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Performance and trends of services and knowledge-based industries in small states

This chapter presents an analysis of the importance of the services sector for small states using typologies according to income (low, middle and high) and geographic location (landlocked, island and others) of small states.

There are various definitions of small states. Total population, GDP and the land size of economies are often used as measures to determine small states. Kuznet (1960), for example, defined small states to be those with a population of less than 10 million. Recently, the Commonwealth Advisory Group (1997) used the limit of 1.5 million people while defining small states.¹ This definition has been used in the Commonwealth Secretariat/World Bank Joint Task Force Report (2000) and in its review.² In its latest economic review of small states, *Small States: Economic Review and Basic Statistics*, Volume 11, the Commonwealth Secretariat classified all countries that had a total population of less than 5 million as small states. For consistency purposes, the authors follow the same definition in this document. This gives us 17 more economies as compared to the World Bank's group of small states.³

Income levels

To group small states according to their income, the authors use the World Bank's classification of income groups.⁴ Table 4.1 presents real GDP per capita (purchasing power parity adjusted) and the annual GDP growth of the three income groups from 1990 to 2005. The average real GDP per capita for all small states increased from US\$7,505 in 1990 to US\$9,816 in 2005. However, the variation in the real per capita incomes also increased substantially. The average real per capita GDP for low-income states increased from US\$387 in 1990 to US\$392 in 2005. The increase was much higher for middle-income and high-income small states and their average real per capita GDP rose from US\$5,319 to US\$7,023 and from US\$17,519 to US\$29,711, respectively.

There appear to be noticeable differences in the growth rates of small states. The annual GDP growth during 1990-2005 was on average higher for high-income countries as compared to low- and middle-income small states. The overall average growth rate in 1995-2005 was 3.5 per cent, which when compared to the world average of 3.3

Table 4.1: Selected indicators for small states (1990–2005)

	GDP per capita (constant 2000 US\$)*				GDP growth (annual %)		
	1990	1995	2000	2005	1990–94	1995–99	2000–05
Low income states							
Bhutan	464	478	555	694	2.9	6.2	7.4
Central African Republic	270	249	252	227	-0.8	3.4	-0.7
Comoros	416	386	377	380	1.2	2.0	2.3
Gambia, The	325	303	320	335	2.6	3.6	3.9
Guinea-Bissau	183	183	158	135	3.5	0.4	-0.1
Liberia	203	57	183	135	-31.0	33.3	-3.4
Mauritania	338	372	409	447	3.2	4.5	4.9
Papua New Guinea	520	689	645	613	8.9	0.9	1.1
Sao Tome and Principe	330	328	332	356	1.6	1.9	3.8
Solomon Islands	820	820	715	647	4.4	2.1	0.8
Timor-Leste	N/A	N/A	404	338	N/A	N/A	N/A
Average of low-income small states	387	386	395	392	-0.4	5.8	2.0
Average of low-income group	1,428	1,574	1,832	2,253	3.7	5.4	5.7
Middle-income states							
Barbados	13,241	13,047	N/A	N/A	-1.5	3.3	N/A
Belize	4,137	4,912	5,869	6,780	8.1	3.6	6.4
Botswana	5,489	5,792	7,702	9,652	4.5	5.7	5.5
Cape Verde	3,416	3,962	4,859	5,835	3.9	6.6	5.2
Congo, Rep.	968	1,218	958	931	-0.1	1.9	5.0
Costa Rica	6,396	7,200	8,621	8,931	5.4	5.4	3.4
Djibouti	N/A	2,217	1,882	1,805	-1.7	-0.8	2.5
Dominica	4,442	4,898	5,932	5,377	2.2	2.4	-0.5
Equatorial Guinea	1,277	1,584	15,190	N/A	4.8	35.6	9.0
Estonia	8,905	6,829	9,763	14,515	-8.7	5.0	7.6
Fiji	N/A	4,862	4,676	5,329	3.8	2.6	2.2
Gabon	6,171	6,437	6,119	5,839	2.8	2.8	1.8
Grenada	5,542	5,497	7,537	7,354	1.5	5.6	1.0
Guyana	3,443	3,672	4,072	4,041	5.5	4.1	0.0
Jamaica	3,737	3,830	3,651	3,934	2.7	0.3	1.4
Kiribati	N/A	N/A	N/A	N/A	3.5	6.5	0.1
Lesotho	1,288	1,724	2,122	2,472	4.4	3.6	2.6
Mauritius	6,516	7,853	9,672	11,141	5.5	5.4	4.1
Namibia	5,409	5,651	6,058	6,980	4.6	3.6	4.2
Panama	4,587	5,392	6,164	7,052	6.8	4.5	3.9
Samoa	2,854	4,377	4,861	5,917	-1.1	3.9	4.9
Seychelles	12,835	13,769	17,964	14,866	4.5	5.3	-1.1

	GDP per capita (constant 2000 US\$)*				GDP growth (annual %)		
St Kitts and Nevis	7,373	9,282	11,225	12,929	3.5	4.4	3.7
St Lucia	5,076	5,528	5,621	5,702	7.4	2.6	1.3
St Vincent and the Grenadines	4,614	4,684	5,334	6,126	2.1	2.7	3.1
Suriname	N/A	N/A	N/A	N/A	-0.3	1.8	4.3
Swaziland	4,223	4,195	4,394	4,595	3.8	3.7	2.2
Tonga	5,159	6,084	6,570	7,197	2.7	1.6	2.7
Trinidad and Tobago	6,949	7,259	8,961	12,306	0.9	4.6	7.4
Uruguay	7,180	8,228	8,781	9,087	4.3	2.2	0.8
Vanuatu	2,396	3,248	3,173	2,930	6.7	1.0	1.2
Average of middle-income small states	5,319	5,629	6,705	7,023	3.0	4.5	3.2
Average of middle-income group	3,972	4,318	5,134	6,535	2.6	3.8	5.1
High-income states							
Antigua and Barbuda	9,318	8,662	10,022	11,035	3.4	3.2	3.3
Bahamas, The	17,032	14,751	16,962	N/A	-0.3	3.3	1.2
Bahrain	14,691	14,564	15,928	N/A	7.0	4.0	5.8
Cyprus	14,479	16,899	20,318	20,959	4.8	4.0	3.4
Iceland	24,585	23,613	28,929	31,749	0.6	4.0	3.5
Ireland	15,587	19,346	30,532	36,621	4.4	9.7	5.9
Kuwait	N/A	18,225	16,505	N/A	21.2	2.0	6.4
Luxembourg	30,074	37,458	57,792	66,703	4.8	5.6	4.1
Malta	10,859	14,363	18,115	17,479	5.5	4.5	1.1
New Zealand	16,161	18,180	19,615	20,135	2.3	3.0	3.4
Norway	25,641	29,620	34,208	35,956	3.4	3.9	2.0
Oman	10,611	11,979	12,730	N/A	4.9	3.3	3.8
Singapore	14,755	19,512	23,744	26,764	9.1	6.0	5.0
United Arab Emirates	23,950	21,147	20,604	N/A	5.4	5.8	7.4
Average of high-income small states	17,519	19,166	23,286	29,711	5.5	4.5	4.0
Average of high-income group	22,459	24,075	26,903	29,041	2.3	3.0	2.4

Notes: * = purchasing power parity (PPP) adjusted; N/A= not available

Source: World Bank (2006)

per cent during the same period, suggests that small states performed reasonably well. However, when compared to 1995–2000, the growth rates of low, middle and high-income small states declined in 2000–2005.

Services

Overall, services present a significant part of small state economies, contributing on average over 50 per cent to the GDP during 1990–2004 (see Chart 4.1). In terms of income groups, the share of services in GDP is the highest for high-income small states, followed by middle- and low-income small states. In recent years, there appears to have been a decline in the contribution of services to GDP in high-income states, and a gradual increase in that of low-income states.

Charts 4.2, 4.3 and 4.4 present a detailed comparison between the average shares of the industry and services sectors in GDP for low-, middle-, and high-income small

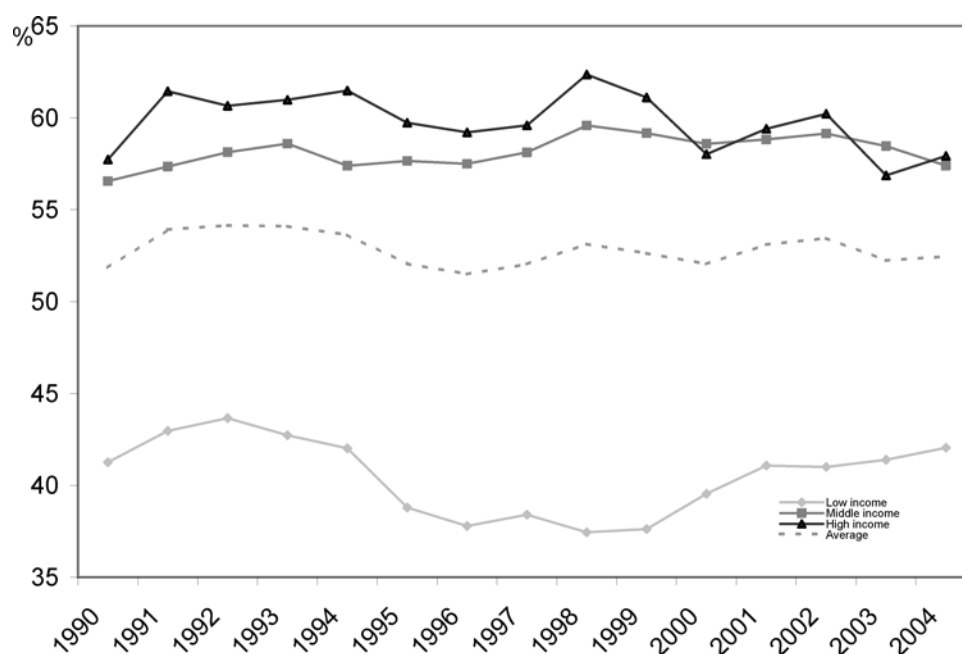


Chart 4.1: Share of services in GDP for small states (1990–2004)

Notes: Low income = Bhutan, Central African Rep., Comoros, Gambia, Guinea-Bissau, Liberia, Mauritania, Papua New Guinea, Sao Tome & Principe, Solomon Islands and Timor-Leste; Middle income = Barbados, Belize, Botswana, Cape Verde, Congo, Djibouti, Dominica, Equatorial Guinea, Estonia, Fiji, Gabon, Grenada, Guyana, Jamaica, Kiribati, Lesotho, Maldives, Mauritius, Namibia, Panama, St Kitts & Nevis, St Lucia, St Vincent & the Grenadines, Samoa, Seychelles, Suriname, Swaziland, Tonga, Trinidad & Tobago, Uruguay, Vanuatu; High income = Antigua & Barbuda, Bahamas, Bahrain, Cyprus, Iceland, Ireland, Kuwait, Luxembourg, Malta, New Zealand, Norway, Oman, Singapore and United Arab Emirates.

Source: Based on World Bank (2006)

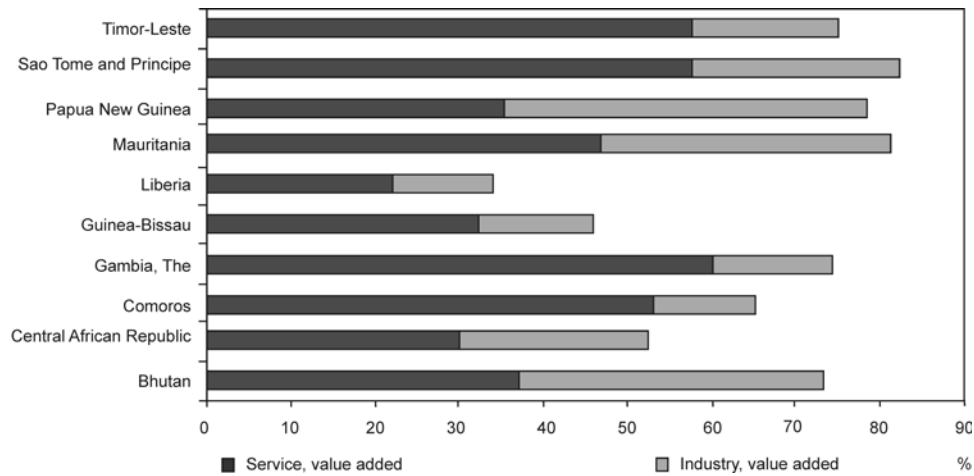


Chart 4.2: Share of GDP for low-income small states, by sector (1990-2004)

Source: Based on World Bank (2006)

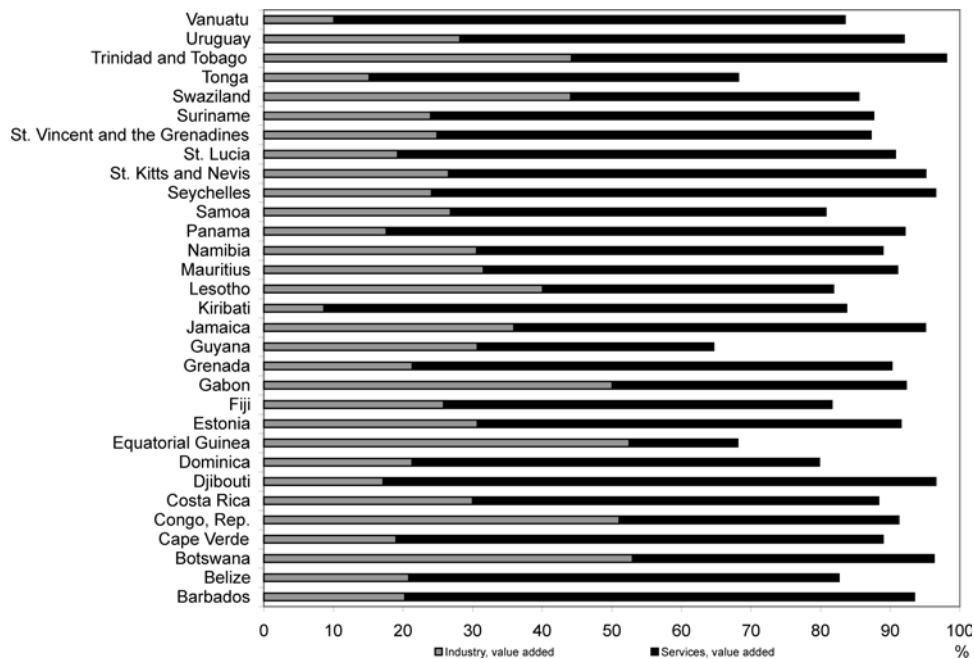


Chart 4.3: Share of GDP for middle-income small states, by sector (1990-2004)

Source: Based on World Bank (2006)

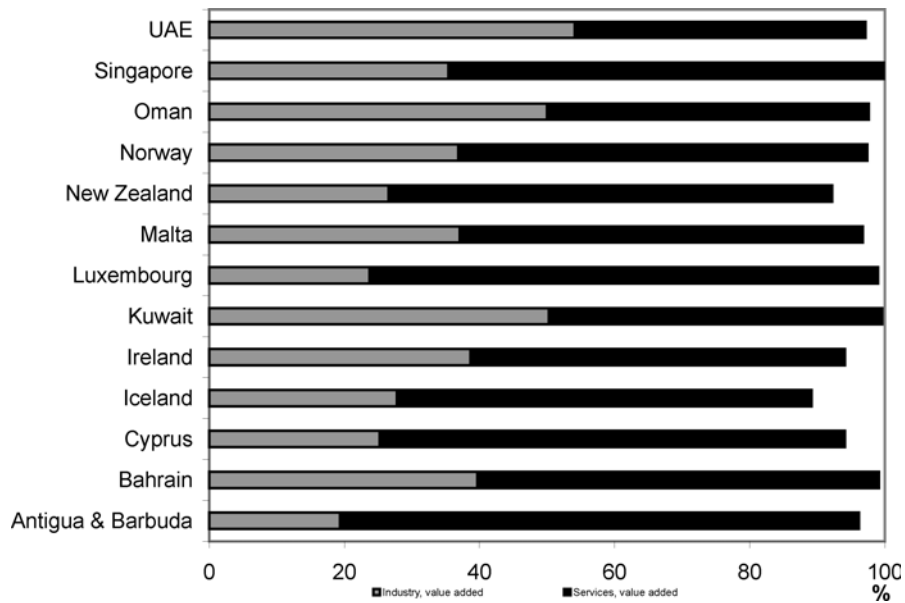


Chart 4.4: Share of GDP for high-income small states, by sector (1990–2004)
 Source: Based on World Bank (2006)

states, respectively, during 1990–2004. The overall average share of services to GDP in 1990–2004 for low-, middle- and high-income states was 41, 58 and 61 per cent, respectively. Among the low-income states, only four countries – Sao Tome and Principe, The Gambia, Timor-Leste and Comoros – have a services-to-GDP ratio of about 50 per

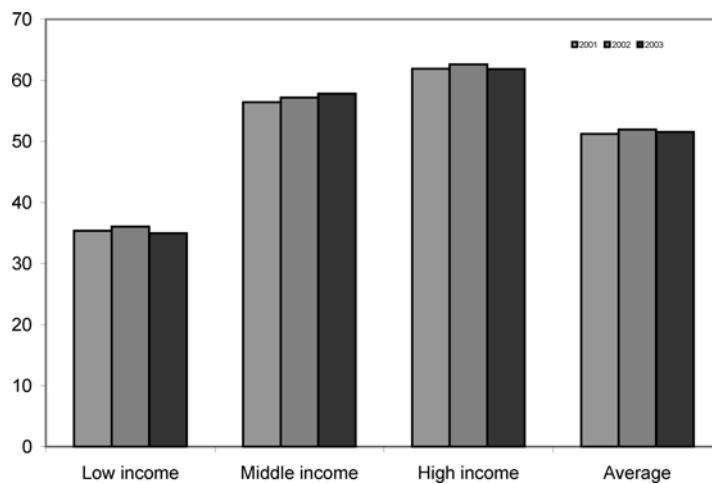


Chart 4.5: Distribution of labour force in services in small states (%)
 Source: Based on Commonwealth Secretariat (2007)

cent. However, a majority of middle-income and almost all high-income small states had a high (equal to or greater than 50 per cent) share of services in GDP.

The services sector is also a major source of employment in small states. Chart 4.5 shows that on average 52 per cent of the labour force is engaged in the services sector in small economies. Its contribution to total employment is 35, 58 and 62 per cent in low-, middle- and high-income small economies, respectively. Across the sample, Luxembourg is the country with the highest percentage (77 per cent) and Comoros has the smallest percentage of labour force employed in the services sector (12 per cent).

In terms of geographic location, island small states have the highest share of GDP in services, followed by other small states (that is, those with access to water). The average share during 1990–2004 for island small states was 51 per cent as compared to 46 per cent for landlocked and 49 per cent for others (Chart 4.6).

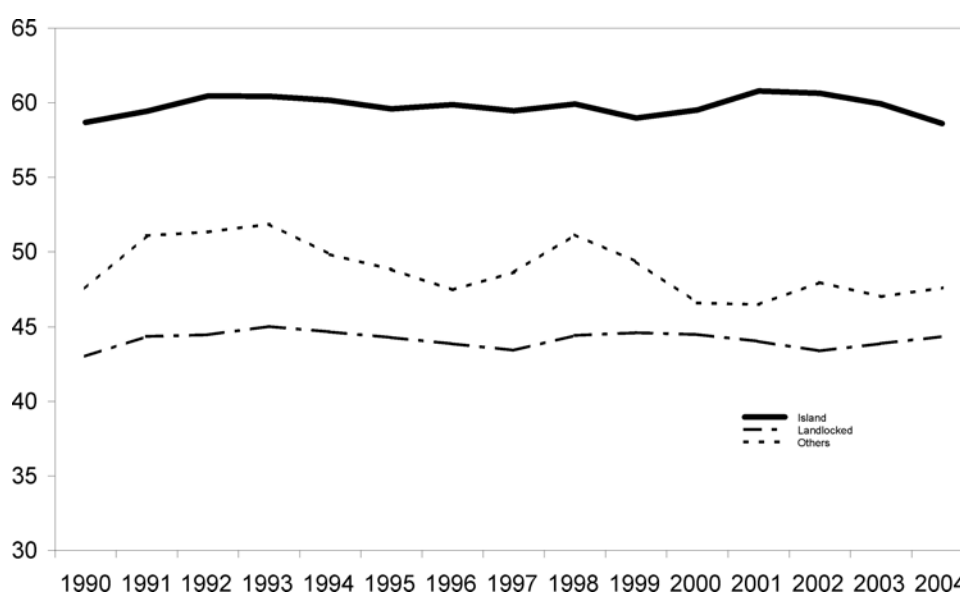


Chart 4.6: Share of services in GDP according to location of small states (%)

Source: Based on World Bank (2006)

The growth of the services sector has been impressive in many small states (see Table 4.2). A majority of countries for which data are available had positive average annual growth rates during the ten-year period from 1995 to 2004. Some countries, for example, Bhutan, Cape Verde, Equatorial Guinea, Mauritania and the United Arab Emirates, reported average annual growth rates of over 6 per cent in the services sector. Both island and landlocked small states recorded growth rates of around 3.5 per cent whereas others grew at 3 per cent. The average growth rate of services in small states was 3.6 per cent during 1995–2003 as compared to 3.1 per cent for the world.

Table 4.2: Growth rate of value-added services in small states (%)

	1990-94	1995-99	2000-04
Low-income states			
Bhutan	2.7	9.5	7.6
Central African Rep.	-5.5	3.2	-11.1
Comoros	0.9	0.5	-2.1
Gambia, The	4.6	3.3	5.2
Guinea-Bissau	2.9	-1.2	3.2
Mauritania	4.1	6.1	8.4
Papua New Guinea	3.6	-0.1	-0.9
Sao Tome and Principe	0.2	1.0	4.3
Timor-Leste	N/A	N/A	7.1
Average of low-income small states	1.7	2.8	2.5
Average of low-income states	4.4	6.9	6.7
Middle-income states			
Barbados	-1.4	2.4	2.4
Belize	7.5	3.7	7.6
Botswana	8.4	7.0	4.8
Cape Verde	5.6	6.8	5.5
Congo, Rep.	-1.1	-0.5	6.3
Costa Rica	5.3	4.1	4.9
Djibouti	-1.0	0.7	1.6
Dominica	3.6	3.5	7.7
Equatorial Guinea	6.9	12.8	7.5
Estonia	-2.3	5.5	6.2
Fiji	2.9	4.2	2.7
Gabon	3.0	4.2	0.5
Grenada	3.4	4.6	1.3
Guyana	2.3	3.4	1.9
Jamaica	4.1	1.5	1.7
Kiribati	6.1	5.1	-0.9
Lesotho	4.7	3.9	2.4
Mauritius	6.4	6.3	5.8
Namibia	5.4	3.9	4.4
Panama	5.9	4.5	4.4
Samoa	N/A	7.7	6.6
Seychelles	4.1	3.0	-1.9
St Kitts & Nevis	5.5	4.0	1.1
St Lucia	4.4	3.3	0.7
St Vincent & the Grenadines	5.3	5.0	2.3
Suriname	0.0	2.7	2.9
Swaziland	4.4	3.5	3.7

	1990–94	1995–99	2000–04
Tonga	2.0	2.6	-5.8
Trinidad & Tobago	0.7	4.1	5.1
Uruguay	6.5	2.8	-0.8
Vanuatu	9.2	1.5	-1.0
Average of middle-income small states	3.9	4.1	2.9
Average of all middle-income countries	3.6	3.7	4.6
High-income states			
Antigua and Barbuda	4.6	2.5	1.8
Cyprus	6.2	N/A	N/A
Iceland	1.4	5.4	3.3
Kuwait	N/A	3.0	9.0
Luxembourg	5.9	6.2	4.0
New Zealand	2.4	3.5	3.8
Norway	2.7	4.8	2.8
Oman	7.4	3.8	5.6
Singapore	N/A	N/A	8.3
United Arab Emirates	5.9	7.4	8.0
Average of high-income small states	4.6	4.6	5.2
Average of all high-income countries	2.4	3.3	2.4

Source: World Bank (2006)

Trade in services

Trade in services presents a significant share of GDP for most small states (see Table 4.3). The average share of trade in services of GDP was 39 per cent in 1990–2004 with the highest for high-income countries (47 per cent) and island small states (46 per cent) and the lowest for low-income states (29 per cent). However, the average statistics mask the underlying large variation in data, where the values ranged from 142 per cent (for Luxembourg) to 11 per cent (for Oman). The correlation between the share of trade in services in GDP with real per capita income (PPP adjusted) of small states is 0.4, which indicates that high per capita income is associated with greater trade in services.

The services sector also plays an important role in the foreign exchange earnings of small states. The share of exports of services in total trade is the highest for middle-income states, and the lowest for low-income states (see Chart 4.7).⁵ For middle-income states, the share of exports of services in total trade was in the range of 40–45 per cent in 1990–2004 whereas it was between 30–40 per cent and 25–35 per cent for high- and low-income small states, respectively.

Table 4.3: Trade in services as a percentage of GDP (1990–2004)

<i>Low income</i>	<i>Trade in services</i>	<i>Middle income</i>	<i>Trade in services</i>
Central African Republic	14.9	Barbados	60.3
Comoros	30.7	Belize	36.4
Gambia, The	41.7	Botswana	14.8
Guinea-Bissau	14.9	Cape Verde	31.0
Mauritania	19.5	Congo, Rep.	37.3
Papua New Guinea	24.4	Costa Rica	18.3
Sao Tome & Principe	45.1	Djibouti	52.1
Solomon Islands	44.2	Dominica	47.6
Average for low-income small states	29.4	Equatorial Guinea	38.5
High income		Estonia	34.9
Antigua and Barbuda	97.2	Fiji	49.8
Bahamas, The	60.6	Gabon	22.5
Bahrain	22.3	Grenada	52.0
Cyprus	53.9	Guyana	43.1
Iceland	22.7	Jamaica	43.1
Ireland	38.4	Kiribati	93.8
Kuwait	25.1	Lesotho	13.1
Luxembourg	142.3	Maldives	74.7
Malta	52.1	Mauritius	38.8
New Zealand	15.1	Namibia	21.3
Norway	19.5	Panama	30.1
Oman	10.6	Samoa	49.0
Singapore	59.9	Seychelles	70.6
Average for high-income small states	46.6	St Kitts and Nevis	58.5
Geographic location		St Lucia	63.9
Island small states	46.3	St Vincent & the Grenadines	50.7
Landlocked small states	40.1	Suriname	34.8
Other small states	29.3	Swaziland	29.0
Tonga	15.7		
Trinidad and Tobago	13.8		
Uruguay	11.1		
Vanuatu	59.9		
Average for mid-income small states	41.0		

Notes: Values represent the average of available data during 1990–2004; Source: Based on World Bank (2006)

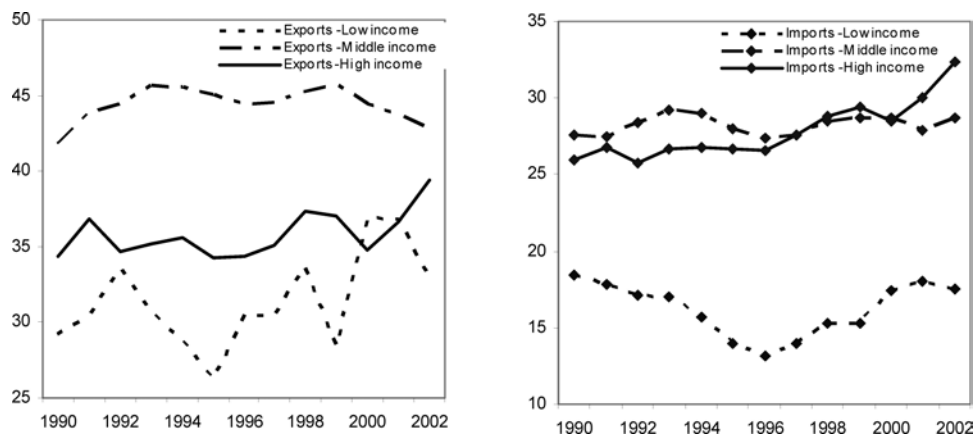


Chart 4.7: Share of export and import of services in total trade (1990–2004) (%)

Notes: Low-income states include Bhutan, Central African Rep., Comoros, Gambia, Guinea-Bissau, Mauritania, Papua New Guinea, Sao Tome & Principe and Solomon Islands; Middle-income states include Barbados, Belize, Botswana, Cape Verde, Congo, Djibouti, Dominica, Equatorial Guinea, Estonia, Fiji, Gabon, Grenada, Guyana, Jamaica, Kiribati, Lesotho, Maldives, Mauritius, Namibia, Panama, St Kitts & Nevis, St Lucia, St Vincent & the Grenadines, Samoa, Seychelles, Suriname, Swaziland, Tonga, Trinidad & Tobago, Uruguay and Vanuatu; High-income states include Antigua & Barbuda, Bahamas, Bahrain, Cyprus, Iceland, Ireland, Kuwait, Luxembourg, Malta, New Zealand, Norway, Oman and Singapore.

Source: Based on UNCTAD (2005)

Table 4.4 presents the export of different types of services categorised into three groups: transport, travel and other services, for the three income groups. For each country the authors report the average share of the export of these services in total service exports during 1990–2004. In all cases, the share of travel services is the highest as compared to other types of services. However, on average it appears to be more important for low- and middle-income states, since around 50 per cent of their service exports comprise travel services. In the case of high-income economies, travel is closely followed by transport services and their combined share is over 70 per cent of total service exports. When looking at individual countries, the authors observe that the share of travel services is greater than 50 per cent for 29 countries whereas the shares of transport, insurance and financial, and computer, communications and other services are greater than 50 per cent for seven, one and three countries, respectively.

Foreign direct investment

It is instructive to examine FDI in small and island states in order to assess what sectors attract FDI (taking the Caribbean as an example). Tables 4.5–4.7 present the

Table 4.4: Services by sector (% of service exports) for small states (1990–2004)

	<i>Transport</i> ^{a)}	<i>Travel</i> ^{b)}	<i>Insurance & financial</i> ^{c,d)}	<i>Others</i> ^{e)}
Low-income states				
Central African Rep.	38.7	22.5	24.2	14.7
Comoros	28.7	65.4	0.0	5.9
Gambia, The	12.7	81.6	0.1	5.6
Guinea-Bissau	9.2	43.3	2.5	69.4
Mauritania	15.1	70.5	0.0	14.4
Papua New Guinea	7.7	6.1	1.9	84.4
Sao Tome & Principe	4.5	72.4	4.3	18.8
Average	16.7	51.7	4.7	30.5
Middle income				
Barbados	2.0	72.7	11.7	13.7
Belize	9.9	68.7	0.4	21.0
Botswana	18.8	69.9	4.2	7.1
Cape Verde	53.2	28.6	0.5	17.7
Congo, Rep.	38.7	14.1	0.8	46.4
Costa Rica	14.4	62.3	0.3	23.0
Djibouti	61.9	17.9	0.0	20.3
Dominica	9.6	61.0	4.8	24.6
Estonia	51.5	30.8	0.9	16.8
Fiji	31.3	53.2	1.9	13.6
Gabon	45.1	6.7	7.6	40.5
Grenada	4.5	72.4	3.3	19.9
Guyana	10.9	43.2	6.3	41.6
Jamaica	16.4	70.0	1.2	12.4
Kiribati	20.5	9.0	1.3	69.2
Lesotho	5.1	62.9	0.1	31.9
Mauritius	25.6	53.4	1.5	19.5
Namibia	13.9	86.5	2.0	6.9
Panama	59.1	22.7	7.7	10.4
Samoa	7.3	63.9	0.4	28.3
Seychelles	39.7	57.2	0.8	2.3
St Kitts & Nevis	7.8	75.8	4.2	12.3
St Lucia	6.1	86.3	1.4	6.3
St Vincent & the Grenadines	7.7	67.8	5.9	18.6
Suriname	42.8	12.6	0.5	44.2
Swaziland	18.5	37.2	6.6	37.7
Tonga	27.9	56.8	0.3	15.1
Trinidad & Tobago	43.5	31.3	6.3	19.0
Uruguay	30.8	50.7	5.2	13.3

	<i>Transport</i> ^{a)}	<i>Travel</i> ^{b)}	<i>Insurance & financial</i> ^{c,d)}	<i>Others</i> ^{e)}
Vanuatu	17.8	57.1	3.6	21.5
Average	24.7	50.1	3.1	22.5
High income				
Antigua & Barbuda	17.6	71.3	2.6	8.6
Bahamas	N/A	N/A	0.0	7.8
Bahrain	42.7	48.4	0.0	8.9
Cyprus	18.6	56.2	4.2	22.4
Iceland	50.7	27.3	1.1	21.0
Ireland	16.5	29.5	10.4	43.7
Kuwait	82.7	12.0	4.2	1.1
Luxembourg	6.8	11.8	63.3	18.1
Malta	25.6	60.4	2.3	11.7
New Zealand	32.3	51.7	0.2	15.9
Norway	60.2	13.8	3.2	22.9
Oman	48.0	63.9	0.8	4.3
Singapore	30.0	23.7	5.3	41.0
Average	36.0	39.2	7.5	17.5

Notes: a) Transport services cover all transport services performed by residents for non-residents involving the carriage of passengers, movement of goods, rental of carriers with crew, and related support and auxiliary services; b) Travel services cover goods and services acquired from an economy by travellers in that economy for their own use during personal or business visits of less than one year; c) Insurance and financial services cover freight insurance on goods exported and other direct insurance such as life insurance; financial intermediation services such as commissions, foreign exchange transactions and brokerage services; and auxiliary services such as financial market operational and regulatory services; d) Zero values indicate that either the data was unreported or combined with another service category; e) Other services include international telecommunications, postal and courier; computer data; international news-related service transactions; construction services; royalties and licence fees; miscellaneous business, professional and technical services; and personal, cultural and recreational services.

Source: Based on World Bank (2006)

distribution of FDI in the Caribbean countries and Table 4.8 gives an overview of the strategies of the foreign investors in the region. The main message from these tables is that FDI is going increasingly to the services sector. There are a few exceptions to this such as the bauxite, gold and timber industry in Guyana, oil and gas in Trinidad and Tobago, and apparel in Jamaica and the Dominican Republic. FDI inflow in services is mainly towards hotels, telecommunications (OECS), IT (Jamaica) and financial services (Jamaica, Barbados and Bahamas).

Table 4.5: FDI in the Organisation of Eastern Caribbean States (OECS)

	<i>Type of FDI*: approximate distribution 1998–2003</i>	<i>Main investor countries</i>
Anguilla	Tourism (90%) Manufacturing	US, Italy, Caribbean
Antigua	Tourism 37% Construction Commercial	US, UK, Caribbean
Dominica	Tourism (46%) Agri-business	Caribbean, US, Canada
Grenada	Tourism (51%) Sporting Education	US, Caribbean
St Kitts and Nevis	Tourism (86%) Banking	Canada, US
St Lucia	Tourism (56%)	US, Caribbean
St Vincent	Tourism (87%)	Italy, UK, US

Notes: * Excludes land sales and reinvested earnings

Source: Eastern Caribbean Central Bank

Table 4.6: Sectoral distribution of inward FDI

	<i>Dominican Republic</i>			<i>Guyana</i>			<i>Jamaica</i>		<i>Trinidad and Tobago</i>		
	1990	1995	1999	1992	1995	1999	1998	2000	1990	1995	2000
Primary	3.5	2.5	1.6	90.5	35.6	74.9	43.0	38.4	58.5	90.0	90.3
Secondary	37.4	29.2	27.2	0.2	21.0	0.7	22.0	9.5			
Tertiary	59.1	68.3	71.2	9.3	43.4	24.4	34.0	52.7	39.7	11.4	15.3

Source: ECLAC (2003)

Further data from UNCTAD on the distribution of FDI inflows to small countries across different regions shows that FDI inflows have increased in the tertiary (services) sector and decreased especially in the primary sector. Such FDI, especially when directed towards export-oriented services, offers various economic benefits to the host economies, including increased export earnings and job creation, higher returns to labour and upgrading of skills (UNCTAD, 2004).

Table 4.7: Sectoral pattern and source of FDI in the Caribbean Community and Common Market (CARICOM)

<i>Country</i>	<i>Main sectoral and industrial recipients of FDI</i>	<i>Main sources of FDI</i>
Bahamas, The	Tourism, financial services and infrastructure	Belgium, France, Germany, USA, Hong Kong, UK, USA, Netherlands
Barbados	Tourism, agriculture, manufacturing, financial services and informatics	Canada, UK, USA
Belize	Agriculture/mariculture (shrimp farming) manufacturing (agro-processing), tourism and infrastructure (telecommunications)	China, Taiwan, UK, USA
Guyana	Mining (gold), forestry, infrastructure (power and telecommunications) and trade	Canada, South Korea/Malaysia, UK, US Virgin Islands
Jamaica OECS	Tourism, mining and manufacturing Agriculture, tourism and manufacturing	Canada UK, USA Caribbean, UK, USA, other European countries, particularly Italy
Suriname	Mining and manufacturing	The Netherlands, USA
Trinidad and Tobago	Energy (petroleum and petrochemicals, natural gas) electricity, transportation and communications, and manufacturing	Asia, Spain, UK, USA

Source: ECLAC (2003)

Table 4.8: Strategies of foreign investors in the 1990s in the Caribbean

<i>Sector</i>	<i>Corporate strategy</i>		
	<i>Resource-seeking</i>	<i>Efficiency</i>	<i>Market-seeking</i>
Primary	Oil/Gas (Trinidad and Tobago); Bauxite (Guyana and Jamaica); Aluminium (Jamaica); Gold (Guyana); Timber (Guyana)		
Manufacturing		Apparel (Jamaica, Dominican Republic and Haiti)	
Services			Financial (Jamaica, Barbados, Bahamas, St Lucia); Tourism (Jamaica, Barbados, Bahamas, OECS); Telecommunications (OECS, Guyana, Jamaica, Trinidad and Tobago, Dominican Rep.); Electricity (Dominican Republic, Guyana); IT (Jamaica)

Source: ECLAC (2003)

Notes

1. Although their populations are larger than 1.5 million, Jamaica, Lesotho, Namibia and Papua New Guinea were included because of the similarity of their characteristics with small states.
2. These reports consider developing and transition member countries of the World Bank only.
3. See Appendix for the list of countries included in this report. Marshall Islands, Federal States of Micronesia and Palau are not included in the analysis due to lack of sufficient data.
4. According to World Bank's income classification, economies are divided according to 2005 Gross National Income (GNI) per capita. The groups are: low income, \$875 or less; lower middle income, \$876-\$3,465; upper middle income, \$3,466-\$10,725; and high income, \$10,726 or more. See http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20421402~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html#High_income [accessed 23 May 2008]
5. The share of export of services in total trade for individual small states is presented in the Appendix.