
THE

House of Assembly Debates

(UNOFFICIAL REPORT)

PARLIAMENT 2003 – 2008

HOUSE OF ASSEMBLY

Tuesday, June 5, 2007

Pursuant to the adjournment, the House of Assembly met at 10.15 a.m. on Tuesday, June 5, 2007.

PRESENT

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

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

Mr. D. J. H. THOMPSON, LL.B. (Hons.) (Leader of the Opposition)

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

Hon. R. C. EASTMOND, B.A. (Hons.) Dip. Ed., LL.B.

(Hons.) (Lon.), LL.M. (Leic.), J.P. (Minister of Labour and the Civil Service)

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

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

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 Education, Youth Affairs and Sports)

Hon. R. R. FARLEY, B.Sc., J.P., (Minister of Housing and Lands)

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

Hon. Dr. J. X. WALCOTT, M.B., B.S., F.R.C.S. (Edin.), J.P. (Minister of Health)

Mr. R. D. JONES, B.A. (Hons.), M.A. Ed. J.P.

Hon. H. F. LASHLEY

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

Mr. D. St. E. KELLMAN

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

Hon. Miss M. A. MOTTLEY, Q.C., LL.B. (Minister of Economic Affairs and Development)

Hon. T. A. PRESCOD, B.A. (Minister of Social Transformation)

Hon. J. J. S. ATHERLEY, B.A., B.Sc., J.P. (Minister of State, Prime Minister's Office)

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

Hon. D. D. MARSHALL, LL.B. (Hons.), L.E.C. (Attorney General and Minister of Home Affairs)

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

Mr. R. L. SEALY, B.Sc., M.B.A.

Prayers were taken by Reverend Canon Ivan Harewood.

Mr. SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, May 29, 2007. Hon. R.C. EASTMOND: I beg to move that the Minutes for the Honourable the House of Assembly for its meeting of Tuesday, May 29, 2007, 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.

H136/10:20

Sequence 2

Tuesday, June 5, 2007

ANNOUNCEMENTS BY HIS HONOUR THE SPEAKER

Mr. SPEAKER: I am to report to this Honourable House that I am in receipt, from the Accountant General, of the Accounts and Statements for the month of February 2007.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR-GENERAL

MR. SPEAKER: Message No.1/ 2007 from:

His Excellency the Governor-General

To

The Honourable The House of Assembly

His Excellency the Governor-General, has the honour to inform the Honourable The House of Assembly that he will be absent from the country during the period June 9th to 18th 2007 for a visit to the United Kingdom.

His Excellency further has the honour to inform the Honourable The House of Assembly, that in accordance of the provisions of Section 29 (1)(a) of the Constitution, the President of the Senate, His Honour Senator Sir Fred Gollop, K.A, will perform the functions of the Office of Governor-General, during the period 9th to 18th 2007.

The Governor-General

PAPERS

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I am commanded to lay the following:

1. Duties, Taxes and Other Payments (Exemption) (RBTT Bank (Barbados) (Limited)), Order, 2007.
2. Barbados Economic and Social Report, 2006.

Hon. R.C. EASTMOND: Mr. Speaker, on behalf of the Honourable Member for Christ Church East, and Minister of Housing and Lands, I am commanded to lay the following:

1. Annual Reports of the National Housing Corporation for the financial years 2001-2002, and 2002-2003.

SUSPENSION OF STANDING ORDERS

On the motion of Hon. R.C. EASTMOND, seconded by Hon. G.A. CLARKE, Standing Orders Nos. 6,16,18,20,42(5),43 and 44 were suspended for the remainder of the Sitting.

GOVERNMENT BUSINESS

ORDER OF THE DAY

Mr. SPEAKER: Government Business is now the order of the day.

ORDER NO. 8 – RESOLUTION TO TAKE NOTE OF AND TO ENDORSE THE INDUSTRIAL POLICY FOR BARBADOS’ MANUFACTURING AND RELATED SERVICES SECTORS 2007-2012.

Mr. SPEAKER: The Honourable Member for St. Michael North East.

Hon. Miss M.A. MOTTLEY: Mr. Speaker, it gives me distinct pleasure to move this Resolution, which seeks to set in context, the medium-term programme for the development and, indeed, the transformation of Barbados’ Industrial Manufacturing and Related Services Sectors, between 2007-2012.

If I may put the debate in context, in October 2006, this Parliament had the honour of approving the country’s National Strategic Plan, 2006-2025. Within the Plan, it is anticipated that the various sectors will seek to develop five-year plans, that will allow us to reach the destination that we have set ourselves in 2005, with safety, and accomplishing the goal of making Barbados a more socially just, competitive and, indeed, a developed country by such date.

Sir, that plan is based on six strategic goals. One of those goals encompasses making Barbados more competitive, recognising that it is only in the context of a competitive economy and balanced growth, that we will achieve our overall objectives as a nation, in terms of the repositioning of this country, and to build on the gains of the past, particularly, with regard to the quality of life, while extending them, in a manner that takes account of the imperative to achieve social justice.

Sir, in this context, it is therefore no surprise that the Barbados Government would wish to ensure that the industrial sector continues to be one of the key limbs upon which this economy will grow, and from which Barbados will continue to enjoy prosperity, in spite of the challenges that it had to face, particularly in the last two decades.

Indeed, if I may appropriately contextualise the development of the industrial sector, last year, 2006, we were able to celebrate fifty years of organised industrialised activity in Barbados, ensuring that we paid credit to those persons, both within the public sector - whose responsibility it was to organise this sector - and equally, or, perhaps, more important, those industrialists who went on the frontline and whose contribution, particularly in the early years of Independence, both before and after, was absolutely critical in moving this country from an agrarian society, to one that reflected the indices of an industrial economy.

Sir, indeed, it is fair to say, that those who saw it as their duty to establish the Barbados Development Board in 1956, did so, recognising that it was the role of

Government to help facilitate further expansion and growth in the sector, but they were cognizant that there had been significant activity, within that sector over the course of the previous seventy-five years.

If you take note of the fact, that a company such as Coles Printery was formed in 1860, or that Mount Gay Distillery was formed in 1918, or the West Indies Rum Distillery was formed in 1893, or the BICO ice cream, that we eat today, was formed in 1901, you would recognise that spirit, to be able to produce, was already part and parcel of this country's makeup, but it arose in the context of an economy, that was largely still an agrarian economy, a mono-crop economy. Indeed, in 1900, Barbados has approximately 322 sugar estates producing on this 166 square mile.

Sir, the mere fact that it has changed so substantially, without compromising the life that we have, is reflective of the capacity and resilience of the Barbadian people, to be able to recognise that when change is necessary, particularly in the productive sectors, that we meet the obligations of that changes, but the deeper message is, there is no particular sector that will endure in its existing form throughout the life of this nation, and we have therefore to adapt and modify as the circumstances, locally, regionally and internationally require.

Sir, indeed, until 1995, the sugar industry was still producing more than 100 000 tonnes of sugar, a six-figure amount, that sounds as remote as, perhaps, anything can in the context of Barbados today, when we struggle to produce 40 000 tonnes of sugar. Of course, the usage of the land that can produce sugar has also been able to fetch a far higher rate of return, in other economic activity, hence the desire on the part of the private sector, in particular, to move away from sugar production, particularly, given also the move away from the industrial world, in terms of the preferential markets and quotas as existed.

Sir, fortunately, and this is not necessarily for this debate, sugar is going to make the transition into agro-processing and manufacturing in a major way, with the construction of the modern sugar factory that would seek to produce, for the very first time, on an ongoing basis...

10.10 a.m.

Sequence 3

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House 136, Sequence 04, 10.30 a.m.

Hon. Miss M.A. MOTTLEY: ...sugar as a final commodity, which can fetch as high as \$17 a pound,

instead of the minimal sums that it fetched as a bulk commodity.

Mr. Speaker, I start from this context because it is important to recognise that this country therefore has a proud history in terms of manufacturing, even if one that has been challenging, and even if one like the sugar industry that has seen peaks and troughs throughout its history.

I do believe that in the same way the sugar industry would have seen its challenges throughout the centuries, and in the same way that manufacturing has already seen its challenges, in particular over the course of the last 20 years, there is still a need for Barbados to ensure that in the context of balanced growth, we can continue to rely on this sector for at least 12 per cent of our GDP and, indeed, to be able to contribute at least within five years, \$1 billion to the exports of this country.

Mr. Speaker, some may say that those are ambitious targets but in the context of what we have been able to achieve, particularly in the last three years, I believe these targets are not beyond our capacity, when you consider that there has been double digit expansion, in the domestic exports of Barbados since 2004, coming on the heels of a contraction between 1999 and 2004.

Mr. Speaker, I start from that broad point, but it is perhaps useful for us to look back over the course of the last 20 years, particularly in manufacturing, to see what really has been the lot of this country.

Many of us recall what some of the manufacturers consider the Halcyon days in the early 1980s, where our exports reached its highest recorded level ever in 1984, when the late Sir Harold St. John was charged with the responsibility of the development and expansion of the sector, reaching an amount of \$583 million, an amount that we have still not in the 20 years since, been able to reach, although we came the closest to that level last year, when we recorded some \$520 million in exports.

Unfortunately, the fate of the industry, was significantly affected by the decision - it is all agreed - of Intel to pull out of Barbados, largely because of the desire of that company, not wanting to deal with the higher cost but, in particular, the fact of the heavy labour organisation involved in the plant they had here. Sir, decisions were taken to be able to relocate, indeed, a sign of what to come over the course of the last 20 years, that multinational companies will seek to position their factories in countries, where they believe their costs are minimal and the complexity of management can be as unrestrained as possible, particularly in dealing with strong labour standards.

Unfortunately, the steps that ought to have been taken, in my view, in the late 1980s to shore up the sector were not taken. Indeed, at the same time that the Trinidad and Tobago Government was seeking to retool and recapitalise its industrial sector, which was facing many of the same issues that we were facing, we took no such action, in relation to Barbados' industrial sector.

Indeed, one can go further. The highly promising initiative for the furniture manufacturing that would have seen the establishment of a company, which had access to significant amounts of orders, in relation to wooden furniture, and which was always conceived to be a lost leader in its early years, was abruptly brought to an end, in the late 1980s, significantly placing us behind the curve.

Today, this is forcing us to recreate a market that is naturally associated with this country, particularly given the historical links with the Barbadian vernacular and interpretation of wooden furniture and antique furniture. It is an area that we believe still can offer significant potential, especially since the branding of it allows for the issues of cost, not to be the only determinant in people's choice, as to what furniture they buy.

Indeed, the experience some two to three years ago, of Ethan Allen, a major furniture distributor in the United States of America, at the high end of the market, launching a Barbados Line, will tell us the value of that brand, in relation of the international market. Sir, when people are moving and looking at Colonial furniture, Barbados remains at the centre of the Colonial experience for reasons that may be uncomfortable for us but which, nevertheless, solidify its prominence in people's minds, internationally.

Mr. Speaker, it is significant that between 1987 and 1994, exports from this sector fell to less than \$300 million consistently and there was no ability to turn it around. Sir, far from that, it was significantly affected, once again, by Trinidad and Tobago's decision to float its exchange rate in the early 1990s, and the decision by the Barbados Government in October of 1991, to remove from the sector, the benefit of concessions in relation to Stamp Duty and Import Duty.

Therefore, at a time when the sector needed succour it had to face ongoing assaults in October of 1991. This was then further compounded by the process that led to the development of the Common External Tariff and, indeed, the trade liberalisation framework within CARICOM, which would have started in the early 1990s. Therefore, we found a sector truly on its back foot.

Sir, this Government made a commitment when we were in Opposition that we felt that this sector had a strong role to play. We agreed that there was a need to have a strong export sector, but we recognised that if only also for

reasons of employment, Barbados must maintain a domestic industrial sector.

Therefore, we differed slightly with the last Government, in relation to the terms of reference that it gave Maxwell Stamp, for the study that was developed in the early 1990s, which saw only the restructuring of the industrial sector on the basis of its capacity for export earnings. It is understandable why that would have been the dominant thought in the last Government's mind, even if we did not agree with it.

Sir, Barbados accepted, as did most developing countries, the precept established by Sir Arthur Lewis of Industrialisation by Invitation. In 1965, we opened our first offices in New York, to be followed in 1968, to be able to attract companies here, on the basis of the considerably generous fiscal incentives that were available. Sir, we did well in the late 60s, 70s, and the 80s. But by the time we saw the wind changing in the mid 80s, it is my view that we ought to have sought to reposition, recapitalise and retool the sector, as did the Government of Trinidad and Tobago.

The difficulty is, Sir, that in a very real sense, we accept that we do not have all of the natural comparative advantages like Trinidad and Tobago. The major one, of course, is cheap energy, but it has been buttressed by other decisions which they took in terms of support to that sector, and by the macroeconomic decision that was taken to be able to float their exchange rate.

Sir, we have seen the considerable penetration of the CARICOM market by Trinidad and Tobago's industrial sector over the course of the last 15 years, in particular, in circumstances where, even though we have seen growth on our part in the last decade, it has not mirrored the pace or quantum of growth from which the Trinidad and Tobago industrial sector has been able to benefit.

As I said, this Government committed itself while in Opposition to the fact that, instead of putting the sector on the back foot by the removal of the Import Duties and the Stamp Duty concessions to which the sector had access, we felt that they should be reintroduced. Indeed, Sir, we said that we would go further and we would remove all taxes and duties on inputs, including machinery and spare parts.

House 136, Sequence 04, 10:40:14

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Hon. Miss M. A. MOTTLEY: Mr. Speaker, an independent look at the performance of the sector in 1995, 1996 and 1997 clearly shows that these initiatives bore fruit. Indeed, Sir, we retained the 100 per cent surtax because we recognised that the sector needed a buffer, not

that it was not ultimately going to be able to compete regionally and internationally, but like with the developed countries, you needed to give yourself enough time in order to boost the capacity not just in terms of the regulatory environment nationally, and the business environment, but indeed the environment in relation to the nature of the firm and what the individual firm was being forced to go through.

These initiatives in 1994 were soon buttressed by the establishment of the Small Enterprise Development initiative, the support for the Small Business Association and the establishment of an Innovation Fund. Indeed, when we had then, having delayed it for some years, to introduce the removal of licencing requirements and licences by tariffs, we took a decision to maintain a level of support through an applied tariff, which we set and which, for some goods, is still in existence, although we have been reducing it year by year, of 60 per cent and the bond rates.

Mr. Speaker, it is a fact of record that the decision which we confronted upon becoming the Government was rooted in the decision which was taken to liberalise commitments made to the World Trade Organisation in April of 1994.

Mr. Speaker, it would have been inevitable, but that we should have done it without having a plan to adequately prepare and reposition the sector and to give it the time, was the difficulty which we had and which the industrial sector itself had. Therefore, in a sense, playing a hand which we were left, we tried to stretch it as far as we could, and hence, ultimately, in 1998, the Government took the decision, in order to be able to honour its commitment in that sector, to utilise those mechanisms that were still available to us in terms of the 60 per cent bond rate.

Mr. Speaker, we recognised that what was clearly needed was to be able to establish support, particularly through technical assistance and through the ability to provide a dedicated fund, for the retooling and the recapitalisation of the sector.

These efforts, Mr. Speaker, would have therefore started in 2001, with the establishment of the Special Technical Assistance Programme, from which more than 400 companies in this country have benefited over the last five years. Indeed, in this last year alone, 177 companies have benefited and between 2001 and 2006, 253 companies benefited. Sir, if you do the additions, there would have been 430 companies which have benefited from the Special Technical Assistance Programme, between 2001 and the end of 2006. Mr. Speaker, that is an example of the policies being appropriate for the purpose for which it was set out.

Mr. Speaker, the Special Technical Assistance Programme covers things from the enhancement of

productivity measures; training; marketing; plant and operational designs; upgrading of technology; product design and development; and the need to meet international certification on the part of various plants, particularly in this post 9/11 world where, the developed countries have put a range of international standards in place, such that if your products do not meet those international standards, they are prohibited from entry into the market. Mr. Speaker, these are the facts. Mr. Speaker, the Industrial Investment Employment Fund, over the course of the years 2002 to 2004, was capitalised with some \$15 million. Indeed, to date, there have been some 17 approvals totalling \$9.26 million to benefit the industrial sector. Mr. Speaker, that fund is primarily concerned with the retooling of the individual firms.

Mr. Speaker, we believe that it could do a lot better even though it has done well for a number of firms. Why do we believe it could do better, Mr. Speaker? Mr. Speaker, I have said publicly and privately that there is a need to be able to remove some of the bureaucratic difficulties in being able to access some of these funds. Indeed, last year, the Government brought to this House an amendment which still allowed people who are in debt to Government agencies to be able to benefit from the Special Assistance Programme and the Industrial Investment Employment Fund, if they can prove that they have a satisfactory arrangement in place with the various Government departments to clear their arrears. Mr. Speaker, that has been able to assist some of them from being able to access these benefits.

Mr. Speaker, I have taken the time to start from this historical perspective because it is critical that we understand where we are coming from. Sir, failure to appreciate the history of this sector will not allow us to be able to determine what are the appropriate mechanisms that we need to put in place in order to be able to see the kind of growth that we would want to see in the medium term.

Mr. Speaker, there is no doubt, as I said, that in the last three years we have started to see a resurgence of the sector. The mere fact that we are now at a level of \$520 million in exports, recuperating from the five years of decline up to 2004, is indicative that we are going in the right direction.

Mr. Speaker, I would like to pause for a second and just briefly contextualise the environment within which this debate is taking place in terms of the performance of the overall Barbadian economy. In 2006, Sir, the Barbados economy would have grown by some 3.9 per cent, establishing five straight years of growth. Indeed, considering where we were in 2001 and 2002, when this Government made the significant decision of running a deficit that was higher than usual, at a time when the international economic shock was upon us, so as to defend employment, was in my view, the correct decision.

Indeed, Sir, we took a decision, for which others on the other side may pillory us sometimes, to go to the market and to shore up the reserves at a time when our credit rating was as high as it was to ensure cheaper money being available to us and to make sure that Barbados' economy would not have to suffer the shocks that others in the region and internationally were forced to suffer.

Indeed, the perfect comparison was in the difference of approach between 2001, and a decade earlier, 1991. We determined, after a national consultation at Sherbourne Conference Centre, that we were prepared to subsidise losses within the tourism sector to maintain a strong macroeconomic position, even if it meant that there would have been a higher level of debt, so long as we maintain employment within the various sectors.

Mr. Speaker, we determined that it was not going to be our choice to ask the public servants of Barbados to bear the brunt of any adjustment, whether through layoffs or through a cut in salary, and we therefore took a decision that we would run a slightly higher debt, recognising that we could bring that deficit in control within three to four years, instead of the long term consequences of persistent unemployment. Mr. Speaker, in the context of the Barbadian economy where people do not have deep access to capital, persistent unemployment is anything beyond nine months in our context. Sir, a family without a source of income for nine months can be put on the brink of poverty.

Indeed, in spite of that, and in spite therefore of having to reflect that higher level of debt, the Barbados economy has shown its resilience in being able to record five straight years of growth up to 2006.

Sir, there is a slightly higher debt level than we would like, but the Government has committed itself to bringing that down and not borrowing any further money internationally beyond that which is necessary to service our obligations over the course of the next five years.
House 136 Sequence 5

10.50 a.m.

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Hon. Miss M. A. MOTTLEY: Mr. Speaker, what is significant is that we have not put the basic fundamentals in peril, since our foreign component of the debt is still below the average in Latin America and the Caribbean. It admits of our being able to service it easily at the level of 8.1 per cent, which is significantly lower than a number of countries in the region.

Mr. Speaker, what is also pleasing to the Government is that last year the unemployment rate for the 12 months recorded, was 8.7 per cent as an average, but in the first quarter of this year, we have already seen unemployment record - and it is usual that the first quarter figures in unemployment would be lower than it would be in other quarters - but the first quarter figures for this year are at 7.8 per cent. It is the lowest ever in the recorded history of this country. It comes on the heels of a fourth quarter performance last year that was below 8 per cent.

Mr. Speaker, these are the indices that determine the strength and resilience of this economy, but what is more important, is that under this administration, more Barbadians are employed. Sir, when one considers that we have brought an unemployment figure from 25 per cent, down to below 8 per cent and that we are keeping it in that particular vicinity, it could be seen as a significant achievement, not just for this Government but for the entire country.

Mr. Speaker, we are happy to report that at the end of March, 2007, inflation was slightly lower than it was at the end of 2006. It recorded 6.7 per cent. There is still some diffidence because we recognised inflation is the rate of change in relation to prices. Therefore, we continue to keep one eye looking at the international situation, which remains reasonably volatile, in terms of the price of oil.

Mr. Speaker, all of this has been achieved when the Government has had to spend three times more on the purchase of oil in this economy, than it did in 2003. The Government has had to find the resources and the foreign exchange to meet the cost of our oil import Bill which, in 2003, stood at 2 per cent of Gross Domestic Product. It now stands at 6 per cent, yet we can see a reduction in unemployment and continued growth in the economy.

Sir, what, perhaps, is gratifying for us in terms of the long-term sustainability of the economy, was the fact that, in 2006, we were able to register a significant decline in the external current account deficit, which we have said to this country is the one thing that concerns us, in terms of the medium-term to long-term health of the economy. Indeed, in 2005, it reached a high of 12 per cent Gross Domestic Product, but we were able to bring it down to 8.4 per cent last year, registering a decline that was significant. Sir, we

want to continue registering further declines in that external current account deficit.

Mr. Speaker, there is no secret this Government has been engaged in the development of a new modern economy, over the course of the last decade. We recognised that the restructuring of the productive sectors does not happen overnight. We recognised that, especially because the time lines between the development of policies and the taking of action by the individual firms, is determined, not just by the Government or the firm but by other players on whom they must depend, whether in terms of access to finance, lawyers, accountants, equity, et cetera. Therefore, we know that process must remain one in which we are engaged but in the interim, we must register sufficient private capital inflows, in order to ensure there is no deleterious consequences on our net international reserves.

Sir, indeed, only this weekend, the Prime Minister would have announced that the Barbados' foreign reserves stand at \$1.5 million, with an extra \$500 million under the control of the banking sector. This brings us to \$2 million in reserves, which is an exceedingly comfortable position, as compared to where we were with a deficit and a net negative position in 1991.

Asides.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I believe the Prime Minister has dealt appropriately with those who want to be prophets of doom and gloom, who are suggesting that devaluation was around the corner. Sir, what are the facts? As I said, the reserves in the first quarter would have increased by \$132.4 million, when compared to last year, when it was only \$45.9 million. Sir, it goes further, the net long-term inflows in the first quarter of this year was \$135.6 million. That is the level of foreign direct investment, which doubled what we would have achieved in the first quarter of 2006. Therefore, in spite of the strong performance, in 2006, we have been able to register indices in the first quarter of this year that are promising, and that give us the comfort to know that if we continue on the path on which we are going, we could continue to see significant improvements.

Mr. Speaker, in relation to domestic exports, we have reached a high of \$520 million last year, or 23.3 per cent increase on 2005. Indeed, in the first quarter of this year, we have already seen an increase in domestic exports by 6.7 per cent, recognising that we continue to trend in the right direction.

Mr. Speaker, what might be salient for those concerned with the growth in the industrial sector to note, is that our exports to CARICOM, in 2006, stood at \$254.7 million, representing some 51.8 per cent of our overall

exports. Indeed, significantly enough, the market that grew as well besides that of the CARICOM market was that of the USA, which as we know, was on the back foot for some time. Last year, exports to the USA market grew from \$31 million to \$86.7 million, an expansion of a phenomenal \$56.8 per cent.

Mr. Speaker, these numbers may sound academic and esoteric to some, but what we have started to do in the Ministry, is to take quarterly indices and measurements and relate them back to what is happening on the ground. Therefore, where there are increases, we would know which of the companies that would be responsible for those increases. Where there are decreases, we have begun to examine where those decreases are coming from, to see how the Barbados Investment Development Corporation, Invest Barbados and the Ministry, could have a form of strategic intervention, to minimise the level of decreases, which any particular subsector or any particular set of firms are facing.

We know, for example, that the performance in the rum industry this year is significantly better than it was last year. Sir, while, over the last five years, the rum exports was one of the major success stories in Barbados, there was a little dampness in the demand last year. We have been able to get over that hiccup and demand in the rum sector, particularly in Europe and we are exceedingly strong again. We are, therefore, satisfied that those decisions taken by some firms, to build in expansion, will, in fact, reap rewards because that demand is there on the ground again.

We know, for example, there are some sectors that continue to show seasonal production, when, in truth and in fact, like the Barbados tourism sector 15 years ago, it needs to be able to have a far more even level of growth and production throughout the year. We need to be able to deal with that, by ensuring that we could expand the markets to which they now have access, so that there would be a more even level of performance throughout the 12 months of the year, rather than the production being seasonal. Sir, I speak from apparel, right through to some of the other subsectors, such as non-metallic production and the various sectors.

Mr. Speaker these are the things in which we are engaged and, therefore, it is no accident that the Government of Barbados has determined that it is appropriate, within the context of the Draft National Strategic Plan, that we outline to this Honourable Chamber the ability to be able to have a plan that would speak to the continued transformation of the industrial sector, over the course of the next five years.

11.00 a.m.

Tuesday, June 5, 2007

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I have said that we have set some ambitious target and, Sir, that is true but I do not know that you pitch your stars low and, in the circumstances, as the Resolution speaks to, we believe that we must seek to increase the contribution of manufacturing and its related services sector to the overall economy from 8 per cent to 12 per cent of GDP in the context of the next decade.

Mr. Speaker, we also believe that we could increase our export, which last year stood at 520 million and when we set these targets, interestingly enough, the exports stood at \$421 million and we were able to increase in 2006 by \$100 million and, Sir, we say that over the course of the next five years, we should try to reach \$1 billion in exports and that should be a target to which all are committed if we are to ensure that there is a more balanced growth in the Barbadian economy.

Mr. Speaker, this in no way detracts from the fact that we anticipate the services sector, primarily in tourism and the international financial services, to still be the lead sectors for growth in this economy but we feel that we could do better and that we must do better. Mr. Speaker, we believe that we must continue to increase the numbers of persons employed within this sector. Sir, it is not a small number because there are just under some 10 000 persons employed in Barbados and if you consider those 10 000 persons, you are talking about 10 000 households that benefit from the performance of the manufacturing and industrial sector in this country. These are numbers, which must be protected at all cost but we must seek to at least reach a target of 12 000 the next five years in terms of employment numbers.

Mr. Speaker, we believe that we should seek to generate \$70 million in new investment as a minimum each year in the industrial sector. Sir, I am happy to report that both the IDC and Invest Barbados this year alone, have been engaging with a number of persons and we anticipate that by July we should be in a position to announce a few major new investments, which would add both to the export capacity of this country and, indeed, to the employment as well as to the overall investment. Sir, that is across traditional manufacturing to the services sector.

Mr. Speaker, we believe that over the course of the next five years, we must develop two new sectors that have the capacity to export. The Prime Minister's Economic and Financial Statement in March of this year, we started to reflect what two of those sectors could be (1) the botanical sector, in which we are engaged to because we feel that it has the right mix to meet with Barbados' level of education and because of the potential for branding and because of the potential for the other lifestyle commitments to the botanicals industry that we can, in fact, still perform well in this industry because it does not depend on low cost alone

but would require a level of research and development. Sir, indeed, it can exploit the rich Caribbean cultural heritage and ecosystems biodiversity in order to be able to develop this sector.

Mr. Speaker, we also announced the medical transcription services industry. Sir, the Prime Minister in his Economic Statement committed just over \$8 million to training 500 persons over the next three years because we recognise that this is a US\$12 billion a year industry globally and that Barbados can take a share of it. Indeed, we have been in discussions and negotiations with persons who want to be able to establish themselves here, to take advantage of the fact that many hospitals in North America and Europe, - obviously we would be concentrating on those, where English is the dominant language - have doctors who speak into a digital recorder when they finish seeing patients and those recordings must be transcribed within 24 to 48 hours at a level of 95 per cent accuracy so that they can go on the patients' files. Sir, the average level of pay, even in the United States of America is significantly higher than other call centres facilities and it costs them about US\$3 500 a person.

We believe that even in the context of the Barbadian market, while our labour cost would be lower than the United States of America, it would be higher than the basic pay that a lot of employees in the traditional call centre industry currently are paid and also because of the fact that you really have to go through six months of on-the-job training, in order to become proficient in the transcription of the notes but also proficient in the understanding of the medical terminology, which clearly would be used by the doctors.

Mr. Speaker, next week, there will be the commencement of this public promotion to attract persons who want to be involved in the first batch of persons being trained and Invest Barbados and BIDC are working in tandem and, therefore, you would see the tangible execution of the commencement of the built out of that industry from next week because we have to have the first six months of training for those persons.

The level of accuracy demanded by the industry is 95 per cent and, therefore, is one in which proficiency is going to be key component of an individual's success. We believe that we have the profile of students coming out of our school system who would adapt well to this type of training and I look forward to these new sectors being developed fully over the course of the next five years with the significant export earnings potential that it has.

Mr. Speaker, these are the things that we are seeking to do. We believe that we should continue to expand the basic industries programme. Sir, those industries which are inherently connected to this country by reason of cultural

inclination or historical or environment inclination, are the ones, in my view, that would continue to do well. We had a rum industry in the 17th Century. Indeed, it is argued that the word “rum” came from Barbados. It was known in those days by a number of names and, indeed, some who are perhaps imbibers of too much continue to know it by a number of names but, in those days it was known by the name “Kill Devil” or “Rumbullion”. Sir, it continues to be a central piece of the production capacity of Barbados and the economy of Barbados.

Mr. Speaker, it is significant that the rum industry was one of the few industries in this country that took it upon itself to retool and to recapitalise. It is true that it was the beneficiary of significant assistance also from the European Union because of the adjustments that it was making with its trade policy but, the fact is that it has already started to reap the benefits of that retooling and recapitalisation and, therefore, stands as strong evidence as to what is possible if we could do the same thing within the manufacturing sector, the apparel sector and the fashion industry, the condiment sector and the craft sector.

Mr. Speaker, as I said, Barbados has forever been associated with sugar and, the Ministry of Agriculture is now putting in place a framework that would allow the primary output of the sugar cane industry to be a final product, fetching a far higher value than it previously did. Sir, as I said, Barbados has had a distinguished history in relation to the furniture industry and those who are aware of the history of antiques and the development of furniture in the new world would know that when the English brought the furniture to the new world from England, primarily for the plantations the furniture could not withstand the climatic conditions.

H136/11:10

Sequence 7

Tuesday, June 5, 2007

Hon. Miss M.A. MOTTLEY: The slaves were therefore pressed into action, to develop reproductions of much of those pieces, but black people, being what they are, never reproduced exactly, but would have interpreted the particular piece, in a style, and developed new motifs and styles in order to enhance the particular piece of furniture. Hence, within the region, the use, especially in Barbados, of loincloth and other motifs, pineapple designs and palm trees, they looked around them in their environment and reproduced pieces, but interpreting it in their way. We therefore have a strong history that we must exploit.

Mr. Speaker, this country, especially in the last fifty years, and with the establishment of L.G. Miller and Sons,

in the early 1960s, has been known for its pepper sauce. Sir, we make pepper sauce differently from others in the Caribbean. Ours has a stronger mustard base. When you go overseas, one of the first questions in the West Indian diaspora that people will ask you, “do you have any Bajan pepper sauce”? Sir, we feel that there must be a commitment to expand the basis for that industry. This plan speaks to the support of all of those initiatives, such that we can see more robust growth and development, contributing to the overall balance growth.

Mr. Speaker, there are a number of challenges, with which the industrial sector finds itself today. There has not been the robust level of investment over the course of the last twenty years, as we feel there should be. I am happy that it is only now, while moving around talking to the various sub sectors, there seems to be an inclination on the part of people, to think of manufacturing as having a viable future.

Indeed, in the 1970s and 1980s, you would have seen a lot more Barbadian youngsters leaving to study engineering, to support the development of strong industrial plants. We saw a dipping of that. Sir, more people are attracted to the tourism sector and the financial services sector, et cetera. We feel strongly that we have to target at least \$70 million in new investment per year, we have been at the level of approximately \$47.72 million, on average, over the course of the last five years, and we believe we could reach the \$70 million through both domestic and international investment. Sir, let me pause to say that I really feel strongly, about that target.

Fortunately our national savings rate experienced a significant increase last year, rising to 22 per cent of Gross Domestic Product, from 2005, when it stood at 16 per cent. The difficulty has been, that Barbados’ savings rate has been cyclical, over the course of the last thirty years. I really believe that in the same way the country responded to the Government and entreaties in 2005 and 2006, there needs to be a level of ongoing discussion and public dialogue, to carry our level of savings even higher.

The savings in the banking system in 2006, stood at \$1.4 billion, but we too should, as a nation, be able to target and amass at least \$2 billion in savings, over the course of the next five years. We as a nation, should start seeing how, through the increase of the level of savings in the country, we can seek to finance more productive activity, through the initiatives which we have before us, either through the purchase of shares or, indeed, through the participation in equity.

Mr. Speaker, I know that there are sociological and cultural views that attached itself to why equity has not done better in this country. I know, for example, that very often persons prefer to be 100 per cent in control of

something small, than to be a 10 or 20 per cent participant in something huge. Those beliefs will not get us very far, and will not allow us to expand the productive base of this country, in a way that is necessary to maintain the quality of life that we have, in a world that is far more challenging and, indeed, more competitive than it was 20 or 30 years ago.

Sir, the Government's commitment, in terms of creating the mechanism to allow for the pooling of capital, whether through the stock market system, the establishment of the Securities Commission in 2002, the ability to participate and have access in Venture Capital Schemes, through the Enterprise Growth Fund Limited, all of which have not necessarily shown phenomenal success, but have trended upwards, in a nice way.

I believe that because we are dealing with a cultural and sociological problem, we must stay on the path, with an understanding, that in the same way other values have changed in this economy and society, over the last twenty years, Barbadians will begin to understand the critical importance of being able to get returns for their money, other than through a fixed deposit account or savings account. Barbadians will also by understanding how the stock market system works, or how best their investments can be protected by the Companies Act, as minority shareholders, if they have equity in other firms.

Sir, I feel strongly that there must be significant dialogue, at a national level on these issues, to bring about the level of public education and the comfort levels, so that the investment base, which will fuel the expansion of the industrial sector, would be significantly greater than it is today.

Mr. Speaker, we have had, as I said, since the early 1990s to deal with trade liberalisation. It did not start at the global level, it started within CARICOM. As I said, steps were taken in the early 1990s, to bring us into compliance with CARICOM, which led to the removal of certain protective barriers that would have been there for domestic production only. Indeed, those steps were the precursor to the steps that eventually led to the Caribbean Single Market, which became operational last year, and eventually for the single economy, a process to which we are working at this point in time.

Sir, there were compounded by our commitments to the World Trade Organisation, which saw the removal of non-tariff barriers, licences, which was a primary mechanism for the protection of the domestic industrial sector, and saw they replacement by rates of duty, then subsequently, the significant and progressive reduction of those rates of duty, such that we are forced to compete without that level of protection, but in my view, without

having the appropriate time to bring about the transformation of the domestic capacity.

Sir, the United States of America took it. Any student of History, who goes back and looks at the development of the industrial sector and the banking sector in the US from the late 19th century into the early 20th century, would be aware that all of these industrial economies took time to support and buttress, and in some instances, to directly fund the productive capacity of those economies, over the course of a 30, 40 and 50-year period, but we have been asked, as a small vulnerable economy, to make the same adjustment in less than a decade. Sir, it is impossible.

Sir, there is also the reality that we have our traditional markets becoming more and more competitive, in terms of the fact, that they have expanded market access. One of the most significant factors, which we face in the early 21st century, and it confronts every country on earth, is the presence of China and India, in terms of their productive capacity, their production levels and their ability to literally smamp out the majority of competiton. Sir, between those two countries, there is a population base of approximately 2.4 billion people.

Sir, you only need to look at the CNN on a daily basis, to see the extent to which it has driven panic in the hearts of Congress and average Americans, the reality of the Indian and Chinese economies over the US production capacity, the continued lost of jobs in both manufacturing and services sectors, and indeed, their inability to compete by reason of the level of production, as well as the cost of production in these two countries.

11.20 a.m.

Sequence 8

Tuesday, June 05, 2007

House 136, Sequence 09, 11.20 a.m.

Hon. Miss M.A. MOTTLEY: Mr. Speaker, if ever there was a reason therefore for us to understand why we must become experts in the production within niche sectors, it is in recognition that a country with a population size of a quarter million and part of a single market with a size of six million, cannot even begin to determine to dictate terms on products across the board for 2.4 billion people.

The reality however is that there are some things we can do better. The Chinese and the Indians do not make rum or sugar as good as us. The Chinese and Indians do not make pepper sauce, which our people like, as good as us. The reality is that the market size that we need to have

access to, for our enterprises to be successful, is significantly smaller. Therefore, we are not as threatened in certain niche products as they are.

Barbados has a competitive advantage in terms of solar water heaters, largely driven by a strong domestic base that was fuelled by fiscal incentives put in place by the late Tom Adams in the late 1970s.

Indeed, we have seen the export of capital and joint venture arrangements. We have done it within the region and we are doing it in Nigeria. The one within the region in St. Lucia has been doing exceptionally well and has displayed high rates of return. I believe without gainsaying or saying much that company is about to enter other parts of the CARICOM market, and must do so, before the Germans who have become dominant in the industry globally, the Israelis, the Japanese and the Indians seek to take root in here.

Sir, we must go beyond the production of solar water heaters. We must start producing the photovoltaic panels, because part and parcel of the reduction of reliance on fossil fuels in this country must be a commitment, as the Minister of Energy and Environment said, on renewable sources of energy.

In fact, we are in discussions coming out of the initiatives that the Prime Minister announced in the green economy. In March of this year, we started discussions to be able to see how best we can use solar energy, to be able to power a greater percentage of both domestic households and parts of industry, in order for us to be able to reduce the level of foreign exchange that we currently spend on the importation of fossil fuels and to reduce ultimately its negative impact on climate change, for which countries like ours, suffer the most.

Mr. Speaker, we are also faced with the fact that access to finance has been difficult, and let us be frank about this. Sir, 90 per cent of the Barbadian population would not have had access to capital/money, over the course of the last two generations, in any serious way.

Sir, if you are going to expand the base of those who are charged with the responsibility of production, then there must be concomitant changes in policy, in relation to those who can access finance to build enterprises.

Sir, last week I address the banking association, and I recognised that there has been a greater degree of aggression on the part of the indigenous banking sector, the commercial banking section, generally, over the course of the last three years, probably driven more by the indigenous banks than by the established banks but there has been greater aggression on their part. However, in spite of that greater aggression, I urged them to recognise that

there is still a significant way to go, in terms of meeting the needs of the community in terms of providing funding.

The truth is, Mr. Speaker, it is only in supporting those who are prepared to take risks in this country that we will see an expansion of production. Barbadians must live by the mantra that we must produce more than we consume. Sir, this is very simple and any failure on our part to do that, and to recognise that as part of what we must aim for in our national ethos, will lead to a significant difficulty in maintaining our quality of life in this new world, in which we live.

The industry, Mr. Speaker, has also suffered from some difficulties and constraints. There have been some structural inefficiencies, as I have said. We have not had, traditionally, a sufficient emphasis on research and development. We have not had sufficient emphasis, although it has improved in the last decade, on design.

Sir, very often, how you design a product will first and foremost determine how you can pitch the product, in terms of what share of the market you can demand. The extent to which you engage in research and development, will allow you to be able to improve your processes and production, such that you can drive down your cost and, perhaps, even develop new niches within the particular subsector. All of these things, Mr. Speaker, are critical, in terms of our being able to reposition the sector.

There has not been as much modernisation of technology in the majority of firms as we would have like to have seen. Mr. Speaker, within the furniture sector, there are only two firms that utilise computer technology to assist them in the very difficult task of the production of wooden furniture.

The reality is that if that sector is to transform, almost the entire sector is going to have to benefit from the improvements in technology that are there. Therefore, when we speak to what the Government will do, in terms of responding to the base industries programme, the retooling is a critical part.

This is why we established the Industrial and Investment Employment Fund to help fund the retooling, at a rate somewhere between 5 per cent and 6 per cent, significantly lower than the cost of money, than the commercial banking sector. We believe that while 17 firms have applied thus far, we need to be able to see far more activity on the part of those firms, which recognise the imperative of modernising.

Sir, in the apparel sector, the same applies. There are too many technological improvements in the apparel sector and in the fashion industry, for our producers not to be using them in a far greater fashion. We have therefore to be

able to hold their hands and help them refinance their production capacity to make it more modern.

Mr. Speaker, in a very real sense, the use of technology will be part and parcel of our helping ourselves to drive some of our costs down, while at the same time significantly increase the efficiency with which we are able to produce. All of these factors, Mr. Speaker, will begin to enhance our regional and international competitiveness in those sectors, where we are on the back foot.

We recognise, Mr. Speaker, tied to that is the outmoded design of plants. A lot of our plants do not necessarily have the most efficient designs, in terms of work processes. We therefore feel that a key skill, which must become common within the modern industrial sector in Barbados, is that of design industrial engineers, who take the time to deconstruct the various work and industrial processes, and to reconstruct them in a way that makes more sense. It is not a skill that has been widely used in the basic industrial sector, but only by those who have multinational cooperation linkages.

Mr. Speaker, we feel that we have to confront the issue of the operational cost, and to start at the Port. The reality is that we need to be able to look at it, not in a way that is dislocated or disruptive, but in a way that makes sense of our understanding of where we want to carry the modern Barbadian economy. Mr. Speaker, this is not only for the industrial sector but, particularly, I am speaking of it today, in relation to the industrial sector.

We recognise that part and parcel of the cost structure in this country is driven by the practices and the environment within in which the airport operates and seaport operates. Sir, it relates from labour practices through to capacity issues.

House 136, Sequence 09, 11:30:14

Tuesday, June 05, 2007

Hon. Miss M. A. MOTTLEY: Mr. Speaker, it is significant that we need to be able to have a tripartite approach, where the union, the private sector and the Government sit together, because that is the nature in which complex problems are solved in this country.

Mr. Speaker, Cabinet has agreed that this is the approach that would have to be taken such that we are able to transform the capacity of the seaport and the airport in relation to cargo to respond to the functioning of a modern Barbadian economy.

Mr. Speaker, the solutions that we come up with, as always in this country, are best when they are consensual. Sir, at the same time, we know that we cannot continue

with business as usual because the costs that are imposed on the sector are still too high even though the Government has afforded to the industrial sector a 50 per cent reduction in relation to the cost of clearing containers in the Bridgetown Port.

Mr. Speaker, we recognised that issues of productivity have to be put up front and centre. Mr. Speaker, I am not only talking about labour productivity, I am talking about overall firm productivity. Sir, this year, the National Productivity Council has embarked on a five-year programme that is designed to meet the systemic decline in productivity over the last 20 years in this country, recognising that there are a number of initiatives that have to be put in place such as the continued sensitisation of the Barbadian public to what being more productive really means. Mr. Speaker, it is a fancy term, but all it means is being the best that you can be and doing it the best that you can do.

Mr. Speaker, to be able to get the commitment, it is tight all the times in terms of labour productivity, but it is also the role of management, and the inability of management very often to appropriately measure and to put in place measurements that can tie performance to pay.

Mr. Speaker, there are too many firms that we still have to bring to the stage of being able to have those independent indices and measurements such that we can transform the productivity rates of the overall firm in this country.

We recognised, and they have started it, that there they need to do it at the sectoral level, in the industrial sector, in the tourism sector and in the distributive sector. Mr. Speaker, once we have that model sectorially, it becomes easier to be able to develop the custom-made model for the particular enterprise within that sector.

Once again, Mr. Speaker, they have recognised, and I have discussed with them, that it is not rocket science and that over the course of the next five years, just as we have dealt with a number of the larger firms in the country, in terms of putting systems in place to measure productivity and to introduce performance related pay, that we need to be able to have the list of enterprises in Barbados, sectorially, and go through them one by one.

Mr. Speaker, that is the only way we are going to start to see the significant change in productivity such that Barbados does not have to be a victim of declining productivity in the context of our modern economy. It is critical. It is a project which the National Productivity Council is taking the lead on, not the Barbados Investment and Development Corporation, and therefore it would not take away from the resource base of the Barbados Investment and Development Corporation to be able to

perform and deliver on this transformational industrial programme.

Mr. Speaker, we believe that there also has to be a further sensitisation for persons to continue to exploit the benefits of the CARICOM single market. Mr. Speaker, I would have indicated earlier in my speech that CARICOM accounted for \$254.7 million in exports last year or some 51.8 per cent of our domestic exports. There is no doubt in our minds as a Government that the expanded access to the CARICOM market for which Barbados can have significant competitive advantages in certain sectors has been responsible for the turnaround in our exports performance in this country, and we must build on it.

Mr. Speaker, I keep saying that the Organisation of Eastern Caribbean States is the one region in the world with whom we have a trade surplus. I keep saying that there are also other distinct advantages we have in being able to penetrate the Guyanese market, the Bahamian market, the Jamaican market and even the Trinidadian market and the Belizean market. The expansion of Banks and the Pine Hill Dairy into the Belizean market in relation to citrus juices and the lime related products is a significant boost. Mr. Speaker, the reality is that would allow the Pine Hill Dairy to be able to expand market share throughout the region.

Sir, I am hopeful that if the shareholders of BS&T and Neal and Massey accept the merger that it would allow also for expanded market access for a whole range of Barbadian products, which have hitherto been the victim of obstacles that are not necessarily the easiest to overcome in accessing the Trinidad market because they would have a vested interest now in ensuring that there is expanded shelf space and expanded market access. I look forward to that, Sir.

Mr. Speaker, in addition to the expanded market access that the CARICOM Single Market gives us, it gives us also the opportunities to seek out joint ventures, not just mergers, which makes sense and to be able to rationalise production capacity, especially where it makes sense to be able to locate some elements of your production in countries where the cost of so doing would make more sense.

Mr. Speaker, that may lead to some minor contraction in Barbados, in one or two sectors, but it would also lead to an expansion of the success and the viability and a strengthening of the overall firm because the combination of export of capital and production, combined with domestic production would mean that your economies of scale are greater and that there is a greater level of regional and international competitiveness.

Indeed, Sir, once we could have that level of competitiveness within the regional market, we can then use it as a platform particularly in the context of the diaspora where there is genuinely a more ready inclination to purchase the same types of products because of the same cultural DNA and national DNA as we have.

I believe therefore, Mr. Speaker, that the CARICOM Single Market and Economy offers significant opportunities for the expansion of the industrial sector in this country. The CARICOM region imports US\$3 billion in food. Mr. Speaker, there must be a way for a level of production integration throughout the region to allow us to meet a far higher percentage of that food import bill by domestic production capacity than we are currently meeting.

Sir, it is bound up not just with joint venture operations but in an understanding of how best to improve the transportation links within the region, particularly maritime transportation, which has not necessarily been the strongest in the post-independence era when compared to the presence of the Federal Palm and the Federal Maple in the late 1950s, which connected many of these countries by way of maritime transportation in a more robust manner.

Mr. Speaker, I do believe that there is significant opportunity for joint-venturing with Guyana, with Suriname and with Belize as we have seen with the investment base that Banks and the Pine Hill Dairy have made in Belize. However, it requires actions being taken not by governments but by individual firms.

Mr. Speaker, the mere fact that we now have that level of movement among the private sector within the region, in my view, augurs well for the future and will see the rationalisation of production such that we are capable of supplying a greater degree of domestic demand; domestic being defined as the regional market, in the context of the single market.

Mr. Speaker, we have had in this country, as I said, to also deal with some sociological and cultural problems, which have restricted the appropriate and rational use of capital. In other words, as I said, people are tentative about investing in other people firms and about working together.

Mr. Speaker, we need first to have the confidence culturally to overcome it and secondly to recognise that the law has put safeguards in place that protect the rights of minority shareholders, that speak to the question of the restrictive use of insider knowledge that would affect decisions and make other people uncompetitive. We also need to use the mechanisms which are there in the law, either under the Companies Act or the Securities legislation, in order to give confidence to those who may be prepared to take a risk first with a portion of their

savings and then an expanding base as they gain confidence in the system.

House 136 Sequence 10

11.40 a.m.

Tuesday, June 05, 2007

Hon. Miss M. A. MOTTLEY: Mr. Speaker, last week, this House dealt with amendments to the accounting profession, which, in our view, will also significantly assist in being able to provide greater confidence in the use and investment of funds, into public companies, so that we would be able to mobilise a greater proportion of Barbados' domestic savings, in being able to finance productive activity.

Mr. Speaker, one of the areas in which we have to go further, and one of the other things we need to see, is the need for a significant expansion in skills upgrading, in order to meet the needs of the industrial sector. I also spoke earlier of the thrust that would commence in relation to medical transcription.

Sir, if we are going to sustain a strong basic industries programme, we need to be able to train persons in the use of technology, in the apparel sector, in the furniture sector, and in a number of key areas, so that there is a ready supply of labour that would allow us to meet the markets that we might generate for these activities. Indeed, we would also benefit from the expanded pool that the CARICOM Single Market and Economy provides for us, by being able to use community skilled nationals in the management of our enterprises or in the workings within our enterprises, so that we could expand the base for those.

Mr. Speaker, I have tried to speak of those things which I believe would have an impact, in relation to the developments that would happen regionally, in relation to the CARICOM Single Market and Economy, while taking account of the global developments with respect to the dominance of China and India, in relation to the global marketplace.

Sir, even with all of that, I am confident and optimistic that Barbados could find a way, to be able to improve the level of performance of the industrial sector. I recognise that it requires steady but consistent action; it requires more strategic intervention than the public sector has traditionally been accustomed, particularly on a more timely basis, namely a quarterly basis, rather than waiting for end-of-year figures, to be able to see how we could make intervention. Sir, that nimbleness and flexibility that should be naturally associated with a small country, has now to be maximise on our part, if we are going to see the kind of changes, over the next five years.

The Government has also announced that by the end of this year, we will continue the process of liberalisation of exchange controls in this country. We, therefore, recognised that the opportunities within the Single Market will also be there for our firms to be able to access cheaper forms of capital generally and to be able to look at the cost of financing as a competitive issue for which others must compete within the region, in terms of being able to meet their objectives of becoming more competitive.

Mr. Speaker, we also have said that while we do all of this, in the context of the restructuring of the industrial sector, there has to be a sensitivity to Barbados' environmental concerns, and this is a matter that must engage all industrial sectors the world over.

Sir, the 20th Century, perhaps, would be known for the significant expansion in manufacturing products. It, perhaps, would also be known for the ignoring of the implications on the environment, which many of these products would have had. I believe we are also seeing the significant deleterious impact it is also having on individuals' health and therefore there will be, and must be, a far greater commitment to the design functions of products in which we are engaged, as well as the environment within which these functions are produced and also the use to which these products are put.

Mr. Speaker, there is a view that eco-efficiency and recycling are all that are needed but anyone who understands enough of physics, chemistry or biology, would understand that sometimes recycling activity is down-cycling activity and that the products which we produce, create greater problems for the environment than that which we had produced, had we changed the aspects of designs that would have made it more appropriate for the environment within which we function.

Mr. Speaker, there is a growing body of literature and the mere fact that the G-8 Countries are being put on the 'back foot', in relation to climate changes and the existence of reports, such as that of the United Nations Report and the Stern Report, show clearly the extent to which the earth global society stands to be negatively affected, over the course of the next 50 years. We expect there to be significant changes in the kinds of production and the methods of production within the industrial sector, because of the clear understanding of the deleterious impact that it has had on the environment, over the course of the 20th Century and into the 21st Century.

Mr. Speaker, in the context of all this, we have developed an eight-point plan, as a response to how we seek to mobilise the Government and the private sector, to engage in this industrial transformation. The eight-point plan would see us being able to creating a more enabling business environment for the industrial sector. It would see

us engaging in new promotion and marketing initiatives, for example, the establishment of Export Barbados, by September, 2007. It would see us finding new ways to stimulate the investments in the sector; new investment in existing enterprises; and new investments in new enterprises.

Mr. Speaker, the announcements in the Fiscal Incentives Act, 2007, is but one example of those new incentives. It would see us seeing how best we could boast of the infrastructural development, in relation to our industrial estates, and how best we could have our industrialists and firms using our access and ownership of those estates, through long leaseholds, to be able to improve their financial structure and their access to further capital. Point Five seeks to develop new sectors by playing a facilitating role as Government.

Point Six: We will maximise the human resource development, recognising the critical role to be played by entities, such as the Educational Training Board, the Samuel Jackman Prescod Polytechnic, the Barbados Community College, which is soon to be the University College of Barbados, the University of the West Indies and other regional enterprises that provide dedicated training, but may not be available domestically.

Point Seven: We will increase the capacity building generally, within the sector because the capacity is going to be one of the key constraints, in terms of the expansion of the productive growth in this economy.

Point Eight: We will have a robust programme to sustain and to expand our basic industries, which range from furniture, apparel and fashion design, craft and the condiment sector. Sir, we believe that eight-point plan would help us carry safely towards the objectives which I have announced earlier, that is: \$1 billion in exports by 2012; the contribution to Gross Domestic Product moving from 8 per cent to 12 per cent in 10 years; having 12 000 jobs within the industrial sector, within five years, from the just under 9 700 that we are at now; and making sure that we can attract \$70 million in new investment every year. These are ambitious targets but targets which I believe are not beyond our capacity, if we look at the trend of the last three years.

Mr. Speaker, I will go through some of the initiatives in each of the eight points. The plan itself speaks to the fact that these initiatives, we anticipate would cost \$79.5 million, over the course of the next three to five years. Sir, we say over the course of the next three to five years, because we recognise there might be difficulties, in respect of some of them, in terms of being able to complete exactly within three years. What are some of the activities under each of the eight platforms?

11.50 a.m.

Tuesday, June 5, 2007

Hon. Miss M.A. MOTTLEY: We feel for example under the issue of enabling the business environment that there are a number of things which we must do. Indeed, in the Prime Minister Economic Statement this year, we would have seen 10 pages dedicated to the manufacturing and industrial sector, which started the process of being able to make some of those changes. One of the key ones which was made was the announcement of zero rating under VAT imports for registered exporters. Sir, registered exporters are those defined as exporting more than 40 per cent of the goods produced. It is one of the areas in which the private sector was adamant that they needed that kind of support, particularly for exporters to ensure that there were no cash flow difficulties or financial cost as a result and, we have responded positively in making that determination. Sir, that will be applicable because of the provisional collection of taxes legislation and we will, therefore, shortly bring the amendments, in order to make it a permanent feature of the Value Added Tax legislation.

Mr. Speaker, we also announced this year, the Government's commitment to be able to create an export/import facility. Sir, there are a number of small and medium size manufacturers, who need access to working capital but who are not getting the support from the traditional commercial banking sector. We recognise that what was missing from our landscape was an entity, which persons could go to, provide evidence of the orders which they have received, access working capital in order to help them produce, fulfill those orders and then ensure that the money is paid back to the import/export facility when they receive payment for those orders.

Sir, Trinidad & Tobago has a well-functioning export/import bank and it was our judgement that rather than set it up as a separate bank that we would do it as a facility within Enterprise Growth Fund (EGF) Limited because we did not want to have to carry the other overhead costs that would be necessary in the administrative establishment of it as a separate entity. We have said that we would set it as \$3 million initially but would support its expansion depending on the demand, which is placed on it for use of fund. We do recognise that there is a revolving nature to it since the facility is usually repaid when payment for the particular orders are made available to the manufacturer.

Mr. Speaker, that Committee, looking at the structure and architecture of the export/import facility has started to meet and I trust and hope that no later than September that this facility would be operational and made available to the small and medium size manufacturers in this country in particular. Sir, the larger ones have made

greater use of the export insurance facilities that are there largely because they risk comes in export. Those export insurance scheme have a limited of up to 90 per cent and we recognise that there may be need for further fine-tuning of those exporter insurance facilities in order to better meet the demand within the sector.

In addition, Mr. Speaker, we have also agreed in the Prime Minister Economic Statement of this year that we should make the Special Technical Assistance Fund available for the funding of energy audits by enterprises and manufacturers. Sir, the only way you are going to get people more conscious as to the need to be able to reduce their energy cost by first allowing them to do an audit to be able to examine where their costs are, why it is as high as they are and what, therefore, should be the plan for them to be able to implement and make the costs more affordable.

Mr. Speaker, in the circumstances, we have, therefore, agreed and announced that the Special Technical Assistance programme would be available to fund these energy audits. Sir, this is the capital that is given to the companies to be able to generally help in the repositioning in terms of technical assistance. What we have recognise and we hope within the next year or two to be able to move to, is to engage with the Fair Trading Commission for the need to be able to develop special rates for off-peak usage by the industrial sector, so that there is a low rate of electricity charged outside of the peak hours to be able to encourage access generally on the part of the industrial sector to so structure their production to have this lower cost. Secondly, we feel that ultimately it is of benefit to the Barbados Light and Power because it means that they would be able to have and to plan out their expansion based on a flater usage of electricity rather than having to expand their plant and invest considerable sums of capital to meet peak usage, which is not consistent.

Mr. Speaker, the second point is the question of new promotion and marketing initiatives. My predecessors and I have spoken to the importance of branding. Indeed, I am happy that the Barbados Manufacturing Association has launched their new brand to replace the 100 per cent Bajan campaign, the "Bajan For Real" brand. Sir, really and truly, what we will be moving more towards is a set of marks and brands that when you look at them, they are associated with quality and certain other values such that we can be able to get a higher return given our higher cost structure in this country in relation to those products.

Mr. Speaker, we recognise that there must be quality committees put in place because a brand is only as good as it is credible and, in the absence of that consistent quality, we would, therefore, undermine the brand for all the products and, therefore, the quality threshold is absolutely key for us to be able to meet.

Mr. Speaker, we recognise that there must also be further export diversification beyond CARICOM and even beyond our traditional markets of the United States of America, United Kingdom and Canada. I have said that we have had strong performance last year in relation to the the market of United States of America but the truth is that we need to be able to ensure that the structure of the Barbadian economy is not so dependent on the economic well-being of anyone country and that this is a medium-term to long-term objective, whether in tourism, manufacturing or agriculture. Sir, I believe that those of us who expect to be around, both politically and living for a long time must recognise that must be one of the long-term goals in order to build greater resilience into the Barbadian economy.

Mr. Speaker, we recognise that a key component in our being able to expand the productive and export base of this country is the dedicated export, promotional and marketing agency, which we have referred to as Export Barbados. I am happy that the Chairman of BIDC has been engaging with the private sector and doing the preliminary work because the Government's view is that it must be a public/private sector entity, not a public sector agency alone. Sir, that part of its work will be to service existing manufacturers in the expansion of their exports and to bring new manufacturers into the area of export and there will be a commercial return for that component of it. Sir, part of its work is also developmental; market research and other things, which would allow the firms to be able to take decisions in a way that they may not have access to the capital to get that kind of market research on their own. We recognise, therefore, that a structure that allows it to be a public/private sector entity is the appropriate one. I am told that the private sector would be communicating with us by the end of this week in relation to how it best sees its participation in Export Barbados.

Mr. Speaker, we have already brought in someone to do the plans so we know the structure we want; we know what is the roll-out that is needed and we know what is the work plan that would have to be adhered to by the company in its first few years. Sir, its mandate is to look at existing companies existing products and existing markets and for each of those three components, find a new permutation that extends the value proposition. Sir, you may have an exiting company but you may work with it to do new products but within an existing market; or you may do existing products but in a new market; or you may look at a new company in some of your existing markets doing some of the existing products.

H136/12:00

Sequence 12

Tuesday, June 5, 2007

Hon. Miss M.A. MOTTLEY: Sir, the management of all the possible combinations and permutations, given the industrial structure of on Honourable the industrial sector, we believe would help us to achieve the growth in exports, that is so critical to this economy.

Mr. Speaker, perhaps, we should speak more often about the things we do on an ongoing basis. There are ten major companies in this country, that we identify by at the value of their existing export base, we meet with them periodically to ask how the Government can assist, through the Barbados Industrial Development Corporation or Invest Barbados, or the funding entities, to see how best we can continue to expand, and to assist where there are obstacles.

Sir, up to last week we met with Arawak Cement Plant. Mr. Speaker, the Arawak Cement Plant remains one of the major exporters in this economy. We meet periodically with the rum sector. The rum sector, as I said, is this year again, showing strong growth in demand. There are other entities. We have met with the Roberts Group of Companies and others. We have been able in some instances, to intervene with other Government departments to remove obstacles, or to facilitate where there is a need for policy development of a generic nature.

Mr. Speaker, all of the initiatives that were in the Prime Minister's Economic Statement came, not only out of the heads of a few people, but were the subject of intense consultation, sector by sector, within the industrial and manufacturing industry. Sir, the reality, therefore, is the policies, which we have developed, have not been developed in a vacuum but are responsive to the needs of our existing enterprises or new entities that want to become exporters or larger producers in this country.

In addition to the Level 1 exporters, which constitute ten entities outside of the rum industry and five within the rum industry, fifteen companies in Barbados, we have also identified ten further companies with the greatest potential for export. We anticipate that one of the key missions of Export Barbados, would be to work with these twenty-five entities, which are already in a position, and are already contributing significantly, to the exports of this country, to see how best we can help them do more. That is without prejudice, however, to there being also a programme to work with the smaller entities, which want to go into the export market.

Sir, a study has been done at the university which shows, among the surveys, that there is a reasonable degree of optimism, on the part of Barbadian producers, in relation to the need to use the Single Market, as an opportunity to expand their base.

Mr. Speaker, the programmes to stimulate investment, I referred earlier to the amendments which will

come to the Fiscal Incentives Act, which will allow for an extension of those fiscal incentives, where capital has been employed to upgrade plant in the last three years, or where there has been a move to the production of a new product, while being part of the generic category, that they originally produced, is still new in design and description, such that there can be an expansion of the period of time, for which to gain the incentives.

Sir, having said that, there has been a declining level of usage over the last thirty years of the Fiscal Incentive Act. Therefore, one of the things in which we will be engaged, is how best to appropriately mix the benefits, recognising, however, that the expansion of the entitlement of the benefits to an international business company, has significantly altered the benefits and the environment, within which persons can benefit from the Fiscal Incentives Act.

Sir, from the time you expanded the right to Barbadians and CARICOM people to benefit from international business company registration for exports, of any production that is sold outside of Barbados, it meant, therefore, that without much more, you immediately created a competitive environment for the Barbadian producers. If you combine that with what already exist under the Income Tax Act, under Section 12 (h), in terms of reducing your tax liability dependent on the proportion of exports, you begin to see how we have used a range of different fiscal incentives, in order to boost investment in the sector. However, I do feel that the great growth must come from the domestic savings of this country. Therefore, we will be looking at other measures to treat to that.

Sir, in terms of infrastructure developments, this is one of the key areas where there would be a significant departure from the traditional operations of the BIDC. Sir, the first industrial estate was built in this country at Grazettes in 1961. Over the years, there has been the growth of industrial estates, in St. Lucy, Six Roads, St. Philip, the Grantley Adams International Airport, Harbour Industrial Park, Wildey and Newton. The truth is, we have reached the point where we recognise, that there is a need to change the way the Barbados Industrial Development Corporation relates to industrial estates. In some instances there is merit in the sale of the long leasehold, as opposed to freehold, of some of the industrial estates.

Sir, what do I mean by that? There are a number of entities, that have been operating in our industrial estates for 30 and 40 years. If part and parcel of what they were paying, was being paid towards a mortgage for the long leasehold, then they would have gained equity in the use of the building, with the ability to use the building to access further funding to finance the expansion of their business. The manufacturers have approached us, we have agreed that there are a number of units ripe for disposal, by long

leasehold. Why long leasehold? Sir, because I feel there will always be a Government, and, therefore, the Government must be able to use that physical property in 50 or 75 years, again, to generate greater economic activity, and a financial return for the Barbados Industrial Development Corporation, as opposed to straight freehold, which would mean that it will not come back to the Government, to be able exploit it economically again.

We also recognise, however, that with the best will in the world, not everybody would want to purchase, or be in a position to purchase the long leasehold. In those circumstances, we feel that the Barbados Industrial Development Corporation, should not be engaged in the day-to-day maintenance of its industrial estates, but that there should be an outsourcing of the management and maintenance of those estates, not as a single entity, but in small blocks, to facilitate the participation of small and medium-size players, who can come forward and offer to manage and maintain the estates. Our core business is not maintenance and it is not construction.

Therefore, we believe that we would be creating the opportunity for young entrepreneurs in this country, to help in that area of facilities management, but at the same time, we will be ensuring that our tenants have access to a better standard of maintenance than they have had traditionally. That is not to say it has been bad, but it has been inconsistent over the last forty years. We believe that it would not only add, but give us the time to focus purely on the kind of strategic interventions with the firms and enterprises on a more timely basis, and quarterly, than we have traditionally been able to do, because of the other obligations on our time.

Mr. Speaker, this is, perhaps, one of the key major areas of change from the traditional policy framework of the BIDC, and I hope that before the end of this year, we will be able to start with two pilot projects, on two industrial estates, because we recognise that rather than doing all at one time, if we do two at a time, it will allow us to set the appropriate management standards, we expect at the facilities, and to ensure we are fair to ourselves, tenants, as well as the people who will participate, by way of tender for the management of these facilities.

Mr. Speaker, the fifth element, in terms of the development of the new sectors ... I have spoken about the Botanical services and the Medical Transcription Services. That is the core of this. There is room in partnership with the University of the West Indies...

12.10 p.m.

Sequence 13

Tuesday, June 05, 2007

House 136, Sequence 14, 12.10 a.m.

Hon. Miss M.A. MOTTLEY: ...and other higher institutions and research foundations of the world for Barbados to have a stronger research and development cluster that will take advantage of the higher percentage of university-trained graduates that we have, as compared to other parts of the black diaspora and, indeed, of the commonwealth diaspora in the developing country's category. Why do I say that?

Mr. Speaker, there are elements of science...and I believe the Member for St. Philip West will understand what I mean here, because he fancies himself also as someone who is capable of doing significant research in terms of the biological makeup of human beings and how best to be able to utilise products to be able to ensure that people live longer and healthier lives.

There is significant opportunity for us to be able to focus to the black population, the African population, where the DNA makeup I believe is different, even in terms of the management of diabetes. It is recognised that over the course of the last 30 to 40 years, drug companies were not specifically catering for the differences that existed among populations in the developed world. They have gone back to the research labs to see how best their research can allow them to develop products that are specifically catered to the DNA and makeup of different groups of people within countries.

Sir, Barbados, interestingly enough, and I think that the Minister of Health can speak to this, has been engaged in discussion with entities both locally and internationally, to see how best we can expand the level of research, such that we can improve the range of products and the range of modalities that are necessary to be able to treat what is this unfortunate expansion in diabetes among our populations, especially those in the developed world.

Sir, whatever we find will have applicability, not just for us in the region, but also the African population in the African diaspora in North America and Europe. Therefore, there are many opportunities within the context of research and development that we have not specifically identified here. Sir, we have said that we must establish at least a research council to bring together some of the leading scientists of the world, and starting primarily with those who are Barbadian.

Mr. Speaker, we have Professor Cardinal Warde at MIT, who has patents on a significant number of things. We need to bring him back here to meet twice a year. We have Dr. Juliet Daniel, who would have developed a specific gene and I think she has called it the "Kaiso" gene. She was in class with me at school, so I take a certain degree of pride of knowing where she has come from. She

does research of breast cancer in Canada, funded by foundations and the Canadian Government. We have the chap who was the Head of Research at 3M, who gave the Sir Winston Scott Lecture here last year.

Mr. Speaker, those are the people that must constitute the core of a research council, if we are to begin to see the difference in where we can go. When we shift from a culture of consumption to a culture of production, it must always be buttressed by an enquiring mind, which will open up the opportunities for research and development. Sir, it is not new to us.

Mr. Speaker, as I said, within the rum sector we have seen it for three centuries. Within the sugar cane industry, the breeds developed by Barbadians in this country in the 19th Century, became standard breeds, utilised all over the cane production world. Sir, what we have to agree to do, and I hope we can do it across the isles of Government, is that we need to commit at least 2 per cent of Government's budget to research and development, and to have that matched by funds that are available across the international philanthropic world for foundation research.

I would feel better if Juliet Daniel was in Barbados. Her budget is only CAN\$1.4 million a year. It is not beyond our capacity to raise that between Government and other entities. As I say, I know the Member for St. Philip West will understand where I am coming from on this point, because I feel that the creativity and the intellectual capacity of people in this country, need to be more appropriately utilised.

The Website that we are building, which will identify Barbadians, the world over, will also allow us to bring about a greater synergy in terms of people who can work together, in relation to this area.

Mr. Speaker, I have spoken about maximising human resource development. As I said, there must be the synergies and far greater planning and integrated planning, among all of institutions of the tertiary sector, nationally. One of the things that will significantly assist us, Sir, will be the Caribbean Vocational Qualifications, which will be launched by July of this year and which will facilitate greater movement of people within the Single Market.

Mr. Speaker, I spoke about increased capacity building. I told you at the beginning that the Technical Assistance Fund has already helped 430 businesses. Almost \$18 million in funds were disbursed, with another few million dollars still to be disbursed for approvals that have already been made by the programme.

Mr. Speaker, those are not one-one companies, those are not two companies or ten companies, those are 430 companies over five years, helping to reposition themselves

with the assistance of Government, in circumstances where they did not have the ability to do it on their own.

Mr. Speaker, we feel that we can continue to expand that Special Technical Assistance Programme. I announced its usage for the funding of energy audits, and we feel that it will continue to make a difference. We feel that we should also be able to assist in the provision of design industrial engineers and other professionals in firms, once we meet with them and realise that they are structural deficiencies or lack of access for skills that they need, in order to move on.

Mr. Speaker, I have spent more time over the last 14 months, meeting with representatives of the Basic Industries Programme. I met with the furniture manufacturers, the apparel and garment making industry, as well as the fashion industry separately, and then together as well. I met a number of times with condiment sector and I have met with the craft sector.

Mr. Speaker, the reason I spent so much time in these industries is that I truly believe there is room for potential growth in these sectors. If I start with furniture, we have already in hand, the Barbadians vernacular in furniture marketing study, with clear recommendations as to the fact that there can be three product lines, in which we can be involved.

We had established under the chairmanship of Mr. Nicholas Forde, a person well-versed in antiques in this country, a historical research committee that included from producers of antiques, to joiners, to persons who had an interest and had studied the area for some time. They have now identified a number of pieces, which they believe to be ripe for production.

The BIDC is now engaged in having those sample pieces produced, so that we could get a better idea of the cost. We are also doing an audit of the producers to see who will be involved in this initiative. Sir, at the same time, we are looking at engaging the skills of a design industrial engineer, so that he can help us with how best to structure the production of those pieces, and how best to be able to make sure that by the end of next year, we are in a position to launch these products for export and for domestic sale.

Mr. Speaker, this is not a pie in the sky dream and I am sorry that I do not have, but will ask before I wrap up, the BIDC to give me a copy of the study, so that I could make it a document of the House, for the view and sight of the Parliamentarians to see the extent to which we are moving on this Barbadian vernacular in furniture.

Mr. Speaker, I am also in receipt of a preliminary study which has been done by the representative of the

condiments producers, Mr. George Connolly, in relation to the establishment of a central condiments processing facility. We believe there is still some additional work to be done.

House 136, Sequence 14, 12:20:14

Tuesday, June 05, 2007

Hon. Miss M. A. MOTTLEY: The Barbados Investment and Development Corporation has commissioned that additional work which would allow us to take decisions about how best we could assist the condiment sector through, the capacity to be able to bulk purchase; to be able to improve the cost of production; and to be able to have access to modern equipment that would allow for better economies of scale.

Mr. Speaker, we expect there to be earlier progress in relation to the condiment producers such that by August/September we are in a position to be able to announce what would be the overall way forward for that condiment sector subject to the consultation and studies which have been done.

Mr. Speaker, in relation to the fashion initiatives, we have already taken decisions which would see, by the end of June, 12 fully professional portfolios produced for 12 top fashion designers in this country. We would be making them the subject of consultation with an international group so that we could best develop individual plans of development including production where appropriate for those 12 persons who are in that first batch of fashion designers.

Mr. Speaker, later this week, Barbados would have 11 designers on show at Caribbean Fashion Week, meeting with over 200 purchasers and the media from the regional and international arenas. Mr. Speaker, I am told by the organiser Mr. Cooper, that for the first time we would also have coverage from French TV, with Fashion TV from Paris covering the Caribbean Fashion Week this year.

Mr. Speaker, we have determined that it cannot be business as usual at Caribbean Fashion Week. Therefore, I will also be going to be able to host and meet with the purchasers and the media in order to be able to see how best we can position what is this extraordinary amount of talent, but lacking in a few simple areas, so that we can have them contribute to the Barbadian economy in the same way that other sectors are able to contribute.

Mr. Speaker, it is one of the areas that is particularly appealing to young people, but there are a number of things that we have to get right. We do not size or grade properly in the industry, and we need to get the technology and the training to do that. We need to re-emphasise the importance

of pattern making because it is critical to finish and to our ability to garner greater market share on a consistent basis.

Mr. Speaker, as I have said elsewhere, Barbados should not be importing the level of children clothes that it is importing. The use of novel marketing initiatives, tying producers of clothes to fashion designers and to popular icons in this country and in the region should be responsible for allowing us to have a greater market share for our children and teenagers clothes, instead of buying "50 Cent" brand clothes or "P. Diddy" clothes or whoever hip hop stars clothes that we buy from the Bronx, New York and Los Angeles. Why can Alison Hinds, "Lil Rick", Edwin Yearwood, the cricketers and the footballers not be involved in productive partnerships that would allow, not only children and teenagers in Barbados, but those in the region to want to purchase their clothes as part of their everyday wear. That is where we want to go, Mr. Speaker. As I said, at the same time, we recognised the importance to modernise the plant.

Mr. Speaker, I have spoken about the medical transcription. We feel that there is a significant amount of work to be done in the craft sector. Sir, craft is a difficult area because craft is more of an artistic expression than almost any other area of manufacturing.

Mr. Speaker, we feel that we need to be able to have better market research to see what really is it that the market would support and we need to be able to have better opportunities for marketing and packaging than we currently have. We also need to be able to have some high point focal activities.

Mr. Speaker, it is in this context that I have asked the IDC to make sure - in the same way we highlight the musicians during Crop Over and other different artistic practitioners at other times of the year - that there is a major annual festival of craft every November, that ties off down there by Pelican Village, in order to be able to ensure that November, on the eve of Christmas, would become the major national highlight for the craft sector in terms of being able to display its products, especially at the time when people are getting ready to buy Christmas gifts and that kind of thing.

Mr. Speaker, these are the things we believe are critical to the expansion of the basic industries programme, most important of which however is the covenant that we hope to launch by July between the private sector, in relation to the Barbados Hotel Association, the Barbados Manufacturers Association and the Chamber of Commerce.

Mr. Speaker, recognising that it is impossible for us to legislate to require people to purchase, we feel that Barbadian producers should have the opportunity to be able to sell their products to Barbadian hoteliers and tourism

practitioners and to the general Barbados distributive sector as an option. Mr. Speaker, if those entities and sectors say look we are prepared to give you the chance to supply as a first option subject to quality, subject to consistency of supply and subject to price...

Mr. Speaker, I have had three meetings with the Coordinator of the Barbados Hotel and Tourism Association, Miss Sue Springer and the Executive Director of the BMA, Miss Bobbie McKay. Mr. Rawle Harris would have attended one of those meetings. Sir, we have identified about 15 products and we have started to bring together in one place the manufacturers, the suppliers and the hoteliers because we feel, and we cannot be all things to all people to start, that if we start with the first few and we are successful with at least half of those 15 products, that we would see a significant change in attitude on the part of persons within the tourism sector, within the agricultural sector and within the general distributive sector.

Mr. Speaker, it must be about exploiting the synergies that exist from the other productive sectors in this country. Why should we be importing jams to give tourists in the morning? I know that the Honourable Member for St. Lucy would not support the continued activity that sees us doing that. Mr. Speaker, it is not about restricting choice, it is about expanding our productive base. If I could make sorrel jam, as I do for my canvassers every Christmas, it cannot be beyond the capacity of others to do it, because I am not noted as one who is a major chef. Sir, it is not beyond our capacity.

Mr. Speaker, when tourists come to the Caribbean they want to drink fresh juice, they do not want tin juice made somewhere in China, Taiwan or North America. The youngsters that we have in our communities who are doing fresh juices... Mr. Speaker, it would be seasonal. You are not going to get golden apples for 12 months of the year, but you will get golden apples, sour sop, mango, et cetera. Mr. Speaker, you are passing on the street now and you are seeing mangoes on the road all over Barbados when we should be collecting them and making sure that we can juice them and have the contacts where the tourism sector would buy it.

Mr. Speaker, Sandals has announced within the region that regional producers must be given first choice in the procurement of products for Sandals. Sir, the biggest hotel chain that is owned by the region has come to the position this year that it would give first priority to regional producers. Sir, I believe that we are on a good batting wicket in relation to the covenant, which would not be in breach of any World Trade Organisation obligations. Mr. Speaker, nothing should stop us Barbadians from committing to giving each other the first chance to succeed in terms of that which we purchase.

Mr. Speaker, there are a number of matters also that I have not necessarily addressed today because I am conscious of the time. Mr. Speaker, it is important that I say a few words in relation to the Newton site. The Government as you know would have taken a decision to issue a Notice of Termination to the contractors on that site for the particular reasons that there was work that did not conform with the standards that it was supposed to; that they failed to meet the time lines and were significantly behind schedule and that they did not maintain proper performance security in relation to the project. We have exercised the right to terminate.

Mr. Speaker, I would have met with the Barbados Investment and Development Corporation and I am satisfied that the Barbados Investment and Development Corporation, through its Chairman and its CEO, would have availed themselves of specialist advice in relation on how to proceed on this matter as far back as October last year, when the Government indicated that the situation was untenable, and I indicated that we could not continue in this way.

House 136 Sequence 15

12.30 p.m.

Tuesday, June 05, 2007

Hon. Miss M. A. MOTTLEY: Mr. Speaker, the specialist advice which they received, has allowed us to take a course of action which has led to the Notice of Termination being issued. There has been a letter from the contractor, claiming that he is entitled to have access to funds. Sir, we said no, but we recognised that even if there is to be a dispute, that could go on without prejudice, but when the matter was referred to the engineers of CEP, they had refused to acknowledge that there was any entitlement.

Sir, may I say that does not mean that the contractors might not try to avail themselves of any legal options opened to them, as that is their right. What I am certain about is that the Board has taken a decision to allow us to be able to complete the project. They have already determined the re-engagement of the professional consultants, such as architects and other professional services that are necessary. They have determined that they will go back out to a limited tender, in order to be able to ensure that we could have a contractor in place no later than August, and that the six to eight months' work that is necessary to complete the building, could be done.

We have a tenant who is waiting for one of those buildings and it was, therefore, unacceptable that the contractor was almost eighteen months behind schedule. Indeed, the Government would have exercised its right to invoke delayed damages, which would have precipitated

the crisis because clearly the contractor did not have access to a sufficient cash flow, to continue in those circumstances, when we invoked delay damages.

Mr. Speaker, the important thing in these matters is to keep bat and pad close together. We are going to continue to serve the public's interest, by bringing completion to that building, but at the same time, we are not going to allow the Government to be made victims of unfortunate or negligent activities, particularly since, in all respect, the work has not conformed to the standards which were set out. Sir, we would have had an independent engineer's assessment made available to us at the end of last year, the beginning of this year, that would have guided our actions. We have, therefore, and will continue to keep the public updated on these matters. The Board will speak to the public when they have completed the process of the tender, to be able to put persons back on site, to complete that building.

Mr. Speaker I want to commend the CEO, the members of staff of the IDC and the Chairman and the Board. We have been able to reach a collection rate of 94 per cent of our average billings in the last year. This comes after a chronic default situation that would have seen us having about \$5.9 million owing to the Barbados Investment Development Corporation by chronic defaulters, over a period of time. The reality, however, is that 60 per cent of the money, out of that 94 per cent, was received from persons who had, hitherto, been defaulters. Therefore, there has been a significant change in conduct on the part of a number of persons, who previously, for whatever reason, were defaulters.

Mr. Speaker, I want to commend the Board. There has been no hullabaloo, there has been no stories in the Nation or Advocate Newspapers, neither has there been any cries of being unfaired. They have simply gone about their business, in a quiet and dignified manner, recognising that management of the Barbados Investment Development Corporation continues to provide subsidised rents to the industrial sector.

Sir, what we have said is that where, over the course of the last few years, we have developed tenants, who are conducting commercial activities and not industrial activities that can be viewed as developmental activities, those tenants must pay commercial rents. They would not be the beneficiaries of the subsidised rents, which must be preserved for the genuine industrial sector that needs the level of subsidy, in order to be able to effectively compete.

Mr. Speaker, I have spoken longer than I had intended but I believe it was appropriate to set the historical context within which the industrial sector developed; the challenges that it has had, particularly over the last 20 years; the attempts at trying to reposition it; the success that

we have had from that repositioning; why it is necessary for us to go even further now in its transformation; what is the context within which this is taking place; what is the international environment against which we do this; and why it is so critical for this country to hold faith with a sector that dates back into the 19th Century, one that has been responsible for bringing prosperity to a number of Barbadian families, over the course of the last century.

Mr. Speaker, I believe that while we recognise the environment within which we function would change, as is necessary in human civilisation, we must have the capacity to adapt, to be flexible and to be resilient. We must also recognise the one great thing about manufacturing and the industrial sector, is that it allows us to be able to produce in a tangible way, that can add benefit and ease of convenience to the human life. Sir, whether that production is in the manufacturing of contact lenses, to help people to see; whether it is in the context of rum, which causes people sometimes to face life with a little more lightness and freedom than they might otherwise do; whether it is in the context of sugar that has associated this country with sweetness, for the majority of its modern existence; or whether that production is in the new dynamic areas of fashion design, that allow us to be able to place this country on the map for those things globally, in the way that Rihanna has so done for us in the last two year, I believe that as a people, we must have faith with a sector that has done well for many Barbadian families. We must continue to do so, even if in the context of a strong and robust services sector that has been a little more responsible for development in the last 20 years.

Sir, what is clear, is that the numbers that we could impact, in terms of employment, while still adding value to our exports, would make for a more resilient Barbados economy. Mr. Speaker, it is in that context that the National Strategic Plan believes that the combination of these sectors could help us become a globally competitive economy but a socially just society by 2025.

Mr. Speaker I, therefore, commend the Industrial Policy for Barbados' Manufacturing and Related Services Sector, 2007-2012, to this House. I also use this opportunity to make this book a document of this Honourable House, for which I want to commend the Barbados Investment Development Corporation, its officers and its Board. It is entitled: "A Path to Progress, Perspective on Industrial Development in Barbados (Celebrating 50 Years of Industrial Development in Barbados) 1956-2006". It reflects the work of both sides of the House, over the course of the last 50 years but more important, it reflects the strong commitment, the willingness of Barbadians to shape their environment, and indeed the resilience of Barbados to meet any challenges that might have confronted us.

MR. SPEAKER: Are there copies available for Honourable Members?

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I will ask the Barbados Investment Development Corporation to see whether we can determine the cost at which it could be made available to Honourable Members but if there is no cost, then it would be made free of charge. But this book will be laid here because I think it is important that the records of this Honourable House has a record as to how, in 2006, we saw the first 50 years of organised industrial development.

Mr. Speaker, with those words, I commend this plan and this book, and say to Barbadians that if we have a shared perspective of where we must go with this sector, I believe we could reach the ambitious targets that this Government has set and that, in 2012, we could look back with the confidence that we could because we would have dared to be able to do so.

Mr. Speaker, I beg to move that this Resolution do now pass.

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

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

12.40 a.m.

Tuesday, June 5, 2007

SUSPENSION

Hon. Miss M.A. MOTTLEY: Mr. Speaker, Sir, I beg to move that this House be suspended until 1.45 p.m.

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

The question that the House be suspended until 1.45 p.m. was put and resolved in the affirmative without division and Mr. Speaker suspended the House accordingly.

H136/12:40

Sequence 17

Tuesday, June 5, 2007

RESUMPTION

Mr. DEPUTY SPEAKER: This Session is now resumed. The Honourable Member for St. Philip West.

Dr. D.C. ESTWICK: Mr. Deputy Speaker, I rise to make a contribution to this debate, because I believe not only it is an important debate, but because of where Barbados is now poised, with respect to its economic circumstances. One has to rethink and take a new look at how we perceive the industrial sector in this country, and the sort of inputs that are necessary to revise this particular sector, given that for a long time our development has been premised, largely on a one-sector growth path, at least two at the most. Sir, historically, in Barbados, we have not paid attention to placing the type of emphasis on capital formation, within the industrial sectors in general, as well as in areas of the development of the educational components, that will drive productivity.

Sir, I think that part of the problem that now exists is the fact that these sectors are now not only very low in productivity, but the very high cost inputs, coupled with the low productivity, have begun to take its toll on Barbados' capacity to compete, not only internationally, but regionally.

Sir, when I looked at the document under consideration, I want to say at the outset that it is a good document. It relates to many of the areas of concern, but while I say that, there are still a number of areas, I will have to speak to, with respect to the objectives, as there are outlined, and the timeframe established for achieving these particular objectives, in this particular document.

Mr. Deputy Speaker, it is known in Barbados that there is a significant gap between the private sector and the public sector efficiencies. One of the reasons for trying to introduce Public Sector Reform in this country, has been to attempt to enhance the public sector efficiency, and to bring that closer to private sector efficiency, because it is the basis on which private sector growth must be premised. As a result of that, we all know how difficult it is to implement policies, and to get them implemented with the type of funding, staff and other resource requirements in Government.

Mr. Deputy Speaker, as a result, it bothers me immensely, when I look at the objectives that are to be achieved, given the weaknesses, in terms of the historical capacity of Government to implement and introduce new elements, I have a real problem with respect to achieving these particular objectives, given the time frame.

Sir, I also have a problem, looking at these objectives, and analysing them within the macroeconomic framework that now exists. If talk could turn around the manufacturing sector or various industrial sectors, they would be turned around by tomorrow. I heard a lot of talk from the Honourable Member for St. Michael North East. I was taken from North Point to Ragged Point, about all of

the various fancy possible things that could be done, that should be done and that ought to be done.

Sir, what is interesting, when one sits and analyses the record, with respect to investment within the industrial sector in Barbados, and also analyse, not only investment from a private sector perspective, but from a Government perspective, it sends a different message.

H136 14:00

Sequence 18

Tuesday, June 05, 2007

House 136, Sequence 19, 2.00 p.m.

Dr. D.C. ESTWICK: I will speak first to the macro framework because it is not just a simple matter, Mr. Deputy Speaker, to speak to how you would increase competitiveness, productivity and how would you sort against international entrepreneurial competition, driven into the culture in Barbados, and as well, to promote that type of entrepreneurial culture, to propel an industrial sector that is somewhat dormant.

If the Honourable Members on that side do not understand the impact that a high inflation rate in Barbados has been having on the competitive capabilities of Barbadian businesses, then they do not know what is going on.

If the Honourable Members on that side believe that after running inflation rates, within the last three years, of over 7 per cent in Barbados and they do not appreciate its impact on artificially increasing the exchange rate in Barbados and, therefore, making Barbadian exporters uncompetitive because of the increase price of goods and services in this country and by extension their exports, and if they believe for one minute that the problem with the declines or the sluggish growth in exports, have only to do with the imports that I looked at in this document, and not considering the fundamental macro framework, Sir, we have a problem.

Sir, unless this administration finds the methods to deal with that fundamental problem, our domestic export capacity, and our firms' competitiveness internationally, will continue to be a problem.

Mr. Deputy Speaker, one always has to refer to what the records say. I speak from the World Database and the CARICOM Trade and Investment Report 2005-2006. In Barbados, in the 1980s, overall investment in the sector was at 39 per cent, and as of 2005-2006 has declined to a paltry 13 per cent.

I also speak to private investment in Barbados, Mr. Deputy Speaker, which was 15.5 per cent of GDP in 1995, and is now a paltry 9.7 per cent of GDP. I want to understand this newfound investment, and where all the money is going to come from, if this is the pattern we are talking about.

Mr. Deputy Speaker, in Barbados this relates directly also to saving rates because we must have money to save in order to have money to invest. In Barbados, our private savings rate was 14 per cent of GDP in 1995, and has been reduced to a pitiful 4.3 per cent of GDP, under this administration by 2005/2006 and I am now hearing this rhetoric about turning around things. Sir, these are the underpinnings that drive industrial development and you must have these elements in place.

Mr. Deputy Speaker, to correlate what I am saying I go first to the more fundamental premise, the National Savings Rate in Barbados, which has been 18.6 per cent of GDP in 1995, and under this administration in 10 years, has been reduced to unflattering 7.0 per cent of GDP. Now, I am hearing all this fancy talk about turning around things. Where are they going to get the money; sell some things?

Hon. Miss M.A. MOTTLEY: Mr. Deputy Speaker, on a point of order. The Honourable Member is misleading the House, in relation to the National Savings Rate. Sir, these are figures produced by the Central Bank of Barbados and the Statistical Service of Barbados. Mr. Deputy Speaker, the 2006 provisional figures relate to a national savings rate of 22.1 per cent of GDP. Indeed, the national savings is \$1.434 billion, and you can therefore do the calculation in relation to what we know the GDP to be stated at, which is just about \$6 billion. Therefore, do the figures.

Mr. DEPUTY SPEAKER: Please continue, Honourable Member.

Dr. D.C. ESTWICK: Mr. Deputy Speaker, I would say to the Honourable Member for St. Michael North East that I not a man who speaks without my information. I have just sent for the IMF Article IV Consultation, the most recent one that has listed, the National Savings Rate in Barbados, which, in 1995 at 18.6 per cent of GDP. When it comes, I would deal with that comment in an interjection.

Asides.

Dr. D.C. ESTWICK: Mr. Deputy Speaker, with all the palaver, we looked at the weaknesses that exist within our present industrial sector. We are talking about the limited range of products, and the limited number of enterprises engaged in export activity in this country. Sir, consultations between the Private Sector Trade Team and

Systems Consulting, reported in 2005, that figure was arranged by 33 per cent to 36 per cent.

Sir, we also speak of major constraint on the supply side element, with respect to exportation in Barbados, that cannot be corrected in a five-year span with \$79 million a year.

When one looks at the experiences of Trinidad and Tobago in the 1980s and Jamaica, one will notice the time it took for them to introduce subsidy programmes for exportation and promotion of the goods and services internationally. Mr. Deputy Speaker, when one looks at the tax concessions and the other rebate elements that were put in place, to deal with reducing the competition risk of their own businesses, I am saying that in Barbados it cannot be done in five years. The Honourable Members on that side are dreaming and fooling themselves.

Sir, in Barbados there is a high factor cost and trading cost. Sir, there is an extremely high import component of an export in Barbados. This administration must understand that when they go and make comments about increases in exports, they should tell Barbadians what component of the export increase is actually re-export, that has a significant import contribution.

I would also state, using their same data, the Central Bank of Barbados information from the Economic and Financial Statistics, June 2005, the total exports indicated was \$556 million, of which over \$200 were for re-exports, with a major import component.

I will proceed, Sir, with the industrial sector in Barbados. The document spoke to reducing international competition risks, but I am more concerned about how the State is going to utilise its capability to overcome many of the financing constraints that now exist in dealing with the export sector in Barbados.

House 136, Sequence 19, 14:10:13

Tuesday, June 05, 2007

Dr. D. C. ESTWICK: Mr. Deputy Speaker, I have moved beyond what the Central Bank of Barbados now does through its Export Guarantee Scheme and Insurance Scheme and have gone to liberalisation and the establishment of a true type of general export/import bank entity in Barbados that will allow for the types of flexibilities that are necessary. Mr. Deputy Speaker, if this Administration does not understand what it takes to put all of these dynamics and parameters in place, and could come right before they are kicked out of power and lay down this fancy document about how they would accomplish this in five years, then that is pure political palaver at this time because it cannot be done in five years.

Mr. Deputy Speaker, for those Honourable Members who suffer from early Alzheimer's disease, I remember in 1994 when the Prime Minister of this country, the Honourable Member for St. Peter, was running up and down Barbados saying that the economy would have been private sector led, and what happened. What private sector led, when I just spoke to private investment in Barbados and when I could give you evidence written by the Central Bank of Barbados.

Sir, the document that comes to mind right now has to do with the banking determinants and banking spreads in Barbados that tell you that what you have had in Barbados is not only an increase in the banking spreads over the last ten years, but also a concomitant decline in financial intermediation, which simply means that as the banks build up their deposits, they were not investing in private business in Barbados as was correlated by the data from the International Monetary Fund world database. Mr. Deputy Speaker, these are the facts, not the fancy talk. Mr. Deputy Speaker, I cannot fault the document in itself in terms of its overall structure, its analytical capabilities and its analytical predictions with respect to what it wrong and what needs to occur, but I fault the attempt by this Administration to come and insult Barbadians that they could put these measures in place in five years time, when they had 14 years to correct these. Mr. Deputy Speaker, this Administration had 14 years in power. A Government should be ashamed to come in this Honourable Chamber and speak to a lack of international competitiveness after 14 years of doing nothing. A Government that was in power, that is responsible, should be ashamed, Mr. Deputy Speaker, to talk about inadequate marketing programme. They have to blame themselves. A Government should be ashamed to come in here talking about they need to increase international business management acumen. Who was power for the last 14 years?

Mr. Deputy Speaker, they have an educational ministry in Barbados to be able to execute the State intervention components to get the job done, now I am hearing a lot of foolishness. I cannot believe, Mr. Deputy Speaker, that they would identify, after 14 years in power, limited research and development budget. Who is supposed to advance the budget. Who is supposed to know that you need a bigger budget and create one; the Opposition?

Asides.

Dr. D. C. ESTWICK: If they do not know what they are doing, they should get out of power and give the Opposition the Government to run.

Mr. Deputy Speaker, they should be ashamed to be telling Barbadians at this point in time about the high cost of labour and low productivity. Could you imagine that they have a National Productivity Council? Mr. Deputy

Speaker, if they know about productivity, then let them tell me what is the average productivity level in the tourism sector, in the industrial sector, in the manufacturing sector and in the Cabinet as well.

Sir, ultimately, when we talk about productivity, if we learned from Singapore, Korea, and also from China, we would understand that you could enhance productivity either by working more efficiently, by increasing your number of workers, by learning to enhance your capital formation elements and by learning to educate your people to use those elements more efficiently. Sir, that is the only way it can be done.

Mr. Deputy Speaker, what happened in Barbados under this Administration is that they have now awakened like Rip Van Winkle from some long sleep and have recognised that there is a problem with the external current account deficit and there is a problem with the visible trade deficit in Barbados, because up to 2005 there was nothing called Export Barbados.

Mr. Deputy Speaker, what is interesting - utilising their same data - is that in 1995 the visible exports in Barbados was \$491 million, this is according to the Economic and Financial Statistics of the Central Bank of Barbados, February 2007. By 2005-2006, in 10 going 11 years, it went up to \$750 million, an increase in export revenue of \$266 million, and then they would come and tell you that they will now get revenue from exports to go up by a \$1 billion in five years, when in ten years they could only get an increase of \$266 million. What sort of foolishness am I hearing, Sir? In 10 years, they were able to get the export revenue to increase by only \$266 million and they now want to come and tell Barbadians that in five years they could get an increase of \$1 billion dollar. What foolishness am I hearing?

Mr. Deputy Speaker, what is even more surprising is that in 1995, our import bill was \$1.3 billion and in 2005-2006, it was \$3.1 billion. Sir, we had an increase in our exports earnings of a paltry \$266 million and an almost \$2 billion increase in the import bill.

Sir, we only heard about an Export Inc. in 2006, in this Honourable Chamber. Where was the Prime Minister and all of the other Honourable Members out there who are talking?

Mr. Deputy Speaker, why that is important is because when I analyse the trends, because I do not mind the actual number, there is no end in sight with respect to the increase in imports in Barbados. Sir, the rate of import growth in Barbados continues to significantly outstrip the rate of export growth in Barbados. Why that is important, Mr. Deputy Speaker, is because it has implications for the pressures you put not only upon your services sector, but

also your external balance. Interestingly enough, Barbados always had a positive balance with respect to services, but what has happened over the years is that the positive balance in services was not able to offset the rapid increase in the imports in Barbados.

House 136 Sequence 20

2.20 p.m.

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Dr. D. C. ESTWICK: Mr. Deputy Speaker, what that has done, is to have pushed our external balance principally to more than 11 per cent, in 2005/2006. It is now 9 per cent, when the international accepted level - for anybody who understands what they are talking about - must be significantly lower, around 4 or 5 per cent. That is what the experts say. Mr. Deputy Speaker, who is responsible for this delayed VAT refunds that have impacted on the cash flow of businesses?

Sir, this administration should be ashamed to come here, to speak about weak human resources issues, after being in power for 14 years. They should be ashamed to talk about Barbados needing skills improvements; that there is an unavailability of required skills; and that there is an absence of a training culture.

Sir, we recently had a meeting with the International Business Sector, and their fundamental cry was that precisely they had to find international expertise to deal with a number of things they needed to have done. Sir, the point is that if you are looking to develop your exports services sector as your engine for growth, then you must be competent of your skills base set. You must be competent of the skills base that would be required. But this document is telling me that this administration now understands what is going on, now that they are about to be kicked out of power.

Asides.

Dr. D. C. ESTWICK: Mr. Deputy Speaker, could you imagine that after 14 years, we are now hearing about outmoded plants, yet they are building a new prison, which cost them three times more than its original price? Sir, the prison is an outmoded plant too.

Asides.

Dr. D. C. ESTWICK: Mr. Deputy Speaker, another fundamental area of concern has to do with the responsibility of the State. If you have an environment where you do not have the level of private sector investment, and you continue to try to create the environment for such, and it does not happen.... It has

pushed this administration to become a financier in Barbados. As a result of this administration becoming a financier, where it now has to be responsible for the financing of all the BOLT agreements and other projects, the result is the fiscal deficit problem that we have in Barbados.

Mr. Deputy Speaker, what is even more revealing is that the \$79 million a year, for five years, which this administration wants to spend, to turn around the industrial sector, that is absolutely ...

Asides.

Hon. Miss M. A. MOTTLEY: On a point of order. The Honourable Member has either misread the document or is misleading this House. The document clearly speaks to \$79.5 million, over the next three to five years, and not on an annual basis, and that is in addition to the existing budgets.

Asides.

Dr. D. C. ESTWICK: Mr. Deputy Speaker, that is even a worse mathematical computation and I would not respond to that. If the Honourable Members on that side want to accept that, let them do so. I will move on.

Mr. Deputy Speaker, the reality of the situation is that the problem that I spoke of, related to the fiscal deficit. Under the new accounting accrual system, utilised in the Estimates Debate, this administration listed revenue at \$2.45 billion, but when one looks at what are the current liabilities for the fiscal year, 2007/2008, this administration is spending \$1.25 billion alone on debt repayment. That is more than 50 per cent being spent simply on debts, yet this administration is saying all they could squeeze out here and there is \$79 million. Sir, the reason is that the fiscal deficit has this Government constrained. They do not understand macroeconomics and how to deal with it.

Mr. Deputy Speaker, I am happy for the accrual accounting system because all of a sudden, they now have to pay back Treasury Bills; all of a sudden, the long-term debt has to be listed as a capital cost; and all of a sudden, Government's interest payment has to be listed as a current expense.

Asides.

Dr. D. C. ESTWICK: Mr. Deputy Speaker, because of all that, it tells me what is the true macroeconomic reality. Therefore, this fancy talk cannot be achieved underneath those particular macroeconomic conditions in Barbados, not with an inflation rate as it is; not with an external current deficit where it is. Sir, it cannot happen in Barbados. Therefore, as I said, I have no problem with this

document. This document has beautifully outlined the objectives.

Sir, anybody could outline these objectives but are they achievable? Are they realistic within the time frame in which they are to be achieved? Furthermore, what are the cost, given the macroeconomic framework just outlined? Sir, if there is not that level of private sector investment to do that, what would be the cost to the taxpayers, given the macroeconomic environment now exiting?

Mr. Deputy Speaker, the other area of concern has to do with the type of fiscal incentive packages that should be encouraged, while attending these types of exercises. There are a lot of experiences worldwide, from which we could benefit, but this is a draft document and if it were a White Paper, the Opposition would more keenly debate it and would try to educate the others on that side, about the type of fiscal measures that could work, in these circumstances. But you are not going to take our ideas and put them into a Manifesto in two months' time. I was not elected to come here and debate a draft policy, this Government must bring the policy and let us debate it.

Mr. Deputy Speaker, what adjustments do we need to make, in the face of international global changes? I am now going to speak specifically with respect to trade changes. I am going to speak to those arrangements that are still pliable, that are yet not well-formed within the international arena, such as the World Trade Organisation, et cetera. Sir, there are some specific areas with respect to sanitary and phytosanitary standards and also with respect to the type of subsidies that could be introduced, which do not necessarily contravene the rules of the World Trade Organisation.

Mr. Deputy Speaker, this is of great importance because if we are to increase our exports, we have to understand that automatically we are going to have domestic competition in our domestic space and that furthermore, we would then have to compete within the international market space.

2.30 p.m.

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Dr. D.C. ESTWICK: Sir, that requires a significant improvement with respect to the quality of goods and services and significant improvement with respect to efficiencies that will drive down cost of goods and services that we are producing here because at this stage we are not competitive in CARICOM, and the evidence of that can be seen from the trade imbalance with our CARICOM neighbours. Why that becomes of great importance is a few years ago, we embarked on a tripartite arrangement, an arrangement that was put in place, organised by the Joint

Economic Committee of the Central Bank of Barbados with other inputs that spoke to linking wages to production and buffered by a wage freeze. Sir, I thank the \$Lord for the change of that phrase and that instead, we now talk about wage restraint. Sir, the fundamental premise of that was to give businesses in Barbados control in the dialogue process of determining the rate of increase of wages in Barbados. Sir, it has nothing to do with determining the rate of increase of profit or by extension, the rate of increase of prices.

Mr. Deputy Speaker, the net result of that has been seen by all, that is, instead of that period of time, 14 years, being used to radically alter the industrial plant in Barbados, given that the policy was designed for the businesses to have more of their capital to reinvest in the business and, therefore, enhanced, via capital formation, productivity, and by extension a more competitive product. Sir, that obviously did not work because, based on what I have seen outlined in the document as still the present weaknesses, it certainly did not work because we still have major problems with competitive capabilities.

Sir, I understand the economies of scale component but being small does not necessarily mean that you cannot be efficient and effective. It might mean, as the document correctly says, that you many have to shift from broad commodity production and exportation because you do not have the capability to produce at that level, to a more branded set of parameters but the point is that after 14 years, we are now attempting to go down this road. Mr. Deputy Speaker, I ask the singular question, who is to blame?

Mr. Deputy Speaker, why we have to look carefully at this tripartite arrangement in this context is because I have not heard a business in the last five years talk about profits. Sir, there have been mergers and mega-mergers with big money but every single year and every single day there are strikes with respect to poor conditions and terms of work. Sir, there are sick buildings; poor salaries; you cannot get this and you cannot get that.

Mr. Deputy Speaker, I ask this Administration another question. Are they serious about the international business sector in Barbados? At present there are no administrative and regulative frameworks in Barbados that the international business sector has identified that have been put within the last ten years to radically allow for an evolution of that particular sector to make it competitive regionally and extra-regionally.

Mr. Deputy Speaker, this becomes important is because of its potential with respect to driving exports of goods and services revenue in Barbados. Sir, ultimately, the problem that faces Barbados is its capacity to earn foreign exchange and the entire exercise that we are

undertaking today is essentially to look for reasons and ways to analyse what can we do to get Barbados to export more efficiency to enhance our foreign exchange capabilities.

Mr. Deputy Speaker, why that is important is that two days ago, the Honourable Member for St. Peter said that the reserves in Barbados stood at \$1.2 billion and that there was no borrowing. Sir, in 2000 we borrowed \$100 million. I want Barbadians to go and look at when the Prime Minister was speaking with respect to the CLICO conference...

Hon. Miss M.A. MOTTLEY: Mr. Speaker, on a point of order. The Honourable Member is misleading the House. I heard the comments of the Prime Minister on Saturday. The Prime Minister reference to there being no borrowing, related to 2007. He also indicated that there had been an increase in the net international reserves this year. The Honourable Member for St. Michael North West has made the same point that we have seen an increase of over \$130 million for the first four months of this year and that has not come as a result of any foreign borrowing. Sir, that is what the Honourable Prime Minister indicated. We all know that this House approved loans last year.

Dr.D.C. ESTWICK: Mr. Deputy Speaker, I will state emphatically that the net international reserves at \$1.5 billion has over \$600 million that were borrowed after 2001. Sir, the interpretation of the Honourable Member for St. Michael North East about what the Prime Minister said is hers. Sir, it cannot be mine because she does not have my ears or my brains.

H136/14:40

Sequence 22

Tuesday, June 5, 2007

Miss M.A. MOTTLEY: On a point of order. Sir, the Honourable Member really ought to know better. He cannot impute to an Honourable Members something that was not said, and to try to suggest that it was only my hearing of it, that led to that interpretation, is to ignore that there are facts. The Honourable Member would be brought before the Committee of Privileges, by this side, if he continues to assert that the Prime Minister said something in his speech to the CLICO Awards Ceremony, on Saturday night, that he did not say. He knows that he is lying to this Honourable Chamber, and he must withdraw it.

Continuation of: Dr. D.C. ESTWICK: Mr. Deputy Speaker, I will say what I heard. If the Honourable Member was trained in Philosophy, she would understand Berkleyan Philosophy about perceptions, and this

perception, with respect to your brain. Sir, I am not going to allow the Honourable Member to come in here and try to bamboozle us. I will teach her.

Hon. Miss M.A. MOTTLEY: On a point of order, Sir. The Honourable Member really must not let his anger show at the fact that the Head of CLICO has pledged with the Leader of the Opposition to unseat him in St. Philip West. Therefore, he must not take out his anger against the Head of CLICO, and the Leader of the Opposition on the Prime Minister for addressing CLICO.

Asides.

Mr. D.J.H. THOMPSON: On a point of order. I have not risen to respond to what the Honourable Member said, except to say that it is a breach of the Standing Orders for Honourable Members to mislead the House. I want to vehemently deny any assertion made by the Honourable Member for St. Michael North East, and to say that I look forward very much to the Honourable Member for St. Philip West being able to say, within the next twelve months or so, that this sector has been totally transformed as a result of the policies of the Democratic Labour Party.

Sir, I want to say that I am alarmed and, Sir, you, as the Presiding Officer, need to rule in this matter, that a threat is being made against an Honourable Member of the House, not a member of the public, in respect of bringing an Honourable Member of the House before the Committee of Privileges for something they said. Sir, that is a direct breach of the Parliamentary Privileges and Immunities Act.

There is nothing that must fetter the right of any Member of this Chamber, to say anything, except in relation to rulings of the SPEAKER, in relation to whether there are appropriate or not. The law courts cannot threaten us. The police cannot threaten us. The Barbados Defence Force cannot threaten us. The media must not be allowed to threaten us. Sir, as long as you keep order in here, there are parliamentary privileges and immunities that apply.

I deprecate any attempt by any Honourable Member on that side, to threaten any Honourable Member on this side, about being brought before any committee, in respect of anything we say on behalf of the people we represent in this Chamber. Sir, that is what must be withdrawn, because that is a direct assault on the independence of this Chamber and the independence of Honourable Members of this Chamber. Sir, no Member can be brought before any committee in respect of privileges in this Chamber.

Hon. Miss M.A. MOTTLEY: On a point of privilege. The Honourable Member has been a Member of this House for in excess of twenty years. The Honourable Member, therefore, is frothing and foaming, when he tries to implicate that the issue here is one of fettering the right

of a Member to speak in this House. The reality is, the very reason there is a Committee of Privileges is to deal with conduct of a Member that is unbecoming, or in breach of the Standing Orders of this House.

Sir, I do not mind the fact that he has been stung by his conscience, in relation to his behaviour to the Honourable Member for St. Philip West, and he must now do all that he can to show him that he is giving him support all of a sudden.

Mr. DEPUTY SPEAKER: Let us get on with the business.

Mr. D.J.H. THOMPSON: On a point of order. This is a very serious matter. Sir, Standing Order, in relation to the Committee of Privileges says:

“There shall be a Committee of Privileges which shall consist of the SPEAKER, as Chairman, and six Members who shall be nominated by the House at the commencement of every Session. Any matter which appears to affect the powers and privileges of the House shall be referred to this Committee by the House. The Committee shall consider such matters and report on them to the House.”

Sir, what the Committee of Privileges is responsible for, is actions or events by third parties outside of this House; for example, the publication of matters in a newspaper. For example, if a Marshall came to this House to serve a document on me; or a policeman attempting to arrest me, or some other such action, which is clearly set out in the Parliamentary Privileges and Immunities legislation.

Mr. Deputy Speaker, no Committee can summons any Honourable Member of this House. I am saying there is no other authority in this island that can summons any Member of this House, in relation to things that they say in this Chamber. Sir, you as the Speaker of this Chamber and the Chairman of the House, when he is presiding, will rule on whether something is parliamentary or not parliamentary. It is not even a matter for us, it is a matter for you, Sir, and that is my understanding of parliamentary procedure in this country and elsewhere, where democracy still obtains. Sir, I deprecate again, any threat being made by any Member on that side, against any Member on this side, in relation to what they say in this House. Sir, it will be open season.

Hon. Miss M.A. MOTTLEY: Mr. Speaker, on a point of privilege. Sir, were it not for the fact that the Honourable Member is seeking to make a red herring of this... I am going to address this matter and give the House a full undertaking that I will do so. Sir, to begin with, the

Leader of the House is entitled to speak to the existence of the Committee of Privileges, that is the first issue.

The second issue, Mr. Speaker, is that apart from the Committee of Privileges, there is a Bar of this Chamber. While the public does not have the right to judge any word uttered in these Chambers, this House has the right to regulate its members.

Thirdly, Mr. Deputy Speaker, a Member cannot blatantly tell a lie on another member of this House and that is the fundamental issue here. Sir, I would move that rather than further delay this debate, I will deal with it at the end of today's Sitting, or next week. The reality is, Mr. Deputy Speaker, that the Honourable Member is trying to cast distance now, between the allegations about his conduct in relation to the Honourable Member for St. Philip West.

Asides.

Miss M.A. MOTTLEY: Sir, last week he was not talking to you.

MR. DEPUTY SPEAKER: Let us get on with the debate. Honourable Member for St. Philip West, please proceed.

Dr.D.C. ESTWICK: Mr. Deputy Speaker, I will proceed. Sir, there is a lot of moving heaven and earth in Barbados, but I know what my rights are as a parliamentarian. I read the documents when I came to this Chamber, so the Honourable Member would have to move heaven and earth to get me there.

Mr. Deputy Speaker, I want to commend particularly one section of the document, which has to do with the type of new industrial entities that would be required to move Barbados forward in new areas within the industrial sector. Sir, I believe that we have not yet paid enough attention to truly utilising our intellectual capability in this country. I believe that our high literacy rate, as translated to an educable population, well places Barbados to take advantage of high technology and high value-added industries that should have been pursued with much more vigour, if this Administration understood how to utilise the fiscal incentive measures to do such.

H136/14:50

Sequence 23

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House 136, Sequence 24, 2.50 p.m.

Dr. D.C. ESTWICK: Mr. Deputy Speaker, I believe that a lot could be done in the area of food and beverage and we are only scratching the surface, with respect to the various products that could be produced from our domestic plants and other inputs. I believe that we are scratching the surface with software development and design, and the health related services that could be offered. All of these are not going to be measures that you can systematically get in place to achieve the sorts of goals that are outlined in the objectives, in a five-year period. It is just not feasible.

The important thing, Sir, is to appreciate the role of the State in creating incubator type programmes, looking at cluster type programmes that have been successful in other territories that are not significantly larger than Barbados. We should be able to create State direction, the type of educational focus that is necessary to move our people down this particular path. This now brings me to another challenge that has to be factored in. What are we going to do with respect to the challenges that are faced within the university setting and in the tertiary education setting, with respect to science and technology? The basis of all we are talking about is driven by science and technology, even your services in culture.

Mr. Deputy Speaker, it is therefore necessary that we look very seriously at moving beyond the type of science and technology structure that we now have, and give it significantly more prominence within a Governmental focus. This becomes critical, if we are going to be able to deal with the high end, and the high value-added type industries in Barbados.

Again, those aspects of the document, Sir, I think are compelling, but I would suggest that with the types of inefficiencies that now exist within the public service, it is somewhat far-fetched to believe that many of these instruments could be implemented within that time frame.

Mr. Deputy Speaker, I want to make one last statement and that really has to do with the fact that when we are talking about international competition, whether we do or not, the other people outside are going to do. Therefore, we have to understand that we have to get into the arena, whether or not we like it or not, and we have to be able to provide the types of resources that are necessary to Government's institutions to create the capacity building that is necessary to get the job done.

I am fearful that the horse has already bolted, and the type of macroeconomic framework that now exists in Barbados to put these particular structures in place, to achieve the objectives at this particular point in time, is going to be extremely difficult to accomplish. I would want to say to this administration that its first challenge must necessarily be to get down the inflation rate.

I would also want to say to this administration that the other important challenge would be to understand that if you are spending close to 50 per cent of your revenue on debt, to execute the projects that you are talking about, you are going to worsen the debt scenario, unless you find non-debt private investment. Sir, this has been a problem because we now have the lowest non-debt private investment in the region. Sir, where the average for CARICOM is about 20 per cent, we are languishing about 13.5 per cent.

Mr. Deputy Speaker, these are very serious matters because they genuinely speak to the type of problems that exist from an economic perspective that must set the basis by which you can look at the weaknesses within the sector, and be able to confront and deal with those weaknesses in a timely basis.

I want to thank you, Sir.

Asides.

Mr. DEPUTY SPEAKER: The Honourable Member for Christ Church East.

Hon. R.R. FARLEY: Thank you very much, Mr. Deputy Speaker. The last Honourable Member who spoke, apparently made an assumption that this industrial policy was starting from zero and nothing had gone before. Therefore, when reference was made to some sections of it, he expressed surprise that some of these challenges were being mentioned. The Honourable Member knows better and I certainly do not expect him to do the Government's job for it, but the Honourable Member would well be aware...

Mr. D.J.H. THOMPSON: Mr. Deputy Speaker, on a point of order. The Honourable Member for Christ Church East is misleading the House. In the lead up to this debate, the current Minister said publicly that she is the first Minister to produce an industrial policy for Barbados, and she is busy working on it.

Asides.

Mr. D.J.H. THOMPSON: I read it with my own two eyes. *Asides.*

Hon. Miss M.A. MOTTLEY: Mr. Deputy Speaker, on a point of privilege. The Honourable Member has just spent 15 minutes on his feet speaking to the fact that he cannot quote what was in a newspaper to impugn the integrity of a Member of this Chamber.

As usual, Mr. Deputy Speaker, the Leader of the Opposition continues to reprobate and approbate. He knows full well that his use of Rules in this Chamber is not

buttressed by either fact, or commitment to truth and honesty.

Mr. D.J.H. THOMPSON: Mr. Deputy Speaker, on a point of order. Is the Minister denying that she said she is the first Minister since this Government came to office to write an industrial policy for Barbados? I am not going to rely on the newspaper report. I am going to rely on the statements of the Minister.

Is the Minister denying that she is the first Minister to produce an industrial policy for Barbados? I would not be the liar. It means that the Minister would be the liar for telling the public of Barbados so.

Asides.

Mr. D.J.H. THOMPSON: I am not saying the Minister is, if the Minister gets up and denies it...

Hon. Miss M.A. MOTTLEY: Mr. Deputy Speaker, on a point of privilege. I am prepared to agree that the House goes into Committee of Privilege to discuss this and other matters, if that is what the Leader of the Opposition wants, and I would explain to him, whether I was the first or not, as will the Member for Christ Church East Central.

Sir, unlike the Democratic Labour Party, where the Member proposes to meet with others, to undermine the Member for St. Philip West, the Honourable Member for Christ Church East Central has the authority to speak on my behalf in this matter.

Asides.

Mr. DEPUTY SPEAKER: Honourable Members, let us get on with the debate. The Honourable Member for Christ Church East.

Hon. R.R. FARLEY: Mr. Deputy Speaker, the Honourable Member for St. Philip West started as if we were now starting to manufacture in Barbados. I know, Sir, that he knows better. I want to remind him that all of the issues relating to the importance of having an appropriate macroeconomic environment, providing a positive environment to encourage business growth and development, and the critical role of education and training, even though they are addressed here, they are properly addressed in the context where the Honourable Member for St. Michael North East, gave the example of the longevity of manufacturing in Barbados. Sir, the Honourable Member went back to Mount Gay rum, being a worldwide brand, more than 300 years of age, and BICO ice cream, going back to the turn of the last century, 1901 or thereabout, as well as Cot Printery.

Asides.

Hon. R.R. FARLEY: Sir, I heard her, and she made the point, even in relation to the sugar industry.

House 136, Sequence 24, 15:00:14

Tuesday, June 05, 2007

Hon. R. R. FARLEY: Sir, she gave examples of how industries have changed even in relation to the sugar industry. Sir, our macroeconomic context, our education and training context and the nature of the supportive business environment that is provided will also change from time to time because certainly the prescriptions, which would have been quite suitably and properly given, whether by that doctor or by any other doctor, a doctor of medicine or a doctor of industry, for the industrialisation of the 1950s and the 1960s cannot be suitable as prescriptions for industrialisation in 2007. Therefore, from time to time, we would have to take fresh guard and chart an industrial policy suitable for the time at hand.

Clearly, Sir, there is a very fundamental way in which the time at hand is different from any other time before. In the past, with respect to carving out an industrial policy, a country could easily set its policy without consideration for anyone else or for anything else in the world.

Sir, there have been areas, especially of international trade, and also in relation to international health standards, international financial rules and the impact of treaties and otherwise, in our domestic policy which were exclusively, completely and comprehensively within our own control, which now have to be exercised by us, but bearing in mind the commitments that have been made to our international partners or rules, though we may not agree with them, that would bind us.

Sir, today, this industrial policy is set in the context of the complete removal of preferential access to overseas markets. Sir, there was a time when the developing countries, including Barbados, could plan an entire industrial sector based on preferential access to markets. Indeed, the whole notion of what were called the enclave industries, where you were carving out literally an enclave, where special privileges, not available to the domestic market, could be given in return for the fact that products provided were not going to be consumed within the domestic market, was a strategy used by developing countries around the world.

Indeed, Sir, much of the huge wave of industrialisation in the 1950s, 1960s and 1970s... I remember the catchy term like "Operation Beehive" and "Operation Boot Strap" using the Puerto Rican model. Sir Arthur Lewis got his Nobel Prize for Economics. He was influential in that model of development.

Sir, thousands of Barbadians, especially women, obtained employment in the new industries of those days at Newton. Sir, the face of Christ Church was changed by the establishment of the Newton Industrial Park and the opportunities that were created for young Barbadians, especially young women, to work outside of the home in what in those days would have been jobs far superior with terms and conditions far superior than the alternative which would have been working in the fields. Sir, even at that time the hotel sector was not as vibrant as it has been decades later. Sir, opportunities were also provided at Grazettes, at Wilkey and even in St. Lucy at Nestfield, where there was a couple of manufacturing operations, which have changed the face of Barbados. Sir, the environment has changed and we therefore cannot apply the same policies.

Indeed, Sir, in the last two decades, there has been a dramatic reversal of the area of growth for manufacturing. You would recall, Sir, that there was a time when Barbados could almost close its eyes, set up a sign overseas, Barbados is open for business, and manufacturers would be beating down our doors to get some incentives to set up a factory. Sir, those days are gone. Yes, we would have some overseas direct investment but not of the volume like before. Indeed, it has been the entrepreneurial zeal, it has been the keen interest, both in terms of innovation and technical capacity, along with being able to initiate some interesting joint ventures that has seen Barbadian produced goods forming the bulk of exports.

Indeed, Sir, another interesting aspect of the change on the environment that affects manufacturing is the CARICOM Single Market and Economy, the right of establishment of businesses, both CARICOM businesses coming here to set up as well as Barbadian businesses being free to go there and free trading within the region. Sir, I am using that example to say that the environment today is different and therefore a new industrial policy needs to be forged. This policy quite wisely has a time frame, 2007 to 2012. Sir, we could well expect, given the rapid rate of change today, that by 2012, we would have to create a new industrial policy. Sir, I trust that the speakers of that day would not do like my good friend, the Honourable Member for St. Philip West, and speak as if we are starting from scratch.

Sir, I know that he knows better, but maybe he was using one of the high and deep philosophies that he is very familiar with. I give way to his superior knowledge in that area, but he knows better.

Sir, he also sought to base his speech on an old Article Four, International Monetary Fund Consultation. Indeed, some of the areas of concerns that he raised were lifted directly from the section in bold print, I do not have the page in front of me, but they are there. Sir, several of

the conditions and the concerns that they raised have already been addressed because that is a 2004 Article Four Consultation.

Sir, this industrial policy is fully supported. Sir, I want to remind the Honourable Member that this Administration has already made substantial progress in the growth and development of the manufacturing sector. Sir, we inherited a sector that had been suffering both from the unfriendliness of the external environment as well as some mistaken policies that had been implemented in response to that external environment.

Sir, there was a view, which is widely held by external agencies, that in order to spur growth in the manufacturing sector, you basically had to expose it to competition and remove any assistance. Sir, there are two philosophical schools of thought. The first is one in which for your industrial sector and for your business sector generally, all a Government has to do is to create an enabling environment and step back. They are not to pick any winners so that the greatest and the best would win out.

House 136 Sequence 25

3.10 p.m.

Tuesday, June 05, 2007

Hon. R. R. FARLEY: Mr. Deputy Speaker, there is another view that there is a need to create an enabling environment within countries, but those countries must identify what are the areas and sectors of strategic importance to them, based on economics and sociology. Those countries need to identify the areas of potential and to provide special assistance in those areas. Sir, this Government has followed that latter strategy.

Mr. Deputy Speaker, I had a discussion in the private sector with officials from the International Monetary Fund (IMF), the World Bank and the Inter-American Development Bank, several of whom believe that it did not make a difference whether the business that sprung up out of its liberal friendly environment, whether or not it was in the distributive or manufacturing sectors, or whether or not the business was exporting or importing.

Mr. Deputy Speaker, clearly, you and I know different, and while we encourage business in the distributive sector, we know, at the end of the day that foreign exchange earnings is critical to Barbados.

Asides.

Hon. R. R. FARLEY: Mr. Deputy Speaker, our strategy, therefore, has been in every sector, but more especially the productive sectors, to create a business-

friendly environment for all business and to give special assistance to build technical capacity, to encourage a new class of entrepreneurs and to help businesses develop the capacity to export.

Sir, what have we done? In the case of manufacturing, a Special Technical Assistance Fund was established because it was recognised that industrial problems needed to have industrial solutions. Sir, since the establishment of this programme, some \$25 million in assistance has been provided to manufacturing companies in Barbados. During the years, 2001 to 2006, \$25 million have been spent in providing assistance for 385 companies in Barbados.

Mr. Deputy Speaker, the Special Technical Assistance Fund has also addressed several of the conflicts raised in this Honourable House, by the Honourable Member for St. Philip West. The Honourable Member mentioned the sanitary and phytosanitary standards. He mentioned the HACCP standards for food quality and how those non-tariff barriers to trade have been used effectively by the very large industrialised countries, when they tell countries all over the world to join the World Trade Organisation and to break down the barriers to trade, but they are giving with one hand and taking with the other.

Mr. Speaker, these countries are then imposing non-tariff barriers as standards, which they have already introduced in their domestic markets, but they cost individual companies and countries considerable sums to bring their work up to standard. Sir, we recognised that as the reality and the Government took a decision that it would work with the companies of Barbados, to help them meet those international standards. Sir, we have had success in some areas and there is work yet to be done to others.

Mr. Deputy Speaker, the ability of our Flight Kitchen to use Barbadian produce in supplying international airlines with food, is guided by these phytosanitary sanitary and HACCP standards. Our ability to be able to send fish products into foreign markets is effective as well. Indeed, we are doing ongoing work, in order to ensure that we are able to meet the European Union standards for fish handling, so that Barbadian fish and fish products would make it into the European markets. Sir, this is the direction in which industrial policy, in 2007, has to go, and this is what this document speaks to. In 2012, the issue might very well be different.

Mr. Deputy Speaker, I wish to make the point that this administration has, even before dealing with the 2007/2012 issue, put in considerable work in helping 385 Barbadians companies raised their standards, so that they would be able to meet export requirements and get around

barriers, several of which have been created in order to frustrate efforts.

Mr. Deputy Speaker, I want to remind this Honourable House that we have also recognised that meeting those standards required businesses to invest in equipment and to retool essentially. Sir, we live in small, domestic economies that are relatively high cost, when compared to other low cost regions in the world but with high productivity. Sir, our productivity is relatively high, when compared to those low cost regions. Therefore, competitive business worldwide...

Mr. Deputy Speaker, let me make this point, we look at countries such as Germany and the United States of America, where the cost of doing business is even higher than it is in Barbados and we, like my Michael Porter, who did much research in this area of competitiveness, came to the conclusion that low cost is not the only factor in being able to get into markets. There were some markets in which the high cost product was the market leader and there are high cost countries in the world, whose capacity for innovation, whose high productivity, whose marketing and whose ability to generate the perception that the customer is getting value for money, have allowed them to carve certain competitive advantages in the world.

Sir, the old theory of comparative advantage turn almost essentially on cost, but competitive advantage took account of other wider factors, including marketing and branding. Sir, for example, a coke is a drink with a fancy name but when it is labeled as coco cola, it means that you have the real thing. There are other colas but they do not have the brand recognition or the competitive space as coke.

Asides.

Hon. R. R. FARLEY: Mr. Deputy Speaker, in a way, there is room yet for “Bajan” to become as sexy, as recognisable and as desirable a brand as “Cajun”. Sir, the challenge is for us, as Barbadians, to brand what we have. Do you remember, just to draw an analogy, there was a time when Barbadians were net importers and net takers of music. If you thought you wanted to get some music, you would have looked to Trinidad and Tobago and not to Barbados. Sir, now the tables have turned and Trinidadians are looking to Barbados for music. The carnivals in Toronto, New York...

Asides.

Hon. R. R. FARLEY: Mr. Deputy Speaker, there was a time, when even the Honourable Member for St. John would be aware, when Barbados would not have been in the top position, as far as looking for music but because

of the success of a number of singers - and this would be even before Rihanna - the brand recognition is now there.

I am saying that in relation to our culinary industry, the food and beverage industry, for instance, Bank Beer or Mount Gay Rum. Sir, Mount Gay Rum was peddled as a regular domestic product and through a strategic alliance with Remy Martin, the largest producers and distributors of alcohol beverages, several years ago, Remy Martin decided to make Mount Gay one of its premium brands and to use the weight of its marketing and distribution capacity to place Mount Gay in hotels, bars like Moon Town and other places of that standard.

Asides.

3.20 p.m.

Tuesday, June 5, 2007

Mr. D. St.E. KELLMAN: Mr. Deputy Speaker, on a point of order. The Honourable Member is misleading the House by giving the impression that Moon Town has a foreign influence in accepting a good local product. The Honourable Member would have to withdraw that because Moon Town knew about a good product that was made in St. Lucy long before we know about Remy. Sir, we would not speak in those words, we would speak about Mount Gay.

Hon. R. R. FARLEY: I would have to withdraw that comment because I was consuming that beverage so mentioned, long before Remy was involved with the company. Sir, he and I have long experience with the consumption of that beverage.

Mr. Deputy Speaker, the bottom line is...

Mr. D. St.E. KELLMAN: Mr. Deputy Speaker, on a point of order. The Honourable Member is misleading the House. The Honourable Member means to tell this Honourable House that he consumes it, while I market it.

Hon. R. R. FARLEY: Mr. Deputy Speaker, I am glad he is admitting the versatile aspects of his personality. Sir, the bottom line is this. There are aspects of our national life; aspects of our human capacity; aspects of our entrepreneurial skill that have been able to make it internationally. Sir, it is really for us, in each and every generation; in each and every business cycle to look at what are the other products that we have that can make it. Sir, everyone was convinced, for example that Banks Beer should be one of the products big on the international scene but there was an intellectual property prohibition...

Asides.

Hon. R. R. FARLEY: Sir, the reality is that product has such good appeal that in the absence of that intellectual challenge from Banks Guyana, that product would have already been a worldwide product. There is no doubt, Sir, that Barbados makes the best pepper sauce in the world. It is not the most attractively packaged in many cases and it may be produced at a consistency that people may not be familiar with. Sir, in other words, perhaps we need to have a thinner sauce, in a thin streamline bottle, the way Tabasco is because that is what the market over there is accustomed to but we cannot have a flat rum bottle used as the same bottle for pepper sauce in a market not accustomed to that kind of presentation.

Mr. Deputy Speaker, I am making the point that this industrial policy, along with the actual things that have been done by the Government are driven by that vision where we believe that those things which are unique to us can be attractive to persons around the world because more fundamentally, one of the key sources of competitive advantages is uniqueness. Sir, if you are doing things that only you can do easily, you stand a greater chance of maintaining your marketplace than if you are merely doing what everyone else around the world is doing. The Honourable Member for St. Michael South, as a marketing man, knows that full well.

Mr. Deputy Speaker, one of the important aspects of our support for industry has been in providing funding for our industrialists to be able to retool and to retrofit and invest in order to go after these markets. Sir, there is no secret in Barbados that, notwithstanding everybody's acceptance of the importance of the export of goods. Yes, tourism is the leading sector with financial services following secondly but we believe in diversity. We will never close agriculture because we are doing well in tourism. We will never close manufacturing because we are doing well in financial services. Sir, we will attempt to be doing well in all. However, our financial systems have not in the past been kind to some of these sectors outside of distribution and we have to find, as a Government, new ways of putting finance into those critical areas. We could not leave it to the vagaries of the banking systems, mercifully, they have seen the light and they are more accommodation and some may say less unaccommodating.

Mr. Deputy Speaker, the bottom line is that the Industrial Investment and Employment Fund has been a vehicle in the last few years, when we capitalise that fund started in 2002 with \$5 million and we then provided some additional funding up to about \$15 million and at the end of 2006, that 17 major projects had been funded to the tune of \$10 million and that, Sir, represented money that those businesses might not have been able to find in our commercial banking system and this provided opportunities for employment and exports. Therefore, the growth in our exports, particularly to CARICOM, has not been by way of

accident, it has been by way of deliberate strategy to reform the manufacturing sector taking account of the realities of today.

Mr. Deputy Speaker, I am giving those examples to say that, notwithstanding the challenges that we face, I am satisfied that these objectives set out in this industrial policy are achievable but more fundamentally, Sir, that it is the same zeal; the same ability to get things done and the same commitments to public/private partnership that has allowed us to move the manufacturing sector forward over this last decade, that will take us forward.

Mr. Deputy Speaker, I must salute the private sector of Barbados because, at the end of the day, we can set the framework but if there are no businesses to rise to the challenge, then we would not be able to achieve the results. We want to salute the manufacturers of Barbados, those Barbadians who, over the last half century especially, have been active in the furniture, apparel, food and beverage and offshore manufacturing. Sir, I want to urge Barbadians, who are considering careers to look very seriously at careers in manufacturing and for them to remember that with the advent of the Caribbean Single Market and Economy that they are not limited to Barbados as a market or as a production space, that they can own a company in Barbados, produce some elements in Trinidad or Guyana, where the raw materials or the overall cost of production is cheaper, that they could have their printing and marketing and sales done in Barbados and sell wherever they want to in Barbados and around the world.

Mr. Deputy Speaker, as I conclude, I believe that this industrial policy for Barbados' manufacturing and related services sector 2007 to 2012, marks an important point of departure for us to move to a new and higher level taking account of the relevance of what we have done in the past based on the circumstances then but realising that circumstances have changed even further and, therefore, taking fresh guard is warranted and this by way of Resolution before this House, represents that fresh guard and, Sir, I strongly support the Resolution before this House.

Mr. Deputy Speaker, I thank you.

MR. DEPUTY SPEAKER: The Honourable Member for St. Lucy.

Mr. D. St.E. KELLMAN: Mr. Deputy Speaker, there is no doubt that we are in conflict in this House today. If we look at Resolution No. 8, we would have problem dealing with Resolution No. 8 but if you look at the front of the document, then you would have no problem dealing with this document because the front of this document says that it was prepared by the Barbados Investment and Development Corporation even though the Resolution is

asking us to note and endorse what we heard in this House today, where the Minister is claiming that the document for herself and what is even worse, the only picture that can be seen in this document is a picture of the Minister.

H136/15:30

Sequence 27

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Mr. D. St.E. KELLMAN: Sir, if I look into the document, I would believe that I am looking into a personal document belonging to the Honourable Minister. I would prefer to be endorsing something that belonged to the Barbados Industrial Development Corporation.

Asides.

Mr. D. St.E. KELLMAN: The previous Minister who spoke did not quote anything from the document, because the Minister agrees with the Opposition, that this is a personal document. It does not reflect the last twelve years. It is only after a Cabinet reshuffle, that this document was prepared.

Hon. R.R. FARLEY: Mr. Speaker, the Honourable Member is misleading this House. I believe that he got so carried away by my reference to that great spirit from St. Lucy, that he felt its effect even without consuming any of it. The Honourable Member knows that this document represents the policy of the Government of Barbados, and he would not want it to spring from his mouth, but he should really pull it back in by some means, biological or otherwise.

Sir, the Honourable Member knows well, that this document is fully supported by all concerned, and it represents the policy of the Government of Barbados, and the Resolution states that quite clearly.

Mr. DEPUTY SPEAKER: Honourable Member, please proceed.

Mr. D. St.E. KELLMAN: The Honourable Member for Christ Church East would want me to believe that he made a contribution to this document, and as Minister, he helped to prepare this document, and it took twelve years before it came before Cabinet.

Sir, if you were to look at the front of this document, again, you would see December 2006, approved by the Cabinet of Barbados in April 2007. The impression the Honourable Member is trying to give this Honourable House, that this document took nearly thirteen years to come before Cabinet and the Honourable House. All the other Ministers could not present it to the Cabinet, but it

took the Honourable Member for St. Michael North East, not only to bring it before Cabinet, but to also bring it before the House.

Sir, I could now understand the interview given by the Honourable Member for St. Michael North East, when she defended her position in her new role. I could now understand the action minister, and I could now understand why the Minister could brag about bringing manufacturing earnings to \$1 billion in a short space of time, while the other Ministers could not do it.

Sir, it is interesting that this is not the document of the Opposition, and from the Honourable Minister's presentation, this is not the document of the Barbados Industrial Development Corporation, so today we would have to outline policies, that would be quite different.

Sir, there is no doubt, we have to understand that we cannot continue to depend on tourism, and other related services to carry Barbados forward. There is no doubt that this country was doing well before we had these other services, from manufacturing, et cetera. As usual, we always believe that once something is foreign led, it is good for Barbados, and we ignore everything that we did locally, because we are now caught up with globalisation, while ignoring localisation.

Sir, I heard a minister bragging about how Remy was able to take Mount Gay Rum, and place it on the world market, as though Mount Gay Rum only got on the world market when a foreign entity came to put it on the world market. Sir, there is no doubt that the Ward family of Barbados had Mount Gay Rum on the world market a long time before Remy came on the market.

Sir, if the Honourable Member want to make the point that Remy might have helped in the marketing of Mount Gay Rum, I might concede that, but I will not stand in this House and give the impression that it took Remy, from France, to make Mount Gay Rum a rum. The Ward family made Mount Gay Rum, the rum it is, and there is no change to Mount Gay Rum, in terms of taste. Sir, furthermore, they have been able to develop that rum without any help from the Government of Barbados. It is true that now Remy is on board, they are now getting concessions, which should have been given to the makers of Mount Gay Rum long ago.

Sir, we in this country cannot appreciate anything that we make. We can understand that we have foreign airlines coming into Barbados, and we have to give them support, but we have people making fish cakes, sugar cakes, mauby, pepper sauce and rum, and we cannot give them concessions, because we believe they belong to us but if we give them concessions, they will get too rich. Sir, once you come in on a plane and you have an idea, we are quite

prepared to pay money for that idea, and we cannot appreciate what we have locally.

Sir, I am saying that in order for us to appreciate manufacturing, we must first to appreciate our own. We have to appreciate the investors and the workers in the manufacturing industry. That is why we will not push manufacturing forward, until we can see the workers and investors as part of manufacturing.

Sir, before we can go to globalisation, we must first learn to deal with localisation, and that is the problem in Barbados. We want to get to globalisation without solving the problems of localisation. In other words, we do not want to solve the problems of our local manufacturers, but we want to solve the problems of the foreign manufacturers.

Sir, I am saying that if we are serious about manufacturing, we have to understand the contribution that the Barbados Development Bank made to manufacturing in this country. It was an error when the Barbados Development Bank was closed, because we measured manufacturing only by the amount of the money that was owed to the Barbados. We did not measure manufacturing based on its contribution to the economy of Barbados, by those manufacturers.

Sir, a very good point was made by the Honourable Member for Christ Church East, that we have to start measuring the contribution of producers by the amount of foreign exchange they earn or save for this country. Sir, for too long we have been only looking at the bottom line without understanding that even though a company might not be making a profit, the country might be making a profit in terms of the amount of foreign exchange coming in to pay the bills.

Asides.

Mr. D. St.E. KELLMAN: I have always supported the Transport Board. I have always said that. The point is, too many persons do not understand that there are certain connections that must occur in order to get the economy right.

Asides.

Mr. D. St.E. KELLMAN: Sir, the Honourable Member for St. Michael South is asking the Democratic Labour Party to support LIAT, when we were the ones involved in LIAT from the beginning.

Sir, I do not understand how the Honourable Member could still believe that he is still on this side. The Honourable Member could not be making that statement

from that side. He still believes that he is on this side, and making that statement about LIAT.

Sir, companies like Mount Gay and other rum produces and Banks, that are contributing to the foreign exchange of Barbados, we must make sure that we put all of our marketing capabilities out there, to ensure that we get maximum returns from them. There are also some other small companies that must be given the marketing capabilities to ensure that once they are making a good product, it can be moved from the local market to the extra regional market.

Sir, we believe that it is the business of the small company to put that product on the international market. That is wrong. The local product must be spotted by Government or one of its agencies, and the marketing capabilities from those agencies must be used to push it further. All the support to push it on the international market must come from a Government agency.

15.40 p.m.

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House 136, Sequence 29, 3.40 p.m.

Mr. D. St.E. KELLMAN: The obligation of that local company is to ensure that they produce the product in the most efficient way. Sir, once it has capabilities, that is where the Government and the company must enter into a relationship because the Government needs the foreign exchange.

Sir, marketing Mount Gay Rum, Banks or the Tetra Packs, cannot be about the local company any more. Once there is an international taste, the same approach we took to our sugar, we must use that same approach for all of those other products. Sir, because sugar was associated with outside interest, we could understand that particular point but we could never understand the local point, when someone makes a good product in this country.

Sir, another matter we must deal with, and we have to deal with it not tomorrow but we have to deal with it like yesterday, there are other persons in manufacturing who are very good in producing products whom we have allowed to go and be managers.

I am saying, Sir, we are wasting talent when we allow men who are very good at producing, to remove themselves from the production line and go and sit in offices. We are robbing country Barbados of a talent.

What we need to do, Sir, is to ensure that companies like the Barbados Industrial Development Corporation provides that type of management for them, and keep them on the production line.

It is no doubt that if a man like Nassah was kept on the production line, the wrought iron industry in Barbados would have been much further. Sometimes, we allow this country Barbados to be deprived of the best talent available.

Sir, too many manufacturing businesses believe that they must operate in separate businesses and this must stop. They have to learn to share and reduce cost. In other words, there is nothing wrong with one person working during the day and one working during the night. We must learn to build partnerships together.

Sir, it does not make sense, people having the same type of equipment, which is left for 12 hours, without anybody producing on it, when the cost could be shared by partnering and the equipment used continuously. If we are serious about manufacturing, we have to learn how to come together.

Sir, another thing, we cannot only believe that the Government is important and not the investors and workers. The same free hand that the Government has, the investors and workers must have. You cannot give it to the investors and the Government and not give it to the workers.

The workers must believe that what they are earning belongs to them. The investors must believe that too, because they are making a contribution much bigger than the bottom line. We are too caught up in the bottom line. What we do not understand is that we do not buy goods with the bottom line. We buy goods with the foreign exchange earned. Sir, as soon as we in this country understand the importance of foreign exchange, all the problems within the manufacturing sector will be solved, because what we need is to see some more workers moonlighting in Barbados.

Mr. Speaker, we do not need to bring any more workers into Barbados. Sir, we need to create a climate in Barbados where workers could work longer, and not necessarily on the same job, because the evidence has shown where workers remain on the same job, the productivity level falls for that particular day.

If you allow a worker to leave a job, come home, get something to eat, get a shower and move again, and that worker is now reporting to a new employer, then that worker will produce better.

Sir, you would not find this in a text book. This truth is that you need to create the necessary climate. By now, based on the problems facing this economy, we should be begging Barbadian workers to slow down. Sir, instead of that, we have created a climate where we are now forcing Barbadian workers, to only work for 40 hours a week. Mr. Speaker, we need to reverse that and we need to understand the benefits that will be gained.

Sir, if we do the right thing, the cost of production in Barbados would decrease. If we allow workers to moonlight, the cost of production in Barbados would decrease. We could also do that and at the same time, we could increase the disposable income of the workers, without necessarily increasing the cost to the investor.

This is what is needed in Barbados now. Sir, if we are to compete on the international market, we cannot compete based on the cost coming in but we have to use our brain. This is what is lacking.

It is no doubt, Sir, that the Caribbean countries have demonstrated that they have a capacity that other countries do not. We must use our advantages to ensure that if we cannot reduce the cost of the raw material, then we have to find another way to reduce cost.

The Government is the only entity that can impact on reducing that cost. The Government must be prepared to understand what has to happen to reduce that cost for the manufacturers, and at the same time to make the workers want to work.

Sir, we have a serious problem in Barbados and we have to deal with it. As I said, the problem has nothing to do with bringing more workers into Barbados. The problem has to do with encouraging workers to work longer and harder and compensate them for their work.

If a man believes that he can turn up and can get his whole hog, he will keep his whole hog and he will go after more than a whole hog. If that man believes that he is frustrated, he will not do it. We need to understand is that we will not get people in Barbados to invest money in businesses when the returns are less than what you get in a bank.

Sir, we have to create a climate where investors believe that it is better to invest than to save. In Barbados, we have a savings climate, we do not have an investment climate.

Sir, this is only Chapter One, because I heard a lot about the ignorance of 'Kellmanomics', coming from the Honourable Member for St. Michael South. This is Chapter One in it today, and you will get Chapter Two. For the

simple reason, I will not waste it but the important thing is that in Barbados we have to stop looking into other plates.

It is just like going to a luncheon. A man goes to a table and he gets a plate and picks up what he wants. Another person would go and pick up what he/she wants, but the man who picks up two spoonfuls, would complain because another man has six. No. The man is picking up what he wants. You picked up what you want and you should be happy.

Sir, what we need to do, if you do not want to work and get returns and another man wants to work and he is getting returns, do not complain about that man. Sir, it goes back to the Bible. When you are given a talent, you have to know how to work that talent. If you bury your talent, you should not curse other persons for working their talent. The same thing has to occur within the manufacturing sector, because we must provide the talent.

Mr. Speaker, we cannot buy goods from overseas in Barbados dollars. We must buy goods with foreign exchange. Sir, we can do it in two ways. We can get companies to export and we can get companies that can produce and stop exports from coming in. Sir, too many people believe that only companies that bring in foreign exchange, impact on the foreign reserves of the country but that is not true.

Sir, those companies that stop goods from being imported also impact on the foreign reserves of the country, in a positive way. Sir, it is interesting that we seem more interested in dealing with companies that import goods, rather than those companies which are stopping goods from being imported.

I had a classic a couple weeks ago. I am told that the new merger in the Caribbean now is to get cheaper goods into the Caribbean. I know the Honourable Member for St. Philip South would not agree with that.

House 136, Sequence 29, 15:50:14

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Mr. D. St.E. KELLMAN: Mr. Deputy Speaker, there is no doubt that any merger within the Caribbean must be to ensure that you export more, not import more. Sir, if we are having mergers to import more, we could forget about everything because all we would be doing is wasting time. Sir, if we have a manufacturing plant that is producing beers, malts and plus, and we can only speak about importing, and cannot understand that we should be using our efficiencies to export instead of import, then we should go home, because it means that we could sell the whole of Barbados or the balance of Barbados.

Asides.

Mr. D. St.E. KELLMAN: That is true, but you know that the reference was to the supermarkets, that they cannot build any more new supermarkets. Sir, I am surprised that the Honourable Member would want to defend that point when the reference was made to supermarkets. Sir, I do not know that supermarkets export. Sir, I am surprised that an economist of his quality would make a point like that. Sir, I have always had respect for him, but now I would have to teach him lesson one in...

Asides.

Mr. D. St.E. KELLMAN: Sir, after praising my Honourable friend, how could he make a point like that to me?

Asides.

Mr. D. St.E. KELLMAN: It is still at chapter one. Sir, there is no doubt, if we are serious about ensuring that our manufacturing sector could go somewhere, that we first must learn to appreciate the workers and the investors. We have a situation in this country where we are anti-investor and anti-worker, which must stop. Sir, we must have a relationship between workers and investors. Sir, there must be a belief that there is a direct relationship. Sir, when the worker and the investor have a harmonious relationship, productivity would increase and the country Barbados would gain.

Asides.

Mr. D. St.E. KELLMAN: The Honourable Member must stop looking at the amount that is being made by the investors and find a way to see how he could become an investor and make that money too.

Mr. Deputy Speaker, at the same time we cannot be heard in this country making workers believe that they should only remain workers. What we should do is create a climate to encourage workers to move on to be investors and not only workers. Sir, you hear a lot of talk about workers should buy shares in companies; no. We want to see a climate in Barbados where workers could create enough cash so that they can move from the production line of somebody else to open their own businesses on the production line using their expertise to employ some more persons. We need to see real expansion because when they move from the production line and they employ other persons, it means that they are now leaving some space for someone to come on that production line, and at the same time, they are offering opportunities on the other production line.

Mr. Deputy Speaker, we believe that an investor in Barbados must look like a particular person and be from a particular class, and that a man should not move up, that is foolishness. The Democratic Labour Party believes in independence and that is why we have always ensured that we created the climate. That is why we open the Barbados Development Bank (BDB) so that poor people who had a talent could turn up at the BDB, get a loan, open their businesses and employ some people. Sir, now that it is closed, it is obvious that the only people who can invest or get involved in manufacturing are those who have the working capital.

Asides.

Mr. D. St.E. KELLMAN: Sir, the Honourable Member tells me that is foolishness. Sir, I can understand why the Honourable Member would tell me that is foolishness because the Honourable Member thinks that I am going to say something, like what the Honourable Member did with the Cricket World Cup, when the ship Destiny got a guarantee and the people who built the apartments and so on got the losses. Sir, the Honourable Member thought I was going there, but I will assure you, Mr. Deputy Speaker, that I will not go there. Mr. Deputy Speaker, just to make sure that the Honourable Member will not think that I am going there, I will not go there.

Mr. Deputy Speaker, there is no doubt that we welcome the abilities of the management staff...

Asides.

Mr. D. St.E. KELLMAN: Mr. Speaker, the Honourable Member is telling me to speak about the overruns at the airport under his management. Sir, I do not want to go there. We are speaking about manufacturing.

Mr. DEPUTY SPEAKER: You are going well, so please continue.

Asides.

Mr. D. St.E. KELLMAN: Sir, please spare me from the Honourable Member. I do not want to talk about the inefficiencies of his ministry, Sir, not today.

Asides.

Mr. D. St.E. KELLMAN: Mr. Deputy Speaker, there is no doubt that at present there is a very good management team at the Barbados Investment and Development Corporation. Sir, there is also no doubt that the Board should not be blamed for the problems at Newton. Sir, as I said earlier, we have to be very careful how we enter into these BOLT arrangements, because it is clear that they are not working well for Barbados.

Mr. Deputy Speaker, when you enter into an arrangement you should know what is the end result. Sir, it is clear to me, based on the evidence presented, that this BOLT arrangement is not working well for Barbados because we are beginning at one figure and we are ending up having to commit Barbados to a larger figure. Sir, what is also hurtful about it, is that we are delaying the pain.

Mr. Deputy Speaker, I believe that all governments in future, especially in the manufacturing sector, should budget and finance their own projects because when one looks at the delays and at the cost overruns, one would see that this BOLT arrangement is not working well for the entities of Government. Sir, we as parliamentarians are not sure what we are agreeing to because we are starting at five cents and ending up paying \$5.

Mr. Speaker, I welcome the work of the Barbados Investment and Development Corporation. I believe that the officials there are capable. Sir, it is regrettable that the Minister has taken claim to this document. Sir, I cannot endorse the document because I see no evidence, based on what was said by the Minister, that this document is really a document of the Barbados Investment and Development Corporation for the simple reason that all the praise went to the Minister.

I thank you very much, Sir.

Mr. Deputy Speaker vacated the Chair and Mr. Speaker resumed the Chair.

Hon. A. P. WOOD: Mr. Speaker, I rise to make a short contribution to this debate on industrial policy. I want to start by addressing some of the things the Honourable Member for St. Lucy would have said before I get on to the actual document itself in greater detail.

Mr. Speaker, we have a duty in this Honourable Chamber to ensure that what is said is consistent with the facts and it bears good resemblance and relationship and in some cases commonsense too.

The Honourable Member for St. Lucy, in his exuberance, would have made one or two statements which were contrary to what the Honourable Member for St. Philip West would have said. Sir, I sat here earlier and I heard the Honourable Member for St. Philip West making statements suggestive that this Barbados economy is no longer one that is characterised by a high saving rate, which was met with a response from the Honourable Member for St. Michael North East.

House 136 Sequence 30

4.00 p.m.

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Hon. A. P. WOOD: They were suggesting that because the figures were drawn from different publications, each person could have been correct. The argument, therefore, was that if one appease to the transformation process, that is, the rate at which we take national or domestic savings and transform them into productive investment activities, based on what the Honourable Member for St. Philip West was saying, then it would be that the country is not doing as well as it should be doing. Sir, the Honourable Member for St. Michael North East sought to rebut that.

Mr. Speaker, I sat here and listened to the Honourable Member for St. Lucy. The Honourable Member is saying that Barbados has a savings culture but not an investment culture. On the other hand, the Honourable Member for St. Philip West is saying that we do not have a savings culture. Sir, those two Honourable Members would have to decide among themselves whether the country is characterised by a lack of national savings, by adequate savings, and not adequate investment. This would mean that the problem is, according to the Honourable Member for St. Lucy, what we do with these adequate levels of saving in the economy, that is the rate at which we transform those savings into investment activities.

Mr. Deputy Speaker, is the issue that we need to do a better job at transforming adequate levels of savings, as the Honourable Member for St. Lucy is saying, or is the real issue, as the Honourable Member for St. Philip West is saying, is that we are not saving adequately enough but that we have this inherent capability of transforming those savings levels into productive investment activities?

Asides.

Mr. D. St.E. KELLMAN: On a point of order. Mr. Speaker, the Honourable Member is misleading this Honourable House. The Honourable Member knows the only reason the savings might have been increased would be that all those investors who sold their shares, would have done so at a premium. This would mean that more cash would have come in. It is not that the normal workers are now saving more, it is that the investors, who had shares in companies in Barbados...

MR. SPEAKER: That is no point of order. Nothing like that was mentioned by the Honourable Member.

Mr. D. St.E. KELLMAN: Mr. Speaker, that is a point of order.

MR. SPEAKER: It is not a point of order. Continue, Honourable Member.

Hon. A. P. WOOD: Mr. Speaker, I would conclude by agreeing, in part, with the Honourable Member for St. Lucy, that we do have a savings culture.

Mr. Speaker, this one is a classic and it would be remiss of me if I did not allude to it. Sir, the Honourable Member for St. Lucy said that the Government is anti-investor and anti-worker, at the same time. And while this Government, based on what the Honourable Member for St. Lucy is saying, is pursuing policies that will have the administration anti-worker and anti-investor, when I look back at the macroeconomic performance of this Government and at the enhancement of the quality of life of many persons in this country, there is nothing, at all, which could be diametrically opposite to what this statement is insinuating about the performance of this economy.

Mr. Speaker, any administration that is anti-investor and anti-worker, at the same time, could never be an administration that is in place and well-entrenched for three consecutive terms. Sir, I do not know where these persons in Barbados, who go to the polling booths would have come from, but I know they are workers and investors. Therefore, the fact that they continue to repose confidence in us; the fact that this economy continues to grow; the fact this economy is maintained on a sustainable growth path; the fact that this economy continues to grow in some cases exceeding our projections for growth, I do not know how we could be anti-worker and anti-investor, while, at the same time, maintaining on a trajectory of continued macroeconomic progress.

Asides.

Hon. A. P. WOOD: Mr. Speaker, I might be missing something, I might be too foolish but I do not know how we could be anti-worker and anti-investor, while at the same time experiencing good, strong macroeconomic performance for the better part of 12 years. Maybe, if it is a paradox or something that I cannot understand, then somebody, either in this Honourable Chamber or outside, needs to explain it to me.

Asides.

Hon. A. P. WOOD: Mr. Speaker, if that is "Kellmanomics", then I do not want to see the text book. Mr. Speaker, I sat here and heard the Honourable Member for Christ Church East delivering what I would consider to be an excellent impromptu speech. The Honourable Member was making contact with some of the types of assistance this Government would have provided to the manufacturing sector, since we have taken over the reins of power.

Sir, all of what the Honourable Member for Christ Church East has suggested, which is, that this is a Government that recognises the importance of an industrial base and an industrial sector to overall macroeconomic development, is very significant. Sir, the only person in this Honourable Chamber, who seems not to be aware that this Barbados Labour Party administration has been trying its best to provide the right type of economic environment, through which the manufacturing sector could progress, would be the Honourable Member for St. Lucy.

Sir, I am not saying that the manufacturing sector, in the current circumstances, is not faced with serious challenges. Sir, I would have to say, based on the evidence, some of which was placed before this Honourable Chamber by the Honourable Member for Christ Church East, that this administration has been trying its best in order to work with the manufacturing sector, for it to develop.

Sir, once again, the Honourable Member for St. Lucy, is seeking to suggest that this is an administration that believes that local persons should not progress. Sir, we have to be very careful how we make statements in this Honourable Chamber. The evidence does not accord with such an incorrect conclusive statement on the part of the Honourable Member for St. Lucy. Mr. Speaker, I will go to the evidence and what I would say would not exhaust all of the measures this administration would have put in place, to allow the locals in the manufacturing sector to perform and indeed to progress.

Sir, I take no pleasure in reminding ourselves and others of this point in time but, Sir, we all remember when this administration came to power in September, 1994, what was amongst the first set of things the Honourable Member for St. Peter would have done. Sir, one of the first things the Honourable Member set out to do, apart from sending the International Monetary Fund (IMF) worker who was, as he placed it, "loitering somewhere up in Bay Street at Government Headquarters", he proceeded to place faith in the Barbados manufacturing sector. He said that he would take that stranglehold from around their necks. It was like an albatross around the necks of the manufacturing sector when we assumed the rein of power, in 1994.

Sir, the Honourable Member for St. Peter quickly we sought to put measures in place, to bring relief to a sector, which was struggling as a result of the policies which the administration in place, up to 1994, would have been forced to implement because of their mismanagement of the economy at the time.

H:No.136 (31)4:10 p.m.

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Hon. A.P. WOOD: We said that we would provide the ease, that we would have faith in the manufacturing sector and give that sector an opportunity to make a contribution to the development of this country, and we cannot lose sight of those things. Sir, that is factual, it is in the records of this House; it is in the record of many a media house; it is in the record of many a library and it is on the bookshelves of many academics and other persons in this country.

Mr. Speaker, the Honourable Member for Christ Church East reminded us about the Government's establishment of the special Technical Assistance Programme. Sir, that programme is not designed to facilitate the interest of the persons that the Honourable Member for St. Lucy likes to talk about. He seeks to suggest that the only investors that Government has an interest in, who might be participating in the industrial push of the country are those who have a label of foreign investors and foreign partners but I want to tell him, if he does not want to believe it, that the evidence abounds to suggest that the Government has been very supportive of the locals in the industrial sector. Mr. Speaker, the Special Technical Assistance Programme; activities funded under this programme includes development plans, training in productivity enhancement; human resource development; plant upgrading and operational redesign; international standard certification; continued support for the 100 per cent Bajan campaign, just to mention a few.

Mr. Speaker, the objective of the programme is to foster the development of sustainable internationally competitive export sector and to assist in the expansion of the manufacturing share of the local market.

Sir, since the initiation of this programme in 2001, some 385 companies would have benefited as at October 2006. Mr. Speaker, do you know who are responsible for those 385 companies? Not the massive foreign investor that the Honourable Member for St. Lucy likes to say that the Government is only willing to be supportive of. Sir, every one of these companies is local and is made up of local investors. These are local companies that the Government, recognising the challenging environment in which they function, said it would give help through the Special Technical Assistance Programme.

Mr. Speaker, these companies span the various subsector in manufacturing. I will call them because I want the Honourable Member for St. Lucy to understand that when he comes here in haste and make these statements that we on this are listening carefully and making notes because we have a duty to respond.

Mr. Speaker, the food and beverage sector is dominated by local interest. Sir, textile, apparel and leather and wood products and fittings; paper products; printing

and publishing are dominated by locals. Sir, chemicals and chemical products, non metallic mineral products; fabricated metal products; precision instruments; advertising and public relations and information services are all dominated by locals. Sir, 385 companies are being supported by this Government through that one initiative. Sir, the combined value of funds disbursed since 2001 is about \$25 million. Sir, are not to go by what the Honourable Member for St. Lucy said, that we are not paying attention to local participants in the manufacturing sector.

Mr. Speaker, it goes a little further than that. We have also established the Industrial Investment and Employment Fund in 2006, which is designed to provide financing to local manufacturers with the aim of enhancing and expanding the productive capacity of the sector. Sir, I do not need to go on because you would recall over the years how the Government has been extremely supportive of the local manufacturers commencing at the point of arrival of the Government of the Barbados Labour Party, back in September of 1994.

Mr. Speaker, I have said enough to put what the Honourable Member for St. Lucy is saying to bed as the type of untruth that it is. Sir, I do not think he would have done it in a malicious way but he might have done it in his enthusiastic manner. Sir, you have to understand that we a caring Government on this side and that we set out to help not only local manufacturers but many others, whose start is rooted firmly in the landscape of this country.

Mr. Speaker, I listened carefully to the Honourable Member for St. Philip West and I did not detect in his voice that there is any fundamental difference in view as to the importance of an industrial base to this Barbados' economy. What I detected is that based on his analysis of the performance of the sector over the years that there is some concern on his part with the projections we have made in this five-year plan for the development of the industrial sector.

Mr. Speaker, he might be suggesting that the target for domestic exports, driven by manufacturing of \$1 million by 2012, might be an ambitious target or that the industrial sector, seeking to contribute up to 12 per cent of Gross Domestic Product going forward, that might be ambitious, given how the sector has performed over the last five years to ten years. I got the impression that was his point of departure from the Honourable Member for St. Michael North East. Sir, that is an interesting point of departure because it places this Government in a position that we will not only have to argue strongly because we will get the opportunity whenever that important date comes, over the next five years, for the Barbadian public to make a determination at that point whether or not these targets would have been too ambitious or not.

Mr. Speaker, any serious Government should recognise the importance of an industrial base and, Sir, if you look back as far as you want to go, all successful economies, be it in developed economies, developing economies or those that are changing status, you can be certain about one thing, that at most intervals, those economies transformation would have been propelled in part by attention being paid to structuring an industrial sector and ensuring that the industrial sector performs well enough so as to ensure that the benefits of the economy could be realised.

H136/16:20

Sequence 32

Tuesday, June 5, 2007

Hon. A.P. WOOD: The Honourable Member for St. Lucy would have said, in cases where you have a fairly open-type system, one that the industrial sector is contributing to exports, that we put emphasis on its ability to generate foreign exchange.

Mr. Deputy Speaker, there was a time when we were heralded, not only in the Caribbean, but elsewhere, many economists would have told us about the virtues of import substitutions. There was then the export promotion, where many industrial base companies in the industrial sector helped to contribute to the generation of foreign exchange, through their potential to export.

Sir, as I said, in my view there is no fundamental difference to the importance of an industrial sector to Barbados' economic development at this time. I understand the difference between the Honourable Member for St. Philip West and the others on this side whether the targets, as enunciated by the Honourable Member for St. Michael North East, are achievable targets within the time frame of this plan. Sir, time will determine that. Mr. Speaker, one thing I can assure you, no effort would be spared on this side for Barbados to achieve those targets which are enshrined in this 2007-2012 plan.

Sir, the Honourable Members, one or two on the other side, sought to make fun, but not at the preparation of this document. There was little humour introduced by the Honourable Member for St. Lucy, which is good from time to time, as to whether this is a document being claimed by the Honourable Member for St. Michael North East, or notwithstanding the fact that it has on the front of it, that it has been prepared by the BIDC, he cannot accept that it was prepared by the Barbados Industrial Development Corporation, with the assistance of the Development Division of the Ministry of Economic Affairs and Development, because, somehow, he thinks it is the document of the Honourable Member for St. Michael

North East. That is a little uncharitable, and he should not have done that.

Sir, this Barbados economy - and it is not the first time it has reached a very interesting juncture in its history, when you look at where we have come from, you will see that the economy would have reached interesting junctures in its history. Sir, through the collective efforts of all persons, who have a vested interest in seeing this economy move forward, persons put their hands to the plough and redoubled their efforts, to ensure that the economy continues to move forward, and at the same time, great attention was paid to social and economic justice. That makes this Barbados, small as it is, a very lovely place to live. Somehow we are able to find the right formula. We are able to utilise our talents in a way that ensures there is real economic progress, while at the same time, there is a fairly good share of the economic benefits derived by this country.

Mr. Speaker, this 2007-2012 plan has come at one of those defining moments in the history of this Barbadian economy. If I were to reflect on what has happened elsewhere, this is something that is customary. Trinidad and Tobago are ahead of the economies in the region, as it relates to the strength of its industrial base. That is a fact. That industrial base in Trinidad is helped by the fact that they have this serious advantage, with regard to the cost of energy, relative to us, a net importer of petroleum products. Once the price on the international market goes away from what will help us, we will pay.

Sir, they put together two similar documents over the last ten years or so because you have to be well-guided in the way you want to move a sector as important as this. Sir, they had a 1996-2000 document and then they proceeded to produce another document, 2001-2006, this came at a time when there were greater prospects for the development of the manufacturing sector in Trinidad and Tobago. Sir, in the case of Barbados, we are saying that we need to move forward in a very structured and organised way, there is great merit in revitalising the manufacturing sector in Barbados, at this time.

Sir, we must perform in a very deliberate way, because we need to understand the proper situation analysis of the industrial sector in Barbados. We also have to recognise, that if we are to be consistent with the Honourable Member for St. Lucy, of the need for us to use the manufacturing sector more strategically to generate foreign exchange, two things are very important. I am sorry that I cannot speak to the document, in fuller terms.

Sir, it is important that we are able to identify those segments of the export market, which would gladly receive the products and that we have some sort of competitive advantage in producing, if there are to be high end

products, as we have been able to do with some success, in the case of the Muscavado sugar, and the other brand name we had for the sugar, we go for it. Sir, if we are very successful in penetrating those markets in a major way, in the case of that particular product, look at the difference in returns we receive, relative to what we get through our continuation of exporting sugar in bulk to the European market, who then transforms it to suit them and sell it, for the value added accrued to them and not to us. We are saying, consistent with the new direction that we want for some aspects of our manufacturing sector, let the value added accrue to us.

Mr. SPEAKER: The Honourable Member has one minute to conclude.

Hon. A.P. WOOD: Sir, the other point I want to make, and it is enshrined in this document, is that greater attention must be paid to developing the right type of human resource, to propel a manufacturing sector, that is more streamlined and more focused.

Mr. Speaker, I am obliged to you.

Mr. SPEAKER: The Honourable Member for St. John.

Mr. D.J.H. THOMPSON: Mr. Speaker, first of all let me join this debate by complimenting the Honourable Member for St. Philip West, for what I thought was an excellent presentation, after lunch, in response to the Government's Resolution, with respect to the industrial policy. I thought the Honourable Member for St. Philip West put into context for all of Barbados, the relevance or irrelevance of aspects of this so-called policy, in a way that was not otherwise heard in this debate.

Sir, one has to take these debates in the context of the Government's body language. Sir, when the Honourable Member for St. Philip South, watches television tonight, he is going to see behind him, some very animated Members listening most intently to everything he was saying. Sir, I do not just mean that body language. I mean the context of the debate. No Minister speaking after the Honourable Member for St. Michael North East has endorsed this policy. The Honourable Member for Christ Church East steadfastly avoided...

16.30 p.m.

Sequence 33

Tuesday, June 05, 2007

House 136, Sequence 34, 4.30 p.m.

Hon. A.P. WOOD: Mr. Speaker, on a point of order. The Honourable Member for St. John is grossly misleading the House.

Mr. Speaker, the Honourable Member for Christ Church East spoke before me, and before he took his seat, he was very clear in his support.

Asides.

Hon. A.P. WOOD: Mr. Speaker, the Resolution was formed as a result of the drafting of this document. The Resolution says:

“BE IT RESOLVED that Parliament takes note and endorses the industrial policy for Barbados’ manufacturing and related services sector 2007-2012.”

Asides.

Mr. D.J.H. THOMPSON: Mr. Speaker, it is not good for Members to mislead the House about what they did. The Honourable Member for St. Philip South spoke for a full half hour, and when he got in his last minute, he said that I am sorry I could not speak more fully about the policy.

He spoke about everything else under the sun, than this policy and then said at the end of his speech that he was sorry that he could not speak more fully to the policy.

Hon. A.P. WOOD: Mr. Speaker, on a point of order. Everyone knows that I am a very thorough and comprehensive in my analysis of any issue. The reason I could not speak in a fuller way to the document, is because of the comprehensive nature of the document and the limited time I had to speak.

Mr. D.J.H. THOMPSON: Mr. Speaker, it is bad for Members to mislead the House about themselves. We are not talking about bus fares today, and the Member’s thoroughness, in relation to matters of that sort. We are talking about industrial policy.

I am saying that the body language of the Government, the absence of any substantive official of the Ministry of Finance, the substantive Minister of Finance is out of his seat. I understand he is not here, Sir.

Asides.

Mr. D.J.H. THOMPSON: That is a valid reason for not being here.

The Junior Minister is also not here and therefore is not able to tell this House, if the \$79 million at the

Government is committing, is going to be provided for the implementation of this industrial policy.

This debate is taking place in a whole policy vacuum. I am not surprise, Sir, because I felt it was very unfortunate of the Honourable Member for St. Michael North East, in a public statement to give the impression that she is the first Minister to come up with an industrial policy of Barbados, under that administration.

Hon. Miss M.A. MOTTLEY: Mr. Speaker, on a point of order. The Honourable Member has made this assertion in here already today. He is absolutely misleading the House.

Sir, if he wants to continue to push, I shall state publicly now what transpired. I never said that I was the only person or the first Minister to bring an industrial policy here. I said that there was a series of policy documents coming and we had to look and see what the Ministry was bringing, especially since he has tried to purport that this Ministry constitutes and has no work, but then again, Mr. Speaker, that is reflective of the attitude which the Democratic Labour Party has of the industrial sector and also to the international business sector.

The second point is, Sir, it was not a public statement and the fact that the Nation Newspaper has still not responded to my letter of the 19th April, where I asserted that Albert Brandford either recorded, and/or tape recorded the statement without my knowledge and/or permission, still remains to be resolved.

Mr. D.J.H. THOMPSON: Sir, I am speaking about the Minister’s public conduct in Barbados. I am entitled to do so. I am saying the Minister said publicly, she has not yet denied it, Sir, that she is the first Minister in Barbados to come up with an industrial policy under this administration. If she is denying it, it should be referred to Committee of Privileges because it would be a contempt...

Asides.

Hon. Miss M.A. MOTTLEY: Mr. Speaker, on a point of order. I said that I never told Albert Branford that I was the first Minister to bring an industrial policy in this country. Sir, if the Leader of the Opposition wishes to call for Hansard, he may do so. The object of the Leader of the Opposition to make fun at Parliament, is a matter for him.

Sir, send for the paper, let him look at it and let him withdraw the remarks.

Asides.

Mr. D.J.H. THOMPSON: Sir, this is becoming a quagmire of confusion, precipitated by the Minister, since

her demotion from the position of Attorney-General, of her inability to get the industrial sector, and other sectors of the economy for which she has responsibility operating, except on paper, and that is the point I am making. That is why the Honourable Members on that side fail to endorse the policy.

I watched the body language, Sir, and I am entitled to do that and comment on it. I am saying that there was a studious attempt by Ministers, none of whom hold economic ministries. One of whom professes to be an economist and recently circulated a document in St. Philip South, which sets out those qualifications. It was news to me but I was glad to read it, Sir.

Hon. A.P. WOOD: Mr. Speaker, on a point of order. The Honourable Member is misleading the House. I am not going to sit in this House and let any Member seek to disrespect me.

Asides.

Mr. SPEAKER: Please, remain calm, please. Order, please. What are you objecting to, Sir?

Hon. A.P. WOOD: I am objecting to the words that I circulated a document in St. Philip South, in which I profess to be an economist.

Mr. Speaker, I rise to put into the records of this Honourable Chamber that my training at the university level, has all focused on economics. I am the holder of a First Class Honours Degree in Economics, a Master's Degree and a M.PHIL. Degree in Economics. I did it at our beloved University of the West Indies in Barbados and Cambridge University.

Mr. SPEAKER: The Honourable Member for St. John, may I refer you to the Standing Order, 28.5.

"It shall be out of order to use offensive and insulting language about Members of the House."

Please. You referred to the Member here who professed to be an economist.

Mr. D.J.H. THOMPSON: I never said that, Sir. I said that until I read the document, it was news to me.

Asides.

Mr. D.J.H. THOMPSON: You could deal with it how you like. When you were talking about Dr. Lowe in here, more than once, nobody read any Standing Orders. You insulted Dr. Lowe in the last Budget debate.

Asides.

Mr. SPEAKER: Honourable Members, please. The House is now suspended until 4.55 p.m. today.

House 136, Sequence 34, 16:39:20

Tuesday, June 05, 2007

RESUMPTION

Mr. SPEAKER: This Sitting is resumed. Before the Honourable Member for St. John resumed his speech, let me just say a word to all Honourable Members. For the remainder of this Sitting, and I should say all Sittings, I will not tolerate the kind of behaviour that I saw just now. I know what the season is, but Honourable Members must desist from these insulting remarks across the Floor. Honourable Members cannot refer in here to statements where there is no proof, especially insulting conclusions, based on statements in newspapers. The Rule clearly states about references from newspapers and so on. I will not tolerate these kinds of interruptions. I would like us to go on.

I never expect that Parliament must be one with your arms cross, but surely it must not be taken to that kind of stage. As I walked out, I felt so ashamed hearing the kinds of comments on what was going on in here. I hope for your sakes that the radio was turned off. Let us proceed, please. The Honourable Member for St. John.

Mr. D. J. H. THOMPSON: Thank you, Mr. Speaker, Sir. As I was seeking to say, this industrial policy for Barbados' manufacturing and related services sector has not had, to my mind and in my view, any strong positive endorsement from the Government, and I believe that is unlikely to be forthcoming. Sir, that is my conclusion based on the approach to the Government in this debate, on the body language of the Honourable Members in relation to this debate and on the very selective statements that had been made and will be part of the public record of this country. Sir, I think that is very unfortunate.

Mr. Speaker, we have just had a Draft Strategic Plan. The Government was entitled and did put out all of the necessary platitudes. The Opposition was bitterly criticised because we allegedly did not engage the Government on its Strategic Plan. Today, the Government is engaged in this Plan and Honourable Members on the other side see no value in the contributions of the Opposition in this regard. We did not have any input in this Plan, and we did not have any input in the Draft Strategic Plan. Sir, as far as I am concerned, the Government has to announce its policy and defend it. It is not the job of the Opposition to help write policy for the Government, we are not going to do it.

Sir, over the past 13 years, we have had a lot of global speak in here about Barbados' leading role in the

international trade front in relation to the twinning of foreign trade and foreign policy. Sir, one of the weakest areas of this document is its failure to address, in any significant way, the connection between the international trade policy of the Government and the policy which is enunciated in the industrial policy for Barbados' manufacturing and related services sector.

This is the largest and greatest weakness because apart from a few veiled references in the report and apart from a few statements from the Minister which are opened to interpretation in relation to Barbados' failure to prepare for signing on to commitments in relation to the General Agreement on Trade in Services and other related agreements. Sir, very little was said about this path-breaking approach that Barbados has taken; the smallest country in the world to be taking on the rest of the world with a development agenda, but not a word about that, all of that had been forgotten despite all of the global speak and the international talk that Barbados was consumed with; how the Government was in 13 theatres of negotiations at the same time, and the ministry was being beefed up and there was going to be all of this new thrust by the Barbados Government.

This debate is going to take place and do you know, Sir, that the current Minister of Foreign Affairs and Foreign Trade would have no input in this debate, nor would the junior minister have any input in this debate.

Sir, I am trying to connect the jigsaw puzzle and the dots. I am not the boy on the burning deck, but one gets the impression that in relation to this industrial and manufacturing policy, that the current Minister appears to be on the burning deck without support, without commitment and without any political strength by which to help us to believe that the content of this policy is other than empty statements, which would go the way of all of the previous empty statements made by previous ministers in relation to manufacturing in Barbados. Sir, that is the point. We are still stuck in 1994.

Mr. Speaker, the greatest thing that this Government can say about its achievements in relation to manufacturing policy is what the Prime Minister did a week after the Barbados Labour Party was elected in 1994. That is all they can really speak about. Everything else after that has been down hill, has been taught.

Today, as I speak to you, Mr. Speaker, you would not believe that there are Barbadians women earning \$90 a week in some of the industries in Barbados. Do you think I could produce this policy I got here to them? We are talking about high-end industries. We heard it from the Honourable Member for Christ Church East when he was there. We heard it from the Honourable Member for St. Joseph when he was there and we heard it from the

Honourable Member for St. Michael North when he was there. Yet, as I said, there are young women with children to feed having to live off pensions and net wages of \$90 a week in this country.

There was not a word from any of the Honourable Members of a so-called caring Government about that state of affairs in Barbados and then they want to talk about bus fares and lunch money and throw that at the Democratic Labour Party. That could barely get somebody from St. John down to an industrial park, to have two meals and come back up, catch the bus in Barbados, send their children to school and meet all of their other commitments, electricity, water, rent and any other commitments that they have. Sir, that is why I say that there is a total disconnection between the very lofty statements that this Government makes in any sector, whether it is industrial; foreign trade; housing; public transportation; or energy, there is a total disconnection between the reality of Barbadians, the reality of our economic circumstances, and the reality of the international environment and what is happening to the average and ordinary Barbadian on a daily basis.

Mr. Speaker, we do not have any minimum wage legislation. Sir, I would think that now that we have a respected Barbadian woman as Minister responsible for manufacturing in this country today, that the least that could be said on behalf of her constituents and mine, and yours too, Sir, because there may be some of yours too, is that \$90 is not enough and that this Government is going to do everything in its power to stamp out those conditions under which they have to work, but not a word about that. Yet, they want to engage us in here every week in a lot of lofty debating, opening up documents and quoting a lot of empty phrases; possible approaches for resolution, infrastructural development and so on, and then when you leave here and go through your constituency you have to meet people who cannot get a bus home...

Asides.

House 136 Sequence 35

5.10 p.m.

Tuesday, June 05, 2007

Hon. G. A. CLARKE: On a point of order. Mr. Speaker, the Honourable Member is misleading this House. We have public transportation throughout Barbados and there is no one, who has reported that he or she cannot home. Therefore, the Honourable Member should produce that fact.

Mr. D. J. H. THOMPSON: Mr. Speaker, what kind of point of order is that? Do you want to rule on that? I will take my seat and let us have some sanity in here.

MR. SPEAKER: Proceed, Honourable Member.

Mr. D. J. H. THOMPSON: Mr. Speaker, I would not beg you to rule on it then, let it stay in the records until the eternal damnation of this Parliament, as a statement that makes absolutely no sense.

MR. SPEAKER: Honourable Member, please.

Mr. D. J. H. THOMPSON: Mr. Speaker, the Honourable Member wanted to break me in my stride and he may have achieved it partly but the Honourable Member is not going to confuse me because I am extremely clear about the concerns that I am here to defend.

Sir, I have seen many of these documents, some written by Barbadians, some written by overseas consultants. Well, this one is written by the Minister. I have seen documents written by agencies, I have seen them produced by Cabinet, but very often there is a total disconnection. Sir, I think what the Honourable Member for St. Philip West was trying to say, was that the goals in this policy document appear to be unattainable. Sir, there is one reason, I think, that the Honourable Member for St. Philip West left out and that is the question of a Government's credibility, after 13 years in office, of now coming to the country with an industrial and manufacturing policy, trying to give the impression that the world started today and that we are now going to embark upon some new enterprise, in order to take Barbados to a higher height.

Mr. Speaker, this is a Government that has had the largest mandate ever in the history of Barbados; this is a Government that has had, according to the Honourable Member for St. Peter, the best talent ever in the history of Barbados; this is a Government that has done the most foreign borrowing that could support an industrial policy in the history of Barbados; this is a Government that has, according to the Honourable Member for St. Peter, the highest levels of foreign reserves in the history of Barbados; this is a Government that has the best leadership, according to Honourable Member on that side, than we have ever had in the history of Barbados; this is a Government that has had the best ministers of manufacturing who have carried out consultations regularly. Sir, this is a Government that has done everything that needs to be done and 13 years later, we are starting back from the same point we were at in 1994, when this Government was elected.

Mr. Speaker, this Government is now starting at a point - on bread, water and circuses - where they are telling the people of Barbados to believe them, that they are now

going to do something that they have not been able to do, in 13 years. Sir, according to the Honourable Members on that side, this Government is telling the people that they are going to do what they have not been able to do, since the late Sir Harold St. John passed away, which was Barbados' halcyon period in manufacturing.

They are telling the people of Barbados they are going to get the manufacturing sector to contribute 12 per cent to the Gross Domestic Product by 2012 and that the sector would make a contribution of \$1 billion to the Barbados economy; that Government will look at the current contribution of the manufacturing sector, both as a percentage of size and as a percentage of our Gross Domestic Product. Sir, that is what the Honourable Member for St. Michael North East wants us to believe but the Honourable Members on that side do not believe it. If they had, they would stand, one by one, and say that they profess it and that they believe it is possible. They are not saying that and we are not going to say it either. Sir, we have a job to do in Barbados, that is to point out the political, economic and social realities to the people of this country.

Mr. Speaker, this is an industrial policy that does not have the full endorsement by way of a statement of intent by the Ministry of Finance, that it is going to make available \$79 million, over the next three to five years. This would be an industrial policy against a background that Barbados, like all CARICOM countries, is losing its market share in external markets more rapidly than any other region in the world. This is a manufacturing and an industrial policy that is against a background of the dismantling of trade preference. Sir, if Government wants to blame us for those things, they are free to do so, but I was always of the view that the process for retooling and restructuring of the manufacturing sector needed to be fast-tracked in this country.

The reason we are where we are today in Barbados, is that instead of allowing the processes to take place, to ensure that the manufacturing sector went through the processes that happened in Trinidad and Tobago and other countries that have been reasonably successful in that regard, is that those countries bit the bullet. If the Honourable Member for St. Michael North West was in this Honourable Chamber, I assume he would repeat what he was saying for years, which is that there has been no structural adjustment in Barbados, after 1994, and that is why the manufacturing sector is in the state in which it is in today.

Sir, there are Honourable Members on that side who are of that view, whether or not they would say so would be a different matter. Sir, manufacturers were told they would be better off going to Trinidad and Tobago to set up their operations, but now we are hearing that Barbados

could produce a miracle manufacturing and industrial policy that would exceed the success of Trinidad and Tobago, in its structural adjustment period, in relation to the growth of manufacturing as a percentage of Gross Domestic Product.

Asides.

Mr. D. J. H. THOMPSON: Mr. Speaker, I do not believe that and I do not see the sense in serving up this kind of thing to people, if it is unrealistic. Sir, our greatest wish in the Democratic Labour Party, is that we want manufacturing and the industrial and services sector in Barbados to succeed. We firmly believe so. Sir, I said in the Budget debate that we would set up a ministry or a department of innovation, not just a fund, because we feel that is critical to getting the sector going again.

Mr. Speaker, we said that there needs to be a policy in relation to the banks in Barbados because of the discrimination these banks apply, vis-à-vis, personal loans, mortgages, et cetera, to enterprises that are involved in manufacturing, services and other productive areas of economic activity. We said that we want to see more done to require banks in Barbados to respond more to the needs of those sectors.

We have talked more about economic enfranchisement and about the need for Barbados to have an active policy of supporting small and medium-size manufacturers, by giving them a slice of Government's patronage, through contracts of providing services to the hospitals, schools and elsewhere. This would be help support manufacturers' cash flow, because we know that going to the banking system can be precarious for them. Therefore, a larger percentage of Government's contracts need to be made available to persons involved in active manufacturing, services, and industrial activities, and there must be benchmarking and performance indicators that they must meet, to receive these benefits.

Mr. Speaker, we have said all of this and more, as part of the policies of the Democratic Labour Party, and I think those are more realistic than trotting out large and expansive goals. There are new and more stringent international standards for exports in Barbados today than there were, in 1994, we know that - and there has been a consistent and pervasive erosion of competitiveness in the Barbadian manufacturing and industrial sectors, as a whole. Sir, this is known.

Mr. Speaker, we could pretend. The Honourable Members on that side could say that they have had a few reports, which said that competitiveness and price are not important. If so, then they must help the manufacturers to understand that because what they have consistently thrown back at the Government of Barbados, are factors

over which the Government of Barbados has some control, and would do nothing, and also factors over which the Government of Barbados does not have control and which they themselves could do something about but do nothing.

Mr. Speaker, the Honourable Member for St. Philip West spoke about the impact of inflation, interest rates, energy prices, et cetera, but we are living in a pie in the sky environment, in which all of a sudden, we are to forget that, and we can transform the industrial sector in Barbados.

Asides.

5.20 p.m.

Tuesday, June 5, 2007

Mr. D.J.H. THOMPSON: I think there is more than can be done to make the sugar industry in Barbados into a sugar cane industry so that instead of producing sugar for export that you could go into special sugars, liqueurs, syrups etc. Yes, I think that a lot more can be done in regard to furniture but we all know that there are phytosanitary problems with the export of mahogany and that it is a very competitive sector. Sir, even if you go into the select stores in North America, you hardly see West Indian produced furniture out of the hardwoods that we have in the Caribbean. You may see some Belizean mahogany and others but these are difficult markets for us to penetrate and there are a lot of factors that operate against us in that regard and, therefore, we have been looking at some other areas.

Sir, the Honourable Member for St. Philip West is aware and this parliamentary group is aware and we will do our job and meet our commitment to the people of Barbados. We are not going to make any pie-in-the-sky promises that are unrealistic and unreasonable simply to say we are doing something because 13 years later, nothing was done and all of a sudden, this document is to be thrown at the people of Barbados and at this House of Assembly to give the impression that the Government of Barbados has suddenly understood that it has to produce an industrial policy for the future of this country.

Mr. Speaker, we believe that we have the answers in relation to that industrial policy and, over time, we will make them available to the people of Barbados.

Mr. Speaker, thank you very much.

Mr. SPEAKER: The Honourable Member for St. George North.

Hon. G. A. CLARKE: Mr. Speaker, I want to spend a brief moment on the Industrial Policy for Barbados Manufacturing and Related Service Sector. I want to start

by saying that I fully endorse the presentation of the Honourable Member for St. Michael East and I am of the view that her presentation was full, clear and knowledgeable. I believe that she showed more than just a passing interest in the sector as the Honourable Member, who just sat. Indeed, the policy of the sector as announced today, is the policy of this Government and all Members of the Cabinet and of the Government have endorsed this policy. Sir, even those who have not spoken have endorsed the policy.

Mr. Speaker, it is not right to say that because a member is out of the island or not in his seat, to say that Honourable Members have not endorsed the policy. Sir, these policies were approved by the Cabinet of Barbados in April 2007 and all Honourable Members were presented with the document.

Mr. Speaker, I am of the view that this document which would lead Barbados into 2012 with an eight-point agenda, is important for us, not only to look at but to inwardly digest. Sir, the members of the Democratic Labour Party have never produced such a document. In fact, the record here is clear that when you look at the record of the Democratic Labour Party in 1986, when the Barbados Labour Party left office, the contribution of the manufacturing sector to the Gross Domestic Product was approximately 86 per cent. When the Democratic Labour Party left office in 1994, the contribution was 78.9 per cent, which is a decline and, Sir, Honourable Members must follow the facts.

Mr. Speaker, when you look at total domestic exports in 1986, the exports from the manufacturing sector totalled \$425.7 million and by 1994, there was a reduction to \$267.6 million. Sir, the policies of the Democratic Labour Party, over time, have not contributed significantly to the manufacturing sector. One must wonder what the Democratic Labour Party would bring that is new at this stage. Sir, the Democratic Labour Party spent eight years in office and one saw a decline in the fortunes of every sector in Barbados. Sir, the Democratic Labour Party is bringing nothing new, it is coming with the same old, warm over soup. The Honourable Member for St. John must not bring any warm over soup here today and present it as facts. We have presented an eight-point agenda, which was properly research and we have outlined the programme.

Mr. Speaker, this Government has presented a programme which will be put to the people of this country very shortly. We have seen over the past 12 years or so, a growth in the sector. This Government has produced the facts, we have created a number of incentives for the sector, we have introduced training capacity for the sector and we have done a lot of work, which was clearly spelt out by the Honourable Member for St. Philip South, that the sector, under the present Administration will show

growth. Indeed, I can say that many persons working in the sector today are doing better and that many persons are investing.

Mr. Speaker, the Honourable Member for St. Lucy said that we are a nation that prefers to save rather than to invest. I want to say it is true that Barbados has always maintained a thriftiness in terms of what they do, that we have always saved and that we have always invested. Sir, even if it were only investing in pigs or gardens, we have always been a nation of saving and investing because we have always believe in that.

Mr. Speaker, we need to encourage more people to take risk. I do not think we are taking enough risk in this country and some people prefer to keep large bank accounts and others prefer to allow their money to remain in the credit union but that is also important because they believe that by saving, they help to provide for themselves on a rainy day.

Mr. Speaker, I believe that a lot of work has to be done in this sector to create employment but I do not believe what the Honourable Member for St. John said, that people are still taking home \$90 for a full week's work. Sir, that is not true and I have asked that the facts be produced. I have made a search and only in one or two cases, where people are working two days or three days a week that they may take home \$90 but it is not for a full week. Sir, it must not be said from this House that if a person works a full week that they take home \$90.

H136/17:30

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Hon. G.A. CLARKE: It is not true. I have not heard it. I think that the Ministry must publish the facts. I believe there is a need for a minimum wage, and I also believe that persons need to get a better pay. We all need a better pay, but we must not stray from the facts.

Sir, when we look at the manufacturing estates in this country, they were properly conceptualised. We have estates dating back to the late 1950s, the Grazettes, Harbour, Newton and Grantley Adams industrial estates. They are all properly laid out, with locations across the country. Sir, many persons work in these establishments.

Sir, we are encouraging persons to work in the manufacturing sector. We are also encouraging boys and girls in our schools to train at the Samuel Jackman Prescod Polytechnic, Barbados Community College or the National Training Board, in various skills. We believe that the way forward must be self-employment, where persons become

involved in manufacturing, light industries and so on. We must encourage training in this country.

Mr. Speaker, therefore, we must put in place an adequate transportation system to allow persons to reach their place of employment. Sir, when the Honourable Member for St. John said, that people cannot get home, I must remind him that he is the Honourable Member for St. John and...

Mr. D.J.H. THOMPSON: On a point of order. Sir, I know you ask me not to, but I cannot take this. I never said anybody from St. John could not get home. I said that they are many Barbadians in rural areas, including persons living in St. George and other parts of Barbados who cannot get home, and I maintain that. I also maintain that they are workers on Barbadian industrial estates in this country, who are taking home \$90 a week. If the Minister is going to say, let me produce the evidence to him and that he would do something about it, I would do so, but I am not going to waste my time, unless he gives that indication.

Hon. G.A. CLARKE: Sir, I promise the Honourable Member for St. John that if he produces the facts, we would do something about it. If he produces the facts about the persons who cannot get home, we would also do something about that.

Sir, I could only speak about the portfolio that I currently hold. I want to look at St. John specifically, because they are many persons who work in the industrial development at the Harbour, up to 11.00 p.m., we specifically put a bus service in place, to assist those persons to get home. That is the point. Sir, persons are moving from the industrial development, to the bus terminal, and to home at 12.00 p.m. We also have a bus service at every industrial development to ensure that people can reach home on time.

Sir, it is true that many of these persons leaving the industrial developments have to wait a little while, but we would ensure that we do better in the future. That is why we have agreed that the eight-point agenda as set out in this document, is sustainable. In order to sustain an industrial industry, adequate transportation is essential, and this document speaks to that. This document speaks to the fact, that you need to create an enabling environment, by providing the necessary training at every level, for persons working in the industry and a remuneration to encourage persons in the industry.

Sir, they are many persons in the informatic industry at the Harbour Industrial Estate. A number of young people are working in the industry, and we are trying our best as a Government to encourage people into this field. Sir, we believe it would help to create employment opportunities for a number of Barbadians. Sir, the Government cannot do

so alone. The Government alone cannot provide employment for everybody. Therefore, we must ensure that those persons involved in manufacturing and industrial sector get involved.

I also believe, as the Honourable Member for St. Michael North East said, that CARICOM and the OECS are still our best market, and there must be a greater promotion of Barbadian products those islands. We need to inform persons within the sector that more has to be done in terms of marketing their products, preparing and labelling products.

Mr. Speaker, many persons have said to me that one of the deficiencies in Barbadian products is the labelling of the products, the products are not professionally labelled. I believe proper training in this area would be an improvement. It would also make the Barbadian product more marketable.

Sir, I also believe, and the Honourable Member for St. John made the point that we need to create a more financially enabling environment for manufacturing. I think that more banks and financial agencies must be willing to take risks in terms of the security that as required by these financial institutions. It is true that too many times the onus falls on the Government or private capital, which sometimes is not the best way. Sir, one of the serious drawbacks to this sector is in the area of financing. Sir, we need a financial instrument that will provide capital to this sector, at low interest rates and long-term repayments. Financial institutions must be willing to make these adjustments. I believe that the private sector, in the form of the banks, need to take a greater risk in providing this sector with financing, because there are still a number of people who are prepared to invest, but some people will not place all of their savings in investment, where there is no guarantee of a profit in the future. Sir, of course, it takes time, and we would want the financial institution to understand this.

Mr. Speaker, I believe, as we try to reposition the sector, manufacturers must undertake to provide quality products. It is true that we have to look at our labour cost. Our labour cost is still high, and we have, therefore, to produce a quality product to ensure that persons who demand these products receive products of high quality. Sir, on the international market, we compete with a number of countries that can produce better, larger quantities and with quality labelling and packaging.

Sir, when we look at markets in the North America, pepper sauce, rum and so on, that are being produced, you will recognise that we are competing with many countries.

17.40 p.m.

Sequence 38

Tuesday, June 05, 2007

House 136, Sequence 39, 5.40 p.m.

Hon. G.A. CLARKE: Mr. Speaker, in some parts of the world, if you look at certain products, you would see some of the labels are in different languages, especially in some parts of North America, where people from China and Hong Kong are now forming parts of the population in large percentages.

Sir, I wonder if the Barbadian product is labelled in such a way that it can meet the demand for those persons who are from the Asian Continent. We need to look at this and that is why I made the point that our labelling and packaging must be in such a way that it appeals to the persons whom we want to buy our product. Therefore, a quality product that is properly labelled must be the new order for this sector, if we are supposed to move forward in the next 12 years.

Mr. Speaker, I know many of us would want to see the export of many products, but we need to cut out that Barbadian brand. We have been manufacturing sugar for hundreds of years. Recently, we have developed what is called the Barbadian brand. I understand it is doing well.

This is one of the areas that the manufacturing sector must take hold of and ensure that when we manufacture the Barbadian brand sugar, all is done in order to make sure that we have the best product on the market. Of course, as I understand it, there is a demand for this product in Europe and North America.

Mr. Speaker, I believe that this document can be produced to the Barbadian public but we have to do more. One of the things that we have seen over the last couple of years is that we produce documents but they are not implemented. We need persons to actively be involved in ensuring that this document and its contents are well-implemented, so that we can move forward.

Asides.

Hon. G.A. CLARKE: Therefore, the private sector needs to be committed to this document. This sector has a lot of problems, especially with fuel and energy and we know of other problems. I take my hat off to all those persons, who would take out their money and invest in the sector. Therefore, Government has the duty to create an enabling environment, in order to save this sector.

I heard many persons say that the Government has been taking large sums of money and throwing away in this

sector but the Government has a duty to do that for this sector.

In the past year, we have cut the Port charges. We need to improve our Port facilities. We need to ensure that at the port of entry we do not have a situation where persons have to wait a long time to get the imported material, to finish a product.

Mr. Speaker, many of these manufacturing companies have to wait long for raw materials in order to finish products. I believe we need to ensure that the Port of Entry is modernised, and the hours of operation are adjusted in order to help this industry.

In North America, Mr. Speaker, even on certain Bank Holidays, the ports of entry are open for business, especially to deal with manufacturing. Sir, when you look at what is happening in the industry in some parts of the world, in order to stay competitive, the Government, and the private sector must be able to help. Sir, even in some industrial developments in North America, the financial institutions have wickets, in order to provide funds for that sector.

Therefore, it is now understood that manufacturing is important for job creation, and it stimulates the economy. We believe that this document is the right policy for Barbados at this time.

Thank you very much, Sir.

Mr. SPEAKER: Honourable Members, it has been brought to my attention that just a few minutes ago, when I suspended the House, the media might not have heard the suspension. I hope you did hear, because you really should not and I hope you do not broadcast anything that took place, nor Hansard records anything that took place, after I suspended the House, please.

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I beg to move that further consideration of this Resolution be now postponed.

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

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

ADJOURNMENT

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I beg to move that this House be adjourned until Tuesday, June 12, 2007 at 10.00 a.m.

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

The question that this House be adjourned until Tuesday, June 12, 2007 at 10.00 a.m. was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly.

House 136, Sequence 39, 17:47:54

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EDITORIAL NOTES — NOT PART OF THE REPORT

Prepared with the transcript; for checking against the recording and the Minutes.

EDITORIAL QUERIES

Points noted while preparing this report from the edited transcript. The text has not been altered except where stated.

Q1. Masthead. The session is not stated in the source, so no session line is printed.

Q2. Minutes. The Speaker's announcement of the Minutes runs straight into the mover's words ('The Minutes of Tuesday, May 29, 2007. Hon. R.C. EASTMOND: I beg to move ...'), so the motion is printed under Mr. SPEAKER's label. Printed as in the source.

Q3. Papers, item 1. The title reads 'Duties, Taxes and Other Payments (Exemption) (RBTT Bank (Barbados) (Limited)), Order, 2007', with unbalanced brackets and a doubled comma. Printed as in the source.

Q4. Order No. 8, before the suspension. After Hon. Miss M. A. Mottley's opening and the seconder, the source records 'The question was put and resolved in the affirmative, without division', yet the debate resumes after the suspension and the Resolution is later postponed. Printed as in the source.

Q5. Take-slip H:No.136 (16). The take-slip reads '12.40 a.m.'; the next slip reads 'H136/12:40', presumably 12.40 p.m. Printed as in the source.

Q6. Order No. 8, Hon. Miss M. A. Mottley's opening. The Minister says the foreign reserves 'stand at \$1.5 million, with an extra \$500 million' under the banking sector, bringing them 'to \$2 million'; Dr. D. C. Estwick later gives the net international reserves as \$1.5 billion. Printed as in the source.

Q7. Order No. 8, Hon. G. A. Clarke's speech. Hon. G. A. Clarke refers to the mover as 'the Honourable Member for St. Michael East'; the Speaker calls her the Member for St. Michael North East. Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The House of Assembly met on Tuesday, 5th June, 2007 at 10.15 a.m., with Mr. SPEAKER in the Chair; prayers were taken by Reverend Canon Ivan Harewood. The Minutes of Tuesday, 29th May, 2007 were confirmed. The Speaker reported receipt of the Accounts and Statements for February 2007 and read Message No.

1/2007 from His Excellency the Governor-General, who would be in the United Kingdom from 9th to 18th June, the President of the Senate, His Honour Senator Sir Fred Gollop, acting in his place. Hon. Miss M. A. Mottley laid an exemption order for RBTT Bank (Barbados) Limited and the Barbados Economic and Social Report, 2006, and Hon. R. C. Eastmond laid the Annual Reports of the National Housing Corporation for 2001–2002 and 2002–2003. Standing Orders were suspended for the rest of the Sitting.

Hon. Miss M. A. Mottley moved Order No. 8, the Resolution to take note of and to endorse the Industrial Policy for Barbados' Manufacturing and Related Services Sectors 2007–2012. She traced the sector's history, noting exports of \$583 million in the 1980s, less than \$300 million between 1987 and 1994 and \$520 million in 2006, \$254.7 million of it to CARICOM. The policy aimed to raise manufacturing from 8 to 12 per cent of GDP, reach \$1 billion in exports within five years, attract at least \$70 million of new investment each year and employ 12 000. She cited the Industrial Investment Employment Fund, capitalised with some \$15 million, and laid the book 'A Path to Progress'. Hon. R. R. Farley seconded.

After the suspension, with Mr. DEPUTY SPEAKER in the Chair, Dr. D. C. Estwick spoke on inflation, competitiveness and an external deficit of more than 11 per cent in 2005/2006, and said that over \$600 million of the \$1.5 billion in net international reserves had been borrowed after 2001; he urged incubator and cluster programmes. His speech drew repeated points of order and privilege from Hon. Miss M. A. Mottley, and Mr. D. J. H. Thompson cited the Standing Order on the Committee of Privileges. Hon. R. R. Farley answered that the policy built on earlier work and spoke of Barbadian brands such as pepper sauce and rum; Mr. D. St.E. Kellman, after points of order, argued that local products needed international marketing and questioned whether the document was a personal one of the Minister.

With Mr. SPEAKER back in the Chair, Hon. A. P. Wood rebutted what he called 'Kellmanomics'. The Leader of the Opposition, Mr. D. J. H. Thompson, said the policy lacked strong endorsement from Government Members; exchanges over a remark attributed to Hon. Miss M. A. Mottley about Albert Branford, and over a document circulated in St. Philip South, led the Speaker to cite Standing Order 28.5 and suspend the House until 4.55 p.m. On resuming, the Speaker warned that he would not tolerate insulting remarks across the Floor.

Mr. D. J. H. Thompson resumed, suggesting that the sugar industry become a sugar cane industry producing

special sugars, liqueurs and syrups. Hon. G. A. Clarke said the policy had been approved by Cabinet in April 2007 and endorsed it. The Speaker asked the media and Hansard not to record anything said after he had suspended the House.

Further consideration of the Resolution was postponed, and the House was adjourned until Tuesday, 12th June, 2007 at 10.00 a.m.