

THE ECONOMY & YOU

Competitiveness

Competitiveness can be defined as the ease with which we are able to sell our goods and services at a profit relative to other producers of similar goods and services.

The competitiveness of the ECCB area's goods and services is affected by a number of factors which can be grouped under two headings: price competitiveness and non-price competitiveness.

Price Competitiveness is affected by the way we turn our scarce resources into outputs. This is determined by the level and quality of investment and can be affected by such things as over-staffing, absenteeism and industrial disputes.

Price competitiveness is also affected by the relative inflation rate. Inflation is a continual rise in prices, leading to a situation where the amount of money we have is less and less able to buy the things we need. If one country has a persistently higher rate of inflation than its trading partners, the competitiveness of its products and services will decline over time as its prices rise relative to similar products and services produced by other countries.

Non-Price Competitiveness can encompass a wide range of factors such as quality, design, styling, marketing, reliability, after-sales service, delivery dates and so forth. It is just as important as price competitiveness, even though it is difficult to measure precisely. The region has been described as non-competitive in its banana exports, both because of inefficiency in the production process resulting in relatively high production costs, and because of the inconsistent quality of our

bananas. Therefore, for us, uncompetitiveness exists at both a price and non-price level.