Tapping into Diaspora Markets through Trade In Services

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The world economy

The magic of diasporas

Immigrant networks are a rare bright spark in the world economy. Rich countries should welcome them

Nov 19th 2011 | from the print edition
## Remittances and Migration in the ACP
(Source: ACP Human Mobility Report 2011)

<table>
<thead>
<tr>
<th>Regions/Indicators</th>
<th>Remittances Share (%)</th>
<th>Migrants Share (%)</th>
<th>Population Shares (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>73</td>
<td>76</td>
<td>94.5</td>
</tr>
<tr>
<td>Caribbean</td>
<td>25.5</td>
<td>22</td>
<td>4.4</td>
</tr>
<tr>
<td>Pacific</td>
<td>1.5</td>
<td>2</td>
<td>1.1</td>
</tr>
</tbody>
</table>
Migration and Trade

- Positive relationship between bilateral migration and bilateral trade
  - Immigrants demand goods and services from their home countries
  - Immigrants introduce new products and services to the host countries
  - Immigrants introduce new products and services from their host countries to their home countries
  - Immigrants impact on business development through the circulation of knowledge and ideas
Remittances, Selected Caribbean Countries (US$mn 2012)
Source: IDB 2013

- Jamaica
- Haiti
- Dom. Rep
- Guyana
- T&T
Remittances/GDP, Selected Caribbean Countries (2012)

Source: IDB/MIF 2014
Diasporic Economic Activities
- Household expenditures
  - Social & business investments
- Banking the unbanked
  - Mobile banking
- Securitization of country debt
- Hometown associations
  - Disaster response

Diasporic Markets
- Remittances, financial transfers, diaspora bonds
- Trade in goods, services & intellectual property
  - Tourism & travel
  - ICTs & Telecoms
- Mobile populations
- Media & social networking
“Diaspora populations can play a unique and important role in opening markets for new tourism destinations as well as markets for goods produced in and associated with the cultures of their countries of origin. Tourists from the diaspora are more likely than other international travelers to have or make connections with the local economy”.

MPI 2012: 215
## Frequency of immigrant travel to home country, percent
(Source: Data from M. Orozco’s 2003-4 survey)

<table>
<thead>
<tr>
<th>Country Of Origin</th>
<th>3 Times or more a year</th>
<th>Twice a year</th>
<th>Once a year</th>
<th>Once every two years</th>
<th>Once every 3 years</th>
<th>Travel Little</th>
<th>Never traveled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecuador</td>
<td>10</td>
<td>12.2</td>
<td>39.2</td>
<td>35.1</td>
<td>4.1</td>
<td>9.5</td>
<td>0</td>
</tr>
<tr>
<td>Dominican Rep.</td>
<td>11.6</td>
<td>24.5</td>
<td>33.3</td>
<td>10.9</td>
<td>3.4</td>
<td>16.3</td>
<td>0</td>
</tr>
<tr>
<td>Guyana</td>
<td>5.8</td>
<td>12.1</td>
<td>26.7</td>
<td>18.4</td>
<td>10.7</td>
<td>26.2</td>
<td>0</td>
</tr>
<tr>
<td>Jamaica</td>
<td>4.5</td>
<td>24</td>
<td>40</td>
<td>14</td>
<td>1.5</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Country</td>
<td>Est. Share of Diasporic Tourism in Total Arrivals (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>-------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>40 -45</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Santo Domingo)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guyana</td>
<td>66</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suriname</td>
<td>62</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jamaica</td>
<td>30 - 35</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Trade in Services and the Diasporic Economy

Mode IV
Movement of Natural Persons

CSS & IP:
- Health professionals
- Creative industries
- Music industry

Mode III
Commercial Presence

Diasporic Investment:
- Remittances
- Newspapers
- Transport

Mode II
Consumption Abroad

Diasporic Tourism:
- Festivals
- Medical
- Education

Provision of services:
- Telecoms
- ICTs
- Media
- Mobile banking

Mode I
Cross Border Supply
Digicel is a mobile phone network provider operating in 31 markets across the Caribbean, Central America, and Oceania regions.

The company is owned by Irishman Denis O'Brien, is incorporated in Bermuda, and based in Jamaica. Founded in 2001.

Domestic transfers have become a huge hit for Digicel Haiti, with $960 million being sent and received each year on the TchoTcho platform, which was established after the earthquake in 2011.

The Haitian operation made an impressive $86-million profit on revenue of $439 million in 2012.
Telesur

• Largest mobile phone provider in Suriname

• Invested in the Dutch market:

<table>
<thead>
<tr>
<th></th>
<th>Q1 2009</th>
<th>Q3 2009</th>
<th>Q1 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Customers</td>
<td>17,500</td>
<td>19,500</td>
<td>27,000</td>
</tr>
<tr>
<td>Market Share</td>
<td>0.7%</td>
<td>0.8%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

• Main USP is calling at reduced prices both to and in Suriname and also within the Netherlands.

• SIM card has both a Suriname phone number and a Dutch phone number in one SIM card

• A special benefit for its subscribers is that no roaming fees are applied when making use of the Dutch phone number in Suriname.

• A Caribbean diasporic conglomerate
• Largest investments in the region in freight (sea and air)
• The second largest remittance company in Guyana) and travel agencies.
• Offices located in all the major Caribbean diasporic communities in the US and Canada along with offices in most Caribbean countries.
• Majority shareholder in the Guyana National Industrial Corporation, which offers wharf operations and transportation logistics services for containerized and break bulk cargo for imports and exports
• Owner of the largest department store in Guyana (Fogarty’s).
• Laparkan is the largest employer in Guyana after the government.

http://www.laparkan.com/
Key Findings: Diaspora Entrepreneurship and Development

- **Growth trend** in the Diasporic economy (remittances, diasporic tourism, trade) significant to Caribbean economies.
- Diasporic entrepreneurs **expand trade** and create markets for nostalgic and cultural exports.
- Diasporic entrepreneurs have **positive trade impacts** on both the recipient and sending countries.
- Diaspora knowledge **reduces informational asymmetries**.
- Diaspora entrepreneurs act as **co-creators and institutional influencers**.
- Diaspora entrepreneurs have a **network base in global cities and in the region**.
Thank you for your kind attention.

Check out the ten minute version of the documentary Forward Home – The Power of the Caribbean Diaspora


The research was published in a Special Edition of the Canadian Foreign Policy Journal (2011: 17.2) http://www.tandf.co.uk/journals/rcfp.