



# Competitive analysis of the Caribbean region

ICAC Conference of Accountants  
Jamaica Pegasus Hotel  
Saturday, 25<sup>th</sup> June 2011

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# Introduction

- Perform a competitive analysis of the Caribbean region

- To do so should first of all understand what is meant by competitiveness:

“...a comparative concept of the ability and performance of a firm, sub-sector or country to sell and supply goods and/or services in a given market.”

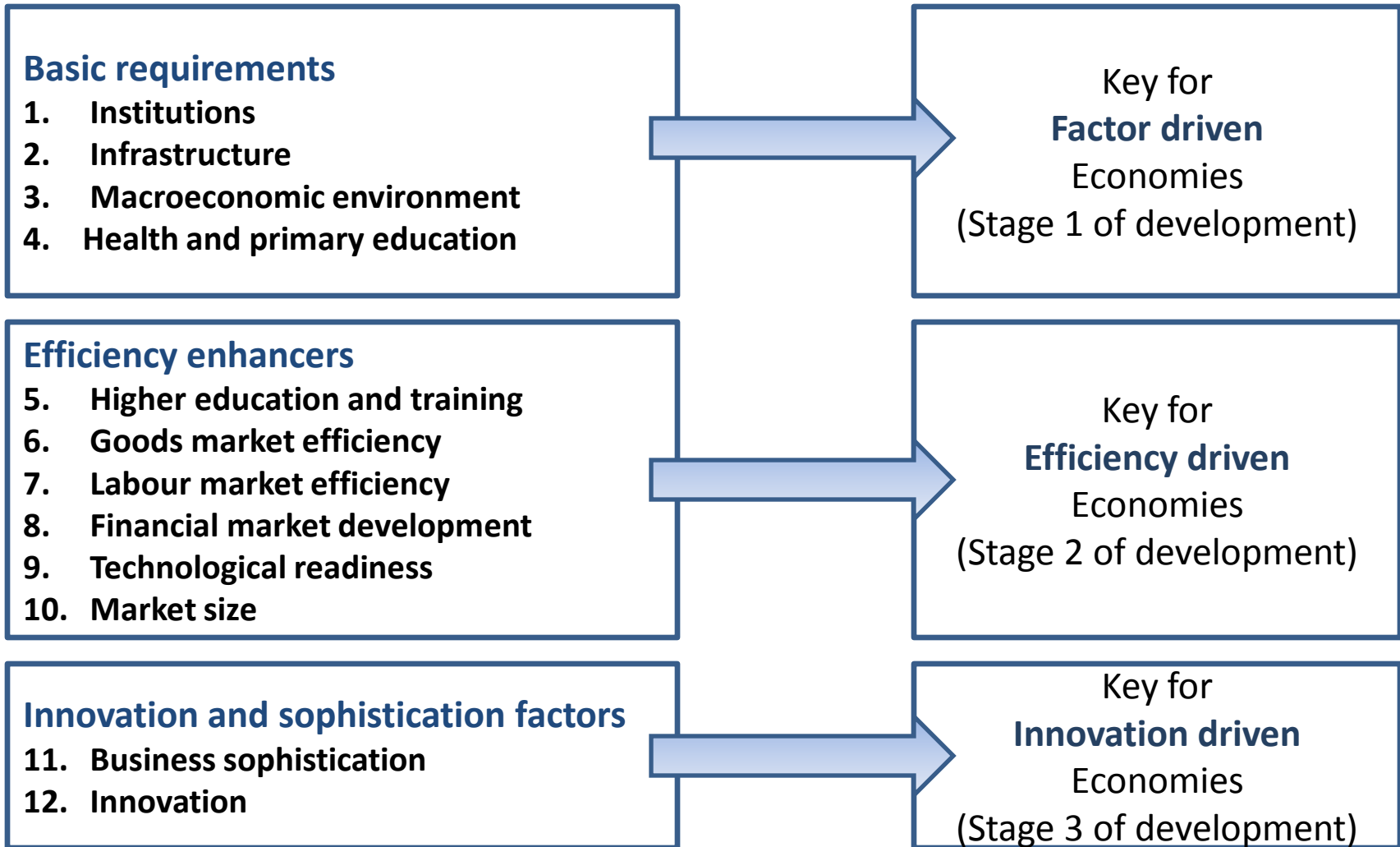
*(Wikipedia)*

“...the set of institutions, policies, and factors that determine the level of productivity in a country” *(The Global Competitiveness Report 2010 – 11)*

- Clear from these definitions that regional competitiveness determines how successful the region is in competing for markets (and ultimately earnings) versus other regions such as Europe, North America, Asia, South America etc.
- It is important to understand how we stack up against these countries as we ultimately compete for the same markets

# Global Competitiveness Report 2010/11

## 12 pillars of competitiveness



# Global Competitiveness Report 2010/11

## GCI Ranking (Caribbean Countries)

Country	2010/11	2009/10
Barbados	43	44
Trinidad and Tobago	84	86
Jamaica	95	91
Dominican Republic	101	95
Guyana	110	104
<b>NUMBER OF COUNTRIES</b>	<b>139</b>	<b>133</b>

Simple mean computation shows that these countries have remained in the 63% range of total so there has been no improvement between years

# Global Competitiveness Report 2010/11

## GCI Ranking (Caribbean Countries)






Country	Basic requirements	Efficiency Enhancers	Innovation & sophistication factors
Barbados	27	52	52
Trinidad and Tobago	55	77	78
Jamaica	103	80	86
Dominican Republic	107	92	99
Guyana	105	112	103
<b>NUMBER OF COUNTRIES</b>	<b>139</b>		



Microsoft Office  
Excel Worksheet

# Global Competitiveness Report 2010/11

## Development stages

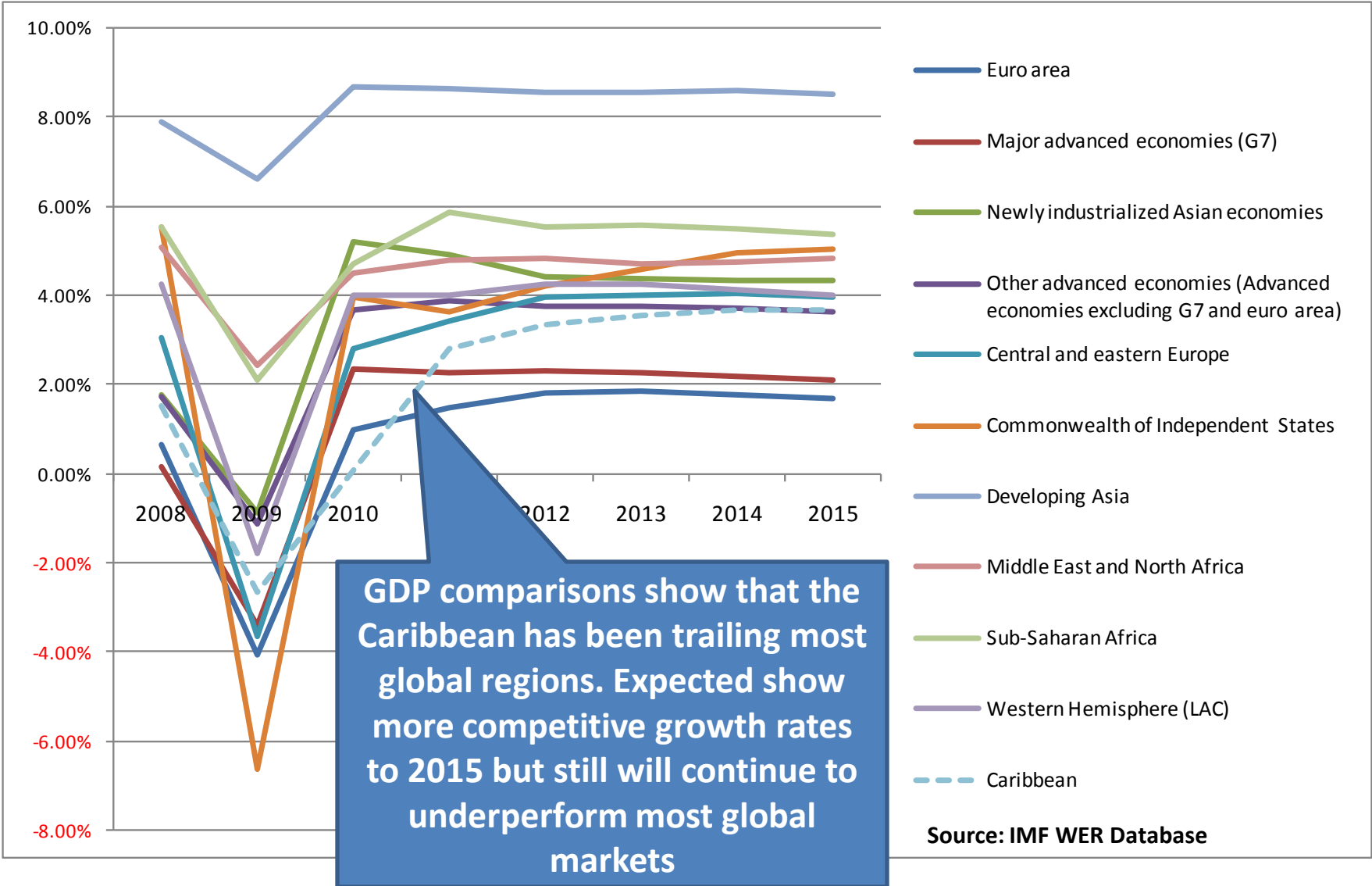
STAGE 1	Transition from STAGE 1 to 2	STAGE 2	Transition from STAGE 2 to 3	STAGE 3
	Jamaica 	Dominican Republic 	Barbados 	
	Guyana 		Trinidad & Tobago 	

- No Caribbean (or Latin American) countries are included in Stage 3
- Countries in stage 3 are advanced economies, and includes Singapore
- Direct link between innovation and business sophistication and development

# Economic measurements of global competitiveness

- The GCI ranking shows that the Caribbean countries surveyed lean towards the lower half of the 139 countries ranked in 2010/11
- How does this show itself up in economic indicators? And what are some of the factors that contribute to less than global average in competitiveness? The next sessions will look at solutions to these competitiveness challenges so I will focus on how competitive the region is and the factors that contribute to the lower half ranking in competitiveness
- Competitiveness can be measured by two primary economic indicators. These are:
  - ✓ Current Account (Trade numbers); and
  - ✓ Real GDP growth rates
- These measures indicate competitiveness as it shows how countries perform relative to other countries in relation to global market share (trade numbers and growth in the global market). The global market is an absolute measurement and so higher trade and growth for one country usually means lower or negative growth for another country.

# GDP Growth Rate Comparisons



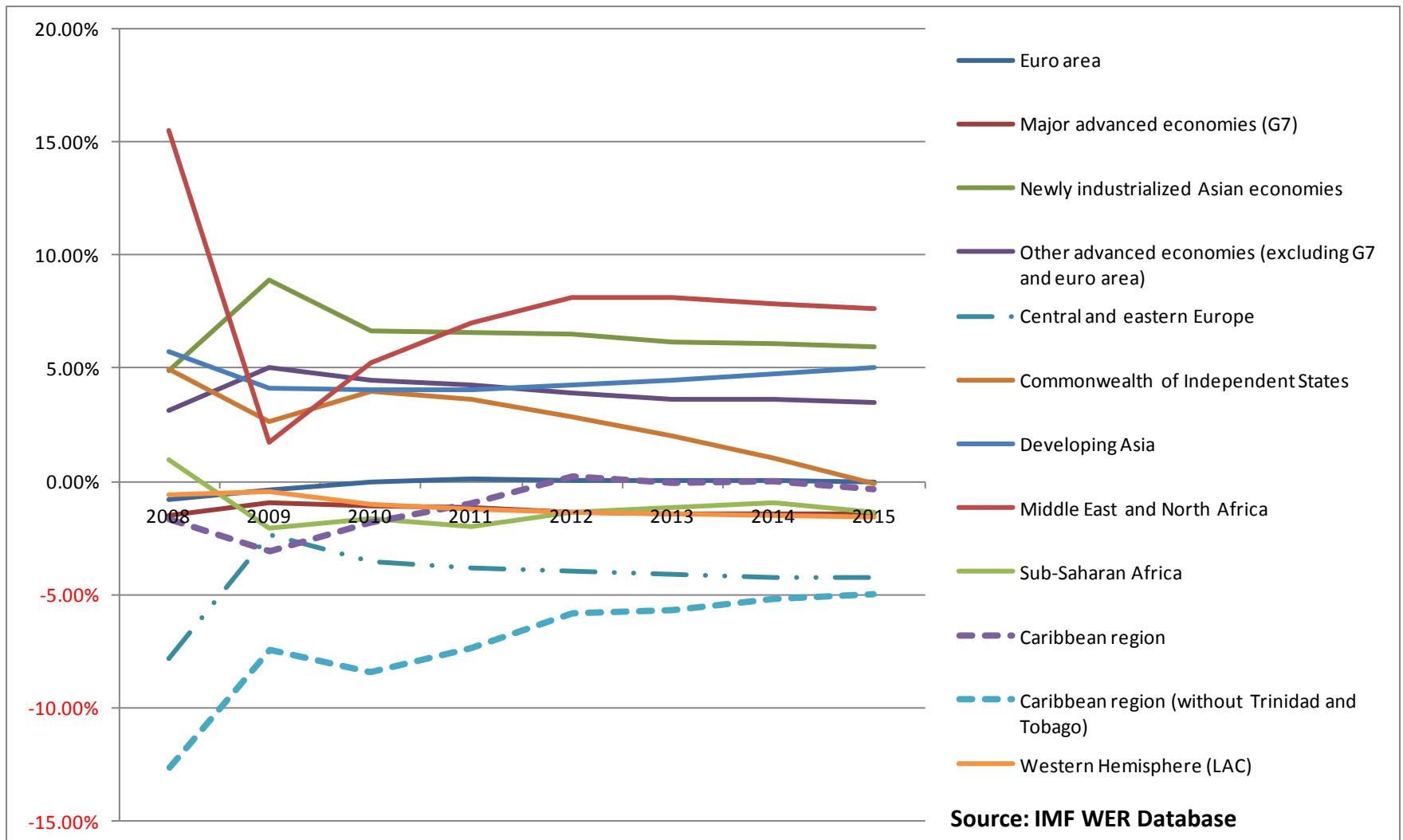


# GDP Growth Rate Comparisons

REAL GDP GROWTH RATES BY COUNTRY								
Country	2008	2009	2010	2011	2012	2013	2014	2015
Antigua and Barbuda	1.76%	-6.66%	-2.01%	0.80%	2.51%	3.79%	4.20%	4.44%
The Bahamas	-1.71%	-5.00%	-0.50%	2.00%	3.00%	2.48%	2.48%	2.48%
Barbados	0.18%	-5.30%	-0.50%	3.00%	2.50%	2.50%	2.50%	2.50%
Dominica	3.20%	-0.30%	1.40%	2.45%	3.00%	3.00%	3.00%	3.00%
Dominican Republic	5.26%	3.48%	3.50%	6.00%	8.00%	8.00%	8.00%	8.00%
Grenada	2.19%	-7.65%	0.80%	2.00%	3.00%	3.50%	4.00%	4.00%
Guyana	1.98%	3.32%	4.36%	4.93%	4.19%	3.92%	3.65%	3.35%
Haiti	0.80%	2.90%	-8.50%	7.00%	5.50%	4.20%	4.50%	4.50%
Jamaica	-0.95%	-2.82%	-0.28%	1.46%	1.80%	1.95%	2.08%	2.10%
St. Kitts and Nevis	4.63%	-5.47%	-1.00%	0.50%	1.50%	2.00%	2.01%	2.01%
St. Lucia	0.72%	-5.21%	1.14%	2.26%	3.54%	3.77%	3.79%	3.81%
St. Vincent and the Grenadines	-0.59%	-2.48%	0.50%	1.50%	2.50%	4.01%	4.50%	4.50%
Trinidad and Tobago	2.29%	-3.46%	2.13%	2.33%	2.29%	2.76%	2.77%	2.77%
<b>AVERAGE</b>	<b>1.52%</b>	<b>-2.67%</b>	<b>0.08%</b>	<b>2.79%</b>	<b>3.33%</b>	<b>3.53%</b>	<b>3.65%</b>	<b>3.65%</b>

Source: IMF WER Database

# Current Account Measurement



# Current Account Measurement

Current Account balance as % of GDP									
Country Group Name	2008	2009	2010	2011	2012	2013	2014	2015	Avg
Euro area	-0.78%	-0.35%	-0.04%	0.10%	0.03%	0.03%	0.00%	-0.05%	-0.13%
Major advanced economies (G7)	-1.48%	-0.94%	-1.07%	-1.18%	-1.37%	-1.44%	-1.45%	-1.44%	-1.30%
Newly industrialized Asian economies	4.88%	8.91%	6.63%	6.56%	6.54%	6.18%	6.08%	5.96%	6.47%
Other advanced economies (excluding G7 and euro area)	3.10%	5.05%	4.44%	4.29%	3.93%	3.64%	3.60%	3.50%	3.94%
Central and eastern Europe	-7.85%	-2.35%	-3.53%	-3.85%	-3.99%	-4.12%	-4.24%	-4.26%	-4.27%
Commonwealth of Independent States	4.94%	2.61%	4.01%	3.64%	2.87%	2.04%	1.02%	-0.11%	2.63%
Developing Asia	5.75%	4.09%	4.05%	4.08%	4.25%	4.48%	4.74%	5.03%	4.56%
Middle East and North Africa	15.50%	1.76%	5.25%	7.01%	8.10%	8.11%	7.86%	7.67%	7.66%
Sub-Saharan Africa	0.92%	-2.05%	-1.68%	-1.99%	-1.40%	-1.19%	-0.95%	-1.36%	-1.21%
<b>Caribbean region</b>	<b>-1.66%</b>	<b>-3.13%</b>	<b>-1.81%</b>	<b>-1.01%</b>	<b>0.20%</b>	<b>-0.05%</b>	<b>0.01%</b>	<b>-0.37%</b>	<b>-0.98%</b>
<b>Caribbean region (without Trinidad and Tobago)</b>	<b>-12.65%</b>	<b>-7.49%</b>	<b>-8.42%</b>	<b>-7.42%</b>	<b>-5.85%</b>	<b>-5.73%</b>	<b>-5.21%</b>	<b>-4.97%</b>	<b>-7.22%</b>
Western Hemisphere (LAC)	-0.62%	-0.47%	-1.04%	-1.23%	-1.38%	-1.46%	-1.54%	-1.56%	-1.16%
Source: International Monetary Fund, World Economic Outlook Database, April 2010									

**Even though the average of the region as a whole (between 2008 to 2015) is expected to outperform Major advanced economies, Central and Eastern Europe, sub-Saharan Africa, and LAC; when Trinidad and Tobago's oil exports are removed the Caribbean is worst performing region**

## Current Account balance as % of GDP (%)

<u>Country Group Name</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Antigua and Barbuda	-28.90%	-23.09%	-15.83%	-15.98%	-16.72%	-17.27%	-18.12%	-18.89%
The Bahamas	-15.40%	-11.37%	-14.37%	-13.55%	-12.77%	-12.31%	-11.99%	-11.37%
Barbados	-10.46%	-5.11%	-5.67%	-5.47%	-5.20%	-5.24%	-5.05%	-5.05%
Dominica	-31.76%	-28.14%	-29.78%	-30.46%	-27.82%	-26.32%	-25.69%	-24.85%
Dominican Republic	-9.90%	-5.00%	-6.10%	-5.48%	-3.54%	-3.68%	-3.36%	-3.30%
Grenada	-38.73%	-25.68%	-25.01%	-26.03%	-26.23%	-25.61%	-24.89%	-24.75%
Guyana	-13.24%	-8.52%	-10.00%	-9.38%	-8.71%	-8.04%	-6.47%	-7.01%
Haiti	-4.50%	-3.20%	-9.50%	-6.00%	-4.80%	-6.10%	-5.50%	-5.40%
Jamaica	-18.06%	-11.66%	-9.06%	-7.50%	-6.29%	-5.17%	-4.10%	-3.24%
St. Kitts and Nevis	-34.25%	-27.33%	-27.74%	-26.52%	-24.37%	-22.60%	-21.35%	-20.34%
St. Lucia	-30.71%	-20.03%	-21.25%	-22.09%	-23.88%	-22.83%	-22.72%	-23.70%
St. Vincent and the Grenadines	-37.30%	-29.65%	-28.45%	-27.22%	-25.98%	-23.63%	-21.70%	-19.16%
Trinidad and Tobago	33.85%	14.52%	23.99%	23.71%	23.33%	21.71%	20.15%	17.62%

## Caribbean Current Account balance (USD Billions)

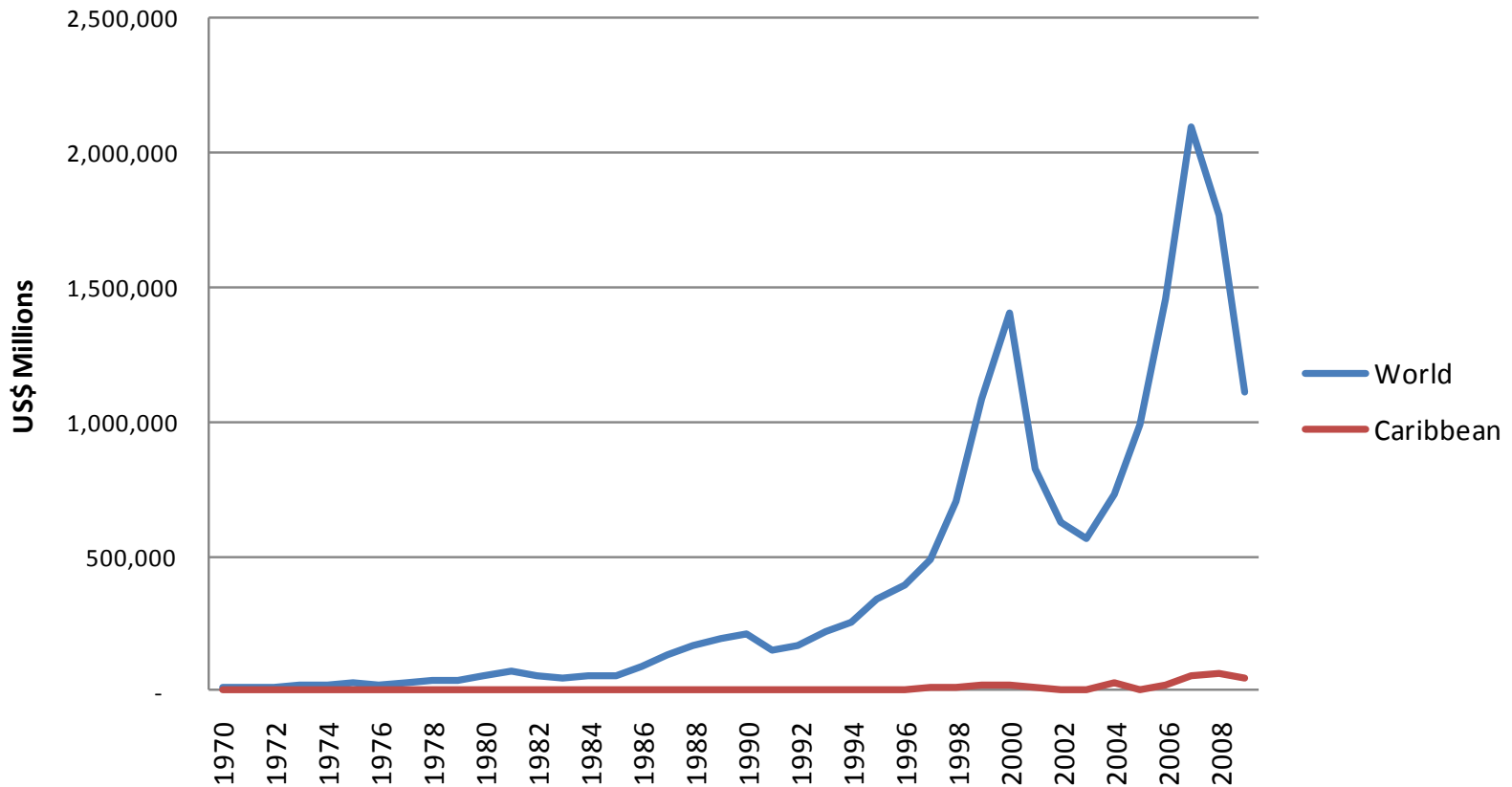
<u>Country Group Name</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
CURRENT ACCOUNT BALANCE TOTALS	<b>(1.819)</b>	<b>(3.213)</b>	<b>(1.986)</b>	<b>(1.191)</b>	<b>0.258</b>	<b>(0.069)</b>	<b>0.015</b>	<b>(0.606)</b>
REGION GDP AT CURRENT PRICES	109.645	102.790	109.615	118.349	128.538	139.254	150.390	162.289
REGION CURRENT ACCOUNT AS % OF GDP	-1.659%	-3.126%	-1.812%	-1.006%	0.201%	-0.050%	0.010%	-0.373%
<b><u>WITHOUT TRINIDAD AND TOBAGO:</u></b>								
CURRENT ACCOUNT BALANCE TOTALS	<b>(10.594)</b>	<b>(6.172)</b>	<b>(7.348)</b>	<b>(6.970)</b>	<b>(5.964)</b>	<b>(6.327)</b>	<b>(6.223)</b>	<b>(6.423)</b>
REGION GDP AT CURRENT PRICES	83.720	82.410	87.265	93.974	101.870	110.430	119.433	129.275
REGION CURRENT ACCOUNT AS % OF GDP	-12.654%	-7.489%	-8.420%	-7.417%	-5.855%	-5.729%	-5.210%	-4.968%

Source: IMF WER Database

# FDI Flows

- Another area that shows how competitively we are viewed is in the area of Foreign Direct investments. It was projected by ECLAC that FDI flows to the LAC region increased by 40% to 50% in 2010 over 2009. Still the region lags behind other parts of the world, although the share of FDI flows is expected to improve.
- Developed economies still account for the lion's share of FDI flows and even within our sector of developing economies the growth is expected to take place in areas such as developing Asia and in South and Central America
- Most of the Caribbean FDI flows was in Trinidad, which was mostly in gas/oil. In 2007 Trinidad ranked 71, Jamaica 85, and Dominican Republic 86 in the world (UNCTAD) and in 2010 Trinidad ranked 31 and the Dominican republic 65 (CIA World factbook)

## FDI Inflows (1970 to 2009)



In 1970 the Caribbean region accounted for 3.70% of world FDI inflows and in 2009 accounted for 3.96%. The Caribbean therefore has not been seen as much more attractive as an investment option in relation to the rest of the world.

# Regional competitive summary

The measurements above (GCI, GDP, Current Account, and FDI) all show that the Caribbean has lagged behind other parts of the world in competitiveness. Another point to note is that even though the region has seen growth and a relatively acceptable per capita GDP, this has been produced primarily from external debt

The region boasts sectors with economic comparative advantage, such as tourism, agriculture, and gas/oil, that has allowed it to grow. The problem with the areas we can naturally compete in is that the value added components have not been adequately exploited

There are factors that have prevented us from exploiting our areas of comparative, and competitive advantage, to the fullest. The key to competitiveness and economic development is always going to be maximizing the value added component from these areas of comparative advantage; which we have failed to do because of certain inherent factors (explained in SWOT analysis below)

## Strengths

- Democratic environment
- Market economy
- Comparative advantage sectors (unique)
- Location to large markets
- Language
- Travel access
- Fairly well developed technology, roads, utilities

## Weaknesses

- Market size (failure to get CSME going)
- Poor infrastructure
- Energy costs
- Educational attainment (skill/literacy)
- Institutions – justice, health, education
- Bureaucracy
- Market inefficiencies
- Relatively low capital market development/access
- Relatively low technological penetration
- Relatively low innovation levels and institutions

Competitiveness SWOT of region

## Opportunities

- Democratic environment
- Location to large markets (North, Central, and South America)
- Underdeveloped comparative advantage sectors
- Relative inexpensive labour markets
- Improving market competition
- Increasing technology penetration

## Threats

- Labour market inflexibility
- Crime (lack of discipline)
- Larger developing market economies
- Increasing global connectivity
- Constitutional political systems
- Bureaucracy and poor legislative infrastructure



# Summary

- Caribbean region still lags behind the rest of the globe in competitiveness generally
  - ✓ Low ranking in GCI, GDP, Trade, and FDI flows
- Trinidad accounts for much of the regional competitiveness (primarily because of the attraction of oil/gas). Lack of higher value commodity exports in the region means lower earnings generally
- Region has failed to maximize potential from its areas of comparative advantage as a result of various factors suppressing competitiveness
- Significant opportunities exist but will depend on solving the weaknesses associated with the region
- Solutions are within our reach – will be discussed in following breakout sessions