



## Remarks by

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Jamaica Stock Exchange's Regional Investments and  
Capital Markets Conference 2016

Conference Theme: "Reaching Beyond Traditional  
Boundaries – Exploring & Partnering for Growth for All"

Event: Official Opening of the Trade Show

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Topic: "***Positioning the Caribbean in the International Arena***"

### **Salutation/Establish Protocol**

[To be determined]

### **Introduction**

I would like to thank the Jamaica Stock Exchange for inviting me to bring the keynote address this morning. The conference theme, "Reaching Beyond Traditional Boundaries – Exploring & Partnering for Growth for All" is both timely and appropriate as nations across the region still struggle to overcome the economic fallout of the Great Recession of 2008. I am particularly pleased therefore to be speaking on the topic of how we must position the Caribbean in the International Arena as we continue our upward climb.

In marketing theory, 'Positioning' is the way a brand, in this case the Caribbean, wants to be perceived versus its competitors. Product positioning is at the foundation of any effective marketing plan because it impacts the ultimate economic decision the consumer will make. I am sure that many of the exhibitors in today's trade fair are very familiar with the concept.

In relation to positioning the Caribbean on the international arena, the ultimate goal of such positioning must, of course, be the betterment of our peoples, in terms of their economic and social well-being, all across the region. In today's markets, defining and implementing a successful brand-positioning strategy in a rapidly changing business environment can be challenging to say the least.

The phrase “Think globally, act locally” broadly summarizes the approach we must take to the development of strategies which will be effective at achieving the objective of improving the well-being of our citizens.

There are many elements associated with measuring a country’s or region’s effectiveness at positioning. The World Bank Group, for example, has a set of criteria for assessing the “ease of doing business” in various countries.

According to the World Bank Group’s “Ease of Doing Business” 2016 Fact Sheet for the Caribbean, Caribbean economies have an average ranking of 108 out of 189 countries. Ranking highest in the region are Jamaica (at 64 in the global ranking), followed by St. Lucia (77) and Trinidad and Tobago (88). Other comparatively large economies in the region and their rankings are the Dominican Republic (93), The Bahamas (106), and Barbados (119).

It is a truism that only through the implementation of positive reforms can nations hold their place or move up on this index. And make no mistake about it: the perception of a country’s “ease of doing business” is of critical importance when governments are seeking to improve economic conditions and court investors. It is therefore vitally important that we improve our respective business environments and increase the Region’s overall attractiveness.

In this regard, I will address the importance of positioning Caribbean economies in terms of governance, the workforce and infrastructure.

## **Governance**

The need for good governance is widely recognised in today’s discourses on economic development. Fair and effective governance is critical to ensuring that development benefits both people and the planet itself. The IMF has spelled out the relationship between good governance and economic development in its declaration **Partnership for Sustainable Global Growth** that was adopted by the IMF’s Interim Committee in September, 1996. It identified "promoting good governance in all its aspects, including ensuring the rule of law, improving the efficiency and accountability of the public sector, and tackling corruption" as an essential element of a framework within which economies can prosper.

One of the most important areas of good governance that governments in the region must effect is legal frameworks that are enforced fairly and impartially. The enforcement of the rule of law and protection of property rights and fundamental rights of citizens has an important bearing on economic development. Protection of human rights, particularly those of minorities, and the timely, effective and corruption-free enforcement of laws require an independent and incorruptible judiciary and police force.

Experience shows that some of the most important factors considered by investors as they decide on investment location include a predictable and non-discriminatory regulatory environment and the absence of undue administrative impediments to business. These are areas that must be closely monitored and continuously improved upon to attract and sustain higher investment flows. At the same time, policy makers must always be flexible and forward looking. In particular, we must avoid becoming stuck in modalities of governance that the rest of the world is moving

away from. Good governance requires policy and laws to be in sync with current realities and in step with generally accepted global norms.

The management of public finances is another area where good governance is of paramount importance. Fiscal consolidation is vital for countries in the region to avoid inflation while maintaining fiscal and monetary stability and finding resources for public service administration, developmental needs and social welfare expenditure.

Transparency and accountability, economic management through improved management of public resources through reforms covering public sector institutions and low levels of corruption are other core elements of good governance necessary for meaningful economic development. Foreign investors are often discouraged from pursuing investment in countries where officials demand bribes..

Good governance will be an important determinant of the pace and character of economic development in the next decade. The preservation of the rule of law, protection of property rights, safeguarding of human and fundamental rights, an efficient and independent justice, the eradication of waste, prudence in public expenditure and a zero tolerance of bribery and corruption are among the facets of good governance that must prevail in the region if our economies are to grow and we are to correctly position the Caribbean in the international arena.

### **The Business Environment**

Investment and economic growth will depend among other things on the quality of the business environments that we seek to establish, the overall set of policies that affect the starting and running of businesses, and how they are implemented and managed. To be thriving jurisdictions in the global arena, we must invest in modern legislation and procedures which result in sound business practices. In this regard, I declare that my government in The Bahamas, as should all governments in the region, is committed to building an economic environment in which free enterprise can flourish. The National Investment Policy of The Bahamas is designed to support an investment-friendly climate and facilitates both Bahamian and overseas investments.

We are all aware that the global financial architecture is under review. Global policy measures and initiatives are directly affecting the Caribbean and rules, norms and standards are changing quickly. Investors are looking for the confidence that our industries are well regulated and meet international standards. As a region we must understand that we must meet the challenges of regulating in a globalized environment. We must all adopt responsible policies and encourage regional growth and global competitiveness through adherence to internationally accepted regulatory principles, and efficiency in their administration.

### **Innovation**

Many countries in the Caribbean have engaged in the export of services – both financial and general business services - as a means to grow their economies and to provide modern opportunities to their citizens. Caribbean countries are increasingly challenged to remain competitive through repositioning their industries

within the context of constantly evolving international standards. The need for innovation is a cornerstone of the future success of our region. The ongoing survival of the Caribbean's international financial services sectors may necessitate the creation of new products, targeting new markets and moving towards further specialization.

We will need to continually reinvent ourselves to meet new challenges if we are to successfully compete and survive in the international arena.

Recent Bahamian Securities Legislation establishing a sophisticated investment fund vehicle called an Investment Condominium ("ICON") is an example of The Bahamas' ongoing commitment to financial services and a good example of financial sector innovation that will allow us to tap into new markets.

### **High-value workforce**

As we contemplate positioning the Caribbean in the international arena, we recognize that good governance, a friendly business environment and innovation are only a part of the equation.

No nation will realise its full economic potential with a workforce that does not have the requisite skills and education to be productive contributors to development and to be engaged as full participants in society. Fundamental to the positioning of the Caribbean must be an emphasis on a workforce that is, both in fact and perception, an excellent value – appropriately educated, skilled for their functions, healthy and functioning in a safe environment.

This need is underscored as Caribbean nations look to improve employment opportunities for their citizens, not only through job creation, but also through attracting higher paying jobs. While the tourism industry has, in the case of The Bahamas, been the key pillar undergirding the economy for more than 60 years, the contribution of financial services to the transformation of The Bahamas into a modern economy cannot be understated, particularly in its contribution to the expansion of the middle and upper classes over the past five decades. The data is clear that average salaries in the financial services sector in The Bahamas nearly double GDP per capita. (*CHOGM Business Forum speech 24 Nov 15*). Financial services directly accounts for 7000 direct and indirect jobs or 15% of GDP and indirectly for just over 30% of the economy. (*CHOGM Business Forum speech 24 Nov 15*)

### **Tertiary Education and Training**

Supplying the human capital needs for this sector has required legal, accounting and financial expertise. These skill sets once developed are allowing more Bahamians to not only find meaningful employment in the financial sector, but are also setting the stage for more entrepreneurs to carve out niche businesses providing a myriad of vitally important corporate and financial services. There are many institutions of higher learning across our region providing academic and technical education. Institutions such as the University of the West Indies continue to produce leaders of the highest intellectual calibre across a wide and diverse spectrum of discipline. In The Bahamas, the College of The Bahamas continues its press its way forward to University status. We are also proud of what organisations like the Bahamas Institute

of Financial Services are accomplishing to make The Bahamas a regional centre of excellence in financial services education and training.

However, economic diversification is a primary goal for my Government. To this end, The Bahamas Agriculture and Marine Science Institute (BAMSI) commenced on 29 September 2014. The Bahamas, not especially renowned for its agricultural production in recent times, is seeing how knowledge and training in modern, scientific techniques can yield economic fruit. A new appreciation is therefore developing of our vast untapped potential in this area.

### **Primary and Secondary Education**

The path to a high-value proposition workforce does not start with tertiary institutions, whether academic or technical. Students must emerge from the incubation of our national education systems better equipped to be productive citizens. Perhaps, if there is any aspect of positioning the Caribbean which will bring the greatest benefit, it would be in establishing this region as home to a workforce that is among the best educated anywhere in the world.

In a recent article entitled, "Education: the Key to the Future – A critical Tool for Development" which I was asked to prepare for the recently held CHOGM (2015) Handbook, I made the observation that education has now come into the mainstream as one of the resources that a country must embrace if it is to achieve its maximum potential. Quality education can be measured by its relevance to employment and its usefulness in assisting young people in the transition to full adulthood, active citizenship and productive and gainful employment. The educational product that we offer must therefore equip our students with the tools necessary to perform at satisfactory levels, avail themselves of various career paths and position them to be productive members of society.

According to research by the Caribbean Examinations Council, in 2009 only two-thirds of candidates in Caribbean Secondary Examinations achieved satisfactory grades in an overall 36 Subjects. We cannot be satisfied that these levels of performance will position our workforce for the challenges we contend with across the Caribbean today, though we know our task is greater, as we must also prepare our youth for the challenges of tomorrow.

The implications are not just economic, but social, as a citizenry unprepared to be productive becomes the recruiting ground for much of the violence, criminality and social maladjustment that plague so many of our territories.

Make no mistake about it then: delivering the finest primary and secondary education for our youth must be a priority for us all. Reflecting on the theme of this conference, education is an area where we must collaborate and strategize to collectively reach beyond our traditional boundaries.

### **Financial Literacy**

I wish to note here that part-and-parcel of as having a top-notch workforce is having a financially literate populace as well. International bodies like the Organisation for Economic Cooperation and Development are throwing down the gauntlet on financial literacy --and for good reason. Just as today you could not expect to send our youth into the world unable to read, write and comprehend, to be equipped for 21<sup>st</sup> Century

life, people must also have basic financial skills, such as the ability to: budget and save, calculate simple interest and understand the effects of compounding, understand how to manage debt and the impact of inflation on wealth, and understand how investments and insurance fit into personal financial plans and national development goals and plans as well.

A financially literate population will be better equipped to make sound financial decisions that allow them greater inclusion in the financial system, help protect them from inordinate, unsustainable personal debt, and help prepare them for those 'rainy days' that we who reside in the hurricane belt understand all too well. Very importantly, it also sets the foundation for individuals to prepare themselves for financially worry-free twilight years in a way that will also ease the burden on our already heavily burdened social welfare systems for the aged.

Financial literacy is, in this modern world, essential to an individual's overall well-being. It also has important implications for the capacity of Governments in the region to develop strong local savings which efficient capital markets can then convert into business investments, reduce spending on various social safety nets, and indirectly attract foreign investment as well.

As we are on the subject of capital markets development relative to positioning the Caribbean in the International Arena, I wish to congratulate the Jamaica Financial Services Commission on its successful bid to host the International Organisation of Securities Commissions (IOSCO) Annual Conference in 2017. IOSCO of course is the global standard setter for securities regulation. I am advised that one of the goals of the Caribbean Group of Securities Regulators has been raising the profile of Caribbean securities regulators at IOSCO. To this end, we note that the Trinidad and Tobago Securities and Exchange Commission is a member of the IOSCO Board, and the Securities Commission of The Bahamas is pursuing hosting IOSCO's Inter-American Regional Committee in November.

### **Healthy Populations**

A part of the high value work force of which I am speaking must be a healthy population. Perhaps no other aspect of this subject is so directly related to the well-being of the population. After all, if your health fails, the other matters that I have already addressed take on a lesser priority and indeed may, in the final analysis, all come to nought. We must bring creativity and focus to how we change the behaviour of our populations so that we can achieve a healthier "norm". We must become a truly healthy region, one where people regularly exercise, receive good nutrition and have access to affordable health care for all. In particular, we need to ensure that our lifestyles are altered so as to ensure that preventable ailments such as hypertension, diabetes, heart disease, and lifestyle-related illnesses such as AIDS and tobacco, alcohol and illicit drug-related illnesses are relegated to the dustbin of history.

### **Infrastructure**

The demand for infrastructural development globally is enormous, estimated at about US\$ 3.7 trillion annually. The Caribbean is estimated to need around US \$30 billion of infrastructure development to compete on a global scale and drive sustainable growth. In the energy sector alone, massive investment is needed to drive development across the region.

## Energy

Most of us take energy for granted. The lights come on when we want them to and it's not given a second thought. However, the Caribbean has some of the world's highest energy costs. This is mainly the result of our region's over-dependence on imported fossil fuels, which are subject to high price volatility. For example, electricity prices in the Caribbean are about three times those in the United States. This raises immediate concerns about the global competitiveness of our businesses and sustainable economic growth and development.

To position the Caribbean as a global economic player, it is essential we have access to affordable energy.

Some countries in the region have made noteworthy strides in transforming their energy sectors. Trinidad and Tobago, our region's major oil producer and net hydrocarbon exporter, has prepared draft policies for renewable energy and energy efficiency, and also developed incentives for renewable energy and energy efficiency interventions.

The Bahamas introduced a National Energy Policy and established renewable energy goals of 30% baseline generation through renewable technologies by 2030. A compendium of new legislation was also recently tabled in Parliament. This legislative package will allow for significant and sustainable reductions in the cost of energy, a financially healthy electrical utility company, increased energy security, improved reliability of service, more responsible environmental attention, and, ultimately, increased competitiveness and marketability as a country.

The restructuring of the country's electricity corporation is also another major initiative by my government, one that is designed to reduce energy costs through privatization of management while at the same time maintaining equity ownership of an important national asset and essential service.

Barbados and Jamaica have been leading the charge to introduce renewable energy in the energy matrix. Barbados has successfully used the net-billing approach supported by appropriate legislation and regulation, to increase renewable energy penetration over a very short space of time. A recent increase in the "ease of doing business" index for Jamaica was, among other things, credited to changes in the country's regulatory framework as it relates to the energy sector.

Oil prices have dropped in the international markets. The cost of a barrel has been cut roughly more than 60 percent since the June 2014. In The Bahamas, The Bahamas Electricity Corporation's fuel charge decreased by 12.1% in November, on a monthly basis, to 10.03 cents per kilowatt hour (kWh), and more sharply by 62.4% for the annual comparison. This downward trend in prices is welcomed by net energy importing countries such as most of us in the Caribbean, however, we must not be distracted as the global price of oil fluctuates greatly. We must remain committed to tapping into sustainable, inexpensive energy sources and becoming energy secure.



## **Climate**

An historic agreement to combat climate change and unleash actions and investment towards a low carbon, resilient and sustainable future was agreed by 195 nations in Paris last month. The new agreement calls for appropriate financial mechanisms to be put in place to reach its ambitious and important goals.

We, as small island developing states in the Caribbean, must be cognizant of the limited human, financial and technical capacities needed to enact the measures contained within the agreement. I am very pleased with the provision of Loss and Damage in the Agreement and that countries in the Caribbean would be able to access these funds to assist us in efforts to combat climate change. Of course, this cannot be viewed as a final, definitive solution to the issue of funding but it is nonetheless a creditable start.

For the Caribbean and certainly for The Bahamas and other low lying nations for which sea level change and global warming are quite literally existential issues, climate change is an issue that must be taken with the utmost seriousness. A majority of the region's productive enterprise and infrastructure lie within 1.2 miles of the sea. Its low-lying nature, fragile ecosystems, and exposure to regularly recurring extreme weather events, particularly hurricanes, demonstrate that the Caribbean is a prime candidate to benefit from what has been agreed.

## **Technology**

The rapid development of new technology has changed the way we communicate, do business and work over the last decade. Among the challenges faced by the region in developing its technology sector are outdated legislation, limited access to capital, and an environment not always conducive to the development of business technology and services. However, I believe that the region is well positioned to seize opportunities. Many Caribbean states possess a highly creative, well-educated work force, with stable democracies, and relatively high internet access penetration rates.

Jamaica, in April, will be hosting an international tech conference, CaribNOG 11. The conference has the full support of international players such as Microsoft, Google, and Akamai.

Technology that is innovative and globally competitive is well embraced by stakeholders in the Region. The Caribbean has been making major advancements in some key areas mentioned earlier such as government, financial services, agriculture, and more. Several countries in the region have or are implementing E-government. Of particular note, the Barbadian government is in the process of developing a new e-government plan. Meanwhile The Bahamas, this very month, introduced e-services at its Registrar General's Department that will allow for the incorporation of companies, the payment of annual fees, reservation of company names, conduct of company searches and ordering documents on-line, in real time, at any time, all the time.



The advancements that are being made in technology represent a paradigm shift for the region in terms of the positive impact they will have on the ease of doing business index rankings for our region, which is key to the reputation of Caribbean countries and will be fundamental to positioning the Caribbean to achieve competitiveness on the global playing field.

## **Public Safety**

In a real sense, we as leaders of Caribbean countries must acknowledge that the issue of crime is of acute concern to all of our countries. We must also acknowledge that we must come up with bold, innovative strategies to combat the scourge of crime, terrorism and illegal migration in all of our countries in the region. . The negativity of crime will surely cause us to lose out all round if it is perceived that our cities and our communities are unsafe to citizens, tourists and investors alike. This holds true not only for our tourism industry but for the financial services and investment sectors as well. I can assure you that we in The Bahamas have made this a number one priority. My government will therefore be instituting a raft of new measures designed to break the back of crime once and for all. I know that my colleague heads of government throughout the region are busy attending to the introduction of aggressive crime-reduction strategies as well.

## **Conclusion**

There are many areas where the Caribbean can only be commended for how it has positioned itself internationally. Across the globe, ask anyone where the fastest men and women in the world come from and you are bound to hear “The Bahamas”, for example. They may mention St. Kitts, Barbados, Trinidad and Tobago, or yes, perhaps even Jamaica as well!

There are many factors which would have led to this success, beyond the natural talent and capacity to focus and work diligently, latent in our peoples. The healthy and competitive environment of CARIFTA, for example, is where many of the greatest Caribbean athletes, nay, many of the world’s finest athletes would have had their first taste of intense international competition.

Key to the region achieving similar success in our common aspirations for economic growth and development will be our national and regional ability to think strategically and to collaborate. In the same way that The Games underscore that competition among ourselves can augur to the betterment of us all, a collaborative, strategic approach we can position this region as one of excellence in governance, one where there is a highly skilled and well-educated workforce, and one possessing the infrastructure and technology to facilitate economic development in the 21<sup>st</sup> Century and beyond.

Ladies and gentlemen, thank you for your kind attention.

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