
THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 2003 – 2008

THE SENATE

Wednesday, May 26, 2004

The Senate met in the Senate Chamber, Parliament Buildings on Wednesday, May 26, 2004, at 11.10 a.m.

PRESENT

His Honour Senator Sir Fred GOLLOP, K.A., J.P. (President)

Her Honour Senator Dame Patricia SYMMONDS, D.B.E., G.C.M., P.G.C.E., B.A. (Deputy President)

Senator the Hon. E. R. GRIFFITH, G.C.M., J.P. (Minister of Agriculture and Rural Development) (Leader of the Senate)

Senator T. E. BARKER, B.A. (Hons.), M.A. (Econ.), J.P. (Parliamentary Secretary, Ministry of Finance and Economic Affairs)

Senator the Hon. J. E. D. WILLIAMS, B.Sc. (Hons.), M.Sc., M.B.A., J.P. (Minister of State in the Prime Minister's Office and Ministry of the Civil Service)

Senator Sir Roy TROTMAN, K.A, M.A.

Senator B. R. COLLYMORE, C.M.G.

Senator the Hon. Mrs. V. E. NEWTON, S.C.M., B.A., (Spec. Hons.), M.A., LL.B. (Hons.) (U.W.I.), F.L.A. (Gt. Brit.), L.E.C.

Senator R. W. GRANT, B.A. (Econ.), G.Dip. M.A. (Parliamentary Secretary, Ministry of Tourism and International Transport)

Senator the Hon. Miss L. V. EASTMOND, LL.B. (Hons.), LL.M. (Minister of Commerce, Consumer Affairs and Business Development)

Senator I. St. C. LINTON

Senator G. P. B. NICHOLLS, B.Sc. (Hons.), LL.B. (Hons.)

Senator G. P. I. GOODING-EDGHILL
Senator Miss. S. C. V. HUSBANDS, B.A. (Hons.)
Senator F. J. STUART, B.A., LL.M.
Senator Dr. D. S. LOWE, Ph.D., Dip. Theology, B.A., M.Ed., Ed.D.

Senator the Very Reverend H. E. CRICHLAW, G.C.M., B.A. (Hons.) (Dunelm)

Senator Dr. F. L. CHANDLER, Ph.D., B.Sc. (Hons.)
Senator A. C. FIELDS

Prayers were led by Rev. Father Errington Massiah.

Mr. PRESIDENT: This Senate is in Session.

ANNOUNCEMENTS BY HIS HONOUR THE PRESIDENT

Mr. PRESIDENT: I have received apologies for the absence of Senator Sir John Stanley Goddard and Senator Parris.

PAPERS

SENATOR THE HON. E. R. GRIFFITH:
Mr. President, I am commanded to lay the following documents:

1. Judges Salaries (Amendment) Order, 2004.
2. Annual Report of the Barbados National Bank Inc. for the year 2003.
3. Annual Report of the Supervisor of Insurance for the years 2000 and 2001.
4. Value Added Tax (Refund) (Perry Edwards) Order, 2004.

5. Value Added Tax (Refund) (The Barbados Children's Trust Inc.) Order, 2004.
6. Annual Report of the Barbados Agricultural Management Company Limited for the year ended June 30, 2003.

SUSPENSION OF STANDING ORDERS

SENATOR THE HON. E. R. GRIFFITH: Mr. President, I beg to move that Standing Order No. 45(2) be suspended for the remainder of this Sitting.

The question was put to the Senate and agreed to.
11.20 a.m.

INTRODUCTION OF BILLS

SENATOR THE HON. E. R. GRIFFITH: Mr. President, I beg to move the First Reading of the following:

The International Business (Miscellaneous Provisions) Bill, 2004.

The question was put to the Senate and agreed to.

PUBLIC BUSINESS

ORDER NO. 3 – INTERNATIONAL BUSINESS (MISCELLANEOUS PROVISIONS) BILL, 2004

SENATOR THE HON. Miss L. V. EASTMOND: Mr. President, I rise to bring before this Honourable Chamber the International Business (Miscellaneous Provisions) Bill, 2004.

Mr. President, this Bill is one that seeks to amend a number of pieces of legislation which together, is referred to as the International Business legislation. These include the Exempt Insurance Act, the International Financial Services Act, the International Business Companies Act, the International Trust Act and the Societies with Restricted Liability Act. I would add that there is also an amendment to the Insurance Act which strictly speaking is not regarded as international business legislation. I think in that context it would be useful for me to speak a little about the legislative framework for international business.

However, I would also like to say at this time that if we look at the amendments to the legislation, we would see that they reflect essentially two themes. Firstly, strengthening the regulatory framework. Secondly, what we would refer to as product enhancement.

For example, across the various pieces of legislation, there are proposed amendments which seek to impose penalties if there is any false submission of information.

They are also putting in place certain procedures for the filing of various pieces of information with the regulatory authorities.

With respect to product enhancement, there are a number of amendments which are proposed and I would give you one example and that is with respect to the societies with restricted liability. There is a proposed amendment to remove the finite life of that entity. When the legislation was passed, that entity was allowed to exist for only 50 years and then the life of that entity would come to an end. It also had a requirement for two directors, and that has also been removed or is proposed that it be removed.

Sir, the reason why it is referred to as product enhancement, is that within the international business sector, it is the legislation that really creates what we call products. Therefore, when you remove the requirement that the entity should have a finite life, you actually put the legislation in such a state that it can be more freely utilised by those wishing to use this particular entity.

Now, there is good reason. In the first place, the Government had enacted this legislation in this way. It had to do with companies established in Barbados. As you would know, companies usually do not have a finite life and that is one of the wonderful things about a company. One of the reasons it is useful for business is that even though shareholders may come and go, or even though directors may come and go, the company will continue, but with respect to societies with restricted liability, which in many instances is seen to be similar to a company, the legislation required that the entity be of a finite life. This was one of the means by which it could be distinguished from a company in some other jurisdictions.

What actually happened is that the opportunity for utilising such an entity by essentially United States companies, came to an end, and therefore the need to have the legislation in that particular form also came to an end. We are now seeking to amend it, so that this particular piece of legislation can be used for other international business activity. One of the things I would like to point out is that it is also used by business in Barbados.

Sir, the international business sector, as it is called, is a sector that I believe, and maybe it is the fault of successive Governments not just this one, we have not done as much as we should have in discussing in public fora what it is that we are seeking to do when we speak of having an international business sector.

I have struggled with the idea of having an international business sector. The truth is that it really is not a sector. It is seeking to create a legislative, legal or business environment for activity which is highly competitive and which is focussing on the export market.

Therefore, I would not disagree with anyone who believes that tourism is part of the international business sector. The truth is that tourism is an international business product. I believe the vast majority of people that we provide our tourism service to, are non-nationals. Therefore, tourism must be seen as international business, and it is a services export as well. As I said, I could not possibly disagree with anyone who thought that tourism was a part of international business.

The focus which the Government has put on international business is clearly one where, maybe, if we had not identified it as a sector and developed specific pieces of legislation for it, we might never have been able to develop it in the way that we would like.

It was certainly an attempt to diversify the economy of Barbados which for a long time – and we learnt this at school – was based on three areas: sugar, tourism and light manufacturing. With the focus on the international business sector, however, what we sought to do was to bring a greater level, or a higher degree of diversity to the Barbados economy.
11.30 a.m.

Essentially, there is a bit of confusion when we speak of international business and then speak of financial services. We speak about the international business sector, the financial services sector and the offshore sector at the same time, and often it is not clear.

Mr. President, if we go back to the legislation we would see that what was intended was the creation of a framework where incentives would be provided for persons engaged in export business. At that time the legislation was crafted, we were focussing on foreign direct investment. Some of that has changed and there have been amendments to the International Business Companies Act where Barbadians now have access to that legislation. Unfortunately, that is something that is not well known within the business community.

Mr. President, as long as the criteria for export are met, there is no reason why a Barbadian business cannot utilise an international business company. The amendment was made specifically to encourage that type of activity. When one looks at the legislation, one would see that it has a financial services component and a general business component.

Mr. President, the Exempt Insurance Act, the International Financial Services Act and the International Trust Act are pieces of legislation that seek to focus on financial services although some may argue that trust does not necessarily have to be financial services. It focuses on financial services in one sense and then in another sense it allows for several different types of activities.

Mr. President, if we go back to the International Business Companies Act, we would see that it was crafted in such a way as to encourage the development of Barbados as a responsible international financial centre and to provide incentives by way of tax reduction in the area of international manufacturing and international trade and commerce. So from very early in the day the international business legislation was not meant to focus simply on financial services but on virtually any type of activity in Barbados that is being done for export purposes. It says expressly manufacturing and international trade and commerce, so an international business company can also be used for agriculture. There is nothing that limits the international business company in terms of its usage. This is also the case with the Societies with Restricted Liabilities.

Mr. President, I think it is important that those points be made because we will get a better understanding of what Government's intention is in terms of amending legislation and pursuing the introduction of new pieces of legislation.

Mr. President, when we speak of the international business sector, we are really speaking of a legislative environment. We have several pieces of legislation including the International Business Companies Act and the Exempt Insurance Act, but there are also other pieces of legislation that help to facilitate the sector. This is why I mentioned that the Insurance Act is not really considered to be international business legislation because the Insurance Act covers both international and domestic insurance.

Mr. President, there are other pieces of legislation that have to be utilised on a daily basis along with the special purpose international business legislation, one such legislation is the Income Tax Act. Sir, while the International Business Companies Act may provide for a tax rate of 2.5 per cent reducing to one per cent, the taxation of an international business entity is really done through the Income Tax Act and not through the International Business Companies Act. The International Business Companies Act simply sets the rate, but the Income Tax Act is the Act through which all entities are taxed in Barbados. For example, there are tax credit mechanisms that you would find in the Income Tax Act.

Mr. President, the other aspect is the double taxation agreements. The double taxation agreements work along with the legislation to help to create opportunities in international business for Barbados. From very early Barbados had double taxation agreements which it inherited from the United Kingdom by Order in Council. Barbados was able to renegotiate and keep in place several of those agreements such as the double taxation agreements with Sweden and Norway. The Government of the day had the good sense to make sure that they renegotiated them and kept them in place. There are other countries that would have inherited them as well but they never took the opportunity to

renegotiate them after they became independent, but Barbados was sensible enough to do that, and so we started out with a number of double taxation agreements when other countries started out with none.

Mr. President, since that time we have continued to negotiate double taxation agreements. We negotiated agreements with China, Venezuela, Cuba and Malta. We are now in the process of negotiating agreements with Italy and we are also seeking to negotiate one with Brazil. Countries like Botswana has expressed an interest in negotiating a double taxation agreement with Barbados.

Mr. President, I think this is quite an achievement for Barbados. The double taxation agreements are one aspect of our international business sector which distinguishes Barbados from some of the other international business centres such as the Cayman Islands, Bermuda and The Bahamas. These countries do not have a network of double taxation agreements while Barbados does.

Mr. President, I think this gives us a better understanding of where successive governments were going in terms of the international business sector. Clearly to continue to concentrate on double taxation agreements would suggest to me that it was never the intention to go the way of the Cayman Islands, Bermuda or The Bahamas. I see this from an objective perspective when I look at the legislation and at what our policies have been.

Mr. President, when individuals saw some of the successes in the Cayman Islands and the British Virgin Islands some of them started to doubt themselves, but clearly the framers of the legislation did not doubt that what they were trying to create in Barbados was really a full-fledged international business centre where all types of activities could be engaged in from Barbados utilising the incentives in the legislation as set out. The intention was never for Barbados to simply have hundreds of offices across the island with brass plates and with nobody doing anything in them.

11.40 a.m.

Mr. President, when one hears discussion about the fact that there are certain countries that might incorporate ten thousand companies in a year or in a month, to me that type of approach is inconsistent with what the framers had in mind at any point in time. I think it is also inconsistent with the outlook of Barbados.

In my view, from the time of Independence, Barbados has never wanted to be a country which is outside the framework of what is accepted and recognised as internationally accepted best practices and international standards.

In my view, from looking at the legislation and knowing about our history, we have always wanted to be a part of what one would call the family of nations. Therefore, it would never have been Barbados' intention to cut ourselves off. If that were the case, we would have never pursued the negotiation of double taxation agreements. In a double taxation agreement, one of the very important provisions that one agrees to is the exchange of information. For a number of years countries that were not on the same path as Barbados objected to exchanging information with respect to their financial services sectors. That was never the case with Barbados because inherent in every double taxation agreement is an exchange of information provision where a country agrees to exchange information on tax matters with one's treaty partner.

Mr. President, the idea that we can determine whether or not international business activity is successful, based on counting the number of companies that a country would have, would be inappropriate for Barbados. It does not make sense. The new perspective to this and the new piece of legislation, agreement or legal framework that has come into play, certainly since 1995, are the trade agreements. I think it is extremely important that we do not ever examine the International Business Sector without taking into account the international trade agreements that we are entering into. These two become part of the legal framework in which international business is conducted.

I think that it is very important that we ensure that the entire international business and financial services framework is included in our contemplation of these agreements because they will help to provide the protection for our trade in services especially. That would not apply if we create a sector that we seek to exclude and to make different from the financial services sectors existing in foreign jurisdictions or in the more traditional centres such as New York and London.

We have to make sure that whatever we do, that it falls within the framework of our World Trade Organisation's (WTO) agreements because under those agreements we have agreed to certain principles.

Mr. President, most of the time we tend to focus on what our obligations are with respect to those agreements. Those agreements often speak about market access but they also give us rights, including rights to access. Therefore, one of the major issues in the financial services sector has to do with whether or not our financial services will continue to find access in those foreign markets.

Mr. President, I think that in terms of our legislative environment and what we are doing here through this particular Bill, must be viewed within the whole international context. I believe there is very little that we can look at these days that cannot be looked at within the international

context. I think it is important for us to recognise that in making changes to our legislation, that there is often a driver within the international community for some of the amendments that we make.

Mr. President, the truth is that at this time, and a lot of this is driven by the recognition that there is going to be continued and unprecedented growth in the services sector; there are many people who comment on the fact that the Barbados Government speaks of the services sector in the way that it does, even though the statistics show that the economy is primarily driven by services.

Sir, this focus on the services sector was recognised by the developed countries years ago. That focus on services gave rise to the General Agreement on Trade and Tariffs back in 1985 because we had signed on in 1995. Therefore, back in the 1980s, the developed countries for certain had recognised that the revolutionary nature of Information Technology and the ability to sell services from one spot to anywhere in the world, would have given them an unprecedented advantage.

Sir, what I would say too is that they had recognised that it would have given small States like Barbados which had access to the technology, perhaps a competitive advantage like they had never before had. In terms of manufacture, agricultural products and commodities, small States like Barbados have always been limited by their size but in terms of services and in utilising the technology, those hindrances are very much reduced.

Mr. President, for a long time now the developed countries have been repositioning themselves to continue to take advantage and to maintain their dominance in the international markets. One of the ways in which this is being done is through examining issues such as standards.

Sir, the issues with which we had to deal before with regards to the Financial Stability Forum, the Organisation for Economic Cooperation and Development (OECD) and the Free Trade Area of the Americas, all had to do with the most important economic activity in the world, and that is services.

It is important that we recognise this because I think it would also help us to understand why there was such a fight mounted by this Barbados Government, in order to ensure that the OECD did not succeed. It was not simply about protecting a few International Business Companies (IBCs) or Financial Services Centres (FSCs). It was about protecting an entire services centre, however one chose to facilitate it, whether or not it was done through special entities or through any other facilitation which Government would have provided. That is why the struggle was such an important one.

Mr. President, I think that helps to put it into context too because one would hear discussions about whether or not the Government could have done more. The truth is that from around 1997 to 2001, apart from doing anything else, we had to fight with everything that we had, in order to keep the sector that we had.

11.50 a.m.

Barbados, as we all know, is 270 000 people coming up against an organisation which has some of the strongest powers in the world making a case against us. I do not think it is possible to overemphasise the task which had to be undertaken. Sir, often businesses spend a lot of time trying to get new clients and do very little to keep the clients they already have even though it is said that a bird in the hand is worth two in the bush. Sir, I think the Government did the correct thing at that time. If it took away some of our resources from finding new products, we would have to accept that. Sir, I do not think we need to make any apologies because we did the right thing since it was not about a few IBCs but about the entire services sector.

Sir, Barbados is looking to create a framework in terms of its international business and financial sector legislation that should now put us in a position where we are better able to export high-quality, high-valued services as well as manufactured and agricultural products.

Sir, we on this Side always want to do more and the Barbados Labour Party Administration will do more in the area of financial services because we take full responsibility for the sector. It is predominately our innovation and we are responsible for creating a sector of substance from the 1980s because in the mid 1990s we were able to save it from the neglect it endured in the early 1990s. We are also prepared to take responsibility for taking it forward in the decades ahead.

Sir, the international business sector is about the future economic prospects of Barbados. I have said before that we have to cast it not so much as an economic sector because the legislation is really about facilitating economic activity primarily for export. These special purpose vehicles, double taxation agreements and free trade agreements are the environment within which we hope to be able to put ourselves in a position to sell our high-quality goods and services abroad.

This sector at its core focuses on the earning of foreign exchange for Barbados. This continues to be important for economies like Barbados. Sir, it also focuses especially on employment.

I want to speak about employment within the context of what this legislation is seeking to do. Sir, we have been preparing for years for this point in our history. I believe that the attention which Government has placed on health care

and education for our people has put us in a position which is the envy of most Caribbean countries. We were concerned about human capital before we heard of the term "human capital". I do not think this is the time for us to become less confident about our abilities. We have been preparing our young people and successive generations over time to be able to compete in the international market. We have been preparing them by providing primary, secondary and tertiary education. As well, many of our people go abroad to study in order to attain the appropriate skills. We have ensured that we have a system of vocational training at the Samuel Jackman Prescod Polytechnic and through the Skills Training Programme. Sir, we have done all this to make sure that we are skilled not only to compete in Barbados but also abroad.

Honourable Members may be surprised to hear that many individuals within CARICOM believe that Barbados is pushing the Caribbean Single Market and Economy because we believe that we will benefit more than other countries. This is not our view because we tend to take a defensive posture but the truth is that with the amount of resources allocated to ensuring that our population is skilled or easily trainable puts us in an excellent position.

Sir, with respect to the international business sector, the opportunities available in this sector in terms of employment ranges from providing actuarial services to working in call centres to being a corporate secretary or legal clerk. When I heard the debate about the international business sector years ago, at that time I could not believe that I would have spent most of my career working in that sector but, as an Attorney-at-Law, I was able to do so. Sir, I spent a short period of time in the private sector, then worked in the tax department of an accounting firm where my area of specialisation was international tax and matters related to the international business sector.

Sir, obviously I am not the only person who found work in the sector because there are a number of individuals in Barbados, had it not been for the sector, would have found themselves leaving Barbados to find the quality of employment abroad that they possibly would not find here because of the sector.

12.00 noon

Sir, I believe that this piece of legislation will continue to take us in that direction, where we not only provide jobs in the area of actuarial, accounting services and portfolio management but also the international business legislation. As I pointed out earlier, that piece of legislation facilitates the department of call centres and persons involved in computer programming and software development, all of the high-quality activities that we would like to see our people engaged in.

I know that in terms of the international business sector in particular, there is some concern that maybe Barbados does not have the requisite skills. I believe that all professionals have the fundamental ability to adapt to any of the new structures, pieces of legislation or products that investors might like to use in Barbados. However, I think that many of us do limit ourselves by not structuring our work in such a way that we can develop and specialise our practice to some degree. The reason that we are not able to do this is because we have not structured our affairs in such a way that we can take time off for continuing education and training. I believe that this is something that we must do.

Mr. President, for example, in terms of the trade agreements, as far as I am concerned, all of the World Trade Organisation trade agreements are new and they are new for everybody, people in the Caribbean and Europe. Unless you are one of those few people that were sitting around the negotiating table in Geneva, the agreements for the people in the Caribbean, Barbados, Trinidad and Jamaica, are no more difficult for them than anybody sitting in France, Geneva, United States of America, Europe or Canada. Sir, seeing that these new agreements have come on stream at the World Trade Organisation, and new agreements will come on stream at the Free Trade Areas of the Americas, the question is, are our professionals actually pursuing courses or are they ensuring that there are courses being put on in Barbados so that they can become familiar with the agreements, so that when there is a case before the World Trade Organisation they would be familiar with it?

I do not believe that we should have to go to Europe, Canada, the United States of America or anywhere else to find a lawyer or an economist to do the case for us. We should be able to do our cases for ourselves because the agreements are new to everybody. Mr. President, even the people who negotiated the agreements, when they have finished the negotiations there is a text and the text is now open to interpretation. It does not matter what the people at the negotiation table thought at the time.

Sir, here is an opportunity for us. If Barbados were to focus on these trade agreements we could develop the expertise in them as well. I do not believe that there is anything that is beyond the people of Barbados. Mr. President, when I hear discussions that Barbadian professionals may not be able to provide service in the international business sector, I have no doubt that we can but we need to make sure that we engage in training programmes and update our professional skills on an ongoing basis. That is what the other people do.

Sir, looking at the international business within the global context, one of the issues that has arisen is whether or not we have done all that we could do in terms of product development. I would like to discuss with my colleagues the fact that Barbados has to transition out of where it is at the

moment with international business. I would have indicated previously that in my view, and I believe that the legislation supports me, it was never the intention of any of our administrations to go for brass-plate type business, where you are simply interested in incorporating as many companies as possible. I do not believe that was ever the intention.

However, we created an environment where the perspective for international business was very narrow. We confined ourselves to a certain type of international business and it partly happened because we called it a sector when it is really just a facilitating environment.

I believe that the international business framework now has to be seen as a catalyst to propel Barbados into a full-fledged exports-focussed economy and this Government has been putting a number of measures in place to facilitate this. Unfortunately, when we look at them we tend to look at them under separate portfolios so it is very difficult to see the entire picture.

Sir, Barbados has to prepare itself for competition of a type that it has not experienced in the same fashion previously. Even though we have had competition before, for example in the tourism sector, much of that was buttressed by an environment where we had preferential access to European markets for commodities such as sugar and rum and where we were receiving prices far above the market price for some of those commodities. All of that might not change but certainly some of it will.

Mr. President, we are beginning to see a market within Barbados that is much more competitive. Government has done a number of things to ensure that we respond to international competition. One of the major initiatives has to do with Barbados' interest in pursuing the creation of the Caribbean Single Market and Economy. If you look at the preamble to the Treaty of Chaguaramas, you would see that considerable emphasis is placed on international competitiveness for all the countries within the Caribbean Single Market and Economy. Therefore, our ability to utilise our resources most effectively and efficiently in terms of the movement of capital, the movement of labour and the right of establishment, were considered to be the most important issues.

12.10 p.m.

I do not think we should ever confuse the Caribbean Single Market and Economy with trade liberalisation because they are different. They were looking to work together as a region where we share our resources. In terms of trade liberalisation, it is very much, not a working together, but let me try to see how far I can protect my markets, let in as little as possible, and you do the same, and we would see who wins. This is what most of the trade agreements are about. It

is still about everybody still trying to protect their market, but trying to get their goods and services into yours and that is the game that is played.

The intention within the CSME, is not to play that type of game, but to create a single market and economy where, as a group of nations, we are internationally competitive. Sir, not that it will be easy because our regional integration agreement is never going to be easy. There are going to be issues that will arise and our main concern is to manage them effectively.

Sir, when I look around the world, most nations see the importance of coming together, either through some integration arrangement or through trading blocks, and we tend to hear most often about the European Union (EU) experience. Do not believe that within the European Union, they do not have issues. They have concerns about movement of labour. They will be concerned about whether or not somebody is going to take their job.

Sometimes if you go to a hotel, say in London, none of the receptionists seem to have English as their first language. They seem to be from Poland, Italy, Portugal or somewhere else. I am sure that there are people from England who go to the receptionists' desk and they are probably saying, "Am I in good old England or am I on the Continent?" And they are probably very concerned. When you go to Miami, you probably have a similar experience where you are hard pressed to find somebody whose native language is English.

I remember in the FTAA meetings that we had in Miami, where we always used to welcome the American delegation to Miami. Miami seemed to be part of Latin America and not part of the United States anymore, because of the dominance of people there who spoke Spanish.

Therefore, these are issues which will arise and what we have to be concerned about is how we manage the process. As I said, in looking around the world, nations are seeing the importance of coming together. If the European Union sees it, I believe that these few small scattered islands within the Caribbean, including Trinidad and Tobago and Jamaica even though they may not think so, Barbados being one of the smallest of them, it seems to me to make sense that we have to come together as well.

One of them that we do not talk very much about is the Mercosur Group, such as Argentina, Brazil, Uruguay and Paraguay. Sir, with Argentina and Brazil coming together in this hemisphere, do you understand potentially what a power house that would be? I often wonder if we look at the map and see how big Brazil and Argentina put together are, and then look and see if you can find Barbados. It is always very interesting to me and whenever I have to discuss this point or make a presentation, I like to take a map because I think we

only come to the realisation as to how small we are, when we actually look at the map and make the comparison.

Sir, one of our responses has been to pursue the CSME, one of our other responses has been to make sure that in a more competitive market, we protect both our businesses and our consumers. We have done this through the implementation of new pieces of legislation, new institutions and public education, in order to ensure that the environment is a good one for competition.

One of the other things that we would have done was to look at the whole taxation environment for businesses where we have agreed to reduce the Corporation Tax to 25 per cent by 2006. All of this is part of a process where we believe that if you create a good facilitating environment for businesses that the businesses in Barbados, those through foreign investment and those through local investment, will be able to take off, and where necessary, utilise the international business legislation, including the International Business Companies Act and the insurance and banking legislation, in order to export our services.

I am looking forward to the day when the institutions in the financial services sector in Barbados, especially those large ones that have just gone through a process of consolidation, would actually pay close attention to our international business legislation to see how it can be utilised by them.

The skills that we tend to need to bring into Barbados sometimes, in order to run those businesses in the international business sector, many of those skills exist within the domestic financial sector in Barbados. At the moment there is a Chinese wall between the two. The international business sector does not look at the domestic financial sector, and the domestic financial sector does not look over to the international financial sector.

What I would really like to see is a convergence of the two, in the sense that the two groups would look to see if there are any opportunities for synergies or working together, or utilising pieces of legislation for their own benefit.

Sir, in terms of what we have done, even though I made a case for the fact that there was much that we were doing between 1997 and 2001 in terms of defending our position, I believe that I should give some indication of much of the work that has been done with respect to international business.

One of the major initiatives taken was to carry out a complete review of the entire sector, company by company. With respect to the international business companies, there were approximately 4 000 companies and each company was reviewed. The file was pulled and it was examined. No small feat, I can tell you. I was there. There were about five

different pieces of anti-money laundering legislation and we upgraded all of them to ensure that Barbados was beyond reproach when it came to its anti-money laundering framework. We introduced new licensing procedures to ensure that the appropriate due diligence was done on each one of these companies. Therefore, this legislation that is here and the legislation that came before would improve the supervisory and regulatory requirements.

12.20 p.m.

Mr. President, we introduced segregated accounts and segregated cell companies as amendments to the Companies Act which created two new products in the insurance sector. We amended the International Business Companies Act to allow for local ownership. We amended the International Business Companies Act to allow for doing business within CARICOM. We introduced a new entity called the qualifying insurance companies under the Insurance Act. We introduced amendments to the Mutual Funds legislation. We introduced a new International Financial Services Act to repeal and replace the Offshore Banking Act. We introduced the Electronic Transactions Act.

Mr. President, in an environment where it is very difficult for small countries that often do not have a trading relationship with the particular countries involved, we negotiated five double taxation agreements. We also engaged in a study on convergence so that we could find a point at which we could converge both the domestic and the international business sector as one.

Mr. President, I would like to make one point on efficiency. The international business sector can be criticised for not being as efficient as it might be when compared to some other countries. The issue really is that Barbados is not as efficient as it might be. There are some people who are still of the view that you can carve out an international business sector in a country and make it super efficient and leave the rest of the country to be inefficient, which is not the philosophy of Barbados.

Mr. President, we have no intention of creating a separate economy or a separate society out of the international business sector. I am not of that view because I believe that the international business sector has to be part and parcel of Barbados, and Government has no intention of creating a separate economy or a separate society out of the international business sector.

Mr. President, when we are looking to create efficiency for international business, we have to look to create efficiency for business in Barbados. I do not think we would go very far if we are going to create a framework where a person who comes to Barbados to do international business finds a more efficient framework than when a Barbadian seeks to do business, so there has to be efficiency across the board.

Mr. PRESIDENT: Senator, you are almost out of time, could you wind up in the next two minutes, please?

SENATOR THE HON. Miss L. V. EASTMOND: Thank you, Mr. President.

I believe that going forward, the legislative framework: the legislation, double taxation agreements and free trade agreements, has to be a fundamental framework where any type of business, financial services, call centres or whatever type of business you wish to be engaged in from Barbados, can be facilitated through these activities. I believe that with that vision, this international business framework which we are developing would prove to be extremely dynamic in terms of creating jobs, earning foreign exchange and creating a dynamic, robust, innovative and vibrant economy for the people of Barbados now and for future generations.

I thank you, Mr. President.

SENATOR F. J. STUART: Mr. President, I want to congratulate the Minister of Commerce, Consumer Affairs and Business Development for what was a very expansive and enlightening speech. She was very useful in terms of elucidating issues in the international business sector and in giving the Senate and the country some insight into the vision of the Government for the sector. So, I think the Senate and the country is indebted to her for the very balanced speech which she delivered here today.

Mr. President, both Sides of the Senate agree that this sector is important to the economy of Barbados. The Minister is quite right when she claimed for her Party paternity of the sector, it having been formally introduced some time in the late 1970s when the Barbados Labour Party was in office. I think it would have been most surprising if after ten years in government, between 1994 and the present, the Government was able to come here today and not report any progress at all, so I think the goodly Senator's speech has to be evaluated within that context.

Mr. President, we agree, as the international commentators, that this sector is very important not only to Barbados but to the world's economy. Recent International Monetary Fund analysis of the sector disclosed that between ten and twelve trillion United States of America dollars float around in the sector. Sir, viewed through the lenses of a country like Barbados that must mean that there is a lot of foreign exchange to be earned from this sector. However, ours are not the only lenses through which the sector has to be viewed. The so-called onshore jurisdictions, the North Atlantic countries, from which most of our businesses come, have lenses as well. While we speak of the amount of money to be made from the sector, they look at the amount of money to be lost as a result of the leakage that can take place in the

development of this sector. Of course that is the explanation for a lot of the tension to which Senator Eastmond refers in terms of countries trying to protect their interests.

Mr. President, the reality we have to face is that for all of Barbados' history its economy has been vertically integrated into the economies of countries in the North Atlantic. It started with that period in our history when we were limited to exporting primary products to the European capital, and we were equally limited to buying finished products. The debate then was the prices that we were paying for our primary products and the prices at which we had to purchase the finished products from developed countries. Of course, that debate sometimes in the 1970s led to a maturing of the argument around a desire on the part of countries like Barbados, certainly most the Caribbean countries and some countries in Asia and Africa, to the demand for a new international order, in order to redress the imbalances in the distribution of economic benefits across the world, the distribution as defined by the relationships between the countries in the South and those of the North.

12.30 p.m.

Mr. President, as a small developing country with an open economy, that was the first phase of vertical integration to which we were introduced. Almost concomitant with that, and deriving from developments taking place, such as how businesses saw themselves, the prospects for making profits and the changes taking place in the economies of those countries, a second phase of vertical integration was entered into, which reflected itself in direct foreign investment in poor countries in the area of manufacturing in terms of micro electronic components and garments.

We, in Barbados, of course, are only too familiar with the initiatives which we have taken to introduce fiscal incentives legislation to attract that kind of business to Barbados. Of course, we had to give very generous tax holidays to these businesses and one of the scars that is left by that experiment was the scar of very low wages paid to the workers who were employed by these foreign businesses.

Mr. President, there was a debate in the late 1960s/early 1970s in Barbados between the Democratic Labour Party and the Barbados Labour Party as to whether what the then Prime Minister of Barbados, Mr. Errol Barrow had said, could have been defended, that is, that cheap labour was better than no labour at all. That led to a very spirited debate as the Government of the day had tried to defend foreign direct investment in the manufacturing sector, both at the micro electronic level and in the area of garments.

Mr. President, as I had listened to that debate, it was for me an academic exercise but, only recently in a professional capacity, having to represent a worker who was dismissed from one of those establishments after working 23 years,

I could have scarcely contained myself when I was told that her weekly wages was \$183. Therefore, for the first time, I then understood what the argument back then was about.

Mr. President, that phase shifted the focus from the first phase. The arena for the first phase was the field and for the second phase was the factory. There was then a third phase of vertical integration between the economy of Barbados and the economies in the North Atlantic. That phase had to do with Barbados selling its natural advantages to leisure and pleasure seekers from the North Atlantic. The Minister of Commerce, Senator Eastmond, was quite right when she said that the tourist industry is really a segment of international business. The definition which she gave is one with which I fully associate myself.

Sir, we were able then to sell our natural advantages to those leisure and pleasure seekers, and fundamental changes therefore took place in the economy of Barbados and in the economic arrangements to which we had grown accustomed. In fact, those changes have not ended, fundamental changes took place in the area of land use and in the use of some of our natural resources.

Mr. President, the reality is that experiment has paid handsome dividends to Barbados, as the tourism industry is now our chief foreign exchange earner. Therefore, as a country, all of us would do our best to protect it from any harm that might come to undermine its foreign exchange earning capacity.

Mr. President, allied to the sale of our natural advantages has now come the sale of our geographical advantages, our closeness to the North Atlantic capitals. In addition, the ease of travel and communication have made us in this country and in this part of the world prime locations for the kind of international business that is contemplated by the amendments before the Honourable Senate, the kinds of businesses identified by Senator Eastmond, as reflected in the legislation of the International Business Companies Act and the Exempt Insurance Act, *et cetera*.

Mr. President, not without significance, this is all referred to as a services industry, where Barbados' focus has now shifted from field and/or factory to office, through which we sell and are prepared to continue to sell services to the world.

Mr. President, since this sector is potentially so profitable and since, as I have indicated, there are so many trillions of dollars floating around in it, and the fact that the International Monetary Fund (IMF) has forecast that the global sector could grow at 15 per cent per year, we then have to confront the fact that what we perceive as business opportunities, those who stand to lose the foreign exchange which we seek, will perceive as channels of leakages which they must block from us.

That, in my view, explains the battle between 1997 and 2001, to which the Honourable Senator referred when the Barbados Government had tried defending itself against the incursions of the Organisation For Economic Co-operation and Development.

Sir, this is nothing new. Whenever the countries of the North Atlantic – and they are experts at this – want either to recapture or to preserve their advantages, or whether they want to pursue new advantages, they can find appropriate stratagems by which so to do.

12.40 p.m.

For example, when they wanted expansion of markets for their goods, they had known how to raise the alarm bell of violation of human rights. One remembers the absurdity of the human rights argument where the human rights issues of Cuba were being highlighted while the United States of America was in a close relationship with one of the most brutal and bloody regimes in Latin America in Chile under President Augusto Pinochet. The object was to get markets opened and, therefore, the human rights argument was pushed into the forefront. When the markets of Eastern Europe were an issue one well remembers former President Reagan on national television in 1983 calling on the world to light a candle in solidarity with Lech Walesa in Poland and Doctor Sakharov in the Soviet Union while Nelson Mandela languished in a prison and no candle was sought to be lit for him nor was any mention made of him. Sir, these stratagems are familiar.

In terms of international business, it is not surprising that these countries have now set upon a new set of stratagems designed to undermine the confidence of jurisdictions like Barbados and the profitability of the sector to jurisdictions like ours.

Sir, they have raised a number of issues. The point has to be made that when international business companies incorporate in jurisdictions like ours, it is because they see the advantage of doing businesses more profitably. The well known American economist Paul Krugman describes it as companies flying a flag of convenience for tax purposes. His argument was that these companies are allowed to incorporate where it is most profitable for them to do business and that the companies that remain loyal to the United States of America flag and stay at home are punished by the tax system there. He wondered when this imbalance was going to be addressed.

Sir, there is a real battle on this issue between the North and South and this is just a new variant of the old rivalry between the North and the South. These onshore jurisdictions advance arguments against offshore jurisdictions like Barbados around three principal issues. The issue of taxation is an important one since it goes to the very heart of the revenue-earning capacity of the onshore

jurisdictions as against the offshore jurisdictions. The larger countries from which these business companies and investors come point to the fact that some creative accounting takes place when their foreign businesses incorporate in offshore centres. Their headquarters remain in the North Atlantic but they incorporate in these offshore centres. They manage to get their profits made in the offshore sector where the taxes are low but somehow the business being done on shore turns out to be unprofitable. This is a matter of genuine concern for decision-makers in the onshore jurisdictions like Britain, United States of America and Canada.

I urge the Minister not be lulled into any false sense of security that these battles are over. With all of this money floating around in the sector, it is bound to be that these larger countries will find ways of coming back to undermine the efficiency and the confidence that is a feature of life in these offshore jurisdictions.

Sir, the tax issue has been put squarely on the table and it has an enormous amount of appeal for taxpayers in the larger countries like the United States of America and Britain because the citizens of those countries complain about the amount of taxes they have to pay and can, therefore, be easily influenced by arguments that suggest that there are others who by stratagems of tax avoidance carry a burden far lighter than they are being asked to carry.

Mr. President, it is well known that tax avoidance is a legitimate business approach but that tax evasion is against the law and so far the argument has evolved around the distinction between the two. These international business companies, in whatever area of business they are involved are basically claiming and not without justification that they are planning their business activities and taxes and are into tax avoidance but not tax evasion. Sir, in my view, that battle is going to continue for a long time because I do not think there is going to be any letup by the 'onshore' jurisdictions in this argument.

Allied to the tax argument is the issue of confidentiality or secrecy. The Minister made the pertinent observation that Barbados has concluded a number of double taxation agreements and that it is a term of these agreements that the parties to these agreements will share information with each other in matters relating to tax so that the veil of secrecy is partially lifted when double taxation agreements are concluded. There is a hint of greater transparency in those circumstances but it leaves, unattended, those situations in which there are no double taxation agreements and in which, therefore, onshore jurisdictions stick to traditional banking practices and conventions which insist that at the very core of the banking process is a commitment to confidentiality.

This has led to many problems between the offshore and onshore jurisdictions trying to pierce that veil of secrecy so that the leakage which is the primary concern of the onshore jurisdiction can be addressed. Mr. President, jurisdictions like Barbados have a vested interest in

protecting their reputation from besmirchment of any kind. Therefore, it is in this country's interest to protecting the reputation of Barbados from any allegations of impropriety or malpractice in this sector. Of course the Democratic Labour Party is committed to that as well. We think that it is a duty to our country and citizens to ensure that the reputation of the country is not exposed to that kind of peril. 12.50 p.m.

Sir, the issue of confidentiality and secrecy in those situations where there are no double taxation agreements is an area in which it can be expected that there will continue to be pressures from offshore jurisdictions from which the international business companies come.

The third area of concern is the issue of crime. When you look at the three issues raised, they all relate to one another, taxation, confidentiality and crime. The point is made that this overemphasis on secrecy, perhaps conceals a condonation of criminal activity, money laundering and that kind of thing that is going on in the sector. The Government of Barbados, while trying to put all of these arguments to rest, has in place legislation to deal with the issue of money laundering. I think that the commitment of this country to strengthen our regulatory framework and to make sure that spectre does not raise its head in Barbados is to be commended. The Minister indicated that the focus was on what she called product enhancement and strengthening the regulatory framework. The most casual look at the Bill before the Senate indicates that commitment to the strengthening of the regulatory framework and the attempt to enhance the product.

Mr. President, I had hoped that in her long and very interesting speech that the Minister would have given us some kind of report card in terms of jobs created in the sector and the average amount of foreign exchange earned by the sector. Perhaps, when she winds up the debate she may want to share that information with us. If the Government is doing all of the things which the Minister said the Government is doing and with which we agree and are privy, the results are not manifesting at the level of job creation and the earning of foreign exchange. Then the question that has to be asked is whether these initiatives about which the Government is able to boast are really worth boasting about. Sir, I should really like to hear what the sector is doing at the level of employment creation in terms of numbers and, of course, the earnings of the sector.

I am aware that one of the concerns expressed in the sector is that a significant number of registrations take place annually but a lot of the companies do not remain active. Therefore, boasting about the number of registrations without zeroing in on the number of these registered companies that remain active and actually do business for Barbados, leads to false conclusions.

It would be interesting to hear whether the Ministry accepts the distinction between active and inactive

companies. Since the Minister indicated that all of the international business companies were reviewed, over 400, it would be interesting to hear how many of those companies are regarded as active and inactive participants in this sector.

Mr. President, having said that, we on this Side have no particular difficulty with the provisions of the Bill. There are no areas of obvious controversy which should engage our attention. We understand the thinking behind the Bill and I think that Senator Eastmond put the Government's case as clearly as I think that it could have been put and, therefore, the Bill can rely on our support.

I am obliged to you, Sir.

SENATOR A. C. FIELDS: Mr. President, I rise to support this Bill. It could best be described as the tidying up of several pieces of legislation which are important to this sector. I think that the financial services sector can best be described as a relatively new phenomenon in Barbados and maybe it is not as well understood as it should be. Certainly not as well understood as far as the benefits to the economy of this country are concerned.

Sir, we all understand the agriculture, manufacturing, retail and distributive sectors and in the 1970s we began to understand and to be comfortable with the tourism sector. Some people would say that we are still challenged in the way we treat to the tourism sector and that we still do not understand the importance of it to Barbados.

Mr. President, maybe in an effort not to steal the Minister's thunder but to satisfy Senator Stuart's knowledge, I could tell him that over 3 000 persons are employed in this sector. As far as I know, there are over 2 000 active businesses in this sector.

Sir, this sector has contributed over the last several years over 40 per cent of the tax garnered from corporate Barbados. Over \$400 million in foreign exchange has come into this country in the last year due to the activities of this sector. More important, while we see that we are training nurses and teachers for employment abroad, this sector has been employing a significant number of university graduates, giving university graduates a new focus, and, hopefully, the university is responding in a proper time-frame to a changing curricula which will allow these people to leave university better trained and better able to take advantage of this tremendous opportunity. There are opportunities in law, finance, business administration, international business and accounting.

I would like to dispel the notion, if, indeed, there is such a notion, that Barbadians are not trained to take advantage of these new opportunities. I am closely involved with a number of businesses in this sector and I continue to be proud of the Barbadians that I see operating effectively as support people in this sector, largely populated at the top by

foreigners who have the expertise, knowledge and ability to bring those businesses to Barbados. Sir, you can be very proud to go into a business meeting in one of the entities in this sector and see Barbadians performing in top roles. It makes me very proud to see this happen.

1.00 p.m.

Asides.

SENATOR A. C. FIELDS: This legislation really has tidied up several pieces of legislation. It has certainly brought to this sector a better formality of controlling, accountability and putting penalties on individuals, even on directors. Barbados has a track record of having a clean business sector. We have been scrupulous in identifying and in weeding out the good from the bad. We can stand here today proud that although the offshore sector may not be as large as the Cayman Islands or the Bahamas, it has certainly got a reputation for being clean, and there have been no huge scandals coming out of companies registered in Barbados.

Let me also say that those people who would want to compare the offshore sector in Barbados with the Caymans or the Bahamas, we, as Senator Eastmond rightly pointed out, started from a different premise. We started from the model that we inherited with tax treaties from Norway and Sweden and built on those treaties, so this is a treaties-based legislation that we are operating with. I believe that some of the challenges for the offshore sector have not been the lack of legislation – and there was some of that – but the lack of understanding of how to operate within the double taxation treaties, rather than operating under any specific legislation built or crafted specifically for their use.

Also, I would like to report that the Barbadian companies are now taking advantage of having IBCs in Barbados. They are taking advantage of the segregated cell legislation. They are taking advantage of the segregated accounting legislation, especially in the insurance field, and are doing well.

Only within the last two years, Barbadian companies had the capacity to operate within CARICOM, albeit outside of Barbados from an IBC. They have been taking advantage of this facility for Barbadian owned and operating companies. There is still a long way to go. There is no question about it. There is still legislation that needs to be brought in to facilitate the growth of this sector, but having said that, if you talk to the people in this sector, you will realise that a lot of the things they require, and the deficiencies they point out, could benefit all Barbadian businesses.

They come here from different jurisdictions and they have a different understanding of the time it takes with customs clearance, the time it takes with immigration formalities, the time it takes with town planning formalities,

the time it takes in the registry, and the time it takes for business name searches, something as simple as registering businesses: but Barbadian companies and Barbadian entrepreneurs are challenged by the same issues.

I applaud the Minister when she pointed out that there is legislation needed in Barbados which will benefit all sectors, and not specifically the offshore sector. I would encourage the Government to focus on some of the legislation that is needed to facilitate all businesses in Barbados.

We have all heard about public sector reform, and unfortunately that reform seems to be driven from within, and it is going to be very difficult to encourage people to change themselves. In fact, it is an impossible task to change the culture of a people, using those same people. Therefore, it is fraught with problems but I must say that we have noticed a beginning in some ministries and we would like to think that the Public Sector Reform which was touted so loudly a few years ago, could be re-emphasised and pushed because that in itself would be a great facilitator of the offshore sector, as it would be a facilitator of the local sector.

Senator Stuart rightly pointed out that businesses come to whatever jurisdiction when they can do their businesses more profitably. While this is true and can be done in many jurisdictions because they are all fighting for the same market, they are all fighting for a share of that \$10 trillion to \$12 trillion that was spoken about. Barbados has managed to differentiate itself by its commendable infrastructure, by its health care system, by its educational system, by safety of the person in Barbados, by the friendly people that we have, by the political stability first and foremost of the country, and by the same facilitation that we speak so guardedly about.

Therefore, I would like to think that we should continue to enhance these attributes, and continue to let the man in the street understand what the offshore business sector, or the international sector does for him, as we are gradually getting across the message of what tourism does for them. It has taken 30 years for the man in the street to understand what tourism means to his pocket.

If we can promote the offshore business sector, if we can elaborate on what they do in this country, the employment they generate, the foreign exchange they bring, the people they employ, not only in their businesses but on the periphery of their businesses, all of the gardening services, the various uses they make of the infrastructure, such as going to restaurants, enhancing the same tourist industry, we will be well commended if we could ensure that whenever we speak we send the message.

I hope that it would not take 30 years to get rank and file Barbadians to buy into the fact that this sector, not only is a part of our future, but that the future of Barbados is

somehow inextricably linked to the future of the whole financial services sector, whether it is tourism, offshore businesses, banking or any part of this sector.

Barbadians have to understand that we are going to have to go through a period of retooling and retraining, and I mean this in the truest sense of the word, in agriculture and manufacturing. Unfortunately, it is very difficult to be competitive in the outside world, with products produced or grown in this country. While I am a great advocate of protecting our food security, and I think it is something that we should all feel very strongly about, having said that, the reality is that when it comes to earning export dollars, we are in a far better position to go forward, earning foreign exchange dollars through tourism, through the offshore sector and the financial services, than we ever will in the reality of earning foreign exchange for manufacturing products which are largely imported products that have been converted, and from producing farmed products for export with exception, of course, to cotton.

Asides.

SENATOR A. C. FIELDS: I am not looking at the Honourable Erskine Griffith for any special reason, because we know that cotton has a great future for export.

Asides.

SENATOR A. C. FIELDS: ...the black belly sheep, yes, where I have a vested interest.

Sir, having said that, in all seriousness I think we need to educate Barbadians to the role that this sector plays, and not vilify this sector as some special sector that is creating an increased cost in property, and taking up certain bits of land in Barbados that Barbadians think should be theirs by right.

Mr. President, I thank you and once again, I would commend this legislation to this Senate.

SUSPENSION OF SITTING

SENATOR THE HON. E. R. GRIFFITH: Mr. President, I beg to move that this Sitting be now suspended until 2.15 p.m. today.

The question that the Sitting be now suspended until 2.15 p.m. today was put to the Senate and agreed to and Mr. PRESIDENT suspended the Senate accordingly.
1.08 p.m.

RESUMPTION

Mr. PRESIDENT: This Sitting is resumed.

SENATOR Sir ROY TROTMAN: Mr. President, I rise to give support to the Bill that is before us. I speak not so much because the matter was not covered quite comprehensively by the Minister who introduced the Item before us, but because it gives me an opportunity to address certain important issues which have come before us over time.

Mr. President, we had a Senator in this Chamber today who has said that he can understand that the focus of labour has shifted from the field and the factory. For someone who can understand that the future of labour has shifted from the field and factory to the office but who would fail to appreciate that labour representation would have to transform itself, such a someone would have to be considered an intellectual eunuch, because I think that we would recognise that in all times and in all societies, we have to be able to come to grips with the challenges that are brought to us by the different kinds of trading business arrangements that we are faced with and that we have to find approaches which are most acceptable to address those challenges.

Mr. President, I speak as a Member of this Honourable Chamber from my position as a representative of working people, understanding very clearly that what is required, especially in times like these, is for us all to understand that the challenges before us have got to be challenges which bring from within us that greater strength and that greater sense of initiative required to bring about new ways of dealing with things.

I do not believe that mine is the position of the Leader of the Opposition of any country, and surely not of Barbados, nor do I believe that I am supposed to be the creature of a Prime Minister or anyone else. I wish to make that clear for all those who would have the Barbados Workers' Union direct itself to accommodate their whims and fancies.

The person, in moving this Bill before us, indicated that we have to be very conscious of the fact that Barbados never intended to develop a brass plate business. Mr. President, I agree and support the view that ought not be the intention but I would wish to warn Barbados at this time that we need to recognise that several of those brass plate businesses may very well try to exploit our business environment here in Barbados. Mr. President, without speaking to matters which are likely to be before somebody's court, I merely wish to say that those young Barbadians now being faced with imprisonment within the United States of America may very well be victims of such brass plate business practices. It is

most important that when the Government moves to put the environment in place that it also endeavours to run the kinds of checks, the Minister called it due diligence, that are required and more than that to get any kind of international assistance which may be possible to separate the wheat from the chaff.

2.20 p.m.

Mr. President, though international business may be good for the country, it also provides the opportunity for the "slicksters" to use the environment to their own satisfaction.

Mr. President, I do not say here that I am accusing any legitimate business person or that I am casting aspersions on any particular business person, I am merely saying that the environment is one in which there is the possibility for misguidance or is one in which there is a possibility for abuse and that, therefore, we have to be careful to offer the protections.

Mr. President, in speaking at the introduction of the Bill which is before us, the Minister said that Government had answered the challenges of International Business by:

1. Being party to the arrangements to the setting up of the Caribbean Single Market and Economy (CSME)

[and that is to be noted and complimented]

2. By setting up protection for businesses and for markets

[and that is to be complimented]

3. For setting up enabling investment environments for business.

[and again that is to be complimented].

I have no reason to fault that. In fact, it was an excellent presentation as has already been said by an earlier Honourable Senator.

What the Minister did not say and what I would have liked to hear the Minister to have said, was that also set up, or also being planned to be set up, are labour protection initiatives. Sir, in the same way that we have to address the factors of production, the environment and capital, in an equal way we have to recognise that a significant part of this new initiative, a significant part of this explosion of new will and new capacity, must be the position of the working person, man and woman, management worker and non-management worker alike.

Sir, where we are not being careful to set up that kind of an environment, we are then at risk of causing significant damage to ourselves and indeed to our future generations.

I think that is a truism which does not bear any lengthy discussion but I think it has to be a position that is taken nonetheless. If we do not start from a position where the growth, development and successes of a country are seen not merely in the growth of capital, we then run the risk of failing to heed the challenges that are set down by the Secretary-General of the United Nations in his Dubois address sometime towards the turn of the last century, when he said that for development to be realistic and meaningful, it had not only to be the development of capital but it had to be development of people as well. Mr. President, in any event, there is no reason why we should want to have the first, if the objective is not to bring people to a higher level, or to a higher plain on which to be able to exist, or in the cases where this happens, to subsist.

I wish also to critique the position which is sometimes taken regarding the World Trade Organisation. The Minister, in my view, again was right on the ball where she said that even where people sit in the negotiation rooms and thrash out the actual words within a contract, a treaty or a World Trade Organisation ruling, that there needs to be a recognition that the question of interpretation becomes all important.

The Honourable Leader of the Senate, I am sure in his most recent life, would have been more able than perhaps anybody else in this Chamber, to confirm the significant battles which small societies have had to face and to which he had been privy, regarding how to ensure that latter-day interpretations are not put by major countries onto agreements which were arrived at, in the views of developing countries, in good faith when a different level of interpretation was intended.

Mr. President, we think that will continue to be a matter to exercise the skills, talents and time of our very talented international bureaucrats. I do not like to use the words "bureaucrats" or "technocrats" but I deliberately used the word "bureaucrat" in this context because that is where it is better used.

I think that it has to be understood that the task set for small countries like ours is a task which will increasingly get worse, because as international business competition becomes greater and greater, the increasing possibility exists that what gains we have had, or what gains we foresee for ourselves by setting up this piece of legislation, might very well be overturned by a vote in a particular country, or by new sets of events like the increase in oil prices, or simply by a recognition that there is the need for protective mechanisms in one environment versus another.

I do not think that it is any secret that the great United States of America is very alarmed at what is the fall-out resulting from the level of business activity which went

offshore. I do not think that it is any matter of secretly regarding the great degree of concern which labour in that said country has had about the loss of jobs there.

Mr. President, however, their position has differed from mine. Their position has been that the jobs ought to be kept, that the society should be one in which they will always be able to have those jobs. Their position has changed over time to one in which they said that the jobs should be ones in which fair labour standards are applied. That is a position with which I have a certain community of interest.

I think that along these lines, Mr. President, it gives me an opportunity to be able to recognise that in this country, the debate as to how the Caribbean Single Market and Economy may pose significant challenges for our people becomes one in which people are better off hearing a full story, rather than believing that because of their office, they are invested with special powers of clairvoyance and understanding, even when they do not know what are the issues, and that they can speak, not as the scribes but always as ones having authority.

Mr. President I have, from time to time and from place to place, spoken to what I have perceived to be the need there is, not merely for a Caribbean Single Market and Economy but for recognition that a Caribbean Single Market and Economy is an important tool in giving the Caribbean a single voice in the international arena.

Mr. President, as someone who is serving in the international arena, I am aware that this instrument, the Caribbean Single Market and Economy, as part of the overall planning for having international business, international trade and international exposure for our people, would provide opportunities beyond those opportunities which currently exist.

2.30 p.m.

Sir, in adopting this position and being in the vanguard who said from the outset that the Caribbean Governments made a mistake in determining that the only people who could have freedom to move were students from the University of the West Indies but there ought to have been a regime which allowed for freedom of movement to involve grassroots people as well, having been one who has said this, I do not need to apologise if I take the position that says there needs to be a system of regulation.

Sir, in Great Britain they are moving towards that, especially as it relates to their security system. On April 30, 2004, Slovakia and Damascus joined the other 15 in the newly expanded European Union. The first thing which the 15 said to the 10 was that they should not believe they are getting the jobs which they had. Sir, they have had 50 years experience in trying to form an economic union and yet they realised that there had to be the matter of gradualism as one

approaches so significant a thing as the future of economies via the mechanism of the future of work. The Minister who presented the Bill put it graphically when she said that if one goes to London and goes into the reception area, one is forced to ask oneself if one is in old England. I daresay that can very easily be understood as part of the changing times.

Those of us who had the experience of travelling across the European Union can tell you that in all of these areas there have been carefully crafted provisions to ensure that the residents and citizens of the original countries are taken care of as a first requirement. Anyone who does not wish to admit to this is not really on all-fours with the truth. They may live in the same house, but in separate bedrooms.

Mr. President, we have to be able to take note of the significance of the position set out in this legislation, where our own initiatives in the Caribbean have to be visited very carefully if we are concerned with putting rights in place, having the protection of the right business environment, the right investment environment but we have to have the similar labour rights environment. Should it be possible for there to be unregulated entries of people into the country before the Caribbean Single Market and Economy is a reality to such an extent that those who live and work within that country are in jeopardy of losing their patrimony, I suggest, Mr. President, that it is a matter on which we ought not to see a political divide. We should see only a concern for taking care of our neighbours after realising that charity begins at home particularly when we are conscious of the fact that much of what passes does so in an environment where parties involved are not concerned with the nobility of the issue but rather with the private greed for individual gain. Then, we have to be able to follow the correctness of the position.

Sir, I will make this instrument a document of the House. The Honourable Consul for Guyana, Mr. Norman Faria in a Press statement was careful to say that there must be a more structured system of bringing workers to Barbados. Sir, this is not the General Secretary of any trade union in Barbados speaking but a representative of the Government of Guyana who made this comment. Sir, this trade union leader was not speaking about Guyana alone but about people in all areas but, Sir, I will come back to that point.

One of the important things that Mr. Faria said was that the Consulate had put a proposal to the Ministry of Labour in Guyana for consideration and that the consideration would be one to give a more structured and regulated arrangement to ensure that workers' rights are respected including paying proper wages and benefits.

It would also weed out unscrupulous and low-paying employers and intermediaries such as so-called immigration consultants and lawyers. Sir, those are not my words because

I would never refer to lawyers as "unscrupulous". These are the words of a representative of another country writing in a position that I think we have to respect because he was clear that those people who speak to indiscriminate movement are not attacking the idea of the Caribbean Single Market and Economy but are concerned about unregulated appearances and approaches in any field.

Indeed, Mr. Faria wrote on May 15, 2003, to the Honourable Samuel Insanally, Minister of Home Affairs and again adverted to this issue. He said that the benefits of such an arrangement should become apparent to Guyana and Barbados as well.

Sir, among the things he quoted were things I referred to in construction and the hotel industry. These things have been mentioned and it, therefore, allows me to refer to them. His words in this document, which I have already made a document of the House and his words are that "the undocumented workers are particularly exploited by small sometimes unregistered construction firms which use the undocumented status to their advantage." I think he means holding people's passports, which is what they usually do. He goes on to say that the boss puts off paying them for a few weeks promising that they would be paid. The boss then runs to the Immigration Department and has them deported for overstaying thus avoiding paying them their wages. This is what Mr. Faria understands goes on and he wants an arrangement which is regulated and which may be inspected.

Sir, if he says so and the trade union movement of Barbados is saying that they want a registry and inspectorate, what is there that should call for a division?

Mr. President, at the end of the day, we have a society where Barbadians feel that they are being denied jobs. Sir, it is not just a feeling because it is happening all along the South Coast. They are being denied jobs, because they are not speaking with the accents that are in London. What is going to be the alternative with us? Since we cannot find jobs, we will have to find prison space. It is simple as that. It is true now as it was in 1937 that a hungry man is an angry man and that is doubly so for women because a woman has a clearer instinct regarding the protection of her children than sometimes the man does because sometimes his only role is to father the child.

2.40 p.m.

I want to make it clear that we in this country must cease behaving like the ostrich, burying our heads in the sand and pretending that problems will go away because we are not willing or able to address those problems.

Mr. President, I do not wish to spend the whole afternoon dealing with that because the Minister addressed some very interesting subjects beyond those. She spoke to

the need to recognise standards. When the Minister spoke to standards, I believed that she was referring to standards in the trading avenue and arena. I have already adverted to the need for us to be careful to police those regulations and standards.

Sir, I also believe that we have to be careful to ensure that the standards which within a Caribbean Single Market and Economy are set, are standards for which we ought to have no cause for alarm. There must be a swifter effort being made to have harmony in those standards so that the way in which the trade is conducted in one country, the standards that are used are not strangers to other standards. The standards that are used to apply to social security, pensions and social protection are standards which are "levelled up" to the level of those that we consider to be satisfactory.

Mr. President, notice I said "levelled up" although the purists in the English language would not have the expression "levelled up" being used. Senator Symmonds might not be very happy with me, Sir, but I think that she understands the idea that I want to convey. We must not be getting a grader to take off the top of those who enjoy relatively satisfactory standards but instead we must get some mould from somewhere and we must bring this up onto the playing field so that the level becomes the same or very close to being the same for all and sundry.

I believe that Barbados will benefit from the business environment that comes from a Caribbean Single Market and Economy but I believe that in some of the issues that are before us we have to realise that there cannot be that one day we will determine that this shall be the day on which we declare the following issues, especially if they are human issues to be narrow in effect. For example, we cannot take January 1, 2005 and say that this is the day on which everybody will be able to live and work freely. We have to phase in institutions and practices such as those. In the same way that we understood that we could do it for a particular group of people, then we have to be able to understand that has to be done and structured in that way.

I equally believe that we have to be able to recognise that we have to share and to be willing to share especially in times of hardship. Now that we have a particular oil crisis, it was very good to hear Trinidad offering to help the rest of the Caribbean in the particular crisis that there was. It would be useful to discover whether they got beyond the promise to an action plan that allows us to receive our oil at a discounted rate, particularly against a background of the knowledge that they sell it outside of the region more cheaply than they sell it within the region.

Sir, it is a matter like this that tells us that all is not well with the talk about a Caribbean Single Market and Economy and that, therefore, we have to be careful to protect our

corner, while at the same time indicating very clearly to others that we are willing to treat. It will look sometimes as though there is a contradiction but sometimes there will be contradictions. If the heart is in the right place then we cannot be going far off. I believe that Barbados' heart is in the right place but sometimes we have to be careful not to open our mouths and put our foot in it.

Thank you, Sir.

SENATOR Miss S. C. V. HUSBANDS: Mr. President, as I look at the situation of the international business sector and what Barbados is seeking to achieve in terms of the development of the economics, I must commend the Government for its tremendous efforts over the years to help us establish another foreign exchange earner to preserve the quality of life for Barbadians.

Sir, as we know, Barbados pursued this sector in an effort to diversify its economy and sought to pursue the development of it through an achievable and sustainable method. One of the most important things that we have to recognise about our economy is that it has to be transformed and changed. Barbados has to pursue whatever is available to it in terms of its resources and its abilities and be able to use that to the maximum effect for the benefit of the nation.

We have pursued and achieved a sustainable course in setting up the international business sector. It has already been outlined that it was achievable for us because of the infrastructure, human resources and competencies. The Minister outlined for us how it was set up in terms of double taxation treaties and the careful selection of business that we allow to enjoy the benefits of our country.

Mr. President, if the sector is to continue to grow and become integrated, I feel that there has to be an understanding of the sector by all concerned, whether they are those in Government who are at the policy making level, those at the business level or those seeking employment within that sector and the wider public.

Sir, I think that it is important that the average citizen understands what is the international financial sector because when the sector is being discussed, certainly at the level of Parliament, some people feel that the discussion of the sector is far removed from the everyday person. This is unfortunate because it provides tremendous benefit.

It has been outlined by Senator Field that we enjoyed a 40 per cent contribution to our tax take as a government and this contributed significantly to the foreign reserves. What does this mean to the average Barbadian? It simply means that through the contribution of this sector, Government would have been able to do the things that we have seen happening across the country. For example, road repairs, school repairs, dealing with health issues at the

hospital or stimulating the economy through its capital works programmes by stimulating the construction industry, thus providing the opportunity for small contractors to get business and be able to develop and employ people.

Mr. President, if we were to translate the benefits of this particular sector to the average Barbadian that is not directly employed in that sector, we can see those benefits around us. It is important that we are able to replace the revenue that we can no longer earn from sugar with this important sector that can contribute handsomely to our growth and development. Therefore, it is imperative that we seek to protect and develop it in an appropriate manner so that it can continue to do so. What is it going to require? First of all, I feel that if we are going to maximise the participation of the Barbadian in the international business sector, it is important that information, education and awareness take place.
2.50 p.m.

For example, students at the university can understand what are the opportunities available for them there. This is very important because what often happens to the average student in Barbados is that they do not know where business opportunities are, and how they can direct themselves in terms of their career development and pathways. I see that one of the things we need to do is carefully to explain how this works and how students can participate.

The other area that needs exposure, if we are going to continue to build the sector, is to help local businesses to understand how to utilise the benefits offered in the international business sector to be able to develop themselves, so that they can become IBCs and get out into the world and export their high quality goods and services.

I think this cannot be stressed enough because so often we tend to be so inward looking, especially as business people, we can be so caught up in the everyday management such as payments and salaries and issues pertaining to customers and production that we often overlook the necessary function of looking at your development strategy for the growing of our organisation, and putting things in place to be able to take advantage of the changing environment around us.

I think it is imperative that those of us who have responsibility for businesses, and those of us who offer services to businesses, take the time to educate people so that they can see what they can do to benefit from this particular sector.

I like how the Government is purporting to develop its International Business Sector. It is not only seeing it as a means to attract foreign businesses here, but necessary to develop local businesses to participate in the sector, and it is from that angle I am speaking. If we are going to take full

advantage of it, then it is absolutely necessary that there is a re-education and redevelopment of our human resource and the quality of service which we offer.

I take to heart what the Senator Sir Roy Trotman shared about the issues he raised concerning labour within this environment, and the many challenges that we experience, in terms of safeguarding the quality of work condition, the quality of pay, the fairness of the situation and the preservation of Barbadian jobs.

When I examine what is happening within the labour market, I think the chief protection that the Barbadian workforce can have for the protection of their jobs and their capacity to get jobs overseas, is really in the pursuit of excellence, retraining of their skills, and being as productive as they can be, being customer friendly, being responsible, being diligent and when backed by a diligent union, that combination will make the Barbadian labourer, the Barbadian worker, the Barbadian professional, a worker that is in high demand anywhere in the world. I see that as the best path that we can utilise in order to protect the Barbadian situation.

I believe that if we do not address that side of it as well what we will do is seek to protect a job without demanding the corresponding performance and productivity, thus, injuring the economy, injure the sector, and that worker then loses the value that the sector could bring to them because of non-performance.

I was very proud to hear Senator Fields share with us the performance of the Barbadian professionals within that sector at the moment. I am sure that within the call centres, our people have the capacity to deliver what is required to make that sector and Barbados proud and create the demand for Barbadian labour within this environment.

Therefore, I want to challenge each and everyone to see how we can assist the Barbadian human resource to continue to make the necessary changes in terms of skills and work attitudes to be able to participate meaningfully in that sector. Very often when the international business sector is spoken of, people feel that it does not bring any benefit to small businesses. It is true that many small businesses have not been able to perceive the value and the opportunities that are created there but that is something that I have every intention of changing very shortly, to ensure that small business persons recognise how they can participate.

I want happily to inform the Senate that one of my small business members right now is registered as an IBC. How did that come about? The person worked with an IBC that was registered here, and being a part of that organisation, being able to see how it works, functions, gaining the experience and the knowledge coming from that

experience, that person was not only able to make a living within that situation, but when the conditions changed at that particular workplace, they were able to take those skills and be emboldened with a spirit of enterprise and entrepreneurship and set up their own IBC. I have to congratulate them heartedly on that effort, because it is a bold move by a small business to begin to think world class, and move in that direction. We have other businesses that are seeking to reach out internationally.

Sir, when I look at the Government's policy in relation to the area of international business, as I said earlier, I see that we are seeking to develop a class of local businesses that can offer world class service. What are the things that the Government is seeking to do in order to support the effort by the local businesses to get involved in the international business?

Some of the policy measures that were outlined in the financial statement presented by the Prime Minister in November, outlined a number of policy initiatives that the Government intends to pursue to be able to support and strengthen this particular sector. One such thing is the Services Investment Facilitation Bureau. The idea behind this bureau is to draw on the collective experience and know-how of all the relevant Government agencies. This Bureau will activate all aspects of the Government's regulatory machinery to address and resolve the very issues to realise services investment projects conceptualised by the private sector.

In other words, this particular bureau would assist businesses that want to invest into Barbados to fast track and speed up that process, so that there is a higher level of efficiency in terms of how we are able to integrate those new businesses into the international sector.

Another policy initiative that will be undertaken would be the Services Investment Guarantee Fund, which seeks to provide coverage for businesses that are engaged in cross-border investment. The whole idea is to be able to cover risks such as unexpected currency volatility, transfer restrictions, breach of contract, war, and civil disturbance. Through this fund the Government would give confidence to people who want to engage in international business.

We already have in place, since 1998, the Catastrophe Fund which is to support and encourage the formation in captive insurance industries to allow for the development of that class of international business. Now there is a lot of distress across the world as we seek to engage in new economic behaviour and we have the emergence of these new forms of business.

I understand and hear the cries, and those were very well put by Senator Sir Roy Trotman, as he talked about the challenges in Europe towards the production of labour, and

if we open our borders what would happen and the distress that might be experienced in London. Certainly, we hear the cry across America about the export of American jobs and so on. I understand the challenge that we have as we see the new structure emerging that its very emergence brings death to an old structure which will create pain, but the adage that you cannot put new wine into old wineskins is very true here.

Why is it necessary that the world flows in the direction that it is flowing in now? Why is it necessary for us to find meaningful ways to advance it and seek to minimise its impact without necessarily holding back the emergence of the new structure? The truth is that anything that is living will grow and keep transforming. Therefore, at every stage of its development, will require a different approach in order to manage it. Each time it grows and requires something different and new, it will break the old mould in order to go to its new level of growth.

3.00 p.m.

Mr. President, if we try to keep the world's economy operating on the old principles, it would use up all the available energy in that old structure and when it cannot get new energy to break out into new structures, it would collapse on itself. Therefore, the change from the old to the new has to be managed, it cannot be stopped. To seek to stop it would be to create the very death you are trying to avoid. This means that when we hear Tony Blair sharing that there is over \$900 billion available in business that we are not tapping into at the level of world trade, because we have not been able to put the system in place and get them working as efficiently as we should, what he is saying is that there is a great loss of profits going on because we are not able to do it. So in order for us to tap into it, we would have to have different relationships, different legal frameworks and we would have to open our borders so that other people would open their borders that we can go in and maximise what is probably our area of speciality.

Mr. President, this new environment calls for a level of excellence. It calls for a people understanding that we must operate at a level where we can meet any standard across the world. It is saying that mediocrity can no longer satisfy us and that we must find new, better, creative and innovative ways to move into the new world and lay hold of what it has for us.

Mr. President, the truth is that inefficient and ineffective economies are not going to make it in this new world order. This new world order is not structured to hold us up by charity. It is demanding the best of every single citizen. We have to be conscious of this and we have to craft very carefully how we are proceeding forward into that world and make sure that we can participate. We must let go of the old wine skin and get the new wine skin and proceed boldly into that new world. This would present challenges if

we are going to create organisations of excellence. If we are going to do that, then we have to be able to attract the very best to our organisations. But who is the best? This means that we would find ourselves setting aside nationality and boundaries in order to find who is the best.

Mr. President, if we are going to produce our products in the most effective way, it means that we would have to ignore boundaries and go and establish where we can produce the most competitive product and get it to the market in the shortest possible time. This is what is driving this new world economic environment which is calling for excellence, swiftness, focus and energy. So how do we deal with it as a nation? How do we prepare to participate meaningfully? How do we deal with the fall-out when people are not able to make the transition? What is it going to require in terms of policy?

Mr. President, when I look at the strategies laid out by the Barbados Labour Party, what I see demonstrated is a very clear understanding of what the new world order calls for. There has also been a tremendous effort to put in place all the things that are necessary to help us to get there.

Unfortunately, Mr. President, it is not always understood and put in context so that people understand the linkage between one thing and the other, so that they understand that you are not doing a lot of disparate activity, but that it is all connected towards meaningful and effective participation in the new world environment. If it is going to take a transformation of our human resources, it means that we would have to change our educational system. This is why EduTech is important and I would not cease to say it here or anywhere. It is going to require the effort of every single educator in this country to understand that they must put their energy and their passion and make again a sacrifice to see that this nation safely transitions and produces a human resource that can participate meaningfully in the new environment.

Mr. President, it is going to mean that we have to develop the type of infrastructure in our country that allows this country to be a first-class country within which to do business and that all the necessary facilities are present and functioning and available at reasonable cost. This is why we have to pay attention to things like our road structure, our telecommunications and to our airport and seaport, hence the Government's policy of seeking to upgrade those types of facilities to allow us to participate meaningfully.

Mr. President, it means that if we are going to be bringing international businesses here, we must have the types of legislative frameworks that allow for a high standard of business transaction going on. For example, you have things like your Fair Trading legislation and all the

legislation that the Minister shared earlier in terms of what governs that specific industry. Therefore, your income tax structures, *et cetera* need to be changed. All of these things are part of the preparation to get the economy ready to be able to participate meaningfully at that particular level. Mr. President, there are many other things that are being positioned to help this nation to be ready for active and meaningful participation.

Mr. President, in 1966 we achieved one of the greatest milestones any small nation could ever experience, which was political independence. We had some powerful and courageous sons and daughters of this soil who sat down and crafted and wove us towards independence. Barbados has the honour to be one of the few countries that pursued independence at that time that today can stand and say that independence has done us well and that we enjoy a standard of living equal to others that may not have changed their status and were able to build strong economies. We are a demonstration and an example that we took on independence and made it work for us.

Mr. President, today we are faced with the absolute necessity to craft yet again an economic independence where we are not being propped up by others or being safeguarded by the charity or the foreign policy needs of others, but where we are crafting an economic path for ourselves where we look after ourselves and make our way in the world. Sir, that cannot be achieved by a few sons and daughters crafting an economic independence. For that economic independence to make sense, you not only need the craftsmen of the policy, the legislative framework and the putting of things in place, but require every single citizen to understand what those changes mean and for them to begin to rise up and fill the space, to understand that we cannot do business as usual, to understand that we cannot treat education as usual, that we have constantly to learn and relearn and that every professional must engage in it, that we must embrace the technology and that businesses can no longer sit and be stagnant and do the same thing over and over again or do what somebody else is doing but must begin to develop new initiatives, new strategies and new business plans that would help them to cope with the reality of this new environment.

Mr. President, our citizens have to recognise that they can no longer sit and behave as though Government can do everything for them. They have to recognise that they have a responsibility to get up and do what they need to do in relation to their communities, to look at helping themselves, to look at reducing the cost of doing business with Government, reducing excessive demands on Government, reducing wastage of Government resources – and by Government resources I mean our resources – and begin to realise that they must behave responsibly towards the things that are around them and make them work for them.

Mr. President, our citizens must recognise that they must rise up and be productive and that they must be very conscious of how they use their own personal resources. I believe that Barbadian consumers need to understand that they need to buy local first, regional next and any other thing can play after that. That is the one way we are going to seek to safeguard our nation and our economy.

I am obliged to you, Sir.

SENATOR THE HON. Mrs. V. E. NEWTON:
Mr. President, I would like to congratulate the Honourable Minister and all the other Senators who spoke after her for the clarity and depth of the presentations which they made, so much so that all I have to do now is to provide information on what the University of the West Indies is doing.
3.10 p.m.

Mr. President, this is in response to Senator Eastmond's point about the availability of local skills and to Senator Fields' call for the University of the West Indies (UWI) to take the initiative in making sure that some of our nationals are skilled when dealing with these areas.

Mr. President, currently the University is negotiating with the Organisation of American States (OAS) and with US/Aid for funding, to offer courses in the study of trade legislation, in trade negotiations, and in setting up a database on trade legislation for the entire Commonwealth Caribbean. I am involved in the latter initiative and yesterday we had discussions with a representative from the Organisation of American States. It is expected that we would start working on the database of the legislation in a number of weeks.

The challenge, Mr. President, is that in these times much of that legislation is going to change as the work on getting the CARICOM Single Market and Economy in place gets moving. It would, therefore, be quite a challenge but we will start with what is available. We will have to make sure that those who are helping us would provide the funding that we can make the necessary amendments to the database as they come.

Therefore, Mr. President, with those few words, I wish to say that the University is right up there with those who are assisting or are moving us forward in these challenging times, to make sure that some of our citizens are prepared and have the necessary tools to assist us in the negotiating of treaties and in the understanding and interpreting of those treaties and legislation.

I thank you, Mr. President.

SENATOR I. St. C. LINTON: Mr. President, I rise to give my support to the erudite presentation of Senator Eastmond as she led off this debate today. I would like to join with Senator Sir Roy, with his particular concerns which, in my view, he has stated clearly a position that everyone of us should take into consideration.

I want particularly to deal with the ongoing debate in relation to people coming to our country. I believe taking both the Minister's point and Sir Roy's point, that we need to put in place a system in which we can debate and can discuss the matter of the movement of people in the Caribbean.

I do not believe that we should sit by and literally allow Caribbean people to be slaughtered in a negative way. I have lived in this country for more than half of my life, in a Caribbean, though colonial, where people could have still moved freely. Anybody could have boarded a schooner and gone to any part of the Caribbean. I had relatives, even my father, who went to Cuba. I had an aunt who went to Guyana, a cousin who went to Suriname, and a great uncle who went to Panama.

Mr. President, the point I am making is that Barbadians must remember that they have once moved through the Caribbean. Sir, for example, coming out of Antigua, a Minister of my Church told me of three brothers leaving Barbados and going to Antigua, one went North, one went Central and one went South, and that each of them fathered more than 10 children.

The point I am making is that when we seek to be negative rather than being positive in discussing the CARICOM Single Market and Economy and in keeping with the fact that we are Caribbean people and that we sow our seeds across the Caribbean. Therefore, we must not approach the discussion in relation as to who comes to our country, who is destroying our character or that of our own offspring.

I believe that the Caribbean is part of international business in the world today. As Barbados is, the Caribbean is, and as a people we must respect our Caribbean people. We can speak to matters truly but in a positive way in which we do not carnage our own blood.

Mr. President, some of the discussions that I have heard on the airwaves – yesterday evening, I heard somebody say that we are destroying or we are doing ethnic cleansing. What ethnic cleansing are we talking about in the Caribbean? We are one people, and in spite of the fact that as a small country we have managed to develop in the way we have, it is because of the fact that those persons who have led this country whether it be labour... Let us remember that the labour movement involves the Caribbean Congress of Labour, which represents labour in the Caribbean.

I am simply saying that we must put systems in place where we can discuss reasonably and come to an understanding that we are a Caribbean people and that we have a destiny in this world as Caribbean people. We cannot decide alone that Barbados is the Caribbean or that Barbados is the world. Barbadians have travelled all over the world, have earned money, and have developed this country.

I am simply saying I want to see this discussion set in a Caribbean context in which all Caribbean people would be the beneficiaries of the new world in which we live. It is important for us to recognise that, and as I have said, I support the positions of Senator Sir Roy, Senator Eastmond and that of the Opposition's spokesman, Senator Stuart.

Sir, it must be that Government, the Opposition, the trade union movement and business, understand where we are going. One of the things we must understand is that as businessmen in Barbados we must cut niches across the diaspora, that we should be setting up International Business Companies (IBCs) across the Caribbean – and it has already begun.

Mr. President, let us take the example of businessman, Mr. James Husbands, the method of capturing energy from the sun. What has he done? He has expanded his business across the Caribbean and is now reaching out to Africa and to Nigeria. These are examples in which we can look at what is happening in the world and cut our particular niches across the world without seeking to cut down our blood and that of our Caribbean neighbours. Sir, I would like it to cease because whether you are from Guyana, St. Kitts or Antigua, it is time for us to stop causing our own people to blunder and seek ways to find common ground in the development of this part of the world in business, education and health because we are one people.

3.20 p.m.

Mr. President, if we move as Caribbean people in business and use the ability which the Minister mentioned and the capacity of our professionals in the areas such as accountancy and law, we could work together as a people and pull each other up across the Caribbean. We live in a world that is not friendly but we can become friendly in our own Barbadian community and in the Caribbean regardless of colour or race. We can set a standard in this world that was never set before where the people in this small area, the Caribbean, use our abilities, common sense, education and political system to demonstrate to the world that we can be developed to the level of first world countries. Let us lead as Barbadians to the full development of Caribbean people.

Sir, this is a major concern for me today because if we follow that route, we will discover the kind of people we can be as we battle against a world that wants to maintain its

dominance. Sir, I have said before that world trade is not going to be world trade because people will protect their backyards and make it difficult for anyone to get over their walls. We must demonstrate as people that we have the capacity and ability to carve our own way in the world and live reasonably in the Caribbean.

Sir, I am making this constant plea today that those who are making negative comments about Guyanese are making them about themselves. We need to help each other because when we decide we should help those from other parts of the Caribbean, we are helping ourselves. We are lifting our own capacity, our ability to share, direct people from other countries, gain friendship and opportunities to do business throughout the Caribbean.

Sir, I agree that there are jealousies that may be insulting to us as Barbadians but we will overcome that by demonstrating goodwill, peace and seeking to share. I am not denying that there is this concern. We know as Barbadians how difficult it was but experience should show that since we have made it to this level we are not going to crush others in the Caribbean in the way we were crushed. We must demonstrate to the Caribbean and the world that we are people who love each other and desire to help each other as we go along.

For example, Mr. President, one of the poorest countries in the Caribbean at this time is Dominica and this country has demonstrated a willingness to go to the aid of Dominica. Sir, we should help lift up our brothers and sisters.

My particular concern as we debate this Bill is that we in Barbados should demonstrate how we can develop ourselves and assist in the development of our Caribbean brothers and sisters and find a way to live together.

I want to say to people of the Caribbean that they must respect us so that we can move as one people in the Caribbean. It is unfortunate that we did not do it in the 60s but circumstances are going to bring us together in such a way under the Caribbean Single Market and Economy and other conditions in the world that we will be forced to become one people and one country.

Sir, I do not know how it will be done but we must be prepared for it because we cannot stand alone and so we much encourage unity, brotherhood and love as we seek to help one another.

Mr. President, I am obliged to you.

SENATOR G. P. B. NICHOLLS: Mr. President, I am grateful to make a contribution to the debate on International Business (Miscellaneous Provisions) Bill. In preparing for this debate, I was happy to see that the Ministry of International Transport is continuing its ongoing effort at preparing the international business sector, if we can call it a sector because it is difficult to discern its own individuality in the way we can do it with the manufacturing sector or agricultural sector. In fact, I heard one commentator saying that the international business sector is akin to the Holy Roman Empire.

3.30 p.m.

Mr. President, you will recall that in 2002 the Offshore Banking Act was repealed and replaced with the International Financial Services Act because it was felt that the scope of services provided by those institutions was much broader than the ambit within which they were given to operate by that Act.

Sir, the Government has determined that we would press ahead with making the reforms to the regulatory framework within which this sector operates in this country. I am very pleased that Senator Eastmond, who was one of the chief architects of the policies of that Ministry when she was Director of International Business, could bring to the public of Barbados the insight that informed the way in which the sector functions as it relates to the performance of the overall Barbadian economy.

Sir, I say that because of recent comments made in other places, particularly by those in the Opposition. I know that the Honourable Senator who spoke on behalf of the Opposition did not associate himself with those comments in his presentation to the Senate today. Recent comments in other places about the performance of the international business sector have prompted me to look at what we are doing. I have come to the conclusion that the persons who are charged with the responsibility on the Other Side do not know anything about the sector, particularly the Shadow Minister of International Business. When you listen to the debate in the Honourable House and the debate on all of these issues, there is a dearth of analysis as to the true import of the sector from the Other Side and it has left this country with one political party pressing ahead with an agenda in a sector that is critical to the importance of this country.

Mr. President, I bring politics to this debate because I think that it is something that Barbadian people must be aware of. When the Barbados Labour Party came to office in 1994 the Leader of the Opposition took the opportunity to berate the Government for having two Ministers responsible for the sector, the former Senator Goddard was responsible for looking after the relationships of international sector and Honourable Minister Farley who was referred to as the doyen of the business class of Barbados, looking after the

business arrangements at the local level. It is that kind of politics that informed the Democratic Labour Party's position of almost an absentee landlord in terms of participating in debates of this nature.

Sir, the contribution so far both here and in the Other Place by the Democratic Labour Party to the whole concept of what the international business sector is...

Mr. PRESIDENT: Senator, you are not permitted by the rules to refer to any debates taking place in the Other Place particularly during the current session of Parliament.

SENATOR G. P. B. NICHOLLS: I abide by your ruling, Mr. President.

Sir, the comments made by the Opposition spokesman today are quite anecdotal, and while conceding that this sector had its genesis in the Barbados Labour Party administration of the 1970s, we are puzzled on this Side as to why the debate could not take on the contest of ideas as to where the sector should go and in the planning process what means do we employ to ensure the sector's viability.

We have heard a lot about a one-legged economy in this country, yet other Senators who are not supportive of the Government's Side in this Senate could speak to the contribution of the development of the sectors of the Barbadian economy. I think that Senator Eastmond is quite right in asking us to pause on our naming the International Business Sector because it is difficult within that context to measure the contribution to the Gross Domestic Product, to measure the raw earnings of foreign exchange and to measure the employment that it generates within the Barbadian economy.

Mr. President, one can argue that Barbadians from time immemorial have been practising international business and it is no new phenomenon. Persons who are pursuing higher education at all of the universities across the world are positioning themselves not to work in a particular sector but to pursue their own individual careers in ways that are meaningful and that would give them the highest reward for the returns and investment that they have put into their development.

Sir, a lot of the debate has focussed on Barbados' positioning in respect of the class of workers who come to our shores to help us perform at the level in which a sophisticated services domicile will perform. I understood from the Minister who led the debate that the expansion and diversification of the international business sector would have a new emphasis on the creation of a new class of service providers who we would not only want to work within the sector here in Barbados but who we would want to export in terms of the knowledge based industry, such as

accountants, lawyers, actuaries, managers, financial advisors and persons of that sort. This is what the Barbadian economy is facing as a reality.

Mr. President, we are facing a situation where hundreds of people go to the University of the West Indies and enroll in the Social Science Faculty and look to business management and finance and not the traditional disciplines like politics, economics and law. These persons are graduating and working in the industry but they do not consider themselves as persons contributing to a particular sector.

Mr. President, the Government has looked and will continue to look at the whole concept of international business and financial services because of its contribution to the economy, not only to the economy in real terms but in terms of its contribution to the development and use of that human capacity that we have heavily invested in over the 30 or 40 years.

The International Business (Miscellaneous Provisions) Bill which we are debating today provides a very comprehensive review of the current legislative framework because it has a bearing on the International Business Companies Act. It makes amendments to the Societies with Restricted Liabilities Act, the International Business Companies Act, the International Trust Act, The Exempt Insurance Act, and the International Financial Services Act; and that is a fairly big undertaking by this Bill.

Sir, it seeks to create new standards so that we can continue to protect the industry which has come under some heavy strain over the last five years.

Senator Stuart spoke about the concept of tax evasion, tax avoidance and persons trying to distinguish between what is lawful in terms of tax mitigation and tax avoidance. I believe that Barbados will continue to be brought under the spotlight when the Canadian Government goes into the election mode in the summer of this year, when the current Prime Minister, who as Minister of Finance would have been able to relinquish his position as the director of the Canada Steamship lines. This is a company which is incorporated into Barbados but it has taken significant advantage of the relationship to Barbados' international business sector. His opponents in Canada are saying that he incorporated his companies in Barbados so that he can avoid the payment of tax in Canada. This is a real issue and I believe that Senator Stuart was very genuine in his attempt to say that the battle has not been fought and won. It is indeed an ongoing battle. 3.40 p.m.

The capacity to tax is now having to grapple with the whole concept of globalisation, in terms of a citizen or a company of a particular country not now having to find its domicile or its residence within a country in which it does

the majority of its own business. While we would be grateful for our small share of the pie, there are going to be some who are going to say that our capacity to tax our citizens and companies which do business within our own country, is lost to these so-called offshore jurisdictions.

There is nothing that a Government can do to stop people from perceiving that they are losing out to offshore jurisdictions. A Government's success in a company cannot be measured by the increase or decrease in the registration of IBCs, or societies with restricted liabilities or things of that sort.

I think that the Minister who led the debate is quite right to praise the work of the framers of the initial legislation because what they have afforded us is the creation of a sector in which the emphasis is not on the pace of which we can register corporate entities in Barbados, collect a license fee, an application fee and a renewal fee at the end of the year, but with creating a legitimate international business sector which can stand the test of time.

Quite recently, we emphasised the need to share information, not only with other countries but with reputable international institutions. This is because of pressure from the OECD, pressure of the decisions coming out of the United States Congress and, certainly, the United Nations Security Council resolutions. What we in Barbados have said is that we are going to take the bold decision in this country to make sure that the creation of a well regulated and high calibre financial services and international business environment in Barbados, will not be compromised for the sake of expedience.

Sir, when we hear some people say that the Barbados Government is not doing so well in the international business sector because there is a fall-off in the registration of companies and that we should look at the British Virgin Islands as a model for our own development, one is going to have to be concerned as to why that spokesperson on the Other Side would make such a statement, because it shows a clear lack of understanding of two things: 1) the sector and 2) what Barbados is. I say this because Barbados is a sovereign nation. It has its place in the community of sovereign nations all over the world. It sits on international organisations and makes decisions on the basis of its own sovereign country. The British Virgin Islands do not have that luxury. Also, a statement such as that, betrays their understanding of why the sector was created, for whom it was created and how it was created.

The Government, Mr. President, has given a lot of support to the sector. In recent times there have been the creation of the Barbados Coalition of Service Industries. The Government has pledged its support to increase its financial support to that entity so that it can increase its research

capacity in terms of determining what the Barbadian service provider can do for himself not only here in Barbados but to seek out niche markets in other communities.

We must look first to Barbados, then to the CSME, then to the wider hemispheric and international community, and the institutional strengthening of the local service providers so that they could attain the internationally certified standards to be able to compete in emerging markets, which is also something that is going on right now. I understand that the Government has increased its support in this financial year from \$250 000 to \$500 000 to the Coalition of Service Industries. There is also support for the marketing of the sector and the creation of a website.

These are measures that a sensible Government would do because if we are talking about creating a service sector driven economy, there are classes of persons, professional and non-professional, who need now to take stock of their own marketing ability, not only within the context of the Barbadian market but within the context of the emerging markets within the region and beyond.

Mr. President, I want to go into some of the actual provisions of the Bill. The International Business Companies Regulations of 1992 and the Society With Restricted Liabilities Regulations of 1995 would be amended by this Bill, by the provision of a declaration section in the application forms for licences, and also in the renewal process as well. This is in keeping with our commitment to the registration of legitimate businesses that come to do business in Barbados.

The International Business Companies Act, the Society With Restricted Liabilities Act and the International Trust Act, all now carry, as a result of this Bill before the Senate today, a \$25 000 fine for false declaration of information, at the application and the renewal stage. In addition, the Exempt Insurance Act will carry a penalty of \$2 500 for the late filing of annual financial statements. There is also the additional penalty of \$500 for every day during which the offence occurs.

The thrust of these amendments, Mr. President, really is to strengthen that administrative framework. The penal provisions really are in consonance with our obligations to keep out money laundering and terrorists financing from affecting the very viability of this sector, Sir, and the need to protect our very individual service providers from engaging in business which might hamper them, and to encourage them to carry out the appropriate due diligence, searches and procedures before they engage in this kind of business.

3.50 p.m.

Sir, any person understanding the sector would say that if you over-regulate you might scare away persons who are conducting legitimate business, but who might not want to

expose themselves to the level of disclosure that is required in Barbados and might opt for other jurisdictions whose disclosure provisions are not that ingrained in the legislation. We have seen a move within the international business sector from non-disclosure to disclosing and collaborating more with other industry partners.

Indeed, in Barbados we have the distinct advantage of having not only double taxation treaties but bilateral investment treaties with a number of other countries which facilitate the development of business. We have existing treaties with the United Kingdom, Venezuela, Germany, Switzerland, Italy, Cuba, Canada and China in relation to our bilateral investment treaties.

Mr. President, since 1995, the concept of investment as a means to trade facilitation has taken on a new meaning. Therefore, we have had to keep watch on what we committed ourselves to in these treaties, because once you commit yourselves to a certain provision that facilitates a certain kind of activity with your trade partner, you are obligated under the most favoured clause, the transparency clause and all of those provisions of the World Trade Organisation to afford that treatment to other members of the World Trade Organisation, notwithstanding the fact that you have no specific treaty with them.

Mr. President, Barbados already has double taxation treaties with the United Kingdom, Canada, the United States of America, Finland, Norway, Sweden, Switzerland, Venezuela, Cuba, China and Malta. At this present time, the Barbados Government is negotiating treaties with Botswana, Mauritius, Italy, Ghana, Austria, Belgium, Brazil and Panama.

Mr. President, we have a distinct advantage in Barbados, but we cannot rest on our laurels. I am of the view that we must find a way in which we can discern the true performance of this sector, but it is not going to be as easy as looking at the agricultural, the manufacturing or the tourism sectors. As I said, people have had difficulties in defining what the sector actually is or if it is a sector at all.

Mr. President, we must also take the opportunity to alert the average Barbadian to the true import of international business and to assure them that it is not something to be afraid of or to be intimidated by. Mr. President, there is a strong argument in favour of the tenet under which we have been practising international business from the time we were colonised and from the time that we have existed here. Sir, the emphasis now is not trade in a specific bulk good like sugar but based on the ability of the average Barbadian to get up and to provide a service or to be able to manufacture a good that is marketable not only within the context of the Caribbean but abroad.

Mr. President, these are things that we as a Government have to engage the average Barbadian. We have to let them know that the Government is working to provide an opportunity for their children to go beyond where they and their parents have gone. We have to let the average Barbadian know that when we sit down and negotiate and spend a lot of the taxpayers' dollars on trying to protect the sector, it is not because the Government likes business but because the Government is taking a good look at where Barbados' advantages lie in order to maximise the potential as it exists now so that all Barbadians can aspire to be whatever they want to be.

Mr. President, I want to lend my support to the Ministry of International Business which has been so ably represented by Senator Eastmond who though not carrying that specific ministry has acquitted herself very well.

Mr. President, we have noted the comments and concerns of the other Senators who do not support the Government. I believe I can give the assurance that we would work assiduously to make sure that the people of Barbados and their specific interest are taken care of. They can rest assured that this sector would continue to play an important role in the overall development, expansion and diversification of the Barbadian economy. We would continue to do all that is necessary to protect the sector's interest and we will continue to make it a more marketable opportunity for the average Barbadian to come on board to exploit whatever there is to be exploited in that sector for their own interest.

Mr. President, I am obliged to you.

SENATOR R. W. GRANT: Mr. President, I shall be very brief in my comments. I want to start by complimenting the Honourable Minister of Commerce, Consumer Affairs and Business Development for the very impressive and comprehensive presentation which she made. I think she gave an in-depth and detailed outline as to the need for this Bill which is before this Honourable Chamber.

Sir, the international business sector provides an opportunity for all Barbadians to participate, and we have sought to ensure that we create that type of environment. Mr. President, there was a time when international business was perceived to be only within the domain of foreign entities, but the situation today is that our artists and our musicians can engage in international business. I want to encourage Barbadians to become fully involved in the sector and to take advantage of it particularly at a time when the global environment is so much smaller and at a time when globalisation and the impact of trade liberalisation requires that we seek to do business in a totally different way from that which we did business in the past.

I also want to give the public of Barbados the assurance that they can feel confident that this Barbados Labour Party Government will do its very best to ensure that it protects this sector and that it provides the necessary initiative for growth and development.

Mr. President, Senator Stuart is very correct when he said that the Barbados Labour Party is responsible for the development of this sector. I think that we are all agreed that we in this Barbados Labour Party were the ones who have taken the initiative and have created the environment fully to develop the sector as it is today.
4.00 p.m.

Sir, whether it is the Organisation for Economic Cooperation and Development (OECD) Initiative on Harmful Tax Competition, whether it is the Financial Action Task Force on money laundering, I would want to give the public of Barbados the assurance that this Barbados Labour Party Government will continue to function in a responsible and mature manner, to ensure that we nurture this sector because we have recognised that it has significant potential.

Sir, the other thing I would wish to touch on, and I am sorry that Senator Trotman is not now here, because I am sure that when I was first sitting in the anteroom I heard comment being made with respect to the fact that there are Barbadians who cannot find jobs in hotels on the South Coast. Sir, I would have heard comments such as that made outside of this Honourable Chamber and I sought to ask the officials of the Ministry of Tourism and International Transport and our stakeholders, to provide some information.

Sir, we in the Ministry of Tourism and International Transport believe very strongly that we have to work with our stakeholders, and we take very seriously the comments which our stakeholders make. We are very interested in the welfare and well-being of Barbadians and we support fully what other Honourable Senators have said with respect to ensuring that we safeguard Barbados first and then go to the CARICOM Single Market and Economy secondly. Thirdly, that we go internationally.

Mr. President, my investigation and information does not agree with what Senator Trotman has communicated. Indeed, the information that I have, indicates that in the hotels on the South Coast such as Accra Beach; Casuarina Beach; Dover Beach; Rostrevor, Silver Sands and South Beach Hotel, there are no non-Barbadians functioning there. In fact, the information relates that there are only three non-Barbadians who are working on the South Coast.

Sir, I would, therefore, want to encourage anyone who has any concerns and who can provide any information with respect to the degree of discrimination or disadvantage to

which Barbadians are being placed, please do share that information with us so that together we can work to ensure that the interest of all Barbadians is protected.

Mr. President, as I have indicated, my intervention would be very brief and I would wish to give my support to this Bill. I thank you, Sir.

SENATOR THE HON. E. R. GRIFFITH: Mr. President, I, too, will be brief because time is moving on us but I could not have let this opportunity pass without lending my support to this Bill which is before us, which seeks to amend eight pieces of legislation, including some regulations.

Mr. President, before proceeding, I wish to commend my colleague, Minister, and Honourable Senator Eastmond, for her outstanding contribution in leading off this debate. In fact, I am satisfied that I have made the right decision.

Mr. President, the arena in which international business activity takes place is a very dynamic and competitive one. It means, therefore, that on a regular basis, we have to be updating the legislative framework which controls that sector in order to meet the changing demands of the players in the sector, and sometimes in order to keep ahead of our competitors.

Mr. President, as all of us know, there are two phenomena which are now engulfing the world, and which can have disastrous consequences for us if we do not so order our affairs and identify and pursue those opportunities which are there on the international scene, which can bring benefits to us as a developing country. Mr. President, those two phenomena of which I speak are on the one hand, globalisation, which as Honourable Senators know, the advances which have taken place in technology which drive revolution in the communications and transport sectors, resulted in large portions of economies increasingly being exposed to international trade. Concomitant with that development is the issue of liberalisation, where there is a vigorous push or a strident call for the elimination of tariffs and non-tariff barriers which are now obstacles to international trade.

Mr. President, in the case of trading goods, the two issues are essentially the elimination of tariffs and the elimination of the non-tariffs barriers, so that interested countries are able to gain market access to other countries.

Mr. President, in the case of services, there are no tariffs in the same way, and that is perhaps why on the international scene it has taken so long for the developed countries to agree to the creation of an international framework which would control trade and services. In fact, as all of us know, it was not until 1986 at Punta Del Este,

Uruguay, when this matter first received serious attention. In fact, it was not until 1994 at Morocco when the General Agreement on Trade and Tariffs was finally made.

Mr. President, in my view, it is, therefore, amazing that between 1976 and 1986 when there was no international framework to deal with trade and services, that the administration of the day had the foresight to have pushed initiatives in this area, by relying essentially on double taxation treaties and on bilateral investment treaties, as a means of providing the necessary protection against a hostile international community.

Sir, it was for that very reason because of the services sector being such a rewarding sector that the developed countries had refused to bring that into the picture, in the same way that they had brought trade and goods into the picture and had used the General Agreement on Trade and Tariffs (GATT) and subsequently the World Trade Organisation which came out of the General Agreement on Trade and Tariffs to deal with the trading of goods.
4.10 p.m.

Mr. President, during that time and subsequently, as Barbados sought to diversify, the economic structure of the country shifted its emphasis onto the services sector and today it is the services sector, which include the international sector, that is the driving force of the economy, and that is so too with many countries around the world.

However, unlike a number of people, I support the Government's view that while there will be continued emphasis on the services sector as the driving force in the economy, we need to make a distinction between growth and development. We need balanced growth in the country if we are to lead to the type of development about which I speak. Therefore, I support the Government's view that the development of the services sector would take place as a driving force and the agriculture and manufacturing sectors have to develop at their own pace, but they have to develop.

It is only then we will have an opportunity to make full use of all the resources that are at our disposal. There is a big difference between high per capita income because of activities taking place in an enclave and activities taking place which can have an impact on the entire country. That is the difference between growth and development.

Sir, if you look at some of the oil producing countries in the Middle East, they have very high per capita income and it is as a result of the oil sector. Sir, that growth does not avail the rest of the economy because the people working in that sector and who are providing services to that sector benefit far more significantly than those who are in the sectors that are lagging.

Mr. President, if you look at the Cayman Islands, people speak about the high per capita income but when you look at the rest of the economy, the other sectors are lagging far behind. All of the resources which we have at our disposal cannot be fully utilised in the services sector. Therefore, we have to focus on the entire economy.

Sir, coming out of the Maritime Agreement in the Uruguay Round, the decision was that in 2000 an effort would be made to carry the General Agreement on Tariffs and Trade further and that there would be negotiations to deal with the progressive liberalisation of the servicing sector. Those discussions are still in progress.

Sir, one of the primary focusses of the General Agreement on Tariffs and Trade is on the four modes of supply. In the case of services unlike goods, Barbados has an opportunity to reap greater rewards. In the case of goods, size and scale of operations are very significant ingredients. The economies of scale will determine to some extent how successful we can be at competing at the international level. In the case of services the size will still have a role to play. They do not have the same significance where there is more emphasis on knowledge and skills and this is because of the abundance of skills that we have in our midst, the high quality of education which we have, that our people are able to provide the quality of services that will put us in a position to hold our own on the international scene.

However, while there are no tariffs in the usual way to pose as obstacles to our advancement in that area, there are domestic regulations. The area of domestic regulations is an area that is of interest to us for two reasons. One, we must always be able to do what we are doing today. That is, we must always be in a position to change the regulatory framework to meet the changing needs of the persons involved in the sector but we must always pay attention to what other countries are doing.

Sir, as Senator Stuart pointed out, while we are speaking about how we can gain, they are also looking at how they are losing. Through their domestic regulations, they may place obstacles in our way to prevent us from gaining access to their market. We have to look at the issue of domestic regulation from our own point of view and from theirs because we too are looking for market access. So the emphasis has to be on trying to make sure that there are few obstacles in our way. That is why it is absolutely necessary for us as a country that is promoting services as one of the key areas of our future development, to keep attuned to what is happening at the international, hemispheric and regional scene because Barbados is, as we all know, in a position in the regional arena to reap greater benefits from promoting its services than promoting its trading goods. Barbados also has opportunities to do so at the hemispheric and international level.

Sir, I agree with other Senators that we have been able to overcome the obstacles that have been placed in our way by the OECD countries and this is something that will confront us as we progress because our gain is their loss. After all, we are looking after our interest and they are looking after theirs. As long as we keep our jurisdiction clean and put in place the prudential rules that are necessary to safeguard the quality of our jurisdiction, we will be able to confront them on that score.

Mr. President, it is a fact, as explained by other Senators, that our jurisdiction and the regulatory framework that has been put in place must not only be a flexible, fair and transparent framework, it must also be an efficient framework.

Sir, we can take services and break them down into two categories. On one hand there is a group of services that could be classified as intermediate products and on the other hand a group that could be classified as final products. Sir, telecommunications and transport can be classified as intermediary products. These are used by the tourism industry and if they are inefficient it will interfere with a cost. These two areas are also used by other business and an improvement in those will have a positive impact on domestic and international business activities.
4.20 p.m.

Sir, Barbados, in my view, should always seek to encourage international businesses from foreign countries from the point of view of attracting investment, particularly in cases where that investment brings with it technology and can be transferred to the domestic scene.

Sir, foreign investment has an advantage over domestic investment. This is not to say that domestic investment should not be encouraged because there is a role for both. We always need to make sure that the environment created is one that encourages investment from both areas.

Sir, I got the impression when listening to Senators that they saw a big difference between a domestic business and a foreign owned international business. Sir, both domestic and foreign business requires high-quality performance and there should not be any difference between the two. It means that these businesses are providing products for exports and this is done whether the businesses are locally or foreign owned. We are seeking to exploit opportunities that would allow us to earn the foreign exchange we need to promote the other activities which we are pursuing.

Therefore, Mr. President, this piece of legislation before us is to be commended because it seeks to deal with those areas of the existing legislation which now either creates a problem for those who have to use it in the context

of their businesses or seeks to plug loopholes to prevent the development of some of the activities that we do not want to take place in our jurisdiction.

Sir, on that basis I have great pleasure in lending my support to the Bill before us.

SENATOR THE VERY REVEREND H. E. CRICHLAW: Mr. President, I want to congratulate the Honourable Lynette Eastmond on a fine, comprehensive and detailed presentation this morning and also the reply by the Opposition spokesman, Senator Freundel Stuart, in addition to all those who have taken part in the debate.

As regards professionals working in international business and the financial services sector, I would like to underline what Minister Eastmond said about having self-confidence because the innovations apply to every country so we are not handicapped because we are a developing country.

The Minister spoke about product enhancement and Barbadians are usually conservative in their ways and it will take time for us to acquire the need for excellence in every aspect of our economic life. However, the public sector and private sector must both put projects in place that will increase the efficiency of their employees.

I support Senator Linton's call for an end to the basking of our Caribbean neighbours. Barbados is where it is today because of large scale immigration to the United States of America, Canada and earlier to Guyana and Panama and within the last fifty years to the United Kingdom. Many of our people do not want to work and Guyanese, St. Lucians and Vincentians have come here because they want to work. Just as we have made it easy for professionals to have access to work here, we should also do so with waged workers and craftsmen.

I am sorry to hear of the fate of those Guyanese workers as Senator Leroy Trotman revealed who were exploited by employers and which ended in their being deported without receiving wages because they did not have work permits. Those employers who handed them over to the authorities should have been prosecuted in my view for employing them in the first place because they knew they could not work legally and, to me, it is a sad episode.

Sir, the Caribbean Single Market and Economy will not develop in a healthy manner if each island in the Caribbean is thinking only of its own interest. We have to think of the welfare of all our partners in this enterprise.

Mr. President, I am pleased to lend my support to this Bill.

I thank you.
4.30 p.m.

SENATOR G. P. I. GOODING-EDGHILL: Mr. President, I will be very brief as well. I would also want to join in the debate and extend congratulations to the Minister, Senator Eastmond for the eloquent way in which she presented the Bill to this Chamber earlier this morning.

Mr. President, it also reflects the vast talent that exists within the Barbados Labour Party when compared to that of the Other Side. This is not the opportunity to boast of such talents. The Bill as presented, is also a reflection of the history and vision of the Barbados Labour Party in developing a sector, and by the Opposition's admission, which today ranks only second to tourism, not only in terms of its growth but also the expansion of foreign exchange earnings.

Mr. President, this is perhaps a very difficult and competitive trading environment in which we find ourselves today. Indeed, the legislation is perhaps in my opinion the first in a series of steps required to build a secure global international business regime for Barbados to continue on its expansion.

Essentially the thrust of the legislation is to create new strategic initiatives to maintain Barbados' reputation as well as a very well regulated, high-calibre and reputable financial services sector. Indeed, the legislation sets out to increase transparency to protect Barbados from adverse external circumstances and to maintain our competitiveness in the international business market.

Indeed, Sir, you would recognise that there are several threats and the whole issue of transparency in trading in the international arena has come to the fore. We are all aware of the United States' Patriot Act which has dire consequences. We are only too well aware of the financial disclosure regulations which we have incorporated in the Bill. The anti-money laundering as well as the terrorist activity provision and in a sense, encouraging adequate due diligence on the part of this jurisdiction to ensure that we maintain our proud and impeccable record as it relates to regulatory procedures, supervision at the level of international standards. The Bill also sets out as well certain penal provisions to ensure that we have a very safe and transparent trading environment.

The development of this sector, Mr. President, is one of which all Barbadians should feel proud. Indeed the sector, like I said, continues to expand year on year. It has created significant benefits for Barbadians not only in terms of employment generation but it also continues to create career advancement opportunities for Barbadians. It has become a sector in itself, which has now become highly specialised and which would obviously engineer and ensure that Barbadians are very well paid in this particular sector.

There is also a real estate component as well. If we look around we would see that there are people who will have to set up offices in Barbados and real estate will in turn benefit. That is also a further investment in the development of Barbados. There is also a contribution to the tourism sector. Often you will find that international business companies will have meetings in Barbados and this is another way, especially for those of us in the tourism sector to fill certain gaps when there is no business or when business is slow in coming, the banqueting facilities, the establishment of conference facilities to ensure that IBCs will have meetings in Barbados. These are a number of the benefits that we can enjoy as a result of a well-regulated, highly supervised and protected international business climate.

In terms of the development of Barbados as an offshore centre, we can see based on the numbers of registrations coming into Barbados that it continues to grow and expand year on year. The value is substantial in terms of its foreign exchange earnings as well as the creation of investment vehicles and I would come back to that a bit later.

I must confess, Sir, that the sector, based on all we are hearing and based on those who follow international and capital markets that the global financial markets have changed. They are becoming very competitive and complex. There are certain threats to international businesses and we have, as a small and developing economy, to ensure that we are properly regulated. We also have to ensure that we stay ahead of our competition in the region, particularly, to ensure that our service economy that we have built does not crumble.

It is our responsibility as a Government with a mission and as a Party that understands the next step, to ensure that the sector, which is in great transformation, continues to develop along international standards, but at the same time, attaching our vision to ensure that Barbados and all Barbadians develop benefits from the improved services that we have to offer.

The Government will, no doubt, have additional responsibility to ensure that the sector continues to expand. Sir, with a well thought out plan, the Government will have to continue to encourage the development of a low tax regime, rather than a no tax regime. Those of us who follow the international news would appreciate that there is always the threat, especially coming out of the United States Congress, against those who go to no tax regimes versus low tax regimes. This is something that the Government would continue to promote. It will also have to continue to collaborate and engage in promotional activities with the Barbados Industrial Development Corporation to ensure that the sector is well marketed and to ensure that Barbados again gets its fair share in what I can only describe as a highly competitive market.

We will certainly have to continue to assist in formulating responses to international initiatives by all the various international agencies as they set out in their quest to marginalise sometimes our small developing states. We are going to have to be very careful and we are going to have to invest in a lot of research in ensuring that Barbados and the Caribbean countries are not marginalised.

Mr. President, I would also want to talk about global investment and I believe it is another area where we should create more focus. I think, as has been alluded to by Senator Fields, the creation of local IBCs in Barbados is something sometimes not often known to the average Barbadian, but there is a facility to create international business companies locally. I believe that more Barbadian companies should be mobilised. Indeed, we should be encouraging Barbadian companies to enter the global markets, not only the capital markets, and become participants. It is absolutely necessary.

There is nothing, for example, preventing Barbadians, in terms of Barbadian entrepreneurs and certain corporations to create local IBCs to go to the UK market and to the US market and try to use it as a form of raising additional investment opportunities for Barbados. We should not be fearful of going to capital markets, even to the London Stock Exchange, for example, using our wealth of knowledge and experience to create opportunities for investing abroad which would only redound to the success of Barbados.

I firmly believe with such legislation as we continue to go forward in a way that we believe Barbados should develop, that there is absolutely no reason why we should not use this opportunity to create further international investment vehicle. Barbados is a very proud jurisdiction. It has done well in terms of international businesses, as I said before. We are complimented in the fact that we have tourism as a major service sector and we have done proudly. We have seen tourism earnings growing yearly, occupancies are improving and that is the way we will have to go. We have to look at it from the point of view of how we can use international business companies coming to Barbados to further enhance our revenue strings as a country. We also have to look and see how we can mobilise Barbadian companies to use existing legislation to their advantage to go to the international markets.

4.40 p.m.

Mr. President, there are several opportunities for such. I myself had the good fortune of participating in an exercise when a hotel was the first Barbadian-based company to be listed on the London Stock Exchange which created not only additional income for the hotel group to expand and to do wonders, but also created an opportunity for people who are looking to make investments in Barbados and in Barbadian-based companies.

Mr. President, I think that overall Government should be very proud of its record, it has done exceedingly well. One of the things about the Barbados Labour Party is that when it sets its sight on a course for Barbados, we can all sit back and be proud of that successful course it has charted. It requires sound leadership. It requires an element of human resource which is second to none in this region. I believe that it is absolutely necessary that we continue in this path and that we continue to support the very sound legislative framework that the Barbados Labour Party has used to bring it to Parliament. We should recognise that in all of this we could create employment opportunities for Barbadians and additional economic expansion through real estate and additional hotel services. We have an opportunity to sell additional services and we should exploit those services for good reasons and ensure that those services redound to the benefit of all Barbadians. A successful service-based economy well-managed would continue to yield substantial dividends to Barbados in terms of the development of its economy.

With those few closing words, I want once again to congratulate the Government Senators and the other Senators including the Members of the Opposition who supported the Bill before this Honourable Chamber and for the job in which it has done in terms of shaping Barbados. We can feel very proud as a people that we have a Government that is very caring, that is very interested in the development of this sector.

I hope that one day the Democratic Labour Party would look back and see that the Barbados Labour Party took a sector from its infancy and saw it right through to its maturity. Once again we can feel proud that we can benefit from a billion-dollar tourism earning business and that we can set our sights in terms of a billion-dollar service sector strictly focussing in part on the international business sector. If we have tourism earning billions there is no reason why we cannot have the international business sector earning billions. I am sure that could happen.

Mr. President, although everything takes steps, I am confident that the steps the Barbados Labour Party administration has taken would continue on a good path and on a path to growth to ensure and to re-engineer the success of the Barbados economy.

With those few words, Mr. President, I am obliged to you.

SENATOR THE HON. J. E. D. WILLIAMS:
Mr. President, I am mindful of the hour and therefore I join the debate not to trespass on any areas that have already been addressed by others who spoke before me. Indeed, we had some very excellent presentations today if I may say so, and I would like to begin by commending Minister Eastmond for the outstanding way she presented the Bill to this

Honourable Chamber. We all know Minister Eastmond to be someone who has tremendous experience in the area of international business. We all benefited from that experience today, and I am happy to be here to be part of those persons who would have experienced that presentation.

Mr. President, I rise to speak to an area that is to my mind of tremendous importance to us which has to do with the information communication technology aspect of the international business sector because it is that component that has the greatest potential for job generation in Barbados. I believe I am correct in saying that if you look at the number of people who are employed within the sector itself those that fall within the information communication technology component would be largest percentage but, indeed, we can do a lot more and we can achieve a lot more.

Mr. President, the fact of the matter is, and I must in a slightly different way carrying on from the point the last Senator made when he said that this international business sector was developed by this Administration, because it seems as though every time it is required to take it to another level, it falls to us as an administration so to do. I just want to indicate one point why I say that.

Mr. President, Senator Stuart said something this morning which is absolutely correct. People would want to set up operations from the point of view of reducing every aspect of their operational cost. In recent times those persons who are operating inbound and outbound call centres in Barbados have been looking at the cost of Barbados *vis-à-vis* the cost in other jurisdictions like Mexico, the Philippines, Costa Rica, the United States of America, Argentina and, I dare say as near to us as Jamaica. However, what is interesting is that the cost element that still remains the highest component and the greatest concern to them on the communication side is the cost of international connectivity.

Mr. President, we have said time and time again that in the early 1990s when Barbados had an opportunity to ensure that the sector of telecommunications was liberalised it was not grasped at the time and it has had dire consequences in terms of the development of this component of the sector. In recent times one of the operators was looking at comparing its cost in terms of communications with all of these other jurisdictions, and the findings are startling. It cost that particular entity 10.4 per cent in the United States of America as compared to what it is in Barbados. In Costa Rica it cost 50.7 per cent, in Jamaica 55.8 per cent, in Mexico 25.8 per cent, in Argentina 30 per cent and in the Philippines 16.7 per cent of what it would cost here in Barbados for providing the same service.

Mr. President, I go back to that period because what I am saying to this Honourable Chamber is that you had an opportunity at the time to be a liberalising environment

whereby the cost of doing business in Barbados, in terms of its international competitiveness, would have been that much enhanced.

4.50 p.m.

Mr. President, when this administration was returned to office in 1994, we set about to see the ultimate liberalisation of the sector, and it has not been easy. It has been a very difficult and challenging experience but we have made significant progress. During that period, we have had new legislation in telecommunications. We have had the establishment of the Fair Trading Commission which, as part of its responsibility, is required to regulate the industry, among other things.

Mr. President, we have seen a programme to liberalisation in three phases. I am only reminding this Honourable Chamber that we have been through phase one where we would have seen the issuance of licences in the cellular sector. The local domestic sector has already been liberalised. It is our hope, may I say to this Honourable Chamber, that by the third quarter of 2004 we will see the commencement of full liberalisation, which would be phase three.

Mr. President, the truth is, why that is so important is that some companies that would have come here, particularly within the last two or three years, would have come here on the basis that they would have understood that we were going through a process of liberalisation and that they would have been hoping to get the benefits of that full liberalisation.

Mr. President, we cannot tarry much longer because there are companies that are here that have tremendous attraction, which sell themselves to every potential person in Barbados who is within the same industry. What we have to be careful with is that the situation is not protracted to the extent that those who are here, would seek to leave because the cost to them would still remain high. It is a very important thing.

Mr. President, I cannot help saying that this particular component within the sector has been hamstrung because of those decisions in the early 1990s. Sir, I listen from time to time when the Opposition speaks to this sector. They do not speak with any degree of conviction because we all remember what was supposed to have happened within this sector when it was first introduced by a Barbados Labour Party in the late 1970s. We have had more than 20 years to look at our experience and I know that within their heart of hearts, they will tell themselves that it was an excellent decision at the time to have developed such a sector for Barbados.

Mr. President, I have the privilege to be at the front end of developing another sector for this country, which is the

creative economy. I am not going to trespass on it because I know that we have a number of issues with which to deal in resolving some very current issues, but the cultural industry will turn out to be another sector of this economy that would have been developed and created by this Administration.

Mr. President, I look back at the 1986 to 1994 period to try to understand what sector was developed during that period. I know the pain that we all have been through but I do not think that any sector was developed.

Sir, we are here talking about the International Business Sector which has been created by this Administration. We are now taking it to another level, while, at the same time, seeking to develop yet another sector of our economy to help to make sure that the comments that are being made from time to time about this one-legged economy, are things that people would be able to see through for what they are.

Mr. President, I do look forward to the final phase of liberalisation. I believe I have to be full and complete with respect to the question of cost as it relates to the International Trading Commercial Sector for those persons who are operating inbound and outbound call centres. As I have before said, in one instant a company which would be paying \$48 000 per month in Barbados for the same service would be paying \$26 000 per month, if it were in Jamaica.

Sir, those things make us uncompetitive both regionally and internationally and those things have to be addressed.

Mr. President, an effort was made with the current providers and Government, through the Barbados Industrial Development Corporation for persons to establish what are known as VSAP where they can transmit and receive data but for call centre activities only. In other words, all the information thus communicated would have to be call centre related activity.

Mr. President, there were a number of conditionalities attached:

- (a) There should be no interconnection of VSAP to the network of the domestic mobile carriers;
- (b) There should be no bypass;
- (c) There should be no resale of telecommunications services;
- (d) Those entities seeking to have those kinds of accommodations would have to register with the Barbados Industrial Development Corporation and, at the same time, would employ a minimum of 50 Barbadians, to be able to enjoy that kind of arrangement.

Mr. President, what I am understanding them to be saying is that despite those kinds of accommodations and arrangements, the cost when compared to other jurisdictions, still remains high.

I am happy that in this Honourable Chamber my words are well listened to by someone on the Other Side, who I know has the ear of an entity that can make a difference. Sir, suffice to say that like all Barbadians who operate within this critical sector, I too look forward to the commencement of phase three. I also hope that person could take back the message concerning the phase three element of the liberalisation process, and that we do hope it comes into operation by the third quarter of 2004 because with that decision, a lot of jobs for this country hinge on that decision.

Mr. President, I am obliged to you, and I do support this Bill that is before the Honourable Chamber.

SENATOR THE HON. Miss L. V. EASTMOND:
Mr. President, I am obliged to you for the opportunity to allow me to intervene a second time on the debate of the International Business (Miscellaneous Provisions) Bill, 2004.

Mr. President, I would first like to start by thanking all Honourable Senators for their most generous support of this particular piece of proposed legislation. There are a number of remarks which I would like to make with respect to issues raised earlier.

Mr. President, I will start by responding to the comment that the battles over the services sector are not over. Government is very conscious of that fact. In fact, I believe that what the OECD had imagined was that they would have moved in very quickly, dismantled the sectors, and would have moved back out. That did not work. What we are actually engaged in at the moment, is a war of attrition, where every opportunity is being taken to provide Barbados, along with a number of other jurisdictions, with a plethora of information, questionnaires, legislation – everything that one can think about, to peruse and to respond to in very short periods, in order to ensure that they remain on what is called the right side of international comity. The discriminatory element of it, however, is that for the most part within these jurisdictions like Barbados we are doing nothing different from what is being done in New York, London and Miami.
5.00 p.m.

If most of the financial services transactions are conducted in those jurisdictions, it stands to reason that most of the financial impropriety and money laundering also occur in those jurisdictions and not in ours and certainly not in Barbados. Sir, we continue to be overwhelmed and much of this is driven by what they refer to as the erosion of their tax

base. For example, a company that might be carrying out operations in the United States of America takes a portion of its operation and brings it to Barbados where it can focus on the call centre aspect of it or the processing of insurance claims and they feel it is eroding their tax base. They claim that if the work is not done in the United States of America that they cannot tax the entity on its profits.

Sir, in my view, this runs counter to the notion of those countries that we should be involved in a liberalisation process where we are going to give greater market access to those countries. It seems to me if on one hand you are going to promote the development of your multinationals with branches and investment all over the world, it must mean too that those countries in which they are able to sell their goods and services should be able to benefit from the investment of those same multinationals and I cannot see that you could have it both ways.

We agreed to negotiate market access for the entry of goods through our ports and for the cross-border provision of service through the Internet under the WTO. We also negotiated an agreement that dealt with investment in our countries and one which dealt with the ability of our people to move from country to country and provide our services.

I reject the notion of any claim that the OECD countries make when they say that we are eroding their tax base. I believe that Barbados is resilient and has been so for many years. This is not the first time in our history that a nation has sought to retain its dominance in a particular area. We must continue to address this problem and we do not plan to give up on it because our lives and prosperity depend on it.

Apart from those issues arising in the blatant form of the OECD initiatives, we know they will come subtly in the form of domestic regulation under GATT and also in the form of the development of standards by international agencies and intergovernmental organisations especially those in which we do not participate, and we are quite conscious of these issues.

An issue was raised about the statistics available and I am grateful to Senator Fields for having provided them so concisely. There is another issue on statistics I would like to raise. Sir, within the international business sector we do a number of things. We are involved in selling insurance, banking services, providing call centre services, information technology services, assembly services and it would do us good if we would compile our statistics in such a way that reflects the norm internationally. The idea of having an international business sector that you collect statistics on is alien to most economies. The United States of America and Canada do not have international businesses sectors on which they collect statistics to see how many companies are incorporated but they look to see how agriculture,

manufacturing and the services sector are doing and then break it down under a specific classification code. Barbados would probably use the United Nations classification code and I think this is how we should go about collecting our statistics as well because this would make sense internationally.

Sir, if you tell the WTO that there is an attack on the international business sector in Barbados and seek the protection of their agreement there is nothing known as the international business sector that is protected under the WTO agreement. The WTO protects agriculture, your right under services, under market access for industrial products but not for the international business sector; and I believe we must address this issue.

Senator Husbands spoke about students wishing to go into the international business sector and they have approached me but I usually ask them what aspect of the international business sector would they wish to study? I ask them if they want to study insurance, marketing, translation services, law, trust or becoming an actuary. We talk about developing high-valued services, agricultural and manufacturing products and we need to be clear and precise about our definitions.

I am always concerned when we start out by using false definitions because they could take us down the wrong path. Senator Stuart raised the question that 2 000 IBCs are inactive. I do not know whether the statistic is correct or not but I do know.

SENATOR F. J. STUART: Mr. President, on a point of elucidation. I did not give a figure. I asked how many were active or inactive and whether the Minister accepts the distinction between active and inactive companies.

SENATOR THE HON. Miss L. V. EASTMOND: Thank you for that correction. I did not intend to mislead the Chamber.
5.10 p.m.

Mr. President, I will make a comment about the inactivity of some companies. Some companies are inactive but it is a natural situation that you get in business. Sir, there are many people in the domestic market who set up companies for a particular purpose and they do not dissolve them. They may set up a holding company to engage in a particular transaction, the transaction comes to an end and the company is never dissolved because they are thinking that, maybe they can use it for some other purpose. Sir, five or ten years may go by and they never use it for the purpose. There are some inactive companies in Barbados but there are inactive companies all over the world. As long as they are regulated properly and there is some mechanism in place that they can be supervised on an annual basis, in my view, it is really not an issue or anything for us to be overly concerned about.

Sir, with respect to the possibility of the undesirable activity coming out of the international business sector, I believe that is a possibility just as there is activity within any sector that might be undesirable because you are dealing with human beings.

I think that we have put in place in Barbados a strong regulatory framework. In fact, we have been criticised on occasion that our regulatory framework is too strong but we prefer to be cautious in that sense. Within the international sphere, I think that members have to be cognisant because of the virtual state of flux that we are in at the moment with globalisation and increased liberalisation, there is now a view that the standards that we have to impose on directors must be higher and this is not only with respect to international business in Barbados but around the world.

Sir, we probably heard about ENRON, Worldcom and different events which have caused individuals to look at matters such as accounting standards and good corporate governance. These issues are going to be critical in Barbados as well because we are going to have foreign businesses coming into Barbados, our businesses seeking to go into foreign markets, there will be joint ventures, we are talking about listing on the Stock Exchange and we have to recognise in Barbados that in the future it is no longer going to be a matter of simply thinking that becoming a director of a company is an honour and it carries no responsibility with it.

Sir, the responsibility is very strict and has always been so in the law, but I believe that regulators around the world are now more prepared to enforce the law with respect to the responsibilities of directors and Barbados cannot escape that. Becoming a director of a company should not be seen as an honour. It is important that when we are offered any directorships that we read carefully in the legislation what our responsibilities are and that we understand what the implications are through case law and what the courts will decide. Sir, what the courts will decide is becoming more and more stringent as time goes by. I think that is something very important that we must pay attention to.

Sir, there has been some discussion about the Caribbean Single Market and Economy in connection with our thrust for the development of international business, seeing CARICOM as an opportunity for us to develop greater efficiencies and also to increase our competitiveness. The Caribbean Single Market and Economy does not come about simply because we have signed onto the Treaty of Chaguaramas. Signing onto the Treaty of Chaguaramas and negotiating it was probably the simplest aspect of it.

In my view, every single article under the Treaty of Chaguaramas requires an infrastructure and additional action by Government in order to put what are simply the intentions

of the Heads of Government when they agreed to the Treaty. So we need to put an infrastructure in place to deal with what is the intention in the Treaty of Chaguaramas.

Sir, in my view, the debate that we have been having over time about the movement of labour, the discussions that we have had about the sale of petroleum products by Trinidad and Tobago and discussions over the fact that while our businesses in construction were under obligation to purchase steel from Trinidad and Tobago, that Trinidad said that it no longer had any steel and we had to find it somewhere else, are matters that we have to look at because if you are going to be under an obligation to purchase, certainly, the reciprocal side of it would be that you are under an obligation to sell.

Mr. President, there are several issues that have to be teased out over time. I personally do not believe that the implementation of the Caribbean Single Market and Economy is in jeopardy in any way. I think that all of us have to recognise that in a process like this, it is going to take time, structures are going to evolve and there will be concerns and debates but I believe that is all part of the process. While we should express concern, where there are concerns, I think that we should recognise that this is a bold endeavour but I believe that apart from regarding our CARICOM neighbours as our brothers and sisters, I believe that it is absolutely critical to our existence as nation states going forward, that we ensure that the Caribbean Single Market and Economy works.

Mr. President, I will close with those few remarks and I am pleased to commend this Bill to this Honourable Chamber. I beg that this Bill be read a second time.

The question was put to the Senate and agreed to.

COMMITTEE

On the motion of SENATOR THE HON. Miss L. V. EASTMOND, Mr. PRESIDENT left the Chair and the Senate went into Committee on the Bill, HER HONOUR SENATOR Dame Patricia SYMMONDS in the Chair.

Madam CHAIRMAN: This Senate is now in Committee.

Clauses 1 to 3 were called and passed.

On the motion of SENATOR THE HON. Miss L. V. EASTMOND, Madam CHAIRMAN reported to HIS HONOUR the PRESIDENT the passing of one Bill in Committee and Mr. PRESIDENT resumed the Chair and reported accordingly.
5.20 p.m.

On the separate motion of SENATOR THE HON. Miss L. V. EASTMOND, the Bill was read a third time and passed and cited as the International Business (Miscellaneous Provisions) Act, 2004.

ORDER NO. 2 – RESOLUTION TO APPROVE THE GRANT OF A SUB-LEASE TO THE BARBADOS NATIONAL TRUST OF THE BUILDING KNOWN AS ARLINGTON HOUSE, SITUATE AT SPEIGHTSTOWN, ST. PETER TO ALLOW THE NATIONAL TRUST TO UNDERTAKE SPECIAL RESTORATION OF THE SAID BUILDING

SENATOR THE HON. E. R. GRIFFITH:
Mr. President, the Resolution before us is seeking to lease 2 277.9 square metres of land at Arlington, Speightstown to the Barbados National Trust. This land is now owned by the Barbados National Bank and was leased to the Government for 99 years with effect from June 1, 2000. The Resolution is seeking permission for the Government to lease the land to the Barbados National Trust in order to carry out certain restoration works and look after the preservation of the building. The terms of the lease are as follows:

The lease is to expire one day before the Head Lease expires, that is, before the lease of the Barbados National Bank and the Government expires. It is to be rented for \$1.00 annually. The Barbados National Trust is to be responsible for the charges relating to electricity, and the repayment of services charges to cover the insurance premium, land tax and other impost. It is responsible for external security lighting, maintenance of the grounds, parking and other common areas. The Trust is to maintain the interior and the exterior of the building in good and substantial repair and condition. In the event that the Trust goes into voluntary or involuntary liquidation or otherwise ceases to exist, the sublease will be determined and the property would revert to the Crown.

This matter, Mr. President, seems to be a fairly straightforward matter. I beg to move that the Resolution do now pass.

SENATOR Dr. D. S. LOWE: Mr. President, we on this Side have no fundamental objection to this particular Resolution. Sir, we believe that wherever the Government sees it fit to assist in the preservation of our culture, and seeks to put some lasting imprint on facilities and locations that help to preserve our history is indeed an effort worthy of our support.

Sir, we believe that the culture of any nation is important as it relates to how that nation is perceived long after the generations that have helped to create that culture have passed on. It is almost, Mr. President, a way of placing

footprints in the sands of time, so that those who come after us would be able to see what we have cherished, and pass it on to those who must cherish the same.

Therefore, we strongly believe that the efforts of the Barbados National Trust are important, and the Government has some responsibility to assist, particularly in these days where we are hearing so much about creating economies, preserving culture, and new vistas in the cultural domain, that it would seem very appropriate to me, and certainly to us on this Side, that these efforts are put in place.

I would also want to say, Mr. President, that wherever there are such landmarks which would be in need of restoration that the Opposition would be prepared to support the Government in moving to ensure that such restorations occur.

Sir, if I might say in passing, this would also obtain, for example, to the birthplace of Sir Frank Worrell, one of our most distinguished cricketers whose birthplace has been left in ruins. We would hope that the lamentations now sent forth in the society about trying to do something with this place, to put the finishing touches on the memories of such an outstanding cricketing icon, would be advanced in the same light.

We do believe that this is not an issue for partisan debate. It is an issue that all Barbadians should be concerned with, and our culture is our own. Culture does not belong to a political party, it belongs to every Barbadian and policy maker and, therefore, we stand willing not only to support the effort but to support any to attain such an objective.

Mr. President, I thank you.

HER HONOUR SENATOR Dame PATRICIA SYMMONDS: Mr. President, before I make what I wish to be a brief contribution, I just want to assure Senator Lowe and Senator Stuart that something is being done about Sir Frank Worrell's home. Everybody knows of our relationship with Sir Frank, as a dear childhood friend of my family and somebody who grew up in Bank Hall as well.

There had been legal problems which prevented anything being done. At one time we did not know who owned the place. Happily, I should like to say that more than six months ago, the Barbados National Trust had commissioned a report and architect drawings of Bostonville, as it is called. The Trust has presented that report and the drawings to a representative of the Spartan-Empire Committee.

In addition, some years ago prior to this, in 1991 my brothers and I were present at that little ceremony there. Present also were representatives of the Barbados National

Trust and relatives and friends of Sir Frank Worrell. A plaque was put on the house. Of course, it was in better condition than it is now, and the then Prime Minister, Sir Lloyd Sandiford unveiled that plaque. So it has not been any intentionally benign neglect. Happily, I think that something is being done now.

5.30 p.m.

Mr. President, I go now to the Resolution to say something about the Barbados National Trust. The Barbados National Trust was founded in 1961 by Mr. Ronald Tree who is the catalyst of the foundation. He was its first president. There have been seven presidents all of whom have served the Barbados National Trust and consequently this country with distinction. The second president was Donald Wiles afterwards Sir Donald. The others in order were Dr. Trevor Carmichael, Professor Henry Fraser, Mr. Paul Altman and presently, Mr. John Cole.

Mr. President, I have been a member of the Barbados National Trust for about 14 years and a member of the Council for about five years, so I think I can speak with some certainty about the important work which the Barbados National Trust has done and continues to do. Among other things, the Barbados National Trust is responsible for the restoration of Tyrol Cot which, as everybody knows, is the home of Sir Grantley and Lady Adams and Tom Adams and recently George Washington House. The Barbados National Trust strives to recognise, protect and cherish the beauty of our environment and to promote consciousness of the need to maintain distinguishing manmade features of Barbados which illuminate the history and character of our people.

Mr. President, Arlington House is a very old house. It goes back to the 17th century. It is photo-typical of the very early Speightstown houses. This is the house design that was transported to the Carolinas in the 1670s. The main single house was used by Richard Ligon, the noted historian who wrote about Barbados, and the style is retained in Charlestown. For centuries the house was owned by the Skinner family. I think they have all died out for the most part. The family used to live upstairs and the downstairs was used as a ship chandlery. I understand the family is a great family.

The house possessed a very impressive staircase which was added on in the 18th century. The house was built at ground level. The main front door was a street entrance and that door was a very stylised door. In 1953 it was acquired by the Government and it became the first public health centre in the Caribbean and health clinic under Dr. Byer of blessed memory, afterwards Sir Maurice Byer. I am sure everyone here, even some of the younger Senators, would have heard and known of him. It was the first experiment of its kind in the Caribbean and it served the purpose until the Maurice Byer Clinic, as it was appropriately named, was built in 1970.

The house was then acquired by the Lions in the 1990s as their den and later sold to the Barbados National Bank. It was going to be demolished but it was rescued largely through the efforts of the Barbados National Trust and the support of the Government. It has been restored over the last five years and completed about a year ago. Professor Henry Fraser, through his interest in and knowledge of historical architecture, visited Charlestown and worked at the architect Gillespie and Steel in making decisions over the details of the restoration. The exterior is completed.

Mr. President, Arlington House is one of the finest of the very old houses in Speightstown. The aim of the Barbados National Trust is to showcase Speightstown through this house by letting the exterior be a testimony to the architecture and history of Speightstown. The interior is to be used as a museum and information centre for tours of Speightstown and the avid nature trail tours. There is also a plan to display memorabilia. On the second floor there is a 50 seat cinema which will project the history of Barbados, in particular Speightstown in its heyday as one of Barbados' leading ports trading specifically with Bristol. We all know that Speightstown was known as Little Bristol, less so today although that name is still retained and remembered.

Mr. President, the Government is giving the Barbados National Trust great support with buildings like Arlington House which is going to be a tremendous tourist benefit to Speightstown and St. Peter and the George Washington House which has also been recognised as of great importance to Barbados and to tourism.

Mr. President, both as a member of this Barbados Labour Party Government which is doing much for culture with the restoration of some of our buildings especially in the City of Bridgetown in its 375th year as well as a member of the Barbados National Trust, I am very pleased to support this Resolution.

Thank you, Mr. President.

SENATOR THE HON. E. R. GRIFFITH:
Mr. President, I beg to move that this Resolution do now pass.

The question that the Resolution do now pass was put to the Senate and agreed to.

ADJOURNMENT

SENATOR THE HON. E. R. GRIFFITH:
Mr. President, it seems that we have completed our business for the day, therefore, I beg to move that the Senate do now adjourn *sine die*.

The question that the Senate do now adjourn sine die was put to the Senate and agreed to and Mr. PRESIDENT adjourned the Senate accordingly.
5.39 p.m.

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