INVESTMENT & BUSINESS FACILITATION STUDY AND PROGRAMME (PHASE 1):

FINAL REPORT

Project No # RPTF/INV-BUS/10/09

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EastWestConsult
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<th>Full Form</th>
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<tbody>
<tr>
<td>AFD</td>
<td>Agence Française de Développement (<em>French Development Agency</em>)</td>
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<td>ATOs</td>
<td>Accredited Trade Organisations</td>
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<tr>
<td>AV</td>
<td>Audio-Visual</td>
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<tr>
<td>BAP</td>
<td>Business Accelerator Programme</td>
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<tr>
<td>B2B</td>
<td>Business-to-Business</td>
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<td>B2C</td>
<td>Business-to-Consumer</td>
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<td>BIDC</td>
<td>Barbados Investment and Development Corporation</td>
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<td>BMZ</td>
<td>Bundesministerium Für Wirtschaftliche Zusammenarbeit (<em>German Federal Ministry for Economic Development Cooperation</em>)</td>
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<tr>
<td>BPO</td>
<td>Business Process Outsourcing</td>
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<tr>
<td>BRIC</td>
<td>Brazil, Russia, India and China</td>
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<td>BSO</td>
<td>Business Support Organisation</td>
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<tr>
<td>CAIC</td>
<td>Caribbean Association of Industry &amp; Commerce</td>
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<td>CAIPA</td>
<td>Caribbean Association of Investment Promotion Agencies</td>
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<td>CARIFORUM</td>
<td>Caribbean Forum of African Caribbean and Pacific States</td>
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<td>CARIFTA</td>
<td>Caribbean Free Trade Association</td>
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<td>CBOS</td>
<td>Caribbean Business Opportunities Service</td>
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<td>CDB</td>
<td>Caribbean Development Bank</td>
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<td>CDE</td>
<td>Centre for the Development of Enterprise</td>
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<td>CE/CEDA</td>
<td>Caribbean Export Development Agency</td>
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<td>CIDA</td>
<td>Canadian International Development Agency</td>
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<td>CICMC</td>
<td>Caribbean Institute of Certified Management Consultants</td>
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<td>CMI</td>
<td>Caribbean Maritime Institute</td>
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<td>COFACE</td>
<td>Compagnie Française d'Assurance pour le Commerce Extérieur (France)</td>
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<tr>
<td>CREDP</td>
<td>Caribbean Renewable Energy Development Programme</td>
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<td>CRETAF</td>
<td>Caribbean Renewable Energy Facility</td>
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<td>CRNM</td>
<td>Caribbean Regional Negotiating Machinery</td>
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<td>CSI</td>
<td>Coalition of Service Industries</td>
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<td>CSME</td>
<td>Caribbean Single Market and Economy</td>
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<td>CSWA</td>
<td>Caribbean Spa and Wellness Association</td>
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<td>CTO</td>
<td>Caribbean Tourism Organisation</td>
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<td>DOMs</td>
<td>Departements d’Outre-mer</td>
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<td>DR</td>
<td>Dominican Republic</td>
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<td>ECA</td>
<td>Export Credit Agency</td>
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<tr>
<td>Acronym</td>
<td>Definition</td>
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<tr>
<td>ECIPE</td>
<td>European Centre for International Political Economy</td>
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<td>EDF</td>
<td>European Development Fund</td>
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<td>EEA</td>
<td>European Economic Area</td>
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<td>EGS</td>
<td>Environmental Goods &amp; Services</td>
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<td>EIB</td>
<td>European Investment Bank</td>
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<td>ENT</td>
<td>Economic Needs Tests</td>
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<td>EPA</td>
<td>Economic Partnership Agreement</td>
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<td>ERDF</td>
<td>European Regional Development Fund</td>
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<td>ESRI</td>
<td>Environmental Systems Research Institute</td>
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<td>EU</td>
<td>European Union</td>
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<td>FCOR</td>
<td>French Caribbean Outermost Regions</td>
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| FIFA    | Fédération Internationale de Football Association  
 *(International Federation of Association Football)* |
| FITA    | Federation of International Trade Associations |
| FDI     | Foreign Direct Investment |
| FSCs    | Foreign Sales Corporations |
| FTE     | Full-Time Equivalent |
| GATS    | General Agreement on Trade in Services |
| GDP     | Gross Domestic Product |
| IAAF    | International Association of Athletics Federations |
| IBCs    | International Business Corporations |
| ICAO    | International Civil Aviation Organization |
| ICC     | International Cricket Council |
| ICT     | Information, Communication & Technology |
| IFC     | International Finance Corporation |
| IFSC    | International Financial Services Centre |
| IMO     | International Maritime Organization |
| IP      | Intellectual Property |
| IPR     | Intellectual Property Rights |
| ISKA    | International Sport Karate Association |
| IVR     | Interactive Voice Response |
| JAMPRO  | Jamaica Promotions Corporation (formerly JTI) |
| JTI     | Jamaica Trade & Invest (now JAMPRO) |
| JV      | Joint Venture |
| KfW     | Kreditanstalt für Wiederaufbau (Germany) |
| LDC     | Less developed country |
| MDC     | Moderately developed country |
MEs Micro Enterprises
MSMEs Micro, Small and Medium-sized Enterprises
MRA Mutual Recognition Agreement
NBSOs The Netherlands Business Support Offices
OAS Organisation of American States
OCTs Overseas Countries and Territories
OECD Organisation for Economic Co-operation and Development
OECS Organization of Eastern Caribbean States
OSEO (State body providing support for innovation and international development of SMEs in France)
OTN Office of Trade Negotiations
PIOJ Planning Institute of Jamaica
PRS Performing Rights Society (UK)
PSOJ Private Sector Organisation of Jamaica
R&D Research and Development
RE Renewable Energy
RVCFs Regional Venture Capital Funds (UK)
SAAS Software as a Service
SIF Strategic Investment Fund (UK)
SMEs Small- and Medium-sized Enterprises
SSC Shared Service Centre
T&T Trinidad & Tobago
TIDCO Tourism & Industrial Development Company (Trinidad & Tobago)
TOEFL Teaching of English as a Foreign Language
TPO Trade (and Export) Promotion Office
UKIIF UK Innovation Investment Fund
UKTI UK Trade & Invest
UNCTAD United Conference on Trade and Development
UTECH University of Technology
UTT University of Trinidad and Tobago
UWI University of the West Indies
VOIP Voice over Internet Protocol
VPN Virtual Private Network
WB World Bank
WTO World Trade Organisation
1. EXECUTIVE SUMMARY

The EU-CARIFORUM EPA provides a framework for the expansion of investment and trade between the member states of the two blocs. The agreement is characterized by recognition of their current and projected economic fields of interest and provides for sweeping up-front liberalization of market access. The objectives outlined in Article 1 of the agreement include:

(i) Promoting the gradual integration of CARIFORUM states into the world economy;
(ii) Improving CARIFORUM States’ capacity in trade policy and management;
(iii) Supporting the investment environment and private sector initiative, and enhancing supply capacity competitiveness and economic growth.

As specified in the Terms of Reference, this study focuses on the opportunities for expansion in trade and investment, and has been conceptualised to achieve the following objectives:

- Identify/confirm sectors of export potential to the EU
- Identify/confirm potential marketplace partners/opportunity areas in the EU
- Assess the outward investment regimes of six selected EU Member States
- Assess the investment regimes of selected CARIFORUM Member States
- Identify the investment and business support needs of CARIFORUM Service Suppliers regarding known sectors of interest
- Assess the capacity of Business Support Organizations including Overseas Missions to provide the necessary support
- Propose an effective national/regional supporting institutional framework for stimulating trade and investments, including the most effective role of enquiry points in the EC and CARIFORUM.

The study was conducted within 9 selected CARIFORUM1 and 6 EU member states over a period of 5 months in 2010 (see Section 3: Organization & Methodology). The study comprised extensive desk research, meetings with stakeholders, and included a validation workshop staged in Barbados in July 2010.

Section 4 of the study outlines some of the main characteristics of the prevailing policies governing investment and trade in services within the EU, with particular focus on 6 EU member states, viz. the UK, France, Germany, Spain, the Netherlands and Ireland. The section summarizes their ease of doing business, their priorities for both inward and outward investment with respect to the services sectors and their respective frameworks for investment support, while noting existing and potential linkages with the CARIFORUM economies. It notes,

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1 St. Lucia, Antigua and St Vincent & the Grenadines from the Organization of Eastern Caribbean States (OECS) are also included.
*inter alia*, the difficulties experienced by SMEs and MSMEs in cross-border trade in services within the EU itself, and suggests that such issues are likely to be at least as severe with respect to EU/CARIFORUM services trade. The promulgation and ongoing implementation of the EU Services Directive of 2009, it is suggested, may contribute to the creation of a more competitive environment for some aspects of cross-border trade between the two regions, even as it is acknowledged that CARIFORUM does not constitute a significant priority for investment or trade in the plans of these EU Member States.

A selection of the **Priority Services Industries** in CARIFORUM is noted in **Section 5**. It was the view of a wide-cross section of CARIFORUM BSOs and firms, and confirmed by the participants in the Validation workshop that the CARIFORUM member states, should in consultation with their respective business communities, prioritize the target industries for which regional collaboration would be supported. The key industries that were considered as eligible for priority consideration, and the recommendations for near-term action, are proposed as:

- Tourism-related Services
- Sports-related Services
- Health & Wellness Services
- Creative Industries
- Educational Services
- Professional Services
- Information & Communications Technology (ICT) Services
- Maritime & Other Logistics Services
- Financial Services
- Energy Services

It was noted and reinforced during these discussions that while investment possibilities do exist in a variety of industries, some are more investment-ready than others. Regional stakeholders stressed the necessity of prioritizing areas of focus, and pointed to the need to build on those industries related to tourism because a significant amount of the infrastructure for that industry is already in place. Extensive recommendations for interventions in support of these industries are itemized.

In **Section 6**, we assess the role of Business Support Organizations and in particular the Coalition of Service Industries (CSIs), and pinpoint recommendations for enhancing their effectiveness. **Section 7** addresses the development of a comprehensive Investment and Trade Promotion Strategy for CARIFORUM, while Section 8 summarizes Policy & Strategy Imperatives facing CARIFORUM.

**Section 9** looks at the role of Enquiry Points within the framework provided in the EPA.
Selected Recommendations for Interventions

Sports Tourism

- Development of a strategic plan for marketing the entire Caribbean as a sports events location (in addition to cricket and yachting, which are perhaps the two most region-wide sporting activities) and as a location for the training of players and athletes from Europe and North America.
- Development of nostalgia and celebrity activities (including determining the feasibility of developing one or more Halls of Fame and associated merchandising).

Health & Wellness Services

- The Caribbean Spa and Wellness association must expand its outreach activities to ensure greater region-wide representation of the industry. While there is, at this stage, an emphasis on traditional spa activities, product development issues such as the development and integration of all wellness assets available in the region should also be addressed.
- Regional tertiary institutions should strengthen their wellness research capabilities, developing links with like-minded universities or other institutions in the EU in a range of areas, including phyto-pharmacology and alternative treatments. Financial support for establishing training, research and product development activities may be accommodated via the EPA. One area for exploring linkages could be through telemedicine cooperation.
- The region should undertake research on insurance portability with respect to both the EU and North America. Where scope exists, CARIFORUM policy makers and private sector interests should seek to enter into arrangements with national health systems and private insurance providers based in the EU and North America.
- CARIFORUM should develop a regional task force that draws upon skills in real estate, mortgage provisions, retirement planning, health insurance and other relevant areas should be set up to focus on the establishment and marketing of retirement communities.

Creative Industries (Specifically festival events, fashion, film & television)

- The strategic plan outlining a way forward\(^2\) for Carifesta should be implemented.

\(^2\) Reinventing CARIFESTA: A Strategic Plan. Dr Keith Nurse, June 2004
• The region should ramp up production in Sea Island Cotton and facilitate the introduction of Hemp so as to have a brace of distinctive raw materials that may provide the basis for a distinctive fashion and apparel industry.

• Establishment of an Eastern Caribbean production centre, administratively linked to the University’s Centre for Creative Imagination that would:
  • Facilitate training and technology transfer through ongoing exchanges among film makers and mentoring. This would be an incubator-type facility dedicated to producing quality films with the support of experienced filmmakers
  • Be a resource centre for technological upgrading
  • Pool resources for filmmakers to access expensive equipment
  • Facilitate co-production and reduce the cost of productions
  • Develop and implement a distribution and marketing plan, starting with local and regional distribution and eventually international distribution.

**Educational Services**

• Provide specialized courses in Caribbean culture (e.g. Caribbean studies, reggae studies, carnival, and “green” tropical architecture. Some of these programmes can be delivered by distance learning.

• Focus on niches that are conducive to benefiting from digital technologies, e.g. the design and development of electronic games which is a multi-billion dollar industry. The provision of such value-added, IP-rich products is a key to sustainability. Other niches may include the development of digital systems application programming (e.g. in cyber-security); others that address aspects of the environment (especially climate change); renewable energy (incl. photo-voltaic technology); management studies focussed on tourism; research collaborations for marine-based bio-active components for usage in pharmaceuticals etc.

• Partnering with cruise lines in the delivery of specific programmes on board.

**Professional Services**

• Develop a detailed, marketing strategy for professional service groups to allow them to see where the niches for export may be. Caribbean Export has prepared marketing strategies for Barbados and several OECS countries. The same needs to be done for other countries.

• Build the capacity of the professional associations to offer services to facilitate their members. This involves developing appropriate databases and information networks, training to improve networking skills, as well as assisting them in understanding market entry strategies and promoting their services.

• Build capacity of accreditation agencies for professional services to administer Mutual Recognition Agreements.
• Facilitating familiarization missions between CARIFORUM professionals and potential EU markets.

• Create support an understanding with the financial sector, e.g. towards ensuring a more facilitating approach to performance bonds.

• Training interventions for professionals as well as Procurement Officials in the preparation of bids be programmed by Caribbean Export or the CARICOM Secretariat in collaboration with the CDB. In addition, consideration could be given to providing a template for bids of a certain size which could attract smaller firms.

• Procurement Officials should seek ways to encourage inter-firm collaboration, i.e. alliances between regional firms or between Caribbean and EU firms, for successful bidding.

ICT Services

• The diverse regulatory environment in the Caribbean must be addressed. The Caribbean Telecommunications Union and the CARICOM Secretariat are spearheading efforts to harmonise regulations.

• Develop a regional ICT network. Regional MSMEs may potentially benefit from greater collaboration and networking so as to develop greater familiarity with resources, personnel as well as new developments and opportunities.

• Capacity development must be prioritized if the region is to effectively target the provision of higher-value activities such as custom software development. It is not clear that a number of the CARIFORUM member states that have indicated an intention to enter the ICT market have the skills set need to do so. Such a process requires policy coordination and continuation over the medium to long-term.

• Focus on trade facilitation issues & market intelligence. Initiatives such as the staging of market penetration missions need to be a standard feature of regional efforts to support the growth and diversification of the industry.

Maritime & Logistics Services

• Upgrading the level of skills in the region to include the servicing the new high-tech mega yachts.

• Expand the facilities at the Caribbean Maritime Institute. There is a world-wide shortage of skilled persons in the maritime industry.

• Harmonize the customs & immigrations policies to optimize an existing attraction: that of the Caribbean waters being a contiguous “yachting space”.

• Joint ventures should be explored with EU firms in such areas as the development of floating dry dock facilities (Jamaica) and Logistics Centres (Dominican Republic and Jamaica).
Financial Services

- CARIFORUM should explore the prospects for leveraging the world-class skills which have developed through the region’s proven role as a leading offshore financial centre. In particular, opportunities may exist for the establishment of a financial services training centre (which could even target the ACP in general).

Energy Services

- Increased emphasis should be placed on the energy services sector at both the level of CARICOM and by national Governments.
- CARICOM should urgently develop a comprehensive regional policy for energy, which will provide the necessary framework for the development of the regional energy services sector, in particular the integration of energy markets. The CARICOM energy policy should include the harmonization and extension of all local content provisions in the energy sector to make them compliant with the Treaty and supportive of regional business development.

Recommendations for the strengthening of BSOs (with a particular emphasis on the Coalitions of Services Industries) include:

- As entities whose existence was initially mandated by the political leaders of the region, the CSIs must be supported by the member states. Start-up funds should be committed by governments and possibly the private sector to provide this support for the first 3 or 4 years.
- In that regard, all Coalitions need a 4-5 year business plan. Joint training sessions on business planning tailored for Coalitions, backed by a short period of monitoring, are recommended.
- An electronic network should be designed that facilitates exchanges and information flow among CSIs and also between CSIs and the governments. This could be placed on the Caribbean Export BSO network platform or separately established. A fledgling platform that now exists, driven by Barbados’ CSI, should be resourced.
- Similarly, Barbados’ CSI working in collaboration with the CARICOM private sector desk should be used as a hub or central point for the collation and distribution of industry statistics and market information as well as for the delivery of certain capacity-building programmes. These could include training on stakeholder relationship building, developing business plans, export promotion, and networking for business to be delivered through an appropriate tertiary institution.
- The Coalitions need to ensure their sustainability through ongoing political support and through validation by beneficiary industry associations. As part of their work plans, the CSIs should regularly assess their performance and disseminate to their stakeholders information on their activities and the achievements of their association members.
• Coalitions should be equipped to assist with building capacity in industry-level BSOs (e.g. trade associations), in particular helping them to acquire the skills and finances to support their members.

Recommended interventions for stimulating CARIFORUM Investment & Trade include:

• Negotiations on the CARICOM Investment Code should be completed as soon as possible, and preferably before the first EPA review on investment as this will be critical to the review. CARIFORUM should convene an intra-regional forum on investment regulations, strategies and interests in preparation for, or as part of, the review called for in the EPA.

• Key CAIPA Officials should participate in the forum & review so that there is firm understanding and agreement on the underlying propositions that will determine the strategy going forward.

• CAIPA should work with the CARICOM Secretariat to review and strengthen the profile of assets and opportunities for investment, taking into account the strategic elements mentioned above and the possible strengths/interests of potential EU investors. This should form part of the background papers for the proposed conference.

• CARIFORUM governments need to give more focused attention and resources to resolving issues related to the high cost and relative inefficiency of the intra-regional transport system as well as the transport links with the rest of the world. This includes a stronger technical presence in the CARICOM Secretariat to lead the effort. Technical assistance from UNCTAD, the Commonwealth Secretariat and the EU among others, might be useful.

• While one has to acknowledge the presence of significant pools of untrained labour in some Caribbean countries, in no way should the region be marketed as a low-labour-cost destination. Instead the value and productivity of labour should be enhanced for high-value processing and to expand the knowledge base of the economies. This has to be a key component of the strategy.

• Foster cross-border investments through production and market integration in the CSME by (i) working with the regional private sector to disseminate information on the benefits of, and opportunities for, such integration; (ii) multi-country research and development activities (the regional effort at the development of cocoa for high-value chocolate is an example); (iii) removing the remaining restrictions on the movement of capital and labour.

• With respect to promoting CARIFORUM/EU inward investments, working through the EPA Implementation Units and CAIPA, the CARIFORUM Division of the Secretariat should work with the priority industries identified that can be the core of an initial targeted investment promotion programme with the EU.

• Consider the feasibility of drafting a Code of Conduct for Business to include issues related to (i) labour and environment standards, (ii) firms taking advantage of their dominant position; and (iii) bribery and other questionable business practices. These have been incorporated into the EPA.
Consider the establishment of a venture capital fund to support entrepreneurial activities especially for start-ups.

Eight Policy & Strategy Imperatives are discussed and recommendations advanced. The imperatives comprise:

- Thinking and planning regionally;
- Harmonizing investment regimes;
- Developing an appropriate trade policy infrastructure;
- Focussing on “development”;
- Implementing an enabling educational framework;
- Embracing supportive entrepreneurial development models;
- Facilitating movement of people; and
- Strengthening regional capacity to produce statistics.

Finally, with respect to the Enquiry Points, the six areas of focus presented in an expansion of the designated role stipulated in the EPA reflect recommendations concerning:

- The development of a Regional Information Platform;
- Working with Overseas Missions and the CARIFORUM diaspora;
- The Development and dissemination of Policy- and Market-related information on the EU;
- The Development of EU-CARIFORUM networks and collaborations;
- Establishment of a CARIFORUM business presence in the EU; and
- Establishment of Regional EPA Implementation Units and Country Nodes.
2. BACKGROUND AND CONTEXT

2.1 Economic Partnership Agreement: Services Provisions

The Economic Partnership Agreement (EPA) between CARIFORUM (with the exception of Haiti) and the European Union was signed in October 2008\(^3\). The French Caribbean countries are included as parts of France and there are special provisions for the British Overseas Territories.

The EPA has been promoted as an instrument to facilitate the opening up of new opportunities for investment and trade with the scope to fast-track the diversification of the economic base of the Caribbean countries. The objectives outlined in Article 1 of the Agreement include:

(i) Promoting the gradual integration of CARIFORUM states into the world economy;

(ii) Improving the capacity of CARIFORUM States with respect to trade policy and management; and

(iii) Supporting the investment environment and private sector initiative, and enhancing supply capacity competitiveness and economic growth.

Title II of the EPA addresses trade in services. Along with specific provisions regarding particular sectors and industries, it also covers dispute settlement and facilitates continued review, discussion and negotiation between both parties on some of the provisions of the Agreement.

Market access has been limited by the commitments made in the relevant schedules especially as regards establishing a “commercial presence” and the movement of “natural persons” across borders.

For CARIFORUM enterprises, the preferred modes of supplying services to the EU would be

(i) Via the Internet or other telephone services (as in call centres and some business services) or via the post (Mode 1);

(ii) Through having consumers come to the region (Mode 2; as in tourism and yacht repairs); or

(iii) Temporary movement of firms/persons travelling to the market to promote and consolidate business (Mode 4).

In principle, CARIFORUM suppliers using Modes 1 & 2 for export should have little market access issues, although EU Member States have reserved the right to maintain restrictions on a number of services that may be provided via Mode 1. In

\(^3\) Haiti subsequently signed the agreement in December 2009.
respect of (iii) above, the Agreement limits “free” movement of business service sellers and contractual service suppliers to the sectors mentioned in Articles 82 and 93. There are other limitations in terms of stay and visa requirements, although signatory states are required “to endeavour to facilitate” the temporary stay of business visitors for a range of activities including trade fairs, sales and marketing, marketing research, purchasing etc.

Larger CARIFORUM firms interested in exporting would likely consider establishing a business in the market of choice (i.e. Mode 3). Still, this mode nonetheless includes a range of limitations both in the body of the Agreement and in the related schedules, especially from the newer members of the EU.

Visa issues, importantly, are not covered in the Agreement.

**Highlights of the Rules on Services and Investment in the EPA**

The EPA contains a comprehensive section on Services and Investment. The rules on Investment are meant to provide predictability and transparency to the conditions of market access in manufacturing, mining, agriculture, forestry, and services. CARIFORUM has maintained special reservations for small and medium-sized enterprises in some sectors, while the EU also has some reservations in some sectors for a number of its newer member states.

In the case of Services, there are specific rules in the EPA for the tourism sector as well as for courier services; telecommunications; financial services; and maritime transport. There are also provisions for cooperation and mutual recognition of qualifications, for the flow of technical assistance, as well as for short-term visitors for Business Purposes in the areas of research & design, marketing, training, trade fairs, sales, purchasing and tourism.

Finally, the Services and Investment Title provides for development assistance to CARIFORUM member states to address the enhancement of regulatory regimes, the capacity building of regional services firms, access to market intelligence, and interaction with EU firms, among other activities.

In summary, with respect to services, the EPA makes provisions for:

(i) Market openings beyond global commitments (e.g. those made in the WTO) in the creative industries (specifically in entertainment);

(ii) Creative professionals (including theatre performers and musical groups) with the appropriate qualifications to perform in the EU – albeit with a number of restrictions in specific member states;

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5 *What’s in the EPA for the Private Sector?* CRNM Private Sector Trade Note, December 2007.
(iii) The promotion of co-production treaties in the audio-visual sector and the granting of EU market access for works created via such co-production arrangements;

(iv) Access to resources aimed at stimulating innovation in all sectors;

(v) The encouragement of mutual recognition agreements between professional bodies (initially in accounting, architecture, engineering and tourism) so as to establish equivalency mechanisms between similar professionals in the EU and CARIFORUM.

Other provisions mandate that the offering of financial services of a type similar to those permitted by one party must be permitted by the other; prohibit certain uncompetitive practices in tourism; and stipulate the right to negotiate interconnectivity among providers of telecommunication services providers.

### 2.2 Service Sectors Liberalised by the EU

The EU has scheduled more than 90% of the sectors in the list used as the basis for liberalization in the WTO. The commitments will start when the EPA enters into force for all EU states except the new members (EC-10) whose commitments will start in 2016.

In cross border trade (Mode 1), the EU has liberalized the vast majority of sectors. The same applies to consumption abroad (Mode 2). In the case of investment (Mode 3), the EU has liberalized almost all sectors for CARIFORUM firms in the European Union with exclusions in a few sectors and limitations mainly in the new EU member states. Lastly, in the case of the temporary movement of natural persons (Mode 4), the EU has granted market access in 29 sectors for employees of Caribbean firms to be able to enter the EU to supply services on contract terms (see Annex B1). These are subject to conditions stipulated in the Services chapter of the EPA, including the fact that such stays are for up to six months in any twelve-month period – or for the duration of the contract, whichever is less. As well, the EU has liberalized eleven sectors for temporary entry by independent professionals or self-employed persons, without quotas or economic ceilings on the number of service suppliers (as listed in Annex B2).

While Economic Needs Tests (ENTs) are applicable in some sectors (mainly in the new EU member states), these may not prove to be unduly burdensome as they have existed for years in the EU and are in practice used on a discretionary basis in order to provide flexibility to regulators.

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6 Commitments by Bulgaria and Romania come into effect in 2014.

7 In those sectors where economic needs tests are applied, their main criteria will be the assessment of the relevant market situation in the Member State or the region where the service is to be provided, including with respect to the number of, and the impact on, existing services suppliers.
In the case of Entertainment services, 25 European states will liberalize the following areas:

**9619 Entertainment services**
- **96191**: Theatrical producer, singer, group, band and orchestra entertainment services
- **96192**: Services provided by authors, composers, sculptors, entertainers & other individual artists
- **96193**: Ancillary theatrical services (not elsewhere classified)
- **96194**: Circus, amusement park and similar attraction services
- **96195**: Ballroom, discotheque and dance instructor services
- **96199**: Other entertainment services n.e.c.

### 2.3 Services in CARIFORUM

In 2002, CARICOM countries’ services trade reached US$7 billion and amounted to 47% of total exports (or 61.7% if Trinidad and Tobago is excluded). For the Organisation of Eastern Caribbean States (OECS), this figure surged to more than 70%, demonstrating the sub-region’s high dependence on services to their economic growth and the balance of trade.

This has been in keeping with global trends over the last 15 years where services trade has grown faster than merchandise trade.

The decline in agriculture and manufacturing relative to services in the economies and trade of these countries has resulted from major shifts in global production and trade following worldwide trade liberalization in the 1990s and the entry into the global market of previously closed economies. This decline has been marked especially in relation to goods exports to the European Union. The disappearance of the EU’s guaranteed market for CARIFORUM’s bananas accompanied by seismic changes in the sugar market has posed difficulties for many Caribbean economies. More recently, the international market for bauxite, a main source of employment and foreign exchange earnings for Guyana, Jamaica and Suriname, has declined significantly. At the same time, the mostly net-oil-importing countries of the region faced steep increases in energy costs.

As a result, for more than a decade the region’s balance of trade in goods has been negative. Except for Trinidad and Tobago on account of its energy resources, the main sources of CARIFORUM countries’ national growth have been remittances and services exports.

The growth in services in the Caribbean has outpaced global growth, in a large part led by tourism. If tourism is factored out, the services balance would be

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8 Again, there are some limitations by a few EU member states.
negative\textsuperscript{10}. This indicates an especially high dependence on tourism which, as currently packaged, is a mature industry. Other services in the region have not been fully exploited to give anywhere near the kind of returns still being received from traditional tourism.

There is also a clear need for diversifying markets. Exports to the UK have dominated the services trade, accounting for an average of 59\% of services imports from CARIFORUM from 1999-2003\textsuperscript{11}.

However, it is increasingly being recognized that CARIFORUM may have some comparative advantages internationally - including in continental Europe - in services industries other than tourism. In recognition of this, the region has set about exploring ways to exploit this apparent comparative advantage. Among the approaches being considered are:

\begin{enumerate}
  \item Diversification into new/non-traditional service exports, and
  \item Enhancement of the value-added in existing services exports such as tourism- and entertainment-related services.
\end{enumerate}

The EU-CARIFORUM EPA may provide an avenue for optimizing these options.

\section*{2.4 Service Industries Liberalised by CARIFORUM}

While the EC has opened more than 90\% of service sectors, regional liberalization averages some 75\%. Furthermore, while most CARIFORUM states made an offer for key personnel (managers and specialists) and graduate trainees where they have a commitment in investment (Mode 3), this is all subject to the aforementioned ENTs.

The main sectors that most CARIFORUM states have liberalized in the EPA are:

\begin{itemize}
  \item Accounting, auditing and bookkeeping Services
  \item Architecture
  \item Engineering
  \item Computer and related Services
  \item Research and development
  \item Management consulting
  \item Services incidental to manufacturing
  \item Related scientific and technical consultant services
  \item Convention services
  \item Courier services
  \item Environmental services
\end{itemize}

\textsuperscript{10} Beyond Tourism: The Future of the Services Industry in the Caribbean, Caribbean Policy Research Institute, 2008.

\textsuperscript{11} Report of EU/CARIFORUM Services Workshop, Trinidad & Tobago, 2008.
- Hospital services
- Tourism and travel-related services
- Entertainment services
- Maritime transport

The level of commitments and modes covered vary between individual member states. The commitments on contractual service suppliers and independent professionals made by CARIFORUM are limited to a range of about 6-7 sectors and were agreed mainly the larger countries.

There is substantial support in available literature that there are opportunities to be gained from the EPA. A recent World Bank-OAS study\textsuperscript{12} concluded from a simulation exercise that the welfare gains for CARIFORUM from the potential expansion of services trade would be quite substantial. In addition, the process of preparation for implementation will itself have a positive impact on the region’s global competitiveness. The areas that CARIFORUM have liberalized have the potential to lead to increased investment in the region in order to develop new service industries. The EPA may also result in greater efficiencies in a range of services that are inputs to manufacturing and other services. It is expected that there will be increased trade in the short term in business services if regional firms position themselves to take advantage of outsourcing opportunities from European firms.

\textsuperscript{12} Caribbean: Accelerating Trade Integration, World Bank and the OAS Caribbean, 2008.
3. ORGANIZATION & METHODOLOGY

As outlined in its Terms of Reference, this study has been conceptualised to achieve the following objectives:

- Identify/confirm sectors of export potential to the EU
- Identify/confirm potential marketplace partners/opportunity areas in the EU
- Assess the outward investment regimes of six selected EU Member States
- Assess the investment regimes of selected CARIFORUM Member States
- Identify the investment and business support needs of CARIFORUM Service Suppliers regarding known sectors of interest
- Assess the capacity of Business Support Organizations including Overseas Missions to provide the necessary support
- Propose an effective national/regional supporting institutional framework for stimulating trade and investments, including the most effective role of enquiry points in the EC and CARIFORUM.

The study takes into account market trends and the current trade and business relationships between six selected EU Member States and CARIFORUM in respect of key services. It also considers trends in the relationship between CARIFORUM and the British and Dutch Overseas Countries and Territories (OCTs) and the French Départements d’Outre-mer (DOMs), in addition to developments in the Caribbean Single Market and Economy (CSME) and trade relations within CARIFORUM as far as these relate to the policy and regulatory framework for promoting increased services trade and investment.

The study summarizes the opportunities in 9 specific services industries of interest to CARIFORUM Member States and evaluates the effectiveness of existing Business Support Organisations (BSOs), taking into account their strategies, structures and programmes as well as the resources available to them. In executing these tasks, the study draws upon an ongoing review of available literature, national and sectoral plans within CARIFORUM member states, as well as discussions and interviews with relevant stakeholders within CARIFORUM and within the selected EU member states. These stakeholder discussions culminated in a regional validation workshop which took place in Barbados, in July 2010 (detailed in Annex J). Finally, the study provides a survey of critical areas to be addressed in terms of strengthening the institutional framework for supporting trade and investment within CARIFORUM.

Nine CARIFORUM member states (The Bahamas, Barbados, Belize, the Dominican Republic, Guyana, Haiti, Jamaica, Suriname and Trinidad & Tobago) as well as St. Lucia, Antigua and St Vincent & the Grenadines from the Organization of Eastern Caribbean States (OECS) are included in the study.
Six EU member states are referenced primarily due to the historical linkages with CARIFORUM member states in the case of five (the United Kingdom, France, Ireland, Spain and the Netherlands). In the case of Germany, trade patterns and an articulated focus on Latin America and the Caribbean guided that country’s selection.
4. INVESTMENT AND TRADE IN SERVICES IN THE EU

4.1 Importance of Services to the EU

According to Impact Assessments of the EC’s Services Directive\(^\text{13-14}\), the service industries play an dominant role in the EU. Indeed, they represented 86% of the EU firm population (2000), accounted for 96% total net job creation in the EU between 1997 and 2002, and currently account for around 70% of both EU output and EU employment. They have become an important input in the production process of other products, and are increasingly an integral part of economic activities that have traditionally been considered as manufacturing-based.

Notwithstanding this, services account for a relatively low share of both intra-EU trade (24% in 2007) and investment\(^\text{15}\). Whilst this may in part be due to the fact that services are considered generally less tradable than goods, it is widely accepted that the EU’s internal market for services is not functioning optimally.

4.2 Challenges facing Service Providers in EU

In assessing its internal market situation in 2002\(^\text{16}\), the EC concluded that services are much more prone to internal market barriers than goods because of their complex and intangible nature as well as the importance of the know-how and the qualifications of the service provider. Whilst some services can be provided at a distance, many still require the permanent or temporary presence of the service provider in the Member State where the service is delivered – and this means that the provider must cross national borders.

4.3 Cross-border Variation in Business Regulatory Environments

The distribution of services across borders is hampered by a variety of restrictions, including requirements in some cases for the service provider to be established or resident in the Member State where the service is provided, which precludes service provision from the provider's home base. Problems directly or indirectly linked to the selling of services across borders result from differences in contract law; fixed or recommended prices for certain services; requirements


\(^{15}\) The low trade figures are not necessarily indicative of barriers to trade in the service sector. Rather, they can be the result of international trade statistics capturing cross-border supply of services, which is only one of the four modes of supply. It is therefore useful to also look at investment figures to build up a more accurate assessment of the internal market situation.

relating to payment and reimbursement of VAT being subject to different rates, classification systems and procedures in different Member States. After-sales challenges may also arise as a result of Member States having divergent requirements for professional liability, insurance and financial guarantees, or through problems with repair or maintenance services if these involve the posting of workers across borders.

The EC’s report outlines several other potential barriers facing the establishment of service providers in another Member State, including the requirements relating to authorisation or professional qualifications; restrictions on the use of certain legal forms by the service provider or on the nature of partnerships between different professions; the number of authorisations required; the length and complexity of the procedures; discretionary powers of local authorities and duplication of conditions already fulfilled in the originating state of the service provider. There may also be challenges concerning inputs necessary for the provision of the service, including restrictions on the posting of workers, the use of equipment or material by the service provider or the use of cross-border business services.

Promotion of services is rendered particularly difficult because of very restrictive and detailed rules for commercial communications which range from outright bans on advertising for certain professions to strict control on content in other cases. The large divergence of legislation between Member States impedes pan-European promotional activities for many services.

In addition, there may be real or perceived cultural and language barriers.

### 4.4 Origins of Internal Market Barriers

Whilst the barriers are numerous and diverse, most arise from differences in national, regional and local regulations. Research carried out by Henk Kox and Arjan Lejour of CPB Netherlands Bureau of Economic Policy Analysis in 2005\(^\text{17}\) showed that trade in services was most significantly restricted by differences in national regulations between EU Member States. They argued that it was not only the level of regulation in the home or export country that was important, but also the inter-country differences in regulation for service markets. Furthermore, they found that regulatory measures tended to affect fixed costs rather than variable costs; and as regulations differed by market place, the fixed costs of complying with regulations in an export market had to be considered as sunk market-entry costs.

Some of the barriers are due to the behaviour of Members States’ administrations, including the use of discretionary powers or non-transparent procedures which

favour domestic operators. It is acknowledged that many Member States lack the necessary confidence in the quality of each other’s legal regimes and are reluctant to adapt their own regimes where necessary to facilitate cross-border activities.

One common feature is that Member States apply a single regime both to service providers who want to establish themselves on their territory and to those who want to provide services from their home base. For the latter, which are already subject to legal requirements and control by national authorities in the country where they are established, this may result in duplication of requirements and disproportionate burdens. Another common trait is the legal uncertainty resulting from unclear requirements applied on a case-by-case basis by national authorities, the result of which is often unpredictable.

4.5 Effects of Internal Market Barriers

Barriers affecting one service will also trigger knock-on effects for other services as well as for the wider industrial economy, given their integration into manufacturing. Services are often inter-dependent, provided and used in combination and as inputs within service providers’ own business process. For example, an operator of retail stores established in one Member State and wanting to establish in a number of other Member States might wish to use the services of the real estate agents, shop designers, architects, engineers, construction companies, banks and insurance companies with whom he works in his Member State of origin. In most cases this is impossible because of barriers affecting those service providers who may not have, say, the authorizations or qualifications required in the other Member States. As a result, the establishment of the retailer may be delayed or rendered more costly and difficult, which in turn affects the services he provides to manufacturers and consumers.

4.6 Costs of intra-EU Barriers to Service Providers

Barriers result in considerable costs for companies engaging in activities doing business between Member States. A service provider seeking to enter a market—whether through establishment or cross-border service provision—will have to bear the significant costs associated with complex legal assistance required to examine whether his/her business model can be exported or whether parts of it (e.g. promotional strategy) will need to changed. These costs are additional to the ones resulting from different languages or cultural differences in commercial and consumption habits. Where companies are forced to change their business models, they cannot take advantage of economies of scale. The consequence of these negative effects is a general misallocation of resources within the companies concerned, limiting investment in innovation and differentiation of services. Given the key role of services, this in turn affects the performance of the entire economy.
4.7 Disproportionate Effect on SME Service Providers

SMEs are prominent in the services industries, but their prospects for cross-border growth are severely hampered. They are hit much harder by the afore-mentioned challenges than their larger rivals, since legal assistance costs are not proportionate to firm size. Indeed, the EC estimated in 2007\textsuperscript{18} that for every €1 per employee a large business spends on compliance, a medium-sized company spends up to €4 and a small business can expect to spend up to €10. The costs of complying with individual countries’ regulations are independent of the size of a firm; they depend on the level of heterogeneity in the regulations of each country.

As a result, SMEs are either dissuaded from cross-border activities altogether or are put at a clear competitive disadvantage compared to domestic operators. SMEs in small and peripheral Member States seem to be particularly disadvantaged. It is important to note that SMEs may become attractive targets for acquisition by larger companies because of their significant local knowledge, experience and innovation potential.

4.8 Overall impact of intra-EU Barriers

It is the service users - and in particular consumers - who pay the price for these restrictions as they are not able to benefit from a greater variety of better quality and competitively priced services. They suffer directly when administrative and legal requirements prevent them from using services offered from other Member States, and indirectly when existing barriers dissuade companies from offering their services to customers in other Member States or result in higher prices, less differentiation and lower quality. Additionally, citizens across the EU suffer from the lost job creation potential of the services industry as a whole.

4.9 EC’s Services Directive

The Services Directive, which came into force on 28\textsuperscript{th} December 2009, applies to all economic service activities supplied by providers established in the EU. Its objectives are to liberalize the service sector within the European Economic Agreement (EEA)\textsuperscript{19} states by removing and/or reducing legislative and administrative barriers which restrict market entry by EEA and domestic service providers. In turn, this will facilitate trade, further open the EEA service sector to competition and at the same time reduce the uncertainty and costs currently facing service exporters.

\begin{itemize}
\item \textsuperscript{18} Models to reduce the disproportionate regulatory burden on SMEs, European Commission, 2007; http://ec.europa.eu/enterprise/entrepreneurship/support_measures/regmod/regmod_en.pdf
\item \textsuperscript{19} At present, the contracting parties to the EEA Agreement are the EU and its 27 members plus Iceland, Liechtenstein and Norway (http://en.wikipedia.org/wiki/European_Economic_Area).
\end{itemize}
To achieve the aims of the Directive, a package of measures will be applied in each Member State, including:

- Establishment of a Point of Single Contact through which service providers will be able to find the information and complete the requirements needed for doing business in another Member State;
- Administrative cooperation between EEA regulators to improve supervision across the Single Market whilst reducing burdens to service providers;
- Provisions for quality of services to increase consumer confidence in services being provided by firms established in other Member States; and
- Screening of legislative acts to identify unnecessary regulatory requirements and remove restrictions that cannot be justified.

The benefits of the Services Directive include increased output, reduced prices for services, increased cross-border trade, increased employment opportunities and job creation. From their research, Kox and Lejour concluded that trade could triple if the differences in regulation were to disappear completely (resulting in identical regulation in the EU); and that implementation of the Services Directive could diminish the differences in regulation so much that trade could increase by 30-60%.

It is believed that SMEs will benefit significantly because, as mentioned earlier, they are disproportionately affected by existing barriers to establishment. Given that a significant percentage of the EU service sector is comprised of SMEs, this issue is particularly pertinent.

### 4.10 Implications for EU/CARIFORUM Trade in Services

Notwithstanding the enhanced opportunities presented by the EPA, the same or similar issues noted with respect to intra-EU trade in services will impact EU/CARIFORUM trade. Most potential CARIFORUM service providers are SMEs (or MSMEs, given comparative scales/size) and they also face additional hurdles arising from their extra-regional origin. This reinforces the view that market entry should be guided by identification of niches within which CARIFORUM service providers have discernible comparative advantages.

To the extent that the EC's Services Directive is implemented, CARIFORUM services providers may benefit by being able to directly access the national Contact Points as well as from the mitigation of the many barriers to establishment that currently impact intra-EU trade in services. Progress on this Directive should be closely monitored by CARIFORUM Interests.
4.11 Ease of Doing Business in Selected EU Member States

4.11.1 In France

According to the World Bank’s *Doing Business 2010*\(^{20}\), France is ranked 31\(^{st}\) for “ease of doing business” (further details given in Annex C6). This compares with the UK (5\(^{th}\)), Denmark (6\(^{th}\)), Ireland (7\(^{th}\)), Finland (16\(^{th}\)), Sweden (18\(^{th}\)), Belgium (22\(^{nd}\)), Estonia (24\(^{th}\)), Germany (25\(^{th}\)), Lithuania (26\(^{th}\)), Latvia (27\(^{th}\)), Austria (28\(^{th}\)) and the Netherlands (30\(^{th}\)). There was no improvement on its position compared to the previous year.

The business environment for companies from non-EU countries initiating operations in France can be described as open and welcoming. Foreign investment is welcome in particular due to the strong political focus on job creation caused by a high unemployment rate (10.1% in March 2010) and the continued pressure on existing jobs through off-shoring trends in the manufacturing sector.

France has deployed significant efforts to attract international investment, in particular through the activities of the *Invest in France* agency\(^{21}\). These efforts have achieved signal success, propelling the country in 2008 to become the 2\(^{nd}\) most prominent destination world-wide for Foreign Direct Investment (FDI) after the USA with US$ 97billion total investment (US$ 320billion for USA).

France has proven to be attractive also for investment from non-EU countries, with more than 68% of FDI projects being realised by companies from outside the EU, i.e. North and South America, Asia, Middle East & Africa.

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21 [www.invest-in-france.org](http://www.invest-in-france.org)
The main difficulties for overseas companies in doing business in France can revolve around cultural, labour and administrative factors, with a relatively low (though improving) proportion of 34% of residents speaking English\(^{22}\), complex labour regulations and a level of industrial action higher than the EU average\(^{23}\).

**4.11.2 In Germany**

The World Bank’s *Doing Business 2010*\(^{24}\) ranks Germany 25\(^{th}\) for “ease of doing business” (further details given in Annex C6). In terms of other EU-27 countries, it is not considered as favourable as the UK (5\(^{th}\)), Denmark (6\(^{th}\)), Ireland (7\(^{th}\)), Finland (16\(^{th}\)), Sweden (18\(^{th}\)), Belgium (22\(^{nd}\)) and Estonia (24\(^{th}\)).

The German market is open to investors from overseas in practically all business and industry sectors. No restrictions are placed upon foreign companies, nor are there any business sectors exclusively monopolized by the state\(^{25}\). Important to note is that German law makes no distinction between German and foreign-controlled entities regarding investments or the establishment of companies\(^{26}\).

Foreign companies and their investments continue to play a vital role for the economic development of Germany. Some 45,000 foreign businesses are already located in the country; and in 2008, foreign companies had more than 3m employees in Germany.

74% (€340 billion) of all FDI capital stocks in Germany originates from within the EU, and a further 9% comes from non-EU countries in Europe. Of its remaining FDI capital stocks, €78 billion comes from North America (11%) with Asia (4%) and the rest of the world (2%) account for the rest.

One of the main contributing reasons Germany is open to overseas investment is the political imperative to create domestic jobs given an unemployment rate of some 8.0% at the end of the 1\(^{st}\) quarter of 2010\(^{27}\). Additionally, there are significant investment incentives available to facilitate investment - in particular in peripheral or industrial re-conversion areas.

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\(^{22}\) Eurobarometer, February 2006

\(^{23}\) From 1995-2004, 91 days were lost to industrial action per 1000 workers in France vs 53 for the EU average (http://fr.wikipedia.org/wiki/Grève).

\(^{24}\) “*Doing Business Germany 2010*”, The International Bank for Reconstruction and Development / The World Bank, 2009; http://www.doingbusiness.org/Documents/CountryProfiles/DEU.pdf. To make the data comparable across the 183 economies, the indicators refer to a specific type of business - generally a local limited liability company operating in the largest business city.

\(^{25}\) Invest in Germany guide, February 2009.

\(^{26}\) Germany Trade & Invest: Germany’s Business Environment, April 2010.

\(^{27}\) The Economist’s Economic and Financial Indicators, 24\(^{th}\) April 2010.
4.11.3 In Ireland

Ireland is ranked 7th for “ease of doing business” in the World Bank’s *Doing Business 2010*, the same position as it held the previous years (further details given in Annex C6). Within the EU, there are only two other countries ranked higher than Ireland: UK (5th) and Denmark (6th). Furthermore, on the Index of Economic Freedom, Ireland is ranked 4th. This means that Irish companies are subject to less bureaucratic burden compared to other European companies.

Ireland has an excellent track record for attracting overseas companies to establish a presence in its country for doing business worldwide and in particular in Europe (specifically the euro-zone currency denominated market).

Ireland continues to be a location of choice for FDI according to the Paying Taxes 2010 report compiled by PricewaterhouseCoopers, the World Bank and the International Finance Corporation (IFC). In particular, Dublin continues to be promoted as an attractive, alternative headquarters to London, with a young, highly skilled and knowledgeable workforce available to meet companies’ needs.

Despite a challenging economic environment, one that has been exacerbated by revelations in the latter half of the year of previously undisclosed financial system indebtedness, 2010 has seen an encouraging start in FDI inflows, due both to new investors as well as the expansion of existing companies.

Ireland’s FDI promotion agency, *IDA Ireland*, recently launched its strategy aimed at generating over one hundred thousand new jobs by 2014. The recently published Finance Bill 2010 provides further positive tax measures for companies looking to Ireland as a competitive international business location. This introduces general domestic transfer pricing legislation for the first time, which can be seen as a broadly positive development for multinationals operating in Ireland.

The extension of the 12.5% tax rate to certain foreign dividends received from non-treaty countries and a new tax exemption for portfolio dividends should also enhance Ireland’s attractiveness as a location for holding companies and international financial services activities. In addition, there have been welcome amendments to the Research and Development (R&D) tax credit, and withholding tax exemption regimes.


29 [http://www.heritage.org/Index/Ranking.aspx](http://www.heritage.org/Index/Ranking.aspx)

4.11.4 In the Netherlands

The Netherlands comes in at 30th for “ease of doing business” in the World Bank’s *Doing Business 2010*\(^\text{31}\) (further details given in Annex C6). This represents a slightly lower ranking compared to the previous year, and means that it is not considered as favourable as a number of other EU countries: UK (5th), Denmark (6th), Ireland (7th), Finland (16th) and Sweden (18th), Belgium (22nd), Estonia (24th), Germany (25th), Lithuania (26th), Latvia (27th) and Austria (28th).

The Netherlands is has become increasingly proactive in seeking to attract foreign direct investments, an important part of which should come from foreign companies setting up a logistics hub in the Netherlands - either foreign owned or rented capacity from local third party. Various Dutch (semi-)government agencies work closely together to achieve this: among these, the Netherlands Foreign Investment Agency (NFIA), Holland Financial Centre (HFC) and the Holland International Distribution Council (HIDC)\(^\text{32}\).

The Netherlands has long had a favourable tax regime which has made (and continues to make) it very attractive as a European entry point by overseas companies, particularly in view of its extensive international tax treaty network. With a corporate income tax rate of 25.5%, it has a lower rate compared to all countries surrounding it. For decades, its Participation Exemption has not taxed foreign business profits (dividends as well as capital gains) derived from subsidiaries; and recently – in January 2006 - the Capital Tax was abolished thereby freeing up capital contributions to companies.

The Netherlands has traditionally been very welcoming to expatriates of foreign companies. Under the so-called 30% provision, expatriates with certain skills can receive 30% of their income as a tax free allowance. This feature also, of course, benefits the employer in negotiating (net) salaries. Another traditional benefit is the open attitude of the Dutch tax authorities to discuss tax positions with companies, unheard of in many other countries. These discussions can be formalized in agreements (or rulings) with the Dutch tax authorities that offer optimum certainty in advance.

At present, various discussions are taking place with the intention to influence the Dutch investment climate in a positive way, with the objective of ensuring that tax benefits are available mainly to companies with actual business activities in the Netherlands (i.e., making a clear distinction with those using the country for tax purposes only). Under discussion is the introduction of an interest box system which would allow companies using the Netherlands as a group financing country to be taxed (on that income) at an effective tax rate of 5% only. This, combined with a substantial simplification of the Dutch Participation Exemption, could be

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reason enough for foreign companies to establish their European Headquarters, Finance or Treasury centres in the Netherlands\textsuperscript{33}.

Additional benefits for foreign companies doing business in Netherlands include: 

\textit{Customs-bonded warehousing:} Theoretically, customs duties are due when goods are imported into the EU. However, the Netherlands allows the payment of these duties to be postponed through the storage of the goods in a customs-bonded warehouse. A company could therefore pay the import duties only when the goods are shipped out of the warehouse, a facility which can result in considerable cash-flow advantages.

\textit{VAT deferment system:} In contrast to most other EU member states, the Netherlands has instituted a system that provides for the deferment of VAT at the time of import. Instead of paying VAT when the goods are imported into free circulation within the EU, the payment can be deferred to a periodic VAT return. Under this system, the VAT at import should be declared, but the amount can be deducted on the same return. The bottom line is that there is no actual payment of VAT at import, so that one can realize cash-flow and interest earning benefits.

\textit{Highly automated Customs procedures:} Dutch Customs makes use of computerized clearance systems that speed up the flow of cargo. Also, as a result of unified and standardized documentation across the EU, approval time is minimized and costly delays are eliminated\textsuperscript{34}.

\section*{4.11.5 In Spain}

According to the World Bank’s \textit{Doing Business 2010}\textsuperscript{35}, Spain is ranked 62\textsuperscript{nd} for "ease of doing business" (further details given in Annex C6). It has fallen by eleven points compared to the previous year, and now is one of the countries in the EU considered less favourable for doing business. In fact, only five of the EU-27 countries have lower rankings on this index (Luxembourg, Poland, Czech Republic, Italy and Greece).

Overseas firms are actively sought out by the Spanish authorities who, over recent decades, have invested heavily in the infrastructure required to support a generally conducive business environment. With a highly developed transport system and approximately 44 ports available for the transportation of people and goods, Spain is considered to be the 4\textsuperscript{th} largest sea freight transporter in Europe\textsuperscript{36}.

\textsuperscript{33} Patrick van Min - Deloitte \url{http://www.foreigninvestments.eu/pages//ET---Tax-benefits-in-The-Netherlands-for-foreign-investors.html}
\textsuperscript{34} \url{http://www.nfia-india.com/FAQs_corporate_tax.html}
\textsuperscript{35} “Doing Business Spain 2010”, The International Bank for Reconstruction and Development / The World Bank, 2009; \url{http://www.doingbusiness.org/Documents/CountryProfiles/ESP.pdf}. To make the data comparable across the 183 economies, the indicators refer to a specific type of business - generally a local limited liability company operating in the largest business city.
On account of the benefits offered to the foreign firms, incoming investors still have a positive view about the prospects of their investments in Spain. A recent survey pointed to Spain’s main strengths residing in its business environment (in particular, the competitiveness of sectors, quality and availability of qualified suppliers, and availability of distribution networks and channels) as well as the qualification and availability of human resources\(^{37}\).

Compared to many other European countries, Spain has a strong banking infrastructure. It is for this reason that the Spanish Government did not need to intervene and support the country’s banks during the global financial crisis of 2008\(^ {38} \) - considered a positive indicator for the potential prospects of overseas firms currently operating in Spain.

On the other hand, Spain’s legal framework – in particular its employment laws – can act as a deterrent to overseas companies seeking to establish a base in Europe\(^ {39} \).

The value of the Spanish market – in terms of foreign investment – was highlighted in a report published recently by the UK’s Trade and Invest\(^ {40} \), which noted that Spain remains a preferred market by British firms. In fact, the value of UK investment in Spain stood at £1.6billion in 2008 – making the UK one of Spain’s major sources of FDI.

4.11.6 In the UK

The UK ranks 5\(^{th}\) for “ease of doing business” in the World Bank’s Doing Business 2010, – after Singapore (1\(^{st}\)), Hong Kong-China (2\(^{nd}\)), New Zealand (3\(^{rd}\)) and the USA (4\(^{th}\)) (further details given in Annex C6). This ranking makes it the highest rated in the EU, followed by Denmark (6\(^{th}\)), Ireland (7\(^{th}\)), Finland (16\(^{th}\)) and Sweden (18\(^{th}\)).

The country has a strong tradition of entrepreneurship, evidenced by the fact that new business creation and self-employment have held up despite the recession. As indicated in one its recent reports, “Going for Growth: Our Future Prosperity” (2009)\(^ {41} \), there are seven core capabilities through which the British Government is seeking to restore strong, sustainable, long-term growth in the economy:

- Supporting enterprise and entrepreneurial activity, including reducing the administrative burden of regulation and access to finance required for starting and growing firms;


\(^{38}\) EU Commerz, 2010, Spain: http://www.eucommerz.com/business/spain

\(^{39}\) Low Tax Net (2010) Spain Information: Business, Taxation and Investment, online, as above

\(^{40}\) UK Trade and Invest (UKTI): https://www.uktradeinvest.gov.uk/ukti/appmanager/ukti/countries?_nfls=false&_nfb=true&_pageLabel=CountryType1&navigationPageId=/spain

\(^{41}\) “Going for Growth: Our Future Prosperity”, UK Department for Business, Innovation and Skills (2010); http://www.bis.gov.uk/assets/biscore/corporate/docs/g/09-1473-going-for-growth.pdf
Fostering knowledge creation and its application;
Helping people develop the skills and capabilities to find work and build the businesses and industries of the future;
Investing in the infrastructure required to support a modern low carbon economy;
Ensuring open and competitive markets to drive innovation and rising productivity;
Building on the UK’s industrial strengths where there is particular expertise or where they might gain a comparative advantage, and where government action can have an impact;
Recognising and employing the right strategic role for Government in markets that allows the UK as a nation to capitalise on new opportunities.

According to the UK Trade & Invest (UKTI) 42, the UK is the most favoured location for companies to establish their European headquarters. According to their recent report “UK Financial Services: Delivering Regional Expertise” released at the end of 2009, more overseas companies set up their European headquarters in the UK than anywhere else in the EU.

Notwithstanding, the British Government has set itself a new ambition to make Britain the best country in the G20 in which to set up and run a business, and therefore one of the most attractive places in the world to invest. Amongst its proposed activities to deliver this are a single online process for incorporating and registering a company, and reducing the time and cost of resolving commercial disputes.

42 https://www.uktradeinvest.gov.uk
4.12 Competitiveness of Priority Services Markets in Selected EU Member States

4.12.1 In France

Using the data from INSEE, the French statistics office for economic matters, the market for services in France is structured as follows:

<table>
<thead>
<tr>
<th>Services in France according to INSEE</th>
<th>EUR bn</th>
<th>% of total services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail and trade</td>
<td>346</td>
<td>15%</td>
</tr>
<tr>
<td>Transport</td>
<td>165</td>
<td>7%</td>
</tr>
<tr>
<td>Financial services</td>
<td>182</td>
<td>8%</td>
</tr>
<tr>
<td>Real estate services</td>
<td>305</td>
<td>14%</td>
</tr>
<tr>
<td>Business services</td>
<td>555</td>
<td>25%</td>
</tr>
<tr>
<td>Consumer services</td>
<td>185</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>1738</td>
<td>78%</td>
</tr>
<tr>
<td>Public services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and healthcare</td>
<td>312</td>
<td>14%</td>
</tr>
<tr>
<td>Public administration</td>
<td>190</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>502</td>
<td>22%</td>
</tr>
<tr>
<td>Grand total</td>
<td>2240</td>
<td>100%</td>
</tr>
<tr>
<td>Total French Production</td>
<td>3561</td>
<td></td>
</tr>
</tbody>
</table>

Source: INSEE, 2009

For the purpose of this study, it was decided that the sectors of education and healthcare would be excluded from further focus as they are predominantly state-provided (with a share of more than 70%). Likewise, real estate services are not given further attention as these consist mostly of rental payments.

In order of decreasing magnitude, the largest services sectors in France are therefore as follows:

1. **Consultancy, support and outsourcing** – comprising multiple activities such as professional services, software development, call-centres, advertising and the like.
2. **Operational services** – including temporary worker services (highly developed in France due to the labour legislation), cleaning services, security services, etc.
3. **Transport**
4. **Consumer retail**
5. **Banking services**
6. **Hotels & restaurants**
7. **Insurance services**  
8. **Leisure, culture and sport**  
9. **Postal service and communications**

### 4.12.2 In Germany

In the US and UK, the service sector’s share in value-added comes to about 78%, while the industrial sector accounts for 16% and 15% respectively. By contrast in Germany, the service sector is about 10% less and the industrial sector about 10% higher\(^{43}\).

The international division of labour has caused Germany to focus on what it perceives to be its strengths – in particular, the manufacturing industry. The significance of the industrial sector in Germany becomes evident when tracing the development of Germany’s economic structure over the last five years. Since 2003, manufacturing has grown by an annual average of roughly 3.5%. Measured by the sector’s share in total output, this means it increased by 1%. The service sector, by contrast, only grew by 1.2% p.a., losing 1.1% of its share in overall value-added.

In order of decreasing magnitude, the largest services sectors in Germany are as follows:

1. **Retail and trade**  
2. **Transport services**  
3. **Business and consumer services** – a broad category comprising advertising, media, Temporary work, security services, architects, engineering, call centres, etc.  
4. **Consultancy** – i.e. law, tax and other consulting services  
5. **Telecommunications (incl. postal services)**  
6. **Software services and databases**  
7. **Restaurants and hotels**  
8. **Financial services - banking and insurance.**

### 4.12.3 In Ireland

Much of Ireland’s recent economic success is considered to have been derived from its diverse and rapidly-growing services sector. Within this, the priority industries for investment identified by the Irish Government are: International Financial Services; ICT Services (Software Development); Telecommunications, Internet, Media & Entertainment (“TIME” as grouped by Enterprise Ireland); Environmental Services; Tourism & Travel; and International Trading Services (Education, Transport, Business Services). Each of these is considered in turn:

\(^{43}\) Deutsche Bank, Germany the Service Society, March 6\(^{th}\) 2008.
International Financial Services\textsuperscript{44}

Ireland has a worldwide reputation as a significant financial centre for banking, fund management, insurance and leasing. With dramatic growth experienced in these industries, Ireland now has the largest exchange for funds listing in the world, it is Europe’s leader for cross-border life insurance and is ranked second in Europe for money market funds. In 2008, international financial services accounted for 23\% of the country’s services exports\textsuperscript{45}.

Employment in international financial services firms assisted by the enterprise development agencies (IDA Ireland and Enterprise Ireland) has more than doubled between 2000 and 2008, with the number of full time jobs increasing from 8,000 to 20,000 during that period.

Half the world’s top 50 banks are located in Ireland, including Citigroup, JP Morgan, Paribas, Depfa and Merrill Lynch, while over 450 international financial service companies operate in Dublin’s International Financial Services Centre. Additionally there is a growing indigenous financial services sector.

Electronic financial services have also seen particularly strong growth in Ireland.

Since the establishment of the International Financial Services Centre (IFSC) in Dublin, a strong sector-specific support network has evolved to meet the complex needs of the industry. There are now more than 100 Irish companies providing technology and additional support for the front, middle and back offices of these financial institutions.

ICT and Telecoms, Internet, Media and Entertainment (TIME)\textsuperscript{46}

More than any other European country, Ireland has acted as a magnet for high-tech companies over the last ten years, due to a combination of its highly favourable tax regime, use of the English language and availability of a well-educated young population. American companies in particular find Ireland attractive as a jumping-off point for their EU operations.

A survey carried out in 2003 by specialist technology group, Eurocom PR Network, revealed that Ireland is perceived to be the most likely location for a European equivalent to Silicon Valley. Having interviewed 147 executives from 12 European states, the survey found that one in five of those polled visualised Ireland as Europe’s capital of technology – placing it above both Germany (14\%) and the UK (8\%).

In recent years, a number of clusters have emerged - for example, in finance, TIME (telecommunications, internet, media and entertainment and e-learning. These provide a strong base for the development of the industry, as they hold the potential for collaboration on R&D, marketing and joint venturing, all of which will

\textsuperscript{44} http://www.enterprise-ireland.com/NR/rdonlyres/A6797DBC-74A9-44C9-959F-4CBAED2827DE/0/FinancialServicesSectorProfile.pdf (2009)

\textsuperscript{45} Driving for Export Growth, 2009 http://www.competitiveness.ie/media/ncc091207_sectoral_competitiveness.pdf

be necessary if Irish companies are to succeed in world markets and Ireland is to be identified as a centre of software excellence.

Despite a major recession in the hi-tech sector of recent years, Ireland can still claim to be a major player in the field of IT development.

**ICT-Software**

Software applications have developed as a mature and significant sub-sector, mainly comprised of activities such as localisation, bespoke software and systems integration. A large proportion of software companies in Ireland are Irish-owned. Their activities are based on strong software engineering skills and well-developed processes for the identification, development and implementation of solutions. This sub-sector is becoming more focused on understanding and meeting customer’s technology standards, and developing software that serves specific industries (e.g. financial services, healthcare, logistics, education, while maintaining its capacities to provide generic software (e.g. systems utilities/tools and desktop software). There has also been an increase in the number of Irish internet based companies that are seeking to take advantage of the opportunities in Web 2.0 and 3.0 as well as e-commerce.

In 2008, the exports of Irish-owned software companies amounted to €925 million, a 7% increase compared to the previous year. Key trends and structural changes have emerged that are affecting the software industry globally. Apart from rapidly changing technologies, increasing competition, and entirely new business models (e.g. software as a service), the industry is adapting to evolving value chains that increasingly depend on partnering and more complex business relationships. Enterprise Ireland’s strategy is to grow a cohort of highly successful companies of sufficient scale so that they can establish defensible positions in particular market niches.

**Telecoms, Internet, Media and Entertainment**

Ireland has a proven track record of innovation in this arena. It was an Irish company, Aldiscon, which developed the world’s first SMS texting application. Today, leading Irish companies continue to implement change in the global market. This includes mobile telecoms with very strong knowledge of network management, OSS/BSS, service delivery and messaging, and a number of companies provide products and services in this area. With the convergence of fixed, mobile and internet, Irish companies are evolving their product and service offering for next generation networks. Ireland has an emerging internet cluster focusing on B2B and B2C solutions.

**Enterprise Ireland** has identified the following as growth opportunities over the next three years, with key emphasis on mobile, TV and internet convergence.

- **Mobility**: Consumer and Enterprise solutions; Telecom/Mobile; Security/data platforms; Telco 2.0 solutions, messaging; marketing/advertising solutions; and Widgets and apps
- **Internet**: Location-based solutions; Niche social networks; Software as a Service (SAAS) solutions; and Widgets
- **Media and Entertainment**: Internet Protocol Television (IPTV); User generated content for cross media platforms; and Interactive programming.
On the content side, Ireland has a strong international film and audio visual industry. Its animation cluster of companies provides content and services to international markets. The global media market is projected to register 6.6% growth to €1.2 billion by 2010, mainly driven by the growth in broadband internet and mobile type device usage.

Internet support services

The Irish Internet Association has 500 member companies, of which a good proportion could be classified as Internet support services.

- **Internet Service Providers (ISP) Services**: There is a well-developed ISP sector in Ireland. The Internet Service Providers' Association of Ireland (ISPAI) had 23 members as of 2009, with some of the better-known providers being: Eircom, BT Ireland, O2, Vodafone, Verizon Ireland, Irish Broadband Communications, Hutchinson 3G Ireland and Satellite Broadband Ireland.

- **Hosting Services**: As with ISP services, there is a wide range of hosting service providers, including: ANU Internet Services, Digiweb-BaseStation, DNA Internet, Eircom, e-live, Esat, Indigo, Irish Trade Web, Sixnet Limited, Via-Net-works Expresso Web and Web World.

Given the rapid growth and substantial size of the Internet sector in Ireland, there have been a number of initiatives to create 'server hotels' in Dublin. AboveNet, a US Internet co-locator Company owned by Metromedia Fibre Network, invested US$75 million in an Internet services exchange in Dublin. Servervault, a US-based data hosting and management company, invested around $150 million (€172 million) in a fully managed Internet hosting centre in Dublin.

**Environmental Services - CleanTech**

The Environmental Goods and Service (EGS) sector in Ireland is estimated to worth €2.8 billion to the economy and to directly employ 6,500. The global market for sustainable, environmentally friendly, energy-efficient environmental goods and services is vast and continues to grow quickly. Ireland is well placed to capture some of that growth in niche areas.

In 2008, export sales by Irish CleanTech companies amounted to €117 million; this represents a 20% increase on 2007 exports. The CleanTech sector in Ireland includes established sub-sectors such as waste and water as well as emerging sub-sectors such as renewable energy and energy-efficient technologies.

The waste sector offers considerable scope for development but is under threat from a near collapse in commodity prices for plastics and a very competitive marketplace. Irish companies involved in waste water treatment and purification also have strong growth potential. In the energy sector, Ireland has natural advantages and technical expertise that could enable it to become a global leader in technologies for the marine renewables and bio-energy sectors.

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Tourism and Travel\(^{48}\)

Tourism - and the hospitality industry in general - has played an enormous part in Ireland's economic growth over the last decade. It is arguably the country's biggest employer with latest estimates suggesting that 322,000 are employed in the industry (cf. FDI companies in Ireland employ 136,000 people directly). Tourism represents a larger share of employment in Ireland (6.1%) than in many other EU member states.

In spite of recent challenges, Ireland was estimated to have attracted approximately 8 million visitors and generated almost €6.5 billion for the economy in 2008.

Tourism Ireland, which promotes the island overseas, launched a new suite of promotional and advertising materials as part of its €47m marketing strategy. Fáilte Ireland, another government-funded tourism promotion agency, also invested close to €120m in tourism in 2009, with increased investment in enterprise supports, leisure tourism (including golf, heritage and culture), business tourism and festivals. Tourism attractions, products and infrastructure have already been approved capital funding support of €46 million over the past two years and further investments were made in 2009 under Fáilte Ireland's tourism product investment strategy.

As 'experiential tourism’ grows in popularity, there is an opportunity for the Irish sector to build upon Ireland’s image as a cultural and scenic destination by developing more products that enable the visitor enjoy ‘hands-on’ engagement in activities such as traditional Irish music, cookery dance, sailing and golf. The growth of the middle classes in both China and India presents opportunities to increase the number of tourists from these countries. In addition, demographic changes in established markets provides the potential for further growth, with older travellers making more frequent trips of shorter duration.

Culture Tourism: A key priority in 2009 was the development of the potential of this sector in partnership with the tourism agencies and the cultural institutions. Cultural Tourism in Ireland is growing internationally and has been achieving annual growth rates of 15%.

Business Tourism: Currently business tourism attracts almost 300,000 visitors and is worth some €475 million to the Irish economy annually. Construction work on the site of the new national conference centre at Spencer Dock - the Convention Centre Dublin (CCD) - is now well advanced and the project is on schedule to open in September 2010. According to a number of independent estimates, the centre - when fully operational - is expected to generate additional foreign revenue earnings of at least €25m a year.

Internationally trading services: Business Services, Education and Transport

While financial services and ICT dominate Ireland’s internationally trading services sector today, the liberalisation of export markets is providing other growth opportunities. In 2008, other internationally trading services accounted for approximately a third of total services exports. Business Services is the largest of these, contributing €18.9 billion to Irish exports in 2008 (29% of total services exports, and compared to just 12% in 2000). The internationalisation of education presents another significant growth opportunity for Ireland, with a total income of €372 million being generated by international students in the academic year 2006/07.

There are growing areas of activity in the three main sub-sectors:

**Business Services**: This includes a diverse range of activities such as merchanting, operational leasing, legal, accounting and professional services, advertising, research and development and engineering and technical services.

**Education**: The increasing demand for high-quality education delivered in English from overseas students presents significant growth opportunities for Ireland in terms of services exports. There are also growing markets for the online delivery of courses to students in other countries. In addition, foreign students can bolster Ireland’s stock of human capital, improve the quality of its higher education institutions, and promote tourism and exports of Irish goods and services.

**Transport**: Opportunities exist across all modes of transport, especially maritime and aviation. The main activities are supply chain management, headquarter functions and support services, and training.

### 4.12.4 In the Netherlands

According to a study conducted in 2004 by the World Bank, the Service sector in the Netherlands represented over 70% of the country’s GDP and over 80% of its employment. In the last five years, new jobs have almost exclusively been provided by the Service sector. This makes the Netherlands even more reliant on services than the majority of other Western European countries.

The principal service sectors that are of importance to the Dutch economy are ICT technologies, nanotechnologies and genomics, telecommunications, business services, life sciences (biomedicine) as well as tourism, transportation, goods distribution (logistics), the creative industries (including publishing and media), engineering, and financial services (especially pensions and insurance). The Netherlands is particularly well-known for a number of service specializations which include e-commerce (“web shops”), customer care centres and personal communication services.

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50 [http://www.exser.nl/english](http://www.exser.nl/english)
Small companies which specialize in various types of service have done the best in the nation's economy over the past decade. However, these is now increasing consolidation in some areas of the service sector as large corporations buy or merge with the more profitable firms.

**ICT Technologies, Nanotechnology & Genomics**

The Dutch government has been very proactive in supporting and funding research and development in the ICT sector. In 2005, the Netherlands ICT Research and Innovation Authority (ICTRegie) was founded with the dual aims of increasing the investment in publicly-funded ICT research in the country in five years from the current €160 million to €240 million per year, and strengthening the ICT infrastructure. Such investments were also intended to promote closer cooperation between universities, other knowledge institutions and businesses.

More recently, the Dutch Government designated ICT, along with nanotechnology and genomics, as priority areas for scientific/technological development. The new national ICT research agenda NOAG (2005-2010) is currently underway; and The Netherlands Organization for Scientific Research (NWO) has defined four new ICT research programs: Global computer science (GLANCE), Visual Interactive Effective Worlds (VIEW), Continuous Access To Cultural Heritage (CATCH) and Reinforcing Computer Science (FOCUS).

**ICT and E-Commerce**

The Netherlands’ governmental policy has been geared for several years toward intelligent use of ICT so that it contributes to solid, sustainable economic growth as well as leads to higher-quality products, services and service provision. As a result, the country has been ranked 6th - after Denmark, Sweden, Singapore, Finland and Switzerland - on the Networked Readiness Index 2006-2007 (World Economic Forum); and 8th in The Economist’s Intelligence Unit annual e-readiness which ranks the world’s 69 largest economies (after Denmark, US, Sweden, Hong Kong, Switzerland, Singapore and the UK).

As of January 2007, there were 1.42 million registered companies (of which 99% were SMEs, with up to 250 employees). Many companies have websites, and use of electronic data interchange (EDI), interactive electronic storefronts, product data interchange and chip cards are commonplace. Two-thirds of all companies surveyed had an ICT order-processing system in 2005 and 14% of (chiefly) larger companies had extranet services accessible to their established clients or suppliers. One of every five companies was active in electronic purchasing as well as sales.

**E-Commerce** ("webshops")

In 2008, e-Commerce turn-over in Netherlands was 12%, of which 69% was within the country, 24% within the EU and 7% with other countries. According to

51 More information on the Netherlands’ economic sectors can be found at:
http://www.nationsencyclopedia.com/economies/Europe/The-Netherlands-ECONOMIC-SECTORS.html#ixzz0pAEAUyF6
market research conducted by the Forrester Research Institute, e-commerce in The Netherlands is forecast to grow by 28% to EUR 11.8 billion by 2011. In this respect, the Netherlands represents one of the fastest growing countries for e-commerce.

Nederlandse Thuiswinkel Organisatie – the Dutch industry organization for webshops - has nearly 500 affiliated “webshops” (business-to-consumer e-trade). These account for nearly 70% of Dutch online consumer expenditures, with sales of €3.7 billion in 2006. That same year, there were 6.4 million online shoppers and the average expenditure online per shopper totalled €441 that year.

According to Thuiswinkel’s research, the major online sectors are travel, consumer electronics, insurance and clothing. Other online sectors on the rise include toys and entertainment (DVD’s, home entertainment software and online ticketing). Explosive economic growth is expected in the near future from the B2C sector as, for example, insurance providers enter this arena.

Telecommunications

According to the OECD, the number of broadband subscribers (DSL, cable, etc) in the Netherlands is the highest in Europe, and its telecommunications costs are among the lowest (even compared to the US). Due to a further liberalization of the telecom market, tariffs are expected to drop even further while the quality will increase.

Telecom providers in the Netherlands offer a wide range of services, and are keen to introduce new technologies and faster connections abroad. IP-based Virtual Private Networks (VPNs) combine the transport of speech and data, make teleworking an everyday reality, and facilitate the functioning of distributed customer care centres and virtual customer care centres. Moreover, mobile telephony and mobile use of the internet - even broadband - can be implemented all over the country.

A number of Dutch cities and regions have developed state-of-the-art business parks with highly advanced telecommunications facilities. These parks take into account the needs of modern business, such as extra, easily expandable telecom infrastructure capacity located at public transport junctions - and in most cases, in the vicinity of an airport. Most of these business parks are linked to the KPN’s so-called “City Rings”, high-quality and high-capacity double glass fibre rings that connect important economic centres. As a result, many international customer care centres are located in these parks.

Customer Care Centres

Given the close physical and economic connections between the EU countries, it is possible - and efficient - to open a single customer care centre for the European market. It is however important to remember that this European market, comprising approx. 450 million people, speaks close to 20 different languages. The Netherlands, where many of its citizens speak several languages fluently - stands out among EU countries for its suitability as a location for a pan-EU (or pan-European) customer care centre.
Dutch-based Customer Care Centres

As at mid-2005, there were approx. 1,600 customer care centres in the Netherlands and of these over 170 were third-party centres. Of the total number, about 120 were multilingual.

Most customer care centres are engaged in financial and telecom services, consumer products and catalogue sales, travel and tourism. They handle customer support, technical support, sales, reservations, lead generation and marketing research. The total number of employees working in this sector in Holland is 190,000 (approx. 2.7% of the Dutch labour force) including part-timers and temps - a full-time equivalent (FTE) of 90,000 people.

E-mail service agencies are among the highest growth areas in the field of customer care centres. Currently, there are increasing implementations of e-mail management, web self-service and Voice-over-IP (VOIP). Additionally, in the near future, much is expected from speech based Interactive Voice Response (IVR). That said, although all this technology will help to lower personnel costs, there will always be a need for agents in place to help customers if they prefer 'live' assistance. In this regard, websites for self-service are now including a "call-me-now" or "call-me-back" button, and IVR - whether touchtone or speech-based - should offer the possibility to be connected with an agent.

Shared Service Centres (SSC)

In a recent study conducted by the NFIA and Atos Origin\(^2\), the Netherlands emerged as an excellent location to set up an SSC, especially when compared to other popular SSC locations such as Southern and Eastern Europe.

In the four areas identified as important by large international companies when determining the location of SSCs, the Netherlands meets their business requirements optimally – often outperforming the Southern and Eastern European countries. These factors are:

1. The Dutch infrastructure is comprehensive and of good quality. All major cities in the Netherlands are easily accessible via Schiphol Airport, which has flights to most major US cities. Modern and representative office locations in all major cities are readily available and competitively priced. All technological services that are provided in the US are also available in the Netherlands.

2. Dutch employees are highly skilled in finance and are multi-lingual. They are internationally oriented with a hands-on mentality and good motivation. Although Dutch wages are high, this is compensated for by the country’s high labour productivity. Compared to Southern and Eastern Europe, overall productivity in the Netherlands is 23% higher.

3. The Dutch government has created a favourable business climate, including comprehensive and competitive tax legislation. Procedures are short, legislation is transparent and governmental support is easily available. The

\(^2\) www.nfia.com/factsheets.html
Netherlands offers a stable, transparent and uniform government policy. A solid legal framework supports businesses.

4. Being a service-oriented country, the Netherlands is popular among foreign companies. Historically, it has been open to all cultures; hence all nationalities cooperate and are accepted within corporations and in major cities.

**Life Sciences - Biomedicine**

The Netherlands has a vibrant, tightly-knit life sciences industry. It boasts high per capita R&D output and expertise in the areas of cancer research, infectious diseases, cardiovascular diseases, (pre)clinical research and medical imaging in preventive healthcare. Innovation and valorisation are easy in the country’s dense network of world-class research institutes, universities, private sector companies, and clinical research organizations. The Dutch government is particularly keen to support the industry’s ongoing growth by supporting a number of crucial public-private partnerships.

Numerous foreign life science companies have established offices in the Netherlands, including Amgen, Centocor, Genzyme, MedimmunePharma, New Brunswick Scientific, Ocimum Biosolutions, OMRON Healthcare and VisualSonics. Foreign investors can avail tax incentives related to R&D wage costs and subsidies for technological partnerships with Dutch parties.

In 2008, the *Life Sciences and Health Innovation Program* was launched in the Netherlands. Driven by industry and empowered by the Ministry of Economic Affairs, this is intended to inject €1 billion into some 100 separate projects between 2008 and 2012. Altogether, this aims to double the industry’s turnover and the number of R&D oriented companies and products, to encourage international cooperation as well as improve the overall valorisation climate.

There are three pillars under the Program:

- **Top Institute Pharma (TIP):** This is a public-private partnership of more than 60 life sciences companies, universities and research institutes. Its €260 million budget is being used to conduct cross-disciplinary research to improve the efficiency of the entire drug discovery and development process.

  TIP focuses on (auto-) immune diseases, cardiovascular diseases, cancer, infectious diseases, brain diseases, and drug discovery, development and utilization. It also provides training two programs: Drug discovery, Development and Utilization process, and Business and Entrepreneurial skills.

- **Centre for Translational Molecular Medicine (CTMM):** This develops medical technologies that create personalized treatments in the areas of cancer, cardiovascular disease, neurodegenerative disease and infectious diseases. Its research programs cover work from exploration to validation across four technology platforms: molecular diagnostics, molecular imaging, stratification of patients, and imaging-guided and activated therapeutics.

  By early 2009, CTMM had already committed some EUR 250 million to 17 programs. Located on the Eindhoven High Tech Campus, CTMM is another
public-private partnership and includes major Dutch companies such as Philips, Organon, DSM and FEI, all eight university medical centres, Technical University Eindhoven, TNO and the NKI (Dutch Cancer Institute).

- **Biomedical Materials Program (BMM)**: Yet another public-private partnership of universities, university medical centres, companies and patient organizations, this is dedicated to the development of novel biomedical materials and their applications. It is based on the vision that biomedical materials will play a key role in achieving medical breakthroughs that will enable the functional repair and regeneration of tissue, and in the future, possibly organs. Over the next five years, €90 million will be available for pre-competitive research projects, half of which is funded by the government.

### 4.12.5 In Spain

Overall, the services sectors in Spain are well-developed and contribute significantly to the country’s economy and employment figures. Indeed, the most recent estimates indicate that 71.6% of people living in Spain work in firms involved in the services sectors (cf. 69.65% in 2008 and 66.41% in 2007). Although Spain’s service industries have been affected by the recent global financial crisis, their overall positive growth is predicted once again for 2010. Development of Spain’s service sectors is by no means standardized. In some industries, companies have experienced continuous growth; in others, they are struggling to emerge from the recent downturn.

**Tourism**

One of the most important components of the services sector in Spain is the tourism industry. The country is well-known for its high level of development of tourist-related facilities and infrastructure – and these, together with its relatively low prices, have enabled it to remain competitive. Indeed, the industry continues to have the greatest numbers of employees compared to the country’s other services industries, and plays a major role in stimulating many other service industries in Spain. This is particularly evident in long-term visitors to the country who, in settling in Spain, have encouraged the growth of services like schools, shops, doctors, estate agents targeted at and serviced by foreigners.

53 Invest in Spain, 2010, Spain in numbers – demographics, online, available at [http://www.investinspain.org/icex/cda/controller/interes/0,5464,5322992_6261564_6278959_0,00.html](http://www.investinspain.org/icex/cda/controller/interes/0,5464,5322992_6261564_6278959_0,00.html)

Business Outsourcing
The business process outsourcing services industry in Spain has shown sustained satisfactory performance over recent years. Growth of this sector is expected to continue into the future, reaching a value of US$5.2 billion by the end of 2013\(^{55}\).

Environment and Water Treatment
In Spain, the turnover of the environmental sector is more than €10.8 billion, i.e. equivalent to 3.2% of the global figure and 1.2% of Spain’s GDP.

The market is made up of more than 2,000 companies, the majority of which are SMEs. These employ more than 250,000 workers, most of whom are highly qualified. Specific courses are available in 11 universities and business schools that offer postgraduate environmental studies. Greater concern for the environment has resulted in significant amounts of public regulation, and this in turn continues to provide a positive stimulus for the sector.

In terms of waste treatment, Spain is ahead of countries such as the UK, Greece, Portugal, Ireland and Italy in recycling and using alternatives to landfill.

The major Spanish multinationals in the construction and civil engineering sector are active in the environmental sector, in both waste and water treatment.

88% of the environmental technology used is of Spanish origin and Spain’s pre-eminence in water desalination is demonstrated by the sector’s exports to African, Arab and Asian countries.

Renewable Energies
Spain is a world leader in the technological and industrial development of renewable energies. Its leadership position has led a large number of foreign companies from the renewable energy sector to set up shop in the country.

*Invest in Spain* supports these companies with a range of services. It has joined the "Renewables Made in Spain"\(^{56}\) project which is being promoted by the Ministry of Industry through the Institute for Energy Diversification and Savings (IDEA). The project has some clear objectives, viz. to inform the world about the strong presence of renewable energies in Spain, the high degree of development achieved by these technologies, and the leadership of Spanish companies and organizations.

Areas of strength for Spain in renewable energies include wind power; solar thermoelectric, solar photovoltaic & solar thermal; biomass & biogas; biofuels; small hydro; marine energy and geothermal.

Biotechnology
Biotechnology in Spain is an emerging industry in which business creation has grown - and continues to grow - significantly in recent years. Between 2000 and


\(^{56}\) [http://www.renovablesmadeinspain.es/](http://www.renovablesmadeinspain.es/)
2006, the turnover for this industry grew by 200%, the number of companies working directly with biotechnology rose by 166% (206 companies in 2006 compared to 81 in 2000) and direct employment increased by 750%.

By 2006, Spain was able to position itself as one of the most dynamic countries in terms of biotechnology advances. It has enjoyed a significant rise in private expenditure on R&D as well as increased public investment, the latter promoted initially by the Ingenio 2010 Program and more recently by the National R&D&I Plan 2008-2011.

Due to the close and growing collaboration between the public sector dedicated to R&D, government agencies and the production network, the number of companies with activities related to biotechnology reached almost 600 in 2006 (an increase of approximately 50% since 2000). There are, on average, 12 biotechnology spin-offs each year deriving from new discoveries in public research laboratories.

The progress of the biotechnology industry also has a direct impact on Spain’s healthcare sector. In 2006, more than 320,000 patients were treated with biotechnology products and of these treatments, more than 50% were assessed as highly successful.

**ICT**

The growth of the ICT sector in Spain has been remarkable in recent times. Companies in this industry have had to innovate and transform their service offerings so as to keep pace of the intensification of competition and fast change in their customers’ needs.

In 2007, the Spanish ICT market totalled €101.3 billion, representing a 5.6% increase compared to the previous year. Of this, almost half came from the Telecommunication Services which remains the strongest sub-sector. The Information Technologies are the 2nd largest sub-sector, mainly due to the increase in the demand of these services from the national and regional governments as well as the increasing adoption of technology and systems by SMEs.

Other sub-sectors such as Consumer Electronics and Digital Content have also experienced a strong growth in recent years.

### 4.12.6 In the UK

**Business and Professional Services** are highly developed in the UK. The UK’s professional services are a benchmark of international excellence with a world-class reputation for accountancy, risk management and tax services, management consultancy, financial analysis, actuarial services, marketing and recruitment.

Key sectors in this market include: accountancy, employment services, legal services, management and marketing consultancy, and office services and supplies. Within these, the UK has identified priority markets in the following areas: outsourcing, IT services, Audit services and Taxation services.

**Creative & Media:** With some of the world’s leading architects, filmmakers, musicians and designers, the UK recognised world over as a hub of established
and maturing creativity. The sector is comprised of the following sub-sectors: design, fashion, music, film, the performing arts, publishing, TV and heritage.

**Education and Training:** The education and skills export sector earns the UK around £28 billion a year, compared to automotive (£20 billion), financial services (£19 billion) and healthcare (£14 billion). Around 70% of this comes from the sale of education and training services; the balance is made up from broadcasting, publishing and sales of education equipment. The UK is a world leader in the manufacture and supply of learning resources and English language training.

**Financial Services:** The UK competes with the US for the title of the world's leading international financial centre, with more overseas financial institutions and investors choosing to do business in and with the UK than any other country. High priority markets for the UK's financial services include China, India, Russia, US and The Gulf Cooperation Council (GCC) States.

**Insurance and Reinsurance:** The UK insurance industry is the largest in Europe and the second largest in the world, accounting for 11% of total worldwide premium income. It dominates the global market for internationally-traded insurance and reinsurance, providing an unrivalled concentration of underwriting expertise and earning nearly 25% of its revenue from overseas markets. The sector has a diverse business profile including the provision of aviation and maritime insurance, general insurance, life assurance, pensions and long-term savings, annuities, health insurance and investment products. Many companies choose to base their insurance operations in the UK because of its effective regulation, strong capital base, depth of talent and skills, innovative products and use of technology that enable it to service the global market.

**ICT Sector:** The ICT sector employs around one million people, accounts for some £66 billion or 10% of UK's GDP and is one of the fastest growing sectors of the economy. The UK is considered the most successful location in the EU for software companies and accounts for 28% of total investment in the EU. It has some of the world's leading players in software, and almost every major multinational ICT company has a presence in the UK whether as an R&D operation, a logistics distribution network or sales and marketing operation. It is also home to more than 100,000 smaller, specialist software companies.

A major factor in providing a conducive environment for ICT innovation and connectivity is a sophisticated domestic market which drives demand for products and service capability. The needs of global financial and professional services organisations in the UK act as a stimulus for ICT firms to develop the best tools to support the growth of their clients.

**Legal Services:** The breadth of expertise in legal services makes a major contribution to the UK economy, having generated £16.6 billion or 1.4% of the UK's gross domestic product in 2006. There were nearly 320,000 people employed in legal services in 2007, while overseas earnings of law firms in the UK totalled £2,970 million, more than three times the level of a decade earlier.

The largest international law firms are leading advisers in deals taking place in international capital markets, including mergers and acquisitions, financing and refinancing, and private equity. Smaller firms also often have experience in
Leisure, Tourism and Sport: The UK has identified the main opportunities in areas where UK companies have traditionally been successful, namely: tourism consultancy, leisure and sports equipment, the garden sector, equestrianism, theme parks/attractions and crafts. UK companies also deliver a range of specialist services for global sports events, from planning and design through to construction and event management.

Environmental & Power Services: The strengths of this sector lie in the areas of advisory services, equipment supply, technical consultancy, and power station operation and management. The UK has a wide and growing capability in the field of renewables, clean coal technologies, and CO₂ sequestration and storage; and London is the leading financial centre for Emissions Trading. The sector is also proactive overseas, and numerous international activities are being generated by the UK’s experience of managing the major changes to its own domestic market (including electricity reform and environmental improvements).

Transportation - Ports & Logistics: The transformation of the UK ports industry in recent decades has resulted in world class facilities with leading edge technology and the capabilities to meet the threat of terrorism and climate change. As countries across the globe have seen the results, there has been growing demand for the services of the British ports sector to repeat this success elsewhere. UK companies are therefore now exporting skills in all of the component areas of the ports sector, from the development of ideas and models through to planning, management, financial services, education, training, equipment, design and maritime security.

4.13 Priorities of Selected EU Member States for Inward and Outward Investments

4.13.1 France

Inward Investment to France

Priorities sectors for attracting inward investment

The Invest in France Agency does not publicly aim to promote investments into specific sectors more than others. Notwithstanding, the tone and selection of success stories indicates that the focus lies in new high technology investments (e.g. in life sciences and environmental sciences) as well as in job-creation in the manufacturing sector. It is important to note that the latter has suffered significantly in terms of job losses due to the period of high euro exchange rates and also the increasing emergence of China as a global manufacturing powerhouse.
Priority sectors for outward investment

The French economy is highly internationalised both through its international FDI (2nd in international capital stock) and its export presence (6th worldwide)\(^{57}\). Compared to other EU countries, France’s export structure is skewed towards larger companies\(^{58}\) and larger goods (e.g. aircraft, civil engineering / capital goods).

*Structure of French external trade April 2009 – March 2010*

The bulk of exports from France (63%) goes to other EU countries; and of the remaining volumes, 24% heads to the Americas (almost 9% of its total exports)\(^{59}\).

*Exports by destination (April 2009 – March 2010)*


\(^{58}\) The largest 1000 companies represent 70% of exports. Trésor-Eco, No 54, 3/2009

\(^{59}\) March 2010 French customs information (12 month rolling data).
As far as trade in goods are concerned, the French economy is particularly strong in aerospace, beverages, pharmaceuticals, cosmetics and automotive supplies. Regarding services exports, France is better-placed than in trade based exchanges, being the 4th services exporter world-wide in 2008.

![France 2007: the 10 most competitive sectors](image)

The largest export services in 2008 were transport & travel (€65billion), business services (€23billion), and intellectual property (€6.5billion).

Priority countries for outward investment

French FDI flows go predominantly to well-established trading partners such as the other EU countries and other large trading partners like USA, Japan and Switzerland. Less than 10% of FDI in 2008 flowed to other regions, including the BRIC countries (Brazil, Russia, India, and China).

![Geographic destination of French FDI outflows](image)

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4.13.2 Germany

Inward Investment to Germany

Priorities sectors for attracting inward investment

Inward investment in Germany is spread across numerous sectors, with foreign companies already investing in 39 different sectors – underlining Germany’s highly diversified economy.

Most new investment projects have been realized in the ICT & software industry (21% of projects). Business and financial services follows (16%), while automotive and industrial machinery & equipment are close behind (13%). The leading business activities were was sales, marketing & support, which accounted for 32% of all projects.

![Graph showing FDI Project Share in Germany by Sector 2003-June 2009](image)

Source: Germany Trade & Invest: Germany’s Business Environment, April 2010

In terms of governmental promotion of inward investment for specific sectors, Germany has been more hands-off than other EU countries. Some areas however garner significant state support, in particular renewable energies and clean technologies which have enjoyed long-standing promotion through favourable purchasing conditions for the generated renewable energy.

It is fair to say that the geographically-based promotion of investment in Germany is more pronounced than sector-led promotion; and particular incentives are available for the creation of industries and jobs in the structurally weaker “Länder” of eastern Germany. For example, EU Structural Funds are available for the
promotion of investment in these areas, providing they fall within the following key target areas defined by the EU:

- “Convergence Regions” which require comprehensive support in order to bridge the gap with well-developed regions in Europe; and
- “Regional Competitiveness and Employment Regions” that receive assistance to maintain and expand their economic competitiveness levels.

Germany comprises both target regions. Western Germany has largely been defined as a “Regional Competitiveness and Employment Region”, whereas eastern Germany is classified as a “Convergence Region.” Both areas are eligible for a broad variety of public financial support programs.

61 Investment Guide to Germany, Germany Trade and Invest, February 2009.
Outward Investment from Germany

Priority sectors for outward investment

In 2003, Germany overtook the USA to become the global leader in terms total export value. It was only in 2009 that it was surpassed by another country – China62.

Germany’s exports are driven by exports of machinery, electrical products and vehicles. Combined, these represented 47% of its total exported value in 2009.

**German exports by type of goods, 2008**

<table>
<thead>
<tr>
<th>Type of goods</th>
<th>EUR bn</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery, electrical products and vehicles</td>
<td>471.1</td>
<td>47%</td>
</tr>
<tr>
<td>Other finished goods</td>
<td>95.0</td>
<td>10%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>145.8</td>
<td>15%</td>
</tr>
<tr>
<td>Intermediate products</td>
<td>137.1</td>
<td>14%</td>
</tr>
<tr>
<td>Foodstuffs</td>
<td>38.2</td>
<td>4%</td>
</tr>
<tr>
<td>Energy (electricity, oil&amp;gas, coal)</td>
<td>25.4</td>
<td>3%</td>
</tr>
<tr>
<td>Raw materials</td>
<td>17.9</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>64.4</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>994.9</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: German statistical yearbook, 2009 (summarised)*

Exports of German’s Services

Although Germany is generally more associated with the export of manufactured goods, it has become the third largest exporter of services in the world63. In 2005, it exported services to the value of more than US$140 billion – with only the US and the UK exporting more.

In some sectors, such as postal services, Germany is the world leader. For others – such as transport services, logistics, financial services or telecommunications – it occupies 2nd position worldwide and its enterprises are among the most important global providers.

However, it is felt that the growth potential of the German services sector has not yet been fully exploited. This can be seen from the fact that the share of service exports in overall exports stands only at 15% in Germany, compared for example to 30% in Britain.

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62 [http://www.dw-world.de/dw/article/0,2340069,00.html](http://www.dw-world.de/dw/article/0,2340069,00.html)
Priority countries for outward investment

Although the majority of its trade is within the EU single market (64% of value), it has a broad-based export profile in terms of geographic destination.

**German exports by destination, 2008**

<table>
<thead>
<tr>
<th>Geography</th>
<th>EUR bn</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>633.0</td>
<td>64%</td>
</tr>
<tr>
<td>Other Europe</td>
<td>47.6</td>
<td>5%</td>
</tr>
<tr>
<td>NAFTA</td>
<td>84.6</td>
<td>9%</td>
</tr>
<tr>
<td>BRICs</td>
<td>83.3</td>
<td>8%</td>
</tr>
<tr>
<td>ASEAN (South-East Asia)</td>
<td>15.6</td>
<td>2%</td>
</tr>
<tr>
<td>Japan</td>
<td>12.8</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>118.1</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>994.9</td>
<td>100%</td>
</tr>
</tbody>
</table>

While German companies continue to prioritise other EU countries, North America and to an increasing extent, Asia, for investment, they have more recently also begun to focus on Central and South America. As a result, between 2005-2008 capital stocks in Central America grew from €9.9billion to €11billion (+3.6%p.a.) and in South America from €10.9billion to €12.6billion (+4.9% p.a.).

**Destinations of German FDI, 2008**

<table>
<thead>
<tr>
<th>Geography</th>
<th>EUR m</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU-Eurozone</td>
<td>379,777</td>
<td>44.7%</td>
</tr>
<tr>
<td>EU-Other</td>
<td>166,034</td>
<td>19.5%</td>
</tr>
<tr>
<td>Other Europe</td>
<td>57,574</td>
<td>6.8%</td>
</tr>
<tr>
<td>Africa</td>
<td>5,174</td>
<td>0.6%</td>
</tr>
<tr>
<td>USA and Canada</td>
<td>153,059</td>
<td>18.0%</td>
</tr>
<tr>
<td>Central America &amp; Caribbean</td>
<td>11,077</td>
<td>1.3%</td>
</tr>
<tr>
<td>South America</td>
<td>12,598</td>
<td>1.5%</td>
</tr>
<tr>
<td>Middle East</td>
<td>2,692</td>
<td>0.3%</td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>8,918</td>
<td>1.0%</td>
</tr>
<tr>
<td>China</td>
<td>17,999</td>
<td>2.1%</td>
</tr>
<tr>
<td>India</td>
<td>4,266</td>
<td>0.5%</td>
</tr>
<tr>
<td>South East Asia</td>
<td>23,666</td>
<td>2.8%</td>
</tr>
<tr>
<td>Other Asia</td>
<td>301</td>
<td>0.1%</td>
</tr>
<tr>
<td>Australia</td>
<td>7,053</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>850,388</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Deutsche Bundesbank, Bestandserhebung über Direktinvestitionen, April 2010
4.13.3 Ireland

Inward Investment to Ireland

The success of the country’s inward investment policies is evidenced by the fact that approximately 1,000 foreign-owned companies have chosen to establish bases in Ireland.

Priorities sectors for attracting inward investment

IDA Ireland has selectively targeted certain areas of industry, in particular, those which produce sophisticated and high value products and services. These also offer the best growth potential and the best prospects of generating long-term sustainable employment in Ireland, and include: pharmaceuticals, biopharma and healthcare; e-commerce; Information and communications technology; software; and internationally traded services, notably financial services, customer contact centres and shared services centres.

Within services, the priority industries identified by the Irish Government for investment are: international financial services; environmental services; tourism & travel; ICT services (incl. software development; international trading services – education, transport, business services; and telecommunications, internet, media & entertainment. (“TIME” as grouped by Enterprise Ireland). Within these sectors, factors considered critical to the success of their growth include: costs, regulations, skills, innovation and R&D, trade and enhanced public sector collaboration.

Outward Investment from Ireland

Despite the current challenges facing its economy, Ireland’s exporting sectors continue to perform well. In the face of the first decline in the global economy in sixty years, Ireland’s exporting sectors are proving remarkably resilient.

Priority sectors for outward investment

Having established itself as one of the world’s leading service economies; Ireland continues to be one of the biggest exporters of services globally. In 2008, exports of Irish-owned services companies amounted to €1.6 billion, a 16% increase on 2007. The Economic & Social Research Institute forecasts that by 2025, total services could account for over 70% of Irish exports and for nearly 80% of its GDP.

The Irish Government believes that the Irish economy must continue to be export-led, and its intention is to grow the service sectors of its exports. It has therefore identified a number of sectors with significant export potential, including construction, insurance, payments, environmental services, healthcare, travel, e-learning, web 2.0, education, business process services and fund administration.

Priority countries for outward investment

Irish companies have traditionally exported to the United Kingdom (First Flight UK), the United States of America, Canada, Australia & New Zealand.

Most recently, this list has expanded to include emerging markets in the developing countries of: Brazil, Mexico, Qatar, United Arab Emirates, Kingdom of
Saudi Arabia, China, India, South Korea, Japan, Indonesia, Malaysia and Eastern Europe & EU Accession States (Russia, Poland, Baltic States, and Hungary).

Enterprise Ireland (EI) has produced publications for specific Irish industry sectors to support their companies entering or trading with these markets. It also produces an electronic newsletter called *The Market* which provides updates to its readers on trends, developments and business opportunities overseas.

The targeted developing countries do not include any CARIFORUM countries and is based on the countries with sizeable markets that are growing despite the global downturn.

### 4.13.4 The Netherlands

**Inward Investment to the Netherlands**

As far as the degree of trans-nationality of host economies was concerned, the Netherlands ranked fourth on the index of developed countries\(^{64}\). On the inward FDI index, the Netherlands ranked high in terms of FDI potential and performance. This can be an indicator for the attractiveness of the Netherlands as a receiving country of inward investments.

In 2007, the Netherlands ranked tenth on the list of most competitive economies, according to the annual rating of the Swiss Institute for Management development (IMD). Positive factors include the economic growth of the country, low inflation, and structural reforms by the government of the labour market and legislation.

In its effort to keep the Netherlands an attractive location for companies, the government is gradually reducing the corporate tax rate. Effective 1\(^{st}\) January 2007, the corporate tax rate was further reduced - from 31.5% to 25.5% - making it lower than the national average of the EU-27 and below the average of the EU-15 (29.5%). Even lower rates apply for small firms with a profit below €60,000.

**Priorities sectors for attracting inward investment**

According to the Netherlands Foreign investment Agency website [www.nfia.com](http://www.nfia.com), the priority sectors for investment identified by the Dutch Government include:

- ICT (including nanotechnologies and genomics)
- Life Sciences with Biomedicine
- Customer Call Centres
- Telecommunications
- Shared Service Centres

In addition to the Netherlands being a popular location for their plants, chemical companies are increasingly establishing their European head offices there as well as locating shared services and/or customer care centres there for European-wide

activities. The former is predominantly driven by the Netherlands’ favourable financial policies for internationally operating companies; and the latter results from the country's cost-effective communications system and its multilingual population.

**Outward Investment from the Netherlands**

In 2008, the Netherlands was ranked as the EU’s 2nd largest exporter (after Germany). Given its relatively small size, this illustrates the importance of exporting to its economy.\(^{65}\)

The Port of Rotterdam in the Netherlands is Europe's largest seaport, strategically positioned on the world’s busiest sea and an important distribution point for products going all over inland Europe. It also has a busy petrochemical industry and several oil refineries\(^{66}\).

As a result of the reduced global trade, exports from the Netherlands suffered severely. Including re-exports, they fell by 16.7% in 2009; and domestically-produced exports by as much as 17.75% in 2009. Notwithstanding, exports are expected to remain at 2009 levels by the end of 2010\(^{67}\) and thereafter increase steadily as the world economy rebounds.

**Priority sectors for outward investment**

Dutch exports are currently estimated at $537.5 billion, mostly consisting of minerals, fuels, chemicals, machinery and transport equipment, processed food and tobacco, as well as agricultural products.

**Off-shoring**

Although The Netherlands is one of Europe’s most important location for call and service centres, there is a movement of companies or parts of companies - Dutch and international - to re-locate from the Netherlands to another destination in a third country. In 2005, the Dutch Ministry of Economic Affairs conducted a survey regarding the trends in off-shoring and offshore outsourcing\(^{68}\). At the time, the majority of respondents (84%) indicated that they were not planning to offshore activities, more than 9% did offshore business activities and about 6% of the respondents were planning to do so. Examination of the types of activities involved revealed that companies most commonly off-shored ICT (11.4%), followed by banking and insurance (7.6%), publishing and printing (7.2%), transport (6.0%) and postal and telecommunications (2.3%).

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Another study completed the following year\(^{69}\) revealed that 20.55% of Dutch service companies were not involved in off-shoring but they intended to start within the next three years. They cited their most important reasons for engaging in off-shoring activities as increasing and maintaining their competitiveness in the future. Other motives included cost savings as well as their plans to enter new markets. Captive off-shoring was the preferred form of off-shoring; and in terms of activities that Dutch service firms were planning to relocate in the future, they most frequently mentioned operations, technology development and sales.

**Priority countries for outward investment**

The Netherlands’ major trading partners for its exports are EU (76%), Germany (24.2%), Belgium (12.6%), China (1%), United Kingdom (9.2%), and U.S. (4.5%).

The Netherlands Foreign Investment Agency promotes the country for foreign investment purposes and has established offices in France, Germany, Romania, Russia, Turkey, Brazil, India, China, Mexico and the USA. This indicates that these are the countries the Netherlands considers priority for doing business with.

**Off-shoring**

According to the afore-mentioned 2005 study, the top three destinations for off-shored activities of all researched sectors were Middle and Eastern Europe, Western and Southern Europe, and Asia. Low-cost countries dominated as offshore locations. [Note: CARIFORUM did not feature at the time of that study but recently there have been efforts by Suriname to attract Dutch companies to relocate there\(^{70}\).]

The subsequent 2006 study found that companies are looking at South/Eastern Asia as their prime offshore location for both captive and offshore outsourcing activities. This was followed, in turn, by Central Europe and Western Europe. Only those who envisaged engaging in both types of off-shoring gave Central Europe most frequently as their preferred destination – followed by South/Eastern Asia and subsequently by South America and Western Europe.

The fact that captive off-shoring is dominating the offshore behaviour indicates that a majority of companies choose to relocate their business activities to foreign locations under direct control. This trend will continue in the future and will have an effect on the FDI outflow of the Netherlands. To date, developed countries in Western Europe are leading in attracting captive off-shoring activities; and main competitors in the future are South/Eastern Asia and Central Europe.

For offshore outsourcing, cost savings is the most important driver for relocating business activities to foreign destinations (i.e. countries compete on costs in order to attract offshore outsourcing activities of service firms). Most of the off-shored activities are core activities.


\(^{70}\) [www.FinanceSuriname.nl](http://www.FinanceSuriname.nl)
4.13.5 Spain

Inward Investment to Spain

In 2008, inward FDI placed Spain as the 8th largest in the world and the 6th largest in Europe\textsuperscript{71}. There are currently more than 11,100 foreign companies located in Spain, in all sectors, and including a number of Fortune 100 companies. These companies employ over 1.321 million people - 6.6\% of Spain’s total workforce.

Priorities sectors for attracting inward investment

As indicated in previous sections, tourism and real estate have traditionally been very important industries in Spain. In light of the negative impact of the recent global financial crisis on both (and particularly on real estate)\textsuperscript{72}, the Spanish government is particularly keen to attract investment into these industries. Not only would this stimulate growth at a national level, it would do so in a way that would have immediate positive effects on the country’s local economies.

In addition to these traditional sectors which, in turn, depend on a strong construction industry, Spain is promoting itself in newer sectors such as\textsuperscript{73}:

- Aerospace
- Automotive & Transport
- Biotechnology, Pharmaceuticals & Life Sciences
- Environmental incl. Water Treatment
- Renewable Energies
- ICT
- Renewable Energy
- Logistics & Infrastructure
- Agro-Food

Spain’s most important trade partners for imports are as follows (by \% share of its total trade)\textsuperscript{74}: Germany (14.5\%), France (11.1\%), Italy (7.4\%) and China (6.2\%).

Outward Investment from Spain

Trade is a key element of the Spanish economy. Hit hard by the global financial crisis of 2007, Spain’s economy entered recession during the 3\textsuperscript{rd} quarter of 2008. As a result, the level of its exports declined to a low of US$215.7 billion in 2009 (cf. approx. US$285.9 billion in 2008)\textsuperscript{75}.

\textsuperscript{71} World Investment Report, UNCTAD (2008)
\textsuperscript{72} Spain Economy Watch, 2008. Spain Economy Watch: \url{http://spaineconomy.blogspot.com/2008/12/spains-services-sector-continues-to.html}
\textsuperscript{73} For further details, see \url{www.investinspain.org}
\textsuperscript{74} CIA reports, 2009, in Economy Watch, 2010, as above.
\textsuperscript{75} Economy Watch (2010): \url{http://www.economywatch.com/world_economy/spain/export-import.html}
Notwithstanding, Spain’s prospects for exports are expected to be positive in the future given its previous record. Indeed, data from the Federation of International Trade Associations (FITA) indicate more than 60% increase in Spain’s exports from 2004 (US$185 billion) to 2008 (US$286 billion).

In terms of services, Spain’s exports continue to grow steadily. In 2008, exports of these had reached US$143.6 billion - compared to US$129 billion in 2007 and US$106 billion in 2006\(^{76}\).

**Priority countries for outward investment**

Spain’s most important trade partners for exports are as follows (by % share of its total trade)\(^{77}\): France (18.3%), Germany (10.6%), Portugal (8.7%) and Italy (8%)

On account of its history and geographical position, Spain has traditionally been considered the mediator between the countries of the Americas (North, Central and South America and parts of the Caribbean) and the European Union. These unique historical, linguistic and cultural linkages with Spanish- (and Portuguese-) speaking countries provides Spain with distinct advantages to access a market of over a billion people.

Spain has also positioned itself as a key linkage between Europe and Africa, particularly North Africa. It has signed bilateral treaties with many countries in Africa and the Middle East, including 15 double taxation agreements and 14 agreements for protection and promotion of reciprocal investments.

Spain, which controls the Canary Island group off the West Coast of Africa, has established the *Canary Islands Special Zone (ZEC)* there as a special hub for trade and investment with African countries. The Canary Islands offer investors the following benefits: strategic location, especially as this is the furthest southern border of the EU; strong historical and commercial ties with Africa and Latin America; support of the Canary Islands’ Government and the EU; qualified workforce and high productivity; excellent communications and services infrastructure; logistics platform to Africa and Latin America; and Europe’s most advantageous tax regime (4% corporate tax).

As a result of Spain’s efforts to diversify away from its traditional EU and Americas markets, its trade increased substantially between 2004-08 with Asia, Africa and the rest of the world\(^{78}\). Other countries with rapid growth that are of interest to Spain include Algeria, Russia, UAE, OPEC, Brazil, India and Morocco.

In terms of services, Spain exports to two main markets: the EU and the wider international market (especially Latin America and the Caribbean). In the context of the EU, its exports of services is based on Article 49 (freedom to provide services) and Article 43 (freedom to establish a business) of the European Treaty. For its wider international market, exports of services from Spain to Latin

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\(^{76}\) Federation of International Trade Associations (FITA), 2010: [http://www.fita.org/countries/spain.html](http://www.fita.org/countries/spain.html)

\(^{77}\) CIA reports, 2009, in Economy Watch, 2010, as above.

\(^{78}\) Spanish Ministry of Industry, Tourism & Trade, 2009
American and the Caribbean are regulated by the Free Trade Agreement signed between the EU, Latin America and the Caribbean\textsuperscript{79}.

\section*{4.13.6 The UK}

\subsection*{Inward Investment to UK}

Priorities sectors for attracting inward investment

According to the UKTI, the top sectors for inward investment into the UK for 2008/09 - in decreasing order of importance - were: Software, Advanced Engineering, Business Services, ICT, Life Sciences, Finance, Creative & Media and Environmental Services. These sectors have been leading for 3-4 years, and so it is anticipated that they will continue to be the UK’s priority sectors for attracting future inward investment into the country.

Priorities countries for attracting inward investment

For 2008/9, the UKTI reported the top ten countries providing FDI into the UK from companies (based in said countries) as being: USA, India, France, Germany, Canada, Japan, Germany Australia, China and Ireland.

The UKTI is spearheading a cross-government initiative to maintain the UK’s position as the leading recipient of global investment\textsuperscript{80}. This will include securing the largest share of investment from China and India, of any EU country by 2015.

\subsection*{Outward Investment from UK}

Priorities sectors for outward investment

High growth opportunities for UK companies by sectors in overseas markets have been identified by the UKTI as: Advanced Engineering, Architecture, Design, ICT, Healthcare, Railways, Security and Environment\textsuperscript{81}.

Priorities countries for outward investment

Over the past several years, the top ten recipient countries of outward investment by UK companies have been relatively unchanged. These are, in decreasing order: USA, Netherlands, Luxembourg, Canada, Spain, Ireland, Hong Kong, Sweden, Germany, Switzerland and Australia\textsuperscript{82}.

The UK has however stated recently its desire and intention to focus also on the BRIC – Brazil, Russia, India, and China - group of developing nations as priorities for outward investment. Other developing countries identified as good opportunities by the UKTI for outward investment by UK companies include;

\textsuperscript{79} European Union, Europa, 2010: \url{http://ec.europa.eu/youreurope/business/profiting-from-eu-market/providing-services/spain/index_en.htm}

\textsuperscript{80} “Going for Growth: Our Future Prosperity”, UK Department for Business, Innovation and Skills (2010); \url{http://www.bis.gov.uk/assets/biscore/corporate/docs/g/09-1473-going-for-growth.pdf}

\textsuperscript{81} For more information, see UKTI’s website: \url{www.uktradeinvest.gov.uk}

\textsuperscript{82} Office of National Statistics, Dec 2008.
Mexico, South Africa, UAE, Qatar, Malaysia, Singapore, South Korea, Vietnam, Thailand, Turkey, Taiwan\[83\]. The UK government is active in providing financial support to SME UK companies, by way of subsidies, for them to seek new business opportunities overseas and attend trade fairs and expos. Looking at the pattern of trade missions prior to the global recession in 2008, it can be seen that priority destination markets for British SMEs included those in Eastern Europe, the Far East and Middle Eastern countries.

### 4.14 Framework of Investment Support in Selected EU Member States

#### 4.14.1 In France

**Overall framework of investment support**

Within the context of the “Grand Emprunt\[84\]” (i.e. its National Loan), France has recently undertaken a wide political and expert discussion in 2009/2010 on which sectors to promote. The idea was to issue a bond specifically to promote investment in areas of future development and job growth. Emerging from this, a bi-partisan expert group led by 2 former prime ministers has set the priorities as follows for the use of funds of this bond of €35 billion\[85\]:

- **Higher education and training**: a total of €11 billion has been earmarked for the creation of 5 to 10 higher education campuses of excellence (€7.7 billion); creation of a large new campus for science and technology (€1 billion); the modernization of apprenticeship training centres and the creation of 20,000 additional places at leading boarding schools.

- **Research**: a total of €8 billion has been earmarked to develop research facilities (€1 billion) and laboratories of excellence (€1 billion); research in the vital fields of biotechnology and nanotechnology is being boosted (€850 million set aside to create university hospital institutes); initiatives promoting public research (new €1 billion national fund to promote research) and the Carnot institutes (which provide key support for research partnerships; €500 million) and technological innovation (through technological research institutes, which have been allocated €2 billion).

- **SMEs and the industrial sector**: €6.5 billion have been earmarked to preserve and boost the competitiveness of the aerospace industry (€2 billion), and the automotive, rail and shipbuilding industries (€1 billion). Moreover, €2.5 billion have been earmarked for SME development (including €1.5 billion for the French innovation agency, OSEO, to provide funding for innovative companies, €400 million for start-ups and €500 million to strengthen innovation clusters).

- **Sustainable development**: €5 billion will be added to the €7 billion in government funding allocated every year until 2020 within the framework of France’s “Green New Deal”. This funding will notably provide support for

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83 For more information, see UKTI’s website: [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)
85 Invest in France Annual Report 2009
technological and industrial advances in the renewable and low-carbon energy industries (€2.5 billion), the development of fourth-generation nuclear reactors (€1 billion), sustainable transport and urban planning (€1 billion), and energy-efficient renovation of social housing (€500 m).

- **Digital economy**: a €4.5 billion national digital economy fund will equip France with a very-high-speed broadband network (€2 billion), and develop innovative services, uses and content (€2.5 billion), particularly through the digitization of French cultural heritage.

In addition to the specific investment promotion for technology clusters and to reducing the country’s energy footprint, sizeable job-creating foreign investment projects in other more traditional industries are also likely to be welcomed and supported by incentives (e.g. tax breaks and infrastructure connection) - particularly if they are located in peripheral areas. As with much of Europe, there is considerable political interest in France to stimulate economic opportunities as much as possible and through this, to reduce the still high unemployment levels.

### Specific support for outward investment from France

Governmental support mechanisms comprise:

- Assistance for export activities of French companies
- Support of export jobs - i.e. funding for export-oriented young managers
- Provision of Tax incentives – i.e. tax breaks for export prospecting activities
- Financial support measures:
  - State guarantees for **COFACE**, the privatised export credit insurance scheme (see below); and
  - Support for SMEs by **OSEO**

**COFACE**

The Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE) was founded in 1946 as the French export credit agency. It was subsequently privatized by the government and continued as a commercial enterprise.

Currently, COFACE is owned by the bank group Natixis. It provides guarantees or insurance on accounts receivable, investments, exchange-rate risks arising from

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87 [www.oseo.fr](http://www.oseo.fr)

the sales of commercial goods and services and investments especially for export companies. It manages state guarantees for exports and foreign investments by French corporations and also provides other support services (e.g. bid bonds) for exporters.

**Technical Assistance and the French Development Agency (AFD)**

France has two regional cooperation departments in the Caribbean region. One office is located in Trinidad & Tobago, covering the Greater Antilles; and the other is in St. Lucia, which in collaboration with the General Secretariat of the OECS covers the Lesser Antilles.

The French Development Agency (AFD) has bases in Haiti and the Dominican Republic, and works in several OECS countries from Martinique. Finally, more than ten technical assistants support cooperation projects developed in the region.

At the European level, France is contributing up to 19.55% to the 10th European Development Fund (EDF) which covers the period 2008-2013 and offers for countries in the region more than €700m89.

### 4.14.2 In Germany

**Specific support for outward investment from Germany**

*Kreditanstalt für Wiederaufbau (KfW)*90

The KfW is a large development bank owned by the German state, established under the Marshall plan to distribute the funding for the reconstruction of the German economy. In 2008, the total financing volume of the KfW amounted to €71billion.

The relevant KfW entities for the support of outward investment are:

- **KfW IPEX-Bank** – this is in charge of international project and export finance. The prime focus is on medium- and long-term lending to boost the export economy, to develop economic and social infrastructure and support environmental and climate protection projects.

KfW IPEX-Bank operates as a legally independent subsidiary. With a business volume of around €60billion, it is considered a large credit institution operating on a global scale. Its services range from classic tied export loans to complex project and structured financing transactions in different currencies. It also extends lending based on multilateral collateral security instruments such as:

- Classic export credit insurance by export credit agencies (ECAs); and
- Insurance against political risk (e.g. investment guarantees provided by the German government or MIGA as well as joint financings with the European Investment Bank, EIB)


90 [www.kfw.de](http://www.kfw.de)
• **KfW Entwicklungsbank** – this is the German development bank for financial cooperation with developing countries. This comes into being where long-term capital is lacking, the market is failing or is unable to function adequately. Being a promotional bank which acts on behalf of the German government, KfW Entwicklungsbank assists countries by investing in their economic and social infrastructure, in environmental protection and in financial systems. In doing so, it aims to stimulate technical, economic and institutional innovation. While the KfW Entwicklungsbank has projects in CARIFORUM, notably in renewable energies, it does not maintain a local office. The nearest offices are in Honduras and Nicaragua.

**Technical assistance: Federal Ministry for Economic Cooperation & Development (BMZ)**[^91]

This agency has 3 priority areas for the Caribbean:

1) Promotion of renewable energies to reduce dependency on oil imports;
2) Combating desertification in Haiti and Dominican Republic; and
3) Combating HIV/Aids with prevention programmes

Of particular interest from the investment perspective is BMZ’s renewable energy projects which are jointly carried out with the CARIFORUM Secretariat for the promotion of renewable energies (wind, solar, hydro, biomass) in CARIFORUM countries, in particular through policy implementation assistance and promotion of specific investments[^92]. One of the first successes has been the implementation of a feed-in-tariff in Grenada that has led to the creation of more than 20 solar plants of 10 KWp. Furthermore, several projects have been brought to investing stage: wind parks in St. Lucia and in St. Vincent, 6 hydro projects in St. Vincent, Dominica, Jamaica und Guyana as well as 5 solar pilot projects in St. Vincent und St. Lucia. In this context, the KfW has extended financing offer of US$ 35m.

### 4.14.3 In Ireland

**Specific support for outward investment from Ireland**

The government body which provides advice for export from Ireland is the Department of Enterprise and Trade and Employment. Within this, the Competitiveness, Trade and International Affairs Division seeks to foster the conditions which support enterprise in meeting the challenges and opportunities of an increasingly knowledge-based, globalised and environmentally sustainable economy in the context of its membership of the EU and the World Trade Organisation.

The main focus of this Division is to promote the development of Ireland’s exports to world markets. This is achieved by working closely with State agencies and

[^92]: http://gtz.de/de/weltweit/lateinamerika-karibik/29194.htm
other Government Departments, in particular Enterprise Ireland\textsuperscript{93} and the Department of Foreign Affairs\textsuperscript{94} in the development and coordination of the programme of Ministerial-led overseas trade missions and other promotional events, and assisting in the coordination of inward trade related visits.\textsuperscript{95}

The Irish Government believes that the Irish economy will be export led, and its intention is to grow the service sector of its exports. Through Enterprise Ireland, it provides technical assistance and funding to grow business and develop exports\textsuperscript{96}.

\textit{Funding to explore new ideas/new markets}\textsuperscript{97}: Preliminary funding is available for exploring new ideas/new markets, including Feasibility Studies (Ordinary, CORD, GreenTech Support, EU 7\textsuperscript{th} Framework), assistance for hiring a business mentor, attendance at trade fairs, and consultancy (Strategic, Business Accelerator Programme (BAP) and GreenTech Support consultancy). Also under the objective of funding new opportunities is the programme called \textit{Telecoms Standard Initiative}\textsuperscript{98}.

\textit{Funding for enterprise stabilisation}: The Enterprise Stabilisation Fund\textsuperscript{99} is an initiative aimed at viable but vulnerable internationally trading companies to help them survive the current global downturn by supporting their drive to reduce costs and gain sales in overseas markets and to sustain employment. Sustainable economic recovery is expected to be driven by enterprises focused on increasing their exports of innovative products and services in global markets.

\textit{Funding for start-up companies}\textsuperscript{100}: The \textit{High Potential Start Up Package} matches the financial needs of a new company, providing finance as it gets started and sharing the risk dynamic.

\textit{Funding for R&D}: This is intended to support market-led innovation in manufacturing and services companies through the following five components:

- \textit{Stimulating Research & Innovation}\textsuperscript{101}: Although currently under review, this is aimed at companies that are new to product, process and service development activities. The financial support, including the \textit{R&D Stimulation Grant}, allows companies to explore how research and innovation can drive their future development.

- \textit{The R&D Fund}\textsuperscript{102}: This supports innovation in services, products and processes for companies that are ready to progress to larger projects or

\textsuperscript{93}http://www.enterprise-ireland.com/Exports (accessed 24/05/2010)
\textsuperscript{94}http://www.foreignaffairs.gov.ie/home/index.aspx
\textsuperscript{95}http://www.entemp.ie/trade/bilateral/ (accessed 24/05/2010)
\textsuperscript{96}http://www.enterprise-ireland.com/Grow/Finance/OurFinanceServices.htm accessed 24/05/2010
\textsuperscript{97}http://www.enterprise-ireland.com/Grow/Finance/FundingforExploringNewOpportunities.htm
\textsuperscript{98}http://www.enterprise-ireland.com/Grow/Finance/Telecoms+Standards+Initiative.htm
\textsuperscript{99}http://www.enterprise-ireland.com/AboutUs/Organisation/Enterprise+Stabilisation+Fund.htm
\textsuperscript{100}http://www.enterprise-ireland.com/Grow/Finance/Standardhighpotentialstartupcompany.htm
\textsuperscript{101}http://www.enterprise-ireland.com/ResearchInnovate/R+and+D+in+your+Enterprise/RandD+Stimulation+Grant.htm
\textsuperscript{102}http://www.enterprise-ireland.com/Grow/Finance/R+and+D+Fund+2008.htm
want to set their own research agenda. In particular, it provides assistance for market-led innovation in manufacturing and services companies.

- **R&D Fund: Small Projects**\(^{103}\): This is a provision under the R&D Fund to support product, process or service R&D where the expenditure amount is less than €150,000. This may be companies undertaking R&D for the first time or companies progressing R&D activity in their businesses.

- **Collaboration**\(^{104}\): Companies can also get funding for collaborative research projects with other companies.

- **Innovation Expertise**\(^{105}\): In addition to the financial support outlined above, companies can take advantage of the guidance and expertise of a team of professionals who are experts in building research projects, innovation management and creating value from intellectual property.

**Funding for Expansion**: This is delivered through Enterprise Ireland’s *Job Expansion Fund*\(^{106}\) which is intended to assist its client companies achieve increased employment through increased sales and international trade. There is also a funding line for *Company Expansion*\(^{107}\) which provides support for activities outlined in an expanding company’s business plan, including investment in capital equipment, job creation, the recruitment of key managers, training/management development and R&D.

**Lean Business Offer**\(^{108}\) aims to encourage clients to adopt and imbed lean business principles in their organisation, thereby, leading to increased business performance, productivity and competitiveness.

*Enterprise Ireland* also operates a *‘Going Global’ fund* which is specifically aimed at locally trading companies that have successfully established businesses in Ireland and wish to explore opportunities for selling abroad\(^{109}\). This supports its strategy for the growth of internationally traded services, growing those companies that are already internationalised and actively targeting locally trading companies that have the potential to internationalise.

### 4.14.4 In the Netherlands

**Specific support for outward investment from the Netherlands**

When it comes to providing state financial support, the Dutch government exercises great restraint. After the UK, the state support granted in the Netherlands was the lowest of all benchmarked countries in 2006; and its state support was also low between 2001 and 2005.

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\(^{103}\) http://www.enterprise-ireland.com/Grow/Finance/RandD+Fund+Small+Projects.htm

\(^{104}\) http://www.enterprise-ireland.com/ResearchInnovate/R+and+D+Collaboration/

\(^{105}\) http://www.enterprise-ireland.com/ResearchInnovate/R+and+D+in+your+Enterprise/Expertise.htm

\(^{106}\) http://www.enterprise-ireland.com/Grow/Finance/JobExpansionFund.htm

\(^{107}\) http://www.enterprise-ireland.com/Grow/Finance/FundingforCompanyExpansion.htm

\(^{108}\) http://www.enterprise-ireland.com/Grow/Finance/Lean+Business+Offer.htm

\(^{109}\) “Irish Enterprise - Building for the Future”, Enterprise Ireland.
Where support is provided by the Dutch government, it tends to be done on an as-needed basis.

Whilst the Netherlands does not actively intervene with financial subsidies to support Dutch companies investing or trading overseas, it has set up a service through its Ministry of Economic Affairs to support its companies. The Netherlands Business Support Offices (NBSOs) comprise a network of 19 offices in 10 countries, specifically to support Dutch businesses in their international activities. They are dedicated exclusively to the promotion of Dutch trade and investment, and they are particularly effective in supporting SMEs. Their activities are coordinated by the local embassies, although they have no diplomatic status. The services provided by the NBSOs are free of charge, and include:

**Responding to trade requests:** The first port-of-call to access this service is the Country Officer at the Ministry of Economics Affairs’ EVD headquarters in The Hague. If more specific and detailed local information is required (including information which may be exclusively available overseas), this is subsequently acquired through the NBSO.

**Market scans:** This involves a scan of the potential overseas market for a particular Dutch business, assessing the feasibility of commercialization of its products/services there and whether or not specific regulations exist for such commercialization. Additionally, it provides an overview of trade shows, trade magazines and websites relevant to the particular sector. The purpose of this is to furnish Dutch businesses with information relating to the best representation method in the country concerned (e.g. independent representation, agent, distributor, own office). Subsequently, assistance is provided for the identification and establishment of initial trade contacts. In implementing the rest of the strategy, the NBSO supports entrepreneurs via referrals to both Dutch and local experts who operate commercially.

**Economic missions:** NBSOs support Dutch organisations in planning collective trade activities such as market orientation trips, incoming trade delegations (whether or not under direction of a government official, and whether or not with a separate matchmaking programme) and collective trade show participation. Many of these missions are initiated by cities or provinces.

**Trade Promotion:** Dutch products and services are highlighted and promoted via the targeted mailing of *Made in Holland* magazines to potential overseas trade partners. Furthermore, NBSOs participate selectively in seminars and other activities to promote Dutch business.

**Identification of market opportunities:** NBSOs investigate possible opportunities for Dutch business in overseas markets and subsequently communicate these via short articles on the website [www.evd.nl](http://www.evd.nl) and in the EVD’s monthly publication *Buitenlandse Markten*. In this manner, NBSOs function as the ‘eyes and ears’ of Dutch commerce with respect to overseas markets. Dutch businesses can keep
abreast of these potential opportunities via e-mail subscription to the EVD's messaging service and a free subscription to the monthly publication\textsuperscript{110}.

\textbf{4.14.5 In Spain}

\textbf{Specific support for inward investment to Spain}

\textit{Invest in Spain} has been set up by the Spanish Government as the leading government organization to support foreign companies seeking to set up or expand their business in Spain. It is a one-stop-shop for investors, and offers the following support:

- Comprehensive, efficient and confidential consultation at no cost during all stages of the investment process, from planning and evaluation, to start-up and post-investment services
- Tailor-made reports, analysis and information (such as tax rules, availability of grants and incentives) and help with project cost appraisals.
- Professional guidance e.g. by assigning a dedicated project manager to each project.

The \textit{Technology Fund} is a special provision of the EU’s European Regional Development Fund (ERDF), created to promote business research, development and innovation in Spain for the 2007-2013 period. \textit{Invest in Spain} is involved in the fund’s operational program by promoting the notification of investments with a high degree of R&D and stimulating investment in facilities, equipment, human resources and technology.

\textbf{Specific support for outward investment from Spain}

Although the Spanish Government is pushing very strongly for inward investment from overseas as well as supporting its overseas exports, it does not appear to offer similar support for Spanish companies to venture overseas and make outward investments. Perhaps it takes the opinion that strengthening Spain’s competitiveness in the global market will also – indirectly, and eventually – support the increase of outwards investment from Spain\textsuperscript{111}. It could also be that Spain, being somewhat later in developing its economy than, say, the UK and Germany, has a time lag in terms of many of its companies venturing overseas.

Nevertheless, the Spanish Government has 98 Trade Commissioners in Spanish Embassies around the world to support its trade and investment policy and strategies. These undoubtedly provide a source of support and information for its companies going into such countries.

At present, support to outward investment is most likely to take the form of advisory services and technical support with little prospect of financial support in keeping with EU competition rules. For example, \textit{Invest in Spain} offers a web-

\textsuperscript{110} \url{http://www.hollandtrade.com/business-information/dutch-representatives/nbso/}
\textsuperscript{111} OECD, 2007, Economic survey of Spain 2007: Improving the functioning of goods and service markets: \url{http://www.oecd.org/document/22/0,3343,en_33873108_33873806_37921622_1_1_1_1,00.html}
based matching-making service for business opportunities between companies – either local and/or overseas (www.investinspain.org).

4.14.6 In the UK

Overall framework of investment support

In 2009, the British Government introduced a number of specific measures to assist its businesses. These include deferring planned increases in the Small Companies Rate of corporation tax, extending the Time to Pay Scheme to spread tax payments, and maintaining a higher threshold on tax liabilities for empty properties. In terms of financial support, the Government extended the Enterprise Finance Guarantee scheme for 12 months to enable an additional £500 million of bank lending to SMEs. It will create a new public-private partnership fund to finance growth for SMEs seeking between £2 million and £10 million; and the UK Innovation Investment Fund (UKIIF) will provide a new source of equity capital for high tech firms, including specific support for low carbon industries.

It also established the Strategic Investment Fund (SIF) to support sectors where the UK has proven strengths and/or which are considered to have strategic importance or potential. These include life sciences, digital technology, low carbon and advanced manufacturing, and examples of projects supported by the SIF to date include plastic electronics, modern drug development, advanced composites and industrial biotechnology; low carbon sectors including electric vehicles, nuclear, offshore wind and other renewable energies; and broadband and the digital economy.

Specific support for inward investment to the UK

UKTI provides support to foreign companies looking to set up or expand in the UK by providing a fully integrated advisory service, delivering the latest business intelligence through a global network of commercial teams. Specific services include:

- Key information on regulatory factors, location factors and business opportunities;
- Sector-specific information and introduction to key sector networks;
- Support to build collaborative partnerships with UK businesses and centres of excellence;
- Assisting overseas entrepreneurs to develop innovative UK business opportunities through a bespoke programme (Global Entrepreneurs Programme);
- Continued support to companies once they have established themselves in the UK. This is delivered by UKTI’s Relationship Managers, its regional relationship managers in the UK as well as online.

112 “Going for Growth: Our Future Prosperity”, UK Department for Business, Innovation and Skills (2010); http://www.bis.gov.uk/assets/biscore/corporate/docs/g/09-1473-going-for-growth.pdf
There are very limited, if any, financial incentives offered to overseas companies by the UK Government to set up in the UK as this goes against EU Fair Competition Laws. However, once a company has been set up in the UK, it qualifies for the same benefits, services and funds available to local UK companies. It is also technically possible to access public sector finance from Government approved schemes that are in place at that time.

Currently, the *English Regional Venture Capital Funds (RVCFs)* finance growth companies for amounts up to £500k. The new *Enterprise Capital Funds*, such as the *IQ Capital Fund*, will build on the RVCFs’ encouraging investors to put money into small businesses. Entrepreneurs looking to establish a business in the UK requiring venture capital funding may be able to access UKTI’s *Global Entrepreneurs Programme* to support their business growth plans.

There are also range of tax incentives offered to foreign companies, including tax credits covering areas such as R&D and film production, and capital allowances for investment in plant and machinery.

**Specific support for outward investment from the UK**

The British Government has a well established framework for promoting and supporting outward investment from the UK to third countries, also delivered through the UKTI. In 2009, UKTI was allocated an additional £10 billion to reinforce its work in assisting UK exporters and attracting investors to the UK, with a special focus on emerging markets. Its principal technical support packages available to UK based companies seeking to export are as follows:

*Passport to Export*: This offers new and inexperienced exporters free capability assessments, support in visiting markets, mentoring from a local professional, action plans, customised and subsidised training, and ongoing support once exporting has started.

*Research into New Markets*

- **Overseas Market Introductory Service (OMIS)**: This puts prospective exporters directly in touch with staff in UKTI overseas offices (usually located at British Embassies, High Commissions and Consulates), who are able to provide access to the best country and sector-specific business advice, as well as offering support during business visits overseas.

- **Export Marketing Research Scheme (EMRS)**: This provides export marketing research to obtain intelligence on topics such as: Market size and segmentation; Regulations and legislation; Customer needs, usage and attitudes; Distribution channels; Trends; and Competitor activity, strategy and performance. This is provided at a subsidised rate by the UKTI to UK exporters, and is administered by the British Chambers of Commerce. Companies with fewer than 250 employees may be eligible for a grant of up to 50% of the agreed cost of market research projects.

*Daily Sales Leads and Business Opportunities*: The UKTI, with its team of expert advisers located across the globe, publishes over 400 Business Opportunities across all sectors and in over 100 markets each month for free. These include the following:
• Specific Private Sector Opportunities for non-UK buyers in the private sector looking to source goods/services from the UK;
• Joint Venture, Invest, Co-operative Partnering Opportunities for companies seeking opportunities for manufacture under license, contracting, licensing of intellectual rights, patents, trademarks, joint ventures, sales of businesses and franchises;
• Tenders/Public Sector Opportunities for public and private tender opportunities, including invitations to pre-qualify;
• Multilateral Aid Opportunities for aid projects being funded by organizations such as the World Bank, Asian Development Bank, and the EU; and
• Market Pointers which is provides a "heads up" for exporters on potential opportunities overseas (e.g. early notification of a major construction project...etc.)

Tradeshow Access Programme (TAP): This provides grant support for eligible SMEs to attend trade shows overseas to test markets, attract customers, appoint agents or distributors and make sales. Participation is usually as part of a group of UK businesses as there is normally a great advantage for inexperienced businesses when they exhibit as part of an organised group. The group is led by an Accredited Trade Association that has agreed to help deliver TAP support. In working with Accredited Trade Organisations (ATOs), UKTI seeks to raise the profile of the UK group and the UK sector at specific “key” exhibitions. TAP can also accommodate a smaller number of participating businesses wishing to exhibit at trade shows where there is no ATO-led group, on an independent or “solo” basis. Grant rates vary from £1,000 to £1,800; and £1,000 only for “solo”.

Other support measures for exporters
At the end of 2009, the British Government also put forward a package of package of 19 substantive measures to reduce burdens on international traders\(^{113}\). These included an enhanced role for the UK Border Agency in facilitating co-ordination between border regulators; plans to give new impetus to the International Trade Single Window project to create a single electronic platform covering all trade regulatory clearances and which could deliver estimated annual savings to business of between £100 million – £200 million once completed; the Letter of Credit Guarantee scheme which effectively insures UK exporters from default by viable customers; and the Export Credit Guarantee Department’s Fixed Rate Export Finance scheme, which was extended until March 2011. As these measures are intended to make trade more attractive to UK export-oriented companies – and particularly those which are new to international markets – it is clear that the British Government is keenly interested in expanding the country’s export capacity.

\(^{113}\) “Simplifying Trade Across UK Borders: A Plan of Action”, UK Department for Business, Innovation and Skills (BIS) and HMRC (2009); [http://www.businesslink.gov.uk/simplifyingtrade](http://www.businesslink.gov.uk/simplifyingtrade)
The UKTI’s interest in assisting UK companies to export is not only to increase their market share but also because their recent research has shown that companies which sell overseas are more likely maintain their competitive edge – improving their productivity, innovation and financial performance as well as increasing the commercial life span of their products and services. Their findings also indicated that firms which continued to export were more than 11% likely to survive. For several reasons, the UK’s export sector is regarded as an important contributor to the country’s economy.

4.15 Existing Business Linkages between Selected EU Member States & CARIFORUM

4.15.1 Between France and CARIFORUM

Track record of inward investment by CARIFORUM to France
The inward investment numbers by CARIFORUM enterprises in France is currently quite small. As it is not separately stated in the Banque de France’s inward investment statistics, no figures were obtained.

Track record of outward investment from France to CARIFORUM
A number of large French enterprises are present in CARIFORUM markets: Air France, Alstom (transport engineering), Bouygues and Vinci (civil construction) and Total (oil & gas, petroleum product retail). Additionally, with the Caribbean being a prime tropical tourist destination worldwide with more than 12m visitors, several French companies have a significant presence there too – e.g. Accor and Club Med114. That said, the limited number of French enterprises in CARIFORUM and their general trade activity point to the fact that their total FDI into the region is still relatively small.

Data was available for the following Caribbean countries:

Jamaica
French companies are present in the construction of infrastructure, petroleum retail and cement. The French FDI is said to represent only a small share of the country’s total FDI inflows of US$ 870m in 2007115.

Trinidad
A French consortium comprising Bouygues, Alstom and RATP (Paris underground) will build, operate and maintain the express train network for the island of Trinidad, with a total contract value of an initial US$ 70m116.

116 http://www.theengineer.co.uk/news/trinidad-chooses-trinitrain/305605.article
Dominican Republic  In 2007, the French market share of exchanges was very low representing 1% of the Dominican exports and 0.6% of their imports 0.6%. However, a French consortium comprising Alstom and Thalès obtained significant contracts in the construction of the Line 1 of the Santo Domingo underground rail network that was completed in 2009.

4.15.2 Between Germany and CARIFORUM

Track record of inward investment by CARIFORUM to Germany
The inward investment numbers by CARIFORUM enterprises in Germany is also believed to be currently quite small. Again, it is not separately stated in the Bundesbank’s (German central bank) inward investment statistics\(^{117}\).

Track record of outward investment from Germany to CARIFORUM
There is little specific information publicly available on the investment by German enterprises in CARIFORUM. In general, German investment in the area is focused on major countries in Central and South America.

At the end of 2008, the investment of German companies in CARIFORUM comprises EUR 220m (with Barbados being the largest recipient with EUR 165m).

<table>
<thead>
<tr>
<th>Country</th>
<th>EUR m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahamas</td>
<td>39</td>
</tr>
<tr>
<td>Barbados</td>
<td>165</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>17</td>
</tr>
<tr>
<td>Other CARIFORUM</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>221</strong></td>
</tr>
</tbody>
</table>

Source: Deutsche Bundesbank, Bestandsershebung über Direktinvestitionen, April 2010

The Germany–CARIFORUM trade data shown in the table below can be used as a rough indicator of the potential for future investment flows from Germany. It is important to remember however that German exports comprise a high proportion of machinery and durable consumer goods, and so relatively high trade volumes are not necessarily correlated with a need for local investment.

\(^{117}\) Deutsche Bundesbank, Direktinvestitionen lt. Zahlungsbilanztstatistik, April 2010
4.15.3 Between Ireland and CARIFORUM

Track record of inward investment by CARIFORUM to Ireland

From the perspective of businesses in CARIFORUM, Ireland alone is a small market. However, it does have potential to provide access to the wider European (esp. eurozone) markets, especially as English is a shared common language between Ireland and most countries in CARIFORUM.

No data on the inward investment by CARIFORUM enterprises into Ireland was found, even after significant research into the matter.

Track record of outward investment from Ireland to CARIFORUM

A recent substantial example of a successful Irish enterprise investing in the CARIFORUM region was the establishment and expansion of the Digicel Group. The company was initially established in Jamaica as a start-up in 2001 and has expanded to operate in over 26 countries worldwide - mostly in the wider Caribbean and Central America. In recent years, Digicel has expressed its intent to develop a global headquarters in Kingston, Jamaica, with an investment of US$10 million. In 2009, the company was estimated to be valued at over US$1 billion.

The Digicel story is clearly an exceptional case of how inward investment into a small country can lead to a substantive global and world-class operation.
Interestingly the sector involved – telecommunications – is a service sector in which Ireland had (and continues to have) well-known competitive advantages.

Saongroup.com is a privately owned Irish holding company (main shareholders Denis O’Brien and Leslie Buckley) for a range of market leading on-line recruitment advertising sites in Ireland (Irishjobs), UK (myjobgroup.co.uk) and Caribbean (Caribbeanjobs.com) amongst others. Caribbeanjobs.com is now offering an online recruitment service to most of the larger English-speaking countries. The size of the investment is not known and it is operating in another service sector – human resource recruitment and consulting. Given O’Brien’s role as founder, shareholder and chairman of the Digicel Group, the presence of Caribbeanjobs.com obviously resulted from Digicel’s connection to the Caribbean.

Fyffes, a more established Irish company (est. 1880’s), is one of the largest tropical produce importers and distributors in Europe. They had significant involvement in trading bananas and other fruit from the Caribbean to the UK and Europe but this has however declined to almost nil activity with the demise of the banana industry in CARICOM countries.

Guinness is another long-established Irish beverage company that has been operating across the Caribbean since about the middle of the 20th century. Notably, they developed a business relationship with the local beer Red Stripe in Jamaica which led to ownership and eventual takeover of that popular Jamaican brand in the 1980’s. However, Guinness itself was subsequently merged with Grand Metropolitan PLC to form Diageo - a portfolio of spirits and alcohol brands - in 1997.

JAMPRO stated that capital inflow investment into Jamaica from UK (“especially Ireland” – their emphasis) accounted for 7% of all investment for 2008/9. However, despite enquiries of JAMPRO representatives as to a break-down or substantiation of this data, further details were not available except to say that some “cottages” (i.e. tourism based accommodation) were developed by Irish entities in recent years. The FDI may also relate in part to the Digicel investment mentioned above. Additionally, Irish food suppliers are also known to supply pork products (tails and trotters) to Jamaica in limited amounts (Jamaican Observer, December 10, 2008).

Regarding the other Caribbean countries, there is anecdotal evidence of SME connections forming between Irish and CARIFORUM counterparts. However, this is again hard to substantiate as specific data does not appear to be either collected or collated.

118 http://www.jamaicatradeandinvest.org/news_561.html
4.15.4 Between the Netherlands and CARIFORUM

Track record of inward investment by CARIFORUM to The Netherlands

The Netherlands is, on paper, an attractive country to receive investment from outside, including from companies in the CARIFORUM market. However, it would appear that little investment is taking place at present from the CARIFORUM countries as evidenced by the paucity of data on this.

The logical source of investment from the region into Holland would come from Suriname - being the sole country with substantial historical and cultural ties with the Netherlands. However, UNCTAD data available does not reveal any significant out-flow investment from Suriname to the Netherlands and any such investment is presumably on a smaller scale through diaspora connections in the Dutch cities of Rotterdam and Amsterdam.

There has been one notable recent case of inward investment of a CARIFORUM-based company into the Netherlands: Jamaica Producers Group (JP), a major Jamaican conglomerate, entered the Dutch market in 2008 through the acquisition of the largest fresh fruit juice producer there AL Hoogesteger Fresh for US$13.4m. Although JP also had a strong presence in the fresh juice market in the UK at the same period of time (2006-8), it had to close down its UK company - Serious Foods (which included SunJuice Ltd) - in 2009 due to significant financial losses from that UK company’s operation. Whilst the fresh juice market is still experiencing a difficult time on account of the global economic downturn, the Dutch company owned by JP Europe is still operating and selling fresh juices into mainland Europe.

There is anecdotal evidence of companies from CARIFORUM exporting products to the European market through the Netherlands, possibly the result of its excellent port and transport infrastructure to access mainland European market and the eurozone. However, detailed data and statistics were not available at time of writing.

Track record of outward investment from The Netherlands to CARIFORUM

There has been a long-standing relationship between the Netherlands and the Caribbean, primarily trading with and investment in its previously colonized islands which now constitute the ABC chain of the Netherland Antilles – Aruba, Bonaire & Curacao – as well as a few other small island territories and Suriname.

In Suriname, the Dutch companies which have invested there over recent decades include Surinaamse Brouwerij N.V. (beverages), Shell Suriname Verkoopmaatschappij N.V. (trading) and Fatum Schadeverzekering N. V. (Insurance).

The larger Dutch multi-nationals such as Philips, Akzo Nobel and Heineken are present in markets across the Caribbean.

Through well-established commercial interactions with UK commerce, the Netherlands also has interests in companies that operate in the English-speaking countries in the region. For example, Shell (Royal Dutch Shell & Transport), Reed Elsevier and Unilever are three companies with joint Dutch and British ownership.
Unilever & Shell have a strong presence in Trinidad in particular; and Shell, as an oil and chemical company, operates across the wider Caribbean including in many CARIFORUM countries.

Another route through which companies from the Netherlands have accessed opportunities to invest or transact business in the wider CARIFORUM has been through acquisition of British companies. For example, Higgs & Hill (a well known British Civil Construction firm with contracts in the Caribbean) was acquired in early 2000’s by the Dutch firm Koninklijke Bam Groep NV, thereby placing it in a good position to engage in the construction services business in the Caribbean.

### 4.15.5 Between Spain and CARIFORUM

**Track record of inward investment by CARIFORUM to Spain**

CARIFORUM enterprises tend to cooperate with Spain in the services sector. In particular, common initiatives have been reported between CARIFORUM countries and Spain:

a) In the tourism industry,

b) In the Spanish real estate industry: investments have been noted by CARIFORUM enterprises.

**Track record of outward investment from Spain to CARIFORUM**

Due to its geographic position and historical and cultural linkages, Spain has a rather easy access to the (Spanish-speaking, in particular) countries of Latin America and the Caribbean.

In terms of CARIFORUM, Spanish enterprises have a track record with the Dominican Republic – the sole Spanish-speaking country in the grouping – in tourism and in the provision of knowledge-based services such as consultancy and information management.\(^{119}\) As of 2008, the largest Spanish investor in the Dominican Republic was *Allegro Resorts Dominicana SA* – hotel operators (UNCTAD WID Country Profile). That said, most of inward investment into the Dominican Republic is from the United States of America.

In the last decade or so, there has been exceptional investment by Spanish hotel chains into Jamaica. As an English-speaking country, this represents a diversification away from the traditional Spanish-speaking markets in the region. To date, four different Spanish hotel chains (*Riu International*, *Fiesta*, *Iberostar* and *Grupo Pinerol*) have built at least 10,000 new rooms in total, in 9 new hotels, and with an investment valued at over US$1 billion. Whilst the Government of Jamaica’s inward investment incentives and its promotional efforts obviously played a role, this wave of investment was strongly encouraged by several other factors: the obvious commercial successes of the Jamaican-based all-inclusives (such as Sandals and Superclubs) in the tourism market there, the shifting ethnic demographics in the US, the growing middle classes of South America as well as

the globalization of the tourism product for outward-bound visitors from the EU market in particular.

These trends bode well too for similar investments of Spanish entities into other non-traditional English speaking markets, and even into the Dutch- and French-speaking countries in the region.

4.15.6 Between the UK and CARIFORUM

Track record of inward investment by CARIFORUM to the UK

Instances of inward investment by CARIFORUM enterprises into the UK have occurred typically in marketing and selling to the large UK Caribbean diaspora populations which are concentrated in the urban metropolitan areas of London, Birmingham, Manchester and others across the UK. As such, the focus of inward investment has been in areas of interest to these diaspora groups: food products, media & entertainment, financial and legal services, and property (real estate) services.

Food products: In the early 1990’s, Port Royal Patties was established in north London by a Jamaican national to make “Jamaica tasting” patties. Its products are now stocked in many outlets of the largest UK supermarket chains - Tesco and Asda. In 2004, Jamaican Lasco Group of Companies of Jamaica Limited - a food, financial, household and personal care and pharmaceutical company - established a factory in Plymouth to manufacture products for the West Indian community in the UK. It withdrew less than two years later, possibly due to inadequate market research and understanding of the UK marketplace.

In 2006-7, Jamaican Grace Kennedy Ltd bought an existing UK company - WT Foods PLC, an ethnic foods producer based in Hertfordshire, UK - to expand its operations there from its historical UK Caribbean Diaspora to the wider, rapidly growing, mainstream market of ethnic food consumers.

Another large and well-known Jamaican conglomerate, Jamaica Producers Group (JP), has an established presence in Wales. It operates a logistics company in the UK, offering full service shipping and logistical service between the UK and the entire Caribbean; and JP Europe continues to operate in the prepared food markets in mainland Europe.

Media Services: GV Media was established after the Gleaner Company (Jamaica) bought the existing leading UK Caribbean newspaper (The Voice) and integrated it into its growing international multi-media strategy (internet, radio, newspaper). This purchase and acquisition occurred in 2004 and the transaction price was believed to have been in excess of 1 million pounds. At the time, it was the single biggest investment made by the Gleaner Company.

Financial Services: For several decades now, some of the largest Caribbean financial institutions (National Commercial Bank, Jamaica National Building Society, and Victoria Mutual Building Society) have established and operated branches in the UK – a form of investment – employing people and playing an important and wider role in supporting the UK Caribbean diaspora community. However, during that time, none of them have been able to function as a full
financial services company (i.e. not a bank) to their customers. Their offer consists of mainly remittance services and providing a link to the “home country” as a representative office.

UK banking regulatory issues appeared to have caused insurmountable issues for NCB in particular when they had considered applying for a UK banking license in the late 1980-90’s.

Tourism Services: Tourism-based companies (notably Sandals & SuperClubs) also have a long-established presence in the UK, although this is limited to managing the marketing and sales functions of their operations. As such, they have small representative offices but importantly spend a significant amount of advertising budget across a wide range of UK media.

Trinidadian and Barbadian companies have a much smaller track record of investment into the UK. Again this tends to be around cultural content – food, entertainment, rum, etc. with companies located in the Caribbean selling their goods and services to, principally, the UK Caribbean diaspora. In addition, there is record (albeit limited) of the largest of these countries’ conglomerates investing in UK companies. For example, CL Financial (Lawrence Duprey) of Trinidad & Tobago invested in a stake in the Scottish Distillers Burn Stewart Distillers Ltd. in the last decade or so, before it experienced its current liquidity problems.

Trade missions from the CARIFORUM region to the UK are not as formalised as the UKTI outward missions from the UK to the (predominantly) English-speaking Caribbean region (further detailed in the following section). There have been several such missions in the past decade or so organised by the national and regional private sector umbrella organisations but hard data regarding their outcomes remains elusive.

Even less outward investment into the UK has been demonstrated by those CARIFORUM countries with limited historical, language and cultural ties with the UK (i.e. the non-English speaking countries of the Dominican Republic and Haiti).

Track record of outward investment from the UK to CARIFORUM

Britain has a long history of substantial trading with the Caribbean region. However in the last three decades or so of the 20th century, the Caribbean has receded in its importance to the UK and vice versa – strategically, economically, militarily, and perhaps even politically. Currently, the Caribbean market is typically not seen as significant in size for any particular sector and is certainly perceived as disparate, fragmented and distant. (For example, it has been grouped with Australasia by UKTI for administrative purposes and is not referred to as CARIFORUM).

That said, certain CARIFORUM countries do stand out as being important to key British companies. The oil and gas industry of Trinidad and Tobago are certainly

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120 Including the Private Sector Organisation of Jamaica (PSOJ) and the Caribbean Association of Industry & Commerce (CAIC)
important to Centrica (British Gas) and BP, and there has been considerable investment in that country by those companies.

Below is a listing of the main UK companies that have invested over the decades, primarily in the larger islands of the English speaking Caribbean.

**Larger International UK Companies – Legacy:** Tate and Lyle; Cable and Wireless (now LIME); Unilever; Colgate; Booker Tate; BAT

**Travel & Tourism:** Virgin Atlantic & Virgin Holidays, British Airways, TUI (Thompson Holidays), Thomas Cook, First Choice, BMI, Monarch,

**Oil & Gas:** BP (British Petroleum); Centrica (BG British Gas); Air BP; Shell

**Financial Services - Accountancy & Consultancy Firms:** Ernst & Young; Price Waterhouse Coopers; KPMG

**Public Works & Government Contracts:** Foster Wheeler; De La Rue; Halcrow; Carillion; Portia;

**Utilities:** National Grid PLC, Severn Trent PLC;

**Media:** WPP Group

In addition to these large world-class companies, there are many other smaller SME businesses and sole traders (some from the UK Caribbean diaspora) which are engaged in business and trading from the UK to the Caribbean region. These tend to operate almost informally although increasingly they will participate in a UKTI trade mission or trade expo to the relevant country\(^{121}\) which may lead to business in that country. These businesses tend to be from service sectors such as education, consulting, ICT, fashion and other culturally-based operations.

Overall exports from the UK to the CARIFORUM region totalled approximately £405 million in 2009. Whilst this was similar to the total export in the previous year, there were notable changes: Antigua-Barbuda, the Dominican Republic and Suriname showed significant % increases in imports from the UK; and the Bahamas and Belize recorded substantial declines.

Finally, remittances by UK nationals to the Caribbean might be considered as a form of “unconventional investment” in the region. This flow of funds from the UK to the Caribbean is worthy of further investigation as regards to conversion into formal and focussed investment.

\(^{121}\) There have been regular overseas SME trade missions from the UK to the Caribbean region over the years, typically to the principal markets of Jamaica, Trinidad & Tobago and Barbados. These tend to be structured as multiple sector and multiple destination trips taking in all 3 countries, with Guyana occasionally being included. However, the UK SME is given the flexibility of opting out of 1 or more destinations on such a trade mission. There is usually only one mission to the Caribbean per year, and the size of trade visit group typically is <15 companies (with a significant percentage of these owned by constituents from the UK Caribbean Diaspora).
4.16 Opportunities identified by Selected EU Member States for Collaborations and Joint Ventures with CARIFORUM

4.16.1 Areas of Potential CARIFORUM-EU Collaboration
In terms of assistance, the EPA text outlines available assistance to the region in the following for areas, as follows:

- Development of the capacity of CARIFORUM firms;
- Development of sector standards and regulatory regimes;
- Building up of CARIFORUM human resources through training;
- Development of equivalent skills and the mutual recognition of skills.

The main areas of recommendation for action, arising from the studies and consultations fall into four key areas, namely: Policy and Infrastructure, Capacity Building, Business Development, and Marketing and Market Support.

4.16.2 Cooperation in Research and Development
The region is interested in promoting cooperation in the following areas:

- Marine biodiversity including the commercialization of the results of research. The campuses of the University of the West Indies, and in particular the Mona campus have, or developing research facilities;
- Phyto-pharmacology and nutraceuticals for the Health & Wellness industry;
- The development and commercialization of renewable energy resources;
- Environment Management, building on the cooperation programme between the Netherlands and the Government of Guyana;
- Tropical medicine.

The region also has a small capacity to sell services in R&D. For example, the Scientific Research Council (SRC) in Jamaica and the University of Trinidad and Tobago are looking at providing services to the regional market and even extra regional market. However, they have very little market intelligence and limited capacity for market development at present.

4.16.3 Between France and CARIFORUM
Based on the existing presence of French firms and the fact that many French firms will already have an operational presence and experience in neighbouring Martinique, Guadeloupe and French Guyana, opportunities for Joint Ventures should exist in the following sectors:

- Hotels and catering, and subcontracted goods and services
- Infrastructure construction and related supply services
- Transport infrastructure construction, operation and maintenance
- Consumer retail
Opportunities with the French FCORs (DOMs / COMs)

France is in the unique situation (also shared, to a lesser extent, by the UK and the Netherlands) to be a direct neighbour of the CARIFORUM countries through its DOMs and COMs.

Map of French DOMs (Départements d’outre-mer) and COMs (Collectivités d’outre-mer)

In theory, based on proximity, these French territories should have meaningful trade with neighbouring CARIFORUM countries. However the historic links with metropolitan France and the effect of past trade barriers are predominant, with only a small part of exports going to the Caribbean. As an example, only 3.3% of Guadeloupe’s exports go to the neighbouring OECS islands\(^{122}\).

While the trade patterns have deep roots and will not change overnight, the fact that the exchanges are currently so low offers an opportunity for growth of trade and investment. France aims also to promote the broader economic integration of the DOMs / COMs in the Caribbean to broaden their economic base and reduce somewhat the dependency on transfers from metropolitan France.

Some initiatives have started, with interesting opportunities being seen by SMEs in these French islands. The exchanges are being promoted by the organisation of trade fairs (Forum for trade with CARIFORUM countries in May 2007 in Guadeloupe, and delegations of business leaders from the French islands to Haiti in 2007)\(^ {123}\). Also, through operations in Martinique and Guadeloupe, many larger French companies have experience operating in and out of Caribbean island environments and could be approached as trade and investment partners.

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122 [www.laguadeloupecaraibe.fr](http://www.laguadeloupecaraibe.fr) - Initiative for Guadeloupe’s regional integration. OECS comprises Antigua and Barbuda, St Kitts and Nevis, Dominica, Saint Lucia, St Vincent, Grenada and Montserrat.

4.16.4 Between Germany and CARIFORUM

Based on the general structure of the German economy and on existing initiatives of German companies, the following are likely opportunities for joint ventures between CARIFORUM companies and German companies:

- **Tourism** – this sector has to be a major opportunity as Germany is one of the largest providers of visitors in the world, who spend of EUR 58 billion (2006) abroad\(^{124}\). There are already large numbers of German visitors, in particular in resorts in the Dominican Republic, but there certainly would be potential to further expand and broaden the destination base, as only 7.6% (2004) of German holidays are currently taken outside of Europe (representing nevertheless 7.9m trips).

- **Renewable energies, incl. operational and maintenance services** – Renewable energies, an area of particular expertise of German companies, shows considerable promise given Germany’s ambitious renewable energy initiative (described in earlier sections) as well as the conditions in the region which favour the development of alternative energies (e.g. meteorology, high cost of alternative sources of energy). The areas that joint ventures could address would be engineering, procurement and construction (EPC) of solar and wind parks, as well operations, surveillance and maintenance (O&M) of the plants. Of note is that German renewable energy development companies and the highly developed German investor base for these projects are looking increasingly to overseas opportunities worldwide as the European markets for new solar / wind plants mature.

4.16.5 Between Ireland and CARIFORUM

Political, social and commercial linkages between CARIFORUM countries and Ireland have not been historically strong. Even today, Ireland does not have embassies in Caribbean countries and relations are handled from New York or Ottawa (although there is representation in Trinidad & Tobago by way of an Honorary Counsel). Whilst *Enterprise Ireland* has 31 offices overseas, none of these are either located in, or serve directly, the Caribbean Region. On contacting the trade representatives in the Irish Embassy in London, no data was available on trading between Eire and any of the CARIFORUM countries. Furthermore, direct air and shipping links from Ireland to the Caribbean region are still not significant, and routing continue to be through the metropolitan areas of the UK.

That said, the Caribbean and Irish diaspora communities have interacted across the UK (and particularly in London) since the latter half of the 20\(^{th}\) century. Additionally, there has been increased tourist traffic between Ireland and certain Caribbean countries in recent decades – and, therefore, greater Irish exposure to these markets. Ireland therefore already has an awareness of the region – and a few of its companies have some presence, limited though it is, in different

\(^{124}\) Destatis, Dienstleistungsbereich, Datenreport 2006
countries in the Caribbean. Successful ventures such as *Digicel* can only but increase the affiliation and interest in the region as a place to do business. Furthermore, Ireland has repeatedly been held up by Caribbean Business organizations and individuals as a way to achieving successful economic and business development.

In 2006/7, the Jamaican Tourism Ministry said it would be targeting the Irish as part of efforts to increase visitor arrivals, with focus placed on promoting events that appeal to the party- and sport-loving market. Addressing the launch of 'Irish-fest' at the Courtleigh Hotel in New Kingston, then Tourism Minister Aloun N'dombet Assamba said market research and intelligence indicated that the Irish market could translate into high visitor arrivals to Jamaica. "We realised that the number of Irish nationals visiting Jamaica rose healthily in 2006, with approximately 33% more tourists from Britain and Ireland making the trip in August last year, compared to the same period in 2005," she said. (Jamaican Observer – Feb 27, 2007). What has transpired since then is not clear. However, tourism and travel is an obvious service sector with potential for joint ventures between the Caribbean and Ireland.

Other service sectors with potential for joint ventures include: TIME – Telecoms, Internet, Media, and Entertainment; Business Services (including Outsourcing), Financial Services, Education and Transport.

### 4.16.6 Between the Netherlands and CARIFORUM

The Dutch tend to travel extensively, and 4 out of 5 have travelled out of their country on vacation at some point in their lives. Tourism accounts for 5% of all employment in the Netherlands and includes 45,000 companies. Over 95% of these companies have fewer than 10 employees. Of those who visit tourist destinations in the Netherlands, 52% are Dutch and 48% are foreign (mainly German and British). For Dutch tourists, the US is most popular and accounts for about 25% of the total overseas tourism market, with the most favoured destinations being New York, Los Angeles, San Francisco, and Miami.

The charter airline *Arkefly* (part of *TUI*) flies to several destinations in the Caribbean - including Jamaica and the Dominican Republic - from Schipol Airport in Amsterdam. *Martinair* also flies to Santo Domingo on a seasonal basis from the same airport. *KLM* (and *Surinam Airways*) offers regular flights from the Netherlands to Paramaribo, maintaining a direct link between the two countries. Figures of the tourist arrivals are not available but the trend has shown increases in tourist numbers over recent years from the Netherlands to most Caribbean destinations prior to the global recession which commenced in 2008.

Given these significant direct air-links between the Netherlands and CARIFORUM countries, there would appear to be scope to establish tourism-related joint ventures. This would allow service companies in The Netherlands to capitalise on the national appetite to travel to destinations for cultural, heritage, specialist and eco-tourism offerings.
As mentioned, the Dutch are an outward looking and globally venturing peoples with a very open economy based on trading. With the increasing practice of off-shoring and off-shore out-sourcing by Dutch firms, there may be opportunities to attract their operations into CARIFORUM (especially Suriname). However, it will mean that CARIFORUM countries will have to compete on quality of work, availability of qualified employees and favorable rules and regulations for FDI if they are to be considered attractive locations for captive off-shoring activities.

Additionally, the recent “discovery” trade missions/tours offered by GPI Consultancy and FinanceSuriname at the end of 2009 to Suriname (www.FinanceSuriname.nl) - where participants visited firms in Paramaribo and Nickerie in the field of software development, software testing, data-entry, call centres and administrative services (e.g. accounting) - are perhaps a foretaste of private enterprise venturing to come.

4.16.7 Between Spain and CARIFORUM

The research conducted for this study revealed no plans of Spanish entities to develop JV’s with CARIFORUM counterparties.

That said, opportunities would appear to exist between the Spanish speaking entities of CARIFORUM (in particular), Spanish companies and investors in the service sectors of tourism and travel, real estate, financial services, education and even renewable energy and environmental sectors.

4.16.8 Between the UK and CARIFORUM

In reality, the Caribbean is not a priority region for the UK as the anticipated return from investments is not seen as substantial for UK companies due to a combination of mitigating factors – perceived small size of market potential, strong competition with nearby USA, distance to market, high UK costs, disparity in exchange rates... etc.

It is the UKTI’s overseas staff who would provide notification of JV opportunities in CARIFORUM countries to British companies which have pre-registered such an interest with them on the UKTI database. Presumably they would acquire awareness of such an opportunity from the local press and media as well as their contacts with individuals, business organisations and networks in the relevant country. However, with a “silo based” approach, the UKTI is not able to effectively facilitate linkages between private sector entities who would want to exploit emerging opportunities. For example, those who manage the outward trade missions from the UK are not willing or able to share company participant information with others organising inward bound missions to the UK from the same destination markets. After years of having restricted itself to single country reports, it was only recently that UKTI was able to offer a Caribbean-wide Overseas Market Introductory Service (OMIS) report to a UK prospective exporter of goods and services.
Additionally, UKTI’s staff members are typically stretched and are performance-measured in such a way that they would tend to play to large scale opportunities, i.e. rather than prioritise SME type opportunities, even though the latter may lead to a significant scale business enterprise.

On the other side, the needs of companies from the CARIFORUM market looking for JVs are not catered to by any particular body in their home country in any meaningful way. For example, contact with the JTI office in London revealed that it sees its remit as facilitating direct inward investment into the country and not facilitating joint ventures or inward missions into the UK from their home country of Jamaica.

4.17 Status of EPA Implementation in Selected EU Member States

In a report published by the International Centre for Trade and Sustainable Development (2010), it is noted that the progress of EPA has been extremely slow since 2008 when the relevant agreement was signed125. In May 18, 2010, a meeting was held in Madrid with member states of CARIFORUM in order to help understand the delays regarding the development of the targets of EPA126. During this, it was made clear that in order for the schemes included in EPA to fully perform, it would be necessary for the Caribbean countries to change their policies in regard to the implementation of this framework’s (EPA) rules. No further updates on subsequent developments beyond this meeting are yet available.

This issue was also highlighted in a 2010 report published in the Trinidad News, in which it was stated that delays in the development of the schemes included in EPA have been caused by the policies of Caribbean governments127.

Research into this topic led to the obvious question as to whom or which organisation would (should) be responsible in the EU market for the “implementation of the EPA”. Given that it is people and companies who trade (i.e. not Governments), there is obviously a need for awareness of the EPA and its potential benefits to be raised in the relevant target groups in both in the EU and CARIFORUM. If the EU Enquiry Points specified in the EPA are to be more than bureaucratic post-boxes, then training, education, planning and adequate resources (staff, funding etc.) may be necessary to catalyse the desired investment and trade in the marketplace.

On the other side, CARIFORUM Enquiry Points are designated for all the signatory states. In the main, these comprise a mix of central government and statutory

bodies identified as contact points for responding to enquiries in trade and investment. In the larger CARIFORUM countries, these are primarily the TPOs (e.g. JAMPRO, TIDCO, OPI-RD, BIDC etc.) whose ongoing remit includes these responsibilities. However coordination amongst these organisations to act collectively is, historically, not their modus operandi. Consequently the beneficial economies of scale and scope that would arise for joint implementation by these agencies, facilitating quicker implementation of the EPA from the CARIFORUM side, do not appear imminent or likely.

4.17.1 In France
Neither the research nor the interviews conducted for this study revealed any evidence of or preparation for EPA implementation by France.

4.17.2 In Germany
As with France, neither the research nor the interviews conducted for this study revealed any evidence of or preparation for EPA implementation by Germany.

4.17.3 In Ireland
Interviews with staff at the Irish Embassy in London regarding the preparation for EPA implementation did not yield anything conclusive. Whilst there was a general awareness of the EPA itself, there was no indication that anything had or would be changing soon in terms of the Irish trade and investment with the CARIFORUM states.

4.17.4 In the Netherlands
Brief discussions with staff at the Netherlands Embassy in London revealed that no one there was aware of any implementation of the EPA to date. It was not clear who was seen as being responsible for such an implementation or as to how it would occur.

4.17.5 In Spain
As with France, neither the research nor the interviews conducted for this study revealed any evidence of or preparation for EPA implementation by Spain.

4.17.6 In the UK
Brief discussions with the representatives of UKTI Head Office in London indicated that there is no evidence of any implementation of the EPA planned by this UK trade organisation in the near term.

At present, the EPA does not appear to be a priority in the day-to-day work of the UKTI staff and nor does it form part of the planned, near term, promotional activity by the organisation.
5. PRIORITY SERVICES INDUSTRIES FOR CARIFORUM

The list of services industries of export interest to CARIFORUM countries detailed below has been drawn from available literature on the Caribbean\textsuperscript{128} and from discussions with the region’s private sector. The latter includes both individuals as well as the leadership of industry-specific and broad-based Business Support Organisations (BSOs) in CARIFORUM Member States. The services were reviewed at the Validation Workshop held in Barbados in July 2010\textsuperscript{129}.

In briefly assessing market opportunities, particular emphasis has been placed on (i) existing assets base; (ii) production and market trends, especially in the EU market; as well as (iii) the potential for the creation of cross-industry synergies.

5.1 Tourism-related Services Industries

Background

For the foreseeable future, tourism will remain one of the region’s dominant sources of earnings and employment. Notwithstanding the global economic downturn, the inherent fragility of the sector in many respects, (including both natural occurrences such as the region’s susceptibility to weather disturbances and man-made developments such as crime or the recent imposition of travel taxes applied to tickets originating in the UK) the member countries of the Caribbean Tourism Organization (CTO) experienced only a 3.6% decline (from 22.9 million to 22.1 million) in tourist arrivals in 2009 compared to the previous year. There were regional variations: the OECS showed an overall decline of 12.3%, while Barbados and the larger CARICOM countries only recorded a 3.6% downturn\textsuperscript{130}.

While the CARIFORUM tourism sector could be described as a mature one, there has been ongoing innovation and niche positioning within the region, involving boutique operations through to large family-friendly resorts, and from green-centric hideaways to expansion of casino and gaming facilities. Where previously brands from the USA were the biggest names in the business, a few home-grown chains (especially Sandals and Couples/Breezes) and Spanish newcomers are now becoming familiar points of reference in the Caribbean tourism sector.

The region’s brand remains strong and resilient. Expectations are that after a hiatus occasioned by the current financial crisis, new investments – accompanied by increased visitor arrivals - will likely take place beyond 2010.

\textsuperscript{128} As listed in footnotes and Bibliography (Annex A)
\textsuperscript{129} See report on Barbados Validation Workshop (Annex J)
\textsuperscript{130} CTO Tourism Overview -2009. Statistics noted at CTO Media Conference, February 8, 2010
**Opportunities for Tourism-related Services Industries**

Even under current circumstances, it can be argued that the region has some way to go both in terms of optimizing benefits along the sector’s value-chain, as well as in diversifying the service offering. Whilst the sector has long focussed on sun, sand and sea, there are clear opportunities for cross-industry niche opportunities such as Sports Tourism, Health & Wellness Tourism, Education/Cultural Tourism and Retirement Tourism. Thus far, these opportunities are mainly recognised by practitioners in these specific industries, and so there is critical need for collaborations with tourism interests (including policy makers) in order to realise their full potential.

While tourism *qua* tourism is not examined in this study, it clearly underpins the prospects for the development and expansion of a number of the services industries listed below. At their core, many of the tourism offerings involve the movement of people into the region; in the process, they consume goods and services and benefit from the region’s tourism infrastructure, which, in most CARIFORUM member states, is among their best-developed and constitute a significant component of national economies. It therefore makes sense that economic diversification strategies within the region build on the tourism sector’s existing skills base and infrastructure to greatest advantage.

The need for such leveraging is recognized in the EPA’s chapter on Cooperation in Tourism, which addresses the necessity to increase the participation of SMEs in the industry. Such participation may come from a variety of sources – including the provision of inputs to the industry. As a priority, governments, through their trade promotion bodies and relevant ministries (e.g. Industry, Agriculture, Sports etc.), are expected to, for instance, review their incentives packages and promotional undertakings with a view to strengthening the participation of SMEs through facilitating linkages between tourism and other parts of the economy.

For the purpose of this study, the tourism-related aspects of the applicable industries are dealt with in their respective sections, i.e.

- Sports-related Services
- Health & Wellness Services (including Retirement Tourism)
- Creative Industries
- Educational Services

**5.2 Sports-related Services**

**Background**

The member states of CARIFORUM have for decades “punched above their weight class” in certain sports segments, particularly track and field and boxing, cricket, and more recently in soccer, netball and a number of martial arts disciplines. This track record has triggered repeated rounds of calls for the development of a range of marketable sports-related services. There is little question that this world-beating reputation presents an opportunity to earn the region an edge in sports
tourism (Mode 2) as well as to expand earnings from the region’s sportspersons who sell their services abroad (Mode 4).

For the most part though, there have been less than significant or sustained efforts to make this a reality. While the top sportspersons have been awarded national honours or designated as honorary ambassadors, or have had a multiplicity of bridges, stadiums and the odd airport renamed in their honour, member states still struggle to develop and implement coherent strategies to enable the region to derive long-term benefits from their sporting achievements.

A longstanding concern to some, it is arguable that in recent times the staging and outcome of the ICC Cricket World Cup 2007 (CWC2007) may have soured some on the potential of sports tourism. The massively “oversold” and expensive regional event left many Caribbean politicians, businesspersons and consumers, arguably at a loss to justify its staging as the hype surrounding the projected multiple thousands of high-spending (potentially repeat) visitors from new markets gave way in short order to the reality that very few extra-regional tourists materialized during the events. What was undeniable was that a number of CARICOM nations borrowed and spent extensively in constructing or upgrading what have since been little-used facilities. Few countries, it turned out, had well-thought-out plans to capitalize on the infrastructural enhancements or the skills gained through the organization of a complex schedule of activities.

One thought offered by some observers is that the development infrastructure - beginning with the national education systems and following through to sports associations driven largely by volunteer administrators and dependent on ad hoc governmental funding or private sector sponsorship - is not inherently conducive to business development. Sporting activities, especially events, have historically been organized by sporting organizations for purely sporting purposes. Thus, maximizing the tourism potential of the events has not generally been a major (or even important) consideration – and this leads to lost tourism opportunities.

Further, there are very few institutions that provide the basis for the development and implementation of regional policies in relation to sports. Similarly, up to very recently, many of the region’s top sportspersons saw their earning opportunities almost exclusively overseas, in countries with strong sports-as-business infrastructure.

There are indications that this perspective may be changing. For instance, a number of football clubs in the region have been re-organized as businesses (rather than as solely or primarily amateur or part-time entities), with their key objectives being that of nurturing and “selling” talented players to overseas markets, particularly in Europe and North America. Similarly, an increasing number of the region’s world-class names in athletics have broken with tradition and now conduct much of their regular training in the region, working with home-grown managers, coaching teams, physiotherapists etc., thus contributing to

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elevating the regional level of skills/professionalism in these supporting disciplines. Without any promotional efforts on their part, sports managers in the region (especially in Jamaica) have seen an increase in the numbers of enquiries to set up camps or even for fans to visit and watch their favourite “stars” go through their paces. Indeed, a few of the best-known North American track and field athletes now include training in the region in their own conditioning programmes.

While national and regional policy-makers continue to make enthusiastic statements about creating the policy environment and enhancing the requisite infrastructure necessary for maximizing the earning potential of the sports industry, the main movers are proving to be increasingly-professionalized management teams, a number of sports clubs, a few sports associations (weak though many are).

Very encouragingly, a number of tertiary institutions are also becoming more involved. For instance, the University of Technology (UTECH) in Jamaica estimates that that country needs an additional 200 football coaches, 200 sports health science personnel (excluding medical doctors), 300 sports managers for elite athletes, teams and other related specialists in order to respond to the needs of the national programme of sports development. As a result, UTECH has launched a Bachelor of Science degree in sports science. Similarly, the Mona Campus of the University of the West Indies (UWI) has been energized to locate high-performance facilities on its grounds - including a 400-metre track described as “the most modern and sophisticated piece of track technology that one can possibly get nowadays” - as well as a Caribbean Sports Medicine facility. It has also partnered with the Jamaica Football Federation to site its FIFA-supported Technical Centre at the university. The UWI’s Cave Hill campus recently launched a High Performance Centre for Cricket, following on its establishment of the Cricket Research Centre. This, among other things, will analyze and hopefully provide (with a view to addressing) reasons for the decline in cricket performance by the West Indies team.

**Opportunities for Sports-related Services**

A range of factors are likely to positively influence the future growth of sports tourism. These include: continuing increases in the number of sporting events and accompanying media exposure; increased professionalism in sport and consequent demand for training camps; the growth of mass participation events such as “Masters Games”; and the growth in “manufactured” events - whether made-for-television or developed specifically to support corporate, tourism or other objectives.

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132 Modules will include: methodology of teaching sports and physical fitness; applied sports performance analysis; sports journalism; sports marketing; sports laws and ethics; medical therapeutics and doping in sports; sports tourism management; sports nutrition and fluid management and biomechanics; kinesiology and sports psychology. Source, *Daily Gleaner*, May 2, 2010.

133 Remarks by Ulf Poeppe, CEO of BSW Regupol, at April 2010 handover of the Usain Bolt track at the UWI. The track was donated by PUMA and installed by BSW Regupol.
Based on discussions with regional business and sports interests, the following sports-related niches were identified as having greatest potential for growth:

- **Special Events**

According to one report\(^{134}\), the international sporting event calendar has enjoyed exponential growth over the past several decades. Whereas in 1970 there were only 55 such events, there were 35,000 by 2004.

The Caribbean region has been no exception. Within the past decade, CARIFORUM member states have hosted such events such as the Junior Football World Cup (Trinidad, 2001), the World Junior Games (Jamaica, 2003), World Cup Golf (Barbados, 2006), Mojo 6 and The Big Break - featuring top LPGA golfers and emerging hopefuls respectively (Jamaica 2009), the Archery World Cup and the Windsurf World Competition (Dominican Republic, 2009), the FIFA Under-17 Women's World Cup (Trinidad, 2010), the ISKA World Continental Martial Arts Gold Cup (Jamaica, 2010) and the aforementioned ICC Cricket World Cup. Golf classics in Barbados and Jamaica draw sizeable audiences, as do motor sports and 10K activities throughout the region. According to the L.A. Island Examiner\(^{135}\) approximately 100 sailing regattas, led by the International Rolex, the Curacao Heineken, the St. Martin Classic, the St. Barths Bucket and the Superyacht Cup, take place in the region annually\(^{136}\). Other emerging opportunities include Twenty-Twenty cricket, competitive international body-building and martial arts events. Still, entrepreneurs suggest that the range of opportunities for staging – and maximising the benefits from - international events through effective events planning and innovative marketing has not been comprehensively explored on a regional basis.

One area that is often cited is that of track and field. With the popularity of track and field events in the EU reportedly at an all-time high, there may be grounds for leveraging the outstanding performances by CARIFORUM’s athletes into the creation of top-tier international IAAF-supported events - tied into tourism packages - within the region. It must be acknowledged however that many of the world’s top athletes – including CARIFORUM athletes – have complained of an already packed competition calendar that includes the recently-established - and lucrative - Golden League events and which culminates in the IAAF World Championships and the Olympics.

At the same time, it is not impractical to consider the staging of second-tier “developmental” meets within the region. For instance, without any external

\(^{134}\) The Future of Sports Tourism: Managing and Developing the Sport Tourism Profession. Tom Robinson, Hanze University, Groningen.

\(^{135}\) L.A. Island Examiner, 11 November 2009

\(^{136}\) The Antigua sailing regatta attracts hundreds of sailors from North America and Europe every year. Several other islands, including St. Lucia also have regattas and in St. Lucia’s case close to 300 yachts leave Spain for the event. A wide range of activities are planned around these events which attract participants as well as spectators for several weeks, all willing to spend significant sums to be part of the experience.
marketing, what is perhaps the region’s most prestigious annual track and field event for emerging athletes - Jamaica’s Boys & Girls Schoolboy Championships (“Champs”) - now attracts growing numbers of both media and sports fans from Europe and North America because of the country’s outstanding successes in the world’s major athletics showcases in recent years. With pro-active marketing, the CARIFTA Games, which currently rotates throughout the English-speaking member states and which could conceivably grow to include the participation of Haiti and the Dominican Republic, may very well fill such a role. The Dominican Republic’s winter baseball season, which gets underway as the US Major League Baseball schedule winds down, inevitably features some of the future stars of MLB, and for that reason is closely followed by many of the US’ most avid baseball fans as well as talent scouts and agents.

Furthermore, except for cricket, there are likely under-explored opportunities in live streaming, the sale of TV rights, and the production and distribution of films tied to sporting events etc. It is also a matter of concern that there does not seem to be a comprehensive policy and plan that will facilitate the full commercialisation of these events while not compromising national development objectives.

➢ Nostalgia and Celebrity Sports Tourism and Related Businesses

The success of this niche depends on the extent to which the region is able to build and maintain the “exceptional” image of popular sports personalities. Foreigners, including other athletes, have demonstrated that they may be persuaded to come to watch (see Training Locations, below), be close to, or to celebrate their heroes.

The region has nothing approximating a Hall of Fame that celebrates the many sporting accomplishments of its outstanding sportspersons – not even for cricket, which has the longest pedigree in terms of regional accomplishments. Whilst individual clubs and associations may have their own photographic and other mementoes, they do not generally see these as more-than-marginal income-earning opportunities; and certainly, there is no regional collaboration to explore the feasibility of this potential opportunity.

By comparison, in the USA, the Baseball Hall of Fame welcomes over 350,000 annually, and has created major promotional events around its annual induction ceremonies and other periodic special events. Similarly, visitors to the NFL Hall of Fame have averaged some 200,000 annually over the past two decades (196,000 in 2009); and the NBA Hall of Fame has welcomed nearly 2 million visitors since its launch in 1968. Other less-known halls of fame celebrate achievements in hockey, track and field, motorsports, golf, tennis, cycling, freshwater fishing etc.

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137 A Cricket Hall of Fame, which bills itself as the world’s first and celebrated its 25th anniversary in 2006, exists in Hartford, Connecticut, USA.

138 It is perhaps not surprising that the regional body, the WICBC, has not yet considered this. The international body, the ICC, only launched its cricket Hall of Fame in early 2009. The precursor Federation of International Cricketers’ Association Hall of Fame existed from 1999-2003. It is not clear whether the ICC’s Hall of Fame is more than a periodic listing of inductees, which is itself an indication of the distance yet to be traveled.
in the USA, Canada, the UK and elsewhere. Interestingly, a sizeable proportion of visitors to all of these institutions originate from outside the country in which the facilities are sited.

What is as important as the physical venues that attract visitor interest is the fact that entrance revenue is often a small component of total revenue for many of these institutions. Most revenue is typically derived from merchandising of products related to sports celebrities. Within CARIFORUM, most of these opportunities - as far as the top current performers are concerned - are exploited by large “world brands”139 as few if any regional brands are able to compete on such a scale. At the same time, a number of sports managers have suggested that while some sportspersons might be amenable to include special provisions in their sponsorship and personal appearance contracts that would enable them to do promotional or advertising activities on behalf of their own countries or for the region, they have rarely been approached to do so; and if so, only for the obligatory and generic tourism invitations. Regional economies rarely take advantage of the possibility of building fashion, film or other industries around their sports personalities.

➢ **Training Locations**

One spin off of the existence of “celebrity” athletes is the possibility of marketing the region as a collection of training destinations140. A potential advantage that the Caribbean has in this regard is that people in the region are not, generally speaking, “VIP-conscious” which means that celebrities can feel free to practice, travel and interact freely. In 2009, a track team from Norway trained in Jamaica for several weeks, while following around, watching and taking pictures of the training activities of Jamaica’s MVP Track Club of which several Beijing Olympics and Berlin Games gold medallists are members. They are expected to return.

UWI’s Mona campus and UTECH have mentioned other requests from foreigners to come to Jamaica to train close to track and field heroes Usain Bolt and Asafa Powell; both institutions have noted challenges with accommodating these persons who want to be housed close to where their heroes practice. Important to note is that this has been happening without any marketing outreach.

With planning, “sports camps” could be created using the North American model or the football camps which have been set up by a number of European football clubs in Asia and a few Gulf States). These would feature the region’s best athletes and master coaches conducting training sessions with North American and EU’s youth athletics associations. At the same time, there may be scope for the specialized training of sports professionals, through the provision of training facilities for teams and individuals who may prefer to spend parts of their seasons training in more salubrious climes than is typical of temperate countries.

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139 In late August 2010, Jamaican Usain Bolt, world record-holder in the 100 & 200 metres, signed a 4-year sponsorship contract with fashion & sportswear manufacturer Puma reportedly valued at US$10 million/year.

140 The Dominican Republic offers training facilities for baseball players from the US and has over 30 camps established by Americans or by Dominicans.
The Barbados-born president of the Canada’s Lionel Eli Tennis Academy, and well-respected personal trainer and injury therapist, recently advised that he “believe(s) the Caribbean is the perfect location for North Americans to escape from both the stresses of life and the cold wintry conditions experienced each year ... so (he) looks forward to offering tennis and health and wellness packages to (their) existing database of sporting enthusiasts (here) in North America.”

Eli believes that the Caribbean “continues to give lip service to the concept of sports tourism” and contends that the region is still “missing the ball” by not targeting the thousands of potential visitors who are interested in training in ideal climatic conditions.

A number of CARIFORUM countries have begun taking tentative steps to explore the possibilities. For instance, the Jamaica Tourist Board (JTB) is working closely with sports tour operator Edwin Doran Sports Travel, one of the UK’s largest sports tour operators, on a cricket familiarisation trip for British school teachers from the UK and Ireland with a view to sending school groups to Jamaica for cricket camps in 2010.

**Export of Talent**

Estimates are that in any given year there are upwards of 1,000 sports persons from CARIFORUM member states who earn their income – some portion of which returns to the region in the form of remittances - from sporting activities in North America, Europe and as far away as India and Australia. These include Caribbean footballers playing for European and North American clubs, major & minor-league baseball players in North America, track and field athletes and coaches, basketball and netball players, cricketers, boxers... and more. There is a view that the region could be exporting many more players and coaches, but there is no articulated policy for the export of sports-related skills and the necessary support infrastructure is limited.

**Recommended Interventions for Sports-related Services**

- Countries that have the potential to maximize income from sports events or from the export of skills should urgently identify a policy and strategy for utilizing their existing asset base to this end. This should include a strategic plan for business development and marketing, including positioning the entire Caribbean as a sports events location (in addition to cricket and yachting, which are perhaps the two most region-wide sporting activities) and as a location for the training of players and athletes from Europe and North America.

- An assessment of the region’s sports infrastructure must be conducted to determine what roles individual member states are best equipped to play in an integrated regional plan.

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141 [www.streethypenewspaper.com](http://www.streethypenewspaper.com)
• A regional strategic plan should be developed for nostalgia and celebrity activities (including determining the feasibility of developing one or more Halls of Fame and associated merchandising).

• Existing broad-based national events should be proactively positioned as diaspora homecoming events, targeting the hundreds of thousands of past students living outside of the region. Eligible events could include Jamaica ISSA High School Championships (“Champs”) and the Gibson Relays in Jamaica, Trinidad’s National Secondary Schools Championships, the National High School Track and Field Championship in the Bahamas, Barbados Inter Schools’ Athletic Championship and the Barbados National Junior Championships etc.

• Links must be strengthened between academic institutions and the sports industry if the region is to meet medium to long-term and future targets for trained professionals in sports tourism. This may involve the development of new training programmes to meet the needs of the specialist sport tourist. An enhanced curriculum might include: industry coordination; education and training; government regulation; sport and tourism infrastructure; evaluation of the economic benefits of sports tourism; research and data; and strategy implementation. The UWI’s Cave Hill sports research facility should be tasked with developing/coordinating such an undertaking.

• It is evident that while the vision of ‘sports as business’ is being acknowledged among some of the region’s governments, the capacity to translate that vision into revenue is limited. Some technical support at both the regional and national levels, including strategizing and skills-sharing workshops with experienced promoters, administrators, event planners and other stakeholders could complement the above-noted proposed training initiatives. This may be one area in which partnerships may be developed with relevant institutions within the EU community.

5.3 Health & Wellness Services

Background
Many of the same reasons behind the success of the Caribbean as a tourist destination are impelling a number of member states to focus on opportunities in health and wellness industries. In summarizing these, Barbados’ Acting Minister of Youth, Family and Sports, Senator Irene Sandiford-Garner, recently noted that both Europe and North America were seeing “an ageing population with increasing demands for cosmetic surgery, spas and retirement communities (as well as) growing affluence amongst the younger population, particularly in the (United States) who rate vacations that offer spa facilities, fitness and addiction treatment as highly desirable”. She went on to affirm that “our markets offer attractive environments for the delivery of a health tourism product…” pointing out that the

island’s (Barbados’) established tourism infrastructure, with its capacity to support the movement of customers and provide world class hotel services, was the basic platform on which a health and wellness tourism market could be built. “Our proximity to the North American and European markets, climate and ambient environment, lower labour costs, reliable communications and transport infrastructure, first class hotel and tourism services, an educated population, and well-trained practitioners in an established health and medical service in both public and private sectors, (can) make (Barbados) a prime destination for visitors seeking health services.”

According to the CTO, nearly 25% (the percentage varies from one member state to another) of tourists to the Caribbean are in the over-fifty category i.e. approaching, or at, retirement age. In the view of some industry insiders, this - coupled with the fact that the region is a winter getaway for many such visitors from the northern hemisphere - presents an opportunity to convert some of this market to “retirement immigrants”: individuals or family units whose retirement income may support year-round or seasonal relocation. From this perspective, the comparative advantage of the region lies in its ability to build on tourism activities and the tourism brand, the favourable ambience, as well as a large diaspora population - some of whom want to “return home” after retirement.

**Opportunities for Health & Wellness Services**

The segments with greatest regional potential are broadly identified as:

- **Spa & Wellness Tourism**

  Many CARIFORUM member states possess enhanced assets including natural beauty (considered invaluable in creating “healing environments”), mineral springs, as well as a cultural heritage of a wide menu of alternative treatments handed down over generations. In many of the CARIFORUM countries, the natural “baths” and mineral springs remain undeveloped and off the beaten trail, or have been superseded by the development - in the region’s larger, up-market resorts - of spa facilities. Additionally, several successful stand-alone Spa & Wellness boutiques have emerged in recent years. There remains scope for greater low-impact development of the “natural” sites as a complement to the hotel and boutique facilities. The successful development of the entire spectrum of wellness resources has the scope to broaden the region’s visitor attraction product significantly.

- **Botanical pharmacology / nutraceuticals**

  While all societies share a tradition of healing remedies derived from indigenous flora and their pharmacological-botanical formulations, member states of CARIFORUM are particularly well-placed through their geographical diversity and their multi-cultural lineages, to benefit from both old world knowledge (folk traditions) and new world validation (contemporary research).

  Over the years, a number of the region’s tertiary institutions have engaged in important research into the medical/pharmacological properties of some of these natural resources. Arguably, the packaging and marketing of some of these
products could result in a competitive product within the wellness industry – and thus a successful export industry - in such areas as aromatics, natural treatments and botanical pharmacology / nutraceuticals.

- **Retirement Tourism**

Barbados and Belize are already popular locations for foreign residency; and Jamaican re-migrants from the US and UK have been buying up real estate and returning to gated communities. A number of countries across the region have seen good rates of return on investment projects aimed at foreign real estate purchasers and the retirement market. Some real estate and mortgage companies even actively target foreigners/returning Caribbean nationals.

However, unlike the pro-active efforts seen in countries like Costa Rica, Honduras, and a number of other Central American countries, there seems to have been little work done on creating communities that specifically target retiring non-nationals. Although it has been argued that factors such as country size and varying land-holding regulations serve to limit such possibilities, this is debatable. A number of top-end resort and marina facilities have built privately-owned villas and/or other accommodation as their core – many of which are owned by non-nationals. Granted, many of these are viewed as investment properties, or are used by their owners for vacation purposes. Notwithstanding, there may be scope for property developers to optimize the opportunity presented by the many thousands of repeat visitors who annually visit CARIFORUM member states: given their behaviour, it is evident that they have developed some affinity for these destinations and so may be more inclined to consider investing in retirement property in their preferred locations.

Aside from the availability of investment capital, the main constraints cited include security issues (in a few countries) as well as access to high quality health services, including to health insurance benefits earned in the countries of origin. There are several health infrastructure projects, including hospital developments in a number of CARIFORUM member states, in operation or in the pipeline that target this market. The potential for access to the EU health insurance scheme and the Quality Retired Programmes offered by some developed countries should be reviewed. There is also room for negotiation on insurance access between EU and CARIFORUM health insurance firms.

- **Medical Tourism**

Recent health care discussions in the USA have focused on an increasingly important issue facing many of the world’s developed nations: the growth in health care costs is outstripping GDP expansion by ever-increasing margins. And, as many of these countries are also experiencing a demographic bulge in the older segments of their populations – segments whose life expectancy is increasing – many economists are of the view that overt or subtle health care rationing is inevitable. Consequently, even in countries with comprehensive national health coverage, increasing numbers of persons needing medical services will be forced to cope with lengthy delays, or experience a creeping scaling back of services. In the USA, where a national system does not exist, some 75 million citizens are
reported as having less than adequate coverage compared to their OECD peers, or have no coverage at all. In any event, on a per capita basis, the cost of medical care in that country is among the highest worldwide. This has resulted in seniors travelling to Canada to fill their prescriptions – and to seriously contemplate getting medical services further afield.

While travelling for medical care is a longstanding tradition, in many cases this was driven by the demand for cosmetic surgery (e.g. Brazil’s long history of plastic surgery services) or the perks of the elites from developing countries who could afford treatments not available in their own countries. Now, however, diagnostic, rehabilitative and other health services are being sought by a wider spectrum of medical tourists who have discovered that for some procedures, treatment of comparable quality, and for significantly less cost, is available in a number of developing countries. This has not escaped the attention of a few institutions within CARIFORUM and has resulted in medical centres in the Bahamas, the Dominican Republic and Jamaica now targeting their offerings to cruise line passengers and other off-shore patients in general.

The region’s interest follows inroads made by countries as diverse as Thailand, India, Malaysia, Lithuania and, closer home, Cuba and Costa Rica in providing such services. Additionally, advances in telecommunications, which facilitate consultations between medical personnel across borders regarding individual patient care, as well as the willingness of some of health care organizations in developed countries to cover patient care costs incurred overseas, serve to drive the expansion of this industry. According to Patrick Marsek, Managing Director of MedRetreat, this American medical tourism services company has seen its clientele double annually since 2005. Furthermore, uninsured or under-insured American patients in need of costly medical surgeries, and clients who seek cosmetic or dental procedures, can experience “a huge range of potential cost savings, anywhere from 50% to 80% depending on where they go and which procedures are done”

Given the levels of capital required for establishing or upgrading medical facilities, this segment faces perhaps the highest barriers to entry within the health & wellness spectrum. Nevertheless, it may also be a prime opportunity for attracting foreign direct investment. The Caribbean potential is apparent: if the facilities are established in resort areas, then, dependent on the procedures being undertaken, the scope for promoting the services as part of a tourism experience is that much easier when the locale itself is already well-known as a tourist destination. Examples of such include the Barbados Fertility Centre which offers world-class In Vitro Fertilisation (IVF) services to residents, Caribbean nationals and couples from Europe and the Americas, from its main location and through satellite units in Trinidad, Antigua and St. Maarten; and the Crossroads Centre (drug rehabilitation) in Antigua.

As Jamaican telemedicine entrepreneur, Dr. Winston Davidson, puts it, ‘If you see a hospital as a hotel for ill patients and a hotel as a hospital for people who are well, you will automatically see the similarities...People go to both facilities with the expectation that they come out feeling better.”
Dr. Davidson, with his associate, software consultant Sanjeev Kumar, has developed a web-based electronic health-record system (UNIMEDICS) for the management of chronic diseases and diabetes mellitus in particular. He is championing the use of the internet for a number of health care activities that normally require face-to-face meetings. Tele-medicine, he argues, can also be a vital part of the medical tourism industry, inasmuch as it can facilitate the off-shoring of certain value-added medical services through partnerships between individual CARIFORUM professionals or facilities and counterparts in the developed countries.

**Recommended Interventions for Health & Wellness Services**

- Caribbean Exports’ (CE) support of the recently-formed Caribbean Spa and Wellness Association (CSWA) could prove crucial. Through CE’s efforts, this regional body has obtained funding to (i) undertake a baseline study of services being offered in CARIFORUM; (ii) provide training workshops for spa personnel over a period of 18 months to two years; (iii) develop standards for various aspects of the industry; and (iv) undertake such promotional activities such as building a web site for the Association. At the same time, the Association must expand its outreach activities to ensure greater region-wide representation of the industry.

- While there is, at this stage, an emphasis on traditional spa activities, product development issues such as the integration of the range of wellness assets available in the region should also be addressed. Increased value may be derived from being able to market an integrated wellness product comprising, for instance, alternative treatments, core spa activities, wellness conferences etc.) This should be reflected in Caribbean Export’s work programmes. Additionally, the CSWA should partner with the relevant educational institutions and regional bodies such as the CARICOM Regional Organization for Standards and Quality (CROSQ) to, respectively, develop the necessary training programmes to upgrade the skills of wellness professionals in specialized areas, and to contribute to the development of international standards for products, services, and facilities.

- Regional tertiary institutions should strengthen their wellness research capabilities, developing links with like-minded universities or other institutions in the EU in a range of areas, including phyto-pharmacology and alternative treatments. In this way, the CARIFORUM could be approached for financial support for establishing the training, research and product development activities, as may be accommodated via the EPA. One area for exploring linkages could be through telemedicine cooperation.

- The region should undertake research on insurance portability with respect to both the EU and North America. Where scope exists, CARIFORUM policy makers and private sector interests should seek to enter into arrangements with national health systems and private insurance providers based in the EU and North America.

- While member states will likely continue their individual marketing efforts, there is validity in joint promotion of the region in terms of attracting new local
and foreign investment in the development of retirement communities, as well as drafting policies regarding health insurance, financial instruments and other tools that can contribute to optimizing benefits. To achieve this, it may wish to develop a regional task force that draws upon skills in real estate, mortgage provisions, retirement planning, health insurance and other relevant areas. CAIPA could play a major role in this regard.

- The region should seek to attract new local and foreign investment in the development or upgrading of medical facilities with a view to expanding its presence in the medical tourism segment.

5.4 Creative Industries

Background

Within CARIFORUM, the impact of the creative industries has been most pronounced in the various music forms developed within the region: spread firstly within the diaspora and subsequently popularized in wider markets worldwide. However, the export capabilities of the region’s creative industries are highly differentiated across countries and according to the specific industries, with some countries having longer exposure to export markets (e.g. the Dominican Republic, Jamaica, Trinidad and Tobago and Barbados). In other territories, the creative industries’ export-readiness remains in embryonic stages (e.g. Guyana, Suriname, and the OECS). Because of small and weak domestic and regional markets, most sub-sectors experience a significant drain of talent to the developed market economies. Still, the fact that the region has considerable and broad-based creative talent cannot seriously be questioned.

It must be conceded though that even where there have been export successes, the region’s creative industries are generally disorganized, often informal and typically enjoy little governmental support. Many CARIFORUM countries did not even put in place copyright protection regulations until recently - and where they exist, there are constant complaints that the enforcement provisions are rarely exercised.

Such neglect poses a present danger. The music industry, in particular, has undergone some far-reaching changes in recent years, and in many respects the economics of the industry have been significantly impacted. Some of the very technologies that have enabled the worldwide dissemination of musical forms originating in the Caribbean also constitute a threat to artists whose works have been ruthlessly pirated. In recent years, a number of the region’s best-known artists such as Eddy Grant and David Rudder took the decision to eschew the recording studios for extended periods in response to widespread piracy of their works in their domestic and regional markets. Some of the region’s musicians now consider the creation of records or CDs less a potential revenue stream and more

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143 The Cultural Industries in CARICOM: Trade and Development Challenges. CRNM, 2006
a tool to expose their works\textsuperscript{144} and to make them more marketable at live events. As far as many musical artists are concerned, live events - rather than sales of recorded works - are now their only viable sources of earnings.

It is not only music: any work that can be digitized is now easily copied. A popular Jamaican television series, \textit{Oliver at Large}, was reportedly cancelled because of rampant piracy. According to the producers, within a few hours of each episode being telecast in Jamaica, attractively packaged copies of the same episodes would appear for sale in many diaspora communities in North America and the UK. Unlike many developed countries, where television programmers will commission works from writers and film-makers, within CARIFORUM many content providers have to buy time slots from the broadcasters and attempt to underwrite production costs by themselves selling advertising time, or by securing sponsorships. Throughout much of the region, it is far simpler for television stations to pay the low re-broadcast fees to show North American soap operas or Mexican/Brazilian tele-novelas than to pay for indigenous content. When indigenous content is produced and pirated as easily as is the case currently, the potential scope of the diaspora market is diminished as a meaningful revenue stream for regional creative producers.

At the same time, some creative producers are sensitive to the potential of the new technologies, and an increasing number of musicians are now offering their products for direct sale via the internet or through partnerships with major distribution entities such as Amazon or I-Tunes. It is likely that the creators of film and television content will follow suit.

\textbf{General Challenges facing the Creative Industries}

- Support services to individuals are scarce or non-existent.
- Cultural entrepreneurs have problems obtaining financing from the traditional banking sector. New mechanisms such as royalties-based lending are not established modes of credit in the regional financial system.
- Establishing local presence in foreign markets can be prohibitively costly for cultural entrepreneurs, making it difficult for regional artists to meaningfully access mainstream global markets. Even within the region itself, there is poor marketing and distribution of indigenous cultural goods and services.
- The ease with which Intellectual Property (IP) violations are possible (facilitated by the very technologies that have led to the mushrooming of opportunities) has led some creative producers to distrust these new technologies. Without the enforcement of Intellectual Property Rights (IPR), there are questions as to whether the creative industries will see less innovation.

\textsuperscript{144} One of the untold stories in the region – perhaps for obvious reasons – concerns what many musicians describe as widespread and unchecked payola in the broadcast industry, where independent programmers are said to guarantee airplay or chart positions for a fee. What with such fees upfront and with pirating thereafter, some musicians indicate that were it not for live performance fees, they would be out of business.
• Infrastructure for cultural industries is underdeveloped across the region, and appropriate venues and physical facilities are scarce.

Opportunities for the Creative Industries

EPA Protocol on Cultural Cooperation

The EPA Protocol establishes a framework within which the Parties can co-operate with a view to facilitating exchanges of cultural activities, goods and services and to improving the conditions governing such exchanges. The Protocol features a combination of binding and best endeavour measures aimed at enhancing the capacity of Parties to develop and implement cultural policies and to strengthen their cultural industries, notably through enhanced exchange opportunities accorded on a preferential basis\(^{145}\). There may also be opportunities to access funding through the proposed EU Cultural Support Programme\(^{146}\) as well as through cooperation agreements with the EU and through partnerships with the FCORs.

It should be noted that there is a view that the EPA may have narrowed the scope of temporary presence of service workers (Mode 4) as it covers only the managerial elite, professionals, technical experts and a limited category of contract service suppliers. The temporary entry of service workers in lower value jobs falls outside the legal scope of the EPA and remains an immigration (not trade) matter. There are also many restrictions on the eligible service workers. Regarding quota-free right of entry for Caribbean entertainers, the Caribbean Cultural Industries Network has said that major artists had little difficulty entering Europe in the past and caution that the new requirements for a regional registration and certification regime would have made famous artists like Bob Marley ineligible for entry\(^{147}\).

In addition to music, segments of particular interest to the CARIFORUM region include audio-visuals, festivals, fashion, design, art, the performing arts (especially theatre) and literature. Opinions differ regarding the near-term prospects and potential economic impact of many of these segments. At the same time, the window of opportunity provided by the emergence of new technologies and their potentially empowering effect within the region cannot be underestimated. Of particular significance is their ability to provide unprecedented accessibility for and to the region’s creative producers and distributors, thus.


\(^{146}\) Market Access Issues for Cultural Goods in the European Union: Jean Michel Salmon, 2005. This refers to a proposal for an EU Cultural Support Programme with a budget of 408M Euros to (i) support transnational mobility of cultural service providers (ii) encourage circulation of cultural works and (ii) promote intercultural dialogue. Note 13 quotes from the proposal “the programme intends to be more open to participants from third countries, particularly countries covered by the new neighbourhood policy, and to support projects running outside the borders of the EU” (EC 2004b, p. 7) and clarifies that “Article 5 of the Decision Draft Proposal is enumerating eligible third countries, including ‘third countries which have concluded association or cooperation agreements which include cultural clauses”.

\(^{147}\) EU EPAs: Economic and Social Development Implications: The case of the CARIFORUM-EC Economic Partnership Agreement. Third World Network (TWN), February 2009.
reducing their dependence on trans-national companies for marketing, and creating the possibility for deriving benefits across the industries’ value chains. Many creative products are utilizable/transmittable via a range of platforms that were non-existent as recently as a decade ago. Similarly, many creative products may be multi-purposed across different platforms or via different media. On the platform of the internet, the consumption of an offer may take place as and when the consumer requires it. This has created a new window for the creative producer – as well as expanded his/her potential income streams.

While much visibility has been given to the recording and performance aspects of the music businesses, similar attention has not been consistently paid to the business side which has driven earnings from the industry in the developed economies (e.g. memorabilia, video or film sound-track placement, or exploration of the cross-industry fertilization that may exist with other niches such as fashion, dance productions etc.)

The skills and networks developed in music production and staging can be exported within and outside of the Caribbean either through mode 2 (artists coming in to work with well-known Producers/Arrangers or mode 4 (Producers and Managers going outside of the region to work with new acts).

In discussions with stakeholders, creative producers were particularly vocal with respect to the near-term prospects for music (primarily the staging of music festivals), fashion (particularly where scope exists for backward linkages) and audio-visuals (especially film and television).

➤ Music

Regional statistics are difficult to verify, but research of recent years has indicated that the total value of this segment is considerable. For instance, Gill,148 referencing research conducted in 1995, suggested that Jamaican reggae music is a US$ billion industry. In 2009149, Fortune Magazine, in a report on a branding/merchandising deal between the Marley family and Hilco, estimated that the value of the late artiste’s estate was itself over US$1 billion. Caribbean Export’s TradeWins had earlier pegged annual revenues from the Dominican Republic’s merengue at about US$600 million in 1999150. In many respects, the situation is summed up succinctly by Keith Nurse151, who suggested that “(T)he

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148 The Entertainment Services with Special Reference to Music, Mas, and the Film & Video Segments: Henry Gill, 2001. Gill notes “The commercial achievements of Jamaican music surpass that of any other Caribbean sound or that of any other non-Western or World Music genre (Nurse, 2000). Although there are no precise figures on the market value of Jamaican music, it has been estimated that Reggae generates in the region of US$1.2 billion per annum (Bourne and Allgrove, 1995).
150 Juan Luis Guerra alone has sold upwards of 20 million records worldwide.
economic value of the cultural industries is largely unmapped, unmonitored and undocumented”.

The impact of the newer technologies on future earnings in the music industry is uncertain. Many of the world’s largest recording companies (including the USA and Japan) have been in virtual free-fall for years. In the USA, for instance, the well-respected Forrester Research points out that music sales and licensing revenues had fallen to US$6.3 billion in 2009 from US$14.6 billion in 1999. Some in the industry find it significant that 1999 was the debut year of the file-sharing site Napster. At the same time, the value of legal music downloads via iTunes, the worldwide market leader, grew in that company’s fiscal Q3 (to June 2010) to just over US$1 billion, a 25% growth over the same period in the previous year. While the percentage of revenues that are returned to artists from such sales is fractional (a track downloaded from iTunes for US$0.66, returns approximately U$0.09 to the performer – excluding publishing royalties), many artists have resigned themselves to working with this model as an alternative to or in tandem with, their own e-commerce-enabled sites.

Even as that future remains unclear, in recent years there have been efforts to address some of the injuries of the past with respect to claiming outstanding royalties due to CARIFORUM performers, musicians and lyricists and which have accumulated in a range of jurisdictions. The disposition of these sums have been problematic in some cases because of the inattention paid to IPR by the regions’ creative producers over many decades, but aggressive action by various rights bodies in the region has begun to make an impact.

It remains to be seen just what the implications are for performing artistes of the landmark 2010 ruling in the USA that the French-owned Vivendi - through its Universal Music Group (UMG) subsidiary - is the rightful owner of copyrights to five albums that Bob Marley recorded between 1973 and 1977. That ruling accorded the rights to some of the performer’s best-known songs – including No Woman No Cry, One Love and many others – and seminal collections including Rastaman Vibration and Exodus to the record company on the basis that they comprised works-for-hire and thus entitled UMG to be designated the owner of those recordings both for the initial 28-year copyright terms and for renewals.

Notwithstanding the many uncertainties, many in the region’s music industry point to the fact that there are still a number of bright spots. One such, they assert, is the staging of music festivals and other music-themed events.


Festivals and other Music-driven Special Events

In the midst of otherwise gloomy forecasts for the worldwide music industry, the UK-based Performing Rights Society (PRS) indicated in 2009 that spending on live music grew some 4% during that year\textsuperscript{154}. The body reported that UK fans continue to display an “insatiable appetite” for live shows and music festivals.

CARIFORUM countries, with their tourism infrastructure, are ideally suited for the development and staging of festivals and similar events, and have a long track record of staging such, even as it is acknowledged that their role as potentially major visitor attractions is only belatedly being acknowledged. Thus, Trinidad & Tobago’s Carnival, which is justifiably proud of a history that dates back over 170 years, has evolved into an international spectacle that annually results in visitor expenditure of an estimated $150 million by other CARIFORUM nationals, T&T nationals resident overseas, and from tourists from outside of the region. Offshoots of this event have sprung up throughout the Caribbean and have in turn enriched the regional tourism offering. The Dominican Republic’s Santiago Carnival, in existence since 1867, attracts many nationals from the diaspora and increasing numbers of visitors. Haiti’s Jacmel festival, before the political turmoil and earthquake devastation of recent years, annually attracted in excess of 100,000 visitors, again, largely from the diaspora.

The culture of Caribbean festivals has gone on to influence other parts of the world with strong diaspora concentrations. T&T’s Carnival is the parent of what has been described as Europe’s largest street festival, the Notting Hill Carnival, and one of Canada’s most successful street events, the Caribana Festival. The Notting Hill event was reported as having attracted some 1.5 million attendees in 2000 even though 2009 figures had been estimated at a much lower 720,000. In 2002, the London Development Agency estimated that the Carnival contributed some £93 million to the London and UK economy. Similarly significant, Toronto’s Caribana festival is estimated to pull over 1.3 million participants and onlookers annually and pumps over $400 million into the economy of Ontario. Other similar events in New York, Atlanta, Boston and a score of other North American cities have been important components in the earnings for Caribbean performing artists\textsuperscript{155}. It is important to note that these also have the potential to be useful springboards for the introduction of CARIFORUM goods and services (although there is no clear evidence, to this point, that Caribbean providers of goods and services have devised and implemented the appropriate strategies to do so).

Newer festivals have surfaced within the region and have gone on to become strong brands. These include Jamaica’s Reggae Sunsplash (1978-1998), its

\textsuperscript{154} Adding up the Music Industry Report: (UK) Performing Rights Society, 2009.

\textsuperscript{155} At the same time it is important to caution, that there may be less and less need for the presence of regional musical performers as virtually all European countries, for instance, have generated their own home-grown reggae/ska/soca performers and while there appears to be a significant market for “authentic” performers, the jury is out as to whether there is sufficient innovation taking place in the region, for audiences to demand performers from the region. The biggest sellers, in many cases, date back to two, three or four decades and as the artistes responsible for those creations pass away, there may be less and less interest in the current forms.
successor Reggae Sumfest (in operation since 1993), and St. Lucian (since 1991) and Jamaican (since 1996) Jazz and Blues events. Even more recently, Jamaica’s Calabash International Literary Festival (since 2001) has brought together Nobel Laureates and best-selling writers with emerging talent to the satisfaction of thousands of Jamaican, and regional and extra-regional literati.

A number of other specialty festival events are being explored by entrepreneurs with an eye on attracting extra-regional visitors. These include dance productions, comedy showcases, gospel festivals and a range of food-related events (e.g. jerk and curry festivals), all with a strong musical component.

In terms of the development of a successful regional festival, CARIFORUM already has the basis for this: Carifesta. Its basic concept - that of providing a meeting ground for artists, performers and audiences across a range of disciplines - is an admirable one. However, its execution over its 10 stagings thus, has been less than impactful. It is hardly known and poorly supported within the region and almost unheard of outside of the region, even within the diaspora. Yet, it is arguable that an event that showcases the best of the creative output of the entire CARIFORUM region and which is supported by the entire region, could take its place among the world’s premier festival events. An excellent strategic plan developed by Dr. Keith Nurse outlining a way forward\textsuperscript{156} for Carifesta deserves to be implemented.

\begin{itemize}
  \item \textbf{Fashion Industry}
  
  Fashion has been identified as a possible winner for the region, and a regional network of fashion industry entrepreneurs has been established with the assistance of Caribbean Export. While significant hurdles exist in any attempt to become one of the world’s top-tier fashion centres, some opportunities may arise from the sheer numbers of visitors who come into the region annually. Innovative designers have emerged; and while it has been quite some time since someone of the stature of the DR-born Oscar de la Renta emerged from the region to become a worldwide force in the industry, a number of regional designers have appeared in prominent shows in Europe and North America. There is scope, according to a few designers, for designers to work within certain “lifestyle” niches that draw upon the region’s urban cultures, music, colours, dances etc., in much the same way that many design houses (and the purchasers of their products) world-wide have been influenced by North America’s inner-city /“hip-hop” culture.

  In the view of some in the business though, the development of a strong regional fashion industry is severely handicapped by the lack of a regional textile and apparel industry. Many governments in the region had, during the 1970s and 1980s, envisaged the future development of strong domestic apparel industries built on the export operations set up to take advantage of generous US quotas for low-wage TSUS 807 (assemblage of imported pieces) and Cut-Make-Trim (CMT) operations. However, the hoped-for migration up the value chain never took

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\textsuperscript{156} Reinventing CARIFESTA: A Strategic Plan. Dr Keith Nurse, June 2004.
place and most of the jobs created over that period were moved to even lower-cost locations with more generous quotas.

**Recommended Interventions (specific to Fashion)**

One industry specialist suggests that the region might have a brace of distinctive raw materials upon which a fashion industry might be built were it to ramp up production in Sea Island Cotton and facilitate the introduction of Hemp.

**West Indian Sea Island Cotton**

In 2009, an 11-year trade dispute ended over the right to the name *West Indian Sea Island Cotton* when the Intellectual Property High Court of Japan ruled in favour of the grouping of Jamaica, Barbados, Antigua and Nevis which had jointly taken to court the Japanese purchasers of the raw material. The ruling meant that the West Indian Sea Island Cotton Association (WISICA) had its intellectual property right to the name endorsed, and West Indian Sea Island Cotton Club of Japan was ordered to return to the Caribbean group the trademark it had registered as its own. According to WISICA’s chairman, Vitus Evans, the imbroglio had negatively impacted the expansion of acreage dedicated to this specialty variety which commands prices of up to US$10/pound of lint.

While Japan is likely to remain a key market, the Chinese are now interested in seeking supplies of the product. By some reports, they are expressing a willingness to invest in acreage in member states. According to the former head of JAMPRO, Robert Gregory, this could be a positive step as it provides "the opportunity to move up from commodity producers to value-added producers in the design, in the intellectual property, in the marketing and distribution... It is quite possible to outsource the manufacturing to China, and (Jamaica) control the lion's share of the value, which is based in intellectual property and the marketing and distribution."

At the same time, some in the industry are positing that rather than exporting the raw material, arrangements need to be made to develop a regional textile processing facility. According to this perspective, not only would regional producers derive the afore-mentioned benefits, but the output could be employed as a key component of a distinctive Caribbean fashion industry.

**Hemp**

The situation with hemp is perhaps more complex. Although it is usually confused with marijuana because of the similar leaf shapes, hemp contains virtually no Tetrahydrocannabinol (THC), the active ingredient in marijuana.

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157 Sea Island Cotton property war with Japan settled. Daily Gleaner, August 14, 2009
158 While marijuana typically contains between 3% and 20% THC, industrial hemp typically produces less than 1%.
A range of products based on hemp – not the least of which is apparel\textsuperscript{159} - which has been identified by its supporters as environmentally-friendly and eco-sustainable, and they are sold throughout much of the world. Indeed, the EU has subsidized hemp production since the 1990s.

Only one industrialized country, the USA, bans its production\textsuperscript{160}. One of the main reasons given by the US’s Drug Enforcement Administration (DEA) for the introduction of the growing ban in the USA was the supposition that its (DEA) officers could mistake hemp or any of the 30+ varieties of the cannabis genus for the illegal \textit{Cannabis sativa}. Notwithstanding, it is likely that one of the many current or future lawsuits in the USA, will result in one or more states - in that country - legalizing the growth of hemp for industrial purposes. At that point, it may be that hemp-derived clothing and other products used in a fashion & apparel industry originating from the Caribbean could very well earn a special niche in the EU and North American marketplaces because of their potential to build upon earlier, perhaps less mainstream, associations!

In the meantime, the prospects for this industry may not be realized anytime soon given the likelihood of US disapproval of any effort by CARIFORUM to encourage hemp production (even though the import of hemp fibre, seed and oil into the USA is legal) and the fact that some CARIFORUM stakeholders may themselves be reluctant to do so for a variety of other reasons.

One small but high-profile niche of the fashion industry is also enjoying some pioneering success: the establishment of a few \textit{national modelling agencies}, through which an increasing number of young women and men are groomed with the objective of placements with internationally-renowned modelling agencies. As in the sporting arena, the grooming for export of regional talent in this selective but potentially well-remunerated industry has had a number of significant successes as evidenced on international catwalks and in the pages of highly-rated fashion and lifestyle magazines in the EU, North America, Japan and South Africa.

According to the principals of one of the region’s pathfinder modelling agencies, thus far there have been few problems with securing visas for the Schengen signatory countries – as undertaken in the EPA - during the course of these transactions,.

\textsuperscript{159} Hemp’s largest use is as bird and fish feed. An Australian firm, \textit{Wavelite Express}, uses hemp as a substitute for fiberglass in surfboards. Adidas has experimented with hemp shoes. German and British companies make hemp candy, beer and energy bars. Hemp-seed oil is used for lubrication, cooking and cosmetics. \textit{Industrializing Ghana through hemp production}. GhanaWeb, February 2010.

\textsuperscript{160} After years of legal status, in 1970, the US Congress designated hemp — along with marijuana and heroin — as a "Schedule 1" drug under the Controlled Substances Act, making it illegal to grow hemp without a license from the DEA.
Audio-Visual Industry (especially Film)

Many of the region’s governments, through their film promotion or tourism offices, position their countries as film production locations, utilizing the natural or architectural features as backdrops for film-makers from outside of the region. In practice, the development of local film industries is considered secondary and the link between the two is only slowly being made – if at all.

Even though film and television professionals in the region are among the most enthusiastic proponents of the view that their industry can be a significant force in the region’s creative industries, many also agree that some of the hurdles are enormous. The potential consumer base in the region is quite small (approximately 26 million), almost equally split between three dominant language blocs; the entire region has fewer than 200 cinema screens (with more than ¾ of that number in the Dominican Republic alone); and while a significant portion of the developed world has begun the migration to viewership of digital film/video products on-line, the necessary broadband infrastructure and availability to consumers within CARICOM is estimated to be quite low at this point, rendering that facility an unviable viable platform for distribution throughout the region.

In addition, the audio-visual industry faces a number of business development challenges including:

- The fragmentation of the industry nationally and regionally. Only within the past two years have regional bodies emerged with a focus on networking, collaboration and business development: Caribbean Tales and the Caribbean Audio-Visual Network.

- Depending on the source of the information, there may be a critical shortage of both experienced film crew and equipment suitable for major productions that operate under rigid time-frames. While, region-wide, there may be sufficient equipment and enough skilled persons to constitute several crews, some in the industry acknowledge that it is often simpler for an incoming film production to take in most of their own crew and a significant part of their own equipment needs.

- The inadequacy of training institutions, particularly to provide training in production skills and technologies: Whilst the Centre for Creative Imagination (Barbados), the Creative Production & Training Centre and CARIMAC (UWI) (Jamaica), and the Global Media Arts Institute (Dominican Republic) and a few other national and regional institutions offer courses in cinematography/videography and related skills, important limitations have been noted in their offerings - especially as regards the practice of film making. As there is limited information exchange among stakeholders across the region, it may be that there are already adequate – but under-utilized inputs now in place.

- While there is no shortage of persons who want to make films of all kinds, there is a shortage of “quality” films. This is in part related to the training challenges, but is also due to the fragmentation of the industry and the limited incentives (not necessarily fiscal) available to film makers.
• There is little by the way of structured (and supported) development programmes for the region’s film industries. Furthermore, funding for film projects remains unavailable.

• There are challenges involved in accessing distribution outlets regionally and internationally: In many Caribbean countries, film-makers are expected to buy broadcast time to show their works and are thus forced to approach potential advertisers/sponsors themselves. Even government-owned or supported television stations have adopted this practice.

• Limited use of co-production opportunities: For example, Jamaica has a co-production treaty with the UK which has hardly been utilized. There has also been little exploration of the potential for partnering with the French territories to access financial and other support that may be accessible from France.

• Lack of access to market intelligence as well as knowledge regarding opportunities along the industry’s value chain.

In spite of these challenges, there are possibilities. Indeed, a few entrepreneurs have decided to build on characteristics for which the region is known, e.g. the development of offerings that include cooking shows, cultural documentaries, music videos etc. targeting the external markets (primarily North America).

Although the audio-visual industry has not been included in the EPA, there are opportunities to access the EU film and video market through its inclusion in the Protocol on Cultural Cooperation. This represents an area of preference for CARIFORUM countries given the sensitivities and the usual exclusion of the audio-visual sector from multilateral and bilateral agreements by the EU and other developed countries.

Recommendations Interventions (specific to the Audio-Visual Industry)

• Overall, there is a clear need for greater access to market intelligence, expanded training in production skills and technologies, IPR and in the management and marketing of culture. Greater dissemination of information on opportunities along the industries’ value chain as well as strong royalty collection mechanisms is very much needed.

• Exploration of co-production arrangements: The aforementioned Protocol encourages co-production. In particular co-production with the French territories could provide access to the EU market. Even though the UK has signalled that it is unlikely to enter any additional co-production treaties of the type in effect with Jamaica, there may be some scope in the region for bilateral agreements with other EU countries. Furthermore, there may be possibility to review the current UK-Jamaica treaty to see, for instance, whether it may accommodate the participation of other CARIFORUM countries in partnership with Jamaican interests.

• The region’s film training facilities may need upgrading. One recommendation has been to secure technical support from the EU for the establishment of an Eastern Caribbean production house, administratively linked to the University’s Centre for Creative Imagination, to:
Facilitate training and technology transfer through ongoing exchanges among film makers and mentoring. This would be a kind of incubator dedicated to producing quality films with the support of experienced filmmakers;

- Be a resource centre for technological upgrading;
- Pool resources for filmmakers to access expensive equipment;
- Facilitate co production and reduce the cost of production;
- Develop and implement a distribution and marketing plan, starting with local and regional distribution and eventually international distribution.

### The Visual Arts

With the exception of Haiti (and to a much less prominent degree, the Dominican Republic) the region’s visual arts have little extra-regional identity. Artists however have suggested that targeted government support in such areas as duty relief on imported raw materials could go a long way towards strengthening this industry.

There may also be scope for promoting linkages between visual arts (including crafts) and the tourism industry. This would be particularly significant given that a considerable portion of the artisanal products offered for sale to tourists visiting the region are imported from Asia and elsewhere.

### Theatre

The export of theatre products (mainly comedies) to diaspora communities is a growing industry. Over recent years, something of a circuit has developed particularly in the USA and Canada, as well as, to a more limited extent, the UK. Through collaboration, it may be economically feasible to professionalize the generally ad hoc appearances in diaspora-strong communities into a year-round circuit that offers much more than now exists.

### Other

A number of educators and creative professionals have identified potentially promising niches for the region, including the design/development of electronic **games**, and the development of **animation** both for use in such games and other film/video/digital products. Separately, these are multi-billion industries worldwide. The provision of such value-added, IP-rich products is a considered a key to economic sustainability, and potentially rich cross-fertilizations are evident through the enrichment of such products with other components of the region’s rich culture\(^1\). In a related area, the UWI Cave Hill campus is already exploring

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\(^{1}\) As an example, the study’s authors have been pointed to the example of the Japan’s **manga**, which originated as comic books and print cartoons, but which have subsequently moved onto a range of platforms including animated TV series, video games, animated and live films. While distinct manga-influenced industries have developed elsewhere in Asia (notably in Taiwan, South Korea and the PRC) and have spread across North America and Europe - and reflect a wide range of themes, they consistently draw upon the distinctive culture and history of their countries of origin.
the development of digital systems application programming, initially in cyber-security.

**General Recommendations for Creative Industries**

The region has shown that it has a comparative advantage in the trading of several segments of the creative industries, in particular music, festivals, and perhaps to a lesser extent, art, fashion and theatre. The progress made far has been largely unplanned either by governments or by the industries which remain fragmented.

As a matter of priority, the CARICOM Culture Desk should spearhead efforts to devise policies and strategies that will foster the optimisation of the region’s comparative advantage. To begin with, there is need to collate production and trade revenue data as well as to assess the multiplier effect of these revenues into communities. Armed with this information, CARICOM and the industry representatives can seek government support for a development strategy which includes promoting concepts of innovation, including the taking of training into the communities where spontaneous innovation is constantly evident but is not often captured and made tradable.

**5.5 Educational Services**

**Background**

The scope for the export of educational services may have been belatedly recognized in CARIFORUM member states, but has lately been fast-forwarded on account of the countries’ commitment to liberalization via the General Agreement on Trade in Services (GATS).

The main tertiary institutions in the region are now more motivated than before to export because of (i) the successful incursion of foreign education services suppliers into their domestic markets, (ii) the boom in the numbers of privately-owned tertiary-level universities in direct competition with longer established entities such as the UWI, (iii) the success of the offshore private medical and/or veterinary schools established in the Eastern Caribbean, Belize, Guyana, the Netherland Antilles, and the Dominican Republic, and (iv) the ongoing transformation of education services (including at the tertiary level) into an open, competitive industry with growing scope for cross-border supply and delivery.

The domestic markets for educational services have changed significantly within the past decade or so with the rapid expansion of offerings from extra-regional tertiary institutions and an increasing number of privately-owned domestic tertiary brands. These have carved out sizeable niches through their innovative delivery mechanisms, flexible study and payment plans, and greater sensitivity to the needs of their clients. For instance, the University College of the Caribbean (reputedly the largest indigenously-owned tertiary institution in CARICOM) successfully introduced early-morning classes for part-time students in the Jamaican market in recognition of the fact that one of its largest market segments
comprises single parents in full-time jobs and who generally take their children to school in the early morning hours.

**Opportunities for Educational Services**

- **Offshore Training**
  
  The Caribbean is now a significant location for the training of international medical students, primarily from the USA. Foreign exchange earned from this is now reportedly higher than revenues from tourism in Grenada and Dominica. Other universities have begun to explore the option of expanding the offerings of their medical faculties as they see an increase in domestic and international demand for doctors, nurses and technicians. Indeed, some analysts have posited that the expansion of tertiary health education services is a key component for the growth of a strong regional Health & Wellness industry (See 5.3, *Health & Wellness, above*).

- **Extra-regional Students**
  
  A number of new programmes throughout the University of the West Indies’ (UWI) network specifically target international students. According to UWI’s International Student Office, plans are for as much as 15% of its student population to be derived extra-regionally over the next 5-7 years.

- **Development of New Programmes**
  
  Observers have suggested that while the regionally-funded UWI has long had solid administrative capacity, for too long it had no compelling reason to focus on achieving and maintaining marketplace competitiveness. Consequently it is to an extent still playing catch up on the marketing and business development fronts, and has only recently begun to address constraints in both infrastructure and technical capacity with respect to the development of programmes for new growth areas such as Health & Wellness and Sports-related Services.

- **Training for Export**
  
  Many of the region’s educational authorities have had to address concerns regarding the export of skilled nationals. In particular, there continues to be alarm that while education costs are significantly underwritten in such entities as the UWI and other national institutions, many of the ensuing best and brightest are “lost” to better-paying jobs in (primarily) North America.

  Rather than attempt to place impediments to movement of these skilled workers, some authorities are instead seeking to meet current and anticipated demands both domestically and for the export market through attracting the investments that will facilitate the expansion of existing educational facilities or the establishment of new ones whilst at the same time broadening their recruitment base domestically. Some policy-makers are of the view that this is simply pragmatism – a means of addressing domestic needs while optimizing marketplace realities, particularly as remittances from the diaspora are a significant component of many CARIFORUM economies. 2007 figures for
CARIFORUM\textsuperscript{162} estimated the value of remittances to CARIFORUM at some US$7.7 billion.

The demographic profile and workforce entry patterns and preferences in many developed countries predict severe shortages in such professions as nursing, teaching and laboratory technicians in North America\textsuperscript{163}, parts of Europe\textsuperscript{164}, the Gulf States, Australia\textsuperscript{165}, New Zealand and other regions. One model being explored by Jamaican entrepreneurs is partnering with hospital networks in the USA and Canada, to develop new facilities (or to expand existing ones) that would train nurses, technicians and other health professionals for placement in their institutions.

**Recommended Interventions for Educational Services**

Among the specific niches that may be worthy of exploration are:

- Specialized courses in Caribbean culture e.g. Caribbean studies, reggae studies, carnival, Small island-friendly and “green” tropical architecture. Some of these programmes can be delivered by distance learning.
  
  Other niches being considered include those focusing on aspects of the environment (especially climate change); renewable energy (incl. photo-voltaic technology); management studies focussed on tourism; research collaborations for marine-based bio-active components for usage in pharmaceuticals etc.

- Many shipping lines offer for-credit courses to passengers, or function as floating conference facilities in a range of specialized areas. As the Caribbean is a significant cruise-shipping destination, its educational institutions should explore where there may be scope for partnering with these lines in the delivery of specific programmes on board.

- Delivery of sports-related educational services.

- The provision of Teaching of English as a Foreign Language (TOEFL) certification as a service in a hemisphere where Spanish or Portuguese is the native language for multiple millions. Similarly, the Dominican Republic and the English-speaking Caribbean should aggressively market immersion training for, respectively, English and Spanish-speaking persons who will be invited to visit their countries on “learning vacations”.

- Secondary education services targeted mainly at Caribbean families living in the UK and North America: Diaspora families often prefer the secondary

\textsuperscript{162} Country data provided by UN Department of Economic and Social Affairs, Population Division, as cited in "Brain Drain and Caribbean-EU Labour Mobility". Keith Nurse and Jessica Jones, 2009.

\textsuperscript{163} The “Update on International Recruitment and the Nursing Shortage: What Impact Will Healthcare Reform Have?” projects a deficit in the USA of between 340,000 and one million nurses by 2020. Data cited by Marcia Faller, Executive Vice President and Chief Clinical Officer, AMN Healthcare, 2010.

\textsuperscript{164} “Nearly 35,000 nurses – enough to staff the entire health service in Wales – have migrated from the UK in the past four years.” Times Online. January 28, 2008.

\textsuperscript{165} “90,000 nurses retiring over the next two decades.” Ageing Workforce Sparks Nurse Crisis. The Australian, Oct. 22, 2008.
education offered the Caribbean but this could only be facilitated by a return to boarding schools where families are assured of a relatively safe and secure learning infrastructure for their children.

- The creation of collaborative networks: The provision of R&D services through collaborations with EU tertiary institutions, as is already happening in energy. There is also likely to be scope for increased collaboration within the region. For instance, a number of CARIFORUM tertiary institutions have developed world-class reputations in certain disciplines, e.g. tropical medicine, sickle-cell research and certain traumas, tropical architecture/building and a number of other disciplines. There may very well be scope to encourage the training of professionals from the French DOMs and the region’s former Dutch dependencies in such specific disciplines within the region rather than, as generally pertains, in France or the Netherlands.

5.6 Maritime & Other Logistics Services

**Background**

The wide geographic dispersion of CARIFORUM member states, as well as their relatively small populations, presents difficulties for the cost-efficient movement of goods and persons within the region.

Nonetheless, business interests have identified scope for the utilization of natural and enhanced facilities to be developed into a thriving regional industry focussed on (i) transhipment, (ii) berthing and repair services for recreational vessels, (iii) maritime training, (iv) the provision of ship registry services, and (v) air transport hub services.

**Opportunities in Maritime & Other Logistics Services**

- **Transhipment**

  The world’s multi-billion dollar transhipment business is set to experience resurgence as world trade recovers from recent financial dislocations. This may augur well for Caribbean facilities.

  Jamaica, The Bahamas, and the Dominican Republic have well-established port transhipment facilities. In addition, Jamaica is one of only three ports in the Americas that can accommodate new mega-ships. To the south, T&T does some transhipment, but its activities are hampered by the small size of its ports. The Bahamas focuses on transhipment to areas to its north - especially to the US East Coast - while Jamaica’s main markets are South and Central America in addition to areas along the US East Coast.

  Panama is currently expanding its facilities to accommodate very large vessels moving between the Pacific and Atlantic oceans. Conceivably, this might expand the break-bulking opportunities for Jamaica and the Dominican Republic, although there are suggestions that Panama may be upgrading its own break-bulk facilities. Regionally, Jamaica and the Dominican Republic are exploring greater collaboration so as to strengthen the competitive positioning of their main ports, and there is even talk of working with Panama to determine whether there is
scope for complementary specialization involving all three countries. The lucrative but highly competitive transhipment business in the Americas which will be increased with the expansion of the Panama Canal Zone is also attracting the attention of port authorities in Colombia and the USA, where Miami has long been a market leader.

Issues of competitiveness in the Caribbean need to be examined. The fact that there is little cargo moving from the region increases transport costs as they are forced to deadhead on their return. Berthing and transhipment costs in the region’s main facilities are also quite high and many companies can obtain better rates by transshipping from the USA. The result is that some prefer to move their cargo to USA, and use smaller vessels to move from the USA to the Caribbean.

Investment in the region by European shipping firms is critical to success. If the Bahamas, Jamaica and the Dominican Republic are to play expanded roles in the region’s transhipment and break-bulk/distribution industries, the involvement of major European shipping lines will be indispensable.

- **Berthing and Repair Services for recreational vessels**

The boatbuilding, storage and repair industries are huge globally given a world fleet estimated at over 20 million vessels and growing\(^\text{166}\). Worldwide production of recreational boats grew by 25% in 2005, by 8% in 2006, and such growth is expected to continue.

Boat shelter, maintenance, crewing and rental services are offered all along the Caribbean archipelago: The two main destinations for charter boats are the Virgin Islands (comprising the British Virgin Islands (BVI) and the United States Virgin Islands (USVI)) and the Grenadines (Grenada and St. Vincent and the Grenadines). These same areas are also popular cruising areas. Trinidad and Tobago is a main gateway to the Latin American mainland and an important hurricane shelter. St. Maarten and Antigua are also popular winter destinations for mega or super yachts, together with St. Barths. Antigua and Barbuda also offer more anchorages than any other Leeward island. Martinique and Guadeloupe are popular stops, known for the quality of wine and provisioning. Martinique, together with St. Lucia, serves as a staging area for charter boat trips to the Grenadines. St. Lucia (and Antigua and Barbuda, since 2003) is also the Caribbean destination of the Atlantic Rally for Cruisers (ARC), a popular cross-Atlantic sailing event\(^\text{167}\).

There are boat yards and marinas stretching across the Caribbean from The Bahamas to the Netherlands Antilles. Boat building and maintenance take place in The Bahamas, Trinidad and Tobago, and a few OECS countries. The Bahamas offers some maintenance services to cruise ships

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\(^{166}\) Strategic Plan for the Yachting Industry of Trinidad and Tobago: Final Report, Yachting team of the Prime Minister’s Standing Committee on Business Development, March 2004. The Committee was established in 2004 as part of the country’s economic diversification efforts.

\(^{167}\) Yachting in the Eastern Caribbean: A regional Overview. ECLAC, 2004
Across the region, these service industries already employ hundreds of technicians and mariners, and earn millions of dollars in storage fees. Indeed, boating/yachting contributes more to national economies in many Caribbean countries than do cruise ships. Furthermore, they are perceived by many as less harmful to the marine environment as much of the waste is disposed of on land. In addition, this industry has positive spin-offs into the rest of the economy through provisioning and the purchase of craft, entertainment, transport etc.

Such boating/yachting-related services are exported/consumed in several ways:

- Boat building according to specifications for a particular customer;
- Sheltering and repairing of boats that come into the Caribbean for “wintering” or are in transit for a few weeks;
- Bareboat and crewed charters;
- Purchase of supplies once berthed.
- Temporary contracting of Caribbean boat repairers to work in North American boatyards especially during slower months.

The yachting industry is seeing new trends, with increasing numbers of mega yachts coming from Europe. The characteristics of yacht owners are also changing, with younger owners coming from a larger number of countries, including the newly rich from Eastern Europe.

Within the context of a new policy aimed at harmonizing tourism development and marketing, the OECS Ministers have indicated an interest in applying a coordinated approach to enhancing the yacht industry, taking account of complementarities in each country’s offerings. This includes the possibility of creating a single space for movement - or at least an advance clearing system – to facilitate yachtsmen who prefer stopping at a multiplicity of locations. The OECS is also exploring the development and promotion of an integrated schedule of festivals and carnivals annually during the July/August period.

- **Maritime-related Training**

Although Maritime and Logistics Services are viewed as growth industries worldwide, high-level skills are in short supply. Through the Caribbean Maritime Institute (CMI), the region has a well regarded network of training facilities centred in Jamaica and with antennae institutions in Guyana, Barbados, Trinidad & Tobago, St. Lucia, St. Kitts and Nevis and Dominica. The CMI was initially developed with Norwegian assistance and, with seafarers in short supply globally, its graduates are now employed by shipping companies around the world. Some European companies have CMI-trained cadets and officers on their vessels.

The Institute’s programmes are certified by the International Maritime Organization (IMO) and is now accredited for the provision of graduate degrees (it offers a Masters’ programme in Security and Shipping Logistics). It is planning to more comprehensively meet CARIFORUM’s needs by expanding its current facilities and/or using distance education technology to reach additional students, including in Haiti. Given the strong global demand, this is a clear area of opportunity for additional investment, as seafarers make good income, are
employed year-round and could prove to be an invaluable source of remittances for CARIFORUM nations.

While the CMI is the main institution for training in this industry, other entities have more recently begun to provide training, including the University of Trinidad and Tobago which has established modules to address training needs of specialized technical personnel. The Centre for the Development of Enterprise (CDE) has also provided firm-level support for SMEs in the region involved in boat building.

- **Ship Registry Services**

The Office of Trade Negotiations (OTN) notes that within the last few years, the trade data for ship registry - usually reflected in re-exports from the Caribbean countries - has declined significantly. As ship registration has for some time been an important source of foreign exchange for several small Caribbean countries, it is important that the current challenges facing this business be addressed.

In order to manage and market the registry, the OECS countries registering ships have established business alliances with “seafaring” European countries. These alliances have been mutually beneficial. Ship registration, however, comes with tremendous responsibility in terms of IMO requirements for supporting crew members and ensuring the observance of ever-increasing standards of seaworthiness and transit. There is recognition among certain OECD countries that some Caribbean states which register ships that carry flags of convenience do not have the technical resources to fully undertake these responsibilities. In the future, governments may want to consider putting in place structures that will stand up to any scrutiny as international standards for transit activities evolve.

Given the steep fall in registration, affected countries will also have to find ways to expand demand for their services. It would be useful to conduct a review of the sustainability and expanded market potential of the ship registry business; and to determine the strategies which CARIFORUM countries need to put in place to maintain demand and revenue.

- **Air Transportation hubs in CARIFORUM**

Creating a hub involves, among other things: long haul as well as shorter haul traffic and a strategy to build this traffic; the infrastructure needed to accommodate both planes and passengers; space/infrastructure for air transport related businesses; open skies agreements and partner agreements with air service suppliers; and multimodal planning skills. Both the Dominican Republic and Jamaica have indicated an interest in developing air transport hubs for transiting passengers and freight between continents and within the Americas.

The Dominican Republic has embraced the concept of multi-modal logistics. As of its logistics planning, not only is it expanding transhipment activities but it has begun to implement a plan for an air transportation and logistics hub. The country has a geographical advantage, and most tourists flying into the Caribbean enter the Dominican Republic and Puerto Rico (a hub for American Airlines). In addition, the Dominican Republic has trade liberalization agreements with CARICOM and
Central America, and is also a party to the Central America/US Free Trade Agreement.

For many years, Jamaican policy-makers have talked about developing the country’s potential as an air transport hub to compete with Miami. Miami’s air transit activities have become quite bloated and because of security concerns, transiting has become onerous. These discussions have taken on some traction in the last two years.

Jamaica is less advanced in this respect than the Dominican Republic; it just recently began to implement an open skies policy and is in the very early stages of implementing its air hub strategy. In this, it is constrained by:

- Inadequate human resources knowledgeable in air transport planning, including hub development and marketing and the integration of intermodal logistics into planning;
- Refining the existing strategy to take into account enhancing air links among the CARIFORUM countries in the Northern Caribbean;
- The sizeable investment needed to put in place the infrastructure: Its two national airports do not have the space to accommodate the large airplanes out of Europe, Asia and Africa nor the business related to a logistics hub. In addition, the main access road to one of its two international airports is considered susceptible to flooding. A pre-feasibility review has been undertaken on the basis of the plans for new infrastructure but a full feasibility is needed, incorporating a marketing forecast. This will be key to attracting investors; and
- Identification of a package of incentives to attract cargo and passenger business.

Both the Dominican Republic and Jamaica face the additional challenge of escalating energy costs that would result from any expansion, and so urgently need to review options for their energy needs.

The CARICOM Secretariat also needs to enhance its capacity to support (i) civil aviation authorities in the effort to keep up with increasingly demanding international regulations from the International Civil Aviation Organization (ICAO), and (ii) to strengthen transport policy planning and management in CARICOM, given current transport limitations in the northern and southern Caribbean and the importance of efficiently moving people and cargo in a CSME.

**Recommended Interventions for Maritime & Other Logistics Services**

Viewed as an important export industry with significant potential for further growth, recommendations from stakeholders include the following:

- Assistance to expand the facilities of the Caribbean Maritime Institute to allow a greater number of students to benefit from training as Seafarers. Currently the Institute cannot meet the high demand for Seafarers in the growing global boating/yachting industry with its current facilities.
- Upgrading the level of skills to service these boats, especially the new high-tech mega yachts. In that regard, the University of Trinidad and Tobago (UTT) is offering training of some technical personnel needed for the industry. Not
many OECS nationals have been able to utilize these facilities. It would be useful to offer UTT incentives to extend the courses more fully to the Eastern Caribbean and to review and strengthen its offerings to meet changing needs.

- To ensure a needed pool of technical skills for boat maintenance, in-country apprenticeship programmes should be developed. These could build on the existing knowledge of top-level technicians particularly from the Eastern Caribbean as well as the foreigners who fly into the region to undertake maintenance activities. Such training must be officially certified. The CDE also provides firm-level support for SMEs involved in boat building and repairing. A revived marine trades association could review this possibility of assistance.

- One of the advantages of the Caribbean waters is that the entire area is a contiguous “yachting space”. However, yachters who are not from the Caribbean have to go through immigration each time they move from one island to another. Customs procedures can also be quite onerous. As a matter of priority, regional policymakers, industry persons and the customs and immigration departments should agree on how to facilitate both visas and customs so that the current situation does not continue to hinder business. Thereafter, the agreed legislative and regulatory changes should be pursued as promptly as possible.

- Joint ventures should be explored with EU firms in such areas as the development of floating dry dock facilities (Jamaica) and Logistics Centres (Dominican Republic and Jamaica). This should form part of an overall review of the competitive potential of these logistics facilities in light of current developments and expected growth in trade and shipping.

5.7 Professional Services

**Background**

The scope for the provision of professional services across a variety of modes is addressed in the EU-CARIFORUM EPA. However, the region has limited international recognition in these areas outside of a few areas related to tourism. As such, opportunities are likely to exist initially through sub-contracting and joint ventures in specific niches; or, in the case of legal, advertising and accounting services, through professional support to other transactions between Europe and CARIFORUM. Inasmuch as the EPA includes commitments with respect to development funding for capacity building and competitiveness enhancement, there is scope for securing assistance to strengthen CARIFORUM’s capacity to export professional services.

In terms of management consulting, Caribbean Export has taken the lead in the strategic repositioning of this industry in the Caribbean. It has outlined a development programme that includes the establishment of a comprehensive database of service providers, a focus on continuing professional development (including training, accreditation and certification) as well as a region-wide mentoring programme.

Constraints to exporting services include poor access to information (regarding bids, regulations etc.) and hidden cultural biases. Indeed, CARIFORUM
professional services suppliers argue that they are left out of the information loop even when their own governments are approached by foreign investors. Whilst growing numbers of professionals in the Caribbean are of export standard, most companies traditionally focus on national opportunities and seldom compete for regional or extra-regional projects. Indeed, the limited data available suggests the region imports significantly more professional services than it exports.

Notwithstanding such hurdles, it is believed that there are significant opportunities for the growth of this industry.

**Opportunities for Professional Services**

- **Bidding for national and regional projects**

  Many of the more sizeable capital projects in the region are funded by governments, regional or multilateral institutions such as the Caribbean Development Bank (CDB), the IDB or other similar institutions. In these instances, architects, engineers and contractors must compete through open bidding (although often restricted to nationals of the member countries of the funding institution). The same competition rules apply to business and development policy management consultants vying for projects in the region. Unfortunately, the relatively limited experience of CARIFORUM consultants with competitive open bidding puts them at a disadvantage compared to their foreign counterparts. While professionals in the region complain that they are bypassed, procurement/tender review officers will generally acknowledge that technical skills are often not a constraint. Rather, they refer to inadequacies in consultants’ presentation of the requisite documentation; their lack of experience on sizeable projects.

  Other challenges facing the region’s consulting capacity include:
  - Small size of firms: Completing extensive bidding documents and mobilizing resources remains a challenge for many professionals;
  - Inability to meet specific eligibility criteria for participation in certain types of projects (e.g. requirement that an architect must have extensive experience designing universities, hospitals etc.)
  - Requirements for performance bonds for architects, engineers and contractors.

- **Exporting Professional Services to Overseas Markets**

  For CARIFORUM architects, accountants, engineers and business management professionals to access the European market, the methods which would most likely yield benefits include:
  - Partnering with a European company to enter a bid, which will reduce the challenges of size and financial resources. In this case information flows, networking and recognised certification/accreditation are critical to success.
  - Providing support services to private investors for investment projects being implemented in the region. This means access to information on projects
planned or being considered and a system of referrals in place to enable CARIFORUM providers to take advantage.

- Subcontracting: Caribbean companies have been involved in sub-contracting arrangements where local knowledge is important to the success of a project or where the cost of importing skills to the site of a project in the Caribbean is higher than utilizing the services of a local company for components of the project. Sub-contracting is a good way for the region’s companies to build referrals and partnerships.

- Establishing a business in an EU country which has enclaves of CARIFORUM nationals, in partnership (or via other strategic alliances) with a business based in that EU country.

**Recommended Interventions for Professional Services**

- Development of a database of Caribbean professionals that is shared within the region as well as a system of information flows between the two sides will assist with developing communication between the EU and CARIFORUM.

- More urgently, there is a need for regional agencies and the EPA Units to work together, in collaboration with the associations to advise Professionals of the provisions of the EPA and the market opportunities that could be explored. In discussions with Accountants and even some Architects and Engineers, it was evident that exporting their services is not considered even when the domestic market is stagnant. As one accountant noted, it is not on their radar. They will quicker think of migrating rather than exporting to find new opportunities.

- In this regard, a practical and detailed marketing strategy should be prepared for professional services associations to allow them to see where the niches for export may be and strategies for taking advantage of these opportunities. Caribbean Export has prepared marketing strategies for Barbados and several OECS countries. The same needs to be done for other countries.

- The capacity of these professional associations must also be developed so that they can foster their members’ ability to export. This will involve developing appropriate databases and information networks among their colleagues in the region, training to improve networking and promotion skills, as well as assisting them in understanding market entry strategies.

- Regular networking is needed of CARIFORUM professionals and EU professional bodies. Bodies such as the Association of Commonwealth Societies of Architects in the Caribbean (ACSAC) and the Federation of Caribbean Architects (based in Curacao, with membership of the French and Dutch Antilles and the Dominican Republic) are an important step in this regard. Every effort should be made to strengthen the services offered by these and similar associations, and to facilitate their networking with EU counterparts.

- The activities related to entering new markets, especially in Europe, will have to be supported by international certification for CARIFORUM Professionals as well as Mutual Recognition Agreements (MRAs) between CARIFORUM and the EU. The process of initiating MRAs must begin this year in accordance with the EPA. The architects have begun the process and other professionals must be encouraged to do likewise. The Office of Trade Negotiations (OTN) is
conducting a review of regulations within the region and among EU countries to identify areas of commonalities to support the MRA negotiations, but given the staff limitations of that body, more assistance will be required by the various professional associations and accreditation bodies to complete the mutual recognition process.

In respect of adopting international certification, tertiary and professional training must be brought on board to ensure that CARIFORUM professionals are export ready. The Technological Institute in the Dominican Republic is the executive agency for an IDB-funded project “Regional Engineering and Accreditation Systems”, which aims to design and adopt a regional system of accreditation for engineering programmes across the Caribbean to, among other things: facilitate the movement of Caribbean professionals, open up the possibilities for cross-border inter-firm activities, and improve attractiveness for FDI.

The recently-formed Caribbean Institute of Certified Business Management Consultants is an effort to begin to certify management consultants. With the support of Caribbean Export, work is already underway to increase the number of certified consultants in the region who can compete in the regional market and are export-ready. This support should continue and extend to include other professions as needed.

- The certification and regulatory framework for some professionals such as accountants is harmonized throughout the region. However, there are differences in standards among CARIFORUM countries in other disciplines. For example, the region’s framework for architects is not standardised. As having a harmonized legal and regulatory framework is a priority before proceeding with the MRA, architects in the region have signed an MOU to begin to put in place an agreed set of regulations. They need the support of policy-makers to move this forward.

- Several professional groups need access to professional indemnity insurance/performance bonds at a reasonable cost in order to access projects. This has proved difficult even when associations have approached financial institutions as a group.

- EPA Units, along with the Coalitions of Service Industries need to impress upon TPOs the need to help prepare them for exporting and to include the professional industries in their promotional activities. At minimum, this would enhance the ability of professionals to compete with Europeans and other nationals - in the CARIFORUM market.

- The capacity of accreditation agencies for professional services must also be built so that they can administer the functioning of the MRAs, and support collaboration with the Ministries of Labour in incorporating the work permit approvals into the accreditation system.

- Familiarization missions between CARIFORUM professionals and potential EU markets should be supported.

- Closer linkages with the financial sector must be developed, particularly to foster understanding and support. Caribbean Export has suggested that meetings be convened between the financial sector and service providers to
review ways in which the latter can be supported. Functioning industry associations should, possibly with the help of Pro Invest or Caribbean Export, begin discussions with the financial sector regarding a more facilitating approach to performance bonds. A review of best practices in developing countries would help. Caribbean Export has indicated that it may seek to convene meetings between the financial sector and services providers to review ways in which the latter can be supported.

- Training interventions for professionals as well as Procurement Officials in the preparation of bids be programmed by Caribbean Export or the CARICOM Secretariat in collaboration with the CDB. In addition, consideration could be given to providing a template for bids of a certain size which could attract smaller firms.
- Procurement Officials should seek ways to encourage inter-firm collaboration, i.e. alliances between regional firms or between a Caribbean and EU firm, for successful bidding.

5.8 Information & Communication Technology-related Services

Background
A modernised ICT infrastructure is a powerful enabler of growth and development. Even in the case of small developing economies, established and emerging technologies are now readily available that can enable MSMEs to communicate and deliver their offerings worldwide. For the countries of CARIFORUM - beset by small internal markets, loss of preferential trade advantages, a downturn in demand for their traditional products and vulnerability to global economic pressures - the transformation to knowledge-based, ICT-intensive societies could assist in propelling the region toward desired levels of growth and development.

As a consequence of massive public and private investment which followed the liberalization of national telecommunications markets, a number of CARIFORUM member states do now have a robust ICT infrastructure. This has supported the development of a set of export ventures including data processing services, business transaction processing (including call centres), IT systems management consultancies and software development and implementation. The demand for services in all these areas continues to increase internationally as new business are established or re-engineered for efficiency.

In line with heightened competition in the global market and the drive for efficiency in business processes, there has been considerable demand for outsourcing of ICT services globally. Given the lower labour costs associated with these transactions in developing countries, outsourcing of back-office functions has increasingly become the norm in high-wage industrial economies of North America and Europe. The CARIFORUM countries have sought to take advantage of this demand and many have indicated a strong interest in offering these services. A number has even recorded some – albeit limited – success in achieving this.
A few international players such as ACS (USA) and Teleperformance (France)\textsuperscript{168} have bought-out or partnered with regional entrepreneurs\textsuperscript{169}. Nonetheless, indications are that with the exception of Teleperformance and a few others whose international client base is characterized by a wide range of language requirements, European companies engaged in off-shore outsourcing tend to look for the provision of such services elsewhere in Europe as well as in North African and Asian countries.

The main off-shore ICT activities for CARIFORUM member states are in call centres and back office processing. These have the scope to attract relatively large labour forces and are therefore attractive to governments for their employment benefit. However, the region faces some challenges with the call centre model as increasing numbers of developing countries are entering the market, some of them with cheaper labour costs, larger pools of multi-lingual speakers (providing greater flexibility), and legislative and regulatory frameworks that are attractive to companies.

As a response, some CARIFORUM countries have expressed an interest in focussing on knowledge-based services that have greater scope for deriving value-added benefits. For example, countries like the Bahamas, Barbados and Trinidad and Tobago that have strong knowledge bases in the financial sector have begun to explore the potential of eschewing call centres to instead focus on knowledge process outsourcing of financial services.

In 2008, it was reported that the Dominican Republic had approximately 50\% of the region’s business process outsourcing capacity; and Jamaica had approximating 30\%. Projections were that employment in this area would increase from some 68,000 in 2008 to over 100,000 in 2010; and that the economic impact of these activities would triple from 2005’s US$500 million to US$1.5 billion over the period\textsuperscript{170}.

**Challenges facing ICT-related Services**

CARIFORUM’s progress towards more fully developing ICT-intensive services continues to be hindered by issues of access and affordability, lack of infrastructure, fragmented policy and regulatory frameworks as well as differential levels of educational attainment\textsuperscript{171}.

While a number of countries have made considerable strides in modernizing their telecommunications infrastructure, there are some who are much further behind in realistically contemplating near term competitiveness in the ICT-based services, particularly the knowledge-based segment. For instance, Belize still has a

\textsuperscript{168} Via its US subsidiary Alliance One.

\textsuperscript{169} Prior to its 2009 purchase by the US firm ACS, the Jamaican-owned company, eServices Group International, was the largest CARIFORUM call centre operation. It had an employment base of 5,400, and serviced 22 Fortune 500 companies as well as some of the largest regional enterprises.

\textsuperscript{170} “A Care Process Analysis”. Caribbean Contact Center & BPO Report 2008-2010:

\textsuperscript{171} The Communications Industry in the Caribbean: Issues, Challenges and Opportunities. Hopeton S. Dunn & Indianna D. Minto-Coy. 2010
monopoly telecommunications provider; the Bahamas has only recently decided to liberalize its telecommunications; and while some degree of infrastructure upgrading is taking place in Guyana, its telecommunications sector does not appear to be in a position to maximize its contribution to national development - particularly in the development of export services. Much of Haiti’s fixed line infrastructure was destroyed in the recent earthquake and it will likely be years before its regeneration. In Suriname, the state-owned provider has a monopoly over all fixed-line and broadband services; and even though there have been new entrants in the mobile segment, the internet and broadband penetration lag far behind the region and is considered exorbitantly expensive and slow. A Suriname-Guyana Submarine Cable System (SG-SCS), scheduled for completion in 2010 should vastly increase bandwidth capacity in Suriname. As a result, broadband should become faster, but prices are likely to remain comparatively high until there is some competition in the broadband sector.

Citing examples from St Maarten, Belize and Guyana, speakers at a recent regional event\(^ {172} \) highlighted the unevenness of a Caribbean telecommunications landscape where countries such as Belize still block common internet-based communications tools such as Skype which utilize a Voice over Internet Protocol (VoIP). In some countries, including a number of OECS member states, the cost of internet services is so prohibitive that high-speed or broadband connections that are critical for the development of the industry are beyond the reach of potential entrepreneurs.

Additionally, there is inadequate utilization of the infrastructure of ITC across the services industries. For instance, few CARICOM member states have put in place legislation to facilitate and regulate e-commerce. Indeed, it is argued that absence of such infrastructure has impeded the ability of MSMEs to competitively use the internet as their storefront for the marketing of products and services at a time when that mode of operation is emerging as a key element in cross-border transactions. Data from the EU suggests that a majority of firms now conduct at least some B2C transactions online, approaching the levels that previously only typified B2B interactions. The implications for CARIFORUM services providers who may wish to transact with either or both segments in that market are clear. The EPA provides for cooperation between the Parties to improve the region’s e-commerce framework – including the crafting of appropriate legislation. It also encourages and promoted dialogue between the Parties on the development and upgrade of this framework. Growth in the higher value, knowledge-based sub sectors such as software development is constrained by fragmentation and industry collaboration is generally weak. Most companies have less than ten professionals and inter-firm interaction is very limited or nonexistent. The Dominican Republic has had some limited success in developing knowledge-based operations in its Cyberpark, through domestic and foreign investments and the integration of technology training activities into the operations of firms.

\(^ {172} \) From address titled The Elusive Information Society delivered at 6th Caribbean Internet Governance Forum, St. Maarten, August 2010.
Another constraint facing CARIFORUM is the inadequacy of safeguards legislation and administrative systems for data protection. This has implications for the development and use of business solutions as well as for the investment environment in this industry.

**Recommended Interventions for ICT-related Services**

- The capacity of the telecommunications infrastructure and high telecommunications user rates must be addressed. Much work has been undertaken on expanding bandwidth but this needs to be an ongoing process. There have been suggestions that the French government plans to do fibre optic work to expand capacity in the FCORs. Some OECS countries could benefit from this.

- The diverse regulatory environment in the Caribbean must be addressed. The Caribbean Telecommunications Union and the CARICOM Secretariat are spearheading efforts to harmonise regulations.

- Development of a regional ICT alliance: CARIFORUM MSMEs may potentially benefit from greater collaboration and networking so as to develop greater familiarity with resources, personnel as well as new developments and opportunities.

- Capacity development must be prioritized if the region is to effectively target the provision of higher-value activities such as custom software development. It is not clear whether the all the CARIFORUM member states that have indicated an intention to enter the ICT market actually have the skills set needed. Some need to look long and hard at their asset base and the offerings of competitors worldwide to see whether their export of ICT services is sustainable. Such a process requires policy coordination and continuation over the medium to long-term, along with adequate resources.

- Focus on trade facilitation issues & market intelligence: Market penetration missions and other such initiatives need to be included in the region’s efforts to support the growth and diversification of its ICT industry.

- From the perspective of policy, perhaps the most important recommendation arising from regional discussions is the need to co-ordinate ICT policy, legal and regulatory frameworks across the region. Were the region were to develop a more integrated ICT policy, this would enhance the prospect of reduced telecommunications costs and universal access to the internet in respective countries. Useful outcomes would include an investment friendly environment, investment in ICT education and information literacy, and the financing and promotion of research and development (R&D) at the tertiary level of the education system and among innovators in the private sector.
5.9 Financial Services

Background

One key area of export interest for Caribbean countries has been the off-shore financial services industry. Following the lead of the Bahamas and Cayman Islands, a number of the OECS countries entered the market for the provision of such services and have been moderately successful in attracting foreign companies and a clientele of individual and institutional clients. The main segments targeted include: offshore banking, International Business Corporations (IBCs), insurance (including re-insurance), asset management & protection, and tax planning, and gaming (in the OECS).

The Bahamas, Cayman Islands and Bermuda, through aggressively going after foreign companies, are now among the world’s leading centres in some of these segments. The Bahamas ranks among the world’s Top Ten financial centres in terms of banking assets and assets under management and the industry accounts for an estimated 15% of the nation’s GDP. The Cayman Islands is consistently ranked among the top 5 financial centres, reputedly leads the world in its listing of captive insurance companies, and has close to 80% of worldwide hedge funds registered with its Monetary Authority. Its services include banking, mutual funds, trusts and insurance. Bermuda’s strength has been in insurance. More recently it has been an intermediary for e-commerce payments in collaboration with Internet Providers.

Barbados took the path of establishing an International Business Companies (IBC) Act which promotes the establishment of foreign businesses not providing services or goods to nationals. Hundreds of companies, including firms offering financial services, have been registered under the Act. Barbados has developed a reputation for maintaining tight oversight of these companies.

Other CARICOM member states have made forays into the financial services industry in more recent years, but OECD strictures have put growth prospects for some segments of the industry in doubt. Notwithstanding the fact that many member states were encouraged to introduce new legislation and regulations, they have subsequently had more demands piled on them – demands that OECD members offering many of the same services, have not themselves had to adopt. As noted by former CARICOM Secretary-General Edwin Carrington, “In this case, success seems to have attracted more punishment than reward.”

Nonetheless, some - including the Bahamas and Barbados - consider the strengthening of their already sizeable financial services offerings as major components of their development strategies, and Trinidad and Tobago has focused on plans to establish an international financial centre. However, the global economic crisis that has seriously affected the growth plans of many of the newer centres (e.g. in Dubai) may similarly affect T&T’s plans. Jamaica, after many

tentative forays dating back to the 1980s when it explored the offering of incentives to Foreign Sales Corporations (FSCs) originating in the USA, is once again planning to enter the market.

**Opportunities for Financial Services**

In some of the smaller jurisdictions in particular, the benefits of offering offshore financial services largely comprised government fees, licenses and associated charges. While these contributed to their GDP, at the outset their contribution to employment remained marginal. Even in the region’s more developed centres, most of the skilled employees were expatriates, and only the lower level workers were recruited locally.

However, this pattern is changing in some of the longer-established centres as firms have realized the benefits of training local staff to take over many of the professional responsibilities. In the Bahamas, some 15,000 jobs are directly provided by the industry. These skilled professionals - as well as the providers of a range of services (e.g. legal) - are potentially a resource for expanding the spectrum of financial services provided in the region. This could include the development of new financial products both for the region, as well as for marketing in the diaspora and the wider financial community.

**Recommended Interventions for Financial Services**

- CARIFORUM should explore the prospects for leveraging the world-class skills which have developed through the region’s proven role as a leading offshore financial centre. In particular, opportunities may exist for the establishment of a financial services training centre (which could even target the ACP in general).

- Given the rapid and substantive changes taking place in the international regulatory framework, the development of new products and modes of delivery, CARICOM Secretariat should spearhead a review of the competitiveness of the region’s financial services and the feasibility for some countries of sustaining exports in identified niches.

**5.10 Energy Services**

**Background**

Trinidad & Tobago possesses CARIFORUM’s only commercially viable energy resources, with current production levels of approximately 4 billion cubic ft and 123,000 barrels of oil daily. It is the world’s largest exporter of ammonia and methanol as well as one of the largest exporters of liquefied natural gas. While there are differing assessments of the extent of these reserves, ongoing negotiations with the Venezuela regarding the disposition of potentially rich fields in the waters separating both countries will likely allow T&T to continue to reap lucrative benefits from its offshore deposits for a longer period.

The remaining CARIFORUM member states all spend significant sums to import fuel supplies. This occurs even where it is believed that there is considerable
scope for renewables, primarily through hydro-electricity (Guyana, Suriname, Belize and the Dominican Republic). Guyana, which estimates its hydropower potential at an impressive 7,000 MW, currently spends some 40% of GDP on petroleum imports. Suriname has been able to generate up to 80% of its electricity through hydro-power (this depends on its rainfall pattern). Belize, currently depends on oil imports and purchases of electricity from Mexico to meet its needs, even though it is estimated to be able to generate a significant portion of its energy requirements from hydroelectricity. The Dominican Republic has significant scope for hydroelectricity generation, and has enunciated a policy to policy is to meet at least 25% of its electricity demand from renewable sources by 2025.

In the OECS, the economic viability of a geo-thermal plant in Dominica that would also supply neighbouring countries has been under study for some time, while most islands have, on paper, looked at the feasibility of wind development.

**Opportunities for Energy Services**

With energy costs in the Caribbean (except for Trinidad & Tobago) reportedly the highest in the Western Hemisphere and amongst the highest in the world, there is scope for CARIFORUM services professionals to focus on the following three main areas of opportunity:

i) The provision of technologies and services that reduce the consumption of energy from traditional sources;

ii) Developing partnerships to attract investments in alternative energy generation (many of which involve high levels of capital); and

iii) Pursuing opportunities in the downstream segments of T&T’s energy industry.

Energy conservation has not been sufficiently acknowledged in the region, given the stop-start efforts to place it on the agenda of consumers as well as the lack of coherent policies (including incentives) for its encouragement. One report recently estimated the annual market to be approximately US$242 million for energy conservation entrepreneurs engaged in the provision of a combination of energy conservation technologies and services to residential, commercial and industrial users in a grouping of 19 regional countries (the majority being CARIFORUM member states) ¹⁷⁴. The technologies and services listed therein ranged from Low-Cost/No Cost Solutions (e.g. compact fluorescent lamps, electronic timers, occupancy sensors, premium efficiency motors, low flow showerheads and low flush toilets) through to the use of Engineered Solutions in design and building, Product Development, and engagement by Financial Services Providers.

While more detailed studies may be required to confirm this market’s total size, and much will depend on the ability of regional governments to persuade their

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populations of the urgent need to transition to renewables, it is arguable that residential, commercial and industrial markets comprise prime market segments for enhanced conservation technologies and services.

The renewables/alternative segment is critical in and of itself, given the pressing necessity to wean civilization off fossil fuels. Transitioning to a mix of appropriate alternatives has been the focus of a number of regional programmes such as the Caribbean Renewable Energy Development Programme (CREDP) and projects under the Caribbean Renewable Energy Facility (CRETA). Through such mechanisms, projects in such areas as bio-mass, hydroelectricity, wind and solar have been established within a number of member states. While their cumulative impact has not thus far made significant inroads in the fuel import bills of the participating countries, the projects have also assisted member states to at least begin the process of developing national energy policies. Such initiatives must be given further support.

With respect to opportunities arising from Trinidad & Tobago’s natural resources industry, the twin-island state has actively pursued a policy of maximising local content and local participation in the industry, ranging from development of facilities for the fabrication of offshore platforms, product-sharing contracts and technological expertise through the University of Trinidad & Tobago (UTT). Such downstream segments of the T&T industry may provide scope for other CARICOM member states, as does the provision of services to the existing operators in T&T’s industry. According to one report\textsuperscript{175}, “companies such as BP in Trinidad outsource US$500 million in geological services and software from Houston that they would rather spend in Trinidad if the capability existed.”

**Recommended Interventions for Energy Services\textsuperscript{176}**

- Increased emphasis should be placed on the energy services sector at both the level of CARICOM and by national Governments. This is a slowly emerging area for services and one which could benefit from some exchanges at policy and operational level between CARIFORUM and EU countries like Spain and some North European countries which have been successful in their environment services development strategies and have developed particular expertise in this area.

- CARICOM should urgently develop a comprehensive regional policy for energy, which will provide the necessary framework for the development of the regional energy services sector, in particular the integration of energy markets. This thrust was set out recently by its Secretary General who noted that: “A significant focus of the (CARICOM) Energy Programme will be advancing the development of renewable energy (RE). In this regards, great emphasis will be placed on establishing enabling policy as well as regulatory

\textsuperscript{175} Improving Competitiveness and increasing Economic Diversification in the Caribbean: The Role of ICT. infoDev, April 2005.

\textsuperscript{176} A number of these recommendations are from the CRNM Report on Energy Services Sector Collaboration in the Caribbean. February 5, 2009
and legislative framework, to encourage the development of RE. This is against the background that: i) RE remains important to the long term energy security of the Region, ii) RE forms the indigenous energy resources of most CARICOM countries and iii) diversification of the energy supply will provide a buffer to the negative impacts of oil price vulnerability.\footnote{Remarks attributed to CARICOM Secretary General Edwin Carrington in Oct-Dec 2009 edition of CARICOM Energy Programme Quarterly Newsletter}

- The CARICOM energy policy should include the harmonization and extension of all local content provisions in the energy sector to make them compliant with the Treaty and supportive of regional business development.

- CARIFORUM countries should learn from and support the efforts of the University of Guyana to develop research and the sale of environmental services. As part of a carbon credit swap, Guyana has been given financial and technical assistance for a Biodiversity Research Centre which is attached to the University of Guyana. The University has a close working relationship with Tropenbus, an energy services organisation with an international network. Specifically, Guyana needs a medium term strategy to develop this research capability, locate possible technical and investment partners and formulate a marketing plan.

- Energy services should be one of the areas to pursue in trade negotiations and a specific Energy Services team should be established, with representatives of both the private-sector and OTN.
6. ASSESSMENT & RECOMMENDATIONS FOR STRENGTHENING CARIFORUM BSOs

6.1 Analysis of Business Support Organisations

Business Support Organisations (BSOs) are defined as public or private organizations whose mandate includes firm-level support or enhancing the business environment to promote entrepreneurship and trade.

Work carried out by the Caribbean Association of Industry & Commerce (CAIC) in 2005-06 - and supported by desk research and interviews conducted for this current study - suggests that CARIFORUM BSOs were/are in broad agreement on their inherent strengths and weaknesses. Thus, the first-mentioned study pointed to issues that may be generally grouped under BSOs’ institutional capacity, inter alia:

- Human resource deficiencies, viz. inadequate staffing both in terms of skills base as well as in numbers;
- Operational deficiencies, e.g. capacity for planning/strategizing;
- Inadequate access to relevant and timely information, including trade-related information;
- Tendency to operate in silos, with less than optimal utilization of intra-state and inter-state networking in a general environment where few BSOs are individually self-sustaining; and
- Inadequate financial resources.

During the interviews conducted for the current study, these issues were reiterated – and augmented. For instance, there were criticisms regarding what is viewed as unproductive institutional rivalry – mainly nationally, and to a more limited extent, regionally. In a number of the larger member states, the membership-driven BSOs tend to compete for paying members and in the process end up offering similar services, resulting in a range of under-equipped organizations and under-utilized offerings.

In a number of the member states, interviewees from the private or NGO communities complained of being crowded out by (tax-payer- subsidized) governmental competition. This is of particular importance as many of the BSOs derive much of their revenue from membership and service fees. Indeed, they noted that statutory entities - some of which are being driven by state directives to meet increasing portions of their budgets through “cost recovery” measures - have, for instance, entered certain market segments (e.g. training seminars etc.), which had been previously treated as revenue streams for BSO members or the BSO itself. On the other hand, government entities responded that their national remit is wider than that of membership associations. Overall, some BSOs fear that their membership offering is being vitiated, and only in the rarest of cases is the opportunity to partner with these institutions in the delivery of such services, put on the table.
In a similar vein, there has been some degree of suspicion that a number of government-driven programmes that have been established to provide support to emerging industries have been less than transparent in their development and in their allocation of resources. Some in the business community suggest a frequent disconnect between the priorities and programmes initiated and/or supported by governments and the “on-the-ground” urgencies or priorities of enterprises.

SWOT Analysis of CARIFORUM BSOs

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A number have a core of well-trained &amp;</td>
<td>• Limited resources (human, financial, infrastructural etc)</td>
</tr>
<tr>
<td>motivated staff.</td>
<td>• Limited resources: human, financial, infrastructural etc.</td>
</tr>
<tr>
<td>• A number have efficient and proactive</td>
<td>• Where BSOs are a “one-man band”, they are</td>
</tr>
<tr>
<td>operations.</td>
<td>limited in the amount of work that they can</td>
</tr>
<tr>
<td>• Many are managed by persons with strong</td>
<td>accept and complete (e.g. developing new</td>
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<tr>
<td>inter-personal skills, able to relate to</td>
<td>services, communicating with clients, fund-raising etc.)</td>
</tr>
<tr>
<td>their clients as well as their boards.</td>
<td>• Many lack the full range of skills and</td>
</tr>
<tr>
<td>Usually also good networking skills.</td>
<td>knowledge needed to serve their clients</td>
</tr>
<tr>
<td>• Typically small organisations with a flat</td>
<td>(“technical”) and at the same time, establish</td>
</tr>
<tr>
<td>hierarchy, BSOs have the ability to adapt</td>
<td>and manage their organisation (fund raising, marketing, financial</td>
</tr>
<tr>
<td>quickly to changes in their environment</td>
<td>management, HR etc).</td>
</tr>
<tr>
<td>(unlike larger public bodies, national or</td>
<td>• Many rely on membership and service fees</td>
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<tr>
<td>regional).</td>
<td>which mean they will be limited by their membership base – and this,</td>
</tr>
<tr>
<td>• With close relationships with their clients,</td>
<td>in turn, will likely be limited by the small population sizes in the</td>
</tr>
<tr>
<td>BSOs are able to learn at first hand how to</td>
<td>Caribbean.</td>
</tr>
<tr>
<td>best serve them (“finger on the pulse”).</td>
<td>• Often facing internal operational</td>
</tr>
<tr>
<td>• BSOs’ offerings are based on intellectual</td>
<td>deficiencies, for example poor capacity to plan and strategize</td>
</tr>
<tr>
<td>capital i.e. they do not require large</td>
<td>because core staff are over stretched with day-to-day operations</td>
</tr>
<tr>
<td>start-up investment for goods, new</td>
<td>• Typically, limited research and data</td>
</tr>
<tr>
<td>infrastructure, specialised equipment,</td>
<td>collection capacity/capability, inadequate</td>
</tr>
<tr>
<td>warehousing…etc.</td>
<td>information dissemination mechanisms.</td>
</tr>
<tr>
<td></td>
<td>• Inadequate access to relevant and timely</td>
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<tr>
<td></td>
<td>information (including trade-related).</td>
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<tr>
<td></td>
<td>• Typically, over-reliance on a few committed &amp; supportive</td>
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<tr>
<td></td>
<td>members/clients.</td>
</tr>
<tr>
<td></td>
<td>• Often not representative of the breadth of</td>
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<td></td>
<td>their industries, which means that their</td>
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<tr>
<td></td>
<td>membership base will be limited as will the</td>
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<tr>
<td></td>
<td>range of what they can offer (based upon their</td>
</tr>
<tr>
<td></td>
<td>knowledge of their clients).</td>
</tr>
</tbody>
</table>

178 The observations in the SWOT are necessarily generalized as the strengths/weaknesses of individual BSOs vary widely.
### Weaknesses (cont.)

- Lack of resources and/or know how to effectively publicize their offerings and so may remain limited in their client base.
- BSOs’ offerings may be under-utilised, either because they are not well known or because they are not serving their clients’ needs.
- Limited capacity to re-engineer, on ongoing basis, their service offerings.
- Over-reliance on the ebbs and flows of grant funds or governmental subventions, both which make the BSOs vulnerable in terms of their long-term survival.

### Opportunities

- A few national and regional BSOs stand out on account of their track record. There is an opportunity to use these as best practice operations.
- Potentially sizeable pool of clients/members who may be persuaded to support the BSOs – if the offerings meet their demands.
- Existence of expanded opportunities for networking, in particular those facilitated by the internet.
- Interconnectedness in the Caribbean, at both national and regional levels, means that the reach of BSOs can spread quickly, particularly if their clients find their offerings useful.
- Some are characterised by a willingness to collaborate with and learn from other national BSOs in the region, and also to form partnerships with regional entities.
- Many private sector clients feel that government entities and programmes cannot fully understand their realities, whereas BSOs may be better accepted by the private sector.
- From the clients’ perspective, there are unlimited opportunities for BSOs to develop services which can assist them.
- Macro-economic stability in the Caribbean, which means that individuals, companies, governments and donors alike are more likely to invest in long-term development of BSOs and support programmes.

### Threats

- Multiplicity of entities
- Existence of weak national BSOs often professing overlapping responsibilities competing within same pool of members/clients.
- “Crowding out” of private-sector BSOs by state-funded agencies and support programmes.
- Tendency for national BSOs to operate in silos, with little information and lessons learned shared between them or across the region.
- Existence of weak regional entities with overlapping (from perspective of potential clients) or inadequately differentiated service offerings.
- Lack of coordination between regional entities and lack of communication with national BSOs.
- National and regional BSOs are often competing for the same pool of funds and so regard one another as competitors.
- Many BSOs do not consider forming partnerships with state entities, oftentimes through lack of trust and understanding, even though it would be mutually beneficial for both sides.
6.2 Recommendations for Strengthening the Capacity of Industry Associations

A key area of focus for optimizing the support available to the region’s enterprises is the strengthening of individual industry associations. This becomes critical as the region’s Trade Promotion Offices are not engaged in product development, which is important to the growth of enterprises\textsuperscript{179}. Furthermore, the fragmentation of services suppliers nationally and across the region continues to be a major constraint to the expansion of CARIFORUM’s exports. In sum, networked firms or associations are better able to foster regional and international alliances for product development and marketing activities. Industry Associations should also be the focus of activities designed to upgrade industry standards to international levels (where required) as well as for training and the promotion of certification. All of these are considered critical for the achievement and maintenance of competitiveness.

This will not be easy. As the Jamaican experience with industry clusters has shown, collaboration does not come naturally to many Caribbean service providers. However, once firms have an appreciation of the value of “association” and where there are particular goals to be achieved, some will begin to work together. Certainly, many are likely to rally around particular projects such as building data bases accessible to potential joint venture partners, developing standards and certification, negotiating Mutual Recognition Agreements, and joint marketing and promotion abroad. Projects which review best practices with a view to applying those that are appropriate, would help in building capacity. It is the implementation of projects that \textit{add value to members’ businesses} that will best assure their buy-in.

Pro Invest, which has a mandate is to work with BSOs, has assisted the St. Lucia, St. Kitts and St. Vincent Chambers of Commerce to jointly learn from the Chamber in Florence, Italy on new approaches to providing services to members. Now receiving assistance from other EU sources, this project has resulted in them finding common areas for business development and technology transfer. It could be a model for establishing similar linkages between EU and Caribbean industry associations which have common interests. Pro Invest is an important tool for the provision of technical assistance towards the empowerment of the BSOs, including the industry associations.

Caribbean Export is assisting the creative and professional industries to create solid links across the region in order to, among other things, facilitate the strengthening and harmonization of standards in preparation for MRAs. Caribbean Export should be resourced to continue to provide that support to promote regional business interaction at least for the next five years.

\textsuperscript{179} In CARIFORUM, typical services suppliers are MSMEs and SMEs.
6.3 Recommendations for Strengthening the Coalitions of Service Industries

The Coalitions of Service Industries (CSIs) are expected to be (i) the intermediaries between the disparate industry associations and policy makers in terms of information flow, advocacy and policy development; (ii) a conduit for programmes to strengthen the national industry associations; and (iii) the enabling network through which international business relationships may be facilitated.

Unfortunately, many of the Coalitions in general are administratively weak, do not have much clout or political space and are not financially sustainable. They cannot survive on minimal levels of membership fees and in general, they do not have sound plans for their financial survival. The Coalitions in Barbados and Trinidad and Tobago, which have largely been funded by their governments, are demonstrably the strongest. There are also functioning organizations in Jamaica, St. Lucia, St. Vincent and the Grenadines and to a lesser extent, Belize. In the Dominican Republic, the well-established Santo Domingo Chamber of Commerce will host the Coalition. Grenada and Antigua and Barbuda have also recently established CSIs. Most are new and have obvious weaknesses in technical and administrative capacity that may be anticipated in fledgling bodies, and which will be perpetuated if their purported mandate is not supported by adequate resources. Their growth and strengthening will likely be a function of their success in providing needed services to member associations – as well as convincing their national governments of their value.

Recommendations advanced by the region’s CSIs during a recent workshop in Barbados\(^{180}\) include:

- As entities whose existence was initially mandated by the political leaders of the region, the CSIs must be supported by the member states. Start-up funds should be committed by governments and possibly the private sector to provide this support for the first 3 or 4 years. The Coalitions have an important task assisting with the reordering the region’s economies towards services in the wake of the decline of traditional production. This is a quantifiable public good and a service needed by governments. A case can be made for additional, albeit temporary, EU support where the commitment of government and the services industries is clear.

- In that regard, all Coalitions need a 4-5 year business plan. Joint training sessions on business planning tailored for Coalitions, backed by a short period of monitoring, are recommended.

- An electronic network should be designed that facilitates exchanges and information flow among CSIs and also between CSIs and the governments. This could be placed on the Caribbean Export BSO network platform or separately established. A fledgling platform that now exists, driven by Barbados’ CSI, should be resourced.

\(^{180}\) See Appendix J: Report on Validation Workshop.
• Similarly, Barbados’ CSI working in collaboration with the CARICOM private sector desk could be used as a hub or central point for the collation and distribution of industry statistics and market information as well as for the delivery of certain capacity-building programmes. These could include training on stakeholder relationship building, developing business plans, export promotion, and networking for business to be delivered through an appropriate tertiary institution\(^{181}\).

• The Coalitions need to ensure their sustainability through ongoing political support and through validation by beneficiary industry associations. One way of doing this is by identifying and constantly demonstrating their value to public and private stakeholders. As part of their work plans, the CSIs should regularly assess their performance and disseminate to their stakeholders information on their activities and the achievements of their association members. They should also think like entrepreneurs and be assisted to devise business models which best suit their unique situations.

• Coalitions should be equipped to assist with building capacity in industry-level BSOs, in particular helping them to acquire the skills and finances to support their members.

• Where feasible, the Coalitions should be/become affiliates of the Chambers or other well-established private sector associations as this could promote administrative efficiency and create synergies.

• CSIs’ leaders must have well developed skills in public relations, relationship building and networking as these are critical to the Coalitions’ success.

\(^{181}\) The CSIs’ capacity to deliver certain courses in new areas demanded by service suppliers will also be enhanced.
7. RECOMMENDATIONS FOR STIMULATING TRADE & INVESTMENT IN CARIFORUM

7.1 Overview of the Policy and Regulatory Climate for Investment

The World Bank defines the investment climate as the “policy, institutional and the behavioural environment...that influences the returns and risks associated with investment”. The main areas include: political and macroeconomic stability; an appropriate regulatory framework and efficiently functioning support institutions, including transparent regulations, a user-friendly bureaucracy and the onerous nature of the tax regime; and the physical and social infrastructure.

CARIFORUM countries have benefited from significant levels of inward foreign investment for several decades. The CRNM reports that between 1990 and 2007 FDI flows into CARICOM increased 15% annually. Main recipients have been the relatively larger economies of Dominican Republic and Jamaica and Trinidad & Tobago. The World Bank has pointed out that the Caribbean is losing market share relative to the rest of Latin America, however. This is a critical development issue for small Caribbean countries with a narrow capital and technological base, significant declines in aid and a high dependence on foreign public and private investment to promote growth. While it is difficult to come by figures for the region, it is estimated that growth pattern of domestic and intra-regional investment was well below that figure.

With the exception of Guyana and Jamaica, most CARIFORUM countries have experienced political and exchange rate stability over the past decade, and even in those two countries, rates have moved towards stability in the last fifteen years. Other indicators of instability such as inflation have been more problematic but are now on the decline or remaining stable as a number of economies in the region have entered borrowing relationships with the IMF.

In terms of the regulatory and legislative framework, most sectors in CARIFORUM countries have been open to foreign investment for some time. Exceptions under the CARICOM draft Investment Code are still to be finalized, but, as in the case of domestic legislation in the Dominican Republic, will likely tend to focus on areas that impact public safety and public health, as well as activities that may negatively affect the environment. In the Eastern Caribbean, the longstanding Aliens Landholding Act which restricts landownership in these islands is reflected in the EPA commitments of these countries.

The last two decades have seen changes in strengthening the investment regulatory and legislative environment with some of the most comprehensive occurring in the Dominican Republic which in 1995 put in place legislation to open up to foreign investment, to establish free zones, to promote private investment and expand the telecommunications infrastructure. The process of establishing investor-friendly policies for both local and foreign investors has continued in the

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183 Overview of Global and CARICOM Investment Trends; CRNM, 2009
Dominican Republic with the signing of multilateral and bilateral agreements to promote and protect foreign investment and as part of the new national competitiveness strategy.

The ongoing improvements in investor-friendly regulations have been reflected in the improved placement of several CARIFORUM countries in the World Economic Forum and the World Bank’s surveys on *Competitiveness* and *Doing Business* respectively. In the World Bank Report of 2008 in its section on Benchmarking Entry Regulations, 5 out of the top 6 countries globally with the fewest procedures to start a business are CARICOM Member States (Dominica - 5 procedures, Grenada - 6; Saint Lucia - 6, Jamaica - 6, and Antigua and Barbuda - 7). They have not done well in respect of onerous tax systems and procedures. Analysts have pointed out however, that countries currently attractive to investors like Brazil and India are also fairly low on these surveys in this regard, but they have other key assets including large domestic markets, sizeable domestic investments, constantly innovating domestic entrepreneurs - and have the skills and technologies to facilitate productivity growth.

The timeliness of responses to potential investors continues to be a problem as well. In the latest competitiveness reports of the World Economic Forum, most Caribbean countries (Barbados being the exception) were closer to the bottom in several areas including the approvals process and the strength of the agencies charged with promoting investments.

The mediocre scores of the Caribbean in the World Bank’s Global Investment Benchmarking report was the subject of discussion at a recently-held regional seminar for CARIFORUM investment promotion agencies. According to the report, potential investors had a 50% chance of even getting a response to their enquiries in most countries.

### 7.2 Promoting Intra-regional Investment

In general, investment regulations in CARICOM are expected to take place within the framework of the amended Treaty of Chagaramas which seeks to put in place an integrated economic space to promote both intra-regional and foreign investments. With respect to intra-regional business, the treaty provides for the free movement of skills and the virtually unrestricted establishment of businesses across the region by CARICOM interests. The double taxation regime to support the Single Market has been in place since the beginning of the 1990s. Many CARICOM countries have also signed double taxation treaties with key trading partners such as the US, UK and Canada. The liberalization of capital transfers and the harmonization of capital markets are also included in the Single Market provisions. Countries generally allow the repatriation of profits or dividends in and outside of the region, (although Barbados has continued its strict “monitoring” of foreign capital outflows) and firms and individuals can participate in the equity market of any Member State. Several companies have cross-listed across the region, but the costs associated with the lack of integration have been a deterrent for others.
A few CARIFORUM firms (particularly in the services sector) are involved in trans-regional investments. These include hotel chains (Sandals, SuperClubs, Almond Beach), gaming (Supreme Ventures), air transport (Caribbean Airlines and LIAT), finance and insurance (Grace Kennedy, Jamaica Money Market Brokers\(^{184}\), First Caribbean, Republic Bank, Sagicor, Guardian Life), catering and food distribution (Goddards). The CARICOM Secretariat suggests reluctance on the part of private companies to take the risk of investing outside of their domestic location.

With respect to the prospects for portfolio investments, a few bourses exist in the region – specifically in the Dominican Republic, Jamaica, Trinidad & Tobago, Barbados, and Guyana. Arguably, they are not well-used by SMEs. In general, the culture of portfolio investment and equity financing is not particularly strong in the region. The CARICOM Secretariat estimated in 2009 that only 14 companies had been cross-listed across the region’s stock exchanges. The costs associated with the lack of integration of these bodies into a regional exchange have proved a deterrent to some firms and indeed a few of those currently cross-listed have signalled that they may de-list from one or two of the exchanges.

### 7.3 Foreign Private Investment & the Development of a Harmonized Investment Code

The concept of the Single Market is also designed to make the region more attractive to foreign investors. Article 44 of the Treaty refers to the “convergence” of macroeconomic policies through the harmonization of fiscal and monetary policies. Under article 69, CARICOM states are required to harmonize national investment incentives. The treaty also requires the harmonization of investment policies, including company legislation and competition policy. Under the company laws of the Member States, setting up a business happens fairly quickly. Within a matter of days from application, the Registrar of Companies will issue a certificate of registration to an enterprise which is incorporating for the first time. In most cases, companies are also required to register with statutory bodies such as the National Insurance Scheme.

In almost all CARIFORUM countries there is high to very-high dependence on tax incentives to attract foreign direct investment. In a 2006 paper on tax incentives policy in the Eastern Caribbean, J. Chai and R. Goyal discuss the feasibility of such dependence and conclude that “a country’s overall economic characteristics may be more important for attracting successful investments than tax concessions”. They also estimate that as a percent of current revenues, losses from tax concessions in the Eastern Caribbean range from 30 – 70%.

The process by which concessions are granted is often discretionary, i.e. not always transparent. The Cabinet assesses the larger projects and makes decisions based on usually undisclosed criteria. In addition, often there is little monitoring of

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\(^{184}\) JMMB is one of the very few CARICOM firms known to have set up operations in the Dominican Republic.
the beneficiaries. There have been several anecdotes of both regional and foreign investors promising one project but implementing a different one. As tax incentives are still to be harmonized among CARIFORUM countries, multinational firms often play one island against another in negotiating projects. The World Bank notes that while tax concessions are a factor for investors because of the generally high tax rates in the region, a reduction in corporate taxes might be more effective than the unstructured approach to tax concessions.

The commitments made under the investment provisions of the EPA, especially as regards decisions related to the establishment of foreign businesses, will constrain government discretionary action. CARICOM officials have acknowledged that the provisions of the EPA will have to be taken into account in the negotiations among governments of a harmonized CARICOM Investment Code.

The Code is based on intergovernmental negotiations aimed at providing the policy framework to establish CARICOM as a single space for foreign investment. It will also determine the specific policies to promote intra-regional investments. This has been a work in progress for the last 3-4 years. Officials in Barbados, Jamaica and Guyana as well as the OECS Secretariat have noted that they have no problem with the idea of a harmonized code: they indicate, however, that a few sticking points remain to be addressed before final agreement is concluded. A brief analysis of the draft Code and the investment legislation in the Dominican Republic undertaken for the CRNM/OTN suggest that the draft Code is in some respects less open and more complex than the Dominican domestic legislation, partly because of its intergovernmental nature, and that there are areas of ambiguity which need to be reviewed. The Dominican Republic and CARICOM are still to negotiate the details of the services and investment components of their trade agreement.

Under the draft Code and Dominican Republic’s legislation, foreign investors are allowed to repatriate profits and dividends unless there are overriding issues such as balance of payments difficulties. The EPA recognizes these safeguards. The challenge for CARIFORUM is to develop strategies that will promote retention of much of this capital.

### 7.4 Caribbean Association of Investment Promotion Agencies (CAIPA)

Seven national investment promotion agencies within CARIFORUM have agreed to join efforts through the establishment of a Caribbean Association of Investment Promotion Agencies (CAIPA). CAIPA’s mission is to sell the Caribbean as the investment destination of choice. Initially its mandate was to focus on enhancing the policy environment and undertake branding activities, but now CAIPA is expected to participate in the promotion of investments regionally. The organization is targeting Europe, the Far East and North America.

185 Overview of the Investment Regime of the Dominican Republic; Vilma Arbaje, 2006
The work programme includes:
(i) Mapping the macro-economic indicators that could be barriers to investment. An Investment Facilitation study is being undertaken to assist in this undertaking.
(ii) Institutional strengthening of the investment promotion agencies and of CAIPA itself.
(iii) Joint investment attraction activities
(iv) Development of market intelligence for use in the execution of investment promotion.

Currently Caribbean Export Development Agency is the Secretariat for CAIPA, and there is one Senior Officer from the Agency working fulltime on Investment Promotion.

7.5 Outward Private Investment

In light of the particular characteristics of the region and the focus on attracting capital inflows, CARIFORUM does not have specific policies and structures aimed at promoting outward investment, but several companies have used this as a method of reaching new markets. The CARICOM Secretariat in its latest trade and investment publication has cited sixteen firms which have established a presence abroad. It admits that this list is not exhaustive. There have been cases not cited of firms which have invested as far away as Africa to reduce production costs. Most of the companies cited by CARICOM as having a presence abroad already have regional investments, although a few – for instance Jamaican National, Jamaica Producers and the Capital & Credit Commercial Bank - have ventured extra-regionally without establishing a presence elsewhere in CARIFORUM. Demerara Distillers (Guyana), Jamaica Producers, Jamaica National have ventured into Europe, Goddards Enterprises (Barbados) has ventured into Latin America, while Wray & Nephew has partnered with Jose Cuervo to enter Mexico. Mergers and acquisitions abroad for business development – expanding a product line or technology transfer for example, are very few, with the preferred route being that of establishing subsidiaries.

Available data also does not capture smaller investments that may have taken place by Trinidad & Tobago or Guyana in neighbouring countries such as Brazil and Venezuela and what are estimated to be considerable investments of Jamaicans in the Cayman Islands.

7.6 Constraints to Private Investment Growth

Crime and corruption are emerging as significant deterrents for some investors and are likely to be issues in relations with Europe and in general OECD countries.

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186 Chapter 6, CARICOM Trade and Investment (Draft) Report, 2010
which have strict rules against “kickbacks” and other forms of corruption. The image of the Caribbean is not untainted in this regard.

Some of the other constraints to growth in investments are highlighted below:

- **Investors tend to gravitate towards sectors and economies with growth potential or where the key macroeconomic variables are positive.** Although at the beginning of the decade most Caribbean countries were showing reasonable levels of growth, the global economic crisis has led to a significant economic downturn and CARIFORUM countries are taking longer to recover than the rest of Latin America because of their close trade and investment link with the United States. Diversification of investment sources and partners must be an early priority.

- **Probably the biggest issue for investors in respect of macroeconomic environment is the high debt-to-GDP levels of many Caribbean countries which has led to the crowding out of investment to private actors, limited the fiscal space to stimulate the economy through public investment in key sectors, and negatively impacted the region’s physical and social infrastructure.** On the other hand, most CARIFORUM economies have stable political environments.

- **Weaknesses in managing economic transformation.** The Caribbean has been slow in developing policies and strategies that will reduce its dependence on certain traditional production activities and structures and move into new value-enhancing activities. The speeding up of plans for the Single Market and promoting the optimization of the CSME for more efficient production of goods and services would help. Studies undertaken in Jamaica and discussions with the private sector elsewhere in CARICOM suggest that SMEs do not have a full appreciation of the advantages of a CSME.

- **An important component of transformation planning is the availability of appropriate skills.** Countries like Costa Rica have been able to attract investment into mid to high value areas because they have invested and are willing to continue investing in human resources. The Caribbean has the problem of high labour cost/low productivity relative to other countries, and high electricity costs. This is not conducive to attracting investments in production of lower value products or services appropriate for low-skilled jobs. This profile is, instead, suggestive of higher-value production which will depend on increasing the availability of management and technical skills. Countries that are seeking investments in knowledge based ICT-related services, for example, need to have the skills to match this aspiration. Poor decisions are made on tourism-related investments, for example, where the management and professional services are all imported, on the grounds that governments are creating (largely low-value) jobs. While this approach to investment supports the current labour profile, this is not likely to lead to growth and development.

- **This leads to the issue of Caribbean governments, and even the private sector, negotiating investment agreements as equal partners with foreign multinationals and which support technology transfer and create linkages**
with the local economy. *Given the current state of FDI flows to the region, there has to be a more strategic use of these investments.* The EPA has provided some support to this end. Article 142 encourages the exchange of information between the Parties on transfer of technology policies and practices as well as promoting the use of incentives granted to EC enterprises for the transfer of technology to CARIFORUM firms so that CARIFORUM can improve its technological base. This suggests that CARIFORUM should be pulling together a list of these incentives with the assistance of its EC partners.

- While a functioning single market and a CARICOM Investment Code would increase interest in an area with a population of close to 20 million, as a location for investment, the difficulties related to the cost effective circulation of goods and people around this island archipelago are sizeable and contribute to lessen the advantages of the free movement of goods, skills/labor and capital. The cost of electricity in most member states and stability of supply in some is also a deterrent to investment.

- Governments’ ongoing need for increased levels of capital have crowded out the private sectors access to capital and lessened the appetite for productive private investment. In the OECS countries, the increased instances of loans to governments which have been affected by the economic crisis has increased the level of non-performing commercial loans and compromised private financing levels. In Jamaica for instance, Government’s frequent forays into the local bond market have significantly reduced local interest in investing in the production. Both companies and financial institutions across the region realize that it is often more lucrative to invest in government paper than to place money in more risky business projects.

### 7.7 Options for Financing

- Commercial financial institutions in the Caribbean are generally very conservative in their lending habits. They are largely unresponsive to SME requests for loans without matching collateral. The situation for service providers is even more difficult than that for manufacturers as lenders often have no idea how to treat with intangible assets.

- The instruments available for facilitating the creation of a pool of resources for commercial investment are limited. There is little by way of venture capital or development banking. The National Development Foundations throughout the OECS and in Jamaica, which were established to provide technical and financial assistance to small businesses, do not seem to have had as much of an impact as might have been projected when they were established. The national stock markets are probably the only small light in the otherwise dark landscape of the regional capital market. Within CARIFORUM there are five functioning bourses, but they all operate separately with little cross-listing. There have been many attempts to integrate them in recognition that each is too small to be very successful in lifting the economies, but these attempts have not borne fruit thus far.
While there have been significant exceptions, CARIFORUM SMEs in general – and in some countries more than others – do not have a strong culture of participating in equity financing. The literature on the region’s SMEs over the last two or three decades is replete with that observation. It will be seen whether the junior stock exchange recently put in place will help to change that culture. The CARICOM Secretariat has been discussing the rolling out of an education programme for all stakeholders in equity financing, but implementation of that programme has not been evident so far.

While many in the business sector disagree, there is a belief within policy-making circles that the Caribbean private sector is not known for its strong investment in innovation nor does it have a propensity for risk-taking. Arguably, the business community has been less than aggressive in pursuing production integration opportunities under the CSME. This may partly be due to lack of relevant information and misconceptions regarding the workings of the Single Market.

In conclusion, outside of the presence of a high-demand resource such as oil, investors are attracted to large domestic markets, sectors and countries where there is a dynamic economy, ongoing innovation and high growth potential that can give desired rates of return over time. The small countries of the Caribbean are at a disadvantage in the competition for foreign and regional investment because of small market size and the high costs of relatively low-skilled labour and energy relative to many other developing countries and regions. The region’s human resources have to become more skilled and innovative, the bureaucracy less onerous and the private sector, trade unions and governments more forward thinking if they are to compete and to efficiently absorb investment flows in the medium term. Being “open to business” is not a sufficient basis for the attraction and retention of appropriate investments. Further, competing on the basis of tax concessions and cheap labour rather than on differentiation based on particular talent and economic and social assets is not likely to retain sound investments.

7.8 Requirements of the EPA

Under Article 74 of Title II on Investment Trade in Services and E-Commerce, the Parties agree to “review the investment legal framework, the investment environment, and the flow of investment between them” in light of commitment for the progressive liberalization of the markets for investment. The first review is to take place not later than three years after the entry into force of the Agreement. This will require some preparatory work in respect of data collection and a CARIFORUM internal review of strategies, regulations and procedures. Article 127 of Title IV requires CARIFORUM (and EU) countries to have in place competition legislation no later than five years following the entry into force of the Agreement. Implementation will also require the establishment of competition administrations (or a regional administrative system if CARIFORUM is seeking to establish a single space for inward investment) where these do not exist.
The CARICOM treaty provisions related to establishing the CSME refers to the requirement for a competition policy and legislative framework to discourage anti-competitive practices and provide remedies as necessary. In that regard, CARICOM has begun work on regional competition policy and model legislation. As a critical first step, a CARICOM Competition Commission has been established to regulate intra-regional competition issues. Member countries are still expected to establish their own administrative units.

The EPA also calls for CARIFORUM states to put in place “measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights”. Countries have been moving ahead with the identification of measures to protect intellectual property rights. In keeping with the requirements of the WTO, many countries already have in place IP legislation, but in several cases this is not supported by an adequate administrative and judicial framework.

**7.8.1 Summary Built-in Agenda**

I. Enact or upgrade legislation/regulations on bribery and contravention of labour and environment standards in cross-border investment and procurement transactions. The capacity of a number of CARIFORUM member states to countries to do environment assessments is questionable.

II. Review the legal framework for investment and the investment environment, in line with commitments to progressively liberalise (art.74)

III. Enact of Mutual Recognition Agreements. Professional Bodies are to start negotiations no later than three years after signing.

IV. CARICOM to put in place dispute settlement mechanism (tribunal), to review cases and suggest possible remedies.

V. CARICOM to put in place Competition legislation and administrative system five years after signature. (art 127 -129) A few countries have competition policy and administrative procedures. The Secretariat has begun work on a competition policy within the context of a CSME.

VI. Member states to develop and enact In addition the need for IP legislation, regulations and administrative structures.

VII. Member states to introduce adequate safeguards for data protection and e-commerce regulations and practices to be upgraded to international standards. Art 119 refers to dialogue on e-commerce legislation which may indicate that CARIFORUM should designate a focal point for such discussion.

VIII. Member states to introduce transparent mechanisms to support to support the flow of business related to public procurement.

IX. The establishment/operationalization of Enquiry Points
7.9 Training to Enhance Export Access to EU Markets

General Recommendations

- Training interventions are to be directed at both the private and public sectors, viz at the level of the firm, BSOs and industry associations as well as the policy-setting and implementing community.
- BSOs and industry associations should, wherever possible, be used as conduits for the delivery of training. In theory (and in many cases, also in practise) they are closest to the business communities and should be better-placed to assess and recommend the training interventions that will prove of greatest value to their members/clients.
- Training interventions should be proactively delivered: the mere presence of a web-site or portal through which market data may be accessed is not enough.
- Training interventions are to be tied to priority industry development strategies (both at the national level and region-wide).

Recommended Interventions for Stimulating CARIFORUM Investment & Trade

In light of the preceding, recommendations for moving forward include the following:

- As a priority, CARIFORUM countries should review their approach to attracting investments taking full account of not only attracting but retaining sound investments and acquiring needed technology over the long term. Strategies should focus on skills development, innovation and R&D in higher value areas, the physical infrastructure and a harmonized regulatory environment.
- Negotiations on the CARICOM Investment Code should be completed as soon as possible, and preferably before the first EPA review on investment as this will be critical to the review as well as an important base from which to launch CAIPA.
- Key CAIPA Officials should participate in these discussions so there is firm understanding and agreement on the underlying propositions that will determine the strategy going forward.
- CARIFORUM governments need to give more focused attention and resources to resolving issues related to the high cost and relative inefficiency of the intra-regional transport system as well as the transport links with the rest of the world. This includes a stronger technical presence in the CARICOM Secretariat to lead the effort. Technical assistance from UNCTAD, the Commonwealth Secretariat and the EU among others, might be useful.
- Reference has been made elsewhere in this report to the need for considerably more thought and investment into education.skills development for the new economy. While one has to acknowledge the presence of significant pools of
untrained labour in some Caribbean countries, *in no way should the region be marketed as a low-labour-cost destination*. Instead the value and productivity of labour should be enhanced for high-value processing and to expand the *knowledge base of the economies*. This has to be a key component of the strategy.

- Foster cross-border investments through production and market integration in the CSME by (i) working with the regional private sector to disseminate information on the benefits of, and opportunities for, such integration; (ii) multi-country research and development activities (the regional effort at the development of cocoa for high-value chocolate is an example); (iii) removing the remaining restrictions on the movement of capital and labour. For example, Jamaican companies have been looking at Trinidad and Tobago as a site for manufacturing to take advantage of lower energy costs. By the same token, Trinidadian agro processors could draw on the lower-cost labour pool from Jamaica. If the expansion of provisions for the movement of labour is not feasible at this time, then a managed system could be put in place.

- With respect to promoting CARIFORUM/EU inward investments, working through the EPA Implementation Units and CAIPA, the CARIFORUM Division of the Secretariat should identify six or seven sectors that could be the core of an initial targeted investment promotion programme with the EU. These could include maritime/logistics industries; transport systems and infrastructure; the creative industries; sports tourism; and health and wellness.

- CARIFORUM should convene an intra-regional forum prior to an EU/CARIFORUM intraregional conference on investment regulations, strategies and interests in preparation for, or as part of, the review called for in the EPA. The conference should be informed by technical papers from the CARICOM Secretariat.

- CAIPA should work with the CARICOM Secretariat to review and strengthen the profile of assets and opportunities for investment, taking into account the strategic elements mentioned above and the possible strengths/interests of potential EU investors. This should form part of the background papers for the proposed conference.

- Consider the feasibility of drafting a Code of Conduct for Business to include issues related to (i) labour and environment standards, (ii) firms taking advantage of their dominant position; and (iii) bribery and other questionable business practices. These have been incorporated into the EPA.

- Build capacity in the country investment promotion agencies to undertake research, build networks and provide investment promotion services.

- In order to provide the investment framework required by the EPA, CARIFORUM countries need to obtain technical assistance, as necessary, to strengthen the efficiency of their competition and trade remedy system.

- Consider the establishment of a venture capital fund to support entrepreneurial activities especially for start-ups. The new Caribbean Development Fund does not cater to private commercial activities of this kind. A closed-end fund was established by CARICOM as a venture capital fund over ten years ago. The Fund has since been wound up and investors repaid.
• Explore and widely disseminate information on resources available to the region through, inter alia, such current programmes as:
  - Caribbean Compete - Joint DIFID, CIDA, IDB being administered by the IDB Office, Barbados. The programme is budgeted at US$47 million over 5 years. Components include (i) proposals to improve the business climate and (ii) firm level activities which can be managed by BSOs
  - CIDA/World Bank (Infodev) Business Incubator project (US$20 million) which includes training in organizing and managing incubators. Administered by INFODEV.
  - CIDA project for improving the Business Climate to be accessed by private sector institutions. Administered from the T&T CIDA office.
8. POLICY & STRATEGY IMPERATIVES

In order to take maximum advantage of the EPA, CARIFORUM’s decision-makers need to address a number of critical issues, the primary ones of which include:

- Thinking and planning regionally;
- Harmonizing investment regimes;
- Developing an appropriate trade policy infrastructure;
- Focussing on “development”;
- Implementing an enabling educational framework;
- Embracing supportive entrepreneurial development models
- Facilitating movement of people
- Strengthening regional capacity to produce statistics.

8.1 Thinking and Planning Regionally

A review of CARIFORUM member states’ national export strategies reveals that planners should, but do not always, take into account the assets available across the region that could contribute to the competitiveness of various service industries. The Creative Industries is a case in point. Invest Barbados notes that some of their young entertainers find it difficult to access the expertise and the seed funds to promote themselves in the global market. At the same time, there are many Producers/Managers and other intermediaries in Jamaica who know the business and have both the experience and the financial resources to introduce new acts. Greater interaction between industry players in the Caribbean through strengthened and networked national associations, and the organisation of regional industry trade fairs and other fora can be useful way of exchanging business ideas of this kind. Currently, regional artists, particularly in the English-speaking Caribbean, need the regional market so a meeting of business minds could resolve several issues to mutual satisfaction.

The second case in point is CARICOM countries have not been strategic enough in using the relationship with the Dominican Republic as a jumping off point for enhancing access to intermediaries/markets in Spain and other EU countries with which the Dominican Republic has close relationships. In addition, CARICOM may find it opportune to partner with the DR to develop greater access to opportunities for promoting the dissemination of Spanish-language training particularly as many in the private sector see its absence as a disadvantage in terms of accessing the large Spanish-speaking markets of Central and South America. This may also have the additional spin-off effect of boosting the CARICOM/DR private sector relationship and possible partnerships.

Go-Invest, Guyana has come close to recognizing the potential it has to be the gateway to markets and investment in the emerging giant Brazil for the rest of the wider Caribbean. It has played this role for CARICOM in respect of the Rio Group. However Go-Invest has neither the financial resources nor the technical
capacity to develop this potential and has not seriously considered drawing on regional technical resources to establish a facility along the lines of a Caribbean-Brazil Institute that undertakes research and offers intermediary services to the region. This can be linked to the University of Guyana’s programmes.

Several of those participating in this study spoke to a general weakness in strategic planning across the region. If the public and private sectors are interested in creating and sustaining services exports, programmes have to encompass fostering innovation straight through to mastering market entry techniques with incentives for the participation of intermediaries (expert intermediaries are often critical to market success). The cycle continues with understanding and forecasting market trends, returning to conceptualization, innovation and product development. It may not be realistic to expect that small national producers will be able to provide all the necessary components.

The business community – in partnership with trade promotion offices, ministries and other agencies involved in national export planning - needs to first determine the assets that could be of value in the global market and creative competitive edge, and develop strategies to leverage these assets. For example, Dominica has been blessed with a very wide range of flora some of which have medicinal value. Researchers from other countries have come to Dominica to investigate its botanical assets and a few Dominicans have begun to create cosmetic and herbal products. Dominica also has a well-known and internationally-recognised (offshore) medical school. These assets, along with other business and research assets in the region, can be leveraged to develop research in phyto pharmacology and alternative medicines as a stepping stone into creating a health and wellness niche product.

**Relationships with FCORs**

The FCORs, as an integral part of France’s customs area, are covered by the EPA agreement in terms of the commitment made by and to the EU. Specifically, Article 239 calls on the Parties to “facilitate cooperation in all areas covered by the present agreement as well as facilitate trade in goods and services, promote investment and encourage transport and communication links” between them. This is nothing new. CARICOM exports to the French territories have benefited from the liberalized trade provisions of the Lomé and Cotonou Conventions and show a surplus in merchandise trade. However, trade between the two sides has been very limited. With respect to services, what limited data is available shows some activity in education and tourism.

Previous governments of France have also promoted closer relations with Caribbean neighbours. About 2001, then President Chirac of France met with the Heads of Government and State of CARIFORUM for a discussion on ways to strengthen cooperation with the Departments of France located in the Caribbean. Very little was implemented by either side in terms of structured cooperation programmes.

Notwithstanding, there has traditionally been a close relationship between the French territories and two CARICOM countries: Dominica and St. Lucia, both at the level of the government and the people. This has been spurred by proximity
and shared language and history. Dominica and St. Lucia participate in la Francophonie. Cooperation activities have included education (scholarships from France for St. Lucians to study in the Martinique/Guadeloupe); health (facilitation of Dominicans using medical facilities in Guadeloupe); security and the environment. Visa requirements are waived for nationals of St. Lucia and Dominica staying in French Caribbean territory for 15 days or less.

A few years ago, Caribbean Export included the development of FCOR/CARIFORUM trade relations in its work programme. As a result, a few trade missions between FCOR and the OECS have taken place. The CARIFORUM/French Caribbean Outermost Regions (FCORs)/Overseas Countries & Territories (OCT) Task Force was established in 2006 to implement programmes that are targeted at cooperation in disaster management and increasing interconnectivity and the levels of trade and investment between CARIFORUM Countries and the FCOR.

**Opportunities in Intra-Caribbean Trade of Services**

Article 239 of the EPA proposes that the signatories meet the cooperation objectives through “fostering the joint participation of CARFORUM states and the outermost regions in framework and specific programmes of the European Community in areas covered by this agreement”. In paragraph 3, the EC commits to ensuring coordination between the different financial instruments of the EU’s cohesion and development policies to meet the cooperation objectives.

Opportunities may include:

- Joint activities for production, distribution and marketing in the music and audiovisual sectors. Movement of artists and development cooperation in culture are covered under Protocol III of the EPA. Article 4 of the Protocol deals with technical assistance. However they may be barriers to the sale of film products unless jointly produced with the FCOR.
- Opportunities for investment in such areas as yachting services. Also opportunities to pool/transfer skills to enhance repair, building, and chartering of small boats and improved marina services. Martinique offers a range of services in this area.
- Offering education courses to the FCOR in particular niches where CARIFORUM has strengths – tropical medicine, tropical island architecture, environment/land-use issues.
- Joint research programmes in biodiversity and coastal and land management that could impact on the sustainability and value of the Caribbean tourism product.
- Private sector cooperation in tourism, including access to the French market.

If the EPA is fully exploited, relations with the FCOR and the Netherlands Antilles could be a useful gateway to expanding trade relations with France, Netherlands and Europe in general, through pooling of resources and transfer of knowledge on market requirements, standards etc.
**Recommended Interventions for Thinking & Planning Regionally**

Governments and Trade Promotion Organisations in particular, must begin to take a more comprehensive, long-term view of the utility of exporting services. An integrated approach to export development requires coordinating the efforts of BSOs, universities and other stakeholders. Whilst this may be harder and require more resources than simply promoting the export of an existing service, such an approach would better support sustained profits.

**8.2 Harmonizing Investment Regimes**

The World Bank’s Competitiveness Reports point to the need for further reforms in the Caribbean to *simplify administrative procedures and put in place investment and tax regimes that are private-sector friendly*, if the region is to remain globally competitive. Registration time for businesses is relatively long and registration fees are relatively high. Taxation systems need improvements. Many Caribbean countries apply a range of incentives to promote investment, including duty concessions, tax exemptions and holidays, loss write-offs, and training support. However, few have developed comprehensive investment strategies.

At the regional level, governments have been resisting the recommendation for the adoption of a regional investment code which would create transparency and simplify the work of foreign and regional investors interested in establishing businesses across the region. As part of its activities aimed at implementation of a Single Market, the CARICOM Secretariat has circulated a draft code and has developed Competition policy model legislation. Only a few countries, including Trinidad and Tobago and Jamaica, have Competition policy legislation and regulations.

*The portfolio investment infrastructure continues to be weak* in most countries. The most active trading takes place in the Dominican Republic and Jamaica. In the Dominican Republic, the primary activities of the exchange involve public sale of commercial paper and bond instruments. The equities component does not seem to be strong. In Jamaica, there are over forty companies listed on the stock exchange; and a Junior Stock Exchange was recently established to support SMEs. Unfortunately, this was not accompanied by a comprehensive education programme that would attract SMEs, many of whom remain inward-looking and sceptical of the value of such a platform.

*The almost total absence of venture capital* and the slowness with which traditional financial institutions are providing loans to the non-tourism services sector continues to be a constraint in the development of services. Many service providers do not have significant physical assets that can be collateralized.

Sound physical and social infrastructure continues to be an objective to be realized, although the region has vastly improved in this regard. The efficient delivery of services, especially in the Health and Wellness industry, will require further upgrades in the medical infrastructure throughout the region.
One of the biggest challenges for the countries in CARIFORUM is to see themselves as being more marketable if they are perceived as having a harmonized regulatory framework with complementary attributes. At present, each country, however small, sees itself as competing against the others for the same investment capital.

**Recommended Interventions for Harmonizing Investment Frameworks**

The Caribbean Association of Investment Promotion Agencies (CAIPA), working closely with the policy framers nationally and in the CARICOM Secretariat, should:

- Identify and package these attributes, arising from the CSME, which would be favourable to investors generally. Such attributes could include access to the best human resources anywhere in the CSME regardless of business location.
- Promote a step-by-step approach to harmonization, beginning with regulations and procedures related to business facilitation. This should include the creation of “one-stop shops”, administrative support by knowledgeable investment officers, investor access to a quick response decision-making team and the requisite professional skills.
- Work with governments to upgrade the skills of investment officers both in-country and in missions abroad to ensure that they are equipped to be more than post boxes and hand-holders.

Another aspect of current strategy which needs to be reviewed is the approach to incentives for investors. As a main selling point, most countries grant fiscal incentives such as 10-year tax holidays and duty exemptions for a range of imported items. If the region is to be successful in attracting the right investments, and compete globally, it has to develop a brand based on a range of attributes not easily copied by every developing country wanting to attract investment. Branding will create differentiation but the brand has to be supported by real attributes. Technical assistance for **regional brand development** may be needed, but political support is equally necessary.

As such, the persons driving CAIPA must be innovative, technically knowledgeable and credible, persuasive with policymakers and capable of building relationships among stakeholders, identifying and using champions in the regional public and private sectors. The change envisaged is as much a cultural/attitudinal one as much as it is a regulatory and marketing issue. Traditional approaches will not suffice.

**8.3 Developing an Appropriate Trade Policy Support Infrastructure**

A key issue which emerged from discussions with stakeholders is that growth and development of service exports to the EU market is dependent on the efforts of a network of policymakers to create the environment necessary for business success. There is an overwhelming sense that, notwithstanding policymakers’ declared interest in promoting the development of services as the sector with the greatest potential for growing exports in a changing economy, the policy framework and support mechanisms are not yet in place to facilitate this. Furthermore, planning for growth in services remains uncoordinated nationally.
and regionally. One public official remarked that there was need for “reengineering mental processes” [of the public sector] towards “the new political economy” in which service industries play a major role.

A recent World Bank study\textsuperscript{187} notes the dissonance between ministry/trade officials/policy makers and negotiators and, more noticeably, between these groups and the private sector. While the situation has improved with the functioning of inter-ministerial and agency groups to prepare for trade negotiations, the study concludes that there are still capacity issues in many the national government bodies that share responsibilities for trade matters.

**The limitations in the flow of trade information between governments and the private sector** are partly due to:

- The fragmentation of the private sector regionally and nationally. It has been sometimes difficult to find national or sector associations that come to the table with a well-supported brief and who truly represent the interests of most strands of the sector. The exceptions tend to be the traditional sectors (sugar, rum, hospitality). The umbrella Caribbean Association of Industry and Commerce (CAIC) does a fairly good job of preparing CARIFORUM briefs and interacting with Negotiators but its reach into the productive sector at the national level is not very strong.

- Issues of capacity, since most private sector bodies do not have the resources to focus on international trade policy and its impact. In 1999, Dr. Derryck Brown\textsuperscript{188} noted this capacity problem in the private sector and the need to construct consulting and coordinating mechanisms between the public and private sectors. There have been some improvements as a result of *ad hoc* training programmes, but the core issue has not changed significantly.

Governments which are interested in promoting the growth and exports of services are recommended to review their frameworks for facilitating such services. To begin with, they may wish to review tax policies to ensure that the instances of disincentives to production are reduced. For example, entertainment industry representatives in a number of countries suggest that customs duty policies that impact the temporary importation of sound and other equipment used in the direct delivery of entertainment services could be made more coherent. The argument that some services cannot be delivered without such equipment, and therefore should not be treated separately from the Entertainer (i.e. rather than being treated as a separate goods at customs) is compelling. Arguments have been raised for some tax facilitation in respect of basic equipment for film makers and entertainers as inappropriate policies are currently thought to hamper start-ups and growth in these important sub sectors. The same

\textsuperscript{187} **Caribbean: Accelerating Trade Integration. Policy Options for Sustained Growth, Job Creation, and Poverty Reduction.** 2009

\textsuperscript{188} **Building Institutional Capacity for Policy Dialogue in the Caribbean Private Sector: A Discussion of Issues.** Derryck Brown, ISER, Barbados, 1999.
argument is relevant to taxes related to the importation of certain computer equipment for ICT-related service suppliers. This requires a shift from taxing inputs into services at the front end to applying taxation at the end of the process after business growth has been facilitated. This has happened in respect of inputs for manufacturing.

Energy services industry is an emerging growth area globally, especially services related to alternative energy sources. A small but growing number of Caribbean companies are involved in this area. One country official has also noted that this is a sector for foreign investment, given the region’s changing energy needs. Establishing up-to-date legislation on alternative energy sources would facilitate the enhancement of domestic and foreign investment in this critical sector. A review of legislative and public investment programmes in [alternative] energy services in Spain, Scandinavian countries and the US might be helpful both in terms of lessons to be learnt and possible business alliances/investment opportunities.

Recommended Interventions for Developing an Appropriate Trade Policy Framework

- It is imperative that governments begin reviewing the trade facilitation provisions for trade in services as they have done for trade in goods. The circumstances in which services are delivered are different from the processes employed for merchandise trade. This review should include an assessment of customs and immigration policies, payment systems for services as well as the certification of a wider range of service providers than currently exists.

- With respect to supportive fiscal policy, it is recognized that governments need to collect taxes, but a win-win situation could be created if governments negotiate an understanding with business associations (e.g. those representing the cultural industries) that will provide the information to widen the tax net among successful entertainers and other cultural industry suppliers and at the same time develop incentives that could facilitate industry growth. Similarly, in seeking to link tax policy with growth and development, some temporary leeway could be given to high-value ICT and other service providers who are part of a professional network or cluster established to promote innovation especially among start-ups.

- With regards to the yachting industry, trade would be facilitated by reducing onerous immigration and customs procedures for (i) yachters to the Caribbean who usually want to move throughout the region once they arrive; and (ii) special provisions and maintenance equipment being imported for the use of these boaters while they are in harbour, usually for a period exceeding two weeks. It is acknowledged that the Customs and Immigration Departments need to satisfy their security concerns and collect as much taxes as possible, but there ought to be a balance between these concerns/interests and facilitating the growth of yacht tourism. The OECS governments are reviewing a joint customs clearance system that may be put in place soon, but the functioning of the system will depend on implementing a series of sensitization activities with stakeholders.
8.4 Focussing on Development

The Trade and Export Promotion Offices (TPOs) across the region agree that their mandate is to promote exports of goods and non tourism services. However, there is much fuzziness about the institutional responsibility for developing the various services products to be so promoted. For example, there have been situations where effort was made to promote local film through a showcase, but the promotion did not go as well as planned because of a paucity of domestic content. This reflects the problems of “piecemeal” planning and minimal institutional coordination. Institutions focus on their core functions without taking into account the bigger picture.

In several cases this responsibility falls between the cracks or is left to individual effort. Increasingly, the industry associations are taking on the development task with little know-how and resources. They need to be equipped for the purpose.

The approach to the development of ICT-related services provides another useful development model. When the government of the Dominican Republic decided it wanted to attract investments and exports in high-value ICT-related services, it established an Institute of Technology as part of a cyber park where young Dominicans are trained through clusters in English language, software development, new/emerging technologies, back office and other related activities. The Caribbean fashion cluster, through the Caribbean Fashion week/association, provides a model of a private firm initiating and sustainably building a region-wide service to meet global market demand, in an effort to arrive at the stage where it can justifiably be promoted by TPOs. Plans for continuous industry development must be integrated into investment attraction and export growth activities.

**Dominican Republic: Integrated Planning for High-Value IT Services**

The National System of Technological Innovation, one of the main pillars of the competitiveness Plan in the Dominican Republic, includes an Institute of Technology. Housed in the Santo Domingo Cyber Park, this is designed to promote technological development and enhance the competitive advantages of national and foreign companies operating in the Park through education, and stimulating creativity, critical thinking and innovation. There are more than 100 software companies in the country and they have attracted foreign companies through research and development alliances.

In addition, legislation has been amended to ensure that firms operate within a secure legal framework.

The lack of coordination among within public agencies and between these agencies and private sector organizations emerged in almost every conversation with stakeholders. Countries no longer undertake coordinated planning as previously done with the result that ministries and departments operate in small compartments with little sense of being part of an overall strategy. The level of dissonance in planning varies across countries, but it was obvious in each country visited. Such an environment will be problematic for strategy implementation, even if a cohesive and inclusive strategy were to emerge.
**Recommended Interventions for Focussing on Development**

Several of those who took part in this study were strongly of the view that, as small states, it is necessary for CARIFORUM countries to focus integrated planning attention on the four or five industries with significant potential for growth and for yielding high-levels of foreign exchange and employment in the medium term, while not ignoring other emerging possibilities.

It is proposed that countries establish *Business Development Centres* that can cater to service providers in those four or five “emerging” industries with strong potential for significant economic impact. These can be located in Ministries, TPOs or Chamber of Commerce, depending on the particular situation of each country, but the idea would be to develop a seamless, coordinated link between innovation, product development and marketing and promotion. These would provide information on market expectations, and provide virtual and walk-in mentoring services to refine or re-engineer services in line with demand. Increasingly, the industry associations are taking on this development task with little know-how and resources.

**8.5 Implementing an Enabling Education Framework**

In reports on the Caribbean undertaken in 2005\(^*\) the World Bank has emphasized *the weaknesses in the region’s skills base* and exhorted governments to pay closer attention to developing the technical and management skills required to create a competitive economy. The adequacy of human resources continues to be a key element in investors’ minds when they are contemplating direct investment, especially in services will demand high level of technical, managerial as well as entrepreneurial skills.

A recent USAID study on the export potential for ICT enterprises noted that, in small economies, it is necessary to have the appropriate educational programmes that will produce the skill-levels needed for higher value products. It is interesting that in most CARICOM countries which indicated an interest in business process outsourcing, there was no correlation between that desire and their existing education programmes.

**Recommended Interventions for Creating Enabling Educational Framework**

As a matter of priority, planners should:

- Review secondary and tertiary education programmes, including indigenous MBA courses, to see the extent to which they prepare business persons (and the public sector supporting agencies) to think innovatively and globally and to be open to participating in international business.

Focus short and long-term business development programmes on building networks and partnerships among firms within the region, as well as between the region and elsewhere, to build competitiveness. CARIFORUM SMEs, and in some cases BSOs, have a well-earned reputation for working in silos, oblivious to the opportunities that can be realized from strategic alliances.

8.6 Embracing Supportive Entrepreneurial Development Models

Consideration should be given to expanding the use of mentoring/incubators as an efficient and convenient way for firms in an industry to network, create efficiencies and learn from each other’s experiences as they acquire the skill of exporting. The industries chosen may differ according to level of development and perceived comparative advantage but the creative industries (design, entertainment, film etc.) would seem to lend themselves to this mode of learning. This would see relatively new firms in the same business networked electronically and/or physically, sharing information and administrative costs and/or supported and mentored by experienced business persons.

There is an interesting informal mentoring model that has emerged in the entertainment sector in Jamaica where successful entertainers absorb “wannabe stars” into their “crews”, allow them to gain some experience by involving them in their own productions, going on to help them to develop their own products and finally “sponsoring” their introduction to the market. Another, recently launched and in the formal sphere, links National Continental, one of Jamaica’s most successful brands (Baking and tourism) with a cadre of “Bold Ones” (11 young companies engaged in manufacturing) who benefit from the company’s advice and promotional support (electronic and print media features). Such pilot projects in other industries could be managed by national private sector associations who themselves would be exposed to incubator management training and lessons learned.

The Canadian International Development Agency (CIDA) has just established a technical assistance project aimed at supporting the use of incubators.

**Support for Business Incubators in the OECS**

Four countries in the OECS have received support from the EU and the Commonwealth Secretariat for business incubation. In 2005, financing from the Special Framework for Assistance Programme work was allocated to initiate the establishment of national business incubation environment centres in Dominica, St. Lucia and St. Vincent especially in ICT services. These “Business Gateways” were to be small operations with two or three staff (counsellors) assisting business start-ups and operators in small communities and the premises used are high street locations. There were also 2 offices from which new businesses could operate until they are mature enough to find their own premises.

Studies were undertaken in St. Vincent and St. Lucia to develop the concept. St. Vincent has moved towards operationalising the idea but St. Lucia now awaits further funding for putting in place the business incubator. The Commonwealth Secretariat, in close collaboration with the EU, has prepared recommendations on an incubator facilitating policy for OECS countries.
Notwithstanding the above, fiscal incentives alone do not create globally competitive services. Knowledge creation and innovation are keys to successfully competing in the global services market. The Caribbean sports sector has shown that knowledge → analysis → innovation coupled with talent can create highly competitive performances. That is the idea behind the high performance athletic camps in Jamaica where potential talent is placed with innovative technologies. In Germany, footballers are being placed in special schools or “high performance” centres from their teenage years and the positive results were obvious in the 2010 FIFA World Cup. Cyber centres in California and Asia, where talent is pooled to create innovative products and services use the same modus operandi.

Unfortunately, aside from limited examples in sports, the Caribbean culture may not recognize or support innovation as an important value in the creation of globally competitive services. Arguably, limitations in innovation may be negatively impacting a number of the key services provided by the region – tourism and music come to mind – and may also be limiting the scope for the development of others, including ICT services.

**Recommended Interventions for adopting Supporting Entrepreneurial Development Models**

- Competitiveness of the services sector is dependent on innovation. Policies which foster the appropriate environment for the circulation of knowledge, which encourage creativity and bring together the players needed for creating and commercializing innovation, should be pursued across the region. Accompanying systems should be established in key sectors to allow knowledge and innovation to play a central role in CARIFORUM’S exports of high-value products globally. This must entail (i) universities and other research institutions working closely with the private sector and government to create a seamless integration of ideas, experience and market knowledge; (ii) critical thinking, openness and the free flow of ideas among interest/industry groups and in the education system, and (iii) approaches to IPR policies that impact on the flow of knowledge to be rethought. Aside from policy changes, governments may also want to collaborate with the private sector in establishing a carefully managed fund that can sustain R&D in a few key, money-making sectors.

- Initiatives towards innovation can also be promoted by the private sector. As an example, publishing and media houses could mentor young people with aptitude for and interest in animation and other high-demand art forms. Similarly software developers could make significant steps forward by networking to produce new services for specific niches.

- The new research network of CARIFORUM universities, to be led initially by The University of Trinidad and Tobago (UTT), should continue to be supported. The network should also cultivate structured relationships with enterprises and or/associations in the services industries to ensure that their research is demand driven.

- The education system should be redesigned to prepare the skills and mind set appropriate for a more digital workplace, to promote critical thinking and the
“softer” skills such as team work, openness and leadership and for fostering innovation as a key to success.

- Innovation systems which incorporate schools, research institutions and the private sector, and which capture innovative developments globally, should be seen as a public good and treated as such in the budgets of governments and development partners.
- A programme of cooperation should be developed with the EU to (i) exchange ideas on appropriate policies and strategies for promoting innovation, and (ii) promote collaboration among research institutions and firms in areas of common interest.
- Governments should promote technology transfer in FDI agreements and alliances with foreign firms, including in contracts related to the delivery of professional services.
- Centres of Excellence and innovation systems are the result of interaction between research institutions and the private sector, with the support of government, to achieve a unique process or service and a competitive edge. This should be a critical part of planning for the services industries. Industry associations can also promote varying forms of innovation systems by reviewing information on, and applying best practices. For example, the cricket industry could work more closely with the Cricket Unit of the UWI, Cave Hill campus to produce new thinking in coaching and playing. The growth of the Health and Wellness Centre would surely benefit from Centres of Excellence which combine research and practice.
- As innovation is partly the result of a state of mind and a way of thinking, foster and give recognition to innovation in training programmes for service providers and within the education system.

8.7 Facilitating Movement of People

In terms of movement of people, in particular under mode 2, there are airlift constraints. Flights between Europe and the CARICOM member countries consist of a few charters and regular flights out of Montego Bay, and more commonly charters and a few scheduled flights from Barbados to the United Kingdom and Ireland and back. Equally importantly, there are airlift constraints within the CARIFORUM region which set back cooperation and integration efforts. It is very expensive to move between Belize, the Dominican Republic and the rest of CARIFORUM, especially the Eastern Caribbean.

The Caribbean Single Market and Economy (CSME) provides a legal basis for the increased flow of investment, human resources and technology across borders in the region. For the region to maximize opportunities for cross-border interaction, develop alliances among regional suppliers and thus strengthen their capacity to deliver services abroad, the CSME Unit of the CARICOM Secretariat needs to

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190 The EU is currently engaged in revising the Lisbon strategy on innovation
reinforce mechanisms for early conflict resolution and for disseminating information on regulations governing the movement of investments as well as of Entertainers, Professionals and other service providers, and their equipment within the region, and in a form that is easily understood.

The matter of facilitating the movements of persons and investment between CARICOM and the Dominican Republic remains a glaring omission within the context of the objectives of the EPA. Services and investment were not dealt with in the bilateral trade liberalization agreement, but now should be given priority attention.

Persons in the Caribbean have also complained about visa constraints. All CARIFORUM nationals are required to have visas to enter Europe and this process can be time-consuming, especially in countries where there is no Schengen representation. Some service providers spoke of cases where job opportunities have been lost, or nearly so because of visa delays. After months of prospecting, an entertainer or fashion model may finally get a call from an EU company at short notice only to find that they have to wait weeks before the visa can be issued.

**Recommended Interventions for Facilitating the Movement of People**

This is an issue that needs to be monitored, and if necessary, discussed at the level of the Joint Committee.

There is the suggestion that CARIFORUM governments seek to negotiate a review of some of the Schengen visa requirements in order to speed up movement across the Atlantic. Of course, the absence of a common regulatory framework for the issuing of visas in the CARIFORUM region may limit the ability of CARIFORUM to negotiate with Schengen countries as a group.

A start could be made by negotiating the liberalisation of some of the restrictions for all CARIFORUM/CARICOM countries wanting to cooperate or do business with the French territories. This could be incorporated into a cultural cooperation agreement. The Dutch former colonies have an open door policy to the rest of the region.

**8.8 Strengthening Regional Capacity to Produce Statistics on Services and Investment**

Strategic planning by BSOs/TPOs for the services sector is being hampered by the paucity of statistics available at the national level. CARIFORUM planners cannot quantify the value of services trade by sector and source, nor the levels and source of investment into particular sectors. Neither do they have the information to assess the comparative efficiency of investments into particular segments of an industry. National offices are not trained in the collation of statistics on services and investment. Many CARIFORUM exporters of services are not accustomed to providing that information. Furthermore, the Balance of Payments information available from Central Banks is not a suitable basis for the analysis of trends in services trade.
The EDF-funded Regional Services Statistics Development Project, which includes the establishment of satellite accounting systems for tourism, will provide some national capacity building. The CARICOM Secretariat admits that it will have difficulties obtaining information from certain groups of service suppliers. Also, the project does not include the Dominican Republic, which shares the same problem. The regional project may have to be complemented by national public and private sector training and sensitization activities as well as a component for the Dominican Republic.
9. ROLE OF ENQUIRY POINTS IN CARIFORUM AND THE EU

Article 86 of the EPA notes that, subject to Article 235(3), “the Parties and the Signatory CARIFORUM States shall respond promptly to all requests made by the other Party for specific information on any of their measures of general application or international agreements which pertain to or affect this Agreement. The Parties shall also establish one or more enquiry points to provide, upon request, specific information to investors and services suppliers of the other Party on all such matters.”

Differing approaches have been taken to the designation of these Enquiry Points. On the one hand, the EU-27 located theirs primarily in their Finance, Economic Affairs, or Foreign Affairs ministries or their equivalents. In contrast, CARIFORUM signatories made a distinction between Enquiry Points for “Services” and “Investment” (though in many cases the same Enquiry Point was given for both).

Within CARIFORUM and in some cases within individual member states, there has been significant concern regarding the availability of information. Specifically, the question of access to information on the EPA that could support business development and trade between the two sides was flagged as a concern. This led a number of participants at the study’s Regional Validation Workshop to express doubts as to whether the Enquiry Points would be particularly effective.

It was considered highly unlikely that Enquiry Points in large Ministries in EU Member States that may not in the first instance, consider CARIFORUM a priority region for trade and investment, will prove to be of much utility to CARIFORUM “investors and services suppliers”. Similarly, the track record of CARIFORUM member state ministries and TPOs in business facilitation makes their designation as points of contact for the EU business community less than ideal. While indispensable for the provision of policy guidelines etc., governmental bureaucracies worldwide are seldom regarded as efficient in terms of providing business-friendly and speedy information.

With this in mind, the following recommendations were espoused at the validation workshop as proactive measures for developing and disseminating information on CARIFORUM member states and the EU marketplace:

- Development of a Regional Information Platform
- Working with Overseas Missions and the CARIFORUM diaspora
- Developing Policy- and Market-related information on the EU
- Developing EU-CARIFORUM networks and collaborations
- Establishment of a CARIFORUM business presence in the EU
- Establishment of Regional EPA Implementation Units and Country Nodes
Recommendations for CARIFORUM Enquiry Points

- **Development of Regional Information Platform**

  Emerging from these concerns, recommendations were put forward that access to such information should be available virtually. Furthermore, the Enquiry Points should be not just a repository of information, but rather a mechanism capable of distilling and filtering information to stakeholders.

  Consequently, there is scope for developing a regional information node linked to the trade and investment promotion organs of all CARIFORUM member states. This would ensure that decision-makers in trade and investment can easily familiarize themselves with critical information, including the policies, programmes and opportunities of the CARIFORUM countries.

  While CARICOM regulations require member states to open their government procurement opportunities to other member states, there is no platform through which these are easily and comprehensively listed and updated. The development of such a platform could conceivably provide a useful service to the regional consulting community as well as providers of goods and services. A fledgling model - the Caribbean Business Opportunities Service (CBOS) – was initiated in the period leading up to the ICC Cricket World Cup, and was then designed to familiarize Caribbean businesses with the procurement opportunities that were expected to materialize with the regional staging of the event. That platform no longer exists and no suitable replacement exists.

- **Linking with Overseas Missions and Diaspora Communities**

  **Role of Overseas Missions**

  With the exception of the OECS (whose member states have joint diplomatic missions in Brussels, Geneva and Ottawa), CARIFORUM member states have their own diplomatic representatives in the world’s economic capitals. While there have been periodic suggestions that the region would be best-served by expanded joint representation given the operational costs particularly for the smaller member states, progress in that direction is unlikely to happen anytime soon.

  Such missions as exist though, should be positioned as critical contact points/intelligence-gathering nodes for the CARIFORUM business community, as there is some concern that this is not viewed as a priority currently.

  **Role of Diaspora**

  As noted in earlier sections, many of the CARIFORUM member states have strong diaspora communities, estimated in the multiple millions, in North America and parts of the EU. Potentially, these communities could contribute to the broad-based economic development of the member states through their skills, networks and resources. In the view of some onlookers though, these diaspora communities
are primarily viewed by regional governments as sources of remittances, ports of call for the provision of relief in the event of natural disasters, or as potential political fundraising sources.

As a number of diaspora networks have demonstrated worldwide, these communities can play an enormous role in national economic development – beyond remittances, and with greater or lesser government involvement. Most often cited are the roles of the Overseas Chinese in the development of Taiwan, Singapore, Hong Kong and the mainland; and of India’s vast diaspora communities’ contributions to the sub-continent’s economic growth. Another model that may well be explored is that of the Irish who have established an Irish Abroad Unit, the Emigrant Advice Network; Enterprise Ireland’s innovations regarding building business and social networks; Emigrant News Online and Ireland Funds. These tools, backed by the implementation of policies to provide an enabling environment for diaspora engagement, were (and still are) utilized in the execution of a coherent strategy to encourage the involvement of the Irish diaspora in the country’s economic expansion plans.

The region’s diaspora community can be both a direct market for CARIFORUM service providers, as well as a vital source of market intelligence and also function as marketplace intermediaries.

- **Provision of Policy- and Market-related Information on the EU**

Service providers interested in exporting are most interested in being able to access up-to-date information on: EU regulations governing market entry for a particular service; certification/registration required for the delivery of such a service; and areas identified as most promising for cooperation with the EU. The national EPA Implementation Units should, with the help of their Missions, collate this type of information and make it available to service suppliers and BSOs. Information on import regulations specific to industries should also be compiled by the EU Help Desk as it currently largely provides information on trade in goods.

Service providers are also seeking information on the countries/regions in the EU where there is a potential demand for specific services, as well as the characteristics of the target market, consumption trends, main competition...etc. Whilst market information is sometimes provided by TPOs or the national Exporters’ Associations, they mostly provide information on goods. The CSIs should therefore assume the responsibility to either provide this information or collaborate with other BSOs to obtain it and make it available.

Caribbean Export has reported the development of a CARIFORUM BSO network linked to BSOs in Europe, creating a window for the provision of information,

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191 The Scottish have also developed such diaspora-focussed programmes as: GlobalScot; Scottish Network International; Fresh Talent Initiative (including a relocation Advisory Service); Scottish Centre for Diaspora Studies; Scotland.org web portal; and Homecoming Scotland 2009 campaign.
including contact information, by country on BSOs in specific industries. The chances of this being effectively utilized will depend on success in obtaining buy-in for its use regionally and generating interest in Caribbean products and services in the EU. In effect, it is a tool for facilitating communication.

- **Development of EU-CARIFORUM Networks and Collaborations**
  The EU/Caribbean Forum, which takes place biennially, is a useful mechanism for industry representatives from both regions to network and form collaborations. As it is recognised that Caribbean suppliers need to be supported in identifying opportunities and generating interest in their services, it is recommended that:
  - CARIFORUM, through CAIPA and Caribbean Export, launch a sensitization and marketing programme, particularly in key European cities identified as open to discussing business;
  - These organizations work with the CSIs to identify counterpart Chambers/BSOs in Europe which could be intermediaries for ongoing interaction;
  - In respect of individual professional institutes/associations, strengthening their regional network will place them in a better position to deal with certification issues and to access opportunities; and
  - TPOs and CSIs follow-up with regional and even national trade missions as deemed necessary, once there is a core of service providers capable of taking advantage of opportunities which may arise.

- **Establishment of a CARIFORUM Business Presence in EU**
  There is interest in, and a good argument for, some kind of permanent Caribbean presence strategically placed in one or two European cities which would update the region on latest trends and possible opportunities, set up business meetings and act as intermediary between EU and CARIFORUM business. Currently, only Jamaica, Barbados and the Dominican Republic have investment/trade representatives in Europe. The other countries depend on their overseas missions in London, Brussels and/or Geneva for business information, but these missions have multilateral responsibilities and are typically undermanned and overworked. In any event, many of the region’s missions are not staffed by persons trained in business development and trade promotion.

  A start could be made with a small regional presence established before the staging of the 2012 Olympics in the UK. There are likely to be opportunities before and after the Games to promote business in sports services, real estate and property management, cultural industries, education and health and wellness, among others.

- **Establishment of Regional EPA Implementation Units and Country Nodes**
  There is also need for sensitization activities on the EPA and for promoting regular, practical information flows to and from the private sector on opportunities
and market access issues related to trade in services with the EU. It is recommended that a well-structured EU Implementation Unit in CARIFORUM assist in the establishment of, and work with, in-country nodes to relay information to and from the CSIs and industry associations. Successful market penetration and the swift application of trade remedies where needed depends on the efficient flow of information between the private sector and government agencies.

In this regard, national EPA implementation units should be established as soon as possible with precise objectives and mandates. These should also have work plans with timelines to ensure the delivery of expected outcomes. Their mandates should include (i) promoting the collation and dissemination of market and market access information, (ii) facilitating policy support by actively following up on recommendations with government agencies, (iii) ensuring that programmes are in place to link CARIFORUM service suppliers with EU firms, (iv) reporting on trade barriers, and (v) monitoring and regularly assessing achievements in bilateral cooperation and trade in services, within the context of the EPA provisions.

Financial support should be provided for a start-up period and part of that funding could be used for annual meetings of Unit Heads, the results of which would feed into the Joint EU/CARIFORUM Trade and Development Committee meetings.

Such national nodes, which will be working with business associations, will need to have the appropriate resources and authority as well as checks and balances in order to function optimally. It is proposed that the Units have one or two dedicated staff with a “Board” comprising a small network of agencies/BSOs, including representation by the private sector. Any support funding should be contingent on the timely delivery of outputs in the work programme. Lessons should be learnt from the experience with the CSME nodes in CARICOM Member States.
INVESTMENT & BUSINESS FACILITATION STUDY AND PROGRAMME (PHASE 1):

FINAL REPORT

ANNEXES

Project No # RPTF/INV-BUS/10/09

Submitted: 30th December 2010

EastWestConsult
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Caribbean Export Development Agency (November 2008). Health and Wellness Tourism: 10 Strategies for Success within the CSME.


Caribbean Regional Negotiating Machinery (June 2009). Overview of Global and CARICOM Investment Trends.

Caribbean Regional Negotiating Machinery (February 2008). The Treatment of Tourism in the CARIFORUM-EC Economic Partnership Agreement.


EPA Agreement between CARIFORUM and the European Community and its Member States.


Gill, Henry (2001). *The Entertainment Services with Special Reference to Music, Mas, and the Film & Video Segments*.


Third World Network (February 2009). *EU EPAs: Economic and Social Development Implications: The case of the CARIFORUM-EC Economic Partnership Agreement*.


Nurse, Keith and Jones, Jessica (2009). *Brain Drain and Caribbean-EU Labour Mobility*


Yachting team of the Prime Minister’s Standing Committee on Business Development (March 2004). *Strategic Plan for the Yachting Industry of Trinidad and Tobago (Final Report)*.


**USAID**


**IDB Regional and Country Strategies:**


• IDB: Country Strategy with Trinidad and Tobago (2010).

**European Community Strategy Papers and Indicative Programmes**


ANNEX B: LIST OF SERVICES LIBERALISED BY EU UNDER EPA

B1: FOR TEMPORARY ENTRY BY CONTRACTUAL SERVICES SUPPLIERS FROM CARIFORUM (EMPLOYEES OF SERVICES FIRMS)

1) Legal advisory services in respect of international public law and foreign law (i.e. non-EU law)
2) Accounting and bookkeeping services
3) Taxation advisory services
4) Architectural services
5) Urban planning and landscape architecture services
6) Engineering services
7) Integrated Engineering services
8) Medical and dental services
9) Veterinary services
10) Midwives services
11) Services provided by nurses, physiotherapists and paramedical personnel
12) Computer and related services
13) Research and development services
14) Advertising services
15) Market Research and Opinion Polling
16) Management consulting services
17) Services related to management consulting
18) Technical testing and analysis services
19) Related scientific and technical consulting services
20) Maintenance and repair of equipment, including transportation equipment, notably in the context of an after-sales or after-lease services contract
21) Chef de cuisine services
22) Fashion model services
23) Translation and interpretation services
24) Site investigation work
25) Higher education services (only privately-funded services)
26) Environmental services
27) Travel agencies and tour operators' services
28) Tourist guides services
29) Entertainment services other than audiovisual services
B2: FOR TEMPORARY ENTRY BY INDEPENDENT PROFESSIONALS FROM CARIFORUM (SELF-EMPLOYED PERSONS)

1) Legal advisory services in respect of international public law and foreign law (i.e. non- EU law)
2) Architectural services
3) Urban planning and landscape architecture services
4) Engineering services
5) Integrated Engineering services
6) Computer and related services
7) Research and development services
8) Market Research and Opinion Polling
9) Management consulting services
10) Services related to management consulting
11) Translation and interpretation services
ANNEX C: COMPARISON OF KEY INDICES FOR SELECTED EU MEMBER STATES

C1: POPULATION SIZE

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Population (as of 1st January 2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-27</td>
<td>500</td>
</tr>
<tr>
<td>France</td>
<td>64</td>
</tr>
<tr>
<td>Germany</td>
<td>82</td>
</tr>
<tr>
<td>Ireland</td>
<td>4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>16</td>
</tr>
<tr>
<td>Spain</td>
<td>46</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>62</td>
</tr>
</tbody>
</table>

Eurostat Dataset tps00001 (updated 30.3.10): extracted by user on 26.4.10

C2: REAL GDP GROWTH RATE

<table>
<thead>
<tr>
<th>Country</th>
<th>Growth rate of GDP volume (as % change on previous year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>2009: 0  2010: 1  2011: 2</td>
</tr>
<tr>
<td>Germany</td>
<td>2009: 0  2010: 1  2011: 2</td>
</tr>
</tbody>
</table>

Eurostat Dataset tsieb020 (updated 9.4.10): extracted by user on 26.4.10
C3: UNEMPLOYMENT

![Bar chart showing total unemployment rate as of February 2010.](image)

Eurostat Dataset *teilm020* (updated 31.3.10): extracted by user on 26.4.10

C4: ROLE OF E-COMMERCE IN ENTERPRISE TURNOVER

![Bar chart showing contribution of e-commerce to enterprise total turnover in 2007.](image)

Eurostat Dataset *tsir100* (updated 10.8.09): extracted by user on 27.4.10
C5: MARKET INTEGRATION: FDI INTENSITY

**Market Integration: Foreign Direct Investment (FDI) Intensity in 2008**

![Graph showing FDI intensity in 2008 for various countries.](image)

**Market Integration: Foreign Direct Investment (FDI) Intensity**

![Graph showing FDI intensity for various countries from 2006 to 2008.](image)

Eurostat Dataset tsier130 (updated 8.4.10): extracted by user 29.4.10
C6: OVERALL EASE OF DOING BUSINESS

Economies are ranked on their ease of doing business, from 1 – 183, with first place being the best. A high ranking on this index means the regulatory environment is conducive to the operation of business. It averages the country's percentile rankings on the following 10 topics, each made up of a variety of indicators, giving equal weight to each topic. The rankings are from the Doing Business 2010 report, covering the period June 2008 - May 2009.

<table>
<thead>
<tr>
<th>Ease of Doing Business (global rank)</th>
<th>Rank of EU Country with Best Practice</th>
<th>France</th>
<th>Germany</th>
<th>Ireland</th>
<th>Netherlands</th>
<th>Spain</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Starting a business</td>
<td>9 France</td>
<td>22</td>
<td>84</td>
<td>9</td>
<td>70</td>
<td>146</td>
<td>16</td>
</tr>
<tr>
<td>2. Dealing with construction permits</td>
<td>10 Germany</td>
<td>17</td>
<td>18</td>
<td>30</td>
<td>104</td>
<td>53</td>
<td>16</td>
</tr>
<tr>
<td>3. Employing workers</td>
<td>9 Ireland</td>
<td>155</td>
<td>158</td>
<td>27</td>
<td>123</td>
<td>157</td>
<td>35</td>
</tr>
<tr>
<td>4. Registering property</td>
<td>4 Lithuania</td>
<td>159</td>
<td>57</td>
<td>79</td>
<td>29</td>
<td>48</td>
<td>23</td>
</tr>
<tr>
<td>5. Getting credit</td>
<td>2 UK</td>
<td>43</td>
<td>15</td>
<td>15</td>
<td>43</td>
<td>43</td>
<td>2</td>
</tr>
<tr>
<td>6. Protecting investors</td>
<td>5 Ireland</td>
<td>73</td>
<td>93</td>
<td>5</td>
<td>109</td>
<td>93</td>
<td>10</td>
</tr>
<tr>
<td>7. Paying taxes</td>
<td>6 Ireland</td>
<td>59</td>
<td>71</td>
<td>6</td>
<td>33</td>
<td>78</td>
<td>16</td>
</tr>
<tr>
<td>8. Trading across borders</td>
<td>3 Estonia</td>
<td>25</td>
<td>14</td>
<td>21</td>
<td>13</td>
<td>59</td>
<td>16</td>
</tr>
<tr>
<td>9. Enforcing contracts</td>
<td>1 Luxembourg</td>
<td>6</td>
<td>7</td>
<td>37</td>
<td>30</td>
<td>52</td>
<td>23</td>
</tr>
<tr>
<td>10. Closing a business</td>
<td>5 Finland</td>
<td>42</td>
<td>35</td>
<td>6</td>
<td>10</td>
<td>19</td>
<td>9</td>
</tr>
</tbody>
</table>

## ANNEX D: INVESTMENT AND TRADE PROFILES FOR SELECTED EU MEMBER STATES

### D1: FOR FRANCE

#### General information

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (to nearest 1000)</td>
<td>64,709,000 (provisional; 2009)</td>
</tr>
<tr>
<td>Labour force</td>
<td>27.99 million (estimated; 2009)</td>
</tr>
<tr>
<td>Land size</td>
<td>550,000 km²</td>
</tr>
<tr>
<td>Political system</td>
<td>Republic</td>
</tr>
<tr>
<td>Currency</td>
<td>Euro</td>
</tr>
<tr>
<td>Official Language(s) (and extent to which English is spoken if not main language)</td>
<td>French (with English spoken widely, particularly in business)</td>
</tr>
</tbody>
</table>

#### Economy

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth (% change on previous year)</td>
<td>In 2009: -2.2%, -4.2% (av. EU-27)</td>
</tr>
<tr>
<td></td>
<td>In 2010 (forecast): 1.2%</td>
</tr>
<tr>
<td></td>
<td>In 2011 (forecast): 1.5%</td>
</tr>
<tr>
<td>GNI per capita</td>
<td>USD 43,550 (2008)</td>
</tr>
<tr>
<td>GDP (PPP) per capita in 2010 (forecast; international dollars)</td>
<td>$34,250 (22nd in the world)</td>
</tr>
<tr>
<td>GDP per capita in Purchasing Power Standards relative to EU-27 average (where EU-27 =100)</td>
<td>108 (2008)</td>
</tr>
<tr>
<td>Annual inflation rate</td>
<td>0.1% (2009)</td>
</tr>
<tr>
<td>Current Account Balance (% change on previous year)</td>
<td>In 2009: -1.5%, 0.2% (av. EU-27)</td>
</tr>
<tr>
<td></td>
<td>In 2010 (forecast): -1.9%</td>
</tr>
<tr>
<td></td>
<td>In 2011 (forecast): -1.8%</td>
</tr>
<tr>
<td>Unemployment</td>
<td>10.1% (Feb10)</td>
</tr>
<tr>
<td>Employment</td>
<td>64.2% (2009)</td>
</tr>
<tr>
<td>Employment in knowledge-intensive service sectors (as % of total employment)</td>
<td>37.04% (2008)</td>
</tr>
</tbody>
</table>

---

3. Eurostat Dataset tps00001 (updated 30.3.10)
5. Eurostat Dataset tsieb020 (updated 9.4.10)
8. Eurostat Dataset tsieb010 (updated 23.4.10)
9. This is expressed as annual average rate of change in Harmonized Indices of Consumer Prices (HICPs). Eurostat Dataset tsieb060 (updated 16.3.10)
11. Eurostat Dataset telim020 (updated 31.3.10)
12. This refers to number of persons aged 15 to 64 in employment divided by the total population of the same age group. Eurostat Dataset tsiem010 (updated 21.1.10)
13. Eurostat Dataset tsc00012 (updated 17.12.09)
### Trade

<table>
<thead>
<tr>
<th>Market Integration: Foreign Direct Investment (FDI) intensity (as % of GDP)</th>
<th>5.2% (2008)</th>
<th>2.2% (av. EU-27; 2008)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports of high technology products (as % of total exports)</td>
<td>17.88% (2006)</td>
<td>16.65% (av. EU-27; 2006)</td>
</tr>
</tbody>
</table>

### Business & Investment Environment

<table>
<thead>
<tr>
<th>Implicit tax rate on labour</th>
<th>41.3% (2007)</th>
<th>36.5% (av. EU-27; 2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Death rate</td>
<td>6.8 (2005)</td>
<td>No data on EU average</td>
</tr>
<tr>
<td>Business Survival rate</td>
<td>76.55 (2006)</td>
<td>No data on EU average</td>
</tr>
<tr>
<td>Expenditure on R&amp;D (as % of GDP)</td>
<td>2.02% (provisional; 2008)</td>
<td>1.9% (av. EU-27; 2008)</td>
</tr>
<tr>
<td>Venture capital investment (as % of GDP) Early stage: seed &amp; start-up</td>
<td>0.023% (in 2008)</td>
<td>0.022% (av. EU-15; 2008)</td>
</tr>
<tr>
<td></td>
<td>Expansion and replacement</td>
<td>0.102% (in 2008)</td>
</tr>
</tbody>
</table>

### ICT & Connectivity

<table>
<thead>
<tr>
<th>Quality of ICT infrastructure</th>
<th>Extensive broadband penetration and very advanced ICT infrastructure.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband Penetration rate</td>
<td>29.2 (2009)</td>
</tr>
<tr>
<td>Enterprises with Broadband Connections</td>
<td>93% (2009)</td>
</tr>
<tr>
<td>Expenditure on IT (as % GDP)</td>
<td>2.5% (2008)</td>
</tr>
<tr>
<td>Expenditure on Telecommunications (as % GDP)</td>
<td>2.8% (2008)</td>
</tr>
</tbody>
</table>

---

14. This measures the intensity of investment integration within the international economy, and is calculated as the average value of inward and outward FDI flows divided by GDP (in %). Eurostat Dataset tsier130 (updated 8.4.10)
15. High Technology products are defined as the sum of the following products: Aerospace, Computers-office machines, Electronics-telecommunications, Pharmacy, Scientific instruments, Electrical machinery, Chemistry, Non-electrical machinery, Armament. The total exports for the EU do not include the intra-EU trade. Eurostat Dataset tsier160 (updated 22.9.09)
16. Ratio of taxes and social security contributions on employed labour income to total compensation of employees. Eurostat Dataset tsiem070 (updated 8.4.10)
17. This is the number of enterprise births in the reference period (t) divided by the number of enterprises active in t: Eurostat Dataset tsier150 (updated 25.3.10)
18. This is the number of enterprise number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t: Eurostat Dataset tsier150 (updated 25.3.10)
19. This is the number of enterprises in the reference period (t) newly born in t-2 having survived to t divided by the number of enterprise births in t-2: Eurostat Dataset tsier150 (updated 25.3.10)
20. Eurostat Dataset tsier020 (updated 12.3.10)
21. Venture capital is defined as private equity raised for investment in companies; management buyouts, management buyins and venture purchase of quoted shares are excluded. Eurostat Dataset tsier080 (updated 11.9.09)
22. This refers to the number of broadband access lines per 100 inhabitants. Eurostat Dataset tsier050 (updated 29.1.10)
23. This consists of enterprises with 10 or more full-time employees, whose main activity in NACE sections D, F, G, H (groups 55.1 - 55.2 only), I, K, O (groups 92.1 - 92.2 only). Eurostat Dataset tin00063 (updated 29.3.10)
24. This includes expenditure for IT hardware, equipment, software and other services. Eurostat Dataset tsier090 (updated 1.2.10)
25. This includes expenditure for telecommunication hardware, equipment, software and other services. Eurostat Dataset tsier090 (updated 1.2.10)
<table>
<thead>
<tr>
<th>% Enterprises Turnover from e-Commerce(^{26})</th>
<th>No data</th>
<th>4.2% (av. EU-27; 2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of air, ground and sea transportation (as applicable)</td>
<td>Integrated system of airports, seaports, rail and road</td>
<td></td>
</tr>
<tr>
<td>Proximity to / linkages with other regions</td>
<td>Central location within EU and strong economic, political and social linkages with surrounding EU countries (especially euro zone). Département d’outre-mer (DOM): Guadeloupe and Martinique (Caribbean), French Guiana (South America) and Réunion (Indian Ocean) Collectivité territoriale (COM): French Polynesia, Mayotte (Indian Ocean), Saint Barthélemy, Saint Martin (Lesser Antilles), Saint Pierre and Miquelon (Atlantic Ocean) and Wallis and Futuna (Pacific Ocean).</td>
<td>Strong historical linkages with certain other parts of the world.</td>
</tr>
</tbody>
</table>

\(^{26}\) This is calculated as the enterprises’ receipts from sales through the Internet as percentage of the total turnover. Only enterprises with 10 or more employees are covered. The e-commerce data relates to the year prior to the survey. Eurostat Dataset tsir100 (updated 10.8.09)
### General Information

<table>
<thead>
<tr>
<th>Population (to nearest 1000)</th>
<th>81,758,000 (provisional; 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour force</td>
<td>43.51 million (estimated; 2009)</td>
</tr>
<tr>
<td>Land size</td>
<td>356,854 km²</td>
</tr>
<tr>
<td>Political system</td>
<td>Federal republic</td>
</tr>
<tr>
<td>Official Language(s) (and extent to which English is spoken if not main language)</td>
<td>German (with English spoken very widely, particularly in business)</td>
</tr>
</tbody>
</table>

### Economy

<table>
<thead>
<tr>
<th>GDP growth (% change on previous year)</th>
<th>In 2009</th>
<th>-5.0%</th>
<th>-4.2% (av. EU-27)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In 2010 (forecast)</td>
<td>1.2%</td>
<td>0.7 (av. EU-27)</td>
</tr>
<tr>
<td></td>
<td>In 2011 (forecast)</td>
<td>1.7%</td>
<td>1.6% (av. EU-27)</td>
</tr>
<tr>
<td>GNI per capita</td>
<td>USD 42,435</td>
<td>No data on EU</td>
<td></td>
</tr>
<tr>
<td>GDP (PPP) per capita in 2010 (forecast; international dollars)</td>
<td>$34,905 (21st in the world)</td>
<td>79,411 (Luxembourg, highest in EU-27)</td>
<td></td>
</tr>
<tr>
<td>GDP per capita in Purchasing Power Standards relative to EU-27 average (where EU-27 =100)</td>
<td>115.6 (2008)</td>
<td>100 (av. EU-27; 2008)</td>
<td></td>
</tr>
<tr>
<td>Annual inflation rate</td>
<td>0.2% (2009)</td>
<td>1% (av. EU; 2009)</td>
<td></td>
</tr>
<tr>
<td>Current Account Balance (% change on previous year)</td>
<td>In 2009</td>
<td>4.8%</td>
<td>0.2% (av. EU-27)</td>
</tr>
<tr>
<td></td>
<td>In 2010 (forecast)</td>
<td>5.5%</td>
<td>0.3% (av. EU-27)</td>
</tr>
<tr>
<td></td>
<td>In 2011 (forecast)</td>
<td>5.6%</td>
<td>0.4% (av. EU-27)</td>
</tr>
<tr>
<td>Unemployment</td>
<td>7.5% (Feb10)</td>
<td>9.6% (av. EU-27; Feb10)</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>70.9% (2009)</td>
<td>64.6% (av. EU-27; 2009)</td>
<td></td>
</tr>
<tr>
<td>Employment in knowledge-intensive service sectors (as % of total employment)</td>
<td>35.3% (2008)</td>
<td>32.96% (av. EU-27; 2007)</td>
<td></td>
</tr>
</tbody>
</table>

---

29 Eurostat Dataset tps00001 (updated 30.3.10)
31 Eurostat Dataset tseib020 (updated 9.4.10)
34 Eurostat Dataset tseib010 (updated 23.4.10)
35 This is expressed as annual average rate of change in Harmonized Indices of Consumer Prices (HICPs). Eurostat Dataset tseib060 (updated 16.3.10)
37 Eurostat Dataset teilm020 (updated 31.3.10)
38 This refers to number of persons aged 15 to 64 in employment divided by the total population of the same age group. Eurostat Dataset tseim010 (updated 21.1.10)
39 Eurostat Dataset tsc00012 (updated 17.12.09)
<table>
<thead>
<tr>
<th>Trade</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Integration: Foreign Direct Investment (FDI) intensity (as % of GDP)</td>
<td>2.4% (2008)</td>
</tr>
<tr>
<td>Exports of high technology products (as % of total exports)</td>
<td>14.06% (2006)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business &amp; Investment Environment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Implicit tax rate on labour</td>
<td>39% (2007)</td>
</tr>
<tr>
<td>Business Demographics</td>
<td>Business birth rate</td>
</tr>
<tr>
<td></td>
<td>Business death rate</td>
</tr>
<tr>
<td></td>
<td>Business survival rate</td>
</tr>
<tr>
<td>Gross Domestic Expenditure on R&amp;D (as % of GDP)</td>
<td>2.63% (provisional; 2008)</td>
</tr>
<tr>
<td>Venture capital investment (as % of GDP)</td>
<td>Early stage: seed &amp; start-up</td>
</tr>
<tr>
<td></td>
<td>Expansion and replacement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ICT &amp; Connectivity</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of ICT infrastructure</td>
<td>Extensive broadband penetration and very advanced ICT infrastructure.</td>
</tr>
<tr>
<td>Broadband Penetration rate</td>
<td>29.4 (2009)</td>
</tr>
<tr>
<td>Enterprises with Broadband Connections</td>
<td>89% (2009)</td>
</tr>
<tr>
<td>Expenditure on IT (as % GDP)</td>
<td>2.7% (2008)</td>
</tr>
<tr>
<td>Expenditure on Telecommunications (as % GDP)</td>
<td>2.6% (2008)</td>
</tr>
</tbody>
</table>

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40 This measures the intensity of investment integration within the international economy, and is calculated as the average value of inward and outward FDI flows divided by GDP (in %). Eurostat Dataset tsier130 (updated 8.4.10): extracted by user 29.4.10
41 High Technology products are defined as the sum of the following products: Aerospace, Computers-office machines, Electronics-telecommunications, Pharmacy, Scientific instruments, Electrical machinery, Chemistry, Non-electrical machinery, Armament. The total exports for the EU do not include the intra-EU trade. Eurostat Dataset tsiir160 (updated 22.9.09)
42 This refers to the number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t: Eurostat Dataset tsier080 (updated 11.9.09)
43 This consists of enterprises with 10 or more full-time employees, whose main activity in NACE sections D, F, G, H (groups 55.1 - 55.2 only), I, K, O (groups 92.1 - 92.2 only). Eurostat Dataset tin00063 (updated 29.3.10)
44 This includes expenditure for IT hardware, equipment, software and other services. Eurostat Dataset tsii090 (updated 1.2.10)
45 This includes expenditure for telecommunication hardware, equipment, software and other services. Eurostat Dataset tsii090 (updated 1.2.10)
<table>
<thead>
<tr>
<th>% Enterprises Turnover from e-Commerce&lt;sup&gt;52&lt;/sup&gt;</th>
<th>3.3% (2007)</th>
<th>4.2% (av. EU-27; 2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of air, ground and sea transportation (as applicable)</td>
<td>Integrated system of airports, seaports, rail and road</td>
<td></td>
</tr>
<tr>
<td>Proximity to / linkages with other regions</td>
<td>Central location within EU and strong economic, political and social linkages with surrounding EU countries (especially euro zone).</td>
<td>Strong historical linkages to certain other parts of the world.</td>
</tr>
</tbody>
</table>

<sup>52</sup> This is calculated as the enterprises' receipts from sales through the Internet as percentage of the total turnover. Only enterprises with 10 or more employees are covered. The e-commerce data relates to the year prior to the survey. Eurostat Dataset tsir100 (updated 10.8.09)
### General information

<table>
<thead>
<tr>
<th>Population (to nearest 1000)</th>
<th>4,450,000 (provisional; 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour force</td>
<td>2.15 million (estimated; 2006)</td>
</tr>
<tr>
<td>Land size</td>
<td>70,000 km²</td>
</tr>
<tr>
<td>Political system</td>
<td>Republic</td>
</tr>
<tr>
<td>Currency</td>
<td>euro</td>
</tr>
<tr>
<td>Official Language(s) (and extent to which English is spoken if not main language)</td>
<td>English, Irish</td>
</tr>
</tbody>
</table>

### Economy

<table>
<thead>
<tr>
<th>GDP growth (% change on previous year)</th>
<th>In 2009</th>
<th>-7.1%</th>
<th>-4.2% (av. EU-27)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 (forecast)</td>
<td>-1.4%</td>
<td>0.7 (av. EU-27)</td>
</tr>
<tr>
<td></td>
<td>2011 (forecast)</td>
<td>2.6%</td>
<td>1.6% (av. EU-27)</td>
</tr>
<tr>
<td>GNI per capita</td>
<td>USD 49,592</td>
<td>No data on EU</td>
<td></td>
</tr>
<tr>
<td>GDP (PPP) per capita in 2010 (forecast; international dollars)</td>
<td>$39,009 (13th in the world)</td>
<td>$79,411 (Luxembourg, highest in EU-27)</td>
<td></td>
</tr>
<tr>
<td>GDP per capita in Purchasing Power Standards relative to EU-27 average (where EU-27 =100)</td>
<td>135.4 (2008)</td>
<td>100 (av. EU-27; 2008)</td>
<td></td>
</tr>
<tr>
<td>Annual inflation rate</td>
<td>-1.7% (2009)</td>
<td>1% (av. EU; 2009)</td>
<td></td>
</tr>
<tr>
<td>Current Account Balance (% change on previous year)</td>
<td>In 2009</td>
<td>-2.9%</td>
<td>0.2% (av. EU-27)</td>
</tr>
<tr>
<td></td>
<td>2010 (forecast)</td>
<td>0.4%</td>
<td>0.3% (av. EU-27)</td>
</tr>
<tr>
<td></td>
<td>2011 (forecast)</td>
<td>-0.1%</td>
<td>0.4% (av. EU-27)</td>
</tr>
<tr>
<td>Unemployment</td>
<td>13.2% (Feb10)</td>
<td>9.6% (av. EU-27; Feb10)</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>61.8% (2009)</td>
<td>64.6% (av. EU-27; 2009)</td>
<td></td>
</tr>
<tr>
<td>Employment in knowledge-intensive service sectors (as % of total employment)</td>
<td>36.22% (2008)</td>
<td>32.96% (av. EU-27; 2007)</td>
<td></td>
</tr>
</tbody>
</table>

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55 Eurostat Dataset [tps00001](http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/) (updated 30.3.10)
61 Eurostat Dataset [tsieb010](http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/) (updated 23.4.10)
62 This is expressed as annual average rate of change in Harmonized Indices of Consumer Prices (HICPs). Eurostat Dataset [tsieb060](http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/) (updated 16.3.10)
64 Eurostat Dataset [teilm020](http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/) (updated 31.3.10)
65 This refers to number of persons aged 15 to 64 in employment divided by the total population of the same age group. Eurostat Dataset [tsiem010](http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/) (updated 21.1.10)
66 Eurostat Dataset [tsc00012](http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/) (updated 17.12.09)
### Trade

| Market Integration: Foreign Direct Investment (FDI) intensity (as % of GDP) | -1.2% (2008) | 2.2% (av. EU-27; 2008) |
| Exports of high technology products (as % of total exports)          | 29.0% (2006) | 16.65% (av. EU-27; 2006) |

### Business & Investment Environment

| Implicit tax rate on labour | 25.7% (2007) | 36.5% (av. EU-27; 2007) |
| Business Demographics       |              |                          |
| Business birth rate         | No data      | No data on EU average    |
| Business death rate         | No data      | No data on EU average    |
| Business survival rate      | No data      | No data on EU average    |
| Gross Domestic Expenditure on R&D (as % of GDP) | 1.43% (provisional; 2008) | 1.9% (av. EU-27; 2008) |
| Venture capital investment (as % of GDP) | Early stage: seed & start-up 0.015% (in 2008) | 0.022% (av. EU-15; 2008) |
|                             | Expansion and replacement 0.014% (in 2008) | 0.109% (av. EU-15; 2008) |

### ICT & Connectivity

| Quality of ICT infrastructure | Good broadband penetration and ICT infrastructure. |
| Broadband Penetration rate    | 21.3 (2009) | 23.9 (av. EU-27; 2009) |
| Enterprises with Broadband Connections | 80% (2008) | 83% (av. EU-27; 2009) |
| Expenditure on IT (as % GDP)  | 2.4% (2008) | 2.5% (av. EU-25; 2009) |
| Expenditure on Telecommunications (as % GDP) | 2.6% (2008) | 2.9% (av. EU-25; 2009) |

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67 This measures the intensity of investment integration within the international economy, and is calculated as the average value of inward and outward FDI flows divided by GDP (in %). Eurostat Dataset tsier130 (updated 8.4.10): extracted by user 29.4.10

68 High Technology products are defined as the sum of the following products: Aerospace, Computers-office machines, Electronics-telecommunications, Pharmacy, Scientific instruments, Electrical machinery, Chemistry, Non-electrical machinery, Armament. The total exports for the EU do not include the intra-EU trade. Eurostat Dataset tsier160 (updated 22.9.09)

69 Ratio of taxes and social security contributions on employed labour income to total compensation of employees. Eurostat Dataset tsiem070 (updated 8.4.10)

70 This is the number of enterprise births in the reference period (t) divided by the number of enterprises active in t: Eurostat Dataset tsier150 (updated 25.3.10)

71 This is the number of enterprise number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t: Eurostat Dataset tsier150 (updated 25.3.10)

72 This is the number of enterprises in the reference period (t) newly born in t-2 having survived to t divided by the number of enterprise births in t-2: Eurostat Dataset tsier150 (updated 25.3.10)

73 Eurostat Dataset tsier020 (updated 12.3.10)

74 Venture capital is defined as private equity raised for investment in companies; management buyouts, management buyins and venture purchase of quoted shares are excluded. Eurostat Dataset tsier080 (updated 11.9.09)

75 This refers to the number of broadband access lines per 100 inhabitants. Eurostat Dataset tsier050 (updated 29.1.10)

76 This consists of enterprises with 10 or more full-time employees, whose main activity in NACE sections D, F, G, H(groups 55.1 - 55.2 only), I, K, O (groups 92.1 - 92.2 only). Eurostat Dataset tin00063 (updated 29.3.10)

77 This includes expenditure for IT hardware, equipment, software and other services. Eurostat Dataset tsier090 (updated 1.2.10)

78 This includes expenditure for telecommunication hardware, equipment, software and other services. Eurostat Dataset tsier090 (updated 1.2.10)
<table>
<thead>
<tr>
<th>% Enterprises Turnover from e-Commerce(^7^9)</th>
<th>9.8% (2007)</th>
<th>4.2% (av. EU-27; 2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of air, ground and sea transportation (as applicable)</td>
<td>Integrated system of airports, seaports, rail and road</td>
<td></td>
</tr>
<tr>
<td>Proximity to / linkages with other regions</td>
<td>Strong economic, political and social linkages with surrounding EU countries (especially euro zone).</td>
<td></td>
</tr>
</tbody>
</table>

\(^7^9\) This is calculated as the enterprises’ receipts from sales through the Internet as percentage of the total turnover. Only enterprises with 10 or more employees are covered. The e-commerce data relates to the year prior to the survey. Eurostat Dataset tsir100 (updated 10.8.09)
### D4: FOR THE NETHERLANDS^80,81

#### General information

<table>
<thead>
<tr>
<th>Population (to nearest 1000)^82</th>
<th>16,577,000 (provisional; 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour force^83</td>
<td>8.33 million (estimated; 2009)</td>
</tr>
<tr>
<td>Land size</td>
<td>41 526 km²</td>
</tr>
<tr>
<td>Political system</td>
<td>Constitutional monarchy</td>
</tr>
<tr>
<td>Currency</td>
<td>euro</td>
</tr>
<tr>
<td>Official Language(s) (and extent to which English is spoken if not main language)</td>
<td>French (with English spoken widely, particularly in business)</td>
</tr>
</tbody>
</table>

#### Economy

<table>
<thead>
<tr>
<th>GDP growth (% change on previous year)^84</th>
<th>In 2009</th>
<th>-4.0%</th>
<th>-4.2% (av. EU-27)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 2010 (forecast)</td>
<td>0.3%</td>
<td>0.7 (av. EU-27)</td>
<td></td>
</tr>
<tr>
<td>In 2011 (forecast)</td>
<td>1.6%</td>
<td>1.6% (av. EU-27)</td>
<td></td>
</tr>
<tr>
<td>GNI per capita^85</td>
<td>USD 50,150</td>
<td>No data on EU</td>
<td></td>
</tr>
<tr>
<td>GDP (PPP) per capita in 2010 (forecast; international dollars)^86</td>
<td>$40,601 (9th in the world)</td>
<td>79,411 (Luxembourg, highest in EU-27)</td>
<td></td>
</tr>
<tr>
<td>GDP per capita in Purchasing Power Standards relative to EU-27 average (where EU-27 =100)^87</td>
<td>134 (2008)</td>
<td>100 (av. EU-27; 2008)</td>
<td></td>
</tr>
<tr>
<td>Annual inflation rate^88</td>
<td>1% (2009)</td>
<td>1% (av. EU; 2009)</td>
<td></td>
</tr>
<tr>
<td>Current Account Balance (% change on previous year)^89</td>
<td>In 2009</td>
<td>5.2%</td>
<td>0.2% (av. EU-27)</td>
</tr>
<tr>
<td></td>
<td>In 2010 (forecast)</td>
<td>5.0%</td>
<td>0.3% (av. EU-27)</td>
</tr>
<tr>
<td></td>
<td>In 2011 (forecast)</td>
<td>5.3%</td>
<td>0.4% (av. EU-27)</td>
</tr>
<tr>
<td>Unemployment^90</td>
<td>4% (Feb10)</td>
<td>9.6% (av. EU-27; Feb10)</td>
<td></td>
</tr>
<tr>
<td>Employment^91</td>
<td>77% (2009)</td>
<td>64.6% (av. EU-27; 2009)</td>
<td></td>
</tr>
<tr>
<td>Employment in knowledge-intensive service sectors (as % of total employment)^92</td>
<td>42.66% (2008)</td>
<td>32.96% (av. EU-27; 2007)</td>
<td></td>
</tr>
</tbody>
</table>

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^82 Eurostat Dataset tps00001 (updated 30.3.10)


^84 Eurostat Dataset tsieb020 (updated 9.4.10)


^87 Eurostat Dataset tsieb010 (updated 23.4.10)

^88 This is expressed as annual average rate of change in Harmonized Indices of Consumer Prices (HICPs). Eurostat Dataset tsieb060 (updated 16.3.10)


^90 Eurostat Dataset teilm020 (updated 31.3.10)

^91 This refers to number of persons aged 15 to 64 in employment divided by the total population of the same age group. Eurostat Dataset tsiem010 (updated 21.1.10)

^92 Eurostat Dataset tsc00012 (updated 17.12.09)
## Trade

| Market Integration: Foreign Direct Investment (FDI) intensity (as % of GDP) | 0.7% (2008) | 2.2% (av. EU-27; 2008) |
| Exports of high technology products (as % of total exports) | 18.27% (2006) | 16.65% (av. EU-27; 2006) |

## Business & Investment Environment

| Implicit tax rate on labour | 34.3% (2007) | 36.5% (av. EU-27; 2007) |
| Business Demographics | | |
| Business birth rate | 9.81 (2005) | No data on EU average |
| Business death rate | 8.59 (2004) | No data on EU average |
| Business survival rate | 73.13 (2005) | No data on EU average |

| Gross Domestic Expenditure on R&D (as % of GDP) | 1.63% (provisional; 2008) | 1.9% (av. EU-27; 2008) |

| Venture capital investment (as % of GDP) | Early stage: seed & start-up | 0.038% (in 2008) | 0.022% (av. EU-15; 2008) |
| | Expansion and replacement | 0.084% (in 2008) | 0.109% (av. EU-15; 2008) |

## ICT & Connectivity

| Quality of ICT infrastructure | Extensive broadband penetration and very advanced ICT infrastructure. |
| Broadband Penetration rate | 37.7 (2009) | 23.9 (av. EU-27; 2009) |
| Enterprises with Broadband Connections | 87% (2009) | 83% (av. EU-27; 2009) |
| Expenditure on IT (as % GDP) | 2.8% (2008) | 2.5% (av. EU-25; 2009) |
| Expenditure on Telecommunications (as % GDP) | 2.4% (2008) | 2.9% (av. EU-25; 2009) |

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93 This measures the intensity of investment integration within the international economy, and is calculated as the average value of inward and outward FDI flows divided by GDP (in %). Eurostat Dataset tsier130 (updated 8.4.10): extracted by user 29.4.10

94 High Technology products are defined as the sum of the following products: Aerospace, Computers-office machines, Electronics-telecommunications, Pharmacy, Scientific instruments, Electrical machinery, Chemistry, Non-electrical machinery, Armament. The total exports for the EU do not include the intra-EU trade. Eurostat Dataset tsier160 (updated 22.9.09)

95 Ratio of taxes and social security contributions on employed labour income to total compensation of employees. Eurostat Dataset tsiem070 (updated 8.4.10)

96 This is the number of enterprise births in the reference period (t) divided by the number of enterprises active in t: Eurostat Dataset tsier150 (updated 25.3.10)

97 This is the number of enterprise number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t: Eurostat Dataset tsier150 (updated 25.3.10)

98 This is the number of enterprises in the reference period (t) newly born in t-2 having survived to t divided by the number of enterprise births in t-2: Eurostat Dataset tsier150 (updated 25.3.10)

99 Eurostat Dataset tsir050 (updated 29.1.10)

100 Venture capital is defined as private equity raised for investment in companies; management buyouts, management buyins and venture purchase of quoted shares are excluded. Eurostat Dataset tsir080 (updated 11.9.09)

101 This refers to the number of broadband access lines per 100 inhabitants. Eurostat Dataset tsir050 (updated 29.1.10)

102 This consists of enterprises with 10 or more full-time employees, whose main activity in NACE sections D, F, G, H(groups 55.1 - 55.2 only), I, K, O (groups 92.1 - 92.2 only). Eurostat Dataset tin00063 (updated 29.3.10)

103 This includes expenditure for IT hardware, equipment, software and other services. Eurostat Dataset tsir090 (updated 12.3.10)

104 This includes expenditure for telecommunication hardware, equipment, software and other services. Eurostat Dataset tsir090 (updated 12.3.10)
<table>
<thead>
<tr>
<th>% Enterprises Turnover from e-Commerce&lt;sup&gt;105&lt;/sup&gt;</th>
<th>No data</th>
<th>4.2% (av. EU-27; 2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of air, ground and sea transportation (as applicable)</td>
<td>Integrated system of airports, seaports, rail and road</td>
<td></td>
</tr>
<tr>
<td>Proximity to / linkages with other regions</td>
<td>Central location within EU and strong economic, political and social linkages with surrounding EU countries (especially Germany and UK).</td>
<td>Strong historical linkages with certain other parts of the world, in particular Suriname, Aruba and Netherlands Antilles (all in the Caribbean).</td>
</tr>
</tbody>
</table>

<sup>105</sup> This is calculated as the enterprises’ receipts from sales through the Internet as percentage of the total turnover. Only enterprises with 10 or more employees are covered. The e-commerce data relates to the year prior to the survey. Eurostat Dataset tsir100 (updated 10.8.09)
## D5: FOR SPAIN

### General Information

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (to nearest 1000)</td>
<td>46,087,000 (provisional; 2009)</td>
</tr>
<tr>
<td>Labour force</td>
<td>22.97 million (estimated; 2009)</td>
</tr>
<tr>
<td>Land size</td>
<td>504,782 km²</td>
</tr>
<tr>
<td>Political system</td>
<td>Constitutional monarchy</td>
</tr>
<tr>
<td>Currency</td>
<td>Euro</td>
</tr>
<tr>
<td>Official Language(s) (and extent to which English is spoken if not main language)</td>
<td>Spanish (with English spoken in business in absence of Spanish)</td>
</tr>
</tbody>
</table>

### Economy

<table>
<thead>
<tr>
<th>Category</th>
<th>2009</th>
<th>2010 (forecast)</th>
<th>2011 (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth (% change on previous year)</td>
<td>-3.6%</td>
<td>-0.8%</td>
<td>1%</td>
</tr>
<tr>
<td>In 2009</td>
<td>-4.2% (av. EU-27)</td>
<td>0.7 (av. EU-27)</td>
<td>1.6% (av. EU-27)</td>
</tr>
<tr>
<td>GNI per capita</td>
<td>USD 31,962</td>
<td>No data on EU</td>
<td></td>
</tr>
<tr>
<td>GDP (PPP) per capita in 2010</td>
<td>$ 29,648</td>
<td>79,411 (Luxembourg, highest in EU-27)</td>
<td></td>
</tr>
<tr>
<td>(international dollars)</td>
<td>(26th in the world)</td>
<td>100 (av. EU-27; 2008)</td>
<td></td>
</tr>
<tr>
<td>GDP per capita in Purchasing Power Standards relative to EU-27 average</td>
<td>102.6 (2008)</td>
<td>100 (av. EU-27; 2008)</td>
<td></td>
</tr>
<tr>
<td>Annual inflation rate</td>
<td>-0.3% (2009)</td>
<td>1% (av. EU; 2009)</td>
<td></td>
</tr>
<tr>
<td>Current Account Balance (% change on previous year)</td>
<td>-5.1%</td>
<td>-5.3%</td>
<td>-5.1%</td>
</tr>
<tr>
<td>In 2009</td>
<td>0.2% (av. EU-27)</td>
<td>0.3% (av. EU-27)</td>
<td>0.4% (av. EU-27)</td>
</tr>
<tr>
<td>In 2010 (forecast)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In 2011 (forecast)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment</td>
<td>19% (Feb10)</td>
<td>9.6% (av. EU-27; Feb10)</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>59.8% (2009)</td>
<td>64.6% (av. EU-27; 2009)</td>
<td></td>
</tr>
<tr>
<td>Employment in knowledge-intensive service sectors (as % of total employment)</td>
<td>28.9% (2008)</td>
<td>32.96% (av. EU-27; 2007)</td>
<td></td>
</tr>
</tbody>
</table>

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108 Eurostat Dataset [tps00001](http://europa.eu/abc/european_countries/eu_members/spain/index_en.htm) (updated 30.3.10)
110 Eurostat Dataset [tsieb020](http://europa.eu/abc/european_countries/eu_members/spain/index_en.htm) (updated 9.4.10)
113 Eurostat Dataset [tsieb010](http://europa.eu/abc/european_countries/eu_members/spain/index_en.htm) (updated 31.3.10)
114 This is expressed as annual average rate of change in Harmonized Indices of Consumer Prices (HICPs). Eurostat Dataset [tsieb060](http://europa.eu/abc/european_countries/eu_members/spain/index_en.htm) (updated 16.3.10)
116 Eurostat Dataset [teilm020](http://europa.eu/abc/european_countries/eu_members/spain/index_en.htm) (updated 23.4.10)
117 This refers to number of persons aged 15 to 64 in employment divided by the total population of the same age group. Eurostat Dataset [tscm010](http://europa.eu/abc/european_countries/eu_members/spain/index_en.htm) (updated 21.1.10)
118 Eurostat Dataset [tsc00012](http://europa.eu/abc/european_countries/eu_members/spain/index_en.htm) (updated 17.12.09)
### Trade

| Market Integration: Foreign Direct Investment (FDI) intensity (as % of GDP) | 4.7% (2008) | 2.2% (av. EU-27; 2008) |
| Exports of high technology products (as % of total exports) | 4.92% (2006) | 16.65% (av. EU-27; 2006) |

### Business & Investment Environment

| Implicit tax rate on labour | 31.6% (2007) | 36.5% (av. EU-27; 2007) |
| Business Demographics | | |
| Business death rate | 73.43 (2007) | No data on EU average |
| Gross Domestic Expenditure on R&D (as % of GDP) | 1.35% (provisional; 2008) | 1.9% (av. EU-27; 2008) |
| Business survival rate | 73.43 (2007) | No data on EU average |
| Venture capital investment (as % of GDP) | | |
| Early stage: seed & start-up | 0.009% (in 2008) | 0.022% (av. EU-15; 2008) |
| Expansion and replacement | 0.094% (in 2008) | 0.109% (av. EU-15; 2008) |

### ICT & Connectivity

| Quality of ICT infrastructure | Extensive broadband penetration and very advanced ICT infrastructure. |
| Broadband Penetration rate | 20.7 (2009) | 23.9 (av. EU-27; 2009) |
| Enterprises with Broadband Connections | 94% (2009) | 83% (av. EU-27; 2009) |
| Expenditure on IT (as % GDP) | 1.7% (2008) | 2.5% (av. EU-25; 2009) |
| Expenditure on Telecommunications (as % GDP) | 3.2% (2008) | 2.9% (av. EU-25; 2009) |

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119 This measures the intensity of investment integration within the international economy, and is calculated as the average value of inward and outward FDI flows divided by GDP (in %). Eurostat Dataset tsier130 (updated 8.4.10): extracted by user 29.4.10

120 High Technology products are defined as the sum of the following products: Aerospace, Computers-office machines, Electronics-telecommunications, Pharmacy, Scientific instruments, Electrical machinery, Chemistry, Non-electrical machinery, Armament. The total exports for the EU do not include the intra-EU trade. Eurostat Dataset tsier160 (updated 22.9.09)

121 Ratio of taxes and social security contributions on employed labour income to total compensation of employees. Eurostat Dataset tsiem070 (updated 8.4.10)

122 This is the number of enterprise births in the reference period (t) divided by the number of enterprises active in t: Eurostat Dataset tsier150 (updated 25.3.10)

123 This is the number of enterprise number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t: Eurostat Dataset tsier150 (updated 25.3.10)

124 This is the number of enterprises in the reference period (t) newly born in t-2 having survived to t divided by the number of enterprise births in t-2: Eurostat Dataset tsier150 (updated 25.3.10)

125 Eurostat Dataset tsier020 (updated 12.3.10)

126 Venture capital is defined as private equity raised for investment in companies; management buyouts, management buyins and venture purchase of quoted shares are excluded. Eurostat Dataset tsier080 (updated 11.9.09)

127 This refers to the number of broadband access lines per 100 inhabitants. Eurostat Dataset tsier050 (updated 29.1.10)

128 This consists of enterprises with 10 or more full-time employees, whose main activity in NACE sections D, F, G, H(groups 55.1 - 55.2 only), I, K, O (groups 92.1 - 92.2 only). Eurostat Dataset tin00063 (updated 29.3.10)

129 This includes expenditure for IT hardware, equipment, software and other services. Eurostat Dataset tsier090 (updated 1.2.10)

130 This includes expenditure for telecommunication hardware, equipment, software and other services. Eurostat Dataset tsier090 (updated 1.2.10)
<table>
<thead>
<tr>
<th>% Enterprises Turnover from e-Commerce&lt;sup&gt;131&lt;/sup&gt;</th>
<th>6.2% (2007)</th>
<th>4.2% (av. EU-27; 2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of air, ground and sea transportation (as applicable)</td>
<td>Integrated system of airports, seaports, rail and road</td>
<td></td>
</tr>
<tr>
<td>Proximity to / linkages with other regions</td>
<td>Central location within EU and strong economic, political and social linkages with surrounding EU countries (especially euro zone).</td>
<td>Balearic Islands and Canary Islands (autonomous)</td>
</tr>
</tbody>
</table>

<sup>131</sup> This is calculated as the enterprises’ receipts from sales through the Internet as percentage of the total turnover. Only enterprises with 10 or more employees are covered. The e-commerce data relates to the year prior to the survey. Eurostat Dataset tsir100 (updated 10.8.09)
### General information

<table>
<thead>
<tr>
<th>Population (to nearest 1000)</th>
<th>61,635,000 (provisional; 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour force</td>
<td>31 million (provisional; 2009)</td>
</tr>
<tr>
<td>Land size</td>
<td>244,820 km²</td>
</tr>
<tr>
<td>Political system</td>
<td>Constitutional monarchy</td>
</tr>
<tr>
<td>Currency</td>
<td>pound sterling</td>
</tr>
<tr>
<td>Official Language(s)</td>
<td>English</td>
</tr>
</tbody>
</table>

### Economy

<table>
<thead>
<tr>
<th>GDP growth (% change on previous year)</th>
<th>In 2009</th>
<th>-4.9%</th>
<th>-4.2% (av. EU-27)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In 2010 (forecast)</td>
<td>0.9%</td>
<td>0.7 (av. EU-27)</td>
</tr>
<tr>
<td></td>
<td>In 2011 (forecast)</td>
<td>1.9%</td>
<td>1.6% (av. EU-27)</td>
</tr>
<tr>
<td>GNI per capita</td>
<td>USD 45,394</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP (PPP) per capita in 2010 (forecast; international dollars)</td>
<td>$35,082 (20th in the world)</td>
<td>$79,411 (Luxembourg, highest in EU-27)</td>
<td></td>
</tr>
<tr>
<td>GDP per capita in Purchasing Power Standards relative to EU-27 average (where EU-27 =100)</td>
<td>116.2 (2008)</td>
<td>100 (av. EU-27; 2008)</td>
<td></td>
</tr>
<tr>
<td>Annual inflation rate</td>
<td>2.2% (2009)</td>
<td>1% (av. EU; 2009)</td>
<td></td>
</tr>
<tr>
<td>Current Account Balance (% change on previous year)</td>
<td>In 2009</td>
<td>-1.3%</td>
<td>0.2% (av. EU-27)</td>
</tr>
<tr>
<td></td>
<td>In 2010 (forecast)</td>
<td>-1.7%</td>
<td>0.3% (av. EU-27)</td>
</tr>
<tr>
<td></td>
<td>In 2011 (forecast)</td>
<td>-1.6%</td>
<td>0.4% (av. EU-27)</td>
</tr>
<tr>
<td>Unemployment</td>
<td>7.8% (Jan10)</td>
<td>9.6% (av. EU-27; Feb10)</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>69.9% (2009)</td>
<td>64.6% (av. EU-27; 2009)</td>
<td></td>
</tr>
<tr>
<td>Employment in knowledge-intensive service sectors (as % of total employment)</td>
<td>42.74% (2008)</td>
<td>32.96% (av. EU-27; 2007)</td>
<td></td>
</tr>
</tbody>
</table>

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132 http://europa.eu/abc/european_countries/eu_members/unitedkingdom/index_en.htm
134 Eurostat Dataset tps00001 (updated 30.3.10)
135 http://www.economywatch.com/world_economy/united-kingdom/uk-economic-indicators.html
136 Eurostat Dataset tsieb020 (updated 9.4.10)
139 Eurostat Dataset tsieb010 (updated 23.4.10)
140 This is expressed as annual average rate of change in Harmonized Indices of Consumer Prices (HICPs). Eurostat Dataset tsieb060 (updated 16.3.10)
142 Eurostat Dataset teilm020 (updated 9.4.10)
143 This refers to number of persons aged 15 to 64 in employment divided by the total population of the same age group. Eurostat Dataset tsiem010 (updated 21.1.10)
144 Eurostat Dataset tsc00012 (updated 17.12.09)
## Trade

| Market Integration: Foreign Direct Investment (FDI) intensity (as % of GDP) | 4.7% (2008) | 2.2% (av. EU-27; 2008) |
| Exports of high technology products (as % of total exports) | 26.48% (2006) | 16.65% (av. EU-27; 2006) |

## Business & Investment Environment

| Implicit tax rate on labour | 26.1% (2007) | 36.5% (av. EU-27; 2007) |
| Business Demographics |  |
| Business birth rate | 12.87 (2007) | No data on EU |
| Business death rate | 11.36 (2006) | No data on EU |
| Business survival rate | 79.24 (2006) | No data on EU |

| Gross Domestic Expenditure on R&D (as % of GDP) | 1.88% (provisional; 2008) | 1.9% (av. EU-27; 2008) |

| Venture capital investment (as % of GDP) |  |
| Early stage: seed & start-up | 0.04% (in 2008) | 0.022% (av. EU-15; 2008) |
| Expansion and replacement | 0.304% (in 2008) | 0.109% (av. EU-15; 2008) |

## ICT & Connectivity

| Quality of ICT infrastructure | Extensive broadband market and one of strongest ICT infrastructures in the world. |
| Broadband Penetration rate | 28.8 (2009) | 23.9 (av. EU-27; 2009) |
| Enterprises with Broadband Connections | 88% (2009) | 83% (av. EU-27; 2009) |
| Expenditure on IT (as % GDP) | 3.7% (2008) | 2.5% (av. EU-25; 2009) |
| Expenditure on Telecommunications (as % GDP) | 3.2% (2008) | 2.9% (av. EU-25; 2009) |

---

145 This measures the intensity of investment integration within the international economy, and is calculated as the average value of inward and outward FDI flows divided by GDP (in %). Eurostat Dataset tsier130 (updated 8.4.10): extracted by user 29.4.10

146 High Technology products are defined as the sum of the following products: Aerospace, Computers-office machines, Electronics-telecommunications, Pharmacy, Scientific instruments, Electrical machinery, Chemistry, Non-electrical machinery, Armament. The total exports for the EU do not include the intra-EU trade. Eurostat Dataset tsier160 (updated 22.9.09)

147 Ratio of taxes and social security contributions on employed labour income to total compensation of employees. Eurostat Dataset tsiem070 (updated 8.4.10)

148 This is the number of enterprise births in the reference period (t) divided by the number of enterprises active in t: Eurostat Dataset tsier150 (updated 25.3.10)

149 This is the number of enterprise number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t: Eurostat Dataset tsier150 (updated 25.3.10)

150 This is the number of enterprises in the reference period (t) newly born in t-2 having survived to t divided by the number of enterprise births in t-2: Eurostat Dataset tsier150 (updated 25.3.10)

151 Eurostat Dataset tsier020 (updated 12.3.10)

152 Venture capital is defined as private equity raised for investment in companies; management buyouts, management buyins and venture purchase of quoted shares are excluded. Eurostat Dataset tsier080 (updated 11.9.09)

153 This refers to the number of broadband access lines per 100 inhabitants. Eurostat Dataset tsier050 (updated 29.1.10)

154 This consists of enterprises with 10 or more full-time employees, whose main activity in NACE sections D, F, G, H(groups 55.1 - 55.2 only), I, K, O (groups 92.1 - 92.2 only). Eurostat Dataset tin00063 (updated 29.3.10)

155 This includes expenditure for IT hardware, equipment, software and other services. Eurostat Dataset tsier090 (updated 1.2.10)

156 This includes expenditure for telecommunication hardware, equipment, software and other services. Eurostat Dataset tsier090 (updated 1.2.10)
<table>
<thead>
<tr>
<th>% Enterprises Turnover from e-Commerce¹⁵⁷</th>
<th>7% (2007)</th>
<th>4.2% (av. EU-27; 2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of air, ground and sea transportation (as applicable)</td>
<td>Integrated system of airports, seaports, rail and road</td>
<td></td>
</tr>
</tbody>
</table>
| Proximity to / linkages with other regions | Gateway to EU, although travel/transport to mainland Europe represents additional cost.  
Strong historical linkages to other parts of the world. |

¹⁵⁷ This is calculated as the enterprises’ receipts from sales through the Internet as percentage of the total turnover. Only enterprises with 10 or more employees are covered. The e-commerce data relates to the year prior to the survey. Eurostat Dataset tsir100 (updated 10.8.09)
ANNEX E: ESTABLISHING AND OPERATING A BUSINESS IN SELECTED EU MEMBER STATES

E1: IN FRANCE

E1.1 Types of business\textsuperscript{158}

There are no administrative restrictions on foreign investment in France, although mandatory declarations or permits are required in for a limited number of sectors (e.g. gambling, private security services, activities related to defence).

1. Branches - a basic option

Branches enable foreign companies to establish a foothold in France for a commercial activity.

Branches are headed by a legal representative, functioning like an agency and reporting to headquarters, and have no official restrictions on their decision-making powers. They may carry out all the operations of an industrial or commercial company, but are not separate legal entities and the parent companies are responsible for their initiatives.

2. Creating a subsidiary, a company incorporated under French law

Segregation of subsidiaries’ and parent companies’ assets means that foreign companies do not bear unlimited liability for the debts of their French structures. On the other hand, subsidiaries’ losses cannot be offset against parent companies’ profits. Types of legal entity available:

- **SAS** - Since 1994, the société par actions simplifiée (SAS) has been the most common corporate structure in France. The popularity of the SAS resides mainly in the freedom left to shareholders concerning their corporate governance. The SAS form of organization is useful for companies that are wholly-owned subsidiaries of another company, often a publicly-traded corporation, since they do not need a complex capital equity structure.

- **SA** – Société anonyme, equivalent to the US Ltd. or UK Ltd. / plc, whose corporate governance is more complex than the SAS, e.g. with management and supervisory boards.

- **Sàrl** – A Société à responsabilité limitée is a company whose liability is limited to the contributions of its members. Shares are not freely transferable, transfers requiring the agreement of all shareholders. The Sàrl is broadly equivalent to the private company limited by shares (“Ltd.”) in the United Kingdom and the corporation in the United States.

Note: All the formalities for setting up a new company can be dealt with in one place: the “Centre de formalités des entreprises” (CFE)\textsuperscript{159}. This handles all the documents required to set up, change or close down companies and delivers them to the relevant authorities.

\textsuperscript{158} Doing Business in France, Invest in France Agency, April 2009
\textsuperscript{159} www.cfe.ccip.fr
E1.2 Rules to start a business in France

It requires 5 procedures, takes 7 days, and costs 0.87 % GNI per capita to start a business in France.

List of Procedures
1. Check name for uniqueness with the Institut National de la Propriété Industrielle (INPI)
2. Deposit the initial capital
3. Publish a notice of incorporation of the company
4. File a request for a company’s registration with the Centre de Formalités des Entreprises (CFE)
5. Buy company books (minute books, inventory books, ledgers). Have company books stamped and initialed by the clerk of the commercial court

E1.3 Taxes
The “one-stop shop” registration at the CFE Centre des Formalités des Entreprises already includes the registration for tax and social security purposes.

160 “Doing Business France 2010”, The International Bank for Reconstruction and Development / The World Bank, 2009; http://www.doingbusiness.org/Documents/CountryProfiles/FRA.pdf. For this, it is assumed that the business is a limited liability company conducting general commercial activities; located in the largest business city; is 100% domestically owned; has start-up capital of 10 times income per capita; has a turnover of at least 100 times income per capita; has between 10 and 50 employees; does not qualify for any special benefits; does not own real estate. Other assumptions: all information readily available to the entrepreneur; no prior contact with officials; all government and nongovernment entities involved in the process function without corruption. Note: procedures are recorded only where interaction is required with an external party; voluntary procedures, industry-specific requirements and utility hook-ups are counted; however, lawful shortcuts are counted.

161 Setting up your business in France, p.13
E1.4 Bank Accounts

Companies without local subsidiary

Conditions for opening company bank accounts in France may vary from bank to bank. As an illustration of the conditions required, the conditions for the account opening of a major international French bank162 are as follows:

- Notary act / legal certifying that the company is constituted according to local law and that a bank account may be opened abroad, confirming the proxies allowing the employee to open a bank account;
- French translation of the bylaws (certified by notary);
- Copy of the company register (certified by notary);
- Financial statements of the 2 prior years;
- Proof of identity of the signatories of the bank account;
- Letter of recommendation of the local bank.

While there are no generalised restrictions other than countries subject to sanction regimes and on black-listed on sanctions / money-laundering databases, the company will need to be prepared to document the origin of the funds it wishes to deposit as part the usual “know-your-customer” money-laundering checks. Whether an individual bank decides to open a bank account or not will depend on the comfort level on the origin of the funds and the business prospects of dealing with the applying company.

Non-resident individuals163

Not all banks offer non-resident bank accounts, and others impose restrictions on who may open an account, based on their place of residence (it is generally easier for EU-residents than those in non-EU countries) the minimum opening balance and other factors. Some banks have facilities for an account to be opened from outside France. Documents required to open an account may vary but generally include proof of residential address (a recent utility bill) and proof of identity.

D1.5 Repatriation of profits164

Profits are usually repatriated in three ways:

1. Transfer or distribution of net profit from branches and subsidiaries;
2. Interest on loans and advances granted by the foreign parent company;
3. Royalties or management fees.

Shareholder loan interest, royalties or management fees

No tax is perceived on the invoicing of interest, royalties or management fees. The amounts invoiced must however be justified and in line with the prices for arm’s-length transactions between independent companies. The French authorities may demand evidence that transfer prices are in line with actual market prices.

Dividend taxation

For non-EU countries, tax treaties set out reduced rates of withholding tax that may be zero in new tax treaties where the subsidiary is at least 10% owned by the parent company. For example, the tax treaty between France and the United States fixes the amount of the withholding tax at 5% of the dividend payments and results from branches. The withholding tax increases to 15% for dividends paid to individuals holding residence status in the United States who own less than 10% of the share equity of the French company in question.

162 http://entreprises.bnpparibas.fr/ouvrir_compte/non_resident_france
163 http://france.angloinfo.com/countries/france/banking.asp
164 Doing Business in France, Invest in France Agency, April 2009
E1.6 Registration process(es) involved with professional body\textsuperscript{165}

As a rule, France accepts only the professional qualifications of other EU states through the EU’s academic and professional title recognition. Commonly, language ability, local regulations and specificities are likely to be required. The ERIC-NARIC network created by the EU Commission, Council of Europe and UNESCO has a detailed database regarding recognition of academic and professional qualifications, and the French professional bodies are also a useful resource in obtaining information regarding the recognition of non-EU professional qualifications.

E1.7 Provisions governing e-commerce

The e-commerce market in France is an attractive and fast growing one as it has reached EUR 25bn in 2009, a 25% yearly increase. The regulation of internet and e-commerce is increasingly broad and it would be too ambitious to cover this topic within the scope of this study. It is therefore recommended that parties interested in e-commerce contact the French professional body for e-commerce companies: the FEVAD\textsuperscript{166}.

In a nutshell, the main provisions to be aware of include:

- **Internet privacy questions and consumer protection**: The EU and French attitude to data privacy is more restrictive compared to e.g. the USA, and a detailed prior assessment should be made regarding the storage and re-sale of the data of French customers.

- **Taxation (VAT)**: As for physical goods, no VAT is due on e-commerce purchases within the EU. Goods purchased through e-commerce from outside the EU are subject to normal custom regulations and VAT will be charged (usually with a handling fee). This can quickly make shipping from outside the EU uncompetitive. The creation of a fulfilment platform inside the EU (can also be an outsourcing partner) is to be recommended for non-EU players aiming to develop a significant presence in e-commerce.

- **Provisions regarding prohibited goods (e.g. counterfeit articles)**: There have been a number of highly publicises cases, in particular that of eBay where French luxury companies have sued and won against eBay for listing counterfeit goods\textsuperscript{167}. Similar lawsuits have been brought by French NGOs against eBay for listing goods related to Nazi ideology\textsuperscript{168}.

E1.8 Visa/Work Permit Requirements\textsuperscript{169}

Stays of more than three months require a residence permit specifying the nature of the stay. In principle, a work permit is required to carry out a salaried professional activity in France. Some residence permits allow residency in France and also act as work permits (single residence/ work permit), e.g. “Expatriate Employee”, “Employee”, “Temporary Worker”, “Scientific Activity” and the “Skills and Expertise” residence permits.

1. **“Expatriate Employee” temporary residence permit**: This is a new residence permit where, for the first time, employees who are seconded or expatriated to France as part of an intra-company transfer can be issued with a residence permit that is valid for 3 years. The “Expatriate Employee” residence permit is subject to several conditions, including the employee’s gross monthly salary being equal to at least 150% of the SMIC (French statutory minimum wage, currently EUR €1’400 per month).

\textsuperscript{165} www.enic-naric.net/
\textsuperscript{166} French e-commerce federation: www.fevad.com
\textsuperscript{167} www.bloomberg.com/apps/news?pid=20601085&sid=a3zlHJ0UYAc
\textsuperscript{168} news.cnet.com/2100-1017-275564.html
\textsuperscript{169} Doing Business in France, Invest in France Agency, April 2009
2. **“Employee” temporary residence permit**: This is geared towards foreign nationals who are employed in companies in France for a period of one year or more. It is valid for one year and can be renewed.

3. **“Temporary Worker” temporary residence permit**: This is issued to employees admitted to France to work for a period of less than one year, and applies in particular to employees seconded by a foreign company to provide a particular service. It is valid for the same length of time as the employment contract, but only for up to 12 months.

4. **“Scientific Activity” temporary residence permit**: This is issued to foreign nationals who are engaged in research activities or teaching at a university level.

5. **“Skills and Expertise” residence permit**: This is a new multi-year residence permit (3 years) which can be issued to any foreign national whose skills and expertise contribute in a significant and lasting way to the economic development or intellectual, scientific, cultural, humanitarian or sporting progress of France and the applicant’s home country. The permit authorizes a business or salaried activity that corresponds to the applicant’s project.
E2: IN GERMANY
E2.1 Types of business

There are no restrictions on establishing a business in Germany based on nationality or place of residence. There is no specific investment legislation in Germany, nor is there a minimum percentage of German shareholdings required for foreign investments within Germany.

The process involved in establishing a company is efficient in Germany, with only a few steps needed. Foreign investors can choose between several types of corporations and partnerships that best suit their requirements. When choosing to establish a German subsidiary in the legal form of the company, a corporation is usually the best option for larger, established companies.

There are three major forms of corporations under German law:

1. **Limited Liability Company (“Gesellschaft mit beschränkter Haftung”, GmbH)**
   The GmbH is the most widely used legal form for corporations. It combines high flexibility with relatively few obligations. The minimum share capital required to establish a GmbH is EUR 25,000 (this can also be made up of contributions in kind). The formation procedure of a GmbH is fairly uncomplicated, as it is established by the founding shareholder(s) executing a deed of formation and articles of association in the presence of a notary.

2. **Limited Liability Entrepreneurial Company (“Unternehmergesellschaft” or “mini-GmbH”)**
   The Mini-GmbH is not a new legal form of company. Rather, it is a GmbH which has a minimum capital of less than EUR 25,000 and where cash subscription is required. This means that it is possible to set up a company with limited liability in Germany with capital of only one euro. In order to compensate the initial absence of capital, the company has to retain a quarter of its annual profit until it has accumulated the minimum shareholder capital of an ordinary GmbH (EUR 25,000). The accumulated capital can then be converted into share capital and the Mini-GmbH changed into a standard GmbH.

3. **Stock Corporation (“Aktiengesellschaft”, AG)**
   An AG generally enjoys a high market reputation among business partners. However, the founding formalities and costs of an AG are relatively high, and the AG is subject to extensive organizational obligations in day-to-day business. An AG must have a minimum share capital of EUR 50,000 (which must be fully subscribed) and articles of association need to be certified by a notary.

For entrepreneurs, partnership structures are frequent in Germany and can offer advantages such as tax transparency - i.e. single level of German taxation (e.g. set-up losses in a partnership can be set off against personal taxes).

4. **Civil Law Partnership (“Gesellschaft bürgerlichen Rechts”, GbR)**
   A civil law partnership (GbR) is defined as an association of individuals or enterprises united in the achievement of a joint contractual purpose. It is suitable for start-ups launching a business idea in cooperation with others. The partners are jointly liable with their private assets for debts incurred by the company. It is reserved for small business with a turnover of less than EUR 250,000 and profit of less than EUR 25,000 p.a.

5. **General Commercial Partnership (“Offene Handelsgesellschaft”, oHG)**
   The general commercial partnership (oHG) is the classic partnership form for small and

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**171** As in most countries, there are exceptions for the defense and cryptology sectors.
medium-sized businesses. All partners are jointly and severally liable for the oHG’s debts and liabilities.

6. **Limited Partnership ("Kommanditgesellschaft", KG)**
   The limited partnership (KG) is a legal form related to the oHG, but with the option of limiting the liability of some of the partners. This legal form is suitable for medium-sized companies seeking additional start-up capital but wishing to limit individual responsibility. At least one partner, the general partner ("Komplementär"), is personally liable without limitation. The liability of the limited partners ("Kommanditisten") is limited to their respective share of the partnership capital. A KG offers greater flexibility compared to other forms of partnerships as the capital base can be increased by including additional limited partners.

7. **Corporate Partnership (GmbH & Co. KG)**
   The GmbH & Co.KG is a limited partnership (KG) in which the general partner (Komplementär) is a limited liability company (GmbH). The GmbH is fully liable for the GmbH & Co. KG’s debts and liabilities. The liability of the limited partners (Kommanditisten) is limited to their respective share of the partnership capital.

Existing foreign companies can also conduct business via a German branch office. Branches are headed by a legal representative, function like an agency and reporting to headquarters. They have no official restrictions on their decision-making powers. As such, they may carry out all the operations of an industrial or commercial company. However, they are not separate legal entities and the parent companies remain responsible for their initiatives.

**E2.2 Rules to start a business in Germany**

It requires 9 procedures, takes 18 days, and costs 4.73 % GNI per capita to start a business in Germany

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**List of Procedures**

1. Clear the name of company at the local chamber of industry and commerce
2. A notary notarizes the articles of association and memorandum of association

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3. Open a bank account
4. Notary public files the articles of association with the local commercial register, kept at local courts
5. Notify the local office of business and standards of the establishment of the company
6. Register with the professional association of the relevant trade
7. Notify the local labor office of the establishment of the company
8. Register employees for health and social insurance
9. Mail out the documentation to the Tax Office

**E2.3 Taxes**

Upon creation of a business, two sets of tax registration documentation will need to be prepared. One set for commercial tax at the “Gewerbesteueramt”; and another set is for the local tax office at the “Finanzamt”.

**E2.4 Bank Accounts**

Banking is a simple and efficient process in Germany. It is generally quite easy to open a bank account, although it is essential to be registered in the country and have the correct documentation. The following documents are required:

**Physical persons / professionals**
- Proof of registration in Germany (“polizeiliche Anmeldebestätigung”): This can only be obtained by EU member state residents or holders of a German residence permit.
- Address in Germany: Proof of address is required to open a resident account
- Passport: As proof of identification

Non-residents may also open bank accounts but restrictions may be imposed by the bank (restricted range of products, minimum balances, etc.)

**Companies (GmbH subsidiary as an example)**

The account opening procedures for companies with a local presence are straightforward:
- Extract of German company register certified by notary public;
- List of all partners holding quotes in the Gmbh; confirmation of all partners that the list is exhaustive.

**E2.5 Repatriation of profits**

Germany has an extensive system of withholding taxes deducted in order to secure the tax revenue. The most important of these is the income tax deducted from employee salaries (the so-called “wage tax”), followed by withholding taxes of 25% from dividends, interest and capital gains from investments held for safe-keeping by banks. There is also a requirement on institutions to deduct 15% from payments to most builders. The wages and other withholding taxes are uplifted by a “solidarity surcharge” of 5.5%.

Investment income apart, these domestic withholding taxes are not final burdens, unless the taxpayer does not file a tax return. Any resident taxpayer may file a tax return; those whose only income is from a single employment are not obliged to do so.

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174 Call with Dresdner Bank information line, 1.6.2010
176 PriceWaterhouseCoopers, Doing Business in Germany, February 2010
Withholding taxes on payments abroad are in most cases restricted or eliminated by double tax treaty or by the provisions of the EU Parent/Subsidiary Directive. There is also a provision allowing tax offices to order a withholding tax of up to 25% on other payments to foreigners where there are specific grounds for fearing a loss in tax revenue. There is no withholding or similar tax on the repatriation of branch profits or on most interest payments.

**E2.6 Registration process(es) involved with professional body**

As a rule, Germany accepts only the professional qualifications of other EU states through the EU’s academic and professional title recognition. Additionally, language ability, knowledge of local regulations and specificities are likely to be required. The ERIC-NARIC network created by the EU commission, Council of Europe and UNCESCO has a detailed database regarding recognition of academic and professional qualifications, and the German professional bodies are also a useful resource in obtaining information regarding the recognition of non-EU professional qualifications.

Recently however, the recognition of non-German and non-EU diplomas and qualifications has started to be eased as the authorities are recognising that the relatively strict practice of the past was creating problems with the integration of qualified migrants. The German economy is in high need of qualified personnel given that its workforce is ageing due to low demographics, the migration balance of qualified staff has been negative (with emigration to US, Switzerland and Eastern Europe) and the integration of migrants has been considered less successful than in other OECD countries.

The easing of recognition rules includes the following:

- New, simplified system for processing the full and also partial recognition of diplomas / qualifications
- Stronger harmonisation between Bund (Federal Government) and “Länder” (States), which have strong autonomy in education matters.
- Legal rights for application for opening an individual process of recognition
- Future plans include making this system available to non-resident for checking whether their qualification can be recognised in Germany, and this before they move to Germany.

**E2.7 Provisions governing e-commerce**

The e-commerce market in Germany is an attractive and fast growing one as it has reached EUR 22bn in 2009, a 13% yearly increase. The regulation of internet and e-commerce is increasingly broad and it would be too ambitious to cover this topic within the present scope. We suggest that the individual e-commerce player to contact the German professional body for e-commerce related companies, the BVH (link provided below).

In a nutshell the main provisions to be aware about revolve around:

- *Internet privacy questions and consumer protection*: Germany is one of the countries most sensitive about data security and privacy issues. The German data protection law “Datenschutzgesetz” is one of the most restrictive in the world, and it operates on the general prohibition to pass on personal data unless the holder of the information has approved the specific further usage of the data. The norms have been further tightened in a revision of the law in 2009.

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177 [www.eric-natic.net](http://www.eric-natic.net); see also [http://www.anabin.de/](http://www.anabin.de/) for the German information system
179 [http://www.versandhandel.org/Pressemitteilung.96+M5f4a8a86c7b.0.html](http://www.versandhandel.org/Pressemitteilung.96+M5f4a8a86c7b.0.html)
Note: It is important to obtain legal advice on this matter if parties are planning to set up an e-commerce business in Germany or covering Germany.

- **Taxation (VAT):** As for physical goods, no VAT is due on e-commerce purchases within the EU. Goods purchased through e-commerce from outside the EU are subject to normal custom regulations and VAT will be charged, usually with a handling fee. This can quickly make shipping from outside the EU uncompetitive. The creation of a fulfilment platform inside the EU (can also be an outsourcing partner) is to be recommended for non-EU players aiming to develop a significant presence in e-commerce.

- **Provisions regarding sales promotions**\(^{181}\): Germany has strict regulations regarding the permissibility and timing of sales promotions and discounts. Competitors are quick to lodge cease-and-desist regarding these rules. In particular, merchants on online auction sites like eBay have been affected by a flood of notices (combined with fee requests). A number of German discounting e-commerce sites have structured themselves as invitation-only buying clubs to be able to conduct discounted sales at all times of the year.

### E2.8 Visa/Work Permit Requirements

For long-term stays (i.e. exceeding 90 days) national visas are usually required. There are a number of different national visas available, depending on the purpose of the stay in Germany. Investors require a residence permit for the purpose of self-employment or employment (“**Aufenthaltserlaubnis**”) or a settlement permit (“**Niederlassungserlaubnis**”).\(^{182}\)

The German law of residency (**AufenthG**) determines the conditions for running a private business as a form of self-employment in Germany. With a German settlement permit (“**Niederlassungserlaubnis**”), it is possible for non-EU citizens to open a business in Germany. With possession of only a residence permit (“**Aufenthaltserlaubnis**”), a separate application process must be undertaken.

In order to obtain permission to live and start a business in Germany, the applicant must show that:

- There is a significant economic interest or special need for the proposed business
- The business will generate positive results for the economy
- The venture is secured by either equity or credit guarantees

The application may be made in Germany or from outside the country at the nearest German Consulate or Embassy. The following documents are needed:

- Application for a residence permit
- Business plan
- Curriculum Vitae
- Proof of professional qualifications and experience

The application for a residence permit will be assessed by the German Foreigners Authority (**Ausländeramt**). The business plan will be assessed by the Commerce Department (IHK) of the state (“**Land**”) that the applicant plans to enter.

\(^{181}\) Article in Frankfurter Allgemeine: [http://www.faz.net/s/Rub1DA1FB848C1E44858CB87A0FE6AD1B68/Doc~E23FE63AF00F74177A45E6EC9687C8563~ATpl~Ecommon~Scontent.html](http://www.faz.net/s/Rub1DA1FB848C1E44858CB87A0FE6AD1B68/Doc~E23FE63AF00F74177A45E6EC9687C8563~ATpl~Ecommon~Scontent.html)

\(^{182}\) Invest in Germany Guide, February 2009
The following overview outlines the types of visa required for business creation purposes

<table>
<thead>
<tr>
<th>States</th>
<th>Citizens of</th>
<th>Who stay in Germany</th>
<th>To set up a business</th>
<th>To run the business on-site</th>
<th>Who will be employed in Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU member states</td>
<td>Austria, Belgium, Cyprus, Denmark, Finland, France, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Sweden, Spain, United Kingdom</td>
<td>&lt; 90 days</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 90 days</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia</td>
<td>&lt; 90 days</td>
<td>No</td>
<td>No</td>
<td>A work permit is still required.²</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 90 days</td>
<td>No</td>
<td>A work permit is still required.²</td>
<td></td>
</tr>
<tr>
<td>Non-EU member states but members of the EEA</td>
<td>Iceland, Liechtenstein, Norway, Switzerland¹</td>
<td>&lt; 90 days</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 90 days</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Non-EU member states</td>
<td>Argentina, Australia, Brazil, Canada, Israel, Japan, Mexico, New Zealand, South Korea, United States, and 19 other states</td>
<td>&lt; 90 days</td>
<td>No</td>
<td>Residence permit for the purpose of self-employment¹</td>
<td>Residence permit for the purpose of taking up work³</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 90 days</td>
<td>Residence permit for the purpose of self-employment³</td>
<td>Residence permit for the purpose of self-employment³</td>
<td>Residence permit for the purpose of taking up work³</td>
</tr>
<tr>
<td>All other states</td>
<td>&lt; 90 days</td>
<td>Schengen Travel Visa (business visa)</td>
<td>Residence permit for the purpose of self-employment¹</td>
<td>Residence permit for the purpose of taking up work³</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; 90 days</td>
<td>Residence permit for the purpose of self-employment³</td>
<td>Residence permit for the purpose of self-employment³</td>
<td>Residence permit for the purpose of taking up work³</td>
<td></td>
</tr>
</tbody>
</table>

Source: Germany Trade & Invest
E3: IN IRELAND

E3.1 Types of business

There are four major kinds of Irish company registration:

- **Private Company Limited By Shares (LTD)** is the most frequently formed type of corporate entity within the Republic of Ireland. Small limited companies currently enjoy up to EUR 120,000 tax incentives. Other features: No minimum threshold of share capital; two directors and company secretary required, with one director being an EEA resident; audited accounts must be filed annually.

- **Public Limited Company (PLC)**: This is very similar to the Private Company Limited by Shares, apart from the fact that at least 7 shareholders and a minimum paid up share capital of EUR 9,523,03 are required. Other features: Minimum share capital is EUR 38,092, with at least 25% of this paid up; audited accounts must be filed annually.

- **A Limited Partnership (LP)** in the Republic of Ireland is governed by British Law, the Limited Partnerships Act 1907. The advantages of a Limited Partnership are flexibility, no capital contribution and no annual filing requirements. **Investment Limited Partnerships (ILPs)** are useful for collective investment companies, as having tax transparency enables investors to secure double tax relief. Requirements include: one general partner must be an Irish incorporated company; at least two directors must be Irish; and a minimum share capital of EUR 100,000.

- International companies often prefer to form a **Branch Company** (also known as Foreign or External Company) in Ireland in order to explore the European markets and to benefit from low Irish corporation tax rates. With this, the foreign parent company is responsible for all liabilities of Irish branch. The branch is required to register with Registrar of Companies and have a minimum of two directors. Accounts must be filed annually.

E3.2 Rules to start a business in Ireland

![Starting a Business in Ireland](image)

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List of Procedures
1. The founder swears before a Commissioner for Oaths.
2. File necessary materials with the Companies Registration Office (CRO).
3. Get a company seal.
4. Register for corporation tax, social insurance (PAYE/PRSI) and VAT with the Revenue Commissioners.

E3.3 Taxes

Corporation Tax
- 12.5% trading income (including qualifying foreign dividends paid out of trading profits). Note: this is one of the lowest in Europe.
- 25% non-trading income and trading income from dealing in and developing land, including residential development land but excluding land fully developed
- 10% income derived from manufacturing, manufacturing services and certain other service activities for operations established before 23 July 1998. Applies until 31 December 2010 after which the 12.5% rate applies

New or start-up companies, which were incorporated on or after 14 October 2008 and which commence trading in 2009 or 2010 are, subject to certain conditions, exempt from corporation tax and chargeable gains on the disposal of assets used for the new trade. This tax relief allowance is up to EUR 120,000, and applies for three years from the commencement of the trade.

Companies that are resident in Ireland may avail of the benefits of Ireland’s tax treaties. The tax treaties secure a reduction or, in some cases, a total elimination of withholding tax on dividends, royalties and interest.

Process of registering for tax
When starting a business in Eire, the tax office must be notified by filling in Form TR1\textsuperscript{184} which is available from any Revenue office. This can be used to register for any or all of the following: Income Tax, Employer’s PAYE/PRSI, VAT and Relevant Contracts Tax

Those setting up a company should fill in Form TR2\textsuperscript{185}, which can be used to register for any or all of the following: Corporation Tax, Employer’s PAYE/PRSI, VAT and Relevant Contracts Tax

Shortly after registration, one may receive a visit or one may request a “New Business Visit” from a Revenue official to assist in operating the tax system. Any difficulties or queries will be dealt with and general assistance will be given to help comply with tax obligations.

Value Added Tax (VAT): This is a transaction based tax and is chargeable on the supply of goods or services in Ireland for consideration by an accountable person other than in the course or furtherance of an exempted activity. VAT is also chargeable on goods imported from outside the EU, on the purchase of specified services from suppliers outside Ireland and on intra-Community acquisitions of goods.

VAT applies to trade within the EU. If the seller and the buyer are both VAT registered in their respective countries, and both VAT numbers are quoted on documentation, the sale is zero rated for VAT by the seller. The buyer accounts for it in his next returns. If the seller is VAT registered and the buyer is not, then the seller must charge VAT on the sale. The seller must register for VAT in the buyers’ country if sales to non-registered VAT buyers reach the specified threshold.

\textsuperscript{184} \url{http://www.basis.ie/servlet/blobservlet/formtr1.pdf?language=EN}
\textsuperscript{185} \url{http://www.basis.ie/servlet/blobservlet/formtr2.pdf?language=EN}
figures. The local office of the Revenue Commissioners will advise on how the rules apply in specific circumstances.

Certain persons carrying on business in Ireland whose annual turnover does not exceed the following thresholds are not required to register for and charge Irish VAT: €75,000 for goods and €37,500 for services.

**VAT rates:** 21% = the standard rate of VAT (effective from 1 January 2010), applies to supplies not subject to the rates below; 13.5% applies to land and buildings (if taxable), building services, newspapers, periodicals, hotel/holiday accommodation, short term car hire, heating fuel, electricity, restaurant services and waste disposal services; 5.2% is farmers’ flat-rate addition; 4.8% applies to livestock and greyhounds and the hire of horses; 0% applies to exports, books, oral medicine, children’s clothing and footwear

Trading electronically, online or as an e-business is subject to specific taxation principles and rules, particularly for VAT. Three types of e-business activity are affected by VAT:

- Physical goods ordered over the internet from a business in Ireland are taxed at the rate applicable in the country of consumption if the buyer is VAT registered in another Member country. Otherwise Irish VAT is charged and the exporter must register for VAT as stated above.
- Online supply of digitised goods and services from business to business are taxed at the rate of the country of consumption.
- Online supply of digitised goods and services from business to consumers are taxed, as far as possible, in the same way as traditional economic activity.

Note: As the tax law is complex, it is strongly recommended that interested parties seek advice from experienced tax specialists on all aspects of the tax treatment of online activity.

**Stamp Duty:** This is charged a 1% transfer of certain stocks and shares; nil on issue of shares; 0% - 6% Premiums on leases of land and other real property; and 1% - 12% Average annual rent reserved by lease (rate depends on the length of the lease)

**Customs:** Goods imported from countries outside the EU are liable to customs duty at the appropriate rates specified in the EU’s Common Customs Tariff (CCT). Reduced rates of customs duty may apply if the imported goods qualify under any of the preferential tariff arrangements that the EU has in place for imports from various third countries.

Customs duty reliefs may be availed of in a number of circumstances, subject to prior authorisation from the appropriate national authorities, for example where:

- goods are imported for processing and re-exportation outside the EU
- goods are re-imported after processing in non-EU countries
- the customs duty on imported raw materials is greater than the customs duty would be on the finished goods
- production materials and capital equipment are not available from EU suppliers.

It should be noted that no customs duties arise on goods “imported” from other EU Member States provided they originate in the EU or have been customs cleared in another Member State of the EU.

**Excise:** Excise duties are charged on a limited range of goods - mineral oils (including petrol and diesel), alcohol products (including spirits, beer, wine, cider and sherry) and tobacco products that

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are consumed in Ireland. An excise energy tax is also charged on the supply of electricity in the State. Various drawbacks, rebates and allowances may be claimed for certain uses of excisable goods.

Irish excise duties are not charged on the export or sale of excisable goods to other EU countries but special control arrangements apply to the intra-EU movement of such goods.

From 1 April 2010, the EU will move to an electronic system for controlling the intra-EU movement of duty-suspended excisable goods187.

**PAYE/PRSI:** Employers must register for PAYE/PRSI if they pay:
- € 8.00 per week equivalent to € 36 a month or more, to an employee who has only one employment;
- € 2.00 per week equivalent to € 9.00 a month or more, to an employee who has more than one employment.

A company must register as an employer and operate PAYE/PRSI on the pay of directors even if there are no other employees.

To register for PAYE/PRSI, one of the following forms must be filled in: PREMREG - Employer (PAYE/PRSI) Tax Registration Form, TR1 if an individual or partnership, or TR2 if trading as a company. Upon filling in the form and returning it to the tax office, one will receive confirmation of registration as an employer, a registered number for PAYE purposes and detailed information regarding the operation of PAYE/PRSI.

**E3.4 Bank Accounts**

**How to open an account**

Under the Money Laundering Legislation, all financial institutions are now obliged to obtain identification for all new account applicants. The following documents are required to open a bank account:
- A current valid passport or driving licence and
- A recent household bill such as a telephone, electricity, gas or a current original Financial Institution statement.
- A Personal Account Application Form is required to be completed in one of the bank branches

Non-Residents are also required to provide a character reference and financial history from their own bank.

**Types of Non-Resident Accounts**

- **Term Deposits:** A Term Deposit is a cash deposit invested for a fixed period of one, three or 12 months. The minimum investment is €6,348.69 (or the equivalent amount in any major currency).
- **Guaranteed Bonds:** The Bank of Ireland also provides a range of Guaranteed Bonds. These are longer term cash deposits invested for terms of eighteen months, two years, three years, four years, five years or six and a half years. One can invest as little as €3,809.21 (or the equivalent in any major currency) in the two year or six and a half years, or €6,348.69 (or the equivalent amount in any major currency) in the others.
- **Demand Deposits:** Funds deposited in these accounts are available on demand without any loss of interest. The interest rate is variable and may change periodically, without notice, to reflect

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changes in the market. Additional deposits or withdrawals may be made in any amount at any
time.

- Fixed Deposits: These accounts have a fixed rate of interest for a fixed period of time (term).
Terms vary from one month to one year. The rate of interest paid varies with the term agreed but
is normally higher than rates paid for similar amounts on call deposit accounts.

When a fixed deposit matures there are a number of options available:

- Interest can be added to the existing deposit or sent directly to the customer.
- Funds can be re-invested for the longer or shorter term.
- Funds can be converted to another currency.
- Fixed deposits are automatically renewed for a like term unless we receive written
instructions, two days prior to maturity.
- Minimum balance requirements available on request.

E3.5 Repatriation of profits

Ireland’s rapid economic growth has prompted the government to streamline its regulatory
infrastructure. Financial controls are now the responsibility of a single body, the Irish Financial
Services Regulatory Authority.

The overall regime is relaxed, and there are no general restrictions to foreign ownership, capital
and dividends can be freely repatriated and Ireland has bilateral tax treaties with many countries.

E3.7 Provisions governing e-commerce

The Irish Government has strongly encouraged the development of e-commerce. In July 2000, it
passed an e-commerce bill - signed with a digital signature - which sets out a formal legal
framework for conducting business electronically. Considerably less legalistic and more
business-friendly than the UK’s equivalent bill, it enabled electronic signatures, dealt with contract
issues, and proposed a new regime for domain name registration. It also protects the rights of
businesses and individuals to use software programs that encode and decode electronic
documents.

In 2001, the Government introduced a package of e-commerce measures which included
extensions to international connectivity and also provided for improvements to regional broadband
infrastructure. As a result of the first call for proposals under the E-Commerce Infrastructure
Measure of the National Development Plan, approximately IR£200m worth of infrastructural
investment had been implemented by the end of 2002.

In November, 2003, Ireland signed into law the EU’s new Privacy and Electronic Communications
Directive. These regulations contained provisions regulating the use of cookies and spyware,
imposed restrictions on unsolicited direct marketing by phone, fax, e-mail, or SMS, and allowed
subscribers listed in freely available directories to specify what personal information is listed. The
new rules also require that subscribers listed in public directories are informed as to how their
data can be accessed and used, and that mobile location data can only be used with an
individual’s consent.

That same year, Ireland introduced regulations governing unsolicited electronic communications.
These were subsequently updated in 2008 to include the following changes:

- An increase from €3,000 to €5,000 in the penalty for a summary offence in respect of a
contravention of the regulation relating to unsolicited communications.
- The creation of an indictable offence for a contravention of the regulation relating to
unsolicited communications. Where the person tried is a body corporate the fine imposed
may not exceed €250,000 or, if 10% of the turnover of the person is greater than that
amount, an amount equal to that percentage. Where the person tried is a natural person, the fine imposed may not exceed €50,000.

- Provision for the prosecution of an officer of a body corporate for an offence under the regulations whether or not the body corporate itself has been proceeded against or been convicted of the offence committed by the body.

- In relation to offences concerning the contravention of the regulation relating to unsolicited communications if, in court proceedings concerning such offences, the question of whether or not a subscriber consented to receiving an unsolicited communication is in issue, the onus of establishing that the subscriber consented will lie on the defendant.

By locating websites in Ireland - either in the International Financial Services Centre or in the Shannon Free Zone, to carry out functions previously based in high-tax jurisdictions such as sales and marketing, treasury management, supply of financial services, and most of all, the supply of digital goods such as music, video, training, software etc - businesses can take advantage of low rates of taxation for increasingly substantial parts of their operation. From 2003 onwards, the newly-agreed 12.5% general rate of corporation tax allowed low-tax e-commerce services to be offered from anywhere in Ireland, although the Shannon Free Zone may retain some advantages.

Offshore-e-com.com carries an extensive analysis of the commercial possibilities and the legal background of e-commerce in Ireland. For an analysis of the current state of legal and tax issues surrounding offshore e-commerce, visit http://www.lowtax.net/lowtax/html/jirecom.html

E3.8 Contract Requirements

Business conducted in Ireland by overseas investors, and companies established there for that purpose, will be subjected to Irish Law, which was developed and remains similar to British Company and Contract Law.

Contracts are usually customised according to the work being done and it is highly recommended that a local lawyer and business advisory firm such as Price Waterhouse Coopers or KPMG be engaged for such purposes.

There are also EU regulations and directives that one should be aware of that pertain to transacting business in the particular sector in which the business is operating.

E3.9 Visa/Work Permit Requirements

The Department of Enterprise, Trade and Innovation is the only body authorised to issue employment permits on behalf of the Minister for Enterprise, Trade and Innovation.

All fees for an employment permit must be paid by the applicant, i.e. the employer or the employee; and all cheques, postal orders or bank drafts submitted must be made payable to the Department of Enterprise, Trade and Innovation.

Applications, which can be submitted by either the prospective employee or employer, are considered under the Employment Permits Acts 2003 and 2006.

In order to work in Ireland, a non-EEA National (unless exempted) must hold a valid Employment Permit. The issue of an Employment Permit requires a job offer from a prospective Irish employer who has made every effort to recruit an Irish or EEA national for the post.

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188 http://www.entemp.ie/labour/workpermits/
The holder of an Employment Permit is only permitted to work for the employer and in the employment stated on the permit. Should the employee named on the permit, for any reason, cease to be employed by the employer and in the employment stated on the permit during the period of validity specified, the permit and any copies thereof must be returned immediately to the Employment Permits Section. It is an offence for both an employer and an employee to be party to the employment of a non-EEA national without a valid employment permit.

Citizens of non-EEA countries who do not require Employment Permits include:

- Non-EEA nationals in the State on a Work Authorisation/Working Visa
- Van der Elst Case The European Court of Justice delivered a judgment on the Van der Elst Case (Freedom to Provide Services) on 9 August, 1994. The Court ruled that in the case of non-EEA workers legally employed in one Member State who are temporarily sent on a contract to another Member State, the employer does not need to apply for employment permits in respect of the non-nationals for the period of contract.
- Non-EEA nationals who have been granted permission to remain in the State on one of the following grounds: permission to remain as spouse or a dependent of an Irish/EEA national; permission to remain as the parent of an Irish citizen; temporary leave to remain in the State on humanitarian grounds, having been in the Asylum process; explicit permission from the Department of Justice, Equality and Law Reform to remain resident and employed in the State; or appropriate business permission to operate a business in the State.
- A non-EEA national who is a registered student.
- Swiss Nationals: In accordance with the terms of the European Communities and Swiss Confederation Act, 2001, which came into operation on 1 June, 2002, this enables the free movement of worker between Switzerland and Ireland, without the need for Employment Permits.
- On 17 December 2008, the Government announced its decision that, from 1 January 2009, it would continue to restrict access to the Irish labour market for nationals of Bulgaria and Romania.

Note: The Employment Permits Section does not have a public office and cannot facilitate personal callers to the office. Information and applications forms can be downloaded from its website, and specific queries should be directed to its call centre.
E4: IN THE NETHERLANDS

E4.1 Types of business

*Sole trader (individual business owner):* A sole trader is the only owner of a business, though there may be employees. Income tax is paid on profits made. Sole traders can be personally liable for business obligations, as can their spouse.

**Partnership:** Partnerships are generally created between certain professionals, such as attorneys and GPs. For tax purposes, the partners are considered self-employed entrepreneurs. Partners are liable for business (financial) obligations individually and spouses can also be liable, though a marriage contract can limit liability.

*General Partnership (Vennootschap Onder Firma, VOF):* A general partnership is a business run by more than one person. Partnership agreements will determine contributions, liability and entitlement. For tax purposes, each partner is usually considered a self-employed entrepreneur, and income tax is payable on profits. All partners (and their spouses) are jointly, personally liable for business debts and obligations, though a marriage contract can protect spousal assets.

**Limited Partnership (Commanditaire Vennootschap, CV):** A limited partnership is a business run by more than one person. It has two kinds of partners: active and limited. The limited partner tends to be the financial backer for the company, and often enters into a partnership with a sole trader who needs financial backing. The limited partner tends to allow the active partner to make the day-to-day decisions and is only at legally at risk of losing their financial investment if they are not involved in managing the company in any way. Limited partners are not required to register with the Trade Register.

Active partners are liable to third parties, and personal assets (including those of a spouse) are not protected from creditors (though a marriage contract can protect spousal assets). It is highly recommended to enter into a partnership agreement when becoming a partner in order to clarify the duration of the partnership, contribution expectations, profit split, among other things. For tax purposes, an active partner is usually considered to be a self-employed entrepreneur and is required to pay income tax on their share of profits. A limited partner who has only provided financial backing for the company is not considered a self-employed entrepreneur, and instead has joint entitlement.

**Private Limited Liability Company (Besloten Vennootschap, BV):** A BV is a private limited liability company and is considered to be a legal entity, which limits the risks to the owner(s). Shareholders are only liable for their own capital contribution. To start a private company (BV), at least €18,000 in paid-in capital (not necessarily cash) is required. Shares are allocated based on the capital, and for tax purposes, any person owning more than five percent of shares has a "substantial interest" in the company and is liable for taxes on capital gains or dividends paid. It is necessary for owners to obtain a background check for fraud or bankruptcy from the Ministry of Justice.

The B.V. is mainly privately owned, and used for smaller businesses or group holdings. They are often considered to be the best way for a foreign company to establish a subsidiary in the Netherlands.

A search must be done through the Chamber of Commerce Trade Registry to verify that the chosen business name is unique and appropriate. All BV company names must begin or end with "BV" For example: Acme Anvils BV.

**Public Limited Liability Corporation (Naamloze Vennootschap, NV):** This may be a subsidiary of a foreign company. An NV is owned by shareholders and shares may be traded on the public
stock market, though shares are not held in any private person's name. Therefore owners may choose to remain unidentified. NVs may only be formed if it has at least €45,000 in paid-in capital. It is not a common type of business structure.

**Branch:** A company incorporated in a foreign country may engage in business in the Netherlands through a branch office. Easier to establish than a subsidiary, a branch, unlike a subsidiary, is not considered a separate legal entity and so the associated foreign head office is liable for branch obligations.

Operating a branch does not require government approval, but the branch and the branch manager must register with the local Chamber of Commerce Trade Register. The foreign company must also provide the Chamber of Commerce with:

- The articles of incorporation (in Dutch, French, German or English) as well as bylaws;
- The annual report, including accounting details, as governed by the laws of the country of incorporation (may be in Dutch, French, German or English);
- An extract from the trade register or document of registration in the country of incorporation, not more than one month old;
- Information regarding the registered office, the law under which the company is incorporated and (to be submitted annually) a report on the share capital IF the company is incorporated outside of the EU/EEA.

**Foundation (Stichting):** A foundation is considered a legal entity with no members, and is allowed to make money, however profit distribution is very limited. Any profits are subject to corporate tax and possibly turnover tax. Managers are generally not personally liable for foundation obligations, though it is sometimes possible.

**Association (Verenining):** A non-profit organisation with a goal that has voting members who are generally each allocated one vote. Associations may earn money, but the money must be used for the association goal and may not be distributed to members. Profits are liable to taxation.

There are two ways to form an association:

1. Establish the Deed of Association without the use of a notary and optionally sign-up with the Chamber of Commerce Trade Register. This will result in an association with limited legal rights.
2. Establish the Deed of Association with the use of a notary and register with the Chamber of Commerce Trade Register. This will result in an association with legal rights.

**Cooperative (Coöperatie):** This is an association that may pay dividends to members. Of particular interest is that it offers significant opportunities for international structuring of operational, holding and financing activities.

Benefits of a Cooperative include: no dividend withholding tax upon distribution of the Cooperative; unlimited access to EU directives and the extensive Dutch treaty network; no restrictions on repatriation of funds by Cooperative; proven tax structure; no formal membership capital required; incorporation can be done quickly (within one week) and without the approval from the Dutch Ministry of Justice. It is common practice in the Netherlands to obtain advance tax rulings (ATR) confirming the Dutch corporate and dividend withholding tax position of the (members of the) Cooperative.

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**Freelance (Zelfstandige Zonder Personeel, ZZP):** The term "freelancer" is not recognized; rather ZZP is used to refer to a self-employed person with no employees.

Over the last few years, two important developments took place which brought the Dutch holding company regime once again into focus:

- Introduction of the Cooperative as a holding company, which can be formed by a foreign national in Netherlands (see above); and
- Revisions of the Participation Exemption rules as per 1 January 2007 and another on 1 January 2010.

**Notes**

- Company information and proof of incorporation in a foreign country (if applicable) must be filed annually with the Chamber of Commerce (*Kamer van Koophandel, KvK*).

- Directors of companies registered outside of the Netherlands are legally liable for the actions of the company until all legal requirements are completed.

- Foreign nationals can establish companies in Netherlands. In order to work however, a work permit will be required except for persons holding EU/EAA citizenship.\(^{191}\)

**E4.2 Rules to start a business in The Netherlands**\(^{192}\)

It requires 6 procedures, takes 10 days, and costs 5.64% GNI per capita to start a business in the Netherlands.

**List of Procedures**

1. Deposit the minimum capital required in the bank
2. Check the company name for appropriateness and validity at the Chamber of Commerce.

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\(^{191}\) [http://www.nfia-india.com/FAQs_permits.html](http://www.nfia-india.com/FAQs_permits.html)

3. Submit details of the incorporator(s) and first managing director(s) to the Ministry of Justice for approval or “declaration of no objection”
4. Draft and sign the company’s deed of incorporation, executed by a civil law notary
5. Enter the company in the commercial register at the local chamber of commerce and obtain a registration number.
6. Register with the local tax authorities (at the same office, register for social security authorities)

**E4.3 Taxes**

**Process for tax registration**

To set up or take over a business in the Netherlands, the business must be registered with the Tax and Customs Administration (*Belastingdienst*).

To establish a sole trader business, partnership (*maatschap*), general partnership (*vennootschap onder firma, vof*) or limited partnership (*commanditaire vennootschap, cv*), the registration can be done at the Chamber of Commerce in the region of the firm’s operation. This will place the business within the Trade Register.

To establish a business with another legal form, the registration must be done directly with the Tax and Customs Administration (the form is available on their website). This also applies if the applicant is already known to the Tax and Customs Administration as an entrepreneur. The business man must register prior to a business’ official launch date.

Business owners are legally required to keep records of all matters concerning the finances of their company. They are also legally required to keep all records relating to taxation for a minimum of seven years.193-4

**Types of taxes**

The Tax and Customs Administration will determine which taxes the business will be required to pay. These can include income tax, turnover tax, corporate income tax and payroll tax. Within a few weeks after registration, the Tax and Customs Administration will send the applicant a letter outlining the relevant information. One may also receive a VAT number and a tax return form.

<table>
<thead>
<tr>
<th>Type of Tax</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Income Tax</td>
<td>25.5</td>
</tr>
<tr>
<td>Capital Gains Tax</td>
<td>25.5</td>
</tr>
<tr>
<td>Branch Tax</td>
<td>25.5</td>
</tr>
<tr>
<td>Withholding Tax</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>15</td>
</tr>
<tr>
<td>Interest</td>
<td>N.A.</td>
</tr>
<tr>
<td>Royalties</td>
<td>N.A.</td>
</tr>
<tr>
<td>Branch Remittance Tax</td>
<td>N.A.</td>
</tr>
<tr>
<td>Net Operating Losses</td>
<td></td>
</tr>
<tr>
<td>Carryback</td>
<td>1</td>
</tr>
<tr>
<td>Carryforward</td>
<td>9</td>
</tr>
</tbody>
</table>

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**Value Added Tax (VAT)**

Generally, VAT is imposed on goods and service provided at a rate of 19%. A lower rate of 6%, (or even 0%) might apply for specific goods and / or services provided.

A company is generally allowed to credit VAT paid against its VAT tax liability, if the company qualifies as an entrepreneur for Dutch VAT purposes.

**Withholding Tax Treaty in existence with CARIFORUM Members/Observers**

<table>
<thead>
<tr>
<th>Countries</th>
<th>Dividends</th>
<th>Qualifying companies</th>
<th>Interest</th>
<th>Royalties</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Individuals, Companies (%)</td>
<td>(%)</td>
<td>(%)</td>
<td>(%)</td>
</tr>
<tr>
<td>Barbados</td>
<td>15</td>
<td>15</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Mexico</td>
<td>15</td>
<td>0/5</td>
<td>0/5/10/15</td>
<td>10</td>
</tr>
<tr>
<td>Netherlands Antilles</td>
<td>15</td>
<td>8.3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Suriname</td>
<td>20</td>
<td>7.5/15</td>
<td>5/10</td>
<td>5/10</td>
</tr>
<tr>
<td>Venezuela</td>
<td>10</td>
<td>0</td>
<td>5</td>
<td>5/7/10</td>
</tr>
</tbody>
</table>

From this, it can be noted that (i) the maximum Dutch dividend withholding tax rate is 15%, and (ii) the Netherlands do not impose withholding tax on interest- and royalty payments.

**Other taxes and stamp duties**

No net worth tax applies. Further no capital duty or other duties are payable on capital contributions to a Dutch incorporated entity.

A 6% real estate transfer tax is levied upon the acquisition of legal title or economic ownership of real estate located in the Netherlands. The acquisition of an interest in a real estate company may also be subject to the same 6% real estate transfer tax.

**Principle features of Dutch taxation system**

**Taxable Income**: Dutch resident companies are subject to corporate income tax on their worldwide income. Furthermore, foreign companies, holding 5% or more in the issued share capital of a Dutch resident company could also become subject to Dutch corporate income tax on Dutch-source income. The latter only applies in case the corporate shareholder cannot benefit from any treaty protection.

**Participation exemption**: Double taxation is eliminated through the participation exemption. The following requirements need to be met in order to benefit from the participation exemption:

- The entity in which the participation is held must have a capital divided into shares;
- The shareholder should have an interest in the share capital of the entity of at least 5%, and;
- The entity in which the participation is held may not qualify as a low taxed portfolio investment participation.

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195 In general the lower tax rate applies if the recipient is a company that owns at least 25% of the capital in the Dutch company. However, fulfilment of additional requirements can be demanded. This may vary depending on the treaty. The Dutch Ministry of Finance announced that an amendment to Article 10 on Dividends of the income tax treaty between the Netherlands and Barbados signed on 28 November 2006 will be negotiated.

With respect to the latter requirement, participation is considered to be a low taxed portfolio investment company if the assets of the participation (directly or indirectly) consist for more than 50% of portfolio investments and the effective tax rate of the participation is less than 10%.

Furthermore, if an EU/EER or Dutch resident company holds 5% or more in the issued share capital of a Dutch resident company, under strict conditions no withholding tax will be levied upon dividends distributed to this qualifying shareholder. In all other cases, the double tax treaty applies with a maximum of 15%. This maximum rate thus also applies if no double tax treaty protection can be invoked.

**Transfer Pricing Rules:** The transfer pricing regulations stipulate that pricing between affiliated entities should be determined based on the at arm’s length principle. Entities are considered affiliated if a company directly or indirectly participates in the board of, has a substantial control over or participates in another company.

Dutch taxpayers are obliged to keep records in their administration substantiating the at arm’s length character of intercompany pricing agreements.

**Anti-abuse provisions:** Dutch corporate tax law contains anti-abuse provisions in respect of interest deductions on loans taken up by affiliated companies relating to certain transactions, such as capital contributions in other affiliated companies, acquisition, dividend distributions and repayments of capital.

Furthermore, limitations, other than in time, could apply with respect to the possibility to compensate net operating losses. Special attention should be drawn in case of change of ownership and in case of holding- or finance companies.

**Thin Capitalization:** The general thin-capitalization rules limit interest deduction for as far as the debt-to-equity ratio exceeds 3:1, for as far as the excessive part exceeds € 500,000. The applied debt and equity amounts are the annual average amounts. The limitation itself is limited to the sum of interest payments to related entities and interest income received from related companies.

Upon request, a Dutch taxpayer may under strict conditions opt to apply a group debt-to-equity ratio.

**Foreign Tax Credit:** A unilateral tax relief is granted to a Dutch company in case income is derived from a foreign permanent establishment or a permanent dependant representative. A Dutch company can deduct corporate income and withholding tax paid abroad as expenses in case no other double taxation relief can be applied.

**Exempt Investment Company:** Dutch investment companies that are involved in collective investment activities and have more than one shareholder can under circumstances apply for the Exempt Investment Company status (“EIC”). The company may solely invest in qualifying financial instruments such as shares and stocks.

As a consequence of this EIC status the return on portfolio investments will not be subject to corporate income tax and dividends distributed by the EIC are not subject to withholding tax. As a consequence an EIC may not benefit from double tax treaty protection.

**Fiscal Investment Company:** Dutch investment companies may, under specific circumstances, also apply for the Fiscal Investment Company regime (“FIC”). The FIC is subject to 0% corporate income tax but has a yearly obligation to distribute its profits to the shareholders. These distributions are subject to withholding tax. FIC companies may benefit from double tax treaty protection.

**Patent-box:** Corporations liable to Dutch corporate income tax can opt for the so called patent-box if revenues are received from self developed patented intangible assets. In case the patent-box is applicable, revenues received from intangible assets will be subject to 10% corporate income tax, rather than 25.5%. The 10% rate can only be applied to for a maximum of four times the production costs of the intangible assets.
**Fiscal Unity:** Upon request a domestic parent company that legally and economically holds at least 95% of a domestic subsidiary can be treated as a fiscal unity (tax consolidation). Foreign subsidiaries with a permanent establishment in the Netherlands can under specific circumstances be part of a fiscal unity as well.

If the fiscal unity is applied the parent company must file a consolidated tax return. Losses incurred by one company can be set off against profits generated by another company within the fiscal unity. Assets and liabilities can be transferred within the fiscal unity without being liable to corporate income tax, subject to a claw back in case the fiscal unity between the transferor and transferee is terminated.

**Taxable Year:** The tax year for a corporation is in principle the calendar year. The use of a different tax year is however possible, if allowed by the articles of association of the corporation. In this case, a corporate income tax return form will be issued by the tax authorities and must be filed within the deadline set by the tax authorities. A preliminary tax assessment may be imposed during the tax year. In case the final tax assessment is lower than the preliminary tax assessment a refund will be granted.

**Functional currency:** Upon request, a Dutch corporate income taxpayer may file its annual tax return in a functional currency. This is a welcome facility to avoid exchange rate result.

**E4.4 Bank Accounts**

There are no restrictions for foreign national or companies to open a bank account in the Netherlands. If required, the Netherlands Foreign Investment Agency will introduce the company to the banks.¹⁹⁸

Documents legally required:
- Passport and/or residence permit
- BSN *Burgerservicenummer* (previously called *sofi-nummer*). Applicant will get this when they register with the GBA or direct from the tax office.
- Proof of address (*bevolkingsregister* extract, utility bill, rental contract etc)
- If one wants to open anything other than a savings only account one will also need evidence of income such as an employment contract or payslip.

The credit rating of new clients may be checked with the Central Credit Registration Office (BKR). An account can be opened in applicant’s name and their partner's (they will also need identity documents).

A private bank account is a *privérekening*. Various cards are on offer but the *bankpas* is standard. One must pick up the pass personally (with ID). A four-digit pincode (*pinpas*) will be posted separately but one can change this at a bank. When one pays by pin, one swipe his/her card through the machine and punch in their four-digit number. It's the most common method of payment used in shops, supermarkets, bars and restaurants.

**E4.5 Repatriation of profits**

Dividends paid by a Dutch company to foreign shareholders are generally subject to a withholding tax. The domestic rate is 25%, but in many cases the rate can be reduced through the application of tax treaties or the EU tax exemption.

¹⁹⁸ [http://www.nfia-india.com/services_setting_operations.html](http://www.nfia-india.com/services_setting_operations.html)
In general, The Netherlands do not levy a withholding tax on outbound interest or royalty payments. In most cases, they don’t either levy a capital gain tax when the shares in a Dutch holding company are transferred. This means that the levy of Dutch withholding tax, if any after application of tax treaties or the EU tax exemption, can easily be avoided or kept minimal through high loan funding of the Dutch company in anticipating of a tax free capital gain upon exit.

A standard route for a tax efficient repatriation of profits from the Netherlands is the Netherlands Antilles, which is an observer of the CARICOM and is located in the Caribbean. The Netherlands Antilles are part of the Dutch Kingdom, and as a consequence there is a special constitutional relationship between them which includes a regulation for the avoidance of double taxation. Given the tax haven status of the Antilles, this makes The Netherlands one of the very few countries worldwide to have a "tax treaty" in place with a tax haven country.

The current withholding tax rate on dividends paid to Antilles corporate shareholder is 8.3%, but there are negotiations pending to reduce this rate to 0%. At the level of the Antilles no additional tax becomes due. The Antilles levy no withholding tax on dividends. 199

Under Dutch domestic regulations, a withholding tax rate of 15% applies to cross border outgoing dividend distributions. However, under many of the Dutch tax treaties the 15% rate is significantly reduced to 5% or even to 0% if a tax treaty applies. In that sense, countries such as Cyprus or the UK have been attractive since these countries do not have statutory withholding tax on dividends. In addition, the Dutch participation exemption still provided for a full exemption but the application became more and more complicated.

E4.6 Registration process(es) involved with professional body

Organisations responsible

The Netherlands Organization for International Cooperation in Higher Education (Nuffic) is the organisation which can answer questions about the application of the new EU Directive in the Netherlands and in other member states of the European Union, Iceland, Liechtenstein, Norway and Switzerland. It also acts as the European Network of Information Centre (ENIC) of the Council of Europe and UNESCO in the Netherlands, and as the Dutch National Academic Recognition Information Centre (NARIC) of the EU. It performs these duties on behalf of the Ministry of Education, Culture and Science.

The Association of Centres of Expertise on Vocational Education, Training and the Labour Market (Colo) acts as the united voice for the 18 centres of expertise representing the various industrial sectors.

Under the EU Directive, the Dutch National Contact Point is a partnership between Nuffic and Colo.

Application for admission to regulated profession

There is a competent authority for every regulated profession whose job is to decide who can practice that profession. There is a list of regulated professions in alphabetical order along with the competent authority for each profession at the NUFFIC website200.

The application for admission to a regulated profession needs to be submitted to a competent authority. The competent authority decides which documents are required. This can vary by

199 http://www.tax-consultants-international.com/read/Dutch_tax_foreign_shareholders
200 For complete list of regulated professions and Royal Netherlands Government body to contact, look at: http://www.nuffic.nl/international-organizations/services/professional-recognition/gereglementeerde-beroepen/copy_of_a-b-c-d
country and by occupational group. Applications will be processed as soon as all required documentation has been submitted.

The following documents are obligatory: a completed application form (usually in the language of the country to which an application is being made; evidence of identity and nationality; and a (certified) copy and translation of the person’s diploma, subject list and grade list. Applicants may also be asked for: evidence of completed practical training; evidence of professional experience; a declaration of good health; a declaration of good professional conduct; and a translation of any or all of these documents.

Note: Regulated professions may only be practiced by someone who has earned an appropriate national qualification. Access to the profession is regulated by law.

**For the accreditation of a foreign diploma or degree**

Colo represents 21 national bodies responsible for vocational training for the private sector, also called ‘knowledge centres’. Each of these is organized around one sector of business or industry. Colo also has its own department for international credential evaluation, which is a centre of expertise on the diplomas, certificates and other qualifications awarded in other countries which are comparable to the Dutch qualifications acquired through vocational and adult education.

The education ministry has also appointed Colo to serve as the national information centre regarding the EU Directives for a General System, which regulates access to certain professions within the member states of the EU and the EEA. Colo’s credential evaluation department belongs to a number of international networks which foster mobility and transparency in qualifications. These include European Network of National Reference Structures for Vocational Qualifications (*Netref*).

**If the diploma is earned in another country and the individual wants to work or continue his/her studies in the Netherlands**

One must ascertain what a particular credential is worth in terms of the Dutch system. The Netherlands has several centres of expertise in the evaluation of international credentials. One of them will provide the exact service required. Relevant are Nuffic in The Hague and Colo in Zoetermeer. For general information about credential evaluation, the applicant should first call the Information Centre for Credential Evaluation, which has been set up by the centres of expertise.

**Asking to use a Dutch academic title**

If an individual wishes to use a Dutch academic title on the basis of his/her foreign diploma, they should apply to the Information Management Group (IB-Groep) in Groningen for official permission.

**Determining what a foreign diploma is worth in the Netherlands**

If an individual does not yet know what they wish to do in the Netherlands on the basis of their foreign diploma, or if one wants to see first what their diploma is considered to be worth, they may also apply to the nearest CWI. The CWI will request a diploma evaluation on the applicant’s behalf and will pay all the costs, even for translation\(^{201}\).

**E4.7 Provisions governing e-commerce**


\(^{201}\) [http://www.expatax.nl/workverify.htm](http://www.expatax.nl/workverify.htm)
E4.8 Contract Requirements

Employment contracts are relatively simple and standard format is used by HR Managers through the country.

Employment contracts and contracts between two companies/parties are done by a lawyer in Netherlands and are subject to Dutch Laws.

E4.9 Visa/Work Permit Requirements

EEA nationals

In principle, the EU & European Economic Area (EEA) allow for the free movement of money, goods, services and persons. This means that its inhabitants are allowed to live and work in any other member state. This free movement of persons already exists between most of the member states of the EU/EEA.

EEA nationals working in the Netherlands have the same rights as nationals of this country regarding pay, working conditions, access to housing, vocational training, social security and trade union membership. Families and immediate dependants are entitled to join them and have similar rights.

In order to work in the Netherlands, the person is required to have a Citizen Service Number (Burger Servicenummer or, in short, BSN) which registers him/her in the tax and social security system. This can be applied for at the local office of the Tax and Customs Administration. If in paid employment, the person's employer will deduct social security contributions and tax from his/her wage and paid these amounts to the concerned authorities. This occurs in advance of the income tax return, which the person will have to complete once a year.

Residence Permit and Identification

Citizens from EU/EEA member states do not need a residence permit in order to be allowed to work in the Netherlands. Once the person has been in the Netherlands for more than 3 months, s/he should register with the Immigration & Naturalisation Department (IND). Their website, www.ind.nl, has a 'residence wizard' through which the traveler can find out about the rules for residency in the Netherlands for the traveler and any family members.

Even if not directly needed, a residence permit can come in handy; for example, it may be requested by some potential employers, by banks to open a bank account and other official institutions. A residence permit can be applied for at the nearest IND office.

As of 1 January 2005 everyone aged 14 or older must be able to submit valid identification documents to prove his or her identity. If the traveler is a national of one of the EU member states or of the European Economic Area, the traveler can identify him/herself with a passport or an EU/EEA aliens document.

The Schengen rules include uniform rules as to the type of visas which may be issued for a short-term stay, not exceeding 90 days, on the territory of one, several or all of those States. The rules also include common requirements for entry into the Schengen area, and common procedures for refusal of entry.

Non-EEA nationals

According to the Schengen Borders Code, the conditions applying to third-country nationals for entry are as follows:

202 http://www.minbuza.nl/en/You_and_the_Netherlands/Working_in_the_Netherlands
The third-country national is in possession of a valid travel document or documents authorising them to cross the border; the acceptance of travel documents for this purpose remains within the domain of the member states;

The traveller either possesses a valid visa (if required) or a valid residence permit;

The traveller can justify the purpose and conditions of the intended stay and has sufficient means of subsistence, both for the duration of the intended stay and for the return to his or her country of origin or transit to a third country into which the traveller is certain to be admitted, or is in a position to acquire such means lawfully;

There has not been issued an alert in the Schengen Information System for refusal of entry of the traveller, and

The traveller is not considered to be a threat to public policy, internal security, public health or the international relations of any of the Schengen states.

In other words, mere possession of a Schengen visa does not confer automatic right of entry. It will only be granted if the other transit or entry conditions laid down by EU legislation have been met, notably the means of subsistence that aliens must have at their disposal, as well as the purpose and the conditions of the stay.

A third-country national who has been granted entry may stay in the Schengen area and travel between Schengen states as long as the conditions for entry are still fulfilled. For stays which exceed three months, so-called national visa (category D) is issued by the relevant Schengen state where the third-country national intends to reside. Any third-country national who is a holder of a residence permit of a Schengen state, which is granted for a stay which exceeds three months, is allowed to travel to any other member state for a period of up to three months.

**Types of visas**

- **Transit visa** (1-5 days, single or double entry): is issued to travel from a non-Schengen state to another non-Schengen state across Schengen state territory. If coming from a non-Schengen state with the main destination in one or several Schengen states and back to first point of departure, then a short stay visa will be issued.
- **Short stay visa** (1-90 days, single, double or multiple entry)
- **Long stay visa**: Visas for visits exceeding 90 days are national visas, and are issued by member states in accordance with national legislation.
- **Airport transit visas**: required by the nationals of certain countries. (Not for R.S.A. citizens).

**Process of application**

- If the traveller intends to visit only one Schengen country, the traveler must apply at the Embassy or Consulate of that country.
- If the traveller intends to visit several Schengen countries, the traveler must apply for a visa at the Embassy or Consulate of the country that is the traveler’s main destination/longest stay.

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204 Article 19 of the Schengen II Agreement for third-country nationals requiring a visa; Article 20 of the Schengen II Agreement for third-country nationals who do not require such visa.

205 Article 21 of the Schengen II Agreement.

- If the traveller intend to visit several countries but do not have a main destination, the traveler should apply for a visa at the Embassy or Consulate of the country of the traveler first point of entry.

**Documentation required**

- Common Schengen Application Form, (available from consular web sites, or consular offices.).
- Passport, which must be valid for a period of at least 3 months after the applicant’s last day of stay in the Schengen states. One must ensure that the passport has 2 blank pages to affix the visa. Temporary passports are no longer accepted by Schengen countries.
- One recent passport sized photograph in colour.
- The visa of the final country of destination (if needed) must be obtained before applying for a Schengen visa.
- Round trip air-ticket and itinerary with dates and flight numbers specifying entry and exit from Schengen state. Some Schengen authorities accept the itinerary when applying for the visa but request the original air-ticket when visa is collected (please check).
- Proof of sufficient funds for duration of stay, e.g.: *(min. amount required is different in each country – please check with the appropriate consular authority)*
  - Tax receipt of foreign exchange purchased bearing applicant’s name.
  - Traveler’s cheques.
  - For credit cards, latest credit card statement or an original letter from the bank manager stating credit amount available. Cash will not be accepted as proof of foreign exchange.
- Travel/health/accident insurance with minimum medical coverage of the equivalent of Euro 30,000.00.
- Accommodation: confirmed hotel reservation is requested (hotel vouchers are not necessarily proof of confirmed hotel booking). If the applicant is staying with a relative or friend, then a letter from the host, with a copy of their passport or ID is required. A document that has been stamped by the pertinent authorities may be requested.
- Certified parental consent, by both parents for children under 18 travelling alone or with school group. If the child travels with only one parent, the other parent must produce the notarized/certified consent. If only one parent has guardianship of minor, the court documents stating so must be presented. Certain consular authorities require that both parents sign before a consular official.

*For business:* An official business letter from a company in a Schengen state and from the employer in CARIFORUM, stating purpose of visit must be presented.

*For conferences:* proof of registration and payment is required.

The Schengen State’s Consular offices reserves the right to request further documentation should it be deemed necessary, such as:

- Proof of Employment: eg letter from company stating continuing employment after period of leave and duration of vacation, etc.
- If applicant is a student: letter from school/college/university confirming attendance/registration.
- Bank and credit card statements for last 3 months.
- A personal interview with the applicant may be requested at any time.

**Visa fees and exemptions**
The cost of all types of transit and short stay visas is EUR 60. For national long stay visas, interested parties are recommended to contact the issuing authorities.
The following categories are exempt from visa fees: children under 6 years; school pupils, students, post graduate students and accompanying teachers who undertake trips for the purpose of study or educational training; researchers from third countries travelling within the Community for the purpose of carrying out scientific research; and spouses of EU/EEA citizens and their children under the age of 21 years, who are accompanying the EU/EEA citizen (this does not apply to Norwegian citizens however). Copies of the EU/EEA passport, full marriage certificate, full birth certificates (in the case of children) must be submitted with the application as proof of relationship with EU/EEA spouse/parent.

Visa processing fees are not reimbursable if a visa is rejected.

**Visa requirements for CARIFORUM nationals**

Nationals from Belize, Dominica, Dominican Republic, Greneda, Guyana, Haiti, Jamaica, Saint Lucia, St. Vincent & Grenadines, Suriname and Trinidad & Tobago require visas to enter The Netherlands. Other full members of the CARIFORUM seem to not require a visa to visit for up to 90 days per the Dutch Ministry of Foreign Affairs website[^207].

CARIFORUM citizens are encouraged to contact the nearest Dutch Consulate for visa/work permit requirements prior to travel.

[^207]: [http://www.minbuza.nl/en/Services/Consular_Services/Visa/Visa_requirements_according_to_nationality/Stay_shorter_than_90_days/Nationals_who_need_a_visa_for_a_stay_of_up_to_90_days](http://www.minbuza.nl/en/Services/Consular_Services/Visa/Visa_requirements_according_to_nationality/Stay_shorter_than_90_days/Nationals_who_need_a_visa_for_a_stay_of_up_to_90_days)
E5: IN SPAIN

E5.1 Types of business

There are about 10 different types of businesses in Spain – also known as 'legal business structures'. That said, all are variations of three main business structures: the sole trader, the partnership, and the company.

i) **Sole Trader:** Someone who wants to start up a business activity in Spain as a sole trader can choose among the following two business forms: the Sole Trader and the Comunidad de Bienes. Both are common, and just a few differences separate them in terms of their establishment:

- **Sole Trader:** the entrepreneur is asked to register for IAE Tax and for Social Security. A declaration of the specific business form also needs to be submitted; and
- **“Comunidad de Bienes”:** similarly, the entrepreneur needs to register for IAE Tax and Social Security. Additionally, s/he will also need to a) request a Tax Identification Code and b) develop and sign a partnership agreement if the business has more than one person (cf. in the case of a Sole Trader, only one entrepreneur can exist).

ii) **Partnership:** In its most common – and simple – form, a partnership in Spain is established through a partnership agreement. Those involved in the business entity must also register for IAE Tax.

There are two other forms of partnerships used by entrepreneurs in Spain:

- **General Partnership**, and
- **Limited Partnership**.

As with the formation of a company, both types of partnerships require articles of incorporation and registration with the Commercial Registry. For this reason, these business entities are sometimes characterized as companies rather than partnerships.

iii) **Companies:** The various types of companies in Spain are as follows:

- **Public Limited Company (or stock company):** This requires articles of incorporation, registration with the Commercial Registry, registration for IAE Tax and Social Security and submission of a request for a Tax Identification Code. The minimum capital required to establish such a company is €60,101.21.

- **Limited Liability Company:** This has the same requirements as the Public Limited Company except that the minimum capital required is less, €3,005.06.

- **New Enterprise Limited Company**
- **Worker-Owned Company**, and
- **Cooperative**.

Foreigners interested in entering the Spanish market can choose among the following operational entities:

a) **Representation office:** the activities of this are restricted, and usually it is used only for conducting market research,

b) **Branch**, which has no autonomous legal status, and
c) **Subsidiary**, which does have an autonomous legal status.

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The activities of foreign firms operating in Spain are regulated by the following legal texts:
- Act 19/1989 – used for the harmonization of the relevant Spanish legislation with the orders of the European Union;
- Act 18/1992 – regulating the various aspects of foreign investment; and
- Royal Decree 671/1992, of 2 July, on Foreign Investment in Spain\textsuperscript{210}.

**E5.2 Rules to start a business in Spain\textsuperscript{211}**

It requires 10 procedures, takes 47 days, and costs 15.02 % GNI per capita to start a business in Spain.

![Starting a Business in Spain](image_url)

**List of Procedures**

1. Obtain a certification of uniqueness of proposed company name (certificación negativa de la denominación social) from the Mercantile Register
2. Open a bank account for the company; deposit capital in the bank and obtain a deposit certificate
3. Grant a public deed of incorporation before a notary public
4. Submit Declaración Censal de Inicio de Actividad and obtain the Tax Identification Code (Código de Identificación Fiscal, CIF) from the Delegación Provincial de la Agencia Estatal de la Administración Tributaria
5. Pay the Asset Transfer Tax and Legal Documented Act Tax (“Impuesto de Transmisiones Patrimoniales y Actos Jurídicos Documentados”) to the local tax authority
6. File the public deed of incorporation of the company for its registration with the Mercantile Registry.
7. Legalize company books

\textsuperscript{210} European Commission, 2010
8. Obtain a municipal license to open business premises (Licencia Municipal de Apertura) at the county/town council (Departamento de Urbanismo del Ayuntamiento)
9. File for social security and affiliate all workers with the local general treasury of social security (Tesoreria General de la Seguridad Social)
10. Notify the Delegación Provincial de la Consejería de Trabajo e Industria

E5.3 Taxes

It should be noted that both individuals and companies that are tax residents in Spain are taxed on their worldwide income\(^{212}\). Moreover, the tax rules related with non-residents (whether individuals or companies) are different to the rules regulating the tax obligations of residents (whether individuals and companies).

An **individual**\(^{213}\) in Spain can register for tax only if s/he is considered “tax resident” there, i.e.

- The person can prove that he/ she spends a specific number of days in Spain annually (currently, this is 183 days p.a.), or
- His/her center of business is established in Spain.

The level of tax imposed on the income of individuals in Spain lies between 19% and 21%.

In order for a **company**\(^{214}\) to be considered as a tax resident in Spain, it must meet the following requirements: the company has been formulated in accordance with the Spanish legal system, or the company has its center of business activities in Spain. Companies that are tax resident in Spain are subject to a tax rate of 30% on their profits.

A company in Spain may apply for a **consolidated tax regime** if it deems that this will confer certain tax benefits. However, to be eligible to apply for this, the parent company must have a holding in its subsidiaries of at least 75%. This percentage has been reduced to 70% for subsidiaries that are listed companies, a change that came into force on 1st January 2010.

**Non-resident individuals and companies**\(^{215}\) in Spain have to pay non-resident tax where they have income from their activities in Spain. It is necessary to make clear whether the non-resident has a permanent establishment in Spain. If they do, then the tax owed is 30% of the net income; if not, each part of the income will be taxed separately. It may be necessary for a tax representative is appointed by the non-resident taxpayer. This tax representative needs to be a Spanish resident.

Foreign investors can choose among the tax benefits available to them in regard to their business activities in Spain. For example, the tax regime of the Canary Islands is more favourable (at 4% for companies) as is the tax regime applicable to Spanish holding companies\(^{216}\).

Note: Resident and non-resident companies must file the returns and paid the necessary tax within 25 days following the six months after the end of the business year.

E5.4 Bank Accounts

Banks in Spain offer the option to non-residents – even outside the EU – to open a bank account. However, there are certain terms that need to be met and these terms vary according to the

\(^{212}\) Invest in Spain, 2010, Individuals – Companies, online, available at http://www.investinspain.org/icex/cda/controller/interes/0,5464,5322992,6268432,6279124,0,00.html?searchText=tax\n
\(^{213}\) Invest in Spain, 2010, Taxes, Individuals, online, as above

\(^{214}\) Invest in Spain, 2010, Taxes, Companies, online, as above

\(^{215}\) Invest in Spain, 2010, Taxes, Non-Residents, online, as above

\(^{216}\) Invest in Spain, 2010, Taxes, Companies, online, as above
financial institution chosen and the legal/resident status of the interested individuals or entities (companies).

As noted above, the residency in Spain – referring to individuals - is dependant on one of the following criteria being met: a) spending at least 183 day per year in Spain, b) having the center of his business activities in Spain, or c) having a spouse and/or children under 18 who are permanent residents in Spain.

For residents, opening a bank account requires the individual to bring the tax returns from the previous year(s). This does not apply for non-residents.

Non-residents need to prove their status by completing a Declaration of Fiscal Residence form (valid for a particular period of time, usually 2 years, after which it needs to be re-submitted). They also need to present their NIE number, a proof of identity with a photo (e.g. passport or similar document) and bring a proof of address as well as of occupation.

In the event that a foreigner obtains the resident status in Spain, s/he can apply for a resident bank account. Typically, this offers the individual more benefits than the non-resident bank account.

There are no restrictions for non-EU residents who wish to open a bank account in Spain as long as they meet the requirements for non-residents described above. It may be preferable for non-EU residents to choose a small bank to open an account; or alternatively, they could choose to open a bank account in one of the foreign banks operating across Spain. If the latter is chosen of their place of residence, they would probably enjoy additional benefits.

Notes:
- Individuals under 18 years are not eligible to open a bank account in Spain.
- To avoid any risk, banks are likely to check regularly the status of their clients that are non-residents – usually every six months.

E5.5 Repatriation of profits

The repatriation of profit is an important element of a country’s trade and investment policy. In this regard, Spain is characterized by high business, investment and financial freedom. And on account of these, it has ranked 36th worldwide in terms of the freedom provided to the business and financial activities across the country.

Regarding the repatriation of profits, there does not appear to be any specific restrictions in Spain. Indeed, it is assumed that non-resident individuals and companies have the right to repatriate their profits as long as all taxes have been paid in accordance with Spanish law as well as any other international taxation treaties to which Spain is signatory.

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221 Index of Economic Freedom, 2010, Spain: http://www.heritage.org/index/country/Spain
222 Index of Economic Freedom, 2010, online, as above
E5.6 Registration process(es) involved with professional body

All 27 countries of the European Union, plus Iceland, Liechtenstein, Norway and Switzerland, have set up information centres for professional recognition under European Directive 2005/36/EC. The National Contact Point (NCP)\(^{223}\) for professional recognition gives information to people looking to practice their profession in another country. If the profession is a regulated profession as set out in Directive 2005/36/EC, the NCP will be able to refer people eligible for professional recognition to the authority responsible for their profession in the other state. The NCP can give advice on professional recognition procedures and supports individuals, for example, by issuing NCP Declarations.

E5.7 Provisions governing e-commerce

As e-commerce involves transactions developed online – i.e. even outside the borders of Spain - it has been necessary to develop a framework that will address all issues that may appear in e-commerce initiatives of Spanish firms or foreign firms that have expanded their activities in Spain. It therefore falls under a series of rules that are outlined in a document entitled as ‘Legal Framework and Tax Implications of E-Commerce in Spain’\(^{224}\).

E-commerce in Spain is therefore regulated both *directly* (through rules referring to e-commerce schemes) and *indirectly* (through rules related with contracts – civil and commercial). An important legislative text regulating the various aspects of e-commerce in Spain is the Electronic Signature Law no. 59/2003.

E-commerce is developed through contracts signed online – also known as electronic contracts; these contracts are regulated by the Spanish Civil and Commercial Code – as it was amended by the following laws:

1. Law 34/2002 (legislative text regulating the E-commerce and Information Society services\(^{225}\));
2. Retail Trade Law 7/1996 – referring to distant sales
3. General Consumer and User Protection Law 26/1984 and
4. Standard Contract Terms Law 7/1998 are also likely to be used for e-commerce activities in Spain;

A series of European laws are also used in order to regulate e-commerce activities across Spain, for example, EC Regulations 593/2008 and 864/2007.

E-commerce is most often used by consumers in their online banking and online shopping activities\(^{226}\). The recent performance of e-commerce in Spain proves that the future prospects of this commercial infrastructure in Spain are significant\(^{227}\).

E5.8 Contract Requirements

Spanish law includes clear rules regarding the development and the power of contracts.

\(^{223}\) In Spain, the NCP is located at the following address: Ministerio de Educación y Cultura y Deporte (www.mec.es), Subdirección General de Títulos, Convalidaciones y Homologaciones, Paseo del Prado 28, ES-28071 MADRID.


\(^{225}\) Invest in Spain, 2010, Legal Framework and Tax Implications of E-commerce in Spain, p. 5, online, as above


In accordance with a fundamental principle of the Spanish contract law – known as the ‘Autonomy of the Will Principle’, “contracting parties can establish all the agreements, clauses and conditions that they may find necessary, provided they are not against the Law, the morals or the Public Order”\textsuperscript{228}. As such, the parties involved are free to choose the terms of their contractual agreement as long as they abide by existing legal rules, the morals and the Public Order.

For government contracts, i.e. for the provision of specific goods/services required for the development of public services, interested parties must also abide by the provisions of the Public Sector Contracts Act 2008 (through which ‘the EU Directive 2004/18/EC has been incorporated in the Spanish legislation’)\textsuperscript{229}.

For both common and government contracts, their flexibility is considered to be one of their most important characteristics\textsuperscript{230}.

If these contracts involve in the development of online transactions, the relevant Spanish law(s) are applied (as described in the preceding section)\textsuperscript{231}.

In accordance with the existing Spanish law, the non-application of one or more terms of a contract can lead to the breach of the contract\textsuperscript{232}.

**E5.9 Visa/Work Permit Requirements** \textsuperscript{233}

**EU citizens** do not need a visa or a work permit in order to work in Spain. However, they should apply for a NIE, i.e. their identification number. This can be used for requesting a series of services/products available to the Spanish residents, for example, opening a bank account or applying for social security.

**Non-EU citizens** who wish to stay and work in Spain need to apply first for a visa. Without this, they are not eligible to seek employment.

To apply for a visa, the applicant must submit a relevant application along with his/her passport, 4 photos, a marriage certificate (if available), a certificate of good conduct (showing the penal background, if any, of the applicant), a medical certificate (a document proving the condition of health of the applicant) and a contract of medical insurance (proves that the applicant is covered for any harm of his/her health).

Depending on the status and needs of the applicant, various types of visa are available. These include, *inter alia*, the Residence Visa to Retire in Spain, the Student Visa, the Non-Lucrative Visa, the Residence Visa to Reunite a Family, the Work-Exempt Visa … etc. Individuals who are wealthy or those who are self-employed can apply for the “Investment of Self-Employment Visa. The same applies for those who work online.

\textsuperscript{228} Eye on Spain, 2006, Deposit Contract: http://www.eyeonspain.com/spain-magazine/deposit-contract.aspx
\textsuperscript{230} Mondaq, 2007, Spain: Carefully constructed contracts promise some flexibility: http://www.mondaq.com/article.asp?articleid=53992
\textsuperscript{233} Spain Expat, 2010, Visa for Spain, NIE Number: http://www.spainexpat.com/spain/information/visas_in_spain_for_work_or_holiday/
E6: IN THE UK

E6.1 Types of business

There are no separate rules for foreign nationals to establish a company in the UK. They simply follow the standard rules and processes that are in place for locals. The majority of foreign investors will establish a “Registered Company” when setting up in the UK.

There are four different types of UK registered company:

– **Private company limited by shares (“Ltd”)** – the members’ liability is limited to the amount unpaid on shares they hold;

– **Private company limited by guarantee** – the members’ liability is limited to the amount they have agreed to contribute to the company’s assets if it is wound up;

– **Private unlimited company** – there is no limit to the members’ liability;

– **Public company limited by shares (“plc”)** – the company’s shares are offered for sale to the general public through a stock exchange, and the members’ liability is limited to the amount unpaid on shares held by them.

The vast majority of foreign businesses are established as a **company limited by shares**, either as a **private** limited company or as a **public** limited company. In most cases, the private limited company that is established is in fact a subsidiary\(^{234}\) of the overseas company.

**Establishing a UK Registered Company**

It is a straightforward process to establish a company in the UK, and there are no separate rules for foreign nationals. To register a company, mandatory documents such as the “Memorandum of Association” and “Articles of Association” must be filed with Companies House.

The documentation can be prepared and the company registered in a day, provided that standard Memorandum of Association and Articles of Association are adopted (it can take considerably longer if tailor-made Memorandum of Association and Articles of Association are required). “Ready-made” companies are available from company formation agents throughout the UK.

Further information on setting up a UK registered company can be found at: [www.companieshouse.gov.uk/infoAndGuide/companyRegistration.shtml](http://www.companieshouse.gov.uk/infoAndGuide/companyRegistration.shtml)

**Alternative Business Structures for Foreign Investors**

Instead of registering a UK company, foreign businesses can establish a business presence in the UK through the following means:

a) **A UK Establishment**

A UK establishment is part of an overseas limited company organised to conduct business in the UK. After opening a UK establishment, the following documents must be submitted to Companies House within a month:

– Completed IN01 form,

– Certified copy of the company’s constitutional documents,

– Copy of the latest set of disclosed accounts published in the company’s home country, and

– Registration fee (currently £20 for paper applications or £15 for electronic applications).

Constitutional documents and accounts must be in the home country language of the overseas company, with (if not in English) a certified translation made in the country where the company was incorporated.

\(^{234}\) For definition of a ‘subsidiary’, see [www.clickdocs.co.uk/glossary/subsidiary-company.htm](http://www.clickdocs.co.uk/glossary/subsidiary-company.htm)
b) **Partnerships**

Individuals, including overseas investors, can set up as a partnership in the UK. The partners have "joint and several" liability for all debts. This means that if a partner or a number of partners cannot pay (or be made to pay) their share of any debts, then the other partners become liable (in addition to their own share of debt).

**c) Limited Partnerships**

A limited partnership consists of:

- one or more persons called “general partners” who are liable for all debts and obligations of the firm, and
- one or more persons called “limited partners” who contribute a sum or sums of money as capital, or property valued at a stated amount. Limited partners are not liable for the debts and obligations of the firm beyond the amount contributed.

A limited partnership must be registered under the Limited Partnership Act of 1907. To register, all partners must sign and submit Form LP5 (including details of the business name, nature of the business, commencement date and the sum contributed by each limited partner) to Companies House.

An overseas limited partnership cannot usually register in the UK because the main place of business of a limited partnership has to be in the UK.

d) **Limited Liability Partnerships (LLP)**

An LLP is an alternative corporate business structure providing the benefits of limited liability but allowing its members the flexibility of organising their internal structure and tax arrangements as a traditional partnership.

Any new or existing firm of two or more “persons” (in law a “person” can be an individual or a company) can incorporate as an LLP. An LLP is incorporated by registration at Companies House (following a similar process to that required for registering a company).

LLPs have similar disclosure requirements to a company, including the filing of accounts. They are also required to: file an annual return, and notify Companies House of any changes to the LLP’s membership, any changes to members’ names and residential addresses and any changes to the Registered Office address.

Further detailed information on LLPs can be found at: [www.companieshouse.gov.uk/infoAndGuide/llp.shtml](http://www.companieshouse.gov.uk/infoAndGuide/llp.shtml)

e) **Joint Ventures**

An overseas company can form a base in the UK by joining with a UK company. Such joint ventures (JVs) are usually made with limited companies or established as a partnership.

Information on possible JV partners is available from the relevant UK trade association. For further information, please contact the Trade Association Forum at: [www.taforum.org](http://www.taforum.org)

f) **European Public Limited Company**

European Union legislation allows overseas companies to establish a European public limited company (also known as a “Societas Europaea” or “SE”) in the UK. An SE can be registered in any country within the European Economic Area although the registered office and head office must be in the same country.

There are several ways of forming an SE: by merger, as a holding company, as a subsidiary, or by a plc transforming into an SE.
An SE must have share capital and shareholders whose liability is limited in a similar manner to that of a plc. As with a plc, an SE registered in the UK may denominate its share capital in any currency it chooses, provided that at least £50,000 is denominated in sterling.

The major benefit of an SE is that the registered office can be transferred to another European country without a loss of legal status (avoiding, for example, the requirement to deregister the company in one country and reregister in another).

Further detailed information on the procedures to establish an SE can be found at: www.companieshouse.gov.uk/about/gbhtml/gpo6.shtml

**E6.2 Rules to start a business in the UK**

It requires 6 procedures, takes 13 days, and costs 0.72 % GNI per capita to start a business in the UK.

List of Procedures

1. Check name for uniqueness at the company names index database on the web
2. Prepare memorandum and articles of association; fill out and sign Form 12 in the presence of a notary public (or a commissioner for oaths, a justice of the peace, or a solicitor). Form 10 must be signed by a subscriber to the Memorandum.
3. File incorporation documents with the Registrar of Companies at the Companies House
4. Contact HMRC and register for VAT with Customs and Excise
5. Contact HMRC and register for PAYE
6. Sign up for employer’s liability insurance

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E6.3 Taxes

<table>
<thead>
<tr>
<th>Corporation Profits</th>
<th>Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>%</td>
</tr>
<tr>
<td>Main rate</td>
<td>Over 1,500,000</td>
</tr>
<tr>
<td>Upper marginal rate</td>
<td>300,001 - 1,500,000</td>
</tr>
<tr>
<td>Small profits rate</td>
<td>0 - 300,000</td>
</tr>
</tbody>
</table>

Close investment-holding companies are subject to the main rate of corporation tax on all profits. Ring fence profits are taxed at 30% (main rate) and 19% (small profits rate), with a marginal rate of 32.75%. Limits are reduced proportionately for the number of associated companies.

**Capital allowances**

<table>
<thead>
<tr>
<th>First year / initial allowance</th>
<th>Writing down allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and machinery</td>
<td>100% 20% reducing balance</td>
</tr>
<tr>
<td>Long-life assets and integral features</td>
<td>100% 10% reducing balance</td>
</tr>
<tr>
<td>Motor cars</td>
<td>100% 20% reducing balance</td>
</tr>
<tr>
<td>Industrial buildings, hotels,</td>
<td>100%</td>
</tr>
<tr>
<td>agricultural buildings</td>
<td>1% straight liner</td>
</tr>
<tr>
<td>Research and development</td>
<td>100%</td>
</tr>
<tr>
<td>Energy saving assets</td>
<td>100%</td>
</tr>
<tr>
<td>Renovation of business premises</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Notes**

The 100% allowance applies to only the first £100,000 of expenditure for a business or group of companies. The allowance applies to plant and machinery (other than cars), certain long-life assets and integral features.

The 100% first year allowance applies to cars with CO2 emissions not exceeding 110g/km. Writing down allowance for cars with CO2 emissions exceeding 160g/km will be allocated to the special rate pool and attract a rate of 10%. Cars with emissions between 110g/km — 160g/km will attract a rate of 20%.

These allowances are being phased out over the period to end March 2011.

The 100% allowance applies to the purchase of natural gas and hydrogen refuelling infrastructure, water technologies and energy saving technologies.

The 100% allowance is available for capital expenditure on renovating or converting vacant business properties in designated disadvantaged areas.

**Value Added Tax (VAT)**

| Standard rate | 17.5% (7/47 VAT inclusive price) |
| Reduced rate  | 5% (1/21 VAT inclusive price)    |
| Registration limit from 1 April 2010: | £70,000 p.a. |
| Deregistration limit | £68,000 p.a. |

**Notes:**

The registration limit for acquisitions made from other EU Member States is £70,000 from 1 April 2010 and for distance sales into the UK remains £70,000.

Partial exemption de minimis limit is £625 per month (£7,500 per annum) and 50% of total VAT on purchases.
Private fuel supplied to employees free or below cost — output tax scale charge for quarterly VAT periods beginning after 1 May 2010. (HMRC also publishes details for monthly and annual returns).

**E6.4 Bank Accounts**

There are strict compliance requirements for setting up a bank account – personal or business – in the UK due to the anti-money laundering measures and tax evasion legislation implemented in recent years.

Multiple proof of (photo) identities AND the ability to prove residence at a particular address (multiple proofs) for a minimum period of time – overseas or local – have led to long delays in new entrants (and overseas applicants in particular) being able to open a standard bank account.

What is accepted as proof of address by the UK banking authorities is quite narrowly defined in terms of what third party bills and/or written correspondence they deem valid. Usually it has been defined on UK terms which may not translate easily to overseas contexts. For example, P.O. Boxes, common in many parts of the Caribbean, are not acceptable in any part of the address.

One should allow considerable time for the completion of the process to open such an account. Furthermore it may be beneficial to have a local (UK resident) person with a well established UK banking history appointed as a Director to the UK company being established. This will help to ease the introduction of the overseas investor(s) into the UK marketplace.

Once established, however, the banking system and functional aspects of the business banking account are definitely world class. There is a low cost of operating the bank account and 24/7 access through the internet facilities that can readily be set up for operating the business account. Money transfers, locally and internationally, can be done usually within 24 hours and sometimes on the same day for same day credit value.

Manipulation in several currencies, direct debits, automatic transfers are all common to the major business high street banks in the UK – HSBC, Barclays, Lloyds, NatWest etc.

**E6.5 Repatriation of profits**

As far as is known, there is no restriction, limit or regulation applying to repatriation of bona fide profits out of the UK to an overseas country that the inward investor originates from.

**E6.6 Registration process(es) involved with professional body**

The UK standard approach to registration and regulation for most professions and service industries has been one of self-regulation.

Compulsory registration, in practice, only applies to certain specific skills sets that are deemed necessary by the relevant industry sector body in transaction of the particular service in the UK.

It would be a requirement for all practitioners of that service – whether of domestic or overseas origin – and would have been designed to protect the public who may patronise that service.

For example, providing investment advice to third parties would require accreditation of individual advisors by regulatory authorities – in this case the Financial Services Authority (FSA).

However, having said that, being registered can provide a measure of security and peace of mind to prospective clients and customers of the business being practiced in the UK. Most business professions and industry sectors have their own association and / or recognised body and it would be an asset in transacting business to join them as a member either as an individual or as a registered UK company.
In some cases the credentials of the overseas operator entering the UK market are recognised by the sector association body but this is not to be automatically assumed. There may be a requirement to sit a pre-requisite examination prior to being allowed to operate services in the UK.

**E6.7 Provisions governing e-commerce**


In addition, they must ensure that they comply with an array of regulations governing the actual on-line trading process which are mainly as follows:

- The Consumer Protection (Distance Selling) Regulations 2000 as amended by the Consumer Protection (Distance Selling) (Amendment) Regulations 2005 – commonly known as “Distance Selling Regulations”
- The Electronic Commerce (EC Directive) Regulations 2002 (“E-commerce Regulations”)
- The Electronic Signatures Regulations 2002

The E-commerce Regulations were brought into force in the UK in August 2002 as a direct result of the UK government implementing the EU E-Commerce Directive.

**E6.8 Contract Requirements**

Business conducted in UK by overseas investors, and companies established there for that purpose, will be subjected to UK or British Law, which will be familiar to those entities originating from the English speaking Caribbean.

Contracts are usually customised according to the work being done and it is highly recommended that a local (i.e. UK based) lawyer and/or business advisory firm such as Price Waterhouse Coopers or KPMG be engaged for such purposes.

There are also EU regulations and directives that one should be aware of that pertain to transacting business in the particular sector in which the business is operating.35

**E6.9 Visa/Work Permit Requirements**

The following may be eligible for entry into the UK to engage in work activities:

- **Highly skilled workers, investors, entrepreneurs and recent graduates from UK universities (Tier 1):** these do not need a job offer when they apply to enter or stay in the UK but they will need to pass a points-based assessment.
- **Skilled workers (Tier 2):** for those who have been a skilled job in the UK and their prospective employer is willing to sponsor them.
- **Temporary workers (Tier 5):** for those whose employer in the UK is willing to sponsor you or if a national of a country that participates in the youth mobility scheme.
- **Other categories:** for those seeking to work in the UK as a domestic worker; as the sole representative of an overseas firm; or as a representative of an overseas newspaper, news agency or broadcasting organisation.

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236 Further information can be obtained at www.businesslink.gov.uk
237 http://www.ukba.homeoffice.gov.uk/workingintheuk/
Details of Work Categories

**Tier 1 (General) Migrants** 239: For highly skilled migrants who wish to work, or become self-employed in the UK, and who may apply as (i) a Highly Skilled Migrant, (iii) an Innovator, (xi) a Work Permit Holder, (xii) a Businessperson, (xiii) a Self-employed Lawyer, (xiv) a Tier 1 (Entrepreneur) Migrant, (xv) a Tier 1 (Investor) Migrant, or (xvii) a Writer, Composer or Artist.

The person must have a valid entry clearance under this route otherwise entry will be refused.

Entry clearance will be granted for a period of 2 years.

Leave to remain will be granted for a period of 3 years to an applicant who has, or was last granted, leave as (i) a Tier 1 (General) Migrant under the rules in place on or after 6 April 2010, (ii) a Highly Skilled Migrant, (iii) an Innovator, (iv) a Self-Employed Lawyer, or (vi) a Writer, Composer or Artist. In all other cases, leave to remain will be granted for a period of 2 years.

Entry clearance and leave to remain under this route will be subject to the following conditions:

- no recourse to public funds,
- registration with the police (if this is required), and
- no employment as a Doctor or Dentist in Training (unless certain conditions apply),
- no employment as a professional sportsperson (including as a sports coach).

- Tier 1 (Entrepreneur) Migrants: This route is for migrants who wish to establish, join or take over one or more businesses in the UK. For this purpose, 'business' means an enterprise as (i) a sole trader, (ii) a partnership, or (iii) a company registered in the UK.

- Entry clearance will be granted for a period of 3 years and will be subject to the following conditions: (i) no recourse to public funds, (ii) registration with the police, if this is required by paragraph 326 of these Rules, and (iii) no employment other than working for the business(es) the applicant has established, joined or taken over.

**Tier 1 (Investor) Migrants**: This route is for high net worth individuals making a substantial financial investment to the UK.

**Tier 1 (Post-Study Work) Migrants**: This route is to encourage international graduates who have studied in the UK to stay on and do skilled or highly skilled work.

**Tier 2 Migrants** 240: This route enables UK employers to recruit workers from outside the EEA to fill a particular vacancy that cannot be filled by a British or EEA worker.

**Tier 5 (Temporary Worker) Migrants**: this route is for certain types of temporary worker whose entry helps to satisfy cultural, charitable, religious or international objectives.

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239 [http://www.ukba.homeoffice.gov.uk/policyandlaw/immigrationlaw/immigrationrules/part6a/](http://www.ukba.homeoffice.gov.uk/policyandlaw/immigrationlaw/immigrationrules/part6a/)
240 [http://www.ukba.homeoffice.gov.uk/policyandlaw/immigrationlaw/immigrationrules/part6a/](http://www.ukba.homeoffice.gov.uk/policyandlaw/immigrationlaw/immigrationrules/part6a/)
<table>
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<th>Work category</th>
<th>Application fee&lt;sup&gt;241&lt;/sup&gt;</th>
<th>Additional information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tier 1 points-based system</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneur</td>
<td>690</td>
<td>To qualify for Tier 1 (Entrepreneur) of the Points Based System, the applicant must be able to demonstrate that s/he has funds to support him/herself and any dependants. For the main applicant, this is £2,800 with a further £1,600 needed for each dependant accompanying or planning to join the applicant within 12 months of his/her arrival in the UK. These amounts must be held in the applicant’s personal bank account for a minimum period of 3 months for which s/he must show bank statements /other evidence immediately preceding and dated no more than 1 month prior to the date his/her application is submitted. The balance should not fall below the required minimum at any time during the 3 month period.</td>
</tr>
<tr>
<td>Investor</td>
<td>690</td>
<td>Points-based system Tier 1, Investor</td>
</tr>
<tr>
<td>Post study work</td>
<td>315</td>
<td>Points-based system Tier 1, Investor</td>
</tr>
<tr>
<td><strong>Tier 2 points-based system</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skilled worker</td>
<td>270</td>
<td>Points-based system Tier 2, Skilled Worker</td>
</tr>
<tr>
<td><strong>Tier 5 points-based system</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary worker</td>
<td>128</td>
<td>Points-based system Tier 5, Temporary Worker</td>
</tr>
<tr>
<td><strong>Non points-based system</strong></td>
<td></td>
<td></td>
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<tr>
<td>Offshore workers</td>
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<td>Overseas domestic workers</td>
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<tr>
<td>Overseas domestic worker - private household</td>
<td>230</td>
<td>Overseas domestic workers</td>
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<tr>
<td>Sole representative</td>
<td>230</td>
<td>Permit free employment</td>
</tr>
</tbody>
</table>

**Short-term visits**

*Business visitors*<sup>242</sup>: If a visa national, entry clearance to the UK is required for a business visit of up to six months (if a visa national). If a non-visa national, permission is not needed to come as a business visitor for up to six months. Multiple entry visas are available for business visitors for six months, and one, two, five and 10 years.

If an academic visitor and wanting to come for more than six months, permission will be needed regardless of the person's nationality.

To come to the UK as a business visitor, the applicant must be able to show that s/he:

- only wants to visit the United Kingdom for up to six months;
- plans to leave the United Kingdom at the end of his/her visit;

<sup>241</sup> These fees are effective for all visa applications made from 6<sup>th</sup> April 2010. Although quoted in pound sterling, they are payable in local currency. Dependents are charged the same fee as the main applicant, unless stated otherwise. All dependants who are travelling must pay the fee whether or not they are included in the main applicant's passport. A fee will be refunded only if the application is withdrawn in writing prior to any processing of the application and biometrics have not been taken, or if the applicant does not provide biometrics. Refunds will not be given if long-term visit visas are granted for less than the period applied for.

<sup>242</sup> [http://www.ukba.homeoffice.gov.uk/visitingtheuk/businessandspecialvisitors/businessvisitors/](http://www.ukba.homeoffice.gov.uk/visitingtheuk/businessandspecialvisitors/businessvisitors/)
• has enough money to support and accommodate his/herself without working, help from public funds or s/he will be supported and accommodated by relatives or friends;
• does not intend to charge members of the public for services provided or goods received;
• does not intend to study;
• can meet the cost of the return or onward journey;
• is based abroad and have no intention of transferring his/her base to the UK even temporarily;
• receives his/her salary from abroad.
• plans to do one or more of the permissible activities which include:
  - attending meetings, including interviews that have been arranged before coming to the UK, or conferences;
  - arranging deals or negotiating or signing trade agreements or contracts;
  - undertaking fact finding missions;
  - conducting site visits;
  - delivering goods and passengers from abroad such as lorry drivers and coach drivers provided they are genuinely working an international route;
  - tour group couriers who are contracted to a firm outside the UK, who are seeking entry to accompany a tour group and who intend to leave with that tour group;
  - speaking at a conference where this is not run as a commercial concern and the conference is a 'one-off';
  - representing computer software companies by coming to install, debug or enhance their products. Representatives of such companies may also be admitted as business visitors in order to be briefed as to the requirements of a UK customer but if they are to provide a service involving the use of their expertise to make a detailed assessment of a potential customer's requirements this should be regarded as consultancy work for which entry under the points-based system would be required;
  - representing foreign manufacturers by coming to service or repair their company's products within their initial period of guarantee;
  - representing foreign machine manufacturers by coming to erect and install machinery too heavy to be delivered in one piece, as part of the contract of purchase and supply;
  - interpreting or translating for visiting business persons, provided the interpreter/translator is employed by the overseas company and is coming solely to provide this service for the visiting company member.
  - monteurs - workers, for example fitters or servicepersons coming for up to six months to erect, dismantle, install, service, repair or advise on the development of foreign-made machinery;
  - board-level directors attending board meetings in the UK provided they are not employed by a UK company, although they may be paid a fee for attending the meeting.

Business visitors include:
• academic visitors (may enter or stay for 12 months maximum, subject to entry clearance if over six months);
• doctors taking the professional and linguistic assessment board (PLAB);
• doctors coming for clinical attachment or dentists coming for observation;
• Visiting professors accompanying students undertaking study abroad programmes (see guidance for further information);
• film crews on location shoots only, provided they are employed or paid by an overseas company;
• representatives of overseas news media, provided they are employed or paid by an overseas company and are gathering information for an overseas publication or programme;
• secondees from overseas companies;
religious workers undertaking some preaching or pastoral work during a business visit (for example, to attend a conference), provided their base is abroad and they are not taking up an office, post or appointment;
interpreters and translators employed by an overseas company who are coming to the UK solely to accompany and provide a service to business visitors from the company;
advisers, consultants, trainers or trouble shooters employed abroad by the same company to which the client firm in the United Kingdom belongs, provided this does not amount to employment paid or unpaid for the United Kingdom branch; and
persons undertaking specific, one-off training in techniques and work practices used in the UK, in certain circumstances. Persons coming to the UK for one-off training in other circumstances will need to come as student visitors.

The maximum time that a business visitor can spend in the UK at any one time is six months (unless the person is an academic visitor). If granted three months leave to enter upon arrival, the business visitor can apply for an extension as long as his/her stay would not go beyond six months in total.

The business visitor is not allowed to change into any category for which permission to come under the points-based system is needed. The person may do activities of sports or entertainer visitor as well as business visitor activities.

If coming to the UK as a business visitor, the person’s dependants can also come for up to six months (wife, husband, civil partner, same sex partner, unmarried partner and child under the age of 18 years old).

Entertainer visitors can come to the UK for a maximum of six months. To qualify, the applicant will need to be able to show that s/he:

- wants to visit the UK for a maximum of six months;
- plans to leave the UK at the end of his/her visit;
- has enough money to support and accommodate him/herself without working or help from public funds, or will be supported and accommodated by relatives or friends;
- does not intend to charge members of the public for services provided or goods received;
- does not intend to study;
- can meet the cost of the return or onward journey; and
- intends to take part in particular events, including charity events, and will not be paid other than cash prizes or for board and lodging expenses.

Entertainer visitors can do one or more of the permissible activities which include:
- taking part as a professional in one or more music competitions;
- fulfilling one or more specific engagements as an individual amateur entertainer or as part of an amateur group;
- taking part, as either an amateur or a professional, in a cultural event that is included in the list of specific events to which this applies;
- being a member of a visiting entertainer’s support staff or an official attending the same event as the visiting entertainer; or
- taking part in broadcasts or public appearances, provided the person is are not being paid;
- doing an audition, provided this is not performed in front of an audience.

Sports visitors: If a visa national, entry clearance to the UK is required for a sports visit of up to six months (if a visa national). If a non-visa national, permission is not needed to come as a

http://www.ukba.homeoffice.gov.uk/visitingtheuk/businessandspecialvisitors/entertainervisitors/
sports visitor for up to six months. Multiple entry visas are available for sports visitors for six months, and one, two, five and 10 years.

To come to the United Kingdom as a professional or amateur sports visitor, the applicant must be able to show that s/he:

- only wants to visit the UK for up to six months;
- plans to leave the UK at the end of his/her visit;
- has enough money to support and accommodate him/herself without working, help from public funds or s/he will be supported and accommodated by relatives or friends;
- does not intend to charge members of the public for services provided or goods received;
- does not intend to study;
- can meet the cost of the return or onward journey; and
- intends to take part in one or more of the following activities:
  - a particular sporting event, tournament or series of events;
  - in a specific one-off charity sporting event and that you will not be paid other than cash prizes or for board and lodging and other reasonable expenses;
  - as an amateur in a wholly or mainly amateur team and that s/he will not be paid other than for board and lodging and other reasonable expenses;
  - be a member of the support staff of a visiting sportsperson or an official (including those officials coming on a voluntary basis) attending the same event as the visiting sportsperson;
  - undertake personal appearances or promotional activities;
  - undertake a trial provided it is not in front of an audience, or training provided that they are not basing themselves here and they participate in friendly or exhibition matches only.

The maximum time that a sport visitor can spend in the UK United at any one time is six months. If the visitor was given three months permission to enter (known as 'leave to enter') when s/he arrived, s/he may apply for an extension as long as his/her stay would not go beyond six months in total.

The time taken to process a visa can vary tremendously so early application is recommended as is full compliance with the requirements as stated in the relevant documentation.
### ANNEX F: MARKET ENVIRONMENTS FOR PRINCIPAL SERVICES INDUSTRIES IN SELECTED EU MEMBER STATES

#### F1: IN FRANCE

<table>
<thead>
<tr>
<th>Industry</th>
<th>Competitive / Comparative Advantages</th>
<th>Deficiencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy, Support &amp; Outsourcing</td>
<td>Strong subsectors include software development, professional services, outsourcing services. Sector quite advanced in France.</td>
<td>Few companies of global size in these sectors, often national or European in scope.</td>
</tr>
<tr>
<td>Operational Services</td>
<td>Highly developed sector, with temporary work one of the most highly developed in the EU.</td>
<td>Few large international players, as the main temporary work (Adecco/Manpower), security (Securitas) and cleaning firms (ISS) not are from other geographies.</td>
</tr>
<tr>
<td>Transport Services</td>
<td>France has strong presence in transport services, be it with the 2nd largest European airline (Air France), high-speed passenger rail (SNCF), road hauliers or shipping (CMA-CGM)</td>
<td>Strong share of road transport for goods, rail cargo has been suffering for a significant time and is being restructured.</td>
</tr>
<tr>
<td>Consumer Retail</td>
<td>Strongly developed consumer retail market and expertise, with proven ability to adapt to local markets. Presence of global companies like Carrefour and international specialist retail (eg. L’Occitane, Total for petroleum products, luxury retail chains others).</td>
<td>Low margins for large retail combined with strong domestic pressure on consumer prices.</td>
</tr>
<tr>
<td>Banking Services</td>
<td>High level of competitive advantage with several global banks, among others BNP Paribas and Credit Agricole.</td>
<td>Only very limited forays into retail banking outside of France.</td>
</tr>
<tr>
<td>Hotel &amp; Restaurants</td>
<td>High levels of competitiveness, with large international chains such as Accor, Club Med or Sodexho in system catering.</td>
<td>Few discernable.</td>
</tr>
<tr>
<td>Insurance Services</td>
<td>Insurance and re-insurance services are well developed, with AXA as a global player. Further large player include Covéa and Groupama.</td>
<td>Concentrated sector with few international players.</td>
</tr>
<tr>
<td>Leisure, Culture and Sport</td>
<td>French media &amp; communication production is established and sizeable.</td>
<td>Film production is highly cross-subsidised and has its mass appeal limited to the national market.</td>
</tr>
<tr>
<td>Postal Services &amp; Telecommunications</td>
<td>France has high level of competitiveness and international presence in postal services (Groupe la Poste, incl DPD) and telecommunications (France Telecom / Orange).</td>
<td>Postal services have started their internationalisation later and with fewer means than some US and German competitors.</td>
</tr>
<tr>
<td>Industry</td>
<td>Competitive / Comparative Advantages</td>
<td>Deficiencies</td>
</tr>
<tr>
<td>------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Consumer retail</td>
<td>Strong expertise in discount retail with retail formats such as Aldi, Lidl, Obi (DIY), Mediamarkt (consumer electronics).</td>
<td>Low degree of internationalisation. International expansion has developed only in the last decade and has been limited to neighbouring EU countries and the hard discount formats. In the 1990’s German retail was focused on gaining national coverage, in particular with the reunification with Eastern Germany.</td>
</tr>
<tr>
<td>Transport services</td>
<td>Strong sector serving the export strength of the German economy. Large transport companies like Deutsche Bahn / Schenker logistics, Hapag-Lloyd, Lufthansa and many specialised SMEs have expanded across Europe and globally.</td>
<td>Few discernable.</td>
</tr>
<tr>
<td>Consultancy</td>
<td>Large and fragmented sector focused largely on the domestic economy. The regulation intensity and complexity make law and tax advice a very important service sector.</td>
<td>Limited international competitiveness with a few exceptions such as Roland Berger (management consultancy) or Roedl (audit &amp; tax advice).</td>
</tr>
<tr>
<td>Business and consumer services</td>
<td>Broad field of activity with significant further development potential both domestically (e.g. temporary work is underrepresented in Germany) and internationally (e.g. call centre operators have just started to internationalise).</td>
<td>Relatively late start to internationalisation, certainly due to large domestic development potential in the service sector.</td>
</tr>
<tr>
<td>Real estate services</td>
<td>While by definition a more location-bound business, some operators are internationalising successfully, notably in facility services (Bilfinger Berger), airport management (Fraport) and real estate development.</td>
<td>Few discernable.</td>
</tr>
<tr>
<td>Postal services &amp; telecoms</td>
<td>Germany has a high level of competitiveness with the Deutsche Post / DHL group and Deutsche Telekom, who is also the number 3 player in the US mobile telecom market. Benefited from early liberalisation and internationalisation.</td>
<td>Due to the large size of the German market, many small- and mid-sizes software houses are focused on the domestic economy and have limited internationalisation.</td>
</tr>
<tr>
<td>Software services and databases</td>
<td>German software houses are considered competitive, in particular with SAP as the global leader in ERP (enterprise computing) IT solutions.</td>
<td>Few internationally minded groups, mostly focused on German clients.</td>
</tr>
<tr>
<td>Hotel &amp; restaurants</td>
<td>High standards of quality in this predominantly domestics focused service sector. Some international resort chains cater to predominantly German visitors (TUI, Robinson).</td>
<td>Germany has a fragmented banking landscape with many cooperative and municipal / state banks that exert pressure on margins in the domestic banking industry. The German banking sector has been strongly affected by the financial crisis, notably with the difficulties of many large players like HRE, Dresdner /Commerzbank, and the Landesbanken.</td>
</tr>
<tr>
<td>Banking and insurance services</td>
<td>Quite competitive in commercial and retail banking, with institutions like Deutsche Bank and Dresdner/ Commerzbank. Strong in insurance with global leaders Allianz and Munich Re.</td>
<td></td>
</tr>
</tbody>
</table>
### F3: IN IRELAND

<table>
<thead>
<tr>
<th>Industry</th>
<th>Market size</th>
<th>No. of Jobs/Firms</th>
<th>Competitive / Comparative Advantages</th>
<th>Deficiencies / Opportunities for Growth &amp; Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Financial Services</td>
<td>€15.5bn</td>
<td>550 firms approx.</td>
<td>Significant financial centre for international banking, funds &amp; insurance; Hosts half of world’s top banks; largest exchange of funds listing in world; no. 1 for cross-border life insurance in Europe;</td>
<td>Multi-currency payments systems; insurance underwriting, intermediaries &amp; specialist services; funds management &amp; outsourcing services; middle &amp; back office administration; network management &amp; data services; business activity monitoring &amp; custodial services Added value BPO services to global financial services industry</td>
</tr>
<tr>
<td>Tourism &amp; Travel</td>
<td>€4.1bn</td>
<td>171,000 jobs</td>
<td>Good growth in domestic travel sector; strong performance in passenger airline industry (Ryan Air etc)</td>
<td>Distribution &amp; Reservation technologies; Business tourism; Eco-tourism; Experiential tourism; China &amp; India travellers</td>
</tr>
<tr>
<td>ICT Services (Software Devt.)</td>
<td>€23.7bn</td>
<td>60,000 jobs</td>
<td>Recognised as a world class growth centre for software products and services;</td>
<td>CRM &amp; Mobile technologies; Business Process &amp; enterprise management;</td>
</tr>
<tr>
<td>Telecommunications, Internet, Media &amp; Entertainment (TIME)</td>
<td>N/A</td>
<td>200 firms</td>
<td>Innovation track record; strong knowledge of network management, service delivery &amp; messaging; emerging internet cluster for B2B &amp; B2C; animation cluster providing content &amp; services internationally; vibrant cluster of over 200 companies with global reach across the value chain.</td>
<td>Consumer &amp; Enterprise solutions; security / data platforms, Telco 2.0 solutions, messaging; niche social networks; SAAS; IPTV; user generated content for cross-media platforms; interactive programming;</td>
</tr>
<tr>
<td>Business services</td>
<td>€18.9bn</td>
<td>N/A</td>
<td>One of the world’s leading service economies; English language; qualified workforce;</td>
<td>Merchanting; operational leasing; legal, accounting &amp; professional services; advertising; R&amp;D; engineering &amp; technical services</td>
</tr>
<tr>
<td>Education</td>
<td>€372mn</td>
<td>N/A</td>
<td>English language standard; technology infrastructure; skilled workforce;</td>
<td>Internationalisation of education; High quality education delivered in English for overseas students</td>
</tr>
<tr>
<td>Environmental Goods &amp; Services</td>
<td>€2.8bn</td>
<td>6,500 jobs</td>
<td>Significant capabilities in water, electronics, software, renewable energy, waste recycling; international subsidiaries offering environmental consultancy services;</td>
<td>Increased investment in energy &amp; environmental R&amp;D; Green public procurement; Green consumerism; efficient energy use &amp; management; water &amp; waste water treatment</td>
</tr>
</tbody>
</table>
## F4: IN THE NETHERLANDS

<table>
<thead>
<tr>
<th>Industry</th>
<th>Market size</th>
<th>No. of Jobs</th>
<th>Competitive / Comparative Advantages</th>
<th>Deficiencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>9.057 billion Euros</td>
<td>1.046 Million</td>
<td>English and multi-lingual speakers, great international business connections and inexpensive and rapid access to Europe including UK</td>
<td>Relatively small domestic market, reliance on overseas clients,</td>
</tr>
<tr>
<td>Financial and Business Services</td>
<td>60.6 billion Euros</td>
<td>1.571 Million</td>
<td>According to the Mercer Global Pension Index, the Dutch pension system ranks best in the world. Good knowledge of mainland Europe, English speakers.</td>
<td>Deficiency identified in the role played by the central organization of the cooperative bank in undertaking fit and proper examinations.</td>
</tr>
<tr>
<td></td>
<td>(2008)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banking</td>
<td>1.3 trillion Euros,</td>
<td>6,121 branches &amp; 2,575 branches abroad (1999)</td>
<td>Large local banks—ABN Amro, Rabobank and ING Bank—account for about 75 percent of lending in the kingdom. Good international coverage; presence of many leading overseas banks.</td>
<td>Financial services account for about 72 percent of the service sector.</td>
</tr>
<tr>
<td></td>
<td>115 banks. (1999)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telecommunications</td>
<td>US$10.3 Billion (1999)</td>
<td>N/A</td>
<td>Industry is changing rapidly. Regulator is playing a major role in regulating the market. New entrants on mobile and fixed communications are entering the market. The consumer is getting used to perceive high quality for less money.</td>
<td>85 percent of the market is based on telecommunications services, and the remaining 15 percent is equipment</td>
</tr>
<tr>
<td></td>
<td>Growth rate between 5-10% per annum</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal Services</td>
<td>5.136 billion Euros</td>
<td>2.68 Million</td>
<td>Law is very liberal. Familiarity of many neighbouring European countries laws, languages and cultures.</td>
<td>Relatively small domestic market, reliance on overseas clients.</td>
</tr>
<tr>
<td>Market &amp; Economic Research</td>
<td>13.322 billion Euros</td>
<td>1.191 Million</td>
<td>English &amp; multi-lingual speakers, many local companies large and small involved in diverse aspects business, media, publishing, trade events etc.</td>
<td>Relatively small domestic market, reliance on overseas clients.</td>
</tr>
<tr>
<td></td>
<td>(2007)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer Programming and Consultancy</td>
<td>20.899 billion Euros</td>
<td>1.74 million</td>
<td>Highest rate of Internet usage per person in Europe. Between 1997-2006, Amsterdam attracted 44.2% (132 projects) of all ICT related FDI projects in The Netherlands. However, other Dutch cities are also highly attractive for ICT companies.</td>
<td>Increasing competition from within and outside EU</td>
</tr>
<tr>
<td></td>
<td>(2007)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourism, Hotels &amp; Restaurants</td>
<td>7.726 billion Euros</td>
<td>4.5 Million</td>
<td>Liberal attitudes welcome foreigners, good transportation linkages to mainland EU and UK, strong international country brand, good reputation, wide diaspora.</td>
<td>Mature EU Market; changing demands from new markets – India, China</td>
</tr>
<tr>
<td></td>
<td>(2007)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport, Storage, Communication</td>
<td>9.543 billion Euros</td>
<td>N/A</td>
<td>Excellent port and airport facilities serve as key hubs and access points to Europe. Fast motorway networks facilitate rapid and affordable movement of physical goods across flat landscape,</td>
<td>Reduced demand during world recession and resultant surplus capacity</td>
</tr>
</tbody>
</table>

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247 Cyprian A. Smits, *Strategic planning in the Dutch Telecommunications Industry*

248 Netherlands Foreign Investment Agency Information Manual
### F5: IN SPAIN

<table>
<thead>
<tr>
<th>Industry</th>
<th>Market size</th>
<th>No. Firms</th>
<th>Competitive / Comparative Advantages</th>
<th>Deficiencies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tourism &amp; Leisure</strong></td>
<td>106,374 (euros contributed on the Spanish GPD)</td>
<td>8,633 travel agents, 21,271 hotels; 66,102 passenger transport; 263,829 cafes, restaurants and bars</td>
<td>Level of growth, importance for the economy, support of other services industries, prospects for further growth, infrastructure and facilities</td>
<td>94.7% of the sector’s firms are of micro size; the level of average stay of tourists has been decreased</td>
</tr>
<tr>
<td>Real Estate</td>
<td>35,720 homes were sold in February indicating the beginning of the sector’s recovery</td>
<td>Approximately 30,000</td>
<td>Low prices, high number of properties available across the country, geographical position/access to the European and the American market</td>
<td>Decrease in demand from recession; Lack of professional skills of the people working in the specific sector</td>
</tr>
<tr>
<td>Financial Services and Insurance</td>
<td>Investment on the Spanish Financial Intermediation, Banking and Insurance reached the level of 41.2% (2007/8)</td>
<td>Approximately 32 banks</td>
<td>Alignment with the standards of the EU, variety of services, customer support, appropriate customizations for countries of the CARIFORUM</td>
<td>High competition, pressures due to the global crisis</td>
</tr>
<tr>
<td>Education</td>
<td>State education in Spain is co-educational and is entirely free, from nursery school through to university</td>
<td>Over 51 public and 21 private universities</td>
<td>A variety of options among educational institutes, no-fees (in public schools and universities), educators are well qualified</td>
<td>High number of pupils/students – difficulties in monitoring the application of the principles and the rules set by the country’s educational authorities, difficulties in responding to the needs of all pupils/students</td>
</tr>
<tr>
<td>Health, Biotechnology &amp; Life Sciences</td>
<td>Spain is ranked 7th by the World Health Organization (WHO) for best health care in Europe</td>
<td>12,000 in the medical devices sector, 750 Hospitals</td>
<td>In both 1965 and 1981, the country had a better population-to-physician ratio than the average of the industrial democracies. In 2007, Spain had 3.7 practising physicians per 1,000 population and a significant increase in the availability of diagnostic technologies</td>
<td>The investment on health is limited - only US$220 per person in 1983; In 2007 the investment on health in Spain was just the 8.5% of GDP</td>
</tr>
</tbody>
</table>

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F5: IN SPAIN (cont.)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Market size</th>
<th>No. Firms</th>
<th>Competitive / Comparative Advantages</th>
<th>Deficiencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment &amp; Water Treatment</td>
<td>10.8 billion euros(^{260})</td>
<td>250,000 jobs (^{2}), 2,000 companies(^{104})</td>
<td>Highly qualified workforce, increased public regulation stimulating sector, leading waste water treatment; supply chain constructors; local expertise</td>
<td>Need for process innovation; investment required for further technological development</td>
</tr>
<tr>
<td>ICT</td>
<td>101.3 billion euros(^{104})</td>
<td>N/A</td>
<td>Rapid growth across most sub-sectors; convergence of services and good infrastructure</td>
<td>Competitive across EU</td>
</tr>
<tr>
<td>Renewable Energies</td>
<td>20,000MW capacity (2010 target for wind power)</td>
<td>500 companies in wind power alone, 60,000 jobs projected in 2010(^{261})</td>
<td>World leader in technological and industrial developments; strong local and international cluster; Wide range of expertise in all main renewable areas; public sector promotion</td>
<td>Need for international investment and further funding</td>
</tr>
</tbody>
</table>

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258 Spain, Health and Welfare, online, as above

259 OECD, Health Data, 2009, online, as above

260 Invest in Spain

## F6: IN THE UK

<table>
<thead>
<tr>
<th>Industry</th>
<th>Market size 262</th>
<th>No. of Jobs</th>
<th>Competitive / Comparative Advantages</th>
<th>Deficiencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountancy</td>
<td>£10 bn.</td>
<td>356,000</td>
<td>World class reputation; long established global access to markets; leaders in global standards and reliability; evolving best practices adopted and promoted worldwide;</td>
<td>Expensive fees; dominated by larger companies;</td>
</tr>
<tr>
<td>Management &amp; Marketing Consultancy</td>
<td>£11bn.</td>
<td>569,000</td>
<td>Large diverse consulting and business service sector; cluster of blue-chip companies operating globally esp. in London; rich pool of graduate talent from around the world;</td>
<td>Expensive fees when £ strong; not geared up for non-English speaking markets;</td>
</tr>
<tr>
<td>Financial Services</td>
<td>£17 bn.</td>
<td>&gt;1 million</td>
<td>London is global centre for transacting business; several world commodity markets established there; attracts private capital and wealthy individuals from around the world;</td>
<td>Expensive fees when £ strong;</td>
</tr>
<tr>
<td>Education &amp; Training</td>
<td>£28 bn.</td>
<td>280,000</td>
<td>English language standard; historical and operational networks with Commonwealth countries &amp; other institutions worldwide;</td>
<td>Expensive fees when £ strong;</td>
</tr>
<tr>
<td>ICT Sector</td>
<td>£66 bn.</td>
<td>651,000</td>
<td>Cluster of ICT companies operating in-country esp. in and around London; Global players and strong SME segment present across the many sub-sectors; innovation and inventiveness; access to finance to fund R&amp;D;</td>
<td></td>
</tr>
<tr>
<td>Legal Services</td>
<td>£18.3 bn.</td>
<td>368,000</td>
<td>First mover advantages; basis of legal structure for 53 Commonwealth countries; access to graduates globally; linkages to many countries &amp; markets; cross-linkages to finance and industry;</td>
<td>Expensive fees when £ strong;</td>
</tr>
<tr>
<td>Environmental / Power Services</td>
<td>Data indeterminate – very dynamic and evolving rapidly</td>
<td></td>
<td>UK Government supporting the development of this emerging sector; innovative talent; scope for new developments and domestic projects; large potential market in EU near term;</td>
<td>Home focus at present; not geared up fully for international markets</td>
</tr>
<tr>
<td>Music</td>
<td>£5 bn.</td>
<td>126,000</td>
<td>Rich history of music genres; English language adopted globally; links to many cultures and countries internationally; strong presence in distribution channels and supply chain;</td>
<td>Fragmented sector; traditional distribution channels in turmoil with internet evolution;</td>
</tr>
<tr>
<td>Film</td>
<td>£6 bn.</td>
<td>35,000 (UK Film Council)</td>
<td>English language standards; long established theatrical traditions &amp; institutions; UK financial incentives; links to American film industry; rich stock of props &amp; settings – public &amp; private; sourcing &amp; production of scripts; emerging links to Bollywood;</td>
<td>Access to finance and funding intermittent; less inclined to risk taking than US counterparts; somewhat “old-boys network”; narrow range of genres; high local costs</td>
</tr>
<tr>
<td>Heritage</td>
<td>N/A</td>
<td>N/A</td>
<td>Plethora of museums and cultural sites, artefacts, historical items; experience in maintaining historical records &amp; items as well as maintaining heritage sites worldwide</td>
<td>High labour costs; poor marketing of expertise internationally; narrow focus on UK perspective;</td>
</tr>
</tbody>
</table>

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262 UK Trade & Invest  
263 Department of Business Innovation & Skills: A 2020 Vision for Growth
ANNEX G: REGULATORY REGIMES FOR PRINCIPAL SERVICES INDUSTRIES IN SELECTED EU MEMBER STATES

G1: IN FRANCE

The regulatory regime for entry in the various services sectors varies considerably, in particular with regards to permitting requirements, concessions and labour laws. Some of the sectors are relatively lightly regulated (e.g. consultancy and support services), and some are heavily regulated sectors (e.g. postal services and media & communication).

G2: IN GERMANY

The regulatory regime for entry in the various services sectors varies considerably, in particular with regards to permitting requirements, concessions and labour laws. Some of the sectors are relatively lightly regulated (e.g. support services), and some are heavily regulated sectors (e.g. financial services).
### G3: IN IRELAND

<table>
<thead>
<tr>
<th>Industry</th>
<th>Responsible Ministry or State body</th>
<th>Regulations / Policies</th>
<th>Licensing / Permits</th>
<th>Protected Professional Designation / Title?</th>
<th>Language Requirements</th>
<th>Continuing Professional Devt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Financial Services</td>
<td>The Financial Regulator - includes the Central Bank and the Financial services Authority of Ireland</td>
<td>Details can be found on: <a href="http://www.financialregulator.ie/Pages/home.aspx">http://www.financialregulator.ie/Pages/home.aspx</a></td>
<td>Each regulated financial service has its own specific licensing / permitting requirements details of which can be found on the respective financial regulators web page.</td>
<td>Numerous dependent on service type see specific web address.</td>
<td>English</td>
<td>Required to maintain regulatory status</td>
</tr>
<tr>
<td>Services which include:</td>
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<tr>
<td>Credit Unions</td>
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<tr>
<td>Electronic Money Institutions</td>
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<tr>
<td>Funds</td>
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<tr>
<td>Fund Service Providers</td>
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<tr>
<td>Insurance/Reinsurance Undertakings</td>
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</tr>
<tr>
<td>Insurance/Reinsurance Intermediaries</td>
<td></td>
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</tr>
<tr>
<td>Investment Firms</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Investment Intermediaries</td>
<td></td>
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<td></td>
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<tr>
<td>Mortgage Intermediaries</td>
<td></td>
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<tr>
<td>Moneylenders</td>
<td></td>
<td></td>
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<tr>
<td>Money Transmitters/Bureau de Change</td>
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<tr>
<td>Payment Institutions</td>
<td></td>
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</tr>
<tr>
<td>Regulated Markets</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Retail Credit Firms/Home Reversion Firms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Institutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Services</td>
<td>Environmental Protection Agency of Ireland</td>
<td>Details on the regulations and policies can be found on the following web site: <a href="http://www.epa.ie/whatwed">http://www.epa.ie/whatwed</a> o/licensing/</td>
<td>Licensed activities are required to conform to best practice and all licences, authorisations and permits are routinely monitored to ensure ongoing compliance with requirements</td>
<td>Not Applicable</td>
<td>English</td>
<td>Required for certain environmental services</td>
</tr>
</tbody>
</table>
## G3: IN IRELAND (cont.)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Responsible Ministry or State body</th>
<th>Regulations / Policies</th>
<th>Licensing / Permits</th>
<th>Protected Professional Designation / Title?</th>
<th>Language Requirements</th>
<th>Continuing Professional Devt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism and Travel</td>
<td>Department of Tourism Culture and Sport</td>
<td>Regulations are specific to the element of tourism i.e. hotels-effects may differ</td>
<td>See attached Web site <a href="http://www.arts-sport-tourism.gov.ie/">http://www.arts-sport-tourism.gov.ie/</a></td>
<td>Different aspects are performance rated and specific qualifications are required.</td>
<td>English</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>ICT Services (Software Development)</td>
<td>N/A</td>
<td>N/A</td>
<td>Not a requirement Recent IP tax breaks an incentive</td>
<td>None required</td>
<td>English</td>
<td>Not a requirement</td>
</tr>
<tr>
<td>Education</td>
<td>Department of Education and Skills</td>
<td>See Dept. of Education &amp; Skills <a href="http://www.education.ie">www.education.ie</a></td>
<td><a href="http://www.education.ie/home/home.jsp?maincat=32818&amp;parentcategory=32818&amp;sec=32818&amp;sectionpage=27692&amp;language=EN&amp;link=&amp;page=1">http://www.education.ie/home/home.jsp?maincat=32818&amp;parentcategory=32818&amp;sec=32818&amp;sectionpage=27692&amp;language=EN&amp;link=&amp;page=1</a></td>
<td>N/A</td>
<td>English</td>
<td>YES</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>1. The Department for Communication Energy , marine and natural resources</td>
<td><a href="http://www.comreg.ie/">http://www.comreg.ie/</a> European Communities (Electronic Communications Networks and Services) (Authorisation) Regulations 2003 (S.I. No. 306 of 2003), Details can be found on <a href="http://www.comreg.ie/licensing_and_services/licensing_and_services.html">http://www.comreg.ie/licensing_and_services/licensing_and_services.html</a></td>
<td>None Required</td>
<td>English</td>
<td>Preferable but not a requirement</td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td>Office of internet Safety Under the Department of justice equality and Law reform</td>
<td>Self regulated by the Internet service providers association of Ireland</td>
<td>No specific requirement found</td>
<td>None required</td>
<td>English</td>
<td>NR</td>
</tr>
<tr>
<td>Media</td>
<td>Department of communication, energy, marine, and natural resources</td>
<td><a href="http://www.bai.ie/publications/publications_codestandards.html">http://www.bai.ie/publications/publications_codestandards.html</a></td>
<td>No specific requirement found</td>
<td>None required</td>
<td>English</td>
<td>NR</td>
</tr>
<tr>
<td>Entertainment</td>
<td>Department of Culture</td>
<td>N/A</td>
<td>None Required</td>
<td>N/A</td>
<td>English – possibly others acceptable</td>
<td>NR</td>
</tr>
<tr>
<td>Business Services</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>English</td>
<td>NR</td>
</tr>
</tbody>
</table>
### G4: IN THE NETHERLANDS

<table>
<thead>
<tr>
<th>Industry</th>
<th>Responsible Ministry or State body</th>
<th>Regulations / Policies</th>
<th>Licensing / Permits</th>
<th>Protected Professional Designation / Title?</th>
<th>Language Requirements</th>
<th>Continuing Professional Devt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>IFAC (International Federation of Accountants). The Netherlands Order of Accountants and Administrative Consultants (NOvAA), the professional body of accountants, acts as governing body and sets the standards that accountants must satisfy in practicing their profession.</td>
<td>Only registered accountants (—RA) and accountant administration consultants (—AA) are permitted by law to provide an accountant’s declarations to a company’s, or legal entity’s annual accounts. MSc qualification followed by 3 years professional experience working in an accounting firm, prior to registration in the register of accountants with the NIVRA.</td>
<td>In accordance with the Lisbon Convention all similar degrees from other EU and EEA countries are recognised. Nuffic – a government body tasked with cooperation in international higher education can determine the accreditation and evaluation of foreign diplomas and degrees.</td>
<td>Registered accountants (—RA) and accountant administration consultants (—AA)</td>
<td>English (&amp; Dutch?)</td>
<td>N/A</td>
</tr>
<tr>
<td>Financial Services</td>
<td>Ministerie van Financiën (Website Hyperlinked)</td>
<td>See the Netherland Authority for Financial Markets <a href="http://www.afm.nl/en/over-amf.aspx">http://www.afm.nl/en/over-amf.aspx</a></td>
<td>N/A</td>
<td>English (&amp; Dutch?)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>Ministry of Economic Affairs</td>
<td>See: Independent Post &amp; Telecommunications Agency</td>
<td>N/A</td>
<td>English (&amp; Dutch?)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Legal Services</td>
<td>Netherlands Bar Association <a href="http://www.advocatenorde.nl/english/default.aspapprenticeship">http://www.advocatenorde.nl/english/default.aspapprenticeship</a>.</td>
<td>Advocaat</td>
<td>N/A</td>
<td>English (&amp; Dutch?)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Market &amp; Economic Research</td>
<td>N/A</td>
<td>Centre for Marketing Intelligence and Research <a href="http://www.moaweb.nl/english">http://www.moaweb.nl/english</a></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Computer Programming and</td>
<td>Ministry of Education, Culture and Science (Ministerie van Onderwijs, Cultuur en Wetenschappen; OCW)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Consultancy</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Tourism, Hotels &amp;</td>
<td>Netherlands Board of Tourism &amp; Conventions <a href="http://www.holland.com">www.holland.com</a></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Restaurants</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Transport &amp; Storage</td>
<td>Ministry of Transport, Public Works and Water Management (Ministerie van Verkeer en Waterstaat; V&amp;W</td>
<td>See <a href="http://www.ivw.nl">www.ivw.nl</a></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
### G5: IN SPAIN

<table>
<thead>
<tr>
<th>Industry</th>
<th>Responsible Ministry or State body</th>
<th>Regulations / Policies</th>
<th>Licensing / Permits</th>
<th>Protected Professional Designation / Title?</th>
<th>Language Requirements</th>
<th>Continuing Professional Devt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism &amp; Leisure</td>
<td>Spain Ministry of Industry, Tourism and Trade</td>
<td>TOURISM LAW 13/2002</td>
<td>From the local authorities</td>
<td>Spanish, English (regionally - Basque, Galician, Catalan)</td>
<td>Not Applicable</td>
<td></td>
</tr>
<tr>
<td>Financial Services and Insurance</td>
<td>Ministry of Economy and Finance, Spanish Securities Market Commission, Insurance sector regulator</td>
<td>1988 Law on Securities Market No. 24of 1988[264] Directive (95/26/EC), investor compensation Directive (97/9/EC)[265]</td>
<td>Licence or authorization needs to exist by an official body such as the CNMV (Comisión Nacional del Mercado de Valores), the DGSFP (Dirección General de Seguros y Fondos de Pensiones), Gibraltar FSC (Financial Services Commission)[266]</td>
<td>Spanish, English (regionally - Basque, Galician, Catalan)</td>
<td>See Ministry Directives</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Ministry of Education, Conference of Rectors of Spanish Universities</td>
<td>Education law LOGSE (1990)[267]</td>
<td>Academic certificate or university diploma, Further qualifications in accordance with the sector chosen[268]</td>
<td>Spanish, English (regionally - Basque, Galician, Catalan)</td>
<td>See Ministry directives</td>
<td></td>
</tr>
<tr>
<td>Health – Biotechnology &amp; Life Sciences</td>
<td>Ministry of Health</td>
<td>Regulation 1408/71, Medicines Law</td>
<td>Full License to Practice Medicine, License for Specialist, License for GP</td>
<td>Spanish, English (regionally - Basque, Galician, Catalan)</td>
<td>See Ministry directives</td>
<td></td>
</tr>
</tbody>
</table>

---


<table>
<thead>
<tr>
<th>Industry</th>
<th>Responsible Ministry or State body</th>
<th>Regulations / Policies</th>
<th>Licensing / Permits</th>
<th>Protected Professional Designation / Title?</th>
<th>Language Requirements</th>
<th>Continuing Professional Devt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment &amp; Water Treatment</td>
<td>Ministry of Environment, Rural and Marine Affairs</td>
<td>Art. 7.2. la Directiva 2003/4/CE del Parlamento Europeo y del Consejo, de 28 de enero de 2003, Directiva 90/313/CEE del Consejo establece que La información que se haya de facilitar y difundir será actualizada si procede e incluirá como mínimo:</td>
<td>Not applicable</td>
<td>Spanish, English (regionally - Basque, Galician, Catalan)</td>
<td>See Ministry Directives</td>
<td></td>
</tr>
<tr>
<td>ICT</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Spanish, English (regionally - Basque, Galician, Catalan)</td>
<td>Not Available</td>
<td></td>
</tr>
<tr>
<td>Renewable Energies</td>
<td>N/A</td>
<td>Real Decreto 661/2007, de 25 de mayo, por el que se regula la actividad de producción de energía eléctrica en régimen especial. Also important is the Order ITC/1522/2007 May 24.</td>
<td>Not applicable</td>
<td>Spanish, English (regionally - Basque, Galician, Catalan)</td>
<td>Not Available</td>
<td></td>
</tr>
</tbody>
</table>
## G6: IN THE UK

<table>
<thead>
<tr>
<th>Industry</th>
<th>Responsible Ministry or State body</th>
<th>Regulations / Policies</th>
<th>Licensing / Permits</th>
<th>Protected Professional Designation / Title?</th>
<th>Language Requirements</th>
<th>Continuing Professional Devt. (ongoing training)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountancy</td>
<td>N/A – see ICA</td>
<td>Yes as per ICA (England &amp; Wales)</td>
<td>N/A</td>
<td>Chartered Accountant Certified Accountant Chartered Management Accountant</td>
<td>English</td>
<td>ICA &amp; CIMA</td>
</tr>
<tr>
<td>Management &amp; Marketing Consultancy</td>
<td>N/A – see CIM &amp; IBC in table 6.3 below</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
<td>English</td>
<td>Varies</td>
</tr>
<tr>
<td>Financial Services</td>
<td>Financial Services Authority (FSA)</td>
<td>Yes very regulated as per FSA</td>
<td>FSA awards permits &amp; licenses to “fit and proper persons”</td>
<td>Varies as per FSA</td>
<td>English</td>
<td>Yes as per industry trends</td>
</tr>
<tr>
<td>Education &amp; Training</td>
<td>Minister for Schools and Skills</td>
<td>N/A</td>
<td>N/A</td>
<td>English</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>ICT Sector</td>
<td>EU Regulatory Framework</td>
<td>Variable</td>
<td>Depends on sector</td>
<td>Yes as per industry trends</td>
<td>English</td>
<td>Yes as per industry trends</td>
</tr>
<tr>
<td>Legal Services</td>
<td>Law Society</td>
<td>Yes</td>
<td>Yes as per Law Society</td>
<td>Yes</td>
<td>English</td>
<td>Yes as per industry trends</td>
</tr>
<tr>
<td>Environmental / Power Services</td>
<td>National Environment Agency (NEA)</td>
<td>As per NEA – evolving</td>
<td>Licensed activities are required to conform to best practice and all licences, authorisations and permits are routinely monitored to ensure ongoing compliance with requirements</td>
<td>N/A</td>
<td>English</td>
<td>N/A</td>
</tr>
<tr>
<td>Music</td>
<td>Dept. For Culture, Media &amp; Sport</td>
<td>N/A</td>
<td>N/A</td>
<td>None</td>
<td>English – not restrictive</td>
<td>N/A</td>
</tr>
<tr>
<td>Film</td>
<td>UK Film Council</td>
<td>N/A</td>
<td>For specific locations and benefits</td>
<td>None</td>
<td>English – not restrictive</td>
<td>N/A</td>
</tr>
<tr>
<td>Heritage</td>
<td>Dept. For Culture, Media &amp; Sport</td>
<td>N/A</td>
<td>N/A</td>
<td>None</td>
<td>English</td>
<td>N/A</td>
</tr>
</tbody>
</table>
ANNEX H: PROFESSIONAL & ACCREDITATION REQUIREMENTS FOR PRINCIPAL SERVICES INDUSTRIES IN SELECTED EU MEMBER STATES

H1: IN FRANCE

The professional and accreditation requirements vary strongly across services according to sector and functions. In light of the amount of different public authorisations involved, interested parties are recommended to contact Invest in France agency\(^{269}\) or the “missions économiques” present in CARIFORUM\(^{270}\) for precise support in this area.

H2: IN GERMANY

As with France, the professional and accreditation requirements vary strongly across services according to sector and functions. Interested parties are recommended to contact the German Trade & Invest agency\(^{271}\) or the AHK, the German Chamber of Commerce in CARIFORUM\(^{272}\).

\(^{269}\) [www.invest-in-france.org](http://www.invest-in-france.org)
\(^{272}\) Germany – Dominican Republican Chamber of Commerce [http://dominikanischerepublik.ahk.de/](http://dominikanischerepublik.ahk.de/) (only local representation in CARIFORUM)
<table>
<thead>
<tr>
<th>Industry</th>
<th>Accrediting Entity</th>
<th>Qualifications / Certifications</th>
<th>Registration Process</th>
<th>Entry qualification / exams?</th>
<th>Specific training or experience?</th>
<th>Courses offered which lead to qualification?</th>
<th>Fast track system for acquiring qualifications?</th>
<th>Mutual Recognition of overseas qualifications?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental Services</strong></td>
<td>No specific individual accreditation</td>
<td>No specific qualifications</td>
<td>N/A</td>
<td>N/A</td>
<td>Experience from relevant work done</td>
<td>N/A</td>
<td>N/A</td>
<td>International work experience will most likely be recognised</td>
</tr>
<tr>
<td><strong>Tourism &amp; Travel</strong></td>
<td>No specific individual accreditation</td>
<td>Training is provided By Faite <a href="http://www.failteireland.ie/Tourism-Education">http://www.failteireland.ie/Tourism-Education</a></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>ICT Services (Software Development)</strong></td>
<td>No specific individual accreditation</td>
<td>Some required depending on individuals activity</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
### H3: IN IRELAND (cont.)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Accrediting Entity</th>
<th>Qualifications / Certifications</th>
<th>Membership</th>
<th>Courses offered which lead to qualification?</th>
<th>Fast track system for acquiring qualifications?</th>
<th>Mutual Recognition of overseas qualifications?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education</strong>&lt;sup&gt;273&lt;/sup&gt;</td>
<td>The Teaching Council for primary and secondary education</td>
<td>Registration as a teacher at primary or post-primary (including further education) level is governed by Section 31(5) of Teaching Council Act, 2001 and the Teaching Council [Registration] Regulations 2009.</td>
<td>Yes, First degree</td>
<td>As per National Qualifications Authority of Ireland</td>
<td>Yes</td>
<td>Postgraduate diploma in education</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>No specific individual accreditation</td>
<td>Some required depending on activity</td>
<td>Depends on aspect of telecoms work</td>
<td>Diverse and dynamic field</td>
<td>International work experience will most likely be recognised</td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td>Some required depending on activity</td>
<td>Depends on aspect of Internet work</td>
<td>Diverse and dynamic field</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Media</strong></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Entertainment</strong></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business Services</strong></td>
<td>No specific individual accreditation</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>International work experience will most likely be recognised</td>
<td></td>
</tr>
</tbody>
</table>

---

### H4: IN THE NETHERLANDS

<table>
<thead>
<tr>
<th>Industry</th>
<th>Accrediting Entity</th>
<th>Qualifications / Certifications</th>
<th>Membership</th>
<th>Courses offered which lead to qualification?</th>
<th>Fast track system for acquiring qualifications?</th>
<th>Mutual Recognition of overseas qualifications?</th>
</tr>
</thead>
</table>
| Accounting| Netherland Institute for Registered Accountants [http://www.nivra.nl/NivraSite/English/](http://www.nivra.nl/NivraSite/English/) Register Accountant Complete training program starts as soon as graduation after high school, college or university but eventually a BSc followed by a MSc in accountancy program and finally RA certification is achieved. Governed by Netherlands law and NIVRA professional organization [http://www.nivra.nl](http://www.nivra.nl). This auditor mainly serves listed clients. There are approximately 11,000 RA's in the Netherlands. Netherland Order of Administrative Accountants [http://www.novaa.nl](http://www.novaa.nl)/ Accountant Administratie Consulent Complete training program starts after graduation at college by a BSc followed by a MSc in accountancy program and finally AA certification is achieved. Governed by Netherlands law and NOVAA professional organization [http://www.novaa.nl](http://www.novaa.nl). This auditor mainly serves SME clients. There are approximately 6,000 AA's in the Netherlands. | When a foreign auditor wishes to perform statutory audits in the Netherlands he or she must acquire membership of either NOvAA or NIVRA. In order to become a member the foreign auditor must first apply for a certificate of professional competence based on either article 57 Waa (in order to become a member with NOvAA) or article 78 Wra (in order to become a member of NIVRA). A distinction is made in the application procedure for applicants with accountancy qualifications from within the European Union and from outside the European Union regarding the evidence they need to present to CEA. Foreign accountants with accountancy qualifications from within the European Union must also supply a standard statement from a competent authority from their home country. The application for a certificate of professional competence includes two exams:  
- Dutch Law (Company law and Tax law);  
- the Code of Conduct for Accountants-Administratieconsulnten. The two (oral) exams will be organised by the NOvAA. The candidate may choose to do the exams either in Dutch or English. For more information, please contact the NOvAA (contact person: Mr. A. Bonestroo, ABonestroo@novaa.nl, tel: +31 70 3 383 600). The autonomous administrative authority CEA (Commissie Eindtermen Accountantsopleiding, [www.cesweb.nl](http://www.cesweb.nl)) is the body governed by law that deals with application requests from foreign accountants to become a registered accountant in The Netherlands An AA-Accountant is an internationally recognised accountant who is authorised to perform audits, comparable with the English Chartered or Certified Accountant. An AA-Accountant meets the European Directives for statutory audits and specialises in small and medium-sized enterprises. | | | | | |
<table>
<thead>
<tr>
<th>Industry</th>
<th>Accrediting Entity</th>
<th>Qualifications / Certifications</th>
<th>Membership</th>
<th>Registration Process</th>
<th>Entry qualification / exams?</th>
<th>Specific training or experience?</th>
<th>Courses offered which lead to qualification?</th>
<th>Fast track system for acquiring qualifications?</th>
<th>Mutual Recognition of overseas qualifications?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunications</td>
<td><a href="http://www.nvao.net/">http://www.nvao.net/</a></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal activities</td>
<td>Netherlands Bar Association</td>
<td><a href="http://www.advocatenorde.nl/english/default.aspapprenticeship">http://www.advocatenorde.nl/english/default.aspapprenticeship</a>.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market &amp; Economic Research</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer programming and consultancy</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade, hotels, restaurants and repair</td>
<td>NA/</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aerospace Rail, Road, Ports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the Netherlands, to be a licensed lawyer (Advocaat), one must complete an undergraduate law degree (Bacheloropleiding or LL.B, which is three years of study), the master of law degree (doctorandus in law before implementation of the Bologna Process and conferring the meester title, which is a one year LL.M. program), and a three year CPD: http://www.advocatenorde.nl/english/education/continuing_education.asp Solicitor: http://www.advocatenorde.nl/english/education/lawyer_to_sollicitor.asp

Hogeschool INHOLLAND Delft Scheepvaart en Transport College TU Delft
<table>
<thead>
<tr>
<th>Industry</th>
<th>Accrediting Entity</th>
<th>Qualifications / Certifications</th>
<th>Membership</th>
<th>Courses offered which lead to qualification?</th>
<th>Fast track system for acquiring qualifications?</th>
<th>Mutual Recognition of overseas qualifications?</th>
</tr>
</thead>
</table>
| Tourism & Leisure              | Spain: Tourism Studies Institute  
http://www.spainbusiness.com/icex/cda/controller/pageGen/0,3346,1549487_1597933_1598443_557,00.html#  
Spain: Tourism and Commerce Government Secretariat  
http://www.spainbusiness.com/icex/cda/controller/pageGen/0,3346,1549487_1597933_1598443_557,00.html#  
Restaurant Chain Association (FEHRCAREM)  
http://www.spainbusiness.com/icex/cda/controller/pageGen/0,3346,1549487_1597933_1598443_567,00.html# | Fast track system for acquiring qualifications? | Not Applicable                                                                 |                                               |                                               |                                               |
| Real Estate incl. Construction | National Association of Spanish Construction Companies (SEOPAN)  
http://www.spainbusiness.com/icex/cda/controller/pageGen/0,3346,1549487_1597933_1598443_467,00.html#  
Spanish Association of Construction Companies and Real Estate Developers (APCE)  
http://www.spainbusiness.com/icex/cda/controller/pageGen/0,3346,1549487_1597933_1598443_467,00.html#  
Spanish Confederation of Construction (CNC)  
http://www.spainbusiness.com/icex/cda/controller/pageGen/0,3346,1549487_1597933_1598443_467,00.html# | Not Available                                                                 |                                               |                                               |                                               |
| Financial Services and Insurance | Association of Collective Investment and Pension Fund Institutions (INVERCO)  
http://www.spainbusiness.com/icex/cda/controller/pageGen/0,3346,1549487_1597933_1598443_573,00.html#  
Spanish Bankers’ Association (AEB) / Asociación Española de Banca (AEB)  
http://www.spainbusiness.com/icex/cda/controller/pageGen/0,3346,1549487_1597933_1598443_573,00.html#  
Spanish Confederation of Mutual Guarantee Societies (CESGAR) / Confederación Española de Garantías Recíprocas (CESGAR)  
http://www.spainbusiness.com/icex/cda/controller/pageGen/0,3346,1549487_1597933_1598443_573,00.html# | Not Available                                                                 |                                               |                                               |                                               |
| Education                      | Ministerio de Educacion  
http://translate.google.co.uk/translate?hl=en&sl=es&u=http://www.educacion.es/&ei=WdALTIm4NpOP4gbWlvSpAQ8sa=X&oi=translate&ct=result&resnum=1&ved=0CCgQ7gEwAA&prev=/search%3Fq%3Dministerio%2Beducacion%2Bspain%26hl%3Den%26sa%3DX | Not Available                                                                 |                                               |                                               |                                               |
| Health – Biotechnology & Life Sciences | Ministry of Health - Regulation 1408/71, Medicines Law | Not Available                                                                 |                                               |                                               |                                               |
| Environment & Water Treatment  | Ministerio de Medio Ambiente  
http://www.mmia.es/portal/secciones/formacion_educacion/ | Not Available                                                                 |                                               |                                               |                                               |
| ICT                            | Spanish Association of Telecommunication, Internet, and Networking Equipment Providers (@aslan)  
http://www.spainbusiness.com/icex/cda/controller/pageGen/0,3346,1549487_1597933_1598443_539,00.html# | Not Available                                                                 |                                               |                                               |                                               |
| Renewable Energies             | Not Available                                                                 |                                               |                                               |                                               |                                               |
### H6: IN THE UK

<table>
<thead>
<tr>
<th>Industry</th>
<th>Accредitating Entity</th>
<th>Qualifications / Certifications</th>
<th>Membership</th>
<th>Courses offered which lead to qualification?</th>
<th>Fast track system for acquiring qualifications?</th>
<th>Mutual Recognition of overseas qualifications?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Registration Process</td>
<td>Entry qualification / exams?</td>
<td>Specific training or experience?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accountancy</td>
<td>Yes</td>
<td>Yes – see respective Accrediting Body</td>
<td>Yes</td>
<td>As per Accrediting Body – can be sat overseas in some places</td>
<td>Yes – work experience is sometimes accepted</td>
<td>Partially, sometimes experience recognised</td>
</tr>
<tr>
<td>Management &amp; Marketing Consulting</td>
<td>Optional</td>
<td>Yes as per Accrediting Body</td>
<td>Varies</td>
<td>Yes – in some places overseas courses available</td>
<td>Work experience sometimes accepted</td>
<td>International working experience</td>
</tr>
<tr>
<td>Financial Services</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes – in some places overseas courses available</td>
<td>Not Known – varies</td>
<td>Limited if any</td>
</tr>
<tr>
<td>Education &amp; Training</td>
<td>Various University Bodies</td>
<td>Yes</td>
<td>Yes</td>
<td>Varies</td>
<td>N/A</td>
<td>Limited</td>
</tr>
<tr>
<td>ICT Sector</td>
<td>Variable</td>
<td>Yes as per Accrediting Body</td>
<td>Varies</td>
<td>Varies</td>
<td>Work experience sometimes accepted</td>
<td>International working experience</td>
</tr>
<tr>
<td>Legal Services</td>
<td>Yes</td>
<td>Yes as per Accrediting Body</td>
<td>Yes</td>
<td>Yes</td>
<td>Work experience sometimes accepted</td>
<td>Partial in some cases</td>
</tr>
<tr>
<td>Environmental / Power Services</td>
<td>N/A</td>
<td>Varies but increasingly so</td>
<td>N/A</td>
<td>Experience from relevant work done</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Music</td>
<td>N/A</td>
<td>Optional</td>
<td>None known to be mandatory</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Film</td>
<td>N/A</td>
<td>Optional</td>
<td>Option to join BFI. Liaise with UK Film Council</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Heritage</td>
<td>N/A</td>
<td>N/A</td>
<td>None known to be mandatory</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
ANNEX I: DETAILS OF DOING BUSINESS PARAMETERS FOR SELECTED EU MEMBER STATES

I1: DOING BUSINESS IN FRANCE

Details of the individual parameters which together comprise the “ease of doing business” as given in the World Bank’s Doing Business 2010 are presented below:

1. Starting a business

<table>
<thead>
<tr>
<th>Indicator</th>
<th>France</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>5</td>
<td>3 Belgium</td>
<td>5.7</td>
</tr>
<tr>
<td>Time (days)</td>
<td>7</td>
<td>4 Belgium</td>
<td>13.0</td>
</tr>
<tr>
<td>Cost (% of Gross National Income (GNI) per capita)</td>
<td>0.9</td>
<td>0 Denmark</td>
<td>4.7</td>
</tr>
<tr>
<td>Min. capital (% of Gross National Income (GNI) per capita)</td>
<td>0</td>
<td>0 Several</td>
<td>15.5</td>
</tr>
</tbody>
</table>

   Change in rank -8

   This measures the challenges faced by entrepreneurs in launching a business.

2. Dealing with construction permits

<table>
<thead>
<tr>
<th>Indicator</th>
<th>France</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>13</td>
<td>6 Belgium</td>
<td>15.1</td>
</tr>
<tr>
<td>Time (days)</td>
<td>137</td>
<td>38 Finland</td>
<td>157.0</td>
</tr>
<tr>
<td>Cost (% of income per capita)</td>
<td>22.9</td>
<td>9.8 Hungary</td>
<td>56.1</td>
</tr>
</tbody>
</table>

   Change in rank -1

   This includes procedures, time and costs to build a warehouse, including obtaining necessary licenses and permits, completing required notifications and inspections, and obtaining utility connections.

3. Employing workers

<table>
<thead>
<tr>
<th>Indicator</th>
<th>France</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty of Hiring Index (0-100)</td>
<td>67</td>
<td>0 Several</td>
<td>26.5</td>
</tr>
<tr>
<td>Rigidity of Hours Index (0-100)</td>
<td>60</td>
<td>0 Several</td>
<td>30.1</td>
</tr>
<tr>
<td>Difficulty of Redundancy Index (0-100)</td>
<td>30</td>
<td>0 Several</td>
<td>22.6</td>
</tr>
<tr>
<td>Rigidity of Employment Index (0-100)</td>
<td>52</td>
<td>0 Denmark</td>
<td>26.4</td>
</tr>
<tr>
<td>Redundancy costs (weeks of salary)</td>
<td>32</td>
<td>0 Denmark</td>
<td>26.6</td>
</tr>
</tbody>
</table>

   Change in rank -2

   This measures the difficulties faced by employers in hiring and firing workers. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The Rigidity of Employment Index is an average of the three indices.

---

4. Registering property  DB10: 159  DB09 170  Change in rank +11
This refers to the ease with which businesses can secure rights to property

<table>
<thead>
<tr>
<th>Indicator</th>
<th>France</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>8</td>
<td>2</td>
<td>Several</td>
</tr>
<tr>
<td>Time (days)</td>
<td>98</td>
<td>3</td>
<td>Lithuania</td>
</tr>
<tr>
<td>Cost (% of property value)</td>
<td>6.1</td>
<td>0.5</td>
<td>Lithuania</td>
</tr>
</tbody>
</table>

5. Getting credit  DB10: 43  DB09 41  Change in rank -2
This measures credit information sharing and the legal rights of borrowers and lenders. The Legal Rights Index ranges from 0-10, with higher scores indicating that those laws are better designed to expand access to credit. The Credit Information Index measures the scope, access and quality of credit information available through public registries or private bureaus. It ranges from 0-6, with higher values indicating that more credit information is available from a public registry or private bureau.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>France</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths of Legal Rights Index</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0-10)</td>
<td>7</td>
<td>9</td>
<td>Several</td>
</tr>
<tr>
<td>Depth of Credit Information Index</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0-6)</td>
<td>4</td>
<td>6</td>
<td>Several</td>
</tr>
<tr>
<td>Public registry coverage (%) of adults</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>32.5</td>
<td>n/a</td>
<td>8.8</td>
</tr>
<tr>
<td>Private bureaus coverage (%) of adults</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>n/a</td>
<td>59.6</td>
</tr>
</tbody>
</table>

6. Protecting investors  DB10: 73  DB09 70  Change in rank -3
This describes three dimensions of investor protection: transparency of transactions (Extent of Disclosure Index), liability for self-dealing (Extent of Director Liability Index), shareholders’ ability to sue officers and directors for misconduct (Ease of Shareholder Suits Index) and Strength of Investor Protection Index. The indexes vary between 0 and 10, with higher values indicating greater disclosure, greater liability of directors, greater powers of shareholders to challenge the transaction, and better investor protection.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>France</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extent of Disclosure Index (0-10)</td>
<td>10</td>
<td>10</td>
<td>A few</td>
</tr>
<tr>
<td>Extent of Director Liability Index (0-10)</td>
<td>1</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Ease of Shareholder Suits Index (0-10)</td>
<td>5</td>
<td>-</td>
<td>6.6</td>
</tr>
<tr>
<td>Strength of Investor Protection Index</td>
<td>5.3</td>
<td>8.3</td>
<td>Ireland</td>
</tr>
</tbody>
</table>
7. Paying taxes

DB10: 59  DB09: 55  Change in rank: -4

This shows the tax that a medium-size company must pay or withhold in a given year, as well as measures of the administrative burden in paying taxes. These measures include the number of payments an entrepreneur must make; the number of hours spent preparing, filing, and paying; and the percentage of their profits they must pay in taxes.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>France</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number per year)</td>
<td>7</td>
<td>2</td>
<td>Sweden</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>12.8</td>
</tr>
<tr>
<td>Time (hours per year)</td>
<td>132</td>
<td>59</td>
<td>Luxembourg</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>194.1</td>
</tr>
<tr>
<td>Profit tax (%)</td>
<td>8.2</td>
<td>2.2</td>
<td>Latvia</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>16.8</td>
</tr>
<tr>
<td>Labour tax and contributions (%)</td>
<td>51.7</td>
<td>2.2</td>
<td>Denmark</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>24.4</td>
</tr>
<tr>
<td>Other taxes (%)</td>
<td>5.9</td>
<td>0.5</td>
<td>Spain</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3.3</td>
</tr>
<tr>
<td>Total tax rate (% profit)</td>
<td>65.8</td>
<td>20.9</td>
<td>Luxembourg</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>44.5</td>
</tr>
</tbody>
</table>

8. Trading across borders

DB10: 25  DB09: 22  Change in rank: +3

This measures the costs and procedures involved in importing and exporting a standardized shipment of goods. Every official procedure involved is recorded - starting from the final contractual agreement between the two parties, and ending with the delivery of the goods.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>France</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documents to export (number)</td>
<td>2</td>
<td>2</td>
<td>France</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4.3</td>
</tr>
<tr>
<td>Time to export (days)</td>
<td>9</td>
<td>5</td>
<td>Denmark</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>10.5</td>
</tr>
<tr>
<td>Cost to export (USD per container)</td>
<td>1078</td>
<td>540</td>
<td>Finland</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,090</td>
</tr>
<tr>
<td>Documents to import (number)</td>
<td>2</td>
<td>2</td>
<td>France</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4.9</td>
</tr>
<tr>
<td>Time to import (days)</td>
<td>11</td>
<td>3</td>
<td>Denmark</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Cost to import (USD per container)</td>
<td>1248</td>
<td>735</td>
<td>Sweden</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,146</td>
</tr>
</tbody>
</table>

9. Enforcing contracts

DB10: 6  DB09: 8  Change in rank: +2

This measures the ease or difficulty of enforcing commercial contracts, and has been determined by following the evolution of a payment dispute and tracking the time, cost, and number of procedures involved from the moment a plaintiff files the lawsuit until actual payment.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>France</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>29</td>
<td>20</td>
<td>Ireland</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>30.6</td>
</tr>
<tr>
<td>Time (days)</td>
<td>331</td>
<td>275</td>
<td>Lithuania</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>462.4</td>
</tr>
<tr>
<td>Cost (% of claim)</td>
<td>17.4</td>
<td>9.7</td>
<td>Luxembourg</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>19.2</td>
</tr>
</tbody>
</table>
10. Closing a business

DB10: 42  DB09 42  Change in rank  0

This shows the time and cost required to resolve bankruptcies, as well as the recovery rate (expressed in terms of how many cents on the dollar claimants recover from the insolvent firm). The data identifies weaknesses in existing bankruptcy law and the main procedural and administrative bottlenecks in the bankruptcy process.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>France</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time (years)</td>
<td>1.9</td>
<td>0.4 Ireland</td>
<td>1.7</td>
</tr>
<tr>
<td>Cost (% of estate)</td>
<td>9</td>
<td>4 Several</td>
<td>8.4</td>
</tr>
<tr>
<td>Cost (cents on the dollar)</td>
<td>44.7</td>
<td>87.6 Finland</td>
<td>68.6</td>
</tr>
</tbody>
</table>
### I2: **DOING BUSINESS IN GERMANY**

Details of the individual parameters which together comprise the “ease of doing business” as given in the World Bank’s *Doing Business 2010* are presented below:

**1. Starting a business**  
**DB10: 84**  
**DB09: 101**  
**Change in rank: +17**

This measures the challenges faced by entrepreneurs in launching a business.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Germany</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>9</td>
<td>3</td>
<td>5.7</td>
</tr>
<tr>
<td>Time (days)</td>
<td>18</td>
<td>4</td>
<td>13.0</td>
</tr>
<tr>
<td>Cost (% of Gross National Income (GNI) per capita)</td>
<td>4.7</td>
<td>0</td>
<td>4.7</td>
</tr>
<tr>
<td>Min. capital (% of Gross National Income (GNI) per capita)</td>
<td>0</td>
<td>0</td>
<td>15.5</td>
</tr>
</tbody>
</table>

**2. Dealing with construction permits**  
**DB10: 18**  
**DB09: 15**  
**Change in rank: -3**

This includes procedures, time and costs to build a warehouse, including obtaining necessary licenses and permits, completing required notifications and inspections, and obtaining utility connections.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Germany</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>12</td>
<td>6</td>
<td>15.1</td>
</tr>
<tr>
<td>Time (days)</td>
<td>100</td>
<td>38</td>
<td>157.0</td>
</tr>
<tr>
<td>Cost (% of income per capita)</td>
<td>60.2</td>
<td>9.8</td>
<td>56.1</td>
</tr>
</tbody>
</table>

**3. Employing workers**  
**DB10: 158**  
**DB09: 157**  
**Change in rank: -1**

This measures the difficulties faced by employers in hiring and firing workers. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The Rigidity of Employment Index is an average of the three indices.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Germany</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty of Hiring Index (0-100)</td>
<td>33</td>
<td>0</td>
<td>26.5</td>
</tr>
<tr>
<td>Rigidity of Hours Index (0-100)</td>
<td>53</td>
<td>0</td>
<td>30.1</td>
</tr>
<tr>
<td>Difficulty of Redundancy Index (0-100)</td>
<td>40</td>
<td>0</td>
<td>22.6</td>
</tr>
<tr>
<td>Rigidity of Employment Index (0-100)</td>
<td>42</td>
<td>0</td>
<td>26.4</td>
</tr>
<tr>
<td>Redundancy costs (weeks of salary)</td>
<td>69</td>
<td>0</td>
<td>26.6</td>
</tr>
</tbody>
</table>

---

### 4. Registering property

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Germany</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>4</td>
<td>2</td>
<td>Several</td>
</tr>
<tr>
<td>Time (days)</td>
<td>40</td>
<td>3</td>
<td>Lithuania</td>
</tr>
<tr>
<td>Cost (% of property value)</td>
<td>5.2</td>
<td>0.5</td>
<td>Lithuania</td>
</tr>
</tbody>
</table>

Change in rank -3

This refers to the ease with which businesses can secure rights to property.

### 5. Getting credit

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Germany</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths of Legal Rights Index (0-10)</td>
<td>7</td>
<td>9</td>
<td>Several</td>
</tr>
<tr>
<td>Depth of Credit Information Index (0-6)</td>
<td>6</td>
<td>6</td>
<td>Several</td>
</tr>
<tr>
<td>Public registry coverage (% of adults)</td>
<td>0.8</td>
<td>n/a</td>
<td>8.8</td>
</tr>
<tr>
<td>Private bureaus coverage (% of adults)</td>
<td>98.3</td>
<td>n/a</td>
<td>59.6</td>
</tr>
</tbody>
</table>

Change in rank -3

This measures credit information sharing and the legal rights of borrowers and lenders. The Legal Rights Index ranges from 0-10, with higher scores indicating that those laws are better designed to expand access to credit. The Credit Information Index measures the scope, access and quality of credit information available through public registries or private bureaus. It ranges from 0-6, with higher values indicating that more credit information is available from a public registry or private bureau.

### 6. Protecting investors

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Germany</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extent of Disclosure Index (0-10)</td>
<td>5</td>
<td>10</td>
<td>A few</td>
</tr>
<tr>
<td>Extent of Director Liability Index (0-10)</td>
<td>5</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Ease of Shareholder Suits Index (0-10)</td>
<td>5</td>
<td>-</td>
<td>6.6</td>
</tr>
<tr>
<td>Strength of Investor Protection Index</td>
<td>5</td>
<td>8.3</td>
<td>Ireland</td>
</tr>
</tbody>
</table>

Change in rank -5

This describes three dimensions of investor protection: transparency of transactions (Extent of Disclosure Index), liability for self-dealing (Extent of Director Liability Index), shareholders’ ability to sue officers and directors for misconduct (Ease of Shareholder Suits Index) and Strength of Investor Protection Index. The indexes vary between 0 and 10, with higher values indicating greater disclosure, greater liability of directors, greater powers of shareholders to challenge the transaction, and better investor protection.
7. Paying taxes

DB10: 71  DB09  80  Change in rank  +9

This shows the tax that a medium-size company must pay or withhold in a given year, as well as measures of the administrative burden in paying taxes. These measures include the number of payments an entrepreneur must make; the number of hours spent preparing, filing, and paying; and the percentage of their profits they must pay in taxes.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Germany</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number per year)</td>
<td>16</td>
<td>2</td>
<td>Sweden</td>
</tr>
<tr>
<td>Time (hours per year)</td>
<td>196</td>
<td>59</td>
<td>Luxembourg</td>
</tr>
<tr>
<td>Profit tax (%)</td>
<td>8.6</td>
<td>2.2</td>
<td>Latvia</td>
</tr>
<tr>
<td>Labour tax and contributions (%)</td>
<td>22.0</td>
<td>2.2</td>
<td>Denmark</td>
</tr>
<tr>
<td>Other taxes (%)</td>
<td>14.3</td>
<td>0.5</td>
<td>Spain</td>
</tr>
<tr>
<td>Total tax rate (% profit)</td>
<td>44.9</td>
<td>20.9</td>
<td>Luxembourg</td>
</tr>
</tbody>
</table>

8. Trading across borders

DB10: 14  DB09  11  Change in rank  -3

This measures the costs and procedures involved in importing and exporting a standardized shipment of goods. Every official procedure involved is recorded - starting from the final contractual agreement between the two parties, and ending with the delivery of the goods.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Germany</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documents to export (number)</td>
<td>4</td>
<td>2</td>
<td>France</td>
</tr>
<tr>
<td>Time to export (days)</td>
<td>7</td>
<td>5</td>
<td>Denmark</td>
</tr>
<tr>
<td>Cost to export (USD per container)</td>
<td>872</td>
<td>540</td>
<td>Finland</td>
</tr>
<tr>
<td>Documents to import (number)</td>
<td>5</td>
<td>2</td>
<td>France</td>
</tr>
<tr>
<td>Time to import (days)</td>
<td>7</td>
<td>3</td>
<td>Denmark</td>
</tr>
<tr>
<td>Cost to import (USD per container)</td>
<td>937</td>
<td>735</td>
<td>Sweden</td>
</tr>
</tbody>
</table>

9. Enforcing contracts

DB10: 7  DB09  9  Change in rank  +2

This measures the ease or difficulty of enforcing commercial contracts, and has been determined by following the evolution of a payment dispute and tracking the time, cost, and number of procedures involved from the moment a plaintiff files the lawsuit until actual payment.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Germany</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>30</td>
<td>20</td>
<td>Ireland</td>
</tr>
<tr>
<td>Time (days)</td>
<td>394</td>
<td>275</td>
<td>Lithuania</td>
</tr>
<tr>
<td>Cost (% of claim)</td>
<td>14.4</td>
<td>9.7</td>
<td>Luxembourg</td>
</tr>
</tbody>
</table>
This shows the time and cost required to resolve bankruptcies, as well as the recovery rate (expressed in terms of how many cents on the dollar claimants recover from the insolvent firm). The data identifies weaknesses in existing bankruptcy law and the main procedural and administrative bottlenecks in the bankruptcy process.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Germany</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time (years)</td>
<td>1.2</td>
<td>0.4 Ireland</td>
<td>1.7</td>
</tr>
<tr>
<td>Cost (% of estate)</td>
<td>8</td>
<td>4 Several</td>
<td>8.4</td>
</tr>
<tr>
<td>Cost (cents on the dollar)</td>
<td>52.2</td>
<td>87.6 Finland</td>
<td>68.6</td>
</tr>
</tbody>
</table>
**I3: DOING BUSINESS IN IRELAND**

Details of the individual parameters which together comprise the “ease of doing business” as given in the World Bank’s Doing Business 2010\(^{276}\) are presented below:

1. **Starting a business**  \[ DB10: 9 \quad DB09 7 \quad \text{Change in rank} \quad -2 \]

This measures the challenges faced by entrepreneurs in launching a business.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Ireland</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>4</td>
<td>3 Belgium</td>
<td>5.7</td>
</tr>
<tr>
<td>Time (days)</td>
<td>13</td>
<td>4 Belgium</td>
<td>13.0</td>
</tr>
<tr>
<td>Cost (% of Gross National Income (GNI) per capita)</td>
<td>0.3</td>
<td>0 Denmark</td>
<td>4.7</td>
</tr>
<tr>
<td>Min. capital (% of Gross National Income (GNI) per capita)</td>
<td>0</td>
<td>0 Several</td>
<td>15.5</td>
</tr>
</tbody>
</table>

2. **Dealing with construction permits**  \[ DB10: 30 \quad DB09 30 \quad \text{Change in rank} \quad 0 \]

This includes procedures, time and costs to build a warehouse, including obtaining necessary licenses and permits, completing required notifications and inspections, and obtaining utility connections.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Ireland</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>11</td>
<td>6 Belgium</td>
<td>15.1</td>
</tr>
<tr>
<td>Time (days)</td>
<td>185</td>
<td>38 Finland</td>
<td>157.0</td>
</tr>
<tr>
<td>Cost (% of income per capita)</td>
<td>44.8</td>
<td>9.8 Hungary</td>
<td>56.1</td>
</tr>
</tbody>
</table>

3. **Employing workers**  \[ DB10: 27 \quad DB09 28 \quad \text{Change in rank} \quad +1 \]

This measures the difficulties faced by employers in hiring and firing workers. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The Rigidity of Employment Index is an average of the three indices.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Ireland</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty of Hiring Index (0-100)</td>
<td>11</td>
<td>0 Several</td>
<td>26.5</td>
</tr>
<tr>
<td>Rigidity of Hours Index (0-100)</td>
<td>0</td>
<td>0 Several</td>
<td>30.1</td>
</tr>
<tr>
<td>Difficulty of Redundancy Index (0-100)</td>
<td>20</td>
<td>0 Several</td>
<td>22.6</td>
</tr>
<tr>
<td>Rigidity of Employment Index (0-100)</td>
<td>10</td>
<td>0 Denmark</td>
<td>26.4</td>
</tr>
<tr>
<td>Redundancy costs (weeks of salary)</td>
<td>18</td>
<td>0 Denmark</td>
<td>26.6</td>
</tr>
</tbody>
</table>

### 4. Registering property  
**DB10:** 79  
**DB09:** 84  
**Change in rank:** +5

This refers to the ease with which businesses can secure rights to property.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Ireland</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>5</td>
<td>2</td>
<td>Several</td>
</tr>
<tr>
<td>Time (days)</td>
<td>38</td>
<td>3</td>
<td>Lithuania</td>
</tr>
<tr>
<td>Cost (% of property value)</td>
<td>6.7</td>
<td>0.5</td>
<td>Lithuania</td>
</tr>
</tbody>
</table>

### 5. Getting credit  
**DB10:** 15  
**DB09:** 12  
**Change in rank:** -3

This measures credit information sharing and the legal rights of borrowers and lenders. The Legal Rights Index ranges from 0-10, with higher scores indicating that those laws are better designed to expand access to credit. The Credit Information Index measures the scope, access and quality of credit information available through public registries or private bureaus. It ranges from 0-6, with higher values indicating that more credit information is available from a public registry or private bureau.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Ireland</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths of Legal Rights Index (0-10)</td>
<td>8</td>
<td>9</td>
<td>Several</td>
</tr>
<tr>
<td>Depth of Credit Information Index (0-6)</td>
<td>5</td>
<td>6</td>
<td>Several</td>
</tr>
<tr>
<td>Public registry coverage (% of adults)</td>
<td>0</td>
<td>n/a</td>
<td>8.8</td>
</tr>
<tr>
<td>Private bureaus coverage (% of adults)</td>
<td>100</td>
<td>n/a</td>
<td>59.6</td>
</tr>
</tbody>
</table>

### 6. Protecting investors  
**DB10:** 5  
**DB09:** 5  
**Change in rank:** 0

This describes three dimensions of investor protection: transparency of transactions (Extent of Disclosure Index), liability for self-dealing (Extent of Director Liability Index), shareholders’ ability to sue officers and directors for misconduct (Ease ofShareholder Suits Index) and Strength of Investor Protection Index. The indexes vary between 0 and 10, with higher values indicating greater disclosure, greater liability of directors, greater powers of shareholders to challenge the transaction, and better investor protection.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Ireland</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extent of Disclosure Index (0-10)</td>
<td>10</td>
<td>10</td>
<td>A few</td>
</tr>
<tr>
<td>Extent of Director Liability Index (0-10)</td>
<td>6</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Ease of Shareholder Suits Index (0-10)</td>
<td>9</td>
<td>-</td>
<td>6.6</td>
</tr>
<tr>
<td>Strength of Investor Protection Index</td>
<td>8.3</td>
<td>8.3</td>
<td>Ireland</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5.8</td>
</tr>
</tbody>
</table>
7. Paying taxes  

This shows the tax that a medium-size company must pay or withhold in a given year, as well as measures of the administrative burden in paying taxes. These measures include the number of payments an entrepreneur must make; the number of hours spent preparing, filing, and paying; and the percentage of their profits they must pay in taxes.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Ireland</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number per year)</td>
<td>9</td>
<td>2</td>
<td>Sweden 12.8</td>
</tr>
<tr>
<td>Time (hours per year)</td>
<td>76</td>
<td>59</td>
<td>Luxembourg 194.1</td>
</tr>
<tr>
<td>Profit tax (%)</td>
<td>11.9</td>
<td>2.2</td>
<td>Latvia 16.8</td>
</tr>
<tr>
<td>Labour tax and contributions (%)</td>
<td>12.1</td>
<td>2.2</td>
<td>Denmark 24.4</td>
</tr>
<tr>
<td>Other taxes (%)</td>
<td>2.5</td>
<td>0.5</td>
<td>Spain 3.3</td>
</tr>
<tr>
<td>Total tax rate (% profit)</td>
<td>26.5</td>
<td>20.9</td>
<td>Luxembourg 44.5</td>
</tr>
</tbody>
</table>

8. Trading across borders  

This measures the costs and procedures involved in importing and exporting a standardized shipment of goods. Every official procedure involved is recorded - starting from the final contractual agreement between the two parties, and ending with the delivery of the goods.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Ireland</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documents to export (number)</td>
<td>4</td>
<td>2</td>
<td>France 4.3</td>
</tr>
<tr>
<td>Time to export (days)</td>
<td>7</td>
<td>5</td>
<td>Denmark 10.5</td>
</tr>
<tr>
<td>Cost to export (USD per container)</td>
<td>1,109</td>
<td>540</td>
<td>Finland 1,090</td>
</tr>
<tr>
<td>Documents to import (number)</td>
<td>4</td>
<td>2</td>
<td>France 4.9</td>
</tr>
<tr>
<td>Time to import (days)</td>
<td>12</td>
<td>3</td>
<td>Denmark 11</td>
</tr>
<tr>
<td>Cost to import (USD per container)</td>
<td>1,121</td>
<td>735</td>
<td>Sweden 1,146</td>
</tr>
</tbody>
</table>

9. Enforcing contracts  

This measures the ease or difficulty of enforcing commercial contracts, and has been determined by following the evolution of a payment dispute and tracking the time, cost, and number of procedures involved from the moment a plaintiff files the lawsuit until actual payment.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Belgium</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>20</td>
<td>20</td>
<td>Ireland 30.6</td>
</tr>
<tr>
<td>Time (days)</td>
<td>515</td>
<td>275</td>
<td>Lithuania 462.4</td>
</tr>
<tr>
<td>Cost (% of claim)</td>
<td>26.9</td>
<td>9.7</td>
<td>Luxembourg 19.2</td>
</tr>
</tbody>
</table>
10. Closing a business

DB10: 6 DB09 6 Change in rank 0

This shows the time and cost required to resolve bankruptcies, as well as the recovery rate (expressed in terms of how many cents on the dollar claimants recover from the insolvent firm). The data identifies weaknesses in existing bankruptcy law and the main procedural and administrative bottlenecks in the bankruptcy process.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Ireland</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time (years)</td>
<td>0.4</td>
<td>0.4 Ireland</td>
<td>1.7</td>
</tr>
<tr>
<td>Cost (% of estate)</td>
<td>9</td>
<td>4 Several</td>
<td>8.4</td>
</tr>
<tr>
<td>Cost (cents on the dollar)</td>
<td>86.6</td>
<td>87.3 Finland</td>
<td>68.6</td>
</tr>
</tbody>
</table>
**I4: DOING BUSINESS IN THE NETHERLANDS**

Details of the individual parameters which together comprise the “ease of doing business” as given in the World Bank’s *Doing Business 2010*\(^{277}\) are presented below:

1. **Starting a business**  
   DB10: 70  DB09 51  **Change in rank**  -19

   This measures the challenges faced by entrepreneurs in launching a business.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>The Netherlands</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>6</td>
<td>3 Belgium</td>
<td>5.7</td>
</tr>
<tr>
<td>Time (days)</td>
<td>10</td>
<td>4 Belgium</td>
<td>13.0</td>
</tr>
<tr>
<td>Cost (% of Gross National Income (GNI) per capita)</td>
<td>5.6</td>
<td>0 Denmark</td>
<td>4.7</td>
</tr>
<tr>
<td>Min. capital (% of Gross National Income (GNI) per capita)</td>
<td>49.4</td>
<td>0 Several</td>
<td>15.5</td>
</tr>
</tbody>
</table>

2. **Dealing with construction permits**  
   DB10: 104  DB09 95  **Change in rank**  -9

   This includes procedures, time and costs to build a warehouse, including obtaining necessary licenses and permits, completing required notifications and inspections, and obtaining utility connections.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>The Netherlands</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>18</td>
<td>6 Belgium</td>
<td>15.1</td>
</tr>
<tr>
<td>Time (days)</td>
<td>230</td>
<td>38 Finland</td>
<td>157.0</td>
</tr>
<tr>
<td>Cost (% of income per capita)</td>
<td>107.2</td>
<td>9.8 Hungary</td>
<td>56.1</td>
</tr>
</tbody>
</table>

3. **Employing workers**  
   DB10: 123  DB09 120  **Change in rank**  -3

   This measures the difficulties faced by employers in hiring and firing workers. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The Rigidity of Employment Index is an average of the three indices.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>The Netherlands</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty of Hiring Index (0-100)</td>
<td>17</td>
<td>0 Several</td>
<td>26.5</td>
</tr>
<tr>
<td>Rigidity of Hours Index (0-100)</td>
<td>40</td>
<td>0 Several</td>
<td>30.1</td>
</tr>
<tr>
<td>Difficulty of Redundancy Index (0-100)</td>
<td>70</td>
<td>0 Several</td>
<td>22.6</td>
</tr>
<tr>
<td>Rigidity of Employment Index (0-100)</td>
<td>42</td>
<td>0 Denmark</td>
<td>26.4</td>
</tr>
<tr>
<td>Redundancy costs (weeks of salary)</td>
<td>17</td>
<td>0 Denmark</td>
<td>26.6</td>
</tr>
</tbody>
</table>

---

4. Registering property  DB10: 29  DB09 23  **Change in rank**  -6

This refers to the ease with which businesses can secure rights to property

<table>
<thead>
<tr>
<th>Indicator</th>
<th>The Netherlands</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>2</td>
<td>2</td>
<td>Several</td>
</tr>
<tr>
<td>Time (days)</td>
<td>5</td>
<td>3</td>
<td>Lithuania</td>
</tr>
<tr>
<td>Cost (% of property value)</td>
<td>6.2</td>
<td>0.5</td>
<td>Lithuania</td>
</tr>
</tbody>
</table>

5. Getting credit  DB10: 43  DB09 41  **Change in rank**  -2

This measures credit information sharing and the legal rights of borrowers and lenders. The Legal Rights Index ranges from 0-10, with higher scores indicating that those laws are better designed to expand access to credit. The Credit Information Index measures the scope, access and quality of credit information available through public registries or private bureaus. It ranges from 0-6, with higher values indicating that more credit information is available from a public registry or private bureau.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>The Netherlands</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths of Legal Rights Index (0-10)</td>
<td>6</td>
<td>9</td>
<td>Several</td>
</tr>
<tr>
<td>Depth of Credit Information Index (0-6)</td>
<td>5</td>
<td>6</td>
<td>Several</td>
</tr>
<tr>
<td>Public registry coverage (% of adults)</td>
<td>0</td>
<td>n/a</td>
<td>8.8</td>
</tr>
<tr>
<td>Private bureaus coverage (% of adults)</td>
<td>83.5</td>
<td>n/a</td>
<td>59.6</td>
</tr>
</tbody>
</table>

6. Protecting investors  DB10: 109  DB09 105  **Change in rank**  -4

This describes three dimensions of investor protection: transparency of transactions (Extent of Disclosure Index), liability for self-dealing (Extent of Director Liability Index), shareholders’ ability to sue officers and directors for misconduct (Ease of Shareholder Suits Index) and Strength of Investor Protection Index. The indexes vary between 0 and 10, with higher values indicating greater disclosure, greater liability of directors, greater powers of shareholders to challenge the transaction, and better investor protection.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>The Netherlands</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extent of Disclosure Index (0-10)</td>
<td>4</td>
<td>10</td>
<td>A few</td>
</tr>
<tr>
<td>Extent of Director Liability Index (0-10)</td>
<td>4</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Ease of Shareholder Suits Index (0-10)</td>
<td>6</td>
<td>-</td>
<td>6.6</td>
</tr>
<tr>
<td>Strength of Investor Protection Index</td>
<td>4.7</td>
<td>8.3</td>
<td>Ireland</td>
</tr>
</tbody>
</table>
7. Paying taxes

This shows the tax that a medium-size company must pay or withhold in a given year, as well as measures of the administrative burden in paying taxes. These measures include the number of payments an entrepreneur must make; the number of hours spent preparing, filing, and paying; and the percentage of their profits they must pay in taxes.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>The Netherlands</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number per year)</td>
<td>9</td>
<td>2</td>
<td>Sweden</td>
</tr>
<tr>
<td>Time (hours per year)</td>
<td>164</td>
<td>59</td>
<td>Luxembourg</td>
</tr>
<tr>
<td>Profit tax (%)</td>
<td>20.7</td>
<td>2.2</td>
<td>Latvia</td>
</tr>
<tr>
<td>Labour tax and contributions (%)</td>
<td>17.3</td>
<td>2.2</td>
<td>Denmark</td>
</tr>
<tr>
<td>Other taxes (%)</td>
<td>1.3</td>
<td>0.5</td>
<td>Spain</td>
</tr>
<tr>
<td>Total tax rate (% profit)</td>
<td>39.3</td>
<td>20.9</td>
<td>Luxembourg</td>
</tr>
</tbody>
</table>

8. Trading across borders

This measures the costs and procedures involved in importing and exporting a standardized shipment of goods. Every official procedure involved is recorded - starting from the final contractual agreement between the two parties, and ending with the delivery of the goods.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>The Netherlands</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documents to export (number)</td>
<td>4</td>
<td>2</td>
<td>France</td>
</tr>
<tr>
<td>Time to export (days)</td>
<td>6</td>
<td>5</td>
<td>Denmark</td>
</tr>
<tr>
<td>Cost to export (USD per container)</td>
<td>895</td>
<td>540</td>
<td>Finland</td>
</tr>
<tr>
<td>Documents to import (number)</td>
<td>5</td>
<td>2</td>
<td>France</td>
</tr>
<tr>
<td>Time to import (days)</td>
<td>6</td>
<td>3</td>
<td>Denmark</td>
</tr>
<tr>
<td>Cost to import (USD per container)</td>
<td>942</td>
<td>735</td>
<td>Sweden</td>
</tr>
</tbody>
</table>

9. Enforcing contracts

This measures the ease or difficulty of enforcing commercial contracts, and has been determined by following the evolution of a payment dispute and tracking the time, cost, and number of procedures involved from the moment a plaintiff files the lawsuit until actual payment.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>The Netherlands</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>25</td>
<td>20</td>
<td>Ireland</td>
</tr>
<tr>
<td>Time (days)</td>
<td>514</td>
<td>275</td>
<td>Lithuania</td>
</tr>
<tr>
<td>Cost (% of claim)</td>
<td>24.4</td>
<td>9.7</td>
<td>Luxembourg</td>
</tr>
</tbody>
</table>
**10. Closing a business**  

DB10: 10  

DB09: 10  

*Change in rank* 0

This shows the time and cost required to resolve bankruptcies, as well as the recovery rate (expressed in terms of how many cents on the dollar claimants recover from the insolvent firm). The data identifies weaknesses in existing bankruptcy law and the main procedural and administrative bottlenecks in the bankruptcy process.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>The Netherlands</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time (years)</td>
<td>1.1</td>
<td>0.4 Ireland</td>
<td>1.7</td>
</tr>
<tr>
<td>Cost (% of estate)</td>
<td>4</td>
<td>4 Several</td>
<td>8.4</td>
</tr>
<tr>
<td>Cost (cents on the dollar)</td>
<td>82.7</td>
<td>87.6 Finland</td>
<td>68.6</td>
</tr>
</tbody>
</table>
I5: **DOING BUSINESS IN SPAIN**

Details of the individual parameters which together comprise the “ease of doing business” as given in the World Bank’s *Doing Business 2010*[^1] are presented below:

### 1. **Starting a business**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Spain</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>10</td>
<td>3</td>
<td>5.7</td>
</tr>
<tr>
<td>Time (days)</td>
<td>47</td>
<td>4</td>
<td>13.0</td>
</tr>
<tr>
<td>Cost (% of Gross National Income (GNI) per capita)</td>
<td>15.0</td>
<td>0</td>
<td>4.7</td>
</tr>
<tr>
<td>Min. capital (% of Gross National Income (GNI) per capita)</td>
<td>12.8</td>
<td>0</td>
<td>15.5</td>
</tr>
</tbody>
</table>

Change in rank: -7

This measures the challenges faced by entrepreneurs in launching a business.

### 2. **Dealing with construction permits**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Spain</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>11</td>
<td>6</td>
<td>15.1</td>
</tr>
<tr>
<td>Time (days)</td>
<td>233</td>
<td>38</td>
<td>157.0</td>
</tr>
<tr>
<td>Cost (% of income per capita)</td>
<td>60.9</td>
<td>9.8</td>
<td>56.1</td>
</tr>
</tbody>
</table>

Change in rank: -3

This includes procedures, time and costs to build a warehouse, including obtaining necessary licenses and permits, completing required notifications and inspections, and obtaining utility connections.

### 3. **Employing workers**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Spain</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty of Hiring Index (0-100)</td>
<td>78</td>
<td>0</td>
<td>26.5</td>
</tr>
<tr>
<td>Rigidity of Hours Index (0-100)</td>
<td>40</td>
<td>0</td>
<td>30.1</td>
</tr>
<tr>
<td>Difficulty of Redundancy Index (0-100)</td>
<td>30</td>
<td>0</td>
<td>22.6</td>
</tr>
<tr>
<td>Rigidity of Employment Index (0-100)</td>
<td>49</td>
<td>0</td>
<td>26.4</td>
</tr>
<tr>
<td>Redundancy costs (weeks of salary)</td>
<td>56</td>
<td>0</td>
<td>26.6</td>
</tr>
</tbody>
</table>

Change in rank: -3

This measures the difficulties faced by employers in hiring and firing workers. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The Rigidity of Employment Index is an average of the three indices.

4. Registering property

This refers to the ease with which businesses can secure rights to property.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Spain</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>4</td>
<td>2</td>
<td>Several</td>
</tr>
<tr>
<td>Time (days)</td>
<td>18</td>
<td>3</td>
<td>Lithuania</td>
</tr>
<tr>
<td>Cost (% of property value)</td>
<td>7.2</td>
<td>0.5</td>
<td>Lithuania</td>
</tr>
</tbody>
</table>

5. Getting credit

This measures credit information sharing and the legal rights of borrowers and lenders. The Legal Rights Index ranges from 0-10, with higher scores indicating that those laws are better designed to expand access to credit. The Credit Information Index measures the scope, access and quality of credit information available through public registries or private bureaus. It ranges from 0-6, with higher values indicating that more credit information is available from a public registry or private bureau.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Spain</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths of Legal Rights Index (0-10)</td>
<td>6</td>
<td>9</td>
<td>Several</td>
</tr>
<tr>
<td>Depth of Credit Information Index (0-6)</td>
<td>5</td>
<td>6</td>
<td>Several</td>
</tr>
<tr>
<td>Public registry coverage (% of adults)</td>
<td>45.3</td>
<td>n/a</td>
<td>8.8</td>
</tr>
<tr>
<td>Private bureaus coverage (% of adults)</td>
<td>7.6</td>
<td>n/a</td>
<td>59.6</td>
</tr>
</tbody>
</table>

6. Protecting investors

This describes three dimensions of investor protection: transparency of transactions (Extent of Disclosure Index), liability for self-dealing (Extent of Director Liability Index), shareholders’ ability to sue officers and directors for misconduct (Ease of Shareholder Suits Index) and Strength of Investor Protection Index. The indexes vary between 0 and 10, with higher values indicating greater disclosure, greater liability of directors, greater powers of shareholders to challenge the transaction, and better investor protection.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Spain</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extent of Disclosure Index (0-10)</td>
<td>5</td>
<td>10</td>
<td>A few</td>
</tr>
<tr>
<td>Extent of Director Liability Index (0-10)</td>
<td>6</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Ease of Shareholder Suits Index (0-10)</td>
<td>4</td>
<td>-</td>
<td>6.6</td>
</tr>
<tr>
<td>Strength of Investor Protection Index</td>
<td>5.0</td>
<td>8.3</td>
<td>Ireland</td>
</tr>
</tbody>
</table>

EastWestConsult
Investment & Business Facilitation Study and Programme: Final Report
December 2010
7. Paying taxes

DB10: 78  DB09 86  Change in rank  +8

This shows the tax that a medium-size company must pay or withhold in a given year, as well as measures of the administrative burden in paying taxes. These measures include the number of payments an entrepreneur must make; the number of hours spent preparing, filing, and paying; and the percentage of their profits they must pay in taxes.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Spain</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number per year)</td>
<td>8</td>
<td>2</td>
<td>Sweden 12.8</td>
</tr>
<tr>
<td>Time (hours per year)</td>
<td>213</td>
<td>59</td>
<td>Luxembourg 194.1</td>
</tr>
<tr>
<td>Profit tax (%)</td>
<td>21.2</td>
<td>2.2</td>
<td>Latvia 16.8</td>
</tr>
<tr>
<td>Labour tax and contributions (%)</td>
<td>35.1</td>
<td>2.2</td>
<td>Denmark 24.4</td>
</tr>
<tr>
<td>Other taxes (%)</td>
<td>0.5</td>
<td>0.5</td>
<td>Spain 3.3</td>
</tr>
<tr>
<td>Total tax rate (% profit)</td>
<td>56.9</td>
<td>20.9</td>
<td>Luxembourg 44.5</td>
</tr>
</tbody>
</table>

8. Trading across borders

DB10: 59  DB09 52  Change in rank  -7

This measures the costs and procedures involved in importing and exporting a standardized shipment of goods. Every official procedure involved is recorded - starting from the final contractual agreement between the two parties, and ending with the delivery of the goods.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Spain</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documents to export (number)</td>
<td>6</td>
<td>2</td>
<td>France 4.3</td>
</tr>
<tr>
<td>Time to export (days)</td>
<td>9</td>
<td>5</td>
<td>Denmark 10.5</td>
</tr>
<tr>
<td>Cost to export (USD per container)</td>
<td>1221</td>
<td>540</td>
<td>Finland 1,090</td>
</tr>
<tr>
<td>Documents to import (number)</td>
<td>8</td>
<td>2</td>
<td>France 4.9</td>
</tr>
<tr>
<td>Time to import (days)</td>
<td>10</td>
<td>3</td>
<td>Denmark 11</td>
</tr>
<tr>
<td>Cost to import (USD per container)</td>
<td>1221</td>
<td>735</td>
<td>Sweden 1,146</td>
</tr>
</tbody>
</table>

9. Enforcing contracts

DB10: 52  DB09 52  Change in rank  0

This measures the ease or difficulty of enforcing commercial contracts, and has been determined by following the evolution of a payment dispute and tracking the time, cost, and number of procedures involved from the moment a plaintiff files the lawsuit until actual payment.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Spain</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>39</td>
<td>20</td>
<td>Ireland 30.6</td>
</tr>
<tr>
<td>Time (days)</td>
<td>515</td>
<td>275</td>
<td>Lithuania 462.4</td>
</tr>
<tr>
<td>Cost (% of claim)</td>
<td>17.2</td>
<td>9.7</td>
<td>Luxembourg 19.2</td>
</tr>
</tbody>
</table>
10. Closing a business

DB10: 19  DB09 19  Change in rank  0

This shows the time and cost required to resolve bankruptcies, as well as the recovery rate (expressed in terms of how many cents on the dollar claimants recover from the insolvent firm). The data identifies weaknesses in existing bankruptcy law and the main procedural and administrative bottlenecks in the bankruptcy process.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Spain</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time (years)</td>
<td>1</td>
<td>0.4 Ireland</td>
<td>1.7</td>
</tr>
<tr>
<td>Cost (% of estate)</td>
<td>15</td>
<td>4 Several</td>
<td>8.4</td>
</tr>
<tr>
<td>Cost (cents on the dollar)</td>
<td>73.2</td>
<td>87.6 Finland</td>
<td>68.6</td>
</tr>
</tbody>
</table>
I6: *DOING BUSINESS IN THE UK*

Details of the individual parameters which together comprise the “ease of doing business” as given in the World Bank’s *Doing Business 2010*279 are presented below:

1. **Starting a business**

   DB10: 16  
   DB09: 9  
   *Change in rank* -7

   This measures the challenges faced by entrepreneurs in launching a business.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>UK</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>6</td>
<td>3 Belgium</td>
<td>5.7</td>
</tr>
<tr>
<td>Time (days)</td>
<td>13</td>
<td>4 Belgium</td>
<td>13.0</td>
</tr>
<tr>
<td>Cost (% of Gross National Income (GNI) per capita)</td>
<td>0.7</td>
<td>0 Denmark</td>
<td>4.7</td>
</tr>
<tr>
<td>Min. capital (% of Gross National Income (GNI) per capita)</td>
<td>0.0</td>
<td>0 Several</td>
<td>15.5</td>
</tr>
</tbody>
</table>

2. **Dealing with construction permits**

   DB10: 16  
   DB09: 61  
   *Change in rank* +45

   This includes procedures, time and costs to build a warehouse, including obtaining necessary licenses and permits, completing required notifications and inspections, and obtaining utility connections.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>UK</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>11</td>
<td>6 Belgium</td>
<td>15.1</td>
</tr>
<tr>
<td>Time (days)</td>
<td>95</td>
<td>38 Finland</td>
<td>157.0</td>
</tr>
<tr>
<td>Cost (% of income per capita)</td>
<td>69.1</td>
<td>9.8 Hungary</td>
<td>56.1</td>
</tr>
</tbody>
</table>

3. **Employing workers**

   DB10: 35  
   DB09: 34  
   *Change in rank* -1

   This measures the difficulties faced by employers in hiring and firing workers. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The Rigidity of Employment Index is an average of the three indices.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>UK</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty of Hiring Index (0-100)</td>
<td>11</td>
<td>0 Several</td>
<td>26.5</td>
</tr>
<tr>
<td>Rigidity of Hours Index (0-100)</td>
<td>20</td>
<td>0 Several</td>
<td>30.1</td>
</tr>
<tr>
<td>Difficulty of Redundancy Index (0-100)</td>
<td>0</td>
<td>0 Several</td>
<td>22.6</td>
</tr>
<tr>
<td>Rigidity of Employment Index (0-100)</td>
<td>10</td>
<td>0 Denmark</td>
<td>26.4</td>
</tr>
<tr>
<td>Redundancy costs (weeks of salary)</td>
<td>22</td>
<td>0 Denmark</td>
<td>26.6</td>
</tr>
</tbody>
</table>

### 4. Registering property

DB10: 23  
DB09: 22  
Change in rank -1

This refers to the ease with which businesses can secure rights to property.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>UK</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>2</td>
<td>2</td>
<td>Several</td>
</tr>
<tr>
<td>Time (days)</td>
<td>8</td>
<td>3</td>
<td>Lithuania</td>
</tr>
<tr>
<td>Cost (% of property value)</td>
<td>4.1</td>
<td>0.5</td>
<td>Lithuania</td>
</tr>
</tbody>
</table>

### 5. Getting credit

DB10: 2  
DB09: 2  
Change in rank -1

This measures credit information sharing and the legal rights of borrowers and lenders. The Legal Rights Index ranges from 0-10, with higher scores indicating that those laws are better designed to expand access to credit. The Credit Information Index measures the scope, access and quality of credit information available through public registries or private bureaus. It ranges from 0-6, with higher values indicating that more credit information is available from a public registry or private bureau.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>UK</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths of Legal Rights Index</td>
<td>9</td>
<td>9</td>
<td>Several</td>
</tr>
<tr>
<td>Depth of Credit Information Index</td>
<td>6</td>
<td>6</td>
<td>Several</td>
</tr>
<tr>
<td>Public registry coverage (% of adults)</td>
<td>0</td>
<td>n/a</td>
<td>8.8</td>
</tr>
<tr>
<td>Private bureaus coverage (% of adults)</td>
<td>100</td>
<td>n/a</td>
<td>59.6</td>
</tr>
</tbody>
</table>

### 6. Protecting investors

DB10: 10  
DB09: 9  
Change in rank -1

This describes three dimensions of investor protection: transparency of transactions (Extent of Disclosure Index), liability for self-dealing (Extent of Director Liability Index), shareholders’ ability to sue officers and directors for misconduct (Ease of Shareholder Suits Index) and Strength of Investor Protection Index. The indexes vary between 0 and 10, with higher values indicating greater disclosure, greater liability of directors, greater powers of shareholders to challenge the transaction, and better investor protection.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>UK</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extent of Disclosure Index (0-10)</td>
<td>10</td>
<td>10</td>
<td>A few</td>
</tr>
<tr>
<td>Extent of Director Liability Index (0-10)</td>
<td>7</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Ease of Shareholder Suits Index (0-10)</td>
<td>7</td>
<td>-</td>
<td>6.6</td>
</tr>
<tr>
<td>Strength of Investor Protection Index</td>
<td>8.0</td>
<td>8.3</td>
<td>Ireland</td>
</tr>
</tbody>
</table>
7. Paying taxes

This shows the tax that a medium-size company must pay or withhold in a given year, as well as measures of the administrative burden in paying taxes. These measures include the number of payments an entrepreneur must make; the number of hours spent preparing, filing, and paying; and the percentage of their profits they must pay in taxes.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>UK</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number per year)</td>
<td>8</td>
<td>2</td>
<td>Sweden 12.8</td>
</tr>
<tr>
<td>Time (hours per year)</td>
<td>110</td>
<td>59</td>
<td>Luxembourg 194.1</td>
</tr>
<tr>
<td>Profit tax (%)</td>
<td>21.9</td>
<td>2.2</td>
<td>Latvia 16.8</td>
</tr>
<tr>
<td>Labour tax and contributions (%)</td>
<td>11.0</td>
<td>2.2</td>
<td>Denmark 24.4</td>
</tr>
<tr>
<td>Other taxes (%)</td>
<td>3.1</td>
<td>0.5</td>
<td>Spain 3.3</td>
</tr>
<tr>
<td>Total tax rate (% profit)</td>
<td>35.9</td>
<td>20.9</td>
<td>Luxembourg 44.5</td>
</tr>
</tbody>
</table>

8. Trading across borders

This measures the costs and procedures involved in importing and exporting a standardized shipment of goods. Every official procedure involved is recorded - starting from the final contractual agreement between the two parties, and ending with the delivery of the goods.

<table>
<thead>
<tr>
<th>Indicator</th>
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<th>Best practice in EU-27</th>
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</tr>
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<tbody>
<tr>
<td>Documents to export (number)</td>
<td>4</td>
<td>2</td>
<td>France 4.3</td>
</tr>
<tr>
<td>Time to export (days)</td>
<td>9</td>
<td>5</td>
<td>Denmark 10.5</td>
</tr>
<tr>
<td>Cost to export (USD per container)</td>
<td>1,030</td>
<td>540</td>
<td>Finland 1,090</td>
</tr>
<tr>
<td>Documents to import (number)</td>
<td>4</td>
<td>2</td>
<td>France 4.9</td>
</tr>
<tr>
<td>Time to import (days)</td>
<td>8</td>
<td>3</td>
<td>Denmark 11</td>
</tr>
<tr>
<td>Cost to import (USD per container)</td>
<td>1,160</td>
<td>735</td>
<td>Sweden 1,146</td>
</tr>
</tbody>
</table>

9. Enforcing contracts

This measures the ease or difficulty of enforcing commercial contracts, and has been determined by following the evolution of a payment dispute and tracking the time, cost, and number of procedures involved from the moment a plaintiff files the lawsuit until actual payment.

<table>
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<tr>
<th>Indicator</th>
<th>UK</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>30</td>
<td>20</td>
<td>Ireland 30.6</td>
</tr>
<tr>
<td>Time (days)</td>
<td>399</td>
<td>275</td>
<td>Lithuania 462.4</td>
</tr>
<tr>
<td>Cost (% of claim)</td>
<td>23.4</td>
<td>9.7</td>
<td>Luxembourg 19.2</td>
</tr>
</tbody>
</table>
10. Closing a business 

This shows the time and cost required to resolve bankruptcies, as well as the recovery rate (expressed in terms of how many cents on the dollar claimants recover from the insolvent firm). The data identifies weaknesses in existing bankruptcy law and the main procedural and administrative bottlenecks in the bankruptcy process.

<table>
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<tr>
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<th>UK</th>
<th>Best practice in EU-27</th>
<th>OECD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time (years)</td>
<td>1.0</td>
<td>0.4 Ireland</td>
<td>1.7</td>
</tr>
<tr>
<td>Cost (% of estate)</td>
<td>6</td>
<td>4 Several</td>
<td>8.4</td>
</tr>
<tr>
<td>Cost (cents on the dollar)</td>
<td>84.2</td>
<td>87.6 Finland</td>
<td>68.6</td>
</tr>
</tbody>
</table>
ANNEX J: SUMMARY REPORT FROM VALIDATION WORKSHOP

CARIFORUM Service Suppliers:
Investment & Business Support Needs & Opportunities
Accra Beach Hotel & Spa, Barbados, 21st July, 2010,

J.1 Background
EastWestConsult staged a workshop on 21st July 2010 to examine and validate the findings garnered from the preliminary research, interviews and focus group discussions conducted for the RPTF Investment & Business Facilitation Study.

The CARIFORUM countries surveyed comprise Antigua, Barbados, Belize, the Dominican Republic, Guyana, Haiti, Jamaica, St. Lucia, Suriname and Trinidad & Tobago. In the EU, the countries selected were France, Germany, Ireland, the Netherlands, Spain and the UK.

From these initial consultations, the CARIFORUM services industries with greatest export potential are:
  - Tourism-related Service Industries
  - Sports–related Services
  - Health & Wellness Services
  - Creative Industries
  - Educational Services
  - Maritime Services
  - Professional Services
  - Financial Services
  - ICT Services
  - Maritime & Transport Services

J.2 Workshop Participants
In order to ensure that the initial findings would be subject to an in-depth scrutiny during this Consultation (or Workshop), considerable care was taken to select a wide and representative cross-section of participants from both the public and private sectors. As such, representatives came from a range of Business Support Organizations (BSOs) drawn from throughout CARIFORUM, as well as from regional institutions (listed in the Table 1 on the following page).
Table 1: List of Workshop’s Participants

<table>
<thead>
<tr>
<th>Name</th>
<th>Job Title</th>
<th>Company / Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Anthony Fisher</td>
<td>Director, Int’l Office</td>
<td>UWI - Cave Hill</td>
</tr>
<tr>
<td>Ava-Gail Gardiner</td>
<td>Secretary</td>
<td>Caribbean Audio Visual Network</td>
</tr>
<tr>
<td></td>
<td>Creative Director</td>
<td>Visions of the Caribbean Ltd.</td>
</tr>
<tr>
<td>Barbara Williams</td>
<td>Senior Trade and Research Officer</td>
<td>Antigua CSI</td>
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<td></td>
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<td>Min. of Finance, Economy &amp; Public Admin.</td>
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<tr>
<td>Beverly Burke</td>
<td>Director, Information &amp; Promotion</td>
<td>BELtraide</td>
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<tr>
<td>Cornelia Williams</td>
<td>Vice President</td>
<td>Dominica CSI</td>
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<tr>
<td>Dennis Strong</td>
<td>Managing Director</td>
<td>H WHITCO Inc. Management &amp; Business Services Consultants</td>
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<td></td>
<td>Immediate Past President</td>
<td>Caribbean Institute of Certified Management Consultants</td>
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<td></td>
<td>Chairman/ CEO</td>
<td>Strong’s Supreme Service Inc.</td>
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<tr>
<td>Dr. Henry Lowe</td>
<td>Executive Chairman</td>
<td>Eden Gardens Hotel &amp; Spa</td>
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<tr>
<td>Jude Bernard</td>
<td>Interim President</td>
<td>Grenada Coalition of Services</td>
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<tr>
<td>Karen de Montbrun</td>
<td>Vice President</td>
<td>Trinidad &amp; Tobago Yachting Association</td>
</tr>
<tr>
<td>Mahmood Patel</td>
<td>Director</td>
<td>The Film Group</td>
</tr>
<tr>
<td>Marjorie Straw</td>
<td>Manager of Special Projects - Planning &amp; Corporate Devp’t.</td>
<td>Jamaica CSI</td>
</tr>
<tr>
<td>Michelle Hustler Small</td>
<td>Project Manager</td>
<td>Barbados CSI</td>
</tr>
<tr>
<td>Neil Weekes</td>
<td>Business Development Officer</td>
<td>Invest Barbados</td>
</tr>
<tr>
<td>Orson Elrington</td>
<td>President</td>
<td>Belize CSI</td>
</tr>
<tr>
<td>Pearlie Drakes</td>
<td>Manager, Indigenous Services</td>
<td>Invest Barbados</td>
</tr>
<tr>
<td>Philip Simon</td>
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<tr>
<td>Spencer Howell</td>
<td>Vice President</td>
<td>St. Kitts &amp; Nevis CSI</td>
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List of Workshop’s Participants (cont.)

<table>
<thead>
<tr>
<th>Name</th>
<th>Job Title</th>
<th>Company / Organisation</th>
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<tbody>
<tr>
<td>Steve Andrews</td>
<td>CEO &amp; Master Therapist</td>
<td>Soothing Touch Da Spa Inc.</td>
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</tbody>
</table>

EastWestConsult Team:
- Trevor Fearon
- Maxine Harris
- Katrine Smith

1.3 Workshop Methodology

After providing the attendees with an overview of the Scope and Expected Outcomes of the study, EastWestConsult’s team outlined the study’s initial findings regarding the priority Services Industries as well as key Policy & Planning issues. In these sessions, participants shared their perspectives in plenary. The morning also featured short presentations by private sector practitioners from five of these priority Industries, and these were also analysed by the wider group. By the end of the morning, a number of key topics had been identified for further discussion.

During the afternoon, participants divided themselves into smaller focus groups according to their knowledge, expertise and interests. After in-depth discussions of their selected topics, their deliberations were presented back to the wider group whereupon further exploration was conducted in plenary.
J.4 Summary of Discussions

J.4.1 Discussions regarding Priority Services Industries

- The scope for **educational tourism** is broader than it might seem. For instance, some shipping lines already offer for-credit courses to passengers. As the Caribbean is a significant cruise-shipping destination, its educational institutions could explore where there may be scope for partnering with these lines in the delivery of specific programmes on board. Other niches may exist in the provision of **distance learning**, focussing on niches in which the CARIFORUM countries may have advantages.

- For all the region’s potential for benefitting from **sports tourism**, it needs to learn from the costly lesson of Cricket World Cup 2007, where due to the lack of coherent and well-thought out policies and strategies, the benefits to the region from the massive investments have been minimal.

- There are obvious synergies between the **health and wellness** industry and the **retirement** industry.

- While a number of member states have expressed interest in, and a few have made tentative forays into, the **retirement** industry in recent years, this is unlikely to see appreciable results without the appropriate policies and infrastructure. Mention was made of Grenada which had had attracted interest from Canadian investors to set up **retirement** residences – but which ultimately saw the development failing because of infrastructure shortcomings.

- Synergies also exist with between the **retirement** and **tourism** industries. For instance, in Jamaica the concept that has been described is to set up **retirement** communities along the lines of all-inclusives where persons can mingle with others of similar interest, age etc.

- The Malaysian initiative to stimulate a **retirement** industry has been enhanced by the development of linkages between hospitals and insurance companies.

- The provision of tertiary **education services** has been an enormous growth industry in the region, with the private sector leading the expansion over the past decade. The product offering needs to be broadened, with such possibilities as providing Teaching of English as a Foreign Language (TOEFL) certification in a hemisphere where Spanish and Portuguese are widely spoken. There is also scope for educational institutions to take a lead in the provision of R&D services – useful work is already being done in such areas as **energy**.

- The region needs to focus on niches in the **creative industries**, especially those utilizing digital technologies. For instance, in Canada alone, some 60 universities and other tertiary institutions teach aspects of the design and development of electronic games which is a multi-billion dollar industry. The provision of such value-added, IP-rich products is a key to sustainability. Is there scope for CARIFORUM entrepreneurs? Similarly IP-rich products such as the development of cyber-security products should be explored. There may also be scope for the provision of media services beyond the borders of CARIFORUM.

- While there has long been a well-developed, internationally-recognized, enclave-type **financial services** industry, much of that activity driven by
expatriates. At the same time, the region’s workforce has also developed a formidable array of skills in this industry. Is there scope for the leveraging of these skills into the development of products for the international marketplace? Can niches be found in delivering such products through, for instance, the internet? Can the expertise developed over the years make the region a centre for the delivery of training (again, perhaps using the internet?)

- The region should be careful not to spread itself too thinly in case it gets into a situation where it is attempting to develop too many industries at the same time. Instead, it should focus on the identifiably “easy winners” which may include:
  - Sports tourism
  - Health & Wellness
  - Creative Industries
  - Financial Services

Simultaneously, it may want to begin or further the developmental work that are necessary to get other industries up to speed that are not yet export-ready.

J.4.2 Discussions regarding Policy & Planning issues

- **Existing challenges**
  - Difficulty in translating policy into actionable activities
  - Stakeholders do not take responsibility because they do not “connect” with the issues.
  - Stakeholders underestimate the duration of the policy process, i.e. how long it takes to develop and implement policy.
  - Too many policies are written “after the fact”.

**Solutions**

- Need for pro-activity. For instance, efforts should be made to bring together/consolidate strategy papers.
- Use successful interventions as template (e.g. the Caribbean Institute of Certified Management Consultants which, in its implementation decided to focus on:
  - Institutional sustainability
  - Incorporation of a regulatory framework
  - Establishment of standards & a certification process
  - Focussed on economic stimulation

- **CSME Focal Points**: In each member state there are CSME Focal points. These should be working with the CSIs, and should be meeting regularly. They should be documenting the challenges that they face otherwise they cannot move forward.
  - The focal points have been “established by regional governments, but are not empowered to function. For example, they may be entry-level officers who have been given that role in addition to their more substantive roles”
• The private sector needs to come forward and articulate their wants. In the absence of this, the governments may not have a firm basis for their planning.
• Consequently, there should be national/regional roadmaps for each service industry - tools that articulate challenges, needs, proposed solutions etc.
• There is inadequate public education on the CSME. There is need for a sustained, multi-level campaign to bring the programme to the public.

  o **EPA Implementation Units**: These do not now exist in all countries. The region needs to be careful not to set up more junior-level one-person-bands as has been the case with some of the CSME Units. These too must have private sector ownership.
  
  o **Financing**: There is a problem in that there is a lack of instruments to convert banks’ excess liquidity into funds available for the investing public.
  
  o **Coalitions of Service Industries**: These are not yet fully formed in all countries, and quite often are struggling entities that lack the necessary resources and infrastructure to fulfil their mandates.
  
  o **Utility of Networks**:
    • CEDA is working to develop networks of service providers in a range of industries e.g. fashion, AV, Music etc.
    • It recently sponsored a meeting that led to the establishment of a University Network of Innovation (headquartered in UTT, with partners in UWI and Barbados)
  
  o **Business Needs**: Financing underpins all business activities. Without access to affordable financing, the targeted industries will not develop.
  
  o **Regional Cooperation**: It is necessary for member states to collaborate in planning and executing strategies for the development of the industries with key potential rather than giving lip-service to such. Examples might include:
    • Regional staging of/participation in trade fairs
    • Joint promotions
    • Data collection
    • Harmonized investment and trade regimes
    • Unified trade representation overseas etc.

**J.5 Presentations by Industry Practitioners: Discussion Points**

**J.5.1 Health & Wellness**

**Weaknesses/Challenges** include:

- Lack of investment in the development of facilities... There should be creative ways to look at government financing instruments, especially in SMEs
- Lack of sharing information among practitioners in the region (perhaps an example of what could be accomplished by strong CSIs?)

**Needs** include:

- Education to overcome the current lack of public awareness
- Understanding of where the region is going/wants to go and development of the appropriate standards.
The focus must be on developing products which can satisfy the local market before export is contemplated.

Development of a regional brand

Learning from one another in the region as well as from other countries and experiences. At present, everyone, separately, is carrying out the same market research, building websites...etc.

Access to funding

Opportunities include:

- Caribbean at doorstep of the world’s largest Health & Wellness market (USA)
- Collaborating with CEDA with respect to conducting market research to avoid every country doing the same (4 studies have already done).
- Include the banking sector in the discussions so as to find out which industries/types of financial services they may be interested in. *(Business Gateway in Dominica as model?)*

**J.5.2 Educational Services**

- Countries like Australia, US, Canada and UK derive an enormous amount of revenue from this industry
- The Cave Hill campus of UW has a contract with Venezuelan interests to provide English-language training to their engineers
- Cave Hill is looking at several niches, including the environment (especially climate change); renewable energy (incl. photo-voltaic technology); management studies focussed on tourism; research collaborations for marin-based bio-active components for usage in pharmaceuticals etc.

Weaknesses/Challenges include:

- Lack of language labs
- Regionally not enough focus on attracting young, bright minds into digital technologies
- On account of the region moving into new niches within this industry, the lack of previously-achieved demonstrable results hinders the creation of partnerships and thus new investment

Needs include:

- Must look outside the region to develop partnerships in say, language labs, renewable energy, bio-diversity/climate change etc.
- Development of strategies that can allow for the commercialization of the environment at the same time as protecting it

Opportunities include:

- Cave Hill is developing relations with Scandinavia, including a student exchange programme and collaborations on research with Scandinavian educational institutions
- The effort should be made to capitalize on Brazilian airline which is now coming into the region, particularly as that country will be staging the FIFA World Cup in 2014 and the Olympics in 2016.
Emphasis should be both for students and also for the training of teachers (TOEFL) at the graduate levels

Other niches might include training of nurses for export with care being taken to ensure that this does not detract – rather augments – the quality of health care locally

Digital systems application programming, initially in cyber-security

**J.5.3 Maritime Services & Transport**

**Weaknesses/Challenges** include:
- Lack of harmonization of customs and other procedures throughout region, including customs documentation and other regulatory requirements
- Lack of skilled, trained, accredited workers
- High cost of travel within region
- Some jurisdictions do not allow for the sharing of containers
- Size and infrastructure of some ports. To optimize opportunities all ports need to be certified and comply with US regulations. Some ports have been outgrown capacity, but it is proving too expensive to expand

**Needs** include:
- Granting of incentives e.g. removal of VAT for material brought in for the repairs of yachts etc.
- Visa regime that allows individuals to travel freely throughout the region

**Opportunities** exist for:
- Leisure yachting (including the retirement segment)
- Vessel repair services
- Ships’ registries with scope for the development of linkages such as arbitration centres

**J.5.4 Professional Services**

**Weaknesses/Challenges** include:
- Lack of awareness by most management consultants and the consumer as to what management consultants are supposed to accomplish

**Needs** include:
- Certification of regional consultants
- Mutual recognition agreements for professionals
- Development of capacity to provide consistently high level of service
- Need to capture higher share of regional consultancies before looking to export markets

**Opportunities** include:
- Redressing enormous imbalance that enables an estimated > 90% of the earnings from the work of management consultants to accrue to imported consultants
Opportunity to leverage work in the region into development consultancy niches worldwide

**J.5.5 Creative Industries**

**Weaknesses/Challenges** include:
- Absence of strong policies (as exist in Canada and much of the EU) that support the development of the film industry
- Many practitioners come into the industry from other undertakings
- Lack of suitable training for the industry
- Lack of standards and certification within the industry
- Resistance to the use of local talent (e.g. make-up and hair stylists)
- Where policies exist, the position of many countries in the region is to focus on their suitability as film production locations for incoming productions. This despite the fact that
- It is difficult for CARIFORUM countries to develop and sustain the types of incentives regimes that many developed countries, some with a vast array of location sites, are able to offer.
- It is estimated that some 2/3rd of film budgets are dedicated to above-the-line or "creative" costs, while only 1/3rd is spent on below-the-line or "operational" costs.
- Lack of outlets. It is estimated that there are some 288 screens in CARIFORUM, and that nearly a half of these are in the Dominican Republic.
- Visa issues affecting musicians etc.

**Needs** include:
- Learning and utilizing the strategies employed by existing successful national film industries (e.g. France)
- Training more young people in the digital technologies. They can offer technical services at much lower costs.

**Opportunities** include:
- Co-productions to gain resources, visibility and entry into new markets
- Strengthening regional collaboration e.g. through the Caribbean Audio-visual Network (CAN) to make less-expensive audio-visual products
- Identify and access the value-added niches where the region can be competitive, e.g.
- Provision of post-production facilities combined with a tropical holiday (targeting EU professionals during northern winters).
- Provision of sub-titling services to Latin American and European film-makers
- Development of A/V products that play to the region’s strengths e.g. focusing on themes such as wellness, fitness, music (and other aspects of regional culture).
1.6 Focus Group Discussions of Key Topics

Participants were invited to take part in one of four focus groups to discuss the key issues which had arisen from the morning’s sessions:

<table>
<thead>
<tr>
<th>Focus Group</th>
<th>General Theme</th>
<th>Areas of Focus</th>
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<tbody>
<tr>
<td># 1</td>
<td>Policy &amp; Strategy Issues</td>
<td>1.1 Inter-institutional coordination &amp; collaboration</td>
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<td>1.2 Private sector/institutional coordination &amp; collaboration</td>
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<tr>
<td># 2</td>
<td>Business Support Needs</td>
<td>2.1 Standardized Certification &amp; Accreditation</td>
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<td>2.2 Access to affordable financing</td>
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<td># 3</td>
<td>Business Support Needs</td>
<td>3.1 Stronger Business Support Organizations</td>
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<td>3.2 Promoting/integrating research &amp; innovation</td>
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<td># 4</td>
<td>Business Support Needs</td>
<td>4.1 Access to manageable/actionable information</td>
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<td>4.2 Facilitation of inter- &amp; intra-regional trade</td>
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The issues identified in these focus groups are set out below, with particular focus given to the recommendations and alternative solutions to the existing challenges/weaknesses and needs.

Policy & Strategy Issues

Focus Group #1

1.1 Inter-Institutional coordination & collaboration
- Imperative to minimize potential for duplicating efforts
- Necessary to cultivate a culture of collaboration in order to:
  - Reduce perception of competing with each other
  - Avoid/reduce perception of infringement
- Institutions need to make better use of resources (financial / human / technological)
- Institutions need to clearly define targets, and to develop mechanisms to monitor & evaluate performance/outcomes of policies and strategies
- Need for better utilization of existing platforms for information-sharing, e.g. Websites, Newsletters and Social networks

1.2 Private sector/institutional coordination & collaboration
- Need to identify and nurture strategic public-private partnerships
Business Support Needs

Focus Group #2

2.1 Standardized certification & accreditation
- Need to identify the global standards that are relevant to specific industry
- Need to adopt/adapt such standards as appropriate – without diluting them
- Need to identify level of competency, viz. skills and knowledge
- Need to address such gaps as exist between the available skills and the requisite standards
- Need to develop certification (including re-certification) & accreditation delivery systems that are reliable and consistent
- Need to encourage/promote/support regional organizations to address standards, accreditation & certification on ongoing basis.

2.2 Access to affordable financing
- Need for pre-investment assistance for small enterprises.
- Need for funding of products/services which address needs of small enterprises.
- Once production is at commercial level, then linkages can be made with commercial banks or other funding entities.

Focus Group #3

3.1 Stronger Business Support Organisations (BSOs)
- Institutional capacity is generally weak. Strengthening such must therefore be a priority
- The job of BSOs would be optimized if they operated in a framework where their publics are well-informed. They often do not have the resources to engage in effective public education. There is need for regional programmes funded by regional institutions to help to create the environment within which they can work more effectively.
- Clientele/membership of BSOs expect certain services from these entities, but which they may not be in a position to deliver, e.g.
  - Identification of trade and investment opportunities
  - Monitoring & evaluation
  - Proposal writing
  - Funding (or identification of funding sources)
- BSOs themselves need to be resourced so as to achieve success in identifying funding initiatives to deliver new and existing services, and to identify new income streams
- Need to develop ability to undertake appropriate R&D.
- BSOs need to take a strategic approach regarding access to/utilization of technology & IT systems
- BSOs need access to constant flow of specialized skills
3.2 Promoting/integrating research & innovation
- There is a regional need to promote/disseminate the value of innovation and R&D
- Incentives for R&D fiscal awards
- Availability of education training
- Identify and guide innovation opportunities
- BSOs must be agents of change through budgeting and direction

Focus Group #4
4.1 Access to manageable/actionable information
Useful information includes:
- Business Opportunities
- Relevant Trade events e.g. trade fairs
- How-to information e.g. Utilizing CARIFORUM/EC EPA
  - Immigration & Customs
  - Setting up business
  - Funding agencies
  - Incentives
- Trade Library
- Networking/Discussions forums

4.2 Facilitation of inter & intra-regional trade
Inter-regional
- Regional marketing strategies (sectoral) to be developed and put into effect
- Regional lobbying effort to effect changes in the Schengen visa regime
- Member states to be encouraged to collaborate of outgoing trade and investment missions
- Member states to be encouraged to collaborate in resourcing Foreign Service missions, as well as to re-orient the staff of those that exist towards trade and investment promotion.
- Regional strategy to be effected with objective of CARIFORUM hosting targeted international events
- Member states to be urged to collaborate in devising common diaspora engagement strategy
- Member states to be urged to examine the role of e-commerce in trade.

Regional
- Member states to be urged to reinstitute CARICOM visas
- Harmonization of customs procedures/forms to be pursued with dispatch, including developing the regulatory framework to facilitate digital customs processing
- Movement of goods & people (ferries)
  Enhanced networking opportunities are required for enterprises
## ANNEX K: CARIFORUM NATIONAL AUTHORIZING OFFICERS (NAOS)

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<thead>
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<th>Role</th>
<th>Contact Information</th>
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| Ms. Veronica Belgrave       | Permanent Secretary  
National Authorising Officer  
Ministry of Planning, Housing & Development  
# 44 – 46 South Key, Port of Spain, Trinidad & Tobago  
Tel: 868 624 3378 – Direct line  
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Email: charlese@phe.gov.tt; veronica.belgrave@phe.gov.tt |
## ANNEX L: REGIONAL CONSULTATIONS FOR PURPOSE OF STUDY

<table>
<thead>
<tr>
<th>Name</th>
<th>Job Title</th>
<th>Company / Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Anthony Fisher</td>
<td>Director, Int’l Office</td>
<td>UWI - Cave Hill</td>
</tr>
<tr>
<td>Ava-Gail Gardiner</td>
<td>Secretary</td>
<td>Caribbean Audio Visual Network</td>
</tr>
<tr>
<td></td>
<td>Creative Director</td>
<td>Visions of the Caribbean Ltd.</td>
</tr>
<tr>
<td>Barbara Williams</td>
<td>Senior Trade and Research Officer</td>
<td>Antigua CSI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Min. of Finance, Economy &amp; Public Admin.</td>
</tr>
<tr>
<td>Beverly Burke</td>
<td>Director, Information &amp; Promotion</td>
<td>BELtraide</td>
</tr>
<tr>
<td>Cornelia Williams</td>
<td>Vice President</td>
<td>Dominica CSI</td>
</tr>
<tr>
<td>Dennis Strong</td>
<td>Managing Director</td>
<td>H WHITCO Inc. Management &amp; Business Services Consultants</td>
</tr>
<tr>
<td></td>
<td>Immediate Past President</td>
<td>Caribbean Institute of Certified Management Consultants</td>
</tr>
<tr>
<td></td>
<td>Chairman/ CEO</td>
<td>Strong's Supreme Service Inc.</td>
</tr>
<tr>
<td>Dr. Henry Lowe</td>
<td>Executive Chairman</td>
<td>Eden Gardens Hotel &amp; Spa</td>
</tr>
<tr>
<td>Jude Bernard</td>
<td>Interim President</td>
<td>Grenada Coalition of Services</td>
</tr>
<tr>
<td>Karen de Montbrun</td>
<td>Vice President</td>
<td>Trinidad &amp; Tobago Yachting Association</td>
</tr>
<tr>
<td>Mahmood Patel</td>
<td>Director</td>
<td>The Film Group</td>
</tr>
<tr>
<td>Marjorie Straw</td>
<td>Manager of Special Projects - Planning &amp; Corporate Devp’t.</td>
<td>Jamaica CSI</td>
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<tr>
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<tr>
<td>Michelle Hustler Small</td>
<td>Project Manager</td>
<td>Barbados CSI</td>
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<tr>
<td>Name</td>
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<td>Organization</td>
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<tr>
<td>Yvonne Hyde</td>
<td>Permanent Secretary, National Authorizing Officer</td>
<td>Ministry of Economic Development</td>
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<tr>
<td>Robert Harrison</td>
<td>CEO</td>
<td>Beltraide</td>
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<tr>
<td>J. Henriques</td>
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<td>Belize Tourist Board</td>
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<tr>
<td>Romy Haylock</td>
<td></td>
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<tr>
<td>Deby Alfaro</td>
<td>Investment Officer</td>
<td>Beltraide</td>
</tr>
<tr>
<td>Kayla Grant</td>
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<td>Beltraide</td>
</tr>
<tr>
<td>E. Malik</td>
<td>Entrepreneur/Manager</td>
<td>Belize</td>
</tr>
<tr>
<td>David Gomez</td>
<td>International Trade Consultant</td>
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</tr>
<tr>
<td>Lourdes Smith</td>
<td></td>
<td>Better Business Bureau, Belize</td>
</tr>
<tr>
<td>Ms. Aikman &amp; Ms. Gomez</td>
<td></td>
<td>Belize Chamber of Commerce</td>
</tr>
<tr>
<td>Lennox Lampkin</td>
<td>President</td>
<td>Computer Society of SVG</td>
</tr>
<tr>
<td>Nadia Wells</td>
<td>Director</td>
<td>Ministry Of Commerce, St. Lucia</td>
</tr>
<tr>
<td>David Jordan</td>
<td>Director of Trade</td>
<td>Ministry of Foreign Affairs, St. Lucia</td>
</tr>
<tr>
<td>T. Samuel</td>
<td>Trade Policy Adviser</td>
<td>St. Lucia</td>
</tr>
<tr>
<td>Cuthbert Didier</td>
<td>Board Member</td>
<td>St. Lucia Tourist Board</td>
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<tr>
<td>Name</td>
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<tr>
<td>Randolph Cato</td>
<td>Director of Economics</td>
<td>OECS Secretariat</td>
</tr>
<tr>
<td>Brian Louisy</td>
<td>President</td>
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<tr>
<td>Joylyn Dennis</td>
<td></td>
<td>St. Vincent &amp; the Grenadines</td>
</tr>
<tr>
<td>Neil Weekes</td>
<td>Business Officer, Development</td>
<td>Invest Barbados</td>
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<tr>
<td>Orson Elrington</td>
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<td>Belize CSI</td>
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<tr>
<td>Pearlie Drakes</td>
<td>Manager, Indigenous Services</td>
<td>Invest Barbados</td>
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<tr>
<td>Manuel Canales</td>
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<td>The Media Group Inc, Dominican Republic</td>
</tr>
<tr>
<td>Angela Patterson</td>
<td>CEO</td>
<td>Creative Production &amp; Training Centre/MTI</td>
</tr>
<tr>
<td>Christopher Samuda</td>
<td>Chairman</td>
<td>CPTC/MTI</td>
</tr>
<tr>
<td>Jacqui Wiltshire</td>
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<td>Creative Centre for the Imagination</td>
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<tr>
<td>Jaime Moreno</td>
<td>Deputy Head</td>
<td>National Competitiveness Council</td>
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<tr>
<td>Milagros Puello</td>
<td>CEO</td>
<td>Chamber of Commerce of Santo Domingo</td>
</tr>
<tr>
<td>Tommy Rodrigues</td>
<td>Trainer/Cinematographer</td>
<td>DR</td>
</tr>
<tr>
<td>Philip Simon</td>
<td>Executive Director</td>
<td>Bahamas Chamber of Commerce</td>
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<tr>
<td>Spencer Howell</td>
<td>Vice President</td>
<td>St. Kitts &amp; Nevis CSI</td>
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<tr>
<td>Fritz Pinnock</td>
<td>Executive Director</td>
<td>Caribbean Maritime Institute</td>
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<tr>
<td>Milton Samuda</td>
<td>President</td>
<td>Jamaica Chamber of Commerce</td>
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<tr>
<td>Catherine Kumar</td>
<td>CEO</td>
<td>Trinidad &amp; Tobago Chamber of Commerce</td>
</tr>
<tr>
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<tr>
<td>Larry Placide</td>
<td></td>
<td>International Trade Negotiations Unit, Trinidad &amp; Tobago Chamber of Commerce &amp; Industry</td>
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<tr>
<td>Carol Ayoung</td>
<td>CEO</td>
<td>Caribbean Association of Industry &amp; Commerce</td>
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<tr>
<td>Romae Gordon</td>
<td>General Manager</td>
<td>Pulse</td>
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<tr>
<td>Steve Andrews</td>
<td>CEO &amp; Master Therapist</td>
<td>Soothing Touch Da Spa Inc.</td>
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<tr>
<td></td>
<td>President</td>
<td>Caribbean Spa &amp; Wellness Association</td>
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<tr>
<td>Neil Walters</td>
<td>Manager, Projects</td>
<td>Caribbean Tourism Organization</td>
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<tr>
<td>Cam Bowes</td>
<td>Head</td>
<td>Canadian International Development Agency (Barbados)</td>
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<td>Yvonne Agard</td>
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<td>St. Lucia CSI</td>
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<tr>
<td>Taiana Mora Ramos</td>
<td>General Manager</td>
<td>NEX S.R.L, DR</td>
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<tr>
<td>Anthony Bradshaw</td>
<td>Manager, Operations</td>
<td>Caribbean Exports</td>
</tr>
<tr>
<td>Camille Wildman</td>
<td>Project Officer</td>
<td>EU Delegation to Barbados and the Eastern Caribbean</td>
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<tr>
<td>Tomas Hongria</td>
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<td>Caribbean Spa and Wellness Association, DR</td>
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<tr>
<td>Maria Nunez</td>
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<td>National Competitiveness Council, DR</td>
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<tr>
<td>Maria Louise Norton</td>
<td>Head</td>
<td>Regional Office, CDE, DR</td>
</tr>
<tr>
<td>Emeline Taitt</td>
<td>Manager, Investment</td>
<td>Invest Barbados</td>
</tr>
<tr>
<td>Name</td>
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<tr>
<td>Errol Humphrey</td>
<td>Head, EPA Implementation Unit</td>
<td>Ministry of Foreign Affairs and Foreign Trade, Barbados</td>
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<tr>
<td>P.B. Simpson</td>
<td>Architect</td>
<td>PB Simpson &amp; Associates, Barbados</td>
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<td>Escipion Oliveira</td>
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<tr>
<td>Lester Riviere</td>
<td>Business Development Officer</td>
<td>OECS - Export Devp’t Unit</td>
</tr>
<tr>
<td>Pamela Coke-Hamilton</td>
<td>Snr. International Trade Specialist</td>
<td>IDB - Regional Hub Coordinator/Caribbean Integration and Trade Sector</td>
</tr>
<tr>
<td>Percival Marie</td>
<td>Executive Director</td>
<td>CARIFORUM</td>
</tr>
<tr>
<td>Timothy Odle</td>
<td>Deputy Programme Manager, Services Industries</td>
<td>CARICOM Secretariat</td>
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