
THE SENATE DEBATES

(UNOFFICIAL REPORT)

PARLIAMENT 2003 – 2008

THE SENATE

Wednesday, November 2, 2005

The Senate met in the Senate Chamber, Parliament

Buildings, on Wednesday, November 02, 2005 at 11.21 a.m.

PRESENT

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

Her Honour Sen. Dame Patricia SYMMONDS,
D.B.E., G.C.M., B.A.(Hon.) (PG CE), J.P. (Deputy
President)

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

Senator the Hon. Miss L.V. EASTMOND, LL.B.,
(Hons.) LL.M.

(Minister of Commerce, Consumer Affairs and
Business Development)

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
the Ministry of the Civil Service)

Senator T.E. BARKER, B.A.(Hons.), M.A.(Econ.),
J.P.

(Parliamentary Secretary in the Ministry of Finance
and Economic Affairs)

Senator R.W. GRANT, B.A.(Econ.), G.Dip.M.A.

(Parliamentary Secretary in the Ministry of Tourism
and International Transport)

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

Senator Miss P.E. PARRIS, J.P.

Senator Miss S.C.V. HUSBANDS, B.A.(Hons.)

Senator A. C. FIELDS, K.C.M.G.

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

Senator Sir JOHN STANLEY GODDARD, K.A.,
G.C.M., B.Com, F.C.A., (Hons.), L.L.D.(Honorary)
(U.W.I.)

Senator R.O. MARVILLE, B.A.(Hons.), M.A.
African Studies, M.B.A.

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

Senator I. St.C. LINTON

Senator G.P.I. GOODING-EDGHILL

Senator Dr. D.S. LOWE, Ed.D., M.Ed., B.A.,
Dip.Theology.

Senator F.J. STUART, B.A., LL.M.

Prayers were led by the Very Rev. H.E. Chrichlow.

Mr. PRESIDENT: The Senate is in session.

PRESENTATION OF PAPERS

Senator the Hon. E.G. GRIFFITH: Mr. President, I
am commanded to lay the following documents before The
Honourable the Senate.

1. Reports on the Public Enterprise Investment Fund
for the quarters ended March 31 and June 30,
2005.
2. Reports on the Social Investment Fund for the
quarters ended March 31 and June 30, 2005.

MOTIONS RELATING TO THE BUSINESS OR SITTINGS OF THE SENATE AND MOVED BY A MINISTER

SUSPENSION OF STANDING ORDERS

Senator the Hon. E.G. GRIFFITH: Mr. President, I
move that Standing Order 45(2) be suspended for the
remainder of this Sitting.

The question was put to the Senate and agreed to.

INTRODUCTION OF BILLS

Senator the Hon. E.G. GRIFFITH: Mr. President, I beg to move that the following Bill be read a first time.

1. The Coroners (Amendment) Bill, 2005.

The question was put to the Senate and agreed to.

PUBLIC BUSINESS

Mr. PRESIDENT: Public Business is the order of the day.

ORDER NO. 2 – THE BARBADOS INVESTMENT AND DEVELOPMENT CORPORATION (AMENDMENT) BILL, 2005.

Senator the Hon. E.R. GRIFFITH: Mr. President, the Bill which engages our immediate attention is the Barbados Investment and Development (Amendment) Bill and it is seeking to amend Chapter 340, which sets out the responsibilities and the functions of that corporation. The amendment which is being proposed is one which seeks to remove from the ambit of the corporation all functions that relate to the conduct and promotion of international business. As you are aware when the legislation dealing with international business was introduced in 1965, the Barbados Investment Development Corporation (BIDC) was assigned most of the responsibility for promoting that industry.

The Export Promotion Corporation had certain responsibilities as well but at a later stage both of those agencies were merged into the Barbados Investment Development Corporation and that agency held the responsibility for promoting Barbados as an international business sector.

When the International Business Unit was established under the Ministry of International Business, that unit took on certain responsibilities for marketing and promotion, in addition to their regulatory functions. However, it was felt that this Unit should not be performing a dual. It should not be responsible for the regulation of the industry and for its marketing and promotion and so, the functions were handed over entirely to the BIDC.

We have now reached the stage in our development where it is felt that there is need for focussed and dedicated efforts to market and promote Barbados as an international business centre and that this merits the establishment of the creation of a new agency, the Barbados International Business Promotion Corporation and that is a matter to which we will turn our attention later in the sitting.

Sir, this is what has given rise to the amendment before us now, to remove from Chapter 340 all reference to marketing and promotion, as part of the responsibility of the BIDC, in relation to international business.

Since, the international business industry has grown to the point where today it is the second largest earner of foreign exchange in Barbados and where, according to a report which I read recently, it now employs in excess of 3 000 persons. It is also reported in that particular article that 40 per cent of the Corporation Tax comes from this industry.

Therefore, one can see that it is playing a significant and important role in the development of our economy. It is envisaged that it will continue to do so for the foreseeable future, hence the decision to create a new entity whose aim and only focus really will be the marketing and promotion of this particular industry.

Sir, if you look at how the industry is structured at the moment, you will discover that there are four distinct areas within which the activities take place, financial services, ICT, manufacturing and international trade and commerce.

Over the years, the BIDC has done a very important job and therefore, the proposal to remove from its responsibility, the references to marketing and promotion of the sector is no reflection on the performance of BIDC. As I said, we have reached the stage where we believe that in order to deal with the competition with which we have to cope from a number of our neighbouring countries such as Bermuda, Cayman, the Bahamas and the British Virgin Islands, we need to make sure that our marketing and promotion are at its highest and its best.

Over the years, various efforts were made by way of advertising the editorial coverage, website, trade shows and conferences, presentations by Ministers and other activities to promote Barbados.

Senate 40, sequence 03, 11:30:14

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SENATOR the Hon. E. R. GRIFFITH: Mr. President, we believe that we have to carry the work to a higher level now and that it would best be achieved by an organisation whose only focus is marketing and promoting the island as an international business sector and not by the Barbados Industrial Development Corporation which has to spread its energies and resources over a number of areas, and therefore is likely at some point in time not to have the appropriate time and attention to spend on this particular issue.

Mr. President, there are persons in the Barbados Industrial Development Corporation who are currently employed to deal with this subject, and one may ask what would happen to them when the institution takes over. Mr. President, the proposal is that the new institution, where appropriate, will continue to use their services so they would move over to that institution and that the Barbados Industrial Development Corporation would absorb the others, wherever it can, so as to add manpower to the things that they would have to continue doing. In this regard, it is not expected that there would be any negative fallout when it comes to the question of staffing and so on. It is simply, as I said, an effort to make sure that we have a marketing and promotion agency whose sole effort will be on promoting the island because in this particular situation in which we find ourselves, the export industries are of particular importance to us so that we can continue to boost our earnings of foreign exchange to cope with the challenges which we have to face in this unfriendly international arena.

Mr. President, it is on that basis that I beg to move that this Bill be read a second time.

The question was put to the Senate and agreed to.

On the motion of SENATOR the Hon. E. R. GRIFFITH, the Senate resolved itself into Committee, Her Honour Senator Dame Patricia SYMMONDS in the Chair.

COMMITTEE

MADAM CHAIRMAN: The Senate is in Committee.

Clauses 1 to 4 inclusive were called and passed.

On the motion SENATOR the Hon. E. R. GRIFFITH, MADAM CHAIRMAN reported to His Honour, the PRESIDENT the passing of one Bill in Committee and Mr. PRESIDENT resumed the Chair and reported accordingly.

On the separate motion of SENATOR the Hon. E. R. GRIFFITH, the Bill was read a third time and passed and cited as the Barbados Industrial Development Corporation (Amendment) Act, 2005.

ORDER NO. 3 – BARBADOS INTERNATIONAL BUSINESS PROMOTION CORPORATION BILL, 2005

SENATOR the Hon. E. R. GRIFFITH: Mr. President, this Bill before us is linked with the Bill, which was just passed, in the sense that it is as a result of the decision to remove from the responsibility of the Barbados Industrial Development Corporation, the marketing and promotion of Barbados as an international business centre because we have reached the stage where we need to create

an institution that will have sole responsibility for those functions.

The Barbados International Business Promotion Corporation Bill, which is before us, sets out what would be the responsibilities of the new institution, how the board would be constituted as shown in the Schedule as well as how members of staff who come over from the other institution to this institution would be treated and things of that nature.

Mr. President, the rationale for the establishment of this particular corporation is that we are now at the stage of our development with respect to international business where we have to ensure that steps are taken to help us to stave off the competition which we get from a number of jurisdictions within our hemisphere.

Mr. President, this industry plays such a significant role in the development of our country that we believe that we cannot leave anything to chance and that we must make sure that we have mechanisms in place that will allow us to get the maximum from the industry.

Senate 40 Sequence 4

11.40 a.m.

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SENATOR the Hon. E. R. GRIFFITH: Mr. President, this is an industry, which from its infant stages has always met with negative reactions from certain individuals but one cannot really gainsay the fact that it has played a significant role in our development between 1965 and 2005. As I said a moment earlier, it has become the second largest foreign exchange earner. According to a report I saw recently, it now earns in the region of \$400 million annually. In addition, the sector now employs in excess of 3 000 persons, with about 1865 jobs coming from the International Business Sector. That subsector has total investments of about US\$4.4 million and covers a number of areas.

Mr. President, one of the reasons we found it absolutely necessary to proceed with the liberalisation of the telecommunication sector is that, as you know, Mr. President, the cost of telecommunication is of great importance to persons in the International Business Sector. The Government, therefore, thought that until we succeeded in liberalising that sector and reducing the cost, it would not be able to rise to its true potential.

Mr. President, we, therefore, believe that we have to do everything necessary to permit the sector to reach its true potential, as it is capable of doing much more than it is presently doing, so long as the appropriate and correct

environments are provided. Certainly the Government is taking steps to provide the legislative framework necessary to create an environment where appropriate incentives are in place, to enable those involved in the sector to function and to make sure that the marketing and promotional activities take place.

Mr. President, the issue of facilitation is that the new agency will have a section responsible for business facilitation, so that when potential investors visit the country, there would be persons there whose task would be to assist them in dealing with the respective agencies with which they have to contend and to have them sort out their business in as short as possible a time. Sir, in this particular industry time is of particular importance since there is a cost attached.

Mr. President, the idea is that Government is making sure it puts in place the appropriate framework, which will enable this sector to proceed to its highest heights, so that we can get the maximum from it, particularly as it is a sector that earns foreign exchange for the country.

Mr. President, on that basis, I beg to move that this Bill be read a second time.

SENATOR Dr. D. S. LOWE: Mr. President, I thank you. I do not believe that any of us can advance any rigorous objections to an attempt to seek to secure the health and wellness of the International Business Sector.

I believe, as has been indicated before, that perhaps second only to tourism, this sector is of vital importance to the continued development of Barbados, particularly as we seek to engage on a global market and compete with entities that perhaps would be offering similar services, in many cases, at a more competitive labour cost, et cetera.

Mr. President, the Government had pinned very high hopes on this sector, dating back as far as 1994, when Government suggested that this sector has the capacity of generating employment of about 2 000 persons per year and forecasted that the growth of foreign exchange would have been just as healthy in this sector.

Sir, as we contemplate this particular Bill, I believe we have to put it in its widest context. We have to agree that the discussion of this Bill arises out of the dissecting of the Barbados Investment and Development Corporation to pull activities which are believed to be best served under this new entity, out of that corporation.

Mr. President, one might have to suggest that this may, in fact, be as a result of some detection of inefficiency on the basis of how the Barbados Investment and Development Corporation is now configured, or the need to create a more effective tool for specific services, without

creating any duplication of effort. Sir, the Barbados Investment and Development Corporation has a mandate and one would have to query whether or not that mandate was being fulfilled effectively and efficiently. Therefore, if that mandate was being fulfilled, why then would there have been a need to create a new entity?

Mr. President, we are not going to get lost in any discussion on that, except to say that I believe, as the Minister wraps up, there needs to be some clarity because certainly if you are going to create a new entity to replace activities in another entity, you would have to lay out more specific, definable and defensible terms, what would, in fact, be the vast difference in value added, which would be achieved by the country in this new move.

Mr. President, as I consider this, the Bill clearly states a number of functions for this new corporation, some of which include marketing and promoting the development of International Business in Barbados. Sir, over the last several years, I believe that the Honourable Member indicated that 1965 was the birth time for the Barbados Investment and Development Corporation and its activities, and indicated that between 1965, especially when it would be difficult to engage...

SENATOR the Hon. E. R. GRIFFITH: On a point of order. I just want to say that the reference to 1965 was with reference to the International Business industry and not to the Barbados Investment and Development Corporation.

SENATOR Dr. D. S. LOWE: Mr. President, I stand corrected. There was no intent to mislead.

Mr. President, with an entity that was supposed to have generated 2000 jobs per year since 1994, notwithstanding its inception since 1965, the Honourable Member stated that there are now a little over 3000 workers in the sector.

Mr. President, again that speaks to some flaw in the whole management of the International Business Sector. It speaks to some mechanisms that are not working. It speaks to more than just the notion of creating more foreign exchange. It speaks to more than the notion of creating a greater job rate in terms of the sector itself.

Mr. President, I believe that if we look over the last 10 years, there has been a coming and going of businesses in this sector. Sir, we could perhaps recite, with some level of ease, the number of businesses that have come and the number of businesses that have gone.

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SENATOR Dr. D.S. LOWE: This is not a direct criticism of the policy of the Government but more an observation that deserves some analysis so that as we plot a way forward we can ensure that the things which need to be corrected are corrected. We are not necessarily saying that the perspective of Government on international business is so significantly flawed that the industry is not achieving the objectives which need to be set. We are suggesting that since we now seek to have this Honourable Chamber pass a Bill that is designed to address some specific areas relative to marketing and promotion, that there needs to be a broad analysis as to what did not work in the first place and what can be done to inject a greater element of life in the industry so that we can achieve to some extent some of the objectives noted in this particular corporation.

Mr. President, promotion of international business in Barbados should not be exclusively driven by the desire of the Government to bring in more foreign exchange neither can it be exclusively driven by the desire of the Government to create an entity that allows it to hire more people in the private sector. These are the by-products of the overall objective of international business.

Mr. President, I believe what attracts a company to Barbados has to be much more than the needs of Barbados and it also has to be how that company can facilitate some of its needs relative to growth and expansion. Sir, earlier I said that there have been a pilgrimage of companies going and coming. Recently R.R. Donnelly's Financial closed in Barbados. Sir, Zenna Data, which came into Barbados around 2003, no longer exists on the landscape of international business in Barbados. Mr. President, we could list more but I would like to know if those who have been involved in framing this particular piece of legislation have done any substantive analysis to find out why it is that the sojourn of certain international business entities have been so short in Barbados.

Mr. President, I have had the privilege of being involved in the start-up of few companies in Barbados and there have been some niggling problems with the whole establishment of the company and once these companies have been established, the relationship between workers expectation and the companies set up in Barbados.

Mr. President, I want to put on the table that as we look at marketing and promotion, we begin to examine carefully the expectations of company as it relates to their operational cost and the compensation expectation of workers who go into this industry. I have noted that many of these companies come to Barbados and seek to target the unspoilt worker in this country. Sir, by that I mean that many of the persons who they tend to go after to work in the industry are young persons, who are now exiting education whether at the high school or tertiary level.

Mr. President, it is my view that these persons are targeted because many of them have a minimum employment experience as it relates to what is required to engage in negotiating a reasonable contract as it relates to service for pay. Sir, another exodus is occurring in this climate because in many of these businesses, the turnover rate in terms of employment and employees is very high. Many of the young people who go into these entities have certain expectation but when they negotiate the pay, they do not stay very long in these entities.

Mr. President, if we are talking about an entity responsible for doing research, not only market research as it relates to the pursuit of businesses, but as it relates to the setting up of these business and what is required to establish and international business culture as it relates to the relationship between international entities and the persons they seek to employ.

Mr. President, we know that a number of businesses which have left have gone to India and other places in search of cheaper labour. I want to urge Government that as it seeks to do this marketing and promoting with the development of businesses that we do not give the impression to international entities that labour in Barbados is so cheap that they can come here and siphon off some of the brightest and best of our young people and seek to pay them peanuts for the service which they offer.

Mr. President, As a matter of fact I would say that a lot of the contamination in the employment culture may well be fueled in some cases by the kinds of experiences that some of our workers are having in these international agencies operating in Barbados.

Mr. President, I had the joy of working at an offshore bank, parented out of Barbados, and to its credit I have to say that they did well in paying their workers to a certain level. If you examine the pay rate of their expatriates, who in some cases were doing tasks substandard to what the indigenous workers were doing, many persons in that institution wonder how could a company parented out of Barbados, which paid their expatriate people at comfortable rates, which allowed them to enjoy a comfortable quality of life, could come to Barbados and seek to set up business in this country and have the audacity of seeking to marginalise the worth of the worker by offering them wages ridiculously low when compared to some of their staff who came from their indigenous land to operate in Barbados.

Mr. President, I am not suggesting that this is any fault of the Government or that the Government has conspired to engage in this type of activity to promote foreign exchange earnings and demote the work of workers. I am suggesting that as the Government seeks to go forward that these are the type of indicators it must

analyse to ensure that if it really wants to create a sustainable business culture, it has to ensure that it is not just handing out all these incentives to bring people here but that at the same time our people benefit significantly from the existence and operation of these entities in Barbados.

Mr. President, it is a fact of life that many of these international businesses operating in Barbados invest substantially lower amounts in the enrichment and development of their workers. Sir, I know for a fact that some of them frown on the idea of providing soft skills for workers that would assist them in their development, particularly since many of those workers are in the post-adolescent years, now really coming into their own as part of the employment culture. Sir, this would have a detrimental impact on our workforce if the initial socialisation of these workers is of such where they have to contend so significantly....

S40/12:00

Sequence 6

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SENATOR Dr. D.S. LOWE: ...with a rate of earning, while at the same they have to time amble through an employment experience without enrichment or development.

I always applaud those organisations in Barbados that give much to the development of their workers, while demanding an equal amount from them. I believe that there is a relationship, not dichotomous in nature, that must exist between the company's intent to extract the highest value of service out of workers and the company's desire to input the highest level of value in the development of those workers.

Sir, when we look at promotion and exporting of international business, I believe that we have to take into account these indicators that are critical in helping to create a culture, because international business has its own culture and cultural expectations in the arena of employment and foreign exchange earning in Barbados. Sir, because of that, it means that those of us who must remain the guardians of our society, in terms of social and economic development, must insist that the right systems are put in place to encourage the international business entity to succeed at its endeavours, as well as the members of the Barbadian society who become a part of the same.

Mr. President, I believe that in this whole marketing and export activity or endeavour, we have to look at the entire business culture. When we look at business culture, we are not only looking at setting up those expectations and

targets that one wishes to achieve with regard to foreign exchange, et cetera, but we are also looking at establishing the relationship between the workers expectations, the intentions of the company and those things that need to be put in place for those reason.

I think that international businesses must observe the same requirements for corporate citizenship as any other business in Barbados. The truth of the matter is, a lot of these companies are looking for cheap labour, and to benefit at the maximum level in terms of what they take out of Barbados. They want to succeed at expanding their corporations and corporate network, but at the same time they are not prepared to invest in the people who become important in the achievement of their objectives.

Mr. President, I spoke many times in this Honorable Chamber and I continue to say that at the heart of whatever we do, there must be the safeguarding of goodwill and well-being of our people. Sir, no Government should become so driven to achieve economic goods, without giving full credence to the social goodfactor that is so critical in national development. Sir, if we achieve all of the economic objectives which we set as a country, and at the same time there continues to deteriorate the social element of the society, we cannot continue to maintain that kind of economic success.

Mr. President, it is my responsibility, as I believe it is the responsibility of Honourable Members of this Chamber, to ensure that when the Government continues to extend these sweetheart deals, with so many of these companies which it is pursuing... I heard the Honourable Minister of International Business speak about traveling to China, Mauritius and all of these places, there is almost a reincarnation of Columbus, where he is exploring and searching for these things, that is all well and good, but remember that Columbus' perception of the world was wrong. Perhaps, if he had continued pursuing on that perception he would have fallen off.

Mr. President, the fact is, we believe that in this exploration process, at the heart of whatever the Government extends to entice these companies, no sacrifice is considered redeemable, if at the end of the day the people of Barbados, do not reap the benefits of the activities of Government.

Sir, let us move onto business culture, people and standards. I believe what makes a country attractive to international organisations is the way the country develops its domestic business. A reputation in our international services busines has an important link to the reputable way we manage of our domestic affairs. We want to attract businesses to Barbados, but we want them to practise prudent financial rules, to follow the regulations of the country and other international standards.

Sir, I would want to suggest that if we are going to become attractive to credible institutions, which will set up and practice in Barbados, we also, as part of our research and analysis, have to look at the standards that we apply relative to our financial practices that are domestically driven.

Mr. President, again, I want to suggest to the Government, that it gives very careful thought to the whole issues relating to transparency and good governance, and its response to matters relating to its financial practices.

Sir, the Government must lead in every endeavour even as it relates to international business. Sir, when we seek to promote, we must not only promote the industries we want to see in Barbados but we must also promote the business benchmarks that can be used by international agencies, that have their home right here in Barbados.

Sir, I believe that the recent boast of where Barbados sits on the Anti-Corruption Index, is a worthy boast, if one gives contemplation to the fact that you are either on the corruption list or you are not. If you are on the list as number one or number one hundred, there is no substantive difference, in my view. I believe that in the pursuit of our country in this context, we must be able to boast of practices driven by transparency and other important financial drivers, where we cannot, in any way, shape or form, be ever cited as a country that encourages investment to allow people and companies to get away with imprudent acts.

Sir, it is very important that as we go forward, it matters not who becomes nervous about this - and put our systems in place, that we take these matters into full consideration; because I want to be part of a country where I can boast anyplace in the world that the way we do business can be adopted anywhere on the globe.

Mr. President, if any Honourable Member of this Chamber has a difficulty with that, that is the Honourable Member's problem. As far as I am concerned, I am going to ensure that as I extend my views on matters such as these, that I put on the table the things that I believe are important in government's contemplation.

Mr. President, the whole issue of financial standards, the way we operate, labour relations, have to be other elements that we focus on. We know that in this country we have had our difficulties with labour relations both in the private and public sectors. We would not want any entity, whether it is in Canada, United States of America or any other place on the globe to believe that there are coming to a country where there are practices in the employment culture and labour relations that can be fractious to the development of their business.

Mr. President, I do not understand why some people, in looking forward, have such a difficult time in exploring avenues that can help strengthen the arm of the work of Government.

12.10 p.m.

Sequence 7

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Senate 40, sequence 08, 12.10 p.m.

Senator Dr. D.S. LOWE: Mr. President, it is important that as the country plans to go forward, operating in a global environment that if Barbados must stand out for something, it must stand out for good labour relations in this country, as well as sound roots, transparency in Government, good governance and the commitment to protect the democracy where many of our people will not have the chance to make an argument in this Chamber.

Mr. President, I believe that the employment cultural issue and the labour relations issues are important in Barbados. The fact that the very Government who is now seeking to move the passage of this Bill, has had its difficulties with labour relations.

Mr. President, you cannot have a successful international business culture, unless you put the systems in place that set up expectations so that when you are exchanging your incentives, those who are coming understand that there are standards that are definable and defendable in this country by which they must abide. A lot of us perhaps do not go around sufficiently to deal with international business entities in Barbados but I know for a fact, from my own experience, that there are constant disputes, Mr. President, within many of these companies, regarding the relationship between the workers and the policies of these companies.

Mr. President, more and more, companies are pushing the envelope where they want to circumvent what has become the tradition of labour in this country. International businesses and in some cases domestic businesses now want to shut employees out of maximising the exploration of their rights as employees, in this country. It is happening in the hospitality industry. Perhaps that is why there is a mutter coming across.

Mr. President, I believe that these are some of the things that must be promoted as we go forward in creating this leading edge culture to make Barbados a first world choice, relative to international business. We are also exporting and promoting something else. Our national social amenities become part of the attraction, as it relates to the attitude of workers, the level of training and the

competencies of these workers, and the hospitality extended that is compatible in some cases with what is practised at the other end of the international business exchange, relative to that, Sir.

Mr. President, our most precious commodity in Barbados is now becoming that of service. We are becoming a services economy as the persons around economics are saying and I agree with that. Now, there is this new thing where people are saying a lot of nice things. I want people to say things that are nice, in order to demonstrate that they have a good grip on service delivery and service quality.

You cannot set up any viable industry anywhere on the globe, whether it is international or otherwise, without getting a grip on what it means to be a good service economy, and to be driving services that are undergirded by basic elements of quality.

Mr. President, I am of the view that even though the NISE initiative is great, there is something missing in the analysis. You cannot get people just to be nice, unless you understand what drives those people. At the heart of every man's attitude, is a belief system that if it is not carefully investigated, would keep putting out money at the symptoms, without being able to resolve the root of the problem.

Mr. President, the whole notion of being nice is not only from the Barbadian experience and the Barbadian offering services. I will tell you that many of the persons who come representing the business companies that set up part of the international business entities, particularly those persons who are leading those companies are not good examples of hospitality and sensitivity, relative to the interaction between their business endeavours and activities, and the workers they hire to deliver those services.

Mr. President, I am telling you from my experience that I have encountered some persons who were in this culture, who are grossly obnoxious. They get no training in sensitivity and come into Barbados believing that they can impose their culture on our culture and say and do anything they want to our workers and at the end of the day, believe that they are untouchable.

Mr. President, that is a fact of life and now that the Government has taken on the challenge of creating this new entity, I would want to caution the Government to pay attention to these issues. At the end of the day, as I said earlier, it is not simply the pursuit of foreign exchange. It is also an exchange relationship between the international business entity and Barbados.

Sir, what Barbados has to offer in my view, is just as valuable or more valuable than what any international company has to offer Barbados. Therefore, the Government's burden is not simply to create these objectives and set out these pursuits, but also to create a culture that can define how business is done among these companies in this environment.

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

Asides.

Mr. PRESIDENT: Senator Sir Allan Fields.

Senator A. C. FIELDS: Mr. President, I rise to give vigorous support to this Bill. Its importance is timely and truthfully cannot be understated. We heard the Minister speak about the fact that the contribution from this sector alone was 40 per cent of the Corporate Taxes collected last year. My own research would suggest that it is more like 53 per cent but we would not debate the 13 per cent.

Sir, what is significant is that every corporate entity in Barbados, outside of the financial services pays taxes of over 30 per cent and yet, the financial services sector contributes just over half of all the Corporate Taxes collected in Barbados. I think that is something significant that should be understood, when we realise that the maximum tax they pay is 2½ per cent and in some cases it is less.

The International Monetary Fund (IMF) suggests that the global growth rate of this industry is in excess of 15 per cent. It is a sustainable economic engine with a very high multi player effect. It generates significant foreign exchange. It creates employment for over 3 000 people which has an impact, arguably, on about 10 per cent of the Barbadian population, if you accept that a person with a job has a positive impact on at least seven other people.

The costs of the businesses are local. They do not use foreign exchange. They generate foreign exchange for this local community. They are environmentally and tourism friendly. They attract a lot of their friends and family, those who are based here, to Barbados. They have symposia and they have all sorts of functions in Barbados and it creates a united leadership position in CARICOM for Barbados as part of the CSME, so that Barbados can lead the way in the financial services sector.

We have seen over the last several months that tourism is sort of stagnant this year, compared with last year, if not slightly worse off than last year. We understand clearly that manufacturing truthfully has very little growth prospects, whether it is manufacturing from the international business perspective or local manufacturing.

Therefore, it is one industry in Barbados that has the capacity to grow, if we do things correctly.

Barbados has a lot going for it in this context. It has a stable political and economic environment. It has a low crime rate, especially when compared with other islands in the Caribbean. It has an excellent educational system, both at the university level, community college level.

I understand that something which the international sector has been asking for, for some time, an international school, is about to be started or has recently started in Barbados, which gives them the ability to know that their children's curriculum would not be vastly changed. Sir, they are not suggesting anything is wrong with the Barbados educational system, but they want to make sure that if they bring their children here in their formative stages, that the curriculum is similar to what they will get at home, especially when they come from Canada or North America, generally.

We have a strong independent judiciary with good system of courts and laws.

Senate 40, sequence 08, 12:20:02

Wednesday, November 02, 2005

SENATOR Sir Allan FIELDS: We have a literate and trainable workforce that truthfully, I do not think is exploited as some of us might claim. Sir, the traditional private sector in Barbados has been losing some of its better employees to these international business companies which tend to pay above the going rate in Barbados, especially when it comes to administrative services, legal services, accounting services and secretarial services, so I honestly cannot subscribe to the fact that was muted that they pay inadequate wages.

Mr. President, we have an excellent seaport and airport and excellent communications in Barbados. We have a competitive tax treatment and enough double taxation relief treaties under which this sector operates which is an asset to Barbados. We have modern facilities in communications, satellite, internet and computers. Communications cost are also being reduced on a daily basis. However, there is still room for growth. We are also in the North American time zone which means a lot to these people and our English is supposed to be standard English, although we could debate what is going on in the schools right now on another occasion.

Mr. President, there are certain hurdles that Barbados has to overcome. Barbadians do not seem to feel the importance and the opportunity that the international business sector offers to our future and are often suspicious of these people that come here to our island who are

generating significant foreign exchange for us, which is unfortunate.

Mr. President, I think we have to have a better connection between Barbadians and these people who have entered our shores and are living among us to carry out their duties. Mr. President, if you speak to these people you would find that they feel that the Civil Service is antiquated and not solutions oriented.

Mr. President, would you believe that we have a law that new corporate registrations must be filed on A4 paper with a specific font and print formats? A4 paper is a United Kingdom format, it is unknown in Canada and the United States of America. Therefore, it is a simple thing like that causes voluminous documentation that comes from the United States of America and Canada to be converted before it could be put into the registry. That is not a big issue but it is an example of some of the minute frustrations they experience and sometimes you get the straw that breaks the camel's back.

Mr. President, successful countries in this area like the Caymans Island and Bermuda are very hungry. They seem to move faster than Barbados to accept new entrants and to meet their needs. The Cayman Islands completes new registrations in 48 hours and the British Virgin Islands in one day, Barbados has not reached that level yet. There also seems to be a huge backlog of needed legislation that will impact on this segment. I think that they recognise that the legislation is in the works but that it seems to take an inordinately long time to come out of the Attorney-General's Office.

Mr. President, approval for tax exemptions, work permits, school permits and corporate registrations can take from three to nine months, with no seemingly set standards under which time some of them are supposed to be delivered. They are sometimes frustrated at the Immigration Department when their children come to visit them during school holidays.

Mr. President, there are some horror stories I can tell about that. I see Minister Eastmond looking at me and maybe she would like me to share some of those stories with her at another time.

Mr. President, there are some things that the international business sector believes could be done and could be done expeditiously. I think we are all hoping that this move today, in the passage of this legislation, is a move in the right direction. I must say that when I first read the Bill, I was concerned when I read that the Bill was named the Barbados International Business Promotion Corporation because I did not see anything about facilitation anywhere in the Bill, only about marketing and promotion. Therefore, I was very glad to hear Minister

Griffith say that facilitation was going to be a large part of the focus of this entity that was being created to service this sector of the market because when these people come to our shores they really need somebody to hold their hands and take them through the various processes and to facilitate them.

Mr. President, the international business community honestly would like to see people, even Ministers of Government, become more passionate about the international business sector. They figure that international business is the future of Barbados and they need to do things to make it happen. They reckon that Barbados is a topnotch jurisdiction and that we deserve and should covet that reputation and that we should not let anyone, even people like Mr. Spitzer, who came out and condemned Barbados and moved his company away from Barbados, to say otherwise, without coming out and speaking out against people like him. They do not feel that one bad company in Barbados should ruin our reputation. They feel that our reputation is our brand and that we can do a lot to promote the reputation that we gained for being a clean jurisdiction that moves quickly to move out people who are unsavoury or are doing things that are in appropriate and hiding behind the legislation that enables them to work here.

Mr. President, there are some concerns about the VAT and duty-free benefits. They would like to have them up front rather than in a claim back system which is cumbersome. They generally feel that we need some more dual taxation treaties with countries like Italy, Ireland and Asia. Maybe some of this, like standing committees to review and update our laws and generally to create a business environment that makes it easier for them to function in this country, would come out of this new entity. Certainly, they harp significantly on the family work permit issues, processing work permits with tax approvals and unnecessary school visas.

However, by and large, the offshore sector that we have operating in Barbados is appreciative of the ability to work and function in this country. Generally speaking, I think they would like to see various aspects of what they have to do expedited and would like to see more focus on putting a framework in place that is comparable to the Cayman Islands, the British Virgin Islands and other places, who admittedly may use legislation rather than double taxation treaties which Barbados focuses on. Mr. President, they laud the efforts that this Bill will bring to aid to their convenience.

Mr. President, I think it is very important that this focus and this commitment be shown to this sector. Traditionally, the sector has helped the Barbados Government and Barbados generally by promoting itself. They have gone on missions. In the early days when this whole sector was envisaged, the large accounting firms and

management companies in Barbados which had set themselves up to service this entity were the ones which went out there, with the odd minister accompanying them to sell this service across the length and breadth of Canada and the United States of America.

Mr. President, we recognise that the onus should be more on the Barbados Government entity. I applaud the Government for putting this piece of legislation in place and can only hope that the focus and the right people would be there and that they would be able to have the right tools to be able to put the missing elements and little things in place - I do not think there are a lot - that would add tremendously to a sector that is employing over 3 000 people and contributing over 50 per cent of the corporate tax that Barbados takes in on a yearly basis.

Mr. President, I am obliged to you.

SENATOR G. P. B. NICHOLLS: Mr. President, I rise to lend my support to the passage of the Bill, which would bring the establishment of the International Business Promotion Corporation into being.

Mr. President, I believe it is well-settled that the international business sector continues to perform at number 2 in relation to its earning of foreign exchange, which allows the Government to continue its mission to achieve a level of economic growth that is sustainable, that would allow us to deliver upon the expectations of the people of this country. Sir, Barbados is a small open economy like many of the other countries in the region and we are very vulnerable to the external shocks of the international economy.

Senate 40 Sequence 9

12.30 p.m.

Wednesday, November 02, 2005

SENATOR G. P. B. NICHOLLS: Mr. President, the recent spike in the price of crude oil has shown immediately how instantaneous those international events could effect the very standard of living. Sir, I say that ever mindful of the comment made often in this Honourable Chamber by Senator Stuart, as if there is a different between social and economic policy, to the extent that the Government is always concerned with the latter rather than the former.

Mr. President, at the end of the day, if the International Business Sector which was narrowly defined by Senator Dr. Lowe in his presentation before this Honourable Senate, does not work out in the way in which the Government anticipates, the levels of growth in the Barbados economy that we feel are sustainable would not

be achieved. Sir, it must not be underestimated as to what the Government is doing.

This corporation is expected not only to market the International Business Sector but to create an institution that would facilitate the development of Barbadian international businesses. I say it is not as narrowly defined as Senator Lowe has suggested, principally because any Barbadian can utilise the infrastructure created under the International Business framework in this country, to further the development of their own business in countries far beyond our shores. Sir, that is important because by virtue of being service providers across the spectrum of services provided internationally, Barbadians have the wonderful opportunities to extend their business opportunity far beyond Barbadian shores.

Mr. President, it is, therefore, incorrect to give the perception that the only kinds of International Business that is being sought after by the Government are call-centres and data-processing companies that come and go as they wish. It is not so. Therefore, it is false and misleading for Senator Lowe, to give the impression that is all International Business is concerned about.

Mr. President, I heard Senator Lowe making reference to Columbus and it is very apt that he did so. When Senator Lowe spoke, he reminded me of Columbus himself because Columbus had set out on a journey, not knowing where he was going. When he got there, he did not know he had arrived. When he got back, he did not know where he had been. Therefore, like Dr. Lowe, when he began his presentation in this Bill, he did not know what he was going to say and when he was in the middle of it, he did not know what he was saying.

Mr. President, I suspect that Senator Lowe does not understand the full import of what he has said, after he had finished his speech and I wish to thank him for introducing the concept of Columbus into this debate. Sir, I would consider Senator Lowe's presentation a Columbus Day speech because it is incorrect to give Barbadians the impression that the International Business Sector is something which is alien to them and to the development of the Barbadian economy.

Mr. President, I am a practising Attorney-at-Law and several times Barbadian service providers provide services for company that do not operate in Barbados. We provide legal opinions for companies that have business interest in Barbados, insofar that they are only incorporated in the country and being facilitated by the business development infrastructure that we are providing. It is, therefore, false and misleading to give Barbadian the impression that Government is seeking to provide a sector that is only looking to alienate the low-skilled or low-qualified workers in the country.

Mr. President, the statement made by Senator Lowe is wrong and I believe that the Honourable Senator should retract it, when he sought to give the impression that the Government is not doing its best.

SENATOR Dr. D. S. LOWE: On a point of order. The Honourable Senator is misleading because he is on that trip with Columbus. I do not believe I gave the impression that International Businesses were seeking to attract low-end workers.

SENATOR G. P. B. NICHOLLS: Mr. President, we in Barbados must pay some attention to what Government is doing because the entire infrastructure associated with International Business and Financial Services Sectors, including the creation of bilateral investment treaties and double taxation agreements, are important. I heard Dr. Lowe also making reference to the standards set. Sir, over the last five years, this Parliament would have brought anti-money laundering legislation in this country. We have amended the Companies Act, to give a stronger regulatory and supervisory framework for the conduct of International Business in this country. These institutions have been strengthened so as to continue to give Barbados that reputation as being a high quality service provider and a high quality service domicile because we have been under attack from some of the international organisations that exist. That called upon the Barbados Government to respond in ways in which we ensured that there is greater transparency and accountability by the people who practise International Business.

Mr. President, over the last 30 or 40 years, we have been very fortunate not to have any companies incorporated in this country, which have brought the international reputation of Barbados as a sophisticated financial services domicile into disrepute. Sir, that was done by the vision of persons who sought to establish this sector, persons such as the late Sir Harold St. John, among others.

Mr. President, while we have not gone after cheap International Business, we have gone after business that would enure to our reputation and to the standards that we set as a Barbadian people, which is important.

Mr. President, references were also made during the course of this debate as to why Barbados has not done things in the way countries such as the Cayman Islands and the British Virgin Islands have done. Sir, there is fundamental distinction between what Barbados can do as a sovereign country and what is allowed to take place in the Cayman Islands, the British Virgin Islands, Bermuda and Anguilla, which are all British overseas territories. Therefore, they do not need to have a double taxation treaty to facilitate business arrangements between entities incorporated in their countries, simply because there is no

need for double taxation treaty between a British overseas territory and Great Britain.

Mr. President, therefore, we must not think that what we are doing is more cumbersome, as opposed to what the Cayman Islands is doing because of our particular position as a sovereign nation, with us having to respond to criticisms of the international organisations, and without the protection of our colonial mother.

Sir, Barbados has to fight its way in the international environment, just like any other jurisdiction but we know that at the end of the day the buck stops at this Parliament to create the laws and the necessary institutional framework, to make sure that the International Business that we pursue in this country is one that is legitimate and in keeping with the values of the people of this country.

Mr. President, I want to make the point that this corporation will, for the very first time, give Barbadian the opportunity to develop their entrepreneurial skills in ways and means in which they can extend their opportunities to provide services outside of the geographical 166 square miles Barbados.

MR. PRESIDENT: Order please.

SENATOR G. P. B. NICHOLLS: Mr. President, in relation to the provision of cross-border services, we have cross-border services where Barbadian can go, set up businesses and provide services and return to Barbados. Barbadians can stay here and provide services abroad. Barbadians can also service the International Business community by people coming here to consume the services that we provide.

Mr. Speaker, every time we mention International Business, people would think of big, rich persons coming to exploit poor Barbadian. Sir, that is the unfortunate impression that is being conveyed, particularly by the Opposition, every time the Government seeks to strengthen the sector, which is the second largest foreign exchange earner. It provides jobs in the country, not only low-skilled jobs but also jobs for most of the professional people in this country.

12.40 p.m.

Wednesday, November 2, 2005

Senator G.P.B. NICHOLLS: Sir, Barbados has been successfully developing a reputation where many of the bright persons who come out of the University of the West Indies refuse to go home but work in this country in the facilitation of international business sector and the financial services sector in this country. It is to our enduring benefit and credit that we could attract some of the best minds in

the region to work in our financial services sector, interfaced both with the domestic financial services and in the international financial and business services, to create a corporate economy in the context of what we are trying to achieve in this country, a society that is developed fully to its potential and to be able to attract the best brains and talents while, at the same time, providing opportunities for our people to develop.

Mr. President, we cannot allow the hard work done by, particularly by Senator Eastmond in a previous designation, to go by the wayside and be dragged into the mud about industrial relations and all these things. Sir, there is no country in the world that does not have industrial relation issues. Senator Lowe spoke as if Government can wave a magic wand and all the industrial issues in the world can evaporate and everybody would work in the conditions they require.

Mr. President, the Democratic Labour Party has not in its recent political history enjoyed any reputation for looking after workers in the country. Their record is not something we can recommend to faint-hearted people who come to our country and seek research about how industrial relations are practised in the country. We cannot suggest to anyone who come to this country to look at the record of the Democratic Labour Party but, all of a sudden, they are concerned about the relationship between labour and business. They are concerned about wages and all those things that they were not concerned about when they were in Government on the last occasion. Sir, that is for them to speak about now.

It is unfortunate at a time when we are realising that our shift away from agriculture into tourism and financial services presents a particular challenge as the world continues to move along the lines of this speedy march to globalisation. The challenges of economic integration have made sure that we must be able to achieve our goals as a society but the challenges are greater and greater.

Mr. President, it is a fact that the growth in the tourism sector alone cannot sustain the per capita growth which Government anticipates that would allow the country to enjoy the quality and standard of living that we are accustomed to and that we desire for our people.

Mr. President, we are fortunate in this country that we have not had to deal with any natural disaster in the last 50 years, which can essentially wipe out our tourist industry and what semblance of agriculture that we have. It is important that as we continue to look at the diversification of the Barbados economy that those persons who are so interested in the development of the people, like Senator Dr. Lowe, should come to this debate not only to criticise things that he has imagined about the international

business sector but to help us to create an environment in which that sector can grow and develop.

Mr. President, not a single word came out of his mouth in relation to how that corporation should go about its mission in its formative years. Sir, not a single word came from his mouth as to how Barbadians should be lining up and what kinds of information they should be seeking from that corporation as to facilitate the development of international business culture.

Sir, these are the kinds of things that we would welcome from the Opposition because, at the end of the day, it is not about the development of the Barbados Government but it is about the development of Barbados. Sir, I keep saying that they should help us to flesh out the modalities for the development of this country rather than becoming critical for sake of being critical.

Mr. President, my intervention of this debate is to welcome the development of this initiative by the Government. Sir, as a service providers myself, I want to caution that as we continue to face the challenges of the international environment that is becoming more unpredictable as it goes along, we need to make sure that we take stock of what we have and what is working for us. We know that we must redouble our efforts to create institutions like the International Business Promotion Corporation so that we can not only strengthen what we have but secure the benefits and the beachheads that we have already achieved.

Sir, with those few words, I am obliged to you.

SUSPENSION

SENATOR THE HON. E.R. GRIFFITH: Mr. President, I beg to move that this Sitting be suspended until 1.45 p.m. today.

The question was put to the Senate and agreed to and Mr. PRESIDENT suspended the Sitting accordingly.

S40/12:47

Sequence 11

Wednesday, November 2, 2005

RESUMPTION

Mr. PRESIDENT: This Sitting is now resumed. Senator Eastmond.

SENATOR the Hon. Miss L. V. EASTMOND: Mr. President, I rise to speak in support of the Bill, which is for

the establishment of a corporation to promote and market Barbados as an international business centre.

Sir, I think it is important for us to review our marketing and promotion strategies in the past and which has worked for us. Essentially, in the late 1980s and 1990s the private sector often promoted the international business sector. This was driven largely by the accounting and law firms as well as some management companies in Barbados, this was primarily the way in which the international business sector was marketed. This was not unusual because essentially, it is the practice in other countries, the private sector tend to do their own marketing. It is not done predominately by the Government, other than in a macro sense. That was the model developed and used in Barbados. Mr. President, for the most part, the efforts were successful from the perspective of encouraging a number of individuals from several different countries to establish businesses in Barbados.

Sir, we also had the ability to attract a number of large firms that were involved in relatively sophisticated activity. For example, we were engaged in word processing for American Airlines

13.50 p.m.

Sequence 12

Wednesday, November 02, 2005

Senate 40, sequence 13, 1.50 p.m.

Senator the Hon. Miss L.V. EASTMOND: We also had a company here called, PRT that was involved in software development. I think many of us know that we have also attracted Intel to Barbados.

A lot tends to be said about companies that come to Barbados which then determines from their own business perspective that it is appropriate that they close the branch they have in Barbados. With respect to PRT, for example, I do not think that the Government of Barbados did wrong or there was anything wrong with our incentives but it was simply that the business model that PRT was following was sustainable for its own business.

Similarly with Intel, a business decision was taken to close the branch in Barbados which had nothing to do with the viability of the operations in Barbados. In fact, it is my understanding that the work which was being done by Barbadians in Intel, was actually some of the best work being done in any of their branches anywhere, and it was simply a business decision.

Mr. President, I think we have to understand that often when companies come to Barbados, especially the

large ones, are not stand alone companies but may be part of a large group of companies with their headquarters in Canada or the United States. They may have a subsidiary in the Cayman Islands or the Bahamas, with branches in Barbados, St. Lucia, Costa Rica or in Chile. Therefore, the business decisions that are made with respect to the business that this entity carries on, are not limited to examining what is happening in Barbados alone. Maybe, it is difficult for some of those who speak, who have interacted with one or two companies that do not quite understand that it is really a very complex process in which you are engaged.

Mr. President, the truth of the matter is that sometimes these companies are so sophisticated that if there is the possibility of saving the payment of a 0.5 per cent tax or even a 0.1 per cent in other jurisdictions, they would leave Barbados because that is what they pay their tax planners to do. They pay them to calculate which country is more tax efficient and which country is the most business efficient. Sometimes, it is a matter of working out figures to come to a determination.

Mr. President, if Barbados is going to pursue a number of other broader policies that it has, Barbados will not, at the same time be looking to manipulate its tax system in such a way that it would be seeking to bend over backward to encourage a company to stay because they can get a saving of 0.1 per cent tax in another country. As you know, when you bend over backward too much that happens, you forget what your fundamental philosophy is about what you are doing. Therefore, I think it is rather unfortunate, some of the statements that are made about the international business sector.

I think that in our local business, some of the statements that are made about the international business sector, in this new environment and even with our own local businesses, we have to understand that companies need to adapt. At the moment, I think what you have in Barbados is what one can call a plantation mentality to business. We believe that we can set up these large infrastructures and that they will serve us for one hundred, two hundred years or three hundred years but that is not how business is done anymore.

Mr. President, businesses are set up often with the inherent possibility that in a year's time traumatic changes would have to be made, in terms of the company's strategy or the company's business model, in order to make sure that it can continue to compete in the international environment. This is how people do business and therefore companies will come and companies will go. This is a fact of life. The important thing is to ensure that in terms of the investment that one makes in this type of activity, to ensure that the benefit is commensurate with the investment or

that one gets the appropriate return on one's investment in the sector as a Government.

Sir, to expect to pursue the notion and idea that you would have a company come to Barbados and it will stay here for one hundred years, things just are not done like that anymore. Therefore, I think we have to try to move away from that notion.

Mr. President, I heard Senator Dr. Lowe spoke about these companies that did not want to train their employees. I know that Intel put Barbadians in a position where those Barbadians were able to go and work elsewhere in the information technology sector.

In fact, I know that when Intel left Barbados, some of their Barbadian employees left Barbados to continue to work with Intel. This is not just so for Intel. There were other companies that came to set up business in Barbados in the international business sector, which hired Barbadians especially in the area of information technology and when they left Barbados, they took the Barbadians with them.

I therefore think it is unfortunate that this very grim picture is painted of individuals who come to Barbados to do business. I hope that they were not listening to the representative of the Democratic Labour Party and the Opposition because, certainly, they would feel that they were not welcome by that Party.

Clearly, things have changed in the sector. There are many individuals in the private sector when they were promoting international business that they actually spoke of going overseas and selling IDCs, FSCs or exempt insurance companies, which I would say is probably the model that a country like the British Virgin Islands (BVI) uses.

Mr. President, this has been said over and over again. I do not know if it is simply political posturing but I really think that we have a duty not to give the ordinary members of the public in Barbados the impression that our model is wrong. I hear it time and time again, comparisons being made of what happens in the British Virgin Islands with what happens in Barbados. There are two completely different models.

It is true that within the BVI you could probably incorporate a company within an hour. I would also say that they probably incorporate 500 companies in a day. What due diligence is being done? Obviously, it is a different business model, if you are simply going to incorporate a company. The BVI does not impose any taxes on the company. Usually in circumstances where someone is seeking to set up a company in Barbados, it is within the context, as I said before, of a multinational.

Senate 40, sequence 13, 14:00:14

Wednesday, November 02, 2005

SENATOR the Hon. Miss L. V. EASTMOND: Most of our business comes from Canada, and most of the individuals are seeking to utilise the Barbados/Canada double taxation agreement. They need to get tax advice from their experts in Canada. They also need to get tax advice from the experts in Barbados. They are not interested in coming to Barbados, incorporating a company and going back out, that is not the type of business we are doing. The type of business we are doing is different.

Mr. President, we always have to make reference to the International Business Companies Act, which speaks about manufacturing, trade and transshipment activities, because we hear individuals talking over and over again about being more like the British Virgin Islands, but the BVI's business is very different from the business that Barbados does. Sir, to me that reflects only a passing knowledge or connection with the subject area. Mr. President, if one is going to make policy recommendations, for example, that Barbados should be like the BVI, I think it is the responsibility of individuals who seek to say that to carry out a more in-depth study of what we are seeking to do.

Mr. President, apart from the increasing complexity of the international business sector, rules have been put in place in the domestic legislation of several countries, which have nothing to do with what the Barbados Government can do, which seeks to restrict the ability of companies established in places like Barbados to be able to remit their dividends and be able to take advantage from tax deductions when dividends are paid over. Mr. President, the Barbados Government cannot go to any country and tell them not to change their domestic legislation, but there is some advantage we have because we have double taxation agreements, which is what we have been working on.

Mr. President, I believe that the business community has not seen the negotiation and implementation of double taxation agreements under the Democratic Labour Party watch, as they have seen under the watch of the Barbados Labour Party. We have negotiated agreements with countries that individuals in here probably would not think of negotiating agreements with. We have negotiated agreements with China, Cuba, Malta and Italy. We are negotiating agreements with a wide variety of countries including Botswana and there are more on the cards.

Mr. President, I do not believe that anyone could ever take this Government to task for not pursuing the negotiation of double taxation agreements. It is a fact that over the past 10 or so years, we have done an outstanding job in negotiating agreements and more would come

through because the groundwork for their negotiation has been done.

Mr. President, we should not underestimate the impact of the regulatory changes which have occurred. We dealt with the Organisation for Economic Cooperation and Development initiative and everyone felt that it was a success. However, this is an ongoing exercise where we still have the Organisation for Economic Cooperation and Development involved in what they call a global forum, where they are still pursuing certain activities. We still have the work of the Financial Action Task Force going on. We still have decisions being made at the level of the Basel Committee, which is the Banking Committee that deals with setting standards for the banking industry.

Mr. President, all of this is happening, therefore, the type of approach that we take to this sector cannot be one simply where we seek to look to see what other countries are doing and seeking to copy it.

Mr. President, what Barbados is seeking to do is unique in the region and it is very sophisticated. For example, foreign sales corporations no longer exist in Barbados because Barbados became the subject of the World Trade Organisation rules. It was the World Trade Organisation that decided that the foreign sales corporations were not in keeping with the agreements on subsidies and agriculture. It had nothing to do with whether or not Barbados was promoting FSCs.

Mr. President, that is why I am saying that the environment has changed, and therefore this is the reason we have to take a more focus approach to promotion and marketing. This is also why I believe that when Senator Lowe is going to speak on this subject he should probably take the time to do a little more research on the issues.

Mr. President, I heard a discussion about the international business sector and that people were coming to Barbados, not to train people properly but to hire school leavers and all kinds of things. Sir, I was wondering why it is that the Honourable Senator would seek to lambaste the people who are coming to make investments into Barbados. This shows a really minuscule understanding of the sector because companies that are trading in securities would not employ a 17-year old just out of school to trade securities, so the misunderstanding of the sector is abysmal. The companies that are involved in reinsurance of risk of mining companies in Chile will not employ a school leaver 17 years old to manage the risk portfolio.

Mr. President, a company or individuals who come to Barbados to set up a bank will be looking for graduates that have training in the financial services sector. Senator Lowe's definition of the international business sector apparently is call centres, but of course that definition is

wrong and I would be neglecting my duties if I did not seek to correct him. The international business sector is not simply defined as call centres but call centres are a very important part of what we have on offer in Barbados. I am quite amazed that Senator Lowe would seek to criticise an industry that employs hundreds of our young women.

Mr. President, when I go to have my lunch, I see hundreds of these young women emerging from the call centres who are legally and lawfully employed. They are earning their own money, they can go back home and contribute to their household and if they have any children they can help to support them. They can also get a manicure or a pedicure with their own money, without having to ask anybody for a cent. In my view, that is financial independence that we are giving to our young women in Barbados, which is something that we should applaud the Barbados Industrial Development Corporation for. Therefore, we should not be here lambasting individuals who come to Barbados to set up those call centres. Mr. President, I wonder if the Honourable Senator has something else for them to do, if they are not to do that.

Senate 40 Sequence 14

2.10 p.m.

Wednesday, November 02, 2005

SENATOR the Hon. Miss L. V. EASTMOND: Mr. President, Senator Lowe also went on to talk about standards. I remember a debate that we had here about the imposition of a cess, where individuals started to quote from the International Monetary Fund Article Four Report that was done on Barbados. Sir, the point was made at that time that the Honourable Members from the Democratic Labour Party seem to have a brief, either for or from the International Monetary Fund. Today it seems as if they do because Senator Lowe started to speak about standards, corruption, transparency and the Financial Services Sector in Barbados. When he spoke, I began to get the impression that somehow a link was being formed between the Financial Services Sector in Barbados, the lack of transparency, corruption and governance. Sir, from all this I got the impression that this sounds just like the OECD and the IMF and I was amazed that a Barbadian Senator would be carrying a brief for the OECD and the IMF.

Mr. President, whenever one talks about the International Business Sector within the context of the IMF, the OECD, the Financial Action Task Force or the Financial Stability Forum, they all speak with one voice in accord with Senator Lowe. They all say that Barbados' Financial Services Sector has something wrong with it because we are involved in International Business and that somehow they know about the standards of transparency and financial prudence and we do not. In addition that the

International Business Sector is linked to corruption, in the same way that Senator Lowe has linked it.

Mr. President, I am really surprised that on the eve of Independence, we can have someone in our midst, who would actually take the brief of the International Monetary Fund and speak about it in this Honourable Chamber in that way. Sir, it is certainly not the first time that Senator Lowe has done it and I find it to be absolutely remarkable.

Mr. President, everyone here knows that the lead regulator for financial services in Barbados is the Central Bank of Barbados. I do not believe that there is any regulatory institution in the region that can say that it is sounder than our Central Bank of Barbados. Therefore, when Senator Lowe talks about Financial Services Sector and about standards, as if we do not know anything about them, I am amazed by that because that is exactly what the International Monetary Fund would say.

Mr. President, it would, therefore, seem to me that if there are individuals who aspire to govern and in terms of debating policy, these individuals seek to take their cue and all of the other offshoots from the International Monetary Fund... Sir, all of these agencies are related because when one looks at the membership, in terms of who has the power to make decisions amongst the members, the IMF and the World Bank are about the same; the OECD is the same; one sees the same players in the G7 countries and in the Financial Action Task Force; one sees them in the Financial Stability Forum and in the BASEL Committee. Sir, it seems as though Senator Lowe attends their meetings.

Mr. President, I was even more perplexed by why Senator Lowe would seek to alienate all those Barbadian voters who work in the International Business Sector, who live in Christ Church East. MR. PRESIDENT: Senator Eastmond, you have two minutes more.

SENATOR the Hon. Miss L. V. EASTMOND: Mr. President, these individuals who work in the International Business Sector in banking, know that had it not been for these companies, they would not have been able to do the type and quality of work they are doing in Barbados. They would not have been able to stay in this lovely island and work for the multinational and financial services sectors. Mr. President, I too wonder why Senator Lowe, as a person who aspires to govern, would seek to alienate those individuals who are willing to bring foreign investments into Barbados. I also wonder why Senator Lowe would seek to alienate those lawyers, accountants or managers, some of whom are his colleagues, who earn money from this sector. Mr. President, this is remarkable coming from Senator Lowe because I understand his experience in the sector is now based on interacting with two companies. I do not know which companies they are but it is probably

similar to polls that were done, where ten people were polled and people came to certain conclusions. Sir, one cannot base one's assertion on policy on one's interaction with two companies. Mr. President, this sector is extremely important and, therefore, the Barbados Labour Party Government must be commended for taking this very focused approach to its marketing and promotion strategies. I, therefore, have no reservations whatsoever in supporting this Bill. I am obliged to you.

SENATOR Miss S. C. V. HUSBANDS: Mr. President, I rise to support the Bill before us because it represents tremendous opportunities for Barbados, to be able to continue to reposition its economy, to be able to earn the type of foreign exchange that it needs to earn. Mr. President, when I look at what are the challenges that small nations like us have to face in terms of how they are going to earn revenue and to provide for their populations, the options are very difficult indeed. This, therefore, takes a focused Government to be able to develop and craft the strategies that seek to leverage the advantages that it has, in order to find meaningful ways to earn foreign exchange and to earn a living in the new world. This new world is not going to offer us the kind of concessions, support or preferential treatment, to which we have been accustomed. At the moment, every nation has the challenge of having to get up and get. Mr. President, this Bill before us is part of the Barbados strategy to get up and get. We have to get up there and compete with others. Sir, in the International Business arena, the lucrative business of this sector is such that many nations across the world are vying to attract as much foreign investments to their shores as they can. Therefore, because of the limitations in terms of options and resources, there are a number of countries that pursue this type of business as a part of their strategy. It is, therefore, important for us to understand that we have to craft our own strategy, to be able to get our own slice of that particular business, so that we can safeguard our present and our future growth and development. Mr. President, when one looks at the development strategies that other nations have put out, their strategies are based on realities that they have on the ground. That is why I appreciated what Senator Eastmond shared in terms of Barbados having to craft and design its International Business strategies to suit the realities that we have on the ground. Mr. President, taking India as an example, this is a huge country. India has opted to keep manufacturing primary for its domestic people but have looked to foreign, direct investment in services because they see they have a tremendous advantage there and can learn from the exchange. Therefore, India has set about to pursue a strategy that allows it to be very powerful in attracting much investment and doing a lot of business at the international level. We know, for example, how well India has done in terms of software programming, back office functions and biotechnology. These are the areas that they are using to cause their economy to grow. They now have

to look for distribution mechanisms to enable the wealth to benefit the average person. S:No.40(15)2.20 p.m.

Wednesday, November 2, 2005

SENATOR Mrs. S.C.V. HUSBANDS: So these clashes could lead to difficulties within the sector.

Sir, we need to develop a high quality, consistent with our performance and culture where the output is so desirable that it creates sustained demand. The greater the demand for our labour and conditions the better our negotiating position when we seek to attract additional companies. Mr. President, because of China's location and other advantages in its negotiations with foreign investors, it can demand certain terms and conditions.

Sir, for example, some of those businesses are not keen on exposing their technology to other people, but China negotiates certain types of arrangements with those companies where a condition of entering the Chinese market is the exchange of technology. Sir, this can only be accomplished with a prime location so powerful to entice negotiations for their benefit.

Mr. President, what is Barbados' situation? We only have a location advantage developing, with a quality labour force. Unless the labour force decides that it needs to perform and wants to perform at a level above or matching international standards, we will find great difficulty attracting the best foreign investment to our country.

Mr. President, unlike China, we have no need for half a billion dollars in investment every year. We do not need that much, but we would not refuse it. The point is, if we are in a position to pick and choose, we need standard quality business that allows us to select the best available in the world, creating great demand with our development.

Sir, what should a nation like Barbados do? Barbados is faced with a peculiar situation where we have a small domestic capital. The limited domestic capital created in Barbados, leaves the financial sector at risk, hence they invest very little in domestic enterprise. Most of the domestic capital is invested outside of the country, and as a result, to our domestic enterprises lack the level of capital necessary to build strong enterprises, which can become foreign direct investors.

Mr. President, what do we do? We have a population accustomed to a particular standard of living, a population that wants to move away from manual labour, demanding a high quality life and a quality education. What kind of strategy are you going to build?

Mr. President, in the face of limited investment of domestic capital, the need for jobs and foreign exchange;

there must be other methods of getting investment. If you cannot create the capital in your own jurisdiction, then it must be attracted from elsewhere. Hence, the pursuit of this sector being is very important to our economy.

This is done while you are seeking to develop or nurture your domestic entrepreneurial class.

Sir, jobs create earnings, and then the demand for goods and services. The demand for goods and services lead to the formation of more domestic enterprises. As a result, those enterprises gain expertise, developed to the level of direct foreign investment.

Mr. President, this would have to be the strategy because you cannot wait on your domestic capital in order to get involved in the economic building. Therefore, a nation like Barbados would have to pursue a particular strategy.

Sir, what should labour do? Labour must focus on higher levels of skill, work ethics and greater output, in that way, you are in a position to better protect your labour relations rights. If you are valuable, highly skilled and can bring the type of return a company is looking for, a certain level of negotiations would be acknowledged, if you are average or mediocre, you tend to accept what is offered.

Sir, what are the rights that Barbadian labour should expect from working in any sector? I believe that there should be appropriate remuneration. That remuneration should be balanced against a number of factors, but one important factor is the value that particular skill has within the world.

I think they have a right to work in a reasonably comfortable environment. It does not mean that they all will work at the Ritz Carlton, but they must have certain minimum standards of comfort within the environment in which they work. I also think that one of the rights Barbadian workers have is that their health and safety needs should be properly attended. I want to congratulate the Government on the passage of the Health and Safety legislation, which seeks to protect the right of Barbadians where they work in a safe environment.

Sir, I think another right of Barbadians is opportunities for training, with increased pay for increased production.

Finally, another right is a job performance survey for analysis and improvements. Sir, those are the rights that they should seek to safeguard at all times.

Mr. President, it is detrimental, not only to them but to the nation and its economic growth, if they report for

work when it is convenient; with increased pay and reduced productivity.

Sir, I do not believe that they have a right to work at a pace, that they believe is comfortable for them, at the expense of the organisation. That is not to say that you will be under-staffing your workplace and overworking your staff. We need to develop a sense of commercial urgency that includes speed and productivity.

I feel that as a Barbadian labour force, we do not have the right to decide that from our assignments we can pick and choose. As an employee, I must complete my duties to the best of my ability. It is not for me to decide what I want to do.

I do not think that insubordination or disrespect are equivalent to standing up for your rights. I believe that people should stand up for their rights but in an appropriate and professional manner. Sir, we have no right to be demanding a lifestyle that we have not earned.

Mr. President, at some point our people have to make the connection, that the quality of life which they want must be linked with the quality of productivity which they produce on a daily basis.

What are some of the accomplishments that I would like for the establishment of such a company, to assist the exports of Barbados, attracting foreign direct investment into our nation? I would like, not only the attraction of investment companies to Barbados but for the research capability vested in those companies to identify areas of exporting Barbadian services and products. I want to see, for example, a diaspora programme because I firmly believe it is one of the ways we can penetrate the barriers that the large countries erect against our services and goods, which are many. Sir, all the talk about free trade, lowering barriers, et cetera, the lowering of barriers are only to open ours. We are experiencing the barriers that keep us from their markets, which makes it difficult for us to earn foreign exchange. So, we have to find means and ways to get around the barriers which they erect against our products and services.

Mr. President, for example, they erected a barrier against potatoes. They said that only potatoes of a certain size could come into their country, and that potatoes that were in-between these two sizes were somehow unhealthy. That is the kind of ridiculous level that some countries go to prevent products from entering their country. Sir, we are not operating in a very friendly environment.

Mr. President, there should be a diaspora outside of Barbados that is a tremendous market for us to tap into. S40: 14.40 p.m.

*Sequence 17**Wednesday, November 02, 2005**Senate 40, sequence 18, 2.40 p.m.*

Senator Miss. S.C.V. HUSBANDS: I would like to see this company developing a programme that allows for a programme to register that diaspora to know where those concentrations are to be able to tap into those who have business connection, or business opportunities and to facilitate joint ventures between local Barbadians domiciled in Barbados and those who live elsewhere. This will allow us to take advantage of the creation of a Barbadian company through the marriage with a Barbadian, who may have citizenship in other developed country, and be able to use that as a way to establish a company within that jurisdiction, and be able to gain some of the benefits from operating in that environment, and be able to push Barbadian products and services.

I would also like to see within this company that we pay very careful attention to our negotiation skills. I remember years ago, it was said that necessitous men cannot negotiate freely. This came out of a law case where some people had negotiated away their rights to their salaries in exchange for products from the company's shop. It was ruled by the judge that needy men cannot negotiate on a fair and even basis. Their need does not allow them to negotiate in their best interest.

Sir, very often in this scramble around the world for an attracting foreign direct investment, some countries lose their shirt in terms of maybe the types of concessions they offer, the level of the concessions, or the terms and conditions that they tolerate within their shores.

Barbados has been careful to try to select and do the necessary background checks to be able to ensure that we do not attract into our jurisdiction, the rogues and the predators that also roam the world, in search of quick easy bucks. Sir, to be able to attract the high quality foreign direct investment and to leverage our location advantages well, it is very important that we build the types of negotiating technique skills that allow us to interact and interface with those companies, and be able to negotiate the best deals. Some of them are tough negotiators and it is important to have negotiators on your side that can also do a tough job and not crumble at the first sign of a threat.

The other thing that I would love to see this particular corporation do, which I feel should actually be in every one of the Government entities and in the private sector associations is, to start employing international marketing consultants.

The University of the West Indies has a programme that looks at international business and international marketing strategic management. They are turning out people in their Master's Degree programmes, with good practical experiences in developing international marketing strategies. We also have Barbadians who have gone overseas and studies in Canada and the United States, looking at international investment and strategic management and international marketing.

I would like to see that we have those types of skills on board within that corporation. I would want that they not only are available to do the international marketing strategy for the company and the goods and services in general, but that those services would be made available to individual businesses, which may need to tap into them but may not be able to afford to have on board, someone who operates at that level, because they simply do not have the resources to pay or to retain that persons. I think that the ability to have someone like that on board, would make a tremendous difference to the small business sector and the business sector in general.

Mr. President, I want to fully support this Bill. I am eagerly looking forward to what it can do to turn and increase the amount of business that we get in the international business sector and, what is more important, the opportunities that it can create for Barbadian enterprises to have an avenue through which to market their goods and services.

I am much obliged to you, Sir.

Mr. PRESIDENT: Senator Stuart.

Senator F.J. STUART: Mr. President, I just thought I would make a quick intervention in this debate, which focus is the establishment of a corporation to market and promote Barbados as an international business centre. This Bill, of course, contributes to the further denuding of the Barbados Investment and Development Corporation (BIDC), that process having been started by Barbados Export Promotion, Inc. I should dearly like the Minister when he winds up the debate, to tell us and to tell Barbadians what is left for the IDC to do apart from renting out space and perhaps scrutinising business plans.

Mr. President, the Bill creates another entity to assist in the promotion of international business. One wonders, and I have not heard in this debate any cogent argument, why it is thought necessary to have this separate agency, having regard to the fact that we have been hearing no really bad news about international business coming from the Government. All the stories we have been hearing have been quite encouraging. The sector is supposed to be performing well, we are holding our own in the world and that type of thing. If that is so, all of this happened under

the aegis of the Barbados Investment and Development Corporation.

Certainly in its Annual Report for the year 2005, that corporation primes itself on the contribution which it has made to the development and promotion of international business in Barbados. Therefore, if the IDC is satisfied with the work it is doing and if, according to the Government, the sector is performing as creditably as we have heard in here today, and I have heard before, the question that has to be asked is why do we need a separate agency to promote international business, in the face of all of this good news.

Certainly, the denuding of the Barbados Investment and Development Corporation enlarges the bureaucracy, with which Barbadians will now have to contend. This Bill creates an entity, not unlike the BIDC itself. Therefore, we will have a duplication of CEOs, a duplication of Deputy CEOs, a duplication of Financial Controllers, a duplication of Human Resources Managers and dare I say, a duplication of staff, all of this by way of violence to the pockets of the taxpayers of Barbados. I have not heard any carefully reasoned justification for the creation of this separate entity.

The second point I want to make is this. I do not know what to believe about this sector. It is not correct to say that the Democratic Labour Party is against the sector. We are very much for it. In fact, Senator Griffith was careful to rise on a point of order when he thought that Senator Lowe misunderstood him and reminded this Chamber that it was in 1965, under the Democratic Labour Party that this sector was established, so we cannot be against the sector.

Mr. President, information coming out on the sector seems to me to be always very tentative and speculative. If I used today's debate as an example of that, Senator Griffith told the Senate that the sector, according to a recent report which he read - he did not give the name of the report and was very careful not to do that - that the sector earns Barbados about \$400 million per year. He also said that it employs about 3 000 persons and contributes about 40 per cent of the Corporation Tax earned by Barbados.

Senate 40, sequence 18, 14:50:12

Wednesday, November 02, 2005

SENATOR F. J. STUART: Senator Fields who made a very informed contribution to this debate - he obviously has some intimate knowledge of the sector - indicated to the Senate that while Senator Griffith was saying that 40 per cent of the corporation earnings of Barbados is contributed by the sector, his own research

suggested that it was closer to 53 per cent. Sir, that is what I mean by not having clear, cogent, reliable information on this sector.

Mr. President, when I go to the only source that I know, apart from the Central Bank Reports, the Barbados Economic Report for 2004, I believe this is already a document of the Chamber, it states at page 75 under the rubric "Sectoral Contribution to Government Revenue", that:

"The International Business and Financial Services Sector contributed approximately BDS146.3 million to the Treasury of Barbados during the 2004 calendar year. This compares favourably with the estimated \$92.8 million, which accounted for approximately 40.0 per cent of Government's corporate tax revenue in 2003. An additional \$4.8 million was collected in application and licensing fees, \$0.2 million or 3.6 per cent less than in 2003."

Mr. President, no where in the Government's Economic and Social Report is the figure \$400 million mentioned, so we do not know which report Senator Griffith would have read. This is what I think those of us who raised questions about the sector really mean when we talked about information on the sector.

Mr. President, I believe that the Governor of the Central Bank in her recent quarterly report on the economy of Barbados, did make reference to the fact that there is a shortage of reliable statistical information on the sector, and therefore its precise contribution to the economy of Barbados is still a matter for speculation and certainly for estimations and conjectures. Therefore, if I am asking this Government for anything at all, it is for a less tentative approach to the presentation of information on the international business sector so that we can speak with the dogmatic certainty of Senator Eastmond, rather than having to speculate from where we are.

I believe it is for that reason that Senator Lowe had to speak in the way in which he spoke because nobody really knows enough about this sector after 39 years of its existence to speak with any certainty about what it is contributing, for example, to the National Insurance earnings of Barbados. We need to know these things so that we can speak with certainty on them.

Mr. President, it is not Senator Lowe who was the voice of the International Monetary Fund. He has no brief of the International Monetary Fund. It was not Senator Lowe who invited the International Monetary Fund to the recent publicprivate sector consultations at Sherbourne. As far as I am aware, he was not even there. It is the Government that brought the International Monetary Fund there to superintend the proceedings and to make sure that

the International Monetary Fund wishes were carried out, so do not blame Senator Lowe for that.

SENATOR G. P. B. NICHOLLS: On a point of order. It is grossly misleading for Senator Stuart to say that the Government brought the International Monetary Fund to the publicprivate sector consultations to superintend the events. Barbados is a member of the International Monetary Fund and as a result the International Monetary Fund monitors economic performances of all of its members including the United States of America and Barbados. The rationale for the publicprivate sector consultation is well-known and I believe that those remarks should be withdrawn from the record.

SENATOR F. J. STUART: Mr. President, I heard Senator Nicholls and he is perhaps telling Senator Eastmond then that she should not repudiate the International Monetary Fund, that Barbados is really a member of the International Monetary Fund and that to talk about the International Monetary Fund, is to talk about an agency that Barbados joined after it got its independence, it is not a bad word.

Mr. President, I should hope that when Senator Griffith winds us the debate he would clear up some of our doubts on the issues relating to the precise contribution of this sector in statistical terms to the economy of Barbados. For example, where are these jobs, where were the jobs created over the last year and what was the precise contribution to the National Insurance revenue. If locals are working in the sector presumably they pay National Insurance, I do not know. What is it that this sector is doing for Barbados that is so mysterious that you cannot get persons who speak for the sector to speak with one voice? That is all I am asking, and then we would be able to avoid the \$400 million allegation versus the \$146.3 million and the 40 per cent corporation tax versus the 53 per cent corporation tax.

Mr. President, having said all of that the Government's view is that it needs to create a separate agency to promote and market international business, a sector that the Government says is performing quite well. Mr. President, since this is the Government's view let me do what I have always done in these debates to wish the Government well. I hope that when the report card comes in that this undertaking would have been justified.

I am obliged to you, Sir.

SENATOR the Hon. E. R. GRIFFITH: Mr. President, let me on behalf of the Government thank Senator Stuart for his well wishes and assure him that this wish will be fulfilled. I can understand the dilemma he is in because while it is a fact that the legislation was put in place in 1965, there is no administration that did more

harm to this sector than his Party because between then and 1976, it made sure that nothing happened and again between 1986 and 1994, it stood still on the head of the sector, so I can understand his difficulty. However, while at heart he recognises that what the Government is doing is the correct thing, he still has to operate in that kind of mode of two steps forward, three steps backward and so on because the truth is that it was the Democratic Labour Party that installed Fritz Krowkow of the International Monetary Fund in the Ministry of Finance and it was this administration that asked him to leave in 1994.

Asides.

Mr. PRESIDENT: Please address the Chair Senator.

SENATOR the Hon. E. R. GRIFFITH: Mr. President, that is a different issue but it is not anything that we should detain ourselves with.

Mr. President, Senator Stuart has the answers there as he read from the Economic Report. I know Senator Stuart well. I have known him from the time he was a student at the Foundation School.

Senate 40 Sequence 19

3.00 p.m.

Wednesday, November 02, 2005

SENATOR the Hon. E. R. GRIFFITH: Mr. President, when Senator Stuart speaks about the contribution which the sector makes to the Treasury, I know that he understands it is not the same thing as the foreign exchange which the sector earns. He understands that it is the contribution to the Corporation Tax, which is the payment to the Treasury. Senator Stuart read that the sector contributed 40 per cent, a total of \$156 million to the Treasury. That is separate and distinct and it is not the same thing as the foreign exchange earned, which is the \$400 million to which I referred.

Mr. President, that information is found in the Barbados International Business Association (BIBA) report for the year 2004.

Asides.

SENATOR the Hon. E. R. GRIFFITH: Well, that is a different thing. I can ask the appropriate authorities to make sure that next time, in addition to putting in the contribution to the Treasury, they put in the foreign exchange earnings as well, but that is not to say that it has not occurred.

Mr. President, I am happy about the fact that there is a consensus among Honourable Senators that this sector is important to the development of this country and that we need to continue focusing our attention on the future development of the sector, so that we can earn foreign exchange and create jobs. Sir, as to where these jobs would be created, unfortunately I cannot say to Senator Stuart but I can promise him I will try to get the information.

Asides.

SENATOR the Hon. E. R. GRIFFITH: Senator Stuart needs not worry, the jobs have been created. One important contribution of this sector is the transfer of technical skills. There are a number of those jobs that have been created at middle management and upper management levels. There are now persons who have developed expertise in the management of investment portfolios, international insurance schemes and international wealth management. These persons have now got the experience in areas in which they would not have otherwise been able to obtain, if they were not involved in those activities.

Mr. President, with regards to the issue of companies coming and going, as was mentioned by Senator Lowe, to which Senator Eastmond addressed, this is a dynamic sector in which we live and circumstances change. Therefore, there will always be those persons who are driven by greed, who will be attracted by more money and may go elsewhere if they think they can make it.

Mr. President, contrary to any feelings about the quality and image of the International Business Sector in Barbados, Barbados has always prided itself on having developed a clean jurisdiction internationally. Sir, I can attest to that but we have to acknowledge that as a small developing nation, we have to contend with some of the challenges, with which some of the larger countries do not have to contend.

Mr. President, I can give two examples to show the nature of the challenges that we face, particularly from developed countries that are jealous of what is taking place here. Sir, on one occasion, I took part in a meeting in London, with two officials from the Inland Revenue Department, when the OECD were making all kinds of allegations against Barbados. For instance, they were talking about Barbados having harmful taxation practices. Sir, I had to remind them about Barbados' low taxation practices. I wanted to know what was the issue if our tax system was more competitive than theirs, as they were always talking about competition in relation to trading and goods. The issue turned out to be that the OECD countries were disturbed that they were losing taxes, which we were gaining from their companies but instead of admitting this,

they tried blacklisting Barbados as a being a domicile with harmful taxation practices.

Mr. President, another issue was that the OECD countries were discussing the issue of ring-fencing, et cetera. When I reminded the two gentlemen of certain situations that were present in the capital markets of London and New York, they were silent. They did not know that though we are so far away and so small, we knew about the practices that took place in those jurisdictions. They had forgotten that Barbados has always had to learn and to understand what was happening in those countries, even though they could have afforded to ignore what was happening here in our jurisdiction because to them, we did not matter. They did not know that we are better schooled than they are and on that occasion I proved that to them.

Mr. President, the same thing happened when I was taking part in a meeting in Brussels. There was a lady from France who rose and said that the Caribbean countries were all corrupt. At that moment, I had to remind her of things that happened in Paris, things which she apparently knew nothing about. I asked her to tell me what it was that has happened in these Caribbean countries, which she speaks so disparagingly of, which was anywhere as near to what has happened in Paris. This lady was silent when I asked her that. I was also pleased that a man from the International Monetary Fund, who is normally regarded as an enemy, got up and spoke and silenced her.

Sir, that is the problem with these developing countries and these are some of the challenges which we face. These were some of the things that drove that attack by the OECD countries. Sir, we, therefore, should not fool ourselves that we have it easy in this world.

Mr. President, the issue is the creation of this institution. Senator Stuart said he did not understand what was happening and that the International Business Companies were not doing so well. Senator Stuart seems to have forgotten the point I made, which was that even though we have done well by that arrangement, we want to do even better now, and that we accept and acknowledge that the International Business Companies are stretching their resources over a number of areas and that we want to focus attention on this matter, so that we can carry it to another level. Therefore, it is not a reflection on the performance of the International Business Companies but that we recognise that the time has come for us to move to another level. Therefore, we prefer to leave the Barbados Investment and Development Corporation to carry on with its other business and let us have a dedicated organisation to deal with this issue.

Mr. President, with respect to labour matters, I wish to say that Barbados has had a long tradition of dealing

fairly with this issue. Sir, when I was employed in Geneva, I took part in a number of meetings and, therefore, I know the tradition and the reputation which Barbados has within that organisation, where people look to Barbados for leadership on a number of issues.

Mr. President, Senator Sir Roy can also attest to the fact that in that institution, Barbados has had a long history of a significant and important contribution to the development of labour legislation. Therefore, I would not want anybody in the International Business Sector to come to Barbados with the belief that we are going to compromise labour issues. We expect people to follow our labour legislation because that has always been our tradition.

Mr. President, I will leave all labour matters to the labour unions, which I think are very competent to deal with those issues but I am sure that no one would expect any comfort from the Government if it comes to compromising that long and outstanding tradition which this administration has in relation to labour issues.

Mr. President, with those remarks, I beg to move that this Bill be read a second time.

The question was put to the Senate and agreed to.

3.10 p.m.

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GRIFFITH, Senator the Hon. E. R.
HUSBANDS, Senator Miss S. C. V.
LOWE, Senator Dr. D. S.
NICHOLLS, Senator G. P. B.
STUART, Senator F. J.

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EDITORIAL NOTES — NOT PART OF THE REPORT

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

EDITORIAL QUERIES

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

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

Q2. End of record. The source ends with the second reading of the Barbados International Business Promotion Corporation Bill, 2005 being agreed to and a take-slip of 3.10 p.m. No Committee stage, third reading or adjournment is recorded. Please confirm whether the rest of the sitting is missing.

Q3. Order No. 3, speeches of Senator the Hon. Miss L. V. Eastmond and Senator Miss S. C. V. Husbands. The President's reminder ('Senator Eastmond, you have two minutes more.') is run into the end of a paragraph of Senator Eastmond's speech, and a take-slip ('S:No.40(15)2.20 p.m.') ends a paragraph of Senator Husbands' speech. After the take-slip her speech is labelled again and begins mid-argument ('So these clashes could lead to difficulties within the sector.'), which may indicate a gap. Printed as in the source.

Q4. Order No. 2, title and citation. The Order Paper gives 'THE BARBADOS INVESTMENT AND DEVELOPMENT CORPORATION (AMENDMENT) BILL, 2005', but the third-reading note cites the 'Barbados Industrial Development Corporation (Amendment) Act, 2005'. Printed as in the source.

Q5. Speech labels. The Leader of the Senate appears as 'Senator the Hon. E.G. GRIFFITH' in the early business and 'E.R. GRIFFITH' elsewhere, as in the PRESENT list. Senator Sir Allan Fields is labelled both 'Senator A. C. FIELDS' and 'SENATOR Sir Allan FIELDS', and Senator Husbands is both 'Mrs.' and 'Miss'. Printed as in the source.

Q6. Prayers. Prayers are said to be led by 'the Very Rev. H.E. Chrichlow'; the PRESENT list spells the name CRICHLLOW. Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The Senate met on Wednesday, 2nd November, 2005 at 11.21 a.m., with the President, His Honour Senator Sir Fred Gollop, in the Chair; prayers were led by the Very Rev. H. E. Crichlow. The Leader of the Senate, Senator the

Hon. E. R. Griffith, laid the Reports on the Public Enterprise Investment Fund and on the Social Investment Fund for the quarters ended 31st March and 30th June, 2005. Standing Order 45(2) was suspended and the Coroners (Amendment) Bill, 2005 was read a first time.

Under Order No. 2, Senator Griffith moved the second reading of the Barbados Investment and Development Corporation (Amendment) Bill, 2005, which removed from Chapter 340 all reference to marketing and promoting international business. He said the sector had become the second largest earner of foreign exchange, covering financial services, ICT, manufacturing and international trade and commerce. The change was no reflection on the Corporation's performance; the work was to pass to a body whose only focus was marketing. In Committee, with Her Honour Senator Dame Patricia Symmonds in the Chair, clauses 1 to 4 passed, and the Bill was read a third time.

Under Order No. 3, Senator Griffith moved the second reading of the Barbados International Business Promotion Corporation Bill, 2005, which set out the new corporation's functions and board, including a section for business facilitation. He linked the measure to the liberalisation of telecommunications. Senator Dr. D. S. Lowe raised no objection in principle. He recalled the 1994 expectation that the sector could generate about 2 000 jobs, asked whether the change reflected inefficiency at the Corporation, and argued that promotion should not be driven only by foreign exchange and that Barbados should stand out for good labour relations; he accepted a correction from the Minister on a reference to 1965.

Senator Sir Allan Fields gave the Bill vigorous support, saying the workforce was literate and trainable and not exploited. Senator G. P. B. Nicholls spoke of the spike in oil prices, cross-border services and graduates of the University of the West Indies choosing to work in Barbados, and Senator Lowe rose on a point of order. After the suspension, Senator the Hon. Miss L. V. Eastmond said most business came from Canada under the double taxation agreement and that the Central Bank was the lead regulator. She criticised Senator Lowe for taking 'the brief of the International Monetary Fund' and for basing his views on two companies. Senator Miss S. C. V. Husbands cited India's strategy in services and urged a programme to register the diaspora.

Senator F. J. Stuart argued that the Bill further denuded the Barbados Investment and Development Corporation and enlarged the bureaucracy, and called information about the sector tentative and speculative; Senator Nicholls raised a point of order over his remarks on

the International Monetary Fund. In reply, Senator Griffith distinguished the sector's contribution to corporation tax from its foreign exchange earnings, said jobs had been created and technical skills transferred, recalled the attack

on the sector by OECD countries, and said Barbados had a long tradition of fair labour relations, which he had seen at Geneva. The second reading was agreed to, at which point the record ends.