

WHY LONDON MATTERS



[Françoise Hendy](#)

Invest Barbados closed its London office this year but Barbados continues to recognise the importance of London to the growth and development of its international business brand; particularly those aspects heavily reliant on the policy and practice of international tax diplomacy.

Based at the Barbados High Commission in London, and leveraging that city's position as the global hub of diplomatic and business activity, the Office of Special Advisor (OSA) is executing a targeted plan of engagement with countries, international organisations and private sector actors whose activities impact on our vital economic interests.

Recognising that London represents 'low hanging fruit' with respect to Barbados' revamped Non Domiciled High Net-Worth Individual Programme (Non-Dom/HNWI), the OSA is also actively promoting the programme.

The Government of Barbados has echoed the private sector's interest in forging diplomatic and business links with African states. That the interest is business driven is an important point to make as the usual instruments which are the 'bread and butter' of international tax diplomacy, namely agreements for the avoidance of double taxation (DTAs) and bilateral investment protection and promotion agreements (BITs) are most useful when negotiated on the basis of a pre-existing business model.

This is not to say that agreements which act as the catalyst for commerce are without value as together they represent the intangible infrastructure of Barbados' international business brand and are important in distinguishing Barbados from zero tax, non-treaty based financial and business centres; whose competitive advantage lies predominately in the absence of corporate taxation.

Importantly too with the G20's mandate of comprehensive international tax reform, international tax diplomacy is increasingly becoming preoccupied with the means of exchanging confidential taxpayer information either through bilateral agreements such as tax treaties, tax information exchange agreements (TIEAs) and more recently the OECD Multilateral Convention on Mutual Assistance in the Collection of Taxes.

The G20 Communique released after their Cairns finance ministers has made it clear that with its mandate to prevent base erosion and the shifting of profits from high tax jurisdictions to low or zero tax countries the agenda will encompass globally enforced rules on tax avoidance and will be the biggest re-write in international tax rules reflected in the more than 2000 tax treaties already in existence.

That Barbados has chosen to have an external office dedicated to managing international tax diplomacy from a 'policy and practice' perspective is an important complement to the continuing efforts at home by the Ministry with responsibility for International Business and Financial Services, as well as the Central Bank, Invest Barbados, BIBA, ICAB, the Ministry with responsibility for Investment and persons who earn their livelihood directly or indirectly from Barbados' international business brand.



A serene view of Speightstown beach, on the north-west coast of the island.

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CONFERENCE RAISES BARBADOS' BUSINESS PROFILE

Barbados' inaugural International Financial Centres (IFCs) conference, staged on September 11 at the Hilton Barbados Resort, came to a successful conclusion. Approximately 150 attendees including financial and tax advisors, regulators, lawyers, and senior executives from Barbados, Canada, Cayman Islands, Ghana, Jamaica, Rwanda and the United States of America, gathered for the one-day conference to discuss and share ideas on the issues facing IFCs globally. Importantly too, attendees strategised on appropriate improvements for the sector. Potential investors who attended the forum were able to assess first-hand Barbados' business environment.

Themed, *'IFCs in a Borderless Digital Economy'*, the conference focused on advances, challenges and solutions facing IFCs and demonstrated their value in increasing the efficiency of global markets.

Barbados' Prime Minister, The Right Honourable Freundel Stuart, Q.C., M.P., delivered the Feature Address, noting the importance of IFCs and making specific reference to Barbados' continuing role as a leading Caribbean IFC. "It is my view that IFCs of substance are here to stay because they increase the efficiency of global transactions for the benefit of all parties to those transactions." the Prime Minister said.

He continued, "The longstanding association of Barbados with the success of businesses in major economies is now a fact beyond dispute... The legal mechanisms established, in particular the International Business Company and the International Society with Restricted Liability, and the incentives made available to them, have provided foreign companies with an excellent platform from which to operate internationally."

Another highlight of the conference was the case study of the Barbados/Canada relationship, presented by Professor Walid Hejazi of the Rotman School of Management, University of Toronto, Canada. His recent study revealed that Barbados' offshore structures provided numerous benefits to Canada and Canadian companies, including making those companies more competitive. Hejazi explained that, "As a result of Canadian companies having access to Barbados as a conduit into the global economy, Canadian exports into the global economy are anywhere from \$2.6 billion to \$3.1 billion more than they would have been had Canadian companies not have access to Barbados."

A major initiative arising from the conference is the preparation of an outcome document with recommendations to be submitted to the Organisation for Co-operation and Economic Development, helping to ensure that its concerns as a small IFC are represented at global decision making forums. The conference, which was the brainchild of Consultant, Hon. Dr. Donald Oliver, was organised by Invest Barbados, in collaboration with the Central Bank of Barbados.



At the conference: Central Bank Governor Worrell (left) in conversation with Albert Essein, Group CEO of Ecobank.

**INVEST
BARBADOS**



INVEST BARBADOS COORDINATES PARTICIPATION IN RIMS CANADA

Barbados participated in the 40th annual Risk and Insurance Management Society, Inc. (RIMS) Canada Conference, held from September 14-17, in Winnipeg, Manitoba.

Coordinated by Invest Barbados, the Barbados delegation was led by Mr. Randy Graham, Chief Executive Officer of the Financial Services Commission, and included 12 delegates from the private and public sector. RIMS Canada attracts approximately 1,200 industry partners and risk management professionals annually.

A number of service providers from captive insurance management companies and international banking were represented, along with Barbados' international business umbrella body, the Barbados International Business Association (BIBA). The conference provided an opportunity to share with prospective investors why Barbados is an attractive domicile for captive insurance business.

BARBADOS' COMPETITIVENESS IS ATTRACTIVE TO IBFCS

Small international business and financial centres like Barbados make it possible for international firms to increase their competitiveness in international commerce and finance by locating aspects of their business in subsidiaries located in our international business centre. That is because Barbados offers financial, accounting, legal, trading, information, administrative, and other services that are up to international standards, at costs much lower than would be the case in the major financial centres of the world. In Barbados firms also find regulatory standards of a quality that are attested to by the IMF, World Bank, OECD and other international bodies. Other advantages that contribute to Barbados' competitiveness include our institutional strength, social services, and technological readiness.



Dr. DeLisle Worrell

During the course of today's seminar our speakers will demonstrate that small international financial centres such as Barbados provide internationally comparable financial and business services at competitive prices, when all the factors that affect the investment decision are taken into account. In this 21st century we live in a new world where production processes transcend national boundaries, even for the smallest of firms.

The Chinese internet retail service company Alibaba, which is currently on a roadshow for what is expected to be among the largest Initial Public Offerings of its kind on international capital markets, advertises itself as a supplier to firms as much as to households. Because of telecommunications it is possible nowadays to provide the inputs into any firm's production process from a variety of sources, in many different locations, anywhere in the world. As you would expect, this benefits everyone: producers are able to secure materials, skills, finance and other inputs in the most cost effective manner, and consumers benefit because firms are able to offer best value for money as a result.

Small IBFCs like Barbados enrich the options available to international companies in locating services for the global market, so they may offer more competitively priced goods and services. Every IBFC has a unique mixture of characteristics which defines its comparative advantage, and the activities it will attract as a result. In Barbados' case, a strong network of double taxation treaties is a distinguishing feature, along with the advantages previously mentioned.

The globalisation of business therefore offers exciting possibilities for all nations to increase the competitiveness of firms, and to obtain goods and services at the best prices for their consumers. In this global mix, IBFCs like Barbados continue to play a vital role, for companies whose requirements match their skill sets and other sources of comparative advantage. However, the rapid change of tastes and technology does create challenges, dislocations and some losses. These must be taken care of, and the burdens of transition eased for persons affected. If not well managed, the disaffected may impede the progress of the international community.

Major international dislocations like the Great Recession of 2008, and its lingering effects, fuel opposition to the globalisation of commerce. Many international commentators see the backlash against outsourcing, the growth of anti-immigration sentiment in many countries, burdensome rules and prescriptions on international commerce and finance, and the growing competition among countries for a share of tax on the profits of international companies - as unfortunate setbacks to efficient global markets, and a loss to everyone, including the protagonists of the protectionist policies.

ABOUT the IBFS Newsletter.....

It is a quarterly electronic publication, released exclusively on the Central Bank of Barbados' website, www.centralbank.org.bb. There is no subscription fee involved in accessing the publication. The primary target audience includes professionals who are experienced and knowledgeable about the dynamics of the Barbados international business and financial services sector, and are keen on monitoring the global issues which may impact it. Article ideas and submissions may be forwarded to Laurie Blackman, Editor.

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FRUITFUL VISIT TO CANADA FOR BARBADOS DELEGATION

In early September, a six-member delegation from Barbados held a successful week of meetings in Toronto and Ottawa with Canadian banks, the Office of Supervision of Financial Institutions, the Bank of Canada, the Canadian Ministry of Finance, the Barbados Consulate and high Commission, the Canada branch of the Barbados International Business Association, and representatives of Invest Barbados and the Barbados Tourism Marketing Inc. Included in the delegation was: Randy Graham, Chief Executive Officer of the Financial Services Commission, and Central Bank of Barbados representatives Governor DeLisle Worrell; Director of Bank Supervision, Marlene Bayne; Legal Officer Sadie Dixon; Deputy Director, Research and Economic Analysis Anton Belgrave; and Risk Assessment Analyst Tamara Hurley.



Downtown Toronto (photo courtesy Trail Canada.)

Main topics of discussion

Challenges facing our International Business and Financial services.

Barbados' comparative advantages are its social institutions and infrastructure, as evidenced by our ranking on the Global Competitiveness Index, our network of Double Taxation Agreements, and our good regulatory systems. Barbados offers a good platform for Canadian companies to increase their competitiveness in selling to Latin America, Europe, the Middle East and Asia; this benefits the firms, as well as Barbados and Canada. Our IBFS centre is set to play a small but essential part in the future of globalisation. Constructive discussions examined ways to address the initiatives to avoid tax evasion in Canada, and to attract business of real substance going forward.

The effects of downgrades by ratings agencies.

Notwithstanding the earlier downgrades, both the Canadian banks and the regulators agreed that funds raised in Barbados dollars should remain in Barbados. Any surplus over private sector requirements which is not re-invested with Government should be left on deposit with the Central Bank.

The establishment of subsidiaries in Barbados, vs retaining a network of branches.

The Canadian banks with established subsidiaries in Barbados have found it necessary to seek support from their head offices. We are finding there is little merit in having a capitalised subsidiary in Barbados. This matter also affects the resolution plans which Canadian banks are now obliged to develop under OSFI's supervision. Barbados has sought to ensure that, in case of problems in Canada, the local bank will not be abandoned; and that in case of problems with a big borrower in Barbados, local banks can rely on the head office for support. These issues are clearer if the local operations are branches, seen to be the most favourable arrangement .

FEATURED CONTRIBUTORS to this issue

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Dr. DeLisle Worrell was appointed Governor of the Central Bank of Barbados on November 1, 2009.

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UPCOMING 'LATAM' CONFERENCE, OCT 9-10TH

During a two-day conference in October, the local international business community will have an opportunity to connect with their peers from Latin America at the flagship event on the upcoming International Business Week Calendar.

Titled: *'Bridging the Americas: Barbados... Your Gateway'*, the conference takes place on October 9-10 at the Hilton Barbados Resort.

It will focus on the Latin American market and ways in which Barbados and that region can foster stronger business relationships. The conference is being hosted by BIBA, Invest Barbados and other strategic partners, and Minister of Industry, International Business, Commerce and Small Business Development, the Hon. Donville Inniss, M.P., will deliver the Welcome Address.

Thought-provoking presentations and panel discussions include:

"Barbados as a Bridge between North and South; Understanding Tax Regimes in Barbados and Latin America; Differences and Opportunities; and Doing Business with Latin America – What you Need to Know."

A contingent of specially invited international business professionals from Latin America will make presentations in a forum that encourages interaction with the audience. Confirmed speakers include Mauricio Cano del Valle of Brook & Cano, Mexico; Luis Laguerre of KPMG Panama and Efrain Peña of Norton Rose Fullbright, Colombia. Presenters from Brazil, Venezuela, and Costa Rica are also expected.

To register for the conference or to learn more about the Barbados value proposition, visit www.investbarbados.org.



A sweeping view of Carlisle Bay, looking south from Bridgetown.



photos from left:

Stakeholders join the media for the launch of IBW2014. IBW Steering Committee Chair Andrew Alleyne offers remarks.

SCHEDULE OF ACTIVITIES / October 5-11, 2014

Oct 5	Church Service	St. Thomas Parish Church	9:00 a.m.
Oct 6	Opening Reception <i>(by invitation only)</i>	Sandy Lane Spa	6:30-8:30 p.m.
Oct 7	Schools Symposium	Lloyd Erskine Sandiford Centre	8:30 a.m.-12:00 p.m.
Oct 7	Public Discussion Forum	EBCCI, UWI Cave Hill	7:00 p.m.
Oct 8	Careers Showcase	Guild Lawn, UWI Cave Hill	1:00-6:00 p.m.
Oct 9	LATAM International Business Conference	Hilton Barbados	8:00 a.m.-4:30 p.m.
Oct 10	LATAM International Business Conference	Hilton Barbados	8:00 a.m.-12:00 p.m.
Oct 11	BIBA Charity 5 KM Fun Walk/Run	Start: Barbados Museum	4:00 p.m.

NEW VIDEO SERIES ON THE CBB WEBSITE:

"SHARPENING THE COMPETITIVE EDGE: MOVING FROM GOOD TO GREAT"

Barbadians can and must bolster the country's competitiveness.

This is the principal message in a 15-part television series titled, "Sharpening our Competitive Edge: Moving from Good to Great", produced by the Central Bank of Barbados and the National Productivity Council.

While Barbados outperforms its Caribbean neighbors in competitiveness, ranking 47th among 148 countries in the World Economic Forum's Global Competitiveness Index 2013-2014, the Bank and the Council will examine ways, and provide examples to improve the country's rating, with the help of experts in the field.

Captains of industry, in-house experts from both the Central Bank of Barbados and the National Productivity Council and ordinary Barbadians will all weigh in on a range of topics including, productivity, innovation, accessing financing, and improving service delivery in both the private and public sector when the episodes air on CBC TV 8, on Wednesdays at 7:55 p.m. from September 3, 2014. The episodes are also on the Bank's homepage at www.centralbank.org.bb.



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1 **Shane Sealy, the key presenter in this new series.**

2 **The quality of Banks Beer compares to that of the largest breweries in the world.**

3 **Harris Paints has made great strides on the world stage through the development of innovative homegrown products, crafted and formulated in Barbados.**

Episode #1 Barbados is a prosperous country and one of the most competitive countries in the Caribbean and in Central America. This episode explains why Barbados holds this position, according to the World Economic Forum's Global Competitiveness Index. (5:15)

Episode #2 Barbados has been focusing on a number of key areas to be competitive regionally and globally. In this episode, we examine the elements of Barbados' economy and local businesses that have propelled Barbados to be ahead of the game. As Dr. DeLisle Worrell says, "you have to get the price right to be competitive." However, he adds "Branding is important". This episode explains that the quality of Barbados' tourism and international business and financial services supports the pricing of these services. (5:27)

Episode #3 It's no secret that Barbados is one of the top rated countries in the Caribbean and in Latin America when it comes to competitiveness. But this small island still has a lot to learn to make its economy and the products it offers competitive with the world leaders and that is why we're looking to the top. Switzerland has the distinction of being rated as the #1 country when it comes to competitiveness, and it is a landlocked country with little natural resources. So how does it get its productive sectors firing on all cylinders? The Honorary Consul to Barbados, Claudio Maachi says, "Culture plays a major role". (5:37)

Episode #4 As we continue to look at sharpening our competitive edge, it is understood that a large part of moving from good to great depends on how productive your work force is. The organisation charged with helping companies achieve this is the National Productivity Council, The agency works on the design and development and implementation of productivity programmes, and John Pilgrim is the man in charge. In this episode, we explain why productivity measurement in the private and public sectors is key to boosting competitiveness.

Editor's Note

The outcomes of significant conferences, seminars, meetings are highlighted this issue, as Barbados' IBFS stakeholders continued working to position Barbados as a domicile of choice, and also converged to evaluate emerging opportunities in new markets.

While a great deal of attention continues to be paid to the symbiotic Barbados-Canada relationship, guest contributor Francoise Hendy reminds us that we must continue to recognize London as significant to the further growth of our international business brand.



[Laurie Blackman](#)

The Central Bank's latest video series, "Sharpening the Competitive Edge" examines the factors contributing to the nation's already remarkable rating on the Global Competitiveness Index, while urging us on to even higher heights.

As we look to wrapping up another year of the IBFS Newsletter with our December, 2014 issue, I'd like to thank our readers for their ongoing support of the publication. We continue to welcome relevant submissions from new contributors, and representatives of stakeholder agencies. Please direct submissions, comments and other feedback to me at laurie.blackman@centralbank.org.bb.

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Country charm discovered along a rural St. Thomas roadway.

