SUMMARY REPORT
OF
CIPS ACTIVITIES
October 1983 - September 1985

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UNIDO/CIPS
INTRODUCTION

The Caribbean Investment Promotion Service (CIPS), operating under the auspices of the United Nations Industrial Development Organization (UNIDO) is expected to complete its two year Investment Promotion Pilot Programme (designed to assist the LDC's in the Eastern Caribbean and Belize with their investment promotion activities) in October 1985. This report details my activities in the programme for the past two years, its importance to participating countries and its contribution to Antigua and Barbuda.

Funding for the operational phase of the programme has been secured through USAID (Barbados) for three years ending October 1988 at US$780,000 per year.

The programme which has the support of most of the Prime Ministers and Ministers of Industry and Trade of the participating countries is expected to increase the pool of qualified Investment Promotion Personnel in the LDC's and Belize and continue to assist these countries with their effort to maximize the CBI benefits by attracting North American and other foreign investments.

OVERVIEW OF THE CIPS

The CIPS commenced operations on October 24, 1983 with representation by nationals of the Bahamas, Belize, Dominica, St. Kitts and Nevis and Antigua and Barbuda. St. Vincent and the Grenadines joined the programme shortly after its 1984 general elections and Grenada is expected to do so in October 1985.

Because of the level of funding provided by USAID, CDB, UNDP and UNIDO and the short period of time the funds were expected to cover, the programme was labelled a pilot project. In fact CDB and UNDP stipulated that they would only fund the project as a pilot project for two years and other donors such as the World Bank and OAS should be tapped for funds for the operational phase.
CIPS went through a stormy period towards the end of the first year and the beginning of the second year. During this time the pressure exerted by PDAP officials almost persuaded USAID to withdraw funding for the second year. However, at the end of the first year, USAID paid a private consultant to evaluate the CIPS. The consultant’s report was highly favourable of the aims and aspirations of CIPS and while recommending its continuation, the consultant stated:

"Despite these shortcomings, however, the writer does not have the slightest doubt that participants in the program are well on their way towards achieving the program’s objectives. The CIPS representatives in New York are, by and large, a highly motivated, intelligent and articulate group. They are just at the beginning of what appears to be a very steep learning curve. They are receiving a type of on-the-job training available nowhere else in the world. It is the writer’s view that PRE’s investment in the first year of the program has been fully justified by the results"

Most of the countries in the CIPS rely on it as a major element to attract North American foreign investment. Realizing the importance of foreign investment to their development process and the high cost of maintaining individual investment promotion offices in the United States, the Prime Ministers of most of these countries registered their support for the programme with USAID and persuaded that agency to provide funds to the tune of US$780,000 annually for three years for the operational phase of the CIPS. The commitment for this funding is already given to CIPS by USAID (Barbados) hence it is up to the participating countries to make good use of the opportunity.

During the past two years the CIPS operated on a very low budget of US$150,000 per year. Promotional activities had to be tailored in accordance with the available funds. However, the results achieved so far are in line with most expectations given the slow process of the nature of investment promotion and the funding difficulties encountered during this period.
The increase budget means that the programme will be adequately funded and a wider range of promotional activities are expected to be implemented. Most of the other countries have indicated that they will continue to be represented at CIPS. In this connexion, it is recommended that Antigua and Barbuda join its OECS colleagues and likewise continue its participation. By electing not to participate, Antigua and Barbuda could lose new industries to its neighbors who stand to gain by actively co-ordinating their investment promotion activities through the CIPS.

On the other hand, Antigua and Barbuda could benefit tremendously from the foundation already laid through my participation in the Pilot Programme, by electing to continue its relationship with the CIPS.

SUMMARY OF MY ACTIVITIES

During the past two years I attended approximately 18 trade shows and seminars throughout the U.S. and the Caribbean. I have made several presentations on Antigua and Barbuda to many groups and individual businessmen requesting information.

Approximately 3000 promotional letters were mailed to targeted companies and a similar number of follow-up phone calls were made.

While it is a fact that there are no manufacturing plants established in Antigua and Barbuda based solely on the CIPS activities, the same is true of all the other participating countries. However, when once it is realized that investment promotion is a continuous process and short-term results are rarely the norm, then my efforts at CIPS over the past two years would be appreciated more.

There are many more U.S. companies with information on manufacturing investment possibilities in Antigua and Barbuda today than when I started at CIPS in 1983. The fact that new contacts have been made and are still being made each day and an increasing number of companies are calling for further information on Antigua and Barbuda, is indeed a step in the right direction which hopefully will produce the tangible results everyone is clamouring for.
The following developments resulted from my promotional activities at CIPS:

- At a meeting held in Orlando January 1984, I was instrumental in convincing the President and other officials of Power Products (Parent Company of Computer Products) to set up their off-shore operations in Antigua. This resulted in a visit to Antigua and subsequently the establishment of computer products.

- I have introduced two electronics companies which did not want to set up their own off-shore plants to ETI. Mr. Bili Kittridge from Intronics in Boston visited Antigua and later sent sample kits to ETI. Both companies are presently negotiating a contract. Actual assembly work for Computer Systems, Inc. California is being done by ETI in Antigua.

- Mr. Fred Weibel from Weibel Vineyards, San Jose, CA. visited Antigua October 1984 and later sent his plantation manager to implement a pilot project for the cultivation of grapes in the Christian Valley area. With the assistance of the University of California, several grape vines suitable for Antigua's climate were planted earlier this year.

- The Planned Parenthood Organization is presently negotiating with a Boston sporting goods manufacturer to produce 18,000 hand sewn balls per month.

  Mr. William Brine, President of the company and Mr. Ragusa visited Antigua recently where they held discussions with officials of the Planned Parenthood Organization. Approximately 25 young Antiguans are expected to be employed.

- Pigott Woodworking Co. is in the process of negotiating with a Virginia based company for a joint venture to manufacture wooden water skis for the U.S. market. The company Virginia is supplying machinery to employ 30-40 persons.
• Mr. Roy Sheppard from Atlantic Technical Components, Inc. visited Antigua in May and is considering locating a flashlight manufacturing plant in Antigua.

• Mr. Leslie Hull, Sr. a Canadian Metal Cabinet Fabricator visited Antigua in May and is also assessing the possibility of setting-up a plant in Antigua.

• As a follow-up to a visit to Rochester, New York by a group from Antigua, I selected and mailed letters to a few companies in Rochester. Among the companies responding favourably was Burroughs Corporation. After several visits to the company including a visit by Minister Joseph the Division changed Vice President and then decided to expand an existing operation in a Free-Zone in Colombia.

• A twin plant arrangement is presently being considered by the Allen Group, Sajardo, Puerto Rico. Mr. Harry Cook, President of the company is expected to visit Antigua during the next two months. Proposed plant is expected to employ 50-100 persons.

• The Warner Lambert Company is considering Antigua as a possible off-shore site. I have provided information to Mr. George Taylor who has already presented a report to a Vice President of the Company. There are five secret products under consideration for the proposed plant. A visit to Antigua by officials of the company is in the planning stage.

• Emhart Corporation, Connecticut, a manufacturer of door locks is also considering Antigua as an off-shore site. Mr. Pat Velasco visited my office twice and he is arranging for me to make a presentation to officials of the company in Connecticut next month. A visit to Antigua should follow soon.
Mr. Evan Coldenberg from the Gap Stores (Jeans outlet) recently visited Antigua for talks with officials at CANAM.

Mr. Frank Schlosser, Vice President of PAMIDA, Inc. mailed samples of 6 products to Rabell Industries (representing CANAM) for price quote.

OTHER ACTIVITIES

- Assist the Ministry of Agriculture identifying buyers for winter vegetables.
- Prepare promotional pamphlet copies of which were sent to the Washington and Canadian offices.
- Prepare Pre-feasibility study for the Casada Garden Industrial Park.
- Prepare Production Cost Data Booklet (needs to be printed).
- Assist my colleagues in Washington and Canadian offices.

REMARKS

1. The experience of my OECS colleagues and I here at the CIPS has helped to erase some of the mythical perceptions of investment promotion in terms of whether nationals or paid foreign consultants are best suited for such duties. It seems highly fallacious from our vantage point for anyone to believe that U.S. investors prefer to deal through foreign consultants - especially fellow white Americans - rather than government officials who are nationals of the country. If this were true, it does not explain why countries such as Barbados, Jamaica, St. Lucia and Dominica - who rely on nationals to promote both within and out of these countries - perform as well as they do. Similarly, it also does not explain why during the past two years no U.S. investor has ever requested to meet with consultants in place of CIPS representatives.
2. I would recommend that an evaluation of the present Industrial Development Situation in Antigua and Barbuda be undertaken as soon as possible. This evaluation should focus on the items listed below and introduce correcting solutions where necessary:

- Specific goals and objectives for short term and long term Industrial Development Policies.

- Ways of streamlining and co-ordinating activities of the various groups involved with Industrial Development for Antigua and Barbuda.

- Guidance and support for encouraging more local entrepreneurs to develop their own small businesses; and

- The plight of existing manufacturing companies: operational problems, available assistance, bureaucratic difficulties, etc.

As a first step, serious consideration should be given towards the establishment of an Industrial Development Corporation to act as a focal point for co-ordinating and implementing the Industrial Development policies of the government.
The Federation of St. Christopher (St. Kitts) and Nevis continued its participation in the Caribbean Investment Promotion Service for the second year with the intention of building on the foundation that was created the initial year. We have attempted to further build up our capacity so that we become better able to attract foreign investments.

Government's policy has shown its desire to attract foreign investment through various types of incentives. These along with the attempt to minimize the bureaucracy in the processing of applications and other inquiries of potential investors, provide a good base for a meaningful working relationship between government and foreign investors. The need to have access to international and other foreign financial institutions was recognized, and as such the belief is that accessibility can best be achieved through foreign private investment.

Against this backdrop the Government sees the CIPS office as an integral part of its strategy to attract foreign investment. The feeling is that this operation can provide some impetus to the advancement and achievement of the Government's development goals.

My personal involvement with the Caribbean Investment Promotion Services started in November 1984 after replacing a colleague who has recently been appointed as Director of the Planning Unit at home. With the absence of an Industrial Development Corporation (IDC), the CIPS office functions closely with the Ministry of Trade and Industry. The Ministry is constantly kept informed of future plans and in several events the participation is coordinated. The Ministry is also supplied with regular reports highlighting
promotional activities, including mailings, conferences and seminars. The Ministry also serves as the major back-stopping source for the CIPS office.

Besides the cooperation between the Ministry of Trade and Industry, the CIPS office also serves as a constant source of information for other ministries, such as: Ministry of Agriculture and Development and the Ministry of Tourism. The CIPS office has also developed a very close working relationship with the St. Kitts-Nevis Chamber of Industry and Commerce. During the past year several promotional efforts were coordinated between the two offices. There was joint participation at the annual Caribbean and Central America Action (CCAA), CBI Conference in Miami, at the US Dept. of Agriculture, CBI Seminar and exhibition in April, at CARIMEX '85 held in Barbados, the Boston Investors Conference and others.

According to Government policy guidelines, priority sectors for foreign investment are in the areas of manufacturing, tourism and agribusiness. In light of this, the concentration of my strategy were in the areas most vital to our interest. These include: (a) light industry with a particular emphasis on electronics, textiles and footwear; (b) agro-based industries, emphasizing rum distilling, molasses manufacture, confectionary manufacture and the production of non-traditional crops for export and (c) tourism, where the thrust of the industry concentrates heavily on the development of the Frigate Bay area where special concessions have been granted.

My year began with a one-month intensive orientation program. The sessions comprised presentations by international corporate and banking officials, investment promotion officials and U.S. Government officials involved in investment promotion and related fields. The program included a trip to Washington, D.C., where visits were made to U.S. Departments, agencies and independent organizations that have connection with investment promotions. Sessions were held with the Dept. of Agriculture, Dept. of Commerce, Dept. of State, International Finance Corporation (IFC),
Overseas Private Investment Corp. (OPIC), Caribbean and Central America Action (CCAA) and others. This trip was found to be very useful as appropriate desk officers for respective countries were identified and this served as useful referrals and sources of information.

During the year, a major component of my activity program was participation in business conferences, workshops and seminars, primarily of CBI and Caribbean focus. Selection of these events was influenced by our emphasis in the areas of manufacturing and agribusiness. Some of the events in which I participated include:

4. Electro '85 held in New York City.
5. Inc. Magazine Symposium held in New York City.
6. Participated in USDA Agricultural Marketing Workshop in Barbados held in June.
7. CARIMEX held in Barbados in June.
8. Conference organized by the National Center for Public Productivity.
9. As a member of the St. Kitts-Nevis delegation to the 7th Meeting of CGCED held in June.
10. Caribbean Trade Fair and Exhibition in New York held in July.

This particular promotional tool has proven to be most successful as hundreds of business contacts were established. Following up on contacts through telephone calls and letters became an essential element of this activity. Most of the site visits to St. Kitts-Nevis came about as a result of this promotional activity.
Direct mail campaigns was another tool used but less success was derived from this tool. After researching a particular sector and geographical area, letters were sent out. Of every one hundred letters that were sent out, about three responses were received. Following up by telephone also presented difficulties as it was often impossible to speak to appropriate officials of the companies.

During my year of operation about twelve site visits by potential investors were made to St. Kitts-Nevis. In most cases our guests were met on arrival and normal courtesy extended to them. Some of the site visits include:

1. Two representatives from the Catalyst Energy Development Corp. This company was interested in putting up an alternative energy facility in St. Kitts. The corporate intended in supplying the financing, construction and operational services.

2. A representative from Louisiana Alcohol Fuels Corp. visited St. Kitts and Nevis. Interested in ethanol distillation from sugar and molasses. Met with officials of the St. Kitts Sugar Manufacturing Corp. Discussions are on going.

3. McMahon and Harris Corp. sent representative to St. Kitts-Nevis to investigate the possibility of establishing a fish processing and storage facility. Intends in returning to St. Kitts for second trip.


5. United Fruit Co. met with the National Agricultural Corporation (NACO). Interested in lands for the production of pineapple.
6. American principals of a Philippines based garment company have had discussions with appropriate officials of the Government. Company interested in relocating to St. Kitts. Application has been submitted to Ministry of Industry. Cabinet has met on the matter and the company is very hopeful in setting up their operations.

7. President of SIA (Garment company) has visited St. Kitts. Substantial discussions with a company (Golden Rock Industries) already in St. Kitts. A joint venture with the company is in the making.

8. A Mr. Donald Och and Bernard Shove of Pennsylvania have been to St. Kitts investigating the possibility of establishing a sewing and finishing facility specializing in 807. Discussions are on going.

9. A Mr. Ben Mazur of Bayville, N.Y. made preliminary visit to St. Kitts and held discussion with officials of the Ministry of Tourism. Interested in the Tourism trade.

10. Ms. G. Grayson who has an interest in getting embroidery and hand work on fabrics done in St. Kitts made visits to appropriate companies in St. Kitts. Discussions are on going with one company in St. Kitts.

11. Walter Nagel of Nagel Refrigeration made visit to St. Kitts. Also represented an electronic company and one that makes small gasoline engines. Had a useful visit but raised concern over transportation. However, discussions are on going.

12. Mr. Stan McNeil is making visit to St. Kitts. Interested in establishing a data entry division. Scheduled to meet with appropriate officials in Government and from the private sector.
The UNIDO CIPS office of St. Kitts-Nevis has had a relatively good year, particularly in terms of getting potential investors to make site visits. The second year of our participation has enable this office to become fully involved in the overall economic growth and development of the State, and it is the hope that the office will continue to work in the spirit of cooperation with the private sector and other government offices with the trust that together we can achieve meaningful development of all the people.

KENRICK CLIFTON CAMERUD
SUMMARY REPORT
OF
CIPS ACTIVITIES
September 1984 – October 1985

Irwin LaRocque
Dominica
UNIDO/CIPS
I. BACKGROUND

Dominica's participation in the Caribbean Investment Promotion Service (CIPS) continues to be an integral part of our development program, and more specifically, plays a pivotal role in our industrial promotion efforts. Dominica has participated in CIPS from its inception in 1983 and prior to that, benefitted from the UNIDO Investment Promotion Service - North America (UNIDO IPS-NA). Mr. Ken Alleyne, the General Manager of the Dominica Industrial Development Corporation (IDC) and Mr. Peter Azille, Marketing and Promotion Manager, as well as the former Chairman all pursued an intensive training program in industrial promotion at UNIDO IPS-NA.

Through the training and facilities made available by CIPS, the IDC is able to mount an active, albeit modest, investment promotion campaign in the United States. Rather than wait passively for investors to come to us, we are able to initiate contact in targeted industries. The industries which have been identified by the IDC for active promotion are as follows: garments, electronics, toys, sporting goods, agro-industry (aquaculture, processing of tropical fruits, snack foods, essential oils, floriculture, winter vegetables, and spices), furniture and wood products, and tourism.

This office is considered a branch of the IDC and thus receives general policy direction and information on specific investment opportunities that may arise, as well as any other relevant information necessary for the effective discharge of my overall duties. The day to day operation of this office and the promotional activities engaged in are determined by myself. Conversely, this office serves as the "eyes and ears" of the home office by:

1. reporting on the economic conditions of the targeted industries;

2. by attending conferences, workshops and expositions relevant to my duties, and reporting on the proceedings therefrom;

3. by establishing contact with relevant U.S. Government departments and agencies, and other development and professional organizations; and
(4) by effective follow-up of investors who have visited Dominica, and by providing feedback on these site visits so as to be able to determine our strengths and weaknesses.

II. PROMOTIONAL ACTIVITIES

Over the past year, the following promotional approaches have been used in an effort to make contact with investors: trade shows, seminars, networking, referrals, in-house contact lists and cold mailings. In addition, I continue to receive a significant number of unsolicited calls and letters of inquiries.

For the first couple of months, I relied heavily on unsolicited calls while links were being established with U.S. government departments and other organizations. Having done this, networking and referrals became increasingly important as a source of contacts. At the same time contacts were being made at trade shows and seminars. Another effective means of making contact has been by networking with lawyers and, to a lesser extent, consultants. The shift in emphasis from unsolicited calls to the other approaches mentioned above allows for greater concentration on targeted industries.

Trade shows, seminars and networking have proven to be the most effective methods of investment promotion, while cold contact by mail or telephone is the least. The effectiveness of the former approach is primarily due to the fact that many participants at such meetings are already considering going off-shore. The same applies to networking through lawyers and consultants. Trade shows could prove to be even more effective by the use of a display booth since on occasion one tends to get lost in the crowd by "walking the show". (CIPS is in the process of acquiring a booth)

During the course of the year, about ninety contacts were made. (I define a contact as one with whom there has been an exchange of correspondence and/or telephone conversations, or a meeting indicating
an interest in investing in Dominica). About 60% of total contacts made are from the targeted industries, 25% are from miscellaneous industries (labor intensive light manufacturing), and an additional 15% are from the fresh produce industry.

Eleven of my contacts have made site visits to Dominica, and I cooperated with the head office on one other. Of the twelve, two have made follow-up visits, one of which (Caribbean International Development Limited) made a third visit, and two are planning follow-up visits within the next six months. In addition, two other investors are planning site visits later this fall. Of the fourteen investors who have visited or planning to visit Dominica in the near future, I consider six to be "hot prospects" and five express a strong interest. (The other three are no longer interested in investing in Dominica).

Of the other contacts, twelve continue to maintain a fair amount of interest, twenty-three are no longer considering Dominica, and the rest are marginal.

III. OBSERVATIONS

Based on the above, it is fair to say that there is a reasonable amount of interest by U.S. investors in doing business in Dominica. However, the lack of adequate transportation infrastructure and services is the single most inhibiting factor in the realization of such investment. The high cost of air and sea transportation and the non-existence of air cargo and direct flights to North America are often cited as "negatives" by investors. The latter is true for the electronics and, to some extent, garment industries, as well as floriculture and winter vegetables. In general, high value/low weight and perishable products must be transported by air. The investor does not feel very comfortable with air transhipments via a neighboring international airport since this increases his costs and risks. In many cases, once the investor becomes fully aware of the transportation problem he begins to lose interest in Dominica. On the
bright side, however, if we succeed in getting the investor to visit Dominica he becomes sufficiently impressed with the economic potential of the island and is often willing to work around that problem. The task, then, is to get the investor to make the first visit.

With regards to the garment industry the investor for the most part is initially interested in subcontracting his work out to existing manufacturers. This is the low-risk, low-capital-requirement approach to off shore investing. If the investor is satisfied with the quality of work, he may then consider a joint venture or a wholly owned operation. Since we have only a few garment manufacturers in Dominica, the majority of whom are small, this could pose a problem in trying to attract that industry. (The same is also true of the wood products industry, but to a lesser extent).

Notwithstanding the above mentioned, "negatives", it is being increasingly recognized by investors that Dominica offers great potential in agribusiness, furniture and wood products, and the hotel/tourism industry. While I will continue in my efforts to attract all targeted industries, a little more emphasis will be placed on these three areas.

IV. GENERAL COMMENTS

The task of promoting an island like Dominica can be a long and difficult one with no quick results. This immediately raises the question of how does one measure the success or failure of investment promotion, and within what time frame. Since it is generally accepted that there is a gestation period of about two years (sometimes longer) from initial contact to start-up of a new enterprise, one cannot judge the past year on the basis of actual investments made.

It should be noted that although Dominica participated in CIPS from its inception, there was very little continuity from the work done in the previous year to this past year. One can thus say that a new investment promotion campaign was started in October 1984.
(On the other hand, it must also be pointed out that of the contacts made prior to last October, two companies continue to express a strong interest with one, Culbro Corporation of New York, being a "hot prospect" which could create 100 jobs. In addition this office previously played an important role by cooperating with other organizations in attracting Dominica Children's Wear, Gloves Dominica Ltd., and West Indies Aloes to Dominica. Dominica Children's Wear is a cottage-type industry which employs 600 women on a part-time, piece-work basis. Gloves Dominica employs 120 and will soon expand to 150 employees, and West Indies Aloes employs 35. One of these contacts was made as early as 1981).

With the above in mind, I suggest that the time-frame within which to judge the success of each CIPS participant should be 2-3 years. On a year-to-year basis, one can look at site visits and letters of intent. Account must also be taken of the role each participant plays along with other similar organizations in attracting investors. Finally, this office plays a minor role in passive trade promotion. This is of importance because of the linkages between investment, trade, and the transportation problem.
The following is a list of what I consider to be strong contacts:

Caroline Wayerski, Wisconsin. Interested in agribusiness. One site visit and planning a second later this fall.


Charles McArthur, Maine. Interested in hotel/tourism industry. One site visit and planning a second for early next year.

Mike Spector, Florida. Interested in foliage plants. Possible joint venture with local partner. Concerned about transportation problem.

Pinehurst Textiles, North Carolina. Manufacture women's lingerie site visit.

Gary Justice, California. Manufacture wooden toys. Site visit.

Ashton Wray, Virginia. Interested in cut flowers and hotel. Site visit.

Willie Holmes, California. Interested in setting up a data processing operation. Planning a site visit for later this year.

In addition there are three investors who have requested anonymity. Their interests are in electronic assembly, fish farming, and fruit processing. Two have already visited Dominica and the third is planning a visit for this fall.
11 November 1985

Dear Andrea,

Enclosed are copies of the final reports prepared by the AID/PRE-assisted investment promotion officials at the UNIDO Caribbean Investment Promotion Service (CIPS).

These reports cover most of the issues and list the accomplishments discussed at our review session with you and your colleagues on 2 October. I believe the combination of the reports and our discussion is fairly comprehensive, but we are prepared to answer any questions that you may have after reviewing this material.

On behalf of the CIPS staff and participating investment promotion officials, as well as personally, I want to thank you for your assistance in this project. Your interest and your efforts are very much appreciated.

Best regards.

Yours sincerely,

Stephen Gooch
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