



**PRESENTATION TO:  
THE NATIONAL CONSULTATION ON THE ECONOMY  
BY:DENNIS DE PEIZA, GENERAL SECRETARY,  
CONGRESS OF TRADE UNIONS AND STAFF ASSOCIATIONS OF BARBADOS  
27 JUNE, 2013, BARBADOS HILTON HOTEL**



Hon. Frenduel Stuart, Prime Minister of Barbados

Members of the Cabinet of Barbados

Ms. Mia Mottley, Leader of Her Majesty Opposition

Leaders and members of the Social Partners

Ladies and Gentlemen

Members of the Media

Today, the Congress of Trade Unions and Staff Associations of Barbados (CTUSAB) welcomes this national consultation on the economy. This in our opinion is an appropriate discussion, as it follows earlier dialogue on matters related to the economy. I make specific reference to discussions of the medium term growth and development strategy 2013-2020, and that on the subject of national transformation at the last meeting of the Full Social Partnership held here at the Barbados Hilton Hotel on 24 May, this year.

As the global economic recession continues to loom on, Barbados as a small island developing state is forced to take an in-depth look at the state of its economy, giving that it is both a service driven and consumer oriented economy. These are critical elements that I believe concern the social partners, giving that the fallout from these is the continued decline in the gross domestic product (GDP). The fact that the Barbados economy relies heavily on external factors, raises some fundamental questions as to what is the most appropriate response required to arrest the ongoing fallout in the economy.

It has been established that in the first quarter of 2013, the GDP has contracted by seven percent (7%). The alarms bells ring aloud when we consider that no robust growth is expected in the economy, and that 0.5 percent growth is projected in 2013.

Against this backdrop, what is most evident is the fact that the country has to concern itself with its growing fiscal deficit. As a consequence, the level of foreign borrowing emerges as a serious issue. It is well known that under the medium term fiscal policy, the adjustment of expenditure has been promoted as a strategy to be pursued. This certainly has its limitations, as it could mean a reduction of social services and employment. This strategy should not be implemented without giving careful consideration to the deleterious effect that this can have in further stagnation of the growth and development of the economy and the country.

The labour movement accepts that there are no easy or ready-made solutions available in order to turn things around. There is however merit in the school of thought that growth has to be driven both by external factors and activity within the local tourism, manufacturing, agriculture and financial sectors.

In considering the way forward for Barbados as it looks for solutions to enable the country to recover from the fallout from the economic crisis and to develop a level of buoyancy, we may wish to examine the actions of other small island developing states such as Singapore and Mauritius. In the case of Singapore, the economy in the last year has grown by 3%. It is said that this achievement was attributed to a process of restructuring. It is notable that Singapore adopted the strategy of productivity gains sharing with employees. In addition to this, a programme of investment in education and training was also embarked upon.

Barbados has been struggling with the issue of low levels of productivity and a declining work ethic. Using the Singapore experience as guide, Barbadian employers could do well to embed productivity gain sharing schemes within their collective bargaining agreements. CTUSAB is already gone on record, calling for the incentivizing of workers. It must be made explicitly clear that workers in both the private and public sectors need to be incentivized. It is important now more than ever that Government also adopts this approach within the Public Sector. This was supposed to be part of the long awaited Public Sector Reform Programme, which today continues to languish; seemingly in need of leadership. The bottom line is that the country has to become far more serious about the engagement of workers.

Time and time again, the issues of foreign borrowing and foreign direct investment have been discussed. With the apparent widening and deepening of the economic recession, it definitely seems that attracting foreign direct investment is more advantageous over that of foreign borrowing. Repeatedly,

calls have been made for government to put systems in place that will lend to greater levels of efficiency so as to create a platform to entice foreign investors. Bluntly speaking, there is a need for urgent national action, lead by the political will to drive it.

Investments by the local business community are also critical if the turnaround in the economy is to bear fruit in the medium and long term. Like the world over, the move today is to establish new and sustainable enterprises. Barbados is in dire need of having new businesses that have an export oriented culture. This is important to the growth of the island, based on the fact that it has to generate foreign exchange.

Establishing of niche markets must become part of the thinking of a competitive Barbados. The developing of new industries and business opportunities or projects must also be pursued through Public Private Sector Partnership. This is what is required in the current global climate, where bilateral or multilateral cooperation may be constrained.

The development of sustainable businesses will be advantageous to this ailing economy which is faced with rising unemployment. It matters that this places an immense drain on the social security systems. The establishment of new sustainable enterprises that will absorb the many technological and other skills and talents of our young people will lend to both productivity and growth. Movement in this direction will have a threefold impact. It is anticipated that it will reduce levels of unemployment, offer quality jobs as opposed to precarious work, and allow for a livable minimum wage.

It is for the Government to take a closer look at youth unemployment. Barbados can ill afford to have 52.7% of its youth unemployed as it is in the case of Spain. This nation could do well to follow the example of European countries and develop a youth employment guarantee scheme that involves education, training and work. The scheme is designed to ensure that young people access jobs within four months on leaving an educational institution. Here in Barbados, the world of work apprenticeship scheme is being promoted. It is now left to private sector employers to fully embrace the programme.

It is difficult to challenge the fact that the investment in technical and vocational training is important in the building of a capable workforce. However, the growth and development of Barbados is more so contingent on the building of a workforce that has the requisite skills required by the job market. The emphasis must be shifted to preparing the workforce to meet demands of the workplace.

Added to this, the better utilization of the human resource must engage the attention of employers, including government as the public sector employer.

In this discussion on the way forward in meeting the challenges brought by the economic crisis, the issue of the net food import bill is one that urgently needs to be addressed. The evidence available tells us that Barbados currently produces about 25% of its food requirements. The food import bill has risen from Bds. \$32M in 1968 to \$653M in 2011. With this hemorrhaging of foreign exchange, it does not leave one to ponder as to why Barbados can be described as most food insecure country in the hemisphere.

If the issue of food security is to be addressed, then it requires that a business approach is to be adopted. The long and short is that the agriculture sector along with manufacturing, must be returned to being key contributors to the economic development of the country. Consistent with this view, CTUSAB strongly supports the work of the National Agricultural Commission, and lauds the proposal of the Commission for the development of food production zones in Barbados. Government should look to give the business community some incentives, which would stimulate investment in agro manufacturing.

A return to the buy local campaign is important, if manufacturers, small and medium enterprises and entrepreneurs are to grow, and in the process provide new and sustainable jobs.

On the subject of the tourism sector, it is now more apparent than ever, that this sector is reeling from the competition of other regional and extra regional destinations. Barbados has to cope with the fact that it is a high priced destination and that its offerings by way of attractions are sadly lacking. Redoubled efforts on the part of government and the private sector can turn this around.

Greater attention needs to be paid to the marketing of the Barbados Tourism product. The marketing of Sports tourism definitely needs to be given an impetus. Based on current trends it would seem that there may be scope for marketing Barbados as the entertainment capital of the world. The private sector could do well to develop this, by attracting world class entertainers to Barbados to work alongside our local and Caribbean superstars. This could lead to an increase in tourists' arrival, occupancy and spend.

I am aware that efforts are ongoing to improve on the Barbados tourism product, as the Ministry of Tourism is currently engraining social partners stakeholders in the development of the Tourism Host Programme Project.

The matter of the wastage of scarce economic resources has to be placed high on government's agenda. Government should refrain from putting resources in non-sustainable projects, as well as those that will bring no immediate benefits to the economy.

Mr. Prime Minister, I have in this presentation attempted to highlight a few areas which from a labour's perspective should be the focus of national attention, in a response to the looming economic crisis. It is left to the Cabinet of Barbados to review the suggestions put forward in mapping a new set of strategies, as a part of a rescue plan.

Mr. Prime Minister, I would be modest enough to state that much of what has been put forward is not new. What is now required is for a new plan of action to be identified, rigorously pursued and periodically evaluated and adjusted, as necessary, in order to meet the goal of repositioning this ailing economy.

I thank you for your attention.

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