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FIRST MEETING ON INDUSTRIAL INVESTMENT PROMOTION  
New York, 26-27 June 1967

INDUSTRIAL INVESTMENT PROMOTION ACTIVITIES OF THE  
UNITED STATES OFFICE OF THE  
BARBADOS DEVELOPMENT BOARD

submitted by

Barbados Development Board

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

SUMMARY OF OPERATIONS IN THE UNITED STATES: BARBADOS DEVELOPMENT BOARD

INTRODUCTION

Barbados is one of the smallest sovereign States in the world, with a population of only 254,000 people. With only 166 square miles of territory, this island-state has a population density of nearly 1,500 people per square mile - the highest density of population in the western hemisphere.

Barbados is the most easterly of the Caribbean Islands. Only 21 miles long and 14 miles at its widest point; Barbados lies 13 1/2 degrees north of the equator.

The topography of the island is quite flat, with land rising in terraces to a ridge near the centre. There is only one major city, Bridgetown, the capital, which is situated on the south-east coast overlooking Carlisle Bay. Most of the urban development is along the western and southern coasts.

Although Barbados qualifies easily as an underdeveloped country, it has nevertheless managed to instal many of what are considered the prerequisites for economic growth by way of the infrastructure. The per capita income of Barbados, as at this writing, is just short of \$US400. While this may be considered moderately satisfactory, the Government of Barbados is still confronted with the incessant problems of economic development, faced by all of the developing countries. Within the confines of its financial limitations, the Government of Barbados has embarked on the road to industrialization hopefully and ambitiously. The establishment of overseas offices designed to promote private industry to Barbados is only one in a series of steps in that direction.

Barbados has few natural physical resources, too large and too fast a growing population and an economy still almost exclusively based on sugar, rum and molasses. In recent years, the tourist industry has grown at a rate where it is now the second most important industry in Barbados.

However, this report does not cover the tourist industry, despite the Development Board's major participation, since its inception, in hotel construction and development of tourism as a major part of the country's economic growth.

## SUMMARY OF OPERATIONS

### BARBADOS DEVELOPMENT BOARD

#### I. BACKGROUND

The Agency of the Barbados Government charged with the responsibility of industrial development is the Barbados Development Board. This autonomous, public corporation was established by virtue of the Barbados Development Act, 1955.

The original functions of the Board, as laid down by the Act, were to stimulate, facilitate and undertake the development of industries and of agricultural projects not already well established in the Island.

The Board was subsequently also given the responsibility of encouraging hotel development in Barbados.

However, as a result of a later policy directive from the Government, the Board has been relieved of the responsibility of agricultural and fisheries projects.

In order to carry out the aforementioned functions, the Board was empowered by the Act to provide financial assistance for qualifying undertakings by the taking up of share or loan capital, by loan guarantee, by under-writing of capital or otherwise.

The Board was further empowered to carry on such activities as it deemed necessary to enable it to carry out its functions under the Act.

The basic aim of the Board is to improve the economy of Barbados by (a) increasing employment and skills; (b) decreasing imports; (c) increasing exports; and (d) raising productivity and efficiency.

The Development Board provides the following services for businessmen considering capital investment in Barbados:

- (a) An information service on the social, political and economic life of Barbados;
- (b) Advice on factory location;

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- (c) Technical advice on factory construction;
- (d) Provision of factory space on a rental or lease/purchase basis;
- (e) Assistance in the preparation of feasibility studies and market surveys;
- (f) Assistance in the recruitment and training of staff and labour;
- (g) Assistance in preparing applications for benefits under various incentive laws;
- (h) Assistance in preparing applications for financial assistance.

The Development Board is comprised of a Chairman, a Vice-Chairman and eight members.

The Home Office Administrative Staff is made up of the following:

- 1 Manager
- 1 Consultant
- 1 Technical Officer
- 1 Economist
- 1 Administrative Assistant
- 1 Accountant
- 9 Clerical Officers

The New York Office comprises of:

- 1 Director
- 1 Accountant/Secretary

Office space is shared with:

- 1 Tourist Promotion Representative
- 1 Assistant

There are two other promotion offices: one located in Toronto, Canada, and the other in London, England.

Incentive Legislation

The Government of Barbados has shown a topical awareness of the necessity to offer incentives to potential investors. By a series of Legislative Acts, it has moved to facilitate investment in Barbados. The more pertinent Acts are: the Pioneer Industries Act, 1956; the Hotel Aids Act, 1956 (amended 1958 and 1960); the Industrial Incentives Act, 1963; the Industrial Development (Export Industries) Act, 1963; and the International Business Companies (Exemption from Income Tax) Act, 1965.

The legislation combined in these Acts is designed, inter alia, to permit the broadest possible investment in all sectors of the economy. For example, a new manufacturing concern entering Barbados under the Export Industry Act is granted, among other things, a ten-year tax holiday, after which tax is imposed at only 12½ per cent; duty-free entry of all raw material either for plant construction or manufacture.

## II. OPERATIONS IN THE UNITED STATES

The Barbados Development Board's United States Office is located in New York City. The office was established on 1st October, 1965. Its major functions may be summarized as follows:

- (i) Generally to represent the Development Board in all its activities in the U.S.A. and to act as the Board's agent in all matters concerning its function of industrial promotion, and in particular,
- (ii) To service inquiries and to endeavour to persuade U.S. businessmen to visit Barbados with a view to establishing manufacturing operations in the island.
- (iii) To arrange seminars, meetings, briefing sessions, etc., in order to acquaint U.S. businessmen with Barbados' industrial development programme and to promote Barbados as a desirable area for plant location.
- (iv) To carry out promotion through direct mail.
- (v) To advise the Board in regard to the advertising programmes to be carried out in the U.S.A.
- (vi) To prepare an annual budget for approval by the Development Board, and to be responsible for the proper keeping of the records and accounts of the Board's office in New York City.
- (vii) To perform such other duties as may be required by the Board.

To facilitate the execution of these responsibilities, the services of public relations consultants and an advertising company were secured.

Prior to the establishment of the New York Office, the Barbados Government, through the Development Board, commissioned a management consultant firm to undertake a study of industrial opportunities for Barbados and prepare feasible studies of three

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projects. The firm in question included the former Chief Economist of the Economic Development Administration of Puerto Rico in its survey team, which spent a month in Barbados doing the necessary field work.

Some of the recommendations made by the consultant firm included an analysis of the possibilities which could provide the impetus for the industrialization effort in Barbados. That a promotion office should be established in the U.S.A. was among the priority recommendations. Thus the New York Office has been established after careful planning.

#### Economic Advantages

The approach of the New York Office has been guided, to a large extent, by the following factors in the Barbados economy:

- (a) a modern deep water harbour, dredged to a minimum depth of 32 feet. The Harbour was completed in May 1961 at a cost of \$W.I. 30,000,000. It offers efficient docking bunkering services;
- (b) a modern airport which services all of the most modern jets and aeroplanes;
- (c) an excellent road system with over eight hundred miles of asphalted road;
- (d) an efficient public transportation system;
- (e) a fine fresh water supply. Barbados is built on a series of under-ground rivers and streams to which water is filtered through a network of coral and limestone, of which the island is formed;
- (f) an efficient electric and telephone system;
- (g) a system of compulsory primary education which is responsible for the fact that 98 per cent of the Barbados adult population is literate. Free secondary education, free technical education and free university education are available to anyone who can qualify for it; and

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- (h) an excellent medical service with two new modern hospitals; one completed in 1964 and offering accommodation for 633 patients, and the other completed in 1965, offering accommodation for 250 patients.

### Economic Problems

At the same time, Barbados suffers from:

- (a) a lack of mineral sources;
- (b) limited land space;
- (c) a monoculture system of agriculture depending on the cultivation of sugar cane;
- (d) a high rate of unemployment. More than 12 per cent of the working population is unemployed;
- (e) like most developing countries, a shortage of capital and of risk capital in particular; and
- (f) a low level of purchasing power and a relatively small market for manufactured goods.

### Operational Activities

One of the major problems confronting the New York Office was the comparative lack of knowledge among businessmen of Barbados as a potential place of industrial relocation. Despite professional advice to the contrary, it was decided that the limited budget notwithstanding, there should be some form of advertising. It was felt that the Board's interest would best be served by an advertising campaign aimed at industry in general. As a result, four U.S. magazines and three daily newspapers were chosen. It was decided also that the Public Relations firm should endeavour to bring the U.S. Director into constant contact with large groups of businessmen and potential investors.

The initial programme was scheduled for six months in the first instance. By the end of that period the Office had seen what could be considered a good response - there was a total number of 134 written inquiries. In addition, some 28 individuals made personal

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inquiries through a visit to the Board's Office. This did not include the various telephone inquiries - a daily average of four. Over 90 per cent of the inquiries were serviced by direct communication from the Director.

The initial promotion activity was augmented in 1966 when the joint offices (with the Tourist Board) were declared officially opened by the Premier of Barbados (now Prime Minister). Accompanying the Premier to New York were the Chairmen and Managers of both the Development and Tourist Boards. An official reception was given. Some 500 people, representing largely business and travel interests, attended. The delegation's presence in New York was also utilized by way of press conferences and individual meetings with, especially, businessmen and manufacturers from the New York metropolitan area.

During the following year, the advertising and public relations budget of the New York Office was increased to a total of U.S. \$32,000 (total administrative budget, including advertising, was U.S. \$70,000). It was decided to change the advertising format somewhat from the previous six months. The programme was set out in two phases - one from April to June and the other from September to November. It was also decided to use larger-sized advertisements, so as to give the over-all impression of actually running a larger campaign than the budgetary allocation permitted.

It was also felt that the Office could become somewhat more specialized in its advertising, utilizing some of the Trade Magazines. The underlying philosophy was that since the development programme was aimed toward labour intensive industries, these media would perhaps reach a more desirable clientele. As Table I of the Appendix indicates, this approach was not quite as successful as anticipated - probably due more to the limit of the budget than to philosophical miscalculation. In this connection, a further increase in advertising budget was recommended (and approved) for current operations.

The Office also decided to hold a number of luncheon seminars. So far six such seminars have been held. The approach to these seminars has been the basic approach of the New York Office to the whole question of promotion - one of what could be called "easy undersell". Attendance at these seminars was usually limited to 20 people. The Barbados Director, in a conversational style, informed the invitees of the objectives of the Barbados

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Government, and the advantages to manufacturers who considered locating in Barbados. The format varied to correspond with the size of each luncheon. The luncheons were usually attended by industrial journalists, who mostly became interested enough to give continued coverage throughout fairly wide areas of their respective parts of the United States.

### Results

It is somewhat difficult to place a quantum result on the activities of the Board's New York Office up to the present. If it is assumed, as posited in the study referred to above, that "persuading the client to make the trip to Barbados is the most difficult and critical stage in the process of industrial promotion, and it is the basic responsibility of the Director", then the New York Office has been eminently successful; since October 1, 1965 there have been some 25 visits to Barbados by representatives of potential investors.

However, it is perhaps more meaningful to view success in terms of number of industries which have actually located in Barbados. In this context results have been as follows: three companies established and operating; two companies approved and in process of establishment. The products of these companies are:

- (1) Punched cards for data processing.
- (2) Assembly of memory cores for computer manufacture.
- (3) Production and assembly of jewellery findings.
- (4) Completion of semi-finished agricultural instruments.
- (5) Manufacture of dermatological products.

These companies have an actual employment of 500 people, and a potential of from one thousand to two thousand. In addition, two major garment manufacturing companies are negotiating with the Board with a view to establishment of operations in Barbados.

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### III. ADMINISTRATIVE PROCEDURES

The promotional efforts of the Development Board in the United States are geared toward attraction of Export Industries to Barbados. The modus operandi could be summarized as follows:

All initial inquiries from the United States are channelled through the New York Office; any inquiry directed to the Home Office is referred back to New York.

On initial contact, the prospective investor is sent a comprehensive booklet, Investing in Barbados, prepared by the Board, which gives a brief synopsis of the economic climate of Barbados.

If any further interest is evinced by a prospective investor, he is then sent more detailed brochures, particularly relevant to his type of industry.

In this connection the Board has prepared a Special Survey for Businessmen, which is broken down into the following separate sections:

- Part I - General Information  
(Geography, Living conditions in Barbados, Accommodation, Social Activities, Immigration requirements)
- Part II - Economic Survey  
(Economic History, Economic situation, Government Development Plan)
- Part III - Industrial Development  
(Barbados Development Board, Incentive Legislation, Loans, Development Opportunities, Industrial Estates, Factory Space)
- Part IV - The Tourist Industry  
(General, Accommodation, Tourism Statistics, Tourist Promotion, Incentive Legislation, Hotel and Guest-house rates)

- Part V - Government and Public Services  
(Constitution, Judicial System, Police, Defence Forces, Fire Service, Public Transport, Social Services, Health Services, Education)
- Part VI - Communications  
(Air, Sea, Roads, Press, Radio and Television, Mails, Telephone, Cable & Wireless)
- Part VII - Utilities and Fuels  
(Electricity, Natural Gas, Water, Fuel Oil, Diesel Oil, Kerosene, Propane Gas)
- Part VIII - Agriculture, Land and Fisheries  
(Soils, Minerals, Vegetation, Animals, Fisheries, Sugar)
- Part IX - Income Tax
- Part X - Labour Survey  
(Labour pool, Employers' Organizations, Workers' Organizations, Legislation, Industrial Relations, Social Security)
- Part XI - Starting a Business  
(Incorporation, Foreign Companies, Partnerships and sole proprietors, Import Licenses, Customs Duty, Patents, Trade Marks, Copyrights)
- Part XII - Manufacturing Industries  
(Statistical Summary, Professional Services, Commercial Directory)

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The Director is always in close personal contact with an investor who shows further interest after the preliminary meetings. The basic objective at this time is to sustain the manufacturer's interest and to persuade him to visit Barbados.

For those manufacturers who decide to visit Barbados, a comprehensive programme is arranged which permits them to investigate all aspects of commerce and industry in Barbados. Discussions with Barbadian leaders in business, labour and education are arranged. The Board's Home Office also arranges any feasibility study which may be necessary, after detailed discussion of the particular interest involved.

Before his departure for the United States, the prospective investor is given copies of the relevant forms of application for (1) Approved status under one of the incentive laws; and (2) factory space. He is usually directed to refer back to the U.S. Office for assistance in making proper application. These forms of application are, incidentally, rather simplified. They are designed to elicit information such as: Type of product, potential market, source and amount of capital, size of operation including number of employees, etc.

The New York Office acts as sole negotiator in New York for the Development Board; and the Director at his discretion decides when the project should be turned over to Home Office. It may be seen that there is no set point at which responsibility of one office begins or ends.

Should the company desire capital assistance, the Development Board assumes the initiative in introducing the prospect to the various commercial banks in Barbados. The Board itself is also empowered and prepared, in the final analysis, to lend capital assistance. The New York Office will, under such circumstances, act as adviser and catalyst for such negotiations.

#### Communications

Communication between the New York Office and the Home Office is from the Manager in New York directly to the Manager at Home Office. Because of the relatively small size of the Development Board, there is a strong sense of team-work which adds a

large measure of cohesion to the total operation. The New York Office also makes frequent contacts with other agencies and/or institutions involved with industrial development promotion. For example, it is not unusual for the Director, after careful examination, to steer a prospective investor to say, the Jamaica Industrial Development Corporation, if he feels that the project would have more chance of success in Jamaica. A similar situation exists with regard to the Trinidad and Tobago IDC. Of course, this sense of co-operation is reciprocated by the two agencies mentioned.

In order to develop a substantially large list of prospective investors, the New York Office consulted with a major data processing firm which specialises in "plant census". With this firm's assistance specific industries which appeared best suited to Barbados were selected by use of computer methods. The firm then supplied us with IBM cards of some 3,500 companies located in the North-Eastern United States who appeared to have the characteristics considered best suited for our purposes. These cards now form a permanent part of the tangible inventory of the Board's New York Office.

In March of 1967 the New York Office prepared a so-called overseas expansion survey which was mailed to 3,566 Presidents of firms located in the North-Eastern United States. The questionnaire on which the survey was based was designed to determine the overseas expansion plans of the firm, the reasons why they are considering such expansions and, if not, why not; the country or countries they are considering, and how they preferred to receive additional information about overseas expansion opportunities.

The questionnaire asked the following:

1. Do you plan to open new manufacturing facilities abroad in the next three years?
2. Please number, in the order of their importance to you, the reasons for considering overseas expansion.
  - Nearness to new markets
  - Nearness to sources of raw materials
  - Need larger labor supply
  - Need less costly labor supply
  - Seek tax saving
  - Laobur problems at home
  - Other

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3. Which of the following countries do you feel would best suit your needs? Please number in order of preference?

Ireland  
Hong Kong  
Portugal  
Other: (Germany, Italy, France, Spain, England, South America, Canada, Middle East, Formosa, Japan, Mexico, So. Africa, Netherlands)

Barbados  
Jamaica  
Puerto Rico

4. What is the main reason for your first choice?

Labour Cost  
Large Market  
Skills  
Tax  
Other

5. How would you prefer to get more information about overseas expansion opportunities?

By mail from Government offices  
By mail from air or sea carriers serving the area  
By individual meetings with foreign government representatives  
At a group seminar held by government and/or transportation companies  
From newspapers and trade magazines  
Other

6. Please rank in their importance to you the greatest deterrents to overseas expansion.

Transportation costs  
Language problems  
Distance from home office  
Securing local supervisory personnel  
Distance from market  
Customs duty  
Other

7. If you do not contemplate overseas expansion, are you considering expansion of manufacturing facilities in the U.S.A.?

From the results of the survey, the office was able further to identify those companies which are considering the opening of new facilities abroad in the next three years. We now have a list of

some 35 companies on which the Director will make personal contacts in an effort to persuade them favourably to consider Barbados.

Two hundred and sixty-four valid replies were received, from which the following data was developed:

- (a) 26 firms indicated a definite interest in overseas expansion.
- (b) 17 firms said they "don't know" whether they wish to establish plants abroad in the next three years, and
- (c) 212 stated they were not interested - although many of these also gave additional valuable information about themselves and their intentions.

IV. PROBLEMS ENCOUNTERED IN  
PROMOTIONAL ACTIVITIES

The major difficulty this office has encountered in pursuing its objectives is basic: Lack of sufficient resources effectively to cover the myriad areas essential to effective promotion.

For example, a really adequate advertising campaign is expensive; our budgetary allocation only scratches the surface, but the office must operate within the confines of the total resources of Barbados.

For a similar reason, the staff of the New York Office is necessarily limited; the effectiveness of the office is therefore restricted to the area which the Director can thoroughly cover.

V. ROLE OF UNIDO

The establishment of UNIDO can prove to be a major asset to investment promotion agencies of developing countries in the United States. It would seem that there are some fairly clear areas in which developing countries need every assistance. These are:

- (1) To develop basic information about prospects for industrial development in developing countries by U.S. manufacturers.
- (2) To develop mailing lists of prospects.
- (3) To expose the general business community, as well as certain specific industry groups, to the opportunities available to them in each developing country.
- (4) To find and take advantage of general publicity opportunities for the various countries.

These are all essentially long-range objectives which in order to be achieved, must be consistently pursued over a period of years.

In this connection, UNIDO might consider publications along these lines: There could be a directory, published quarterly, detailing opportunities in all the pertinent countries. The countries concerned would be responsible for feeding information to the UNIDO Office.

Along similar lines, UNIDO could consider publication of descriptive brochures (produced in colour) of specific countries on a regional basis. The choice of region could be determined by rotation.

In conjunction with the publication of a regional brochure, UNIDO might sponsor luncheon seminars at which Industrial Representatives from the particular regions could make brief presentations on their individual countries; or at least disseminate supplementary information and get to meet prospective investors personally. UNIDO could assume responsibility for assembling luncheon invitees.

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The above notwithstanding, UNIDO could also prepare a monthly newsletter in which stories of various projects and developments throughout the developing countries are told. UNIDO would have sole responsibility for deciding on the content of such a newsletter.

From time to time, UNIDO could usefully arrange small display exhibitions, again on a regional basis, at which the industrial climate of developing countries may reasonably be portrayed.

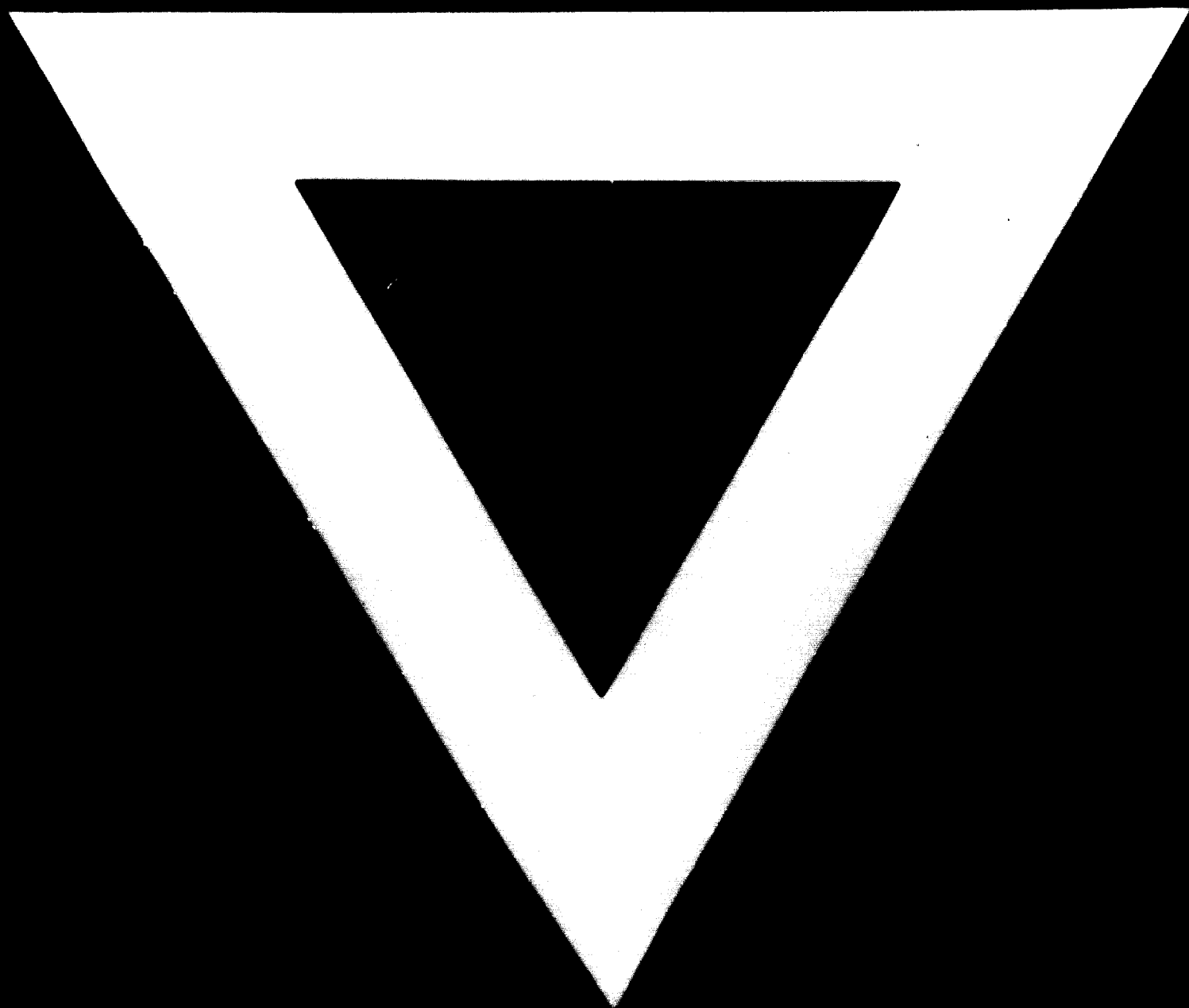
The efforts of UNIDO itself could be of such nature as to provide interesting material for use by information media in the United States. The experience of the Barbados Office has been that, while all manner of publicity is desirable, the well-written magazine or newspaper feature has proved most successful.

UNIDO might also find it desirable and profitable to sponsor joint advertising campaigns by promotion agencies. Although these are mostly in direct competition, it should be remembered that the objective is first to arouse the interest of the prospective investor in any developing country. After all, the decision to locate in any specific country will depend to a large extent on the ability of that country's representatives to convince the prospect, as well as the possible return on investment as seen by the investor.

It seems obvious that UNIDO can, and probably will, become a clearing-house for dissemination of information both for developing countries and potential investors. UNIDO should, therefore, guard against permitting itself to be regarded as just another in a series of dull governmental agencies.

The Barbados Office believes that with the correct approach, UNIDO can play a major role in helping the developing countries to industrialize themselves.





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