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“Our Airport Project: meeting the global challenges”

At the beginning of this New Year 2008, we should reflect on our accomplishments, but more so, plan determinedly to exceed prior years' achievements. The Honourable Prime Minister, Dr. Ralph Gonsalves, set the theme for us in his 2008 Budget Address entitled: “Meeting the global and domestic challenges: The quest to build a modern, many-sided, competitive, post-colonial economy which is national and regional”.

One of the many ways his government is positioning St. Vincent and the Grenadines to meet the global and domestic challenges is by investing in much needed infrastructure, such as the new international airport at Argyle. Some might remember, in his now famous speech on 8th August 2005, Dr. Gonsalves had this to say:

“...the integration of the economy of St. Vincent and the Grenadines with those of the OECS, CARICOM, the wider Caribbean, Latin America, North America and Europe is limited to the extent that there are huge restraints in air access. Foreign investors often shy away from St. Vincent and the Grenadines when the limitations of air access arise due to the absence of an international airport. Indeed, at the recently concluded Conference of Heads of State and Government of CARICOM in July 2005, I made the point that the absence of an international airport in St. Vincent and the Grenadines and Dominica is a regional integration issue of the first order. There can be no level playing-field for this reason...”

In other words, Caribbean integration, and more immediately, the Caricom Single Market and Economy (SME), are inextricably linked to investments in the infrastructure, and people, of St. Vincent and the Grenadines. Hence, the investment in the international airport must be seen as a prerequisite for St. Vincent and the Grenadines to integrate itself beneficially into the SME to achieve the required rate of convergence in economic growth and development with the leading countries of the region.

One, nevertheless, understands the genuine concerns expressed about the size of the investment and our ability to finance the project. However, the time for timidity has long passed. Today, we have to be prepared to take bold calculating steps, simply to catch up with the leading middle-income countries of our region, and even more inspirational policy decisions, if we are to replicate the economic record of some of the leading small economies of the world. And there is no reason why we should aim for less.

As the Hon. Prime Minister points out, for many years, government has received many potential investors, but only a few projects had materialised. Indeed, it is fair to say that St Vincent and the Grenadines is now attracting its fair share of investor interests that our neighbours across the Caribbean sea have taken for granted over many years and which have helped them develop and grow, leaving us to fall behind in terms of economic wealth. Were our earlier governments more far sighted and prepared to deal with the larger economic issues, we may have achieved faster rates of growth and improved our social and economic standing in the region.

Today, our country is increasingly becoming a magnet for foreign investment. In recent years, we have attracted significant new investments in hotel developments at Buccament Bay,

Bequia, and Canouan. Several other new projects are planned across St. Vincent and the Grenadines, as was recently announced in the 2008 Budget address. These are all part of a continuing series of developments in the hospitality industry linked to government's investment in new and enhanced airports, and other tourism projects.

By investing in the airport infrastructure, government is creating an enabling environment for local firms also to do well. The present competitive global economy punishes indecisive and inefficient firms. The continuous removal of all kinds of trade barriers and preferences that developing countries like ours once enjoyed mean that our firms must now compete head-on with established firms within and outside the Caribbean region. We are all too familiar with the diminution in value of the once lucrative banana export trade, with the removal of the preferential market treatment we once enjoyed and the impact this has had on the banana farmers, in particular, and our economy, in general.

Any government investment that helps to lower the cost of goods and services and raises our firms' competitiveness is more than welcome. With enabling government policies, our firms need not view the competitive global market place in a negative light. Rather, they should see the expanded market as an opportunity to sell more, though this requires them to raise their levels of productivity in order to benefit from the global market. Firms that are globally competitive did not achieve this overnight; they would have spent many years developing their processes and fine-tuning their operations to provide their customers with a competitively priced quality product. Our firms can achieve similar outcomes.

To survive, developing countries like ours must become internationally competitive fast. Prudent fiscal policies and well-timed strategic investments are now vitally important. Only the most competitive and efficient economies can succeed in this global environment. Those that remain inward looking may not only forego the opportunities created by globalisation, but might also see their own resources move to other shores. The requirements of the dynamic global environment are demanding and increasing, as they are inescapable. Although we have achieved fair rates of growth over the last three decades, the future of our country depends critically on our competitiveness; we can hardly afford to be timid, or ask questions that bodes indecision. We must be bold. Does fortune not still favour the brave?