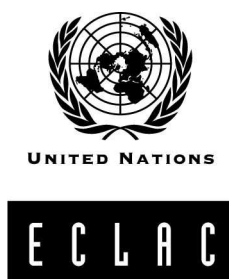


Barbados: public-private sector partnership

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Abstract

Many successful countries, especially latecomers, in terms of export diversification and enhancement have not relied entirely on spontaneous market forces. Rather they have developed public-private alliances to build consensus about long term strategies. They have proactively established specialized public institutions to support the innovative, entrepreneurial and investment activities that are needed to stimulate national export sectors.

This ECLAC project is designed to tell the story of the relative success of Barbados as an example of a country that has employed public-private alliances. Other country cases which are also being studied by ECLAC include Ireland, Finland, Sweden, Australia, New Zealand, Spain, Malaysia and Singapore. Barbados will be the only country case in the English-speaking Caribbean.

Barbados has successfully evolved over the past sixty years from a colony, through adult suffrage, internal self government to independence in 1966. Its economy has undergone radical transformation from being based on commodity exports such as sugar and rum to becoming a high-value services exporter. GDP per capita was less than 200 US dollars in the 1950s and is currently just under US\$ 10,000¹. The country has the third highest rank of the Western Hemisphere on the Human Development Index, after the United States and Canada.

This success has been due to a sound post-emancipation educational system, a stable political system, an effective trade union movement, positive benefits from the colonial administration, a dynamic private sector and an effective NGO movement. A solid foundation has therefore emerged on which to build a sustainable future. Much has been written about the Barbados model,² especially on the aspects of democracy and political participation, education and social development.

In the early 1990s, a tripartite Social Partnership (government, trade unions and the private sector) was formally established to deal with the consequences of the economic crisis and to implement the Structural Adjustment Programme with the IMF without need for currency devaluation. The first Protocol agreed upon and focussed on wage and price policy as well as fiscal adjustment but also established the National Productivity Board. In 2005, the tripartite partnership agreed on the fifth

¹ DaCosta, M. (2007) Colonial Origins, Institutions and Economic Performance in the Caribbean: Guyana and Barbados, Washington, IMF Working Paper 07/43.

² See for example Blackman, C. (1998), The Barbados Model, in Caribbean Affairs Vol 8 no.1; as well as ECLAC (2001), An Analysis of Economic and Social Development in Barbados: A Model for Small Island Developing States, Port of Spain, LC/CAR/G.652.

in what has become a series of Protocols.³ On May 01 2007, the parties signalled their intention to extend the fifth protocol for another two years.

It is widely acknowledged that the success in terms of political and social development is underpinned by a shared vision regarding productivity (human, process and technology) enhancement and service excellence as a means towards increased global competitiveness. It is however not extensively documented exactly how these underpinnings were established and what organisational and institutional mechanisms were created to facilitate public-private dialogue.

Some attention has been given by the social partnership as to the composition of the future Barbados economy. It is proposed that “Sunrise” opportunities replace the “Sunset” industries, e.g. commodity sugar and traditional manufacturing. The Sunrise opportunities have been identified as: (a) Tourism Linkages, to build on the success in the Barbadian Tourism sector, driven primarily by the Export of Indigenous Services (Informatics, Health, Consulting, Education, Entertainment, Transportation, Film and Sports); (b) the West Indian Sea Island Cotton and other Agricultural value added and food industries; (c) the diversified use of the Sugar Cane plant; (d) Agriculture, Food Processing and Food Security; (e) the High-Tech Manufacturing industries; (f) the Renewable Energy industries; and (g) Innovative Financial Services.

Invest Barbados, a public sector organisation, has recently been established (January 2007) to develop high performance service exports; to promote Brand Barbados; to seek Foreign Direct Investment and business systems expertise; and to stimulate the creation of a user-friendly enabling environment.

This study describes the public-private dialogue in Barbados called the Social Compact, the specific sectors in which innovation is stimulated, the institutional framework which surrounds and supports the tripartite partnership, the resulting performance of the economy and prospects for growth and the extent to which membership of the Caribbean Community can act as a catalyst to progress.

³ The Barbados Social Compact has been documented and studied extensively, especially regarding the impact of the Protocols on wages and prices as well as on fiscal policies and its macroeconomic effects. See *Journal of Eastern Caribbean Studies*, Special Issue on the Barbados Protocols and Social Dialogue in the Caribbean, Vol. 29, No. 4 December 2004. Much less is written about its impact on firm-level productivity, export competitiveness, innovation and linkages.

I. Barbados and its development strategy: the role of the tripartite partnership

A. Introduction

Barbados epitomises the concept that “Small is Beautiful” promoted by E.F. Schumacher in his book by the same name. Its population size of 270,000 naturally constitutes an optimal size administrative unit and this has been leveraged to exemplify a potential success story of the development of a small state.

The Social Partnership was introduced in the early 1990’s and this concept contributed immensely to the sustainable development of this small island state in the initial stages. In this section the role of the Social Partnership is delineated with a description of the main dimensions of the Partnership.

The strategic direction of the Partnership follows that of the National Strategic Plan for Barbados and the institutional framework is described.

B. Overview of Barbados as a potential success story of development

Geography

Barbados is one of 12 Small Island Developing States (SIDS) in the Caribbean Basin. The most easterly of the Caribbean islands, it is approximately 166 sq. miles (431 sq. Km) with an estimated population of 270,000, making it statistically one of the most densely populated countries in the western hemisphere. However, since Barbados has no significant rivers, marshlands, mountains, forests, lakes or deserts, virtually all of its land is accessible and, hence, its effective population density is much more welcoming than the traditional statistics would suggest.

Economy

The island has no known mineral resources, apart from small on-shore deposits of crude oil and natural gas. There are, however, prospects which have alerted the interests of off-shore drilling

companies. Despite its small size, Barbados has a relatively high per capita income of just under US\$10,000, making it a middle-income developing country.

Since independence from Britain in 1966, successive governments have sought to diversify the production base of the economy. Sugar and Rum, manufactured from sugarcane, has traditionally been the island's most significant export products. However, during the 1970s manufacturing and tourism emerged as major foreign exchange earners. Barbados' beautiful beaches and its social stability have been important factors in attracting an increasing number of tourists since the late 1970s. In addition, a relatively stable economic climate has provided an attractive environment for foreign investment and a growing offshore services industry.

Relationships

Barbados is a member of many major international organizations. At the regional level, Barbados has been at the forefront of the integration movement. It held the first and only premiership of the West Indies Federation, which was a political union formed in 1958 among former British colonies in the English speaking Caribbean. The Federation collapsed in 1962. In 1968, Barbados and other Caribbean countries formed the Caribbean Free Trade Association (CARIFTA), which was successful to the extent that it solidified trade among its members. It provided the first Secretary-General.

Regional Integration

In an effort to deepen regional integration and to expand cooperation in other areas of development, members of CARIFTA signed the Treaty of Chaguaramas in July 1973 to create the Caribbean Community (CARICOM). Currently, countries in the CARICOM region are taking steps to further deepen the integration movement through the creation of a CARICOM Single Market and Economy (CSME). Within the Community, Barbados has been assigned responsibility for overseeing the implementation of CSME.

Strengths

In the creation and pursuit of the vision for Barbados, the strategies for development have been founded on its strengths and a desire to exploit all available opportunities.

Barbados has been able to harness its many strengths. Its political stability is reflected in the uninterrupted practice of representative government since 1639, upon which post-colonial Barbadians have built a remarkable and cohesive democratic system, which compares favourably with world-class standards. Barbados' political stability has been reinforced since 1993 by the establishment of a unique, well-developed Social Partnership comprising Government, the Private Sector and Labour.

Barbados has a well-developed, judicial and legal system in which fundamental human rights, civil liberties and respect for the rule of law are strongly upheld. A very high level of social cohesiveness characterizes the island's population. There is in place a network of social organizations (sports clubs, community clubs, service clubs, interest groups and churches) that fosters this cohesiveness.

Barbados has a high literacy rate which is a legacy of one of the most comprehensive educational systems in the developing world. Education is compulsory to age 16 and free at the nursery (partial) primary, secondary and tertiary levels. Educational opportunities range from pre-school to university education, and include vocational and technical training, as well as special schools for the mentally and physically challenged. Barbados recognizes that, globally, tertiary output per capita is highly correlated with GDP per capita and has put in motion a brain train with the destination of one graduate in every household as soon as is practicable.

Barbados has an enviable record of macro-economic stability as a result of prudent fiscal, monetary and prices & incomes policies. Barbados operates on the principle that the fixed parity with the US dollar can be pegged at any reasonable level provided that it is supported by the appropriate

macro-economic policies. The Barbadian dollar has maintained a fixed parity with the US dollar since 1975. There has also been a low and stable rate of inflation, relatively low unemployment, a reasonably equitable distribution of income (every individual has the opportunity to pull him/herself up to the next rung of the socio-economic ladder) and an AA-credit rating as at mid-2004 by Standard and Poor's Credit Rating Agency.

Barbados has a relatively well-developed and continually improving infrastructure of public buildings, conference facilities, airport, seaport, road network, information and telecommunications systems, water, electricity, and pipelines for the delivery of natural gas. In 2007 Barbados staged the final of the Cricket World Cup, the third largest sporting event in the world, at its specially constructed state-of-the-art sports and entertainment stadium.

Barbados possesses a competitive regime for the attraction of foreign investment, especially in the area of international business services and is now presenting a thrust in the innovative service export sectors. An excellent tropical climate, clean white beaches, blue water, beautiful coral reefs and a friendly population make Barbados particularly attractive to tourists and business persons alike.

Opportunities

The opportunities for economic development available to Barbados abound. Trade liberalization provides Barbados with new market opportunities, in a wide range of services and products for which we have a competitive advantage, in CARICOM, the Americas and globally.

Globalisation of trade and finance provides new and increased access to both portfolio and foreign direct investment. Domestic sectors can strengthen their productive capacities through inter-sectoral linkages. Opportunities lie in the production of high-value-added products, such as West Indian Sea Island Cotton finished goods, specialty sugars and other high-value products based on sugarcane, organic and gourmet foods, use of bio-technology and the tapping of ethnic markets abroad.

Regional market unification offers opportunities for economies of scale and scope, thereby facilitating greater efficiency, growth and profitability to Barbadian businesses, lower prices to its consumers and increased consumer welfare.

The unification of regional capital markets provides the opportunity for increased market capitalization, thereby allowing the Barbados Stock Exchange to realize significant expansion. This would enhance capital market efficiency by channeling investment to the areas of greatest return.

Globalisation, which has led to the enhancement of information technology and e-commerce, increases opportunities for Barbadian businesses and consumers through reductions in transaction costs and prices.

The increasing diversity of market requirements presents new opportunities for business innovation and an expansion in production capacity. Globalisation, trade liberalization and the formation of the CARICOM Single Market and Economy will create greater opportunities for Barbadian nationals to access employment overseas.

A greater opportunity exists to use diplomatic and economic relations to develop Barbados' human resources. There is also the opportunity to develop the human resources through the enhanced capacity to use highly developed telecommunication networks and information technology to access and encourage distance or home-based learning / training.

Constraints

The vision for Barbados also recognizes the need to strengthen the weaknesses and mitigate the impact of domestic and global threats.

Barbados is categorized as a developing country. The Barbadian economy possesses the defining characteristics of Small Island Developing States (SIDS), which make it especially vulnerable

to exposure to hurricanes, limited land and natural resource base, sea level rise (a consequence of global warming) and a fragile marine ecosystem (threatened by the passage of radio-active materials through the Caribbean Sea). Barbados is conscious of the need for a renewable energy thrust to mitigate the dependence on fossil fuels, to protect the environment and engender energy security.

There is limited economic diversification, a high degree of economic openness and a high cost of infrastructural services relative to the population and the tax base. This presents a challenge to Barbados' fixed exchange rate regime and the degree of monetary autonomy. In addition, it provides greater avenues for money laundering and other financial crimes.

The small size of Barbados has made it difficult to realize economies of scale and scope especially in industry and agriculture (a net food importing country) but there are pockets of success where efficient technology application has compensated for the classical disadvantages associated with lack of size. Barbados has recognized that a sharp focus on productivity (labour, process and technology) rather than on relatively high labour and operating costs can boost competitiveness, economic fortunes and sustainable success especially in the manufacturing and agriculture sectors, thus reducing the dependency on imports and the attendant foreign exchange leakages.

There is a high incidence of monopolistic and oligopolistic behavior in Barbados' domestic markets. Financial markets, in particular, are narrow and shallow and, as such, limited in their capacity to absorb domestic and external shocks. These market imperfections suppress efficiency and competitiveness, leading to higher production costs and prices, sub-optimal quality of service delivery and reduced consumer welfare. The advent of innovation is expected to contribute to the diversification of the Barbadian economy stimulated by the loss of the preferential market access, particularly for raw sugar.

The Public Sector is characterized by over-centralisation and over-dependence on rigid regulations. The Barbados Public Sector is operating within the same modalities as it has for over the last 30 years, while the economy has grown significantly and society has become infinitely more complex. In addition, this has contributed to general tardiness in the implementation processes. There is a lack of adequate maintenance of government property, water works and roads. Sections of the island's road network are in a state of disrepair, traffic congestion is severe and traffic accidents are on the increase, but this has been aggressively addressed in recent years. Public sector reform has been introduced but the process is slow.

There is a low level of entrepreneurship, with Barbadians generally disinclined to take business risks and to turn innovative ideas into enterprises. There is a general lack of intensity and continuity in research and development in the areas of ideas, products and enterprises. It must be said, though, that the major impediment to entrepreneurial progress is not so much lack of creativity but the lack of timely access to appropriate financial instruments for start-up enterprises. Managerial practice and technology also lag behind international standards in the private and public sectors.

Barbados has an ageing population with almost zero growth. This means that the work force will be required to support an increasing number of retired persons. The ageing population therefore makes for a large dependency ratio. The National Insurance Scheme has increased the pensionable age to increase contributions and delay payments so that the pension demand may more easily be met.

HIV/AIDS is undoubtedly the most critical health issue facing Barbados. This pandemic poses a serious threat to our youth, to the most productive elements of our labour force, and to our established social capital formation. HIV/AIDS can reduce productivity, national savings and investment. It can also negatively impact on foreign investment, tourist arrivals and foreign exchange earnings. Barbados has implemented a comprehensive programme to reduce the incidence of the disease and to care for those inflicted by the disease.

The emergence of an international political order based on unilateralism and the use of war creates a climate of uncertainty that is particularly threatening to small countries. One example is the harmful tax competition issue in which the OECD initiatives continue to pose a severe threat to our

international business and financial services, notwithstanding the many double taxation treaties that are in place.

Planning

As is evidenced by its successful record of economic performance and social development, in spite of the constraints mentioned above, Barbados has earned its place in the world as a premier small island developing state. It has a well documented National Strategic Plan (2005 to 2025). With diligence and commitment to the motto Global Excellence – Barbadian Traditions, the country has the potential to achieve greater long term sustainable economic growth and the strategic planning period and beyond.

C. The origins and the role of the Social Partnership

The Barbados experience of utilizing social partnership agreements as a tripartite consultative and negotiating mechanism for policy making and economic development has been hailed as a model of best practice by the International Labour Organization.

The first social partnership model emerged when Barbados was faced with a difficult economic crisis in the early 1990's. There was foreign exchange stress in Barbados with only enough foreign exchange to purchase one week of imports. The IMF was making demands for currency devaluation prior to the establishment of a structural adjustment programme. The social partners stood firm and Barbados did not yield to this request since it was thought that it would lead to a further economic slide which would be more difficult to manage.

The model arose out of deliberations of the social partners —the trade unions, employers' organizations and Government to tackle the national economic and social problems through consultation and negotiation. CTUSAB, in seeking support for the social partnership, had wide ranging consultations with leaders of the private sector, church leaders and opposition parties, and sensitized the public to the daunting economic challenges facing the country via meetings and rallies.

Another party which was involved as a mediator in promoting the tripartite social dialogue was the Barbados Association of Retired Persons, which obviously had at its disposal, persons with a wealth of experience. Their observer status in the social partnership on the workers' side is significant.

Another factor which assisted the acceptance of the Dialogue was the fact that not only were employees unhappy over government's structural adjustment programme, but private sector employers at the time were also not completely happy with the programme, in particular reductions in certain business benefits such as tax breaks which they had customarily enjoyed.

Their collaborative efforts were eventually sealed with the implementation of the First Protocol in (1993).

First protocol: Economic stabilization and collective bargaining (1993-1995)

In this protocol the tripartite partners agreed to an overall strategy for sustained economic development. The primary objectives of the incomes policy were a commitment to maintain a fixed exchange rate; the expansion of the economy through competitiveness; the promotion of access to employment; and a reduction of the incidence of social dislocation caused by high unemployment. This initial strategy focussed on the freezing of prices & wages and the establishment of a National Productivity Board, now called the National Productivity Council.

Second protocol: Forging partnership on wage restraints and productivity (1995-1997)

This protocol relaxed the requirement for a wages freeze and permitted increases in wages provided that they were tied to productivity enhancement. This was to be achieved by the introduction of a system of performance related pay, job evaluation and negotiated job enhancement exercises. It also included employment profit sharing or ownership sharing. The remarkable achievements gained as a result of this model influenced the negotiations of three other Protocols. The agreements not only contributed to the reversal of the economic decline but led to a trend of sustained growth over fourteen consecutive years.

Third protocol: Building a sustainable social and economic partnership (1998-2000)

This protocol moved beyond narrow economic concerns to address the broader issues associated with globalisation and made a deliberate effort to institutionalise the social partnership. The objectives included the maintenance of a stable industrial relations climate; the reduction of social disparities through, increased employment and the consolidation of social dialogue through tripartite consultation.

The fourth and the fifth protocols were successively strengthened under the theme of third and the Fifth Protocol (2005-2007) has now been extended for another two years, reflecting a measure of stability in the policy regime. These protocols are guidelines for and agreements between the social partners but are not themselves legislated even though there may be resulting legislation spawned from issues which arise from time to time.

The success of the Barbados social compact is facilitated by the degree of acceptability at the top political and administrative levels; a united and disciplined trade union movement; a well-organized and all-embracing private sector organization and a common vision shared by all stakeholders.

The social compact, although it has contributed to an overall strategy for sustained economic development, its primary role is that of consultation and negotiation when contentious issues, as identified by any partner, arise which, if left unattended, would impede the path of progress. The government still maintains the right to be the determinant of government policy but values the interaction with and advice of the social compact in reaching its final determination.

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D. Description of the main dimensions of the partnership

The social partnership continually monitors five main drivers relating to globalization, employment, industrial relations, the domestic economy and social dialogue, as issues arise in these areas. The

partners discuss the issues and propose measures to speedily resolve them in the national interest without compromising the integrity of its constituent partners.

The globalization driver is concerned with economic development on a national basis but recognises the benefit inherent in the creation of a CARICOM single market and economy (CSME) with its opportunity for increased investment, production, trade and employment. The social partners also recognize the challenges that will have to be faced by all sectors to accommodate the realities of the development in the regional integration process. It should be noted that whereas the CSM has been in existence for some time and has been recently boosted by the provisions of a treaty, the CSE is more of a challenge. Indeed, it may be argued that the CSE is not really possible without a supranational body being in place to which each sovereign member nation is willing to surrender specific elements of responsibility.

The social partners acknowledge that, implicit to the advent of the CSM(E) must be the establishment of a regional court to provide the original legal authority and appellate jurisdiction so necessary for the maintenance of an environment of social and economic stability. The social partners recognize the necessity to develop an “economic gearing system”, led by contributions from the “big wheels” of the productive sectors of the economy, broadly identified as tourism, agriculture, manufacturing, financial and other export services, to the continued and sustained growth of the economy. The “medium and small wheels” of the gearing system, as manifested by the small and micro-enterprises, are integral to increased levels of investment and employment. The partners further agree that, given the peculiarity of circumstance due to their size and vulnerability, special attention should be paid to these lesser wheels within the productive sectors.

In addition to the traditional sectors, the social partners further agreed that, in order for this programme to succeed, steps must be collectively taken to develop an enterprise culture. The social partners acknowledge that, essential to good governance is the effective management of a public service which is efficient and timely in the provision of those services necessary for the further development of Barbados, particularly those which affect the competitiveness of the economy in the context of globalization.

The employment driver addresses a national employment policy which promotes full, productive and freely chosen employment in order to stimulate economic growth and development to raise standards of living, meet manpower requirements and to overcome unemployment and under-employment. Every opportunity must be given to the individual to develop his/her human resource to the fullest to meet the changing trends in regional and global trade. There is responsibility to ensure the existence of an environment which will allow the full integration and participation in society of all persons with disabilities but, more especially, their obligation to eliminate marginalization and discrimination in respect of the access of persons with disabilities to education, employment and involvement in the socio-economic development of Barbados.

The social partners are aware that efforts are constantly being made by some members of our population to corrupt the minds of our youth and young children and to lead them into the worst forms of child labour, such as commercial sexual exploitation, child pornography, and work as a “look-out” for drug dealers or, sometimes, even as children dealers at school. The social partners undertake to redouble their efforts to combat these vicious abuses of our nation’s children and to assist in efforts to re-integrate such exploited children into the mainstream of society.

The social partners acknowledge that the formal undertaking given by the Government in respect of regional integration will result in the free movement of Caribbean people with all its attendant implications, particularly the potential for exploitative and discriminatory treatment of migrant workers and their families. The social partners accept that, from time to time, it may be necessary for a work permit to be issued for a limited period and pledge to support personnel policies and training which are designed to reduce the continued long-term dependence on non-nationals, except where they may contribute to the continual expansion of the economy.

The social partners acknowledge that disabilities and absence through illness are costly, at the levels of the worker, enterprise and State and therefore agree to promote health awareness programmes (including HIV/AIDS and other life threatening illnesses), with a view to building well-being and morale and preventing loss of workers' productivity due to disability and unavoidable illnesses.

The industrial relations driver acknowledges that, fundamental to the preservation of industrial harmony is an understanding of the nature of the relationship which must exist between the parties, particularly their collective responsibility to protect workers and employers in all aspects of the exercise of their constitutional rights, including the right to freedom of association.

Further to the agreement in respect of national employment policies, all employees should enjoy the right not to be unfairly dismissed or to be unfairly prevented from continued employment and that the procedure for termination of any employment shall accord with the principles of natural justice and the principles enunciated by the international labour organization.

The domestic economy driver must be so ordered as to take into account the imperatives of globalization, trade liberalization and the CSME. The social partners recognize the contribution of credit unions and consumer and other associations to wealth creation and socio-economic empowerment of the people of Barbados.

The social partners remain very conscious of the importance of a prices and incomes policy to the stability of the economy and the maintenance of the exchange rate in relation to the US dollar. The social partners agree that special consideration should apply to minimum wage legislation and the importance of security of pensions in a changing economic environment. The Government's tax regime will seek to distribute the burden of taxation equitably to encourage investment and otherwise to provide incentive for expanded commercial activity and to create further opportunities for the economic empowerment of workers through the ownership of shares.

The social partners recognize that the National Productivity Council was specifically established to be an agency to provide technical and other services to assist in the advancement of productivity (labour, process, and technology) at the enterprise level and thereby to contribute to the increased competitiveness of Barbadian goods and services. The social partners recognize that sustained national prosperity and poverty eradication depends, inter alia, upon continued capital investment and the extent to which savings are garnered and utilized from the wealth created in the community through its economic activity.

It is also recognized that the law must reflect the changing nature of the modern administrative state through the implementation of constitutional changes and other legislative forms. It is equally important for the law to secure social justice, equity and national development in all its forms. The social partners acknowledge that Barbados is a signatory to international conventions and protocols in respect of climate change and, therefore, agree to work together to implement those policies and measures which will contribute to a reduction of the adverse effects on both the domestic environment and the global environment.

The social partners recognize that the provision of an adequate schedule and safe system of public transport is a pre-requisite in any society that seeks to place emphasis on productivity in the workplace and the full participation of its citizenry in the educational, cultural and recreational activities of the community. The social partners recognize the value of definitive findings in research in those areas vital to the planning for further socio-economic development.

The social dialogue driver focuses on the widening of the social partnership to their collective endeavours in respect of moral, social and economic improvement of Barbados. The social partners recognize that for the objective of continued and sustained growth in the Barbadian economy to be achieved in the competitive environment of trade liberalization and globalization, there would have to be an attainment of world class excellence in both quality of service and delivery of products. Efforts made under the national initiative for service excellence (NISE) to improve the society can be nullified if core societal values are eroded by contrary considerations. We must all strive towards greater social maturity.

For the broad national commitment to be successful, it must be endorsed and accepted in each enterprise and by each individual.

E. Evaluation of the strengths and shortcomings of the partnership

The Social Partners desire through their association in a Social Compact to create a modern, efficient economy which is able to (1) produce high and sustainable economic growth accompanied by increased employment, (2) establish through low inflation an equilibrium between prices and incomes, (3) achieve a society which enjoys a greater degree of inclusiveness in all its facets and (4) engender a conscious and deliberate effort to distribute equitably the benefits of economic growth.

The Social Compact is informally reviewed at the annual Private/Public Sector Consultation on the economy. The Prime Minister reports on the challenges, highlights the positive developments and proposes a way forward to ensure the island remains on a path of sustainable economic development.

The President of the Barbados Private Sector Agency encourages Barbadian Business Leaders to improve the efficiency of their management, using better information systems, and a slogan of ‘doing it right the first time and every time’.

The Trade Union Leader underscores the fact that labour has a key role to play where any strategy for national, regional or even international development is attempted. All partners agree that, without enhancement of the human resource, development will not take root and economic growth will not be sustained.

In each of these statements there is general evidence of concern that even though we have done well, we cannot rest on our laurels. Posterity is reminded that, because of the continual change in the external environment, we must renew our energy to conquer. We must constantly be refocusing our radar and be prepared for the challenges of the new images on the screen. This calls for a period of renewed visioning, followed by the dedicated and sustained conversion of Vision into diligent Action.

It is this Action process that could be improved by the Social Compact. For example, economic growth cannot take place unless there is sustainable enterprise development, which is a private sector function. Necessary and sufficient elements of enterprise development are the entrepreneur, management and money. The emerging private sector has to be encouraged to seek new areas of enterprise development, identify appropriate entrepreneurs, train and/or import management if necessary and devise creative forms of investment for these innovative enterprises. There have been proposals which indicate that this latter task is not as formidable as it may appear, if we adopt the concept of ‘management as collateral’ which indeed protects against the risk of failure. Government’s responsibility here is not so much to provide money but to work with the private sector, which already has access to money, and create an enabling environment to facilitate protection for private sector investment.

There is the temptation for Government to get involved in private sector affairs because it may provide significant project finance initially. This should be resisted. Government should see itself as providing funds on behalf of the people of Barbados and let the private sector get on with managing the project. It should measure its return on investment in economic terms e.g. increased net foreign exchange or employment, not in financial terms. It should also negotiate an exit clause so that these investment funds may be recycled to assist another entrepreneur in the start-up phase. Any attempt by Government to be involved in financing enterprise development may be fraught with bureaucracy and political interference. This is not to say that the existing private sector is perfect but we have to focus on the goals of the respective roles of the social partners and relentlessly pursue this path.

Of special concern is the allegation that the professional associations are not consulted by government when developing new plans in respective sectors. Generally, there is a wealth of

knowledge in the community which is not systematically accessed by Government. The social compact has to reach out to all sources of Barbadian expertise to address the many existing challenges.

In addition to the annual national consultations, a national tri-partite seminar was held in April 2001, where all parties undertook dispassionate assessment of the contribution of the protocols to the country's industrial relations system and national development and made suggestions as to how to further strengthen the social compact.

Specifically, the Barbados economy has witnessed the following during the era of the social partnership: steady annual growth; decrease in unemployment rate; decrease in inflation rate; real industrial wages increase due to increased productivity; and a reduction in number and scale of trade disputes resulting in a reduced number of work days lost.

F. The strategic direction of the partnership

The authors of the National Strategic Plan for Barbados (2005-2025), the Research and Planning Unit, Economic Affairs Division, Ministry of Finance and Economic Affairs, Government of Barbados, consulted extensively with the members of the Social Partnership and wider civil society in developing the Plan.

The strategic direction of the Partnership is therefore guided by the Plan which calls for the Partnership to be strengthened and anchored in the constitution.

The Plan has six Goals: Unleashing the Spirit of the Nation; New Governance for New Times; Building Social Capital; Strengthening the Physical Infrastructure and Preserving the Environment; Enhancing Barbados' Prosperity and Competitiveness; and Branding Barbados Globally.

The Objectives associated with these six Goals act as a beacon to guide the strategic direction of the partnership and are detailed as follows:

Unleashing the spirit of the nation

The objectives are to strengthen the national identity by reinforcing who we are, promoting and celebrating the history of Barbados and what it means to be Bajan and facilitating the development of cultural expertise and culture as a genuine career choice; to reaffirm the virtues of self-reliance, pride and adaptability by developing programmes that build confidence, encourage goal building and resourcefulness and facilitate the empowerment of all persons in the society; to build and maintain social cohesion among all races, the rich and the poor, the young and the old, to harness the creativity of all Barbadians; to ensure social justice by promoting the economic enfranchisement of ordinary Barbadians and developing anti-discrimination legislation; to facilitate self-expression, creativity, personal development and self-actualisation by developing an environment conducive to creative expression and protecting and promoting the right of people to express themselves.

New governance for new times

The objectives are to strengthen the Constitution by reinforcing the social partnership and anchoring it in the Constitution; to enhance popular political participation by re-kindling the interest of young people in civic matters; to strengthen civil society by integrating it into all spheres of activity in Barbados as well as in the country's interactions at the regional and international level; to remodel the public service to reduce bureaucracy and increase efficiency and effectiveness; to protect our Nation by minimizing or where possible preventing the incidence of crime, lawlessness and corruption; to maintain harmonious industrial relations by creating new and better for a dialogue between workers and employers and facilitate the needs and protect the rights of migrant workers.

Building social capital

The objectives are to expand the level and quality of education and training so as to equip the population with skills to function in the global economy; to improve the health of all Barbadians by improving the quality of the delivery and management of health services; to ensure affordable and quality shelter for all by creating effective working partnerships in developing housing solutions; to develop the youth by attracting and retaining more young persons in entrepreneurship programmes and establishing a universal programme of national service; to improve the quality of life of the aged and differently-abled by providing equal opportunities for all and removing all barriers to the continued participation of older workers in the workforce; to build stronger communities by promoting greater civic mindedness and community volunteerism; to develop sports and culture by expanding the level of investment in the development of the sporting industry and creating a passion in the population for active participation and excellence in sports; to eradicate poverty by promoting and enhancing rural development; to achieve gender equity and equality by ensuring the integration of gender into all areas of national planning and development.

Building a green economy – strengthening the physical infrastructure and preserving the environment

The objectives are to promote and facilitate the environmentally sustainable use of our renewable resources and the wise use of our non-renewable natural resources by ensuring effective conservation and enhancement of the island's coastal and marine eco-systems and living resources and encourage the use of hybrid and fuel-efficient and low emission vehicles; to maintain a safe and reliable water supply by establishing a programme for the augmentation of the water supply and an effective water monitoring system for the control of agricultural chemical applications and the disposal of liquid and solid waste; to ensure an efficient and reliable energy sector by promoting greater energy conservation, and expanding the supply of renewable energy; to develop a modern transport infrastructure and system to ensure time and cost savings and boost economic activity; to improve disaster management by developing a modern disaster management system to ensure that its people and physical infrastructure are well protected against natural and man-made hazards; to develop and maintain an efficient land-use policy to safeguard arable agricultural land and create a hierarchy of urban centres related to the size of the community and the level of amenities and services to the location.

Enhancing Barbados' prosperity and competitiveness

The objectives are to substantially increase Barbados' annual sustainable growth rate by increasing innovation and developing a new entrepreneurial culture and to expand existing businesses to a sustainable basis; to achieve full employment by maintaining exchange rate stability; to ensure strong macro-economic fundamentals; to safeguard food and nutrition security by ensuring that all Barbadians have access to nutritious and healthy foods; to create an entrepreneurial society by reforming the banking and non-banking financial sectors to make them more responsive to and supportive of new entrepreneurs; to develop the Information Economy by creating information architecture, infrastructure and human resources capacity; to boost productivity and competitiveness by reducing the costs of doing business in Barbados; to increase the export of services and products by establishing Barbados as a centre for the re-export of services and products; to integrate Barbados into the global economy by spearheading Pan-Caricom investment and production initiatives; to achieve world-class excellence in the delivery of service by developing a range of standards that must be in place for Barbados to attain the status of a world-class provider of service; to be a leading and preferred Investment Centre in the world by building a fully investment friendly environment conducive to both local and foreign investment; to establish a fully developed financial sector which is a necessary pre-condition for achieving a fully developed economy; to have the private sector assume a leading role in economic and social development and make a substantially higher contribution to the transformation process to a fully developed economy; to deepen and broaden efforts in research and development and innovation by

cultivating an innovative culture; to build stronger development partnerships of countries and agencies regionally, hemi-spherically and internationally; to maximize the benefits from participating in CSME by exploiting to the fullest the regional market for the export of services.

Branding Barbados globally

The objectives are to fashion the Brand by identifying features that are distinctively Barbadian and which constitute the Barbados Model; to market the Brand by engaging the Barbadian Diaspora in a coordinated and intensive effort to promote the Barbados Brand.

The social partners recognize that, in order to give effect to this social compact, as an instrument of policy as a means of further national development, it will be incumbent to give specific individual commitment in addition to those to which they are already bound jointly. They agree to initiate a comprehensive programme to inform the public of Barbados of the underlying purpose and rationale behind the social compact to explain the scope of its operation and to solicit such supportive action at the enterprise level as will contribute to its success.

The Government agrees to consult the social partners at the earliest possible opportunity on the formulation and implementation of fundamental social and economic policies. The employers representative recognize their responsibilities to respond to the challenges and opportunities of globalization, CSME, corporate restructuring, trade liberalization, and the other influences affecting a small open economy and to ensure the success of the social compact. The workers' representatives recognize their responsibility to make a contribution to the development of a work force that is skilled, that is, understanding of its role of assisting Barbados to be competitive in a global economic environment, and that is, therefore, committed to improve the efficiency in production and productivity.

The Social Partnership is therefore a key institution in ensuring a bright future for posterity in the context of aspiring to global excellence while maintaining Barbadian traditions.

G. Support instruments of the partnership

The success of the partnership is based on the design and maintenance of a sound foundation. The elements of this foundation are embodied in the administrative support from the Prime Minister's office to service the Social Compact; optimal macro-economic policies such as stability in prices and incomes which support a fixed exchange rate with the US dollar; a continuing drive towards productivity enhancement to stimulate competitiveness; commitment to service excellence in support of good customer relations; the support of the CSME in support of sustainable economic security; the Caribbean Court of Justice in support of sound regional arbitration; an annual Private/Public Sector Consultation on the economy in support of the monitoring and control function of management (it is reported that Barbados is one of the few countries in the world where this type of consultation takes place on a regular basis); the embracing of a wider and wider number of social partners in the Social Compact; and a relatively comprehensive social safety net which supports its citizens from birth to death.

Descriptions of the main agencies that execute these support instruments are to be found under section 4.0 Institutional Framework.

There is a clear delineation of the roles of the primary social partners in support of optimal advancement of the Social Compact and these may be stated as: the role of the private sector is to do business in an efficient and competitive manner towards the end of achieving sustainable profitability, employment and net foreign exchange gains; the role of government is to provide regulatory and service functions towards a user friendly enabling environment; and the role of the trade union is to induce employer/employee harmony in the interest of enhancing productivity for fair compensation.

II. Export promotion and diversification, linkages and innovation

A. Introduction

A major focus of the social partnership is the composition of the future of the Barbados economy, in particular the transformation of the export structure by diversifying the traditional Barbados productive sector quartet: tourism, financial and international business services, agriculture and manufacturing.

It is proposed that “Sunrise” opportunities replace the “Sunset” industries, e.g. commodity sugar and traditional manufacturing. The Sunrise opportunities have been identified as: (a) Tourism Linkages, to build on the success in the Barbadian Tourism sector, driven primarily by the Export of Indigenous Services (Informatics, Health, Consulting, Education, Entertainment, Transportation, Film and Sports); (b) the West Indian Sea Island Cotton and other Agricultural value added and food industries; (c) the diversified use of the Sugar Cane plant; (d) Agriculture, Food Processing and Food Security; (e) the High-Tech Manufacturing industries; (f) the Renewable Energy industries; and (g) Innovative Financial Services.

B. Tourism and its linkages (indigenous services)

After World War II, tourism quickly became the most lucrative contributor to the economy of Barbados. Today long stay tourism and cruise tourism collectively and evenly contribute to over a million visitor arrivals per annum in a country with a resident population of 270,000. It is the major employer of labour (with upward mobility opportunities for staff) and the leading earner of foreign exchange for Barbados. The long stay visitors have a wide variety of type of accommodation ranging from small hotels to luxury hotels, from bed and breakfast to all inclusive hotels, and from condominiums to villas.

Barbados has adopted an innovative development strategy around tourism by focusing on its linkages with other sectors of the economy to make sure that the money spent by tourists remains in the local economy.

These innovations include alliances with agriculture, culinary art, handicraft, contemporary art, film, culture, fashion, sport, health and community tourism. The challenge is to provide the goods of international quality and a competitive price and this is the focus of the social partners.

The tourism agriculture linkage is in its infancy but there is significant potential for linking the local farming community with the hotel industry. To this end, in recent years, the culinary alliance of Barbados was established to promote and advance local food and beverage skills, techniques and planning processes. Barbados is renowned for the diversity of its cuisine and the alliance seeks to maintain this diversity while raising standards to position Barbados as a world class culinary destination. One of the innovations of the alliance is the Taste of Barbados Food Festival which has been held successfully for the last two years.

The tourism handicraft linkage has been established for sometime and has resulted in the provision of a major retail facility adjacent to the Bridgetown port. Government also provides duty free inputs for established and emerging entrepreneurs in this diversified industry.

The tourism contemporary art linkage is in its infancy. There is at least one world renown Barbadian contemporary artist whose mission is to be a Leading Cultural Producer and Exporter of Diverse Contemporary Art, Craft, Homefurnishings and Film to Multi-dimensional Markets in the World. Invest Barbados and the Barbados Investment and Development Corporation are currently working with this artist to convert her concepts to a business reality. Legislation has been passed for the establishment of a National Art Gallery.

The tourism film linkage has had a fillip in the last year when the first full length feature film to be marketed outside of Barbados “Hit for Six” was produced by a local independent film producer. This film won a number of awards at the established Bridgetown film festival.

The tourism cultural linkage is well established with “The Magnificent Seven” festivals. These are Jazz, Holetown Fair, Holders Opera, Oistins Fish, Congoline, Gospel Fest and Crop Over. Innovations are annually introduced to these festivals in response to the public demand.

The tourism fashion linkage came of age in November 2007 when Barbados Fashion Portfolio designers proudly introduced Barbados “Winter Sun Collection” 2007’2008 at the Barbados Concorde Experience promoted by Invest Barbados and the Barbados Investment and Development Corporation. In addition, Barbados introduced a fashion week in 2005 highlighting the creativity of the country’s top designers and a fashion exhibit providing designers with business and other services ancillary to the industry and an opportunity to display and sell their products. The development of the fashion industry has the potential for a further linkage to agriculture through the development of fashions particularly suited to fabric from the unique West Indian Sea Island Cotton.

The tourism sport linkage is on the increase and Barbados successfully staged the final of the Cricket World Cup 2007 last April. There are also other annual initiatives in hockey, surfing and swimming, for example, which attract participants from all over the world.

The tourism health linkage is being considered given the ideal therapeutic and recuperative environment which is Barbados.

The tourism community linkage is manifested by linking the tourists with the local population through a dynamic Community Tourism initiative. The visitors want a product unique to the Island culture.

C. West Indian Sea Island Cotton

Since the seventeenth century, West Indian Sea Island Cotton (WISIC) has travelled as a commodity to Europe and, more recently, the US and the Far East. In the 1930s, in order to protect the special characteristics of cotton grown in Barbados and the Caribbean islands, the West Indian Sea Island Cotton Association (WISICA) was formed. Even then, the region as a producer of a primary product

has been exploited. Since then the industry has experienced fluctuating fortunes, was in danger of commercial extinction and the WISICA brand name image is now linked to blended cottons and finished goods which do not reflect the true WISIC potential.

WISIC, grown exclusively in Barbados and some of the islands of the Caribbean, has fetched a much higher price than other long staple cottons in the world because of its potentially longer staple length, greater tensile strength, micronaire, and lusher sheen. Today, 100% pure WISIC finished goods are in great demand because of their distinctive ‘softness’ to the eye and touch.

In 2003, the stakeholders of the Barbados Cotton Industry were concerned with the marginalization of the West Indian Sea Island Cotton brand name and industry. It was felt that there was a need to examine the development of a vertically integrated industry to aspire to WISIC’s full potential, through a research and development programme, with major opportunities to establish tourism linkages through value-added products and stimulate economic growth.

Potential public and private sector promoters were assembled in Barbados and a new company Exclusive Cottons of the Caribbean (ECCI) was formed in 2004 to implement the business plan which was prepared. ECCI’s goal, over the next five years, was to move towards transferring the value-added processes (spinning, knitting and finished goods manufacturing) into the Caribbean, where practicable, so as to maximise returns to stakeholders.

ECCI was initially established as a majority private sector owned operation. Within two years the Government, having injected much need capital, acquired common shares, commensurate with its input, rather than preference and control was shifted to the public sector. After more than three years the ECCI objective of significant revenue flow from value-added products have not been achieved and there are questions about the integrity of the planting material since no research and development programme has been implemented as planned. The WISIC still has much potential as a diversified crop for the Caribbean if the governance of the industry can be retrieved. The social partnership has not paid any attention to this.

D. Diversification of the use of the sugar cane plant

In the 1970’s a Canadian government supported Comfith project, which separated sugar cane into its constituent parts to produce cane juice, animal feed and a building material, signaled the beginning of diversification within the sugar cane industry. It was discontinued before it became commercial. In the 80s and 90s, there was research done on fruit flavoured cane syrups, but again this did not reach a commercial stage.

In 1993 government formed the Barbados Agricultural Management Company (BAMC) to manage, under a lease arrangement with Barbados Sugar Industry Limited, the arable lands of 47 heavily indebted estates, three sugar factories and the sugar terminal. The 47 estates were amalgamated into 11 farms to reduce fixed overheads. Booker Tate was appointed in 1994 to assist with the management of BAMC. A few of these indebted estates have paid off their debts and have reverted to being independent; the others are still being managed by BAMC. A crop diversification Section was set up within BAMC to manage non-sugar crops, mainly cotton.

For many years Barbados’ sugar was sold to Europe under contract which provided a guaranteed price. In the last decade there has been a renewed focus on diversification within the sugar industry because of the removal of preferential prices for sugar. The European Union’s adjustments to its Common Agricultural Policy which brings a 36% cut in sugar prices over a four year period came into effect in July 2006.

In order to ensure the survival of the industry and improve its profitability there are plans to move away from producing bulk raw sugar to producing ethanol, special sugars and electricity from the sugarcane plant. A more sophisticated version of the Canadian Comfith cane separation

technology which produces waxes, oriented strand board, animal feed, cane juice, specialty sugars and bio-refinery products (e.g. glycerol) was rejected by the industry.

Barbados will have access to Euro 2.3 million in grant funds to assist with their Sugar Adaptation strategy. The government has recently announced that initiatives undertaken by the Cane Industry Restructuring Project for the transformation of the sugar industry are progressing smoothly, with plans already well underway for the establishment of a state of the art multipurpose facility for ethanol, refined and specialty sugars, high grade molasses as well as the generation of electricity and the establishment of a living sugar museum.

Barbados is looking to export its specialty branded sugar (Plantation Reserve) to Germany, Ireland, the United States and Canada after having had success in the British marketplace. The sugar went on sale in Britain in March 2007 at a large supermarket chain, and also at Harrods department store and the Ritz Carlton resort. This project came to fruition because there was a small, dedicated team of public and private sector persons committed to making it happen, an admirable model for sustainable success in other areas.

The Barbados Sugar Industry has the advantage of having the West Indies Central Sugarcane breeding Station (WICSCBS) located in Barbados and there research findings become available promptly. The facility has recently bred high fibre cane varieties to be used in the production of electricity as well as medium sugar medium fibre varieties which are suited to production of sugar as well as electricity. Again, a wider range of consultation is required among stakeholders to conclude on the optimal path of diversification of the use of the sugar cane plant. The social should play a vital role in this process.

E. Agriculture, agro processing and food security

Barbados has had a model for food security established since World War II when the Local Defence Control Order was put in place. This mandated all sugar plantations to put some 12 per cent of their acreage in food crops.

Since the 1960s it was recognized that further diversification of the Barbados agricultural industry was highly desirable since its major reliance on sugar cane was dangerous, bearing in mind that the sugar price could fall. It was also recognized that mechanization of sugar cane would be inevitable to improve the viability of the industry and therefore lands not suited to mechanization would become available for other crops.

Government policy has resulted in a thrust towards self sufficiency in poultry, fresh pork, fresh milk, table eggs, hot pepper, onion, cucurbits, sweet potato, yam, cassava, eddoe, sweet pepper, fresh herbs, tomatoes, beans, crucifers and okra. The private sector has responded positively by setting up programmes involving planned production, grading, packaging and branding. Considerable strides have been made in import substitution in the areas of coloured sweet pepper, grape and plum tomato, romaine lettuce and carrot with plans to continue expanding the number of crops. A systematic research and development programme, based on variety selection, resulted in the successful marketing of local onions for at least ten months of the year. Investment in drying and storage facilities could make this a sustainable commercial reality.

Barbados is 80% self-sufficient in poultry; virtually self sufficient in table eggs, but imports a large proportion of its hatching eggs which are processed by two large hatcheries. There is one pilot breeding unit producing its own hatching eggs in a high technology environment.

Poultry meat is processed by three main processors who contract farmers to grow birds. There are also a number of smaller farmers who produce independently of the processors. In recent times, the new “wind tunnel” technology for environmental control in poultry houses has been adopted by at least 9 farmers. This technology is more efficient and allows higher stocking of houses.

Barbados is relatively self sufficient in fresh pork, with imports mainly of legs for processing into hams during high seasonal demand periods like Christmas.

The production of fresh lamb from the local Blackbelly sheep has been disappointing and an effort to set up a feedlot operation for fattening lambs bought from farmers failed mainly because of the lack of support by the farmers and government. Since then two large sheep farms have been set up which breed and fatten animals. Slaughter is done mainly by one large slaughterhouse which is owned jointly by Government and the private sector.

There is also offal rendering plant nearby which supplies the rendered material as a feed stuff to the livestock industry. The beef industry has not developed to any great extent in the face of considerable competition from imports of poor quality but low priced product.

Milk is produced from cows and goats. The majority of cow's milk is bought by the Pine Hill Dairy. It is packaged and sold as fresh milk as well as the UHT product. The Dairy has obtained ISO 9000 and HACCP certification.

The Fish Industry has developed over the years from day fishing using small boats to venturing farther afield and staying out for extended periods using larger "ice boats" which have facilities for chill storage of fish. At least two large markets have been set up for cleaning and primary processing of fish and at least 4 companies package fish for sale to the hotels, restaurants, institutions and supermarkets.

Agro processing in Barbados, except for rum, milk, and some fish and pork products as well as small scale production of preserves like jams, jellies, candy type products, pepper sauce and bottled wet seasonings, is from imported raw materials.

The condiments industry is viewed as having particular potential for export, and efforts are being made to consolidate the production, improve and standardize packaging, as well as introduce methods of quality assurance. Government is now working with condiments manufactures to facilitate the bulk purchasing of inputs, improvement in processing productivity and the access to working capital.

A closer vigil by the social partners is required to remove the constraints and access the inherent potential in the agricultural sector. The people of Barbados are our most important resource and we must develop this resource to the fullest. Our country needs its people to be healthy, productive and to exhibit high levels of productivity. Our health care practitioners advise us that we need balanced nutrition (food), exercise and peace of mind.

F. High tech manufacturing

The traditional manufacturing or assembly businesses in Barbados have suffered fluctuating fortunes for many years. However, the manufacturing sector is very much alive. The businesses which have survived include such products as cement, agri-processed foods & beverages, rum, condiments, building materials, furniture, pharmaceuticals and garments. Barbados manufactures its own electricity using imported fossil fuels and has three thriving solar water heater manufacturing businesses. These products either earn foreign exchange through exports or save foreign exchange through displacement of imports where they are competitive with imported goods. Where value is added locally to produce products from local and regional indigenous raw materials, this is a further advantage.

There has been an appeal for the Social Partnership to design and implement a facilitation service, especially in the context of smaller enterprises with poor access to sufficient start-up capital, to: provide central procurement facilities so that manufacturers can benefit from lower unit prices for inputs to their business; expedite access to global export markets; source working capital to assist in the competitive manufacturing of product for the export market observing particularly the requirements of quality, price, continuity of supply and timeliness of delivery; and ensure that an appropriate and optimal model of governance is established to engender sustainable success.

G. Renewable energy and energy security

The late Honourable Professor Oliver Headley, a Barbadian, presented a paper (2001), shortly before his untimely death in 2002 entitled 'The Barbados Goal: Forty Percent of Electricity from Renewable Sources by 2010'. Barbados currently obtains about 15% of its primary energy from solar water heaters and burning sugar cane bagasse, the rest is from imported fossil fuels.

In order to attain this goal and increase our energy security, it is expected that a mixture of technologies will be engaged. Wind, bagasse and fuel cane will be the major contributors, with ocean thermal energy conversion (OTEC), wave power, waste combustion and distributed photovoltaic (PV) power making the smallest inputs.

Solar water heaters were commercially introduced into Barbados in 1974 and have made, and will continue to make, their contribution to the supply of energy obtained from renewable sources. This initiative has saved Barbados over US \$ 370 million in foreign exchange over the last 33 years.

The Barbados Light & Power company which currently enjoys a monopoly for the production and distribution of electricity has operated a demonstration PV facility at Seawell and has, more recently, installed another demonstration PV facility at The Future Centre at Edgehill. This suggests that the BL&P has, on its radar, PV as an alternative source of supply for the national grid and will, presumably, bring it to the front burner as soon as the economics of the operation justifies it.

There is a compelling belief that Government should make an investment to accelerate the commercialisation of PV, which would give a significant macro-economic return, bearing in mind the significant foreign exchange savings which can be obtained from the expansion of solar electricity, notwithstanding its stated higher financial cost per kilowatt hour.

When Government introduced an appropriate incentive to consumers for the replacement of gas and electrically fired methods of heating water, by solar technology, there was an exponential increase in its use, to the extent that Barbados is now in the first five countries in the world, in terms of solar water heating capacity per capita. The surface has only been scratched in this regard since there is significant potential for its use in the growing hotel sector.

The Government now has a renewable energy policy, presumably because of the high world market price of a barrel of crude oil, geared to ensure that there is some real increase in the percentage of electricity generated from renewable sources in the short term.

Modern technology incineration technology can effectively reduce the burden on any landfill site while, at the same time, contribute the enhancement of the energy supply from a renewable source.

The BL&P Company is currently completing a comprehensive environmental impact analysis on the possibility of mounting wind turbines in the North of the island for the generation of electricity.

The social partnership has been involved in the issue of high fuel costs and have decided to subsidised the fuel adjustment charge to ease the cost of living for the consumer. More aggressive action is required by the social partnership in the quest to introduce other forms of renewable energy.

H. Innovative financial services and international business

In spite of the challenges posed by the international environment, Barbados continues to thrive as an international business and financial services centre. Since the enactment of the original International Business Companies Act in 1969, the country continues to improve and expand its legislative framework to provide generous incentives, greater flexibility for investors and general conditions to facilitate international business activities.

The Government remains committed to its vision of transforming Barbados into a country that provides high quality services to the international market, and acts as a hub for the Caribbean and a convergence point for business facilitation in the Americas.

The financial and international services offered by Barbados include: the International Business Company, Financial Services, Offshore/International Banking, Exempt Insurance, Trusts and Ships Registration. All of these require constant vigilance by the social partners as they involve agreements between Barbados and the international financial environment which means constantly monitoring for any global effects of the inevitable winds of change. Especially in this sector, the social partnership has ushered in a new era and indeed a paradigm shift in the practice of governance.

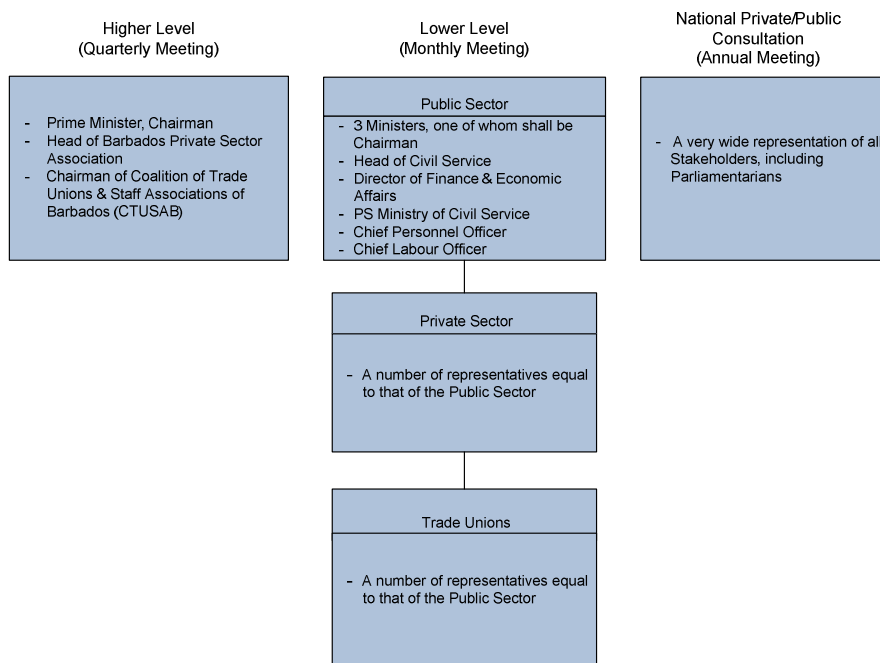
Seed and Venture Capital financing is very much in its infancy in the Caribbean. A bold initiative to establish an innovative Seed and Venture Capital Company in the Barbados financial environment would not only be a major boost to enterprise development and the associated foreign exchange earnings but would also itself be profitable and a foreign exchange earner as it services this dire need in the emerging nations in the Caribbean and beyond. The major concern is the high risk nature of such an initiative. This can be addressed by the Caribbean Business Enterprise Trust's (CBET) Shepherding Model™ which among other things introduces the concept of "Management as Collateral". This has the potential to reduce the start-up business failure rate by a factor of four (increasing the economic growth rate by a factor of four) and in the process reduces the investment risk. The traditional requirement for "hard collateral" is therefore no longer a concern.

III. Institutional framework – The role and critical nature of the institutions

A. Introduction

Several public, private, trade union, NGO and civil society institutions support the functioning of the social compact. Those institutions which are more critical to the operation of the social compact are described below while the others are simply listed.

B. Structure of the social compact



Source: Author

Social partners- higher level

The meeting of social partners at the higher level (Prime Minister, Head of Barbados Private Sector Association and Chairman of the Coalition of Trade Unions and Staff Associations) shall be held on a quarterly basis to resolve any outstanding issues at the lower level.

Social partners- lower level

The meeting of social partners at the lower level comprising three Ministers, one of whom shall be the Chairman, the Head of the Civil Service, the Director of Finance and Economic Affairs, the Permanent Secretary Ministry of Civil Service, the Chief Personnel Officer, the Chief Labour Officer, and an equal number of representatives of employers and the Congress of Trade Unions and Staff Association of Barbados, has been established to be the first line of consultation regarding all aspects of the implementation of the protocol. The sub-committee shall meet, at least monthly, but as often as it is necessary to resolve any specific matters. The sub-committee of the social partners shall be charged with the responsibility of giving the widest possible publicity and circulation of copies of the protocol, and to ensure that the public is informed on a regular basis on the outcome of its deliberations through a full media presentation. The Secretariat shall be provided by the Prime Minister's Office.

Private/public sector consultation

The Ministry of Finance convenes an annual two-day public sector consultation on economic and related issues which is attended by Parliamentarians, private sector, trade unions and civil society. Opening presentations are made by the Prime Minister, Heads of the Barbados Private Sector Association and the Coalition of Trade Unions & Staff Associations. The participants break into working groups to discuss topics of national interest and the output is fed back to the social compact.

C. National public sector support institutions

Barbados national productivity council

The Productivity Council is a Tripartite Council comprising representatives from employees' and employers' organizations as well as the Government of Barbados - the Social Partnership. The Council was established to further the objectives of the First Protocol particularly as they relate to productivity (human, processes and technology) enhancement.

The BNPC has established a commendable record of achievements, particularly in strengthening and consolidating the social partnership. It has also made a notable contribution to the wide acceptance of productivity to lower level bodies and institutions at the national level as a useful element of enterprise management. Although the Council has achieved such remarkable success, there is a crucial need for continuing education and sensitization to the provisions of the protocols and their impact. The BNPC is now providing technical assistance and services to other countries and agencies in the Caribbean.

National Initiative on Service Excellence (NISE)

NISE is an organisation created by the social partnership for the people of Barbados. This is a nation-wide effort to help Barbados consistently deliver service excellence and be recognised internationally for this.

Other institutions

- Central Bank of Barbados

- National Council for Science & Technology (NCST)
- Office of Public Sector Reform (OPSR)
- Barbados Agency for Micro Enterprise Development (FundAccess)
- Enterprise Growth Fund Ltd
- University of the West Indies (Cave Hill Campus, Barbados)
- Cave Hill School of Business
- Ministry of Commerce, Consumer Affairs and Business Development
- Barbados National Standards Institution (BNSI)
- Corporate Affairs and Intellectual Property Office

D. National private sector support institutions

Barbados Private Sector Agency (BPSA)

The BPSA is a coordinating body for independent private sectoral organisations such as the Barbados Chamber of Commerce & Industry, the Barbados Manufacturers' Association, Barbados Employers' Confederation, the Tourism Development Corporation, the Barbados Hotel & Tourism Association, and provides a unified front at meetings of the social partnership.

Others

- Barbados Investment Fund (BIF)
- Barbados Chamber of Commerce and Industry
- Barbados Employers' Confederation
- Barbados Private Sector Trade Team

E. National trade union support institution

Coalition of Trade Unions and Staff Associations of Barbados (CTUSAB)

CTUSAB is an example of the collaborative spirit which exists between trade unions who then present a unified case on labour issues to the social compact.

F. Regional public sector organizations based in Barbados

Caribbean Export Development Agency (Caribbean Export)

Caribbean Export is a regional organisation of the Forum of Caribbean States (CARIFORUM) which promotes exports in the global market. Its membership base currently consists of the CARICOM states plus the Dominican Republic and Suriname.

Others

- Caribbean Regional Negotiating Machinery (CRNM)
- CARICOM Unit for the Caribbean Single Market and Economy (CSME)
- Caribbean Development Bank (CDB)

G. Regional private sector organizations based in Barbados**Caribbean Business Enterprise Trust Inc. (CBET)**

CBET was conceived out of a need to diversify the economies of the Caribbean given that the traditional sectors, such as commodity sugar and bananas, were now in their sunset phase, and to replace them with emerging industries primarily based on innovative service exports. CBET promotes the CBET Shepherding Model™ which partners with the entrepreneur to ensure that there is an optimal combination of money and appropriate business systems at every stage of the journey from business concept to sustainable business success. CBET is registered in St. Lucia but has a virtual operation base centred in Barbados.

Others

- Caribbean Financial Services Corporation (CFSC)
- Caribbean Institute of Certified Management Consultants (CICMC)

H. Tourism linkages (service exports -film, informatics, health & wellness, consulting, education, entertainment, fashion and sports) supporting organizations**Public sector**

- Ministry of tourism & international transport
- Barbados Tourism Authority (BTA)
- Barbados Tourism Investment Inc. (BTII)
- Barbados Port Inc.
- Grantley Adams International Airport Inc. (GAIA)
- Ministry of Economic Affairs and Development (MEAD)
- Ministry of Health (MOH)
- Ministry of Education Youth Affairs & Sport (MES)
- Queen Elizabeth Hospital (QEH)

National Cultural Foundation (NCF)

The NCF is a Statutory Corporation in Barbados, created by an Act of Parliament in March of 1983. It organizes many festivals in the creative arts, including the “Congaline”, National

Independence Festival of Creative Arts and the Crop Over Festival, as well as sponsoring the Holders Opera Season celebration, the Holetown Festival, Barbados Jazz Festival, and the Oistins Fish Festival. The NCF is also instrumental in giving support to the fledgling film industry in Barbados.

Invest Barbados

The Government of Barbados has recently established Invest Barbados which is a dedicated agency designed to market, promote and sell Barbados as a mature national business and financial services domicile, and to give clear and certain definition to the Barbados brand. The four portals of Invest Barbados are: development of service exports; brand Barbados; attraction of foreign direct investment; and creating a user-friendly enabling environment.

Barbados Coalition of Service Industries (BCSI)

BCSI was established in 2002 as a Private Sector initiative. The BCSI formed a part of a larger CARICOM movement to mobilize the regional services sectors in view of the various international trade agreements to which member states are signatory. In 2003 the Government of Barbados committed its full support to the BCSI. The BCSI is today a growing organization that represents the interests of approximately thirty-nine (39) service associations comprising over 3,000 Barbadian service providers in the private and public sectors.

Private sector

- Tourism Development Corporation (TDC)
- Barbados Hotel and Tourism Association (BHTA)

Information Society of Barbados (ISB)

The ISB, which was launched in May 1992, is a non-profit organisation dedicated to the education of persons interested in Information Technology in Barbados. The ISB is dedicated to promoting greater understanding in the area of information and communications technology.

Copyright Society of Composers, Authors and Publishers (COSCAP)

COSCAP is a non-profit organisation incorporated in Barbados representing Barbadian writers, composers and publishers. COSCAP was established to facilitate the creators and users of copyright music. It licenses the use of copyright music, the fees for which are turned over as royalties to the copyright authors, composers and publishers.

Legacy Barbados

Legacy is the short and long-term benefit a country and its people experience as a result of successfully hosting major international events like ICC Cricket World Cup 2007. For this event, a Legacy Sub-Committee to the Board of World Cup Barbados (WCB) was formed, together with a series of teams totalling about 75 persons, representing a wide cross-section of Barbados. These teams worked to craft the Legacy Vision, select the Target Areas, and identify the likely Strategic Objectives to be focussed on in order to deliver the legacy. The goal is to make Barbados the Number One Place to live, work, play and invest!

Cricket Legends of Barbados Inc.

Cricket Legends of Barbados Inc. was launched in April 2006. There are 41 Barbadians, former West Indies cricketers, still alive but now retired from test cricket, most of whom contributed significantly to the success of the team in the “glory days”. These 41 men constitute the Legends and are the current equal subscribers to the Permanent Subscribed Capital of Cricket Legends of Barbados Inc. The role of Cricket Legends of Barbados Inc. is to efficiently market world class products and services which reflect the rich legacy of WI cricket, thus contributing to Barbados and WI cricket development, while securing the financial future of the Cricket Legends of Barbados. The Cricket Legends of Barbados will be put forward as examples to encourage a culture of leadership and excellence in cricket aimed at restoring West Indies cricket to its former glory.

Blue Waters Productions Inc. (BWP)

BWP focuses on producing film and video and is a subsidiary of SFA Communications Inc., one of the Caribbean’s leading public relations and public education firms. SFA Inc. is also considered the Caribbean firm for cricket related public relations, promotions and events. BWP has recently released the film, “Hit for Six”, a feature length drama written and directed by Barbadian, Alison Saunders-Franklyn, which is the first full-length feature film produced in Barbados which will be distributed on the global market. “Hit for Six” takes film production in the Caribbean to a higher level.

Consulting companies

There are a number of consulting companies and individual consultants, based in Barbados, who provide services in the Caribbean and further afield. The expertise covers a wide range of interests and these entities will form the nucleus of an emerging consulting service export industry

Regional organizations operating in Barbados

Caribbean Tourism Organisation (CTO)

CTO is an international development agency and the official body for promoting and developing tourism throughout the Caribbean. Their members include 34 destination countries and private companies - airlines, hotels, cruise operators and travel agencies - who are involved in Caribbean tourism. Chapters of the CTO exist around the world and promote travel to the Caribbean.

I. West Indian sea island cotton supporting organizations

Public sector

Exclusive Cottons of the Caribbean Inc. (ECCI)

ECCI is a vertically integrated company based in Barbados with a mission to be an efficient producer of superior quality 100% West Indian Sea Island Cotton (WISIC) finished goods and value added cotton based products for supply to local, regional and niche markets, while maximising return to shareholders. ECCI was established in 2004 as a private sector entity but has been transformed into a public sector entity through the injection of Government finance. Its performance has been less than exemplary.

Private sector

Barbados Cotton Growers’ Association (BCGA)

Regional organizations operating in Barbados

West Indies Sea Island Cotton Association (WISICA)

The West Indian Sea Island Cotton name was established in the 1920's with the formation of WISICA. This action was in response to Egyptian ELS being advertised as Sea Island Cotton. Today, the WISICA brand pertains exclusively to cotton grown on English speaking islands of the Caribbean who are members of WISICA (Barbados, Jamaica, Antigua and Nevis). WISICA needs to become a certified independent third party organisation in order to have any certification validity in target markets like the US, Canada and Europe. It is envisaged that WISICA's role will be expanded to include research and development, certified cotton seed distribution to alliance members, and policing against counterfeiting, to mention a few. As part of such a transition, WISICA could be known as the West Indian Sea Island Certification Authority. The WISIC Trade mark has been the target of predatory pursuits internationally and this has led to a number of litigation issues. It is important that ECCI and WISICA should work together to address these issues in the interest of the sustainable development of the cotton industry.

Sugar cane diversification supporting organizations

Public sector

- Ministry of Agriculture and Rural Development (MARD)
- Barbados Agricultural Management Co. Ltd. (BAMC)

Private sector

- Barbados Society of Technologists in Agriculture (BSTA)
- Barbados Sugar Industries Limited (BSIL)
- Barbados Agricultural Credit Trust (BACT)

Regional Organizations operating in Barbados

West Indies Central Sugarcane Breeding Station (WICSCBS)

WICSCBS is owned by the Sugar Association of the Caribbean (SAC). This is an association of the sugar industries of the English speaking Caribbean. The member countries are Barbados, Belize, Guyana, Jamaica, St Kitts and Trinidad. CBS serves to co-ordinate the breeding and selection of new varieties for the West Indies Sugarcane Breeding and Evaluation Network (WISBEN).

The WICSCBS makes over 900 crosses each year and distributes the resulting seed to the members of WISBEN who then implement local selection programmes to develop new varieties adapted to their own environments. Members also exchange promising varieties among themselves for inclusion in the local selection programmes. The CBS co-ordinates this exchange and ensures that the movement of germplasm is controlled in a safe manner.

J. Agriculture, food processing and food security supporting organisations

Public sector

- Ministry of Agriculture and Rural Development (MARD)
- Barbados Agricultural and Development & Marketing Corporation (BADMC)

Private sector

- Barbados Agricultural Society (BAS)
- Barbados Dairy Industries (Pine Hill Dairy)
- Barbados Society of Technologists in Agriculture (BSTA)
- Barbados Condiments Association

Regional organizations operating in Barbados

Caribbean Agricultural Research and Development Institute (CARDI)

Established in 1975, CARDI's aim is to contribute to agricultural development by conducting research and by exposing farmers and other persons involved in agriculture to appropriate technologies. CARDI's Membership comprises all Members of the Common Market as well the Associate Members of CARICOM. The Institute has a unit in Barbados and its headquarters in Trinidad and Tobago. CARDI implements its work programme by working in collaboration with local, regional and international research and development organisations.

K. Value-added manufacturing from an indigenous raw material resource base supporting organisations

Public sector

Barbados Investment and Development Corporation (BIDC)

BIDC is the industrial development agency of the Barbados Government. It has special responsibility for promoting and facilitating the establishment and expansion of business enterprises in Barbados with a focus on goods rather than services. The BIDC also administers the Government's incentive program for the production of goods and provides a variety of free advisory services for local companies looking to become established or expand on the island. In implementing this function, the BIDC, through its five divisions, acts as a catalyst, facilitator and coordinator, in ensuring that the requirements of its clients are met. As of November, 2006, its International Business Division and four overseas offices were absorbed by 'Invest Barbados' (See below Section 4.5.24), known officially as the Barbados International Business Promotion Corporation. BIDC is also committed to the strengthening and growth of the indigenous craft sector, and has devoted an entire industrial park to its development. BIDC manages several industrial parks in Barbados.

Export Barbados

Export Barbados is A NEW CREATION as a result of the refocusing of what was formerly BIDC. Export Barbados is yet to emerge as an operational entity but is designed to focus on the development of exports of products from Barbados, in contrast to Invest Barbados, where the focus will be on innovative services.

Private sector

- Barbados Manufactures' Association (BMA)
- Small Business Association (SBA)
- Rum refineries

Regional organizations operating in Barbados

West Indies Rum and Spirits Producers' Association Inc. (WIRSPA)

WIRSPA, based in Barbados, is the regional organisation which represents producers of rum from the ACP Caribbean region. The rum industry, which is the fourth largest non-services sector earner of foreign exchange, is intimately linked to the tourism industry and plays an important role in the sugar and manufacturing industries. The organisation's member companies directly employ over 10,000 people throughout the Caribbean and contribute significantly to tax revenues.

L. Renewable energy supporting organizations

Public sector

- Ministry of Energy & Environment
- Barbados Agricultural Management Co. Ltd.(BAMC)

Private sector

Counterpart Caribbean

Counterpart Caribbean at The Future Centre is an organisation which promotes education and awareness of holistic (spiritual, social, cultural, economic and physical) sustainable development. This institution has partnered with the BL&P to demonstrate the benefit of PV technology.

Barbados Light & Power Ltd. (BL&P)

The BL&P is the monopoly supplier of electricity in Barbados. The BL&P has its own power generation plants and purchases electricity produced from bagasse during the sugar crop season. The BL&P has established demonstration units to observe the production of electricity photovoltaic (PV) panels which are located at the Company's Seawell generating plant and The Future Centre at Edgehill, St. Thomas, to test the potential of this technology. The Company is constantly evaluating its energy production options. Discussions have been held with the sugar industry about the possibility of a cogeneration plant in conjunction with a new single sugar factory and with the Ministry of Health for a proposed generating plant at Mangrove Pond in St. Thomas to convert the landfill gas into electricity. BL&P is currently undertaking a feasibility study on the construction of a wind farm at Lamberts, St. Lucy.

Solar Water Heater Manufacturers

There are three major solar water heater manufacturers in Barbados. The development of solar water heating systems in Barbados, over the last 30 years, resulted from concessions granted by the Ministry of Finance, which enabled manufacturers to import materials duty-free, and provide consumers with partial or full tax deductions for the cost of the heaters. The solar water heater technology is continually being improved and Barbados, as one of the leading five countries in the world, in terms of solar water heater per capita, has been instrumental in exporting the technology in the Caribbean and beyond. Using solar water heating is good for the environment as well as the national economy.

M. Innovative financial services and international business supporting organizations

Public sector

- Ministry of Finance (MOF)
- Ministry of Economic Affairs and Development (MEAD)

Private sector

Barbados International Business Association (BIBA)

BIBA is a private sector organisation that seeks to represent those companies engaged in international business in Barbados. It provides a network for exchanges between people involved in international commerce, and is a voice for the sector in the wider community.

IV. The regional integration strategy of Barbados

A. Introduction

In order to maximize its competitiveness in the global economy Barbados is seeking to maximize the benefits from participation in the CSME. Barbados has indeed accepted the lead Prime Ministerial role to promote the implementation of the CSME. It will take the opportunity of the MOA between Barbados and the OECS to create a

Tourism and trade are linchpins in the Barbados economy and as such Barbados are members of the Caribbean Tourism Organization (CTO) and Caribbean Export Development Agency (CEDA) which are the primary regional agencies promoting tourism and trade, respectively. There are opportunities also under the new Cariforum-EC Economic Partnership Agreement (EPA).

B. The Caribbean Single Market and Economy (CSME)

The CSME is the Region's response to the evolving international environment in areas such as trade liberalization and globalisation.

The CSME is essentially conceived as the creation of a single economic space where goods and services along with the factors of production (labour and capital and in the case of land the right of access for establishment purposes) will be able to move freely supported by appropriate institutions and other related measures such as macro economic coordination and policy harmonisation so as to approximate the single economic space.

There are a number of arrangements required to facilitate the creation of the CSME. The strategy has been to approach implementation in an incremental manner and on parallel tracks. Hence, in the first instance, the basis, i.e. the Treaty of Chaguaramus, upon which the integration movement was built had to be changed to accommodate the new approaches. This has been done through a number of Protocols- nine in all, treating with issues ranging from institutions and structures, sectoral policies, rules of competition, consumer protection and dispute settlement. (See <http://www.caricom.org/communications>).

Parallel to this is the ongoing work to remove the remaining barriers to internal trade in goods—current data indicates that in excess of 95% of regional trade in goods is free of duties. The

implementation of arrangements to facilitate trade in services, movement of capital and the right of establishment is currently ongoing. Phased implementation of the free movement of persons has begun with the CARICOM Skilled Nationals bill and the agreement to facilitate free movement in the categories of sports persons, culture workers, artistes and media workers. On the macro-economic side work is ongoing both on the capital market and monetary union initiatives as well as in the fiscal area—harmonization of the fiscal incentives regimes and corporate taxation.

Whereas there has been significant progress made regarding the Single Market, the Single Economy requires that there be a supranational body e.g. a Federal Government (as in the US) or a Commission (as in the EU) where each sovereign entity gives up specific policy elements to be administered in the common domain. Whereas continual progress has been made regarding the goals of the Caribbean Single Market, the 14 sovereign entities that constitute CARICOM have not yet put the necessary institutional framework in place in support of their desire to affect a Single Market Economy.

C. The delineation of a regional integration strategy of Barbados

The strategy is to stimulate innovation, productivity, linkages, competitiveness and export diversification in the Caribbean community member states towards the enhancement of socio-economic well-being in the region

Barbados is seeking to maximize the benefits from participation in the CSME which will offer Barbados an enlarged and favorable market in which to sell its goods and services. It will also provide a framework for the enhancement of volume, range and competitiveness of its goods and services and will create expanded opportunities for Barbadian labour. Further, the CSME through its enhanced external co-ordination will provide Barbados with greater bargaining power when negotiating at the international level.

In order to achieve the above goal, Barbados will take the lead in promoting the broadening, deepening and acceleration of the CSME; it will take the opportunity of the MOA between Barbados and the OECS to create a sub-regional economic space of mutual benefit to our neighbours and ourselves; prepare citizens and businesses in Barbados to function in the CSME arrangement, through, among other things, the provision of information and the introduction of the appropriate domestic legislation; enhance the production of Barbadian enterprises so as to allow them to become more viable and competitive; encourage Barbadian businesses to spearhead Pan-CARICOM investment and production initiatives; exploit to the fullest the regional market for the export of services and the employment of Barbadian labour; utilize the CSME to facilitate Barbados' integration into the global economy.

Barbados has Prime Ministerial leadership responsibility within CARICOM for the regional integration movement. In addition, Barbados, seeks to benefit from the economies of scale of a larger economic space and participates fully in the CSME process so that it can achieve full benefits from its membership in the regional integration movement. The social partnership in Barbados also benefits from the regional approach to tourism, its biggest single industry, and trade through its membership in Caribbean Tourism Organization (CTO) and Caribbean Export Development Agency (CEDA), respectively.

D. A supporting role by the Caribbean Tourism Organization (CTO)

The Caribbean Tourism Organization is an international development agency and the official body for promoting and developing tourism throughout the Caribbean.

Their members include 34 destination countries and private companies—airlines, hotels, cruise operators and travel agencies—who are involved in Caribbean tourism. Chapters of the CTO exist around the world and promote travel to the Caribbean.

The CTO's Work Plan is set out in a strategic plan approved by members for execution every three years and encompasses Tourism Marketing, Research and Information Management, Human Resource Development, Product Development and Technical Assistance, Advocacy and Consultancy Services.

Funding for CTO's programmes comes from membership dues of its government and private sector allied members, as well as from trade shows, fund raising events, the sale of research publications, and conferences, the most prominent of these being the annual Caribbean Tourism Conference. International development agencies also provide funding for specific CTO projects related to improving the Caribbean tourism product as well as for education, training and regional marketing (www.onecaribbean.org).

E. A supporting role by the Caribbean Export Development Agency (CEDA)

The objectives of the Agency shall be to serve as a key instrument in attaining, inter alia: (a) the establishment and implementation of comprehensive export development strategies and programmes, on an intra-regional and extra-regional level, selecting in particular, non-traditional export sectors, as part of the commitment of the Member States to promote regional integration in the service of socio-economic prosperity throughout the Caribbean; (b) the continuation and expansion of trade policies that will contribute to the ultimate goal of a single Caribbean Market, in line with CARICOM initiatives in this respect and in close cooperation with the Dominican Republic and Haiti; (c) the development of human resources and professional skills in the field of export development in selected sectors of the international trade of Member States; (d) the establishment, the adaptation, and the strengthening of national and sub-regional entities dealing with export development and trade promotion; (e) the actual, direct and indirect support for selected firms in the various Member States so as to develop and improve their (non-traditional) export products in order to enhance their opportunities for sustained competitiveness in international markets; (f) the establishment of a trade information database and networks in order to improve contacts and data-exchange between commercial sectors in Member States and third countries; and (g) the establishment of special programmes geared towards export development in the various sectors and regions in the Caribbean requiring special attention (www.carib-export.com).

F. A supporting role by the Cariforum-EC Economic Partnership Agreement (EPA)

The Economic Partnership Agreement (EPA) between the CARIFORUM and European Union (EU) countries is now finalized. Negotiators initialed it on December 16, 2007 and a ministerial signature is expected some time in April 2008. The agreement covers goods, services, investments and people mobility and sees the EU liberalising 90 per cent of its service sectors, while CARIFORUM has opened up about 75 per cent for the developing Caribbean countries and 65 per cent for those classified as lesser developed countries or LDCs. The agreement will enter into effect on 1 January 2008. It embodies a far higher degree of supranational governance than the corresponding arrangements in the Caribbean Community. The new Barbados Government has intimated that it must review the obligations made under the Economic Partnership Agreement (EPA) before it commits to signing the document.

V. Performance review

A. Introduction

What is the perception of the performance of the social partnership today, as perceived by its various stakeholders, after 15 years in operation? What are its strengths and its weaknesses? What is the way forward?

Opinions were garnered from representatives of the public, private, trade union and NGO sectors and from regional organisations operating in Barbados, with a view to identifying the strengths and weaknesses of the social partnership and then prescribing the way forward by building on the strengths and strengthening the weaknesses.

B. Review by public sector organizations

The current Government of Barbados acknowledges that, at the advent the social partnership, it played a significant role to refocus and re-invigorate the Barbados economy. Even though the concept of the partnership has been expanded, it has been observed that the governance of the partnership needs to be strengthened and, indeed, that it is necessary to review the entire purpose of the partnership in the context of the Barbados Strategic Plan, and to make the necessary adjustments. In this way, the Social Compact can play an important role as it attempts to gather opinion from as wide a cross-section of stakeholder as possible. It is recognized that the Government has a mandate from the people to run the country, but its decisions could be more effective if it were informed by the opinions of all stakeholders within and without the specific domain of the members of Cabinet.

The Social Compact is seen to be closely linked with the Barbados National Productivity Council (BarNaPCo) to the extent that the Council now has a division which prepares policy papers on issues which may arise out of the deliberations of the Social Compact.

It was asserted that it was perhaps the most momentous and creative piece of public policy engineering in the history of Barbados, both symbolically and substantively. It was a natural progression in the evolution of a new relationship and approach in managing national socioeconomic issues. It was however observed that the new avenues of social dialogue and influence in the formulation of public policy should not replace or downgrade established democratic processes for consultation and policy making, formulation and implementation. Parliament must safeguard its

status, rights and privileges and the positions of those who have been elected as representatives and be the pre-eminent voice of the people.

The social partnership has placed the concept and practice of government under scrutiny

C. Review by private sector organizations

The private sector organizations agree that the Social Compact played an important role in the initial stages of its establishment, but they point out that: (a) Meetings at the higher level have not taken place at a frequency which is desired, usually because of the unavailability of the Prime Minister; (b) the discussions at the lower level tend to be a dialogue between the Chairman (a Minister of Government), and the primary Union representative, even though 30-40 persons make up the Committee at the lower level; (c) the agenda seems to be biased towards issues brought to the meeting by the Union, whereas it was expected that a broader range of topics covering issues which have been proposed in the Barbados Strategic Plan, would have been placed on the agenda and interactive dialogue invited to obtain a wide range of consultative input on these issues; (d) there seems to be a weakness in the governance structure of the Social Compact because the Head of CTUSAB, appointed at the higher level, also attends and dominates meetings at the lower level.

It was proposed that a better governance structure would be for representatives other than those at the higher level to be selected for meetings at the lower level, and that issues on the agenda, where possible, should be resolved at the lower level through a consultative process.

To the extent that there are difficulties in resolving issues at the lower level, these could be brought to the attention of the higher level Committee. It was also observed that matters which should be resolved by the technocrats are often left in abeyance until the Prime Minister, himself, intervenes. Some tightening up of the governance structure is, therefore, recommended if this Social Compact is going to be a useful long-term addition to the decision-making process in Barbados.

The social partnership needs to be expanded to include the NGO sector and the mass media.. The role of the mass media is to inform and educate the wider community, not only from cursory presentations of news, but from deep investigative and well informed analysis of a wide range of issues. If the media were included in the social partnership and there were mutual respect among the social partners for their respective roles in terms of national development, then we may very well find that this model may redound to the benefit of a more well informed populace which will pave the path to sustainable development.

It was argued that Protocol 1 (1993-95) was fairly successful in achieving its stated objectives but was remarkably successful in changing the mood of people and fostering social dialogue. It was less successful in restraining the remuneration of independent professionals and artisans as well as the prices of goods and services.

It was felt that it was protocol 3 which really established social dialogue as a useful mechanism for achieving socioeconomic development.

D. Review by trade unions

The Trade Unions, too, agree that the social partnership was effective when it was originally initiated. They think that the role of the Social Compact was not clearly delineated and the consultation became polarized on matters relating to industrial relations. The process did not include a systematic planning and monitoring mechanism and, as a result, the initial focus has been significantly defused. Also, the Social Compact has not evolved to include, say, NGOs and other members of civil society.

It has been observed that not enough attention has been paid to relating the role of the Social Compact, which is not enshrined in the Constitution of Barbados, to the Institutional Framework (Upper House, Lower House, Cabinet) which governs the country. Whereas decisions are made at Cabinet and are debated and articulated in Parliament, there is a restricted stakeholder representation as the system is today and, hence, the Social Compact could play a useful role in extending the body of opinion that informs the decision making process.

It was observed, too, that the Senate, as presently constituted, is heavily weighted in favour of the Government and hence, apart from the opportunity to correct factual imperfections in legislation which inadvertently reach the Senate, it is primarily a rubber-stamping body.

The Trade Union sector thought that the structure of the Social Compact should be reviewed and its role revised. In this context, institutions such as BaNAPCo (Productivity), NISE (Service Excellence), BIMAP (Training), could be designed with an innovative tri-partite or multi-partite governance system to help give more teeth to the Social Compact concept, without necessarily creating a new institution.

The Barbados experience of utilizing social partnership agreements as a tripartite consultative and negotiating mechanism for policy making and economic development has been hailed as a model of best practice by the International Labour Organization.

The awareness of the partnership which serves as a measure of public support for the joint effort is another positive outcome. For the first time, there was national level collective bargaining applicable to all industrial groups and the public sector. It fostered trust and cooperation among groups and the sharing of information has now become the norm.

There have been some charges of non-compliance but no evidence of large scale violation of the wages and prices freeze incomes policy has generally had non-compliance problems, especially among non-wage incomes e.g after protocol 1, some government departments raised house rents and bus fares, much to the ire of the unions.

The greatest challenge to the social partnership is the linkage between the national level agreements and the decision making at individual company level. The effectiveness of the decisions taken at the top depends on the linkages with the lower levels.

Among the public sector, while the government leaders are in support of the partnership, individual government departments and units have not always been carried along.

There seems to be no doubt that the leadership qualities of those involved contributed significantly to the success of the partnership.

E. Review by NGOs

The NGO opinion is that the Social Compact cannot discuss effectively issues pertaining to national development, without the participation of NGOs and other members of civil society. They agree that the Social Compact is not a decision-making body and that there should be no attempt to usurp the role of the Prime Minister and his Cabinet but yet, it had an important part to play as a consultative body and that some attention should be paid to revising the structure accordingly.

F. Review by regional organizations operating in Barbados

The Social Compact in Barbados has attracted the attention of regional organisations not because it has a direct impact on their modus operandi. They were of the opinion that the advent of the Social Compact did have some bearing on Barbados being able to redress the issues which were negatively impacting on society at the time and to reverse the trend and steer Barbados into more comfortable waters. Indeed, it

was reported that, so impressive was the impact of the concept of Social Compact, that it has been recommended for implementation in other countries throughout their regional network.

G. The way forward

It has been generally agreed that the Barbados Social Compact was instrumental in turning the declining fortunes around through a focus on a fixed exchange rate with the US dollar, which is supported by macro-economic policies including freezing of wages and prices. It is here to stay.

This was further supported by the establishment of a Productivity Council as a tripartite body which would focus on enhancing productivity (labour, technology and process) and introducing concepts of performance based compensation both in the public and private sector. The success of such a regime will then lead to increased competitiveness and sustained economic growth. This too is here to stay.

There has to be a clear understanding of the role of the social partnership as a consultative body garnering the wealth of information that is available through constructive dialogue with the social partners. Whereas there is no intention to enshrine it in the Constitution, there is still the need to design, implement and monitor a meaningful governance framework for its efficient operation in its restrictive role.

The partnership must be extended to be more inclusive of the other social partners so as to extend the reach of opinion as the basis for making well informed decisions.

The social partnership has evolved into a paragon of wealth in governance for the developing world in general and for the Caribbean in particular. It represents an innovative expression of new public management practice that has relevance to other countries.

The architect of the social partnership from the Government perspective, when it was initiated in the early '90s, was the Hon. David Thompson who was a member of Cabinet in the Democratic Labour Party, which was the Government of the day. In 1994, the Barbados Labour Party, the then Opposition, was voted into power and remained in power continuously until January 2008 when the DLP again assumed responsibility for the Government of Barbados. The said David Thompson is now the Rt. Hon. David Thompson, Prime Minister of Barbados, and so important is the governance and management of the social partnership to the him, that he has assigned its review and development as a significant part of the portfolio of one of his Ministers.

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