



A Strategic Work Plan for the Saint
Lucia Coalition of Service
Industries

REPORT

Prepared for
The OECS Trade Policy Project

=====

January 2006

Mr. Lawrence Placide
(Port of Spain)

Acknowledgements

I wish to acknowledge the superb assistance of the OECS Trade Policy Project, in particular its venerable Director, Mr. Charles Cadet and Ms. Jacqueline Yearwood for the superb administrative assistance provided to this Consultant during this project. Mr. Cadet in particular provided important intellectual guidance and support, which greatly facilitated the completion of this document.

In addition, Ms. Althea Valmont arranged meetings for me in Saint Lucia and ensured that I met all appointments. Mrs. Maura Felix-Richardson and Mr. Stephen Fevrier also assisted greatly in understanding the dynamics of the Coalition process and the services sector in Saint Lucia.

Finally, I would note with appreciation the willingness of Dr. Philomen Harrison of the CARICOM Secretariat to address my various data requests.

*Lawrence Placide
December 2005*

A Note on the Methodology

This report was compiled after undertaking desk research as well as a field visit to Saint Lucia in November 2005. During the visit, I held eleven (11) private and public meetings, consulted with the Acting President of the Saint Lucia Coalition of Service Industries and addressed a planning retreat of the members of the Insurance Council of Saint Lucia. A questionnaire was compiled and submitted to the Coalition for circulation to members to facilitate the identification of needs. Finally, a Seminar was conducted with members and prospective members of the Coalition.

Overall, additional meetings with sector associations might have been helpful in providing a broader perspective on the Coalition process. The timing of the field visit unavoidably conflicted with the schedule of some private sector representatives. In addition, responses to the questionnaire have been slow in coming and low participation at the Seminar compromised the original plan and forced adjustments to the presentations and the conduct of the Seminar.

Despite these drawbacks, sufficient information was gathered on the services environment in Saint Lucia and the value that could be added by an organization that brings together disparate services associations under one broad umbrella. This paper, it is hoped, will assist in the establishment of the Saint Lucia Coalition of Service Providers in 2006.

List of Acronyms

ACP - African, Caribbean and Pacific Group
BCSI - Barbados Coalition of Services Industries
CARICOM - Caribbean Community
CSME - CARICOM Single Market and Economy
CTSP - CARICOM Trade Support Project
ECCB - Eastern Caribbean Central Bank
EPA - Economic Partnership Agreement
ESF - European Services Forum
EU - European Union
GDP - Gross Domestic Product
GSC - Global Services Coalition
GSN - Global Services Network
ILO - International Labour Office
PROINVEST - Programme promoting investment in the ACP
SLUCSI - Saint Lucia Coalition of Services Industries
SLISBA - Saint Lucia Small Business Association
OECS - Organisation of Eastern Caribbean States
WTO - World Trade Organisation

The Saint Lucia Coalition of Service Industries

Strategic Work Plan

1. INTRODUCTION

The Saint Lucia Coalition of Services Industries was launched in November 2004 with the active assistance of the Government of Saint Lucia and now faces the challenge of beginning operation in an environment where resources are scarce and members of the private sector are hesitant to support another private sector organization. Nonetheless, taking into consideration the national, regional and international contexts, the need for a Coalition is readily apparent.

Services is the dominant sector in the Caribbean, accounting in some countries for more than 90% of GDP. Tourism is the largest earner of foreign exchange and the largest employer in the region. In addition, the region has developed export capability in a number of other services, including financial services, entertainment services and professional services. New international commitments are currently being demanded of the Caribbean in services negotiations even while it is engaged in the huge task of creating a Caribbean Single Market and Economy through inter alia the freedom to provide services, transfer capital and move as individuals.

For Saint Lucia, the services sector is the largest contributor to the country's GDP. The single dominant sector is tourism. Its other service providers will face imminent increases in competition from service providers from the larger Caribbean economies, including Trinidad and Tobago.

At the same time its regulatory structures are underdeveloped and services sector interests are not clearly articulated to decision-makers in Government.

This paper emerges from a technical assistance project contracted by the OECS Trade Policy Project. The project involved three elements: -

1. The conducting of a Needs Assessment
2. Conducting a one day Workshop to discuss the outcome of the Needs Assessment exercise and to examine recommendations for a Work Plan based on the outcome of the Needs Assessment
3. Preparation of a Strategic Work Plan.

The paper considers the environment in which a Services Coalition is expected to operate in Saint Lucia. It briefly reviews the activities of the Coalition since its launch. It considers challenges faced by the Coalition in its operations. Finally, it proposes an Action Agenda for implementation by the end of June 2006.

2. WHAT'S THE ENVIRONMENT?

This section reviews the national, regional and international environments.

Economic statistics lay bare the reality that the Saint Lucian economy is a services-dominated economy. The agricultural sector may have a sentimental attachment in the minds of Saint Lucians and is certainly sensitive politically, however, it contributes minimally to economic growth now and is unlikely to contribute significantly in

the future. As the table below illustrates agriculture contributed approximately 7% of GDP in 2003 and this declined to less than 5% in 2003. In contrast, financial services, distribution services, tourism services, transport services and communications services all contributed more than 10% of economic activity in 2003.

Gross Domestic Product (GDP)

**By Economic Activity, at Factor Cost in Constant 1990 Prices,
2000-2003**

EC\$Mn

ECONOMIC ACTIVITY	2000	2001	2002	2003
<u>TOTAL</u>	<u>1169.4</u>	<u>1118.7</u>	<u>1124.0</u>	<u>1164.1</u>
AGRICULTURE	85.4	64.9	64.1	55.7
MINING & QUARRYING	7.7	5.7	5.8	5.8
MANUFACTURING	69.9	68.0	70.6	70.2
ELECTRICITY & WATER	62.4	65.0	64.6	66.5
CONSTRUCTION	104.2	99.0	93.9	92.8
WHOLESALE & RETAIL TRADE	146.1	125.2	126.8	136.6
HOTELS & RESTAURANTS	155.6	139.2	138.4	161.4
TRANSPORT	127.1	125.5	120.7	123.9
COMMUNICATIONS	107.8	120.5	129.6	135.4
BANKS & INSURANCE	124.4	127.7	129.3	132.4
REAL ESTATE & HOUSING	83.4	87.2	89.3	91.5
GOVERNMENT SERVICES	142.1	143.7	145.0	148.0
OTHER SERVICES	57.6	53.3	54.3	54.3
LESS: IMPUTED SERVICE CHARGES	104.1	106.2	108.2	110.3
Source: National Accounts Statistics 2004 (ECCB)				

Furthermore, the services sector has become a net earner of foreign exchange. This contrasts starkly with the consistent negative trade balance on goods trade, including agriculture.

With respect to employment, according to the 2003 International Labour Office publication "ILO Key Indicators of the Labour Market "(Third Edition), in 1999 Agriculture accounted for 21.7 per cent, Industry for 19.2 per cent and Services for 59 per cent. Further, just over 70.5% of women employed were to be found in the services sector. By 2004, the agriculture sector's share of employment had dwindled to 15% according to statistics from the Government of Saint Lucia.

However, the services sector faces significant challenges as well. As the table below illustrates in terms of trade the performance of the various services sectors is skewed. The large balance of trade in tourism services compensates for the negative balances in other services sectors. Only Insurance agents commissions and computer and information related services report positive trade balances. The latter is particularly interesting, with an emerging call centre with growth possibilities and an interest in moving up the IT value chain. The latter point is particularly important as providing call centre services is a relatively low value added service. More sustainable growth opportunities reside in moving into back-office operations such as certain types of data entry and accounting support and into software development. This sector could be an important source of economic activity and future growth for the economy if

addressed effectively by Governmental support, financing and skills development.

Data on the banking sector is unfortunately absent from the table below. It is noted though that as of April 2005, the Honourable Prime Minister of Saint Lucia was able to note in his Budget Presentation the success of the international financial sector in the country. Prime Minister Anthony noted that the sector consisted of some 1,517 registered institutions. Operators in the sector include trust companies, mutual fund administrators, trustees, agents, international banks and international business companies.

VALUE OF SAINT LUCIA'S BALANCE OF SERVICES: 2000 - 2003

	(US\$m)			
	2000	2001	2002	2003
BALANCE OF SERVICES	196.9	170.0	129.1	201.3
Transportation	-34.0	-25.1	-28.0	-33.8
Sea Transport	-28.3	-18.9	-20.5	-28.0
Air Transport	-5.7	-6.2	-7.5	-5.7
Travel	245.3	205.5	176.6	247.7
Insurance Services	-4.5	-2.9	-3.8	-5.2
Freight Insurance	-7.1	-6.2	-6.3	-7.8
Life insurance	-0.6	-0.8	-0.7	-0.7
General Insurance	-0.8	-0.8	-0.7	-0.7
Re - Insurance	-0.1	-0.2	-0.2	-0.2
Insurance Agents Commission	4.1	5.0	4.1	4.2
Financial Services	-	-	-	-
Other Business Services	-4.0	-3.5	-11.6	-3.2
Construction and Engineering Services	-	-	-	-
Management and Consultancy Services	-1.6	-0.9	-1.1	-1.1
Computer And Information services	5.0	3.5	2.4	2.4

Royalty And Licenses Fees	-1.6	-1.4	-2.2	-2.2
Other Services	-5.7	-4.7	-10.7	-2.3
<u>Government Services</u>	-6.0	-4.0	-4.1	-4.2
Resident Government	-3.5	-3.4	-3.3	-3.4
Foreign Government	1.4	1.4	1.4	1.5
Other	-3.9	-2.0	-2.2	-2.3

Last Updated in November 2005

Source: CARICOM Secretariat

The focus of the international community on the services sector, which began during the Uruguay Round of multilateral trade negotiations and the eventual establishment of the WTO, is expected to continue. Multilateral focus is on improving existing WTO commitments especially as trading entities coming under pressure to improve agricultural terms of trade seek to either deflect attention or seek compensation for agriculture concessions by promoting focus on improving services access and terms of trade. Every bi-lateral or bi-regional negotiation in which the country is involved will also include new access commitments in services as international trade in this sector is soon expected to outstrip trade in goods. This "behind the border" focus brings more pressure on the private sector to protect its home market and develop new markets abroad.

In the context of the above, the rationale for a Saint Lucia Coalition of Service Industries becomes apparent. A Saint Lucia Manufacturer's Association has been able to represent effectively the interests of its membership with a largely protectionist agenda. Nonetheless the manufacturing sector now contributes only minimally to GDP and employment.

Services coalitions are an increasing phenomenon worldwide. They perform various roles such as industry organization, lobbying, trade and export promotion, contribution to policy development and involvement in international services negotiations. The challenge for the Saint Lucia Coalition is to find the cluster of activities, which can add the most value to its stakeholders and make the most effective contribution to national development.

3. WHO ARE THE COMPETITORS AND CUSTOMERS OF THE SLUCSI?

This section considers the competitive environment for the services of the SLUCSI.

The SLUCSI faces competition from other private sector organizations for membership, particularly individual members. Recruitment of individual corporate members increases the likelihood of conflict with the Chamber of Commerce, which itself could and should be a powerful partner for the new Coalition. It faces the challenge of convincing private sector stakeholders that another intermediary organization is necessary and can meet their needs. Some possible members might consider that a single private sector organization could more effectively service the interests of the relatively small private sector of Saint Lucia and would also be more efficient in terms of the payment of membership fees.

A potential advantage of the Coalition, though, is that it is primarily seeking its membership from other private sector organizations, which are its primary customers. The Coalition can interact with executives and administrators who have already seen the benefit (actual or potential) of industry or sector collaboration for their own business activities. These services associations must first be identified and their needs and expectations determined.

The Government of Saint Lucia will also be a key customer. It can benefit from the greater organization of the services sector that a Coalition can provide. This will ease the consultation processes of the Government as the Coalition can relatively quickly become its prime interlocutor on

services trade and development issues. The Coalition can also be useful to Government in reaching service providers by bringing information to them and sourcing data and opinions to assist the research function of relevant Government Ministries for negotiating and policy development purposes.

Other customers for the services to be provided by the Coalition, though not the primary ones are those service providers in the country who may wish to organize themselves into representative organizations. The Barbados Coalition of Service Industries successfully performs this task within that country. The Coalition may also provide services to small or fledgling organizations that may not have the resources for meetings, secretarial and other administrative activities.

Finally, the Coalition can bring value to the public through collaboration among its members; collaboration, which contributes to the development of a regulatory infrastructure that encourages, improved industry conduct and consumer protection. In addition, the public can become more aware of the services sector, its importance to the economy and consequently their role in contributing to its competitiveness.

An opportunity for the Coalition resides in exploiting opportunities for synergistic cooperation with the Chamber of Commerce and with the Small Business Association (SLISBA). Such cooperation appears most possible with SLISBA, based on discussions that have already been initiated by the Interim President of the SLUCSI. A model

for such cooperation could be Chile where the Coalition actually resides in the Chamber of Commerce. In Hong Kong, the Hong Kong General Chamber of Commerce created the Coalition for Services Industries. Where the institutional distinction exists, such as Barbados, a clear delineation of roles and responsibilities has proven necessary. Inevitably, to be successful in the longer term, there must be frank assessment and discussion of the capabilities of the respective organizations as well as mechanisms for ongoing information sharing and consultation.

Overall, the Coalition's membership will be drawn from organizations of different resources and capabilities. Members will therefore bring various competencies and skills to the Coalition such as the potential for improved decision-making, financing possibilities, specific functional skills, and wider national recognition. The Coalition will be successful by exploiting the various advantages of its individual members to the benefit of the organization. First, though, it must confirm that all possible primary customers are identified through the compilation, perhaps with the assistance of Government Ministries, of an inventory of existing representational organizations in the services sector.

The Coalition stands to draw support from both established and soon-to-be established Coalitions. The idea has been implemented most effectively by Barbados, from which technical support has been made available to the Saint Lucia Coalition. Trinidad and Tobago is now scheduled to launch its Coalition in January 2006 and one of that organization's intended activities will be to provide assistance of a

technical nature to other Coalitions in the region. Additionally, the CARICOM Secretariat has technical skills that could be of assistance. Coalitions are scheduled for establishment in all CSME countries but the processes are not as far advanced elsewhere as is the case of Barbados, Trinidad and Tobago and Saint Lucia. Prospective Coalitions have been hampered by financial difficulties, lack of Government support and capacity issues within the services sector. When established these Coalitions can serve as important potential allies in efforts to provide value to Members through cooperative programmes of advocacy, training and fund raising.

4. WHAT HAS THE SAINT LUCIA COALITION OF SERVICE INDUSTRIES BEEN DOING?

This section reviews information gleaned relating to the activities of the Coalition and its membership and attempts an assessment of that activity.

Since its "launch in November of 2004, the SLUCSI has been engaged in activities intended to raise membership, enhance buy-in, and secure financing and other administrative activities. Importantly, SLISBA has agreed to provide office space for the Coalition. The space provided is adequate for the Coalition's needs and is centrally located in the same premises as the Saint Lucia Chamber of Commerce. Promises have been obtained for assistance in furnishing the office and meeting its basic equipment needs.

In addition, it appears that possible candidates have been identified for the post of Executive Director. This person

should have an understanding of services, services trade within both the international and regional environments and should be able to communicate effectively with members, the Government and the public at large. Given the scarcity of local resources with the required skills, it is imperative that a competitive package is offered to the most suitable candidate in the shortest possible period of time. This, in turn, will require an early commencement of a transparent selection process.

The Interim President has gained international exposure through her representation of the Coalition at CARICOM activities. In addition, she has, at the request of the Government of St. Lucia attended a Symposium on Cross-Border Supply in Geneva on 28 and 29 April 2005. Her own knowledge has been enhanced by this experience thereby improving her ability to effectively address the issues relevant to the services sector in Saint Lucia. There is a need to provide other members of the Executive with similar exposure and training. Understanding of the regional environment and the content of services discussions is necessary to improve the efficacy of these representatives.

An interim Board of Directors has been appointed but appears not to be functioning optimally. Board meetings seem to have been held but at irregular intervals. There is need for these Board meetings to be regularized and participation encouraged if the Coalition is at all to achieve its purpose.

Attempts have been made to boost membership in the Coalition. These efforts have been hampered by the fact that

the Coalition and its Secretariat are not yet operational and therefore unable to demonstrate the value of the Organization to potential members. In addition, a targeted membership campaign involving presentations to prospective members has not yet been developed. Such presentations should discuss the background to the Coalition, its aims, activities and benefits of membership.

The non-operational nature of the Coalition has meant that record keeping has suffered. Important documents are difficult to source. Some are kept within the public sector (Ministry of External Affairs and International Trade) while the Interim President holds other documents. It is critical that the information germane to the organization be kept by the organization itself in an orderly manner.

Some effort has been made at public education. The media, particularly the Government Information Service has covered Coalition events and provided opportunity for updates of the process underway. The audience for public education programmes though is low. The effectiveness of this outreach could be enhanced through the involvement of private media outlets, particularly television. The Coalition might seek to be part of any available current affairs programming. For example, the Single Market and Economy is a source of interest throughout the region. Participation in a programme on this subject would allow for discussion of the need for a Coalition and the role of the Coalition in facilitating service providers' attempts to take advantage of trading opportunities in the Single Market. Generally, the representatives of the Coalition must convince private media personnel that their presence adds value to the

conversation, raising new issues or bringing new information to the audience. An active courting of the private media might involve the Coalition, through its members, bringing sponsorship to programmes which provide opportunities for the Coalition. In addition, a special attempt should be made to reach Creole speakers.

The Coalition has sought to enhance relationships with the Government and with private sector organizations. The relationship with Government is critical to the effective future operation of the Coalition. Government must accept the Coalition as a viable partner in policy formulation and the Coalition must beneficially engage in advocacy on behalf of its stakeholders. The key Ministries involved are those of External Affairs, International Trade and Civil Aviation and the Ministry of Commerce, Investment and Consumer Affairs. Relations with both these Ministries have to be continually evaluated and enhanced as well as efforts made to gain the fullest collaboration between these Ministries in helping to further the objectives of the Coalition.

With respect to the private sector the Coalition must ensure a non-adversarial relationship with existing organizations, including the Chamber of Commerce. As the "new kid on the block" the onus is on the Coalition to comfort the longer-established private sector organizations. One means of accomplishing this would be by taking a decision not to recruit individual companies.

Financing has been the most difficult challenge the Coalition has been forced to face. Efforts are being made to access funds to assist the Coalitions consolidation as a

going concern. In this context the decision in a proposal submitted to the EU for consideration continues to be awaited. This challenge of obtaining financing is often frustrating for nascent organizations tending to have a negative impact on the commitment of key individuals and prospective members of the Coalition.

The Government of Saint Lucia has not so far committed itself to provide start-up funding as the Government of Barbados has done and as will soon occur in the case of the Trinidad and Tobago Coalition. In the former case, the Government of Barbados made a three-year commitment to fully support the Barbados Coalition of Service Industries (BCSI) within an undertaking by the Coalition that it would take steps toward self-financing.

The BCSI has therefore been active in seeking support from various international funding agencies. For example, a project proposal by the Barbados Coalition of Service Industries, in which Saint Lucia is a partner along with entities from four (4) other CARICOM Member States, and from which Saint Lucia and other prospective Coalitions in the region are expected to benefit is being processed by PROINVEST in Brussels. That project would not provide operational expenses but technical support in the establishment of Coalitions.

A definitive decision on membership subscriptions has not yet been taken. The view has been expressed that members should be asked to make only minimal, even symbolic, contributions at this early stage of activity with the intention that contributions would be increased as the

Coalition demonstrates its value. While tempting, this option can negatively impact on the ability of the Coalition to become operational and reduce the incentive of members to themselves contribute to the success of the organization. A more substantial fee would make organizations more concerned in the output of the Coalition.

5. WHAT'S ON THE HORIZON?

This section considers the near term environment and challenges with potential to impact negatively on the Coalition and its membership.

The service providers of Saint Lucia face a number of challenges in the upcoming years. In this section we provide various views expressed by service providers in Saint Lucia and fears, which although largely unfounded, nevertheless were expressed by the private sector during interviews.

Immediately, service providers in Saint Lucia are faced with the implementation by their country of its commitments under the programme to create a Single Caribbean Market and Economy. This will bring a range of new opportunities as well as change the competitive environment in which the service providers are required to operate. The service providers are unsure of the benefits to accrue as a result of the CSME and are particularly concerned about the free movement of what is perceived to be large numbers of CARICOM nationals in an environment seen as weak on security coordination and competence. There is also concern that persons will represent themselves as competent to provide services in the absence of a regulatory mechanism of which

harmonized standards are a component. The Single Market, it is thought, may exacerbate the existing inequities already present between CARICOM Member States and increase unfettered access by commercial entities of the larger states at the expense of local businesses.

Persons interviewed expressed the view that in a free labour market, managerial positions could be lost to other Caribbean nationals and there could even be competition for other lower-skilled workers. Individuals might choose to leave Saint Lucia for new opportunities in other countries in the region and labour costs locally could rise as a result of resulting labour shortages. Countries with higher educational institutions in their territories could more efficiently produce skilled workers and thereby be in a more advantageous position in the future economic landscape.

At the same time, Saint Lucia was considered not to be producing enough of the skills required by the private sector. The private sector claims there is little connection between its needs and course offerings at Sir Arthur Lewis School, for example. The curriculum, private sector service providers claim, does not include work attachments that will better prepare the students for viable contributions to their new employers upon graduation. The time employers are required to spend retraining recent graduates puts pressure on already scarce corporate resources.

Additionally, there is concern that the legislative apparatus is not working as it should. In the context of implementation of trade agreements including the CSME, a number of new measures need to be put in place by the

Government. In the enactment of such legislation there is concern that sufficient time is not allocated for public comment and there is the suspicion that errors are being made in the haste to implement the legislation. Furthermore, regulations for a number of service activities are not in place and this could lead to difficulties in the marketplace in a more open environment

In Saint Lucia, the tourism plant is growing, as is the sector's contribution to the economy. Service providers have noted that the ownership of much of the new plant resides outside of Saint Lucia. This trend of recent years is expected to continue over the medium term and is compounded by the structure of the tourism sector internationally and the growing integration and centralization of control of all elements of the tourism experience at the expense of national providers. This raises questions in the minds of some as to the commitment of these foreigners to the country in the case of a tourism shock such as occurred after 9-11, the concern for the environment in the absence of acceptable measures for environmental protection and the extent to which profits are retained in Saint Lucia to the benefit of the country and its nationals.

The ability of service providers to provide services cross-border is a concern. Not only will they be able to operate from their environment, which is likely more efficient, but they will be more able to access new clients in Saint Lucia. Further, because of the Single Market the Government will not easily be able to impose restrictions on CARICOM nationals providing these services to protect local service providers. The revised CARICOM Treaty does provide for

safeguard action to be taken in certain circumstances but this has not been tested in the services context and may be open to challenge in the Caribbean Court of Justice.

In the longer term, the fear has been expressed that the overall increase in competition as service providers seek access to the relatively more lucrative Saint Lucian market, in comparison with other OECS markets, , could result in crowding out of local service providers. In reality, a number of options are available to service providers in Saint Lucia. One is the opportunity to engage in joint ventures with other national firms and with regional firms to exploit opportunities in the wider marketplace. Similar fears of increased permanent movements of labour in the European Community have largely been unrealized. Far less so possible movement within the Caribbean which is arguably much more difficult than that within the European continent. Finally, much intra-Caribbean cooperation at the corporate level already exists, for instance one notes the recent investment by Angostura of Trinidad and Tobago in Saint Lucia Distillers Limited and many less-publicized business ventures which are engaged in harvesting mutual benefits.

6. SWOT Analysis

In light of the above, it is possible to hazard a SWOT analysis of the Saint Lucia Coalition of Service Industries.

Coalition of Service Industries - SWOT Analysis	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">▪ Committed, energetic Leadership▪ Support from key associations of service providers in the economy▪ Support from important Government Ministry▪ Ability to call on assistance from other Coalitions and other entities in the	<ul style="list-style-type: none">▪ No history▪ Administrative challenges▪ Financing is weak▪ Underperforming Board▪ No plan for full activation of Coalition

Caribbean	
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ▪ Little internal competition ▪ Collaboration with other Coalitions ▪ Scope for improving the effectiveness of sector through better organization ▪ Inventory of Service Providers ▪ Growing service industry will facilitate new memberships ▪ Negotiating imperatives and CSME will throw new light on services sector and make Government consult better 	<ul style="list-style-type: none"> • CARICOM competition could weaken industry and potential clients • Challenges possible from more-established private sector organizations • Delayed implementation risks loss of interest

7. AN ACTION AGENDA

Strategy can be defined as the making of clear-cut choices about how a company or organization is going to compete. A strategic framework for the St. Lucia Coalition of Service Industries must emphasize the Coalitions needs of its service suppliers and outline the manner in which these needs are to be facilitated while enabling effective competition within a rapidly-changing regional marketplace for services. In this context, a five-step Action Agenda is outlined below.

I. Prioritizing Activities

First, the organization must prioritize. It cannot be all things to all its members and lack of focus will result in unacceptable results for its stakeholders. In other words, to use a business analogy, it must seek to find its niche in the Saint Lucian business community, build competencies and seek to exploit that niche to the benefit of its shareholders.

Stakeholders of the Coalition have outlined a range of interests, most of which are important and all of them theoretically possible for a Services Coalition to undertake. In its early stages, however, the Coalition must be very focused and therefore cannot hope to address all the interests outlined by stakeholders which include: -

- Regulatory Development
 - Encourage Government to adopt new regulations and laws that promote services trade and protect the consumer. This would involve reviewing the existing regulatory environment.
 - Educate membership on current laws and regulations (nationally and regionally) and how these can affect business prospects
 - Advise Government on revisions to laws and regulations in place
 - Become involved in improving services standards and adherence thereto by Service providers
- Addressing Competitiveness Issues for the Membership
 - Educational issues
 - Sourcing the right staff for Members
- Acting as a Forum for collating and debating views of its Members and Representing those interests to Government
- Problem-Solving
 - Acting as a mediator for disputes between members
 - Helping members get issues addressed by authorities
- Identifying Business Opportunities
 - Especially with respect to Government Procurement

- o Pooling for involvement in bidding for participation in larger projects
 - o Bringing regional business opportunities to the membership
- Organizational Development
 - o Establishing an Administrative Committee
 - o Developing Codes of Conduct and Ethics for its members and monitoring their implementation.
- Marketing Support
 - o Helping Members export their services
 - o Involvement in Trade Missions and other Promotional Activities
- Resuscitate Dormant Organizations
 - o Providing Administrative Support
 - o Providing Guidance
- Acting as an Information Processor on Behalf of Membership on
 - o Caribbean Single Market and Economy
 - o International Negotiators
 - o Other relevant international and regional issues

In prioritizing activity, the organization must take on board the views of its stakeholders but it must be wise in assessing these interests and determining wants from needs. It should act on the specific and most valuable needs. The following are proposed as Level One needs for attention by the Coalition of Service Industries: -

- I. Representing the Interests of the Services Providers of Saint Lucia to Government

II. Promoting the Institutional Development of the services sector in Saint Lucia

III. Acting as a Conduit for Information relating to national and regional developments that will affect the economic viability of Services Providers in Saint Lucia.

Essentially, Level One activities in this phase of development revolve around consolidation of the status of the organization nationally and delivering the basic needs of stakeholders. Level Two activities are extremely important but are ancillary to the main immediate objectives of the Coalition. These include:

I. Competitiveness Improvement

II. New Market Development

III. Problem Solving for Members

.

II. Deploying Resources Wisely

The second imperative is for the Coalition to deploy its moderate resources wisely. It is a given that financial resources available for the Coalition from official sources will be restricted. Especially important will be making best use of scarce human resources.

To date, the Coalition has proposed the engagement of two (2) members of staff, an Executive Director and an Administrative Assistant. Such an allocation of staff is

common. Care should be taken in the choice of the Administrative Assistant with a special effort to find an individual capable of multi-tasking.

In any event, a database of members and service providers in Saint Lucia must be implemented as a matter of priority. This database of the services sector would include categorization of the service provided, size of firm, employment, export activity, particular specialties of the firm, import activity. It would add value by "pushing" directly to service providers and stakeholder associations relevant information on services trade developments, negotiations and business opportunities. It would also provide a means to put into operation a Register of Service Providers that it is proposed that the Coalition should administer on a fee basis (see below). As an adjunct to this process or by means of outsourcing the Coalition must establish a highly functional and continuously updated web presence. That web site, properly instituted, should form the basis for interacting with national service providers and should aim to be the first port of call for a service provider wishing to do business in Saint Lucia.

The Executive Director (ED) should also have some familiarity with these functions though these skills can also be upgraded through training. The ED would be responsible for overseeing the Coalition operations, including stakeholder relations and technical level interactions with Government. Among the ED's key areas of responsibility would be to build avenues of cooperation with other Coalitions in the region and beyond. The President would function at the political level, ensuring

implementation of Board Decisions and would be the champion of the services sector from the public viewpoint. The President should not take on executive or administrative functions.

Of course, the problem of available financial resources must be solved if the Coalition is to serve the interests of its members. One possible source of financing is the CARICOM Trade Support Programme (CTSP) of the Government of Trinidad and Tobago which provides low interest loans to successful applicants. On the basis of an initial investigation by this Consultant, the CTSP, though intended for regional companies, could also provide assistance to the Saint Lucia Coalition on certain terms. The Steering Committee (see below) should be charged with completing the necessary applications to the CTSP. This funding could meet some percentage of the resource needs particularly as concerns the achievement of specific project objectives. An area that seems likely to receive some assistance from the CTSP could relate to upgrading the Coalition's deployment of information technology.

Another possible opportunity lies in the funding options provided by PROINVEST in the context of the negotiation of an Economic Partnership Agreement with the European Union. The private sector and its intermediary organizations should seek to take advantage of opportunities for support for capacity building initiatives, an area recognized as lacking in the CARIFORUM. One of the key activities of PROINVEST involves increasing the capacity of private sector intermediaries. Specific areas in which support is available include:

- * Assessing the needs of pre-identified intermediary organizations;

- * Initiating or supporting dialogue between the private sector and the national and regional authorities to improve the environment for investment;

- * Providing capacity building assistance to private sector intermediary organizations in Africa, Caribbean and Pacific (ACP) countries through TRINNEX, so as to enable them to actively contribute to trade policy negotiations and in particular, the Economic Partnership Agreement (EPA) Negotiations between the ACP and European Union (EU) countries.

- * Developing and proposing services adapted to the needs of enterprises in respect of investment promotion;

- * Providing technical assistance and funding to support the organisation of investment promotion and partnership initiatives;

- * Facilitating access to and providing training on the latest information technology and implementing information management systems for the administration of projects and business events.

The Consultant has suggested to representatives of the European Commission based in the region that these aims could be operationalized in the Caribbean through specific assistance to the fledgling Coalition movement. A specific

allocation of Euros 1 Million to allow for the creation of these organizations throughout the region should be sought. To achieve this goal a joint proposal by or on behalf of several Coalitions would need to be prepared and regional Governments would need to lend their support as well. The SLUCSI could galvanize support within the OECS for this approach.

Further, PROINVEST apparently soon will implement a new project called "trade.com". This would provide another opportunity for funding to be channeled to the private sector in the ACP and to the Saint Lucia Coalition. As soon as the "trade.com" is launched, a project proposal should be submitted to PROINVEST

The benefit of the funding options mentioned above is that they do generally avoid the public sector but the drawback is the dependence on foreign sources. For its sustainability to be guaranteed, the Coalition must seek other solutions that are internal to Saint Lucia. Two avenues are proposed which are complementary and not mutually exclusive.

The first involves obtaining more revenue from its members. Rather than the nominal membership fees contemplated associations should be charged \$1000 (Eastern Caribbean) per annum and individual companies, should they continue to be eligible for full membership, \$850 (Eastern Caribbean) per annum in the first instance. The latter fee should increase by 5% each year to act as an incentive for consolidation of individual services members into representative associations. This level of contribution will allow the Coalition to better seek assistance from other institutions,

including Government, as it demonstrates a degree of self-financing by the private sector.

The second avenue of self-financing comes from the proposal to establish a Register of Service Providers to facilitate monitoring of the cross-border provision of services within the Single Market. The proposal is currently being considered by Governments of the region having been put to the Working Group on Services Negotiations in Jamaica in November 2005 by the delegation of Trinidad and Tobago. In brief, the idea involves implementing a procedure by which service providers interested in exporting their services would register themselves with a national entity. The information gained from the entities in each country would be shared for monitoring purposes. In addition, a service provider present on the register in their country of domicile would benefit from facilitated access to other parts of the Single Market.

It should be noted that this proposal covers both individual service providers as well as persons employed by institutional providers of services such as commercial banks, for example. As such, the numbers registering could be quite significant, particularly if a registration fee is payable in the country in which services are delivered as well as in the country of origin. The quantum of this fee has not been stipulated and will be determined by each Member State. As a source of durable revenue, the Saint Lucia Coalition of Service Providers should lobby the Government to be designated as the point of registration for Saint Lucia. It could point to its work on the database of service providers in Saint Lucia mentioned above as proof of

its capability to perform this task. The annual receipts even based on a minimal administrative fee of \$100 (EC) could be significant enough to provide a source of ongoing revenue flows to the Coalition. As an analogy in the area of goods trade, many Chambers of Commerce are involved in various certification activities on behalf of Governments.

III. Cooperating with Related Institutions

Third, the Saint Lucia Coalition of Service Industries must cooperate with other national, regional and international Coalitions. In so doing, it will learn from the experiences of others, gain access to new thinking and approaches to services development and enhance possibilities for its membership.

As mentioned above, there is scope for considerable cooperation between the Coalition and other similar institutions in the region and abroad. An effort must first be made to continue to cooperate with the Barbados Coalition of Service Industries. As mentioned above, it has recently provided some assistance to service providers in Saint Lucia during a Mission conducted earlier this year.

Other opportunities for collaboration reside in the Global Services Network, a global online community consisting of leaders in business, government and academia. The GSN engages in the following activities: -

- Identifying and removing barriers to trade and facilitating business in the service industry

- Developing strategies for individual services sectors in the WTO and other forums
- Monitoring implementation of services trade agreements
- Strengthening services organizations around the world
- Providing means to increase knowledge of the services sector.

Furthermore, the Global Services Coalition brings together services organizations from around the world. Among the members of the Coalition are the European Services Forum, the United States Coalition of Service Industries and other similar entities in Hong Kong, Australia, and Chile. The GSC has been active lobbying on behalf of services interests in the Doha Development Round of Multilateral Trade Negotiations. The GSC itself could benefit from additional participation from services organizations in developing countries. Again, GSC members could be a significant source of assistance to the Saint Lucia Coalition.

IV. Cultivating Good Relationships with other Intermediary Organizations and Government

Fourth, in order to be successful, the Coalition has to develop and maintain good internal working relationships with other organizations in Saint Lucia. This will allow it to represent the interests of its membership more effectively and conserve energy and resources for the activities that matter.

A specific action the Coalition should take is to review its position regarding individual members. Most Coalitions

worldwide accept both individual and association members. What differs is the role of the respective type of member. As is outlined below with examples from within the region and beyond, there is no definitive method of dealing with issues that may arise. Each association must find the approach that best fits the individual national reality.

For example, a review by-laws of the soon-to-be-established Trinidad and Tobago Coalition of Service Industries reveals that the TTCSI excludes individual members making clear that it proposes to be a coalition of services associations. This decision greatly facilitated obtaining buy-in from the Trinidad and Tobago Chamber of Industry and Commerce.

In the case of Barbados, the by-laws make provision for Provisional Members (individual services providers) where no association exists. The Provisional Membership expires once an association is established. In the interim, Provisional Members have no right to vote and may not be elected to the Board.

Further afield, the European Services Forum accepts both corporate and institutional members. In the case of the ESF, the corporate members appear to wield considerable influence within the organization. The Hong Kong Coalition makes no distinction between the two types of members. Its founding members consist primarily of associations but also two of Hong Kong's largest companies (Hutchinson Whampoa and Cathay Pacific). The Australian services roundtable takes a similar open approach with no restriction on voting.

In the Saint Lucia case, individual membership is permitted for five (5) years during which these members not only have the right to vote but may also be elected to the Board. Currently this has resulted in a situation where the rival telecommunications providers both have places on the interim Board. This is a source of potential conflict and one that association members might not support once the Coalition is fully operational. In the circumstances it is recommended that at the first Annual General Meeting, the Board should be re-elected and it should comprise only organizations. One of the actions of the new Board should therefore be to seek to amend this aspect of the by-laws by the means provided to remove either the right to vote or the right to be elected to the Board.

On the subject of the by-laws, it is noted that the by-laws of the Saint Lucia Coalition of Service Industries do not provide for resolution of a conflict of interest. The by-laws would be enhanced by the insertion of a clause requiring Members of the Board to absent themselves from discussions which may impact on their commercial interests or other personal conflicts. This is perhaps more important in a small economy where conflicts or potential conflicts may arise more frequently given the interlocking nature of our economies' business sectors.

V. Timelines for Action

Fifth, the Coalition of Service Industries must now begin to act. More than one year after "launch" it risks losing buy-in from stakeholders if it is not seen to be operational in the shortest possible timeframe. The timelines that follow

are indicative of the need to move quickly and may be considered ambitious. Nonetheless, it is still felt that the Coalition should aim to be operational by July 2006. In this context, it would be appropriate to set the Annual General Meeting for 15 June 2006. This leaves more than four (4) full months for basic elements to be put in place.

Among these basic elements is the appointment of the Executive Director. I am of the view that a specific commitment must be made to have an Executive Director identified by end April 2006 and in place by end-May 2006. I believe that this is a realistic timetable given that the more appropriate candidates already seem to have been identified.

Of course, funding is a key consideration and in this regard it is incumbent on the Coalition gaining the highest political support. In this regard, it is necessary for the Acting President of the Coalition to meet the Honourable Prime Minister of Saint Lucia at the earliest opportunity. The interim leadership of the Coalition should first seek a meeting with the Minister responsible for development of Industry, including the Services Sector, in Saint Lucia. The intention would be to apprise the Minister of the state of implementation of the Coalition and seek specific commitments to address the Coalition's financing challenges either through direct financial inputs or support for funding requests to international and regional organizations. A subsequent meeting with the Prime Minister should serve to bring the Coalition's purpose and activities to the attention of the most powerful individual in the

country. Gaining this highest-level support should render ineffective any hurdles that may have been put in the way of the Coalition for funding and smooth the acceptance of the Coalition by all parts of the bureaucracy, thereby facilitating its key advocacy function. Attempts should be made to arrange this meeting by the end of February 2006.

Apart from the above, by the same timeframe the InterimPresident should activate a Committee structure within the Coalition by 15 February 2006. The idea of a Legislative Review Committee should be pursued. The LRC would review proposed new legislation by the Government and proposed revisions where necessary based on the interests of its membership. It would be comprised of members of the legal profession acting in a voluntary capacity. In view of the charged legislative activity in recent months this Committee should be even more valuable.

It is also recommended that the Coalition establish a Steering Committee to assist the President until the full administrative structure is in place. This Steering Committee would be responsible for ensuring that the administrative matters are cleared before the Annual General Meeting. It should, for example, be responsible for the engagement of the staff of the Coalition and for coordinating the search for financial resources. It should comprise three members of the Board, from among the institutional members who would, among these other responsibilities share some of the tasks the Acting President seems to be forced to accomplish on her own. In summary, the proposed Steering Committee would: -

- Hire the staff of the Coalition
- Prepare for the Election of the Board Members
- Find Accommodation for the Coalition
- Ensure conclusion of any legal formalities
- Publicize/Promote the Coalition to the Public
- Improve buy-in for the Coalition from Member Organizations
- Access funding for the Coalition.

Conclusion

Establishing a Coalition of Service Providers is a difficult proposition in any country and has proven to be the case in Saint Lucia as well. Services associations, where they are present, are more focused on sector organization and management and less on the trade and representational interests of a Coalition. Many service providers themselves fail to see the benefit of collaboration. Given the various challenges facing the sector in the region, though, establishing working coalitions has become an imperative.

Saint Lucia has made a start and has progressed further than most other CARICOM countries. Funding challenges restrained progress in 2005 but momentum must be regained in 2006. Access to external funding will be facilitated by higher levels of local financial support from members and through self-financing mechanisms. Public sector support is largely present but the Government must also realize its pivotal role in helping to finance operations of the Coalition. An acceptable number of private sector organizations appear to have bought into the idea. The individuals at the helm of

the process from the private sector are committed to its achievement.

Implementing a Secretariat within the first half of 2006 will be challenging but must be done in order to avoid losing the support of the private sector. Once it is established the Coalition could access technical assistance from other Coalitions and regional and international sources. In this process, it can learn from the experience of other countries while seeking its own unique way to address the situation as exists in Saint Lucia and to advance the interests of its membership.

Summary of Recommendations

In order to move the Coalition process forward to implementation in the shortest possible yet realistic time frame a number of recommendations have been put forward with timelines, where necessary. For ease of reference, these recommendations are listed below and are as follows: -

- 1) The Coalition should commit to a start date. It should therefore announce and provide for an Annual General Meeting by the end of June 2006.
- 2) An Executive Director should be identified by end April 2006 and in place by the end of May 2006.
- 3) The Coalition should outsource the functions of a Database and Web Management or seek project financing to implement this key function.
- 4) As a priority, the Coalition should develop a Database of Service Providers for Saint Lucia.

- 5) A delegation from the Coalition should endeavour to meet with the Government at the highest possible level of the political hierarchy by the end of February 2006 after meeting with the Minister with responsibility for services sector development.
- 6) Level One activities for the Coalition are
 - a. Representing the interests of Services Providers of Saint Lucia to the Government
 - b. Promoting the Institutional development of the services sector in Saint Lucia
 - c. Acting as a Conduit for information on developments impacting on the economic viability of service providers in Saint Lucia.
- 7) Public outreach activities should be heightened and include the use of private media resources.
- 8) Proposals for Project funding should be made to the CARICOM Trade Support Programme of the Government of Trinidad and Tobago and to PROINVEST's Trade.com project.
- 9) The Coalition should seek to be designated as the administrator of the proposed CARICOM Register of Service Providers.
- 10) Membership Fees should be set at a moderate but significant level.
- 11) The Coalition should establish a Steering Committee and a Legislative Review Committee.
- 12) Consideration should be given to removing the possibility of Individual Membership or reducing the rights of Individual members.
- 13) Provisions for addressing conflicts of interest should be included in the by-laws.

14) The Coalition should seek to be active in regional and international networks of services institutions.

January 15, 2006