physical facilities because everywhere in the world there were trade borders and tariff walls.

Sir, if you wanted to sell in CARICOM, you had to at least set up one company in CARICOM. If you wanted to sell in Latin America, you had to set up one or two companies there. In addition, to advertise you either had to use the broadcasting networks, such as ABC or NBC. You had to use the magazines like TIME, NEWSWEEK and the ECONOMIST, and the two major newspapers.

Today, Sir, not only a company but any individual, can get his message across, via the Internet. No longer does it cost as much as it did before, to participate in the international economy. No longer is the lead time as great, not that we still do not have to pursue those avenues, but the essential point and the illustration pack which I make by way of anecdote, is the fact that in my constituency of Silver Sands and Inch Marlow, there are many small operators with two-bedroom or three-bedroom wooden houses, who do not advertise in the Ins and Outs Magazines. They do not go to Travel World and ITB in Germany, yet, they are able to get their message across. They are on the Internet.

A few of them, Sir, have even moved to the next point. They recognise that their key market is with the Windsurfers, and that Barbados is listed as the Number 10 location for Windsurfing in the world, and they have taken out some ads for the area in the Windsurfing magazine. This is niche marketing and, by and large, they are on the Internet.

I would never forget, Sir, a couple years ago, the first year that we reopened the harvesting of sea-eggs, I went out on the first day of the official season to see how things were going. We were standing at the beach by Round Rock and I was speaking to a lady as she was breaking her sea-egg shells. I asked her how things were going. She said that she was very glad that Condor Airlines was coming back to Barbados. I asked her why, and she said that Condor Airlines would bring in the Germans who like her houses.
2.20 p.m.

Asides.

Hon. R. R. FARLEY: Mr. Speaker, she has been putting her information on the Internet and the Germans were booking with her in their droves so much so that she had to send the spill over to Amaryllis Beach Resort, Asta Hotel as it was at the time.

Sir, such is the nature of international business in 2004. We therefore need to ensure that not only do we remove any impediments in our Laws and in our fiscal arrangements but that we also, by way of our education and our exposure, create many more persons with the mind-set of that lady who was breaking sea-egg shells on the beach in Silver Sands, who has an outward orientation and is willing to take on the world and to win.

Mr. Speaker, there are many more persons across the whole range of activity of Barbados than there were before, but more remains to be done. Arturo Tappin is more popular in Japan than he is in Barbados. He is pursuing his talent on the international stage. Of course, Sir, you would have heard that great presentation he did along with Luther Vandross where Luther makes reference to Arturo's name and said that this was one of the best love songs he has heard in years.

Sir, the changing face of international business is a wave on which we must ride. We must whip up the momentum and the internal energy of that wave and we must ensure that wave washes across the whole of Barbados. We will continue to vigorously exploit the opportunities in the international financial sector, the IDCs, the captive insurance and the mutual funds. The true long-term benefit to Barbados will be where we have many more Barbadian companies selling their goods and services and ideas and talents into the international community.

Mr. Speaker, I am pleased to note that the Ministry of Education, Youth Affairs and Sports, through the University of the West Indies and the Barbados Community College and, indeed, the educational system generally, has developed a deliberate focus on capacity building to ensure that the 66 000 young people we have in the educational system from kindergarten through to graduate programmes at the University of the West Indies would see the world as their oyster. Opportunities exist not only for exposure and attitude building toward international business but for practical training which would give them the tools that are so essential in this international environment.

Sir, I want to report to this House on the commitment we have made to expanding access to tertiary level education in Barbados. In fact, studies were done in the Organisation for Economic Cooperation and Development countries comparing the Organisation for Economic Cooperation and Development countries with some of the least developed countries in the world.

These studies noted a correlation between the level of tertiary education in the countries that are successful and have been modernised and those that are not. In the Organisation for Economic Cooperation and Development countries, 50 per cent of the persons 20-30 years old are actively engaged in some form of tertiary education.

We have recognised that in a services-driven economy we depend on tourism; on financial services; on other non-traditional services, construction, accounting services, medical services, dental services, legal services and on a whole range of other trades. There are also many skilled activities in the leisure industry from masseurs, health and fitness instructors, musicians, *et cetera*.

Mr. Speaker, if we are to raise the standard and quality of service which is what would differentiate this market in tourism and services generally and which would determine the rates we are able to charge, education and training are where it is at. Those improvements in quality and charting a new level of service are not the results of any accidents.

Therefore, the commitment to expanding the access already in train through the University of the West Indies where enrollment grew by some 10 per cent during the last year, at the Barbados Community College where enrollment has grown by almost 2 000 persons over the last 10 years and at the Samuel Jackman Prescod Polytechnic where enrollment has doubled from 1 200 to 2 500 students, provided opportunities for people.

Sir, within the lifetime of this Administration, we have created at the University of the West Indies, Cave Hill, the Centre for International Services recognising that if our university was to be relevant to our developmental needs that we needed to have a focus on those sectors of our economy and society which were pivotal to our development.

The Centre for International Services got off the ground slower than we anticipated, but it has already begun its work to make sure that there is a continued focus on training and development for the people who would be providing the support services, for the people who would be entrepreneurs in the new economy, those involved in insurance and financial services, those involved in information technology and in software development, *et cetera*.

Mr. Speaker, in September of this year at Cave Hill we will start, as a joint project with the Organisation of American States, the World Trade Organisation and the private sector, a masters degree in international trade policy which would cater to Barbados and the Organisation of Eastern Caribbean States because we recognised that international trade skills, whether one wants to use them in diplomacy, in strategic planning in private sector organisations, in industry associations, in advisory and regulatory agencies of Government and in building up the capacity so that Barbados can lodge appeals and bring cases to the World Trade Organisation to protect our vital interest, that is a very progressive and aggressive approach.

Mr. Speaker, there is also now at Cave Hill a Masters Degree Programme in International Management which is designed to produce not just general managers but managers who by way of training and orientation would be in a position to function in Barbados or anywhere else in the world with a clear understanding of the challenges, opportunities and the regulatory environment of the several

markets from which they will source products and into which they will sell products or services. It is very well-subscribed and proceeding apace.

2.30 p.m.

In addition, through the Centre for Management Development, the Executive MBA Programme has provided an opportunity of training, exposure and development for practising managers, recognising that not every manager would have been cut from the mould which says that one goes from primary school, to secondary school, to 'A' Level, to university, and then to work, and that having ascended the heights of management or other practical endeavour, one must still be able to do something of the nature of an Executive MBA, in order to use a modular approach and to build on the practical experience which already resides there.

In terms of building capacity in our cultural sector, we had a good discussion a number of weeks ago and I would not breach the Rules of this House by reflecting on discussions already passed. Sir, the bottom line is that this Administration has a two-pronged approach to exploiting the full benefits of international business in Barbados, as we will be pushing to develop fully the financial component.

Sir, others will speak to the expansion of our international tax treaty network; to our work in the anti-money laundering arena, to ensure that we maintain high standards; to our implementation of a series of regulations that is known to suit the Barbados situation; to the work that we continue to do in defending our interest in the Organisation of Eastern Caribbean Development States, Washington and other places, where there are unfriendly forces, where there are persons whose sole intention it is to remove International Financial Centres from the face of the earth, and we will assert our right to live.

In fact, I was very hearkened to see that the same World Trade Organisation (WTO) which has imposed some conditions on us, has given us the right to fight. Sir, for example, Antigua and Barbuda has brought a case against the United States of America in the World Trade Organisation (WTO). The case was one with which Barbados would not be familiar, that is, Internet gambling.

The bottom line is that the United States of America has banned its citizens from participating in gambling in Antigua and Barbuda via the Internet. Antigua and Barbuda has asserted that this was unfair and filed a case that America was in breach of the regulatory regulation and they won. They won because the United States of America cannot permit its own citizens to gamble via the Internet at home, and then prevent them from gambling on the Internet in Antigua and Barbuda.

Sir, as a country, we, therefore, need to commit to using all of these avenues to defend our vital interest but we also have to agree that we need, even more rapidly than we have already done, to develop the other aspects of our international business sector. We need to develop those aspects which are, rather than depending on foreign investors to exploit the legal and regulatory framework that we have, the one which is built on the talents, the vision and the foresight of our local entrepreneurs.

We must give them all the tools that are necessary, including sound and solid education, even more than as generous terms as we possibly can, given the international rules-based environment in which we operate, but generous incentives, and every possible assistance to grow their businesses into international forces to be reckoned with. That, Sir, will be the ultimate measure of our success in the international business sector. We need not choose between one and the other, as some persons are suggesting. It is quite possible and indeed we have already shown that we can develop them both simultaneously.

Sir, I would want to salute the Honourable Member for St. Joseph, for the energy, dynamism and the work he has so far done, and certainly this Administration will continue to give him all the tools and support necessary to get on with the job.

I thank you, Mr. Speaker.

Mr. D. St. E. KELLMAN: Mr. Speaker, I too rise to speak in this particular debate. Sir, it is rather interesting that the Honourable Member who has just sat was able to make the connection between community tourism and the topic at hand, and I think it will serve the Honourable Member's Party well to understand the significance of community tourism to the development of Barbados.

I am also glad that at least someone from the Other Side has been able to appreciate the point and can recognise that community tourism is not a \$20 tourism trade but that it is the basis for us to increase our productive capacity to help carry the country forward.

Mr. Speaker, it is no doubt that community tourism lends to this Government an opportunity to move from a developing country to a more developed one.

Sir, the Honourable Member for St. James North once asked me to expand my knowledge and to explain to this Honourable House, the good fortunes of community tourism. At that time, I had only given the Honourable Member a bit of my knowledge by reminding him that the platform for community tourism did not start with tourism, but with the sugar industry when we had the small holders associating

themselves, along with the large plantation holders, and creating what we called a sugar industry.

Sir, this shows that in all major industries, when there is the combination of both small and major players, it is the contribution of the smaller players that adds the gravy to what we would call the significant players, in order to complete the industry. That is why I have always made the point that until we can include and can recognise the significance of the smaller players in tourism, then the tourism industry in this country would not advance.

Mr. Speaker, I am happy to recognise that there is at least an Honourable Minister on the Other Side who is not prepared to say to bring pressure on the smaller players or to keep them out but that the Honourable Minister is prepared to appreciate the contributions of those players. Sir, as long as this is accepted by the Cabinet of Barbados, then we can see real growth within the tourism industry.

Mr. Speaker, I would boldly say that one of the reasons why there are players in Barbados who do not want what we would call the "small man" to get involved in tourism, is that these persons do not want the Barbados Government and the people of Barbados to know the true contribution of tourism to the economy of Barbados, neither do they want to let people know the amount of money that should be in Barbados but does not allow itself to come into Barbados.

These persons honestly believe that if the smaller players are allowed to enter the tourism market, they would then create the impetus within the economy, and that it would cause the Government to want the larger players to get involved and to continue building on that growth.

Mr. SPEAKER: Please, we have allowed you to make your points.

Mr. D. St. E. KELLMAN: We are discussing services. We are discussing the second reading.

Mr. SPEAKER: I have allowed you to make your point on community tourism. I have not stopped you. I am asking you now to address the substantive Bill which is before the House.

Mr. D. St. E. KELLMAN: I thank you, Mr. Speaker, but it is going to be very difficult for me to debate in this Honourable House, if we keep the debate at this level.

Asides.

Mr. D. St. E. KELLMAN: Mr. Speaker, you were in the Bahamas with me when we discussed this very point, the effects of globalisation and the impact of these things and you understand fully the impact of the Organisation of Eastern Caribbean Development States.

Mr. SPEAKER: That is why I have allowed you to make your point. All I am suggesting to you is to make the connection between the point that you have made and what is before us.

2.40 p.m.

Mr. D. St. E. KELLMAN: It is no doubt that when the OECD made the point that we needed to report on those investing in our country, we were able at that Conference to show that we had an alternative. I made the point that if the OECD wanted us to report on their investors, we only had to ask them to report on investors who were involved in tourism and who keep their monies overseas. If we used that as the alternative, we would have a good argument to conquer the position put to the OECD. Mr. Speaker, you were at that meeting in the Bahamas and if you recall the speech was picked up by CNN.

Sir, in earlier years, it was barter, then it moved to the capital markets and now it is moving back to barter, what we would call trade where we are using the product for money so it is not barter as we knew it in earlier years. Sir, we have now gone full cycle. It is clear that the international market does not operate in the interest of small countries.

The G7 countries dominated the money marketplace for a period and now finding another way to dominate because, at the end of the day, output is maximised for them whether in goods or lending money. Sir, small countries like Barbados must understand that when there are significant changes on the international market it must be careful and find a way to exploit those changes.

Sir, Barbados must learn how to exploit the international market by using the Internet. Sir, all-inclusive tourism, as service, was by accident and forms part of this Act. It was put on countries by Barbados because it was an opportunity by people overseas to collect a share of the market but we ran for it without studying the marketplace.

Sir, Barbadians must fight all-inclusive tourism by using community tourism and allowing the small man to use the Internet system to advertise his property without having to go through the big players who are looking for a larger share of the market for themselves.

Sir, I have said before that our tourism is better served because we do not have international brands. Many people believe that we need to have Marriott Hotel and other brands

but I believe that when you market the Sandy Lane Hotel or Almond Beach Hotel, we are marketing Barbados but when you have an international brand, you do not know what you are marketing. It is important for a small country like Barbados to support the players who have 100 per cent repeat guests to this country than those who only get 10 per cent repeat guests.

Sir, if we are to maximise tourism in our country, we need to give support to the players of community tourism and not put stumbling blocks in their way. Sir, in the same way they have used the all-inclusive concept, they will find another way to keep out the small players.

Sir, in the cotton industry, it was felt that we had a superior product which would have made us a number one player in the industry whereas others providing the same product elsewhere would be seen as number 10 players.

Sir, there is no doubt in my mind that the cotton industry has been sabotaged. We in Barbados must understand that in the international market there is international jealousy and international sabotage. We cannot honestly believe that because we have a good product that we can market it on the international market and there will be no interference.

There will be stumbling blocks put in our way and we have to be careful how we market a particular product. If you market directly to the consumer, you cannot go wrong but as soon as you engage other people whose interest is elsewhere you will find yourself with a problem.

Sir, the biggest problem we have in the Caribbean is that we do not understand the message which is sent. It was obvious to me that our taxation system was working in our interest and the evidence of that is when the OECD sought to blacklist us. Instead of Government forging forward in advancing the interest of itself, it got bogged down and behaved as if the charge made against it was correct.

The reason why the market declined is because Government did not take a positive approach and go forward, as I advised. They took a negative approach by defending themselves when they should have used that negative information in a positive way to get more people to come to Barbados in the financial services sector.

Mr. Speaker, the fall-off had nothing to do with the OECD but with the approach because instead of Government being proactive they allowed themselves to be caught in a trap. Sir, we have to understand that the world market is for everyone and the same things people want to dump on us they will put stumbling blocks to make sure that we are not capable of delivering the same amount to them.

Sir, it is not going to be an easy road because even though trade liberalisation and globalisation sound good, there is a reason for it. It is clear that the G7 countries have come up with a system to increase their market share by limiting other countries in their endeavours. Government has to look at the areas where they have the advantage and push forward. While the G7 countries are putting stumbling blocks in the way, we need to educate our people on the importance of localisation.

Sir, the countries in the Caribbean will always have problems because, instead of teaching localisation, they taught them globalisation. We skipped a whole stage when we did not educate our people to deal with localisation.
2.50 p.m.

We have not educated our people how to deal with localisation, but we want to teach them how to deal with globalisation. It would have been better if we had taught our people how to deal with localisation and then introduce globalisation.

Sir, now that we are seeking to teach our people about localisation and being 100 per cent Bajan, we are now trying to teach them how to be Barbadians while we should be teaching them to be Caribbean people and then extra-regional people. Mr. Speaker, we are stuck in the mould that we are 100 per cent Bajan in a globalised world. Ten years after being warned about globalisation, we are still 100 per cent Bajan. Sir, I prefer to be practicing localisation because the stage of being 100 per cent Bajan is long past.

Government has to be very careful how they sign onto the marketing of 100 per cent Bajan because they may be in breach of the World Trade Organisation Rules. We cannot say that we have signed onto international rules and practicing something different.

Sir, we cannot give international players a better environment in which to work over our local players. We also have to extend the same concessions that we give to international investors to local investors. Should this not be done, it would be seen as a breach of the World Trade Organisation rules.

Mr. Speaker, we are wasting Parliament's time with all this legislation because if we had a level playing field, we would not be hearing amending legislation. It is time we wake up and acknowledge that the world has changed. We can then fall asleep knowing that the same concessions which are given to the foreign investors are given to the local investors. We have reversed the order and expect our local and Caribbean people to compete with foreign investors after we have given the advantage to them.

Sir, we cannot complain about foreign competition because the Governments in the Caribbean have given the foreign investors the advantage over the Caribbean investors.

Mr. Speaker, every time we come to Parliament with an amendment, it is always in the interest of the foreign investor. I do not want anyone to believe that I am anti-foreign investor. I am saying that the foreign investor is important but we have to understand that if we do not build a strong foundation, everything will fall.

We have to see our locals as the foundation, the regional investors as the walls and the extra regional investors as the roof in order to complete the building. Sir, if we have a good foundation, you have a good start but if we have a good roof, but weak walls and foundation then we know what will happen.

Sir, we have pampered to the ego of outsiders and have forgotten our own people. We need to go back to the drawing board and correct those things quickly. If we do not do it, then this amendment will be a waste of time and sooner, rather than later, our capital market will become similar to our cricket. We once had the glory in cricket and it was taken away from us. That is the best example I can give.

Asides.

Mr. D. St. E. KELLMAN: We have to build a strong foundation. Let us do what is correct so that the ones coming after us will have something to hold on to. Sir, as it stands, we are not proceeding in the right direction because we have not built a good foundation. If anyone doubts what I am saying, one only has to look at the latest International Monetary Fund Report. The warnings have been there for us to see, but we have not heeded to them but it is clear to us that we will have to take heed to them.

Let us get a level playing field and stop wasting Parliament's time with these amendments. Globalisation has a role and there is nothing that a small country can do about it. The point is, the G7 countries will continue to set their rules, but we have to protect our people and local investors. We cannot continue to make our local investors feel like second and third class citizens in their own country. If we do not provide the same opportunities that are offered to foreign investors to our local investors, then we need to go back to the drawing board.

Mr. Speaker, almost every area of investment is being taken over by foreign investors. Do you know what pains me? We have the capital but it seems as though we lack the ability to use the capital. We brag about the savings in the

bank but we need to create a climate to allow Barbadians to convert their savings into investment and to expand the economy of Barbados so that we could have real growth which will help reduce the debt of Barbados.

If we do not do that, we will have to find another source of foreign exchange to reduce the debt. The path we are on now, if we do not do something very soon, we will discover that the debt will increase and we will not be able to reduce the debt.

Sir, this is a new age and we continue behaving as though we are in the 1960s and 1970s. We have to recognise that the world has changed and there must be new approaches. In addition, we have to be aggressive in what we are going to do. We do not need a lot of pretty talk. What we need is action. The theory of doing things cannot work alone anymore. We need to combine the practical and theory side of things in order to have things implemented, not just policy. We could have all the policy in the world, if we do not have people to implement the policy, we will be in trouble.

I think we have the theory but we seem not to be able to apply the practical side to it in order for us to create growth in this country to help the masses of our people.
3.00 p.m.

Mr. Speaker, I want to say to you that it is good to bring the second reading on the International Business (Miscellaneous Provision) Bill, 2004, with a lot of pretty talk which I do not want. I want to see some real investments within the economy and, as it stands now, and I have written in one of my articles in the *Advocate* newspaper that community tourism...

Asides.

Certain remarks made by the Honourable Member for St. Lucy were order expunged from the record by Mr. SPEAKER.

Asides.

Mr. D. St. E. KELLMAN: I know what I heard and I will not challenge Mr. Speaker on his ruling. He is right because he is not allowed to hear asides.

Mr. SPEAKER: Proceed, please.

Asides.

Mr. D. St. E. KELLMAN: It is true that I do not know much that is why everything I say, Mr. Speaker, certain people will implement by next week.

I am saying that we will have to understand, Sir, that the WTO will not be the final body. There will be many bodies set up by the G7s. Whenever they think that we are advancing, they would set up a body to make sure that they continue to have the largest share of the market. People have to understand that these bodies are not set up by chance. They are set up for a reason, which is not in the best interest of small States.

Sir, we also have to understand that the same way they set up bodies, we also have to set up bodies. It worries me that every time you could see organisations being set up by these G7s to dictate to the smaller countries. The smaller countries never think that they could set up organisations to deal with themselves.

Sir, the closest that this has occurred was in Australia a couple of years ago, when it was agreed by the CPA that what the small States needed to do was to form their own organisations, so that they could put out their own dictates. I think that was a sensible suggestion. It is something they should have been pushing, and I think they need to do it sooner rather than later.

Asides.

Mr. D. St. E. KELLMAN: Yes, they need to be effective. The same way the G7s are effectively controlling the whole world with their dictates, the G19s and the G17s and whatever you are talking about, must also be able to put out whatever they want to dictate the world. I am saying, Sir, that we need to do it not tomorrow but it should have been done since yesterday.

I thank you very much.

Hon. Dame BILLIE MILLER: Mr. Speaker, this is *déjà vue* for me. Every time matters associated with this sector of our economy are brought to this Honourable House, we hear almost word for word, the same utterances of doom and gloom from the Other Side.

Mr. Speaker, we could go back to 1979. This is *Hansard*, House of Assembly Debates, January to December 1979, the Debate of 3rd July, 1979. It was when the Barbados Labour Party which was the Government of that day, brought the Offshore Banking Act of 1979. I was in the Chamber on that day, Sir, and the Right Honourable J. M. G. M. Adams, I am looking at page 2574, who was then the Minister of Finance, introduced this Act. Indeed, if Honourable Members would care to look at it, they would see that at that time the Barbados Labour Party was almost prescient.

At great length it was introduced, then came the utterances from the Other Side of the Floor. Dr. Haynes addressing, Mr. Speaker, and spoke of doom and gloom and how, I am looking at page 2583, money was going to be laundered in this country and Barbados was going to go down in the face of the world, and the worst things were going to happen, and this was a wicked and wrong thing for us to do. All of that we lived through in 1979. The debate even got to a place, I am looking at page 2590, in the case of Mr. C. V. Alleyne laundering through Barbados hot Portuguese money, straight out of Mozambique. Sir, all of that came into the debate.

I go to the House of Assembly Debates January to December 1985. We were then debating the International Business Companies (Exemption from Income Tax) (Amendment) Act, 1985, much as we are debating in the House today, another amendment, and it was the same thing.

The amendment was introduced then by the late Honourable Member H. B. St. John, the Honourable Member for Christ Church East Central at the time. It is recommended reading for Honourable Members, and as soon as the introduction was finished, then came Dr. R. C. Haynes again, and it was all over and over and I am hearing it today in 2004 again.

The Barbados Labour Party, Mr. Speaker, is not going to be deflected from what it knows is a right path for Barbados. Barbados took a very deliberate early decision to begin the process of diversifying around sugar. I am going back now to the establishment of something that used to be called the Barbados Development Board, before some Honourable Members in here were born.

Sir, that was the precursor, the forerunner, you might say to what is today the Barbados Tourism Authority, BIDA and BTII. All of that was encompassed in the old Barbados Development Board. Then we came, as I was just quoting, Sir, in the 1970s and 1980s and took the decision that services was going to be the way for us.

We were not alone in that, Sir. The truth is to say that it is universal. Everywhere in the world services is going to be the way of the 21st Century, as I see it from where I sit. We took an early decision, typical of the Barbadian way of doing things, rather here is it than where is it, to diversify around these old commodities where we knew our days were numbered.

We never had to trade our sugar on the open market, in the 370-odd years, and there is no way that we can be competitive today. We saw that coming, we planned for it and the International Financial Services was a new sector in

our economy that had to be developed.
3.10 p.m.

The Central Bank of Barbados is not named the Tom Adams Financial Centre for nothing. In the face of the bitterest Opposition on this Floor in the last years of the 1970s and all through the 1980s, we took stick from That Side. They came into Government in 1986 and we saw this sector withering on the vine like most other things that were withering on the vine.

In those years between 1986 and 1994 when we were in Opposition, I was in here and this constructive, united and aggressive Opposition allowed Barbados to return to stable and progressive government.

We came into Government in 1994 to restore and to give new direction to our thrust in the international financial services sector which is today second to tourism as a major sector of our economy earning more for us than agriculture and manufacturing put together, yet I am hearing from the Other Side how it is failing, slipping and sliding and that it did not do this or do that. They do not understand the nature of it. It is a dynamic sector.

Mr. Speaker, for all of the flannel and the fuzz that is being talked in here, I dare anyone on That Side not to support this amendment. For all the doom and gloom, they are going to have to support this amendment.

Mr. Speaker, this is not an issue on which people should be grandstanding and speaking in negative and pessimistic terms in here. It would betray a lack of understanding of how the sector works. Some of the products which we were offering in 1979 and 1985 have matured and some would have fallen out of the marketplace, but new products are coming in.

The Opposition does not have a sense of anticipation. This is not a time for doom and gloom. This is a time of transition. That is the time when we should be looking to be innovative and trying to seek out the niches which are there.

Sir, I heard the Honourable Member for St. Lucy speaking just now. I do not know if he lives in the same Barbados that I live in. This sector has done so much in our time to lift up the business culture in Barbados. We now have a situation in Barbados where every week the two major newspapers publish a substantial business section, I am not talking about four or five pages, that I look forward to. This is also done in another newspaper which is almost exclusively dedicated to business and other journals that are published. Mr. Speaker, that can only happen in a financial business climate that is active, living, dynamic and working and earning for Barbados. We do not need to be putting it down.

Mr. Speaker, it gladdens my heart every other day when I can open the newspaper and see another group of bright looking, young Barbadian men and women, more so women, who are graduating in a number of the new technologies and looking to bring new skills to the marketplace. For this sector they would be looking to be in another place and perhaps doing something far more different.

Mr. Speaker, services is our future. Perhaps Barbadians, certainly the ones sitting on the Other Side in here, do not have a sufficient understanding that tourism is the best known of the services. Even in the tourism sector, we are in the process daily of upgrading our product. The amendment is about a product that is maturing and a product that is looking to anticipate new niches in the marketplace which we are in the process of upgrading.

Mr. Speaker, it would not be a good sign if we did not constantly bring amendments in here. To me it is a good sign that we are from time to time looking to upgrade, to diversify and to grow our product. We are doing the same thing in tourism.

Mr. Speaker, the Honourable Member for St. Lucy went on and on about community tourism as though it is something new or that was invented by him or in his time, but that predates him. Community tourism started in Barbados with the first tourist who came here before there were any hotels.

Asides.

Hon. Dame BILLIE MILLER: Mr. Speaker, two people cannot speak at the same time. He had his turn to speak, Mr. Speaker. I am having my turn now. This Honourable Member for St. Lucy just goes on and on.

Mr. Speaker, we are seeing even now the renewal and the upgrading of the tourism product on a daily basis. People are rebuilding hotel plants. All of the support industries in that area are now modernising, retooling and upgrading the quality of service and the products which they are selling in the international marketplace. The technology makes it possible now that the entire world is the parish that we may now sell our product to, so there needs to be a positive attitude and a positive outlook brought to this.

Mr. Speaker, this is a sector that is working well for us. This is a sector that is dynamic. This is a sector that developed and developing countries are pursuing and will continue to pursue. This is a sector that can blossom in a liberalising world. In a globalized economy this is a sector that is almost without horizon for us.

Mr. Speaker, it is a good thing that the bright young people I see graduating are starting new small and medium size enterprises in Barbados.

Asides.

Hon. Dame BILLIE MILLER: Sir, there is a constant buzzing in the background. Can you help me, Sir? Could you switch it off?

Mr. SPEAKER: Honourable Members, please, let us hear the Honourable Member.

Hon. Dame BILLIE MILLER: The products in this sector which we started with are changing. Some are going to be overtaken. We saw that happened with the foreign sales corporations. Some are going to metamorphose into different products. They are entirely new products which would come to the markets. Therefore, as a Government, we have to make sure that we bring new legal and financial instruments which will underpin and prepare Barbados for those dynamic changes which are occurring in the environment of this sector.

These things are happening sometimes almost overnight. We must not be in the position of butting about and saying where is it? We have to be in a position to say we are ready, we are tooled, we are nimble, we are quick and we are innovative. We have to be ahead of the competition because that is what it is about. We have seen it happened.

Mr. Speaker, the point has been made on the Floor today that as soon as we become competitive, as we did with the Financial Centres, that the developed countries would look to cut the ground from under our feet. That is how business works. The Honourable Member for St. Lucy has a business in St. Lucy. The day he ever becomes competitive where another Barbadian, possibly from the same St. Lucy, seeks to undercut him, he would be singing a different tune. He is enjoying a monopoly up in Moon Town now.
3.20 p.m.

Mr. Speaker, what I am saying is that we have to be competitive as far as possible. That is why we have to look at the big picture; that is why we have to be far-seeing and be willing to be courageous and adventurous; that is why we have to go out there, to make sure that we are at the cutting edge and that we can be competitive, so that when the Organisation of Eastern Caribbean Development States countries look to unseat us, as they have indeed done in the past, that we will be able to withstand that and will be able to rise above it. It has come in the past where they were forced to say that Barbados is not, never has been, nor does not aspire to be a tax haven, and that they were wrong.

Mr. Speaker, this is a sector in which we have to be competitive. Several years ago, I struggled, and was not successful, but will continue to struggle with a concept that

we have to brand Barbados. Apparently it is not easy for many persons to grasp the fact that we have to brand Barbados.

Mr. Speaker, in the same way that we heard endless criticisms from the Other Side whenever financial business sector matters come before this Honourable House, as a young Minister of Health at the time, I well remember bringing legislation to put in place the National Drug Service. When I had introduced that legislation, I had spoken for five and one-half hours, the longest time that I have ever spoken.

Sir, that was at a time when we were introducing generic drugs. That was at a time when we were looking to bulk purchasing, and the most virulent criticisms came from the said Other Side. Some of the worst possible things were said, for example, that we were going to poison Barbadians and that we were going to get low-class medicines, *et cetera*.

Mr. Speaker, I am delighted that I am still in this Honourable Chamber and that these years later, I have lived to see that countries all over the world, now even the big United States of America, are looking to generic medicine and bulk purchasing as the way to go, in respect of pharmaceutical drugs.

Sir, if we had not done that, and if we were not forcing the point now in respect of anti-retroviral therapy for sufferers of HIV/AIDS, goodness knows where the Third World would be today. I have lived to see that come around full circle on the Floor of this House. I am pleased that I am here today now to see something else coming around full circle. Sir, the Bible says that there is none so blind who cannot see, have ears to hear and will not hear.

Mr. Speaker, we have to be grateful to this sector because it has helped to nurture a new business culture, and particularly among black people. That is why it is so pleasing to the majority. This sector has nurtured modern attitudes and best practices in financial services, so that now there is an indigenous input, something that those Honourable Members on the Other Side could not, and would not see, and we have lived to see that happened in Barbados within 25 years.

Mr. Speaker, we had 370-odd years of sugar and we did not see it that way in sugar, when sugar was the major agriculture but in 25 years, the kind of indigenous ownership and management that one is now seeing in this sector, is something of which to be exceedingly proud. I cannot think of another jurisdiction where that is so.

Mr. Speaker, several years ago, I was in Mauritius at a Commonwealth Parliamentary Association's Meeting. It was at a time when I was chairing the Association's Executives.

Sir, do you know how pleasing it was to have Mauritians say to me that in financial services they were following the Barbados' model? Sir, I felt like a queen on tin wheels. I was almost speechless with delight.

Mr. Speaker, not only Mauritius but other forward-thinking progressive economies of the world look to the Barbados model because we have shown that in this 14 x 21, 166 square miles island, that this is doable. Sir, that is why it is so wrong that the Organisation of Eastern Caribbean Development States countries should bring the heel to crush our example and our model. This is something that can help lift us out of poverty. This is one of the engines that will allow us, not only to eliminate but to eradicate poverty in this country.

Mr. Speaker, I heard reference made, and quite properly so, to sports, to the arts and to tourism. That gives the lie to those who say, and who in 1979 and in 1985, have said that this was only for certain kinds of persons and certainly for professionals. It is not so, history has given the lie to that. There are ordinary sports persons, entertainers, musicians, dramatists and dancers, who come from across the whole social spectrum in Barbados, who are now among the primary beneficiaries.

Mr. Speaker, this morning I was deeply disturbed when I looked at a certain front page newspaper article. I cannot believe what I saw, and therefore, I must ask a question because it must be clarified. Sir, what message are we sending here? In that article there is talk about a one-way traffic and about a registry to register migrant workers coming to Barbados, *et cetera*.

I need to be very clear on what a most eminent voice from the trade union is saying about this. We cannot speak with two tongues. We cannot appraise and reprobate at one and the same time. Barbados cannot be leading in the CARICOM Single Market and Economy where we are talking about free movement of goods and services, including people and, at the same time, talking about limiting and registering people, and about who will or will not take Barbadian jobs. We have to look at the big picture again.

Mr. Speaker, I would not want to see a register established in the countries where there are hundreds and thousands of Barbadians, some legal and some not legal, so that they would have to come back here because there are more Barbadians on the outside than on the inside of Barbados.

Sir, it betrays a lack of understanding of how liberalisation must work if we are to take best advantage of it,

At great length it was introduced, then came the utterances from the Other Side of the Floor. Dr. Haynes addressing, Mr. Speaker, and spoke of doom and gloom and how, I am looking at page 2583, money was going to be laundered in this country and Barbados was going to go down in the face of the world, and the worst things were going to happen, and this was a wicked and wrong thing for us to do. All of that we lived through in 1979. The debate even got to a place, I am looking at page 2590, in the case of Mr. C. V. Alleyne laundering through Barbados hot Portuguese money, straight out of Mozambique. Sir, all of that came into the debate.

I go to the House of Assembly Debates January to December 1985. We were then debating the International Business Companies (Exemption from Income Tax) (Amendment) Act, 1985, much as we are debating in the House today, another amendment, and it was the same thing.

The amendment was introduced then by the late Honourable Member H. B. St. John, the Honourable Member for Christ Church East Central at the time. It is recommended reading for Honourable Members, and as soon as the introduction was finished, then came Dr. R. C. Haynes again, and it was all over and over and I am hearing it today in 2004 again.

The Barbados Labour Party, Mr. Speaker, is not going to be deflected from what it knows is a right path for Barbados. Barbados took a very deliberate early decision to begin the process of diversifying around sugar. I am going back now to the establishment of something that used to be called the Barbados Development Board, before some Honourable Members in here were born.

Sir, that was the precursor, the forerunner, you might say to what is today the Barbados Tourism Authority, BIDA and BTII. All of that was encompassed in the old Barbados Development Board. Then we came, as I was just quoting, Sir, in the 1970s and 1980s and took the decision that services was going to be the way for us.

We were not alone in that, Sir. The truth is to say that it is universal. Everywhere in the world services is going to be the way of the 21st Century, as I see it from where I sit. We took an early decision, typical of the Barbadian way of doing things, rather here is it than where is it, to diversify around these old commodities where we knew our days were numbered.

We never had to trade our sugar on the open market, in the 370-odd years, and there is no way that we can be competitive today. We saw that coming, we planned for it and the International Financial Services was a new sector in

our economy that had to be developed.
3.10 p.m.

The Central Bank of Barbados is not named the Tom Adams Financial Centre for nothing. In the face of the bitterest Opposition on this Floor in the last years of the 1970s and all through the 1980s, we took stick from That Side. They came into Government in 1986 and we saw this sector withering on the vine like most other things that were withering on the vine.

In those years between 1986 and 1994 when we were in Opposition, I was in here and this constructive, united and aggressive Opposition allowed Barbados to return to stable and progressive government.

We came into Government in 1994 to restore and to give new direction to our thrust in the international financial services sector which is today second to tourism as a major sector of our economy earning more for us than agriculture and manufacturing put together, yet I am hearing from the Other Side how it is failing, slipping and sliding and that it did not do this or do that. They do not understand the nature of it. It is a dynamic sector.

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The Opposition does not have a sense of anticipation. This is not a time for doom and gloom. This is a time of transition. That is the time when we should be looking to be innovative and trying to seek out the niches which are there.

Sir, I heard the Honourable Member for St. Lucy speaking just now. I do not know if he lives in the same Barbados that I live in. This sector has done so much in our time to lift up the business culture in Barbados. We now have a situation in Barbados where every week the two major newspapers publish a substantial business section, I am not talking about four or five pages, that I look forward to. This is also done in another newspaper which is almost exclusively dedicated to business and other journals that are published. Mr. Speaker, that can only happen in a financial business climate that is active, living, dynamic and working and earning for Barbados. We do not need to be putting it down.

Sir, I will not talk about the great accomplishment. I simply want to say that this Government had 10 years to put the administrative framework in place and they have not been successful in advancing the sector at the rate that it needs to be advanced at.

Sir, I also question the \$400 million contribution of the sector to the economy. While doing research in this area, it was clear to me that there is no systematic and reliable research done by the Government in this sector. If there is no systematic, reliable research in the sector, I have a problem because there is no empirical criteria that can be used. I am cautious with utilising the information as a yardstick to determine how well the sector is doing.

Sir, it is quite possible that because of the lack of empirical evidence that Government may very well be understating the significance of the sector to Barbados. It may also be true that in terms of net contribution to foreign exchange, it may be doing better than tourism because many of our tourism dollars may be leaving Barbados in different ways.

Mr. Speaker, I want to add this sector to other sectors within the foreign exchange earning sectors in Barbados and say that like many other sectors, it is sputtering. I will bring empirical evidence to support that there is irrefutable evidence that we have seen a precipitous decline in the contribution of this sector since 1996.

Mr. Speaker, in 1996, the number of active IBCs in Barbados were 4,137 but in 2003, the number of active IBCs had declined to 2,123. In 2003, the number of IBCs registered were listed at 4,035 but only 2,123 were active which meant that less than 50 per cent of those IBCs registered were actively functioning in Barbados.

Sir, it must get a failing grade because something is fundamentally wrong if 4,137 companies were registered in Barbados but less than half of them opted to execute their business here. Sir, I want to know the reason for this. Is it the legislative framework, customs or immigration that is responsible because Government had 10 years to get this right?

Sir, it gets worse. In 1996 there were 193 registered exempt insurance companies in Barbados but in 2003 they declined to 185. In 1996, out of the 193 registered, 38 were active and in 2003 only 27 of them were active. Where is the improvement over the ten-year period. Therefore, I am going to analyse the data as is required in order to make sense of it. All I am saying to Government is to make sure that they create the type of environment that is necessary for

that particular sector to develop.
3.40 p.m.

Mr. Speaker, why is this sector important? It is important because it employs over 3 000 employees who pay National Insurance and taxes. If I am to accept the data that the contribution to corporate taxation is about \$80.5 million, about 35 per cent of the so-called \$230 million in taxes, if I am to accept that without that there is a significant contribution to be made to the earning capacity of the country, then I must ask myself why is there such a significant disparity between the monies allocated to the Barbados Tourism Authority to promote the international business sector, to advertise, and create the administrative and legislative framework? If it contributes so much in terms of foreign exchange capacity, I am aware that only a small portion of the Barbados Industrial Development Corporation's allocation goes to promotion.

Sir, if both of them earn approximately the same amount of foreign exchange, then it seems to me that how one goes about promoting the two of them, they need to be more equity with respect to the monies allocated. That is the point I am making.

Mr. Speaker, it would also seem that the offshore business sector allows for some greater stability and immunity against many of the vagaries that the tourism industry is susceptible to. The question is, are we making a fundamental mistake in the sense that we are putting our eggs in one big basket in terms of the allocation of funding to promote a particular industry?

Mr. Speaker, I want to turn my attention to the impact of international business and some regional business to labour relations in Barbados. The introduction of international business will have a significant impact on labour relations.

I believe the trade unions in Barbados have to change their focus regarding their relationship with respect to trade unions, international business and regional business. I think they need to be more proactive. I remember the days when we had ManuLife and Caribbean Data Services which were located at the Harbour Road and they were problems with respect to whether the collective traditional bargaining procedures were to be adhered to.

As far as I am concerned, it does not make sense to register a company in Barbados, have the company start up operation for many months and all of a sudden the union would try to find out whether the company will work with them or not. It suggests that the union needs to be involved

in the negotiation process much earlier to prevent these sorts of things from happening.

Sir, there should be standards that companies are forced to adhere to before they are registered in Barbados to conduct business. If they are registered, then it is a fundamental problem with the fact that after they are registered they opt not to recognise the union. Sir, something has to be wrong and that needs to be looked at.

Mr. Speaker, international business in Barbados creates labour market distortion. It creates segmentation of the market from the perspective that what you have is a development of essentially a high-end type of inputs which require adjustments to your educational system, particularly with respect to technology, vocational and many of your tertiary elements.

It means that in order for this sector to develop, the type of ongoing research must be put in place to make sure that you can orient your educational system to allow for that development. Sir, I am not yet convinced that is what is happening in Barbados with the type of pace that is necessary if we want to advance that particular sector.

Sir, I have another major concern. There are some questions whether or not a job should be kept for a Barbadian or a foreigner. Let me say that I am an unapologetic believer that the Barbadian employee must come first in Barbados. That is the reason why I must hold this position. This country has invested in that employee from primary, secondary, tertiary and extra training. The investment this country has in that employee is fundamentally different from any other employee and, as a result, there are special to Barbados. Therefore, I will not want to see a situation developing where Barbadians are discriminated against in their own country with respect to employment.

I am making that statement because I have first-hand evidence of several of my constituents, who are artisans, who came to me and told me that they have been to almost every construction site in Barbados looking for work and wherever they went there was a foreign foreman and they were preferentially hiring non-Barbadians. Many of my colleagues in this Honourable House know that it is true and that should never happen in Barbados. No Barbadian should be discriminated with respect to employment in Barbados.

Asides.

Dr. D. C. ESTWICK: I am not concerned with whether X or Y are employed from Guyana, Trinidad or Jamaica. I do not care about that. I care about Barbadians not being discriminated against in Barbados. I have first-hand evidence that this is happening and I want it to stop and as a result I

can understand why a front page article may cause some problems.

It is indicating that there is a potential problem that we need to solve now before we open the flood gates in Barbados. I have said that I have a problem that if we are not yet in a full Caribbean Single Market and Economy situation where we are actually functioning as an economic and political union, it seems that Barbados has lead responsibility and they believe that they must necessarily put all of the legislative administrative framework in place to allow for a free movement of labour and capital.
3.50 p.m.

There is nothing wrong with that, Sir, but it has to be modulated with respect to reciprocity. It has to be modulated with respect to administrative elements to protect the Barbadian worker from being displaced unnecessarily. I do not think it is an unreasonable postulate. It is not against any other race or groups of Caribbean people.

It is simply that I feel we have an investment in Barbadians, in a way that is different from any other individual. Therefore, we have to honour that because it is a moral responsibility to make sure that any person we send to school, or train, that we give them the greatest opportunity for the job.

Mr. Speaker, what we therefore need to do is to look closely at setting up certain standards. The standard I am referring to, has to do with standards to prevent exploitation. The reason why it is important, Sir, is that I spent a lot of time in North America and throughout the Caribbean, and I have seen territories that have changed radically, in terms of their social make-up and their economic diversity, simply by labour changes.

If we create a situation in Barbados where an employee believes, for example, in construction that you can get a worker to work for half of what you pay a Barbadian, if the Barbadian employees cannot buy a piece of land in Barbados, on the wages that they are paid, they cannot build a house, then what type of house are you asking the man who is getting half of his wage to build?

This is how Shanty Town is developed and how you get the houses developed out of plywood and cardboard. We have to be very careful putting out a position for economic purposes and profit to pay reasonable persons looking for work, significantly less than a Bajan. If you do it, they are going to be building cardboard houses in Barbados very soon. I have seen it happen, so I do not stifle my conscience about reality.

The point is there are many Honourable Members in here who know that it is happening in Barbados today. If they choose to say nothing about it that is their business, but I will speak about it, so I want to see within this context of regional movement of labour, that we put systems in place to make sure that we do not reduce the standards of living and the standards of our social services, Sir, which we have worked so hard to develop in Barbados.

It can happen very quickly. It happened to Brazil, Argentina, Jamaica and Trinidad, and those who think it is not going to happen here, have their heads buried far in the sand, and I am not going to get involved in that, Sir.

Mr. Speaker, just a few last minute statements. The areas of major concern, with respect to developing the sector, for me, has to do with looking at many of the administrative inputs. Sir, there are jurisdictions where you can incorporate a company online, taking minutes on the Internet. We still have a set of very cumbersome systems that sometimes take weeks to be put in place.

We have problems, Sir, with respect to harmonising for example, customs requirements, where in Barbados international banks, IBCs and others have duty-free status, but exempt insurance companies do not have duty-free status. We have situations, Sir, where there are still problems with immigration, with respect to the clearance of materials through the Port, and the duplication that occurs filing for work permits.

It makes no sense, Sir, to ask a man to come back and do the same thing all over to get a renewal of a work permit, in a year, year and a half to two years. For example, you can ask a man to get a chest x-ray, let me be medical here, the first time, and then you ask for another set of x-rays a second time.

Sir, do you know what is interesting about this whole thing? If the individual comes into Barbados as a tourist, they could bring in all of the same problems as a tourist as you may want to stop them when they come in here on a work permit. Understand what I am trying to tell you? It makes no sense. I am looking therefore at how you can enhance the efficiency of the system, cut the time down, with respect of getting the job done, and I think you need to look at it, instead of trying to criticise it.

Mr. Speaker, in addition, this Government had ten years within which to put the legislation and administrative framework in place, to allow for the development of the type of environment that will create the type of growth in the sector that is necessary, so that this growth would be in keeping with neighbouring competitors.

I think, Sir, that we have not accomplished that. I think in order to accomplish that we need, therefore, to put in place, as a matter of urgency, the type of methodologies regarding research, that will allow for one to uncover the types of problems that exist, and the types of inputs that are necessary to allow us to gain the type of development that we need. This type of empirical information can be used therefore to plan our course. I think that is lacking. I do not find the data.

I also believe, Mr. Speaker, that we must therefore look very carefully as part of creating that environment at the pace at which we move legislation, draft legislation, and bring legislation to Parliament. It would appear to me that this is not the only sector where that creates a problem. Therefore, it might mean that one needs to have more framers and drafters of the legislation in that particular sector, to allow for pieces of legislation to come to Parliament at a faster rate.

I believe, Sir, that if we can do this, we can enhance this sector significantly and the sector would be able to contribute even more than it is presently contributing. As I said earlier, given that no formal research is done on this sector in a structured way, I think it is a major impediment and I would want to ask the Minister responsible to look at it, Sir, because I have done so in my research and it is not there.

Thank you very much, Sir.

Hon. K. D. SYMMONDS: Mr. Speaker, I would want to begin by disabusing the mind of the Honourable Member who just took his place on the question of the role, purpose and the function of the international business company, as a point of departure.

The Honourable Member assaulted the sensibility and the intelligence of all of us present, Sir, by suggesting that a comparison with a figure of 4 000-odd IBCs in one year, to 2 000-odd IBCs in another year, is an issue of some significance.
4.00 p.m.

It is clear that the Honourable Member is not seized of the fact that an international business company is set up to perform a specific purpose. It has a cyclical period of existence on an average of three to five years. It is a special purpose vehicle.

Mr. Speaker, sound and fury, often as it does with the Honourable Member for St. Philip West, signifying nothing, does not allow the Honourable Member to understand that I could set up an international business company in Barbados for the purpose of processing airline tickets in Dallas, or for processing insurance claims in Canada.

Mr. Speaker, once the special purpose for which the vehicle was created has been performed, the international business company becomes inactive, so for the Honourable Member to stand up in this House and parade that in such a year there were 4 000 but then it is 2 000, is tantamount to stupidity on tall stilts.

Mr. SPEAKER: Honourable Member, you would have to withdraw that remark.

Hon. K. D. SYMMONDS: I retract the unparliamentary language, Sir, and I apologise. Sir, I welcome the opportunity to participate in this debate because the significance of the Miscellaneous Provision Bill cannot be overstated.

Mr. Speaker, even as we are here today, the most powerful economy on the planet, the United States of America, has a congressional investigation in process seeking to inquire into the whole question of the impact of their domestic economy on what they call the outsourcing of jobs. Even as we are here today, they are eagerly anticipating September of this year when that inquiry should have run its full course and a report would be made to the Congress of the United States of America.

The key issue for them is whether or not they can continue to accept businesses and industries relocating themselves out of the United States of America in pursuit of cheaper labour and fewer regulations. They are seeking to find out what would be the economic impact on Americans and whether they can accept it.

Sir, even as we are here today, *Newsweek Magazine* created a study that has indicated that as many as 257 000, that is the population of Barbados, American jobs are being lost annually. They anticipate that 3.4 million jobs would be out-sourced, as they like to call it, by 2015. Sir, that is a bald assertion, blunt but true.

Sir, this is not only an issue of significance for us in Barbados, because the whole question of international business and the dynamics of international business is confronting the world as a whole.

Sir, the major contenders for the presidency of the United States of America have committed their campaigns to transforming that which I have just outlined to be taking place in the United States of America. Those of us who are caring to follow are knowledgeable about the structure and the ongoing attack on the very foundations on which our international business systems have been built.

We know that the macro-financial rules which have governed international business from the time we created the sector are being redefined. We know for argument sake, that

as a result of the Maastricht Treaty that up to May 1, 2004, there were 15 countries in Europe as part of the European Union. Of those 15 countries, all but the United Kingdom and France, had taken the position to abolish the use of personal cheques for gross settlements of transactions.

Sir, everyone of us in this Chamber, I would hazard a guess, still continues to use a personal checking account. The macro-financial rules which govern international economics are changing and we have a very simple policy prescription before us. Therefore, we have to be proactive or run the risk of being left behind. It is as simple as that.

Sir, there is much politics in this legislation. It is really unfortunate that so many Honourable Members of the Opposition, with the exception of the Leader of the Opposition, have spoken and have not come to terms with the fact that the real requirement here is that we have to make sure that there is a level of regulation and supervision in our financial services sector which reaches and maintains global standards.

Mr. Speaker, domestic regulation, for the benefit of those who are innocent of it, is critically important because of the fact that when we signed on to Article Six of the General Agreement on Trades and Tariffs, it requires for transparency and objectivity in the domestic regulations and for there to be no discrimination. Sir, if the legislative provisions the Honourable Member for St. Joseph piloted through the House today are held up to the test, they would satisfy those requirements.

Mr. Speaker, what needs to be said and read into the record, unapologetically so, is that it is not just a creation of the Government of Barbados, but it has been done with the collaboration of the private sector. Therefore, it is a public/private sector initiative aimed at making Barbados' legislative standards, insofar as the international business sector is concerned, conform with the very highest level.

To the extent that the private sector has partnered with us, it is all the more deplorable that we can have a Deputy Leader of the Opposition finding such gross fault with the substance of the legislation.

Sir, above and beyond the strengthened regulatory framework is the fact that we have to try and make sure that we market the sector as being a sector with the highest possible probity. Mr. Speaker, I want to follow the very vintage speech made by the Honourable Member for the City of Bridgetown, and I congratulate her for such.

Sir, the financial services sector was the product of an earlier Barbados Labour Party Administration of which she was very much a part. That sector, I fear, has never been

understood clearly in terms of its potential by the Other Side. I do not mean that purely by virtue of the fact that a little cubby-hole in the Ministry of the Finance was what was allocated for international business.

I do not mean it purely by reference to the commentators like the gentleman who called himself the other Prime Minister, I think his name is Morgan, who professes not to be able to understand the difference between foreign trade and international business. Sir, I do not even make reference to the absentee Honourable Member for St. Michael South Central who would have us go for pure volume in terms of the type of business we attract and not try to speak to due diligence and know your customer regulations *et cetera*.

Sir, it seems that the Opposition does not understand the potential of the sector by virtue of the fact that throughout the entire discourse today, not one of them touched on the moral imperative of us, that does not only mean the Government, it also means the Opposition, making sure that this generation now in control of Barbados' direction – has a moral imperative of strategizing a means of ensuring that we fit into the global landscape of tomorrow.

Mr. Speaker, in 1980 when the sector was created in legislative terms, there was no Free Trade Area of the Americas, no World Trade Organisation and no international institutions which were promoting a seamless global economy. Sir, we are operating now in a different era and we therefore have to look to see how we can make the international business sector conform as effectively as possible to what we perceive to be the realities of tomorrow. 4.10 p.m.

Mr. Speaker, on the one hand, we have the omniscience of the Leader of the Opposition who, in a declaration in the light that we have not seen before in the history of this Honourable Chamber, is literally claiming that he has an affinity with God, is going to say that there is no future to globalisation, and that it is going to be very short-lived.

Perhaps, that might come to pass but there are those of us lesser mortals who do not know that and who, therefore, have to walk, to talk, and to ensure that every step we take, is taken out of an abundance of caution because we cannot predict with any certainty that which would happen tomorrow. Therefore, we have to ensure that we use the sector in such a way as to draw every possible and potential benefit from it, for the citizens of this country.

Mr. Speaker, it might be useful to know that about a year ago, under the Free Trade Area of the Americas negotiation process, the United States of America, along with others in this hemisphere, made certain requests for market

access to Barbados. A few of the areas where the Americans have called for full and unrestricted market access are areas such as advertising, construction, wholesale and retail industry, education – and I heard the Minister of Education speaking to that issue – tourism and transportation.

They are all areas which we in Barbados have held sacrosanct as being for Barbadians. As a result of the reality of what might come to pass by the end of 2005, there is a call, and under the rules, a legitimate call, being made for a full market access.

Sir, I have heard the Honourable Member for St. Joseph addressing the Barbados Bar Association. I have heard Honourable members of that profession, of which I hold dear because I am part of it, expressing their shock at the fact that Americans are seriously interested and are seriously girding their loins for coming to Barbados, in order to establish themselves in the profession of law, to compete with our lawyers. That is the reality with the other professions such as construction, transportation, wholesale and retail, therefore, we have but two choices.

Sir, when all is said and done, there are only two choices that we, in a small open economy like ours, would have in these matters. On the one hand, we are going to have to negotiate, using what they would like to call a “negative list”. Essentially, they would be identifying those activities which are so vulnerable that we believe we have to create certain restrictions and that we would have to continue protecting them. On the other hand, we have to build capacity. These are the only two points of departure.

Mr. Speaker, when the matter of international business was raised during the Estimates' debate, this was said before the Honourable House, apparently though it did not resonate with the Opposition because now I am hearing that one must now tell the G6 and G7 countries where to get off, *et cetera*. Sir, the fact of the matter is, as I have said, we are faced with two options; we are negotiating, using those negative lists, and on the other hand, we build capacity.

Mr. Speaker, I take deep umbrage when I hear the likes of the Honourable Member for St. Philip West, the Honourable Leader of the Opposition, and the Honourable Member for St. Lucy, creating the impression that throughout the years, Government has not been working to ensure that same issue of capacity has been built.

Sir, if one wants to start with the most recent exercise, it was only last year in the Budgetary presentation by the Honourable Member for St. Peter, that \$500 000 was provided for the Coalition of the Service Industries, so that they could

promote their services; so that they could launch a website; so that the Coalition of Service Industries, created by this Government, could pull together under one umbrella; so that those small, vulnerable and fledgling enterprises would have been given an opportunity to articulate their interest, and would have better and more efficacious representation by being given a donation of \$500 000, to promote further their interest and well-being.

Mr. Speaker, I heard the Honourable Member for St. Philip West talking about a lagging sector, but the nature of the lagging sector is that it was in the same Budgetary presentation, that the Right Honourable Prime Minister has proposed a developmental package for the creative economy. Sir, it was the very first time that culture, drama, the exponents of the arts forms, *et cetera*, were being recognised substantially by Government and was being given the opportunity to be a part of international business.

Sir, on the other end of the dimension, from the little cubby-hole allocated in the Ministry of Finance... Sir, it was in 1997/1998 that a Caribbean Investment Fund was created, so that all small and medium-size firms could get access to equity financing, and to transform them from that burdensome link, which has so hamstrung the progress of ordinary, black businessmen in Barbados today, to debt financing.

Sir, because the Honourable Member for St. Philip West carries a perpetual frown on his face, which I interpret to mean that he does not understand, I will make the point abundantly clear. It is through the debt financing that the small businessmen of Barbados have to take the deeds to their houses and carry them to the banks, to sign for a loan.

That loan is then used to fuel the business effort that they are taking. Therefore, if the businesses suffer, if the business go through a weak or a lean period, then the reality of those small black businessmen who are without the financial wherewithal, those businessmen who the Democratic Labour Party likes to parade about as though they genuinely care about them but are only using them as electoral tools, are hamstrung through debt financing and they then suffer.

Sir, many of those business persons have even lost their homes as a result of the fact that they had to mortgage their homes in order to finance their businesses. That is a reality of Barbados and, therefore, when talking about a Caribbean Investment Fund, we are talking about going to a regional market, which was much bigger, so as to attract a larger opportunity to raise equity capital.

Mr. Speaker, it went further because, at the same time that was done, we sought to ensure that there would have been an opportunity as well, for managers to be attached to

these businesses, to ensure that there would be a more effective way of running them. That is development.

Mr. Speaker, the Democratic Labour Party has to understand that when we speak in these terms, that we are speaking to the issue of trying to bring technical assistance to firms. We are saying that businesses cannot be expected to go out there and to compete, unless some of the basics are in place, amongst them will be research and development opportunities and taking self-employed persons who have an import-substitution product or such, and ensuring that those persons are as effectively equipped as possible, to go out into the so-called wild blue yonder to fend their ways in the world.

Mr. Speaker, I make the point time and time again, that this Government has made these opportunities available. One cannot simply sit and say that was 10 years and that nothing has happened. As one goes through the process, one would realise that in every given year, an initiative of some kind has been brought to this Parliament, to ensure that the mix that is called "International Business", has been addressed.

Mr. Speaker, I, therefore, challenge the Democratic Labour Party, to bring any one Budgetary proposal in here for the last 10 years, in which the question of International Business was not addressed. Therefore, as the Honourable Member for the City of Bridgetown has said, one cannot approbate and reprobate at one and the same time. There have been a number of initiatives aimed at ensuring that sector has been as effectively mobilised as possible.
4.20 p.m.

Sir, the point that has to be made is that the sector does not function in a vacuum. We need to understand that in the mighty United States of America and most parts of the world that this sector is in peril, that Barbados is no different and that it will not always be rosy and well. Sir, obviously, there will be difficulties from time to time.

Sir, I take issue with the Leader and Deputy Leader of the Opposition when they resorted to the figures which I just alluded and said that a reduction of registration of IBCs reflects a failure in the industry because, Sir, nothing could be further from the truth.

The Honourable Member for St. Philip West spoke also to the question of labour and I hope I understood him correctly. If he says there is need for pieces of labour legislation which will go hand in hand with these financial initiatives to complement them, then I have no quarrel with that. For his edification, I would say that a few weeks ago Cabinet approved three pieces of labour legislation so the

much touted request for labour legislation will soon be silenced.

Mr. Speaker, I want to caution the Honourable Member for St. Philip West that he should not come to Parliament and make statements that cannot withstand scrutiny nor careful analysis. Sir, in public life we must realise that we cannot use the partisan of politics to score cheap points.

Sir, there has never been an effort from anyone on either side of this Chamber to suggest that Barbadians should be discriminated against in Barbados, but the Government has a duty to lead. Sir, according to the Leader of the Democratic Labour Party, the Caribbean Single Market and Economy is a concept which they have embraced and fundamental to the Caribbean Single Market and Economy is going to be the movement of skilled nationals.

We do not now need to contaminate the exercise by raising the frivolous and vexatious issues through the side door. In the same way that people who are not Barbadians will come here, Mr. Speaker, Sir, there are Barbadians who will be going to other territories. Today, there are Barbadians in Guyana, St. Lucia, St. Vincent, Dominica and Jamaica who are seeking and finding employment. Sir, we do not want a situation where Barbadians who are working in Antigua are told they are to be victimised or cannot find legitimate employment in there even though they are qualified.

Mr. Speaker, this Government remains committed to ensuring that people who have been educated and acquired skills, especially those who have done this through the process of free education, are able to reap the rewards of the investment in the social capital in this country. We realised, from recent commentary in the Press, that the Democratic Labour Party which so proudly paraded free education is now turning its back on the middle-class which they created and, in addition, they are now turning their backs on those Barbadians who are educated and have skills.

Sir, the Honourable Member for St. Philip West should not say that there is an effort to discriminate against Barbadians at home...

Asides.

Dr. D. C. ESTWICK: Mr. Speaker, on a point of elucidation. The Honourable Member is misleading the House. I will reiterate what I said before. I said that I have constituents who have reported to me that they have been to several construction sites and on every site there was a foreign foreman who was hiring non Barbadians in preference to Barbadians. Sir, as far as I am concerned, that

is discrimination.

Hon. K. D. SYMMONDS: Mr. Speaker, I make the point that Barbadians have a long and rich tradition of being able to migrate to other Caribbean islands in time of need and in time of plenty. Sir, they have migrated to Panama, Costa Rico, Jamaica and Cuba. In addition, we offered skills in teaching, nursing, policing and in the magistracy to the entire Caribbean region.

Sir, Barbados, more so than any other country in the Caribbean, needs to speak with great respect to the principle of neutrality involved in this exercise. Mr. Speaker, it is improper for any effort to be made to pollute and contaminate that which is expected to flow from the Caribbean Single Market and Economy.

Mr. Speaker, this debate on international business, the whole question of movement of people and our trade relations is about building opportunity for our people. The Jamaican reggae artiste, Buju Banton asked:

“What is to stop the youth from getting out of control?
Shirts on their back, have countless eye holes.
Full of an education but not on a payroll.”

Mr. Speaker, Sir, that depiction of the Jamaican ghetto is what we wish to avoid becoming a reality in this country. Therefore, we have to make sure that we do everything in our power to create every avenue of opportunity for our people. We have to make sure that our skilled nationals have an opportunity to work. When we talk about working in Barbados in 2005 and beyond, we are not talking about St. Michael nor Christ Church. We are talking about a common market that will see Barbadians working in Guyana, St. Lucia *et cetera*.
4.30 p.m.

If the Honourable Member for St. Philip West cannot understand it, then he has to do a lot of thinking because that is an inescapable reality.

I thank you.

Hon. N. A. LYNCH: Mr. Speaker, thank you for the opportunity to join a very important debate that needs to be set in the context relative to a number of thoughts emanating from the Other Side of the aisle.

I believe that this particular piece of legislation forms a part of the continued efforts by this Barbados Labour Party Administration to reposition the Barbadian economy. Sir, there are several key initiatives that need to be reiterated and outlined. There needs to be the continued efforts at building a new capacity for Barbados and repositioning those industries and areas of the economy that are already well-established within the diversification of our economy.

I believe that this particular piece of legislation mirrors a number of commercial legislative changes that have been made in this Chamber in recent times in an effort to diversify the economy and to reposition those areas of the economy that are already well-established. For example, the passing of the Electronic Commerce legislation in 2000 was a major effort in this regard.

Sir, it also points to the continued ability to adapt to the changing needs of the global economy and, in this regard, to the changing needs and dynamic nature of this particular area of our economy. It ensures that Barbados will remain competitive and efficient and it also speaks to continued compliance, as we seek to deal with the sector of international business and its repositioning.

I believe the changes that are made to this legislation are important. Since the passing of the first piece of legislation that dealt with international business, we have been able to continue to enhance that environment. Sir, Barbados has become recognised in this arena as a well-run, efficient and stable society. It also speaks to the support of both sides for free enterprise, the strong expanded network treaties that we were able to broker, the high quality of professional services that we have in Barbados, our high level of education, our good overall business infrastructure and an advanced telecommunication environment.

It generally speaks to an environment of reliability and transparency in all aspects of business regulation in Barbados. Mr. Speaker, that is the context in which these amendments to this Bill are being brokered today.

Mr. Speaker, I heard a lot of comments coming from the Other Side but the Opposition had the opportunity during their time in office to seek to develop and deal with issues relating to international business and its expansion and I want to know what legislation has been passed by them. Sir, this is an area that is literally owned by the Barbados Labour Party and this Administration.

Sir, when the first Bill was introduced in the 1970s to encourage Barbados as an international business and financial services sector, we made two strategic decisions which have been the cornerstone on which this industry was built. The first one speaks to Barbados making a move to introduce full legislation covering all areas of international business and financial services. Secondly, we sought constantly to amend and enhance where necessary that legislation which allows us to keep at the cutting edge of what is happening in the international business arena.

In addition to that, we have established a principle that Barbados would be a low-tax jurisdiction with double taxation treaties. As a result, I think that Barbados has gained a reputation as a well-regulated, highly respected

international financial services sector and this has made Barbados an important international business and financial services sector within the Caribbean, enabling us to see well-respected businesses in our community.

Sir, since that legislation was passed, times have changed substantially and we now live in a totally different era. This is a time where there are free trade and global trade. Before legislation was passed, we lived in a world where state control was an important aspect of how the world did its business. There were punitive tax measures and concepts of tax evasion. The developed economies dominated to the point where smaller economies did not have an opportunity to play any meaningful role except under conditions of preferential arrangements.

Sir, we are seeking to move to a globalised and open environment, no matter what the size of the economy is, where we can play an important role on a level playing field.

Mr. Speaker, today I heard a lot of amusing things coming from the Other Side. I think that the Honourable Members on the Other Side failed to recognise how this particular environment has changed. Sir, rather than scratching the surface, they need to dig deeper and recognise the principle and context of the Bill and what we are seeking to achieve in order to reposition Barbados' economy, rather than dealing with superficial matters.

Mr. Speaker, the OECD sought to make our lives difficult and almost impossible for us to carry on our trade. They were seeking to outlaw many of the practises that have allowed our economies to grow. There was also an issue of harmonising the tax affairs of small offshore jurisdictions with larger ones in the more industrialised world which we considered to be treading upon our sovereign rights.

Sir, they said that we could do a lot of other things but when it came to the area of taxation and how we could work with it to build our economy and move our country forward, we could not deal with it in that regard. I also found it difficult that when we are seeking to create a totally liberalised environment where all players would be allowed to participate effectively, that there is this continued criticism by people who seem not to understand the concept of globalisation.

I find that the paranoia that exists, particularly in relation to the Caribbean, even to the free movement of people in our region, that we are going to be overrun by Grenadians or Trinidadians and that all of a sudden every person is going to pick up his Georgie-bundle and rush to Barbados because he believes that Barbados is the place that opens up...

4.40 p.m.

Asides.

Hon. N. A. LYNCH: Sir, do you know what is even more interesting? This paranoia that speaks to a level of ignorance in the true sense, not the Bajan sense, maybe that too, in this society where people do not understand the principle.

Sir, I heard the Honourable Member for St. Joseph make reference to Lou Dobbs and what he says every evening about the taking overseas of American jobs and the outsourcing of American jobs and American people. I am wondering sometimes if it ever dawned on them that this paranoia is what has created the response to American foreign policy across the globe and the environment of terrorism and the like.

The fear of this one superpower holding onto everything or ring-fencing yourself away from the world is creating paranoia among individuals in other States, who then see your people as threats to them and their livelihood.

I am wondering, Sir, if we in Barbados are going to engage in that type of excessive paranoia, that is what I call it, where we want to be ring-fencing ourselves away from the rest of the region. There were times when many of our parents and fore-parents were able to venture into other areas of the world and by their own livelihoods, they were able to support us here in Barbados.

I constantly hear, and I do say, Sir, that it may be out of ignorance, but then, Sir, I think that the people who should know better are the ones proffering this type of nonsense that I hear. I believe that education is important but at the end of the day, those who are responsible for leading people, need to be more responsible at times and stop this nonsense of trying to make people believe that Barbados will be overrun by everybody else coming from every other place, as though anyone could just pick up his bag and come into Barbados. Where are you going to stay? What industries are you going to get involved in?

Sir, the issue of a world of much greater vigilance, is important in this sector. This is so in every aspect of doing business. The issue of anti-money laundering and anti-terrorism provisions brings into a sharp focus, the role of our regulatory agencies which must become much more important in this world.

I believe, Sir, that the amendments to this particular piece of legislation, speak to some of those regulatory changes that are necessary to continue to ensure that Barbados is a model of transparency, relative to investment from outside, as well as domestic investment.

Sir, I do not want to go into the issue of penalties of forms. The Minister responsible for this area has already delved into the non-regulatory and the regulatory amendments that have been done and the changes that have been put in place to substantially regulate what is happening in this industry, and to continue to ensure that Barbados is that model of transparency.

Sir, there are new companies emerging which speak to much more of our domestic and regional capitals than we have ever talked about before, as the basis for these, Double Taxation Treaties are not enough anymore, and the sector is greatly in transition. The concept of coaxing or wooing companies offshore has its restrictions.

We need, Sir, to move more to these non financial service sector providers, and speak to service sector entities which, in many instances in our case, speak to the introduction into the sector of indigenous capital, and to some of the business arrangements and modalities now that would make a difference of how we deal in the future.

Sir, Barbadian companies need to start using a lot of the provisions that are available to them. They should start acting locally but think globally. They should think about what it takes to get indigenous brands out of Barbados as we seek to reposition. I believe, Sir, that the future consolidation of these enterprises is really the way we need to go.

The Honourable Member for the City spoke about the Barbados brand. The value proposition that you put to your clients is important, because Barbados already has an established global brand. Whether or not we have pioneered and marketed the Barbados brand as much as we should have, is another thing.

When I heard an Honourable Member on the Other Side, seeking to beat up on the 100 per cent Barbados campaign, I believe that is where the difference is, which separates us from them. Sir, here is a situation where we are seeking to reposition this brand, in the minds of Barbadians first of all that they have a certain respect and commitment to the brand, then, Sir, to take this brand out of Barbados.

Sir, here is a gentleman that plays he is more of a champion of the poor man than anybody else, the Honourable Member for St. Lucy – I am sorry he is not in his seat – and he can seek then to beat up on this particular idea. I believe that when you think about it, tourism and insurance services, maybe the ones with the most potential in this area.

The Barbados branded products sold at the domestic and regional levels and then seeking to go international is really the way you need to go. I see, Sir, the Almonds of this

world, and the SAGICORS of this world, taking a whole different global stance through what we are seeking to do with the suite of legislative measures that we are seeking to amend.

Sir, the domestic, regional and international consolidation of pan music, especially in American companies, is also the way we need to go. Legislation needs to be put in place obviously to accommodate the same, and this is what this particular legislation is about. I believe that within that context, the issues of trade negotiations become central to what we are doing in this arena, as we seek to reposition these businesses and give them a fighting chance in a larger marketplace.

Sir, if tourism is our number one business, and it is the largest part of the economy in terms of our productive sectors, then we must seek to reposition our tourism enterprises so that they have the best available opportunities to be competitive.

Sir, competitiveness is the key and what we are seeking to do speaks to the issue of competitiveness. The Honourable Member for St. Lucy spent a lot of time talking about community tourism because, like Al Gore who invented the Internet, he invented community tourism. Nobody but him knows anything about it, and it started with him.

Sir, in a subsector that is led by accommodation, the tourism experience involves an almost infinite number of direct and indirect services across numerous economic sectors and that is the tourism experience. Whether we talk about hotels, guest houses, public transportation, public utilities, air transport, ocean transport, ground transport, entertainment, food suppliers, telecommunications or banking, all of these activities form a part of this industry that we consider to be our number one industry, and on which these changes and this suite of legislation impact. 4.50 p.m.

Sir, our ability to compete internationally in this environment will depend upon whether or not the range of services that make up the tourism experience can be provided efficiently, at a reasonable cost and in a manner that exceeds the visitors' expectations.

Sir, this one-track concept of how you seek to develop an industry and how it fits into the international business arena is fundamental to how we would develop. Sir, I do not know how one can consider the concept of our tourism enterprises going the next step or the extra mile without considering deeply the issue of what is happening within the wider international business sector and the issue of trade negotiations and where we are going with them. All of this is relative to repositioning the industry.

Sir, the basis of any position that we put to the rest of the world in our trade negotiations under CARIFORUM and the like must be that we are able to make this industry a lot more efficient than it is now. Sir, the other negotiations that have gone before in commodities would also have a direct impact upon the industry, so the wide range of commodity issues has implications for our planning and our policymaking within the sector.

Sir, if we are going to negotiate collectively, particularly in this region, we need to be very clear. That is why the free movement of people and all of the four modes of the consumption abroad are important in this particular discourse as we seek to reposition this industry.

Sir, apart from the fact that there are areas in this industry that are growing at a faster rate than others, that we have different levels of socio-economic development in the countries that make up our negotiating teams, particularly under CARIFORUM and even in this region, and all the other trading challenges that we have, it is important that we get it right.

Sir, successive trade negotiations will help us but would not resolve all of the issues we need to deal with. Sir, I believe that it would solve some of the inefficiencies we have within the sector and would eliminate many of the challenges facing the regional sector. Sir, whatever we do in trade negotiations in services, particularly as it relates to tourism, it must have the overriding principle of gaining a distinct global advantage for our region over the rest of the regions of the world because we must create more value for our suppliers, particularly our small suppliers.

Sir, every time we come to this House with a piece of legislation that speaks to repositioning the Barbadian economy and repositioning the enterprises that trade within the wider economic sector, you hear this nonsense from the Opposition. Sir, they will get up in here and grandstand about these legislative changes and then try to pick holes in "itsy bitsy" things at the surface, but they have not brought or passed any legislation that speaks to the issue of repositioning this economy, particularly under the international business company sector. Sir, Barbadians made a wise choice almost a year ago today.

Sir, the Honourable Member for St. John got up in here last week grandstanding about land. He said that we passed the Tenancies Freehold Purchase Act, the most revolutionary piece of legislation, but that we excluded the foreshore. Sir, we might not have included the foreshore but we included all the rest of the tenancies. Under the Democratic Labour Party there were no tenancies for people to live on. That relates to this particular piece of legislation. They come to "mash up", "brek up", and "lick up" but they cannot offer any sensible or informed policy direction that will create a better basis for the people in this country.

Sir, I am deeply committed to the process of following the leadership of an informed and enlightened Barbados Labour Party Administration and will continue to follow this lead as we seek to create a better life for the people of Barbados.

I am obliged to you, Sir.

Hon. Miss H. E. THOMPSON: Mr. Speaker, I want to look at a comparison of the Central Bank's Report, at the whole issue of the diversification of the economy and the positioning of Barbados in the new global marketplace.

Sir, I am speaking in support of the legislation brought before the Chamber because it is one item in a package of initiatives piloted by this Government over the course of the last 10 years. Sir, even to the casual observer, it is apparent that the global marketplace is changing and if those of us whether at the level of the individual, businesses, micro entities or the State do not prepare to adapt rapidly, we are going to be bypassed.

Sir, the notion that we are a small State and therefore some degree of sympathy in the international marketplace will inure to us, is the thinking of the past. We live in a world now where small States such as Barbados, that dare to do well in their economies, are graduated from concessionary funding, grants and loans of a certain ilk and are made to pay their own way in the world.

The day of preferential trading regimes where your product was protected in the international marketplace has gone. The notion that we can sit down and protect all Barbadians and all our workers must now become a thing of the past. The idea of security in the marketplace as we understood it, and as our parents understood it where you got a job and you worked at that particular job until retirement or you had two jobs in your lifetime, is over. The labour market no longer operates in that kind of way.

The whole notion of the definition of the job and the marketplace has changed, yet we are still seeking in some instances to operate as if all our workers can have a high degree of security and that they are not to be given a specific type of training to fit them for the global changes.

Mr. Speaker, it is against this background that the initial legislation which we are now seeking to amend and adapt to allow us to continue to be competitive was brought to this House in the first place. It was to make us competitive against the changes in the international marketplace.

5.00 p.m.

Mr. Speaker, as the world globalises, as boundaries are eroded, and as they disappear, the way that we function and

perform would have to change radically. It means that we have to look at ways to diversify our economy, in order to have multiple sources of foreign exchange and revenue on which we can depend.

Sir, as one looks at what is now happening with the Small Island Developing States (SIDS) whole process, one sees where even the Small Island Developing States are saying that we are peculiarly vulnerable, socially, environmentally and economically, the international response is that one must pay one's way and that one must seek to find ways to generate one's solution. Hence, the notion that we are going to be protected by our international friends is very false. This is an era of high and keen competition of one state against another, and where the larger States do not operate with any degree of mercy in respect of smaller States.

We have seen how the Caribbean has already been buffeted by larger international powers, every time there has been an attempt to increase our foreign exchange earnings. The Eastern Caribbean has felt it with the rulings of the World Trade Organisation (WTO) and they understand now that they either have to diversify rapidly or all of the economies in the Eastern Caribbean are going to be marginalised, and that large numbers of the labour force who were committed to agriculture, specifically to activities in the banana industry, are now unemployed and that businesses are collapsing, thereby threatening the whole economy.

Mr. Speaker, in our own attempt to diversify, we have seen that as soon as we are beginning to become successful as an offshore sector, the Organisation of Eastern Caribbean Development States steps in and puts reins on our activities. Sir, it is going to continue to happen in many ways and we must look to see what, therefore, are the areas in which we can compete effectively.

Sir, there are those persons who speak to the continuation of sugar but there are no longer preferential pricing regimes for the support of the sugar industry. In addition, in other countries, Vietnam for instance, where people are working, in some cases for less than US\$1 or BDS\$1, there are large land masses, fields that are suitable to mechanisation, and low labour costs, thus making it economical to produce sugar and other agricultural products, at prices with which Barbados cannot compete, not with our large land mass, labour costs, or any of the cost of inputs in our industry, therefore, Barbados may not have a future.

Mr. Speaker, I am seeking to show why it is important that we should continue to nurture this emerging and growing sector because of the potential, in light of the other economic threats and the way in which other aspects of the economy from which we generate foreign exchange, are being threatened.

Sir, we have to deal with the harsh reality that a country like the United States of America, while seeking to put pressure on others, does subsidise its own agricultural industry, which is in breach of all the rules. Therefore, we are competing in a world that is not fair, one that makes no concessions to a country's small size or its lack of capacity and, therefore, we have to seek to build capacity in those areas where we might have a competitive edge.

Mr. Speaker, it is, therefore, important that we continue to diversify our economy and in particular... I was very interested, and I smiled when the Honourable Member for St. Philip West made reference to technological industries because immediately, I thought of the EducTech Programme.

Mr. Speaker, India, for instance, has become one of the leading countries in the world in the use of technology and in the sale of its citizens with technological skills. That is now a major revenue earner for India. Sir, this is one of the areas in which Barbados can compete, particularly if we continue with the EduTech Programme. Barbados has always had a well-educated population and it is in the area of knowledge-based industries and knowledge-based services, to which we must turn, to generate future revenues and foreign exchange.

Sir, whether we promote Barbados as a centre for offshore services; whether we use it as a call centre or whether we use it for data processing, the fact is that if we have a highly-educated population, we do not need large land masses as one would, to produce agricultural goods in large numbers. In effect, with regards to large volumes and cost efficiency, we can have our trained labour force being a source of revenue generation in knowledge-based and service-based industries.

Mr. Speaker, we must teach our young people. I sometimes speak to young persons coming out of the University of the West Indies (UWI) and many of them complain that they will not get the job they want, when they do graduate. Sir, the target of the University of the West Indies (UWI) is to ensure that in every one of the 83 000 households in Barbados, there is a university-trained graduate.

Sir, the reality is that an economy as small as ours cannot necessarily absorb all of the University graduates. There might be 100 graduates coming out of Cave Hill, with Degrees in Management but in our economy, there might only be 50 places in managerial positions across the island. It is, therefore, critical that we start telling our young people that with their high training and technological skills, they are the generation that must go out and sell their skills and services to the rest of the world.

The Honourable Member for St. James Central was making the point that in past generations, we offered policing and teaching services across the region and beyond. The time has now come when our young people must end up in China, Japan, and in other countries of the world, like New Zealand, which has a high demand for highly-educated labour force, the supply of which they cannot meet.

Mr. Speaker, moreover, we have to recognise that our businesses must go a step further if they are to become competitive in this global marketplace. Again, I revert to comments made by the Honourable Member for St. James Central, that local lawyers fear the invasion of American and foreign lawyers who are going to be competing against them. Sir, equally our lawyers must join with our accountants, engineers, and other skilled persons and sell their services in the Caribbean and outside of Barbados.

There are not many of our business places that equip themselves to meet the pre-qualification criteria of the Inter-American Development Bank, the Caribbean Development Bank, or any of the development or finance institutions but yet in all of those institutions, millions of dollars in consultancy fees are generated every year, some in the Caribbean, yet our architects, engineers, accountants, *et cetera*, are not doing Spanish to go into Latin American countries, where there is a dearth of skilled professionals. Instead the Latin Americans come to us through the Inter-American Development Bank and other agencies, but we do not go to them.

In Barbados, we have developed models for solving many of the problems existing in Latin American countries today but while having the other competencies that will allow them to do the job, our professionals do not have the language and the other skills that allow them to sell their services outside of Barbados.

Mr. Speaker, we have to recognise that globalisation is not coming, but that it has already come, and that unless we change the way in which we do business and make ourselves more competitive, we will not realise the benefits that are to be reaped from this new marketplace. I am urging our businesses to become prepared to compete and make themselves ready to go to other shores.
5.10 p.m.

Sir, a lot of people do Spanish in school but five years after leaving school they cannot tell you their address in Spanish because a language is a living thing which you must keep using. We do not see the opportunities that can open up for us when we have the language skill.

Sir, in the United States of America sometimes, depending upon where you are, you hear more Spanish being spoken than English and people from the Caribbean must learn a foreign language to make themselves more competitive in the marketplace.

Sir, I am not seeing our businesses develop the kinds of mergers which would allow them to compete outside of Barbados. We cannot continuously look to the Government to do everything.

Mr. SPEAKER left the Chair and Mr. DEPUTY SPEAKER took the Chair.

Hon. Miss H. E. THOMPSON: Sir, a legislative framework has been put in place and it is now up to businesses to capitalise on the benefits and initiatives that Government has made to help them to position their businesses to compete.

One of the areas in which we can do well is in the cultural industry. When I was a child, people used to say we had no culture but no one can say that anymore because over the last 10 years we have seen a revival of things Barbadian through a resurgence of NIFCA and the impetus put into Crop Over and other cultural initiatives.

There are also people in various constituencies working to ensure there is a cultural reformation in Barbados. We have the Pinelands Creative Workshop, the Israel Lovell Foundation, the Haynesville Dancers and cultural activities and at the micro level things are happening to generate interest.

Sir, these activities have a sale and foreign exchange value and we must look at how we market our cultural industry first to the Barbadian and West Indian diaspora, our obvious market and clientele, but beyond that, to the world.

I was walking down a street in Tokyo and heard a young man singing to a Bob Marley song on a PA System. I was very glad to see someone who I thought could speak English and rushed to him to ask directions only to realise that he was parroting the English words that Bob Marley was singing and could not speak a word in English. Sir, his words were not entirely right but that is the power of the culture and music. Sir, in a globalised world, this is the type of cultural product and service that we can sell.

What then is going to be the cultural element of the new economy on which Barbados is going to base its future? What are to be the multiple limbs from which we will earn foreign exchange and how do we equip our people and business sector to compete effectively?

Sir, there are other areas in which Barbados has done well. We have done well in the area of alternative energy products. Barbados has the second highest solar water heaters per capita in the world. The product, developed by Solar Dynamics, recently received high praise in an international magazine and analysis by an agency of the United Nations. To what extent are we promoting solar heaters to the rest of the region? We have done well in this area and can benefit from it.

Sir, I have already spoken about Chefette and about how they seek to set up in every parish rather than in every country of the region.

Sir, there are other areas of business which Barbados is well-known for. I see Barbadians organise large activities like state funerals or carnivals like Crop Over and they have a high level of organisational efficiency and skill and this service can be sold because I have been to other activities that degenerated into chaos. Sir, when the lights were working, the PA system was working and when the PA system came on the lights went dim. Sir, I am not only speaking about the Caribbean because some of these things happen in New York as well.

Sir, I hope we are asking ourselves as a country what is the Barbados brand going to be? Is it going to be specialist agricultural products like cotton, organic sugar or other organically grown crops? Is it going to be a style of clothing because we have designers like Pauline Bellamy, Neffeteri Caddle and others. I have seen clothes made in Barbados by local designers at state events and journalists ask where it was bought in the United States of America but they are produced locally and worn by members on both sides.

We do not think about it but Barbados has developed a compendium of skills that can be put into the Barbados brand and sell. We need to develop our technological trained people, designers, musicians and theatre arts. We have not been developing our theatre arts in the way that we could because there is no good theatre in Barbados.

I remember that "Lights" was a production that was sold outside of Barbados and Pinelands Creative Workshop has also done performances outside of Barbados. Recently, somebody said to me that he saw the "Vagina Monologue" done in Barbados and in the United States of America and that the Barbados production was superior to the one done in the United States of America.

Sir, we have theatre skills that we do not sufficiently promote. It is important that the skills, resources and promotion of these should be captured as a product that is identified as Barbadian.

5.20 p.m.

Sir, while I feel this piece of legislation is important, I am placing it in the context of what we need to do, what we are doing and the general diversification of the economy that must take place if we are to survive in the globalised environment.

We can talk about a loss of revenue as a result of GAAT and other international arrangements – the reduction in taxes that will take place, how we bridge the gap between what we were earning and the goods and services being provided from those revenues, and what revenues and foreign exchange are needed to be generated in order to bring you up to the same level. This is a real financial management issue with which we have to grapple.

We have a population that is demanding more constantly. We have a high standard of living that is comparable not of that of a developing country but in many respects the quality of goods and services in Barbados are comparable to those of an international and developed country, not just a Caribbean place.

Mr. Deputy Speaker, you need a certain amount of money to run your economy but, at the same time, you have diminishing resources as a result of reduced financing. There are changes in the international tax regime that will impact on us. Hence, how do we move forward? Where is the economy going and what are to be the multiple platforms on which we will stand and take off into the new globalised marketplace?

I am satisfied that in respect of the financial services sector a sufficient attempt is being made to make us truly competitive and to ensure that this sector of the economy remains vibrant and a good generator of revenue and foreign exchange for Barbados.

Therefore, it is in this context that I give support to the amendment before this Chamber.

I am much obliged to you, Sir.

Rev. J. J. S. ATHERLEY: Sir, I would like to make a contribution to this debate in support of the amendments before this Honourable House. I want to take the view that these amendments that are being brought to us are simply another attempt to better expedite the set up and function of international business entities operating in our jurisdiction.

I believe that if one takes that approach, one fails to fully grasp the import of what Government is attempting to do, not only through the immediate mechanism before us but in its total general policy on international business industry development in Barbados.

The Barbados Labour Party Government has given an undertaking to the electorate of Barbados, and has received a mandate, to pursue the objective in ensuring that Barbados becomes the premier centre for the production and export of competitive high services both in CARICOM, the wider hemisphere and, by extension, the global market.

Sir, I would want to take the latter approach and see this as part of a strategic attempt to better position ourselves to develop a sector which has assumed tremendous importance in the whole scheme of things in terms of the Barbados economy of today and in the global environment relating to the international economy.

The sector is significant when one examines what it offers to Barbados and one juxtaposes that against the scenario within which we continue to see the erosion of our traditional foreign exchange earning revenue base. The Honourable Member for St. James South alluded to that to some extent.

We do not now earn sufficiently enough from the traditional sources which we depended on for the generation of foreign exchange revenue. This sector, as I understand it, is second in terms of earning revenue for this country and, therefore, is very significant as a foreign exchange revenue-earning mechanism.

Sir, the dynamic investment formation is important and we continue to be aware that when we talk about indigenous capital and even capital for regional sources we are talking about scarce and limited sources of capital. Countries like ours traditionally have depended heavily on foreign investment and, therefore, this is a significant avenue for investment formation in Barbados.

We must make reference to the significant numbers that are employed by, and for the future potentially will be employed, as a result of entities operating in the international business sector, both at the higher and medium-end jobs which obtain in this sector.

Sir, the transfer of technology is of tremendous importance and the presence of international entities bringing varied types of international resources augur well, in many cases, for the potential transfer of technology to our shores and jurisdiction. The transfer of skills cannot be discounted as it is absolutely important as we continue to seek to develop our indigenous human resource.

Sir, we are not simply looking at regulatory amendments, which are incidental for the purpose of improving the administering of the centre, but we are looking at amendments in a wider frame which seeks strategically to ensure that we are able to maximise potential benefits derived through this sector to the Barbados economy.

The international financial services is among the fastest growing sector for many developing centres and for developed country centres as well. Therefore, because of the magnitude of the sector and the sizable returns that countries can derive if they are in a position to properly platform this sector, then, of course, we would have to make sure that the effect from time to time, the changes which would facilitate the pace of growth that, potentially, we can realise here in Barbados as we allow this sector to further flourish and foster.

Sir, we want to ensure that what we have to offer the world is of high quality services, therefore, the matter of effecting change and effecting timely change. I think this is what the Honourable Member for St. Joseph spoke to when he addressed us earlier today.
5.30 p.m.

We would want, as well, Mr. Deputy Speaker, as a Government and a country to be in a position to both counter and refute the harmful tax branding. This has been the want of some in the International Business Centres to put on the developing centres like us, who are seeking to establish alternative means of generating revenue, and services in employment.

We do not want to be found wanting when faced with charges such as have been the case in recent memory, when the labelling of harmful tax havens was associated with some domiciles like ours. Therefore, we want to be in a position to make sure that we can counter and refute that, and be on a sound platform.

In this country, we have been successful and countered the effort to brand us thus far, Mr. Deputy Speaker, but we have to admit that the energy and time required to address that type of issue, together with the negative impact coming out of those types of labels, brands, and mouthings from the OECD and other entities, have served to retard the progress and the rate of growth which would have attended the development of this sector. I think that is also the case right here in Barbados.

I am sure that we would want, Mr. Deputy Speaker, to be able to subject ourselves and our jurisdiction to the best or highest possible levels of scrutiny and while we do so, retain our sovereignty.

I think Barbados can justly boast that we have been able to subject ourselves to the most stringent form of scrutinising, and yet have been able to retain our sense of sovereignty. This is unlike what has obtained in some other jurisdictions which have found themselves subject to this type of branding by the OECD and other entities.

Sir, if we are to retain that level of sovereignty, and yet be open to scrutiny, we have to effect the necessary changes, when thought prudent and timely. I think this is part and parcel of a continuing exercise of ensuring that this happens. It is important, I believe that a Barbados Labour Party Government pilots this programme.

After all, it is the Barbados Labour Party that gave impetus to this initiative in the administration of 1976/1986 and, significantly, sought to develop this sector. When faced with the recent challenges, again it found itself in a place where its lot was to be the instrument of defence for this country, when subject to the ravages of the OECD and the stipulations of the Financial Action Task Force and these types of entities. It is appropriate, therefore, that this Barbados Labour Party, the Government today, is the instrument in the vanguard of leading the further growth and development of this sector.

Mr. Deputy Speaker, the Caribbean political economy has always been influenced by an international investment presence. However, that has been manifested, and you can look at the broad era of Caribbean political economy development and see that is the case. There has always been the dynamics of the international investment presence, whether it manifested itself in the industrialisation policies, beginning in the 1960s, or whether it reflected itself in the primitive manifestation of pre-Independent times, under the colonial banner and, in that environment, the obvious movement forward of an economy which is finding its sense of robust life once again, after a slight dip in the recent year to year and a half. It is against that backdrop, I want to suggest that the changes brought before the House today, are necessary.

We always have to address the legislation which underpins our institutions and our policies, as we move forward. We always have to address the issue of the regulatory framework in which foreign entities as important and vital as they are, operate within our jurisdiction for their benefit and our interest as well. We always have to ensure that we do the necessary institutional make-over or enhancement, when that becomes a condition for the further growth and development of international business entities, whether financial or otherwise operating in our presence.

Sir, change becomes necessary because of the new investment linkages with the major financial centres of the world. Long gone are the days when the economy of a country like Barbados, would only have been linked with international centres through the vehicle of export/ import of raw sugar and such items.

We are now integrally linked with major investment and financial centres. As such, we have to ensure that always, their institutional network is in place, the regulatory

framework is functional, and the legislative framework is robust and potent to deal with any possible eventualities.

It is in that context that I think these amendments are brought to this House as part of a continuing exercise of revamping and repositing ourselves to do whatever is necessary to ensure not only the survival of the sector, but expansion of the sector, and the full grasp of benefits by the Barbadian economy.

Change in the economic culture of Barbados is taking place because of the very maturity of the financial services sector. Other Members have spoken to the fact of the changing environment in which we exist regionally, hemispherically and internationally, but that impacts here at home, and the very culture of the economy has changed, and vitally, this sector has contributed to that change as well.

As it matures, one would expect that the economic culture in which we operate and derive our livelihoods will continue to change, making it necessary that we address, as I said, that legislation, the institutions and regulatory framework around them.

There are eventualities currently taking place around us which imply change, such as the CSME, FTAA and the WTO, and the new arrangements with the ACPEU situation on Barbados, which is not something we had been traditionally accustomed to until recent years. All of these things imply significant change in the culture of the Barbadian economy. This will have to reflect itself in prudent and timely change of the legislative framework upon which our international business sector is platformed.

There are, Mr. Deputy Speaker, some things which worked for us and will continue to work for us as we attract investment to these shores. One is the political stability of Barbados which is something for which we are famed in the world. This is not a boast to which every Caribbean state can make, but Barbados can make it, and we trust that long may this remain, as it attracts people to our jurisdiction.

The confidentiality with respect to banking and finance that obtains here, people feel relatively comfortable with that and so they come. The telecommunications infrastructure that we have developed, where we are liberalising the business of telecommunications operations in the country has attracted, and will continue to attract the presence of international investment.

The very offshore environment that we have attracted here in Barbados is such that people find it attractive. When I say people, I am talking about legitimate entities who are looking for a domicile in which to lodge but the very things,

Mr. Deputy Speaker, that make us attractive as a domicile also contribute and, perhaps, facilitate the pursuit of illegal activity from time to time.

This is another reason why we have to ensure that our legislation is always up-to-date and our institutions are sound because that is the environment this Barbados Labour Party Government has been in the forefront of creating, and it has to be protected. The things which work for us can also be used against us. The things which work for us can also be used against us if we are not concerned. Mr. Deputy Speaker, money laundering is rife around the world with hundreds and billions of dollars being laundered every year. Mr. Deputy Speaker, this Government has been in the forefront of setting up the legislative counter to activities such as money laundering. We have put in place institutional mechanisms such as the Financial Intelligence Unit to counter the business potentially to come among us of money laundering. 5.40 p.m.

Mr. Deputy Speaker, there are some concerns I have that are also held in certain quarters. With respect to the functioning of some of these institutional mechanisms, we have paid a lot of attention in our legislation to things such as due diligence and the financial soundness of some of the entities that seek to invest here. When we do it, it seems to me that we are more concerned about the adequacy of capital that these entities can suggest or demonstrate.

Mr. Deputy Speaker, I think we would need to go further and pay greater attention to matters such as compliance with the new requirements as espoused in the legislation and the issues of compliance and rigorous enforcement. We also need to be concerned about the source and the legitimacy of the wealth which some of these entities bear and offer to our shores.

It is not simply a concern about the financial soundness of the institutions, or about the adequacy of their capital, but the source and the legitimacy of the capital which they bear in investment to our shores. We should be concerned about that, as we are, I am sure, and we should go to every length possible to ensure that there is compliance with the requirements under the Law and that the law is rigorously enforced.

Mr. Deputy Speaker, the amendments in 2001 brought by the predecessor to the Honourable Member for St. Joseph in this Ministry would have gone somewhere toward addressing this, but I still think that there is more that can be done.

Mr. Deputy Speaker, there is the issue of registration and the operation of segregated cell companies. Perhaps an area of a potential problem is the exact powers and business

of each cell *vis-à-vis* the other cells which need to be clearly defined and declared at the time of registration as there is some concern in some quarters that this is not sufficiently the case.

Mr. Deputy Speaker, on the issue of exempt insurance companies, in the new regulatory framework which requires some degree of compliance with local money laundering laws, we would need to ensure that strong guidelines are very much part and parcel of the legislative mechanism just as we do with reference to some of the other types of international business entities operating in Barbados.

There are some trends which call forth some concerns on our part. The fact that there is a tendency now to launder money through the trust companies, holding companies *et cetera*, the question of full disclosure of beneficial owners is a requirement under the Law but this is at the point of registration.

Mr. Deputy Speaker, we believe that periodic updates with respect to beneficial owners and things like that ought to be part of the legislative framework and of the compliance mechanism inserted in the legislation. We want to protect the integrity of our domicile. We want to ensure that we can address any loopholes in the financial regulations. That is the world in which we live now and whether we like it or not that is par for the course.

We have to ensure that we remove any obstacles to international corporations and that there is adequacy of resources for the business institutional capacity to ensure a sanitised environment. Simply speaking, it is in our own interest and also in the interest of the international entities that seek to lodge here to ensure that the environment continues to be a sanitised one because that implies positively for future investment.

Mr. Deputy Speaker, the Honourable Member for St. Philip West made reference to one or two Immigration matters. Sir, the policy of the Immigration Department, as mandated by the Ministry of Home Affairs and the Government of Barbados is that the issue of work permits should be restricted to persons at the management level of the international business companies. The Immigration Department has been seeking to improve its capacity to respond to applications on this discourse. This was a concern which was expressed by the Honourable Member for St. Philip West.

Mr. Deputy Speaker, much of the responsibility for doing the background checks necessary as part of the process of applications for registrations is now lodged with the Ministry of Industry and International Business to help expedite in a much faster fashion the business of facilitating the setting up of these entities.

Mr. Deputy Speaker, work permits are normally issued by the Immigration Department in about six weeks time. In today's world that might be considered to be a long time, but if you consider where we have come from, that is a significant improvement. Sir, efforts continue at the Immigration Department to ensure that even that limited time period is further reduced. In 2003, the Department issued 19 such work permits and, in 2002, they issued about 17 for persons operating at that level.

Mr. Deputy Speaker, the issue of discrimination was raised by the Honourable Member for St. Philip West. He attested that he knows personally of numerous instances in which Barbadians have been discriminated against re employment opportunities.

My humble suggestion to him is that if that is the case, he should do the dutiful thing and bring it to the attention of the Immigration authorities as quickly as possible and let us deal with it so that honest men and women from St. Philip West might find some employment. I believe that would serve their interest, the country's interest and the interest of the Honourable Member for St. Philip West.

I think he has a professional duty, a political responsibility and a responsibility as an outstanding citizen of Barbados to draw this to the attention of the Immigration Department and I urge him to do so because it is not the policy of the Government or the Immigration Department that Barbadians should be discriminated against in this fashion. As far as I know it is not a policy emanating from any official source in Barbados.

Mr. Deputy Speaker, there are a couple of concerns I have. I think that it should be part of a deliberate policy on the part of Government through the development of the international business sector and the international financial services sector to ensure the development of competencies with respect to business in that sector.

I know we teach a lot of things at our universities, at our colleges and even at our secondary schools. I am not too sure that it is part of a deliberate policy to generate the kinds of competencies to operate at the highest level in this particular sector, therefore I am urging that we make that, if it is not so, a deliberate strategy as the transfer of skills is important. Mr. Deputy Speaker, I believe that too often we have expatriate skills coming into the country, and then there is the departure of those expatriates from the country, who have served their companies' interest and to some extent, the Barbadian interest, but that the transfer of skills is not as meaningful as it possibly could have been.

5.50 p.m.

I do not know how the Ministry of Foreign Affairs and Foreign Trade sees this but I believe we need to have a deliberate policy where we can train people in treaty negotiations, in trade agreement formulations, in international tax policies, in international financial policies, and in global financing developments. These are some of the major areas with which we are concerned and which we are, by force, drawn to involvement in because of the international arena in which we now operate.

I believe there ought to be a policy to deliberately develop competencies and skills in these significant areas, so that we can have young, bright people coming through, who are able to take this country and this sector forward.

Mr. Deputy Speaker, the Honourable Member for St. Joseph has spoken of the employment ratios obtaining in the sector. He made reference to two entities, suggesting that in one of those entities, there were about 30 persons being employed, with only four persons being expatriates, while in the other entity, there were about 18 persons being employed, with a number of them being expatriates. Therefore, my concern would be the level at which the locals are operating in those entities.

Mr. Deputy Speaker, the view is being held that the lofty positions in these entities are being held by expatriates and though there might be a greater number in ratio, in terms of locals operating in some of these companies, of necessity of course, they are perhaps employed at low-level positions and are using low-level skills.

I would, therefore, want to see them moving up the ladder, not only in terms of numbers, but in the jobs they are called upon to perform. The question is, who controls the management of these entities and at what level are the indigenous skills employed?

Mr. Deputy Speaker, we can fight all of the entities that are out there that are seeking to stifle our development. We can fight all of the illegal forces that seek to use legitimate mechanisms for their illegal pursuits, and it is necessary.

Sir, one of the big challenges we face is the challenge to develop the human resource among us, which is commensurate with the development of, and the need to find employment opportunities in that sector, thereby more greatly impacting the economy of Barbados through what obtains in that sector. I believe it is a challenge which casts upon us as a Government, to summon the best of our energies in response, so that this sector can play the role in the forward movement of the Barbadian economy that it is poised to do.

I thank you, Mr. Deputy Speaker.

Hon. D. D. MARSHALL: Mr. Deputy Speaker, thank you for the opportunity to speak as we wind up this debate. Let me especially thank Honourable Members of this House for participating in such a lively and probing manner in the debate on this legislation.

I believe, quite strongly, that what we are doing today helps us to solidify our international business sector. It also provides an opportunity for us to help articulate our vision of the future as we go forward and therefore, thanks again to Honourable Members on Both Sides for this opportunity.

Mr. Deputy Speaker, I would want to begin by pointing out that I believe the approach of Her Majesty's Opposition, is based on a few red herrings. Let me begin by saying that it is fundamental that we have to recognise the transitional or the ever-changing nature of international business. It is to no one in Barbados' discredit that Caribbean Data Services or that PRT has left Barbados.

As Honourable Members on This Side of the Floor have constantly pointed out, business models today last for four or five years, and not for 20 or 30 years as they used to. We have to accept the fact that special purpose vehicles will be utilised by major corporations for so long as their utility is practical and so long as it works for them.

We had a good long run with the Caribbean Data Services. It has contributed a lot of jobs to the economy. It has contributed many opportunities for education and training for our young people. It has helped young people to buy homes and to send their children to school, *et cetera*, but the time for that has passed.

Sir, let me declare that Caribbean Data Services did not leave Barbados because of some failure on the part of this Government. They did not terminate their operation in Barbados on the part of some perceived shortcoming on the part of this Government. PRT did not leave Barbados or did not reduce their operation because of the part of some failing on the part of this Government.

Sir, corporations make strategic decisions every day as to whether or not a business model works. If it does not work, or if its lifetime is limited, then when the appropriate time comes, the decision to cut that operation is made. That is a fact of life. There are Barbadian domestic businesses that close branches every day because some of them no longer work.

Every day subsidiaries are closing because the model no longer works. Therefore, why should we be so naive as to think that sensible commercial practices that obtain in Barbados will not obtain in major capitals when it relates to the question of keeping a Barbados subsidiary opened or not?

Sir, the fact of the matter is that INTEL (Barbados) Limited was also in Barbados and they left but we count the INTEL story as a success story because even today there are about 40 or 50 Barbadians who are living and working in Arizona, who when INTEL left Barbados, had carried them with them. We count INTEL as a success story in Barbados because of the training they offered to their employees.

Sir, these are things that do not go when the company goes. These are things that remain in the bosoms and in the intellect of our people. Therefore, our success story must not only be measured in terms of, is the company still here and are we still earning dollars? Our success story is equally measured when the day comes that a particular company chooses to leave our shores, whether or not they have left behind an improved class of Barbadians; whether that improvement is in terms of their dollars and cents at the bank; in terms of their marketable skills that they have absorbed, or in terms of the knowledge that has been accumulated.

I believe that it was Sir Arthur Lewis who, years ago, spoke about industrialisation by invitation. Is it not simply a carrying through of his philosophy when today we attract companies to Barbados, in the legitimate expectation that these companies will be here for as long as the business model makes sense, but that while they are here, they will employ Barbadians, will help them to pay for homes, will help them to send their children to school but more importantly, to help them to become equipped to deal with the new challenges of the marketplace?

Sir, we have young men and women today who are able to go into any data processing industry, simply by virtue of the fact that they had a successful tenure at Caribbean Data Services. These are people who are now being employed by Government and other departments, where the need for data processing is becoming more and more apparent.

Sir, in the same way that for us INTEL was a success story, the Caribbean Data Services was also a success story. Therefore, we must not be ashamed of the fact that Caribbean Data Services may no longer be here. It is a reality that these things pass this way but for a time.
6.00 p.m.

It is a reality that these things pass this way but for a time. The question that ought to be asked by the Members of the Opposition is, what has been our response to the departure of the companies CDS and PRT?

I want to tell the Honourable Member of the Opposition that in the last 12 months Call Centers have brought over 400 jobs to Barbados and that by September we expect to have another 500 Call Centres. Sir, another Call Centre is to open its operations in August and is expected to start with 250 seats and move incrementally to 1 000 seats

within two years. We have secured the commitment from that particular company and the renovations for the building they are going to occupy have already commenced.

Sir, Honourable Members on the Other Side seem to think that we are looking to denigrate Barbadians and make them do dirty work, but we are sticking to our guns when we say that this sector provides opportunities for young Barbadians. Mr. Deputy Speaker, the proof of the pudding is in the eating. I look forward to being able to stand up in this Honourable House six months from now and give clear and vocal testimony as to the continuing success in this arena.

Mr. Deputy Speaker, I have requested BIDC to expand its training programme in an effort to make sure that these Call Centres have a ready pool of employees. BIDC is responsible for training potential employees free of cost for a three-week orientation period in fundamental skills.

I have asked BIDC to see how we can utilise the community centres that have computers in place with a view to carrying this kind of training into our community centres so that we decentralise and increase at a rapid pace the number of our young school leavers who will be able to command jobs earning between US\$4 to US\$6 per hour in Call Centre activity. Mr. Deputy Speaker, we have not sat idly by, but continued to seek new business opportunities and I believe we will continue to show success.

Sir, the reality that faces the Members of the Opposition is that if they cannot change their minds, they cannot change anything. I am reminded of the fact that in this Honourable House during the 80s when this Barbados Labour Party Government was bringing new legislation to expand our international financial services sector that the Democratic Labour Party challenged the legislation, did not support it, and vocally claimed that we were opening the door for money launderers, the Mafia and prostitution. Sir, all these offhanded comments were made when we were trying to secure the future of the young people of this nation.

Mr. Deputy Speaker, today they say we are doing a good thing but we should strengthen the Civil Service. Sir, that is the essence of the contribution by the Honourable Members on the Other Side today. I am grateful that they have been able to modify their objections by saying that what we are doing is good but we have to make a few changes to ensure that our civil service structure works. Sir, it has taken them a tremendous amount of guts to move away from the position taken in the early 80s.

Mr. Deputy Speaker, we should not be surprised because the position of the Democratic Labour Party is one that is very difficult to crystalise. The Honourable Leader of

the Opposition purported to quote from a document earlier in the debate today which he made a document of the House. During his response, he proclaimed that it was a report published earlier this year.

Mr. Deputy Speaker, it is fortunate that we have Standing Orders because under them, he is forced to make it a document of the House and we are then able to inspect the document. I have been graciously supplied with a copy of the document but I was alarmed and distressed when I saw the word “draft” on every single page of the document.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, on a point of order. The Honourable Member is misleading the House. The Honourable Member for St. Joseph is seeming to suggest that the content of a draft document would not be authentic. Sir, the contents have been based on surveys and would not be substantially different from a final draft so I do not understand the issue.

Hon. D. D. MARSHALL: Mr. Deputy Speaker, I believe there is substantial difference between this and a bank draft because that is cash in hand but the word “draft” on top of a document whether it be a conveyance or report means it is not a final document. Sir, when the Honourable Member worked at the Central Bank of Barbados and submitted draft documents to the Governor, he would have been most alarmed if the following day it was read into the documents of this House.

Mr. Deputy Speaker, I am not suggesting that it is entirely improper for the Honourable Leader of the Opposition to read into our Hansard, a document as an original report when he knows full well that it is a draft.

Mr. C. A. MASCOLL: Mr. Deputy Speaker, on a point of order. While I appreciate the argument of the Honourable Member, I am surprised that he would treat a document which has draft printed on it in such a contentious way because it does not reduce the authenticity of the document. In fact, every year we debate in this House a draft document of the Estimates of Barbados. It is discussed by all Honourable Members, revised and at the end of the year Parliament gets an approved document.

Hon. D. D. MARSHALL: Mr. Deputy Speaker, I believe that my point has been made. I leave it to you to do such as you may but I only want to say that in circumstances where an Honourable Member reads into the record a report but is not able to produce it, there must be some way to expunge from the record any reference to a report that the Honourable Member is not now able to produce.

Sir, the sophistry continues.
6.10 p.m.

The Honourable Members of the Opposition, since they responded to my second reading speech, said, “Oh my goodness! After all these years we do not have proper statistics on the industry.” I do not know if the Central Bank is able to say that it contributes \$400 million in revenue...

Asides.

Hon. D. D. MARSHALL: To save the Honourable Member some time, sophistry serves the same Latin root as the word “sophisticated”. Mr. Deputy Speaker, it has to do with an argument that is so refined that it is beyond the grasp of ordinary men.

Mr. Deputy Speaker, the Honourable Leader of the Opposition served in the Central Bank quite comfortably for many years and we did not hear him say on any of those occasions or when he was the advisor to the Minister of Finance, when the International Business Companies Unit was still in the Ministry of Finance, “Wal law! How is it that we don’t have proper statistics?”

Asides

Hon. D. D. MARSHALL: Mr. Deputy Speaker, he was not heard to lament on any challenges that he would have encountered in garnering these statistics but for the minds of people who are not so able, I would venture to suggest that this Government is able to determine exactly how much revenue is garnered from the companies in the international business sector because they file income tax reports. When this Government releases documents, which says that the international business sector currently contributes 40 per cent of the corporation tax revenue, that sounds like a statistic to me.

Asides.

Mr. C. A. MASCOLL: On a point of order. Mr. Deputy Speaker, again the Honourable Member is misleading the House. I have no difficulty, as I said in my presentation, with the tax revenue derived from international business companies. I have always and will continue to query whether or not Government knows the extent to which the international business companies make a contribution to the Gross Domestic Product of Barbados. Nobody has done such a survey. I am aware that, of the corporation tax that we receive, approximately 35 per cent comes from that source.

Hon. D. D. MARSHALL: Equally, we are able to ascertain with some accuracy, the numbers of Barbadians that are employed. In fact, if the Honourable Member of the Opposition had looked at the draft document, he might have seen somewhere in there a reference to the specific number of people who were employed.

Asides.

Hon. D. D. MARSHALL: We have clear statistics as to contributions that this sector makes.

I would admit that when we try to broaden the net to include how many hotel nights they are staying, the number of cars that are being rented and the amount of money that they spent in restaurants, there is some difficulty.

The fact is, I strongly suspect that those figures are captured in the figures for the tourism sector. Sir, they do not need, strictly speaking, to come into an assessment of what the international financial services sector contributes to Barbados.

The fact is, every sector will have linkages with other sectors. The car industry contributes to Chefette because Chefette has drive-thrus and the cars would go to the drive-thrus. The point is, in every aspect of our existence one thing will connect to another but we do not need for these purposes to determine down to the last penny, every penny that is spent on every thread of activity engaged by international business companies or connected agencies.

I believe the claim that we do not have proper statistics is nothing more than a red herring being dragged across the trail which is designed to deflect us. The other red herring that has been dragged across this trail by the Honourable Members of the Opposition is the statistic about how many inactive companies we have in Barbados. It is, perhaps, unfortunate that as I speak there are no attorneys on the Other Side who are in their seats, but I strongly believe that if they consulted with their attorney colleagues or some of the others, they would discover that in Barbados, the region and across the world, people incorporate companies and they do not use them.

I believe that any person who is in the business of law or accountancy would be able to tell you that people incorporate companies and do not use them. The international financial services sector is no different.

I have had instructions to establish international business companies for people. They set them up and then they do not use them. There is no sin in that but the Honourable Member, Leader of the Opposition, should carry his argument through to its logical conclusion, because of the 17 inactive companies that between the Honourable Leader of the Opposition and the Deputy Leader of the Opposition, they want to give us a failing grade. The international business companies sector contributes 40 per cent of the corporation tax in Barbados and I do not know that can be a failing grade.

Sir, if we have between 1,700 and 2,000 active companies in the sector in Barbados that are contributing significantly to our employment and are contributing

between 35 and 40 per cent of our corporation tax revenue, that in any rational human being's book is not a failing grade. That is a success story. We are not going to allow ourselves to be distracted by the talk about so many inactive companies.

Mr. Deputy Speaker, I also want to indicate that there is another red herring, that there is a differentiation between the domestic and the international business sector. I think that by now everyone in here should know that Barbadians are now able to own International Business Companies and carry on the same business as a foreign individual could.

They get the benefit of the same tax incentives and for those companies that are not international business companies, they have the benefit of the Export Credit. It might be a useful thing to pause a moment on the Export Credit because this Barbados Labour Party established the Export Credit in section 14 of the Income Tax Act in 1985.

Asides.

Hon. D. D. MARSHALL: Between the time we demitted Government in 1986 and came back to Government in 1994, not a single Barbadian entity claimed the Export Credit. Since we returned to Government, the Export Credit has been used successfully by most Barbadian companies who engage in exporting, whether in services or products, as a solid and legitimate way of achieving tax efficiency. Mr. Deputy Speaker, as we always say, the proof of the pudding is in the eating.

I want to conclude my remarks by reminding Honourable Members that this industry is one that is compelled to keep up with fast-paced changes in our international arena. It is not like cricket where you can only bat when the other fellow bowls. We have an environment where companies have several choices of domiciles and Barbados has been very successful in selling ourselves, services and our capacity and strengths but it is a fast-paced world that we are involved in. It is incumbent on us to ensure that our legislative structures are able to keep pace as and when the changes confront us.
6.20 p.m.

Sir, one of those changes, I reiterate, has been the call for a higher level of regulations, to maintain the sanctity of our sector, and this legislation today, comes largely with that in mind.

I am happy to report that in terms of international business companies, the figures are significantly higher this year as opposed to last year, and we are expecting a year of growth.

I want to remind Honourable Members that we are at the point where we need to go beyond financial services, and think of how we are able to use our framework to expand into the Caribbean and beyond.

I urge all Barbadians to stand with me in recognising that international business is no longer confined to the area of financial services, but must now encompass all of the services that Barbadians have to offer.

We are in a good position, in relation to the rest of the Caribbean, because we have an infrastructure that supports international business. We have an educational sector that provides the bedrock for international business. We have an orderly society that allows international business to flourish. We have stable Government. We have a whole set of things, and all of these are attributes that have worked well for us in the past.

Asides.

Hon. D. D. MARSHALL: Sir, never mind any apparent instability in the Opposition, we have a stable Government. Therefore, this legislation is aimed at strengthening our sector, and ensuring that Barbados continues to be in a good position.

I want to remind Honourable Members that this is not the start of something new but a continuation. As such, international business has an internal transition, in terms of the vehicles that are used. This Government is forced to respond to the transition by meeting the present demands with current legislative amendments.

With those words, Mr. Deputy Speaker, I beg to move that this Bill be read a second time.

The question was put and resolved in the affirmative without division.

On the motion of Hon. D. D. MARSHALL, seconded by Hon. Dame BILLIE MILLER, the House resolved itself into Committee on the Bill, Mr. R. D. MARSHALL in the Chair.

COMMITTEE

Mr. CHAIRMAN: This House is now in Committee.

Clauses 1 – 3 inclusive, were called and passed.

On the motion of Hon. D. D. MARSHALL, seconded by Hon. R. C. EASTMOND, Mr. CHAIRMAN reported the passing of one Bill in Committee, and Mr. DEPUTY SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. D. D. MARSHALL, seconded by Hon. R. R. FARLEY, the Bill was read a third time and passed and cited as the International Business (Miscellaneous Provisions) Act, 2004.

ADJOURNMENT

Hon. R. C. EASTMOND: Mr. Deputy Speaker, this brings us to the end of Government's Business for today's Sitting and I beg to move that this House be adjourned until Tuesday, May 25, 2004 at 10.00 a.m.

Hon. Dame BILLIE MILLER: I beg to second that, Sir.

The question that this House be adjourned until Tuesday, May 25, 2004 at 10.00 a.m. was put and resolved in the affirmative without division and Mr. DEPUTY SPEAKER adjourned the House accordingly.
6.26 p.m.

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