

Catalysing regional investment

INTERVIEW WITH MCHALE ANDREW

CHIEF EXECUTIVE OFFICER, INVEST SAINT LUCIA AND PRESIDENT, CARIBBEAN ASSOCIATION OF INVESTMENT PROMOTION AGENCIES (CAIPA)



MCHALE ANDREW is the Chief Executive Officer (CEO) of Invest Saint Lucia. Over the past 27 years, he has gained valuable experience in the public and private sectors of Saint Lucia and the wider Caribbean in economic, tourism and investment policy, sustainable development, international trade, project management and business planning. He is a former Executive Vice President of the Saint Lucia Hotel and Tourism Association (SLHTA), and adviser to the Governor and Director of External Relations at the Eastern Caribbean Central Bank (ECCB).

What was the background to the creation of the Caribbean Association of Investment Promotion Agencies (CAIPA), and what do you regard as the organisation's most significant achievements to date?

CAIPA was formally established in 2007, and has its genesis in a programme that provided the seed capital for a process aimed at bringing together all 19 investment promotion agencies within the Caribbean, from the English speaking countries to the Dutch and even the Spanish-speaking territories such as the Dominican Republic. We have not thus far been able to get the French overseas territories involved, although we do have a French speaking member in Haiti. The original programme focused on common investment promotion missions, as well as technical assistance and it took about a year-and-a-half to two years after the launch for it to be realised.

The Caribbean Export Development Agency (Caribbean Export) was the original agency under the CARIFORUM programme with the specific mandate to promote trade and investment. It provided and still provides the CAIPA Secretariat and it is the overarching institution that oversees the governance of CAIPA.

Our achievements are varied, but perhaps the most significant is our ability to formulate original investment policy. Our original investment promotion strategy was unveiled in 2013, and was the fruit of two years' work under the Chairmanship of Professor Alvin Wint at the University of the West Indies (UWI) in Jamaica.

At the pinnacle of the strategy were two studies that were commissioned under our programme, one by Investment Consultant Associates from Holland, who did an investor perception survey of 100 companies that were already invested and established in the region, and the second by FDI Intelligence, which looked at the whole issue of incentives, drivers, investor perception and so on. Those two studies together informed a lot of the final strategy, and that strategy is now in the process of implementation.

One of the key outcomes was the realisation that we needed to get into markets as a collective, doing investment marketing in a way that helps to establish the presence of the Caribbean as an investment location, as opposed to the traditional view of the region as a tourism destination. So, that is one of the

steps that we have taken so far, and last December we finalised our new constitution, which was subsequently ratified by the General Assembly. One of the things that came out of that was an agreement for us to begin the process of self-reliance by paying dues to CAIPA. Of course, we are still looking to diversify our source of funding, but one of the things that we believe should happen is for us to pay our own way.

Apart from the joint missions that we have been mounting to capitals the world over, we have also been focusing on capacity building, so we have had training in lead generation and at the end of July we held a lead generation and reinvestment conference for the region, in St Lucia. We have also had seminars on investor aftercare and organised study tours to best practice investment promotion agencies, both regionally and internationally, including Thailand, Australia, the Middle East, Colombia, and Central America.

Ultimately, we want to enhance the professionalism of investment promotion in our region, and that means understanding what your country's proposition is; knowing where to go and who to speak to, if you don't have a one-stop shop to help facilitate approvals and permits; knowing what statistics to point a potential investor to, in order to help them make an informed investment decision; knowing what the laws of the country are with respect to immigration, work permits, incentives, and so on.

The second issue is for individual IPAs to understand the wider region and realise that while all of us compete for investments in tourism or infrastructure, there are opportunities where we can act together to offer market access into the entire region, which would give an investor a much more plausible opportunity than if we were to do it individually.

Is the diversity of the region a help or a hindrance in that regard? After all, there is a world of difference between energy-rich countries such as Trinidad and Tobago on the one hand, and energy-challenged countries like the Bahamas on the other. How easy is it to arrive at a common message?

There are more commonalities than there are differences, and that's what binds us together as a region: our common legal systems, our common history, our heritage, our culture. The fact is that we

already operate as a region on a number of levels: at the political level, as CARICOM, at a trade negotiation level as CARIFORUM, at a sporting level, such as the West Indies cricket team, and so on. In other areas, such as civil aviation, we have two controlling bodies in the region – one in the north, based in the Bahamas, and one in the south, based in Trinidad – and between them they manage all the air traffic in the entire Commonwealth Caribbean. So we have a long tradition of collaboration.

We also have a regional defence pact with the United States, and when we interface with institutions like the World Bank it is often as a region, as opposed to individually. But the diversity itself is what lends the region its richness. After all, as you mentioned in your question, if we can find a mechanism to combine the low energy costs of Trinidad and Tobago with the very strong tourism offerings of the Bahamas then it's a win-win for both.

That is what we mean when we talk about 'using the region as a singular space'. As I pointed out in a seminar earlier today, Las Vegas, which is just one city in the US, has more hotel rooms than the 35 members of the Caribbean Hotel and Tourism Association combined. And Las Vegas only has one municipal administration, one tourism promotion agency, one investment promotion agency, one mayor.

As a region, the tourism market has rebounded strongly, in line with the resurgent US economy. Is that translating into significant FDI inflows as yet? What is your sense of the underlying trend and outlook for the next 2-3 years?

Well, the signals we were getting about three years ago were very clear: that the Caribbean had not recovered sufficiently from the recession for any

investor to look at green field property in particular. What they were interested in then was 'steals and deals'. In other words, where there were existing properties that were belly-up, if they could get them at a fire-sale price they were interested in that. That is changing now, and we have seen several instances in St Lucia where investors are coming in and looking for green field opportunities – not just accommodation but in the ancillaries of tourism, such as marinas and other entertainment facilities.

At least five countries in the region have had double-digit percentage increases in investment over the last year, and at least three of them are reporting double-digit growth so far this year, which is a welcome phenomenon. But almost every country in the region has grown over the last two years in terms of the total number of arrivals. What is also encouraging is that the air lift has been increasing steadily as well, and that is always a good indicator of where the industry is going.

You mentioned St Lucia. How successful has your own agency been in turning the tide since the financial crisis of 2008?

Like many of the small economies that depend on tourism, St Lucia has had a harder time recovering after the slow-down. We had a number of projects that were in the pipeline before the recession that did not bear fruit, and it's been hard to get investors to take that kind of risk in tourism and for them to get the financing to come in with these larger projects. There is a lot of interest in trying to develop projects and structure deals, however, and we are now seeing some of these starting to bear fruit. So, hopefully by the end of the year and early next year we should be hearing larger and more meaningful announcements as to what is going to be coming on stream. E

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Positive outlook: Caribbean nations such as Saint Lucia are seeing the 'green shoots' of economic recovery