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**Services Exports – The Case of Temporary Migrant Workers  
Grenada’s Experience**

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## **SERVICE EXPORTS - THE CASE OF TEMPORARY MIGRANT WORKERS GRENADA'S EXPERIENCE**

### **Introduction**

Developing countries, and especially the Caribbean, have recently been confronted with the loss of a cadre of professionals to developing countries, particularly in the teaching and nursing areas. This loss, categorized as 'brain drain' in some instances, is not a new phenomenon as the Caribbean has been losing a significant percentage of its secondary and tertiary trained persons for decades. While this movement of labour is termed migration and does not fit into the mode of export services, a significant percentage is temporary. This include workers who visit other countries for periods varying between two weeks up to two years, using their skills and knowledge and in the process earning valuable foreign exchange. This export of services plays a critical role in the economy of Caribbean countries. Despite the unavailability of specific data, this paper briefly examines this phenomena and its potential impact on the economy of Grenada.

### **Background**

The movement of labour from Grenada can be traced back to the early twentieth century, when large groups of males were attracted to employment opportunities on various projects in different countries. Grenadians went to Panama to work on the Panama canal, to Cuba to work on the sugar plantations, to Trinidad to work on the American base and oil fields and in construction. They also went Aruba to work in the oil refinery and the United Kingdom. With project completion and changes in the economic fortunes of these countries and the demand for their skills, the direction of the labour shifted. As a result, the movement of labour in the last four decades shifted to North America, specifically the USA and Canada.

Two features of this phenomenon are instructive. Firstly, a large percentage of this labour movement is not permanent migration. Here individuals spend from two weeks to two years engaged in a particular job with the objective of returning to their country of origin. Implicit in this arrangement is the fact that their earnings are promptly remitted back to their home country. Secondly, the labour pool is broad and includes a wide range of skills and levels of education namely primary, secondary, tertiary and university levels. Typically, the concept of the brain drain refers to the movement of skilled labour that migrates permanently from their country. This group does not fit into this definition.

### **Current Trends**

The pursuit of economic growth and development in a number of countries, periodically necessitate the attraction of skilled labour. The volume and nature of skills required vary from country to country. Australia, for example, has recently indicated the need for 20,000 skilled persons including engineers and accountants albeit permanent employees. In the case of the USA and UK, there appears to be a growing need for contractual teachers and nurses. Within the Caribbean, as selective countries attempt to address productivity issues, the movement of labour continues. For example, Guyanese sugar workers periodically moved to St. Kitts and Barbados to assist in the harvesting of sugar cane. Currently, Trinidad is negotiating with Jamaica for construction workers to support their construction boom. In Grenada's case, the need for construction skills following the devastation of Hurricane Ivan, attracted workers from St. Lucia, St. Vincent, Montserrat and Guyana after 90% of its housing stock was destroyed or damaged.

### **Institutional Arrangements**

One of the major initiatives of the CARICOM region is the creation of CARICOM SINGLE MARKET and ECONOMY, a deepening of the integration process. A key element of this

process is the enabling of the free movement of capital and labour. In the case of labour, the governments have agreed on a phased process commencing with the free movement of university of the West Indies (UWI) graduates, artists and media personnel. This bold initiative will enable access to and a more efficient use of pertinent skills as well as addressing the issues of shortages and skills mismatch for, the benefit of CARICOM member countries. The full facilitation of free labour movement is scheduled to come into effect in the year 2008. While this will result in some permanent migration, the majority will engage in movement to and from assignments to home.

### **Economic Impact**

The economic impact of this temporary export of professionals and other workers is quite significant. Despite the unavailability of specific data, some of the impact can be gleaned from the available consolidated data. A World Bank (2005), study indicates that migrant remittances to the Caribbean both permanent and temporary amounted to US\$ 4 Billion in 2002. In the case of Grenada, the remittances have played a significant role in the economy over the last thirty years. In the last ten years, migrant transfers averaged \$EC 60 Million annually and remittances \$EC 50 million. Migrant transfers refer to remittances from Grenadians who are returning to live in Grenada, while other remittances include funds from both permanent and temporary migrants. It is estimated that most of this is from temporary migrants as permanent migrants tend to remit less over time.

The significance of this inflow to the Balance of Payments can be appreciated when a comparison is made to the annual export revenue which is less than \$EC 60 Million for the year 2004. It also contributes to the exchange rate stability of the EC dollar and impacts on the social welfare of the recipient households.

### **Double-edged Sword?**

The movement of labour, whether permanent or temporary, results in the loss of skills for the exporting country. This is accentuated when gaps are created particularly at the top. It is further felt against the background of significant investment in education. This can negatively impact a country's development progress. At the same time however, it facilitates further skill development and human capital accumulation. When nationals return home, there is technology and knowledge transfer. However the trend anticipated from the maturing of the CSME is the matching of skills to jobs and tasks in a way that expands the movement of services.

The remittances are a valuable source of foreign exchange and critical for financing investment, social services and the consumption of goods. The real issue remains whether the benefits exceed the negative impact.

### **Future Perspectives**

The export of professional services will continue to play a significant role in the economy in Grenada and other Caribbean countries. The small size, lack of economic diversification and vulnerability to natural disasters, leave Grenada with few options for the pursuance of sustainable economic growth and development. This is compounded by an environment characterized by eroding trade preferences, declining tariff revenues and increasing competitiveness. With high levels of unemployment, the export of professionals and their services will continue as individuals seek personal advancement. The challenge for Grenada will be how to maximize the full benefits of this phenomenon.

Can a bank of specific service skill be built up to market abroad? For instance, can we train nurses much cheaper than developing countries and offer their services on a contractual basis to needy countries? Assuming that this and other options can be pursued, developing countries like Grenada can benefit from the rapid growth in the services sector.

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