

## CANADA: A HIGHLY-VALUED PILLAR OF OUR IBFS SECTOR

**B**arbadus' International Business and Financial Services (IBFS) Sector assumes special significance as one of our country's main pillars of economic diversification, producing sustained long-term economic benefits. The sector has been founded on principles of transparency and substance and the expansive network of tax treaties underscores Barbados' commitment to the exchange of information.



[Sadie Dixon](#)

One of Barbados' main partners in the IBFS Sector is Canada and the relationship between Barbados and Canada has been longstanding with ties being initially established in 1907 when the Canadian Trade Commission established an office in Barbados. The mutual benefits that international centres like Barbados afford Canada include increased Canadian exports, increased market access and employment. In addition, Barbados and Canada share a long history of collaboration and dialogue evidenced in several ways and this is a relationship which Barbados values and wishes to preserve.

It must be also underscored that Canadian investments in Barbados have a positive impact in their home country, including increased capital formation, better employment and enhanced domestic activity that leads to greater tax revenue. Research conducted by Professor Walid Hejazi of the Toronto-based Rotman School of Management confirms that Canadian investments which are channelled through Barbados positively impact Canada's trade with the US, EU, East Asia and Latin America.

In recent times, Barbados has faced some challenges from the Canadian Revenue Agency in relation to its international banks and their tax status. Barbados wishes to underscore that entities and persons in its IBFS Sector should pay a level of taxation that is appropriate to the business that is conducted within the jurisdiction. This conforms to the principles that underpin the development of our sector. *(continued on page 2)*

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## NEW CANADA-BARBADOS PROTOCOL NOW IN EFFECT

**T**he Protocol amending the Agreement between Canada and Barbados for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital entered into force on December 17, 2013. The Protocol was signed on November 8, 2011. The Protocol includes provisions reflecting the standard developed by the Organisation for Economic Cooperation and Development for the exchange of tax information. Additional information concerning the interpretation and application of Canada's tax treaties as well as international tax issues can be obtained from the [Canada Revenue Agency \(CRA\)](#) website.

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*Canada: A Highly-Valued Pillar of our IBFS Sector (continued from page 1)*

Keenly aware of the fact that the initiatives and programmes of many different public and private sector bodies combine to contribute to the impression of Barbados as an international business brand, the Central Bank is actively supporting efforts to address any misconceptions concerning Barbados’ status as an international offshore financial centre. Within the IBFS sector, institutions are licensed and regulated either by the Central Bank of Barbados or the Financial Services Commission, according to the standards set by the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the International Organisation of Securities Commissions and other international recognized financial oversight bodies. The national framework is regularly updated to make the necessary adjustments arising from evolving standards by these bodies, as well as the Global Forum and the Financial Action Task Force.

Barbados’ efforts have placed the jurisdiction in a position where we compare favourably with larger and more developed international financial centres. To further reinforce this message, the Bank has determined that it is critical to Barbados’ sustained IBFS Sector development to disseminate accurate information about the standards which the jurisdiction considers paramount. In furtherance of this, the Bank has recently engaged in consultations with marketing and communications specialists, with a view to determining a holistic, sustained and relevant initiative to ensure that the message about Barbados’ IBFS sector remains current. It is hoped as well that continued dialogue with our Canadian counterparts will clarify any misunderstandings of Barbados’ IBFS sector.

**December in Barbados: Picture perfect weather.**

**Top: Little Bay, St. Lucy**

**Bottom: The view from Highway 1, St. James.**



**Editor’s Note**



This quarter’s newsletter features, for the most part, news coming out of activities, discussions and analyses emanating out of the Central Bank of Barbados and its activities. The next issue will return to the usual practice of featuring articles from experienced and knowledgeable professionals interested in writing on various aspects of the Barbados international business sector.

[Laurie Blackman](#)

We are also open to relevant submissions from new contributors, and representatives of stakeholder agencies. Please direct submissions, comments and other feedback to: [laurie.blackman@centralbank.org.bb](mailto:laurie.blackman@centralbank.org.bb)

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## BARBADOS SABBATICAL FOR PROMINENT ECONOMIST

**D**r. C. Fred Bergsten, Senior Fellow and Director Emeritus of the Washington-based Peterson Institute, is expected to commence a six-week sabbatical at the Central Bank of Barbados in mid-January, 2014. The Peterson Institute for International Economics is a private, nonprofit, nonpartisan research institution devoted to the study of international economic policy, and Bergsten is the Institute's Senior Fellow and Director Emeritus. Bergsten built the institute from a one-man operation to one of the world's most prominent think tanks focusing on international economic policy, drawing visits from senior government officials and other top policymakers from around the world.



[Fred Bergsten](#)

He recently retired from the Peterson Institute, of which he was the Founding Director in 1981. "I've spent 30 years of my life creating and developing the institute," said Dr. Bergsten, 70 years old. "I do want to get back to doing more research and writing myself. And I want to make the transition when we're in good shape and there's a very strong foundation."

[Dr. Bergsten's](#) accomplishments are many; he is a member of the U.S. President's Advisory Committee on Trade Policy and Negotiations, a member of the Advisory Committee to the Export-Import Bank, and co-chairman of the Private Sector Advisory Group to the United States-India Trade Policy Forum, comprising the trade ministers of those two countries. In November, he received the National Foreign Trade Council's 2013 World Trade Award, becoming the annual award's first recipient to be recognized for thought leadership rather than service as a high government official or top corporate executive. He has written prolifically on international economic issues, having produced numerous policy papers and Op-Ed pieces, and over 41 books which he has written, co-authored or edited.

He is no stranger to the Central Bank of Barbados, having presented the 15<sup>th</sup> Sir Winston Scott Lecture in 1990, when he spoke on the topic "[The World Economy after the Cold War.](#)"

While in Barbados, Dr. Bergsten is scheduled to meet with Central Bank Governor DeLisle Worrell, representatives of Government, and will regularly interact with the Management Team and other members of staff of the Central Bank. Also planned are discussions with the Barbados Economics Society and informal meetings with other economists. A special session for journalists and other members of the media to meet and interview the prominent economist will be announced and a regional discussion forum for the general public will be scheduled. These arrangements and all other aspects of Dr. Bergsten's six-week visit to Barbados are being coordinated by the Central Bank's Public Affairs Office; for more information, contact [Ms. Sandra Whiskey](#).

### ABOUT the IBFS Newsletter.....

It is a quarterly electronic publication, released exclusively on the Central Bank of Barbados' website, [www.centralbank.org.bb](http://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 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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## JANUARY 15, 2014: CENTRAL BANK OF BARBADOS NEWS CONFERENCE TO REVIEW BARBADOS' ECONOMIC PERFORMANCE

### SMOOTHER IMMIGRATION SERVICES AHEAD

The Government of Barbados has received grant financing from the Compete Caribbean Programme to facilitate the institutional strengthening of the Barbados Immigration Department, aimed at improving the business climate in Barbados. Over a 6 month period January-July 2014, the consulting services will conduct a diagnosis of the Barbados Immigration Department and prepare an action plan with recommendations to improve the efficiency of its operations - including the facilitation of the international business and tourism sectors. The diagnosis will assess the current legislative framework, organisational structure, functions, outputs and human resources, as well as information and communication technology capacity. It will also formulate an action plan (short and medium to long term) to address any shortcomings and/or bottlenecks and prepare a draft project proposal for submission to Compete Caribbean. Expressions of Interest from interested consultants are now being sought. The full Terms of Reference can be viewed on the agency's website ([www.competecaribbean.org](http://www.competecaribbean.org)).

### ONE-DAY IBFS SEMINAR SET FOR MARCH 12, 2014

March 12, 2014 is the date selected for the next comprehensive one-day conference for stakeholders in the International Business and Financial Services sector. For the past three years, the Central Bank of Barbados has partnered with stakeholder agencies and institutions to stage the annual event, providing a forum where practitioners and regulators discuss and analyse recent developments in the sector, brainstorm on viable solutions to sectoral challenges, and seek consensus on the path forward.



The annual IBFS Seminars attract a wide cross-section of industry stakeholders.

Though the planning process is still underway, key agenda items suggested for the 2014 meeting thus far include: Lobbying - A Global Voice; Consumer Charters; Pursuing a New Canadian Market Strategy; and New Markets and New Products. Central Bank coordinator Alicia Bascombe is welcoming additional suggestions for programme topics, and can be contacted at [Alicia.bascombe@centralbank.org.bb](mailto:Alicia.bascombe@centralbank.org.bb). Previous attendees whose contact information has changed since last year's conference are encouraged to forward these updates to her, and others who believe that they could contribute to and/or benefit from the discussions may request to be added to the guest list.

### FINANCIAL STABILITY REPORT DUE IN FEBRUARY, 2014

The next edition of the country's Financial Stability Report (FSR), produced in collaboration with the Financial Services Commission (FSC), will be released in early February, 2014. The Central Bank of Barbados and the FSC are jointly responsible for the continuous oversight of the financial system, the assessment of vulnerabilities and the initiation of policies to increase the resilience of the system. The Central Bank's Financial Stability Unit works with the FSC's staff to ensure that the assessment of risk exposures covers the activities of banks, insurance companies, non-bank financial institutions, credit unions, the activities of the Barbados Securities Exchange and issues and redemptions of government securities. The report analyses a range of financial stability indicators for banks and other financial institutions. For depository institutions, financial forecasts are used to assess expectations for capital adequacy and the quality of credit. Progressive stress tests are also used to test for possible contagion among banks and banks' exposures to financial institutions abroad.

## TWO NEW INDICES GIVE BARBADOS FAVOURABLE RANKINGS

### • 2013 INDEX OF ECONOMIC FREEDOM



**November 30, 2013: The 2013 Independence Parade in the Historic Garrison District.**

Barbados's economic freedom score is 69.3, making its economy the 39th freest in the 2013 Index. Its score is 0.3 point better than last year, registering drops in business and monetary freedoms largely offset by improvements in fiscal freedom, the management of government spending, and labor freedom. Barbados has dropped to 6th out of 29 countries in the South and Central America/ Caribbean region, but its overall score remains well above the global and regional averages. Weighing in at position #39, this index places Barbados slightly behind the Bahamas at #35 and St. Lucia at #32. For over a decade, The Wall Street Journal and The Heritage Foundation, Washington's preeminent think tank, have tracked the march of economic freedom around the world with the influential Index of Economic Freedom.

Since 1995, the Index has brought Adam Smith's theories about liberty, prosperity and economic freedom to life by creating 10 benchmarks that gauge the economic success of 185 countries around the world. The Index covers 10 freedoms – from property rights to entrepreneurship – in 185 countries. *Information reprinted from the Washington-based Heritage Foundation:* <http://www.heritage.org/index/country/barbados>.

### • 2013 INDEX OF PUBLIC SECTOR CORRUPTION

Transparency International (TI) has ranked 177 countries/territories on the perceived levels of public sector corruption, scoring them from 0 (highly corrupt) to 100 (very clean). In the Americas, Canada top-scored at 81 with Barbados gaining the second-highest position with its score of 75. Only one point behind the United Kingdom, Barbados earned the same rating as both Belgium and Hong Kong. Coming in at position #15, Barbados was revealed as the least corrupt country in the Caribbean Community (CARICOM); followed by the Bahamas and St. Lucia in position #22, and St. Vincent at position #33. Read more: <http://www.caribbean360.com/index.php/news/1088753.html#ixzz2pdO6Aofn>



**BARBADOS** remains a wonderful place to live, work and do business.

Metallic wind-driven statues on beautifully landscaped grounds greeted Christmas shoppers at a popular west coast mall.

## VIDEO SERIES NOW ON THE CBB WEBSITE: “THE VALUE OF THE FOREIGN EXCHANGE SECTOR”

The Central Bank of Barbados has produced a series of short videos to help Barbadians understand how we are managing the economy and keeping things stable. The features are of approximately five minutes in duration, underscoring the importance of maintaining comfortable levels of foreign exchange in order to secure economic stability and the parity of the Barbadian dollar. In short, the twelve videos demonstrate that in a small open economy such as ours, stability is anchored on accumulating a good stock of foreign exchange reserves. The policy framework in place to balance the inflows and outflows will also be addressed.

The series have been showing on CBC-TV 8 each Wednesday evening at 7:55 p.m.

**SEGMENTS IN “THE VALUE OF THE FOREIGN EXCHANGE SECTOR” SERIES WHICH CAN BE ACCESSED ON THE CENTRAL BANK WEBSITE:**

- #1: The Value of the Foreign Exchange Sectors (4:59)
- #2: The Role of SMEs in Growing the Foreign Exchange Sector (5:54)
- #3: Living Within Our Means (5:53)
- #4: Foreign Reserves and IMF Intervention? (5:59)
- #5: Government Debt vs Household Debt (5:39)
- #6: How Can the Individual Contribute to Economic Stability? (5:53)
- #7: How the IBFS Sector Makes a Contribution (6:58)
- #8: Driving Growth through Attracting New Tourism Visitors (5:55)
- #9: Agriculture and Agro-Processing (5:31)
- #10: Alternative Energy (5:47)
- #12: Appreciating The International Business Sector (5:46)



Most video segments were compiled by Shane Sealy, Presenter.

### TO ACCESS THE VIDEOS:

- a) go to CBB website; [www.centralbank.org.bb](http://www.centralbank.org.bb)
- b) scroll down to middle of the homepage, to the MULTIMEDIA section
- c) Select desired episode