INDUSTRIAL POLICY
OF
ST. LUCIA

30 January 2001

Ministry of Commerce,
International Financial Service and Consumer Affairs
Government of St. Lucia

CONTENTS

CHAPTER 1

The Rationale For a New Industrial Policy

1.1 THE BACKGROUND CONTEXT

The globalisation of business and the ever-increasing pace of technological change present a competitiveness challenge to all countries and enterprises within them. The advent of instantaneous, worldwide communications 24 hours a day has turned the world into a single marketplace where customers can have full knowledge of competing products and services, where speed and quality of response by suppliers (as well as price) are important determinants of success. Such an intensely competitive environment, *compounded by the progressive liberalisation of international trade,* makes smaller developing countries especially vulnerable in their attempts to gain a reasonable share of world markets. This has persuaded the Government of St Lucia to evolve an industrial policy to support the development of manufacturing businesses so that they can compete effectively in the domestic, regional and wider international markets. *It is however, the private sector, which has the ultimate responsibility for improving the nations' international competitiveness. The policy, therefore, is driven by the private sector's legitimate needs.*

Since its independence in 1979, St. Lucia has achieved a fairly impressive development record. The Government has maintained policies which recognise changes in the international environment of world trade and reflect a prudent macro-economic approach resulting in a solid fiscal position, good balance of payments, and a modest external debt burden. These policies have been supported by a fixed nominal exchange rate pegged to the US dollar. The present exchange rate arrangement within the OECS Monetary Union has served St. Lucia well in maintaining price stability, a moderate inflation rate and achieving sufficient equilibrium in its external accounts.

Against this background, St. Lucia successfully developed three export-based sectors: agriculture (bananas), tourism and light manufacturing activities. These became the three main pillars for the whole economy. Yet, with the exception of tourism, they cannot be considered competitive in today's world terms. Changes during the last decade have seriously threatened the two weaker sectors. In particular the liberalisation of St Lucia's traditional banana market and the implementation of NAFTA, which brought Mexico into direct competition in manufacturing, have caused serious damage.

This industrial policy has the underlying objective of beginning to redress these problems in the manufacturing sector by identifying new opportunities. However, implementation will have to be within the regional and international context where competition continues to intensify. Although the Government is determined to make progress, it would be unrealistic to expect instant results. This policy marks the start of a long-term plan to claw back international competitiveness and market share in order to underpin steady improvement in the entire St Lucian economy. *It aims to support the essential efforts of the individual firms to strive for improved international competitiveness in key areas, such as:*

- *quality and standards*
- *human resources*
- *innovation in products and process*
- *application of appropriate technology*
- *continuous improvement in productivity*
- *strategic marketing*

1.2 ST. LUCIA'S PRESENT INDUSTRIAL STRUCTURE AND PERFORMANCE

Considering the small size of the economy (GDP-US$650 million) and the population (150,000), St. Lucia's industrial structure is quite varied. It encompasses a wide range of activities, from agro-food processing and beverages (the largest sub-sector accounting for more than one-third of the manufacturing output), paper products (24%), garments (8.5%), electronics (8%), plastics, chemicals, printing, furniture and handicrafts. Most firms are locally owned and their production is predominantly for the domestic market. Foreign firms are dominant in garments and electronics with an output that is exclusively export-oriented and inputs which are mostly imported. There are no joint ventures and in most cases foreign ownership is 100%.

In 1999, manufactured exports amounted to around EC $47.0 million (US$17.4 million) - less than 5% of export of goods and services. In contrast, tourism receipts accounted for some 70%. The biggest manufactured export items are beer (US$7.2million), garments and apparel (US$ 4 million), ensembles of wool/fine animal hair (US$4 million), paper products (US$2.4 million) and electronics (US$3million). Beer and paper products are exported predominantly to CARICOM countries. Others are exported to the USA under the preferential treatment accorded to St. Lucia within the Caribbean Basin Initiative.

More than half of all firms employ less than 10 workers. There are, however, 7 firms employing more than 100 workers, six are foreign owned. *In world terms, however, even St. Lucia's largest manufacturing firms are only of medium size.* The majority of firms are fragmented, operating at very low production capacities (between 30-50%) and the technology varies widely. The garments, handicraft and furniture sub-sectors tend to use primitive, low-level technology. Most raw materials and packaging materials used in the manufacturing sector are imported. Severe shortages of appropriate technical skills contribute to low productivity and there is a concentration of employment in low productivity sectors. *The private sector has pressed the case for an audit of all manufacturing companies to assess their potential for sustainability and growth. The Government recognises the need for such an audit and would support such an exercise led by the private sector.*

In general the manufacturing sector in St. Lucia is fragile and pre-occupied with day-to-day survival. It operates in an environment of licences and quotas, high input costs (especially utility and freight charges), low productivity, insufficient access to credit and intense competition for wider market opportunities.

On the other hand there are preferential market access arrangements (e.g. US, EU) which can be exploited and there is the potential to link more industrial activity to the thriving tourist trade. Labour relations are good and the workforce can be trained in new skills. There is also scope for more effort to promote St Lucia as an attractive location for inward investment, particularly to other Caribbean countries and the US.

1.3 CONSTRAINTS OF THE MANUFACTURING SECTOR

Across the country, the manufacturing sector has almost identical problems, but with a varying degree. Some constraints may be location specific or sub-sector specific. The sector is currently experiencing many difficulties related to their scale of operations and resource limitations, and often also because of the changing global economic trading conditions. Based on the previous studies and surveys, the constraints faced by the manufacturing sector and the reasons for its decline in the recent years can be broadly summarised as follows:

a) inconsistent and high taxes coupled with licenses regime;
b) severe competition from imported goods;
c) low levels of productivity associated with inadequate technology, poor skills and inefficient organisation;
d) weak management ability, especially in firms wanting to grow;
e) poor access to credit for both working capital and longer-term investment especially from formal sources;
f) lack of access to information about markets, suppliers, operational techniques, new designs, regulations and standards;
g) difficulties in innovating (increasingly important in a fast changing competitive environment);
h) weak ability to internationalise, a particular problem for small firms and one which has become of paramount importance as economies become increasingly integrated under pressures of globalisation;
i) difficulties in meeting rising world expectations regarding quality standards;

j) inadequate working conditions and levels of social protection, which are not only detrimental to workers but also to the capacity of the enterprise to innovate and improve productivity;

1.4 THE CURRENT POLICY AND INSTITUTIONAL FRAMEWORK

Although this is the first Industrial Policy for St Lucia it will operate in tandem with, and be influenced by a number of other Government policies and institutions. These are relevant and necessary to create a supportive environment for the development and growth of competitive private sector businesses.

Trade policy is a prime example. In addition to membership of the WTO and the Lomé Convention, St Lucia is signatory to many regional trade agreements offering preferential access to markets in the wider Caribbean as well as North and South America. This will operate as a driver for gradual liberalisation of St Lucia's own trade policies and procedures. *The government recognises however, that the pace of such liberalisation needs to strike a careful balance between the need to fulfil its obligations, the need for genuine reciprocity by other countries and the need for its own industry to prepare to respond to new opportunities.*

Fiscal and monetary policies have sought to broaden the tax base and make the tax system transparent, efficient and fair to the corporate sector. Membership of the OECS monetary union has helped maintain a stable exchange rate with moderate inflation, a good balance of payments and modest external debt.

Investment policy has sought to create a favourable regime to attract and keep foreign investment. This is combined with initiatives such as a Free Zone and other programmes designed to stimulate entrepreneurship and investment among domestic firms - particularly in the micro and small firms sector.

St Lucia also has a diverse institutional infrastructure for private sector development consisting of the Ministry of Commerce, International Financial Services and Consumer Affairs; the National Development Corporation, the Small Enterprise Development Unit, the St Lucia Customs, the St Lucia Development Bank, the Bureau of Standards, and the Sir Arthur Lewis Community College. This institutional infrastructure provides business development services to firms in the areas of export promotion, facilitation of importing, industrial finance, technical services, training and industrial estates. They will need to work together to effectively deliver an integrated package of services to facilitate business start-up and growth. Some institutions and services also require strengthening as discussed in Chapter 2.

The table below summarises the strengths and weaknesses of the industrial sector; the policy and regulatory framework in which it operates; together with the opportunities and threats that should be addressed in the future.

ST. LUCIA
INDUSTRIAL AND INVESTMENT FRAMEWORK
SWOT Analysis

STRENGTHS	WEAKNESSES	OPPORTUNTIES	THREATS
Political and relative macroeconomic stability	Small size of country and closest markets	Expanding number of potential regional investors	Strengthening regional competition for trade and investment
Preferential market access regionally and to US, Canada and EU	Inadequate promotional thrust to attract investment	Scope to liberalise trade and investment procedures	Erosion of preferential market access
Good labour relations and a trainable workforce	Lack of technological skills and lagging productivity	Strong tourist industry (600,000 visitors a year)	Further deterioration of labour cost/productivity performance
Attractive investment location	Cumbersome bureaucratic procedures	Time zone advantage for IT	Further relocations from St Lucia to other parts of the region
Potential for agro-processing and tourism linked activities	Variable access to industrial finance and weak supply side support for small firms	Growing US market for Caribbean products which are unique in ethnic or environmental terms	
New Free Zone and spare capacity in Industrial estates	High utility and freight costs	Availability of donor technical assistance	

1.5 THE STRATEGIC RESPONSE

St Lucia is a market economy and must remain so, to be consistent with the thrust of today's increasingly liberalised trading world. In this global environment it is the private sector, which must have the ultimate responsibility for improving the nation's international competitiveness and share of world markets. Nevertheless, experience in other developed and developing countries has shown that a strong private/public sector partnership is vital to achieving industrial policy objectives. It is the role of Government and business institutions to support the private sector's efforts with suitable policies and programmes, which can help, stimulate business growth *in firms of all sizes*, whilst continuing to liberalise domestic procedures that stand in the way of realising new trade and investment opportunities.

This requires a market-oriented industrial policy, which will encourage investors and support business efforts to increase market share. It should also take full advantage of existing strengths and opportunities, by helping to add greater value to domestic inputs and enhancing linkages between established sectors of the economy such as tourism and agriculture. With these objectives in mind, *this private sector driven* policy has two main strategic aims:

a) to encourage and facilitate increased levels of foreign and domestic investment;

b) to promote, encourage and support all businesses in their efforts to strengthen productive capacity, improve their competitiveness and grow successfully.

This policy is intended to provide a broad framework within which more detailed measures will be developed and implemented in partnership with all stakeholders.

CHAPTER 2

The Policy Agenda

2.1 A PRIORITISED APPROACH

For this policy to meet its strategic aims for industrial development there are many separate issues which need to be covered. At the same time the Government recognises that its own resources are limited and this calls for a prioritised approach for maximum impact and value for money. Everything cannot be done at once. It is not only necessary to prioritise the issues to be addressed, but also in our analysis to differentiate between actions for the short, medium or longer term.

The detailed focus of the industrial policy will centre on six key issues:

1. Investment Promotion and Facilitation
2. Development of the Micro and Small Enterprise Sector
3. Improved Access to Finance for Business
4. Import Liberalisation/Export Development
5. Human Resource Development
6. *Technology, Productivity and Competitiveness*

2.2 INVESTMENT PROMOTION AND FACILITATION

St Lucia has a number of attractions for inward investors but they need to be promoted more aggressively and there is scope for investment procedures to be further streamlined. *Although St. Lucia's past experience of inward investments has been mixed, international investors can contribute to productive development of the manufacturing* sector. To *identify and pursue such opportunities,* the Government will develop the National Development Corporation into a strong, focussed inward investment promotion body with an independent Board which will also oversee the Free Zone Company. The Board will have a private sector Chairman and 50% of its membership will also be from the private sector. All members of the Board (whether from the public or private sectors) will be senior representatives who have relevant experience of the issues involved.

The new Board will be established as a matter of priority. Its own short term priorities will be to strengthen the National Development Corporation; to oversee the development of a new investment promotion strategy; and to streamline the investment approval process. This will be key to the success of the other two measures.

These **short term** initiatives are described in more detail below.

The NDC will be restructured and adequately resourced to promote inward investment; to assist in the start-up of new investors; and to maintain a close relationship with existing investors. Its present responsibility for land development and estate management will be transferred to the Southern Development Corporation.

Under the guidance of its new Board, the NDC will work with relevant ministries and other institutions to develop a new marketing strategy. This must be focussed to increase the volume and quality of investments. The Ministry of Foreign Affairs will have a key role in pursuing the strategy overseas and the marketing techniques. In order to deliver results, it must take advantage of the latest communication technologies. The key issues to be addressed in the plan will include:

- country targeting and the selection of sectoral priorities
- the role of diplomatic missions, Honorary Consuls and St Lucian expatriates
- linking tourism promotion with investment promotion
- the role of the internet and e-commerce in marketing
- the nature and level of resources required for implementation

The Government will review all investment approval processes to ensure that all (*foreign and local*) investors, within one month of application, will be guaranteed decisions on all necessary approvals to enable them to begin investment. This is to include utilities as well as regulatory permits. Consistent with its "handholding" role for investors, procedures will be developed to give the NDC responsibility for ensuring this guarantee is delivered.

Once the short-term measures are firmly in place, the three longer term investment issues will be addressed. Firstly, the Government will begin to dismantle the bureaucratic instruments which can inhibit potential investors. These include:

- the Negative List
- the Trade License
- Work Permits
- Land Holding Licences
- Import Licensing and Quotas

Meanwhile, all these measures will be administered transparently in accordance with published criteria.

Secondly, the Government will consider the long-term role and organisational positioning of the Free Zone Company and its relationship to the new Board of Investment. Thirdly, the Government and the NDC will develop a policy environment and supporting initiatives to encourage joint ventures. These may be between domestic firms themselves or domestic firms and inward investors. Areas with such potential may include joint exploitation of new market opportunities, development of supply chains and collaborative ventures in product development.

To encourage indigenous entrepreneurship the Government will also examine of giving an attractive investment package to both existing businesses for modernisation/expansion/ diversification as well as to the new entrants.

2.3 MICRO & SMALL ENTERPRISE DEVELOPMENT

The micro and small enterprise sector is the backbone of the St Lucian industrial economy. However its domestic market is small and export markets have suffered from increased competition both within the region and more widely. To help firms in the sector become more competitive, they need better access to finance, business and technical information, up to date management techniques, an improved level of vocational skills and assistance with overseas marketing. In delivering services to meet these needs local institutions must work together to maximise available resources in the interests of their business customers.

A number of these issues are dealt with later in this chapter. A strengthened institutional framework is a pre-requisite for the sector, delivering many of the measures necessary to assist micro and small enterprises to consolidate their businesses to make them more competitive. The Government will respond to this need by establishing a Small Enterprise Development Company - formed by upgrading the existing Small Enterprise Development Unit. It will have a strategic role in helping to develop the sector's supportive long-term policies and programmes and to effective delivery in partnership with other relevant institutions. The new Company will be further strengthened by an independent Micro and Small Enterprise Development Board. As with the Investment Board, a private sector representative will chair MSEDB and the private sector will be strongly represented in its membership.

Apart from overseeing the transformation and strengthening of SEDU to SEDCO, the Board will address the following **short-term** priorities within its first year of operation:

- the organisation of effective operational relationships between itself, SEDCO, the Ministry of Commerce and other relevant institutions (such as the Bureau of Standards, Produce Chemist Laboratory and the National Skills Development Centre)

- take measures to ensure that SEDCO is properly resourced and organised to administer the Loan Guarantee Scheme and export support measures described later in this chapter

- SEDCO's development and delivery of programmes (perhaps supported by a matching grant scheme) which will offer micro and small firms expert advice on competitiveness factors (such as quality, standards, marketing, product development and production technologies)

- analysis and promotion of opportunities for more micro and small enterprises to link upstream or downstream with established sectors (such as tourism and agro-processing)

- *review the proposed Micro and Small Enterprises Bill.*

- *review the fiscal incentives and taxation policies relating to micro, small and medium enterprises.*

The key tasks for the Board and/or the Government in the **medium and longer term** will include:

- the identification of Government "red tape" burdens on micro and small enterprises and devising ways to eliminate them

- review the MSE sector's adoption of technological developments to assess the need for further policies and initiatives.

- supply chain development to link MSMEs to larger companies, including inward investors.

- The assessment of other local sourcing initiatives in playing an effective role in stimulating competitiveness in the MSE sector.

2.4 IMPROVED ACCESS TO FINANCE FOR BUSINESS

Accessing formal credit is difficult for many small and micro businesses in St Lucia. It acts as a major obstacle to their development. The high cost of finance and non-availability of a range of appropriate financial instruments obstruct many entrepreneurs' efforts to secure the long-term viability of their business. Contributory factors include lack of collateral/credit worthiness, low capitalisation, high risk in a competitive market and poor maintenance of business records.

Other countries in the region have similar problems and some have responded with a degree of Government support for the financing needs of the MSE sector. The experience of such schemes is positive and the Government's **priority short-term** initiative in this area will be to create a Domestic Credit Guarantee Scheme (DCGS), based on the successful model introduced in Trinidad and Tobago. Administered by the Small Enterprise Development Company.

Success of the DCGS will depend on the constructive involvement of the commercial banks, other local financial institutions as well as the St Lucia Development Bank. To compliment the scheme the Government will also give priority to implementing its plans for reorganisation and greater commercialisation of the St Lucia Development Bank to improve its responsiveness to the legitimate needs of the industrial sector.

In the **medium and longer term** the Government will aim to increase the availability of business finance by:

- approaching the ECCB to establish an EXIM Bank to support export finance

- reviewing the ability of existing financial institutions to develop their own businesses with such facilities as leasing finance, long term equity type investment finance and *other forms of risk capital.*

- reviewing the domestic and regional financial infrastructure in order to meet business investment needs. This includes working with the ECCB to further deregulate the banking system to promote greater competition and facilitate new entrants.

2.5 IMPORT LIBERALISATION AND EXPORT DEVELOPMENT

Recently, St. Lucia has become a signatory to various regional and international trade liberalisation agreements. These bring potential threats as well as opportunities but, for the **short term** industrial policy, it is a priority to help businesses maximise export opportunities, for example by identifying niche markets unique to St Lucia (such as local ethnic and "green" products) and by securing greater exposure of international buyers and trading houses to St Lucia's strengths.

SEDCO will develop a programme of practical assistance for exporters including market research, intelligence about new opportunities, promotion at trade fairs and the arrangement of inward and outward missions.

To complement these efforts it is essential that in negotiating fora (such as CARICOM and the WTO) the Government should also vigorously pursue trade policy objectives aimed at maximising opportunities for St Lucia in markets which are open and fair. With this in mind, overall trade policy will be centred within the Ministry of Commerce (export promotion and development work having been devolved to SEDCO). As essential underpinning, an inter departmental Committee will be established immediately to report with recommendations on how the Ministry of Commerce should interact with the Ministry of Foreign Affairs and the External Trade Council in carrying out this role.

In the **longer term** the Government will continue to liberalise St Lucia's domestic market in accordance with its progressive commitments as a member of CARICOM and the WTO. However, regardless of the pace of such new commitments, the Government will also publish proposals to convert remaining non-tariff import restrictions into St Lucia's own common external tariff regime. It will initiate a study of the scope for import substitution and measures which might be taken (within international trading rules) to encourage St Lucia businesses to exploit such opportunities.

2.6 HUMAN RESOURCE DEVELOPMENT

Whichever policies and programmes to promote industrial development may be in place, the performance of the people who own, manage and work in businesses determine success or failure. Education and training play essential roles in equipping people to play their part, throughout working life, in the growth of successful businesses.

Recognition and pursuit of the need for life long training *(technical and management)* is the responsibility of businesses themselves and all those who work in them (or aspire to). However, the Government has a responsibility for an education curriculum that can provide the right training for the changing needs of business.

The Ministry of Commerce will work closely with the National Skills Development Centre and other educational institutions at the tertiary level in ensuring the provision of the requisite training to meet the needs of the industrial sector. The provision of short-term measures, including financial incentives to encourage businesses to engage in training and retraining to bring about a greater degree of technical competence and a refashioning of attitudes will also be pursued.

For human resource development, the **short-term priority** will be to launch of the planned National Skills Development Centre (NSDC) as a Government company with a public and private sector board. Urgent tasks for the NSDC's first year will include:

- establishing good working relationships with all training providers, their clientele *and the NDC*.

- establishing an effective data gathering system to assess business training needs and to monitor changes in those needs

- developing training courses in response to needs, especially in areas which can boost competitiveness such as productivity, adherence to standards and quality assurance.

- working with the Sir Arthur Lewis Community College, other training providers and the private sector, to introduce a National Apprenticeship Programme for school leavers

- assessing how overseas St Lucian business people could share their skills and experience in design and delivery of training and education programmes, possibly emphasising productivity and the work ethic.

The Government will re-assess its short-term measures by providing financial incentives (tax allowances and tax credit) to encourage businesses to increase their levels of training and development activity.

The Government will start to develop, for **medium term** implementation, plans to introduce business and entrepreneurship elements throughout the school curriculum.

2.7 TECHNOLOGY, PRODUCTIVITY AND COMPETITIVENESS

The success of the industrial policy will depend on the competitiveness of the private sector adapting to new and emerging technologies and increasing productivity. The Government shall create an enabling environment for the private sector to adapt to these changes. In this regard the government will endeavour to:

- *Establish a National Technology and Standards Board (NTSB), which will ensure the adaptation and efficient utilisation of new techniques and process. The Bureau of Standards, Produce Chemist Laboratory and other testing laboratories will be strengthened with adequate resources and function under the NTSB. The NTSB is expected to usher in Total Quality Management (TQM), enhance productivity and competitiveness, ensure the country's economic preparedness to achieve and adhere to international standards, and most importantly boost the image and confidence of the local private sector's products and services.*
- *Provide a special technology incentive package including tax credit for existing firms embarking on modernisation, expansion or diversification.*

2.7 OTHER RELATED ISSUES

This policy emphasises the need to prioritise initiatives to match available resources while recognising that all the relevant issues cannot be addressed immediately. However, it is also important that the policy should recognise the issues which require attention in the context of developing related policies and the evolution of this industrial policy in the longer term.

With regard to **infrastructure development**, the Government is aware of business's concern for price and efficiency of key utility and transport services. It will review measures that can be taken to improve the position and will publish a report.

A healthy **industrial relations climate** is essential for any industrial policy. The Government in consultation with the private sector will continue to pursue its proposals for the labour code and also seek early enactment of a new Occupational Safety and Health Act.

The Government recognises the need for a balance of **environmental sustainability** in the pursuit of industrial development. It plans to strengthen the Ministry of Environmental Affairs with an Environmental Impact Assessment (EIA) Bill and EIA regulation within the Physical Planning Act.

As women constitute almost 60% of the labour force, a **balanced gender approach** is also needed if St Lucia is to utilise all its human resources to improve international competitiveness. The Government will assess the necessary measures to reflect this position in relevant public appointments, in terms of access to the various initiatives set out in this policy and in respect of special training programmes.

CHAPTER 3

Implementing the Policy and Measuring Results

In any market economy it is the private sector which will ultimately determine the degree of success in improving a nation's international competitiveness. This document sets out a policy and institutional framework to support those efforts. It recognises that the successful implementation of industrial policy can only be achieved through a partnership of business, Government and relevant institutions as long as they share common objectives and can work together towards achieving them.

None of these three constituent partners exist in abstract. It is the people who work in the private sector, in Government and in the institutions who will determine how the policy is implemented and the measure of its success. So the policy demands **social partnership** of all who hold any responsibility for helping to progress St Lucia's industrial development.

The central direction, coordination and monitoring of the Industrial Policy will be undertaken through continuous review by an inter-ministerial **Council for National Development** (CND) headed by the Minister for Commerce and serviced by a small *dedicated* secretariat from the Ministry of Commerce, International Financial Services and Consumer Affairs.

Two of the Council's key early tasks will be:

- to ensure that all the actions promised in this policy are actually taken forward; and

- to measure the results against the policy's own broad objectives

ANNEX 1
Examples of Possible Priority Sectors

Prioritisation of Industrial Activity

As discussed in Chapter 2, one of the objectives of this Industrial Policy is to target and prioritise by identifying and supporting the most promising sub-sectors for investment. The criteria for deciding priorities should take into account such factors as market prospects, potential value added, employment, linkages with other sectors and exports.

Based on existing studies and surveys, the following three sectors are examples which may warrant priority consideration:

Agro-Food Processing

- direct jobs creation/protection (5000 farmers and agricultural labourers and some 1300 persons employed in agro-food processing firms);
- utilisation of an estimated 5,515 acres of under utilised or un-utilised agricultural lands (1996 agricultural census);
- establish strong backward and forward linkages with agriculture and tourism;
- potential for import substitution is estimated at $50 million, thereby saving valuable foreign exchange;
- potential for exports estimated at $25 million.

Handicrafts

- direct job creation/protection (1000 craft persons already involved);
- market demand for local handicrafts is estimated between $ 10-12 million (based on a tourist survey);
- establish backward and forward linkages with agriculture and forestry as well as with the tourism sectors;
- potential exports estimated at $2 million

Information Technology

- niche location: same time zone as in North America, English speaking and trainable workforce;
- possibility of making St. Lucia a regional “IT hub” for high-end products and services;
- potential to earn significant foreign exchange.

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INDUSTRIAL POLICY FOR ST. LUCIA

FOREWORD

By Hon Philip J. Pierre – Minister of Commerce, International Financial Services and Consumer Affairs

Our industrial sector, affected by globalization, the economics of size, scale and productivity requires an organized structure to address key issues that confront it from day to day. As a Government, we attempt to provide level playing fields but in the final analysis, it is the collective efforts among the players that will overcome the dynamics of change. This industrial policy does not provide a cure to all the problems we have encountered and continue to experience in the industrial development of St. Lucia.

However, it is a blue print and a mechanism by which we can focus on some priority areas and monitor the key results. This policy is unique because it is the results of the collaborative effort of the consultants and all the key players in the industrial arena in St. Lucia. Intense discussion debate and consultation were the watchwords at all stages of the process. The fact that stakeholders have endorsed the document is ample testimony of the spirit of goodwill that prevailed during its formulation.

The future will be challenging as our competition is the world and the avenues for shelter are slowly being uncovered. Countries like ourselves with limited resources have grown to become powerful economic forces. Our principal asset i.e. the human resource base must be the driving force to cause that policy document to work. If our people do not meet the challenge, this document will be worthless. Government can and will provide the enabling environment but it takes the efforts of the people involved to make it work.

I wish to acknowledge and thank the following people and organizations involved in the preparation of this document for their dedication and hard work.

- The Commonwealth Secretariat
- Dr. Chida
- Dr. Walter Francois
- Mr. Cosmos Richardson
- Mr. David Jordan
- Staff of the Ministry of Commerce
- Mr. Lawson Calderon – St. Lucia Manufacturers Association
- National Development Corporation
- Ministry of Planning