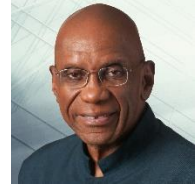




Economic Letter August 2018



Leases of the Port and Airport Would be a Filip to the Barbados Economy

Government could add a significant stimulus to economic growth and job creation by leasing the Bridgetown Port and the Grantley Adams Airport to carefully chosen major operators of similar facilities worldwide. Barbados has geographical, political and business advantages which could make it an attractive node in the global network of an international transportation company.

Barbados is the easternmost Caribbean island, historically the primary terminus of seaborne trade between Western Europe and the Caribbean, and between Western Africa and the Caribbean. Now the widening of the Panama Canal opens the possibility of links through the canal to the Pacific. Access to the Pacific from Europe, Africa and Eastern North and South America is increasingly important in a world economy that is tilting towards Asia.

Barbados is also geographically positioned to be a fulcrum between North and South America. Logistically, the island seems natural for air transport links between the Americas. The potential for air freight would appear to offer an opportunity for substantial new business, an opportunity which has not previously been recognised.

Major investment would be needed to realise the economic potential of our port and airport. This investment is far beyond the capacity of the Barbados Government, now and in the foreseeable future. Leasing to major international companies would address all the challenges to realising the economic potential of our port and airport:

- The operator would bring business through its global network, far beyond anything that the Barbados Government could attract on its own;
- The operator would have access to its own sources of financing, something which is important to a Government which has lost access to international financial markets;
- For a suitably chosen international company, the investment in raising Barbados' facilities to an internationally competitive standard would not stretch their financial and technical resources;
- An international company would transform the operations of both port and airport, bringing their efficiency up to par with those in advanced countries;
- As with other global leaders such as Sandals, a competitive international company would help to raise the bar nationally, in terms of excellence and staff engagement with the organisation; and
- As with other international companies in Barbados such as the Hilton, employment with such a company offers opportunities for advancement through a worldwide network. This

opens opportunities to Barbadians far beyond anything that the Barbados Government could offer.

The key to realising the potential of leasing the port and airport is a careful selection process, by knowledgeable professionals. Applicants should be major international players with proven track records. Their proposals should be reviewed by recognised experts. The public should be satisfied that the process of approval and implementation is openly and efficiently handled.

Leasing of the Bridgetown Port and the Grantley Adams Airport is the most consequential privatisation option available to Government. It provides Government with a dependable source of income; it secures major international investment, an ongoing priority for Barbados; and it opens entirely new markets and lines of business. Operation of ports and airports by private firms is now commonplace in advanced countries. Heathrow, the busiest airport in all of Europe, has been owned since 2006 by Heathrow Airport Holdings, a private company. All told, we have here an opportunity to lift overall economic growth by perhaps as much as one percent per year, with the associated job creation and access to a global network of possibilities.

It is an opportunity our Government should not pass up.