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My Visit to The Bahamas

Dr. Munir Quddus, Dean, College of Business

Recently I had an opportunity to visit The Bahamas as part of a trade delegation from Texas. I arrived in Nassau, capital of The Bahamas, on Wednesday, December 5th, and later met a group of Prairie View A&M University alumni assembled by College of Business alumna Ms. Vernita Harris. Vernita serves on the COB Dean's Advisory Board (she is a major donor to the COB) and has recently moved to The Bahamas where she works as a consultant. Frank Jackson and Oscar Taylor, PVAMU foundation trustee, also joined the group. There were a number of PVAMU alumni from The Bahamas, including the Secretary to the current Attorney General. From the Greater Houston Black Chamber of Commerce, Courtney Johnson (outgoing chair of the GHBC Board) was present, and representing the city of Houston, Vice Mayor Jerry Davis (a PVAMU alum from the College of Education) later joined the group. Eric Lyon, another member of the COB Dean's Advisory Board, and a former president of GHBC was also present. The Greater Houston Partnership was also represented.



On Thursday, December 6th, we met with the staff from the US Embassy in The Bahamas. There were a number of new guests in our group as some members of the delegation had arrived late night. Dr. Kendal Harris, Provost at Texas Southern University, was one of them. After a round of introductions, the embassy officials gave us a detailed briefing on the state of the local economy and business, with a focus on trade relations with the United States. Given its geographical proximity to Florida (only 55 miles), The Bahamas' major trading partner is the state of Florida. The economy is significantly dependent on tourism which contributes 50% to the GDP, followed by offshore banking (15%), which seems to be in retreat given new transparency rules in Europe and US. Interestingly the Canadian banks have a robust presence here. Agriculture and food production is nearly non-existent, with more than 90% of food imported from the US. The Bahamas has a huge trade deficit with the US, with a \$2 billion surplus in favor the US. The embassy staff also spoke about areas of opportunity for American businesses. I asked about the role of higher education in the Bahamian economy and the potential opportunities for PVAMU and TSU. It seems that the higher education sector is weak there. The University of Bahamas (UB - formerly the College of Bahamas) is the only four-year public institution with the main campus in Nassau (enrollment 5,000) and a smaller campus in Freeport (enrollment 500).

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Editor's Note

Greetings. It gives us great pleasure to bring to you the 58th issue of the *Prairie View International Business Digest*, an electronic quarterly newsletter produced by the Center for International Business Education.

This issue features three sections. The first section features a brief report by Dr. Munir Quddus, Dean of the College of Business, on a trade mission he recently attended in The Bahamas. The second section presents the latest trade statistics for Texas, the leading exporting state in the US. The final section highlights current global business/trade news and events. Please note that all URL links are active and you can go directly to a section from the Table of Contents on the first page.

We hope you continue to find this e-newsletter a valuable channel for important information relating to international business. We believe our efforts will inspire greater number of local firms to seek out new global business opportunities. Should you have any questions or suggestions, please feel free to contact us. Thank you for your support.

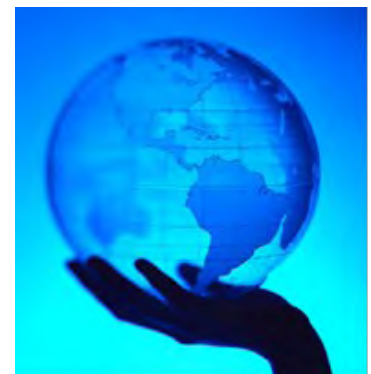


Rahim Quazi, Ph.D.
Editor, *Prairie View International Business Digest*
Director, Center for International Business Education
Prairie View A&M University

E-mail | rmquazi@pvamu.edu
Phone | (936) 261-9225



Dr. Rahim Quazi
Editor



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After the lunch break, we met a delegation from the Bahamas Chamber of Commerce. A formal presentation was made by the Chamber describing opportunities for American businesses in various sectors of the Bahamian economy. It seems that despite the existence of a robust infrastructure to support a world class tourist industry (with a number of fine hotels, including gambling casinos, and new investments from China), and a moderately high GDP per capita at \$20,000, the overall GDP growth rate has been tepid - less than 1% in recent years. The major challenge seems to be natural disasters - the islands are particularly vulnerable to hurricanes. The most recent one was Matthew in 2016 that caused major damages to the infrastructure and the economy, from which the nation has not fully recovered yet. The high GDP per capita is somewhat deceptive - a significant portion of the population lives below poverty, and the population is rather small (less than 400,000). The income inequality is high with a number of oligarchs controlling major portions of the economy, including what can be described as "old money" (about 10% of the population is white).

In the afternoon, we took a tour of the city and spent some time on the campus of the University of Bahamas. We met Provost Linda Davis and the Dean of the COB, among others. The Dean of Science, Dr. Watson is a PVAMU alum, whom we were not able to meet. We were able to discuss student exchange, travel abroad, and recruitment opportunities. Later that evening, we had dinner with the Deputy Prime Minister, Peter Turnquest, PVAMU COB alum in Accounting. He is the second highest elected official in the government. Before joining the government, he had visited the PVAMU campus and attended one of the COB Dean's Advisory Board meetings.

On Friday, December 7th, we traveled to Freeport, the manufacturing center of the country. The flight from Nassau was about 30 minutes and our first stop was at Buckeye, a \$6 billion global energy company which has a major refinery in the tax-free zone of the city. The city itself has an interesting business model. About 50 years ago, the government gave a family the sole rights to develop and run the city. The city is now run by the Port Authority. They have (at least on paper) generous incentives for foreign investment and have won several regional awards for the best free trade zone. Their staff spoke about various aspects of the company, and then we were given a bus tour of the facility, which has received major investments in recent years. We were then taken to the jetty where we had the opportunity to ride the two "tow boats" which are state-of-the art boats built in China with impressive capabilities - the boats can move sideways and backwards at great speed, and can be used to douse a fire. We also toured the container facility - one of the largest in the region, and the port - a large and busy facility.



Dr. Munir Quddus and Ms. Vernita Harris (member of the Dean's Advisory Board and a major donor to the College of Business) with PVAMU alumni in Freeport

The next stop was at the offices of the Port Authority, the administrative arm of the company that has monopoly rights over business decisions for the city of Freeport. We met members of the Freeport Chamber of Commerce. Everywhere we went, we were welcomed cordially and made connections. As I have already mentioned, the incentives for foreign business appeared (at least on paper) outstanding. The facts on the ground may be different given the tepid economic growth and the lack of vigorous (recent) foreign direct investment.

To conclude, there are good opportunities for US businesses that should be explored given the strong brand recognition of The Bahamas as an important tourist destination, a functioning democracy, good security, and the proximity to the United States (no visa is required, English is the official language, and the US currency is widely accepted). It will be relatively easy to get approvals from the Bahamian government to bring in programs such as our online MBA, or even an executive program to the capital. However, we did not hear of any American university programs on the ground. There is strong demand for engineers and IT professionals and for young people who can serve as managers on cruise ships and hospitality industry. A potential challenge for the Bahamian students would be the high US tuition in American universities, although the Bahamian government provides some scholarships. The TSU provost, Dr. Harris, suggested out-of-state tuition waivers to level the tuition expenses for the Bahamian students, but we get only a limited number of these waivers. An important advantage for PVAMU is the presence of a large and relatively influential PVAMU alumni group in The Bahamas, who remain dedicated to their alma mater and wish to remain engaged. As mentioned already, the most visible PVAMU alum is Peter Turnquest, the current Deputy PM and the Minister of Finance.

Texas: Trade Statistics

This section features selected trade statistics for Texas, which is currently ranked #1 exporting state in the US, #2 importing state, and #10 state in terms of trade balance. Data reported in the tables below are collected from the website of the Michigan State University International Business Center (<https://globaledge.msu.edu/states/texas/tradestats>).

Table 1: Total Trade (billions of \$)

Total Exports	\$264.54
Total Imports	\$263.23
Trade Balance	\$1.31

Table 3: Top 10 Export Partners

Country	Export (billions of \$)
1. Mexico	\$97.70
2. Canada	\$22.90
3. China	\$16.42
4. Brazil	\$10.04
5. South Korea	\$9.72
6. Japan	\$8.86
7. Netherlands	\$7.03
8. Singapore	\$5.84
9. UK	\$5.66
10. Taiwan	\$4.70

Table 5: Top 10 Export Goods

HS Code	Export (billions of \$)
(27) Oil & Mineral Fuels	\$76.45
(84) Industrial Machinery	\$41.73
(85) Electrical Machinery	\$39.84
(39) Plastics	\$16.74
(29) Organic Chemicals	\$15.77
(87) Motor Vehicles & Parts	\$9.78
(88) Aircraft	\$8.29
(90) Precision Instruments	\$7.51
(38) Chemical Products	\$4.61
(73) Iron & Steel Articles	\$3.68

Table 2: Impact of Trade

Total Export-Supported Jobs Related to Manufacturing	864,789
No. of Businesses Selling Products Overseas	40,343
Percentage of Exporters Classified as Small and Medium-size Companies	93%
Percentage of Exports by Small and Medium-size Companies	38%

Table 4: Top 10 Import Partners

Country	Import (billions of \$)
1. Mexico	\$89.81
2. China	\$42.68
3. Canada	\$18.26
4. South Korea	\$9.08
5. Saudi Arabia	\$7.32
6. Germany	\$7.00
7. Japan	\$6.43
8. Malaysia	\$5.60
9. Brazil	\$5.22
10. Vietnam	\$4.93

Table 6: Top 10 Import Goods

HS Code	Import (billions of \$)
(85) Electrical Machinery	\$64.17
(84) Industrial Machinery	\$43.99
(27) Oil & Mineral Fuels	\$43.45
(87) Motor Vehicles & Parts	\$18.30
(73) Iron & Steel Articles	\$8.72
(90) Precision Instruments	\$7.35
(94) Furniture	\$6.48
(98) Nesoï	\$6.47
(29) Organic Chemicals	\$4.90
(39) Plastics	\$4.90

Source: *globaEDGE*, Global Insights, Michigan State University International Business Center



Global Trade & Business: Current News and Events

- [Manufacturing Leads as Top Sector for Foreign Direct Investment in the United States](#)
- [New Interactive Market Diversification Tool Identifies Top Potential Markets for U.S. Businesses](#)
- [Why Unleashing Veterans' Entrepreneurial and Leadership Skills in Global Commerce Helps Strengthen America's Economic and National Security](#)
- [Facilitating Business Investment to Deliver for the American Economy](#)
- [U.S. Companies Can Grow Their Business in Southeast Asia Thanks to New Agreements with Singapore](#)
- [Market Potential Index \(MPI\) 2018](#) ranks the market potential of the largest economies in the world and provides guidance to American companies that plan to expand their markets globally.
- [Forbes 2000 Largest Public Companies](#) dataset includes sales, profits, assets, and market values for the listed companies. Collectively, these companies account for \$39.1 trillion in sales, \$3.2 trillion in profit, \$189 trillion in assets, and \$56.1 trillion in market value.

Sources:

Tradeology, International Trade Administration Blog (September-December 2018)
globalEDGE Newsletter, Michigan State University International Business Center



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If you would like to receive an electronic version of this newsletter, contact:
Dr. Rahim Quazi at 936-261-9225 or rmquazi@pvamu.edu

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PVAMU College of Business Vision and Mission Statements

Vision Statement

The Prairie View A&M University College of Business strives to be among the best regional business schools in the nation by empowering students from diverse backgrounds to reach their full potential.

Mission Statement

The Prairie View A&M University College of Business provides students from diverse academic and socioeconomic backgrounds with education that helps them become business professionals and leaders who are ethical, entrepreneurial, productive, and prepared to succeed in the global economy. The College achieves excellence through quality teaching, research, service, and engagement with the business community.



Prairie View A&M University
College of Business
P.O. Box 519; MS 2300
Prairie View, TX 77446