

Concept Paper

Business Development Needs of Service Companies in CARICOM Single Market and Economy (CSME)

Prepared for the CARICOM Secretariat by
Jerry Blenman, Financial Analyst & Management Consultant
Calidad Investment & Financial Services Inc

January 2009

CONTENTS

Title Page	i
Table of Contents	iii
1. INTRODUCTION	
2. SECTORAL FRAMEWORK	
2.1 Definition, Scope & Coverage	2
2.2 Situational Analysis	2
3. POLICY FRAMEWORK	
3.1 Conduciveness of Environment	5
3.1.1 Trade Agreements - The Need for Increased Dialogue	5
3.1.2 Trade Agreements – Opportunities derived, the need for further enablement.....	6
3.2 Enabling Development and Growth of the Trade in Services.....	6
3.2.1 Enabler 1 - Creation of Business Intelligence Reservoirs	7
3.2.2 Enabler 2 - Improving Structural Integrity.....	8
3.2.3 Enabler 3 - Creating Operational Management Efficiencies...9	
3.2.4 Enabler 4 - Improving Relevance & Quality of Services.....	10
3.2.5 Enabler 5 - Improvements in Quality Management.....	11
3.2.6 Enabler 6 - Improving Technological Capacity	12
3.2.7 Enabler 7 - Development & Optimization of Human Capital	13
3.2.8 Enabler 8 - Facilitating the Creation of “The Commercial Credit Union of the Caribbean”	14
4. STRUCTURAL REQUIREMENTS	
4.1 Harmonization & Strengthening - Legislative Framework	17
4.2 Harmonization & Strengthening - Government & Industry Structures ...	18
CONCLUSION	19

1. INTRODUCTION

Expansion and fortification of the services economy within CARICOM is an issue of pressing importance meriting immediacy of attention, continuous assessment and an enabling policy framework reflective of its significance to the region.

In particular, the nature of the regions' services sector, though characterized by a few large industries, finds relevance in a series of small and medium sized enterprises, often fettered by a lack of versatility, scope and operational platforms on par with competing global entities. This places them at a distinct disadvantage as they confront increasing competitive aggression for their core lines of business in an increasingly borderless global trading environment where lassitude, hesitance and negating issues to the advancing of an effective single community within CARICOM has been characteristic of the past decade.

Concomitant to this is the underlying concern that the services sector accounts for thousand of jobs across the region and if left exposed to the vulnerabilities of services liberalization without enablers focused on the harnessing and development of inter-regional and global growth opportunities, can result in increased incidents of poverty.

This paper in addition to highlighting such vulnerabilities, speaks specifically to developmental considerations, which in the context of a broad policy framework can play a significant role in the strengthening of entities functioning within the services economy, but more specifically emphasizes the need to quickly adopt an integrative approach to structured growth of the sector through the establishment and actualization of systems, technical programs and other practical measures at the organizational level.

2. SECTORAL FRAMEWORK

2.1 Definition, Scope and Coverage

Within its broadest definition, key sectors such as tourism, insurance and financial services are very evident players within the regions' services economy. In actuality however this narrowly defined classification extends well beyond these obvious mainstream industries to include a myriad of downstream professional, recreational and other indigenous value added activities of unequivocal importance to the region.

Moreover, each of these mainstream sectors is defined by a series of sub-sectors, reflective of a set of highly interrelated entities and professionals functioning across sectoral lines and jurisdictional boundaries.

This broad categorization, very reflective of W/120, the WTO's service sectoral classification, finds its uniqueness in its sub-sectors where the un-harnessing of innovation, opportunity and potential of the sector is best delineated.

	Broad Categorization
1	Business Services
2	Communication Services
3	Construction & Related Engineering
4	Distribution Services
5	Education Services
6	Environmental Services
7	Financial Services
8	Health and Social Services
9	Tourism and Travel Related Services
10	Recreational, Cultural and Sporting
11	Transportation Services

Table 1: W/120 - WTO – Broad Services Classification

2.2 Situational Analysis

The sector is arguably the fastest growing in the region. In fact, there can be no doubt that the region's future and unique opportunities for economic growth are distinctly linked to its development and success.

That this is truly appreciated is questionable, primarily in the absence of key enablers which practically take account of issues such as fragmentation, size and the capacity of some operations within the sector to effectively compete on a global scale, far-less within the region.

Contextual factors which traditionally and have increasingly been confronting it, range from political and legislative changes to social and demographic trends incorporating therein the rapid development of technology, fluctuating economic conditions and an unprecedented level of competitive rivalry.

In the quest for competitive advantage, it is particularly notable that the level of competitiveness within segments of the sector in the region has increased over the past decade, resulting in diversification of services into non-traditional areas as well as blurred lines and distinctions between institutions and professions.

These factors over the past decade have been further compounded by global initiatives which, while creating opportunities for increased cross border trade and related activities, have also necessitated greater focus on the sustained viability of indigenous institutions within a region characterized by an increasing operating cost framework higher than that of extra-regional jurisdictions within proximity of its borders.

That this has contributed to weakened competitive versatility for regional service entities and is systematically trending to a redirection of previously held niches to other markets is debatable, but nonetheless merits some attention.

Importantly however, some players within the sector are recognizing that planning processes adopted to strategically guide and develop their respective operations must take account of such forces, which though uncontrollable in many respects, can be capitalized on to their long-term benefit.

The foregoing being said, it is encouraging to note that present and future opportunities for the development of trade in services are very favorable. In particular under the recently executed EPA, agreed market access to over 90% of the European services sector by the region presents a formidable opportunity in key areas such as Tourism, Business and Professional, Entertainment, Financial, Communications, Environmental, Construction, Transportation and Distribution Services.

Of particular importance as well are the more generous provisions under the EPA, than those existing in previous trade agreements for temporary movement of natural persons (Mode 4), where market access for self-employed or independent professionals, employees of contractual service suppliers and graduate trainees will be permissible in several service sectors under the liberalization program. Of notable interest as well is the following:

-
- **Business and Professional Services** – a myriad of services under Mode 4 are becoming more and more evident and relevant to trade in the region and the basis for innovation, alliances and opportunities of engagement in international markets. While it is expected that this segment of the services economy will continue to grow at an acceptable rate, issues of quality and technological capacity will be key determinants to sustainability.
 - **Tourism** – very innovative forms of the tourism product have emerged within recent times inclusive of but not limited to, eco, sports and health tourism. It should be noted however that though the sector accounts on average for annual revenue of US\$20 billion and 21.5 million stay-over visitors, it represents less than 6% of international tourism receipts and less than 3% of international stay-over visitors. This presents an obvious opportunity for significant growth. On the downside however the level of competitiveness in the industry has been very high and particularly so where cost and quality rivalry in some Latin American markets have played a key role in diluting the effectiveness of the Caribbean’s tourism product.
 - **Entertainment Services** – clearly the entertainment industry represents huge prospects for the emergence of new talent and the trade in services across sectoral, regional and international boundaries. In fact the level of access to European markets is unprecedented, as there are no stated limits or quotas on access for natural persons. In essence entertainer registered under a business can together with their employees and crew can supply entertainment services to practically all European states. Principal among the concerns however are issues of intellectual property rights.

3. POLICY FRAMEWORK

3.1 Conduciveness of Environment

3.1.1 Trade Agreements - The Need for Increased Dialogue

This brings to focus the readiness of the sector and policy makers to assess, address and effectively manage changes within the region occasioned by global trade negotiations inclusive of the recently concluded EPA and ongoing discussions at the hemispheric level (CARICOM-MERCOSUR, and CARICOM USA and CARICOM-Canada).

It is apparent that globalization, conceptually premised on the integration of world economies, to principally engender economic and socio-economic advancement, has indisputably been one of the most debatable themes within political and business environments during the past decade.

Argued in theory on the rudiments of accelerated growth and poverty reduction, through the promotion of ideals inclusive of increased trade and financial integration, it is apparent that small economies and poor countries have continued to experience difficulties in effectively actualizing the globalization formula, which, in the context of negativities on their economies has had the potential to be viewed as a speculative encroachment for gain by super powers on more vulnerable states.

Distinctly defined and promoted within the terminological framework of deregulation, privatization and the opening of borders and domestic markets, it is clear that the developing phenomena of globalization is irreversible and likely to accelerate at alarming rates, particularly given the high correlation between developing technological solutions and the tenets of globalization.

In question therefore is the financial, economic and technical capabilities of vulnerable economies and key sectors in the region to effectively embrace globalization in similar manner to larger economies where wealth and prosperity levels, economies of scale and technological advancements have positioned them to have a significant competitive edge in the increasing battle for global market advantage.

These bread and butter issues some have argued are seemingly the subject of no subject, disgruntle ness and misunderstanding. In essence there is a seeming disconnect between existing and ongoing policy initiatives and the realities of issues being faced by practitioners within the sector. More dialogue with the sector as a standard policy making step is vital.

The failure of policymakers to effectively address such concerns will continue to result in cynicism, uncertainty and the slowing of growth prospects following considerable efforts to facilitate such, the most recent example being the extended debate on the true value of the EPA to the region.

3.1.2 Trade Agreements – Opportunities derived and need for further enablement

That said, participants within the services sector generally recognize the importance of existing agreements as well as the need for ongoing deliberations which are supportive of reciprocal trading opportunities within regional and global markets. Clearly, there is significant scope for expanding trade in services within the region.

In fact there is some evidence of the actualization of opportunities emanating from such agreements particularly among some mainstream participants inclusive of:

- Wider access to inter-regional and global markets
- Creation of new regional and global alliances – success in this regard has primarily been in the areas of business, distribution and educational services.
- Implementation of alternative and new forms of engagement, buttressed by the restructuring of existing and creation of new industries to meet global requirements.
- Access to some forms of technical assistance and probable financing

Importantly, successes in these areas at the mainstream level have had resulting impacts downstream and within cross-sections of the services economy. However, perceived complexities and a lack of understanding by a wide cross section of participants in the sector of required processes for realizing trading opportunities arising from existing and recent agreements continues to hamper economic broadening efforts and sectoral developmental.

Thus the announcement of perceived opportunities from trading agreement will not be enough; this must be buttressed by programs that, practically addresses areas of opportunity and the realization of benefits from such, for a wider cross section of the sector, if perceived gains are to be effectively actualized.

3.2 Enabling Development and Growth of the Trade in Services

As well, a supporting structure that practically attends to the developmental needs of industry participants as allies with regional governments and supporting agencies is among the most pressing policy initiatives at this juncture. The Barbadian tripartite model which facilitates dialogue under established protocols

between government, the business sector and trade unions is a step in the right direction. However these initiatives must work and avoid complexities and unnecessary bureaucracy.

More importantly, urgent attention to capacity building, restructuring and retooling of participating companies is in dire need of address. This is of particular importance given the encouraging growth trends in the trade in services compared to that of trade in goods.

Quite frankly, broad-based reformation of how we do business and a redefinition of relationships within regional and international economies should no longer be understated or reduced to an intellectual paper trail, with little practical reference to the urgent need for change and conformity to best practice. Therein lies the opportunity irrespective of jurisdictional or corporate size for the region to compete more effectively within international markets.

To achieve this, enablers specifically geared towards the strengthening of participating entities within the sector have been identified.

3.2.1 Enabler 1 – Creation of Data and Business Intelligence Reservoirs

Among the contributing fundamentals to poor business health in the region is the limited nature or absence of timely information. Moreover, the absence of formal business intelligence data repositories which can be accessed and drawn on for analytical and planning purposes is most glaring.

In actual fact very few of the industries within the services economy outside of tourism and financial services attend to any significant data collection and management efforts. Among the arguments advanced for this are costs, protection of data and yes the very inherent weakness of some practitioners in the sector to engage in and maintain good records.

Correction of this malady is of particular importance at the trade sector level and can probably be best achieved through the strengthening of business support organizations (BSO), trade associations or chamber of commerce bodies to collect data from their constituent members. This will no doubt also require the strengthening of relations between the CARICOM Secretariat, multinationals and these intermediary bodies.

Notably, the research capabilities of the region particularly as such relate to innovation, the creation of new products and competency building is weak. This is a funding sensitive area of ongoing concern.

However, there are international agencies and entities that have developed significant expertise in this area that the region can benefit from.

The encouraging of alliances and establishment of business partnerships which allow for cost effective harnessing and development of the regions knowledge and research economy is an imperative requiring immediate attention.

3.2.2 Enabler 2 - Improving Structural Integrity

The capacity of the region to produce international services of a highly competitive nature requires further development and while significant global challenges are evident, it is clear that strategies aimed at readying companies at the domestic level to effectively embrace global opportunities is critical. Interestingly, the issue of size is seemingly not as significant a determinant to the creation of competitive advantage by service practitioners as is the structural quality of their operations.

Support in the determination and implementation of structural systems which provide for the appointment of boards of directors or for that matter board of advisors as well as guidelines on other structural fundamentals such as procedures for control over critical areas of planning and decision making are critical.

More specific are weaknesses and the need for support and guidance at the structural level for:

- Strategy and planning
- Succession planning
- Implementation of improved systems of internal governance
- Implementation of control and monitoring systems

Strategy and planning

Key considerations include

- Guidance on and structured approaches to the identification and assessment of likely impacts of varying forms of organizational risk.
- Exposure to the rudiments and processes for identifying and developing contingency plans to allow for timely responses to areas of organizational risk that are likely to affect their ability to achieve stated objectives.
- Guidance on the implementation of risk management programmes, including employment practices and indemnification arrangements.

-
- Structural and other systems support that emphasizes sound risk management reporting.

Succession planning

Key considerations include

- Exposure to recruitment and selection policies and processes supportive of future organizational skills and competency requirements.
- Assistance with programs and the creation of alliances that will identify and feed new and potential talent.
- Particularly with small firms, guidance in the establishment of systems supportive of the identification of successors and an understanding of related legal processes

Improved systems of internal governance

Key consideration include

- Systems supportive of good record keeping and the production of timely audit reports
- Systems supportive of the implementation of physical and financial asset protection policies inclusive of risk management policies and rules.
- Systems supportive of the establishment of corporate citizenship and business etiquette commitments.

Control and monitoring systems

Key consideration include

- Assistance with the implementation of organizational benchmarks to assist with the gauging of performance
- Assistance with the establishment and implementation of guidelines for monitoring and assessing market and competitor activity.

It is felt that support in these areas will give credence to the effective implementation of strategy, while reinforcing accountability particularly at the management level, and within business units of larger organizations in the sector.

3.2.3 Enabler 3 – Creating Operational Management Efficiencies

Building operational management competencies defined principally on the capacity of entities in the services economy to create value for existing and potential clients within the framework of current and proposed service and product offerings is an indispensable concern that continues to severely undermine cost effectiveness and competitiveness of the sector.

In essence, the operational management capacity of several entities in the sector is fundamental to their sustainability and hence the maintenance of a platform that optimizes operational efficiency is an imperative; a strategic focus that should increase the effectiveness of service delivery and by extension, the value of their brands. Among the key considerations for development are:

- The creation of policies and procedures that are well documented in the form of policy statements and manuals to guide staff in the execution of their duties.
- The development of systems and documented guidelines for conducting periodic checks for conformance to policies and procedures of operational functions
- Mechanisms for monitoring and fulfilling statutory commitments and enablement of prompt reporting and a high level of transparency and disclosure
- Support in the establishment of procedures for identifying and addressing organization wide preventative maintenance issues and standby systems to control and minimize disruptions to operations and service delivery in the event of specified failures.

3.2.4 Enabler 4 – Improving Relevance, Versatility & Quality of Services

Invariably, the services offered by the region will continue to define its character and determine appeal to the discerning regional and global public. As earlier alluded the range and depth of services offered by the region are immense and in some respects unique.

Success no doubt will continue to be anchored on the ability of entities in the region to design, develop, and deliver services that meet the needs of regional and global markets. The emphasis on development of competencies that allow for continuous improvement, through research, design, and development is therefore important. In fact, the level of attention to these factors has been identified as a central dynamic that will either drive, or negatively impact revenue generation.

Complimentary to this is the need for marketing processes at the trading level which are intrinsic to profitable identification, anticipation and satisfaction of consumer needs. To be effective, this will require a market research component as a prerequisite to understanding consumer needs and behavior while determining success rates with respect to product type, sales potential, revenue generation and ultimate profitability.

These are probably among some of the most profound needs for achieving effective inter-regional and global market access and penetration. Specifics for advancing these areas include:

-
- Facilitation of systems and development of guidelines to ensure products and services meet international standards with a view to competing in other destinations with world rated products and services.
 - Establishment of measures that will assist it in building services export competitiveness while creating linkages with foreign affiliates for the promotion and sale of the sectors' products and services
 - Facilitation of opportunities that provide for exposure of service delivery and sales staff to training on techniques that will assist them in delivering world class service
 - Assistance with the establishment of cost and pricing strategies for products and services that will provide opportunities to compete in markets outside of the region
 - Assistance with the creation of distinct product and service brands with the capacity for franchising in regional and international markets.

3.2.5 Enabler 5 – Improvements in Quality Management

The issue of quality is a sensitive subject throughout the region. It is also a major industry wide concern. If the region is to become more competitive, the quality concerns particularly as they relate to the value of service delivered comparative to that of competing entities external to the region must be addressed.

Importantly, the fast tracking of a regional wide quality code which attends to the sectoral and cross-sectoral concerns supported by a series of international benchmarks stands out as a fundamental of immense importance to progressively differentiating and improving the regions' competitiveness.

Technical assistance in respect of the following has been identified as considerations for immediate strengthening.

- Improvements in the performance and features of services being offered to ensure they have the ability to meet required needs
- Assistance in the establishment and maintenance of Quality Management Systems (QMS) as a prerequisite and key operational feature for ensuring formal methods of control, feedback, and client satisfaction is attended to.
- It is notable as well that while the Caribbean Regional Organization on Standards and Quality (CROSQ) has apparently been engaging in work towards improving quality standards for goods and services, very few business entities are aware of them and their effort. The

fostering of relations between these important entities and the business community as well as the soliciting of input into proposed standards is important.

3.2.6 Enabler 6 – Improving Technological Capacity

The services economy for the most part is technologically driven and substantially dependent on the information economy. As such, competitiveness and efficient service delivery in many respects, is challenged in the absence of an effective information and communications technology (ICT) platform.

To this end, advances in computer technology applications have had far reaching effects on industries in the sector and their ability to capitalize on and create competitive advantage through the implementation and deployment of technology solutions as they develop. Thus, some applications in use in several instances are archaic and off par with some players in the global market.

Importantly as well is the weakening of opportunities for some international engagements due to the absence of quality technological requirements. More importantly is the issue of access into international markets through the sale of services using technology which in many respects have been very cost prohibitive. In essence the cost of technology has not been cheap and as such has rendered some players uncompetitive in very volatile markets.

It is very apparent as well that weak application of technology, particularly software solutions which are supportive of data capture and analysis is among the issues affecting the ability of the region to engage in effective research, and a better understanding of entities participating in the services economy.

While there is no one solution to this particular matter, emerging issues of importance for consideration include:

- The need to establish a regional master plan as a matter of strategic priority for effective automation of all key industries. In view of cost considerations, phased implementation should be considered. As well, it is felt that the risk of obsolescence should be central to the automation efforts to avoid significant capital outlay that would only be beneficial in the short to medium term.
- To ensure sustained effort in technological investments, support in the development and implementation of technological development and maintenance policies has been identified particularly in relation to storage and restoration of data. Of particular importance in this regard a methodology for capturing and restoring data as well as scheduled dates when restoration must be tested, have been emphasized.

-
- In support of improved regional data capture and analysis, systems that will enhance and allow for access to real time information particularly in critical areas such as financial and risk management reporting, administration of human resources, and customer tracking inclusive of a complaints management process are recommended.

3.2.7 Enabler 7 – Development & Optimization of Human Capital

Among the key factors underpinning the success of the region is its people. However, the pace of change within the business community has been rendering skill sets redundant at a faster rate than any previous time in history, thereby weakening the effectiveness of the region’s human resources and its ability to effectively respond to regional and global developmental agendas.

Noting the high correlation between the regions’ success and the quality of its human capital, there can be no doubt that factors such as performance and productivity, if unattended will result in sub-optimization of the services economy and negating of the ideals of corporate transformation, a regional competitive factor of critical importance. It follows that the regionalizing of a comprehensive continuous human resource development program, particularly in key sectors is both relevant and necessary.

Other supporting considerations are:

- The need for technical assistance in the development of Human Resource Plans, which attend to detailing projections of skill levels required in consonance with business needs and the regional agenda, a comprehensive skills matrix instrument to provide inventory of current skills and skill gaps; qualitative information on the level of competencies required under various categorizations; and known exits occasioning skills depletion and requiring replacement skills.
- Promotion of programs which emphasize the importance and need for HR practitioners to disseminate best practice procedures and processes reflective of the ethos of businesses in the service economy, with a view to promoting quality in the management of the region’s human resource, inclusive of recruitment and selection, resource development, job design and job enrichment.
- Assistance with definition of regional recruitment and selection criteria that strengthens the harmonization of a regional human resource policy position that promotes a culture of service excellence and continuous improvement while emphasizing performance based schemes and successful implementation of management strategies.

-
- Creation and access to a regional human resource data base which among other things identifies and provides intelligence of the sector's labour market, its composition, challenges, as well as labour market changes.
 - Definition and harmonization of key tenets of a regional performance management and appraisal system, which correlates with other key business systems and strategies while addressing areas such as:
 - a. establishment of performance criteria relative to key strategic and business objectives of entities operating in the services economy
 - b. monitoring of employee performance against key objectives and stipulated frequency of the review and evaluation process
 - c. guidelines on appeals processes
 - d. performance improvement planning
 - Guidelines to be established for continuous assessment of learning and development opportunities and for determining the success rate of the HRD programme.
 - Assistance in documentation of health and safety measures in policy manual format

3.2.8 Enabler 8 – Facilitating the Creation of “The Commercial Credit Union of the Caribbean”

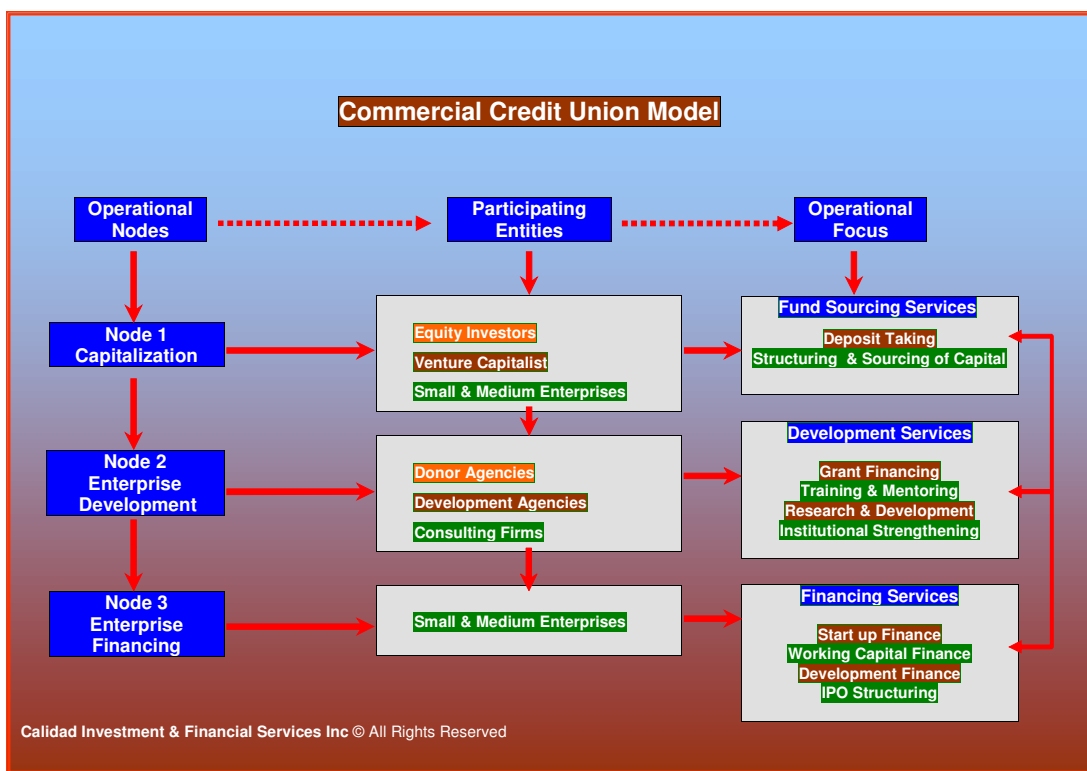
Within developing economies, like those of the Caribbean, the limitation of methods which take account of the needs of emerging entities, while cognizant of the dynamics of working and developmental capital flows, is a socio-economic imperative of critical importance to existing businesses and the facilitation of start-ups. More precisely, institutions structured to attend to holistic managerial excellence and development of emerging businesses requires urgent attention.

The historical significance and success of credit unions as financial intermediaries primarily attending to consumer type financing is very evident. The extension of this success through the establishment of Commercial Credit Unions, focused on economic development, structuring and raising of capital and the provision of other capacity building services to its members is of significant importance at this juncture of our economic development in the region.

Why this type of structure?

Credit union development has traditionally and continues to be structured on distinguishing characteristics unlike those utilized to formulate banks and other financial entities. Among the key distinguishing characteristics are:

1. Credit unions are member-owned, member-directed cooperatives in which each member has and is entitled to one vote. In this regard they are not subjected to control by any one shareholder and are virtually invulnerable to hostile takeovers.
2. As public service institutions their main purpose and intent of origin is that of promoting thrift among members and creating a source of credit for provident or productive purposes
3. Boards of directors elected by and drawn from the institution’s membership are typically unpaid volunteers; however these are traditionally paid a monthly stipend which can vary from institution to institution. Such stipends are however typically well below market rates paid by other shareholder companies.
4. Credit unions do not operate for profit. Actually, enshrined in the credit union philosophy is the term “not for profit, for people”. As a result a significant portion of credit union earnings are returned to members in the form of annual dividends. The not for profit concept is also clearly expressed in the beneficial pricing of services to members particularly as it relates to fees, interest rates on loans and higher than typical interest rates on deposits
5. Credit unions have certain limitations on their membership based on member affinity or what is generally referred to as the institutions “common bond.”



While there are alternative financial institutional models which could be considered for addressing financial challenges of small and medium entities, these distinguishing characteristics, particularly those

which emphasize cost rationalization, enfranchisement and a sense of commonality have been identified as key ingredients for the establishment of the Commercial Credit Union of the Caribbean.

Of particular importance as well is the not for profit but for people philosophy, which has been the bedrock of credit unionism, unlike banks and other financial institutions. Fundamental therefore to the establishment and strategic intent of the Commercial Credit Union of the Caribbean is

- The sustainable development of small and medium Caribbean enterprises through the provision of competitively priced financing, deposit and investment alternatives.
- Facilitation of growth and market widening opportunities through access to and insistence on institutional strengthening methodologies and best practices.
- Fortification of sustainable revenue flows through the creation of global marketing, trade and services networking
- Divestment of small and medium enterprises into the financial services market by way of equity participation in the Commercial Credit Union of the Caribbean.

4. STRUCTURAL REQUIREMENTS

4.1 Harmonization & Strengthening - Legislative Framework

Naturally, the sovereignty and independence of states within CARICOM has and rightfully so resulted in significant levels of legislation governing sectors across the region. However when governments across the region signaled their intention to proceed with a Single Market and Economy it was clear then that efforts, towards the harmonization of a legislative framework aimed at creating a common regional and extra regional voice for trade over a period of time would be very necessary.

Interestingly, while significant effort has gone into the establishment and signing of the European Partnership Agreement (EPA) it is apparent that similar levels of liberalization have not been realized in the region following the enactment of the Revised Treaty of Chaguaramus.

As a result elements of disharmony in the governance of trade associations, sectors and more importantly the state has been a troubling feature of a community keen on regional integration and well prep for internationalization, but unfortunately without an effective enough legislative framework.

As primarily English speaking nations in Spanish dominated waters harmonized laws with respect to the international agenda for the trade in services is of vital importance. Through the Commonwealth Secretariat and the CARICOM Legislative Drafting Facility model laws on key social and some business issues are apparent. This is encouraging.

Apparent as well at the Regional Negotiation Machinery (RNM) level is extensive work with respect to a regional policy position on the following:

- Business Services
- Communication Services
- Distribution Services
- Cultural Services
- An ICT Policy is currently being developed.

Disappointingly however, a major legislative gap evidenced by an un-executed Financial Services Agreement and disharmony on a regional Investment Code, both of which are critical to capital market integration and economic harmonization in the region, remain unattended to while an external legislative and trading position (European Partnership Agreement) that will systematically liberalize the region's financial services and other sectors has received significant attention.

These are not the only areas lacking legislative clarity and effect. Of concern therefore is the true value of international trade liberalization which has been so aggressively pursued, with a regional legislative position that doesn't give full credence to regional integration and enhanced competitiveness.

More so it is concerning that business entities, taking their lead from various announcements about the direction the region is going, take preparatory steps and expend sums to correctly position their organizations for participation, to discover later that a decisive position cannot be ascertained on key policy matters.

It is apparent therefore that while the framework for driving legislative change is not lacking, wider cooperation on a harmonized legislative position is a major hindrance to progressing the regional integration process and optimization of harmonized strategy for entering international markets.

In the absence of effective protocols on key sectoral matters, binding agreements between jurisdictions within the regional community and workable treaties on how we handle our affairs as a collective people, the economy of tomorrow is weakened and will eventually lack relevance in a borderless market space. This need not be the plight of the region.

4.2 Harmonization & Strengthening - Government & Industry Structures

While therefore it is recognized that adequate structures at the policy making and industry association levels are required to give maximum effect to their capacity to truly assist the business community to be effective participants in the regional and global services economy as contributors to economic prosperity, such can only be fully functional in an atmosphere of harmonized governance.

Thus at the governmental level on a state by state basis there is capacity to treat with urgency varying matters; however within the context of the CSME effective trading of services and a harmonized structure to guide such is debatable and particularly so in the absence of agreed positions on labor mobility, competition, intellectual property rights and a myriad of key issues of structural importance to the regional business community and a progressive services economy within the CSME.

Clearly, these and additional issues continue to have a regressive effect on structural and decision making matters at the industry and trading association levels and by extension its capacity to establish effective sectoral and cross sectoral linkages.

5. CONCLUSION

Clearly, while the dynamics of globalization and progression of its agenda can be easily construed as a daunting and highly bureaucratic procedure, creating the right environment for the development of the services economy within the CARICOM Single Market and Economy must be seen as a natural progression of development in the region, unfettered from rhetoric and excessive delays occasioned by too heavy a focus on factors external to the region while internal imperatives supportive of improved international trading opportunities deteriorate.

As well, state led initiatives focused on the solidification of a harmonious and progressive business climate buttressed by an integrative framework which continuously attends to legislative and regulatory improvements as key contributors to the creation of high performing service export driven entities is of fundamental importance to the growth prospects of the future services economy and indeed the region.

Achievement of this as articulated in this paper can best be achieved through the enablement and strengthening entities in the sector without which regional efforts to penetrate external markets will be systematically undermined. A formula, supportive of financial and non-financial investments in strategic sectors with the capacity to spur on activity in sub-sectors, while supporting the ideals of innovation, alliance building and new strategic engagements is vital.

Naturally, the far reaching provisions of various trade negotiation and agreements will continue to pressure member country governments and their representative trading blocs to analyze with measured detail, the outcomes from negotiation processes and particularly so as it relates to resultant impacts on their economies. As such dynamics are likely to have resultant impacts on the business community and in particular the services economy, systems of governance which encourage ongoing dialogue should not be sidelined or left unattended.