

**Opening Remarks by the Honourable Donville Inniss on the
Occasion of the 2016 IBFS Conference,
March 16, 2016, Grande Salle,
Tom Adams Financial Centre**

Governor of the Central Bank of Barbados, Dr. Delisle Worrell,

Deputy Governor,

Representatives of the Barbados International Business Association

Ladies and Gentlemen,

Members of the Media,

Good morning to all of you.

It is a distinct honour to give these brief opening remarks at this Conference under the theme “Reflecting on the Past; Planning for the Future” as we celebrate our nation’s 50th year of independence. I believe it is indeed fitting at this juncture to first of all, give “Jack his jacket”. It is imperative for us to thank those previous decision-makers who had the foresight to create the enabling framework which supports what we know

today as the international business and financial services sector. They recognised early on that the Barbados economy needed to be diversified in order to be in a position to forge ahead in the pursuit of sustainable development for the people of this country. The leaders of the then newly independent small island state therefore knew that the country's greatest asset, its people, needed to play an integral role in the deliberate strategic efforts at creating a services sector which would aid in propelling economic growth.

A solid foundation, strengthened by our good reputation, was therefore built with the passage of the first pieces of legislation (from as early as 1965 with the passage of the first IBC Act) which sought to create an incentivised framework to encourage foreign investment. Prior to this, those of you who studied the development of the sector would note that Barbados had already inherited a small network of Double Taxation Agreements, as a dependent territory of Britain. The Government continued on this path of creating a network of double taxation agreements and bilateral investment treaties. This was done with a view

not only of marketing the jurisdiction as one where lower taxes were imposed (as opposed to one where no-tax was imposed) but also one where certain benefits were automatically extended to the investment by virtue of the existence of bilateral investment treaties.

The international business and financial services sector has grown and undergone certain transformation since its inception. Barbados now has a diversified network of investment treaties with countries within both traditional markets i.e North America, CARICOM, and non-traditional markets such as Asia, Latin America and Africa. Barbados can also claim a suite of attractive tax legislation and by this I refer to not only what is considered “the incentivised international business legislation” but also our suite of domestic tax legislation. The jurisdiction has been able distinguish itself as one with a strong regulatory framework with right-sized regulation that complies with international best practice. Being a flight hub with daily connecting flights to the rest of the world’s major

financial centres, and having a robust telecommunications infrastructure have all contributed towards doing business successfully in Barbados.

As you and I both know, the sector has had its fair share of challenges since inception and this continues. The latest of these challenges have taken the form of indiscriminate blacklisting by international organisations, countries or even federal districts, which have not sought to verify their allegations but have brazenly added Barbados to a list of jurisdictions using an approach characterised by inconsistencies and based on misperceptions. We have been forced time and time again to deploy very limited resources in efforts to defend this country's legitimacy as a reputable, transparent and compliant international financial centre.

What have we learnt from these challenges? These challenges have highlighted the fact that international financial centres like Barbados have a legitimate role to play in the optimisation strategies of global business. They have also served to reinforce the value of ensuring that our

regulatory framework adheres to international standards and best practice on all levels. It is imperative that the right balance between these realities be struck.

These challenges have also sensitised us to some of the real concerns being experienced by some capital exporting, consumer intensive economies which in the face of the dynamism of global trade and business find themselves vying for the right to tax profits of the very business that they helped to grow. Take the recent case with US internet giant Google who is being pursued by French tax authorities for 1.6 billion euros. What we continue to see is regulation “playing catch-up” to the evolving giant that is global business.

The severing of correspondent banking relationships (which has proven a headache for local banks and a hindrance to international financial transactions) has also highlighted the critical need for small international financial centres to speak with one voice in an effort to assist in the

renovation of a stronger and more secure financial space within which they operate. We must work together to focus the spotlight and build awareness on how businesses, sectors and countries are affected when these relationships are severed.

Dr. Worrell I want to thank you very much on behalf of the Government of Barbados for allowing Dr. Allan Wright to be available to help the Region lead this charge. I certainly want to remind the members of the audience that the regional heads have taken the issue of correspondent banking so seriously that they have appointed PM Gaston Browne of Antigua to lead the fight at the international level. So I certainly think that we are moving in the right direction.

We will continue to address these challenges with a balanced approach. While this jurisdiction with its limited resources may be doing its best to ensure that the right legal framework is in place as well as the appropriate checks and balances, it would be irresponsible of us not to endeavour to engage with those who create and influence the very standards against

which we are judged. In this vein, last year Barbados was elected Vice Chair of the Steering Group of the Global Forum and in October 2015 we successfully hosted the Eighth Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes. In so doing, we have strategically positioned ourselves to make efficient and effective use of the Global Forum platform to highlight those specific challenges faced by small international financial centres like ourselves. I want to thank our consultant Mrs. Francoise Hendy Yarde for her sterling leadership at the Global Forum on behalf of the Government and peoples of Barbados at the Global Forum meetings.

Our work with the Global Forum continues this year with the launching of Barbados' of the Supplementary Phase 2 Review Process. The Caribbean Financial Action Task Force (CFATF) Fourth Round Mutual Evaluation process which focuses primarily on Barbados' legal, regulatory and operational capacity to deal with money laundering, terrorist financing and other related threats, will also be carried out this

year. I should say particularly to BIBA members that I expect, from the Global Forum side, the Supplementary Phase 2 Review Process to continue next month with a visit from the Secretariat team. Both these processes will involve onsite missions and deliverables that we hope would in the final analysis ensure that Barbados receives improved ratings that would be acceptable in the global community. You know as well as I do that there is much at stake here.

Ladies and gentlemen, while I have no crystal ball and cannot tell you with certainty what the international business and financial services sector will look like in the next fifty years, I believe that there are many opportunities on the horizon. In order for us to capitalise on these opportunities, we must change the myopic way in which many of us view the sector. There are certainly opportunities in business process outsourcing, the cultural industries, health tourism, mediation and arbitration, animation and the list goes on and on. Optimisation of these opportunities will call for a certain agility and innovation in the crafting and amendment of legislation, as well as continued sensitisation of the

Barbadian entrepreneur in understanding how this sector, which has for so long been branded as the “offshore” sector can also be used to take his or her business to the next level.

I take this opportunity again to make mention of and congratulate those responsible for the development of the recently launched International Securities Market, launched yesterday thanks to Marlon Yarde and his team, the Incorporated Cell Company, the Private Trust Company and the Foundations entity as new products which bring us one step closer to offering multiple solutions to the discerning investor in a regulatory environment which can withstand the scrutiny of any international standard setting agency. The development of these new products also brings us one step closer to the realisation of Government’s stated vision of Barbados becoming the international financial and wealth management centre of choice in the Western Hemisphere.

Much more work has to be done. Governor, I am delighted to note that great efforts are being made certainly on the part of the Central Bank to get much more involved in measuring the contribution of the international business and financial services sector to this economy. “What gets measured gets done.” I believe that is the term you used. But the reality is that we need to do much better at measuring the contribution of this sector to this economy and I note that Mr. St. John has been doing some excellent work thus far thanks to Invest Barbados but we need to move to the next level and make it sustainable. I also believe that we have to ensure from Government’s end that Invest Barbados is given all the financial and human resources to effectively market this sector. Right now what exists is certainly not acceptable as far as I am concerned.

So, let us, both the public and private sectors continue to communicate and brainstorm as to the way forward for the sector. Let us continue to make the necessary changes to enable us to take advantage of the opportunities, let us address threats not only with a view of defending our

sovereignty, but with an understanding that very often a win-win situation will come from our ability to nurture relationships with a sense of compassion and wisdom.

I wish in closing to applaud the work of the Central Bank in the hosting of these annual Conferences and to recall with appreciation the work they did in the 1980s before the International Business Division was established to move this sector forward.

Ladies and Gentlemen, I wish you all the best in your deliberation. As Minister responsible for International Business, I look forward not just to receiving reports on today's conference but more importantly to working closer with you as we implement many of your recommendations. Thank you.