



**CENTRE FOR CO-OPERATION WITH NON-MEMBERS
DIRECTORATE FOR FINANCIAL, FISCAL AND ENTERPRISE AFFAIRS**

**Workshop on Foreign Direct Investment in the
Caribbean Basin and Latin America**

5-6 April 2001, Curacao

Concluding Remarks

*Ms. Shelton-Colby, Deputy Secretary-General
Organisation for Economic Co-operation and Development*

On 5-6 April 2001, representatives of OECD and Latin America and Caribbean countries, international and regional organisations and private sector met in Curacao, Netherlands Antilles for an exchange of experiences on how to maximise the benefits of foreign direct investment within the region. Participants discussed the following topics:

- ***Recent investment trends and policy developments in the Caribbean Basin:***

The past decade has witnessed significant achievements throughout the region in attracting foreign direct investment (FDI). This growth in FDI has been due in part to the significant steps taken by countries in the Caribbean Basin with respect to trade and investment liberalisation, privatisation and regulatory reform.

Recognising the benefits of FDI and the importance of creating a favourable environment for private investors, has led countries to make substantial improvements in their investment regimes, including the granting of non-discriminatory treatment to foreign investors and the elimination of most restrictions on capital movements and profit remittances.

Privatisation, complemented with regulatory reform, has opened new opportunities for large-scale investment, mostly through mergers and acquisitions. Increasing amounts of FDI are being used to restructure previously acquired privatised enterprises.

- ***Best practices for creating a favourable investment climate in the region:***

To attract foreign investors, it is essential that administrative burdens are rapidly and comprehensively reduced. Dismantling heavy bureaucracy and increased transparency are vital to providing a favourable investment climate.

There should be a comprehensive review of incentive policies to assess their cost and benefits in terms of the investment process and their impact on government budgets and local economies.

Good corporate governance, which protects the rights' of shareholders and allows for markets for corporate control to function in an efficient and transparent manner, is also vital to the investment climate. As are anti-corruption legislation and developing the institutional mechanisms to fight corruption.

Further efforts are needed in the area of regulatory reform and the development of policies to encourage the competitive functioning of markets.

The creation of competitive advantages for foreign investment requires the development of infrastructure, upgrading of educational systems, and the strengthening of local financial markets.

- ***An action plan for the Caribbean Rim Investment Initiative:***

Participants launched a three-year action plan to implement the Caribbean Rim Investment Initiative and called for support by bilateral donors and international organisations. The programme will focus on the following areas:

- Improving the institutional framework;
- Assess the role and performance of Investment Promotion Agencies (IPAs) and other organisations;
- Promotion of forward and backward linkages to indigenous industries;
- Assessment of comparative advantages with a view to building competitive advantages.

Work will be carried out through task forces of government and private sector representatives under the supervision of a Steering Group composed of donors and participating countries. The programme will be managed by the OECD in co-operation with other international and regional organisations. It will build on existing efforts, aim at concrete results and provide policy recommendations and a framework for implementation.

A dedicated Web page will be created to inform on investment policies and trends within the region and work in progress.

Participants will review the programme and its achievements at their next annual meeting to be held in Jamaica in 2002.