



Development Planning Unit

Government of the British Virgin Islands

Reduced Vulnerability And Increased Competitiveness

The British Virgin Islands amount to an extremely small developing Caribbean country earning its keep from international trade in tourist and financial services. We are not endowed with any significant amount of primary products or tradable raw materials. Domestic food production satisfies less than 10% of demand and more than 50% of the domestic labour force has been imported across the entire spectrum of skills and occupations. Economic activities have been expanding for almost two decades, as we have become a premier destination for tourists and a well-respected corporate domicile for international business companies.

But geography has been both kind and unkind to us in many ways as we struggle to manage the naturally occurring phenomena of the planet. We are placed in an area of the world that is prone to natural disasters. The British Virgin Islands are in zone 4 for earthquakes and we have been hit by more than five major hurricanes in the last decade. Fate further places us in the backyard of the largest and most prosperous economy in the world –the United States of America. External trade, health, education, culture and knowledge of the world have benefited tremendously from this closeness. On the other hand we are in close proximity to South and Central America. This unfortunately places us directly in the narcotics supply route between major producers and the ultimate consumers.

The BVI are vulnerable because of their geographical location, environmental makeup, economic production and international political events. We are vulnerable because of the small size of our economy, our fragile environment and ecosystem, the impact of drugs and other forms of substance abuse and our dependence on external political circumstances of the United Kingdom and the United States of America. Our vulnerabilities are as follows:

- Physical occurrences such as hurricanes, floods, earthquakes etc.
- Social phenomena associated with the imports of labour, assimilation of immigrants
- Economics of globalization and the international economy.
- Political settlements of conflicts and agreements between states and the solutions of international drug trafficking.

The central issue on the development agenda of the British Virgin Islands is the reduction of vulnerability in all forms. To reduce physical vulnerability, our policy must entail actions to mitigate against the negative impact of the circumstances of our development, including disaster preparedness and recovery systems.

Our policy on physical vulnerability seeks to help BVI Islanders deal with impact of disasters while we improve our disaster preparedness, mitigation and recovery systems. Natural disasters impact severely on the environment and policy will enhance environmental management and develop mechanism to ensure that damaged infrastructure is replaced in a timely manner so as to

minimize economic losses. It is essential that we protect our utilities from hazards of the environment in natural or man-made disasters.

Our economy depends on a narrow range of financial and tourist services. This vulnerability will be substantially reduced by building a strong and diversified economy while BVI Islanders are encouraged to adapt to new opportunity coming on stream with globalization and the widespread application of information technology. Strengthening the economy entails improved economic information systems and deeper application of science and technology to the production processes. Policy to reduce economic vulnerability will be supported by a strong and viable public sector complementing the creating of opportunity and the promoting of enterprise.

Reduction of social vulnerability is especially challenging for our policy agenda, and we are responding with policies to strengthen our social safety net and to improve population management. Our policies are especially mindful of the youth. In this connection we aim to expand facilities and programmes for youth while extending educational opportunities. Women and children are the strength of our families and policy seeks to enhance the status of women and increase support for the family. Crime Prevention and Justice Systems must be targeted for additional resources to combat the international narcotics traffic. Lastly, we must improve the health of all persons to strengthen our productive capacity.

Immigration is a significant factor in life of BVI Islanders; consequently, our policy must mitigate against its negative impacts and accentuate the positive benefits. Our aim is to constantly review international relations to ensure that these are substantially beneficial to BVI Islanders. No doubt our policies to reduce political vulnerability must be cognizant of the role the UK and USA in the world community. We must build a strong and well-integrated community through the formation of positive social capital as a result an abundance of civic networks.

To reduce vulnerability in an integrated and sustained way, we require the concerted effort of the community including all economic agents and social partners. We are prepared to facilitate this through a process of consultation and participation.

The British Virgin Islands produce mainly tourist and financial services for the most sophisticated markets in the world – Europe and the Americas. International services for tourists and businesses are the most dynamic and competitive services, which are produced by many economies of the world with a heavy information technology component. Quite naturally it follows that our economy and our people must be world class and highly efficient.

If we are to continue to supply high quality and sophisticated services for the best educated consumers in the world markets, we must be likewise very well educated, equipped and empowered to perform. We must become familiar with and have a full interpretation of their cultures. Our businesses and workers must understand the business and corporate in addition to the culture of change. We must be able to adopt to the opportunities and challenges presented by globalization. Working smarter, safer and more efficiently must be the order of the day if we are to maintain a competitive edge in the services we produce.

The types of worker and business companies we have now must evolve into more efficient units of production to acquire and maintain a noticeable competitive edge. Increasing competitiveness means that our workers must be world class in their qualifications, education and practices. They must be bench marked against the best in the world in their respective disciplines in our key sectors such as tourism and financial services. Our workers and businesses must be leaders in the region and among our competitors taking full advantage of all edges information technology can provide including computerization. To further empower themselves our workers and entrepreneurs must be current in world events. We should be able to dialogue worldwide with counterpart professionals, have affiliation with international professional bodies, keep up to date with current practices and benefit from cutting edge training.

If we are to increase competitiveness nationally, the private sector, government and individuals

must co ordinate their efforts in order to be more effective. In this connection our policies must be transparent and formed on the basis of extensive consultation as we did in the formulation of our National Integrated Development Strategy. Our policy will seek to upgrade economic management by formulating a comprehensive development strategy and better defining the new and enhanced role for the government.

To ensure that upgraded economic management, our policies will continue to support the promotion of key industries such as tourism and financial services. As key parts of the economy, public enterprises must remain solvent with good financial performance while meeting their development goals.

The right role for Government is critical in the new era of globalization. The competitiveness of our economy depends, to an extent, on how well we are inserted in the world economy. Our policies must strengthen external relations and provide greater links with the Global Information Infrastructure (GII). We are determined to develop more links with the European Union and its associated bodies. Policies will seek to strengthen our capacity to manage our own international economic relations. We are prepared to develop a long-term strategy for the future political options of the British Virgin Islands. Connectiveness with the Rest of the World is critical to increased competitiveness in the global markets. Affordable telecommunications and available information technology are two components which are absolutely essential to empower the individual in British Virgin Islands. Policies will seek to establish local legal standards and human rights consistent with worldwide benchmarks. We want to continue the flow of persons to our shores and the flow of our people to other shores recognizing the value of human exchanges and exposure to the development process.

Information technology will be promoted as a primary tool of business by strengthening the information technology information bases and providing tax incentives for both businesses and individuals to become more efficient. Policies will use the tax system and provide technical assistance to support the increased application of information technology to the production processes. Similarly, the promotion of Science & Technology in the school curricula and the production processes will be a national policy. Government lead in this respect applying Science & Technology to operations and adding Science & Technology management capacity to its subject portfolios.

Electronic commerce will help deliver goods and services more efficiently to the marketplace. A major policy will seek to promote e-commerce through the establishment of a management strategy, an incentives regime and the linking of e-commerce with our most dynamic and productive economic sectors.