

# 2006 MIAMI CONFERENCE REPORTS

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30<sup>TH</sup> ANNUAL MIAMI CONFERENCE ON THE CARIBBEAN BASIN

*A UNITED THIRD BORDER*

DECEMBER 4-6, 2006 INTERCONTINENTAL HOTEL MIAMI, FL

**CARIBBEAN CENTRAL AMERICAN ACTION**

1818 N ST. NW SUITE 310 TEL: 202-466-7464

WASHINGTON, DC 20036 FAX: 202-833-0075

WWW.C-CAA.ORG

**AGRIBUSINESS: INTEGRATION INTO A REGIONAL ECONOMY**  
**TUESDAY, DECEMBER 5, 2006**  
**2:00 – 4:30 PM**

**Moderators:** Chelston Brathwaite, Director General, Inter-American Institute for Cooperation on Agriculture

**Discussants:** Carmen Algeciras, Florida International University; Eduardo Almeida, TechnoServe; Ena Harvey, Inter-American Institute for Cooperation on Agriculture; Bruce Lauckner, Caribbean Agriculture Research and Development Institute; Robert Persaud, Ministry of Agriculture (Guyana)

**The Context:**

Agribusiness, with all its vertical and horizontal linkages to other industry sectors, accounts for a quarter of the region's GDP. It is important that we explore all of the possibilities of integrating agribusiness into the regional economy.

**Challenge:**

- How can the region take advantage of these linkages to promote growth?
- How can we diversify agricultural products to increase competitiveness?
- Can agribusiness be used as a method of entrepreneurship and what are the national and regional market opportunities?
- Does the solution lie in agro-tourism? What opportunities lie in agro-energy?
- What policy issues must be addressed to create viable solutions for the agriculture sector?
- What are the success stories in the region?

**Points and comments brought up in the session:**

- Issues affecting agribusiness competitiveness:
  - Competitiveness is still affected by old issues that the region has not solved.
  - Some of these issues are:
    - Inadequate financing and investment (local, national or foreign)
    - Lack of innovation, research and technology.
    - Traditional land ownership problems and rural larceny
    - Aging of the population devoted to agriculture.
  - Other more "modern" issues affecting agribusiness are:
    - Changes in the demography of agribusiness. Today more women and old people are involved and we need to find ways to convince young people of the benefits.
    - Existence of support measurements by developed countries, particularly the issue of subsidies.
    - Problems caused by market liberalization and trade agreements, including sanitary measurements and other technical compliance issues.
- Success stories:
  - Agro-tourism
  - Bio-energy
  - Production that is oriented to niche markets, including organic
  - Entrepreneurial training
  - Important research projects across the region
- Actions
  - Efforts to create an Entrepreneurial Revolution
  - Develop practical approaches to create and operate networks across the region
  - Define who is who and who does what
- Pending issues not discussed:
  - How do we build a road map to success?

**Recommendations made:**

- Collaborate more and overcome tendencies to separate into individual nations and not work as one cohesive region with one cohesive goal.
- Increase funding and commitment to Research and Development to make the industry more competitive in the global economy.
- Define "principles of action" with the aim to significant impact investment and economic development.
- Come together to devise a road map to success.

**APPAREL AND ASSEMBLY: REINVENTING THE REGION TO BE INNOVATIVE AND FASTER**  
**TUESDAY, DECEMBER 5**  
**2:00 – 4:30 PM**

**Moderators:** Mike Todaro, AAPN

**Discussants:** Jill Coleman, Avery-Dennison; Richard Coles, Multi Tex; Alfonso Hernandez, Argus Group; Wayne Gray, Williamson Dickie Manufacturing Co.

**The Context:**

Does CAFTA and other legislation, like HERO, truly allow the region to effectively compete with Asia?

**Challenge:**

While proximity to the market provides a competitive edge, does the region understand the sourcing and certification requirements to take advantage of these types of agreements?

**Points and comments brought up in the session –**

- What are the big trends?
  - Too many factories
    - There will be winners and losers. These winners and losers will be determined based on the quality of the companies and their leaders, rather than on the country in which the factories are based.
  - Educational opportunities abound: factories need technology and training to improve efficiency.
- Accordingly, there are two recent major changes in the industry: 1) the consolidation of retailers has resulted in a restructuring of the apparel market in the U.S; and 2) there is a surge in private labels that has led to a greater emphasis on speed to market, product design and value-added merchandise.
- Given these new competitive pressures, many factories in the Caribbean Basin have not been able to remain afloat, and this has resulted in the closing of factories as well as in the loss of apparel industry jobs on a region-wide basis.
- While China is consistent in all efforts to be competitive, the Caribbean Basin is not.
  - There is increased pressure from the WTO for the Caribbean Basin to improve the way it conducts business.
    - For instance, in recent years, Haiti's apparel and assembly industry has experienced a decrease of approximately 18 thousand jobs (from 30 thousand to 12 thousand).
    - For the Caribbean Basin to compete on a global basis, the region's leaders must invest in creating an effective chain of communication.
    - Haiti is the most competitive country in the region, but the country operates far below its potential. For example, Haiti has a very competitive workforce, with relatively cheap wages.
  - Lack of financing in the Caribbean Basin, while companies operating in Asia benefit from easy access to capital. In the Caribbean Basin, the cost of financing is 11-12 percent, while in Asia the cost of financing is 6.25 percent.

**Questions and Answers brought up in the session:**

- Currently, supply chain management within the Americas is very complicated. So, what do suppliers need to improve the situation?
  - More services in ports.
  - Cheaper transportation options.
- In the Caribbean Basin, how does tourism affect the apparel and assembly industry?
  - As the Caribbean Basin becomes more competitive in the tourism industry, labor costs increase. This change indirectly affects the apparel industry in a negative way because increases in labor costs mean higher wages. The apparel industry, in turn, becomes less competitive.

**Recommendations made:**

- Need for increased investment in textiles.
- All Factories must be certified by the Worldwide Responsible Apparel Production (WRAP).
- Key issues for factory owners to focus on: 1) speed to market, 2) cost and 3) excellence of service.
- Market research: find out what retailers want and you, as the supplier, go out and make it.

**COMPETITIVENESS: REACHING FOR PROSPERITY THROUGH PRODUCTIVITY**  
**WEDNESDAY, DECEMBER 6, 2006**  
**10:00 AM – 12:30 PM**

**Moderator:** Mark Palchick, Womble Carlyle Sandridge & Rice

**Discussants:** Ben Arrindel, Ernst & Young Caribbean; Dora Currea, Inter-American Development Bank; Jerry Haar, Florida International University; Rodolfo Batres, Office of the Presidential Commissioner for Investment and Competitiveness; Sherry Stephenson, Organization of American States

**The Context:**

Recent reports from the World Bank and World Economic Forum characterize the CBI region as stagnant, lagging behind the growth and productivity of other emerging markets. Even the adoption of preferential trade agreements have not served as the catalyst for long awaited gains.

**The Challenge:**

- What proven methods exist at the policy level to increase productivity and competitiveness for the CBI economies?
- What national policies need to be embraced regionally to improve the region's chances?
- Are we doing enough to promote and protect innovation?

**Points and Comments Brought up in the Session:**

- 3 Major areas concerning crime were brought up in the session
  - How the state of regional infrastructure affects transportation and logistics and thus competitiveness
  - State of business practices and their influence on competitiveness
  - The level of information communications technology's (ICT) adoption and its influence on business
- Key observations on competitiveness in the region
  - Model laws, size, location, environment, are not necessarily primary factors of competitiveness. It is a mix of factors: consensus on incentives for private actors, transparent institutions, macro economic stability, infrastructure, technical uptake, learning & education all play intertwining roles.
  - Example was given of Ernst & Young in the Caribbean. The division is expensive to sustain because telecom, transportation and movement of people in region are expensive. Resolution of these and bureaucratically efficient government would boost adoption of regional centric firms that are regionally integrated.
- Key observations on how business practices affect competitiveness
  - Management is handed down, labor management is not progressive.
  - Equal income in the region may stymie growth or lead to brain drain.
  - Historically the region has been non-competitive because there were protections at the state, and individual level within firms – loyalty of employers over efficiency.
  - Goal is to develop highly educated and skilled labor. The low-end human capital market is not supported by the cost structure.
  - Protectionism of entrenched companies does not promote competitiveness.
  - Entrepreneurship has a negative image. Many persons find it morally preferable to be lawyers, academics, or doctors.
  - Collaboration is temporary and only among cutthroat firms who prioritize survival over market share.
- Key observations on how state of infrastructure affects competitiveness
  - Just-in-time becomes just-in-case when there are customs delays.
  - There is a need to change the culture of customs service. Guatemala hired customs officers and housed them in dorms to build ties and relationships; this has helped to foster an atmosphere of excellence.

- Only 14 % of 200km of roads are paved in Latin America. Rate of institutional reform is higher in Africa. Governments need to prioritize competitiveness.
- Logistical inefficiencies and double logistics costs affect customs reforms. Because of these we cannot expect import based growth and that affect wholesale/manufacturing.
- U.S. Customs Trade Partnership Against Terrorism (CTPAT) certification is important– supply chain security at all points down to the local producer; otherwise large multinationals will not approach those importers.
- Key observations on the role ICT plays in national and firm-level competitiveness
  - ICT is important driver for economic growth; direct investment increases proportionate to ICT infrastructure
  - Telecom jobs expanded have 3 times faster than other sectors.
  - Governments and businesses cannot survive without cost efficient infrastructure and secure basic infrastructure is expensive and unevenly distributed.
  - A regional strategy that does not add infrastructure but facilitates ICT growth is required.

**Questions and Answers Brought up in the Session:**

- How do we avoid human capital flight?

**Recommendations Made:**

- Education was agreed upon as key area that held the potential to influence competitiveness:
  - Willingness to accept risk and ability to learn need to be instilled at a young age through education.
  - The educational systems need to train youth to be creative and independent to form a basis for an entrepreneurial class.
  - Education in global business practices will help stem poor business practices.
- Adoption of global business practices was also recommended for business in the region:
  - An example was given of Barbados national initiative on service excellence and Barbados social partners has delivered private – public sector competitiveness.
  - Supersession needs to be dealt with, as well as short-term gains over long-term prosperity.
  - Sound fiscal and economic policies were generally agreed upon as conducive to competitiveness for FDI and domestic industry.

**CORPORATE SOCIAL RESPONSIBILITY: TRANSLATING RESPONSIBILITY INTO PROFITABILITY**  
**WEDNESDAY, DECEMBER 6, 2006**  
**2:00 PM-4:30 PM**

**Moderators:** Corrie Drummond, Pan American Development Foundation

**Discussants:** Patrick Andrews, Scotiabank; Paul Fisher, Organization of American States; Steven Jesseph, World Association for Responsible Apparel; Jake Kheel, Grupo Punta Cana; Jorge Nowalski, International Center for Sustainable Human Development; Ramiro Prudencio, Burson Marsteller; Michael Ronan, Royal Caribbean; Alysia Wilson, U.S. Department of Commerce

**The Context:**

Corporate social responsibility is the commitment of business to act ethically in its dealings with the public, its employees, customers and the natural environment without compromising shareholder value and business continuity. In the Caribbean Basin, the view is that CSR is a philanthropic exercise, only to be pursued by large multinationals. Few regional businesses have fully grasped the CSR concept and been able to translate it into profits and other corporate benefits.

**The Challenges:**

- Can regional companies remain competitive and attract investors without implementing CSR programs to adapt to increasingly socially conscious market clients and investors?
- What CSR practices including those in small and medium enterprises have benefited business by increasing productivity and profitability and reducing shareholder risk while improving public image, access to capital and new markets?
- Can we highlight useful case studies of the right approach (and the wrong way) to implementing CSR strategies?

**Points and comments brought up in the session:**

- Corporate social responsibility is a relatively new and evolving concept, which is gaining recognition and popularity in a variety of circles.
- Because it is an evolving concept, it is difficult to pin down exactly what is meant by the term, whether standards for reporting about CSR initiatives exist, and how to compare companies according to established indicators.
- Sustainable CSR activities contribute to a company's bottom line as well as to the interests of its stakeholders.
- Actions that could be taken by governments, civil society, the private sector, and clients to promote corporate social responsibility were identified:

Governments:

- Incentives (examples below)
  - Taxes – favorable tax structures, deductions and other mechanisms which encourage companies to give back to communities through CSR initiatives
  - Customs facilitation – Paraguay offers to facilitate customs processes for companies which agree to certain standards with regard to labor, environment, and other areas of CSR.
  - Awards – Recognition by governments of responsible business practices which improve corporate image
- Regulations and penalties - minimum standards regarding child labor, contamination, transparent reporting of company finances and other factors which are developed in coordination with the private sector and civil society

Civil society:

- Recognizing good practices by companies
- Calling attention to practices that need to be improved (ex. of Human Rights Watch, which issued a report about child labor practices with Coca Cola, because of its sugar suppliers)

Companies:

- Incorporating CSR internally as part of overall business practices
- Engaging in with public policy makers in an ethical manner (ex. Grupo Punta Cana advocated for strict environmental regulations for hotel and tourism companies to protect the resources which are utilized through the tourism industry)
- Sharing experiences with other companies

- Undertaking strategic alliances with the public sector and with NGOs for the implementation of programs with communities

Clients:

- Reward socially responsible business practices by choosing a particular company's products
- With public-private partnerships and strategic alliances, the private sector should seek ways to complement the efforts of governments and coordinate with civil society.

**Questions and Answers:**

- Is CSR a trade issue and should it be tabled in trade related forums? It was noted that CSR is hardly ever discussed as a major policy issue in trade related forums but should be since trade is directly impacted upon by labor, environment and transparency issues. Several companies deal with such matters in isolation, often negotiating each issue on its own rather than taking a holistic and comprehensive strategic approach which may produce better overall results and require fewer resources.

**Recommendations made:**

- CCAA can provide a central database of CSR information resources with specific focus on Central America and the Caribbean. This database should feature brief summaries of the important and pertinent information provided by each information source or link. This can be utilized by CCAA members and can be a useful, efficient tool for information dissemination.
- Caribbean and Central American organizations with interests, activities and information on CSR practice and policy require a forum for more frequent discussion of these matters and sharing of information, systems and ideas. CCAA can provide a forum for this, identify and lobby for a suitable forum or institute a plan of action to make this a reality before Miami 2007.

**CRIME: ECONOMIC PROSPERITY THROUGH HUMAN DIGNITY**  
**WEDNESDAY, DECEMBER 6, 2006**  
**2:00 PM – 4:30 PM**

**Moderator:** Daniel Erickson, InterAmerican Dialogue

**Discussants:** Claudia Barlow, Advisor to U.S. Dept. of State; Eduardo Gamarra, Florida International University; Deborah Sigmund, Innocents at Risk; Robert Vaughan, Squire, Sanders & Dempsey LLP

**The Context:**

Rising crime rates, illegal trafficking in human persons and gang violence pose major developmental challenges for Caribbean Basin countries. Efforts to deal with these threats must address both law enforcement and social programs to reach a disenfranchised population.

**The Challenge:**

- What policies at the state or community level can provide alternative incentives to crime and trafficking in humans?
- What is the private sector's role in addressing illegal activities?
- What are the economic and business implications to ignoring pressing social issues?
- What are some of the regional best practices to deter crime and traffic in humans?

**Points and Comments Brought up in the Session:**

- 2 Major areas concerning crime were brought up in the session:
  - Social and economic consequences of trafficking in persons.
  - Effects crime is having on the small countries that make up the region.
- Key observations on the ways which human trafficking affects society and business in the region
  - Human trafficking is modern day labor with an estimated 3 million people involved or captured and \$32 billion and growing business.
  - Legalization of prostitution in some countries has led to demands for younger women to avoid disease, fueling trafficking.
  - Not only AIDS/sexually transmitted infections but tuberculosis rates are increasing as a result, affecting entire communities.
  - Major events can attract more traffickers; an example was given of Germany during the World Cup.
  - Real estate is affected when brothels/adult shops open in new areas/all sorts of neighborhoods, spreading from the traditionally "bad" areas of town.
  - Human Trafficking is bad for tourism (with the example of Aruba) and bad for international adoption.
- Key observations on the ways which crime effects the region
  - According to studies done by FIU, crime is the #1 concern of the Caribbean region.
  - Trade routes for illicit goods are the same for typical goods, as well as humans/drugs.
  - Microtrafficking – The DR in particular is showing new drug addiction patterns similar to the U.S. and throughout the Caribbean an increase is becoming apparent.
- Some major constraints to making progress in combating human trafficking
  - Political will is fundamental to solving the problem. You need both policy and politics at the right time to collaborate.
  - Media can help and hurt by promoting backlash against crime, feeding and amplifying out of control responses without focus on the fundamental responses to crime, such as community awareness.

**Questions and Answers Brought up in the Session:**

- Why haven't policies worked? Human trafficking is a symptom of a malaise that will not go away.
  - Sections of society that are disenfranchised need to be reengaged through policy focus and education.
- Does the media promote poor values that coincide with rising crime?
  - Success measured by what children see on TV has had an impact on how children develop expectations of their environment.

**Recommendations Made:**

- Recommendations for public & private sector leadership to combat crime:
  - **Stimulating political will** in conjunction with broad civil society participation is a must to make an impact.
  - You can't involve just one group (police, army, etc.), but a **state-wide** anti-crime effort is necessary. Where states aren't unified or strong enough to work together, focus should be placed on one neighborhood at a time to tackle the problem.
  - Ignoring corrupt or criminal police organizations undermines crime policy. Solutions must be identified to mix adequate compensation with excellence in policing.
  - **Participation of civil society is requisite for success** of national initiatives. Civil society involvement will pressure public policy for better services and focused attention on the issues.
  - State monitoring of banks, and funds, etc. will reveal what major transactions involve criminal activity undermining crime.
- Recommendations that require specific business sector participation and leadership:
  - There is a need to identify how to generate consensus within the business community to add pressure to confront crime.
  - Example given of USAID Jamaica engaging local American Chambers of Commerce to push community policing. This method got the message out that crime is an issue Chambers need to focus on, and that business pressure is needed to get the government to focus on countering crime. This example of involving AmChams could be a model outside of Jamaica.
  - Corporate Social Responsibility (CSR) can incorporate combating crime on the grounds that CSR is about building communities and concern for human welfare. Therefore it follows that companies should be compelled to take a stance against crime.
  - Changing the stigma that certain communities have acquired as a result of crime ("worthwhile employees don't come from there") will change the chances that young people will not turn to crime when transitioning from school. Businesses employing persons from those regions will begin to combat that stigma and augment perception of CSR.
- Recommendations specific to education:
  - Educating the public on human trafficking tactics and signs is necessary to help develop community awareness.
  - Building cultural/educational centers that promote volunteerism is a means of developing safety in communities.
  - Education will serve as a significant outlet to crime by preparing young persons for the workforce; young persons need to want to learn and see education and employment as a means of increasing their economic value.

**CUBA: A NEW PARTNER FOR ECONOMIC GROWTH**  
**WEDNESDAY, DECEMBER 6**  
**2:00 – 4:30 PM**

**Moderators:** Jorge Arrizurieta, Akerman Senterfitt

**Discussants:** Andy Gomez, Institute for Cuba-American Studies University of Miami; Jorge Piñon, Institute for Cuba-American Studies University of Miami

**The Context:**

As Cuba prepares for a succession in leadership, there are many scenarios being played out and much speculation as to whether Raul Castillo will continue along the same path set by his brother, Fidel Castro, over half a century ago.

**Challenge:**

Will the Cuban economy begin to open up to the rest of the world and what impacts will this have on the economies of the Caribbean Basin? What are the opportunities, risks and challenges of doing business in a “new” Cuba? Who will be the key players in the new government? What roles will the United States and Latin America play?

**Points and comments brought up in the session –**

- Cuba is entering a stage of transition.
- In today’s Cuba, leadership groups can be categorized into the following:
  - Fidel Castro: “Historicos”
  - Raul Castro: “Raulistas”
  - Cuban Military
  - Civilian Leadership: Carlos Lage (VP Council of State and Executive Secretary, Council of Ministers); Ricardo Alarcon (President, National Assembly), and Felipe Perez-Roque (Foreign Minister).
  - Internal Opposition
  - Indifferent/Simulators
- For Raul Castro to maintain his power once Fidel is out of the picture, Raul will have to provide more food, better healthcare, and readily accessible education to the Cuban people.
- There is a challenge by the international community to remove the travel ban as well as the U.S. Cuba Embargo. The U.S. Democratic Party, given its recent majority representation in the U.S. Congress, will most likely attempt to lift the Embargo.
- Still, there are risks associated with doing business in Cuba if and when the Embargo is lifted.
- Despite the various hindrances to trade, Cuba has successes in the following areas: 1) quality oil supply, 2) high quality hotels (Spanish investment), 3) Nickel (investment in joint venture with Canadians), and 4) good telecommunications.
- Post Castro Economic Challenges: U.S. Trade and Economic policies, role of Cuban Military in the economy, resolution of outstanding property claims, creation of free market economic enablers, capitalization of state enterprises, ethics/attitudes.
- Post Castro Economic Progress will occur in any of the following areas: infrastructure reconstruction, agriculture and natural resources, tourism, housing and real estate development, healthcare and biotechnology, information technology and communication, consumer products and services, and maquila manufacturing operations.

**Questions and Answers brought up in the session:**

- What are the opportunities for small and medium enterprises (SMEs) operating in Cuba?
  - Cubans are an educated population and many want to be entrepreneurs.
  - Cuban-based SMEs need training. Most Cubans are used to “wheeling and dealing” in Cuba’s black market.
- Does Cuba have good infrastructure?
  - The Cuban population does not adequately recognize the importance of logistics. As a result, Cuban leaders do not have the mindset to invest in infrastructure.
  - Poor management of port: lack of security and logistics.
  - Experts estimate that to rebuild Havana the cost will be approximately US\$8 billion.

**Recommendations made:**

- Cuba's government must implement a growth strategy for the economy.
- Opportunities in Cuba exist, but there is a tradeoff between safety risks and lower costs.
  - Such is the case with the possibility of establishing a retirement community in Cuba. Good healthcare professionals exist at lower labor costs, but there are higher safety risks involved.
- No significant changes will occur until both Fidel and Raul Castro are no longer in power.

*For more information on the UM Institute for Cuban and Cuban-American Studies (ICCAS), please visit [www.miami.edu/iccas](http://www.miami.edu/iccas)*

**REGIONAL ENERGY SECURITY: THE POTENTIAL OF BIOFUELS**  
**WEDNESDAY, DECEMBER 6, 2006**  
**10:00-12:30 PM**

**Moderators:** George Philippidis, Applied Research Center, FIU and Edward Glab, Florida International University

**Discussants:** Julio Arroyo, Asociacion Azucarera de El Salvador; Jorge Arrizurieta, Akerman Senterfitt; Paul Dickerson, US Department of Energy; Matt McManus, U.S. Department of State; Johanna Mendelson-Forman, CSIS; Patrick Patel, Angostura; Moises Starkman, Government of Honduras; David Stewart, Citrus Energy LLC; Raphael Jaen Williamson, Chevron; Mark Yancey, BBI International

**The Context:**

Most Caribbean Basin countries are heavily dependent on imported gasoline and diesel for fuel. As oil prices escalate and fuel availability diminishes, local economies are hit hard. Ethanol and bio-diesel from home-grown crops represent sustainable fuel alternatives that can provide energy and economic security through diversification, domestically-controlled production, job creation in agriculture, and regional trade. There are reservations regarding if government subsidies will be required to develop the industry and if countries have the production capacity to achieve economies of scale.

**The Challenges:**

- Is the region willing and able to embrace applicable fuel technologies and attract financing and private investment to develop competitive bio-fuel markets in the region?
- What are the policy and regulatory barriers that need to be overcome?
- How can bio-fuel trade be facilitated given gasoline versus ethanol prices?
- How easily can biofuels be integrated into the current energy infrastructure?

**Points and comments brought up in the session:**

- Regulatory reform to harmonize tariffs and technical standards
  - Transparency
  - Stability of contracts
  - Intellectual property protection for technology transfer
  - Attract foreign investment
- US Government fully supports development and encourages regional ethanol market
- Job creation is a driver for governments to encourage development of ethanol markets
  - Help to address immigration pressures
- There is no single solution or technology, must be adapted to local infrastructure and needs
  - True of ethanol and biodiesel
- Technology and capital are available; decisions will be made and should be based on economics
- Private sector already taking lead in development of ethanol and biodiesel and this should be encouraged (Brazil, US, El Salvador, Honduras)
- Urgent need for energy conservation measures across the region; will stretch supplies of all fuels
- Investment decisions must be made on a careful project-by-project basis, but this would be made easier by the development of a single regional market.
- Must focus on HOW we can most efficiently, economically, and in environmentally friendly ways develop alternative fuels market, not WHETHER we should do it.
- Create a new market by expanding the portfolio of transportation fuels.

- It is clear that region is embracing and encouraging development of alternative fuels market
- Focus on disadvantaged raw materials to remove upward pressure on edible crop prices and manage water resources.

**Questions and Answers:**

- In the cases of sugar cane for ethanol and palm oil for biodiesel, the region can further enhance opportunities by seeking to obtain carbon credits for their plantations of these crops. Whether cultivated lands such as these are eligible for carbon credits is still being negotiated. Honduras has been looking into such possibilities and it may be useful for other countries in the region to also investigate.
- There are concerns that the expanding biofuels market will drive the prices of corn, sugar cane and other raw materials up. This can affect other sectors such as agriculture and livestock production. These consequences need to be considered since food prices can increase as a result.

**Recommendations made:**

- While the regional emphasis has been on ethanol from sugar cane, palm oil biodiesel production also hold much potential especially in terms of moving towards energy self sufficiency. More discussion and research is required to determine if this can be an opportunity.
- Regional governments must commit to biofuels development projects and increase the incentives to investors to get into the sector. CCAA can play a pivotal role in partnering regional biofuels interests with US investors and technology providers.

**ENERGY AND POWER GENERATION: EFFICIENT DELIVERY – CHALLENGES AND SOLUTIONS**  
**TUESDAY, DECEMBER 5, 2006**  
**2:00 PM-4:30 PM**

**Moderators:** Nigel Hosein, Caribbean Electric Utilities Services Corporation (CARILEC)

**Discussants:** Juan Belt, U.S. Agency for International Development; David Dunbar, Mirant Caribbean; Alejandro Melandri, Inter-American Development Bank; Ignacio Rodriguez, PA Consulting; Peter Williams, Barbados Light & Power; Anibal Mejia, AES Latin America

**The Context:**

Public and privately owned power generators face the challenge of increased regional energy demand by consumers. The investment decisions made by power generators now, will dictate the effectiveness and quality of electricity delivery in the medium and long term. The right investment decisions must be guided by a policy framework that ensures returns for investors while ensuring the needs of the public and industry. These decisions lie in the hands of power generators and governments and can only be made through collaborative efforts.

**The Challenges:**

- How do energy generators efficiently and cost effectively meet this growing demand?
- How do power generators attract investment to upgrade aging infrastructure and facilitate grid integration?
- What role does the private and public sector play in load sharing and implementing newer, more efficient technologies?
- Are current national policies geared to promoting the right kind of investment to meet these future economic and social needs?
- Are there regional best practices in efficient power delivery?

**Points and comments brought up in the session:**

- Public/private sector partnership is a key ingredient in moving the sector forward. Governments need to work together with the private sector in sharing the risks (both technical and financial) so that these risks can be easier handled.
- There is need for more public information on the power industry especially from an investor perspective. The IADB intends to commission a regional industry to assist in this regard. Expected completion of study is end of 2007.
- The utilities require a more customer focused approach. The implementation of benchmarking to help with performance monitoring will greatly assist in this regard. Barbados Light & Power is an example of a utility that has recently implemented benchmarking to assist with better serving the customer.
- The introduction of new technologies and alternative fuels is required. Of course renewable technologies must be implemented where feasible. Also, waste-to-energy technologies should be investigated given the huge problem with waste disposal in the region.
- Capacity building is required for employees in these new technologies. The regional/local technical colleges and universities must also offer courses in the new technologies to ensure an adequate pool of resources in the future.
- Proper Energy Policies are required together with appropriate Regulatory reform. Mr. Ignacio Rodriguez (PA Consulting) presented a step action plan which adequately summarized what is required in this area:
  - Clear roles and objectives must be articulated
  - Strengthening of the regulatory independence is necessary
  - Broadening of stakeholder participation

- Increased transparency
  - Improving predictability – rules of the game must not change suddenly
  - Increased accountability
- The issue of limitations of the size of the individual country markets in the region was discussed. Therefore, there is a need to strengthen the markets. The need for integration and possible “pooling” of the projects/resources to present a bigger market was discussed. Also, interconnection of electricity grids should be considered where feasible. AES Dominicana offered its services with regard to utilizing/expanding its operations in the Dominican Republic to act as a hub for the Caribbean Region.

**Questions and Answers:**

A question was asked on whether utilities in the region were currently using biofuels and the response was no. Someone also wanted to know if cogeneration was being performed and few successful examples were given in Latin America and Jamaica. The success of a geothermal project in El Salvador was briefly highlighted based on question with regards to this technology.

**Recommendations made:**

- It is in the interest of the regional power generation stakeholders in the private sector to get national power generation regulators together for discussions. The major private sector players can initiate this since regional public bodies have been unable to gain consensus on pooling of projects and resources over the years. AES is considering plans to host a Conference on Power generation regulation and integration in Dominican Republic and exhibit the successful models they have been employing.
- Caribbean utilities and renewable energy entrepreneurs can model efforts in technical and financing aspects better by reviewing case studies employed in Central America – especially in cases of co-generation, biofuels and geothermal energy. Successful case studies in these countries can potentially be replicated in the Caribbean and such cooperation can also include expertise and technology transfer as well as attract investment.

**HAITI: HAITI'S SOCIAL AND ECONOMIC CHALLENGES**  
**WEDNESDAY, DECEMBER 6, 2006**  
**2:00 PM – 4:30 PM**

**Moderator:** Guilaine Victor, Association des Industries d'Haiti (ADIH)

**Discussants:** Jean-Michel Caffin, Bureau Veritas; Maxime Charles, Scotiabank ; Guy Lamothe, Centre de Facilitation des Investissements ; Gregory Mevs, Terminal Varreux S.A. ; Edmond Mulet, UN Stabilization Mission for Haiti (MINUSTAH) ; Brian Nichols, US Department of State ; Philippe Saint-Cyr, Citadelle Capital LLC.

**The Context**

With a constitutionally elected President and a newly elected parliament, Haiti continues to face significant development challenges. Though new social appeasement programs and anti-violence policies are currently being implemented, the country stands poised to become reintegrated into CARICOM and benefit from the Economic Partnership Agreement with the European Union, direct local and foreign investments continue to be the key to the country's success.

**The Challenge**

- How is the new Government responding to the challenges that it is facing?
- Who are the key players needed for success? And, what are the critical actions required in the short-term?
- What is the development plan for the next five years vis-à-vis economic growth and investment?
- How can the local and international business community contribute to the country's economic development with Haiti capitalizing on its unique geographical position?
- Is the country's newly revised investment code and Free Zone code enough to attract the much needed investments, to create new jobs, and encourage reconstruction efforts?
- To what extent can the local private sector and the donor community collaborate in true public/private partnership to improve on current economic conditions and truly make a change?
- Can Haiti take advantage of the small window of opportunity and successfully change its future?

**Points and Comments Brought up in the Session:**

- Haiti is still in crisis but small signs of improvement are evident in daily activities, providing clear signals of commitment from investors and businesses. However, the National Government presence is weak at this time, and the positive expectations of the election are yet to materialize, despite increasing macro-economic improvements. The economy is still moving very slowly. Tax collection is still very poor, and job creation is low. 60% percent of the national budget is financed by the outside, and 75% of the then GDP is based in the informal sector.
- Nonetheless, improvements overall have been noted—the GOH has implemented methodology that has brought greater financial transparency, a balanced budget, and a large international donor commitment to support Haitian development. The link between security and development is clear, and the international donor community has committed financially to the cause. A broader international context should be taken into consideration however—to include countries that have not traditionally participated in this broad initiative. Micro-credit is another aspect that may create jobs, and encourage short-term employment.
- Haiti renewed its commitment to join the CARICOM, and is participating in the regional negotiating machinery. Haiti will be the largest market for the CARICOM.
- Disbursements of committed funds to Haiti will be made easier in the near future and new pledges were made at the Madrid Donor Conference by Ireland and Turkey. 1\$billion has been pledged at this time. Currently, a reform process related to the rule of law is being implemented, and the MINUSTAH has now a more defined role to play in the country, and is contributing to the efforts to build capacity in the nation. Technical assistance in security and capacity building to promote short and long term security are of high importance as they impact economic development.

- Customs is currently collaborating with USAID, to improve its processes, and the Maritime Ports Security project is well under way, and will continue to be supported by USAID; other projects in distance learning, business development, formal and informal micro enterprise development are being implemented.
- Resources can help fill gaps, help articulate appropriate policy.

**Questions and Answers Brought up in the Session:**

- How is the MINUSTAH going to deal with the continued problems of daily security—security issues (kidnappings, thefts, murders) still affect the daily lives of the Haitian citizens. Tension and fear are still pressing on the Capital.
- Can we identify new clusters for development? Suggestions were made to focus on the cultural heritage of the island: site of the first Spanish Port of the New World, for example should be a “world heritage” site. In addition, linking Haiti/Dominican Republic in a larger cultural tourism context may be a way to promote tourism. Other such clusters are potentially marketable. This will of course imply that we focus on agriculture, infrastructure and job creation, in addition to security.
- What other areas are affected by security concerns?
- What about education? Education is important and the IDB has currently a \$25,000,000 project for Haiti. Other agencies such as USAID are also focusing on education.

**Recommendations Made:**

- Reinforce law enforcement capacity at the national level, to restore security and the rule of law.
  - Restore long- term security—and investments will return (as they did in some African countries).
  - Rule of law, good governance and transparency in financial and political dealings are primordial.
  - Encourage transparency and collaboration between national agencies.
- Focus on local governance and on decentralization as a key process towards improving the political climate.
  - Resources and technical support need to be focused outside the capital of Port-au-Prince, reinforcing local governance structure and engaging them in the overall governance process
- Support legislation abroad with great impact on Haiti, such as the HOPE bill which could bring trade advantages to Haiti. It is imperative that Haiti have positive trade relationships not only with the US but also with other partners in the region.
- Create wealth promotion agencies, focusing in areas of potential for the island: tourism, apparel, and other productive sectors.
- Modernize existing legislation on property and business ownership, to encourage foreign direct investment, bringing much needed capital. Improve the regulatory framework overall. Cut down on the bureaucratic red tape, making the process of conducting business more efficient.
- Develop new business strategies to bridge existing gap, encourage foreign and national direct investment, and support key development objectives.
- Identify competitive markets and then focus resources on their development.
- Inform the general population of steps to be taken, changes in legislation, and gain their support for true economic development.

**MARITIME SECURITY: IMPLEMENTING A REGION WIDE INITIATIVE**  
**WEDNESDAY, DECEMBER 6, 2006**  
**10:00 AM -12:30 PM**

**Moderators:** Kim Petersen, President, CEO, Mobius Security Group

**Discussants:** Captain Suzanne Englebert, USCG; O'Neil D. Hamilton, CARICOM Ministerial Subcommittee on Resource Mobilization for Crime & Security; Captain (Ret) James Maes, Port of Miami; Thomas Morelli, Thomas Morelli LLC Maritime Security Consultancy Services; Everton Walters, Port Managers Association of the Caribbean; Al Westerman, HPA LLC; Emma Zuniga, Empresa Nacional Portuaria

**The Context:**

Caribbean Basin countries have implemented processes to ensure compliance with the ISPS Code, but many continue to lag in terms of their ability to ensure a secure supply chain. As a result, Maritime Security in the region continues to be of concern to governments and the commercial sector alike, most notably to our major trading partners.

**Challenge:**

- How can smaller ports mobilize resources, both financial and human, to improve security and respond to potential threats?
- Isn't it time for the creation of regional standards?
- Have we moved any closer to establishing a Caribbean Basin Ports Council that would support public and private sector programming?
- Who are the key players needed for success and what are the critical actions required in the short-term?
- How can we ensure regional compliance?
- Are all parts of the supply chain being effectively trained or have we ignored key groups?
- What are the regional lessons learned and best practices that can be applied quickly to ports that are falling behind?

**Points and comments brought up in the session –**

It is imperative that regional Governments do better to get their countries to achieve security goals. Such goals cannot be reached without key partners, not only the US, but also the UK (with whom several countries have close relationships) and other countries. These nations have experience managing security issues and are examples that can be followed in the region.

Regional Standards for logistics, transportations and security must be developed, adapting what is being implemented outside the region, to the needs and capacity of the regional ports. Benefits of regional strategy for participating countries, include:

- Organizing framework and method for guiding cooperative implementation of a regional initiative
- Synergies for private sector and government stakeholders
- Coordinates priorities of governmental and private industry
- Determine desired outcomes
- Define objectives and sustainable means
- Organize implementation processes
- Capacity and confidence building measures
- Share common and advanced capabilities
- Reduce systemic vulnerabilities of the Marine Intermodal Supply Chain to transnational security threats across the region
- Reduce operating costs through an integrated approach
- Increase success-potential of the Initiative.

CSI, CTPAT, and other standards should be applied to the region, and are key ports are already CSI certified in the region: Jamaica, Dominican Republic, Honduras, Guatemala

Case studies discussed included :

- Dominican Republic, who created through a special Presidential Decree a specialized body which dealt with security issues.. The Dominican Republic took the Navy and the Army and created a security force that worked at the ports, reducing by 80% the illegal use of those ports. In addition, the government partnered with the local private sector to implement security measures.
- Porto Cortes, Honduras, which is CSI certified, where 100% of incoming and outgoing containers are being checked. Challenges include keeping security measures tight, as the port considers expansion.
- Guatemala

Security threat information sharing is an important component of maritime security in the region and efforts should be made to improve the mechanisms for gathering and sharing this information regionally. There are no specific guidelines to attach to potential threats in each country, however, creating a homogenous system of security standards for the region would make addressing the threats more efficient.

The lack of financial resources available are a large problem in implementing security measures in the region. Financial resources should focus on training a guard force, but also focus on the intelligence gathering and information sharing with the countries in the basin. All countries need to work towards this.

There has not been a demand on Cargo vessels to create and intensify security at the ports because the cost has been higher for cargo vessels than for the ports.

#### **Recommendations made:**

Forget that we are competitors—rather consider that we are PARTNERS in the region

Regional actors should know exactly where they stand today and have a precise idea of where they are going in the short and medium term. It is time to act,

Overall standards exist, and are the framework to be used when creating regional standards. Take regional best practices, and implement them at the local ports. Tap into the US Coast Guard, as they are an important player in the implementation of ISPS code regulations and security management in the region.

To address financial resource issue, create a regional purchasing consortium to procure x-ray machines, access control equipment, and other security equipment. The consortium would make acquiring the materials and equipment less expensive, and therefore more affordable to the smaller economies in the region; maintenance costs could be lowered as well, as the supplier would have a larger market to address. A regional consortium could combine private and government funds, and access to the funds would require that regional standards be implemented, and that port security equipment needs be detailed.

Set up regional training hubs: training hubs would make access to training less expensive for the smaller economies in the region—travel time could be reduced and specific regional problems can be addressed. Organizing a Caribbean Port Security Regional Training Center would focus:

- Capacity building on a regional scale requires commitment to training capabilities sustained over a multi-year period and supported with adequate facilities and resources.
- Appropriate seminar formats would be conducted for mid-level officers with responsibilities for managing port security programs and staffs, as well as senior officials on policy and strategy matters

It is imperative to also conduct effective training for all parts of the supply chain, including the Port Security Policy stakeholders. A Port Security Policy Training for Senior Officials should focus on the policy and strategy level responsibilities of senior officials, making their roles vitally important to the success of port security programs at the country and facility levels.

Establish a Caribbean Basin Maritime Security Alliance (CBMSA) as an operational entity to coordinate the discussions, planning, and implementation of a regional security initiative, which would focus on a Regional Strategy that will motivate national action:

- Anticipate New Dimensions Resulting from the Regional Initiative
- Each country will recognize the need for a tailored national strategy

- However, regional and national strategies can be developed concurrently, and coordinated to ensure interoperability.

Caribbean Basin Ports Council could be formed to support public-private programming. Its role would be to:

- Conduct strategic communication with government to engage in periodic dialogue on regional maritime and border security threats;
- Strengthen international relationships to cooperatively support the region wide initiative;
- Improve and develop information sharing networks and mechanisms that enable corporate security departments to share information in confidence with law enforcement agencies;
- Evaluate the effectiveness of law enforcement agencies in reducing the security threats to the Marine Intermodal Supply Chain.; and
- Engage commercial industry partners in a forum of candid dialogue for the exchange of information regarding:
  - Oversight, measurement, and progress of the initiative, and
  - Improved private industry collaboration with government.

Key players needed for success and what critical short-term actions are required.

- Customs administrations and the national police are of utmost importance to threat reduction efforts -- improvement in their functional relationship is a priority.
- Consider the emerging roles of the armed forces in commercial maritime security in the context of implementing a maritime security region-wide initiative.
- Encourage private port users, cargo and transport companies to support ISPS and other efforts, and encourage their participation on the Port Council or Maritime Security working groups, making them important stakeholders in the process.

**SMALL AND MEDIUM ENTERPRISE: COMPETING IN THE GLOBAL MARKETPLACE**  
**WEDNESDAY, DECEMBER 6, 2006**  
**2:00 PM – 4:30 PM**

**Moderator:** Manuel Rosales, U.S. Small Business Administration

**Discussants:** Fay Housty, CARICOM; Minna Israel, Scotiabank; Orlando Mason, Organization of American States; Anthony Maughn, Caribbean Development Bank; John Price, InfoAmericas; Virgilio Tedin, Secretariat of Industry, Commerce and Small & Medium Business; Robert Wright, Jamaican Business Development Centre

**The Context:**

As the region opens up to the global market, small and medium enterprises are faced with new challenges and opportunities. How do SME's with their limited resources effectively and efficiently compete in the international marketplace of the 21st Century?

**The Challenge:**

- Can SME's effectively access markets, technical expertise and credit to meet the demands of competition?
- What are the technologies and innovative ideas that can help SME's compete?
- What are governments, technical organizations and private small business service providers in the Americas doing to promote and facilitate small business trade?

**Points and Comments Brought up in the Session:**

- 4 Major areas concerning SME's were brought up in the session
  - Key characteristics of SME' development
  - Government interaction and support for SME's
  - Affect of technology on SME's
  - International opportunities for SME's
- Key observations on market opportunities for SME's
  - Four matters were identified as important for SME owners: capital, taxes, labor cost, registration bureaucracy
  - Many SME's in the region are characteristically in service.
  - The basic needs of SME's are fed by more aggressiveness, more investigation into sources of raw materials, adaptation to new circumstances, and access to capital.
  - SME's have survived hard moments and bad governments. They work developing strategies to help them grow: they try to reduce bureaucracy, open foreign markets, and by establishing their own funding arrangements.
  - The OAS SME project in Central America and Panama involves 120 SME's and has had good acceptance and uptake; This project serves as a model for SME development.
  - When banks consider support of SME's they have their own survival at stake; if a bank cannot see business, it cannot grow. Thus no new business will be developed.
  - SME's in the region can be competitive in providing services (mainly in tourism, music, financial).
  - Historic ties with the United States, exchange of people, values shared among regions, etc. these are competitive advantages.
  - Tourism is good not only for the tourists that go visit the country but they become potential importers of products of the country just visited. Tourism has a multiplier effect that needs to be developed into greater opportunities.
- Key observations on the role of government and FTA's
  - Coordination of agency activities abroad and domestically (in the case of the US) will strengthen the range of support for SME's.
  - All people involved in consulting or government agencies dedicated to SME's must organize activities for concrete results. Argentina has found business matchmakings to be particularly effective, citing Washington, DC and in México events as recent examples. Small companies are eager to do this. They like it.
  - Sectors full of risks must be helped with tools that mitigate threats.
  - Governments should help SME's and encourage entrepreneurship among citizens.
  - Jamaica Business Development Centre endorses market integration in the Caribbean and with Central America and the US.

- Comments concerning constraints to SME development
  - Without financial resources new market exploitation is impossible. Everything costs money.
  - The absence of new markets in the Caribbean is a difficulty that SME's have to face in the region.
  - Demand and supply do not play their market role. That's why governments have to help SME's.
  - Governments have to get out of the way of banks. They will put money where the need is.
- Key observations on the role of technology and SME's
  - Against all expectations, SME define and learn in a very effective way all the tools we have in internet.
  - Technical institutions are very important.
  - Government bodies and technical organizations have to work with SME's to take advantage of the tools that already exist in internet or existing best practices.
- Key observations on SME's in the international marketplace
  - Before talking about promoting trade, let's talk about improving the business climate in our own countries.
  - Exporting is not for everybody. We should concentrate on SME's that are READY TO EXPORT.
  - FTA's have helped to grow the viability of SME's; there is value government endorsement for the SME sector.
  - SME's will not be able to compete in global markets if production costs are not lowered.
  - There's a synergy among big companies and SME's. The example was given of SEARS' use of local SME's for maintenance for its machines.

#### Questions and Answers Brought up in the Session:

- How can ITC help SME's to get into international markets? This is the question governments should ask themselves.
- How do SME compete?
  - They can respond to changes in the market, they have better customer care; they pursue new markets through joint ventures, outsourcing arrangements, etc.
- What are the technologies that can help SME's compete and what are government actions that help?

#### Recommendations Made:

- Recommendations concerning government and non-state support of SME's
  - There are no recipes for SME's because every country should be analyzed individually and after a very good analysis we can get the answer on how to help each country.
  - We need stats and to measure the real size of the SME's in the region.
  - We have to develop the SME sector by creating new opportunities for them. The experts and people with experience can be the best helpers on this and mainly the market.
  - There has to be a reform on government regulation of SME's; Governments must create proper conditions for SME's to thrive.
  - It is important that there are different standards according to the size of a SME depending on each country.
  - Setup credit bureaus; Mexico and Chile are practices of best examples for capital access.
  - SME's have to learn to share best practices; they certainly have a lot and there is room for independent forums to assist them.
  - There is also a need to recognize market niches where each SME can be competitive and successful. This will depend on each country's culture and situation.
  - OPIC is a very good way of financing small business in Latin America and the Caribbean.
  - Simplify the credit & capital access: flatten the rates and make each one of them pay taxes. SME's aggressively look for their markets.
  - Prior to promoting export promotion programs, countries should help SME's to consolidate themselves as companies in the domestic market.

**TELECOMMUNICATIONS/IT: CAPITALIZING ON INCREASED COMPETITION**  
**TUESDAY, DECEMBER 5, 2006**  
**2:00 PM-4:30 PM**

**Moderators:** Cavan Fabris, Womble, Carlyle, Sandridge and Rice

**Discussants:** Cesar Buia, Lucent Technologies; Camille Facey, Cable and Wireless Jamaica; Francisco Gomez-Alamillo, AHCIET; Khalid Hassanali, Evolving Technologies and Development Company; Linda M. Wellstein, Wellstein Steel and Associates International LLC; David Zumwalt, University of the Virgin Islands

**The Context:**

Though regulatory and technical barriers still exist, the regional telecommunications/IT market has opened considerably to competitive forces in the last decade. This presents unique opportunities for the region to take advantage of for sustainable development. At the same time, as new telecommunications goods and service providers jostle for market space the region must remain cognizant of the fact that new technologies and products must ultimately be harnessed to improve the regional standard of living.

**The Challenges:**

- Is new technology being effectively used by governments and the private sector, resulting in new economic gains and increased competitiveness?
- Is industry, notably manufacturing, tourism and banking truly aware of how they can maximize telecom/IT capabilities?
- What of government policies that embrace technology to increase opportunities for their citizens in education and health services?
- Are telecommunication providers effectively marketing these new technologies beyond cellular services so that they enhance regional productivity?
- Are there any regional best practices?
- 

**Points and comments brought up in the session:**

- The telecommunications industry needs to work together on regulatory harmonization, high cost of interconnection, asymmetry between telecommunications and broadcasting, lack of flexibility in spectrum management, off network roaming issues and regulation of VoIP.
- Regulatory barriers include the need to harmonize regulations to allow new companies to enter the market. Many times there appears to be institutional distrust and lack of information about new entrants and lack of understanding of regional markets by potential entrants.
- New competitors can be allowed to enter the market to offer new and upgraded services. The right regulatory environment will assist in enhancing their competitiveness and the overall competitiveness of the sector. Additionally, the right regulatory mix will force incumbents to comply and reduce opposition and political leverage that they may have in keeping new entrants out.
- The technology park strategy to attract investment is being implemented in Bahamas and Trinidad. They can be used to attract foreign investment and ensure that they go further than just offer services in the CCA region. For example negotiations can include building of production facilities, investing in infrastructure, training of local human resources, technology transfer and innovation and research and development.
- There have been gains in areas such as infrastructure and new technology offerings but full benefits have not yet been realized.

**Questions and Answers:**

- Both new entrants to the market and incumbent companies and service providers face the same challenges in nearly all CCA countries. That is how to expand service into rural areas while maintaining revenue. Politicians sometimes pressure companies and attempt to squeeze new entrants to agree to such terms, making investment for them less attract and without acknowledging the revenue side of the equation.

- Not all countries have the resources or political will or technological and developmental capabilities to use the technology park mechanism to attract new entrants. Many smaller markets will be better served by increasing competition among service providers and lower costs of access to technology. Perhaps regional technology parks can encourage the latter.

**Recommendations made:**

- There continues to be the need for debate on policy specifics of harmonization, regulatory inefficiencies and increasing foreign and local investment and open competition.
- Telecommunications companies need to address socio economic circumstances such as high poverty levels, political instability, and low computer literacy in order to grow markets. Cable and Wireless has success in providing internet access to libraries, partnering with schools etc. Such strategies can be replicated elsewhere. Making services affordable to consumers is key.
- The region needs to explore possibilities of co-investment and sharing development costs. Convergence is key to competitiveness as this would stimulate investment and innovation, open markets and promote e-business exchanges.
- The development of technology parks is an innovative way of attracting foreign and national investment. Panama and Costa Rica already operate such parks which are presumably successful. There is a need to assess if such models can be replicated, what are best practices in attracting such telecommunications investments; detailed analysis of the cost-benefit of employing such a development policy.

**TRANSPORTATION & LOGISTICS: CREATING EFFICIENT LINKS TO THE GLOBAL MARKET**  
**TUESDAY, DECEMBER 5, 2006**  
**2:00 PM – 4:30 PM**

**Moderator:** Ernesto Grijalva, PriceSmart

**Discussants:** Benoit Bardouille, Dominica Port Authority; Bill Johnson, Port of Miami; Haydn Jones, Shipping Association of Trinidad & Tobago; Tim Martin, Tropical Shipping Co. Ltd.; Tom Paelinck, Seaboard Marine; Fernando Rivera, Caribbean Shipping Association; Frank Santeiro, FedEx Express; Dick Stoute, Barbados Chamber of Commerce & Industry; Carlos Tamayo, Inter-American Development Bank; Robert Ulrich, HPA-Halcrow

**The Context:**

Moving goods efficiently and cost effectively through the region continues to be the most critical issue facing businesses in the Caribbean Basin. Has the region done enough to improve efficiencies at its ports? Are integration efforts in Central America and the Caribbean effectively addressing trade facilitation and delivering solutions to modernize operations? Are carriers, port management and the private sector working together to facilitate trade?

**The Challenge:**

- Significant Impact on Investment and Economic Development
- Reasonably Easy to Achieve Results (“low-hanging” fruit)

**Points and Comments Brought up in the Session:**

- 2 Major areas where brought up in the session
  - Barriers to cooperation between the industry and public sector are significant; there is a need for independent forums to allow for transparent decision making.
  - Customs modernization and trade facilitation measures are disjointed, sluggish, and duplications of past efforts. In the region rapid measures to catch up with the world economy and commonly accepted best practices are required in this area
- Key observations for concerning private-public sector cooperation were
  - The integration process is a achieved by consensus, there must be a way to build trust between companies, organizations and ports.
  - There needs to be a way to exchange confidential info – we need to identify a mechanism to overcome the burden of release of information that may be considered sensitive.
  - Trust begins locally, and will then migrate to state and eventually regional levels.
- Some major constraints to the advancement of customs modernization were discussed
  - Failure to modernize will drive some ports off the global trade map at a time when a ports are a key asset to a vital economy
  - Dialogue at CARICOM level is necessary to accelerate regional standardization and harmonization.
  - The players needed at the CARICOM-level dialogue are those with decision making capability and those with a desire to come, whether they have means or shouldn't prevent participation.
  - Governments, port officials, and designated authorities all must have a seat at the table; it does not matter who needs to be at the table first if we agree on 80% of the issues.
  - It is small underdeveloped nations that are tackling customs modernization, but they do not have the technology. Support from stakeholders will be necessary to build their capacity.
  - There must be a cooperative effort to identify ‘true’ documents for transportation & logistics –critical areas that will allow the small islands to get on the customs modernization bandwagon.
  - Tremendous amounts have been spent on security at the ports which has hindered port development; sometimes money is spent without understanding the correct way to spend it.
  - There have been too many studies, with too many different means of measurement.

**Questions and Answers Brought up in the Session:**

- Comments on barriers to cooperation
  - How do we get smaller countries to buy into expensive best practices?
    - Technology transfer, and through open source/free software methods available through technology.
  - Practice of labor that is restrictive makes it difficult to do business, how do we work with labor practices, how do we get help?
    - Coalition of Florida ports is a good example of a private-public sector partnership, and it needs real money to give it legs. Certification also works.
  - There are negative perceptions concerning the determination of rates, how do we deal with that?
    - A system to benchmark rates as a measurement was proposed.
  - Legal mechanisms exist to create transfers of information, what stops the transportation industry from adopting these?

**Recommendations Made:**

- Recommendations regarding private-public sector cooperation
  - Maritime security is an important point everyone can agree on: if a process is 100% efficient but if security lacks, initiatives will fail. Security brings in the government sector, involving the military or police acting as the designated authority.
  - The cricket world cup is an example of related civil legislation that was moved through in a short time. This is an ideal starting point to build up legislation for customs reform. Pressure should be directed to, governments to continue this trend.
  - There is a mechanism for resolving dispute and enacting legislation in place: Let's enlist the private sector to pressure CARICOM for the reform because governments will listen when the private sector speaks with one voice.
  - The private sector needs to tell CARICOM why these are best practices -the process needs to be user driven -there is a lot of information out there, so it is not a question of starting from scratch.
  - Training standards are needed for a regionally self-sustaining program.
  - Need a coalition platform for example: CSA-CCCA-Inter-American Development Bank-CARICOM-BASC.
  - CSA has a role to play CSA – CCAA and port managers association have done it before.
- Recommendations tailored for CCAA as an honest broker
  - Clearly there is consensus to be built upon, what is required is someone to bring together a coalition to represent it.
  - The panel asked that CCAA to put together regional effort to develop regional integration plan, CCAA is the honest broker that serves as the lynchpin between the private and public sectors.
  - The panel nominated Anton Edmunds of CCAA to champion. Anton is well placed, and CCAA can act as the key between sectors.
  - Alternative: Jimmy Moss-Salomon.
  - The discussion here is relevant to Competitiveness Ministerial Agenda for the July 11 ministerial meeting in Atlanta; CCAA will lead an effort to place transportation & logistics issues on the agenda.
  - The panel asked that CCAA take charge of regional standardization effort to create list of best practices with the request they adopt these best practices for the economic benefit in the following areas:
    - Documentation
    - Security implementation – intermodal
    - Handling
    - Customs Modernization

The manager in charge defines repository for best practices and seeks funding or reach agreement to find funding