

# 2005 MIAMI CONFERENCE REPORTS

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

*A PROSPEROUS THIRD BORDER*

DECEMBER 5-7, 2005 INTER-CONTINENTAL HOTEL MIAMI, FL

**CARIBBEAN CENTRAL AMERICAN ACTION**

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**AGRIBUSINESS: REVITALIZING THE INDUSTRY**  
**TUESDAY, DECEMBER 6, 2005**  
**2:00 PM – 4:30 PM**

**Moderators:** Kenneth Hoadley, Zamorano

**Discussants:** Chelston Brathwaite, IICA; William Gutierrez, Santa Lucia Estate Coffee – Nicaragua; David Lavine, Barbados Dairy Ltd.; Michael Ranglin, Grace Kennedy; Claire Starkey, Fintrac; Stephen Hawkins, USDA

**The Context:**

Agribusiness presents an area of significant growth possibilities in the era of FTAs and is of critical importance in terms of employment and economic activity. However, varying production practices, certification and quality control programs, organizational systems and packaging mechanisms hinder producers' abilities to compete in sophisticated markets.

**Challenges:**

- What current industry practices pose the greatest obstacles to the development of a competitive agricultural sector?
- What successes exist and how can these be replicated?
- What initiatives/efforts are currently underway? Do synergies exist across the region?
- Who are the key players needed for success?
- What are the critical actions required in the short-term?

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

- Five major areas for discussion were identified:
  - Agro and food regulations: i.e. food quality and regulatory environment.
  - Access to finance and capital markets for the agribusiness industry.
  - Management, training and information systems: i.e. market and technology information, in particular.
  - Intraregional transportation and logistics: i.e. customs procedures.
  - Desirability of regional organization that brings together all organizations to coordinate efforts on a regional basis: i.e. a “super” FUSADES.
- Some major constraints to the advancement of the Agribusiness sector were discussed:
  - Most people are not exposed/educated about agriculture as a business.
  - Lack of appreciation for potential of agribusiness industry to create jobs/wealth. In fact, agribusiness is the largest employer of labor force when taking into account all backwards and forwards linkages within the agribusiness industry. Example: Studies show that in Costa Rica, agribusiness accounts for 11.3% of GDP. However, when one takes into account the value added services in the agribusiness industry, that percentage increases to 32%.
  - Lack of use of appropriate technology to promote marketability of products (i.e. shelf life, taste).
  - Inefficient marketing to local consumer. Need to build a BRAND: using proper demand/supply system and understand market.
- Key observations for stimulating the development of the Agribusiness sector:
  - Seek to make agribusiness an important platform for promoting development of rural agribusiness.
    - Need to develop agribusiness skills in the young population (i.e. build home food preservation skills).
  - Need to continue to look at new initiatives options for the growth of the agribusiness sector (i.e. organic production, medicinal plants).
  - Important for agribusiness organizations to embrace same strategic vision (look at social considerations in order to come up with a good strategic plan).
  - Need to view traceability as cost of doing business.
  - Crucial to design a commodity chain, which includes export marketing.
    - Raw materials sourcing is key because dictates the quality of the product.

- Primary markets for agricultural products or agribusiness products are national and regional, and are not just exports.
  - Accessing supply locally is key, allowing for small farmers to become a part of the supply chain.
- Research and education should be ongoing initiatives.
  - Need to address sensitivities related to women in the agriculture industry.
  - Build brand equity through management training programs.
- Important to plan for nature's hazards (i.e. hurricanes, droughts). Build regional reserve capacity for times of crisis.
- Current development initiatives in the region's Agribusiness sector:
  - IICA: initiative in food trade, agribusiness, and food safety, which is designed to help farmers and exporters understand and respond to the regulatory environment.
  - USDA (Institute for Food Safety of the Americas): initiative designed to serve as a bridge between the United States' regulatory environments and the regulatory environments in all of the Americas. The program is helping the Central American and Caribbean countries to integrate their own regulatory systems within a broader system and to improve their performance.
- Some success stories mentioned:
  - Santa Lucia Estate Coffee--Nicaragua. Identified a niche market in specialty coffee in the U.S. and with commitment to **consistency** and **quality** has built a successful Nicaraguan coffee exporting business.
  - Fintrac: Best practices programs in Honduras and El Salvador working with small farmers and creating a market for their goods to ensure sustainability.
  - Transfer of R&D. Example: Transferring technology from Australia to Belize for cashew tree production.

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

- Q: Who are the winners and losers? A: SMEs are the potential problem. However, we make the mistake of saying that everyone needs to export, but it's important also to look inside the country.
- Q: How do companies such as GraceKennedy and Barbados Dairy provide incentives to small farmers? A: You have to put your money where your mouth is. For example, GraceKennedy provides inputs for production to their small farmers. Barbados Dairy has a grasslands development program.

#### Recommendations made:

- Use agribusiness as a method of entrepreneurship: teach students how to **make** a job, not how to **get** a job.
- Greater emphasis on national and regional market opportunities and not just on extra-regional exports.
  - Work with small businesses in innovation and food safety procedures aimed at both exports and the regional markets.
  - Integration of small farmers into value chain.
- Standards and quality:
  - Company-supported ongoing training for its employees (i.e. based on FDA and cruise industry standards).
  - Product packaging and design must meet international standards.
  - Promote documentation and accountability at all levels.
    - Incorporate traceability system in the production / distribution chain.
- Important to take advantage of synergies between Universities and farmers as well as seek out linkages with other sectors (i.e. tourism).
- Publicize/emphasize success stories to encourage greater participation and improved outlook of industry (success sharing improves scope/scale).

**APPAREL & ASSEMBLY: COMPETITIVENESS OF THE SUPPLY CHAIN**  
**TUESDAY, DECEMBER 6, 2005**  
**2:00 PM – 4:30 PM**

**Moderators:** Mike Todaro, AAPN

**Discussants:** Julio Barea, Russell Corporation; Jesús Juan Canahuati, Elcatex; Alfonso Hernández, Argus Group; Joseph Okey, American Textile Manufacturing Association; Carlos Zuñiga, Corporación Zona Franca de Nicaragua

**The Context:**

With the passage of FTAs, the potential for growth is promising. How will apparel producers adapt to meet the new demands, challenges, and criteria set by their customers? How do they take advantage of the proximity to the U.S. market? Can producers deliver more value added through full package production while increasing and strengthening their customer base? How can producers and customers collaborate more effectively? Can the Caribbean Basin increase its competitive edge by taking advantage of the FTAs?

**Challenges:**

- What successes exist and how can these be replicated?
- What initiatives/efforts are currently underway? Do synergies exist across the region?
- Who are the key players needed for success?
- What are the critical actions required in the short-term?

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

- Major challenge: Lack of fabric -The big unknown is fabric, particularly woven fabrics and especially man-made fiber fabrics. To solve this problem it will take hundreds of millions of dollars of new capital for factories to build mills, knitting and weaving and finishing capacity in the region. This is being worked on by both American mills, which have no choice but to build there because they are going to go out of business if they don't, and by entrepreneurs in the region.
- Second major challenge in the region is vertical integration. The ability to respond to a retailer just like the Asians do, within hours, with a complete price that they can count on, and a design that is fresh and original. In all of the four nations of Central America and the DR, there has been tremendous ongoing commitment in the last two or three years, to go from just sewing, to doing what is called in the trade the full package.
- Timing is a very important issue in this industry and seems like many people involved in it haven't realized how basic it is in order to be competitive and gain spaces in the United States retail market. Proximity is just geography. Speed to market is important to be successful.
- "We have fought a lot in the US congress in order to get better benefits to our industry in Central America, and of course, we have also pushed our government in order to get better free trade among the region. We have also invested a lot of money in Honduras and the region because we know the big potential we have as a region in this business." - Chuy Canahuati
- China should not be the giant to who we all fear, we should only learn to do well what they can do and try to find the right strategies and measures that keep us competitive and in the apparel market. We need the U.S. market and they need to source from us. Those times when sourcing came from all around the world and the retailer did that job are gone, now the quick response is the full package and keeping fashion trends are the key issues of the business. Central America and Honduras are ready for this, and most important, the region is capable of doing it. We need to focus on our strengths and our governments must help us to achieve our goals, which in the end will benefit the whole region.
- There is a need to reduce cycle time by increasing domestic warehousing and replenishment of materials.
- Some business men and factory owners are still not in this future wave of thinking, but we all have to understand that work and competitiveness is the only way to alleviate poverty in our countries.

- Infrastructure is a determinant element in all this manufacturing process. Ports, highways, efficient customs, etc. are basic if we want to develop our industry to a very high level.
- “Our focus is not how to not lose to China, but how to win business in the region, how to expand and be up to date with what customers are asking us to do”, Chuy Canahuati
- “We are actively investigating those niches where we can do better such as in active wear and high performance synthetics and get fast speed to market advantages”, Chuy Canahuati
- “It is paradoxical, while customers want the region to specialize, they also want us to grow and the critical paths textiles. Our lead times are terrible when we have to source US fabrics and it will take us 2 to 3 years to build fabric capacity here, which is about all the time we have anyway, “ Alfonso Hernandez
- “Here are the keys, it is our supply chain in the region. We have to source cotton and poly yarns from all over the world and build the capacity especially to weave it in the region. Why wovens? Because of duty advantages and proximity. It will cost a lot to do this - \$300 million, which is what they spend in Asia. And we have to get more active in the design of fabrics and garments, which puts us in the chemical and dyeing business, which does exist in the region. And we have to get better at shipping, replenishing the retail floor directly from the region.”, Julio Barea
- Improving the marketing of services and products.
- Other discussions included:
  - lack of major investment monies in the region
  - delays in getting CAFTA implemented
  - how seemingly minor details, like packaging, can stop a cycle time
  - the ATMA Textile show in Atlanta next Fall
  - the potential impact of TPL’s in Nicaragua once they start
  - how if you create a textile industry, you create other industries around it in the region
  - the problems retailers continue to have with inventory, and how the region can help
  - the need for social responsibility leadership in the region.

#### Recommendations made:

- **Money** – it is going to take major financing, \$300 million, to start building the knitting and weaving capacity the region needs. The great unknown is fabric production in the region.
- **Vertical Integration** – the region continues to go “full package”, adapting to the Asian model, while at the same time working to actively leapfrog the Far East. Vertical integration and strengthening the productive chain is the most important competitive tool that Central America needs to improve. Big achievements have been accomplished. Now we can source from a Guatemalan mill, get trims from El Salvador and assembly in Honduras or Nicaragua. It is now possible, but still, more efficiency at customs is needed.
- **Timing** is a very important and infrastructure is a determinant element in all of the manufacturing process. A full package model will help with the timing issue allow producers to keep up to date with fashion trends.
- The strategy for the development of the region should include finding the right market niches where each country in Central America is competitive. This will bring together a real regional and productive integration.
- “While textiles are our critical path, there are three other areas of opportunity. First is design which includes pricing, sampling and product development. Then, of course better trim integration and finally direct replenishment, as Julio says. We know this is critical because the customers are telling us so.”, Alfonso Hernandez
- The marketplace can dictate to the government what it needs instead of waiting for the government to dictate to them.
- Increased disaster preparedness for the region will encourage financiers to invest more in the region since these investments will be protected.
- More financing and investment is needed in equipment which will increase the capacity of producers and in turn will increase cash flow.
- The leaders of the region are changing the wheels of a moving car. They are investing in new systems, hiring new people to develop new procedures, all the way from the very front end of the process which is design - to the very back end of the process, which is replenishment.

**ENERGY: RESPONDING TO THE GLOBAL OIL CRISIS**  
**TUESDAY, DECEMBER 6, 2005**  
**2:00 PM-4:30 PM**

**Moderator:** Mike Zellner, Latin Trade

**Discussants:** John Issa, Super Clubs Hotels; Michael Kappaz, K&M Group; Kevin Manning, AmCham DomRep/AES; Matt McManus, U.S. Department of State; Michael Realini, Petrolatina S.A.; Kevin Wolahan, Chevron Latin American.

**The Context:**

High world oil prices are likely to slow US economic growth that will inevitably affect the Caribbean Basin. As a region of net oil importing small economies, the repercussions are significant.

**Challenges:**

- Has the time come to refocus on implementing a regional energy policy?
- Are fuel standardization, harmonization of a regional tax regime, simplification of bureaucratic process, transportation optimization and harnessing alternative energy sources and technologies potential solutions?
- Do the regional institutions and public & private sectors have feasible strategic plans?
- What strategies are working? Which can be applied elsewhere in the region?
- Where does the region stand in its ability to utilize new technologies?
- Who are the key players needed to ensure appropriate policy changes?
- What are the critical actions required in the short-terms?

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

- The Caribbean needs safe, secure, reliable energy, backed by credible environmental standards required by international institutions.
- The region needs to consider diversification into wind, hydro and liquefied natural gas (LNG) pipelines as alternatives even though indications are that biomass and wind are not commercially viable.
- To continue to attract new players, the region needs to encourage uniform product specifications and the regional harmonization of duties.
- Regulatory environments that are opaque or confusing do not promote market access
- Increased centralized coordination of the following:
  - Rural electrification efforts in mainland Central America.
  - Regional energy programs that include bulk crude purchase, rationalization of distribution, and alternative energy initiatives,
  - Mechanisms for lowering costs such as: creating a central energy desk, encouraging carbon trading opportunities, developing an investment facility for renewable energy, and designing a public awareness campaign.
- Investment regime stability is key to attracting investment in energy. Example: Trinidad & Tobago.
- A Caribbean Hub for LNG promises to provide fuel at a reduced cost of production, reduce the cost of equipment maintenance, and reduce the cost of transportation to reflect 65% of the total operation cost of gasoline.
- Key elements to high prices are market inefficiencies and a lack of competition for both public and private power suppliers.
- Chevron: "The New Energy Equation." While the new global energy equation remains one of supply and demand, we also see it encompassing a number of recent trends: challenging new resource locations, shifting balances in supply and demand in a complex geopolitical environment and a changing competitive landscape.
- Develop a Natural Gas Caribbean Energy Hub in association with gas producing countries and its potential impact on specific Caribbean countries

- Discuss the benefits of fuel quality harmonization in Central America and the Caribbean--drawing from the many difficult lessons the learned by the U.S. (and is still learning) from its own boutique fuel problems.
- Discuss and analyze the need to relax some of those regional standards after the recent Hurricanes to allow the market to adjust.

### Recommendations

- Re-energize the Central American Fuel Harmonization Study that CCAA commissioned two years ago and to find a way, collectively, to bring this back to the attention of the region's stakeholders. One way to ease the burden on consumers in this region might be to consider common regional standards, which would afford economies of scale and more efficient delivery of energy goods and services.
- Energy/Electricity: Mexico and Central America have very similar conditions for an integrated electricity wholesale market. Benefits of proper integration of markets could be significant. Using a similar strategy Colombia experienced a 40% drop in prices, while Chile and U.K. saw a drop of 15-20% in their fuel prices..
- The region is uniquely well placed to take advantage of renewable energy such as wind and solar energy which may be uneconomical in other venues.
- Policies must promote efficiency and draw caution against some of the myths that encourage more regulation.
- Central American power mode which has one grid, one set of rules and lots of fuel alternatives, should be investigated by CARICOM. with the following concerns: current fuel realities in Central America (CA) for power stations; possible fuel alternatives and solutions; grid integration; transmission access; wholesale market for electricity; and the importance of one set of rules in the pool
- To address the "New Energy Equation": debunk certain myths: more regulation is better; direct oil importation will reduce pump prices, prices in CA/Caribbean don't follow international oil prices; largest piece of the pie goes to wholesalers; we're ready for alternative sources now.
- Work together to educate consumers about the factors that influence international prices.
- Institute policy changes which promote efficiency; industry improvements/investments in logistics, R&D, technology while generating more output from existing wells/refineries and looking for new sources of energy.
- Implement policy changes that aim at standardizing process/instituting best practices: Fuel specifications; customs/transportation; tax regimes; pricing formulas; environmental standards; and emergency preparation and response.
- Develop clear rules and consistent application/enforcement of existing regulation; active involvement from all stakeholders.
- Diversification of the energy sources; consider using wind, and hydroelectric energy sources.
- Standardize the specifications of the energy products.
- Develop the most efficient technologies and the cleanest fuel.
- Energetic regional integration will garner enormous benefits to the sector.
- Create an entity to regulate fuel prices efficiently.

**FINANCIAL SERVICES: IMPACT OF INDEPENDENT RATINGS**  
**TUESDAY, DECEMBER 6, 2005**  
**2:00 PM – 4:30 PM**

**Moderators:** Jose Sirven, Holland & Knight LLP

**Discussants:** Erick Campos, Fitch Centroamerica; Stephen Cozier, Scotiabank; Roy Johnson, Jamaica Stock Exchange; Carl Ross, Bear Stearns; Roberto Zamora, Grupo LAFISE

**The Context:**

FTAs underscore the importance of establishing regionally integrated financial markets to achieve sustainable economic growth. The global market place will continue to place competitive pressures on local firms. Without the existence of integrated, sophisticated debt markets, their growth potential will be truncated as a result of limited access to finance and credit. They will increasingly rely upon independent analysis provided by a credible, regional credit rating agency to gain access to foreign investment. With CariCRIS in the Caribbean and Fitch Ratings in Central America, what is the region current progress? How far and wide is their reach?

**Challenges:**

- What remains to be done?
- What other initiatives effort are currently underway? Do synergies exist across the region?
- Who are the key players needed for success? How does the private sector accelerate financial market integration?
- What are the critical actions required in the short- term?

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

- The governments have to play a key role to promote the region's financial sector. They must convince investors that it's the governments' intentions to work with them
- Seek to keep the capital at the local level in order to increase the production in the region
- Key areas that need improvement within the region:
  - Quality of acquisitions
  - Stock market exchanges
  - Scope and quality of ratings
  - Efficiency of financial services
- Central America is working towards implementing a ratings requirement for the financial sector. Costa Rica is making the ratings mandatory
- The development of a debt market will not help the Small and Medium Enterprises (SMEs). One of the strategies to assist the SMEs is to redirect the debt market towards increasing access to finance. Costa Rica is creating specific rules for the debt market in order to help SMEs
- Investors concerns regarding the region:
- Evaluate ratings: must provide independent opinion for investors
  - Transparency
  - Local currency debt
- Hurricanes. Should these countries be highly rated for disasters?
- Independent ratings companies should be regulated by the government during the early stages
- Local stock holders are increasing in the region
- There are very different regulatory regimes in each country, making it difficult to provide cross border issuances of debt instruments, or cross-border issuances of equity
- Because of the region's inherently evergreen opportunities in the commercial debt market, businesses simply do not have any reason to go out to the public debt market to raise capital
- Culture plays a role in development of debt and equity markets:
  - Businesses are usually owned by families who like to keep businesses within the family

- Central American markets are heading in the right direction. Honduras and Nicaragua's key elements of growth are the debt exoneration, commodity prices, DR-CAFTA and remittances

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

- How to ensure stock markets without the existence of a regulatory framework within the region?
- Why is there no investment from Central America in the Caribbean or vice-versa?
- Should investors explore beyond their own frontiers?

**Recommendations made:**

- Harmonize the regulatory framework within each of the regions
- Governments need to play a role in pushing private companies to seek independent credit ratings for their debt (market forces in the regions simply are not sufficient to create that impetus at this point in time)
- Improve regulations of independent credit ratings agencies in the region
- Make the local market more attractive to foreign investment

TELECOMMUNICATIONS/IT: CHALLENGE OF CONTINUED DEREGULATION  
TUESDAY, DECEMBER 6, 2005  
2:00 PM-4:30 PM

**Moderators:** Cornelius Prior, Atlantic Tele-Network Inc.

**Discussants:** Oscar Bazoberry, World Data Inc.; Camille Facey, Cable & Wireless Jamaica; Regenie Fraser, CANTO; Bernadette Lewis, Caribbean Telecommunications Unions; Marne Martin, DIGICEL El Salvador; Aileen Pisciotta, Trans-World Telecom Caribbean Ltd.; Jorge Ivan Ramirez, Verizon Dominicana; Linda Wellstein, Wellstein Steel & Associates International

**The Context:**

While telecommunications and information technology (IT) is a reality in Central America and the Caribbean there is a need to look for ways to expand and improve this technology, and to take advantage of it, not only for the benefit of the companies but for the benefit of each country and its population.

**Challenges:**

- Bandwidth. Broadband is a critical resource that needs to be implemented.
- Sharing a vision of how to take advantage of integration of telecommunications and IT.
- Rapid technological change and market growth.
- Where does the region stand in its ability to utilize new technologies?
- Can it apply these technologies in areas such as tourism, education, financial services, insurance, outsourcing and call centers?
- Who are the key players needed to ensure success?
- What are critical actions required in the short-term

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

- Infrastructure has to support broadband initiative and implementation of logistics. Broadband deployment is a major objective for companies worldwide
- Important to work with standards and harmonize regulations and laws behind infrastructure
- Imperative to increase subscribers
- Additional providers of infrastructure have been licensed (capacity is there)
- Broadband access-cost is a major problem, as well as the cost of a computer (less than 20% of homes are equipped with PC)
  - Low cost internet devices have to be developed in order to grow the market
  - Subsidized computers for schools should be provided
  - Increase volume to support low price plans
- Increase computer literacy skills. Organize clubs to train in basic and computer literacy
  - Government has to educate the population in internet usage and related opportunities
  - Continue with e-learning
  - Provide support access to equipment and services
- CANTO (Caribbean Association of National Telecommunications Organizations) comprises of 68 companies in 36 countries sharing knowledge and expertise, strategies and policy making.
- CANTO recommends:
  - Less voice and more images and data transfer through telecommunications
  - Basic services are treated as commodities
  - Cable and satellite providers compete for residential telecommunications
  - Competition tends to decrease profitability

- Service providers need to be large enough and produce sufficient cash flow to absorb the cost of expanding networks.
- Transmission systems need to be replaced as frequently as every two years
- Operations should be much less labor intensive, focused on non traditional competitors; many of the old products are current commodities, while new product require high speed internet access
- Important to use a regional approach and appropriate regional legislation to achieve international compatibility and replicating best practices
- CTU/ Caribbean Telecommunications Union. Initially included CARICOM Caribbean states. In 2004 CTU expanded to non CARICOM states, private sector firms and NGOs. CTU was suggested to be established as a center of excellence for telecommunications. Key focus areas are training on technical or regulatory issues, technical assistance, and marketing information service. CTU facilitates working groups at the international level and engages in partnerships with recognized institutions.
- Need to change the traditional policies that have ruled the telecom sector because of the rapid evolution of technology. Rapid pace of innovation will continue
- Several opportunities can be explored:
  - Create virtual services among regional countries
  - Horizontal integration for e-supply chain is possible among the countries (such as networks, different applications, designing or developing e-learning, e-government increasing transparency in administration). These applications will increase competitiveness in the region
  - Opportunity to create a digital corridor among DR, the Caribbean, and Central America with good connectivity. There are several satellite systems that can be used (Mayan, Arcos I and others) to increase interconnectivity.
- To take advantage of these opportunities it is necessary to: improve the regulatory framework, create strong regulatory bodies and rules based on minimal intervention of regulatory bodies; design and implement common based rules in the region. It will be necessary to improve telecom infrastructure, while improving broadband and penetration. Also, it will be necessary to increase volume to decrease cost in access. New cost structure model to create inclusive economic model will be developed: Telecom centers are part of this strategy, as are classrooms for poor areas and public schools.
- Improve PC penetration through programs that provide less expensive equipment in high volumes through orders in clusters among the different organizations working as a team.
- Create networks among universities to share knowledge
- Mechanisms for dispute resolution are also important.
- Important role of competition. It is different in every country. There should be appropriate regulation when there is asymmetric market power, to set clear rules and make effective competition possible. Increase trade commitment to market access. Make efforts to adopt regulatory reference paper (guidelines for countries that need some notion of how to bring themselves into international best practices on regulatory issues, identifying current standards are and how to address them).
- There should be harmonization of regulation in areas that are common to everybody's economic development and growth.
- More dialogue is necessary between the private sector and the government with the rest of the world to see where we are and share the way each has attacked challenges, and get tools to work in each one's unique situation. Private sector should make sure to educate the government so it will understand the business and allow it to grow and be competitive and expand, empowering small and medium enterprises.
- Facilitate more dialogue among private companies to work as a team and drive development in the region.
- In CA Access is not the problem when talking about voice, except for indigenous communities in Guatemala, and portions of very poor and rural regions in Honduras and Nicaragua. The problem is ability to pay and the penetration of other non-mobile services in these markets. Most of the growth is driven by D and E income segments. It is necessary to develop the base of people who can pay for these services.
- Harmonization and improvement of telecommunications laws are badly needed in some areas, even though many were updated in the 1990's, many have gaps, have not evolved as quickly as technology and there are no regulators who are well versed in telecommunications. Very few with telecomm experience.

- Countries need exposure to development, so not only focus on supply and regulatory issues.
- Where does the region stand with its abilities to utilize the new technologies?
  - Broadband needs to be implemented
  - There is infrastructure and capacity but it is necessary to work with standards, harmonize regulations and laws behind infrastructure
  - Access-cost is a problem
- How do we begin to capitalize on this ICT revolution? Policies must change:
  - At the national level governments should be early adopters of ICT in delivery of services to its citizens
  - Public-private sector partnerships.
  - Citizens should be at the center of the process of policy development.
  - Policies must be cross sectoral with more lateral integration of sectors and business practices, so policies must reflect the changes of dynamics of business environment.
  - Training is essential. Review education process to enable people to use technology and assist industry to maintain and use the equipment in a creative and sustainable way.
  - Region should develop standards for the industry and there should be commitment to follow policies and harmonize processes for the ITC sector.
  - Go from a nationalist to a regional view that will benefit all countries in the long run.

**Recommendations made:**

- Work with standards, harmonize regulations and laws behind infrastructure
- Establishing more cooperation among government and the private sector, and among the private sector itself
- Training for use of technology
- Leverage of technology
- Deployment of internet based services
- Educate population

**TOURISM: CULTIVATING A CULTURE OF CUSTOMER SERVICE**  
**TUESDAY, DECEMBER 6, 2005**  
**2:00 P.M. - 4:30 P.M.**

**Moderators:** Jennifer Nugent-Hill, Tropical Shipping

**Discussants:** Félix Jiménez, Minister of Tourism, Dominican Republic; Vincent Vanderpool-Wallace, Caribbean Tourism Organization

**The Context:**

The region has seen an increase in tourism numbers over the past year and the industry continues to be an essential tool for economic development. Can the region sustain this tool given the current services being offered?

**Challenges:**

- Can the region sustain this tool given the current services being offered?
- Is enough emphasis being placed on the development of the human resources involved in the tourist industry?
- Are current business practices and educational systems oriented towards nurturing a vibrant tourist industry?
- Are there best practices in the Caribbean Basin that can be simulated across the region?
- Who are the key players needed for success?
- What are the critical actions required in the short-term?

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

- Tourism is one of the most diversified industries and, therefore needs the most diversified training available.
- We need tourism because most professions in the region function under the umbrella of tourism. For example, tourism can stimulate local manufacturing and agriculture, encourage cultural activities and products and engage in dialogue between the tourist and the local.
- It is critical to re-evaluate our regional approach to tourism as an industry.
- Revision of existing government policies:
  - Incorporating tourism in all aspects of policies
  - Create consistent government policies
  - Incorporate tourism in educational policies and curricula
- Personality is a marketable skill.
  - Our frontline people have to be the ones with the best personality.
- What rewards should be used for those whose personality and service towards customers are the desirable ones? It most certainly should be one that benefits both the company and the worker.
- Two of the greatest mistakes we are making, as operators and entrepreneurs in the tourism industries are:
  1. Promoting people who excel at the interpersonal level, when the promotion removes them to an environment with less interpersonal interaction. This requires a change in what a promotion entails in the industry: if it means the removal of this person from the interaction with the customers this may negatively impact the business. However, rewarding good work with an appropriate financial incentive, while maintaining the person at the post at which they excel will yield positive results.
  2. Often we do not measure for the proper skills when hiring for posts in the hospitality and tourism industry. As operators we often overlook the skills sets needed for certain positions in the industry, many of which are cannot be measured through a standard test. This results in hiring people that are not compatible with the job. It is important to note, as well, that we tend not to encourage certain skills set while overemphasizing others. Hospitality and tourism require a variety of skills for the myriad positions available. The region's best and brightest should be encourage to consider a career in this field.

- Currently, tourism operates under a manufacture oriented system; this is inappropriate – change in paradigm to a tourism oriented system necessary..
- When considering a career in hospitality o candidates should excel in academics, especially in subjects such as math, physics and other liberal academic areas, in order for them to be well rounded.
- Tourism is one of the best paying industries when seen as a whole. .
- When working in hospitality there is no excuse for lack of professionalism. One should always present a professional front when dealing with clients..
- Traditional school curriculum should include a tourism perspective, especially in countries where it is a large part of the economy.
- Infrastructure is also a very important issue for the tourism industry, as it's success often relies on the conditions of the roads, buildings, transportation, supply chain and food processing, and access to its assigned areas.
- Everything is connected. In countries where tourism is an integral part of the economy every single profession is directly and indirectly connected to its success:

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

- **Question:** The Caribbean has many islands and different governments. How does the region take the idea and actually implement it?  
**Response:** Even if you have a different government, there is always a way to come across with solutions, because there are always interests in common and similarities or differences that instead of becoming an obstacle, can become an advantage.
- **Question:** How profitable is tourism?  
**Response :** Very profitable. It is an industry very diverse and yet so poorly exploited in so many countries of the region, that profits have not be what they should be. There is still a lot of benefit to get from tourism.
- **Question:** What are the main obstacles?  
**Response:** Tourism has not been given the credit it deserves. It is taken as a hobby, but it is really a profession. Tourism is something to be taken seriously, one the highest earning industries in the Caribbean Basin, and all countries of the basin have the potential to benefit from this worldwide interest. This is one of the greatest problems, but there are others such as misconceptions in the criteria for hiring people, and the way in which you promote your people.
- **Question :** What about natural disasters?  
**Response:** We have to admit that our countries are prone to have several natural disasters. The key is to be prepared enough so that the natural disasters do not harm the industry as much.

**Recommendations made:**

- Good Service is always the key for a successful enterprise.
- Promote the BUSINESS OF TOURISM to all sectors of the economy, and encourage the best and brightest to consider a career in hospitality –
  - Realizing that when tourism is a key development objective, all ancillary and related businesses must also develop within the proposed tourism plan; related industries will benefit from an excellent tourism development policy.
  - Create the educational outlets to support citizens willing to work in the hospitality industry: managers, event planners, designers, construction firms, bankers, chefs, medical industry and all other ancillary activities (agriculture, fisheries, agro-industry etc...).
  - Professionalize the career path in hospitality and tourism to attract the best candidates.
- Ensure and sustain an on-going public information campaign “WE ARE ALL TOURISTS”, even in our own country.
- Critical focus should be put on publicity. For example: THE VOICE OF THE VISITOR is a program created in the Bahamas. The purpose of the program was to let the audience know what a good time they had in the different places they visited. Basically tourists share their experience.
- The best way of letting people know about positive experiences is publishing it.

- There should be a noticeable public and private encouragement to the promotion of tourism inside each country. Public awareness and education are key elements of a successful industry
- Best Service not servitude. A change in perception will be needed not only locally, with the citizens, but also through our advertising campaigns abroad.
- Not just be a service provider, be a donor of culture and excitement, and entertainment.
- Publicity and Security are the two pillars for this industry. Will need publicity to attract the tourist, and security to ensure that he will visit the country.
- Prepare the population in general to be able to give information about her/his countries, about the food, about history, about costumes and customs, and population. If a tourist asks a taxicab for some information the cab driver would not only be able to give the information desired but provide extra information if available. To that end, policies should:
  - Indoctrinate the language of tourism within the community, at all sectors of the economy, in particular schools and learning centers
  - Inculcate the idea of the business of tourism through everyday language; tell the story of the economic benefits of tourism,
  - Make public awareness a priority.
- Collaboration is vital for the progress of this industry. Private and public sectors must work together to promote tourism – a money making industry in most of the region.
- In light of the “fragile/fickle” nature of tourism, and the devastating impact of disasters, the industry must develop a well managed disaster preparedness strategy. Being adequately prepared will make the difference in saving lives, and supporting the relief efforts. Hospitality service providers should broadcast information on preparedness, and use this as part of their campaigns to attract visitors.

**TRANSPORTATION AND LOGISTICS: BUILDING BRIDGES THROUGH EFFICIENT SYSTEMS**  
**TUESDAY, DECEMBER 6, 2005**  
**2:00-4:30PM**

**Moderators:** Rick Murrell, Tropical Shipping

**Discussants:** Ana Guevara, UPS; Merton Moore, Caribbean Customs Law Enforcement Council; Corah Ann Robertson-Sylvester, Caribbean Shipping Association; Frank Santeiro, FedEx Express;

**The Context:**

While the Caribbean Basin is often defined as the Third Border of the United States, the efficient movement of people, goods and services continues to be a major problem. The region must continue to improve its logistics framework in order to become a more competitive trading partner.

**Challenges:**

- What are the benchmarks the region must achieve to maintain and expand its share of the world's largest marketplace?
- How does the implementation of the CSME and DR-CAFTA affect the current movement of goods between the US and the smaller countries of the hemisphere?
- What are the best practices that can be adopted?
- What initiatives/efforts are currently underway? Do synergies exist across the region?
- Who are the key players needed for success?
- What are the critical actions required in the short-term?

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

- Transportation is the plumbing of international trade: when it backs up you know you've got a problem.
- Given the size of the economies in the Caribbean a real need exists to create incentives for the small shipper. This point is especially visible in the inter-island trade of the Caribbean and the small cargo sizes of one-to-two pallet shipments.
- Free and open discussion needs to be made to stimulate dialogue between businesses and governments if the region hopes to achieve global levels of competitiveness.
- The realm of transportation has changed immensely; today the world is "flat" and more attention must be paid to the effects of the combination of lowered trade barriers and e-business practices focusing on the practices and logistics of transportation. Only by embracing these tools and accessing the opportunities afforded by lowered trade barriers can the region meet globally competitive standards.
- Difficulties in infrastructure still remain an impediment in the areas of:
  - Comparative costs of air transportation vis-à-vis costs for similar transport in developed economies.
  - The state of internal transport infrastructure in countries in the region.

These areas are basics that must be addressed in conjunction with more sophisticated aspects of the changing business environment (such as e-business) to achieve an over all success. Air transportation costs must be reduced and infrastructure, such as major roads, prioritized in order to ensure the unobstructed flow of goods.

- The "laid back" culture approach to business, which is prevalent in the region, must be addressed among all the countries of the region if transportation is to be a success among any of the individual countries in driving their economic development.

**Recommendations made:**

- Harmonization of systems must begin by directing resources and assistance towards government operations of cargo release/cargo clearance. By establishing relationships between the government and private sectors steps can be taken towards making this process more efficient, which will allow best practices to be established and disseminated among government agencies in the region.
- Monthly meetings between interested parties in the private and government sectors should be set up to be at 11:00am on the last Friday of each month so as to stimulate free and open discussions and develop new ideas on how to bring the standards of the region into alignment. Rick Murrell has offered to organize and moderate these sessions.

COMPETITIVENESS  
WEDNESDAY, DECEMBER 7, 2005  
10:30 AM-12:30 PM

**Moderators:** Arturo Condo, INCAE Business School

**Discussants:** Carlos Avila, CABEL; Roberto Bendaña, Competitiveness Commission, Nicaragua; Jerry Haar, FIU; Anthony King, Barbados Shipping and Trading Co.; Eddy Martinez, CEI-Dominican Republic; Emmanuel Seidner, PRONACOM Guatemala; Jane They, OAS

**The Context:** The Caribbean basin's greatest comparative advantage is its proximity to the largest market in the world. How to exploit fully this reality represents its greatest challenge.

**Challenges:**

- Can a region made up of small economies with limited human, natural and financial resources effectively compete in an increasingly global economy?
- How should the public and private sectors address the constraints facing many of their companies?
- What strategies are working? Which can be applied elsewhere in the region?
- Who are the key players needed to ensure success? What is the role of academia?
- What are the lessons learned?
- What are the critical actions required in the short-term?

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

- Human resources
  - Access and quality of education. Government agreement to improve access and quality of public education
  - Knowledge network promotion: greater communication between Universities and businesses
  - Greater investments in science and technology. Active government role to promote development of technology
  - Promote the transfer of technology, especially for SMEs
  - Education, labor and managerial training services
- Institutional strengthening
  - Strengthen the institutions to improve: believability, transparency, responsibility and predictability
  - Increase institutions' efficiency to guarantee their ability to provide the necessary public goods
  - Create new institutions to permit, formulate and increase active competitive politics with an alliance between the private and public sectors
  - Create control mechanisms linking incentives to results
- Improvements in infrastructure and logistics
  - Eliminate bottlenecks in telecommunications, energy and transportation infrastructure
  - Create adequate public infrastructure to decrease transportation costs and the economic distance to market, especially for export products
  - Promote private sector participation on infrastructure development
  - Increase port efficiency and customs processes

**Recommendations made:**

- Promote a regional productive conglomerate with emphasis on SMEs participation (strengthening the capacity of SMEs; increasing credit access for SMEs)
- Continuous training and education to improve human resources
- Create a regional competitiveness agenda

**DISASTER PREPAREDNESS AND RELIEF: REGIONAL STRATEGIC IMPERATIVES**  
**WEDNESDAY, DECEMBER 7, 2005**  
**10:30 AM-12:30 PM**

**Moderator:** Ambassador Gordon Shirley, Government of Jamaica

**Discussants:** Teo Babún, Americas Relief Team; Tim Callaghan, USAID. Jeremy Collymore, Caribbean Disaster Emergency Response Agency (CEDERA); Hank García, Exxon-Mobil; James Lee Witt, James Lee Witt Associates; Paul Myers, International Code Council Foundation; John Neville, Terremark Worldwide; Manuel D. Soto, International Association of Emergency Managers.

**The Context:**

Following hard on the heels of the devastating 2004 hurricane season and the climatic and geologically active 2005 season, it continues to be clear that the Caribbean Basin is in the center of major climatic and geological events. Countries are stretched thin trying to respond to local disasters, as well to those hitting their neighbors. The region must develop sustainable disaster preparedness and relief strategies to immediately respond to such events. There is an urgent need to encourage reconstruction efforts, mobilize volunteers, and channel necessary resources to the appropriate groups.

**Challenges:**

- Have these countries implemented communication strategies and infrastructure changes to better respond to the emergencies?
- Have national and regional building codes and standards been adopted and applied? If not, what are decisive impediments to implementing a regional code? How can relief efforts be better delivered to populations in need?
- How can the private sector contribute to a national and regional strategy for disaster mitigation and preparedness?
- What efforts are currently underway and do synergies exist? What lessons learned should be incorporated into national and regional risk mitigation strategies?
- Who are the key players needed for success? And, what are the critical actions required in the short-term?

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

- One of main problems after disasters is the lack of communication between the affected community and potential relief; it is very important for the relief effort to clearly understand the immediate needs of the affected community; the affected community must communicate their needs in order to receive the adequate supplies and care from the relief efforts. The problem solving abilities of the on-the-ground responders after a disaster are greatly improved through effective and targeted communication.
- There is also great difficulty in the coordination of efforts between institutions and the reconstruction efforts on the ground. This is partly a result of poor communication. However, the last hurricane season for example has been the worse one in many years and we must acknowledge that greater natural disasters are forthcoming due to the worsening of the global climate. There is a proportional relation between population growth, pollution, environment and the increased frequency of natural disasters. A prepared plan of action and improved communication between organizations and on-the ground efforts will result in improved coordination between the two.
- Since 1985, hundreds of millions of dollars have been lost because of natural disasters: preparedness and prevention are a priority and a mandate.
- To provide relief and aid in reconstruction efforts after a disaster, it is imperative to focus on preparedness. Now is the time to sit and decide what and how the region is going to act in the advent of disaster. An often repeated criticism is that too much time is taken to prepare and to organize the preparedness plans, and action plans for emergencies; nevertheless the long term benefits obtained with preparedness and mitigation, such as the amount of lives that can be saved, the decreased impact on personal and labor aspects, among others, improve greatly.

- It is very important that the Central American countries and the Caribbean take advantage of the technology the United States has available. The region should consider incorporating available preventive technology into their individual countries emergency and disaster preparedness plans.
- It is a necessity to implement "best practices" that have been applied in other countries with good results, reflecting the needs of each region/country. It is essential that citizens and on-the-ground relief workers be aware of the different institutions that are involved in the organization of relief efforts, and the prevention of disasters because they are the best resource to obtain information and support to face natural disasters.
- Planning ahead is important: all households should have all the elementary articles such as water, batteries, radio, and candles, available in the home, ready to be used when faced with a disaster, whether natural or manmade. This information should be shared with all the citizens, creating an awareness of the minimum needs household should have access to as they await relief efforts. It is also essential to have access to landlines, satellite and cellular telephones to be able to communicate—establishing methods of communication are primordial. However, governments should work to secure the networks and infrastructure needed to allow secured communication. .
- Another key subject broached during the discussion was infrastructure. Since many of the Caribbean Basin countries have many problems in this area, the discussants emphasized the need for creating and supporting a working infrastructure system. There exists a regional need to create and implement policies that improve national and regional infrastructure that will be the basic support framework for relief to reach the ones who need it most. This network must include ports, airports, telecommunications towers, power sources, among others.
- Discussants also addressed the need to share information between each region, and each country, sharing specific information about particular disasters to exchange ideas, solutions, best practices—thereby supporting the ideal of a regional disaster preparedness and mitigation plan.

**Recommendations made:**

- Learn from past experiences: we must learn from our mistakes to improve the way the region and donor agencies and charitable emergency relief organizations respond to disasters.
- Underline the importance of preparedness and mitigation: it is necessary to understand the importance of preparedness and mitigation and to make the citizens aware of the danger, consequences and potential solution and actions to take in the face of disasters. A regional disaster plan should be eventually considered—but each nation should have a plan in place to deal with any emergency at the national level first.
- Share experiences and best practices regionally: people don't understand the importance of emergency preparedness and mitigation until they live a disaster experience. Sharing experiences and best practices should be a routine practice that will help individuals, nations, and relief organizations react adequately in actual times of need

ENERGY SECURITY  
WEDNESDAY, DECEMBER 7, 2005  
10:30 AM-12:30 PM

**Moderators:** Gary Ward, U.S. Department of Energy

**Discussants:** Patricia Alleyne, Barbados National Oil Terminal; Trevor Boopsingh, Kenesjay Systems; Eduardo del Valle, EGDV Consultants; Phillip Paulwell, Minister of Commerce, Science & Technology, Jamaica.

**The Context:**

Increased costs of energy will continue to negatively impact economic development in the Caribbean Basin. As governments seek solutions for current international high prices they have to weigh a wide variety of issues including the possible dependency on one supplier and the benefits of already optimized supply/logistics systems.

An issue of general concern is to identify where it is necessary to look for diversification and find solutions. Consumers and the industry are seeking for alternatives to spend less. Private and public sectors should address these problems, particularly in small countries

**Challenges:**

- Is the best approach for the governments and companies to promote energy conservation campaigns?
- How do agreements like Petro Caribe and the new U.S. Energy policy affect the role of energy multinationals throughout the region?
- How do we reconcile the views of governments, oil majors and the private sector?
- Who are the key players?
- What are the next steps in the short term to ensure energy security?
- What are alternatives and technologies that have to be addressed?
- Increase available predictable energy at an ensured low cost?
- Is there an adequate supply of energy products?
- How to reduce excess tax burden on energy products?

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

- Central American supply frameworks are more robust and dependable than supply chains in Caribbean islands: islands are more dispersed and must deal with logistical difficulties.
- Supply is a major issue in the region in terms of:
  - Reliability: Companies have done well in supplying all the Caribbean islands with energy in spite of weather and geographical difficulties. The secret to reliability is having backups. There is a lot of flexibility in logistics and oil companies are very adaptable and reliable.
  - Transparency: Government to government deals can lack transparency. Both governments and companies should be aware of possible administrative mistakes and emphasize transparency in transactions.
  - Indebtedness: Capital costs and interest rates can be too high. If countries obtain lower prices now there is a risk that economies and consumers will not make proper adjustments for the future (for example through saving energy and reducing consumption). Not adjusting to the realities of the market place can result in a very high indebtedness.
  - Potential political pressure: Depending on only one company (provider) can create a dangerous situation. Petrocaribe's offer seems to be good and is attractive to the consumer, but should be carefully managed. If energy security is the key objective, it is necessary to have free markets and open competition. Government to government deals can be risky; and do not lead to competition which can lead to negative results. Open markets result in the lowest possible cost to the consumer because there is open and sustained competition.
  - Price is an important concern not only the consumer but also for the wholesaler; if the price is too high, demand will be difficult to satisfy.

- As long as the market is open, competition and possibility for lower costs for energy will remain, even if there are only a few actors on the scene.
- Petro Caribe seems provide an opportunity for deferring payment with 1% interest rate and an option to pay in cash or to barter paying with goods and services. There will be cash available which should be invested
- The intention is to continue relationships with different exporters.
- The U.S. is an important player throughout the region:
  - Similar problems and concerns exist in the U.S. as well as throughout the region

The Caribbean Sea is one of the many shipping routes to the U.S.; therefore security in the area is important. If the region is not secure, the U.S. is not secure.

- It is important to create a new shipping infrastructure to meet the small consumption requirements of the islands
- Fleets of small ships are needed to serve the islands of the eastern Caribbean
- There is a regional interest in energy conservation programs that need to be maintained and encouraged.
- Wind and solar energy are important potential alternative energy sources. There are plans to provide premiums to investment in environmentally friendly technology.
- The sugar cane industry is another potential energy resource to produce ethanol that could be used as an energy alternative.

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

- In what direction should the region be going?
- What are suggestions of energy alternatives, and energy policy recommendations that we should focus on?
- What other alternatives to petroleum can be provided regionally?
- What can the U.S. do in terms of energy security and what should the focus be?

#### **Recommendations made:**

- Diversify energy resources which is the key to energy security; this will require investment and capital.
- Require transparency in processes, open markets and the promotion of competition in order to attract investments.
- Educate consumers and inform them on ways to save energy, and become more energy efficient (carpool, turning off lights, using cold water, changing light bulbs into more efficient bulbs, solar water heaters on the long term)
- Facilitate competition
- Ensure that money that is not spent on fuel (deferred) is invested in projects such as infrastructure and control those funds so that there are sufficient earnings to pay it back the deferred payment.
- Focus limited economic resources devoted to infrastructure projects on roads, hospitals and education.
- Pool financial, technical and scientific resources for energy research and development in order to achieve results, especially in small economies like the Caribbean islands
- Government owned companies should be as competitive as private owned companies.
- Look at alternative sources for energy. It was concluded that economically (and environmentally) LNG, wind, solar and biomass in some instances were the best bets for the diversification in most of the region.
- Seek ways to enlarge the market for ethanol and try to consume it nationally as well.
- Consider alternatives such as palm oil and ethanol if there are large potential energy resources as may be the case in some Central American countries.
- Implement policies to support the development of alternative energy production and energy savings.
- Pursue diversification (not "putting all the eggs in one basket.")
- Consider investing in exploration and development
- Governments should facilitate these discussions

December 5-7, 2005 Inter-Continental Hotel Miami, FL

MARITIME SECURITY & TRADE  
WEDNESDAY, DECEMBER 7, 2005  
10:30 AM – 12:30 PM

**Moderators:** Stuart Dye, Holland & Knight LLP

**Discussants:** Kimberly Avsec, *US coast Guard*; Rawle Baddaloo, *Point Lisas Industrial Port Development Corp*; Kim Petersen, *SeaSecure LLC*; Charles Towsley, *Port of Miami*; Everton Walters, *Port Management Association of the Caribbean*; Carlos Valdez, *Trade & Transport Council of Florida*.

**The Context:**

In the wake of 9/11 and the increased incidents of terrorist threats worldwide, the Caribbean Basin is seen as particularly vulnerable. Although many of the ports in the region met the ISPS deadline, full compliance with security requirements are difficult and costly for smaller economies.

**Challenges:**

- Can countries afford not to mobilize resources, both financial and human to improve security and respond to potential threats?
- Should a Caribbean Basin standard be created?
- What are the outstanding issues that need to be addressed to ensure secure ports and vessels while keeping trade channels flowing?
- What lessons learned from the Caribbean Basin and other areas can be implemented?
- Who are the key players needed for success?
- What are the critical actions required in the short-term?

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

- The International Ship and Port Security (ISPS) code is a security standard launched by the US government for all countries that do business with the United States. However, “one size doesn’t fit all”: the regulations and standards should be applied to each country accordingly with its situation, its needs and its resources.
- Maritime Security is a key issue for the trade in the Caribbean Basin. All countries are involved in these regulations and all should comply ASAP. From over 153 countries that should follow the ISPS regulations, more than 52 are already certified by the US Coast Guard on ISPS. The USCG and the Department of Homeland Security will not modify their regulations—the countries involved should comply with and not delay implementation of the ISPS code.
- Although the ISPS regulation intends to prevent any terrorist attack coming from the Caribbean Basin, it has become a trade barrier for the countries that export to the United States, in large part because of its effect on cost: for a port to be certified, it needs to invest a lot of money in infrastructure, employee training, systems, and security requirements. The question is: who will shoulder this cost increase that will necessarily become a rise in final price? The port? The vessel? The exporter? The importer? Every actor in the chain has a responsibility, not only ports.
- Another big problem that companies have to face everyday is the lack of common sense of the legislators and policy makers that pretend to make rules without taking into consideration the economic impact that this regulation could have on the business community.
- The private sector hasn’t been heard much in this process. Recommendations, suggestions and counsel should be sought from local and international entrepreneurs and companies in order to make laws that minimize the risks of terrorist threats but enables business promotion and trade among the region. These two issues cannot be separated.

- The misinterpretation of Federal Laws by policy makers in the Florida Region is another big issue that must be addressed. The Private sector invests a lot of money on trying to review and amend problems left in the laws that directly affect their competitive advantages in the regional market.
- The Federal Government of the United States subsidizes the East-West trade, but North-South trade is not as supported by the US government.
- We need to improve security, however, the United States has to make sure that the pipelines are always open and free to trade with the Third Border.
- The greatest barrier in International Trade related to Maritime Security is not complying with ISPS rules that impact developing export countries the most. Such rules affect trade by hindering competitiveness, especially between exporters that operate on the marginal level.
- Four key issues should be clarified:
  - Who and from where are the ISPS standards coming from? What regional areas do they affect directly?
  - There are countries that don't receive security information as accurately and frequently as the United States or a few other countries in the region; it is important to understand why information does not flow as freely and accurately in some directions as in United States?
  - Port infrastructure like fencing, lighting, physical security, etc. are key issues that each government should invest in and should readily implement and monitor.
  - The Human Resources factor is still very important. The ISPS code mandates to train every worker at the ports. However there are ports that employ over 25,000 people. Training such a large number of employees becomes a huge cost and impacts national competitiveness as well as the competitiveness of the ports. There should be a balance among these two important issues. Determining and implementing minimum regional standards could affect the long term training costs.

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

- **Comment:** We need to look at natural disasters. They impact directly the operational costs of the ports because of the reinvestment that has to be done to rebuild infrastructure and facilities. These expenses are usually passed on to the final consumers, which are exporters and/or importers. **Response:** Among the Caribbean Countries there are security and communication teams in each country that work very effectively when dealing with natural disasters. Disasters cannot be avoided--, hurricanes, tsunamis, etc. cannot be avoided, they can only be predicted, thus, this is a cost that we have to pay by being in the Caribbean Basin. But we can better prepare to face these disasters through prevention programs, reinforcement of existing structures and other such mean. The Federal Disaster Insurance program is being re-discussed following the big impact of this year's Katrina & Rita Hurricanes in the Gulf Area.
- **Question:** How about Central American ports, what achievements have been made in terms of security? **Response:** Ports in Guatemala, Honduras and El Salvador work to achieve compliance only through investments in infrastructure and training. Security concerns were part of these ports planning since their creation; they will need however to improve existing infrastructure with new technologies and systems. Improved systems and plans means improved security, Puerto Santo Tomás de Castilla in Guatemala's Caribbean Coast is certified and named one of the best ports of the region in matters of security, procedures and minimal or non-existing corruption. The COCATRAM, Central American Transport Association should be helped and promoted by the US Government in order to help these countries to improve their systems of security and trade.
- **Comment:** Canal de Panama is very concerned with security. As one of the main throughways and one of the largest ports in the region, the Panama Canal ought to have all the information from where the vessels come from made available. In addition, any information that helps the Canal to avoid a terrorist attack on their facilities and protect the ships final destination should be shared.

**Recommendations made:**

- In order to reduce the increase in operation costs for the ports and throughout the production chain and thus be competitive, Caribbean Basin Countries should train all the people involved in that chain, from the very local producer to the importer in the United States. If the whole process is followed correctly and each party takes its responsibility, the chances for the country to keep its competitive advantage will still be open.
- CCAA should lobby for subsidies that can benefit the North-South trade just as the East-West trade is being assisted by the Federal Government.
- The private sector should be consulted and heard before policy & law makers enact legislation. Trade development must be considered as an important issue, just as terrorist threats being handled. Public actors should be paying a lot of attention to the laws they try to implement: too many economically restrictive laws can damage the export-import competitive advantage of South Florida and the Caribbean Basin Countries.
- The key actors in ISPS regulations are the human resources at the ports. These people must be the best trained workers in the industry in order to keep port security and trade running smoothly and competitively.

Five practical steps should be considered to address this issue:

1. Create measurable and accomplishable regional standards.
  2. Share threat information and intelligence among the Caribbean Basin countries. The US Government hasn't shared all the information that it has on potential threats and obstacles to trade in the region. Narco-terrorism is a new kind of threat to the United States and the region, but the Caribbean Basin countries still have little information and expertise in fighting these serious threats..
  3. Create a purchasing consortium for acquisition of the expensive prices of security equipment that has to be at used by the ports. If a purchasing consortium is launched; maintenance, training and acquisitions of equipment should be easier, cheaper and faster.
  4. Unity and solidarity among countries other than the United States with high success rates in Maritime Security & Trade: for example, creating a training hub in a country like Dominica may not be possible, but creating training hubs in more developed regional ports, where training for the region as a whole could take place is a strategy that can work towards increasing the effectiveness in port security training.
  5. Create a Confederation of Organizations and States that share the flow of information, economic resources and training facilities may also work well for the Caribbean Basin Countries.
- CCAA should undertake the following four tasks after this meeting, as recommended by Mr. Carlos Valdes:
    1. Push for a common sense approach to the regulations that are being imposed. In other words, help create harmonized minimum maritime security standards fully recognized by the private sector that has to deal with ISPS and Maritime Security regulations.
    2. It's very difficult for a port or a private enterprise to budget and make a full year planning when regulations change every now and then. This does not allow for economic certainty and affects the potential gains of these entities.
    3. The private sector needs to be heard and get involved so that public officials can make better decisions.
    4. CCAA should push to create a ports council in Central America, to improve information and cooperation and impact positively Central America's competitive advantages, creating benefits for everyone. The Caribbean region has created the Caribbean Transportation Association—something similar should be created for Central America, and synergy between the two should be encouraged.

**RESPONDING TO HIV/AIDS**  
**WEDNESDAY DECEMBER 7, 2005**  
**10:30 A.M. – 12:30 P.M.**

**Moderators:** Kathleen Tuitt, Baptist Health Miami

**Discussants:** David Greely, Merck and Company Inc; Maylene Leu Bent, International HIV/AIDS Alliance; Steve Stoute, Sagicor Financial Corporation; Enrique Zelaya Bonilla, UNICEF-Guatemala

**The Context:**

A healthy population is fundamental to economic development, yet HIV/AIDS affects a large percentage of the Caribbean Basin with staggering negative long-term personal and economic effects. This crisis affects competitiveness through a weakened and reduced labor force, increased social stigma, and lack of health resources to properly address the pandemic. How can public-private alliances mitigate the flow of the disease while improving existing national and regional policies? How can governments mobilize community organizations and NGO's? What must the private sector do to restore dignity to the affected labor force and improve working conditions? How do we promote and sustain community based HIV prevention education and managed AIDS care?

**Challenges:**

- How can public-private alliances mitigate the flow of the disease while improving existing national and regional policies?
- How can governments mobilize community organizations and NGOs?
- What must the private sector do to restore dignity to the affected labor force and improve working conditions?
- How do we promote and sustain community-based HIV prevention education and managed AIDS care?
- Can countries afford not to mobilize resources, both financial and human to improve security and respond to potential threats?
- Who are the key players needed for success?
- What are the critical actions required in the short-term?

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

- Critical emphasis must be put on rapid access policies for those who suffer from this disease.
- Public partnerships are needed to develop a comprehensive and broad strategy to fight HIV.
- Real integration of the victims in society is the key to attain a real healing.
- It is a challenge to institutionalize HIV.
- Finding ways to bridge the gap of those infected and those who are not should be one of the main priorities of any organization involved with HIV/AIDS and the government as well.
- Implementation of HIV/AIDS prevention and education programs at the community levels is an imperative.
- Competition. We have to look at HIV as an investment. That is the challenge, to make HIV/AIDS attractive to investors, as strange as this sounds. Private sector has not gotten involved in the process of making HIV/AIDS a priority
- Need to create the policies to address the variety of illnesses that HIV/AIDS causes. One shoe doesn't fit all.
- There is no proper sexual education or preventive information made readily available. Hence infection to other people may occur.
- Unprotected intercourse occurs not only because of lack of education but also for religious and cultural reasons (case of Central America for example).
- Lack of Public awareness: Importance of public awareness in stemming the disease is primordial
- Insurance is also an issue. The insurance industry has been criticized because they do not cover a great range of situations when it comes to HIV. How can we shift this trend?
- Insurance is based on large numbers—how can we include the HIV/AIDS group?

- Individuals and companies make donations, but donating is not getting involved and is just a way to avoid the responsibility.
- It is imperative to involve the private sector in this issue.
- Expensive treatments and limited access to appropriate treatment and medical care are the cause for thousands of people's death.
- Key challenge is working on prevention in order to reduce the numbers of infected persons..
- The other key issue is how do we increase access to the medications that can prolong life?
- The biggest problem is the general social attitude that stops people from coming forward to be tested. By the time they do come forward and take the test, the illness is usually at a completely advanced stage.
- It is primordial to change the attitude of individuals, and the private sector, so that help is given to those in need .
- The challenge is to address not only access to treatment but also the type of care available.
- Aids foundation - meant to mobilize the private sector to use their machinery in order to understand the illness and help.
- Stigma is the greatest problem. Often an attitude of "We'll give you money but we don't want to get involved" prevails.
- (Best Practice: ) David Greely, representing MERCK and Company Inc. says his company has a policy that lets infected people work in their company.
  - Greely invites companies to not exclude people from their workforce but instead go public and do conferences about how it is possible for infected people to work, so as to set an example and encourage other companies do the same thing . This will lessen the stigma and the lack of interest in HIV/AIDS issues.
- Need to develop policies regarding HIV in the private sector.
- Need to motivate the general population as well as the decision makers at both the private and public levels to engage in HIV/AIDS awareness and prevention issues.
- Consider other strategies that have been successful in other parts of the world, for example in Brazil: they involve not only the government but the private sector as well in treatment, awareness campaigns, and HIV/AIDS policy development.
- NGO's are also a great part of the solution, but we need to get these associations together and homogenize the message and activities so the efforts don't go to waste.
- One must remember that every country has different needs that must be considered prior the creation of policies that actually work.
- The religious sector of society must also be involved in public awareness and community support.
- Discrimination is also an issue and must be discouraged.
- It becomes important to work in the local capacity.
- David Greeley has information for other companies to know how to create policies regarding HIV. They should contact him for more information.

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

- At what age should we start teaching children sexual education? It will depend on the country but as soon as they are ready to listen to this information. It is never too early to start.
- How did we get people using seatbelts? Because there were campaigns that told me you don't want to be dead right. Then use the seatbelt. We should do the same thing with HIV/AIDS
- What is Stigma? Stigma is a cultural manifestation. The reason is because we don't have the proper education, the knowledge to avoid stigma.
- Why aren't the insurance companies involved in responding to HIV/AIDS as they should? Because, they still don't see it as an investment but rather a loss, and given the fact that they work based on large numbers, this doesn't seem like a good business to them.

**Recommendations made:**

- NGO's must work together in order to attain real and meaningful results. Isolated efforts will go to waste.
- The private sector must look at HIV/AIDS as a good investment, as a business so that it becomes interesting for this sector to invest in various treatment, and prevention efforts.
- We need to work on the issue of compassion. We need to learn how to work in understanding the language of the infected.
- We need to have sustained HIV/AIDS education at all ages, at all stages and professions, for prevention, for understanding and to create the awareness that it can happen to anyone AIDS education can help in increasing prevention of the disease.
- Donating is not the way for the private sector to get involved, but rather the Private Sector should play a starring role in the issue and help create policies that allow infected people perform to the fullest of their abilities. Implementing such policies in their own business will set an example for other groups to follow.

**CORPORATE SOCIAL RESPONSIBILITY: BUSINESS ETHICS AS A COMPETITIVE STRATEGY**  
**WEDNESDAY, DECEMBER 7, 2005**  
**2:00 PM – 4:30 PM**

**Moderators:** Michael Jarvis, World Bank Institute

**Discussants:** Rolph Balgobin, Arthur Lok Jack Graduate School of Business; Amy Coughenour, PADF; Steven Jesseph, WRAP; Allison Johnson, Citizens International LLC; Delicia Pinard, Methanex Corporation; Joaquin Rivas, Banco Agrícola; Alysia Wilson, U. S. Department of Commerce.

**The Context:**

Corporate Social Responsibility (CSR) refers to the commitment of business to act ethically while simultaneously making a profit and contributing to economic growth, improving the quality of life for workers, implementing high standards of accountability for communities and protecting shareholders interest are equal priorities. Benefits include: cost saving, brand reputation, and better relation with workers, unions, and regulators. However, apart from some multinational, most business in the Caribbean Basin have not embrace CSR.

**Challenges:**

- Is there a need for greater CSR awareness in the region?
- Are regional businesses aware that CSR is a competitive advantage in many consumer markets?
- Can small and medium businesses be motivated to adopt CSR strategies?
- What successes exist and how can these be replicated?
- What initiatives/efforts are currently underway? Do synergies exist across the region?
- Who are the key players needed for success?
- What are the critical actions required in the short- term?

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

- There is a feeling that the Caribbean Basin region has progressed much less in CSR terms than other regions of the Americas.
- CSR is directly linked to the state of the investment climate and has a direct impact in competitiveness.
- The barriers to increase investment within the region are the lack of transparency and corruption.
  - Governance programs to engage the private/public sector to embrace transparency and help building coalitions to fight corruption.
  - On going training is being developed in Honduras, Guatemala and El Salvador to promote CSR, business ethics and electronic training.
- Development and implementation of CSR standards. Brazil and Sweden are promoting standards on CSR. (Worldwide Responsible Apparel Production has developed 12 CSR standards).
- CSR can be applied to small and medium enterprises (SME). There are programs being developed to promote the adoption of CSR amongst the SME. In Guatemala there are two NGO's that are promoting CSR.
- CSR provides companies with better brand, corporate and market image.
- There is a multiplicity of standards, more of which business does not need. They are confusing to those who want guidance on which standards to adopt and why.
- Remittances in several countries were cited as an example of improving bottom line and community development simultaneously.
- CSR requires emphasis on personal relationship with clients and customers, something not all businesses have been able to see. In the banking sector relationship management is quite evident and aggressively pursued.

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

- What roles do corporations play in society?
  - Do they improve the quality of life of the workers?
  - Is the common good everybody's responsibility?
- How can CSR make the transition from business ethics issues to a corporative issue and evolve? And how can it work for SMEs?
- Should CSR be promoted by the government and not by profitable organization and investor?
- How can CSR turn into competitive strategy?
  - Working with local universities to improve the curriculum according to the needs of the industry.
  - Stimulate CSR by giving communities awards, recognizing the social and environmental achievements of the enterprises.

**Recommendations made:**

- Actively participate in the development of CSR standards with European countries.
- Regional governments need to set up institutions and policy frameworks that will guide improved CSR in business and industry.
- Regional set of standards or guidelines and reporting format. Either by sector or industry etc.
- Region needs a focused forum for the private sector to address CSR issues, training, best practices and also observe tangible business benefits of CSR, which can then be transferred to local markets and situations.
- Develop a plan of evaluation.
- Develop regional best practices that build on the regional business cases as opposed to taking regional examples that do not fit the small economy context.
- Build a value business case for CSR by examining issues of market efficiencies, profits and shareholder value that focuses on more than labor and environment.
- Make CSR relevant to SMEs by bringing businesses and governments together under special initiatives for training and awareness.

**Summary Points**

- CSR directly addresses long term survival of businesses and must be incorporated in core activities, vision, mission and strategic planning.
- This is not philanthropy but sound business strategy that will benefit both shareholders and stakeholders.
- A regional focal point for efforts is required; examples could be working with Chambers of Commerce or CCAA.

December 5-7, 2005 Inter-Continental Hotel Miami, FL

**ENVIRONMENT: CERTIFICATIONS AS A COMPETITIVE ADVANTAGE**  
**WEDNESDAY DECEMBER 7, 2005**  
**2:00 P.M. – 4:30 P.M.**

**Moderator:** Claudia de Windt, Organization of American States

**Discussants:** Diego Barrios, Cotecna Inspections Inc.; Jeannelle Blanchard, PA Consulting Group; Patricia Francis, Jamaica Promotions Corporation; Arthur Weissman, Green Seal LLC

**The Context:**

Eco-certifications such as the hotel industry's Green Globe; ISO 14000 for industrial plants; NGO sponsored programs; and product claims such as "biodegradable and "organic" are becoming more prevalent. More recognized certifications (for example ISO14000) could create competitive advantages by allowing businesses access to new markets and capital while attracting the growing "green" consumer market.

**Challenges:**

- Do these certifications pose problems as technical barriers to trade?
- Do costs outweigh benefits for regional small and medium enterprises?
- To what extent should CSME, DR-CAFTA and the global trade system officially recognize certification systems as reliable tools for achieving sustainability and competitiveness?
- Who are the key players needed for success?
- What are the critical actions required in the short-term?

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

- Since 1996, the World Trade Organization (WTO) has been working to simplify trade procedures to reduce the implementation and cost challenges to Least Developed Countries (LDCs).
- Certifications can create potentially competitive advantages through access to new markets, capital, reduced insurance costs, and good public image.
- It is important to maintain consistency of a transparent and non-discriminatory nature of a multilateral trading system; there is also a need to comply with rules under the WTO Technical Barriers to Trade Agreement (TBT).
- A consensus is required regarding the application of the TBT agreement and the certification or labeling used to describe the way a product is produced and if it is environmentally-friendly. This consensus is known as the process-product issue or PPMs.
- Compliance with WTO rules have been a driving force for the establishment of organizations that verify that products meet certain standards through certification and eco-labeling. This compliance is in addition to existing political commitments such as the European Product Integrated Policy (PIP) and the World Summit on Sustainable Development commitments on sustainable production and consumption.
- Global green markets, according to OECD, have been growing at 12% a year and have been estimated at 500 billion US dollars. 130 countries export green "food and beverage" products of which 25 are in the LAC region.
- There are many issues related to certification that need to be addressed, including identifying key stakeholders (the cost in particular for LDCs and small farmers) and demand related issues such as the proliferation of labels and increased consumer confusion.

### Specific Challenges:

- Most of the Central American and some of the Caribbean countries lack proper information on the right way of acquiring certifications.
- There is a lack of information regarding which type of certification should be sought for each specific product of product groups.
- Certification has become a virtual requirement in many markets.
- The WTO has included in every agreement or treaty a chapter on environmental care due to the undeniable demand for such care.
- It is necessary to change the producers' mindset towards certification; it is not only a requirement but the results are seen by the consumer who enjoys the benefits of an environmentally sound and certified product.
- Certification gives us a competitive advantage, especially if the region wishes to compete with any other hotel in the world.
- More Political commitments for sustainable consumption of certified goods are needed and the government must be involved in this process as well as the private sector.
- Despite the fact that the private sector, over the years has been actively involved in the certification process, recognition has been poor and this must improve dramatically.
- Quality standardization is imperative in order to avoid confusion.
- There is no such thing as local standards; all standards should be regional if not global.
- The big challenge is setting standards. A country that has no standardized certification process can impact the consumer and producer, as many standards and labels are promoted, creating confusion for the consumer and erroneous labeling on the part of the producer.

### Discussion and Recommendations

Participants raised the need to differentiate between goods and services for different situations, challenges and opportunities affecting them. Some of the participants spoke about different certification systems and their benefits: Arthur Weissman, CEO of Green Seal, highlighted that their advantage is that they don't focus on a particular sector and rely on life cycle analysis methodology for both goods and services.

The discussion related to goods, mainly focused on agriculture and most of the examples centered on organic certification. The main challenges highlighted, included the need for technical and financial support, access to seeds, access to credit, technology and capacity building. In addition, identification of market opportunities is a critical challenge for the region, given the premium price for certified products mainly obtained through exports.

Common challenges for goods and services and most sectors include: the dependence on international certifying bodies, lack of efficiency of these bodies in the region, and the multiplicity of standards. All of these standards have cost related implications which were identified as substantive challenges.

### Certification and Competitiveness:

It was agreed that certification systems can help countries become more competitive but the challenges need to be addressed in order to achieve this goal. According to several participants, by improving environmental performance and quality the same objective could be met. As an example, it was mentioned how the Hotel sector in the Caribbean has pursued certification voluntarily and this has increased competitiveness of hotels and destinations. However, since price is the biggest factor in the consumer decision making process, what has made the sector more competitive is the reduction in their operation costs through the implementation of the environmental management systems that come with the certification. The cost saving measures in areas such as water and energy enable the sector to offer a better price for the service to the consumer. Hence, having the certification is important, but what underlies the certification can be more important. For the hotel sector, the cost of certification is outweighed by the benefits. However, in the case of agriculture cost is still a significant barrier.

**Key stakeholders and their role:**

The main stakeholders identified include the government sector and, in particular, trade promotion agencies since they have a critical role in terms of identifying market opportunities and performance, as well as working with farmers and producers. Participants highlighted the need for more government support and as an example mentioned how Barbados has developed tax incentives in support for green markets. The role of governments in terms of technology transfer and access to credit was emphasized. International Organizations also play a crucial role in facilitating the discussion and providing a policy space for dialogue among countries regarding the challenges and opportunities of certification. The OAS Ministerial meeting on Sustainable Development to be hosted by the Government of Bolivia in 2006 was mentioned as an example, since it will address sustainability in agriculture, forestry and tourism.

The private sector also plays a key role in supporting markets for certified goods and services. Several examples were given on how in addition to the consumer, corporations can influence the performance of the supply chain. In the case of tourism the role of tour operators and property owners was also mentioned.

Finally on this point the consensus was that the stakeholders are important but the right approach is essential. Hence a Business to Business approach including public private partnerships (PPPs) is essential for the success of green markets.

**Improving access to certification for small medium enterprises:**

Some of the measures discussed to improve access to certification for small medium enterprises include:

- Developing comprehensive plans to train small farmers,
- Technology transfer: governments have a key role on this action through trade negotiations,
- Recognition of standards by governments: work needs to be done on mutual recognition agreements.
- Strengthening the links between supply and demand.
- Developing capacity of local entities to become certifying bodies and improving efficiency of existing mechanisms for certification, for example by enabling entities to certify on multiple standards.

**Demand issues that require attention:**

- Identification of products and market opportunities to improve access to premium prices;
- Strengthening links between supply and demand, through business to business and PPP approach as well as through public awareness and education;
- Proliferation of labels is creating consumer confusion; need to work on homologation and education of consumer
- Sharing of information and create consumer awareness;

**Summary comments of Panel:**

- Creating suitable information for the consumer so that they are aware of the benefits they are getting with certified products.
- The consumer is willing to pay a 5% more for products that are environment friendly, and for a better quality of product.
- The attitude of the consumer towards the certification will change only with the proper information and the proper guidance from the producer and the government.
- In order to avoid confusion when getting a certification, the producer must make a decision about which market he/she wants his/her product to compete.

**HAITI: THE CRUCIAL ROLE OF THE PRIVATE SECTOR**  
**WEDNESDAY, DECEMBER 7, 2005**  
**2:00- 4:30 PM**

**Moderator:** Peter Johnson, CCAA

**Discussants:** Henri Bazin, Minister of Economy and Finance, Government of Haiti ; Maryse Kedar, President, Association des Industries d'Haïti (ADIH); Martine Jean-Claude, Executive Director, Chamber of Commerce and Industry, Haiti (CCIH); Jean-Michel Caffin, Group VP and Global Head International Trade Division, Bureau Veritas; Raoul Siclait, Chairman, Haitian American Chamber of Commerce of Florida (HACCOF); Julio Barea, VP, Russell Athletic

**The Context:**

The transitional government of Haiti has faced spiraling challenges since April 2004 - increased violence, decreased revenues, a deteriorating business climate, continued political instability, a tragic HIV/AIDS epidemic, and serious problems of governance and transparency. As a member of CARICOM and because of Haiti's strategic position in the Third Border, it is imperative that the proper development concerns are addressed and sustainable social and economic policy be formulated and applied. Elections are scheduled for November 2005. With the reality of its many alarming concerns, where does the future of Haiti lie?

**Challenges:**

- What lessons learned from the Caribbean Basin and other areas can be implemented?
- How can political and financial transparency be supported?
- How do we encourage private sector participation in the process of reform?
- What is necessary for private sector growth in Haiti?
- What should the short and long term economic and social action plans incorporate?

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

Change in objective proposed by Moderator during the session:

- To articulate a clear and specific agenda from the private sector present at CCAA of the short term and medium term actions needed for the smooth transition of power pre and post elections
- Ideally, also emphasize the need for a code of conduct and ethics to be aggregated into the Private Sector agenda/
- Determine who and what to articulate to the general public as part of the Private Sector initiatives post elections.

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

Why is the situation in Haiti not improving? Mainly because of a lack of well coordinated actions – absence of discipline, of execution culture – getting things done rapidly and efficiently.

Private sector cannot be the only sector striving to improve economic conditions-Government must fulfill its good governance obligations—leveling the playing field, providing a secure climate and environment for conduction ethical, fair business. Good governance should include regulations and policies, anti-corruption, providing infrastructure for business development and concentrate on insuring a healthy, educated workforce. Greater and sustained private and public dialogue, cooperation and coordination is primordial, as is a controlled and planned decentralization of the government and business opportunities from Port-au-Prince to the rest of the country.

Private sector needs to encourage and work with the future elected government to nominate/vote into office qualified department delegates, with demonstrated management, communication, leadership and organization skills to work towards economic development, in close partnership with the elected mayors, who also will meet the above mentioned criteria. The private/public partnership will work towards improving current conditions through collaborative efforts

including assessments of each department's human, natural and financial resources, identifying potential sources and assessing existing infrastructures.

In addition, the will need to identify each department's individual needs, both social and economic, and include the local population the identification process – town hall style meetings will increase the populations understanding of the wealth of problems facing the nation, and also local problems that will need to be addressed in the slow process of economic development. By feeling involved in the process, citizens will be more aware of the obstacles and more apt to respond to them and find appropriate solutions. This will be part of a larger strategic plan for the development of the national economy.

Governments should take action to:

- Foster growth, create wealth and promote equity
- Remove obstacles to private investment
- Contribute to the creation of revenue for 100,000 persons per year for the next decade – to meet the Millennium Development goal of reducing extreme poverty by 50% by 2015.
- Contribute to the creation of the conditions for democracy. – consider formalizing the informal sector, transfer business knowledge, and mentor small and micro entrepreneurs
- Provide assistance in the development of micro-lending instruments available and accessible to the citizenry
- Train civil servants in the efficient assessment and efficient delivery of services to the citizenry
- Create a modern public sector machinery adhering to the principals of modern governance
- Create links with private sector, Diaspora, and donor agencies to maximize the impact of change.

#### **Recommendations made:**

Key proposed recommendations:

- Aggregate existing information presented by the private sector into one document for distribution to the general public, highlighting key short term and medium term proposals
- Transparency in transactions and in business and government activities
- Insure security and stability in the country to protect citizens and promote FDIU (both technical and financial investments)
  - Secure job creation through the continued participation of companies hiring locally
- Keep the ports open and functioning-
- Work to eliminate corruption and contraband
- Apply rule of law to all business and government transaction, without preferential or special treatment
- Create a climate for investments by reviewing and amending appropriate legislation to encourage foreign investment in the country
- Create a climate where the Private Sector is the architect of a large middle class
- Formalize the already existing public/private partnerships
- Invest in infrastructure projects with high visibility
- Through public/private dialogue prepare and submit to the new government a 20 year plan with realistic expectations of success to include all pertinent and viable actors
- Encourage CSR to a larger extent within the existing groups but also in collaboration with Government initiatives
- Include all members of society in the process through information dissemination

Additional recommendations:

- Increased involvement of the Haitian Private Sector through organizations such as CCAA with US executive branch
- Vocal support of foreign/US businesses that are directly involved in Haiti—in advocacy and communication with the US Government
- Letters of support from US businesses for key legislation that would be beneficial the Haitian economy
- Sustainability of Government – increase tax base
- Engage the Diaspora and protect their investments

**In summary:**

We must create the pre-conditions for investment: stability, rule of law, security. If these preconditions are secured then foreign direct investment (FDI) will become available, and will be brought to Haiti. However, unless these preconditions are met, enabling job creation and protecting contracts, this will not happen. It is incumbent on the government to secure these preconditions, but it must do this with pressure and involvement from the Private Sector AND with a Private Sector that takes responsibility and demands change, and application of the rule of law

Private Sector must be motivated to act—to earn credibility—and demand a code of conduct and ethics to be respected by ALL; it must increase and institutionalize tri-partite dialogue (Private sector/Business/ Public Sector /Government/ Labour), and support the creation of linkages between it and the Diaspora. The Private Sector must make its priorities known.

Overall, security and infrastructure should be primordial in the Private Sector agenda, as well as support for appropriate legislation.

CCAA is well positioned to help coordinate all parties interested in Haiti

**INFRASTRUCTURE: IMPORTANCE OF BUILDING CODES AND STANDARDS**  
**WEDNESDAY, DECEMBER 7, 2005**  
**2:00 PM-4:30 PM**

**Moderators:** Paul Meyers, International Code Council Foundation

**Discussants:** Xavier Argüello, INCONHSA; Henry Green, International Code Council; Camella Rhone, CROSQ  
Secretariat: Philip Schneider, National Institute of Building Sciences.

**The Context:**

In the light of the critical damage wrought by earthquakes, floods, hurricanes, and other natural disaster, there is a need to implement and enforce stronger building codes in the region as well as harmonizing standards.

**Challenges:**

- What regulations should control building codes and material standards?
- Have national and regional building codes and standards been adopted and effectively applied?
- What are the impediments to implementing a regional code?
- How should reconstruction be funded?
- How can an effective partnership between private sector and governments be forged?
- Who are the key players needed to success?
- What are the critical actions required in the short-term?

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

- There is a need to harmonize existing codes and regulations.
- Create an international regulatory entity to control the building codes and material standards—demand professionalism on the part of the code enforcers.
- Focus on and train the informal builder about the building codes, they are the majority in this sector
- Informal builders ignore the importance to know what are the correct materials they must have to use in the constructions
  - Would suggest that they may actually not be aware of the security risks of the use of improper use of materials and some traditional construction techniques and therefore would greatly benefit from public/private training on minimum safety techniques.
  - Would also suggest that inspections, sanctioned by governments be highly regulated.
- The existing buildings codes are not considered legal documents until they are adopted by a governmental jurisdiction, but if the government understands its importance, the codes application will help protect people from personal injury, especially when hurricanes and tornadoes strike
- Need to provide materials and resources for code enforcement professionals and the building industry to educate the public about building and life safety
- Code enforcement officials, architects, engineers, contractors and others in this industry can work together to set new standards for building safety—creating a sustainable process for code and standards upgrades

**Recommendations made:**

- Creation of an international building codes and materials regional standards is necessary, and should be adopted and applied
- Create a national and regional regulatory entity to control the effective application in order to help encourage building safety
- Public-private sectors must work together as key players in determining minimum safety building standards

- Use existing risk assessment tools, adapted to the regions needs, such as HAZUS, to set minimum codes and standards for construction
- Educate code enforcers, builders and contractors, design professionals as well as the general population on the risks of poor building construction.
- Zoning for building and construction should be part of the risk assessment and mitigation process- building adequately for the appropriate terrain. Zoning laws should be enforced.

**INTELLECTUAL PROPERTY RIGHTS: MEETING THE GLOBAL STANDARD**  
**WEDNESDAY, DECEMBER 7, 2005**  
**2:00-4:30PM**

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

**Discussants:** Jorge Bermudez, Pan American Health Organization; Michael Buchenhorner, Holland & Knight; David Greeley, Merck & CO.; Héctor Mora, Wellstein Steel & Associates International

**The Context:**

How smaller economies implement intellectual property right (IPR) protections is increasingly critical to their economic development. Favorable IPR laws attract investment. Countries claiming the priority of social responsibilities find their IP sectors stagnant as engines of domestic growth. As the Caribbean Basin competes in a global economy, what measures must developing economies take to balance their social demands while enforcing IPR laws?

**Challenges:**

- What effect would regional bodies have on helping to bridge the gap between present performance and future aspirations?
- What strategies exist to ensure that countries meet world-class enforcement standards?
- Furthermore, how can the diverse sectors of a society, from small and medium enterprise, to educational institutions and governmental organizations, utilize IPR as a tool for domestic and, ultimately, regional success?
- Do these certifications pose problems as technical barriers to trade?
- Who are the key players needed for success?
- What are critical actions required in the short-term?

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

- Given the importance that recurring costs for research & development play in the role of innovation, pharmaceutical companies cannot be solely held responsible for the rights involved with access to essential medicines.
- Current TRIPS plus regulations regarding Intellectual Property undermine safeguards outlined in the original TRIPS agreement for access to essential medicines. As countries in the region sign on to DR-CAFTA they necessarily take a step back in their ability to provide these medicines.
- Regional institutions would play a beneficial role: if mechanisms already exist at the CCJ, they should be more fully developed; a need exists to have a regional body specially devoted to the IP specifically.

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

- Why is it that foreign companies hold a larger number of intellectual property rights instruments in patent offices around the region than do companies from the nations who established these patent offices?
- Are there connections between business and innovation in IP that other countries have made? Are examples from other countries such as linking universities with innovative companies, and creating industry parks oriented towards research & development suitable in this region?

**Recommendations made:**

- Collaborations between pharmaceutical companies and multilateral organizations in the past have failed to meet the needs of either party. Analysis of these meetings must be made to find fundamental sticking points and effort put forth to detangle the issues that can inhibit sustained negotiation; the will to negotiate must be cultivated to achieve first steps.

- More education and training of the public on the importance and process of protecting IP must be undertaken in countries in the region.
- A first step towards economic growth through IP is building a nexus between government institutions, academia, and industry.
- Retailers of music, movies, and cable television programming need access to US product in English. Restrictive practices of copyright owners are having a direct adverse effect on the small economies of the region.
- Differential pricing must be an option available to health care providers.
- Enforcement is a must to ensure that domestic industry protects its own innovation and turns IP into a domestic source of economic growth.
- Health providers and Health officials must participate as a part of trade negotiations related to IP legislation & implementation.
- There needs to be improved and expanded IP discussion. This point necessarily means that more actors in the private and public sectors need to be informed of IP's importance to the region's development in all areas of IP: copyright, trademarks, and patents.

NON INDEPENDENT TERRITORIES: INTEGRATION IN THE HEMISPHERIC ECONOMY  
WEDNESDAY, DECEMBER 7, 2005  
2:00 PM – 4:00 PM

**Moderators:** Carlyle Corbin, US Virgin Islands

**Discussants:** C. Walton Brown, *Research Innovations Bermuda*; Morgan DaCosta, *Chamber of Commerce, Cayman Island*; K.H. Randolph Horton, *Minister of Labour & Home Affairs of Bermuda*.

**The Context:**

With the ratification of the Central American Free Trade Agreement (DR-CAFTA), along with the emerging Caribbean Single Market Economy (CSME) uniting most independent states of the Caribbean Community (CARICOM), the Overseas Countries and Territories (OCT's) must continue to adapt to potential economic isolation. As they deal with the ongoing integration initiatives in the hemisphere, they must also absorb the impact of the European Union directives applied to their financial services sector.

**Challenges:**

- What is the potential impact of these recent and ongoing developments on the future sustainable development of the OCT's economies?
- What are the prospects for enhanced economic integration through increased trade and investment with respect to the OCT's?
- Can countries afford not to mobilize resources, both financial and human to improve security and respond to potential threats?
- Who are the key players in this arena?
- What are the critical actions required in the short term?

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

- Nowadays there are **ten overseas countries and territories (OCTs)** in the Atlantic/Caribbean. Six of the OCTs are administered by the United Kingdom and two administered by the United States. Additionally, the Netherlands Antilles and Aruba are countries in association with the Netherlands. There are also 3 French overseas departments and territories in the hemisphere, which are politically and economically integrated with France.
- The GDP of the 10 OCTs compares favourably with that of the CARICOM countries, despite the relative small population size of the OCTs..
- The participation of OCT's into international economic organizations of the region and the hemisphere should be facilitated by the organizations and administering powers concerned.
- Constitutional modernization of the OCT's is highly recommended in order to improve their economic performance
- As per Mr. Randolph Horton from Bermuda the only way for these territories to become viable in the globalized world is by attracting high quality levels of Foreign Direct Investment (FDI) and cooperating with other countries in the Caribbean
- The key success for Bermuda has been forward thinking and forward planning. Their three core economical industries are insurance, reinsurance and financial services; so tax regimes and the regulatory framework are business friendly The government is constantly looking for new opportunities for investments and business throughout the world.
- Natural disasters have also been determinant in the development of these territories. Many of these countries have been severely affected by these disasters, but have managed the relief and reconstruction efforts, despite its effect on their economies.

- According to Mr. DaCosta from Cayman Islands, it would be beneficial for the OCT's to create their own free trade agreements– reflecting OCT specific needs.
- When negotiating with the UK, collective approaches would be a way more effective method.. These OCT's maintain close economic ties with the United States and European Union, and a collective approach would be more efficient to address the key issues affecting the OCT's regionally.
- Emphasis was placed on the need for changing the image of many OCTs as havens for harmful financial practices via the offshore financial sector.
- A more important participation of the private sector is well needed among the OCT's in order to achieve better regulations that are business friendly and that guarantee free market operations among the islands.

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

Discussion of the need for independence of Overseas Countries and Territories: This is a divisive issue—and the participants had divergent views on the subject. Some of the participants from dependent territories pointed to the benefits of being a dependent territory: infrastructure, access to external funds for local programs and projects. Others were firmly for Independence or at least for more autonomous arrangements, arguing that this would be beneficial to the long-term growth prospects of their nations. . It was noted that the people of the OCTs should be made further aware of their political alternatives and have the means to achieve a permanent political status in order to be better prepared for sustainable development in a globalized world.

**Recommendations made:**

- The OCT's should promote as one of their policies the union and cooperation among them, mainly when important negotiations are conducted with The European Union, The United States and especially the United Kingdom.
- The whole region must be together trying to create the new image of the region throughout the world. It's not a good thing that the world believes they are fiscal paradises and that their efficient financial systems are the perfect places to make money laundering operations.
- If talking about policy making, the OCT's should all be managed under the idea of long term policies and regulations, be business friendly and promote the attraction of Foreign Direct Investments as the key element to keep succeeding as they have by now.
- Discussion forums in and among the OCTs on the question of political and constitutional development are very important to the promotion of creative thinking among the OCT's. Their ideas should be well heard and taking into consideration when elaborating policies in the governments.
- Participation of OCT's in international, hemispheric and regional organizations should also be promoted by local governments and international forums throughout the world.
- Constitutional amendments are also needed in order to promote the economical freedom of the Overseas Countries and Territories and their adaptation to the new reality. In order to achieve these amendments, a union and cooperation among the OCT's when negotiating with their administering powers is highly recommended.
- Create investment mechanisms that promote tax advantages in order to obtain better paid jobs and flows of investment that will promote economic development.
- Learn to create mechanisms that will keep economical sustainability of the country after a natural disaster like a hurricane. This way, natural disasters' harm can be minimized in a very important proportion.

**SMALL AND MEDIUM ENTERPRISES: ENGINES FOR GROWTH AND JOB CREATION**  
**WEDNESDAY, DECEMBER 7, 2005**  
**2:00 PM – 4:00 PM**

**Moderators:** Ed Glab, Florida International University

**Discussants:** Craig Frank, TUDOG Consulting; Meghnath Gosein, Caribbean Industrial Research Institute; Gabriel Pascual, ADEM; John Price, Infoamericas; Manuel Rosales, U.S. Small Business Administration; Victoria Walton, USAID/Guatemala

**The Context:** As the region becomes more integrated and participates more actively in the global economy, the entrepreneur needs to become a more important piece of the puzzle. How can a small businessman operating in a small economy play a more significant role in creating jobs and fueling development?

**Challenges:**

- What are the major constraints and can these be overcome?
- What are the lessons learned in other parts of the world especially the U.S., where the SME's have become such a vital part of the job creation engine?
- Are entrepreneurs born or can they be trained?
- Who are the key players needed to ensure success?
- What actions can be taken in the short-term?

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

- Small producers require technical/financial assistance in order to export
- U.S. Hispanics are a potential market for these ethnic products
- Bureaucracy is a limitation
- Education is important for both employees and employers
- There are institutions that can provide assistance such as the Chambers of Commerce
- Small and medium enterprises (SMEs) are very important employers in the U.S. SMEs are also a major source of taxes
- Governments have been a major obstacle to SMEs business development:
  - Many people in developing countries do not enter into business because they don't find support from their governments. This results in the rise of an informal economy
  - Countries that have effective legal systems are places where strangers can do business with one other
- Importance of promoting exports:
  - Small companies need to sell through big companies to have appropriate follow-up of their products abroad
  - The biggest opportunity for small producers is to become the suppliers of the larger exporters
- Subcontracting can represent an option to meet standards at a lower cost, less administration, and increased productivity
- Need for mechanisms to improve liquidity and availability of capital. To achieve growth of the middle class, a solution should be found for the access to capital issue
- Even though it will be difficult for small producers to remain in the market, certain market niches provide opportunity
- Through the supply chain, one can find quality control methodologies, codes of conduct, and best practices on labor issues, etc.
- Need for greater understanding of export markets

**Recommendations made:**

- Training and technical assistance programs (use resources like e-learning, make use of the university system, training centers):
  - Quality trainings and indicators for measuring/ monitoring impact
  - Supplement transfer of technology with programs that maximize effectiveness and application of that technology
  - Special trainings: outsourcing industry; exports and certifications
- Governments should not be an obstacle, but rather a solution
  - Government support with regulations guarantees access to banking system
  - Access to capital (facilitated through banks and credit associations)
  - Less bureaucracy, simpler taxation and improved implementation of labor codes
  - Transparency
  - Incentives for investors in rural areas
  - Less regulatory barriers for exports
  - Make customs more reliable and consistent
- Association of professional groups have to change their dynamics to have more control over their exports and obtain an advantage from linking sales, purchases, capacity building, support, etc.
- Increased knowledge of funds and grants currently available