

**CARIBBEAN EXPORT SUPPORTS FOR NON-TOURISM SERVICES:
THE SITUATION FOR CULTURE AND CONSULTING**

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BACKGROUND

The various recent World Trade Organization rounds of negotiation have failed to find solutions for the wealth disparity between the richer and poorer countries of the world (Economist, 2005). The Doha ‘development agenda’ has not materialized, and the results have been disappointing. One reason for the continuing and increasing wealth gap appears to be the difficulty that developing countries have in accessing the markets of the developed countries, in contrast to the ease with which developed countries can access developing markets. This contrast is not surprising because companies from developed countries have access to substantial resources – especially capital, communications, information, research, and technology - to use for market research and access; whereas companies from developing countries have access to relatively limited resources that are needed for market understanding and penetration (Punnett, 1997, 1999).

The situation that is faced by all developing countries is perhaps most dramatic in small countries, because smallness, by definition, implies few resources (Easterly & Kraay, 2000; McCarthy & Zanalda, 1995; Milner & Westaway, 1993; Punnett, 1999; Streeten, 1993). Small countries have limited access to capital, land, or labor (to use the traditional factors of production). Small island countries, such as those in the Caribbean are even more disadvantaged, because they must contend with the communication and transportation challenges associated with being islands, in addition to the other challenges of being small and developing (Commonwealth Secretariat, 1985; Crowards, 1999; Punnett, 1999). Because small countries have limited resources, and face special challenges, their companies can be considered disadvantaged in the global business environment, as recognized in the Doha round of negotiations, in terms of the need for special and differential treatment. It is therefore appropriate for the governments in these countries to provide support systems to enable their private sector to compete successfully, particularly in terms of exports. The question remains, however – how can governments provide such support most effectively?

The challenges faced by small, Caribbean countries have been recognized and there are a variety of publications examining these challenges (Harrison, 1998; Punnett, 1999; Schiff, 2001; Wint, 1997). Governments have responded by establishing a variety of governmental organizations to address these challenges. In any individual state, one can identify a wide variety of organizations intended to support activities aimed at promoting exports. There are incubators for encouraging new product or service concepts, export promotion strategies, small business support systems, youth entrepreneurship programs, initiatives by the Chambers of Commerce, and bank programs, to mention only a few that are currently in existence. In spite of these organizations, the small countries of the Caribbean have remained relatively ineffective at addressing markets in more developed countries, and non-tourism and non-commodity exports to these countries remain marginal. It seems that the current system of supports is not as effective as it might be.

Recently, some of these issues have been addressed in a broader perspective; for example, looking at the need for new public finance mechanisms (Kaul & Conceicao, 2003), the role of public/private partnerships (Lalkaka, 2003), the role of innovation (Blomstrom, Kokko & Sjöholm, 2002), determinants of small firm performance (Chiao, Yu & Bei, 2005), the role of the diaspora (Brinkerhoff, 2005), identification of discovery of new tradable industries as important elements of growth (Housmann & Rodrik, 2003) and the learning behaviors of local firms (Hitt, Li & Worthington, 2005; Li & Miller, 2005). The current project will build on this literature, which is attempting to create a foundation for developing countries to leapfrog from their current status to one that is more sustainable from a global perspective.

The focus of this report is the small English-speaking states of the Eastern Caribbean and their competitiveness in the services export sector. The services sector is not as constrained by size as is the merchandise sector, thus a focus on services may be appropriate for the small countries of the Caribbean (Commonwealth Secretariat, 2005). In the past, the focus within the services sector has been largely on tourism, and the governments of the region have provided support for tourism through a variety of initiatives. The result has been a relatively thriving tourism industry in the region, which provides a boost to exports, and an accompanying inflow of foreign currency. This study will consider non-tourism service exports, and the degree to which support for these can have similar results to the results in tourism. Within the non-tourism sector, cultural and consulting industries are singled out for particular attention.

The Current Situation

Research has identified market opportunities in the USA and Canada, and other developed countries, for Caribbean products and services (Punnett & Morrison, 2006). At the beginning of 2006, the CARICOM single market (CSM) has started to become a reality. This merging of markets across the Caribbean region is intended to make the region more globally competitive, and to provide opportunities for networking to address other export markets more effectively. While all markets are potentially interesting to Caribbean companies, the services sector may provide an especially interesting opportunity.

CARICOM trade data (www.caricomstats.org accessed April 24, 2006) show a consistent and continuing negative balance of trade. Interestingly in the services sector the balance is positive. The positive trade balance in the services sector is, however, entirely due to the surplus in the 'Travel' account – essentially then, the tourism sector is the only aspect of trade where the CARICOM countries can be said to be doing well.

These trade figures provide both positive and negative news for the region. Overall, the consistent trade deficit suggests that the region needs to find ways to increase exports. The positive trade balance due to tourism suggests that services exports are possible and potentially profitable. The limited degree of exports in other services may indicate a

particular opportunity. As noted earlier, the development of services exports is not as constrained by size as is the development of merchandise exports (as illustrated by success in the tourism sector), and governments may be able to find ways to successfully promote and encourage exports of a wide array of services (ranging from local music through advertising and media services to professional services, such as management consulting, legal advice, financial information, education/training, and so on).

Accessing the markets of the developed, rich countries is a particular difficulty that developing countries have. In contrast, developed countries find it relatively easy to access developing markets. This is not surprising because companies from developed countries have access to substantial resources – especially capital, communications, information, research, and technology - to use for market research and access; whereas companies from developing countries have access to relatively limited resources that are needed for market understanding and penetration (Punnett, 1997, 1999). This reality underscores the need for the Caribbean public sector to develop appropriate supports for exports, especially non-tourism service exports.

The United Nations International Trade Center notes that “the services sector is the fastest growing component of international trade” and that “promoting trade in services offers developing countries the opportunity to diversify trade and potentially contribute directly to job creation and development”; however, “with little knowledge about the sector, governments in developing countries are facing tremendous challenges in effectively participating in the General Agreement on Trade in Services (GATS) process (www.intracen.org, 9/6/2006). It is timely for the Caribbean to review its support for services and develop an effective system of supports. Note that supports should be focused on promoting exports early in the life cycle, and are not intended to be on-going systems.

THE CURRENT PROJECT

This project was intended to assess existing support structures for services export, not including tourism. It seemed timely to assess the overall extant supporting system for these exports in small, Caribbean countries, and to propose improvements, because of the attention that the services sector is receiving. The assessment is intended to provide timely and useful input for public policy aimed at developing export support systems. The recommendations are specific to the small English-speaking states of the Eastern Caribbean, which serve as the research site for the project.

In the past, the countries of the Caribbean have relied on the production of commodities such as bananas, bauxite, cotton, oil, and sugar cane. There has been virtually no attention to marketing requirements, because the commodities have been sold through former colonial organizations and their successors. These organizations undertook the marketing efforts, and consequently the Caribbean developed what might be described as

a production orientation. Currently the region is seeking to diversify away from commodities, particularly into services exports, and a marketing orientation is becoming increasingly important. This transition is not easy and relies on governments to support the shift. A particular focus of the recommendations is the sustainability of services exports, and the role of export support systems in this.

Methodology

The research focused on two service sector industries – the cultural industry and the consulting industry – which have recently received substantial attention in the Caribbean media. The research was specific to the small English-speaking countries of the Eastern Caribbean, because these countries are considered particularly vulnerable and especially in need of diversification in their exports. The research began with a review of the existing literature on export supports, to provide the context for the empirical study. The research then identified the most relevant support systems and organizations that currently exist, and reviewed documents relating to these systems and organizations. Interviews were conducted with a number of personnel at support organizations as well as some current and potential exporters of cultural and consulting services.

The initial research, reported here, included Barbados, Jamaica, and St. Vincent & the Grenadines. Additional research will be carried out in St. Lucia and Trinidad & Tobago. These countries provide a representative array of English-speaking island countries in the region, ranging in size, level of development, level of export orientation, and so on. Barbados, Jamaica and Trinidad & Tobago represent the larger economies in the region; St. Lucia and St. Vincent & the Grenadines represent the smaller ones; Barbados, Jamaica, and St. Lucia are oriented towards tourism, Trinidad & Tobago has a more developed manufacturing sector, St. Vincent & the Grenadines remains somewhat agricultural. Results from these countries should therefore provide information on which to base policy statements relating to the wider English-speaking Caribbean.

The project sought to identify significant unaddressed gaps in support for non-tourism services exports, and to propose potential new programmes of a regional nature. The recommendations will provide suggestions for moving forward in the non-tourism services sector.

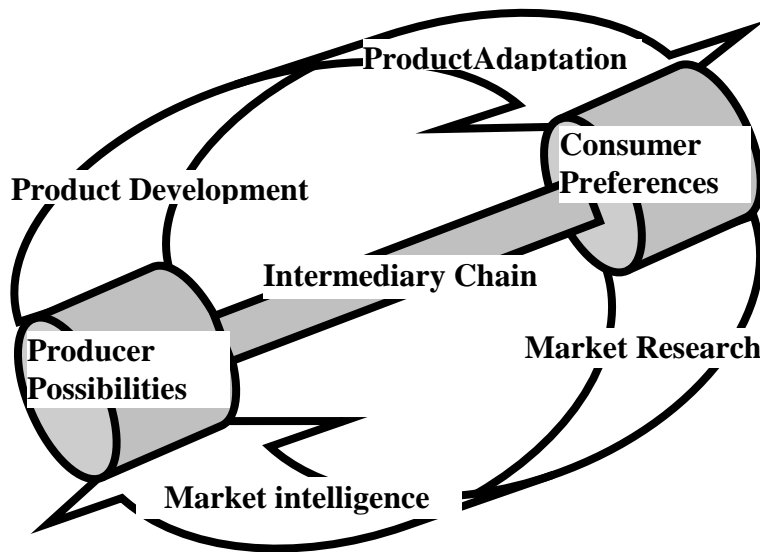
Models to Guide the Project

This section reviews three models that are useful in assessing supports for services. The first is a model developed previously for the production/market system generally; the second is based on the literature review and relates specifically to the export of services, identifying different modes of exports; the third is based on the discussions and interviews that are part of this research.

Model 1. The following model was developed to encompass the product/market system and the processes of linking producers and markets (Punnett & Morrison, 2006). This model is generic, and applies equally to either goods or services. This model was used to guide the research. Existing support systems were examined in the context of the model, and gaps identified.

The model consists essentially of the producer and the consumer, and the intermediary chain that links them. At the producer end, the production possibilities embody the resources and constraints that determine what the producer can in fact produce. At the consumer end, the consumer preferences encompass the factors that will influence consumers' choices. The model proposes a 'fit' between production possibilities and consumer preferences that is developed through market research and market intelligence which leads to product development and product adaptation. The model further incorporates the intermediary chain which links the production side to the market side (see Exhibit A)

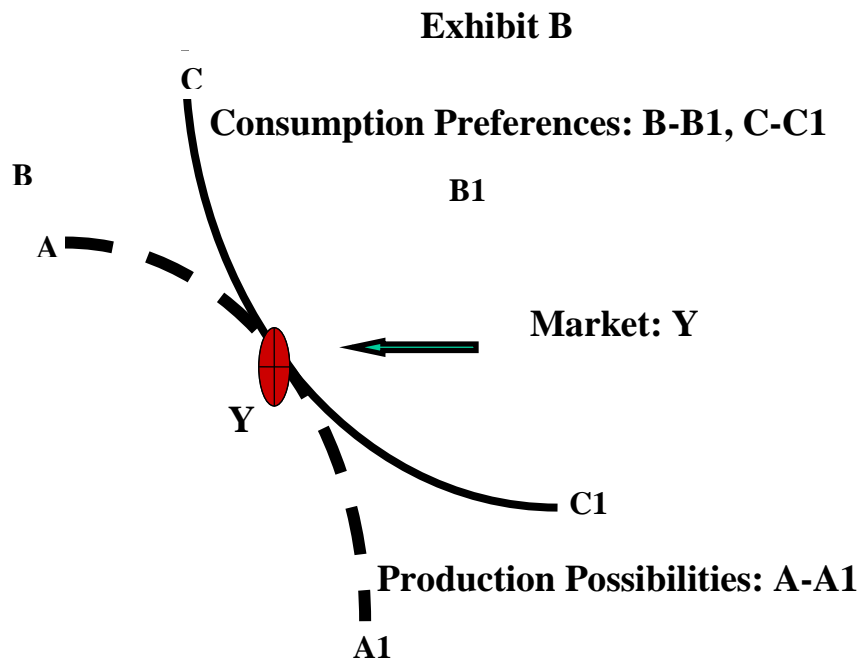
Exhibit A
(adapted from Punnett & Morrison, 2006)



In order to export successfully, the producer needs to know what can be economically produced – availability of inputs, costs, quality levels, timeframes, capacity, and so on. Equally important, the preferences of the consumer have to be related to this. Any producer can vary production within a set of constraints, and any consumer will make choices within the array of products available. This can be graphically portrayed in economics terms as a production possibility curve and a consumption preference curve

(See Exhibit B). Conceptually, where the production possibility curve is tangent to the consumption preference curve is where a market exists. The critical issue is how this point is identified in reality. In the model, market research, market intelligence, product innovation, and product adaptation are the critical ingredients to find this point. In other words, identification of point Y in Exhibit B does not happen by chance or by trial and error, it happens in a logical, rational manner.

This model suggests that export supports must occur both at the producer end and at the consumer end. Supports can assist producers in understanding their own capabilities and constraints, and in improving these. Perhaps even more important is assistance in understanding the marketplace, getting market intelligence, doing market research, and making production changes and adaptations in response to this information. Most producers understand their own processes, and capabilities and constraints quite well, but do not understand foreign markets anything as well; thus supports focusing on the market end of the process may provide disproportionate benefits.



In addition to identifying the market, point Y in Exhibit B, the model in Exhibit A identifies the intermediary chain as critical in getting products from producer to consumer. This is especially the case for exports, where products are leaving one country and entering another. In the Caribbean context, there is the added difficulty that producers are located on small island countries, and often addressing markets in larger, more developed countries. The intermediary chain consists of a wide variety of activities, including among others:

- Trade Shows
- Export Clearance
- Export Financing, Credit, and Exchange Rate Management
- Packaging and Labeling
- Advertising and Sales
- International Transport and Insurance
- Import Clearance, Warehousing, and Local Transport
- Wholesaling, Distribution, and Retailing

All of the intermediary activities need to be carried out efficiently and effectively. There are specialists available who provide assistance throughout the intermediary chain. Each specialist adds cost to the product, and increases the final price.

The particular elements of the intermediary chain are determined by the specifics of the product and the market, and differ from product to product, but every product has an intermediary chain. This is true for services as well as goods. For example,

A management consultant has to attend conferences (trade shows), procure travel documents (export clearance), ensure that foreign clients can pay the fees charged (export financing), identify the impact of currency translations (exchange rate management), arrange financing for travel and accommodation (credit), write proposals and reports in appropriate language and format (packaging and labeling), advertise services and meet with potential clients (advertising and sales), arrange travel and insurance for health, loss of baggage and so on (transport and insurance), have the proper papers and visas to work in a foreign location (import clearance) consider the impact of ‘jet lag’ (warehousing) and car rentals (local transport), contract work through regional or international bodies, such as the World Bank or local counterparts (distributors) all of these are analogous to the journey that physical goods travel on the way from point of origin or production site to consumer.

Before undertaking the research it was necessary to define the industries of relevance to the project. Services had to be distinguished from goods, non-tourism services distinguished from tourism, and specifically consulting services and cultural services had to be defined. The next section briefly considers these definitional issues.

Model 2. The literature suggests that exports of services can be described as falling into four different categories, as follows:

- attracting people to the local/export location
- providing services to foreign buyers from the local/export location
- going abroad to perform services on a temporary basis
- going abroad to perform services on a semi-permanent basis

To expand on this, the following examples illustrate the four modes of exporting services.

1. A conference that attracts non-nationals would be a service export.
2. A software developer who provides software using the internet or the mail would also be considered a service export,
3. A consultant who goes to another country to carry out consulting services would equally be a service export.
4. A company that provides pool maintenance services and sets up a subsidiary in another country would be classed as a service export.

In developing and establishing an effective support system for non-tourism exports, all of these modes of export need to be considered, and all need to be supported equally. In the first case, the support is local, and might focus on making it easy for participants in the conference to attend. In the second case, the support might focus on the cost and availability of infrastructure to allow the software developer to be competitive. In the third case, the support might focus on facilitation of travel in the region and abroad. In the fourth case, the support might focus on repatriation of profits, and assistance in dealing with foreign tax treaties and so on.

The key is for governments to recognize that these modes of services exports are in fact quite different, and require different forms of assistance. The Caribbean island countries are small enough that they can address these on a differential basis. There is no need for a 'one size fits all' approach.

Model 3. Discussions with participants gave rise to another model of the export of non-tourism services. This model looks at exports as resulting from a series of essentially discrete steps, as follows:

- Education and training to ensure that there are persons with the required skills to develop products that will be in demand,
- Fostering of entrepreneurial skills to ensure that persons with products will want to assess and address export markets,
- Provision of assistance to exporters and potential exporters in getting 'export ready',
- Enabling of the export process, through diplomatic ties, work permits, and so on,
- Support for specific projects to be exported.

As an example, consider the export of cultural services, specifically a dance presentation - in order to export, it is first critical that the government provide the education and training facilities that lead to a cadre of talented performers being trained to world class standards. Second, entrepreneurs need to be available to undertake the export process, and the government can provide education and training in this area, as well as rewarding entrepreneurial efforts. Third the government can provide services that help companies assess and improve their export readiness, in the particular field of dance. Fourth, the export of services such as this relies on the movement of people, and the government can facilitate this movement. Finally, specific projects may require monetary or other support in the form of grants, loans, and so on, in order to reach export completion.

In developing and establishing an effective support system for non-tourism services exports, all of these aspects of export need to be considered, and all need to be supported appropriately. Any government support system needs to evaluate supports to see which are most cost effective – ie, the benefits of supports need to be evaluated relative to the costs of providing supports in order to implement supports which provide the best benefit/cost ratios.

DEFINITIONAL ISSUES

The United Nations World Trade Centre website notes that “due to flawed and understated trade statistics, and the fact that many exporters do not even realize that they are exporting, the service sector is often overlooked as a development opportunity” (www.intracen.org/serviceedport/ 9/6/2006. This illustrates the challenges associated with definitional issues in this context. Definitions proved to be difficult. While, in theory, goods are physical and services are not (for example, if you drop it on your foot and feel it, it’s a good), this distinction is not always clear. For example a published book is a physical good, but the intellectual capital that went into producing the printed pages is a service – how then would exports of books be classified? Similarly, in theory tourism is a clear category, and all other services would be considered non-tourism; but again this is not always clear. For example, producing a recording sold abroad would attract tourists – how would this be classified? Finally, what is a cultural service? Is a festival culture? Is a movie culture? And what is a consulting service? Is a book on consulting a consulting service? Is building an airport a consulting service?

These are just some illustrations of the difficulties encountered in defining the scope of the project. These must be remembered in reviewing the findings. In fact, the investigation was, to a large extent, broader than originally envisioned, because it was often necessary to talk at a macro level about supports for exports more generally, and then ask how these would apply in the case of non-tourism services, and further in the case of cultural and consulting services.

An additional definitional question arose regarding services performed for extra-regional non-governmental organizations, aid organizations, and international organizations. For example, a Jamaican consultant performed services throughout the region which were funded by the European Union, and it was not clear if these would be considered an export of consulting services.

It seems that definitional issues need to be addressed to ensure that we understand the real role of non-tourism exports in the Caribbean region. Many people interviewed commented on this definitional issue.

In the following sections the findings of the study are reviewed.

RESEARCH RESULTS

The research results are discussed under the following headings. – Overall Findings, Findings by Country, Overview of Canada’s Export Support System (the Canadian export support system was selected as a reference point because Canada is heavily dependent on exports, and has a well developed export support system which has evolved over many years), Overview of Caribbean Export Support Systems, Non Tourism Services Exports, Cultural Services Exports, and Consultancy Services Exports.

Overall Findings

Overall, it is clear that there is currently substantial interest in non-tourism services exports, and that considerable attention has been paid to exports of cultural services. There has been less interest in consultancy services, although participants in this sector appear to be exporting their services on a regular basis. Several on-going and recent activities are expected to affect the services sector, and particularly the export of services. For example:

- The CRNM (Caribbean Regional Negotiating Machinery) is preparing for further negotiations and seeking to clearly define the priorities of the region, including in the Services Sector.
- The Barbados Private Sector Trade Team has identified cultural industries, tourism, and financial services as priority sectors for Barbados’ export development.
- The CARICOM Secretariat is seeking to establish coalitions of service industries throughout the region, as well as an umbrella organization to provide a focus for service providers. The Barbados Coalition of Service Industries has been established for two years and is providing an example for others. There are existing coalitions in Guyana and St. Lucia, the Trinidad & Tobago coalition was recently launched, and the Jamaica coalition is expected to be launched in 2007 (under the auspices of JAMPRO).
- JAMPRO has recently concluded a major consulting study on the services sector, and the Report will be released shortly.
- SVG has recently engaged in a National Export Strategy discussion and the report associated with this initiative is serving as the basis for wider attempts to encourage exports generally, including in the services sector.
- The Caribbean Export Agency held a meeting in July, 2006 to define a common regional strategy for Business Support Organisations, as part of the first phase of the European Union funded Caribbean Regional Trade and Private Sector Development Programme.

- SALISES recently completed a study of cultural industries for the Barbados government.
- The United Nations Economic Commission for Latin America and the Caribbean held a workshop in July, 2006 on “Experiences and Challenges of Cluster and Network Initiatives”.
- The OECS (Organisation of Eastern Caribbean States) is in the process of setting up an office in Puerto Rico to encourage trade and investment.
- The BIDC (Barbados Industrial Development Corporation) is currently carrying out a study of the role of services in export development.
- The Prime Minister of Barbados has spoken publicly of important role that service exports can play in reducing the Barbados’ trade deficit.
- The Barbados Coalition of Service Industries (BCSI) is hosting the 2006-2007 Workshop Series "Securing Success in Services Export" with monthly workshops being held from October 2006 to April 2007.
- Jamaica, through JAMPRO, is launching the Caribbean Business Club and Caribbean Business Opportunity Services, specifically to capitalize on hosting Cricket World Cup 2007.

Clearly the services sector is currently receiving substantial attention, and there are activities and organizations that should contribute to the development of non-tourism services in the region. This is good news. On the negative side, activities and organizations appear to be lacking in coordination. There are national activities and organizations as well as regional ones (at several levels; for example the OECS, CARICOM, CARIFORUM), and extra-regional (for example, Canadian International Development Agency, especially through CIDA Inc.) and international initiatives (for example the European Union and the World Bank).

Activities and organizations often seem to duplicate some efforts, while other important areas are in need of attention. Overall, it seems that the system of supports for services would benefit from a rational restructuring.

Findings by country

In the following, the situation in each country studied to date is first briefly summarized. In addition, Canada’s export support system is reviewed, as a comparison. This is followed by a review of the overall Caribbean export support system and the systems as they relate specifically to cultural and consulting services.

Barbados

Barbados appears to have taken the lead in addressing supports for non-tourism services, and cultural services in particular. The Prime Minister, Owen Arthur, recently noted the need to increase exports of services as a response to the country's trade deficit. The Barbados Investment and Development Corporation currently has an Irish consultant examining the export of services, and 'Export Barbados Inc.' is in development. The Barbados Coalition of Service Industries, fully funded by the Barbados government, is well-developed and active, the National Cultural Foundation is encouraging cultural industries, and there have been a number of studies focusing on culture generally as well as specific aspects of culture, such as the film industry.

Jamaica

Jamaica has a number of organizations that are active in promoting Jamaica; the most active of these is JAMPRO. JAMPRO has recently been given the mandate to establish the Jamaican Coalition of Service Industries, and to promote service exports. Jamaica's cultural products – music, dance, film, festivals, modeling – are relatively well developed, although there is no coordinated effort to support and promote these activities. There is widespread recognition that 'brand Jamaica' is potentially valuable and that efforts need to be in place to capitalize on the positive image of Jamaica that has been engendered by widespread recognition of cultural icons, such as Bob Marley.

St. Vincent & the Grenadines (SVG)

SVG seems substantially behind the other countries in terms of its supports for exports, particularly services exports. The recent discussions of a national export strategy, undertaken under the auspices of the National Investments Promotions Inc., begins to address these issues, but it can only be considered a beginning. SVG is perhaps in the fortunate position that, with little in place, it is in a position to learn from others, and design an efficient and effective support programme for non-tourism services.

A Comparison - Canada's Export Support System

The supports offered by Canada were reviewed, and examined in the context of the model in exhibit A. Following is a summary of the major points identified regarding the Canadian export support system (based on a review of export related websites and interviews at the Canadian High Commission in Barbados).

- Canada offers essentially ‘one stop shopping’ for exporters. Virtually all export supports are encompassed under one umbrella – Export Development Canada.
- Canada’s supports address the range of issues identified in the model in exhibit A, including market research, product development, trade show attendance, export credit, financing, customs clearance, transport, insurance, identification of wholesalers/distributors/retailers, and so on.
- Canada’s trade representatives in foreign countries are highly trained, and play an active role in facilitating Canadian exports to a particular country.
- Canada’s emphasis appears to be on risk reduction; for example, Export Development Canada assists with providing customer credit information and guarantees associated with credit, exchange losses, political risks, and so on.
- CIDA (Canadian International Development Agency) Inc. provides assistance for Canadian firms to partner with firms from developing countries to encourage exports from the developing country to Canada and elsewhere.

From the point of view of a Canadian exporter, the process of obtaining assistance appears to be relatively straight-forward. The exporter contacts Export Development Canada and works with this organization to identify available and appropriate supports. The personnel at Export Development Canada are trained to assist exporters in taking advantage of the available supports. At the same time, the process does not appear to be costly to the Canadian government and tax payer – much of the assistance seems to be in the form of insurance, subsidized loans, and online advice.

As the Caribbean as a region, and individual Caribbean nations, seek to design their supports for non-tourism services, including culture and consulting, they should learn from existing systems, and adapt these systems to their unique and special needs. Canada’s system may provide a good starting point.

Caribbean Export Support Systems

Although this project focused on non-tourism services, particularly cultural and consulting services, many of the supports blanket all products – goods and services – therefore the research began by looking generally at all supports. The supports offered in the Caribbean were reviewed, and examined in the context of the model in exhibit A. Following is a summary of the major points identified regarding the Caribbean export system.

- Caribbean support systems are scattered and piecemeal – some are regional, most are local; some focus on services, most on manufactured goods or agriculture. For example, the Caribbean Export Agency, the Barbados Coalition of Service Industries, and Barbados Investment and Development Corporation and the National Development Fund (SVG) all provide some support for companies

- wishing to attend trade shows. There is overlap in terms of the supports offered and those who can benefit from supports are sometimes confused by the system.
- Support systems are more production oriented, and pay less attention to market research and intelligence. Supports to develop business plans, prepare budgets, examine processes, achieve standards, gain certification, train employees are fairly well developed.
 - Support for organization of and attendance at trade shows and trade fairs is quite extensive. Most organizations offering support for exports include funds for trade shows and fairs.
 - Relatively little support exists for other intermediary activities related to getting product from producer to consumer. Supports for trade financing, export credit, advertising, sales, warehousing, distribution and so on may be covered by some organizations, but they are not specified, and it seems difficult to fit these activities into the current applications.
 - A particular concern is the lack of infrastructure for financial transactions online. Banks in the region are only at the beginning of providing services for exporters of services. Accepting credit cards online, for example is complex and expensive.
 - Exporters are also concerned about the movement of persons across national boundaries. Substantial barriers appear to still exist.
 - Supports are sometimes difficult to access, with application processes that are complex and forms that are complicated to complete, often requiring information that is either confidential or not readily available. Several exporters and potential exporters, as well as personnel at support organizations commented on the application processes and forms as a deterrent to accessing support funds.
 - Supports often require up-front expenditure that will later be reimbursed, with some degree of uncertainty about whether, how much, and when reimbursement will occur. Smaller organizations do not have cash to finance export-related activities on their own and this approach discourages use of the existing supports.
 - Information on supports is not well publicized, and many exporters are not aware of available services and do not know how to access the supports that are available.

In general, there is recognition in the Caribbean region of the need for supports to encourage exports. A variety of organizations have been established in response to this recognition. The response has not been co-ordinated either at the local or regional level, and the resulting support system does not appear to be very effective.

Supports for Non-tourism Services Exports

Following the general review of supports, the project sought to identify issues specifically related to non-tourism service exports. Following is a summary of the major

points identified regarding the Caribbean export support system, relating to all non-tourism services.

- The focus in the Caribbean has been on tourism services; non-tourism exports have received recent attention, but this attention remains marginal. Tourism remains a major earner of foreign revenues, while non-tourism services, other than financial services, contribute relatively little; therefore, it is likely difficult for decision makers to justify devoting substantial resources to these exports.
- Difficulties of defining services contributes to the marginalization of supports for service exports. It is easier to identify the resources, costs, and constraints associated with exports of goods and to address the needs of producers of goods, thus it is not surprising that more resources are devoted to supporting exports of physical products. In addition, the export support programmes were typically designed with goods in mind, and shifting these to encompass services is not easy.
- A similar situation exists with regard to tourism, and separating non-tourism services from tourism. Much attention has been paid in the past to encouraging and supporting tourism related activities, and it is difficult to justify similar attention to other services, because the benefits are not as clear.
- Support systems contain traditional language aimed at manufacturing, agriculture, and tourism, and this makes it difficult for exporters of other services to access existing supports. The literature may say that the supports cover non-tourism services, but some forms contain language that makes it very difficult for exporters of non-tourism services to apply for support.

There is substantial room for improvement in terms of the support for exports of non-tourism services. Resources need to be broadened to include market research and development, specifically identified for these exports, and the application processes and forms designed with these in mind.

Supports for Exports of Cultural Services

The supports offered specifically for exports of cultural services in the Caribbean were also reviewed, and examined in the context of the model in exhibit A. Following is a summary of the major points identified regarding the Caribbean export system for cultural services:

- Recently, cultural services have received substantial attention; however, it is difficult to differentiate these services from tourism.
- There are a variety of attempts to support exports of cultural services, but it is unclear how successful these are.

Supports for Exports of Consultancy Services

Finally, the supports offered for consultancy services in the Caribbean were reviewed, and examined in the context of the model in exhibit A. Following is a summary of the major points identified regarding the Caribbean export system for consulting services:

- There is relatively little emphasis on supporting the export of consulting services.
- Individual consultants are successfully exporting services in the region, but they are not using export supports.
- There is room to increase the level of exports of consulting services, as well as to provide import replacement, if consultants were certified, using an internationally accepted standard.

CONCLUSION

It is timely to be addressing exports of non-tourism services from the region. The topic is clearly of interest across the region, and the potential for substantial improvements in services exports appears to exist. This research addressed the supports for services exports that are in place, and sought to identify ways in which the support system could be improved. The findings indicate an array of supports. These supports, however, are not coordinated. Consequently there are overlaps and duplications, with several organizations providing similar or the same support services. There are also gaps, with some needed support services not available. This situation is further complicated by the provision of services in the region at several levels – local/national (country), sub-regional (for example the OECS), regional (CARICOM, CARIFORUM, and so on), foreign (for example, CIDA, USAID), and multi-lateral (World Bank, WTO, European Union, and so on). There is substantial opportunity for coordination and rationalization.

This report is based on based on a variety of literature reviewed, and interviews with an array or people from the public and private sector. The report summarises the findings in three countries visited. The project proved to be far more complex than the researcher envisioned, and there is substantial additional research that needs to be completed.

If Caribbean countries are serious about competing in the export on non-tourism services, it is timely that their governments review the supports provided for such exports. This report can be used as the basis for such a review. Supports should be redesigned, specifically with non-tourism services in mind, and should address all aspects of the export system, including the entire production/marketing process, all four modes of services exports, and the steps in exporting from developing potential exports to sustaining specific export activities.

INFORMATION BASE

Interviews/Discussions

- 1) **Barbados Coalition of Service Industries** –Michelle Hustler-Small
- 2) **Barbados Investment & Development Corporation** - Michael Bynoe, Senior Business Development Officer, Industrial Services Division
- 3) **Canadian High Commission, Barbados** – Anna Ferro, Trade Representative
- 4) **Caribbean Export Agency** – Mora Ramis, CEO
- 5) **Institute of Chartered Accountants of Jamaica** – Prunella Vassell, Sidonne Whitlock
- 6) **Jamaica Promotions Corp. - JAMPRO** – Marjorie McCalla, Consultant on Export Development
- 7) **Jamaica Ministry of Foreign Affairs and Foreign Trade** - Calvin Mandoona, seconded from CARICOM Secretariat to set up Jamaica Coalition of Services Industries
- 8) **National Investments Promotions Inc. (SVG)** - Suzanne Joachim, CEO
- 9) **Private Sector Trade Team** – Lisa Clarke, Research Consultant
- 10) **Regional Negotiating Machinery** – Henry Gill, Ramesh Chaitoo
- 11) **SVG Chamber of Industry and Commerce** – Lennox Lampkin
- 12) **Basil Springer, Consultant**
- 13) **Conroy Wilson, Executive Director, Caribbean Performing Arts and Academy (ASHE)**
- 14) **Anthony Gunn, Entrepreneur**
- 15) **Monica Woodley, Independent Consultant**
- 16) **Valerie Gordon, Independent Consultant**
- 17) **Bevelyn Brodber, Member, Institute of Consultants of Jamaica**

- 18) **Rex Nettleford, Vice Chancellor, UWI, prominent patron of the arts, Founder of National Dance Theatre Company (Jamaica)**
- 19) **Noah Watson, Consultant to JAMPRO**
- 20) **John Beman, Focal Point Consulting Ltd. (former Director, Institute of Management Consultants of Jamaica)**
- 21) **Paul Marshall, IT Specialist**

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- 4) **Barbados** - Collection of files and papers from the Barbados Coalition of Service Industries, provided by Michele Hunter-Small
- 5) **Barbados** – Business Catalyst, April-June, 2006
- 6) **Barbados** – Trade Liberalisation and the Cultural Industries in Barbados in Light of Negotiations for the Cariforum European Economic Partnership Agreement, Erica K. Smith and Ayanna Young Marshall, study commissioned by the Barbados Private Sector Trade Team, June, 2006
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 - Financing
 - Bonding
 - Customer/Credit Information

- Claims
- 8) **Canada** – Export Development Canada – Descriptive Materials
 - 9) **Canada - Canadian International Development Agency (CIDA)** – information Kit and brochure describing the Industrial Cooperation programme (CIDA INC) providing long term private sector Canadian partnering support to foreign private sector organizations reflecting some of the following priorities:
 - Basic human needs
 - Nteegration of women in development
 - Infrastructure services
 - Human rights, democracy and good government
 - Private sector development
 - Environment
 - 10) **SVG** - “ A Guide to Investing in St. Vincent and the grenadines”, by Olivia Simpson; National Investment Promotions Incorporated (NIPI), June 14, 2006
 - 11) **SVG** - “The Case for a National Export Strategy: Key Considerations and Possible Response” for Discussion at the National Stakeholders’ Symposium; draft discussion paper August, 2006.

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- 12) **Caribbean** – CRNM/IDB Regional Technical Project - Papers from *Conference on Services*, Barbados, September 2001 which comprised the following:
 - “International Trade in Services: An Overview and Some Issues for CARICOM”, by Anthony Gonsalves
 - “Services: FTAA Negotiations on Services”, by Dr. Sherry M. Stephenson, Organization of American States
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