



Barbados Is Working Hard to protect The International Business and Financial Services Sector



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Over the past several decades Barbados has built for itself a reputation as a high quality international business and financial services centre, where global businesses can establish operations to compete worldwide. Companies that set up in Barbados are assured of good telecommunications, connectivity to major centres like London, Toronto and New York, attractive lifestyles for staff who relocate here, lower cost of operations than in New York and London, and a safe, well regulated environment for their operations. The fact that English is our native language, our educated labour force, and our location in a convenient time zone are additional factors that make Barbados an attractive location.

The invitation from Barbados to international investors is to take advantage of our network of double taxation agreements (DTA's) and bilateral investment treaties (BIT's) to establish business of substance in Barbados, to service a global clientele. Those who take up our offer choose to do so because their Barbados operations allow them to be more competitive and profitable than they would be if they provided the same services from alternative locations. That is because the alternatives do not offer the attractive combination of features that Barbados affords them. Their decision is based on the strength of the underlying business proposition.

It is because of this underlying economic logic that we are confident of the future of our international business centre. Their operations in Barbados enhance the overall profitability of the firms that are located here, and that enables them to price their services more keenly, have greater resources to invest in growing their businesses, and provide a more attractive return to their shareholders. The growing financial strength of these companies makes a positive contribution to the growth of national income in their countries of origin.

The sector has become an important source of new jobs for legal, financial and other professional jobs, and the skills they employ will, over time, expose Barbadians to an ever widening range of specialisations. As locals master those skills we strengthen the case for international firms to locate in Barbados, because they will be able to recruit from a local labour pool.

As everyone knows, our international business sector faces challenges. The interpretations of provisions in our double taxation treaty have changed, undermining the viability of some businesses and some activities. In addition, it has become increasingly inconvenient for smaller international business companies to establish operating accounts in Barbados. This has come about in spite of Barbados' sterling reputation as a well-regulated, transparent, high quality jurisdiction.

These challenges, which Government and the Central Bank are tackling in robust, proactive fashion, have slowed the growth of our IBFS sector temporarily, but they do not impair its inherent potential. That potential is based on all the factors that make Barbados a competitive location, and that create profits for the investing companies, jobs and income for Barbadians, and investment income and economic growth for the economies of Canada and all other economies that are home to foreign investors. In the end, these factors create an economic logic which continues to drive the expansion of the IBFS sector. And in the meantime, efforts continue to have the unjustified roadblocks removed, once and for all.

The contribution of our international business and financial services to foreign exchange earnings, and therefore to the growth of our economy, is second only to that of tourism. The sector adds value in Barbados through the corporation taxes they pay locally, the wages of their local staff, and the legal, financial and other business and professional services they employ.