
THE

House of Assembly Debates

(UNOFFICIAL REPORT)

PARLIAMENT 2003 – 2008

HOUSE OF ASSEMBLY

Tuesday, June 19, 2007

Pursuant to the adjournment, the House of Assembly met at 10.15 a.m. on Tuesday, June 19, 2007.

PRESENT

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

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

Sir Louis TULL, Q.C., M.A. (Oxon).

Mr. G. W. PAYNE, Q.C.

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

Hon. R. D. MARSHALL, (Chairman of Committees)

Mr. 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. (Deputy Prime Minister and Minister of Economic Affairs and Development), (Leader of the House)

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

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

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

Dr. the Hon. 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.

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

Hon. C. A. MASCOLL, B.Sc. (Econ.) (Hons.), M.A. (Public Finance), (Minister of State, Ministry of Finance)

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

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

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

Prayers were taken by Canon Father Ivan Harewood.

Mr. SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, June 12, 2007.

Hon. G. A. CLARKE: Mr. Speaker, I beg to move that the Minutes for the Honourable the House of Assembly for its meeting of Tuesday, June 12, 2007, be confirmed subject to any omissions, corrections and/or observations.

Dr. the Hon. J. X. WALCOTT: I beg to second that, Sir.

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

ANNOUNCEMENTS BY HIS HONOUR THE SPEAKER

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

PAPERS

Hon. G. A. CLARKE: Mr. Speaker, I am commanded to lay the following:

1. Report of the Auditor-General on the Accounts of the Social Investment Fund for the financial year ended March 31, 2006;
2. Report of the Auditor-General on the Accounts of the Public Enterprise Investment Fund for the financial year ended March 31, 2006;
3. Report of the Supervisor of Insurance for the year ended December, 31, 2004.

FIRST READING OF BILLS

On the motion of Hon. G. A. CLARKE, seconded by His Honour J. M. EDGHILL, the Property Transfer Tax (Amendment) Bill, 2007 was read a first time.

ORDERS OF THE DAY

SUSPENSION OF STANDING ORDERS

Hon. G. A. CLARKE: Mr. Speaker, I beg to move that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of this day's sitting.

Dr. the Hon. J. X. WALCOTT: I beg to second that.

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

GOVERNMENT BUSINESS

ORDER No. 7 (RESUMED)

RESOLUTION TO TAKE NOTE OF AND TO ENDORSE THE INDUSTRIAL POLICY FOR BARBADOS' MANUFACTURING AND RELATED SERVICES SECTORS 2007-2012

Hon. D. D. MARSHALL: Mr. Speaker, I am especially pleased to offer a contribution this morning on the Resolution for the adoption of the Industrial Policy for Barbados' Manufacturing and Related Services Sector to cover the five-year period, 2007-2012.

Mr. Speaker, I am of view that one of the hallmarks of the Barbadian personality has been our industriousness. Therefore, it would not surprise me if that really was the essence that we sought to draw upon when we determined that "Pride and Industry" would be our national motto.

Sir, our experience in manufacturing is one that stretches back several centuries when in the history of Barbados two or so hundred years ago this country was one of the manufacturing giants in the area of agriculture, I speak specifically of sugar. Mr. Speaker, for some reason

when we talk about manufacturing today we tend not to speak about sugar because that falls under the rubric of agriculture.

Mr. Speaker, the kind of ingenuity and industriousness that Barbadians have always shown, especially in relation to the sugar industry, continue to serve this country more than well. In fact, I believe that the Barbados manufacturing sector has really been the sector that sought to bring Barbadians a standard of life, in the 60s and 70s and even in the 80s, which continues today to be the envy of others across the region. However, Sir, this was not an easy journey, it was not an easy row that we had to hoe.

Sir, with the advent or with the quickening pace of globalisation and trade liberalisation, our manufacturing sector started to feel the effects of the buffeting. Mr. Speaker, globalisation and trade liberalisation are things that were perhaps inevitable. There is much dialogue as to whether we should have embarked on that particular road, but the fact of the matter is that we could not hold back the pace of globalisation and trade liberalisation anymore than we could hold back the emergence of giants such as China and other countries in the Far East. Mr. Speaker, I would like to put that particular concept on the table squarely today.

Mr. Speaker, this Administration has always said that we must come face to face with the challenges that present themselves in today's environment in terms of trade liberalisation and globalisation because we could not expect to come into the 21st Century in a cocoon. The fact of the matter is that we have sought to penetrate other people's market and it stands to reason that they too would seek to penetrate ours. We have sought to make investments in our manufacturing sector such that we are able to produce, in a sustainable way, export ready products.

Mr. Speaker, we are not the only country in the region or in the world to be doing this. Barbadians have never been cowardly, and so I have to admit that it does bother me when there are still some people who feel that we could operate in today's environment under a protectionist umbrella.

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Hon. D. D. MARSHALL: Mr. Speaker, therefore, recognising that umbrella was removed permanently from us, this administration sought to put systems in place, to ensure that our industrial or manufacturing sector would

remain viable. Sir, our argument simply was that, if we could no longer take the benefit of preferential access, then the manufacturing sector had to retool and find ways in which to be competitive.

Sir, we have excellent companies in Barbados today, that have demonstrated clearly that if given the opportunity to retool, they could continue to be productive. I believe we could draw on the example of Coca-Cola. When the decision was made that it was cheaper to manufacture Coca-Cola in Trinidad and Tobago, than it was to continue manufacturing Coca-Cola in this country, and export it into Barbados, the response of that entity, the Barbados Bottling Company, was not to throw its hands in the air, but to take access of the various funds that were established by Government, so that they could retool. Sir, in very short order, the Barbados Bottling Company was able to reap accolades in the international community for their rebound, and some of the products they were producing received awards, in terms of quality, et cetera, across the hemisphere.

Mr. Speaker, I believe the experience of that company demonstrates clearly that the response is not to draw into our shells, but what would be the responses we need to take, in order to combat the challenges that we face. Sir, first of all, those responses must be doable and secondly, once we take advantage of the opportunities put there by this administration, companies could remain viable.

Mr. Speaker, of course, we have had the experience of having the Special Technical Assistance Fund, among others, in place for about nine years. Those funds have been very successful, hundreds of companies have benefited under those programmes but we now need to chart the forward path, to see what are the next steps we have to take.

Mr. Speaker, I am particularly attracted to what we refer to as the eight point Industrial Transformation Programme, as set out on pages 12 to 13 of the Industrial Policy. The first item of that framework is that we must create an enabling business environment. Sir, we know that protectionism cannot now have a major role in the enabling business environment and therefore we have been faced with the challenge of how we respond to those other challenges that are before us. We have had occasion to discuss, in this Honourable Chamber, the impact of energy cost on our manufacturing. We have had occasion to discuss the ripple effect of high energy cost because transportation and others, have felt the toll from high energy cost.

We recognise that in order to combat these things, we have to find new levels of efficiency in the way in which we operate. Funding is not all. I have pointed out

that we have had about nine years of the Special Technical Assistant Fund administered by the Barbados Investment Development Corporation, but we now have to put other things in place.

We believe there are many possible approaches for resolving some of these issues. One of the more attractive possible proposal, is that of a loans guarantee financing arrangement, with a two-year moratorium on repayment. While we have had funding in place, the fact is that we continue to have challenges, in relation to how that funding is to be used. Sir, for quite a few years, the Special Technical Assistance Programme was opened only to the provision for funding for soft costs, for example, training, research and development, et cetera.

Mr. Speaker, one of the major stumbling blocks that we have faced, was that we would have shown a manufacturing plant what were the things that it would have needed to do, but then those funds would not have been available, to help the manufacturer to make those changes. Therefore, we would have been prepared to give them hundreds or thousands of dollars on research but when it came to them saying that they now need to implement the new processes, to make investment in new machinery or in more efficient equipment, that kind of funding was not available.

Mr. Speaker, in addition, some of the challenges which manufacturers faced, I believe we are well aware, is their inability to access funding, so that they could manufacture for export. Many of these manufactures had to rely on high overdrafts. Sir, I want to say here that one of our big challenges too, over the last few years, has been the impact of VAT. Sir, I am thinking not on the impact of VAT, in relation to cost because VAT helped to bring down the cost, but the challenge that many of the manufacturers had, certainly when I had the portfolio which the Deputy Prime Minister now has, was the fact that VAT refunds would have taken so long, that it would have meant because it would have taken six months or so to get VAT refunds. It would have meant that money they would have needed for their cashflow, would not have been available.

In fact, I believe I have had occasion to say in this Honourable Chamber that sometimes I think that Government processes, over the years, have served to hamstring many of our small and medium-size operators. It is not unknown for some manufacturing concerns to sell goods to Government but have to wait many months before they could get paid. All of these things affected the company's cashflow.

Sir, the fact is that funding is going to be a pivotal part of the enabling business environment. Companies must have funding to source materials. They must have

funding to be able to handle their business processes and to buy new equipment. Therefore, while the Special Technical Assistance Programme is one side of it, we now need to find new funding mechanisms, so that our entities could continue to grow, could find money to buy resources, buy raw material for manufacturing, et cetera.

Mr. Speaker, the production of the goods is just a part of it. The next step has to do with how we promote and market those initiatives. I believe that Export Barbados is still very much on the cards and would very shortly be coming on stream. This Government has taken the decision that we need to fine-tune our export drive - and the Opposition has 'pooh-pooh' the idea but we are not being distracted by that.

I believe it is quite clear that in order to maximise the benefits of our manufacturers, we have to give them the opportunity to penetrate foreign markets, in a meaningful way. The Barbados Investment Development Corporation, over the years, did, in fact, have a number of officers in New York, Miami and in London, to try to market our manufactured goods. Sir, despite their efforts, it became quite clear that the Barbados Investment Development Corporation was simply not designed, as an entity, to achieve that. Therefore, in the same way it became clear to us that we had to have a dedicated agency to market our international business, it became clear to us that we had to have a dedicated agency to deal with nothing more than helping Barbadians manufacturers to penetrate foreign markets.

Mr. Speaker, I want to say that when we speak of penetrating foreign markets, I have a feeling that jams, jellies, hot sauces, et cetera, come to mind, first of all, but I feel it is important to say we have other world-class manufacturers, especially in the area of solar products. I think research was done recently within the Caribbean region, which showed that the market for solar water heaters in the region had a potential value of about US\$200 million.

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Hon. D.D. MARSHALL: Mr. Speaker, it cannot be doubted today that Barbados is in what you call the pole position in relation to exploiting solar technology. Therefore, when we talk about helping Barbadian manufacturers to penetrate foreign markets, we are not just talking about hot sauces and jellies. Sir, they too are important but equally important would be such things as solar heaters and the fact is that areas like Bermuda and Trinidad are all markets that are ready to be penetrated. Sir, that company has some success in Jamaica and St. Lucia but there are other markets that are huge and Export

Barbados, when it comes on stream, would be able to help that company to penetrate those markets and, of course, we have two or three other solar manufacturers as well. I believe that Honourable Members of this House would be aware of the particular entity that has made the investment in Nigeria.

Mr. Speaker, promotion and marketing initiatives will continue to be key and Export Barbados will be at the centrepiece of ensuring that our exporters penetrate foreign markets and bring much needed foreign exchange.

Mr. Speaker, infrastructural development is one that has lagged somewhat. The first industrial park that has been built in Barbados for a number of years, has been the industrial park at Newton. Sir, prior to that, we took existing industrial parks and tried to retool some of them in the area of the harbour by putting in a fiberoptic ring so that those buildings could be used by service type industries but, that has served to take some space out of manufacturing.

Mr. Speaker, apart from that, some of the factories that we have in this country are badly in need of refurbishment. We have to take a new approach as to how we construct our estates and we have to take a new approach as to how we deal with existing estates. This Government has had the benefit of tenants, in some of our estates, for many years and we have taken a position that in instances, where those individuals who have been tenants for a long time are interested in purchasing the particular premises, that we would allow them do so.

Mr. Speaker, the fact is that when a manufacturing concern says to the Government that it wants to purchase the estate, the block or building it is in, it is something that is laudable. It means that you now have a manufacturer that has matured and one that has now achieved financial stability and who, by virtue of allowing him to invest in the fee simple of the real estate can now use that real estate for his or her own funding mechanisms. Sir, I believe the records would show that this Government has very willingly sold real estate in our industrial estates to tenants. I believe that some of them have been big, like Banks Breweries but some of them are small manufacturers, who have 'bit the bullet' and came forward to make the investment. This means that we now need to make new investment in industrial space and we also need to determine how we can more efficiently utilise those spaces.

Mr. Speaker, one of the things that we used to do over the years has been to construct buildings with lots of walls and it has been our experience that manufacturers would say that they only need 2 000 square feet for my small plant but the building may have been so configured that the smallest space available might have been 4 000 square feet and so, the inefficiency begins because BIDC

would have been forced to rent a much bigger space to a small manufacturer than he or she needs and, of course, a small manufacturer is now paying for a much bigger space than he or she needs.

Sir, BIDC has taken on board certain recommendations and now, when they are constructing the space, it is in the way that office buildings are done. You have the four walls and the inside can be configured through modern construction mechanisms like drywalls et cetera and the inside can be configured to accommodate the space that the manufacturer needs. Sir, it is a frightening thing when a manufacturer is told that the smallest space available is 8 000 square feet and, therefore, we cannot deal with your issue.

Mr. Speaker, apart from that, we have to encourage our manufacturers that they need to employ modern processes in terms of how they manufacture their goods. It is my recollection that we have had challenges in the past. We have put all kinds of programmes in place and, too many times, the manufacturers were not just willing to come forward. Sir, clustering was one of the measures talked about in the Economic Statement of 2004 and it was put on the table for manufacturers. Sir, I had several meetings with small manufacturers to promote the idea of clustering but, unfortunately, they saw it as a way in which they would give up independence; a way in which they would lose their privacy; they saw it as a measure that would prevent them from being able to run their business as they chose. I believe that in the area of food and beverage manufacturing, that it would have been perfect because factories would not share common spaces and common equipment. Sir, today, the equipment that is so expensive that is used to make seasonings and pepper sauces for one factory but tomorrow, the same equipment could be use in the same place for the manufacturing purposes of another enterprise but, Sir, the fact is, it has not taken off.

Mr. Speaker, frequently in this House, we have to speak to the risk-averse nature of some of our entrepreneurs. I believe that the failure of our entrepreneurs to take up the clustering mechanism reinforces in our minds that our manufacturers are sometimes wary of taking risk. I believe that the future of the manufacturing sector continues to be bright. We are making investment now in a new product; we are making investment in terms of how they manufacture and we are seeing efforts to maximise human resource development. Sir, this is another area that is a cause for concern because of the fact that many of our manufacturers are small, they are unable to put resources in areas that they need to. Sir, a company that employs ten or 12 people would not think of having a quality control manager or a human resource manager and generally, it cannot think of having an accountant, simply because of its size. Sir, that is understandable but they are all things that

are prerequisites to being able to meet international standards.

Mr. Speaker, I believe the time has come when manufacturers need to revisit the idea of clustering because the examples I have just given, demonstrate that it is not just a matter of using equipment because, a quality control manager can be shared across ten or 12 small manufacturing concerns. Sir, human resources may be a bit difficult to do but the fact is, those are efficiencies that can be achieved.

Mr. Speaker, all of the concepts expressed in this policy document demonstrate that we are focused on exports and they demonstrate that we intend to build on our success of the past. I believe that the economic statistics would show that there has been growth in the export sector of Barbados. They will also show that there has been a growth in the number of people employed in the manufacturing sector. If we examine the statistics, we will see that for the first time, manufacturing, if we include rum, et cetera, has really performed for the Barbadian economy.

Mr. Speaker, I encourage all of our young people to see industry as being an excellent career path to take.

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Hon. D.D. MARSHALL: Sir, people involved in manufacturing, now, are relying more and more on individuals with scientific backgrounds, and individuals with engineering backgrounds. Barbados, over the years have been producing many of these people. I really do not want our young men and women to think that manufacturing in Barbados today, is as it was in the 1960s and 1970s, when people were doing smocking. Manufacturing in Barbados today is hi-tech, of high value, providing excellent opportunities for our Barbadian young men and women.

Sir, with these words, I support this policy Paper. I believe it takes us firmly over the next five years, to a renewed manufacturing sector. I know there is a large amount consultation. Sir, I believe that if our manufacturers buy into the essential precepts set out in this document, they would ensure that the manufacturing sector in Barbados would continue to thrive and to be successful, not just for the next five years, but certainly, over the next fifty.

Sir, with those few words, I beg to support this Resolution.

Mr. SPEAKER: The Honourable Member for St. James Central.

Hon. K.D. SYMMONDS: Sir, I too take some degree of pleasure in associating my voice with this Resolution, for the adoption of Parliament's support for Barbados' industrial policy in the manufacturing sector.

Sir, it goes without saying to think that the industrial and manufacturing sector has been a key player in the traditional economic development of the country. It has equally to go without saying, that it has been one of the two players, I think the other would be agriculture, which has been most severely and substantially impacted by challenges, affecting its levels of productiveness and competitiveness, arising out of an increasingly hostile international trading environment. Those challenges, perhaps, can be enumerated easily for Honourable Members and those who will, in coming years, want to go back to these records and understand some of the things that had to occupy those of us charged with the responsibility for governance today.

Sir, as I said, the challenges will include the liberalisation of markets, and that brings about a twofold problem. First of all, the decline in competitiveness in our traditional export marketplace, because we now have to face a situation where preferential market access has come to an end for our manufactured goods. I would want, during the course of this speech, to speak to this matter at some length. Secondly, on the other hand, we face a decline in competitiveness of our domestic products, in our own domestic markets, because we are faced with an increasing level of competition from imported lower cost products.

Mr. Speaker, in that circumstance, it is very easy to be tempted to throw your hands in the air and to shrink, literally, in the face of competition. Even as they are those out there, who will speak the language and preach the doctrine and dogma of free trade, they themselves have been guilty, both in agriculture and in manufacturing, of continuing to protect and subsidise their own domestic product, and, therefore, make it very difficult for small economies like Barbados, to compete.

Sir, it is therefore a bold, auspicious and audacious policy, which has been brought before this Honourable House. It says that we have to respond, not by shrinking, but rather by developing nimbleness in our domestic manufacturing sector. We have to develop cost-effectiveness in that sector, and, quite frankly, we have to now speak the language of high standards of quality, specialty products and intense levels of customer satisfaction.

Mr. Speaker, there is, however, from the perspective of the Ministry of Foreign Affairs and Foreign Trade, an

overarching challenge which we have to come to terms with as a country, that is the matter of the liberalisation of markets, especially the markets of those countries, which have been our traditional major trading partners.

Sir, for the purposes of this debate, I will want to focus largely on the United States of America, because, quite frankly, that is where, today, the Prime Minister of Barbados, the Foreign Minister of Barbados, the Prime Ministers of all the Member States of CARICOM and their Foreign Ministers and Trade Ministers are located at this moment.

Sir, in Washington, D.C., a conference being convened on the Caribbean, largely concerning the Caribbean's capacity to trade with the United States of America, in a context in which we can be certain of development, we can be certain of growth and we can be certain of a sustainable economic future for our people.

Asides.

Hon. K.D. SYMMONDS: Mr. Speaker, for decades, the major trading partner of CARICOM has been, in fact, the United States of America. Unlike Europe - and I think it is very important to speak to this, especially in the context of manufacturing - we have never benefited from a mechanism or a convention, which went beyond just the exercise of exchanging the opportunity to sell products across borders. With Europe, we also had the advantage of development financing assistance. Sir, that becomes very important, because of the fact, there is a critical deficiency, which we have to accept is existing in these small economies. There is a very narrow resource base of the companies, which are involved in manufacturing in Barbados. That is also true of the rest of CARICOM, perhaps, with the solitary exception of Trinidad and Tobago, and we all know why, because that is an energy exporting economy, and their industrial sector is energy related.

Sir, the fact of the matter, the challenge which we face, when we speak to the language of development finance, as part of the cross-border transaction, is multifold. First of all, we are seeking, not only to have a trading partner in a country like the United States of America, but we are also seeking a development partner. Secondly, we are seeking, through that development process, to expand the resource base of our companies, especially those involved in manufacturing. We are speaking about an opportunity to enhance their competitiveness. We are speaking about issues relating to their ability, as the learned Attorney-General said, to penetrate their markets, and, of course, we have to be speaking about the capacity of those companies, to be able to diversify their product, so as to enhance the level of consumer satisfaction, and enhance the standards and qualities

Sir, you have to make this very easy to understand. Mr. Speaker, you can produce here, but if the quality of that which you produce, is not meeting the evolving taste of the consumer, to whom you wish to sell, then no one will wish to buy from you. In a nutshell, that is the challenge we face here in Barbados. It is the challenge that we face in CARICOM and it is the reason why, through exercises like the Caribbean Single Market and Economy, we are seeking to build out capacity, in terms of the way in which we measure standards, and apply the standards to those things that we are producing in the region, and be sure that we can more easily satisfy the elaborate taste of the international community.

Mr. Speaker, I promised at the beginning that I want to speak to the trade environment. There can be no benefit to this audacious policy, this bold policy, which is being put before the Parliament of Barbados, if you are not in a position to get the goods that we are seeking to sell into the homes, offices, or whatever aspects of the economies of the countries, to which we are selling.

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Hon. K.D. SYMMONDS: Mr. Speaker, as this country evolved from a colonial backwater, we have been faced with a number of substantial challenges. Sir, I said that on the matter of cross-border discussions, I think it is useful to locate on the United States of America, because it explains why such great attention has been placed by the Heads of Government of this region to being there during the course of this week.

It is fortuitous that this debate is taking place at this time. Sir, we started with our manufacturing sector in Barbados being placed within the context of what is called, the United States of America Generalised System of Preferences, which was created in 1976. Historically, if you try to trace the relationship between the manufacturing sector in Barbados and the operation of the Generalised System of Preferences, you would see something closely akin to a horror story.

It amazes me that people in this country so nesciently and innocently continue, almost instinctively, to look towards the big bloc in the north in an almost fraternal and brotherly way, Sir, without understanding the economic consequences of the relationship, which we have been forced to carry, within the context of our effort to develop ourselves and build out competence in sectors,

whether those sectors are manufacturing that we are debating today, agriculture or otherwise.

Therefore, under the generalised system of preferences, market access was extended to Barbadian products but there was no certainty in law attached to that, and it was at the behest of the United States of America administration of the day, and subject to the mood of the United States of America administration, as the day may change.

Therefore, closely related to your ability to sell to the biggest market in the hemisphere that which you were able to produce, was the issue of your domestic, regional, and international political position. If you were a good boy, you may be rewarded. If you were not a good boy then chances are, you would not be rewarded. Sir, that causes from the very beginning, a stifled climate to emerge when you are trying to build capacity in any sector.

Sir, another deficiency of the generalised system of preference, Sir, was that at the unilateral option of the United States of America administration, the subject matter or product coverage of that which you were seeking to get access into the United States of America, could change.

Sir, selectively, one day you may be in a position where you could sell furniture into Puerto Rico or Miami, then, you may hear furniture of specific type, or no furniture at all. It is footwear now. Sir, depending on the selectivity of the Congress, the Generalised System of Preferences either worked for or against Barbados, and any other Member of CARICOM.

It is important to speak, Sir, to this matter, not only in the context of developing Barbados' manufacturing sector, but to recognise that we are not only charged with developing Barbados' manufacturing sector, but we are now also charged with developing a manufacturing sector in Barbados, which can fit seamlessly into a broader regional production integration effort.

Therefore, that which is produced in Barbados can benefit from value-added coming from elsewhere, and that is one of the strengths of the single market and economy. I do not want to go too far into the single market because that perhaps is not as entirely relevant to this debate. Sir, the point is that the subject matter of the product coverage is very critical.

Sir, that was in 1976 and we laboured under that arrangement until 1982 when, as this House is well-aware, an interesting development took place, which impacted on manufacturing particularly in this region and that was called, the Caribbean Basin Initiative (CBI).

Sir, as student at school, I heard Prime Ministers in the region speaking of the Caribbean Basin Initiative, in almost hallowed tones. It was only when I had the opportunity to study it, as a student at University, I realised that there has to be a collision between what you perceive as sustainable development and that which you perceive as something that you must accept gratefully, because strictly speaking, your hands are tied by the small size of your economy and the vulnerability of your economy to compete on equal terms with big players in the world. Sir, it is important for us to understand this again.

Sir, it is only when you understand that inherent vulnerability, which could so tie the hands of Prime Ministers in every Member State of this region, to the point where they gleefully accepted the CBI, that you understand the critical importance of us having moved with dispatch to build out a regional economy and a regional economic framework, which gives us a much stronger collective voice, and a much stronger bargaining position, in the international and hemispheric community.

Sir, the CBI, authored in 1982, carried with it, three features of interest to us in this debate. The first is that you were given duty-free, quoted access for Caribbean goods. However, these excluded textiles, sugar and rum.

Therefore, a country like Barbados that had a manufacturing sector, which at that time was fledgling, could only then seek to sell a few pieces of furniture because the other things on which we would have carried a great interest, the CBI door was closed. The great trading partner about whom we hear so much, and upon whom our people insist we must continue to rely, set up a structure that did not advance the economic development of the countries of the Caribbean, in the way that it was mooted and promoted.

Secondly, Sir, there was a 10 per cent tax credit being given to United States of America businesses that did business in the Caribbean. This is neither here nor there in the context of manufacturing. Sir, what effectively it does, is encourage some multinationals to come here, and that is a pros and cons thing.

Sir, the third thing was that there was an aid package for the Eastern Caribbean. This is why I say to you that you have to study the economics of these relationships, and how they impact on the development of your critical sectors, for example, manufacturing. Sir, in 1982, the CBI offered us an aid package of \$20 million to be shared across the Eastern Caribbean, excluding Grenada, because Grenada was a socialist country.

Mr. Speaker, you understand that when you come to office in the 90s, a decade later, you are faced with a struggle, especially in an even more hostile international

trade environment than existed then, because all these things were preferential treatment. I do not know to what extent you can really say these things were preferential, but that is what they were called.

Sir, you were now faced in the 1990s with a challenge to take those vulnerable and underdeveloped sectors, in the context of a hostile international climate, and transform them into competitive, nimble, efficient and broader-based economic enterprises. Sir, I want to say to you that is no small challenge, and it continues to be no small challenge.

Sir, one of the reasons our Heads are convening in Washington this week, is as recently as the last week of March in 2007, the Ways and Means Committee of the United States of America Congress, introduced a new policy on trade, which is aimed at re-establishing the authority of the Congress, over trade matters. Sir, let me just say that what has happened in the past is that you have what is called a fast-tracked authority, so you could have a free trade area being worked out between the United States of America trade representative and Panama, Chile or somewhere else, and it needs not go to the Congress for oversight. The Democrats are now in charge of the Congress, Sir, and they want to have greater control over the process.

House 138, Sequence 07, 11:10:14

Tuesday, June 19, 2007

Hon. K. D. SYMMONDS: Sir, the reality is that at the core of these new agreements are issues which are of fundamental importance to us. Sir, we want to be able to benefit under some of these agreements because there is a challenge that we must face in the region, which is, that businessmen across the hemisphere are now beginning to have an advantage over the business people in Barbados. Sir, that deeply concerns the Ministry of Foreign Affairs and Foreign Trade, the Ministry of Commerce and the Ministry of Economic Development.

What gives them that advantage? The advantage is that you have trade agreements giving people, certainty in law, market access to the United States of America for their products when in the Caribbean we do not yet have such an arrangement in place.

Mr. Speaker, there are two schools of thought on this matter. On the one hand, there is a view that we, because of our small size and lack of competitiveness, are not in a position to seriously talk about a trade agreement with the United States of America, because the elephant cannot lie with the ant, he would be destroyed. On the other hand, there is another view, to which I must bend the ears of this Honourable Chamber, that if we do not rise from our

slumber and try to make ourselves more nimble and more competitive, then we will be committing ourselves to a form of 'slow poisoning', a long and painful death. Therefore, we have to fight. We have to try to make sure that we can penetrate the United States of America markets on terms that are favourable. We cannot pretend that the United States of America is not there because it is our biggest trading partner in this hemisphere and is the major trade market sought by every country in the world. Therefore, CARICOM cannot exist a few thousand miles from the United States of America, its third border, to all intent and purposes, and not see fit to get its goods and services into that market.

The challenge for us, Sir, is that we must do so on terms which are sensitive to the vulnerability and the inherent weaknesses of our economy. Mr. Speaker, part of the challenge that we face therefore has to be to get a trade policy that will see the future of the Caribbean in terms of legal certainty. Sir, this is what the Heads are really in Washington talking about.

Mr. Speaker, in 2008, the existing arrangements with the United States of America on the basis of preference would come to an end. Sir, that is no different from what would happen with our existing arrangements with Europe. Mr. Speaker, preferential treatment, the world over, is coming to an end. Sir, one could either dislike it or do something about it now, the fact of the matter is that it is coming to an end. The message implicit in that is that nobody owes Barbados, Trinidad, et cetera, a living. You have to try to swim or else you would sink. If you sink, too bad for you, you would join a long and growing list of failed societies.

Sir, under the chairmanship of the substantive Minister of Foreign Affairs and Foreign Trade of Barbados, we formed a Subcommittee of the Cabinet of Barbados, which include the Minister of State in the Ministry of Foreign Affairs and Foreign Trade, the Deputy Prime Minister of Barbados, the Minister of Commerce and, I believe, the Attorney-General. Sir, we devised a strategy, which for want of a better way of putting it, can be called A Barbados Plan of Action.

Sir, we accept and understand that across the hemisphere matters relating to access to the United States of America markets are now turning on and are being defined by trade agreements, which the United States of America, through their trade representatives, has been systematically putting in place with different countries and different regions. Sir, they put one in place with the Dominican Republic, Costa Rico, El Salvador and that grouping. They put one in place with Chile. They recently put one in place with Panama. They put one in place with Mercusor.

Sir, all of this was taking place while many people felt, in good faith, that the better way to go was to build a Free Trade Area of the Americas where you would have certainty in law; where you would have built-in provisions for weaker and vulnerable economies; built-in provisions for special and different treatment to be extended to those vulnerable economies; and built-in provisions for there to be clear dispute settlement mechanisms subject, in the way we have done in CARICOM, to a court to which everybody could subscribe to bring legal certainty to bear on matters of trade which are really matters relating to the economic survival of the countries involved in the trade grouping. Sir, that is what we hoped for. However, the Free Trade Area of the Americas was apparently not to be, and in the interim, the American Government has been able to put in place a number of private trade agreements between themselves and others.

Sir, as I said, we have a Subcommittee of Cabinet which has looked at this matter and we recognised that these things are pretty much boiler plate agreements. Sir, when you read one, it is like reading all.

Sir, quite frankly, people are getting access to the United States of America, but in some cases at great pain to their own economies because the lion cannot lie with the lamb. Therefore, when I opened up my markets to you, the boiler plate agreement is not saying that I have a longer period of time because I am smaller, it is not saying that we are going to look at certain sensitive products that I am producing because if I have to face competition for the carrots that the farmer up in Greenwich Village is producing and I have to face competition for the greens that the kitchen garden farmer is producing in Fitts Village, that those things will swamp and kill their enterprise. The boiler plate agreement is not taking any of that into consideration. The boiler plate agreements are standard across the board and the United States of America is asking people to liberalise at the same pace that they do, and many of those countries have signed on. Mr. Speaker, that is a matter for them.

Sir, the position taken by Barbados has been that we would try to build momentum in CARICOM because Article 80 of the Revised Treaty of Chaguaramas mandates that when we interface with the United States of America or any other country in the world on matters of trade, that we cannot only do so as Barbados, we have to speak as best as is possible with a common voice in the region. Mr. Speaker, I am happy to be able to say to this House that concord has been found with the Government of Trinidad and Tobago because they are quite prepared to swim because they know they have the energy products with which to swim. Sir, I am also happy to say that concord has been found with the Government of Jamaica because they too realise that you must fight, that you cannot just shrink from competition. Sir, what we have therefore worked out

in CARICOM is a process by which we are now going to approach the American Government on what we would call a sui generis trade agreement. Sui generis means subject to principles of interpretation of its own kind.

Mr. Speaker, it has not been accepted by the United States of America Government yet but their trade representatives are looking at it. Sir, no where in the world has there been a deviation between the United States of America and that country or that grouping on the basis that they are prepared to deviate from their boiler plate traditional agreement.

Mr. Speaker, we have said to them in good faith that we have been their third border, we have been the area when there was turmoil between themselves and the Eastern world who they now readily embrace, and that they knew with certainty that there was the same belief in terms of political values, in terms of their economic systems and in terms of the way in which they build the community, values of law, order, justice and security. Sir, we said to them that we have been the strongest possible philosophical partner that they could have wanted, but that we are also weak inherently vulnerable economies which are doing all the right things.

House 138 Sequence 8

11.20 a.m.

Tuesday, June 19, 2007

Hon. K. D. SYMMONDS: Mr. Speaker, as long as my Cabinet colleagues allow it to pass Thursday coming, we are going to submit a report next week to the Economic and Social Council of the United Nations, where we have just won a seat last year. Sir, when this is made public, it will tell you that the Millennium Development Goals, set up by the United Nations to check the quality of the human development that is taking place around the world, that in Barbados we are Millennium Development Goals, plus, in most instances. Sir, across the CARICOM, we are Millennium Development Goals compliant, at a level that is not found in Asia nor in Africa. Therefore, we have been outstanding, in trying to do the things we need to do, to make these small economies and small States ideal places in which to live. Sir, nowhere is perfect, we live in an imperfect world.

Mr. Speaker, what we need is a development partner, and this is where I begin. Sir, in the trade agreement that we are going to try to work out, we would be asking that Council to take these things into consideration; that they must now deviate from the norm; that they cannot sink small countries, if they really have democracy and stability at heart. Sir, the basic philosophy is that the lack of prosperity anywhere, would, ultimately, lead to poverty

everywhere. Therefore, the point to be made is that we would want to be able to go to Washington - and not necessary leave with a signed agreement, as I do not think that is practical - but I do believe that we could make substantial progress in discussions on the way forward, on matters of our economic relationship, in a sustainable and developmental way, with the major markets in the world and with the major trading partners that we have.

Mr. Speaker, part of what the Honourable Deputy Prime Minister has brought to this House speaks to product diversity, and that is very important. It is very important because in the context of a very small economy, we have to be prepared to look at new ways in which we could approach the rest of the world. We have, in the context of developing and composing the destiny of the people of Barbados, to be prepared to unleash the productive energies of our young people. Therefore, new cutting-edge areas of economic activities cannot be overlooked and left behind.

Sir, respectfully, we have to be prepared to understand that if you are working on a factory floor, making textiles, then that is a traditional form of economic activity. We also have to recognise that those people, who are now going to be engaged in software design, who would use the information technology and create commodity products from it, that too is a critical area of economic activity and perhaps might be even more fundamental, in terms of its value for the future. It is value-added economic activity and it is the sort of economic activity, which is sustainable because it connects us to the rest of the world, in a very dynamic and very meaningful long-term way. It also serves the purpose of putting to productive use, the high investment we have made in educating the people of Barbados.

Mr. Speaker, therefore, this Government cannot shrink from the opportunity to rise to the challenge, in this regard, as I truly feel this is a very important moment in our development. Mr. Speaker, I would want to say there is one other aspect of this matter, to which we must look. Sir, once you start to speak of the United States of America, in the context of trade relationships, there are some fundamentals, I think, that cannot go off the table. Sir, whatever happens, I would not want to take my seat, having excited public expectation on the basis of the fact that we are thinking out of the box and attempting to do something new...

Asides.

Hon. K. D. SYMMONDS: Mr. Speaker, I have been at great pains to avoid evoking political acrimony in this speech but I know my friend, the Honourable Member for St. Philip West, is reputed - and I do not think the Press would tell lies on him - as finding every fault known to

man and blaming it on the CARICOM Single Market and Economy.

I want to assure the Honourable Member that one of the benefits of the CARICOM Single Market and Economy, is that it has allowed us to be able to interface with the rest of the world, so as to bring a better quality of life approach to the debate about where we will go, as small countries. Sir, it helps us to interface with the rest of the world, in a way where we could bring a better quality of life approach to the debate.

Sir, nobody would take on Barbados, Barbados, with a population of 260 000 people, is but a small village in the United States of America. Nobody would take us on, if we go to them by ourselves, without the six million people of CARICOM supporting us, and saying there is need to have an asymmetrical commitment, which means, in simple language, when doing a trade commitment, let us say to liberalise a certain sector of the economy, they must liberalise their manufacturing sector faster than they are asking Barbados to liberalise ours, because their manufacturing sector would be so much bigger. Sir, as an example, an asymmetrical commitment would be that they must give Barbados 20 years of protection, while they would be liberalising their sector, as quickly as possible.

MR. SPEAKER: Honourable Member, you have one minute in which to conclude.

Hon. K. D. SYMMONDS: Mr. Speaker, they are not going to take us on, if we are doing that by ourselves. It is only because of the economic integrated way in which we have been able to approach, under the auspices of the CARICOM Single Market and Economy.

Equally, you are not going to get greater flexibility with respect to the exclusion of sensitive sectors or sensitive industries. We would wish to say there is an aspect of manufacturing in Barbados, which is very sensitive because it is young. Sir, there are parts of what we are doing that are young, unprecedented and need nurturing. Therefore, we would be asking, in the process of liberalisation, that these things be taken into consideration.

Mr. Speaker, I am deeply obliged to you for your patience and for the opportunity to walk the Honourable House through some of these developments.

Hon. C. A. MASCOLL: Mr. Speaker, it gives me immense pleasure to participate in this debate, if only because over the last 12 to 13 years, I have been talking about the need for the restructuring of the Barbados economy. Sir, it has to do with appreciating that the future of Barbados lies in its ability to earn foreign exchange and by extension, in the ability of Government to put the necessary policies in place, to reform the foreign exchange

earning sectors, in a way that would permit for the objective to be achieved. There is only one constraint to managing a small open economy and it has to do with the capacity of the economy to earn the currency of United States of America, English pounds or Japanese yens, whichever currency we would wish to earn, it is critical because we could only purchase imports through the availability of foreign exchange.

Mr. Speaker, there is a second pressing issue that determines the overall capacity to meet the objective, and that is its capacity to manage its fiscal affairs prudently. Therefore, the fact that these two matters are inextricably linked, the capacity of a country, like a small open economy, to earn foreign exchange and its ability to prudently manage its fiscal affairs, so as not to impact negative on the same stock of foreign reserves that would be held at the Central Bank or whichever monetary authority that would be in control of the country's monetary affairs.

11.30 a.m.

{width="0.4395833333333333in"
height="0.5534722222222222in"} M - 1 Tuesday, June 19, 2007 Continuation of Mr. C.A. MASCOLL: Mr. Speaker, in this debate, I feel compelled before I even delve into the industrial policy to look at how our manufacturing sector has emerged. It is really born out of the adoption of a model that was enunciated by perhaps, the greatest Caribbean economist of all times, the late Sir Arthur Lewis, who talked about a Puerto Rican model. In essence, what he was suggesting at the time was that we find ways of establishing a fiscal incentive climate that would attract foreign investment to our shores. Mr. Speaker, this was done by way of legislation such as tax holidays and profit, with the Pioneer Industries Act in the 1950s, the Industrial Incentives Act in the 1960s, the Industrial Development Act, which came a little later and the Fiscal Incentives Act, which is normally the one which we refer to when we are talking about fiscal incentives. Sir, there were actually other pieces of legislation that allow for the environment to be created that permitted the establishment of the manufacturing sector. M - 2 Mr. Speaker, above and beyond trying to encourage companies to come here to establish^ so as to employ our ^ people, there was also the attempt to put certain measures in place such as tax holiday, dividends, interest payment that would serve to entice would-be-investors to the shores of Barbados and the rest of the Caribbean. Such measures as depreciation allowances were permitted, carry over losses, which we still hear about, the provision of factory space, which we know BIDC has engage in for its entire history and across the length and breadth of Barbados in St. Philip, Grazettes, Newton Park and other parts of Christ Church; factory space was developed in order to allow for manufacturers to

have an alternative cheap source of factory space as a means of encouraging them to establish business in this part of the world. Mr. Speaker, to the extent that our economy was also at the time going through a different kind of transformation because, it is not well---understood that only 3 9 years ago, in 196 8, Barbados produced 2 08 000 tons of sugar. I make that point to suggest that the M - 3

transformation that started to occur at that time, where

we were now encouraging investment in manufacturing allowed females in particular to move away from agriculture, especially sugar agriculture, into other types of jobs and give them alternative opportunities for work. Sir, at the time, the manufacturing sector emerged as one of our major foreign exchange earning sectors along with sugar, especially sugar agriculture at that time. Sir, the transformation occurred rapidly beyond that point, when it was recognise that the cost of producing sugar in Barbados would certainly work against our capacity to be competitive and there are other factors that are also responsible for the emergence of manufacturing in a more meaningful way and certainly the dominance that tourism had started to play within our economy and, especially, as the chief foreign exchange earner.

Mr. Speaker, by 1970, both manufacturing and tourism had exceeded sugar as a major earners; of foreign exchange. Sir, since then, the world has changed because, in those early days, we concentrated on labour intensive

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manufacturing, technology has made a substantial difference to the way we are seeing this world and technology has also impacted very heavily on the way in which we do business in the manufacturing sector. Sir, to that extent, it meant, therefore, that a labour intensive manufacturing sector would have hardly be as competitive in a small economy, and we started to see the impact of competition on the capacity of all countries to sustain themselves in the manufacturing sector.

Mr. Speaker, what do I mean? I mean simply that places like China, India and large economies with low wages started to be seen as alternative sites for such investment opportunities in manufacturing and, to that extent, it meant that the Caribbean region was no longer going to be seen as competitive and the investment opportunities that became available in the East put tremendous pressure on us, especially Barbados, within the region to sustain itself in this new world.

Mr. Speaker, for a long time it meant that the focus in the manufacturing sector, if we wanted it to be sustained, had to be on reform, on restructuring and on

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repositioning because we could no longer compete at the low end of the manufacturing sector across the world, we just could not do it. Sir, globally, what we are seeing with the emergence of India and China, they have not yet been able to have wages that are comparable with the United States of America and, therefore, they continue to attract huge investment in India, Singapore, Taiwan, China and in those areas of the world.

Mr. Speaker, to that extent, therefore, this challenge has been with us. How do we now understand that we can no longer compete at that level, especially now that we have become the No. 1 developing country in the world; especially now that we have reached a high standard of living that is the envy of some developed countries in this world; especially now that our people could now demand certain levels of wages because of the overall expectancy of our population and the desire to move towards an even greater and higher standard of living?

Mr. Speaker, in essence, we were confronting a reality that Barbados has started to outstrip itself even in terms of the expected performance. Sir, that outstripping can M - 6 be seen, especially on the social side, in what we have been able to provide for our people by way of education, health, overall standard of living and other social provisions, contrary to the views that have been expressed, Barbados remains, even within the context of CARICOM, the country that offers the best package of social care delivery across this region and, Sir, that cannot even be questioned.

Mr. Speaker, therefore, we were caught in a situation where our own success and development as a country had started to impact on our capacity to operate at the lower end of manufacturing; at the lower end of any economic activity because we were now being relocated, as a country, in the middle rungs of the overall matrix of development across the wider developing world and, certainly, the developed world.

Mr. Speaker, to that extent, I can safely say that any attempt to reform and introduce industrial policy with the objective of making manufacturing more competitive is exceedingly heartening because, in the absence of doing so, we will not be able to sustain the standard of living

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that we have grown accustomed to because our only-constraint in the future is going to be our capacity to earn

foreign exchange to be able to sustain our standard of living.

Mr. Speaker, therefore, I wish to explain at this point in some detail a few things that have been said in the public domain. Sir, from its inception, in the modern economy, Barbados has had a huge deficit on what we call the current account, that is, Barbados has imported more than it has exported and, therefore, ...

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Sequence 10

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Hon. C.A. MASCOLL: ... the merchandise trade of Barbados has always had a huge deficit. Sir, that can be seen from the early days in the economy, and will continue for the foreseeable future.

Sir, in Barbados, with the development of tourism, we now have what we call invisible trade surpluses, and which have served in some way to offset the visible trade pluses. Sir, the invisible trade is services which are exported but which people come for on your land, that is why there are considered invisible. Sir, if you look at Barbados' trade data, you would see that historically, there has been large trade deficits which we have not been able, and would not be able to correct in the foreseeable future.

Mr. Speaker, the only way we can do this is by way of emphasising other areas of business like tourism, and the international business, those are the areas we have to concentrate on. In this equation, there must be a manufacturing sector that looks at the high end of the market, concentrating on the use of technology and not the use of cheap labour; therein lies the difference between a manufacturing sector, that will be the economic landscape of Barbados in the future and what we saw in the 1950s, 1960s, and beyond. Sir, no longer will we be able to operate at that level, because our own success as a country has now, in fact, ruled us out as a low waged destination, or domicile for would-be investors.

Mr. Speaker, that, therefore, means for us, that our policy has to be flexible as we go forward. Our policy has to recognise that Barbados will not be able to produce a Tee shirt, like we did 20 or 25 years ago, because a Tee shirt can now be produced for less than ten cents, by large countries across the world, and exported wherever you want to export.

Sir, to even contemplate being involved in manufacturing Tee shirts in Barbados, at this stage, would be to deny our people an opportunity to earn a higher standard of living and a higher level of wages.

Sir, if that is so - and I do not wish to dilute what I am saying - then, there is no way in which we will be able to find any individual working, even in the manufacturing sector in Barbados, that currently earns \$90 a week, because that would be a wage rate of \$2.25 per hour, over a forty-hour week. Sir, there is no Barbadian who would even consider leaving home to work for \$2.25 per hour, at this time in our history.

Mr. Speaker, to hear that somebody works in Barbados, at this time in our history, for \$90, and I suspect it would be a forty-hour week, is really rubbish in every sense of the word. It is absolute tripe. Therefore, it does not even worth comment.

Mr. Speaker, if we read a book edited by Delisle Worrell, "The Barbados Economy 1946 - 1980", as far back as the 1970s, Barbadians were working for more than that in the manufacturing sector. Sir, what would explain thirty years later, when there has been so much growth and development of the economy, when there has been increased prices for cost of living, what would explain an individual getting only \$90 a week, in any manufacturing sector in Barbados? It cannot happen. In fact, it would be very a poor reflection on the unions, if in today's Barbados, a person could still be working for \$2.25 per hour. It would reflect very badly on the trade unions in Barbados. We have not had weak trade unionist in Barbados, in fact, our trade unionists have been fairly militant, and have certainly fought for increases. Sir, when you speak like that, you are exposing yourself to criticism that can be justified, because a proper analysis would certainly reflect on other persons in the economy and society, and not necessarily on the politician.

Mr. Speaker, let me, therefore, come to today's Barbados. What can we do as a country to begin to reposition the manufacturing sector, especially now that we are going to be challenged, and this is going to be ongoing, in terms of our energy sector, because that is going to be the key to managing the future of Barbados. It is going to be the key. You can say what you, but you have at this stage, now, to be in a position to manage effectively the energy sector which is going to be a major input into any process, whether it is manufacturing, tourism, or any other sector in the economy. The energy sector has become the pinnacle sector, or the sine qua non in the Barbados economy. Mr. Speaker, therefore, to that extent, we are really starting to look at how we can become more flexible in this area.

Sir, I want to make this point very clearly. It would have been almost impossible to adequately develop an alternative form of energy, when fossil fuel was as cheap as it was, over the last twenty years. There is nobody who was going to invest in alternative forms of energy, when oil was \$25 per barrel.

Asides.

Hon. C.A. MASCOLL: Sir, as much as we talk, people invest to make money. Nobody loves any country greater than anybody else. A businessman is in the business of making money, that is why they invest. If they make money, they then increase their level of love, but they do not love anybody any greater than anybody else. They come into business to make money, that is the point.

Sir, we would have heard discussion about whether there should be alternative forms of energy in Barbados, but it could not have been possible, in the presence of low oil prices. I have made this comparison before, and I want to make it here today too. Sir, if you were to plot the price of oil over the last century, the price of oil, in real terms, would have declined dramatically over the last fifty years, up until the last six years.

Sir, the reason that is so, is that the increasing use of data technology, permitted access to oil, which we did not have 25 or 30 years ago. The increased supply was a direct result of the increased technology.

Mr. Speaker, I want to make, by way of comparison, I have to be very careful, because I normally can be reined in on these matters...

Asides.

Mr. SPEAKER: Honourable Member, you are making a serious inference there about the Chair.

Hon. C.A. MASCOLL: Mr. Speaker, I want to make, by way of comparison, because there is a similar situation that confronts us here in Barbados, and it has to do with land, which is quite similar in its nature to energy, as it impacts on manufacturing. Sir, in recent times, like oil, land has attracted increased demand and price. In fact, there are some serious similarities between the movement of oil and land prices in Barbados. I wish to make this point.

11.50 a.m.

Sequence 11

Tuesday, June 19, 2007

House 138, Sequence 12, 11.50 a.m.

Mr. C.A. MASCOLL: Sir, even when land was dirt cheap, our parents could not buy land. Therefore, we need to ask the question why our parents could not buy land. The answer is because they did not have the wherewithal to buy land.

Mr. Speaker, the reason why in today's Barbados, in spite of the increased price of land, people can now have access to land, is because of the institutional financial arrangements that have been put in place, Sir, such as the creation of a credit union, such as the change in character of a commercial bank, such as the change in character of the insurance companies, and such as the change in character of our savings capacity.

Mr. Speaker, I wish to make the point that in spite of the increase price of land that Barbadians in fact have greater access, than they had before. This is going to invite criticism but you know what, Sir, it is loaded with analysis.

Mr. Speaker, I repeat the point again. Even when land was dirt cheap at \$1 per square foot or less, my parents, and I could think of no one in my community who could purchase a piece of land. Do you know what has happened? The increase demand for land would have given rise to the rapid growth in the price because land is fixed in supply. Mr. Speaker, I want now to tie that into where we are going, even in terms of the economy.

Mr. Speaker, because land has now become a means of wealth, and because those who had the wherewithal to buy land when it was cheap, have now been able to exploit the increase price of land because that has now translated into increase wealth, those people have now, even without being manufacturers, even without investing in tourism, and even without taken risks, become major owners of wealth in Barbados because land, like oil, is almost gold to the Barbadian.

What are the implications of that? Persons who have money and persons who have access to finance, now have alternative ways of creating wealth in Barbados. Sir, tourism, manufacturing and other areas in which you have to take risks, have become less attractive for investors.

Mr. Speaker, there is increased wealth in Barbados, and it has to be so, because in the presence of wealth you can take care of the poor, but in the absence of it, the poor become poorer. Sir, I have said repeatedly that in order to help the poor, we need to help the rich, because the poor can only be helped through excess or through surplus. This is very strange.

Mr. Speaker, I want to make this point that, therefore, if we do not understand that we have to make manufacturing more attractive by repositioning our industrial policy, then we would compromise the capacity of our people to grow and develop, over the next decade. This is a point that has to be entertained and has to be recognised. Therefore, for manufacturing to grow, it must be able to attract higher levels of investment, Sir, and that is understandable.

Mr. C.A. MASCOLL: Mr. Speaker, what is equally understandable - and I now say this for the benefit of the Honourable Member of St. Michael East - is that there must be some level of pragmatism.

At one stage we felt that we did not need foreign investors. At one stage we felt that money coming from a foreign source was not to be used to develop our people.

Asides.

Mr. C.A. MASCOLL: This is how we felt in the 50s and 60s. There was an emerging intellectual class that felt we had to discourage foreign investors. There is one reality, we need to have foreign investors but we also must recognise, Mr. Speaker, that we still have to provide for our people now to become entrepreneurs, and that is going to be the challenge.

Mr. Speaker, this is the question now. How do we create an environment in which our people can become entrepreneurs? There is only one way to do it and that is to have access to a larger market.

Mr. Speaker, I am going to end on this point. In that context, you cannot even contemplate managing the Barbados economy, or managing anything locally, unless you understand what it means to embrace functional corporations, unless you understand what it means to embrace economic integration, and unless you understand what it means to have foreign policy coordination.

In essence, Mr. Speaker, I am suggesting that the three pillars for the future of Barbados are not even rooted in our domestic space, but are rooted in us understanding that CARICOM is the only way forward for us as a people. Therefore, to the extent that we can reposition our manufacturing sector, we can reposition our tourism, we can reposition our people socially, and embrace the principles of CARICOM, unless we understand that we would be left wanting.

Mr. Speaker, I thank you.

Mr. SPEAKER: The Honourable Member for St. Michael South.

Hon. N.A. LYNCH: Mr. Speaker, thanks for the opportunity. Sir, let me join this debate by expressing immediately, my support for the industrial policy of Barbados' Manufacturing and Select Related Services sector, 2007 to 2012. I am expressing my support for the policy early. I do not care who created it, who authored it or who wrote it on a piece of paper.

Asides.

Mr. SPEAKER: Please, let the Honourable Member speak.

Hon. N.A. LYNCH: I am interested in supporting this particular initiative, no matter who authored it, Sir.

I also want to say very early, Mr. Speaker, that this is not an issue, which in anyway in my opinion shows any lack of good governance or guidance, by any previous public steward of this area.

I want to say, Mr. Speaker, clearly, this is a work in progress. The control and the administration of the economic sectors for Barbados, are all works in progress. Clearly, this is a very dynamic environment in which we are found.

Mr. Speaker, I believe that economic sector ministries and their Ministers and stewards, need to speak clearly in this debate. Sir, it is impossible and unbelievable that anyone could take each of the economic sector ministries in isolation. The success of economic sector ministries and productive sectors, is clearly directly linked to how those ministries are able to work together.

Therefore, in that regard, Sir, I would also say upfront that this is an opportunity, in my opinion, for the first time to have a serious structured programme for these economic sector ministries to work together, particularly linkages in the areas of manufacturing and tourism, agriculture and tourism, even agriculture and manufacturing, which is something that the Honourable Member for St. Lucy would never be able to understand.

Mr. SPEAKER: Sir, that is not admissible. You will have to withdraw that, please.

Asides.

House 138, Sequence 12, 12:00:14

Tuesday, June 19, 2007

Hon. N. A. LYNCH: It is like "Kellmanomics", Sir. It is difficult to understand.

Asides.

Hon. N. A. LYNCH: Mr. Speaker, I believe that this initiative has both excited and in a way scare the Opposition. Sir, the record of the Opposition on matters of manufacturing is a very pathetic one. Therefore, I could understand why any initiative to put this sector back on track and really prepare a real movement for the future would both excite and scare the Opposition.

Mr. Speaker, the high point in manufacturing came in 1985. Sir, the year 1985 was the highest point in manufacturing before the Barbados Labour Party left office. Sir, between 1987 and 1994, domestic exports in manufacturing were constantly under \$3 million. I do not have to tell you, Sir, who held the reins of Government in those years. Sir, I note that the Honourable Member for St. Lucy is rather quiet.

Mr. D. St.E. KELLMAN: On a point of order. The Honourable Member is misleading the House by giving the House the impression that in 1985 I was part of an Administration when the exports of this country fell. Sir, I can assure this House that is not correct. Sir, I was in the same position as the Honourable Member, being a supporter.

Mr. SPEAKER: He was going very well with his point of order until he reached the last part, so I would have to rule it as not a point of order, please.

Hon. N. A. LYNCH: Mr. Speaker, in my opinion, that organisation is clearly bereft of ideas and initiatives in this particular area. Mr. Speaker, who really could quarrel with this policy direction in this regard? Sir, only the Democratic Labour Party would want to pick a fight over issues of creating a better environment for the area of manufacturing. Mr. Speaker, let me explain.

Mr. Speaker, I certainly see the targets that are set for domestic export as ambitious. I do not agree that the targets are unrealistic. I heard the Honourable Member for St. Philip West say this. Mr. Speaker, if you look at the record in terms of our domestic export growth in the past three years and at the average increase of about 14 per cent per year, and then you take into account that last year we were somewhere in the region of \$5 million, I do not see why in five years we could not get to the area of \$1 billion.

Mr. Speaker, I think that is more than achievable. During 2005, domestic exports climbed to \$421 million and by 2006 they were up to \$500 million.

Asides.

Hon. N. A. LYNCH: Mr. Speaker, the Democratic Labour Party is famous for doing things like adding deflators. They add deflators in one year and they do not add them the next year. Sir, we have the same issues all the time even when we talk about tourism.

Mr. Speaker, we moved to \$421 million up from an average of \$350 million between the years 2000 and 2004, and then in 2006, we had the \$500 million. Mr. Speaker, if one looks at manufacturing only in its most traditional sense, one would not have the vision that this sector could grow to \$1 billion by 2012.

Mr. Speaker, if one does not think outside of the box on issues relative to how we move Barbados an iota forward, one would be caught in this time warp that is the signature of the Democratic Labour Party Administration, because they see manufacturing in terms only of furniture production and wrought iron production. Mr. Speaker, clearly, there is a new vision and a new way. Mr. Speaker, unless you are talking about non-traditional industries for Barbados, you are not going to get anywhere near to open up your mind to see how you could create a \$1 billion within five years. Mr. Speaker, this clearly has to be driven by technology. Mr. Speaker, there is clearly a need for us to look at manufacturing in a totally non-traditional way than we have looked at it.

Mr. Speaker, in 1991, the Democratic Labour Party Administration removed the concessions on stamp duties and import duties for this industry. Sir, in 1992 to 1993, with the trade liberalisation that came in CARICOM, a country like Trinidad and Tobago started seriously to retool their manufacturing sector.

Mr. Speaker, I always hear this issue about whether or not the Barbados Labour Party Administration worked as quickly and as assiduously as it could in terms of retooling the manufacturing sector.

Sir, the retooling efforts in CARICOM relative to manufacturing started way in 1980s when the Democratic Labour Party was in office. Mr. Speaker, if they had an inkling of how to move a manufacturing sector forward, they would have started the retooling process. Sir, rather than doing that and creating a better environment for manufacturing to survive and to thrive, they removed the few concessions and benefits that this industry had. Sir, part of the challenge you are facing in this sector is that there are a lot of what we would call small businesses. Therefore, any move to remove the concessions, like stamp duty and import duties, would clearly render very weak a lot of these businesses, that are looking for 'a leg up' in the traditional manufacturing sector. Therefore, when we sit down to talk about how we should be retooling and not retooling, the Democratic Labour Party must carry most of the blame for what happened in the manufacturing sector in Barbados during the late 1980s and the early 1990s in this country.

Sir, in 1994, when this Barbados Labour Party Administration came to office, its first act of seriously seeking to reshape and retool this industry was the reintroduction of concessions on imports and stamp duties. This Barbados Labour Party Administration removed all the taxes and duties on the inputs including machinery and spare parts for the manufacturing and the agricultural sectors.

Sir, the introduction of consumption tax on fuel, oil, diesel and natural gas, was clearly an effort that was meant to immediately spur the manufacturing sector which has suffered so severely under the Democratic Labour Party Administration. However, Sir, those initiatives alone were not going to reap total benefit for the retooling of the industry. That is why over the years, we have now point to areas where there needs to be a new impetus for the movement of this sector, which is why this particular industrial policy has been tabled. Mr. Speaker, in the same vein, in 1996, the Barbados Labour Party Administration introduced the Innovation Fund to facilitate entrepreneurship and innovation in this area. Later, in 1989, there was increased competition for regional and extra-regional exports, the reduction in the CET to a range from five to 20 per cent and the phasing down of the surtax on extra-regional imports to 35 per cent. Mr. Speaker, these are initiatives that were meant immediately to help this sector move up.

House 138 Sequence 13

12.10 p.m.

Tuesday, June 19, 2007

Hon. N. A. LYNCH: Mr. Speaker, part of the challenge that this sector would face, is that in an environment in which we are living, in a high input cost regime.... Sir, I believe that unless this Ministry and this particular industry mirror the specific economic development of our country and is directly linked to our tourism industry, we would not have the type of receipts that we would want.

Mr. Speaker, I will explain - part of the issue of living in a high-cost jurisdiction and a high-cost regime, is that you only deal with issues of being able to control those costs, not only from the input side but that the sector itself has got to mirror what is happening within the society, things that are relative to education and all the other inputs with which we are dealing.

Mr. Speaker, in the tourism sector, for example, there is nothing wrong with having a high-cost regime but there is need to produce quality goods and services. There are countries in the world - Germany and the United States of America, as examples, which are high-cost jurisdictions, but if you look at the commodities, both goods and services that thrive in high-cost jurisdictions, you would find that they are mostly associated with high quality brands.

Sir, Germany is famous for exports in BMW, Mercedes, Fisher, et cetera. Sir, even though you are living in a high-cost jurisdiction, even if you were to make efforts to reduce some of the cost, one of the things that becomes critical would be the question of dealing with producing

brands of quality. Sir, brands of quality do not just fall out of the sky, it takes years of retooling, years of technological advancement and the use of technologies that are available to us. It takes years of innovation to be able to get to that point.

Mr. Speaker, I want to speak to the linkage between manufacturing and tourism; how manufacturing could seriously benefit from its association with the tourism industry. Sir, one of the issues which we talk a lot about and in which we are traditionally inclined to believe, relates to the production of furniture. I believe there is a certain quota of local furniture that should go into the tourism industry, but part of the challenge is that clearly it would have to meet the needs of the people who operate in this sector. Marketing, at the end of the day, is only about meeting needs and wants but principally, marketing is about meeting needs. Therefore, scientific and proper marketing analysis of what the tourism sector would take, in terms of furniture, particularly if our tourism is low-volume, high-value tourism, which mean that we have a wonderful opportunity, even if it has high input cost, but properly branded and properly produced commodities and services could find themselves in a tourism industry, like that of the manufacturing sector. Therefore, we have more than a wonderful opportunity.

Mr. Speaker, if Barbados continues to develop the number of products that we have for tourism development, I think you would find that if the standard is at that level, the manufacturing sector would have more than an even chance to be able to import a lot of the goods they would produce into this particular sector. It would also include the use of technology, particularly the cleanest technology that we could find. Sir, I do not have to talk about renewable energy and what we are doing, in terms of the concept of the use of solar systems, all over Barbados.

Mr. Speaker, I believe it could go even further and that is why I do not see the targets as being so ambitious. I believe, for one thing, that we should already have been in a very serious movement to have solar even more deeply imbedded in the fabric of this society, not only for heating water. I believe there are other uses available to us for solar energy.

Mr. Speaker, the eight points for industrial transformation that we spoke about: the creation of this enabling businesses environment; the promotion and marketing initiatives have been talked about; bolstering of the infrastructural development; the development of new sectors; and the issue of human resource development particularly. In this area, just like the tourism industry, we are finding that much of what we are doing in this sector has to be in concert with how we develop our human resources.

I believe there is certainly a skills base that is lacking relative to the manufacturing sector, and that it is also lacking, even in some of the wider sectors of our economy. I believe there are two things we are not doing right; the first is that we certainly need more skilled personnel in both sectors. In addition, too much of what we have done in these sectors in the past have been done on gut feelings alone.

Sir, I think it is about time that a lot more is invested in research and development, including research and development in a service sector like that of the tourism sector. Sir, for a sector like this, I think you are going to get close to dealing with the linkage issues that we spoke about, if the manufacturing sector is clear on what the tourism sector needs from it, for it to be able to survive.

Mr. Speaker, Thailand, among other countries, produce furniture. This furniture may not be of good quality like that which is produced here, and certainly the cost is a lot less, but the linkage has to be that we demand that a certain percentage of our manufactured goods could find themselves into our tourism sector, if tourism is to continue to be the number one industry. I believe there are ways and means, apart from moral suasion, but we need, on the law, to find ways to ensure that this happens.

Mr. Speaker, I know people would talk about the CARICOM Single Market and Economy and what we are or are not allowed to do but, Sir, I think there is a case to be strongly made in this area. The CARICOM Single Market and Economy experts would tell me a lot but I am certain a case could be made, under the CARICOM Single Market and Economy, for things of this nature.

Mr. Speaker, one of the other critical areas in not only increase capacity building but also the issue of sustaining the basic industries. Sir, in other words, even if we were to move to different levels of manufacturing, even if we move to new sectors within the manufacturing sector, even if we move to heavier industrial manufacturing, one of the things we should not forget is the maintenance and sustaining of the basic industries that would have brought us to where we are, at this time in our history.

Mr. Speaker, I think this is a point that needs to be made. I think that Barbadians are going to overwhelmingly embrace a policy that would see manufacturing being looked at in a totally different light, other than how it is being looked at today. I believe the future of the manufacturing sector lies in our ability, not only to be more scientific and structured in the way in which we attend to the sector - a more scientific approach and a better skills base - but the future of manufacturing is only as good as it is able to be linked to the productive sectors that we believe are doing the best for Barbados. I believe that, in the near

future, manufacturing would continue to be the leading economic sector, like that of tourism.

Mr. Speaker, I am obliged to you.

Mr. R. D. JONES: Mr. Speaker, the Industrial Policy for Barbados' Manufacturing and Related Services Sectors was laid in this House and debated some two weeks ago. Sir, on this side, we have stated, quite categorically, that it is our view that many of the elements contained within this policy seem not to connect to reality. Therefore, from the outset, we would continue to say that this policy before us simply reflects a wish list.

Sir, if we were to accept that particular argument, then we could go further and extend the argument by saying that the nature of man is always to wish that something would happen. Therefore, in that context, then the Industrial Policy could be supported, since it would be set within a wishful context.

Mr. Speaker, it has also been said on this side, that there are many issues within the Industrial Policy, which have been clearly identified. I believe there are some 23 constraints and weaknesses, which the drafters of this policy have identified.

12.20 p.m.

Tuesday, June 19, 2007

Mr. R.D. JONES: They identified issues such as insufficient emphasis on design, research innovation and creativity and they went down the road. They call these things structural inefficiencies, issues of high operating cost, human resource issues and other issues were identified. Sir, upfront they were saying these areas are substantially problematic and, therefore, there are going to be problems in achieving the five-year development objective of the industrial policy. Sir, these are not the words of the Opposition but they are the words of the drafters of the industrial policy. Sir, from the word go, you clearly establish the constraints, with which any industrial policy would be faced, they are listed under the area of challenges, constraints and weaknesses.

Mr. Speaker, it would be invidious if anyone would argue that Her Majesty's loyal Opposition would want to see any innovation, idea, initiative, programme or policy in Barbados failed because, as an Opposition looking at some time in the future to be the Government of Barbados, we would want to see the kind of foundations so established that we would not have to encounter the kind of great difficulties to get any momentum going as one takes the reins of Government. Therefore, any constructive criticism, which emanates from this side, is basically to say to the drafters and to those who would be the implementers of the

industrial policy that they need to get things right. Sir, that is essentially what we have been saying.

Mr. Speaker, I agree with some of the Honourable Members, when they look at the historical evolution of manufacturing in Barbados that it has been a history steeped in the production of sugar cane. In fact, in 1650, with the mass exodus of Sephardic Jews, particularly off the South American continent of Guyana and places such like that, they brought their skills to Barbados in assisting the manufacturing of that product, which is still very well-renowned across the world, which is rum.

Mr. Speaker, from the infancy of the settlement of Barbados there was some manufacturing concern, particularly based around sugar cane and the sugar industry and, in those days we relied on the exportation of primary products and the importation of finish goods and products. Sir, right through time, one saw this reliance on the moving out of a primary product and the importation of finished goods. Sir, there has always been this outstripping of exports by the provision of imports and, therefore, there was not this urgency for our people to produce more and more of a finished product from Barbados.

Mr. Speaker, there was also the notion of the unequal relationships, which existed between Barbados and metropolitan countries particularly, the United Kingdom at that time. It was a very unequal relationship where we produced raw ... and send it down to settlers and other persons living in Barbados the finished product. Sir, to some extent, that created a mindset and as the country evolved, it was comfortable for persons to continue to import from this country and from other countries rather than to become submerged into the production of manufactured goods and products.

Sir, there were hindrances because one understood that the technology that was needed to produce these manufactured goods was not in Barbados at that point in time and this has followed us even now. Sir, even as Barbados got involved in assembly type manufacturing going back to the late 50s and late 60s, following the Sir Arthur Lewis model, where we were providing initiatives to get the investment to flow in and encouraging persons to come to Barbados and establish manufacturing concerns and to export much of what they were producing, therefore, our industrial sector was based upon that kind of remit.

Mr. Speaker, one had the Industrial Development Corporation establishing the various manufacturing shelves and plants for those persons to come and site their business within and getting rents et cetera. Sir, that in itself was not enough because while that was happening, we were not providing the kind of momentum for indigenous manufacturers to be in synch with what was happening to those manufacturers from far and wide. Sir, one saw, over

time, a shift away from textile and clothing into electronic manufacturing and some times, this is where one has to be concerned because the argument must be consistent.

Mr. Speaker, the point was made earlier that at a point in time in Barbados that we had achieved by 1985, extremely high exports from the industrial sector but, at that time, one had the largest electronic plant in Barbados, a company called Intel, and I believe it is still producing computer processors, et cetera. There was Playtex in this country producing women's undergarments and these were large concerns. Therefore, they were factored into the exports of Barbadian goods but they no longer exists on our landscape. Intel is not here; Transitor is not here; Playtex is not here, Sir, all of these companies have gone from the Barbadian landscape. Therefore, we have to come up with new businesses and new entities, which can act as a replacement for the kind of investment that these companies brought; the kind of employment that they provided; the kind of foreign exchange which was earned by these various entities as one follows the opportunity to make manufacturing an even more viable concern than it has been in the last 13 years.

Mr. Speaker, one of the things which should have been stated by the Honourable Members from the other side, is that there has been a substantial time lapse between coming to office and the production of this policy.

H138/12:30

Sequence 15

Tuesday, June 19, 2007

Mr. R.D. JONES: Sir, there is one thing that one can say about the Honourable Member for St. Michael North West, and he stated it again today, that was his consistency in arguing that one had to reform the Barbadian economy, rather than place this strict reliance on the international business sector and tourism service, and one had also to bring along agricultural production and industrial production. Therefore, that argument, even as the Honourable Member for St. Michael West placed it again on the Floor of this House, that for a twelve or thirteen year period, outside minor adjustments, there was no production of a sustainable focused policy for industrial development in Barbados. That is the argumentation advanced when the Honourable Member was on this side, and to some extent, he continues to argue, even as he sits on the other side.

Sir, there is nothing wrong, that after twelve or thirteen years, you will come to a recognition that something had to be done. Therefore, regardless of contradictions within it, regardless of, may be to some extent, the unsustainable parts of it, the persons who are

involved with it, said we must do something. There is always a beginning. We must do something.

Sir, I am not one, we would say, nor the Democratic Labour Party is not one, which would stand up and say, let us throw our hands up in the air. A river begins with small tributaries. We see this effort as small tributaries, in the ultimate evolution in a major...

Asides.

Mr. SPEAKER: Order, please. Honourable Members, please.

Mr. R.D. JONES: Sir, it is really a reflection of the upbringing.

Mr. Speaker, one is beginning to see, I believe, not necessarily led by the Government, but led by some aspects of the private sector initiatives, persons who want to recruit their investment and who want to make more money. There are persons in Barbados, in the manufacturing sector, who want to earn foreign exchange. Therefore, when one looked into the newspapers, and there is no quotation from the newspaper - and sees Armstrong Manufacturing in an initial stage exporting, I believe 24 000 bottles of Claytons Kola Tonic to England, one congratulates that effort. Sir, I noted the involvement of Barbados Industrial Development Corporation and, I believe, a foreign consultant. Therefore, one saw the merging of three forces. One saw the merging of the Barbados Industrial Development Corporation, the manufacturing concern and a foreign consultant, to ensure that this product, a good product, a product that is used liberally by Barbadians in their various mixes, whatever there are, mixes that are well-known to the Honourable Member for St. James Central, as he gets involved in his various libations. We are now moving this product into one of the metropolitan countries of the world.

Sir, one would want to see, not only this effort as a one-off effort, but as a continued and even more expansive effort on the part of that particular manufacturer. One also wants to see other manufacturers getting involved. Sometimes we do not even recognise the uniqueness of our products.

Mr. Speaker, I remember, sometime years ago, coming across Bajan Hot Sauce made in Honduras. Sir, coming from a background of history, I worked out that they had to be Barbadians who were living in Honduras, possibly making that hot sauce. Our hot sauce is an extremely unique product, but there is not one manufacturer of that product, that could pack a 20-foot container and ship it any part of the world. That is a weakness. It is a weakness, may be a capital weakness, for ingredients to make the hot sauce.

Asides.

Mr. R.D. JONES: Sir, it is a governmental weakness, because the systems and structures are not necessarily there. Sir, as one search the policy for this, there is a little point emerging, that this will happen.

Mr. Speaker, we have in Barbados, many people producing hot sauce. We use it in Barbados and we need to export it. We need to say, if there is an order, that 4 or 9 of those companies, based upon a consistency of product, can come together and pack 1 or 10 40-foot containers for shipping. However, they might need capital to help them move those things quickly to the place that needs it. Nobody in a large store in England or the United States of America, and there are many of them, even in one State, is going to sit and wait for five months, when they have placed an order today. They are not going to wait for five months. That is part of the problem we have. We cannot move very quickly, in this country, in producing what is demanded.

Sir, this is not saying that in the past we have not tried things. We tried exporting furniture out of Barbados, at one point in time.

Asides.

Hon. R.D. JONES: It was a good idea. I live in the present and in the future. That is where I come from. I am not interested in who closed it. That which is closed can be reopened. Do not let us stand and mark our time in mud. That is a waste of time. Let us do those things.

Sir, there are persons who build furniture in Barbados in the past, and they are a few who still remain, who make items of furniture, of good quality.

Mr. Speaker, I agree with the Honourable Member for St. James Central, that there are challenges which we face. There are people in Barbados, today, who called themselves furniture manufacturers, they do not manufacture furniture, they bring in disassembled furniture and assemble them, and put them in the marketplace.

Sir, why can we not export some of our furniture in boxes, in the disassembled form, to any part of the world? Why do we believe that we have to manufacture the entire product? You can use the screws or whatever they use. China, which is exporting to every part of the world, is not only exporting, they are coming into your country and establishing outlets for their manufactured products out of China. That is what they are doing. They are not only comfortable in manufacturing, with the mass amount of labour that they have, they are coming into Barbados and setting up five retail outlets. They are shipping the goods to Barbados and selling them to Barbadians, St. Lucians,

Antiguans, Jamaicans and Trinidadians, but we are not learning fast enough. They copy and make minor adjustments.

We want to be the most original in the world. Sir, originality also comes in reshaping. Therefore, if someone, somewhere, is doing something good and we can do it better, let us do it better. Do not sit down and say that we have to put everything into research and development. We do not have to. We are not saying that research and development is not important, because that relates very much to your innovative products, that you want to get out there. This is what we are saying.

Asides.

Mr. SPEAKER: Please, please.

Mr. R.D. JONES: There are issues which we must look at.

H137: 12: 40 a.m.

Sequence 16

Tuesday, June 19, 2007

House 138, Sequence 17, 12.40 p.m.

Mr. R.D. JONES: I am respecting the right of what they create, but we are shifting away from reshaping and reforming. I am not saying to copy somebody's project, that the Chinese do well and are sending it to you. I am saying to you to look at processes, look at systems and apply your minds and intellects. We argue that Barbadians are brilliant people, so let us put what we argue into place.

Mr. Speaker, there were tinsmiths in Barbados, and I am sure that the Honourable Member for Christ Church West Central can attest to this, who took the Milo tin and the milk tin and placed a handle on them and they became a cup to be used. The rims used to be very hot when you put green tea in it, as we would say in those days. I am sure, Mr. Speaker, you understand what I am talking about.

Mr. Speaker, they did not develop the Milo tin or the milk tin but they used their ingenuity to fashion a handle and placed the handle on it, and say that this could become a useful utensil, within the homes of Barbados, and that is at the basic level of which I am speaking. I am not saying that we must go and steal other people's ideas.

Sir, those countries coming out of the Second World War when Japan was decimated, went in and they used their cultural ingenuity, looked across Europe and North America and saw what was happening and said that they could do it better. They emerged as the industrial giants of

the Twentieth Century, and now the Twenty-first Century. This is the only point I am making.

Sir, I am not saying we must go and be thieves because that is not part of our Christian ethic. I am saying to use the innovation that our foreparents had back then without the kind of learning that many of us profess that we have now. Many of us say how brilliant we are, and we are doctors of this and masters of that, yet, we are not as sufficiently innovative because we believe we are comfortable. There is foreign exchange coming from the international business sector, there is foreign exchange coming from tourism and other areas, so we could have sat comfortably down and believe that all would be well.

Sir, we have now realised that all is not well and we need to produce in every area of the economy. We need to produce in tourism, we need to produce in the international business sector, we need to produce in agriculture and we need to produce in the industrial or manufacturing sector. Sir, in every area of activity, we need to produce.

Let me say, Mr. Speaker, that at one time, we used to make a lot of tee-shirts and polo shirts. There are still some manufacturers in Barbados who are involved in this trade, but they are not producing them at 10 cents. Sir, if in football we need to buy 1 000 tee-shirts and we give the work to a local manufacturer, it is not at 10 cents. *Asides.*

Mr. R.D. JONES: No. We are talking about tee-shirts. We are not talking about the gear. We have a deficit in the other clothing.

We do not want to buy a tee-shirt that is produced where the thread count is so low that when you put it in the washing machine one time, your money goes down the drain. In many parts of the world, one finds this the tee-shirts.

Therefore, there is no problem, if there is a manufacturer in Barbados producing a quality tee-shirt that you know you could put it in the washing machine or take it to a laundromat, and it can last you for two or three years, because of the scarcity of your own resources. Therefore, it is sensible to get that kind of manufacturing concerning Barbados, even if it is a high quality, strong, useful tee-shirt, rather than not producing at all.

Asides.

Mr. R.D. JONES: There are Barbadians today, who will buy those products.

Therefore, if there is one thing that the Opposition would agree with, it is that regardless of the weakness identified, regardless of what are the constraints here, we must do something.

This is a beginning but sometimes one believes and one gets the feeling - I am not saying that the Honourable Member for St. Michael North East produced that feeling, there are other feelings that the Honourable Member produced, but surely not that one - that when you do it; that this is it; that the work is finish; that the work is done. Mr. Speaker, that is what is defeating this country. Mr. Speaker, this is only what my grandmother would refer to as the scratch grain. You have to get the fowls to lay the eggs by eating the scratch grain. If you understand that kind of reference; use the scratch grain to actually get down to the hard work now. This is soft work.

Mr. SPEAKER: I think that is a good point to finish at, Sir.

Mr. R.D. JONES: Thank you, Mr. Speaker.

Therefore, I want to say that the Democratic Labour Party, the Opposition would want to support an industrial policy, as a scratch grain on which to produce.

Thank you.

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I am going to prey on the House's patience and seek to wrap up, because I would not be very long.

Mr. SPEAKER: Please proceed.

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I want to thank the Honourable Members who have spoken in this debate, especially those on this side. This morning, I believe that the quality of speeches was of an exceptionally high nature, and to say that this really reflects the fact that this Government has an integrated and comprehensive vision for where we want to carry the country. Sir, you do not reposition a country in a decade, in order for it to participate in a modern economy, with the kinds of changes that we have seen over the course of the last decade.

It is one thing for the Leader of the Opposition when he spoke, to try to denigrate the contribution of my predecessors in this Ministry. The reality is, Mr. Speaker, that those persons holding the position of Minister of Industry in the last decade, had to confront the most challenging and difficult circumstances that industry has ever had to face in this country.

Mr. Speaker, in spite of that, they were able consistently to ensure that this Government was responsible for exports, which exceeded the average under the Democratic Labour Party Government between 1987 and 1994, in every year that we have been the Government; yet, we had challenges that they did not have in 1987, '88, '89, '90 or '91.

Mr. Speaker, it is in that context I therefore am not surprise, when Members on that side say that this Government is being overly ambitious, in setting an export target of \$1 billion. If all that side ever knew were exports under \$300 million, then I believe that \$1 billion, Sir, would seem like an unattainable target.

Mr. Speaker, we believe it is ambitious but I have every confidence that we would make it. I said in the opening statement that by July/August, you would begin to see a number of projects coming on stream. I do not believe in counting chickens before they hatch, using the metaphor of the last speaker, in terms of the poultry method.

However, it is unfortunate that he obviously did not speak to his colleagues, because he felt this was a scratch grain document, nothing really to talk about but his colleagues felt it was overly ambitious. Sir, such is the nature of the expressions coming from the other side. Perhaps, if they spoke more often, they would be in a position to advise the Honourable Member for Christ Church East Central that we cannot pooh-pooh intellectual property.

House 138, Sequence 17, 12:50:10

Tuesday, June 19, 2007

Hon. Miss M. A. MOTTLEY: In fact, it is things like intellectual property that would offer a unique advantage for a high-cost destination such as Barbados, if we focus on designs and creativity, because it does not depend on volume and quantity in order for us to be able to earn on a sustainable basis to help this country.

Mr. Speaker, last week, I attended the Competitiveness Forum of the Americas in Atlanta, which was hosted by the Secretary of Commerce of the United States of America, Mr. Gutierrez, which was in effect a pre-runner for the conference on the Caribbean which opens today in Washington, D. C.

Mr. Speaker, we would have had a bilateral meeting with Secretary Gutierrez and made it absolutely clear that we felt that in the context of that forum with Latin America and the Caribbean that we had to carve out a special place in the Caribbean because its circumstances were different from that of Latin America.

Mr. Speaker, we also made the point that we have not seen the United States of America Government respond to the region in recent times, in the way that it did in the early 1980s under President Reagan, but yet would want to continue to count on us as allies, but what we see in exchange are unfriendly acts, particularly legislation emanating from Congress, that seeks to call Barbados a tax haven when in truth and in fact they have a tax treaty with

us. Therefore, that very fact of their tax treaty admits that they cannot contemplate that we could ever be a tax haven.

Mr. Speaker, the Government of Barbados, my ministry in particular, along with the Washington Embassy has been meeting with the staff of the Senators. Sir, we recognised that what they did was to take a list from what is known as a John Doe summons on credit card fraud and use that list of countries from the John Doe summons. Mr. Speaker, we made it clear that really is the kind of unfriendly act that puts us to cost and time in trying to defend our reputation. Sir, a John Doe summons is a fictional summons, so that there is no truth on the basis of the countries that they then seek to set out as tax havens or offshore secrecy jurisdictions, et cetera.

Mr. Speaker, those are the kinds of battles that we have to continue to fight in the American market. What we said to Secretary Gutierrez is that in the early 1980s, the President Reagan Administration was able to offer the region, in exchange for the signing of tax information exchange agreements, measures to spur investments in the region such as access to the Section 936 funds, the benefits for companies holding their conventions in the region, and the right to host foreign sales corporations. Mr. Speaker, the World Trade Organisation has since made the hosting of foreign sales corporations contrary to their rules, that therefore has fallen away in the last five years. The Section 936 funds never in effect came our way and the convention benefits have been limited depending on the multinational corporations wishing to use it.

Mr. Speaker, we recognised that the waiver for us to allow the CBI initiative to continue is coming to an end this year and that unless that waiver is extended those benefits would also be lost to the Caribbean. In the circumstances, Mr. Speaker, we made a strong case to Secretary Gutierrez and he has agreed that rather than trying to rush to have a meeting this week or next week that there needs, in the context of the conference on the Caribbean, to be a mechanism for periodic engagement between the ministers of industries and trade from the region, the Secretary of Commerce and the United States of America Trade Representative Office. Sir, we would want to have the first such meeting within the next two months because you cannot talk about commerce without talking about market access, as the Honourable Member for St. James Central spoke about this morning.

Mr. Speaker, we are moving ahead on all fronts. We believe that this is a programme that could see the re-energising of Barbados' industrial sector for the next generation and on a number of platforms that mirror our ability to focus on international investments in manufacturing, in research and prototype manufacturing, in information communications technologies and biologically related substances.

Mr. Speaker, I was happy to see that the Economist magazine in its lead article this week speaking to biology being to the 21st Century what Physics was to the 20th Century. Mr. Speaker, it therefore shows me that the Government of Barbados has been correct in seeking to highlight botanicals and biological and biogenetic matters as areas for internationally-based research and manufacturing in Barbados.

Equally, Mr. Speaker, we have said that there must be a strong basic programme and week by week we would continue to unfold what those measures are in relation to fashion, to furniture, to the condiment sector and to craft. Mr. Speaker, we believe that we have programmes on all cylinders.

Above all else, Mr. Speaker, I am happy to report that within the next month we should have the legal structure for Export Barbados formed. Sir, we should also start the programme to deal with the top 25 exporters in this country, seeking to remove the hurdles and obstacles.

Mr. Speaker, very shortly, we will be bringing to the House the amendments to the fiscal incentives legislation announced by the Prime Minister in his Budget speech. Mr. Speaker, we have also sent out the arrangements for the export/import funding facility for comment to the private sector such that we could have that arrangement in place no later than the end of August of this year.

Mr. Speaker, this is a Government that has confidence in the Barbadian capacity to boost the industrial sector of this country. Mr. Speaker, if it is that we should fail, let us fail trying. Mr. Speaker, I have every confidence that we shall meet the targets expressed in this document, a \$1 billion in foreign exchange exports, \$70 million in investment every year, and 2 000 jobs over the next five years.

Mr. Speaker, I trust that the people of Barbados would join us on this path because you cannot have sustainable economic development that is based only on one sector, as we knew when we had sugar, as we knew when we were relying excessively on manufacturing, and as we now know as we seek to reap the benefits from tourism and international financial services.

Mr. Speaker, it is in the context of balanced growth that we believe that we could continue to improve the quality of life of the people of this country.

I am obliged to you, Sir.

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

Hon. K. D. SYMMONDS: I beg to second that. The question that the Resolution do now pass was put and resolved in the affirmative without division.

ADJOURNMENT

Hon. Miss M. A. MOTTLEY: Mr. Speaker, this brings us to the end of Government Business for today's Sitting. I therefore beg to move that this House do now adjourn until Tuesday, June 26, 2007 at 10.00 a.m.

I am aware, Mr. Speaker, that both you and the Clerk would be out of the jurisdiction, but the Deputy Speaker and the Deputy Clerk would preside over that Sitting.

Hon. K. D. SYMMONDS: I beg to second that.

The question that the House do now adjourn until Tuesday, June 26, 2007 at 10.00 a.m. was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly.

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1.03 p.m.

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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. Order No. 7, Hon. N. A. Lynch's speech. Hon. N. A. Lynch says that between 1987 and 1994 'domestic exports in manufacturing were constantly under \$3 million', while Hon. Miss M. A. Mottley, replying, refers to that side having known only 'exports under \$300 million'. Printed as in the source.

Q3. Order No. 7, Hon. N. A. Lynch's speech. The Speaker tells Hon. N. A. Lynch 'that is not admissible. You will have to withdraw that, please', but the remark ruled out and any withdrawal are not recorded; the text runs on after an aside and a take-slip. Printed as in the source.

Q4. Order No. 7, passing of the Resolution. The procedural sentence 'The question that the Resolution do now pass was put and resolved in the affirmative without division' is run into Hon. K. D. Symmonds's seconding of the motion. Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The House of Assembly met at 10.15 a.m. on Tuesday, 19th June, 2007, with Mr. Speaker in the Chair; prayers were taken by Canon Father Ivan Harewood. The Minutes of 12th June were confirmed, and the Speaker reported receipt of the Accounts and Statements for March, 2007 from the Accountant-General. Hon. G. A. Clarke laid the Auditor-General's reports on the Accounts of the Social Investment Fund and the Public Enterprise Investment Fund for the year ended 31st March, 2006 and the Report of the Supervisor of Insurance for 2004. The Property Transfer Tax (Amendment) Bill, 2007 was read a first time and Standing Orders were suspended for the rest of the Sitting.

The House resumed debate on Order No. 7, the Resolution to take note of and to endorse the Industrial Policy for Barbados' Manufacturing and Related Services Sectors 2007-2012. Hon. D. D. Marshall recalled the place of sugar in Barbados' manufacturing history, cited Coca-Cola as an example of a company that had retooled, said that Barbados was in the pole position in solar technology and that Export Barbados would be at the centre of export

promotion, and stressed the need for scientific and engineering skills.

Hon. K. D. Symmonds spoke on trade with the United States of America, CARICOM's major trading partner, on the need for a development partner rather than only a trading partner, and on a report to be submitted to the Economic and Social Council of the United Nations. Hon. C. A. Mascoll said he had argued for 12 to 13 years for restructuring the economy and prudent fiscal management, noted the persistent merchandise trade deficit, and discussed oil prices and alternative energy and how institutional financing had widened access to land; at one point the Speaker cautioned him that he was making a serious inference about the Chair.

Hon. N. A. Lynch supported the policy as a work in progress requiring linkages among manufacturing, tourism and agriculture. He said that the export targets were ambitious but not unrealistic, since domestic exports had climbed to \$421 million in 2005 and \$500 million in 2006. Mr. D. St.E. Kellman's point of order on the 1985 figures was ruled not a point of order.

For the Opposition, Mr. R. D. Jones said that many elements of the policy did not connect to reality, that the drafters had themselves identified some 23 constraints and weaknesses, including insufficient emphasis on design, research and innovation, and high operating costs, and argued for quality local products such as tee-shirts, while agreeing that something had to be done.

Hon. Miss M. A. Mottley replied. She defended her predecessors as Minister of Industry, said that exports in every year of the Government had exceeded the average under the Democratic Labour Party Government between 1987 and 1994, and maintained the target of \$1 billion in foreign exchange exports. She reported on her meeting with the United States Secretary of Commerce, Mr. Gutierrez, at the Competitiveness Forum of the Americas in Atlanta, including the case for extending the waiver for the CBI initiative, and said that Export Barbados would be legally formed within a month and that fiscal incentive amendments would follow. The Resolution, seconded by Hon. K. D. Symmonds, was agreed to without division.

Hon. Miss M. A. Mottley then moved the adjournment, noting that the Speaker and the Clerk would be out of the jurisdiction and that the Deputy Speaker and Deputy Clerk would preside at the next Sitting. The House was adjourned until Tuesday, 26th June, 2007 at 10.00 a.m.

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