



# **Harnessing Global Business for Sustainable Economic Growth: The Barbados Blueprint**

**Address by Governor Dr. Kevin Greenidge  
to BIBA (The Association For Global Business)**

**Wednesday, February 7, 2024**

[centralbank.org.bb](https://centralbank.org.bb)

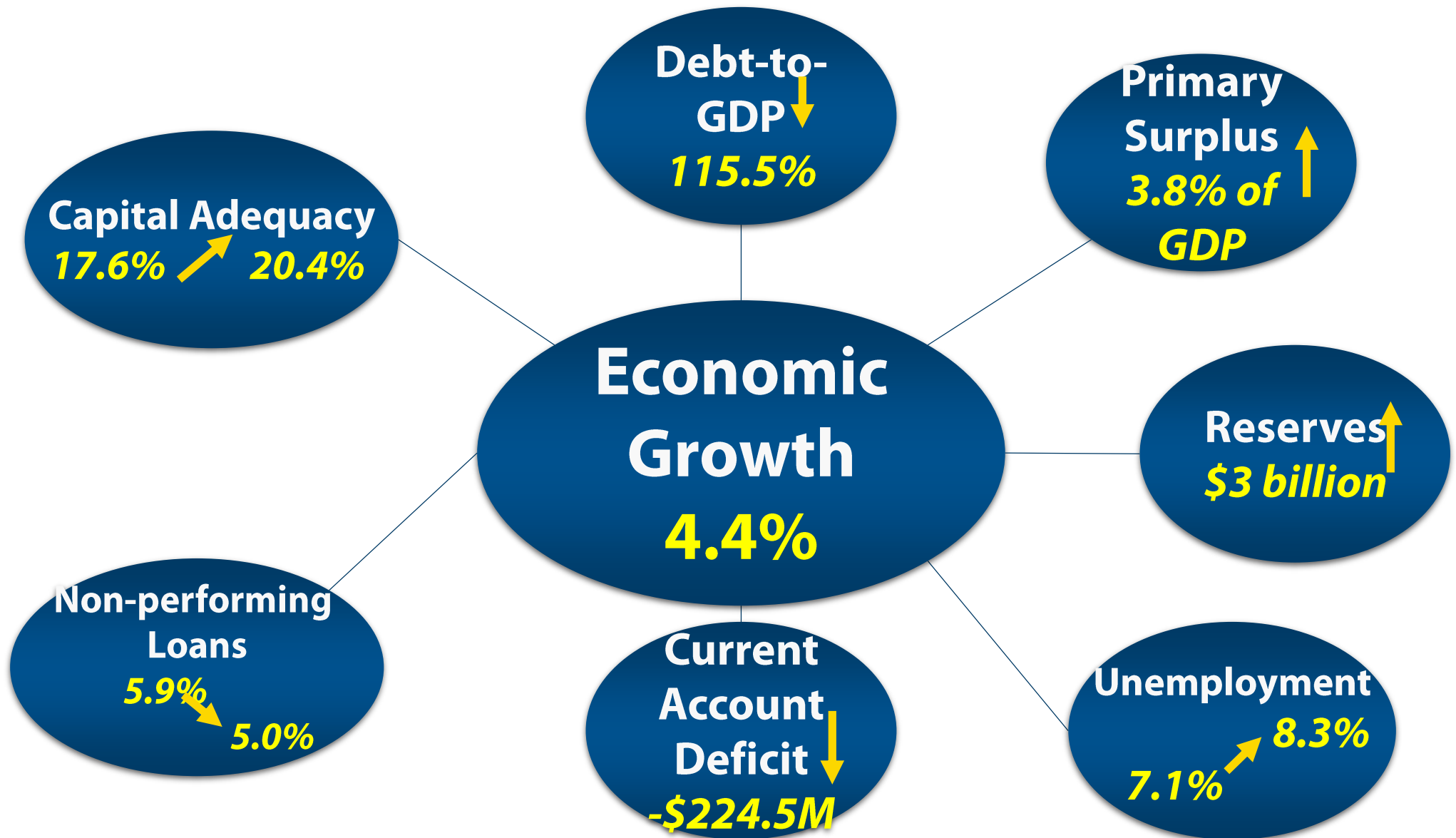


# Outline of Presentation

1. The Current Economic Landscape
2. The Economic Outlook
3. Maximising Economic Potential through the Global Business Sector:
  - The Role of the Global Business Sector
  - Synergy between Tourism and Global Business
  - Positioning for Future Prosperity
  - Data, data, data

# 1. The Current Economic Landscape

# Economic growth continued, strengthening resilience.

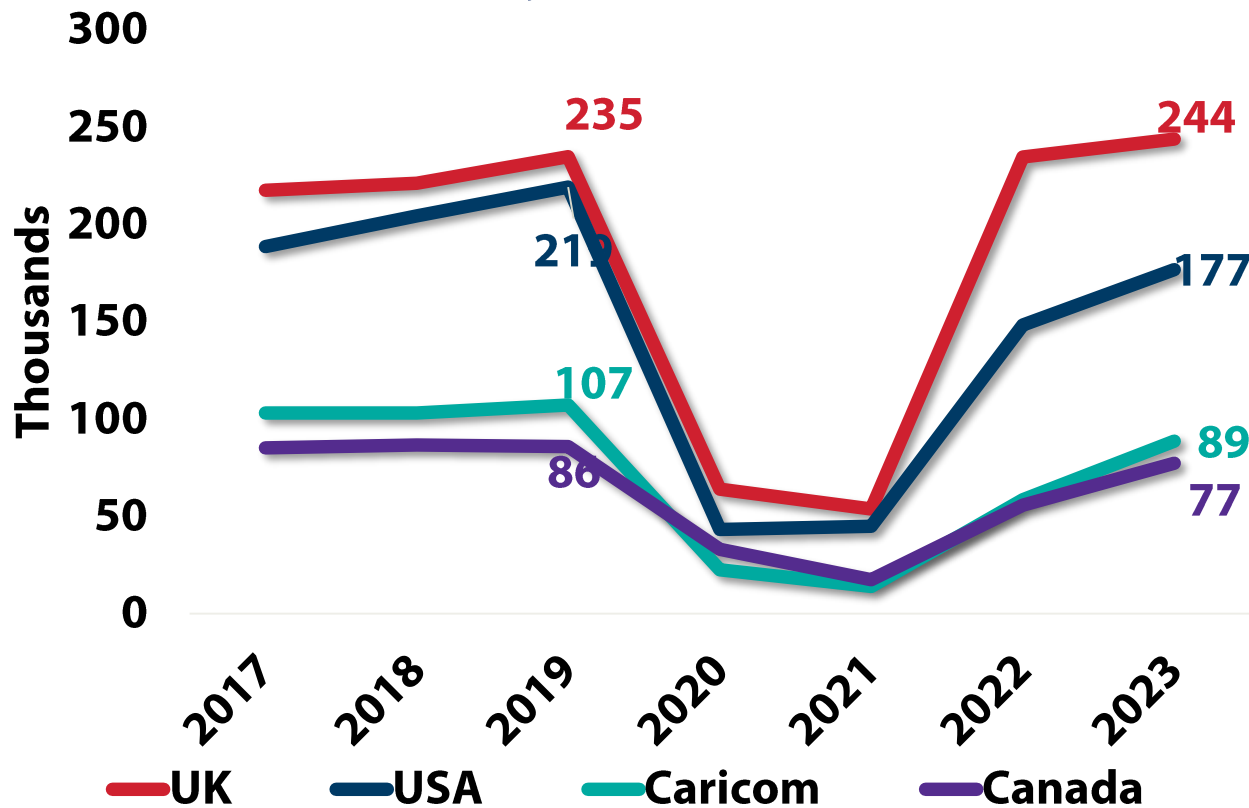


# Broad-based growth led by continued strong performance in tourism

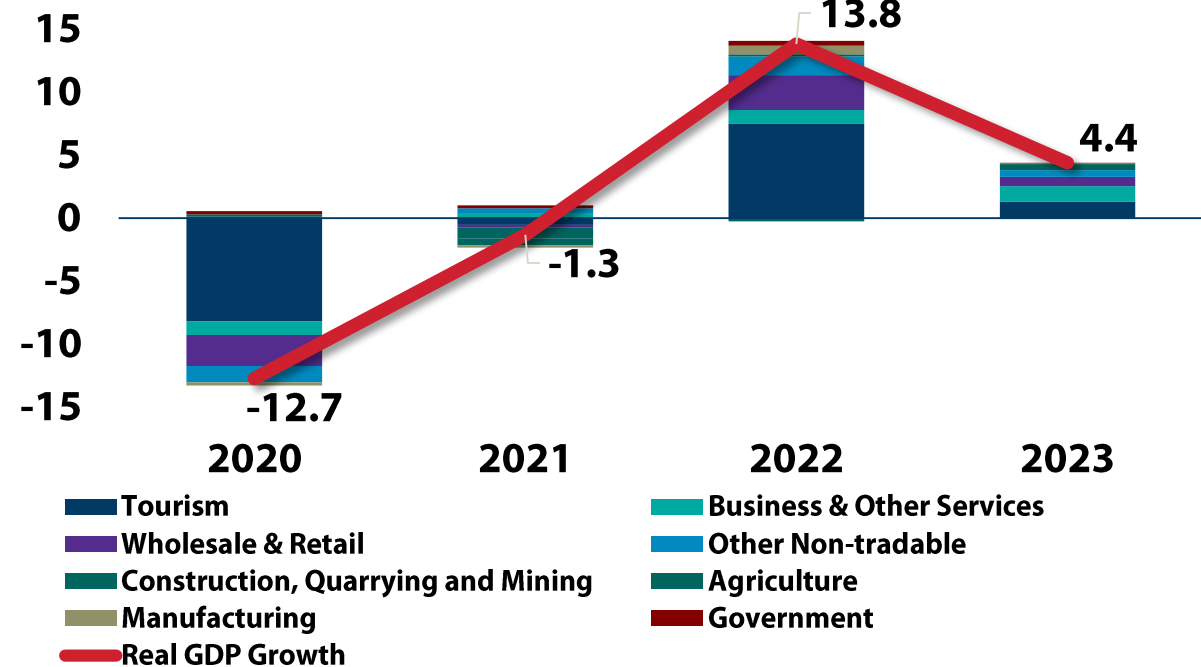
**Arrivals up 18% on 2022 and now 93% of pre-COVID average ...**

**... supporting broad-based growth.**

## January - December



## Real GDP Growth and Sectoral Contributions (Percentage change)



# Global business: a significant contributor to the economy and foreign exchange earnings.

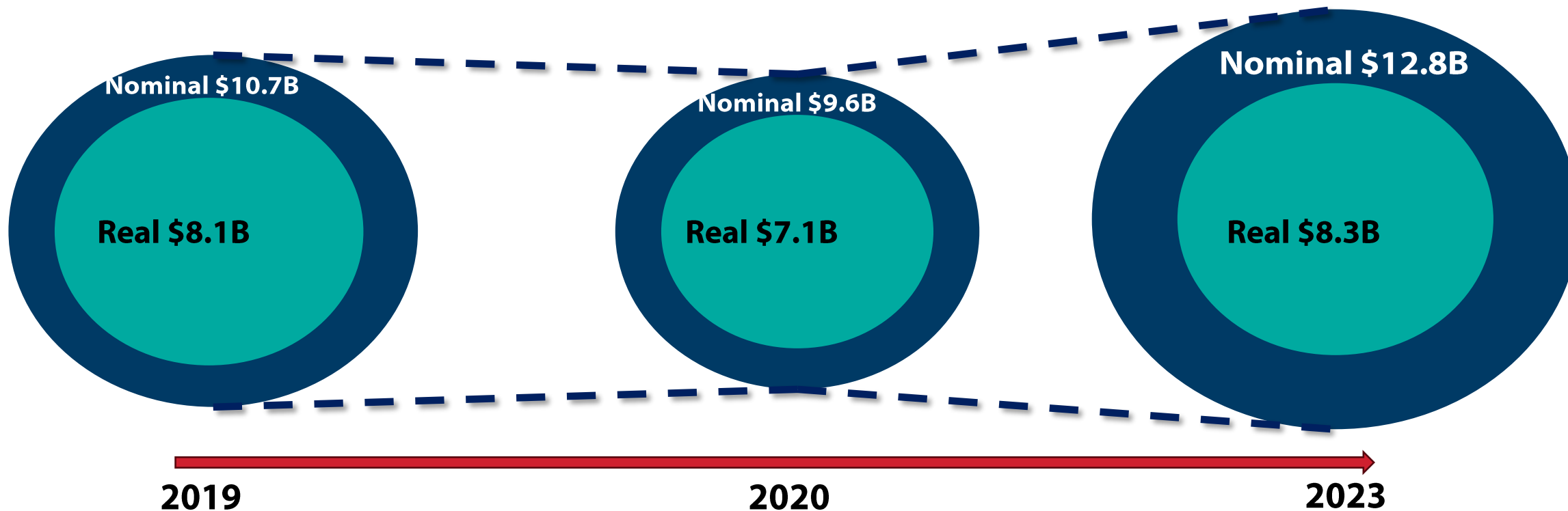
	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23
<b>CIT of IBCs &amp; SRLs</b>	199.5	222.3	530.8	351.3	387.8
<b>Total CIT</b>	347.9	309.5	601.7	472.9	562.9
<b>IBC &amp; SRL CIT as % of Total CIT</b>	57%	72%	88%	74%	69%
	2018	2019	2020	2021	2022
<b>No. of IBC &amp; SRL Companies</b>	2935	2704	2473	2242	1996
<b>Total No. of Companies</b>	9747	9740	9746	9595	8933
<b>IBCs &amp; SRLs as % of total companies</b>	30%	28%	25%	23%	22%
<b>Basic Salary</b>	na	\$ 231,312,266.23	\$ 177,062,792.32	\$ 168,202,642.34	\$ 174,721,411.66
<b>Avg. Basic Salary</b>	na	\$ 6,639.65	\$ 5,298.90	\$ 5,252.39	\$ 5,179.54
<b>No. of Unique Companies</b>	na	196	195	199	241
<b>No. of Unique Employees of IBCs &amp; S</b>	na	3768	3,606	3,624	3,840

## The tangible impact of the global business sector on our economy is multi-fold:

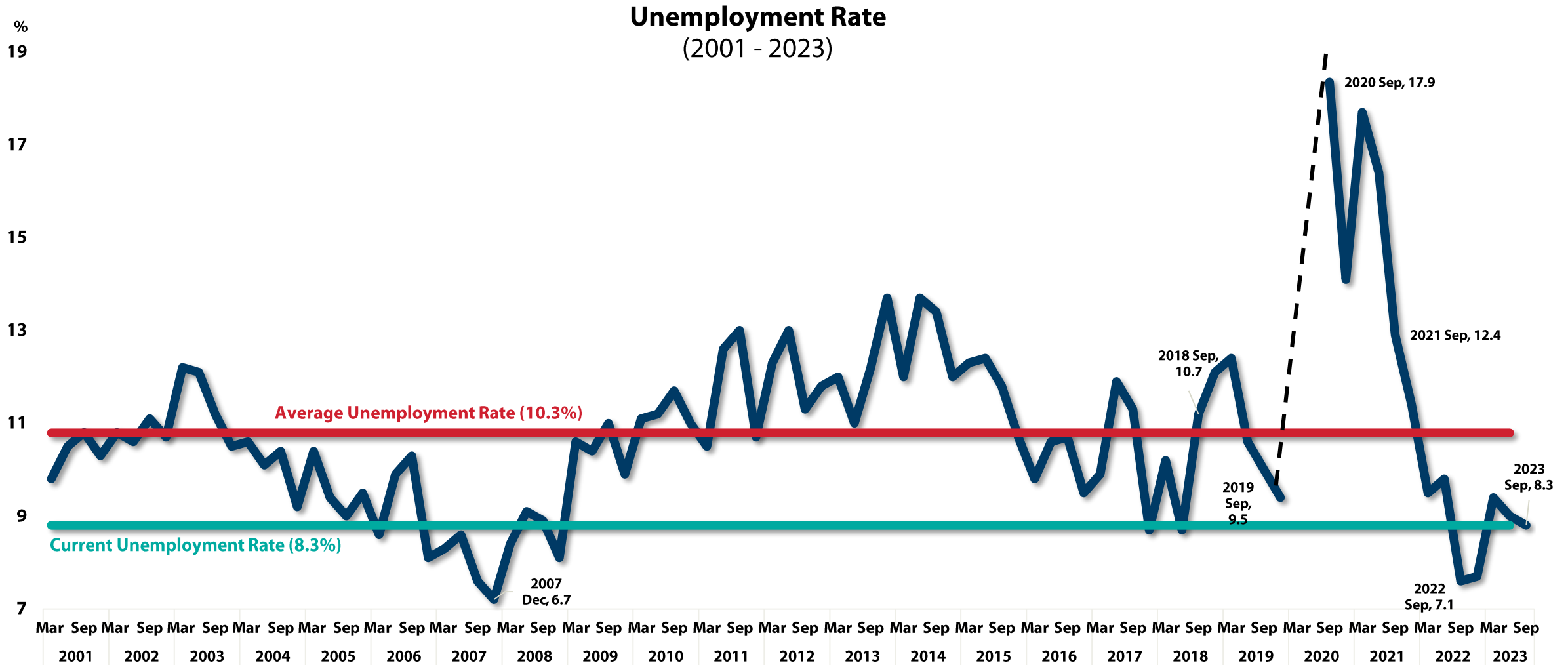
- It is a significant source of foreign exchange earnings.
- Last year, we witnessed a remarkable increase in foreign currency permits (2, signaling growing investor confidence and expanding international business activities.
- Significant contribution to the economic growth through employment and service demand.



# The Economy is now larger than pre-COVID, both real & nominal terms



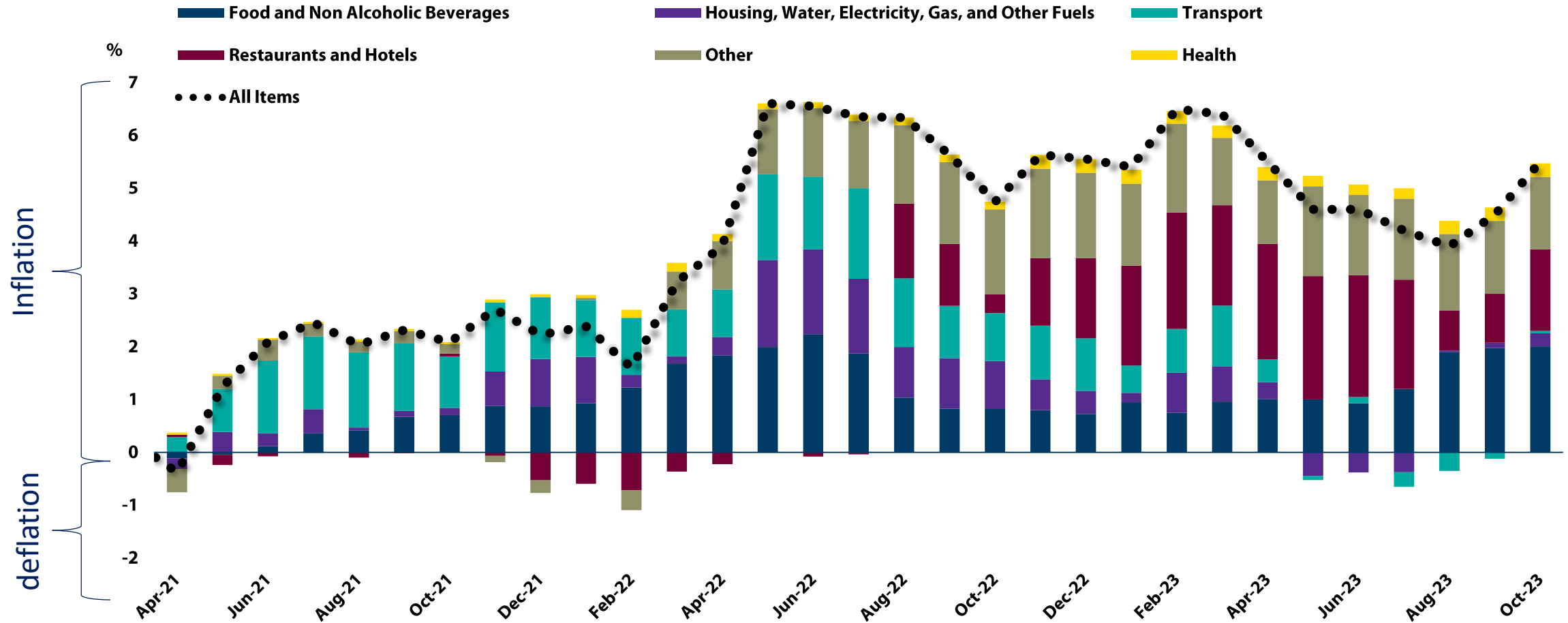
# Despite a slight increase in the unemployment rate, it remains below the historical average.





# Inflation edged up slightly in 2023, primarily due to local factors.

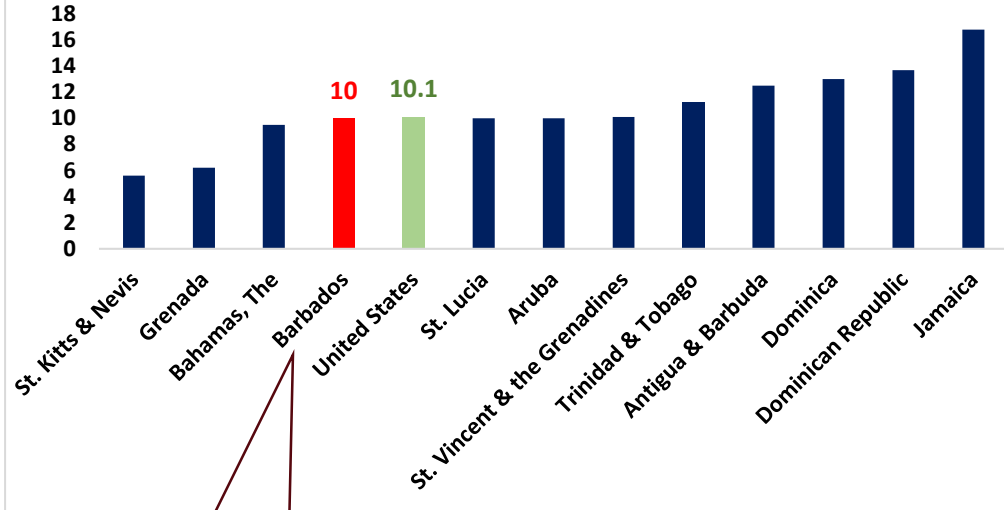
- 1) adverse weather conditions impacting supply of certain crops,
- 2) higher demand for dining, alcoholic beverages, clothing, and household furnishings.



# Insights about Inflation in Barbados

### Inflation Rates in the Caribbean and USA

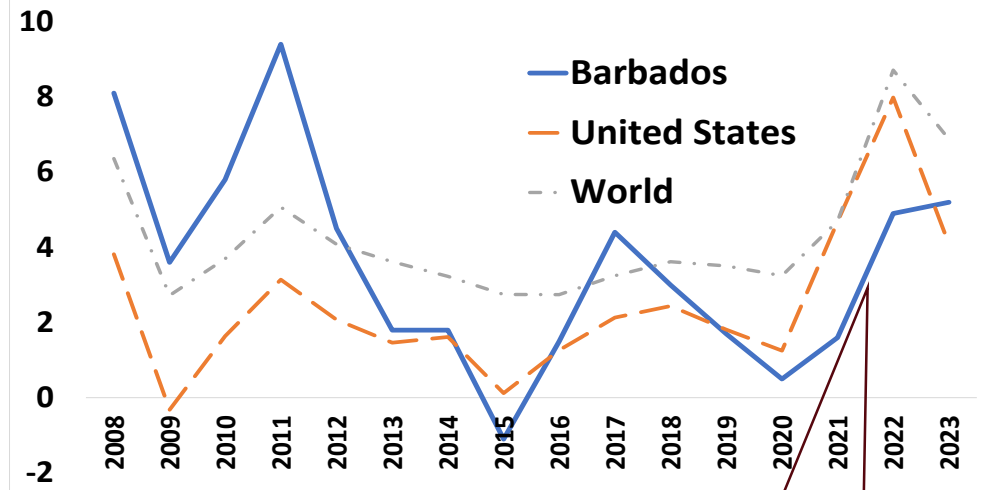
(Cumulative annual percent change over 2022 and 2023)



1. It is lower than most in region.

### Inflation Rates

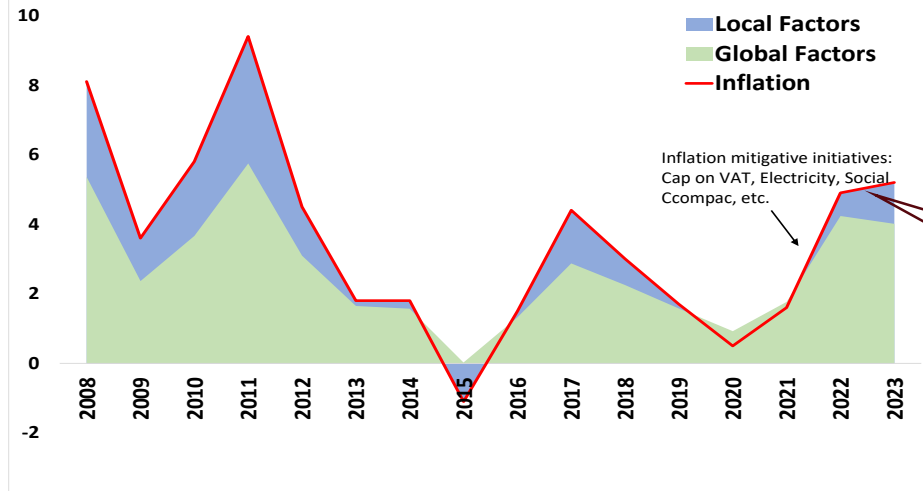
average consumer prices (annual % change)



2. Follows the USA pattern because of the peg.

### Barbados: Contributions to Inflation

(Percent)

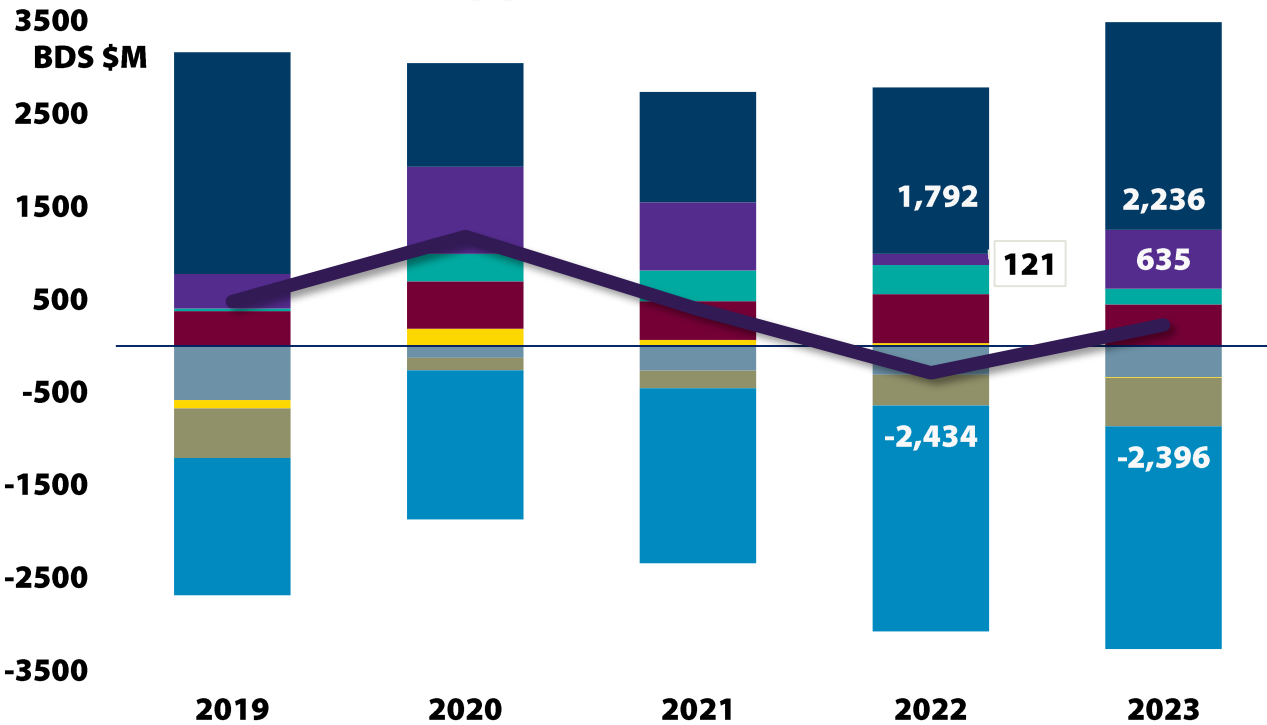


3. But local factors can cause deviations!



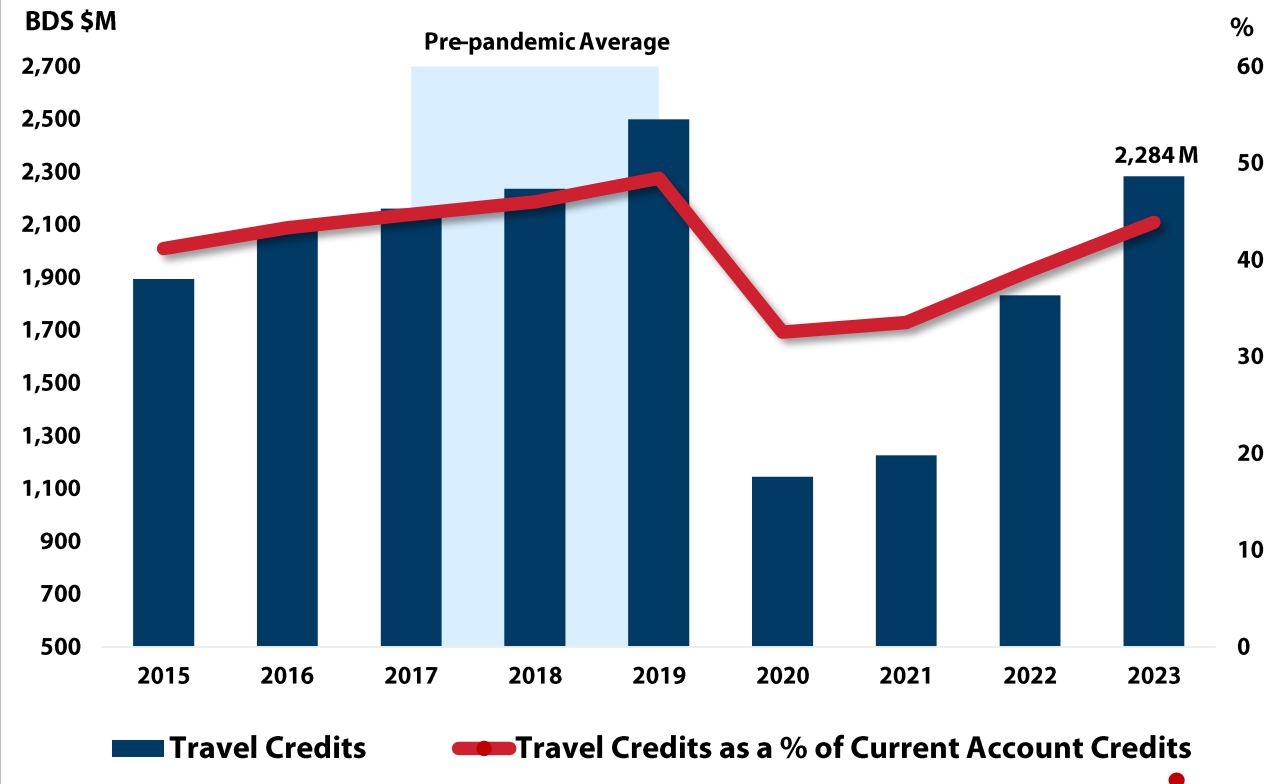
# Foreign reserves rose to \$3 billion (31.6 weeks of import cover!)

**Supported by increased tourism earnings and policy support from MDB**



**Tourism receipts continued to be the main foreign exchange earner.**

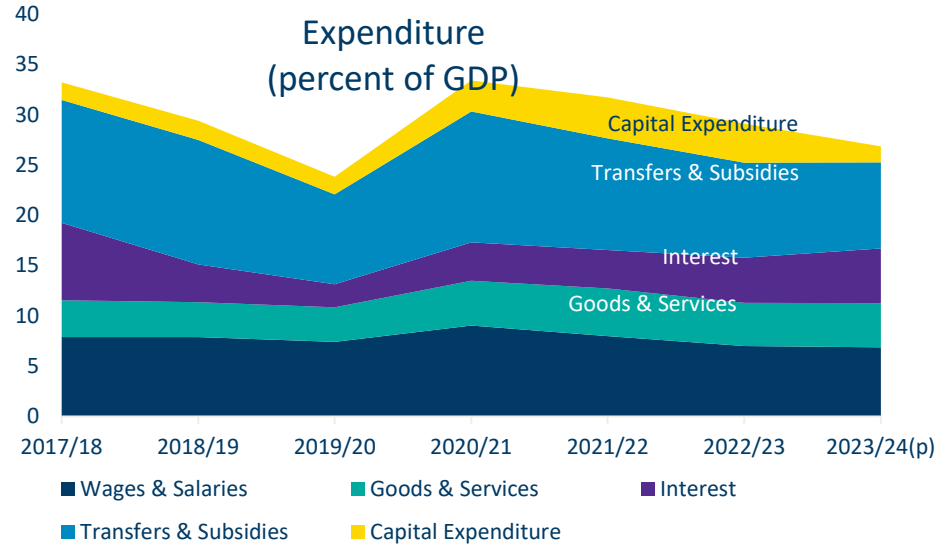
**Travel Credits and its Proportion of Total Credits**



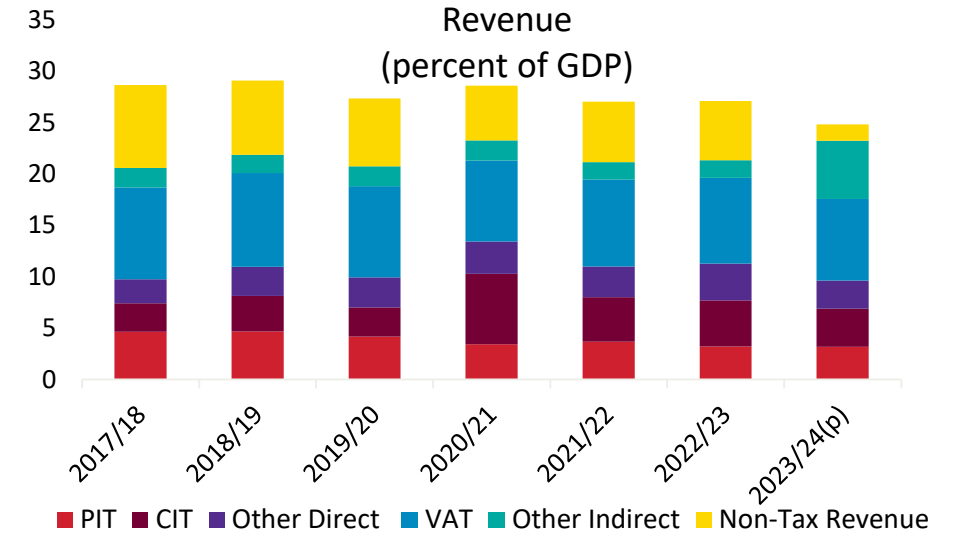
- Net Tourism Receipts
- Net Long-Term Public Flows
- Merchandise Trade Balance
- Other
- Net FDI
- Net Income
- Net Current Transfers
- Non-Tourism Services Balance

# Economic expansion further strengthens the debt and fiscal positions

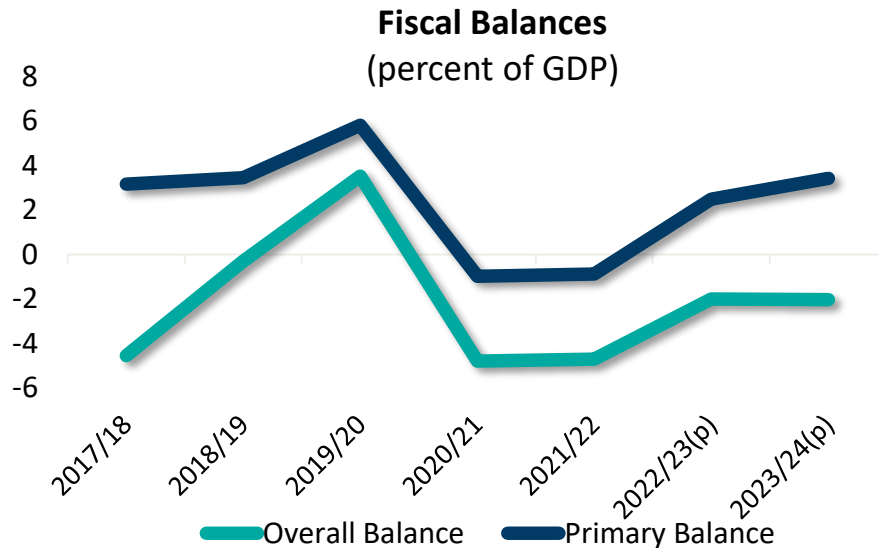
After rising during the pandemic, expenditure ratios have declined over the last two years ...



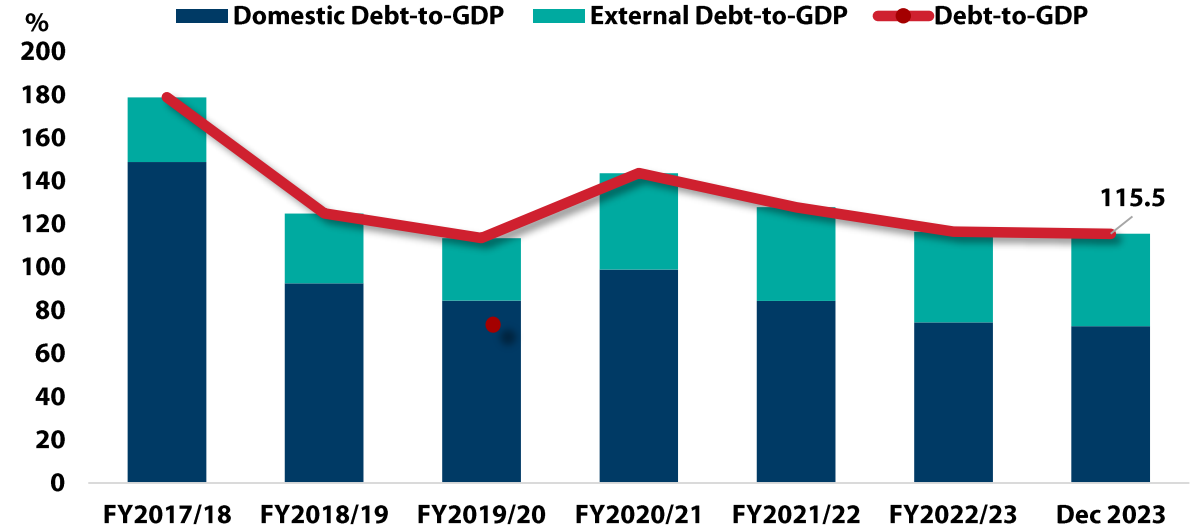
... while higher economic activity bolstering transaction-based taxes...



... and contributing to an improved fiscal position

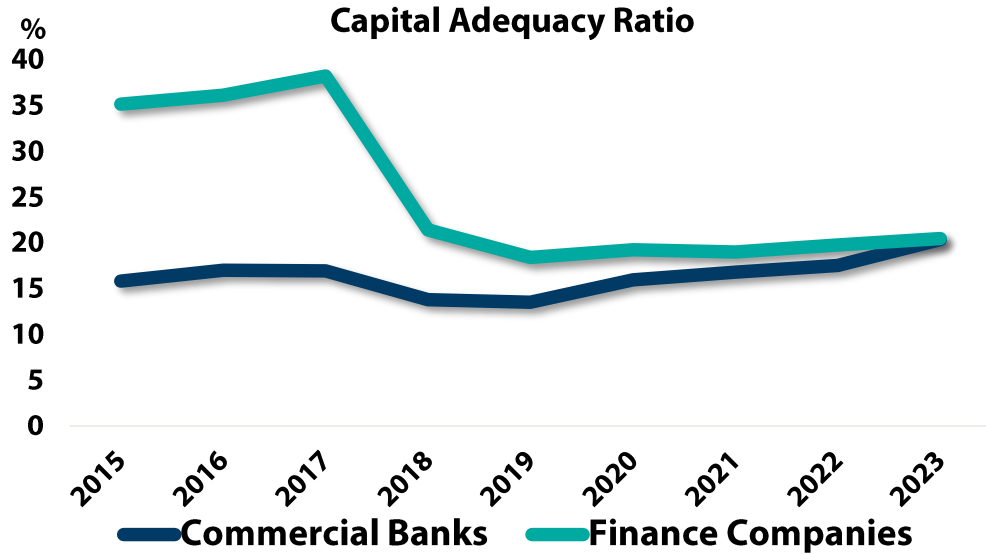


... keeping debt on its sustainable downward trajectory.

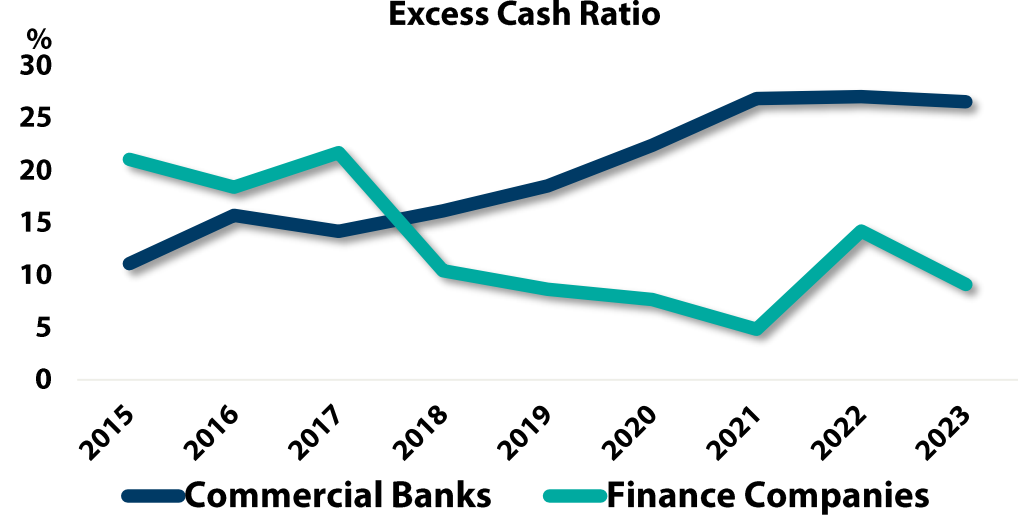


# The financial system continues to be healthy.

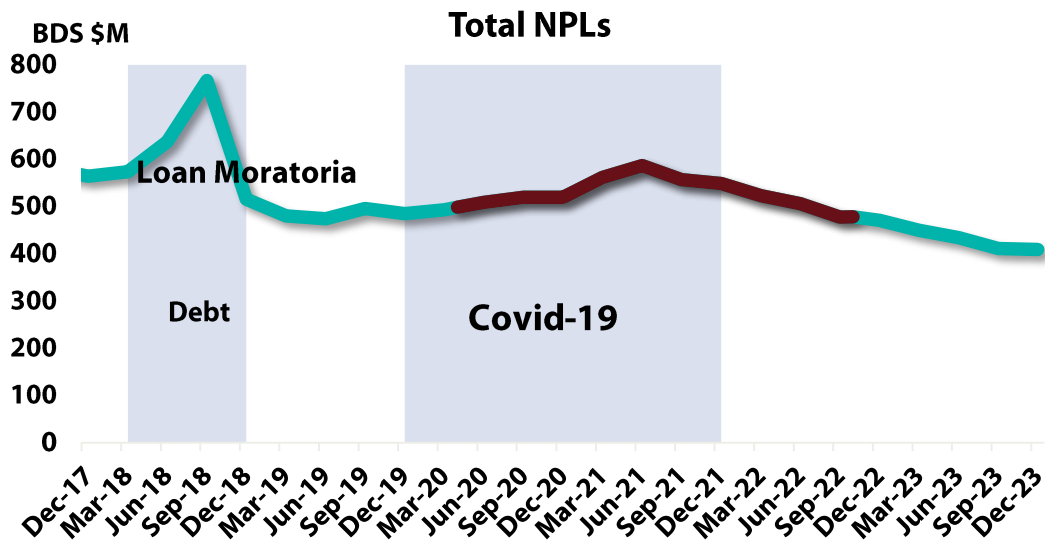
## Financial institutions are well capitalized.



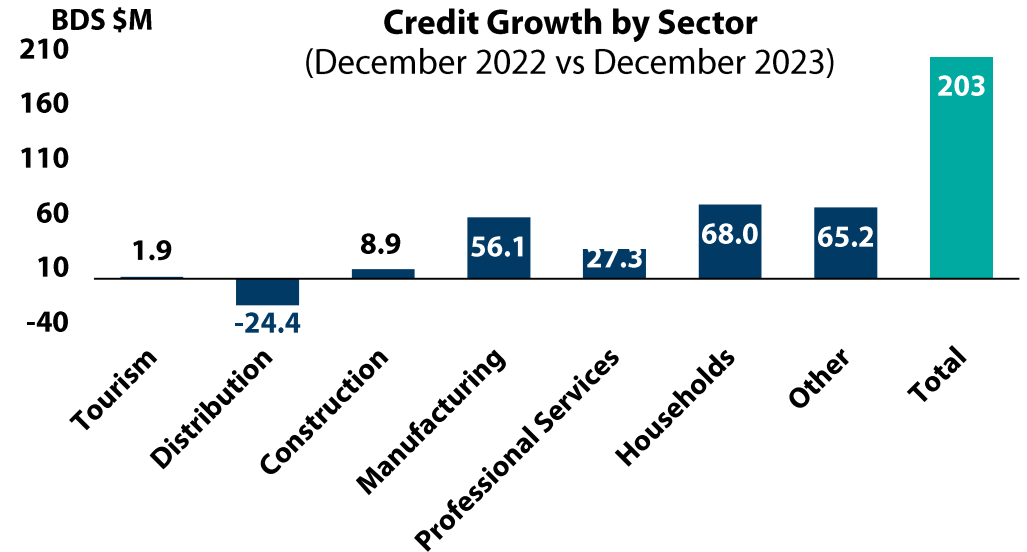
## Liquidity is high and remains above statutory requirements.



## NPLs have fallen to their lowest levels in recent years...



## ... and credit has expanded.

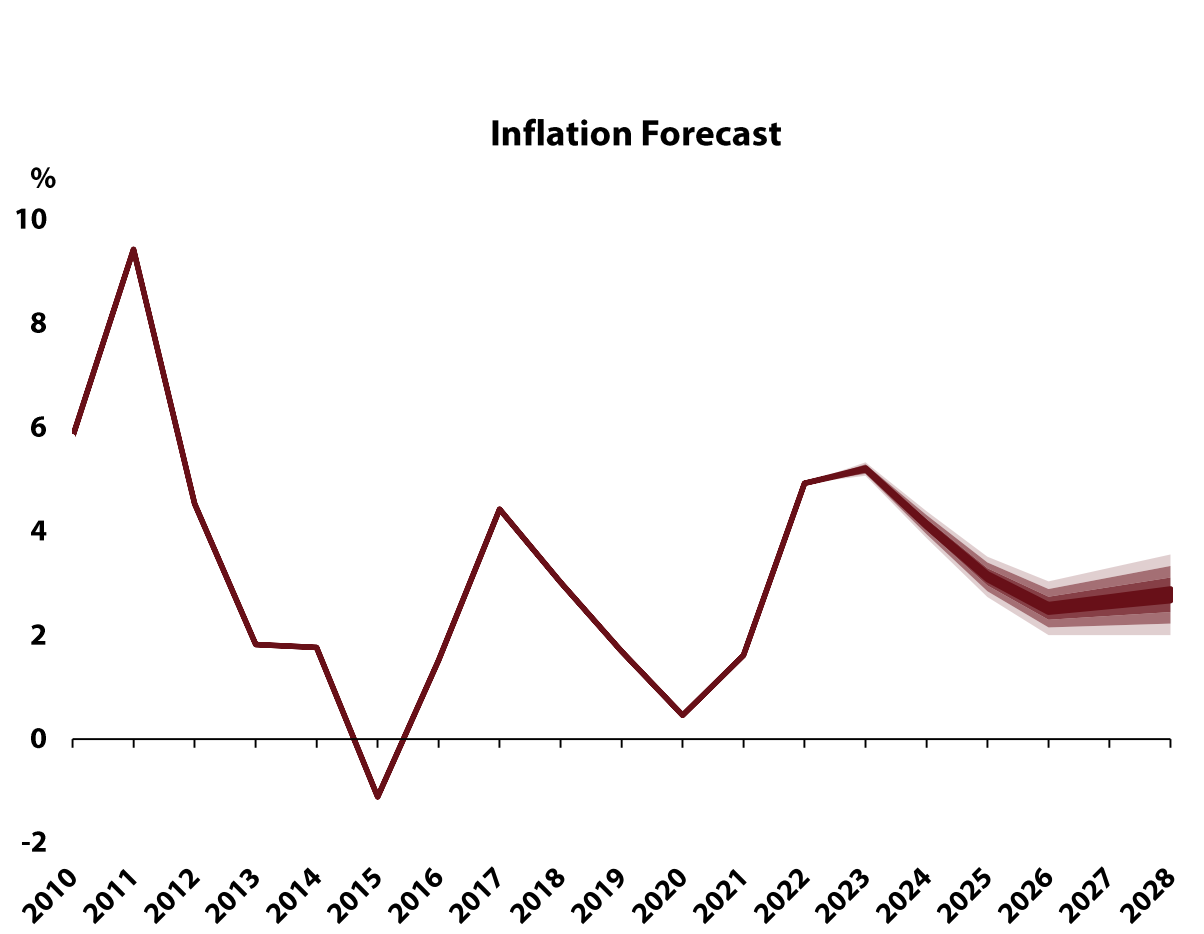
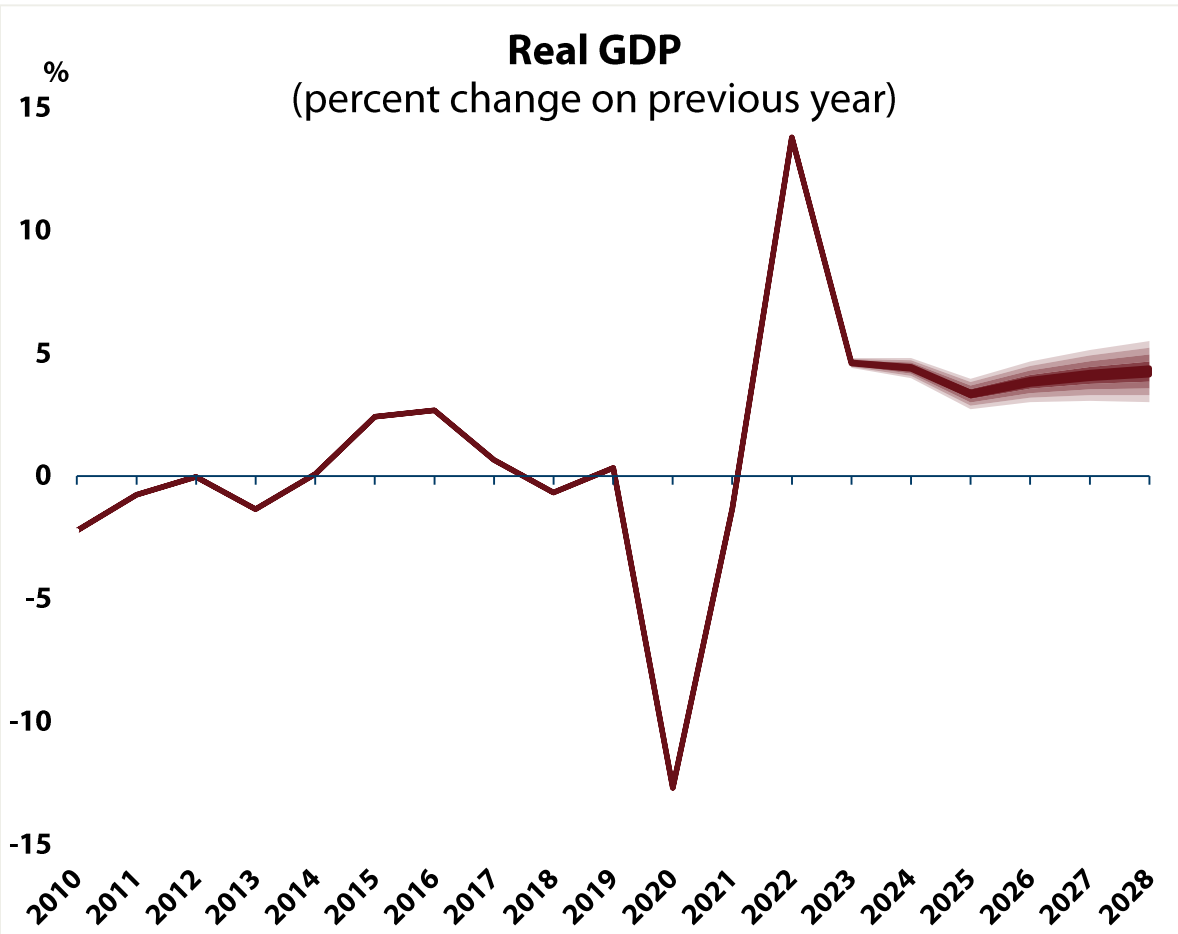


## **2. The Economic Outlook**

# Growth will remain robust while inflation moderates

Real GDP will expand further, by about 4 percent in 2024 and into the medium term, predicated on strong tourism performance and continuous investments by both the public and private sectors.

Domestic inflation expected to recede, with the 12-month average rate moderating to 3.5-4% by end of 2024.



# Risks are still tilted to the downside

- **Lower growth in key trading partners**
  - **Geo-political Conflicts**
  - **Continued high global inflationary pressures**
  - **Climate-related shocks**
  - **Slower-than-anticipated pace of SOE reform**
  - **Slow pick up in private sector investment**
- 

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- **Faster global growth**
  - **Inflation declines faster than anticipated**
  - **Lower scarring from recent shocks**
  - **Improved public sector efficiency and in doing business environment.**



# **3. Maximizing Barbados' Economic Potential through the Global Business Sector**

# A. Role in Economic Diversification and Innovation

- Critical for economic diversification and stability, reducing reliance on traditional sectors.
- Diversification builds resilience against global economic fluctuations, ensuring that our economy can withstand and adapt to global economic changes.
- Drives innovation and technological advancement, promoting modern economic practices.
- Sector's emphasis on technology not only enhances business efficiency and productivity, but can propels Barbados towards becoming a more modern, forward-thinking economy.



# B. Synergy with Tourism

- Global visibility and accessibility gained through tourism indirectly benefit the global business sector, enhancing Barbados' international profile.
- Mutual growth through infrastructure development and service excellence.
- Diversification through synergy, providing economic resilience.
- Innovation in areas like digital nomadism creates cross-sector opportunities, e.g. Welcome Stamp.
- Shared marketing strategies amplify Barbados as a destination for leisure and business. E.g. Business-tourism packages.
- Promoting a unified brand attracts a broader spectrum of visitors and investors.



# C. Strategies for Future Prosperity

- Invest in technology and infrastructure to enhance global competitiveness.
  - enhancing internet connectivity, upgrading technological capabilities in business processes, and supporting tech-based startups and innovations.
- Continue to modernise regulatory frameworks for business-friendly environment, compliant with international standards.
  - The global business environment is continuously evolving, with shifts in trade agreements, tax regulations, and international business practices.
  - being proactive in updating our legal and regulatory frameworks, positions Barbados as a jurisdiction that is not only compliant but also innovative and forward-thinking.
- Invest in education to develop a skilled workforce.
  - particularly in areas like digital literacy, languages, and customer service.
  - Collaboration between educational institutions and the sector can lead to tailored training programmes.



# C. Strategies for Future Prosperity

- Invest in education to develop a skilled workforce.
  - particularly in areas like digital literacy, languages, and customer service.
  - Collaboration between educational institutions and the sector can lead to tailored training programs.
- Promote sustainable economic growth with environmental consciousness.
  - This means promoting green initiatives, investing in renewable energy, and adopting sustainable practices across all sectors.
  - Not only protects our environment but also positions Barbados as a leader in eco-friendly tourism and responsible global business practices.



# C. Strategies for Future Prosperity

- Diversify markets and services is key to resilience.
  - expanding the range of services offered in the global business sector to include emerging fields like fintech, biotech, and renewable energy solutions.
- Strong public-private partnerships are essential for driving growth and innovation.
  - By fostering collaboration between the government, private sector, and educational institutions, we can pool resources, share knowledge, and drive comprehensive development.
  - These partnerships can lead to joint ventures, shared infrastructure projects, and collaborative marketing efforts, amplifying the impact of our strategies.



# D. Finally, Data, data, data.....

- Data is needed to understand and harness the potential of the sector:
- Data enables us to make decisions that are informed, strategic, and tailored to meet the challenges and opportunities of tomorrow.
- I encourage all of you to participate in the Bank's and BRA's data collection exercises.



An aerial photograph of a city at dusk, with a large yellow triangle in the bottom left corner. The text "THANK YOU" is overlaid in the center.

**THANK YOU**