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ECONOMIC COMMISSION FOR LATIN AMERICA
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Report

on

A Familiarization Tour of
MONTSERRAT, ST.KITTS-NEVIS-ANGUILLA,
ANTIGUA, ST.LUCIA AND BARBADOS
(8-25 March 1977)

by

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Montserrat (8-11 March 1977)

All people more or less connected with industrial development problems have been contacted. The industrial estate financed by Caribbean Development Bank (CDB) and the existing or planned industrial enterprises have been looked at. Visits have been paid to the Secondary School and the technical college as well as to the laboratory of the Department of Agriculture.

A number of problems have been raised while some suggestions have been made. When passing later through St. Lucia I have been able to brief at Caribbean Investment Corporation (CIC) Messrs. Andrew J. Burey, UNIDO Project Analyst/Team Leader and Mr. Nyjel Minister, Commonwealth Fund for Technical Cooperation (CFTC) Adviser to CIC at the eve of their departure for a fact-finding mission to Montserrat. Mr. A.J. Burey promised to report to us on the results of their mission.

Some of the ideas of industrial projects put forward were:

1. Fruit & Vegetable processing Industry

The Department of Agriculture food processing laboratory will serve as a pilot plant for canning of tomatoes and fruit juice. We mentioned other possibilities such as freezing, dehydration, animal feed processing, etc. On my return to Port of Spain data for a variety of small industry profiles have been requested from UNIDO. We are following up on this.

Mr. H. Winstanley, the British Development Division Produce Chemist attached to the laboratory is also carrying out research on dried hot pepper which is a particular suitable crop for Montserrat.

Four other identical laboratories have been donated by Britain to Dominica, St. Vincent and Grenada in 1972, and St. Lucia in 1973. The one in Montserrat is only dating back to March 1976. As in other activities on the islands, there is here, obvious lack of communication and co-operation which results in overlapping and not enough satisfactory actions.

2. Plastic Industry, happens to be one of the regional industries

allocated to Montserrat within the ECCM industrialization programme. One suggestion made was to investigate on the feasibility of manufacturing polyethelene thread bags for export of onions and other vegetables in the region. I sent to Mr. Burey a feasibility study made by a UNIDO Project Expert in Africa which could serve as guidelines for such a study. I have been told by Mr. E.G. Waller, Manager, Development Finance and Marketing Corporation in Montserrat that this sole island was importing from Canada for its own use some 10,000 polyethelene bags a year at a cost of 0.70 EC\$ per piece.

3. Spinning and weaving of Sea-island cotton, dairy products and pasteurization plant are already well-known projects in Montserrat but still need a lot more elaboration before any valid opinion can be expressed.

4. Tannery and related linkage forwards and backwards

There is a FAO expert, Mr. Rompa, assisting the tannery project. On my side I contacted the UNDP Office in Georgetown, the Handicraft Development Officer in Montserrat and the UNIDO Shoe Industry Project in St.Kitts. I also asked for more information from Mr. Rompa while Mr. Burey at the eve of going to study the problem on-the-spot promised to keep me abreast of his findings. The UNIDO Office in Brussels has also been contacted for the study of a possible joint venture with the "Emerald Isle Leatherworks Limited" to be established as a result of that tannery project.

5. Metal Workshops and/or metal working small industries

Barring the car repair and maintenance workshops there is no metal industry in Montserrat even of the tiniest size. To tackle this problem I took contact with the technical and secondary schools, which happen to have a fairly comprehensive equipment donated by the British Government. There is also some skill available. I happened to learn later on that similar possibilities do exist on other small islands. I had pleasure in hearing from Mr. V.P. Handa, UNOTC Industrial and Technical Consultant that he was willing to assist us in studying an identical possibility in St.Vincent (training having to be relevant to the real needs of the country). The idea which

has been promoted and accepted is to start small series of equipment which can be made on a very small scale and marketed locally as a test. Contact has been taken with UNIDO to receive mini industrial profiles fitting to the needs of LDC's.

6. Building Industry

A short-term UNIDO expert in structural ceramics, Mr. Gabriel Morales had just arrived a few days before my visit. The main problems pinpointed are to secure raw material on the island and have it analyzed by Caribbean Industrial Research Institute (CARIRI). The quality of the clay has still to be tested. Assistance is being given to him by the ECCM UNIDO team. My feeling is, and this is an example which might apply to many other cases, that Mr. Morales should be able to travel and give assistance to other islands needing his expertise. Four months can be too long or too short a time according to circumstances in Montserrat, while concurrently Mr. Morales' services could have been used by Antigua, Dominica and other islands.

7. Other Industries, such as those included in the ECCM scheme (match and manufacturing of candles for the CARICOM market for instance) have received assistance from ECCM Secretariat for their preparation and market studies. The prospects do not look too bright to the best of my knowledge.

I also had the possibility to discuss with Messrs. H.I. Edgecombe and C. Thomson problems in their newly established plastic plant "Antilles Plastics". I gave them the address of Dr. H. May, Senior Industrial Officer of the Chemical Industries Section and other detailed information on the way to get specialized assistance and industrial information from UNIDO. When visiting Barbados on my way back Mr. Dick K.C. Siu, Manager of "Barbados Plastics Limited", a similar but more sophisticated industry assured me of his willingness to assist "Antilles Plastics", an interesting example of co-operation between islands to be fostered in the future.

St.Kitts (11-15 March 1977)

Under the close guidance of Mr. Herbert S. Hanley, Permanent Secretary, Ministry of Trade, Industry and Tourism, and General Brahm D. Kapur, Industrial Adviser, Commonwealth Fund for Technical Co-operation, I had the opportunity to make a fairly comprehensive survey of the industrial development problems of St.Kitts.

I have been made acquainted with the market studies carried out with the assistance of CFTC experts for the projects allocated within the ECCM scheme. One of these is plastic industry which has been allocated to Montserrat, and Grenada also, while larger plastic industries working under capacity are already existing in Jamaica and Trinidad & Tobago. Unavoidable overlapping and unwelcome competition are to be expected. One of the solutions seem to promote joint ventures with established industries outside the area. Contact has been taken with UNIDO Office in Brussels to assist us in finding new ways and means.

Other possible projects discussed were exploitation of salt ponds in St.Kitts, coconut processing in Nevis, hot-water springs bottling, sugar by-products, enclave industries (of which two are already launched in electronic assembly), ...

Particular attention was given to footwear industry which will receive assistance from UNIDO soon and garment industry which appears to be widespread on the islands. A visit was paid to Curtis Mathes, television assembly plant for CARICOM and re-export to the United States. It was noted that Curtis Mathes machine tool workshop, which is fairly well equipped was working at only 25 per cent of capacity. Its presses, bending and cutting machines could be used for more expansive services and linkage with other industries. Unfortunately, for this and other industrial developments, St.Kitts is awfully short of means of communication with the outside world.

A plant for transistor radios assembled from Japanese components is doing quite well, but outbursting at the seams in the too-tight ground floor of an apartment building in the expectation of receiving

some time in the future a shell on the industrial estate under construction with financing of CDB.

Fisheries development are studied by Mr. A.I. George, a CFTC expert, who will keep in touch with us for further industrial explorations.

Needs for assistance in the garment industry have been identified as it will have been the case on other islands visited.

Some of the problems identified are in production management, intermediate level, training in use, maintenance and repair of equipment, as well as in the choice of equipment, ... There is a need for common services, wholesale import services or a central buying agency, training of skill, etc., all these activities having to be envisaged on a sub-regional basis in co-operation with as many sources of financing and expertise as can be identified. I started working on this already.

For the garment industry as well as most of the assistance to be provided to LDC's a tighter co-operation between islands (LDC's with other LDC's as well as MDC's with LDC's) is to be envisaged. General Brahm D. Kapur and myself had long discussions on this subject for strengthened co-operation between UNDP experts and experts from other sources.

A survey would have to be undertaken to identify where and what the experts are, to estimate their workload and prepare in agreement with their respective agencies a scheme for inter-relationship and co-operation. This should be done on an ad hoc basis with great flexibility. The current system requesting experts to plan their travel months in advance will never work. More leeway must be given to the expert.

Upon my return I contacted the Commonwealth Secretariat in London referring to these views.

The National Development Corporation on all islands appear to be very weak organizations. The "Development & Finance Corporation" in St.Kitts looks like not being an exception to the rule.

A CFTC expert, Mr. J.C. Mills is working on a National Plan which is to be completed by the end of the year.

Antigua (15-20 March 1977)

The familiarization tour has covered Antigua itself and ECCM Secretariat altogether.

A number of industries on and outside the industrial estate have been visited. The general impression in Antigua is a complete lack of integration and comprehensiveness in the planning, choice and establishment of new ventures, which do not appear to be adapted to the conditions and needs of the island. This seems even to apply to the industries allocated within the ECCM scheme. (Motorcars, biscuits, paints and varnishes, salt refining, dry-cell batteries...) A flashlight batteries project has been abandoned. Contacts have been taken with foreign investors for dry-cell transistor batteries. There is no expertise for salt extraction. The market for 200 cars a year to be manufactured by the local car industry does not appear to be secured. It is a 33/33/33 equity between Government, CIC and private investors. All parts are imported. The government would like to start enclave industries. The needs are, for identification of possible sources of financing and expertise, trouble shooting and rescue operations. The government understands its role as a catalyst, but this can be done only with appropriate technical assistance. A better use could also be made of the technical assistance available. I feel that my visit to the Ministry of Economic Development has helped somehow in solving the communication problem between this Ministry and the ECCM Secretariat.

With the assistance of the UNIDO Industrial Promotion Project the ECCM Secretariat is currently engaged in the review of its industrial allocation programme taking into account the difficulties encountered to date. New guidelines for allocation have been established already.

There is a market study going on for clay bricks, roof tiles, floor tiles and other ceramic products. Geological surveys and testing for the setting up of structural ceramics industry are undertaken jointly.

The small Antigua oil refinery has been closed down. Market for lubricating oil as a first stage of work on a large crude oil refinery and petro-chemical complex is studied by the ECCM Secretariat. Another market study as well as feasibility study for a pharmaceutical plant in St. Kitts is also tacked by ECCM.

In Antigua investigations are made into the existing raw material deposits for the establishment of a large cement plant.

The present assistance given by UNIDO to ECCM must not only be maintained but even enlarged unless the whole ECCM current work programme is to be jeopardized. Such an occurrence would be most harmful for further industrial development in Antigua, Dominica, Grenada, Montserrat, St. Kitts-Nevis-Anguilla, St. Vincent and St. Lucia.

On 18 March Mr. Prazak, the UNIDO Team Leader attached to the ECCM Secretariat and myself had a very important discussion with potential investors (a group financed by oil producing countries) on possible joint ventures in heavy industries (cement, oil refinery, mining, bunkering, etc.). On my return to Port of Spain I contacted the Industrial Development Corporation, on behalf of this group for possible joint venture for the aluminium smelter plant currently under study within the scope of the proposed industrialization programme between Trinidad & Tobago, Jamaica and Guyana. The interest shown by IDC proves that ECCM Secretariat activities and its technical assistance team can extend its influence in the Caribbean even beyond the area belonging to its Member States.

St. Lucia (21-22 March 1977)

The main contacts have been with the Government of St. Lucia, the West Indies Associated States Secretariat, the National Development Corporation and the Caribbean Investment Corporation.

I have been requested by the Minister of Trade, Industry and Tourism to find out ways to promote entrepreneurship on the islands. Contacts have been taken with UNIDO for assistance in the field.

Long discussions have taken place with CIC executives as well as with the CFTC and UNIDO advisers to the corporation, whose purpose is for LDC's development projects. Mr. A.J. Burey, the UNIDO Team Leader told me about a report of a management consultant formerly attached to CIC, who recommended more co-ordination between the islands. He said that our offer of co-ordination through the CDCC was most welcome. He also mentioned the possibility of a reshuffling and extension of the UNIDO project of assistance to CIC. I understood that a merger with ECCM project was envisaged. I asked for more data from UNIDO and UNDP once back in Port of Spain. During our discussions I made it clear that my intention was not to substitute myself to the co-ordinating activities of UNDP in Georgetown. I explained that as the Officer responsible for the Industrial Sector at CDCC Secretariat my task was to try co-ordinating industrial development assistance projects between CDCC member states, which was certainly no overlapping with UNDP activities covering all sectors but without any action on projects outside its budget and work programme, such as bi-lateral assistance projects. Mr. Burey's opinion was that effectively I was playing my role by stepping into this co-ordination enterprise.

I did my best to convey to CIC the benefit of what I had had the opportunity to see and discuss in Montserrat, Antigua and St.Kitts. The discussions on these subjects were most congenial. I briefed Mr. Burey on the UNIDO Office for Industrial Investment promotion

and Transfer of Technology in Brussels. We agreed to wait until we have a satisfactory amount of feasible projects to offer the foreign investors and to organize a survey mission to be undertaken by the Brussels UNIDO Office.

One possibility outside the industrial sector mentioned by Mr. Burey was improving the inter-island transport. I mentioned the work done on the subject by our colleague Mr. P. Wickenden. Mr. Burey was so interested that he called after my return to the Office to get more information. I put him in touch with our Transport Expert.

During our plants visit again the needs were expressed for training of manpower and removing of technical bottlenecks. No surprise either that lack of adequate transportation system was considered stifling industrial development.

The Ministry of Development, Planning and Statistics is still working on the 5-year development plan for the period 1976-1980. With reference to industry the plan envisages the following: Industrial Estates, Credit to Industry, processing of banana fibre (German assistance), use of pumice for building industry (United Kingdom assistance), establishment of sawmills (with CIDA's assistance). These appear to be projects which have been suggested by a survey made by Economist Intelligence Unit (EIU).

Barbados (22-25 March 1977)

Contacts were established mainly with the Ministry of External Trade and Industry, the Barbados Industrial Development Corporation, the Caribbean Development Bank, the British Development Division, the Caribbean Council of Engineering Organizations and the Barbados Institute of Management and Productivity.

To summarize my findings in Barbados:

1. The CDCC co-operation objectives was not only welcome but pinpointed as the main activity to be envisaged.
2. The co-operation interest shown is no wishful thinking. Since my visit to the British Development Division, (BDD) co-operation already started not only by correspondence but by direct contacts with our Office, such as Mr. Graham Todd's visit. Mr. Todd, Management Consultant from Coopers & Lybrand Associates Limited, London, has been hired by BDD for an industrial promotion study in St. Vincent. These types of contacts are snowballing and developing our intelligence network in the area.
3. Around the contacts made, possibilities appeared for co-operation in the area of training within industry. Correspondence with organizations having expertise and/or willing to invest in this field has been started. The odds are that something will develop on a sub-regional basis along these lines likely in the garment industry to start with.
4. For the setting up of a cement plant in Barbados, suggestions have been made to Barbados Industrial Development Corporation (BIDC) to contact the ECCM Secretariat for the offers of investment made to them in that heavy industry.
5. Co-operation with the "Caribbean Council of Engineering Organizations" was sought and obtained for our inventory of skills in the sub-region. The British Development Division also agreed on co-operation in this exercise and started sending us lists of experts. They also inform us on their activities.

Actions taken since my return of Mission

- Direct intervention to salvage the UNIDO assistance project to ECCM Secretariat.
- Dissemination of information on investment incentives in the visited area as well as requests for assistance and financing of projects identified or made known to me during my visits.
- On-going correspondence with the contacts made to maintain and develop starting co-operation.
- Requests made to several organizations for assistance in pin-pointed areas (UNIDO, ILO, UNDP Georgetown, EEC, Commonwealth Secretariat, CARICOM Secretariat, British Development Division, European Foundation for Management Development).

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