

COMMERCE TODAY

Competition works Best—Uninterrupted

by Fair Trading Commission

Introduction

Quite recently certain individuals felt the need to publicly encourage a boycott of the products of a particular establishment because the prices that establishment was charging were so low that, in their view, they threatened the future of a related industry.

First of all it is important to recognise that competition can be a calculated and ruthless process. Competing firms often must attract customers away from each other. Efficient firms will usually increase their market share, while inefficient ones will often lose market share and sometimes be driven from the market. These occurrences are an inevitable consequence of competition. The Fair Competition Act, unfortunately for those who would wish otherwise, does not seek to disrupt this process, but is designed rather to encourage it. The objective of competition policy is to protect competition rather than competitors.

Every situation must be examined on its merits. There are some markets that, because of the nature of the product or service being sold, do not lend themselves to a large number of competitors. Some goods and services are so bulky or expensive to supply that only a few suppliers can provide them efficiently and still make a profit. These types of services may be categorised as 'natural' monopolies.

The Commission's role, except in regard to merger control, is not to decide which markets should have a particular number of competitors. The natural laws of

competition will dictate which markets end up with one or several competitors. The Commission's role is to ensure that, in the journey towards the ideal number of competitors, no one usurps the process by introducing illegitimate anti-competitive practices in order to gain an advantage. To the extent that this process remains free and fair it must be left to itself.

The improvement of public welfare is at the heart of all Government's business, and the promotion of competition as a core protocol of the treaty of Chaguaramas, has been identified by Government as a key means of raising overall economic welfare and living standards. Competition does this automatically with its 'invisible hand'. Without intervention it propels companies to introduce extensive marketing campaigns, more competitive prices, improved quality products, improved terms of service, and innovative packaging and delivery methods.

Consumers too are an integral part of this dynamic process. They make the ultimate choice as to what they will purchase. They will purchase cheaper products most of the time if those products meet their tastes and needs. They will not purchase cheaper products if they do not like the taste or do not gain general satisfaction from them. The competitor who satisfies them best in terms of price, quality and service will thrive. Those who do not will fail. This experience clearly demonstrates the challenges of competition to businesses in a competitive industry, as well as the benefits to be gained by consumers from



Fair Trading Commission Office, Manor Lodge

Inside this issue:

Competition Works best—Uninterrupted

1

A cursory Look at the History of Science and Technology in Barbados

3

Business Strategy for Credit Unions In Barbados

5

The National Small Business Awards – Leveraging your Corporate Legacy

6

Competition works Best—Uninterrupted

competition.

Who can decide whether it is better to eliminate competition in one market in preference of the survival of another market? For any one individual to decide to undertake this mantle is a risky and dangerous proposition. The history of economic success suggests that the less arbitrary intervention there is in the market the better. Who is entitled to make the simple decisions as to which products or markets are better for society?

Society can and will, either 'en masse' or through government policy.

Individuals should refrain from seeking to interpret for society which markets it should support.

In addition, it should be borne in mind that anti-competitive practices come in all forms. The Commission has, over its short existence, been faced with the more traditional forms of such practices such as predatory pricing, exclusive dealing, tied selling. It is important however for persons to note that the provisions of Section 13. (1) of the Act states that:

All acts or trading practices prescribed or adopted by:

(a) an enterprise (i.e. an individual, partnership or body (corporate or incorporate) engaged in business);

(b) an association of enterprises; or

(c) a group of affiliated companies

that result or are likely to result in the disruption or distortion of competition are prohibited.

The Act therefore not only sees the traditional infringements as a breach of

the law, but any act regardless of how subtle or blatant, once it is likely to disrupt competition, may be deemed an infringement.

It must be further noted that the practice does not have to have the ultimate effect of a disruption of competition, but must be merely likely to do so, in order to be a contravention.

Persons must therefore be very measured when undertaking or initiating practices that can interrupt competition. The laws have been put in place and the requisite authorities to administer them, because competition needs only to be promoted - *it works best uninterrupted.*

If you have any questions about fair competition, consumer protection or utility regulation, please contact the Commission at 424 0260, 421 2FTC, or 421 2832.



A Cursory Look at the History of Science and Technology in Barbados

by Lennox Chandler

Barbados is the eastern-most Island in the Caribbean. It is located at roughly 13 degrees north of the equator and 59 degrees west of the prime meridian. Geological evidence suggests that the island is less than one (1) million years old and was created as a result of a collision between the Atlantic and Caribbean plates in conjunction with a volcanic eruption.

The island is considered to be geologically unique, being actually comprised of two land masses that have merged together over time.

EARLY SETTLERS

On February 27th 1627, a party of ninety (90) settlers comprised of eighty (80) Englishmen and ten (10) African slaves landed at Holetown on the West Coast with the intention to settle and occupy the island. The early settlers planted tobacco and cotton. However, the poor returns from these crops forced them to seek an alternative, this happened to be sugar cane. Sugar cane was introduced in the 1630's and remained the mainstay of the economy for many years.

The change from tobacco and cotton to sugar is considered to be an important event in Barbadian History since it brought with it significant changes including the technologies associated with sugar production.

SUGAR AND SCIENCE

Much of the activities in the area of Science and Technology would have been connected in some way to sugar cane, from the windmill to the Carib cane harvester. In the early days windmills were used to crush and grind the sugar cane.

MECHANISATION OF SUGAR PRODUCTION

The switch from wind to steam saw the advent of the modern mechanised sugar factory. The Barbados Foundry Limited an engineering company which was established in 1910, serviced the sugar industry. It did all the engineering and precision work in terms of machinery and equipment which was required to keep the sugar factories running during the cane harvesting and processing season.

For many years sugar cane was harvested manually. However, with the growing tourist industry, considerable labour was lost from the sugar plantations. This led to a switch to mechanisation which was further facilitated by the switch from the traditional "cane hole" system of growing cane to the Louisiana or ridge and furrow system.

Much work in the area of mechanical harvesting of sugar cane was pioneered by Dr. Colin Hudson who designed and patented the Carib cane harvester.

CANE BREEDING

Cane breeding was also a significant area of scientific work in Barbados. The West Indies Central Sugar Cane Breeding Station is one of the two oldest sugar cane breeding stations in the world with a continuous breeding programme since the rediscovery of seedlings in Barbados in 1888.

A cursory Look at the History of Science and Technology in Barbados

Sugar cane was again at the forefront of a world famous breakthrough in the area of Biological Control. The parasitic wasp *Cotesia flavipes* has been used since the 1920's for the control of *Diatraea saccharalis*, a serious pest of sugar cane in Barbados.

CANE SEPARATION TECHNOLOGY

It is of interest that in the year 2007 the industry is still grappling with issues relating to diversification and the creation of new products from sugar cane.

In 1969 the "Barbados Confifth Project" was started. This project involved the feeding of a ration predominantly in sugar - fifth to livestock. The production of the ration was the result of the development of cane separation technology. It should be noted that the separation process was originally designed for application to sugar factory operations and that possible uses for animal feed was a later development.

Though efforts in Science and Technology in the main remained tied to the Sugar Industry, other areas were being explored. Such an area is the area of Solar Technology. Solar Technology was introduced to Barbados through the production of a unit based on a 1964 design. A project was conducted with church members in the Emmerton Lane district of the Capital Bridgetown, spearheaded by Christian Action for Development of the Caribbean (CADEC).

The solar water heater industry of Barbados is considered the best known example of the exploitation of a renewable – energy technology in the Caribbean.

USE OF INDIGENOUS RESOURCES

The use of indigenous materials in an innovative way saw the setting up of what was known locally as the "Brick Factory" in the 1950's. The company Building Supplies Limited converted clay into building materials such as clay blocks which were used across the island in Building Construction. Buildings such as the Queen Elizabeth Hospital and the University of the West Indies, Cave Hill were built with these clay bricks.

Building Supplies Limited was the forerunner of Claytone Products which has used Science and Technology innovation to produce an array of products from local clay. Though the efforts in Science and Technology in Barbados were proclaimed mainly in Agricultural Science, particularly sugar cane, it is clear that efforts have been made in the past to utilise Science and Technology in other areas.

OTHER FORAYS

In the 1960's the country took what might be considered a quantum leap in its involvement with Science and Technology. The High Altitude Research Program (**HARP**) was set up here.

The High Altitude Research Program was considered a unique project since it represented the first serious attempt to utilise Cannons as opposed to rockets in man's quest to explore earth's upper atmosphere as well as to launch satellites.

In this technological age, the efforts of the past must not be squandered, but built upon.

Business Strategy for Credit Unions In Barbados

by Cooperatives Department

Traditionally, the Board of Directors and Managers of credit unions in Barbados have not given priority to having a documented business plan as part of their strategic focus. However, in recent times, it has become apparent that such a document is necessary to assist Directors in providing a clear road map for the future, especially in the area of Corporate Governance.

The plan should clearly state the credit union's mission, goals and objectives, the action steps needed to meet the stated goals and the projected financial results for the time period.

Management should focus on the internal and external factors influencing its business, including economic and regulatory issues, its membership base, its competitors, and its competitive opportunities. Different scenarios should be taken into consideration while planning such things as changing interest rates, the environment, full employment, lay-offs, etc. The analysis should produce a set of assumptions which would be incorporated into the business plan in addition to contingencies to counter worse case scenarios.

Realistic goals and objectives should be projected with regards to the credit union's analysis of the external and internal factors and could be expressed in terms of income and expenses, projected balance sheet numbers, other performance

indicators and/or products, services, or programs to be introduced.

The Board of Directors would be responsible for oversight of the business plan. Management would be in charge of implementing the plan on the operational level. The mission, objectives, and action plans should be clearly communicated to all staff to ensure adherence to the business plan. (www.woccu.org)

Periodically the Board should review, approve, and revise the plan as unexpected changes warrant. Management should ensure that the credit union's policies and procedures and the credit union's resources (employees, capital, and equipment) are consistent with the plan and are capable of achieving the desired results. (www.woccu.org)

Reference: 2003 World Council of Credit Unions

Website : www.woccu.org



Barbados Public Workers Cooperative Credit Union Limited, Belmont Road

“Every credit union should have in place a documented business plan which focuses on the next two to three years. .”



City of Bridgetown Cooperative Credit Union Ltd, Manor Lodge

The National Small Business Awards-Leveraging your Corporate Legacy

by Anderson Cumberbatch

The issue of corporate legacy has again emerged on the global corporate agenda, particularly in the face of an increasing number of international corporate scandals, and against the perception that most successful companies were quite responsible. There is an increasing body of evidence which however suggest that financial success alone is not the panacea for corporate responsibility and by extension a sound business environment. Corporate legacy issues, including the establishment and maintenance of a culture of effective business practices including integrity, responsibility and the effective use of the company's resources, must increasingly be viewed as among the more relevant indicators of business success.

But what does this have to do with the National Small Business Awards?

The second staging of the National Small Business Awards will be held this year on Sunday June 03, 2007 at what has become the premier home for celebrating national corporate and artistic excellence, the prestigious Frank Collymore Hall of Barbados. The National Small Business Awards, the brain child of its original sponsors, the Ministry of Commerce, Consumer Affairs and Business Development, the Barbados National Bank, the Barbados Small Business Association and the Central Bank of Barbados was conceptualized to recognize and celebrate the successes of the Small Business Sector of Barbados, particularly as it relates to excellence in the critical business areas of:

- Export/Foreign Exchange
- Technology
- Marketing & Promotion
- Corporate Governance

Customer Service

Environmental Stewardship

A careful analysis of these critical business areas in relation to most business enterprises within the Small and Medium Enterprise Sector of Barbados can therefore be used as a barometer to determine the level of commitment attached towards the achievement of their business success. The Awards while though not being positioned as the sole determinant of corporate legacy success, acts as a conduit through which the active business ingredients of the modern firm can be channeled to promote greater business success.

It has long been recognized that if businesses are to succeed within a competitive global economy, greater strides must be encouraged to facilitate a culture of entrepreneurial excellence particularly at the level of developing economies such as ours and by extension the wider CSME. It is not by chance therefore that these Awards were conceptualized, for as social and economic planners, our vision necessitates a proactive approach to the propulsion of the Small and Medium Enterprise sector of the region onto the international stage, while facilitating an environment that is conducive to business success. The National Small Business Awards therefore represents an important cog in the wheel of any national small business initiative intended to promote a legacy of corporate excellence, and from which an entrepreneurial springboard can be constructed to leverage international competitiveness and the resulting economic and financial gains.

It is with such a vision in mind that the National Small Business Awards 2006 was launched and by which the sponsors are encouraging the small business sector to seize this opportunity to leverage your corporate legacy.

The National Small Business Awards-Leveraging your Corporate Legacy

Two additional Award Categories

Quite importantly, it must be noted that this years Awards has seen the inclusion of two new categories, these being the Small Business Journalist of the Year and the Small Business Researcher of the Year. The former seeks to recognize that journalist who has made a concerted effort to increase the public’s understanding on the importance of small business to the Barbados economy, while the latter recognizes that individual whose relevant research over the last three years adds to the body of knowledge regarding the Small Business Sector of Barbados. This is particularly important, particularly in the face of much needed timely and relevant information on the sector.

Evaluation Process

In an effort to further enhance the evaluation process the existing judges panel which is drawn predominately from four accounting houses, will be complemented with judges from three public sector agencies who bring a wealth of experience in small business development to the process.



*Mr. Anderson Cumberbatch
Senior Business Development Officer*

Prizes for 2006

It is envisaged that this year’s prizes would in some measure lend towards alleviating some of the Financial challenges that is obviously inherent to small enterprises.

This year’s prizes are as follows:

The National Small Business of the Year	\$15,000.00 and a trophy
The Approved Small Business of the Year	\$7,500.00 and a trophy
The Micro Enterprise of the Year	\$5,000.00 and a trophy
Six Special Category Awards	\$2,500.00 and a trophy each
Small Business Journalist of the Year	One (1) lap top
Small Business Researcher of the Year	One (1) lap top

Congratulations

As we approach the 2006 Awards, let me thank all applicants for your participation in the 2005 Awards as well as 2005 Awardees on your achievements, including the inaugural National Small Business Awards winner, **Calypso Bakeries** as well as its excellent management and staff. The small Business Sector remains the hub of the modern economy and the breadbasket for a myriad of Barbadian households. It is with such importance attached to the National Business Awards that I remind all entrepreneurs of the necessity to leverage their corporate legacy.



Commerce Today
**Produced by The Ministry of Commerce, Consumer Affairs and Business
Development**
Reef Road, Fontabelle, St. Michael, Barbados
Phone: (246) 427-5270; Fax: (246) 431-0056
E mail: pscommerce@commerce.gov.bb

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means without the prior expressed permission of the Ministry of Commerce, Consumer Affairs and Business Development.