



Report on
The Workshop of Promoting Sustained Recovery
through Economic Diversification

February 7-8, 2023

Lloyd Erskine Sandiford Centre (LESC)

Bridgetown, Barbados

Co-organizer:

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On February 7-8, 2023, UNCTAD, in collaboration with the Barbados Ministry of Finance and Economic Affairs, organized a high-level, in-person, capacity-building workshop under its “Promoting Sustained Recovery through Economic Diversification and Resilience in Barbados for a sustained recovery from the COVID-19 shock” project. The project is being funded with assistance from China’s Global Development and South-South Cooperation Assistance Fund (GDSSCAF). The Project, which was approved in December 2020 and launched in June 2021 by UNCTAD, aims to assist Barbados in formulating targeted policy strategies and to harness South-South Cooperation opportunities to achieve sustained recovery through promoting economic diversification and resilience.

The two-day workshop comprised four thematic sessions. These were: the global macroeconomic situation and implications for Barbados, digital transformation in developing countries and lessons for SIDS, regional integration and industrialization strategy for Caribbean region, and harnessing South-South trade and investment opportunities from the Barbados perspective.

The participants included UNCTAD team members, high-level government officials and technocrats, experts from UN agencies and academia, as well as representatives from private sector associations and academia. Each moderated panel session ran approximately two hours in length. Panelists included an UNCTAD staff member, as well as other expert panelists who provided their perspectives on the theme for each session.



This report summarises the main takeaways from the two-day event. These were as follows:

- The COVID-19 pandemic negatively impacted Barbados’ tourism-dependent economy. Although economic recovery has begun, the challenging and uncertain global macroeconomic situation makes this recovery tenuous. Diversification, digital transformation, deepening regional integration and South-South cooperation are key to building the resilience the Barbados economy needs to withstand external shocks.
- Barbados’ economic growth has also been adversely constrained by the structure of the post-Bretton Woods global financial architecture which makes it difficult for high income/upper middle-income SIDS to access the concessional financing needed to make a sustainable and inclusive recovery. The Bridgetown Initiative is an example of Barbados calling on the international community to cooperate in addressing these problems.
- Although faster consolidation of the CARICOM Single Market and Economy (CSME) can assist Barbados’ national industrial efforts and digital transformation, better alignment between regional and national priorities is required.

- Barbados has already commenced several digital transformation reform initiatives at the national level to promote digital transformation. There are also initiatives at the CARICOM-level to deepen its regional integration, promote greater trade with existing trading partners and expand relations with non-traditional partners, particularly seizing the Africa-Caribbean political momentum.
- Despite opportunities, intra-CARICOM trade remains low and is on a downward trajectory. This is due to several factors, including remaining trade barriers and a lag in the domestic implementation of decisions taken at the regional level. CARICOM can learn lessons from other regions and countries such as the African Continental Free Trade Area (AfCFTA) and sub-regions like the Southern African Development Community (SADC), including on utilizing digital technologies to deepen integration and to foment structural transformation. A key component is political will and momentum.
- Barbados can also take advantage of the lessons learnt in Sri Lanka and Rwanda on digitalization, as well as others shared on the UNCTAD Platform for Policy Sharing.
- Barbados needs better data for assessing/diagnosing, monitoring and evaluating digital transformation efforts. Access to data remains a challenge in the country and can make evidence-based policy making and monitoring and evaluating policy impact difficult.
- Some promising sectors for economic diversification in Barbados include pharmaceuticals, jewellery, chemicals, and the creative and cultural industries.

SUMMARY OF OPENING SESSION

The opening session was chaired by Mr. Richard Kozul-Wright, Director of the Division on Globalisation and Development Strategies (DGDS), UNCTAD. In his welcome remarks, Mr. Kozul-Wright thanked the Government of Barbados for helping to organize the workshop and the Government of China for its generous funding support. He provided an overview of the project under which this workshop falls. He further explained that the COVID-19 pandemic and its impact on global travel had shocked the Barbados economy severely. Although in 2022 the island had finally made a strong economic rebound, persistently challenging macroeconomic conditions were making growth prospects in the Barbados economy uncertain. He argued that economic diversification could boost growth and build resilience in the Barbadian economy to external shocks but that such diversification was both a daunting task and demanding journey for SIDS. He highlighted the work of UNCTAD since its establishment in 1964 to support developing countries' integration into the global economy and to promote south-south economic cooperation. He noted the UNCTAD team had had productive and enlightening meetings with the CARICOM team. Mr. Kozul-Wright expressed his hope that this workshop would strengthen participants' understanding of the issues and of the policy options regarding economic diversification in small economies.

Minister in the Ministry of Finance and Economic Affairs, the Honourable Ryan Straughn, M.P., delivered the keynote address. He reiterated that Barbados was prioritizing cooperation in all fora. He referred to the global advocacy efforts of Prime Minister, the Honourable Mia Amor Mottley, Q.C., M.P., on issues impacting small States. Minister Straughn also elaborated on the programme of economic reforms the Barbados government had commenced upon their election in 2018. He noted that while there had been significant disruptions to the Government of Barbados' reform efforts due to shocks, one positive outcome of the COVID-19 pandemic was that it had caused the government to relook what it was doing and in some cases, it had accelerated some of the planned reforms. As an example of Barbados' continued commitment to South-South engagement, the Minister cited the example of Barbados' hosting



of the Africa-Caribbean Trade and Investment Forum (ACTIF) in September 2022. This Forum had welcomed over 1000 delegates from Africa and 300-400 from Caribbean. Barbados was also able to do a debt for nature swap, giving the Government the fiscal space needed to deal with challenges. He also noted the Bridgetown Initiative, through which the Government of Barbados has begun discussions on how countries could pledge their unused SDRs to be lent to regional projects to advance their work on the climate crisis. He reiterated the need to build resilience quickly in order to face the variety of global

challenges. He noted that both international trade and carving out the needed policy space for SIDS will be critical to help us achieve economic diversification. He reiterated the need for international, regional and domestic partnerships. Hence he recognized the relevance of UNCTAD project to the Barbadian economy by building resilience through economic diversification.

Delivering remarks on behalf of His Excellency Yan Xiusheng, Ambassador of the People's Republic of China to Barbados, Mr. Huang Xinhua, Deputy Chief of Mission, noted that the Embassy attached great importance to the workshop. He thanked UNCTAD, the Barbados Ministry of Finance and others for their strong support and cooperation. Mr. Huang gave assurances that China is an avid contributor to global development, citing President Xi's call for making global development more resilient for all at G20 summit last year and the GDSSCAF's work as an important fund for China's development assistance. China has also pledged to increase this fund by 1 billion US, taking it to 4 billion USD, to support developing countries in global development initiatives and the 2030 sustainable development agenda. He noted that China is a committed partner to Barbados in building resilience and economic diversification, citing the assistance China has provided to Barbados' pandemic response and also other assistance for infrastructural projects. He further noted that China is Barbados' fourth largest source for goods and commodities imports. In 2019 Barbados and China signed a Belt and Road cooperation MOU.

SESSION 1: GLOBAL MACROECONOMIC SITUATION AND IMPLICATION ON BARBADOS

In this session chaired by Barbados' Permanent Representative to the United Nations Office in Geneva, His Excellency Ambassador Matthew Wilson, the panelists discussed the very challenging global macroeconomic situation and its implications for Barbados. In his opening remarks, Mr. Wilson acknowledged the ripple effects of the war in Ukraine, rising inflation and other challenges for the Barbados economy. However, he further noted that resilience and innovation were inherent in the Barbadian way.

Mr. Kozul-Wright noted that the monetary policy shock was having a traumatic impact on developing countries. Developing countries' limited policy space makes it more difficult for them to respond to shocks for which they have no responsibility. These shocks have given us a better sense of the asymmetries and biases that characterize the world. This is not an encouraging environment for developing countries. Some signs of optimism exist, such as the US economy's recovery, but it will still be a difficult year. Although growth in China is an element of optimism, China's housing crisis is a problem and supply chain issues linger. In the decade after GFC, trade and investment were very weak. There was very imbalanced macroeconomic policy which was not conducive to growth. Trade never recovered from the global financial crisis. Housing prices and financial markets recovered quickly but investment did not recover strongly in most of the advanced world. Debt levels were rising in both developing and advanced economies. The recovery post GFC was imbalanced, including because of inequality. He noted that the current global financial system is not fit for purpose and needed to be reformed. There are opportunities for more regional level arrangements. To avoid another lost decade, it is important for the international community to think "alternatively" to address these problems.

Minister of State in the Barbados Ministry of Foreign Affairs and Foreign Affairs, the Honourable Sandra Husbands, M.P. noted that the dynamics internationally have coalesced to make things difficult for SIDS to ensure a good life for their citizens and to develop. She acknowledged that while SIDS have inherent vulnerabilities, the global macroeconomic architecture further constrains SIDS' ability to do right by their citizens and the COVID-19 pandemic further exposed this. She therefore expressed the concern on the international system that had not given necessary support to developing countries including Barbados. Minister Husbands reiterated the need for the government to continuously sensitize the population about initiative and gain support. She noted the key role that must be played by the civil service including how they help the country meet the challenge coming from the crises and to build the resilience needed to meet future crises. Barbados is also seeking to build a pharmaceutical industry in order to improve access to pharmaceuticals and tackle pharmaceutical vulnerability. She also highlighted the Trust Loans Scheme but lamented the limited uptake by businesses. She concluded by noting that all hands must be on deck in this process.



Presenting virtually, Mr. Daniel Titelman, Director of the Economic Development Division, United Nations Economic Commission for Latin America and the Caribbean (ECLAC), discussed the Global Macroeconomic Situation and Implications for Barbados and the region. He noted that a sequence of crises has created uncertain and complex global context, including the persistent COVID-19 crisis and the large vaccine access inequality. GDP growth rate projections for 2022 and 2023 will be depressed, including for the region's major trade partners: US, EU, UK and China. World trade is also slowing. Inflation is expected to slow in 2023, in both advanced and emerging

economies but will remain elevated. High interest rates given the high level of inflation are expected to persist. Monetary policy rate hikes have behaved in a synchronous manner at the global level, despite not being actively coordinated. This means higher financial costs and therefore contractionary monetary policy. Most central banks have reduced their balance sheets. This might mean less access to financial flows for LAC countries. Portfolio capital flows to emerging economies have fallen due to global interest rate increases. The time of high liquidity and lower costs of accessing financial markets is over. Financial flows to LAC have slowed since

the middle of June/July in 2022. Sovereign risk has increased. Fiscal policy will play a key role in recovery but our fiscal space is constrained. Total central government debt has increased because of increased COVID expenditure.

The second virtual presenter was Mr. Juan Carlos Moreno Brid, Professor, Universidad Nacional Autónoma de Mexico. He drew the analogy that no island is an island in charge of itself. He noted the challenge they face of how to reposition themselves in light of reglobalisation. He noted that the main constraint is the external constraint that Barbados faces. It is about being able to grow persistently at a rate to provide decent jobs, reduce poverty, promote equality. He said the present structure of the Barbados economy, including the persistent current account deficit which includes a merchandise trade deficit of around 25% of GDP, also poses a constraint on growth of the economy. The issue of the balance



of payments constraint is creating an additional pressure through the debt problem. He noted the need to transform the Barbados economy to overcome that constraint. There are the linkages between financing the trade deficit which puts strain on the exchange rate and also presents a price competitiveness challenge. He agreed with Minister Husbands that Barbados needs to increase food production. He noted that industrial policy goes beyond manufacturing and includes agriculture and services. In the case of a small island with limited resources, Barbados cannot grow without investment. Barbados needs higher public and private investment and the creation of an entrepreneurial culture. Secondly, there must be a national industrial strategy identifying the potential sectors. He gave the example of creative industries, the blue economy. Growth is needed for employment.

A rich question and answer discussion ensued which discussed the need for quality foreign investment that benefits both the investor and the host State. A whole of economy approach, and not a silo'd approach, was needed for diversification. It was also noted that intra-CARICOM trade was still low and it was important for regional importers to see the region as a source of inputs where available. Rising debt and financing costs were also themes which arose in the discussion, including the impact of financing costs and interest rate hikes on sovereign and household borrowing. There was also a suggestion for the need for closer relations between businesses and academia. Addressing socio-cultural factors, such as the impact of slavery, behind risk aversion in investing and business Barbados was important. Low levels of innovation, and the need to build competitiveness and improve productivity, and regional value chains were also raised.

SESSION 2: DIGITAL TRANSFORMATION IN DEVELOPING COUNTRIES AND LESSONS FOR SIDS

Presenting virtually, Ms. Bineswaree Aruna Bolaky spoke to the role digitalization can play in reaping the benefits of the African Continental Free Trade Agreement (AfCFTA) and in the agreement's implementation itself. She explained the objective was to create a single continental African market for goods, services, labour and capital. She identified five key messages. First, connectivity for Integration and Inclusion should be at the heart of the AfCFTA, an agenda that goes beyond trade. Second, the AfCFTA has to be driven by reforms for increased competitiveness for African firms to compete. Third, lack of implementation of the AfCFTA Agreement means no gains. Fourth, industrialisation is paramount to reaping the expected gains of the AfCFTA. Fifth, the trade-technology nexus should be highlighted in the context of the AfCFTA. She also highlighted four case examples of how digitalization could assist with AfCFTA implementation. First, the use of electronic certificates of origin and online trade portals were examples of how digitalization could implement the AfCFTA rules of origin. Second, digitalization to promote connectivity for stronger integration within the AfCFTA through for example digital Ports/ E-Commerce. Third, Digitalization to support industrialization...Additive Manufacturing or 3D Printing. Fourth, digitalization could promote inclusion within the AfCFTA. Additionally, digital finance technologies such as M-PESA

could promote financial inclusion. She presented four recommendations. AfCFTA countries should develop National Digital Strategies, in addition to their National AfCFTA Strategies to strengthen the trade-technology nexus in the context of the AfCFTA. Second, African countries should broaden the lens of digitalization beyond e-commerce and aim to leverage digital technologies to support the implementation of the AfCFTA Agreement. Third, African countries should increase their investments in the ICT sector and in technology and innovation. Fourth, African countries should support the development of stand-alone digital sectors in their economies. Specifically, for Barbados it is important to develop national and regional digitalization strategies, leveraging digitalization to enhance trade competitiveness and foster export and economic diversification to build resilience. She said there is also a case for



leveraging digitalization to deepen gains from regional trade and regional integration in the Caribbean.

Tishka Hope Francis, Head of the SIDS Sub-programme of the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLS), discussed the opportunities and challenges in the digital era for SIDS such as Barbados. She noted that SIDS have multidimensional vulnerabilities which have been intensifying over time. She recalled that SIDS have made substantial advancement since the SIDS ACCELERATED MODALITIES OF ACTION (SAMOA) Pathway, the

outcome document of the Third SIDS Conference in 2014, Samoa. The Fourth SIDS Conference will be held in Antigua in 2024. When the SAMOA pathway ends, a new programme of action will be adopted there. Digital transformation will be one of the key themes of the conference. COVID-19 has significantly impacted the scale of digital activity in our lives. SIDS were very unprepared to deal with COVID due to our vulnerabilities. There are best practices in digital transformation which SIDS could learn from each other. There are ways in which digital technologies could help adapt and mitigate adverse impacts and she cited as an example the Digital Maldives for Adaptation and Diversification project. Digital literacy is high as about 81% of youth are online. However, there is the lack of investment in digital infrastructure. The SIDS Global Business Network (GBN) will be a platform for public-private partnership and the forum is likely to be held in March in Barbados 2024. It will be an opportunity to discuss the digital economy and SIDS. The UN-OHRLS are looking to publish a Trade and Digitalisation publication.

Professor Winston Moore, Deputy Principal of The University of the West Indies, Cave Hill, spoke of some of the innovations Barbados has made in the digital economy and challenges. He provided an overview of what occurred in the Barbados economy prior to 2018 election, including the high debt, low level of foreign reserves and the fiscal challenges. He explained that in 2018, the newly elected Government approached the IMF and developed an economic recovery plan focused on enhancing economic growth and promoting debt management and fiscal consolidation. In turn, accelerating growth in Barbados with a target of over 3% a year will help generate employment and poverty reduction. Barbados' economy is turning around and has been running fiscal surpluses over the recent years. He explained that structural transformation involved social cohesion, policies aimed at competitiveness and improving the ease of doing business. He noted that a citizen-centric approach to digital transformation involved ensuring user-friendliness of systems, sensitization and education about the initiatives and combatting fake news. He noted that Barbados had received funding for some of these projects. He provided the example of sensitization and assistance the Barbados Revenue Authority provides for the use of TAMIS. He also provided the examples of EZPay for payment online for certain government services and the Corporate Affairs and Intellectual Property Office (CAIPO) redeveloped website. Other digitalization reforms he identified include a public sector modernization programme, a national digital strategy, implementation of online services for businesses and citizens, core digital infrastructure, a digital document and records management system, a digital dashboard for monitoring investment project, workforce planning, skills for a high performing public service, cyber security and strengthening human resources management information systems. His

suggestions included developing a statistical framework to fill the data, enhance the quality of statistics and standardization and improve the data integration and sharing policies and continued development of the BSS website.

Rashmi Banga, Senior Economic Affairs Officer, DGDS, UNCTAD, presented on digital transformation policies and what could be learnt from other developing countries. She drew attention to UNCTAD's Platform for Policy Sharing which shares the policy experiences of developing countries in their structural transformation. She indicated that it will be changed to become a south-south policy sharing platform. She indicated that digital transformation must address both demand and supply side constraints and that digital infrastructure is multilayered. Data, she argued, is the new oil and data centres are the new factories. She identified a three-part typology of who owns and controls data: data ownership, sovereignty and localization. She said that countries should first own their data, have their data infrastructure in place and that data processing skills are important for SIDS. Ms. Banga drew a comparison of Sri Lanka and Barbados, noting that Sri Lanka had learnt lessons from China in its digital transformation strategy. She also drew attention to Rwanda's Data Revolution Policy. Finally, she concluded with UNCTAD's proposed agenda for regional digital cooperation agenda for small states which includes building a regional data economy, regional cloud infrastructure, strengthening regional broadband infrastructure, promoting regional ecommerce platforms, regional digital payments, a single regional digital market, sharing experiences on e-government, forging partnerships for building smart cities, digital innovations and technologies and statistics for measuring digitalization. Digital transformation is challenging but provides a potential opportunity for economic diversification. Many countries have designed their National Digital Transformation Policies and are on their digital transformation trajectories. Global South can learn from the policy experiences of peer countries. Regional digital cooperation can play an important role in providing support to small states for their digitally transformation.

During the question and answer segments, a key discussion point was to what extent can SIDS control and protect their data in light of data leaks, including in developed countries. It was noted that cybersecurity was a significant constraint for SIDS. Another point raised was that citizens should be able to opt out of some data initiatives.

SESSION 3: REGIONAL INTEGRATION AND INDUSTRIALISATION STRATEGY FOR THE CARIBBEAN REGION

The first session of Day 2 examined regional integration and industrialization strategy for the Caribbean region. Miss Alicia Nicholls, Research Fellow with the Shridath Ramphal Centre of The University of the West Indies, moderated this session. The session involved a frank update on what is happening at the regional level and the implications for Barbados' own industrial policy and strategies. Miss Nicholls noted that the Revised Treaty of Chaguaramas was in many ways forward-thinking in how it saw industrial policy and its focus on sustainability. Despite the kinks to be ironed out, there are regional initiatives that Barbadian MSMEs could potentially benefit from and Barbados itself could benefit from as it seeks to leverage its membership of the CSME for building resilient and sustainable economic development.



Dr. Piergiuseppe Fortunato, Economic Affairs Officer, DGDS, UNCTAD, presented on the topic “Regional Integration and Industrialization: Challenges and opportunities for Barbados in the current global scenario” and provided an insightful overview of the major global trends and then narrowed in on Barbados’ export profile, some of the export opportunities and proposals for the regional agenda. He spoke of an industrial policy strategy, promoting regional value chains and the role of the state as an enabler of development. He noted that while developing countries had increased their share in global trade in the past thirty years, only a few of these countries had taken advantage of this and many retain an undiversified export structure. The rise of global value

chains has led to more developing countries’ participation in trade but many remain locked in low value added activities. Assembly as a share of global value added is declining. There is uneven regional integration as while the EU and NAFTA were able to utilize GVCs, but in LAC there is less exploitation of the opportunities of GVCs. In the last few years, there is the mega trend towards re-shoring and nearshoring and the move from manufacturing-centred to platform(data)-centred GVCs. In examining Barbados’ economic performance over the last thirty years, Dr. Fortunato showed that while there was a high average growth rate between 1999 and 2008, the global financial crisis triggered a lost decade. Trade as a share of GDP has fallen to 66% in 2020 (from 90% in early 2000s) and it became increasingly concentrated. COVID-19 pandemic dealt a severe blow to Barbados’ economic prospects but rebound especially in 2022. Intra-regional trade is important for Barbados. There is a lack of high value-added manufactures and the Caribbean market is still underexploited. MSMEs contribute 64.1% of Barbados’ national value-added and 60% of employment but is delinked to exports because of lack of access to finance and technical capacity to meet regulations. Barbados can expand production on medications, jewellery, chemicals as examples.

Mr. Malcolm Spence, Senior coordinator for Intellectual Property, Science and Technology Issues, Office of Trade Negotiations, CARICOM Secretariat shared some of the elements of what CARICOM is doing and how this will help Barbados. He noted that the data shows that intra-CARICOM trade has been trending downwards and has been underperforming. CARICOM exports have been falling as well. He explained that 12 broad categories of skilled workers can move freely and anybody that can move, can do so, allowing enterprises in any sector to access skills. Although there has been progress, more work needs to be done on several areas, such as portability of social services, the single registration of professionals, the regional double taxation agreement, rules for procurement markets, competition law and policy. He noted that one of the challenges is that the national priorities tend to be prioritized over regional so there is the need for better streamlining of national and regional policies. He noted the diversity of the economies. He said there needs the development of nimble innovation eco-systems. Regional economies will constantly find challenges with economies of scale even when fully integrated as the CSME is small. CARICOM should push for access to the frontiers of technology. Human capital development is a strength for us. He also called for what he termed nimble innovation eco-systems.

Ms. Olayinka Bandele, Chief, Inclusive Industrialization Section, United Nations Economic Commission for Africa (UN-ECA) presented on the regional integration and industrialization strategy in Africa through the Africa Continental Free Trade Agreement (AfCFTA). She presented a map of the African market as currently exists with 350 borders which are trade-prohibiting. However, the Africa of the future, she argued was borderless and this is part of the African Union's Agenda 2063. Once implemented, the AfCFTA is estimated to have a positive impact on Africa's GDP. She also cited an International Trade Centre/African Union Commission capacity-building report with the aim of identifying products of choice to support regional value chains in Africa. While intra-Africa trade is low, it is at least on a positive. SADC has undertaken work on industrial policy on moving from extraction to more production. AfCFTA is seen as an anchor for future industrialization and development of regional value chains. She noted the importance of the private sector,



including MSMEs, and the youth being involved since these agreements will not self-execute. She noted Zambia has its own AfCFTA committee and has its own committees which include both public and private sector. At the regional level, she gave the examples of the African Trade Observatory, the Pan-African Payment and Settlement (PAPPS), the Inter-African Trade Fair, the AfCFTA Business Forum as technology-enabled regional initiatives. She noted the importance of momentum and driving momentum and political leadership trajectory. She enlightened us on some of the regional industrialization initiatives being considered by the Africa continent and SADC. She concluded that the region could learn lessons from each other as CARICOM and the

African Union have similar issues we are tackling, such as a diversity of economies, connectivity issues, that imperative for faster and more inclusive growth and the need to bring the private sector and ordinary citizens along.

The question and answer segments included a discussion of whether a common currency would be useful for enhancing intra-CARICOM trade, and what lessons the Caribbean could learn from the African integration experience. In anticipation of the evening panel, there was also some discussion of the opportunities for trade between the Caribbean and Africa. It was noted that the creative/cultural industries were a potential sector because of Africa's large market for stories and audiovisual content.

SESSION 4: HARNESSING SOUTH-SOUTH TRADE AND INVESTMENT OPPORTUNITIES FOR BARBADOS

Prior to the start of this session, Mr. Kozul-Wright summarized the proceedings, main points around diversification and resilience discussed during the two-day proceedings. He then handed over to panel on "Harnessing South-South Trade and Investment Opportunities for Barbados" which was moderated by Dr Jan Yves Remy, Director of the Shridath Ramphal Centre of The University of the West Indies, Cave Hill campus. Dr. Remy noted that our economies are often described as small and vulnerable to external shocks. The Barbados economy remains heavily concentrated on a narrow range of sectors and Europe and North American countries accounted for a significant portion of the region's export market. In 2020, just 5 products accounted for approximately 40% of total goods exported from Barbados and those were imported mainly by Europe and North American countries. She noted that the region is increasingly looking to Africa as a promising market. It is the fastest growing continent in the world.



In speaking about the evolving South-South Cooperation and Implications for Barbados, Mr. Dawei Wang, Economic Affairs Officer, DGDS, UNCTAD, reiterated that South-South cooperation is a complement not a substitute to north-south cooperation. The evolving global economic landscape is reshaping South-South cooperation. He said that South-South cooperation has a broad scope and that South-South economic cooperation and integration are among the issues on which UNCTAD has focused. With rapidly increased share of global output since 1990, South-South trade has been very dynamism in recent years. South-South merchandise exports has exceeded South-North merchandise exports since 2018. South-South FDI is increasing but the potential is yet to be tapped.

Beyond trade and economic growth, South-South countries are engaged for inclusive global governance through both multilateral and regional mechanism to the push for a more just international financial architecture. He noted that Barbados is a small economy but very active in global governance. He provided some thoughts on policy strategies to leverage South-South cooperation opportunities for economic diversification for Barbados. First and foremost, it is important to encourage greater regional integration including developing regional level industrial park. Beyond regional perspective, Barbados could also benefit from broader South-South cooperation, such as exploring exports opportunities in Southern markets, encouraging and guiding FDI to facilitate diversification and structural transformation, engaging with South-South financial cooperation and climate actions etc..

Dr. Antonio Alleyne, Lecturer in Economics at The University of the West Indies, Cave Hill, provided some brief details on the Barbados macroeconomic context. He noted that in 1994 Barbados had signed cooperation agreements with China and in 2008 agreements were signed with Ghana. However, more needs to be done to build extra-regional trade relations. He further noted that helping and propelling MSMEs is key for survival. Developing countries trade has doubled. He noted the need for diversification of sources of goods and services in Barbados and not just diversification of export markets. He noted the lack of access to information is a problem, especially for the MSMEs.

Valentina Delich, Director of the Latin America Faculty of Social Sciences (FLACSO), Argentina, highlighted the LAC, and more particularly, the MERCOSUR experience. She stated the importance of differentiating between global shocks, such as COVID-19 and the Ukraine war, and global trends, such as the rise or GVCs and the current global trade architecture. She noted that although intra-regional trade globally was found to be more resilient during the pandemic, such trade was mainly intra-Asia trade. In contrast, intra-LAC trade declined more than their trade with external partners, reflecting our low level of regional integration and that many of our economies are commodity-exporters. She noted that only the most competitive LAC firms are in the GVCs. But overall LAC participation in GVCs is low and at low value-added levels. She said there is the need for diversification of products and markets. The local trade agenda is very close to national trade agenda, such as the need for productive transformation. She noted that international trade today is organized through GVCs and these could lead to development through appropriate policies but it is not automatic. Trade policies must be consistent and synchronised and work for expanding market access and covering the agendas of regional agreements. She suggested a great link between academia and industry, such as having the University located within an industrial park.

Dr. Chantal Ononaiwu, CARICOM Director for External Relations, focused her presentation on CARICOM's external relations with LAC with which CARICOM has most of its international trade agreements. She also touched on ongoing efforts with Africa. She noted the FTAs with Costa Rica and the Dominican Republic and the partial scope agreements with Colombia, Venezuela and Cuba. These agreements are focused mainly on goods and there are built-in agendas on services which are not yet activated. Some CARICOM Member States also have partial scope agreements with third countries. The region's exports to the countries with which it has trade agreements are generally small and the region runs bilateral trade deficits with most of external partners. CARICOM's exports are highly concentrated in a limited set of products. CARICOM conducted an assessment of the region's export performance in 2014/2015 and concluded that efforts were needed to update the agreements. To reap the benefits of market access provided by these

agreements, our countries must get to the fundamentals of how to improve trade performance. These include trade promotion, market intelligence, logistics/transport issues, intellectual property issues, research and development and language training. There are existing platforms for cooperation like the Community of Latin American and Caribbean States (CELAC) and the Association of Caribbean States (ACS) that should be utilized for promoting the type of cooperation needed for improving trade performance. Dr. Ononaiwu also touched on the efforts to deepen economic and other cooperation between CARICOM and Africa. She concluded that despite signs of declining trade performance in the region, it can be seen what initiatives need to be undertaken and how partnerships in other parts of the LAC could be beneficial.

The discussion around this topic was very lively and touched on the economic potential of the creative industries, job creation, the need for improving transportation links with the markets with which we seek to increase trade, the need to diversify services exports. Questions also arose on whether a new Import Substitution Strategy for SIDS might be needed. There was discussion of the need for a south-south cooperation agenda for climate change and how the global south could develop patent-free technology banks. Development regionalism, such as regional food banks, risk assessment centres were in operation in other regions, such as South-East Asia. There was also the point of whether traditional trade agreements truly provide the opportunities needed for economic growth.

SUMMARY OF CLOSING SESSION AND KEY TAKEAWAYS

The two-day workshop showed clearly that as Barbados continues its post-COVID-19 recovery and the discussions provided much food for thought on the way forward. The key takeaways from the sessions were as follows:

- The COVID-19 pandemic negatively impacted Barbados' tourism-dependent economy. Although economic recovery has begun, the challenging and uncertain global macroeconomic situation makes this recovery tenuous. Diversification, digital transformation and deepening regional integration are key to building the resilience the Barbados economy needs to withstand external shocks.
- Barbados' economic growth has also been adversely constrained by the structure of the post-Bretton Woods global financial architecture which makes it difficult for high income/upper middle-income SIDS to access the concessional financing needed to make a sustainable and inclusive recovery. The Bridgetown Initiative is an example of Barbados calling on the international community to cooperate in addressing these problems.
- Although faster consolidation of the CARICOM Single Market and Economy (CSME) can assist Barbados' national industrial efforts and digital transformation, better alignment between regional and national priorities is required.
- Barbados has already commenced several digital transformation reform initiatives at the national level to promote digital transformation. There are also initiatives at the CARICOM-level to deepen its regional integration, promote greater trade with existing trading partners and expand relations with non-traditional partners, particularly seizing the Africa-Caribbean political momentum.
- Despite opportunities, intra-CARICOM trade remains low and is on a downward trajectory. This is due to several factors, including remaining trade barriers and a lag in the domestic implementation of decisions taken at the regional level. CARICOM can learn lessons from other regions and countries such as the African Continental Free Trade Area (AfCFTA) and sub-regions like the Southern African Development Community (SADC), including on utilizing digital technologies to deepen integration and to foment structural transformation. Barbados can also take advantage of the lessons learnt in Sri Lanka and Rwanda on digitalization, as well as others shared on the UNCTAD Platform for Policy Sharing.
- Barbados needs better data for assessing/diagnosing, monitoring and evaluating digital transformation efforts. Access to data remains a challenge in the country and can make evidence-based policy making and monitoring and evaluating policy impact difficult.
- Some promising sectors for economic diversification in Barbados include pharmaceuticals and the creative and cultural industries.