The Caribbean Community: Facing the Challenges of Regional and Global Integration

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ABBREVIATIONS

ACP	African, Caribbean and Pacific (States)
ACS	Association of Caribbean States (includes CARIFORUM and CACM members as well as Colombia, Cuba, Panama, Mexico and Venezuela)
CACM	Central American Common Market (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua)
CARICOM	Caribbean Community (Antigua & Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Suriname and Trinidad & Tobago. All except The Bahamas and Haiti belong to the Caribbean Common Market).
CARIFORUM	Caribbean Forum (includes all members of CARICOM -except Montserrat - plus the Dominican Republic)
CBI	Caribbean Basin Initiative (United States)
CDB	Caribbean Development Bank
CET	Common External Tariff
CGCED	Caribbean Group for Cooperation in Economic Development
CSME	Caribbean Single Market and Economy
EU	European Union
FDI	Foreign Direct Investment
FTAA	Free Trade Area of the Americas
GDP	Gross Domestic Product
HDI	UNDP Human Development Index
HEA	Harmonized Economic Area
IDB	Inter-American Development Bank
IPR	Intellectual Property Rights
LCS	Larger Caribbean States
MERCOSUR	Southern Common Market (Argentina, Brazil, Paraguay, Uruguay)
MFA	Multi-Fiber Agreement
MFN	Most Favored Nation
NAFTA	North American Free Trade Agreement (Canada, Mexico, United States)
NTB	Non-Tariff Barrier
OECD	Organization for Economic Co-operation and Development
OECS	Organization of Eastern Caribbean States
RNM	Regional Negotiating Machinery
UNDP	United Nations Development Program
US	United States
UWI	University of the West Indies
WTO	World Trade Organization

THE CARIBBEAN COMMUNITY:

FACING THE CHALLENGES OF REGIONAL AND GLOBAL INTEGRATION[*]

Anneke Jessen and Ennio Rodríguez[**]

INTRODUCTION

On 4 July 1998, the Caribbean Community (CARICOM) celebrated its twenty-fifth anniversary. CARICOM is one of the oldest integration schemes in the Western Hemisphere, the largest in terms of membership, yet by far the smallest in economic and geographic terms. In the wake of its historic anniversary, many have reflected on the Community's past achievements and future prospects. Has CARICOM served the development goals of its member states? Will it assist them in pursuing those goals into the next century? How can regional integration facilitate CARICOM's successful insertion into the global economy? The aim of this study is to answer those questions and, in doing so, to contribute to the ongoing debate on the future of CARICOM.

In his opening remarks during the official celebration of the Community's Silver Jubilee, CARICOM's Secretary General, Edwin Carrington, observed that, "*As the 21st century looms ever closer by the minute, and as the Community positions itself to ensure a secure and viable place therein, the experiences – successes as well as failures – of the past twenty-five years have clearly shown that acting in concert in pursuing our common interest – however difficult or frustrating at times – still remains our most effective choice*." On the same occasion, Prime Minister of St. Lucia and incoming Chairman of the Community's Conference of Heads of State, Kenny Anthony, stressed that "*if CARICOM is to succeed, we, Heads of Government, must believe in it, without reservation, without jealousy. We must believe in CARICOM, absolutely and with a generosity of spirit*".

Implicit in these remarks is a recognition not only of the value of regional cooperation, but also of the inherent difficulties in pursuing such cooperation within a multilingual, multi-ethnic Community of 15 member states. Since its inception, CARICOM has had ambitious goals: to create a common market, to cooperate in foreign policy matters, and to promote functional cooperation in a variety of areas vital to social and economic development. Like other integration groups in the Western Hemisphere, CARICOM members have moreover taken many steps in recent years to deepen and widen their integration scheme. In the process, they have – at times reluctantly - abandoned the pursuit of a predominantly inward-oriented development model in favor of an outward-oriented, export-led growth strategy aimed at integrating their economies more efficiently into the global market-place. Yet despite good progress in some areas of regional cooperation, CARICOM is still far from achieving its stated goals.

Meanwhile, the determinants of economic growth in the region have changed significantly as a result of both internal and external developments. New challenges have emerged, and the region's response has not always been adequate. In the 1970s, CARICOM's main engines of growth were commodity exports to third markets and intra-CARICOM trade protected by high external barriers. In the 1980s, those engines

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[*] This paper is based on a document presented to the Board of Directors of the Inter-American Development Bank (IDB) in November 1998.

[**] Integration, Trade and Hemispheric Issues Division of the Inter-American Development Bank. The authors would like to thank Robert Devlin, Badrul Haque and Carlos Sepúlveda for their valuable contributions to this study. Thanks also go to Andrew Katona for his excellent research and editing assistance and to François Dionne for his tireless efforts at obtaining and processing economic data for the paper's Statistical Annex, which was prepared with the support of the Bank's Statistics and Quantitative Analysis Unit.

faltered, while in some countries tourism became a fast expanding industry. In the 1990s, tourism growth has slowed and commodity exports have been unable to repeat past performances. With some exceptions, CARICOM economies have either stagnated or grown very slowly, and high unemployment has become chronic. Despite important policy changes, export diversification has been limited and insufficient for generating satisfactory growth rates. Size constraints have always hampered the potential for growth based on domestic markets and intra-CARICOM trade; decreased protectionism makes the size limitations even more evident. The region's overall export performance has been unsatisfactory despite privileged market access conditions. Today those conditions are becoming less favorable. Foreign aid, a key contributor to development in past decades, is also diminishing. CARICOM is clearly at a crossroads.

How did it arrive there? How can it move on? And what role does integration play in these developments? The study tries to answer these questions by examining CARICOM's past achievements, identifying key obstacles to its successful regional and global integration, and suggesting practical solutions to overcoming those obstacles. The main focus of the paper is on economic issues.

Chapter I provides a general overview of the Caribbean Community, key features of its economies and the challenges facing the region on the eve of the new millenium. Chapter II offers an overview of the regional integration process, including progress on intra-regional trade liberalization, the deepening and the widening of CARICOM. Chapter III examines the external challenges facing the region today, particularly as regards its trade relations with Europe, the United States, Canada and Latin America. Chapter IV examines key areas of the services sector, both in terms of enhancing the region's export potential and supporting the establishment of a functioning single market. Chapter V briefly examines the Community's institutional structure, outlining existing bottlenecks to the effective design, implementation and enforcement of common policies. Chapter VI provides an analytical justification for promoting integration and cooperation initiatives in the region, and suggests a number of actions that could be taken to enhance the development prospects of CARICOM. The study argues that despite the limited contribution of regional integration efforts to economic development in the region so-far, integration can play a beneficial role if pursued under the right framework and with the right instruments.

It is worth noting that throughout the analysis undertaken for this paper, the authors encountered numerous obstacles regarding the compilation of economic data for CARICOM, particularly trade information. While several countries have made improvements in data collection, significant problems remain with regard to the general availability of data that is reliable, timely produced and methodologically consistent throughout the region. In general, figures quoted in the paper aim to illustrate trends rather than reflecting precise values and, in some cases, it was necessary to construct estimates, particularly as regards regional aggregates. Improvement in regional data collection and distribution is thus one of the recommended areas for regional action.

I. CARIBBEAN COMMUNITY: AN OVERVIEW

The Caribbean Community (CARICOM) was established by the Treaty of Chaguaramas on 4 July 1973.[1] Its objectives, as stipulated by that treaty, are three-fold:

- to foster economic integration among its member states through the creation of a *common market*, involving the free movement of goods, services, capital and people across the region (in recent years, CARICOM members have sought to pursue an even more ambitious goal, namely the establishment of a *single market and economy*);

- to strengthen the region's external position through *the coordination of member states' foreign policies*, particularly *vis-à-vis* the Community's major trade partners [2]; and

- to pool scarce resources through *functional cooperation* in areas such as health, education, environment, communications, science and technology, meteorology and response to natural disasters.

Despite the stated aim of creating a common market, CARICOM's founding treaty did not cover all issues pertinent to achieving that goal. Instead, it focussed mainly on the initial stages of integration, namely the creation of a free trade area in goods and the implementation of a common external tariff (CET). The treaty did not establish clear guidelines for the liberalization of services trade nor the implementation of capital and labor mobility across the Caribbean region.

Following a period of stagnation in the 1980s, CARICOM members took concrete steps in the early 1990s to revitalize their integration process. They were encouraged to do so by a variety of factors, including the worldwide trend towards globalization of economic activities, rapid trade liberalization throughout the Western Hemisphere, and the limited growth rates achieved by Caribbean economies in the wake of rigorous structural adjustment programs implemented throughout the region. Having pursued mostly inward-looking development strategies, CARICOM members gradually adopted an outward-oriented approach to regional integration. Governments began a process of revising the Treaty of Chaguaramas in order to establish clear rules and timetables for the full implementation of the common market. A new goal was simultaneously set: that of establishing a CARICOM Single Market and Economy (CSME), which was to include not only a fully functioning common market, but also the harmonization of macroeconomic policies and eventual monetary integration.

Much remains to be done to achieve these goals. As the decade draws to a close, CARICOM countries are still working to make their customs union fully operational. Intra-regional trade continues to face some barriers; the CET is not yet fully implemented, and the liberalization of services, capital and people has barely begun. Transport bottlenecks and inefficiencies in support services such as telecommunications and finance have further restricted intra-regional trade and investment. A functioning single market is far from becoming a reality.

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[1] Its founding members include Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, and the dependent territory of Montserrat. Suriname joined CARICOM in 1995; Haiti was admitted two years later, in 1997.

[2] Since Montserrat remains a British colony, it can not participate in the region's foreign-policy coordination.

Even when it does come into existence, the CSME will be constrained by its small size - and it is the issue of size, in particular, that must be taken into account when devising a regional strategy for CARICOM. Governments in the region were acutely aware of this issue when they defined the Community's other two objectives beyond that of economic integration: to combine forces in foreign policy matters and to promote functional cooperation. While it is generally believed that CARICOM has been more successful in these areas of cooperation, there is clearly room for further progress, not least with regard to the region's negotiating capacity and joint education and training programs. This is particularly relevant given the multiple challenges facing the region on the external front. These include negotiations with the European Union (EU) for a post-Lomé trade arrangement, participation in the Free Trade Area of the Americas (FTAA) process, and new multilateral trade negotiations under the auspices of the World Trade Organization (WTO).

Before launching into a more detailed review of the progress achieved - and remaining obstacles - in the different areas of regional cooperation, it seems appropriate to offer a brief overview of the most salient features of the Caribbean economies and the principal challenges facing the Community today. For practical purposes and due to the limited availability of comparable data, the following analysis of CARICOM excludes the dependent territory of Montserrat and treats Haiti in a separate section along with the Dominican Republic, which signed a free trade agreement with CARICOM in August 1998. Haiti is a special case within the Community not only because of its larger size relative to the rest of CARICOM, but also because it is the only member (along with The Bahamas) that does not (yet) form part of the region's common market.[3]

Common Features, Notable Differences

Any regional strategy for CARICOM must take into account both similarities and differences among the Community's member states. Most of them share a common political and cultural heritage, shaped by their centuries-long colonial attachment to Britain. Near-identical systems of government and a common language have facilitated communication and mutual understanding among CARICOM's original members, and represent a clear asset in terms of the region's future development prospects. Haiti and Suriname, the only non-English speaking members of CARICOM, stand somewhat apart from the rest of the Community in this respect. Their recent admission to CARICOM, and the consequent boost in the Community's linguistic, ethnic and cultural diversity, may pose some initial difficulties for the regional integration process, while also representing a potential advantage if such diversity is put to productive use in areas such as tourism and other services industries.

In terms of their economic potential, CARICOM members share a number of common characteristics, all of which are closely inter-related:

- ***Small economies***. The average population of countries belonging to the common market is around 500,000; half the group's members have fewer than 200,000 inhabitants. Seven CARICOM countries moreover have a land area of less than 5,000 km^2, and all except Guyana and Suriname cover areas smaller than 30,000 km^2. Annual output for the members of the common market averages US$1.2 billion, with more than half of the countries recording GDP figures of less than US$500 million per year. Even the combined strength of CARICOM countries is very limited. The total population of the common market (6 million) barely exceeds that of Honduras; its total territory (420,000 km^2) is

[3] Although, in principle, a common market does not yet exist within CARICOM, all member states except Haiti and The Bahamas have committed themselves to achieving that goal. In this paper, therefore, the Caribbean common market refers to CARICOM minus Haiti and The Bahamas.

similar to Paraguay's and its total GDP (US$ 15 billion) is slightly lower than that of Ecuador (see table 1 of the statistical annex).

- ***Open economies***. Because they are small, CARICOM economies lack a diversified range of domestic resources. They thus depend heavily on imports to support local production and satisfy consumer demands. Given the absence of a sizeable domestic market, they also depend on export revenues to sustain economic growth. Hence, like most small economies, those of CARICOM display a high degree of openness: their external transactions are large relative to their total economic output. For CARICOM as a whole, the trade/GDP ratio[4] is 116 percent; Trinidad and Tobago's ratio of 96 percent is the lowest in CARICOM. The trade/GDP ratio is much lower (62 percent) for the Central American Common Market (CACM), whose member countries are also relatively small (see table 2). Openness renders CARICOM economies extremely vulnerable to external shocks such as fluctuations in international commodity prices or policy changes abroad.

- ***Narrow export base***. Vulnerability is compounded by the fact that most CARICOM members depend for their export earnings on a small number of natural resource products, or tourism. Merchandise exports consist mainly of primary products such as agricultural commodities (sugar, bananas and rum) or minerals and fuels (see table 3). In extreme cases, one commodity accounts for over a third or even half of a country's total merchandise exports (such is the case for bananas in Dominica and St. Lucia, and sugar in St. Kitts and Nevis). Some countries have successfully diversified into services exports, mainly tourism - but this sector, too, is very vulnerable to fluctuations in foreign demand. Adverse climatic conditions in the Caribbean, such as hurricanes or seismic disturbances, present an additional threat to export earnings.

- *Dependence on trade taxes*. Most CARICOM member states rely heavily on trade taxes as a source of government revenue (see table 4). In some countries, such taxes represent over 50 percent of total public revenues; thus, any trade liberalization initiative pursued by CARICOM countries affects national fiscal accounts disproportionately.

- ***Heavy reliance on trade preferences***. Caribbean countries have for many years enjoyed generous market access conditions for their exports to the EU and North America. Trade preferences have clearly acted as a counterbalance to adverse external conditions. Some analysts nevertheless argue that such preferences have also discouraged and hence slowed the process of export diversification, thus perpetuating the region's external vulnerability. More significant, however, is the fact that CARICOM's privileged market access conditions are in danger of being eroded or phased out in the coming years. While global and regional trends towards trade liberalization are already reducing preferential margins for countries benefiting from special regimes, special treatment itself is now increasingly questioned in fora such as the WTO, and has already forced the EU to revise its existing regime for banana imports from CARICOM.

- Favorable yet challenging location. CARICOM members enjoy the advantage of close proximity to one of the largest and most open economies in the world, the United States. Their strategic location on the main trading routes in the Western Hemisphere and between the Americas and Europe represents another advantage. The region's mild weather conditions and extended beaches provide a near-perfect scenario for the development of tourism services - despite the limitations imposed by the

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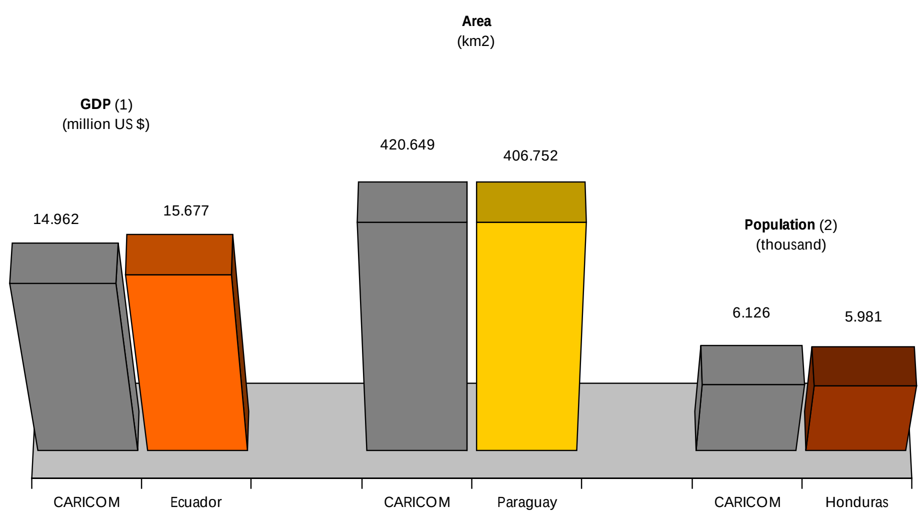
[4] The ratio is here defined as exports plus imports of goods and services, divided by GDP.

hurricane season. Meanwhile, CARICOM members also suffer some disadvantages in terms of their geographic location: being mostly small island economies, they face high per-unit transportation costs, which affect export earnings and the price of imports, while at the same time hampering the development of closer intra-regional links. Infrastructure costs are also relatively high given the small size of the economies.[5]

GRAPH 1
THE LIMITED SIZE OF THE CARIBBEAN COMMON MARKET



Notes: (1) GDP figures for CARICOM are for 1997 for the Larger Caribbean States (Barbados, Belize, Guyana, Jamaica, Suriname and Trinidad and Tobago) and for 1996 for the OECS countries. GDP for Ecuador is a 1997 figure.
(2) Latest figures available.

Such characteristics clearly distinguish the Caribbean region from other integration groups in the hemisphere, and should have important implications for the design of a regional strategy for CARICOM. The lack of a sizeable regional market, for example, indicates that the Caribbean approach to integration must, by definition, differ from that of MERCOSUR or other large integration schemes[6]. The region's high degree of trade openness, in turn, should make more successful interaction with the world economy and the promotion of long-term, *sustainable* export growth a key element of any development strategy for CARICOM. Given the small size of its member states, regional cooperation among Caribbean countries should also place relatively strong emphasis on the pooling of scarce human and public resources to accomplish the development goals of the Community.

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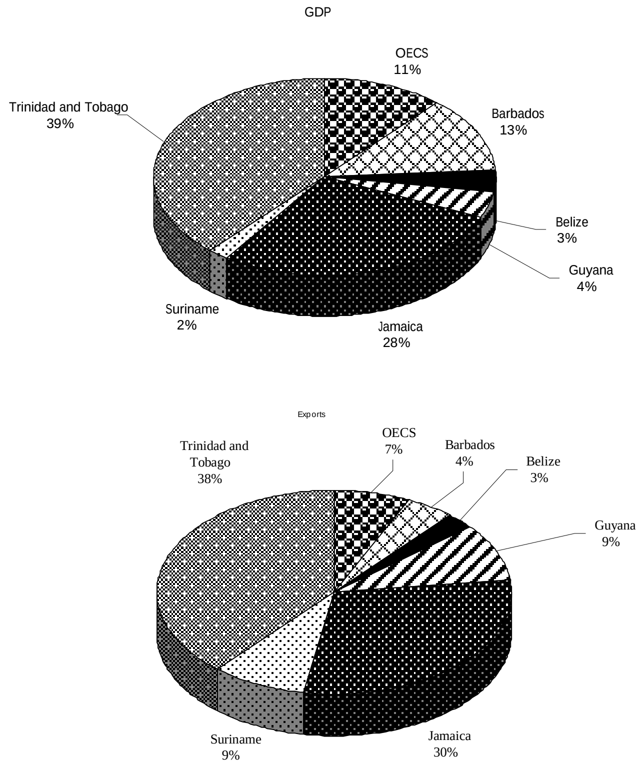
[5] A more detailed analysis of the common characteristics of the CARICOM economies can be found in Richard L. Bernal [1998]. This paper draws on this study as well as a recent paper by Norman Girvan [1997].

[6] In a market as small as that of CARICOM, intra-regional trade and investment cannot provide the main argument for deepening the integration process. As will be discussed in Chapter 6, even the potential for creating an export platform based on intra-regional export experience seems limited. However, an integrated CARICOM market provides at least some opportunities for obtaining economies of scale and higher value-added in the region's exports. A fully operational common market could, moreover, serve as a basis for the establishment of more internationally competitive services industries.

GRAPH 2
PARTICIPATION OF INDIVIDUAL MEMBERS STATES IN CARICOM's GDP AND EXPORTS (1996/1997)



Despite a number of common features, Caribbean economies display noteworthy differences in terms of their natural endowment, economic output and relative wealth (see table 5). Three countries, Trinidad and Tobago, Jamaica and Barbados, together account for almost 80 percent of the common market's total GDP and more than two thirds of its exports. At the other extreme are the six small island economies that make up the Organization of Eastern Caribbean States (OECS), a single currency area with a common central bank.[7] These countries together account for just one tenth of CARICOM's total GDP. This is roughly equivalent to the combined output of the three non-island members of CARICOM (Belize, Guyana and Suriname) which are much larger in terms of geographic size and population and whose exports are three times those of the OECS in value terms.

The problems associated with small size, limited resources and consequent high trade openness are magnified in the OECS economies where, on average, national output is less than $300 million a year and populations barely reach 90,000. These countries nevertheless record substantially higher per capita incomes than some of their larger neighbors in CARICOM (see table 6, which records figures for 1996/1997). While GDP per capita averages $2,440 for the common market as a whole (with some larger countries - Guyana, Suriname and Jamaica - recording much lower income levels), it averages $3,200 for the OECS economies. The Bahamas, an active member of CARICOM's political arm although it remains outside the common market, is an example of a small economy that has successfully exploited its strategic location close to the US market: its per capita income is almost $12,000, the third-highest in the Western Hemisphere.[8]

While such figures seem to refute the idea that small size impedes economic growth, it is worth analyzing the particular determinants of per capita income in these countries. Sound economic management, a well-developed tourism industry and the creation of new offshore tax havens have all contributed to raise per capita income in OECS economies. Despite these promising activities, however, national income in several countries continues to depend heavily on the special trade preferences they enjoy in the European market, and which are now in danger of being eroded. In this sense, GDP per capita may not be a very useful indicator of real economic strength, since it does not reveal much about the *sustainability* of income levels over the medium to long term.

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[7] OECS members include Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.

[8] The Bahamas nevertheless remains a highly protected economy that has not yet joined the WTO.

Neither is it a very reliable indicator of a country's overall social development, since it masks major differences in income *within* a country. Many studies therefore use the UNDP's Human Development Index (HDI) as a proxy for social development, since it measures indicators such as life expectancy, literacy and educational attainment in addition to per capita GDP. Most CARICOM countries (and all OECS members) score relatively well on this account, sometimes far better than some of the larger Latin American countries (see table 6). But differences within CARICOM are still huge: while Antigua and Barbuda, The Bahamas and Barbados have HDI ratings close to those of developed countries, Guyana and Jamaica rank among the least developed countries in the hemisphere according to this index. This naturally affects the integration process in the region, not only in terms of the level of intensity and symmetry achieved in economic linkages among countries, but also with regard to policy decisions and the capacity to implement and enforce common rules. As discussed in Chapter 2, most intra-CARICOM exports originate in the relatively larger and more developed economies of the region, raising the issue of the distribution of benefits from the ongoing integration process.

The Challenges facing CARICOM

As they seek to prepare their economies for the next millennium, CARICOM members face at least three major challenges:

- They must attain higher and more sustainable economic growth rates while consolidating their individual adjustment programs, most of which were initiated in the late 1980s. Improved export performance and the creation of attractive conditions for private investment will be key in this respect.

- They must do so in the context of an ever-more globalized and competitive world economy, major transformations in North-South and regional trading relationships and the gradual erosion of trade preferences in their principal export markets.

- They must, at the same time, confront a number of social problems that directly impinge on the region's future development potential. Prominent among these are deficiencies in national education systems, high unemployment levels, persistent poverty and growing problems of (often drug-related) crime.

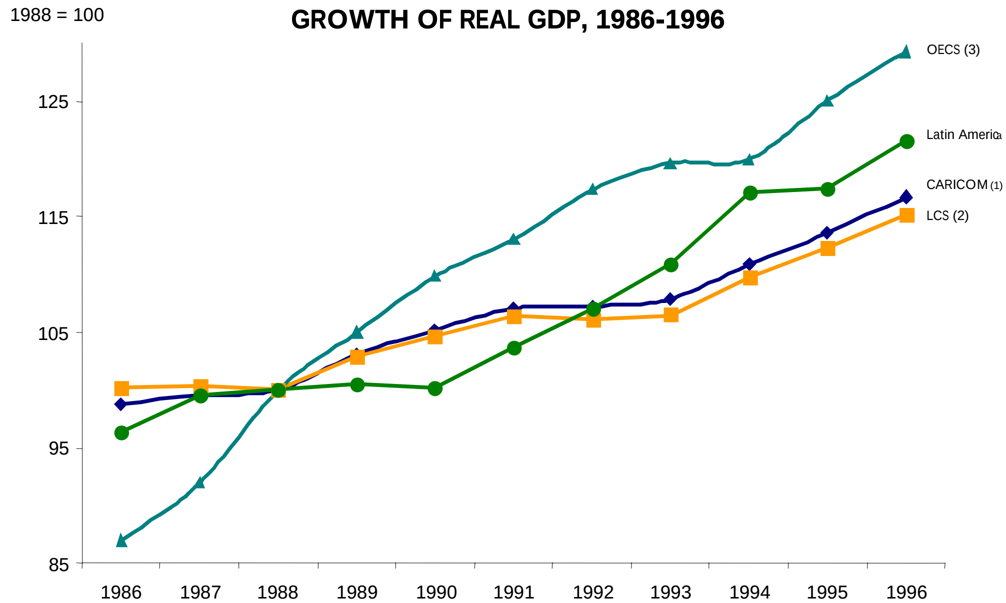
For a number of CARICOM members, as for their Latin American neighbors, the 1980s were a "lost decade" in terms of ***economic growth***. Real GDP in the Caribbean common market contracted significantly between 1982-1985 and remained almost stagnant in the following three years (see table 7). Although declining output was mainly a result of adverse conditions in the external environment, economic management problems exacerbated the recessionary trend in some countries. This was a period of falling real incomes and high unemployment, with governments facing growing popular demands on dwindling public resources. In response to the crisis, several CARICOM members initiated comprehensive structural reforms, often with support from the international community. Growth resumed in the late 1980s but, in the period 1988-1996, real GDP expanded by only 2.0 percent a year on average, and output levels today remain close to those recorded in the early 1980s prior to the onset of the crisis.

Regional aggregates hide significant differences in economic performance among individual CARICOM members. As table 7 shows, the regional total is heavily influenced by the performance of the larger Caribbean states (LCS), most of which experienced multi-annual recessions in the early to mid-1980s. Spurred by economic policy reforms, several of them recovered strongly in the late 1980s, while Trinidad and Tobago did not emerge from recession until the early 1990s. The latter's performance goes some way towards explaining the low growth rates recorded by the LCS group in the period 1988-1996 (growth averaged just 1.8 percent a year for the group as a whole). Individual country records nevertheless show that several other members of the group also suffered setbacks in their growth performance in the 1990s. While recent reform efforts have undoubtedly established a more solid basis for future growth in these countries, high and sustained growth rates will be necessary to reduce poverty levels and to close the income gap with other developing countries that have performed more successfully in terms of economic growth.

In contrast to the LCS group, smaller CARICOM economies grew by a healthy 4.5 percent a year on average in the period 1980-1996. Since merchandise exports, and particularly those to the EU, showed little dynamism in that period, tourism activity must be the main factor explaining the performance of the OECS economies. Growth in these economies has nevertheless slowed in recent years and the tourism industry faces some difficulties (see Chapter 4). Moreover, among CARICOM members, OECS economies are the ones most vulnerable to future changes in the EU's Lomé import regime. Such changes threaten to disrupt traditional export earnings and may cancel out the benefits achieved in other areas of economic activity. Hence, while growth performance has been more satisfactory in CARICOM's smaller economies, these, too, face problems in terms of sustaining such growth into the next century.

GRAPH 3

GROWTH OF REAL GDP, 1986-1996



Notes: (1) Caribbean Common Market.
(2) LCS: Larger Caribbean States (Barbados, Belize, Guyana, Jamaica, Suriname and Trinidad and Tobago).
(3) OECS: Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines

For all CARICOM members, the limited size of their local markets renders ***exports*** a key element of any strategy to foster economic growth. Structural adjustment efforts have clearly focussed on this area in recent years, creating more favorable conditions for the external sector by moving from import-substitution to a more outward-oriented development strategy. But CARICOM's export potential remains constrained by the region's narrow export base, notwithstanding recent diversification efforts. Continued restrictions on foreign investment and the lack of an active policy to attract modern, state-of-the-art technology have also posed a serious obstacle to more dynamic growth in this area, despite the fact that the region has long enjoyed excellent market access conditions for the majority of its exports.

- Between 1990 and 1996, CARICOM's total merchandise exports increased by 6.1 percent a year on average (see table 8). This is less than the annual growth of world exports (7 percent) and well below that of Latin American exports in recent years (11 percent).[9]

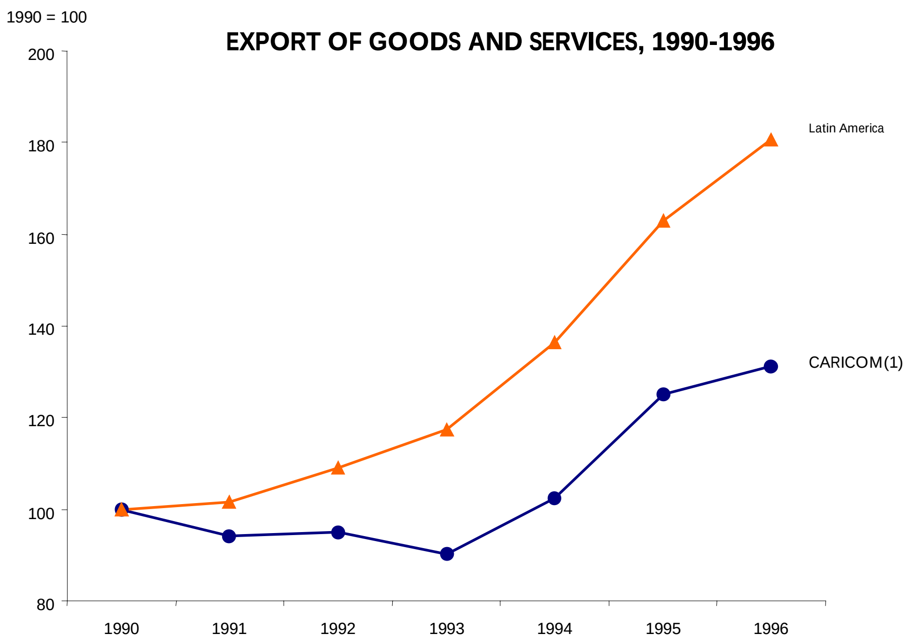
- The size and pattern of CARICOM exports continues to be strongly influenced by trade preferences and historical links (see tables 9 and 10). The United States and the EU remain the most important export markets for CARICOM, absorbing 36 percent and 21 percent, respectively, of its total sales abroad. Canada, which also offers privileged market access to Caribbean goods, accounts for another 6 percent of CARICOM exports.

- Despite recent integration efforts, exports to regional markets have barely increased their share in total trade: intra-CARICOM exports account for just 14 percent of the region's total exports, up from 11 percent in 1990. They are dominated by one country, Trinidad and Tobago, which also accounts for most of CARICOM's trade with Latin America (see tables 9, 11 and 13).

- As mentioned, CARICOM exports are heavily concentrated in a few commodities whose prices have remained stagnant in the past decade (see tables 3 and 14). Of the top 20 products exported by the region in the period 1994-1996, ten are fuels and fuel products, four are mineral products, two are basic agricultural commodities (sugar and bananas) and only four are manufactures. These twenty products together account for almost 70 percent of CARICOM's total merchandise exports.

GRAPH 4

EXPORT OF GOODS AND SERVICES, 1990-1996



Notes: (1) CARICOM here includes only Belize, Barbados, Guyana, Haiti, Jamaica, Suriname and Trinidad & Tobago.

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9 See INT/ITD and INT/STA ([1997] p. 2).

Some countries have successfully diversified into tourism, but this sector will require heavy investments and aggressive marketing strategies if the region is to increase its share in a dynamic global industry. Particularly for the smaller economies that depend heavily on income from tourism services, even a slight economic downturn in developed countries can spell significant problems.

Improving the region's export performance is a doubly complicated task given that CARICOM countries face major challenges on the ***external front***. The post-colonial era of special trading relationships may be reaching an end. For the smaller CARICOM members, the consequences are daunting, especially with respect to the EU market. Given the simultaneous trend towards greater trade liberalization in the Western Hemisphere and worldwide, Caribbean nations will experience heavy demands on their trade regimes and negotiating capacity in the next few years.[10]

- For almost 25 years, Caribbean exports have enjoyed virtually free access to the EU market ***Post-Lomé***. Negotiations with the EU for a post-Lomé arrangement are already underway. under successive Lomé conventions. In recent years, however, the Lomé partnership has come under growing pressure from several quarters. The cases brought against the EU's banana regime by members of the WTO have engendered a fierce debate on the validity of maintaining special regimes within a context of global trade liberalization. Meanwhile, disillusionment with perceived inefficiencies in traditional development cooperation has led to a certain "aid fatigue" in Europe. There is also a growing perception that Lomé, by favoring historical links with often relatively prosperous African, Caribbean and Pacific (ACP) states, is inconsistent with the EU's aim of focussing assistance more strongly on the world's poorest nations. The emergence of new aid recipients on the EU's eastern and southern borders has at the same time placed greater pressure on already tight public finances. Many believe that trade relations between the EU and CARICOM will not continue in their present exclusive form once Lomé IV expires in the year 2000.

- ***The struggle for NAFTA parity***. The implementation of the North American Free Trade Agreement (NAFTA) has eroded the preference margins enjoyed by Caribbean exports under the US Caribbean Basin Initiative (CBI) and the Caribbean and Canada Trade Agreement (CARIBCAN). In some products, notably textiles and apparel, Mexican access to the North American market is now freer than for the Caribbean nations who, in response, have sought "NAFTA parity" in order to secure a level playing field for their trade. Such a concession, however, has not yet been granted by the United States.

- ***Free trade in the Americas***. The rapid dismantling of trade barriers among Latin American nations is creating further pressures on CARICOM to adjust to, and participate in, an increasingly liberal trading environment in the Western Hemisphere. The FTAA process promises to accelerate that trend. Underway since 1994, the process has entered a new phase with the launching of official free trade negotiations in 1998. CARICOM members have several concerns in this respect: how effectively to negotiate an agreement that takes into account the particular interests of smaller economies; how to prepare their domestic industries for hemisphere-wide competition; and how to address fiscal problems related to the loss of tariff revenue.

- ***WTO commitments***. Beyond the hemisphere, CARICOM must prepare for new multilateral trade negotiations under the auspices of the WTO. Effective participation in ongoing talks and the timely implementation of Uruguay Round commitments are already proving to be a difficult task for CARICOM.

As the NAFTA experience demonstrates, CARICOM's trade preferences are being eroded even without the direct removal of existing preferential regimes. This trend is apparent worldwide: as countries pursue

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[10] For an overview of the external challenges facing the Caribbean, see A. Bryan [1997], also Centre for Trade Policy and Law [1997].

further multilateral tariff reductions under the WTO, establish regional free trade areas or liberalize unilaterally, existing preference margins for developing countries tend to erode, and competition increases for previously "protected" suppliers.

Trade liberalization has accelerated in the 1990s, and is one of the main driving forces behind the rapid ***globalization*** of the world economy in recent decades. Increased capital mobility, falling transport costs and major innovations in information and communications technology have provided a powerful additional stimulus to global market integration.

Although globalization has created a wealth of new opportunities for businesses worldwide, such opportunities also entail greater risks and inevitable adjustments. In a world of ever-increasing competitiveness, countries that are unable to improve their trade performance or attract adequate amounts of private investment run the risk of being marginalized.

Establishing a climate conducive to ***foreign investment*** is particularly important in light of the new global production strategies adopted by businesses worldwide. The liberalization of trade and investment has made it far easier for companies to shift production from one country to another, depending on the latter's relative appeal in terms of market potential, production costs, incentives or location. Especially for smaller countries or regions like CARICOM that lack a significant market potential, maintaining a liberal and transparent foreign investment regime and, not least, a productive and skills-based labor force, are of paramount importance in order to compete effectively in the global market-place.

As mentioned previously, foreign investment continues to face some important restrictions in CARICOM. Prominent among these are time-consuming registry and authorization procedures. Indeed, it has been argued that cumbersome procedures, rather than existing investment laws, are the main problem facing foreign investors in CARICOM. Restrictions on economic sectors where foreign investment is permitted, the participation of foreign capital in local companies, the repatriation of profits and the free movement of labor may have constituted additional bottlenecks to the inflow of foreign capital. While member states have pledged to pursue a coordinated policy in terms of non-regional foreign investment, the latter has not always been the case in practice.

Labor productivity, meanwhile, is increasingly related to educational attainment in a variety of economic sectors, particularly in new services industries where the Caribbean economies have a potential to establish lucrative niche markets. Numerous studies have emphasized the importance of education in maximizing a country's opportunities in the global market. They have also stressed the close link that exists more generally between a country's ***social development*** indicators and its potential for economic growth. As noted above, most of the English-speaking Caribbean nations score relatively well in terms of the UNDP's human development index and other such indicators, particularly when compared to some of their Latin American neighbors. In the past five decades, they have made significant progress in terms of raising basic levels of literacy, reducing infant mortality rates, improving life expectancy and increasing the quality of health care. But progress has not been uniform across the region and some CARICOM members continue to face serious social problems, including educational under-achievement and widespread poverty.

The development of new manufacturing and services industries in CARICOM has led to important demand shifts in the region's labor market, resulting in greater demand for skilled workers. As a recent study on the Caribbean labor market notes, the current ***education*** and training system falls short of meeting the labor force needs in the region (CGCED [May 1998]). Low levels of enrollment in secondary and higher education mean that overall educational attainment remains insufficient, despite good participation in primary education. According to some observers, moreover, the quality of education has deteriorated throughout most of the region in recent years, not least because of the need to cut fiscal expenditures. Physical infrastructure for education, particularly post-primary, is considered both insufficient and inadequate in a number of countries. Such deficiencies in the education sector need urgent attention in order not to obstruct the economic transformation process required by changes in CARICOM's external environment.

Not surprisingly, vacancy rates for professional, managerial and skilled occupations are high across the Caribbean - a trend further intensified by the continued emigration of skilled workers and professionals from the region. Employment opportunities in general have remained depressed, and ***unemployment*** has reached dramatic levels: in several CARICOM countries, it is at or above 15 percent of the labor force; in a few countries it even exceeds 20 percent (see table 6). Apart from low economic growth in recent years, the persistence of such high levels of unemployment is also due to the inevitable demands of adjustment manifest in recent privatization efforts (often resulting in worker dismissals) and public sector layoffs due to fiscal reform programs in some countries.

Unemployment and underemployment are major contributors to ***poverty***. In the larger members of the Caribbean common market, poverty levels range from 21 percent in Trinidad and Tobago to 47 percent in Suriname. Widespread poverty is also apparent in some of the smaller island states (it is at or above 20 percent in at least three of them). Income inequality, meanwhile, is marked throughout most of the region (see table 6). Poverty, unemployment and inequality weaken the capacity of governments and civil society leaders to manage change effectively both at the national and regional level. They also provide a fertile breeding ground for criminal activities. In the past decade, some Caribbean countries have witnessed an alarming rise in criminal violence, much of it drug-related. If left unattended, this could pose severe problems not only for the tourism industry, but for any strategy aimed at creating a business environment conducive to attracting local and foreign capital (Girvan, [1997] p. 20-22).

In sum, CARICOM members face major challenges in terms of accelerating economic growth through better export performance, effectively responding to serious external constraints, and addressing significant social problems. The challenges are inextricably linked, and so are the possible responses: success in one area will facilitate progress in another. Thus, improved export performance, by promoting economic growth, can raise employment opportunities in the region and thus lead to a reduction in poverty levels. Enhanced regional cooperation, based on a strategy that seeks to maximize CARICOM's development potential, may prove to be a valuable tool in confronting these challenges. As noted earlier, Caribbean countries have a long tradition of regional cooperation, but the results achieved have not always matched the ambitious goals of the Community. As the following chapter shows, this is particularly evident in the area of economic integration.

II. ECONOMIC INTEGRATION: THE EXPERIENCE TO DATE

In the first two decades of its existence, CARICOM focussed mainly on deepening the integration process among its original members. In the early 1990s, however, CARICOM countries also began a process of widening their integration scheme, either through the admission of new members to the Community or by seeking free trade agreements with their Latin American neighbors. This chapter examines the progress achieved so far in the Caribbean integration process, both in terms of deepening and widening the region's economic links. It is worth noting, in this context, that one sub-group of countries within CARICOM, namely the OECS, has reached a more advanced stage of integration than that achieved by the Community as a whole. While this paper does not examine the OECS integration process in detail, that process could certainly provide some lessons and inspiration for CARICOM members as they strive towards establishing a single market and economy.[11]

Deepening the Integration Process

Progress on intra-regional trade liberalization

Since its inception, CARICOM has made considerable progress with respect to the liberalization of merchandise trade within the region. Most tariffs to intra-regional trade, as well as a significant number of non-tariff barriers (NTBs), have been eliminated; the member states have also worked on establishing regional standards for products in order to reduce the bases for denial of entry to regionally produced goods. Several obstacles nevertheless remain:

- A number of products (mainly in the agricultural sector) continue to be excluded from the common tariff reduction scheme. Moreover, Article 56 of the CARICOM Treaty's Annex on the Caribbean Common Market allows the Common Market Council to grant less developed countries in CARICOM the right temporarily to suspend common market tariff treatment for imports from more developed countries in order to encourage the development of "infant" industries, or protect existing local industries.

- Some countries continue to apply certain non-tariff requirements on intra-regional imports (discriminatory customs service taxes, revenue replacement duties, consumption duties, licensing standards, etc.). While remaining NTBs are mostly national in nature, CARICOM also retains a regional NTB, the Oils and Fats Agreement, a system of managed trade in vegetable oils, copra and derivatives that forces some CARICOM countries to purchase these products above market price from regional producers.[12]

Thus, a certain degree of protectionism has *de facto* hindered the free circulation of goods in the regional market. The remaining restrictions not only tend to distort relative prices, they also limit the opportunities for regional producers to achieve economies of scale and corresponding unit cost reductions which, in turn, restricts their competitiveness. Such barriers may also be a deterrent to private investors seeking to exploit a larger regional Caribbean market.

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[11] Apart from information provided by the CARICOM Secretariat and other official sources, the following sections draw on Henry Gill [1997]; David E. Lewis [1996]; and Uziel Nogueira [1997].

[12] While the existence of NTBs is repeatedly cited as an obstacle to intra-regional trade, information on such trade barriers remains anecdotal. At the time of writing, no up-to-date inventory of such measures existed for CARICOM.

The development of intra-regional trade flows

Tariff reductions and the dismantling of NTBs have facilitated intra-CARICOM trade in recent years – notwithstanding the remaining obstacles. Structural adjustment policies and renewed economic growth in the region have further boosted such flows. In the 1990s, intra-CARICOM merchandise trade has expanded by an average 10 percent a year, reaching a level of US$ 920 million in 1996. Such trade has grown somewhat faster than exports to extra-regional markets, and now accounts for 14 percent of total CARICOM exports, up from 11 percent in 1990.

Intra-regional trade appears to be somewhat more diversified than extra-regional exports: while in CARICOM's total exports, the top 100 products constitute almost 90 percent of total sales; in intra-regional exports the top 100 products account for less than 60 percent of total sales. Fuel products nevertheless make up a considerable share of CARICOM's intra-regional trade (see table 14). A closer look at the available data moreover reveals that:

- Most of the recent growth in intra-regional trade must be attributed to Trinidad and Tobago, which dominates the regional market (it accounts for almost 70 percent of total intra-regional exports, see table 12).

- Of the other member countries, only Barbados, St. Kitts and Nevis and Dominica saw rapid growth in intra-regional exports, although some of these exports may have been transshipments or re-exports of goods imported from outside CARICOM (see table 13).

- For most countries in the region, the available data in table 13 reveals very erratic export development, with significant variations from one year to the next. Several CARICOM countries register virtually no exports to the rest of the Community. Jamaica's intra-regional exports have declined in recent years, as have those of some other members.

It should also be noted that intra-CARICOM trade has expanded at a much slower rate in the 1990s than trade within other integration groups (in the period 1990-1996, intra-CACM exports grew by an annual 15 percent, intra-Andean exports by 24 percent and intra-MERCOSUR exports by 26 percent)[13]. While the constraints of similar product specialization and the small size of the regional economy clearly place limits on the potential of the CARICOM market, intra-regional exports could grow faster if the remaining obstacles to such trade were removed. Improvements in transport facilities and more attractive foreign investment regimes would provide an additional stimulus to intra-regional trade. A gradual lowering of the CET would moreover ensure that such trade is progressively exposed to greater international competition.

The common external tariff

Originally scheduled for 1981, the implementation of the CET was delayed for a decade, and the structure adopted in 1991 was subsequently revised. Until the late 1980s, CARICOM members regarded the CET mainly as a means of protecting local industries. Since then, governments have increasingly recognized the need to reduce protection levels in order to boost competitiveness in the region. They have also acknowledged the costs of maintaining high tariffs for countries with high trade dependence. Such concerns have been weighed against the potentially harmful consequences associated with the loss of tax revenues resulting from a lower CET, in addition to the perceived effects of greater competition on existing production and employment levels in the region.

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[13] See INT/ITD and INT/STA ([1997] p. 3.

In 1991, the original tariff rate schedule was reduced from a range of 0-70 percent to 0-45 percent. In the following year, member states approved a new, much simpler CET structure and a program of gradual tariff reduction over a five-year period, to be completed in four phases. Starting with a ceiling of 35 percent, the final CET structure will range from 0-20 percent. Although some member states have concluded the final phase of the program, others have experienced considerable delays in the process. The new CET is therefore not yet fully implemented region-wide. When the process is completed, the unweighted average tariff rate will be around 10 percent, down from 20 percent in 1991 (see table 15).

While considerable progress has thus been made on simplifying the CET structure and lowering external protection, further revisions should be contemplated, for two reasons. First, the current structure retains numerous exceptions, which hamper the transparency of the scheme and hence the ease with which foreign transactions can be completed. The agricultural sector, in particular, remains very protected. Second, while the average tariff rate is much lower than previously, it is still high by international standards and higher even than in some Latin American regions (for example CACM, see table 16). Indeed, total import taxes may be even higher than those established by the CET, since some countries continue to apply certain special taxes on imports in addition to the CET. Further reductions in the ceiling of the CET would promote greater efficiency among local industries and ease the transition towards hemisphere-wide free trade following the implementation of the FTAA. Such reductions would nevertheless have to be accompanied by efforts to establish alternative sources of government revenue, given the importance of trade taxes for the majority of CARICOM members.[14]

It should be noted that Article 34 of the CARICOM Treaty’s Common Market Annex requires members to seek “progressive coordination” with other members regarding their external trade policies. Members are, however, permitted to pursue independent trade policy initiatives with non-member countries, as long as they submit any new agreements to the CARICOM Secretariat for information. This provision is clearly at odds with an effective CET, as required by a customs union and a common market.

An imperfect common market

Trade in ***services*** has not yet been liberalized. Until recently, this sector was not subject to common market disciplines. The Treaty of Chaguaramas merely stated that member states should “*as far as practicable ... extend to persons belonging to other Member States preferential treatment over persons belonging to States outside the Common Market with regard to the provision of services*”. Some progress was achieved when Protocol II, the second of nine protocols amending the Treaty of Chaguaramas, was issued in July 1997. The protocol, entitled *Establishment*[15]*, Services and Capital*, prohibits member states from introducing new restrictions on the provision of services while, at the same time, committing them to remove existing restrictions in this area. The protocol entered provisionally into force in 1998, but has not yet been ratified by all member states. A specific program and timetable for liberalization remain to be drawn up. The protocol, moreover, allows for the exclusion of some types of services from common treatment and, notably, permits member states to apply for a waiver of obligations under the Treaty in respect of any industry, sector or enterprise.

[14] Indeed, reluctance among CARICOM governments to lower external tariffs has often been more closely linked to the revenue issue than to the desire to protect domestic industries from external competition.

[15] According to the Protocol, the right of establishment includes the right to engage in any non-wage earning activity of a commercial, industrial, professional or artisanal nature, and to create and manage economic enterprises pursuant to the special provisions contained in the protocol.

Liberalization of services has huge potential benefits for a sector that in many Caribbean countries is the main generator of domestic output, a principal source of employment and a growing contributor to exports. Indeed, it is a widely held view that for CARICOM, future competitiveness lies to a large extent within the services sector - including tourism, informatics, entertainment and financial services, among other things. Efficient services also enhance the competitiveness of the manufacturing sector and can help attract regional and foreign investment. It should be noted that trade in services involves not only crossborder transactions, but often also the movement of the supplier and/or the customer, the establishment of a subsidiary, the ability to relocate service employees and the free movement of capital. A number of constraints still apply in all these areas.

CARICOM members have been slow in permitting intra-regional ***labor mobility***, which could have provided some deterrence to the significant migration of Caribbean skilled workers to Britain and North America in recent decades. The free movement of labor is limited to graduates of accredited universities in some professional categories, but even this is only a recent measure, and not all countries have passed the necessary legislation to enact it. Moreover, national laws are not uniform in the treatment of who is covered. Much work remains to be done in this area, including common certification of educational achievements and portability of pension and health benefits.[16] Full labor mobility would enable firms to respond to (seasonal) demand by drawing upon a wider range of skills than is available in any one of the small Caribbean countries; this, in turn, should help enhance efficiency and attract much-needed investment. The services sector, in particular, would benefit from greater labor mobility, given its heavy dependence on human resources.

Many constraints still apply to the free movement of ***capital*** in the region. Some countries maintain restrictions on foreign investment in the banking sector either through licensing regulations or by prohibiting foreign banks from establishing operations in the host country. Several countries also impose restrictions on potential consumers of a financial service by requiring that the service be bought from a domestic firm.[17] A single market for letters of credit does not exist. In addition, some Central Banks still place limits on the extent of bank loans that can be made to foreign companies. It should be noted, however, that governments have recently taken important steps to allow for greater capital mobility in the region. They have agreed to introduce free convertibility among their national currencies; indeed, free convertibility already exists in some countries. Moreover, Protocol II: *Establishment, Services and Capital* commits CARICOM members to eliminate restrictions on the movement of capital payments, as well as on all payments for goods and services and other current transfers. As mentioned, however, this protocol has not yet been ratified by all member states and is therefore only being applied provisionally.

The free movement of capital would allow a CARICOM citizen or resident to invest in equities, bonds and other long-term assets in any country of the region. Savings would be used more efficiently, and financial risk would be mitigated as a result of the expansion of capital market size. Trade could be financed more easily and on more competitive terms. CARICOM governments could enhance this dynamic through the harmonization of legislation governing equity and securities markets, unified tax treatment for capital market transactions and reform of landholding legislation. Greater regional competition would reduce costs and facilitate the development of a more diversified banking system. Allowing more competition from outside the region would further strengthen the sector. In this respect,

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[16] A CARICOM Social Security Agreement has been drawn up, but is not yet signed by all members. It provides for the transfer of a Community citizen's social security benefits from one member state to another should he/she choose to take advantage of the right to live and work as enshrined in the legislation covering the free movement of skills.

[17] In general, CARICOM's market for financial services is highly fragmented and suffers significant scale limitations. One study highlights the fact that in the OECS alone, there are some 180 insurance companies, catering to a population of only 500,000. (V.L. Rao [1997]).

it is of crucial importance for governments to review their current legislation and practices regarding foreign investments and banking regulations.

Towards a single market and economy

The concept, objectives and elements of a CARICOM single market and economy were first stated in the Grand Anse Declaration of 1989. They were subsequently endorsed by a special ministerial meeting of October 1991 and reaffirmed at a special consultation on the CSME held in Barbados in June 1996. The essential characteristics of the CSME overlap to a large degree with those of a common market; in that respect, the single market project reiterates the commitment of the CARICOM members to establish the free movement of goods, services, labor and capital in their region. However, the CSME concept denotes a step further in integration, namely through the coordination and/or harmonization of macroeconomic policies (hence the name single market *and economy*, with the latter term added in recognition of the need for economic policy convergence as an integral part of the single market).

As noted previously, governments are currently in the process of revising the Treaty of Chaguaramas in order to facilitate the implementation of a CSME.[18] As early as 1990, moreover, Central Bank Governors were mandated by the Heads of Government to study the feasibility of – and requirements for - transforming the CARICOM common market into a monetary union and to work towards the establishment of the latter. Regional task forces and agencies such as the Caribbean Centre for Monetary Studies (CCMS) have been monitoring a number of specific convergence criteria since the early 1990s. Such criteria include the maintenance of three months' foreign exchange cover for a period of 12 months (or cover for at least 80 percent of domestic monetary liabilities), 36 months of exchange rate stability and a debt service ratio below 15 percent. General improvements in all three standards have been noted in recent years. Continued progress towards monetary convergence, and the eventual creation of a single currency, will nevertheless require governments to address the heterogeneity of existing exchange rate regimes in the region as soon as possible. Several countries still float their exchange rates, while others have them fixed to the US dollar. As a recent study on monetary integration in CARICOM concludes, convergence towards monetary union will require a sustained system of stable exchange rates before "locking in" can be attempted.[19]

General macroeconomic stability and greater macroeconomic convergence are also crucial in this respect, as well as more generally in order to facilitate commercial transactions within the region. While CARICOM maintained inflationary stability at the regional level in the 1970s and early 1980s, such stability decreased in subsequent years; meanwhile, homogeneity in development levels has continued to be very low in CARICOM.[20]

It is important to note that CARICOM as a region has yet to deal with the issue of intellectual property rights (IPR). Although most countries have accepted the IPR protocol of the WTO, few have begun to review their legislation on the matter and several lack the necessary legal and administrative

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[18] Protocol I, which modifies the existing institutional structure of CARICOM, is being applied provisionally since July 1997, Protocol II (Establishment, Services and Capital) entered into force provisionally in July 1998; both protocols are currently going through the process of ratification. Protocols III, on industrial policy, and V, on agricultural policy, have been signed by most countries and are expected to enter provisionally into force later this year. Protocols IV, on trade policy, VI, on transport policy and VII, on disadvantaged countries, regions and sectors, are almost ready for signature; Protocol IX, on competition, is under negotiations, and Protocol VIII, on dispute settlement, is in the preparatory phase. All protocols aim towards making the common market fully functional.

[19] See a joint report by the CCMS, the CARICOM Secretariat and the IMF [1998] Chapter III.

[20] See "Homogeneity and Convergence in Integration Schemes", in *Integration and Trade in the Americas*, Periodic Note, August 1998, p. 44-49.

instruments to implement the protocol. In an eventual FTAA, the participating countries, including those of CARICOM, could agree to expand the WTO protocol. Legislation that provides protection for technology, particularly in the pharmaceutical, biotechnological, telecommunications, computer and entertainment industries, could be vital for attracting foreign and regional investment in these sectors - provided such legislation is properly enforced. Such prospects are important since the sectors mentioned are precisely those that are not constrained by economies of scale. Again, the potential opportunities will depend not only on adequate regional IPR legislation, but also on open investment regimes and the availability of skilled labor.

The balance: limitations and opportunities of a regional market

It is widely acknowledged that almost thirty years of integration efforts have provided only a limited thrust to economic development in the Caribbean. This is partly due to the fact that, for almost two decades, integration was pursued within a context of protectionism and subsequent economic stagnation. It is also a consequence of the modest results achieved in the integration process itself. As the above sections demonstrate, ambitious integration goals have not always been followed up with timely action. This, in turn, may be due to a variety of factors, including wavering political will, changes in integration strategy, priority given to national adjustment programs, and technical obstacles to the implementation and enforcement of common policies, among others. In addition, CARICOM's institutional structure has not always adequately matched the goals of the Community, an issue discussed in Chapter 5. The result has been that despite the long-standing goal of establishing a common market, many constraints still apply to the free movement of goods, services, capital and labor in the region. Deficiencies in regional infrastructure and support services, examined in Chapter 4, have provided an additional impediment to intra-regional transactions.

The small size of the regional market is also a vital factor in this respect. As noted earlier, a regional market of US$ 15 billion cannot act as a primary growth engine for the Caribbean countries, since it offers only limited opportunities for the development of tradable goods and services at competitive prices and quality. If goods and factors of production were allowed to move freely in that same market, however, there should be some potential for establishing profitable businesses with a capacity to operate region-wide. A unified and harmonized CARICOM market could provide opportunities for investment in some regional consumer goods industries capable of competing with imported substitutes without the support of protective barriers. It could also lead to more efficient specialization in the production for exports to world markets, greater productivity in the supply of services and greater inflows of foreign direct investment, a key source of financial and management resources, technology and market access for export-oriented industries.

CARICOM members have been acutely aware of the limitations posed by their small markets and have, in recent years, taken several steps to widen their integration scheme and to participate in other regional and hemisphere-wide integration initiatives.

Widening the Community: Enhancing Links with Latin American Neighbors

Wider regional cooperation has been promoted, among other things, through the work of the Cariforum Secretariat, established in 1991 to coordinate EU regional aid allocations under Lomé IV. Apart from the English-speaking members of CARICOM (except Montserrat), Cariforum includes the Dominican Republic, Haiti and Suriname. Greater collaboration among these countries has facilitated the accession to CARICOM first of Suriname (in 1995) and then Haiti (in 1997). While Suriname has formally joined the Caribbean common market, Haiti has been accepted as a provisional member of the Community; the terms and conditions of its full accession to the common market are currently being reviewed by a joint working group.

CARICOM members also belong to the Association of Caribbean States (ACS), launched in 1994. The ACS includes all Cariforum and CACM members as well as the Group of Three (Colombia, Mexico and Venezuela), Panama and Cuba. Its aim is to encourage mutual cooperation in economic and trade-related areas such as tourism, transportation, agriculture, natural resource management and natural disaster preparedness. The group also envisages greater convergence of trade policies among its members as well as joint programs to promote intra- and extra-regional trade. While it is too early to assess the effectiveness of the ACS, it should be noted that CARICOM has sought to develop closer trade links with most of the group's members. It concluded special trade arrangements with Venezuela in 1992 and Colombia in 1994 (revised in 1998), initiated free trade talks with CACM in 1997, and signed a free trade agreement with the Dominican Republic in August 1998.

Haiti and the Dominican Republic

By admitting Haiti, CARICOM more than doubled its population to 13.9 million people. Regional GDP, meanwhile, increased by only 9%. Haiti's national output is not only relatively small but also "underdeveloped", as over 40 percent of GDP is generated by agriculture (mostly for domestic consumption) and only 11 percent corresponds to manufactures. Exports, on the other hand, are relatively well diversified, with manufactures (mostly from the *maquiladora* industry) accounting for over half of total sales abroad. Trade with CARICOM is practically non-existent, except for a small volume of Haitian handicrafts shipped to regional tourism centers and some petroleum imports from Trinidad and Tobago. Haiti already hosts a number of assembly plants for manufactured exports and is also abundant in low-cost, unskilled labor, which could serve as a basis for future business ventures oriented towards the regional market. The extent to which Haiti can take advantage of regional free trade will probably depend on the specific rules of origin that will govern its exports to CARICOM. Haiti's import regime is already fairly open, with tariff levels lower than in most neighboring countries.

While the Dominican Republic's population is roughly equal to Haiti's, its annual GDP is much higher, at $8.6 billion - more than half that of the Caribbean common market. The Dominican Republic has been a dynamic exporter in recent years, and has made good use of its trade preferences under the US Caribbean Basin Initiative (CBI). It is the largest exporter in this program and accounts for over a third of total US imports from CBI countries. Its exports are highly diversified, mostly as a result of the free-zone provisions. Trade with CARICOM is very limited, mainly consisting of some exports to Jamaica and some oil imports from Trinidad and Tobago. Under improved access conditions, the country's relatively well-developed industrial base could nevertheless prove to be an advantage in terms of regional market penetration.

Free trade with Haiti and the Dominican Republic would offer Caribbean producers a whole range of new business opportunities in a continuously expanding regional market. It would allow Caribbean firms to develop their competitiveness through greater economies of scale, thus preparing them for eventual hemisphere-wide free trade and continued global market integration. A wider Caribbean free trade area would provide new opportunities for regional business partnerships and, not least, a greater and potentially more attractive market for foreign investors. Under the right conditions, both Haiti and the Dominican Republic could attract considerable private investment for lower-skill labor-intensive industries and expand the range of options in the CARICOM region. This, in turn, could feed into higher skill/wage industries in CARICOM for higher value added exports.

Wider regional cooperation

More open trade regimes and the return to growth in the wider Caribbean region have in the 1990s provided some impetus to intra-Caribbean trade. CARICOM's exports to non-CARICOM members of the ACS have grown by an average 16 percent a year in the 1990s, albeit from very modest levels: these countries account for just 4 percent of total CARICOM exports (see tables 9 and 10). Moreover, such exports consist mainly of petroleum, iron and steel products and petrochemicals exported by Trinidad and Tobago to Colombia, Mexico, Panama and Venezuela. Except for some exports from Jamaica and, more recently, from Barbados, commercial links between the remaining CARICOM countries and other ACS members remain non-existent or extremely weak. CARICOM's exports to Latin America as a whole are also modest: they account for just 6 percent of the region's total exports, and again, most of that trade originates in Trinidad and Tobago (see tables 10 and 13).

As mentioned, CARICOM has already signed trade agreements with Colombia and Venezuela. While the agreements offer CARICOM products preferential access to the two Andean markets, there are important exceptions to preferential treatment. The 1994 agreement with Colombia moreover called for gradual implementation of reciprocity in Colombia's trade with the more developed countries of CARICOM (defined here as Barbados, Guyana, Jamaica and Trinidad and Tobago). Greater reciprocity was indeed a key outcome of the 1998 revision of the Colombia-CARICOM agreement, prompting Venezuela to request similar market access conditions in its trade with the Caribbean countries. CARICOM intends to negotiate free trade agreements with the remaining Latin American countries in preparation for hemisphere-wide free trade, but still faces internal opposition to such a move. It will be of paramount importance for the region to develop a coherent strategy for such talks, complete the necessary technical studies in order to design that strategy, and promote the active participation of the private sector in the negotiation process.

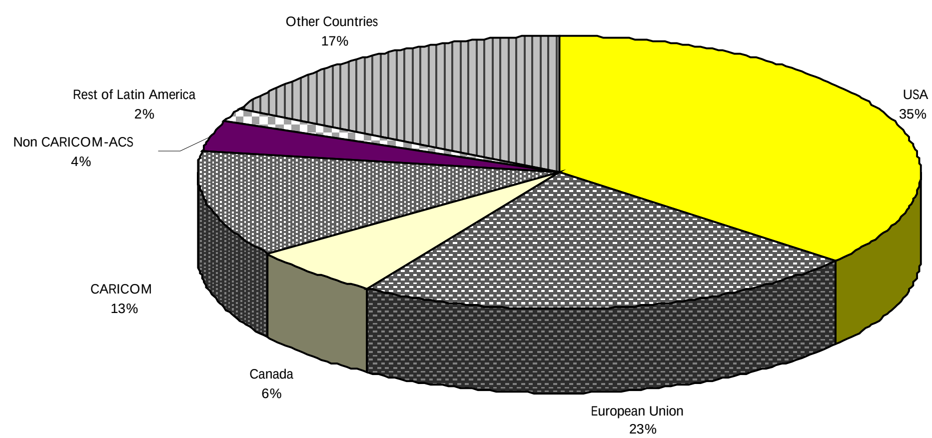
The signs of a more outward-oriented integration agenda are positive. Apart from the benefits of enhanced political coordination with neighbors, such initiatives promise to create new trading and investment opportunities for Caribbean countries. However, as the following chapter demonstrates, it is still with developed-country markets that the Caribbean countries maintain their closest links, and it is in these relations, above all, that the greatest risks and opportunities lie ahead for CARICOM.

III. CARICOM'S EXTERNAL AGENDA: THE CHALLENGES AHEAD

CARICOM's combined exports to the United States, Canada and the European Union account for roughly two thirds of its total merchandise exports, a share that has remained fairly constant over the past years (see table 9). Although the United States is the largest export market for CARICOM as a whole, taking over a third of the region's total sales abroad, only a small number of countries have penetrated that market to a significant degree (The Bahamas, Guyana, Jamaica and Trinidad and Tobago). The EU, which accounts for one fifth of total CARICOM exports, continues to be the most important export market for the majority of CARICOM member states, including most of the OECS (see table 13). Canada's share in CARICOM's total exports is small, at 6 percent, but rising.

GRAPH 5

DESTINATION OF CARICOM EXPORTS, 1996



CARICOM members have enjoyed more privileged access to developed country markets than perhaps any other group of countries in the hemisphere. In addition to receiving duty-free treatment for a large number of products by virtue of most favored nation (MFN) provisions, they also benefit from special preferences in the European, Canadian and US markets. Virtually all the region's exports to the EU enter that market duty-free as do about two-thirds of exports to Canada and 45 percent of exports to the United States. The dependence on trade preferences varies significantly among CARICOM members: for example, only 15 percent of Antigua and Barbuda's combined exports to the United States, Canada and the EU enter under preferential regimes, while in St. Kitts and Nevis that share is almost 100 percent. Nine countries ship more than half of their exports to these markets under the existing preferential regimes. The combined share for all Cariforum members is 42 percent, not including those products that already enter duty-free under MFN provisions.[21]

[21] These shares, were calculated using 1995 IMF trade data and information on applied tariffs from official EU, Canadian and US sources. See Harrington Jr. [1997].

SHARE OF CARIFORUM EXPORTS SUBJECT TO PREFERENCE - 1995 (CIF)

Exporting Country	Importing Country					
	EU, US and Canada			Rest of World	Total Exports	
	Total US$ million	Under Preference				
		US$ million	% of total	US$ million	US$ million	% under preference
Antigua & Barbuda	31.8	4.6	14.5	35.6	67.4	6.8
The Bahamas	433.6	138.5	31.9	201.3	634.9	21.8
Barbados	84.9	60.8	71.6	98.8	183.7	33.1
Belize	157.0	108.6	69.1	39.4	196.5	55.3
Dominica	39.8	33.9	85.2	53.2	93.0	36.4
Dominican Republic	2,981.5	998.0	33.5	110.7	3,092.2	32.3
Grenada	13.8	8.6	62.3	11.8	25.6	33.5
Guyana	329.5	172.4	52.3	103.2	432.7	39.8
Haiti	158.2	43.1	27.2	9.1	167.2	25.8
Jamaica	1,032.9	487.5	47.2	444.3	1,477.2	33.0
Montserrat	42.5	4.0	9.4	0.1	42.5	9.4
St. Kitts & Nevis	10.0	9.9	98.7	11.0	21.0	47.1
St. Lucia	104.4	74.9	71.7	23.6	128.1	58.5
St. Vincent & Grenadines	52.1	26.1	50.1	62.6	114.7	22.7
Suriname	260.1	150.1	57.7	285.9	546.0	27.5
Trinidad & Tobago	825.5	407.1	49.3	721.4	1,546.9	26.3
TOTAL	6,557.6	2,727.9	41.6	2,212.1	8,769.7	31.1

Source: John M. Harrington Jr., *Impact of Tariff Preferences on Caribbean Exports* (mimeo), Integration, Trade and Hemispheric Issues Division, IDB Integration and Regional Programs Department, 1997.

Despite privileged market access, CARICOM exports to extra-regional markets have not shown much dynamism in recent years, suggesting that the countries have not been able to take full advantage of existing market opportunities. In the period 1990-1996, exports to the United States grew by an average 6 percent a year in nominal terms; real growth was much smaller than that. Exports to the EU expanded by only 3 percent a year in nominal terms, implying stagnation or negative growth in real terms. Exports to Canada were more dynamic, growing at a nominal rate of 13 percent a year, albeit from a tiny base (see table 10).

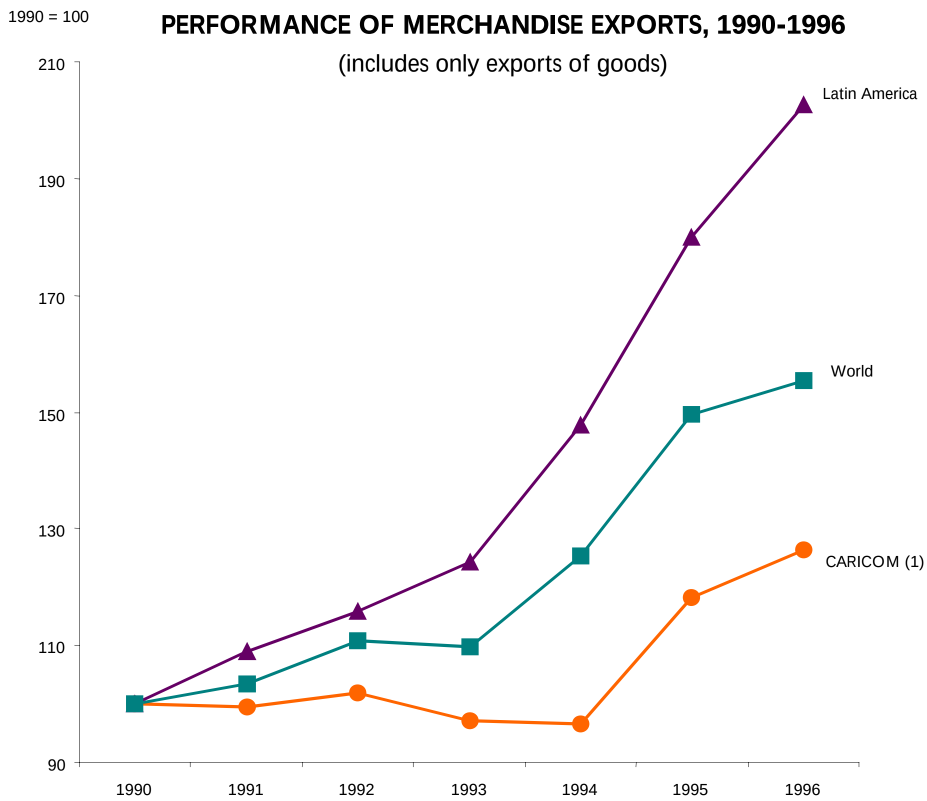
The stagnation in exports to the EU is undoubtedly linked to the predominance of basic commodities in such trade, an area where CARICOM either has no room for expansion or access to the EU market is limited by the very protocols that grant trade preferences to CARICOM. In fact, it can be argued that the existing preferences, and particularly the special protocols for bananas, rum and sugar, may inadvertently have encouraged the smaller CARICOM states to maintain traditional (non-competitive) export activities, mainly by providing a disincentive to diversification. Exports to the United States are diversifying as they slowly expand; the same pattern applies to CARICOM's trade with Canada. In general, however, CARICOM's performance in the US market has been relatively poor compared to that of other countries in the hemisphere. The Central American countries, for example, increased their exports to the US market by 17 percent a year in the 1990s - more than double the rate of growth of CARICOM exports. Meanwhile, exports to Canada are dominated by just two countries: Jamaica and Guyana (see table 13). CARICOM moreover maintains a large deficit in merchandise trade with all its major trade partners.

Although preferences do not seem to have facilitated rapid export growth or diversification except in a few countries, they have guaranteed CARICOM countries a sustained level of export earnings for their traditional and, in some cases, non-traditional exports. Such earnings are now being threatened by the erosion (and possible future elimination) of preferences in the North American and European markets, in a context of increased global competition for markets. CARICOM members are aware that, in designing a proactive trade policy for the coming decade, they must consider both the benefits of lobbying for the maintenance of special trading arrangements and the urgent need to prepare their economies for a more diversified and competitive insertion into the global economy. Special treatment is likely to be difficult to maintain at current levels.[22]

GRAPH 6

PERFORMANCE OF MERCHANDISE EXPORTS, 1990-1996

(includes only exports of goods)



Notes: (1) Caribbean Common Market.

[22] The following sections draw on Harrington Jr.[1997]; see also Bryan [1997] and Centre for Trade Policy and Law [1997].

A New Scenario in the Western Hemisphere

Trade with the United States and Canada

The US Caribbean Basin Initiative (CBI), in force since 1984 and expanded in 1990, benefits 27 Caribbean and Central American countries, excluding Suriname. Its main objective is to promote non-traditional exports from these countries to the United States. The CBI grants zero tariff to a large number of products grown, made or transformed in a CBI-eligible country with at least 35 percent value added in that country.[23] About 20 percent of all US imports from CBI countries enter under this program.[24] Many non-CBI eligible products (prominent among them apparel) can enter the United States under the Production Sharing Program known as 807 (now 9802), which charges duty only on the value-added to US products assembled outside the United States. Approximately 37 percent of US imports from CBI countries enter under this program. Another 25 percent enjoy duty-free access by virtue of MFN treatment. Most of the remaining 18 percent consist of petroleum imports from Trinidad and Tobago, which face very low duties in the US market.[25]

CARICOM exports entering the US market under the CBI program consist mainly of miscellaneous manufactured products and non-traditional agricultural goods. The program's objectives of promoting export diversification are thus being met. The past few years have moreover witnessed significant growth in the region's CBI exports to the United States, albeit from a very low base. A recent study on CARICOM's external trade relations nevertheless argues that Central American countries were better able to diversify their exports of manufactured goods to the United States than CARICOM as a group.[26] As regards total exports to the United States, moreover, CARICOM performance has not matched that of Central America: as mentioned earlier, total US imports from CARICOM grew by just 6 percent a year in 1990-1996, compared to 17 percent for CACM.

The Canada-Caribbean (CARIBCAN) program, in force since 1986, grants trade preferences to the English-speaking countries of CARICOM. It offers duty free entry into Canada for a number of goods made or transformed in an eligible country, with at least 60% of content originating in a CARIBCAN country or Canada.[27] Similar to the CBI, this program overlaps to a considerable degree with the MFN regime. About 80 percent of Canada's imports from the Commonwealth Caribbean enter that market duty-free by virtue of MFN treatment; another 6 percent enter duty-free under CARIBCAN, while 7 percent enter under either the General Preferential Tariff or the British Preferential Tariff. Although some Caribbean countries have taken advantage of their preferences in the Canadian market, export performance has been erratic and values remain very low for most of the countries (see table 13). Two countries (Jamaica and Guyana) account for over 80 percent of CARICOM exports to Canada. Moreover, much of the recent growth in CARICOM exports to Canada is attributable to Guyana, which mostly exports sugar and gold to that market.

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[23] Exceptions include textiles and apparel, some footwear, canned tuna, petroleum and its derivatives, and certain watches and their parts. Quotas apply to sugar, beef and ethyl alcohol made from non-CBI agricultural feedstock.

[24] For Cariforum countries only, this percentage is 26 percent, indicating that Caribbean islands in general are more dependent on the CBI program than the Central American countries.

[25] Shares are calculated on the basis of 1995 data.

[26] See Centre for Trade Policy and Law ([1997] pp. 8-9). According to Table 1 of this report, between 1993 and 1996, CARICOM exports entering the United States under the CBI grew by 118 percent; the corresponding growth rate for the Central American countries was 61 percent. The figure for CARICOM does not include The Bahamas, which is not a member of the common market and where CBI exports have declined dramatically in recent years. In 1996, exports under the CBI from the Caribbean common market accounted for just over US$ 300 million; CBI exports from Costa Rica, in contrast, reached almost US$ 500 million in that year.

[27] Exceptions are textiles, apparel, footwear, handbags, other leather garments, lubricating oils and methanol.

CARICOM members must examine the underlying reasons for the relatively modest performance of their exports to the North American market. While non-tariff barriers may have provided a deterrent to more rapid export growth, CARICOM's competitors (among them the Central American countries) have also faced such barriers and have still performed more satisfactorily in terms of overall export growth. Factors such as insufficient knowledge of market opportunities in North America, capacity or supply-side problems, deficient marketing strategies and continued restraints on foreign investment in the region may have played a role.[28] Slow export growth despite privileged market access conditions is of particular concern in light of the upcoming FTAA negotiations. While the FTAA should lead to improved market access for CARICOM throughout the Americas, Caribbean manufacturers must be competitive in order to take full advantage of such opportunities.

The implications of NAFTA

In recent years, Mexico has taken increasing advantage of proximity, wage differentials and NAFTA provisions to compete successfully with Caribbean countries for US market share and investment. In CARICOM, this has exacerbated fears about possible trade and investment diversion away from Caribbean producers, with adverse effects on output and employment levels in affected sectors. Apart from agriculture, the most obvious threat appears to be in the garment assembly industry, which is subject to the previously mentioned production sharing program 807 and where Mexico has proved to be a formidable competitor for Caribbean producers. Mexico's apparel exports to the United States under this regime are completely duty free, while similar *maquiladora* activities in the Caribbean continue to pay tariffs on the local value added. The resulting cost advantage for Mexico (somewhere between 5 and 7 percent) is significant in this type of industry.

Thus far, the records show that apparel exports from Mexico have boomed since the beginning of NAFTA, while growth in Caribbean exports has slowed. For the three years prior to NAFTA enforcement, apparel exports from Mexico and the CBI countries grew at similar rates (around 25-30 percent a year). Since 1994, Mexican apparel exports have grown by at least 40 percent a year and in 1996, Mexico became the number one apparel exporter to the United States, surpassing even China. Meanwhile, growth in apparel exports from the CBI countries slowed to an average 15 percent a year over the same period. While some relocation of apparel production and exports from CBI countries to Mexico may have occurred, CBI countries (like Mexico) have nevertheless managed to increase their share of the US market from 12 percent in 1993 to 17 percent in 1996, mainly at the expense of Asian suppliers.

Caribbean countries have, to date unsuccessfully, tried to obtain "NAFTA parity" for their exports to the United States, which would provide them with the same market access conditions as those enjoyed by Mexico. Much of the impact caused by Mexico's NAFTA preferences could be alleviated by eliminating the duty on the 807a type trade, especially considering that this trade uses fabric formed and cut in the United States, thus providing job opportunities both in the United States and in CBI countries. Other NAFTA preferences could be extended either as a modification of the CBI program, or as part of a NAFTA accession process for the CBI countries (although the prospect of NAFTA accession appears increasingly unlikely as the FTAA process gains momentum).

However, even if "NAFTA parity" is eventually granted by the United States, CARICOM producers will continue to encounter growing competition in the US market as global barriers come down and other producers improve their productivity. The gradual dismantling of the Multi-Fiber Agreement (MFA) under the WTO is expected to lead to greater competition from cheap Asian producers who, in the medium term, could regain some of their lost market share in the US market. The Asian financial crisis,

[28] See Centre for Trade Policy and Law ([1997] p. 9).

which erupted in 1997, is likely to accelerate that trend through downward pressure on Asian export prices; this is already notable in some industrial sectors. Negotiating improved access will therefore not be enough to secure growth in this market; productivity will also have to be enhanced. This is particularly important given the imminent establishment of hemisphere-wide free trade.

Preparing for the FTAA

Negotiations for a Free Trade Area of the Americas (FTAA) were officially launched in April 1998. The 34 participating governments (including all CARICOM members except Montserrat) have committed themselves to conclude such talks by the year 2005. Once implemented, the FTAA would integrate the hemisphere's economies as never before and rationalize economic activity throughout the Americas. This would be achieved through the reduction of tariffs and common agreements on everything from the treatment of agriculture to rules of origin. The hemisphere's governments have agreed to ensure that the interests of smaller economies, including those of CARICOM, are taken into account during the negotiations and reflected in the final agreement. Consequently, they have set up a Consultative Group on Smaller Economies to facilitate the completion of this mandate.

Caribbean countries can derive a number of potential benefits from an eventual FTAA. First, such an agreement would provide better access to Latin American markets. Like CARICOM, Latin American countries still apply rather high external tariffs on their imports. The dismantling of such tariffs (and their maintenance *vis-à-vis* extra-hemispheric trade partners) would create significant new market opportunities for CARICOM exporters, but competition from North American producers would be stiff. As was shown above, privileged market access conditions are not sufficient for the expansion of exports. Another constraint is the language barrier and the fact that, apart from Trinidad and Tobago, CARICOM countries have little experience in conducting business in South American markets - although the FTAA process itself should encourage the English-speaking Caribbean to focus more closely on those markets in the coming years.

Second, an FTAA would provide more stable and predictable access to the US market, provided that existing barriers to apparel and other "sensitive" imports are eliminated and non-tariff barriers are effectively addressed in the ongoing negotiations. At the same time, however, CARICOM would face much greater competition from Latin American producers in the US market, since its existing preferences in that market would be eroded by the FTAA. While export structures of Latin American and CARICOM exports to the United States do not appear to overlap in any major degree, CARICOM producers would have to cater to niche markets in any hemispheric context. This is because traditional Caribbean exports (such as bananas and coffee) would face overwhelming competition from much more efficient producers in Central and South America.[29] One strategy of preparing for increased market access would be to focus on promoting those export industries that have already proved successful under the CBI and CARIBCAN initiatives. Significant research needs to be conducted to evaluate the competitiveness of existing export sectors and to identify domestic policies that inhibit their potential for growth.

Third, an FTAA could enable CARICOM countries to attract greater amounts of foreign investment targeted towards serving the North and South American markets from a Caribbean production base - indeed, the recent growth in Trinidad and Tobago's exports to Latin America is largely explained by growing FDI flows to that country. Foreign investment would bring upgraded technology and greater internal competition to CARICOM. But Caribbean countries would have to compete fiercely with other locations in the American continent to attract such investments. Success in this area will depend to a large

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[29] See Centre for Trade Policy and Law ([1997] p. 14.

extent on the region's ability to reduce existing bottlenecks to capital inflows, create transparent regulations and discourage local monopoly power in certain protected sectors.

The availability of capital to upgrade existing production processes would not only improve export performance in the wider hemispheric market, but would also help Caribbean producers to confront greater competition in their own markets following the implementation of the FTAA. As the previous chapter showed, Caribbean governments have long imposed high tariffs on imported manufactured goods. The imminent FTAA will force the region to change this approach since, ultimately, it aims to eliminate all tariffs on goods traded throughout the Americas. Even if certain key products were exempted and extended phase-in schedules were allowed, with over 70 percent of its imports coming from the Americas, CARICOM would be transformed from a relatively high tariff region into one of low external protection.

The impact of falling tariffs is likely to be felt in two ways. First, Caribbean producers of semi-finished and finished goods would have to compete directly with manufacturers from throughout the Americas. The FTAA would thus force them to adjust their production techniques or perish under the weight of more competitive imports. In response, national companies might consider expanding their businesses through acquisitions and mergers in other CARICOM countries in order to restructure their production and boost competitiveness. Greater regional harmonization of rules regarding treatment of capital, labor and land would facilitate this process. Second, the FTAA would force the Caribbean countries to re-evaluate their tax systems. As noted earlier, most Caribbean nations rely heavily on tariff revenues to finance public expenditures; falling tariff levels are therefore likely to have a significant fiscal impact on the Caribbean countries. This will be of particular concern given that trade liberalization is inevitably going to harm certain industries and communities in CARICOM. In the context of potentially dwindling fiscal resources, the Caribbean governments will need to devise appropriate measures to address the needs of those who lose out in the FTAA.

Besides tariffs, the FTAA would lead to hemisphere-wide rules on customs procedures, competition policy, intellectual property, dispute settlement and many other sub-aspects of trade policy. In order for countries to exercise their rights and fulfill their range of obligations, entire areas of public sector activity throughout the Caribbean will have to be reformed. These adjustments, in turn, are likely to tax the human and financial resource capacities of governments as never before. In this respect, technical assistance is not only important but essential if the forthcoming rules and standards which will comprise the FTAA are to work effectively and be sustainable. Even prior to the implementation of the FTAA, CARICOM countries could benefit from technical and financial assistance to ensure their efficient participation in the negotiating process.

Finally, the FTAA would pose challenges to the services sector in the Caribbean. A crucial component of this area is the tourism industry. While hemisphere-wide free trade would likely not pose an immediate problem in this sector, the region may face medium to long-term difficulties as a result of its relatively high labor costs. Such costs could also affect the Caribbean's competitiveness in other "in-person" service fields. Nevertheless, as noted in Chapter 4, CARICOM members do seem to have some specific advantages in this area, and should take all the necessary steps to maximize these advantages. Since Latin American countries will undoubtedly compete for foreign investments in services export industries, CARICOM must move fast to establish and maintain global competitiveness in this area. OECS countries, in particular, must intensify their efforts to expand services trade if they want to benefit from free trade in the hemisphere, given the small size of their territories and the consequent difficulty of attracting large-scale manufacturing facilities to their shores. Setting up an alternative base for regional and foreign investors (e.g. tourism or off-shore finance) is crucial in this regard.

Trade with Europe

Unlike CARICOM exports to the United States, sales to the EU are much more evenly distributed among the members of CARICOM. This is because many of the smaller economies depend on the export of one or two basic agricultural commodities, and rely on their preferential access to the European market for survival of that activity. Lomé IV provides unrestricted access to the European market for all manufactured products (including textiles and apparel) and all agricultural products subject to tariffs (although some restrictions apply to products covered by the EU's common agricultural policy). Special protocols apply to rum, bananas, sugar and beef, and it is these protocols that govern most of CARICOM's trade with Europe. For example, 40 percent of Jamaica's exports to the EU in 1995 were under the banana, sugar, and rum protocols. A similar share of Trinidad and Tobago's exports to the EU was covered by the rum and sugar protocols. St. Lucia, St. Vincent and the Grenadines, Dominica, and, to a lesser extent, Grenada are heavily dependent on the EU banana protocol. Almost 90 percent of OECS exports to the EU have been under the special protocols; bananas alone accounted for 60 percent of OECS sales to the EU in 1995.[30]

The banana protocol is the most controversial among the EU's preferential regimes. It protects domestic EU and ACP banana producers by imposing high tariffs and quantitative restrictions on more efficient Latin American producers, and by employing a complicated licensing scheme which further discriminates against the latter. Following complaints launched by the United States and Latin American countries in the WTO, the EU adopted a new banana-import regime in June 1998, including changes both to the licensing scheme and to the existing tariff-quotas. While the EU maintains that the new scheme is compatible with WTO rules, US and Latin American banana producers are demanding further changes. Caribbean banana producers are understandably troubled by the prospect of further revisions to the existing protocol, since it would almost certainly lead to less managed trade in bananas. The small island producers are already facing a difficult situation in the European market where, despite large tariffs and quantitative restrictions, Latin American producers are showing an ever-more forceful presence. Since the introduction of the single European market for bananas in 1993, the volume of bananas imported from the Caribbean has declined, while imports from Latin America have increased.[31]

As with bananas, CARICOM's general export performance in the EU market has been poor. Although some export diversification has taken place, this is mostly due to Trinidad and Tobago and Jamaica; the other countries have made little use of the generous Lomé concessions except in the sectors controlled by special protocols - sugar, bananas and rum. The special protocols may indeed have been a mixed blessing for the Caribbean countries, by providing a steady income to Caribbean producers but no incentives to move into alternative economic activities. To the contrary, such preferences may have encouraged producers to continue to engage in agricultural production which would not have been economically feasible under free market conditions.

CARICOM trade officials should bear this in mind during their negotiations with the EU on a post-Lomé trade regime. The most recent proposals coming from Europe point towards a radical change in the EU/ACP relationship. The EU is proposing to negotiate an overall EU/ACP agreement on economic relations plus a series of agreements with regional subgroups involving specific trade arrangements with varying degrees of reciprocity, to be phased in after 2005. While current proposals involve a roll-over of existing Lomé preferences for a further five-year period after 2000, the ultimate aim would be the

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[30] See Harrington Jr. [1997].

[31] ibid.

implementation of reciprocal free trade areas, with special provisions for those nations with low capacity to adjust (Dominica has been mentioned as one example). In practice, this could mean a differentiated approach between Caribbean states. EU proposals moreover link all future programs to a wide range of political and economic conditionalities.

The Caribbean nations have strongly opposed the EU's proposed division of the ACP bloc into regional subgroups. Rather than spending excessive time on debating general political and economic issues, they would like to move towards substantive negotiations as soon as possible. While it is likely that CARICOM will push for the maintenance of preferences after the year 2005, it is in the region's long-term interest to prepare for a more efficient insertion into the global economy. Some analysts have argued that negotiations should focus on how to attract European investment to the region, possibly through joint ventures between local and European firms. Regardless of the outcome of the negotiations, the trend is clearly moving towards declining special preferences, greater reciprocity and the end of managed trade. Even if CARICOM retains its preferences in the medium term, these will anyway be gradually eroded as global trade liberalization accelerates.

CARICOM countries thus face three major challenges in their future trade relations with Europe. First, they must effectively negotiate a post-Lomé IV arrangement. As with the FTAA, the region would benefit from support in carrying out specific sector and industry studies that would help them negotiate the most appropriate transition periods for a possible phase-out of existing preferences. Second, they must brace themselves for the possible loss of special preferences by diversifying their exports away from those products (like bananas) that face the greatest danger of being affected by changes in future preferential regimes and growing global competition. Third, they must prepare for greater reciprocity in their trade with Europe. In this sense, the FTAA and the negotiations with the EU overlap. If CARICOM offers its hemispheric partners freer market access, it may have to do so with its European partners, as well (the Lomé Convention requires ACP countries to provide no less favorable conditions to the EU than the MFN treatment given to other developed countries). Unless CARICOM can penetrate the European market more effectively, this could exacerbate the huge trade deficit that CARICOM already has with the EU.

Improving CARICOM's Prospects in External Markets

CARICOM members have a long tradition of coordinating their external trade policies *vis-à-vis* their European and American trade partners; they have also sought to pool resources in their attempts to lobby for much needed financial and technical assistance from these countries. Indeed, as noted previously, coordination of foreign policies has been one of the main goals of the Community since its inception in 1973. Given the variety of negotiations in which CARICOM must take an active part, one key task in the coming years will be to strengthen the region's negotiating capacity in international fora. A joint effort is required both because the region has a common external tariff, implying the need, in legal terms, for uniform changes in extra-regional trade policy, and because of the benefits that can be derived from pooling scarce human resources for the complex task of trade negotiations. CARICOM members could also jointly lobby for international support in training member-country personnel to handle disputes and other trade-related problems in accordance with WTO rules and disciplines.

These requirements have been partially met with the creation of the *Regional Negotiating Machinery (RNM) for CARICOM International Economic Negotiations.* The purpose of this initiative is to formulate and implement joint negotiating strategies for talks with the WTO, the FTAA, the EU and the United States. A high-level negotiator has been recruited to head the RNM and a Technical Advisory Group as well as a Special Technical Unit have been created to support the work of the intergovernmental

Negotiating Working Groups. CARICOM members have received technical and financial resources from national and multilateral agencies, including the IDB, to facilitate the work of the RNM. Coordinating the RNM among governments and between these and the private sector, and translating jointly negotiated agreements into binding national commitments, will be a daunting task for the region.

In discussions with the EU, there is also a need to develop a specific program for dealing with the future of the banana-export dependent economies of CARICOM. This could include projects for productivity enhancement in the most efficient banana-producing islands and support for diversification of production away from bananas where prospects to enhance productivity are weak. Moreover, if exports are to play a significant role in Caribbean economic growth, it will be necessary to conduct a critical review of national laws and regulations that restrict or discourage private investment and trade. In view of the common market objective, there is an even greater need for harmonization of norms and regulations in these areas. Major reforms of the tax system will also have to be contemplated. To date, these challenges have only been partially addressed.

IV. SERVICES: KEY TO EXPORT GROWTH AND REGIONAL DEVELOPMENT

Caribbean countries are eager to diversify their economies by taking part in the worldwide expansion in services exports. The region has already emerged as an important supplier of tourism services, mostly catering to the North American and European markets. Intense international competition in tourism as well as non-tourism service sectors, however, means that while the Caribbean has an opportunity in those areas, development will require detailed planning and regional effort.

Services also play a key role in the region's efforts to establish a functioning single market and a competitive environment for the export of manufactures. Because of their size, CARICOM economies are at an economic disadvantage with respect to activities that involve significant fixed costs and economies of scale, including transportation, utilities, and financial services. Not only are island economies small, they must overcome physical, economic and political isolation using only ships, airplanes, and telephone lines. Correspondingly, there are potential benefits from regional cooperation and regional and international integration. By pooling market power, human and financial resources and development costs, CARICOM countries could lower barriers to the rest of the world, increase efficiency, and mitigate risk.

This chapter will thus analyze not only the region's export potential in services, but also point to the main bottlenecks affecting existing transportation, telecommunications, and financial services.

Tourism and other Services Exports: An Area of Potential Growth

Tourism

Tourism currently accounts for around 40 percent of all Caribbean exports of goods and services and employs over one fifth of the region's workers. Threatened by supply constraints and competition from other regions, growth in the Caribbean tourism industry has slowed recently. This is a worrying trend given the sector's importance for domestic employment and foreign exchange earnings. Some 5 million stop-over and almost 4 million cruise-ship visitors arrive in the CARICOM countries each year, most come from the United States and visit a handful of popular destinations. Arrivals from Latin America have grown rapidly in recent years but account for only eight percent of the total, representing a sizable untapped market.[32]

While industry analysts expect that the number of visitors to the Caribbean will continue to grow in the coming years, long-term prospects are less certain. A large potential remains for regional industry growth if less visited sites are developed and popular tourist destinations are improved, provided both are done in a sustainable manner. The development of niche market services, intra-regional tourism, and the Latin American market constitute additional windows of opportunity. The problems threatening a downturn in the industry, however, are real.[33]

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[32] Data obtained from the Caribbean Tourism Organization (CTO). For a discussion of recent trends in the Caribbean tourism industry, see Advil [1999]. The Caribbean region as a whole received 18.87 million tourists in 1997, up 8%, and 11.84 million cruise-ship passengers, an increase of 11%. These visitors spent some $16.5 billion (CTO).

[33] For a brief review of the regional regulatory structure, see John Lewis ([1998] p. 13). On the issue of "open skies" policies, see "St. Lucia Calls for Wider CARICOM Open Skies Policy," *The Reuter Business Report*, July 3, 1996; and "Bloc Talks on Open Skies in Caribbean Fell Through – Too Many Countries," *Aviation Daily*, May 12, 1997. On plans for a common transportation policy, see "CARICOM Sees Need for Transportation Policy," *CANA*, January 24, 1999.

Competition from other regions and new cruise-lines can be expected to intensify. Cuba, for example, already attracts some 1 million visitors a year, and stands as a low-price competitor with an enormous tourism potential. Similarly, new cruise lines operating in South America and East Asia are luring passengers away from the Caribbean, as is intensified promotion in Central America. Infrastructure and marketing concerns also threaten Caribbean tourism. A shortage of airline service, affecting the lucrative high-end resort and hotel-based tourism in particular, is attributable to the lack of a true regional carrier or sufficient area airline collaboration. In addition, the small Caribbean islands face difficulties in finding the money to market their services overseas in the face of large advertising expenditures by rival destinations. It has been estimated that the Caribbean needs as much as US$ 15 million a year to promote tourism, on top of the billions needed to refurbish existing resorts and build new facilities to achieve higher profitability.[34]

While CARICOM countries recognize the importance of focusing on tourism as a source of income and employment, the Caribbean is also becoming aware of the need to keep the industry environmentally sustainable. In the past years, several countries have received technical assistance from agencies such as the Organization of American States (OAS) to promote environmentally sustainable tourism development. The World Bank recently stepped in on behalf of six islands in the Eastern Caribbean that proposed a US$ 1.50 per-passenger environmental cruise tax as part of an agreement for a multilateral Caribbean-wide cruise-ship waste management system. The strong resistance (including boycott threats) from several cruise lines highlights the importance of regionally coordinated actions and multilateral support in this area.

The Caribbean tourism industry can be developed only if continued efforts are made to improve competitiveness. A regional approach in the area of environmental protection is vital to long-term sustained growth in the sector - the ACS has already taken some steps in that direction.[35] Countries should intensify efforts to coordinate actions, combine their market power as well as raise environmental standards for cruise lines and for resort development. Continued international support in this area would be of great benefit to the region. Further gains might be obtained from collective efforts to improve the marketing and financial climate in the tourism sector, as well as the development of a more effective infrastructure and regional air transport system.

Other services exports

The Caribbean has looked to non-tourism services growth with a great deal of optimism. Attention has focused primarily on the informatics industry, although opportunities may also exist in offshore financial, health, professional (consulting) and entertainment services. The region is thought by some to enjoy many potential advantages over other developing regions in the sector. As noted earlier, the English-speaking Caribbean shares proximity, language, and cultural affinity with the large and prosperous North American market. These countries also compare favorably with other developing regions in terms of political stability, basic levels of education attainment, and potential communications development.

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[34] In 1998, CARICOM governments agreed in principle to raise US$12.5 million for a joint winter advertising campaign, a target that has remained elusive (See *Oxford Analytica Brief*, July 6, 1998). In contrast, in one year (1997), US states Hawaii and Florida and Canada spent US$ 25, 40, and 135 million respectively on promotional activities (See "CARICOM Urged to Think Big on Tourism," *Jamaica Gleaner*, July 23, 1998).

[35] At their forthcoming summit in April 1999, ACS members are expected to sign a declaration naming tourism as the industry most likely to increase employment and income in the wider Caribbean region. They are moreover expected to agree to establish a Caribbean "Sustainable Tourism Zone" with the aim of encouraging growth in tourism while preserving the culture and environment of the Caribbean by diversifying community input and widening the benefits of the industry. The Caribbean Tourism Organization (CTO) has been actively involved in these plans.

Regional benefits from services export expansion could include employment for a wide range of skill levels (with prospects for skill advancement), opportunities for home-grown professionals, and significant economic benefits such as increased stability, new sources of foreign exchange, and economic growth. Globally, the potential market for service outsourcing by OECD country firms has been estimated at US$ 40-120 billion; such activities could create many new jobs in the Caribbean region if trained workers can be supplied and a satisfactory business climate maintained.[36]

Thus far, however, growth in the region's exports of non-tourism services has lagged behind the growth of the sector worldwide; such exports moreover account for only $1 billion of the region's total sales abroad. While there have been some successes in the important informatics industry, particularly in Barbados and Jamaica, global competition is fierce, and the liberal global policy environment will only intensify such competition. The development of post-primary education and telecommunications infrastructure and regional sectoral liberalization would enhance Caribbean competitiveness in services exports. Regional efforts under CARICOM to lift remaining barriers to the free flow of labor (particularly skilled labor), foreign investment and foreign exchange are vital. Harmonization of investment schemes and sector regulation, as well as proper intellectual property legislation (and enforcement) would further stimulate investment in the services export sector. Without an active region-wide movement in this direction, these opportunities might be squandered.

Transport Infrastructure and Services

As CARICOM countries plan to deepen global links to encourage tourism, diversify exports, and take advantage of regional production and resource integration, infrastructure inefficiencies loom as one of the most significant barriers to global competitiveness. Such inefficiencies are particularly acute in the transport sector. Improvements in this sector are crucial for CARICOM's continued regional and global integration. Minimizing friction in the movement of people, goods and services across the islands and with the rest of the world is paramount to achieving that goal.

Given CARICOM's overwhelming dependence on trade, it is telling that the largest Caribbean countries pay up to three times more than the world average in transport and insurance costs as a percentage of their imports. In smaller Caribbean nations transport costs are even higher. Total transport costs are a function of type of cargo and distance, as well as port dues and tariffs, waiting times in ports, economies of scale, sea and air freight rates, insurance premiums, and in-land transport costs. While many of these costs can be attributed to the inescapable geographical realities of the region, some important inefficiencies in sea and air transport could be eliminated.

The weight of high transport costs falls disproportionately on the Caribbean *vis-à-vis* its extra-regional trading partners. Although most Caribbean countries have trade deficits as far as the *value* of merchandise is concerned, the Caribbean has a "surplus" in terms of *volume* because it exports bulky commodities and imports relatively mobile higher-value consumer and capital goods. This is problematic because the volume of traded goods is more relevant than the value when considering transport cost. In addition, cost inefficiencies will primarily be borne by the price-taking Caribbean commodity exporter, and by the Caribbean importer and consumer of high-priced capital goods. Lower transport costs would unambiguously benefit overall Caribbean welfare.

[36] See CGCED [1996].

Maritime transport [37]

Some 90 percent of Caribbean imports and exports now find their way on board the region's expensive and inefficient shipping network. It is therefore here that the greatest overall benefit from efficiency gains could be realized. Presently, sea freight rates between Miami and Caribbean islands are similar to those paid for the much longer distance between Miami and Buenos Aires. Port handling charges in the Caribbean vary between US$ 200 and US$ 400 per container, far more, for example, than the US$ 150 charged in Argentina.

The Caribbean shipping industry faces significant obstacles: it must overcome the unfavorable economies of scale characteristic of the industry and the inherent disadvantages of operating from and between both small and isolated islands. The present volume of cargo does not in the short term appear to justify the large fixed capital cost needed to secure more efficient port operations. One cargo container handling crane, for example, costs US$ 8 million. Costs of administration and support services are also greatly influenced by economies of scale. In addition, smaller island ports are generally served by smaller (or under-utilized) vessels, directly affecting per-unit shipping costs. While this is a difficult "chicken-and-egg" problem, measures can nevertheless be taken to improve port cost efficiency and increase cargo flows.

Caribbean ports do not lack capacity overall, nor is the number of carriers insufficient for present needs. Instead, harmonized regulatory and legal reform is needed to create incentives to improve management and administrative practices, stimulate investment for existing facility modernization and ensure efficient pooling of resources in this area. Industry reforms should emphasize greater competition, regional cooperation and modern efficiency techniques.

Port performance in the Caribbean is hampered by a lack of ***competition***. Because an island port has full monopoly power over cargo movements to and from the island hinterlands, Caribbean governments have been reluctant to privatize their ports. In most cases, governments retain ownership of port infrastructure and are heavily involved in port operations. Although many of the islands of the Caribbean are too small to support multiple ports, it is nevertheless possible to achieve competition *within* a port. One example is Georgetown (Guyana), where there is now competition among different private and public operators within the port. Although 60% of the port traffic still passes through one private terminal, competition has reduced handling charges by 25-30 percent. It is possible even in smaller ports to separate services and spark competition. Correspondingly, reforms to strengthen independent port authority institutions and separate regulatory and operational functions are needed.

Efforts to improve ***cooperation*** among Caribbean port authorities and shipping companies could provide further benefits. Coordination to facilitate growth in transshipment, for example, where cargo is moved to and from intermediate hub ports on the way to its final destination, could benefit the entire region. Transshipment allows the use of larger and more specialized vessels, and takes advantage of economies of scale at the major hub ports. For small countries, even a low volume of transshipment can make up a high proportion of total port cargo traffic. Transshipment is extremely attractive to ports because it adds cargo to the local trade, making otherwise uneconomical operations profitable and expensive infrastructure investment more viable. This in turn leads to indirect benefits for local traders and consumers because it increases the number of services that call at the port, while lowering unit costs.

The Caribbean lies at the crossroads of several major shipping routes that, if managed properly, could greatly increase cargo flow through Caribbean ports. Developing the most efficient network would

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[37] This section draws on Jan Hoffman [1997].

require regional agreements to share in the infrastructure investment costs so that all might benefit from increased traffic flows. A lack of cooperation among carriers, too, leads to inefficient use of cargo space. Carriers with a backlog of cargo often prefer to keep cargo idle and customers waiting than to approach a competitor sailing away half empty. In other regions maritime carriers cooperate with slot sharing arrangements and alliances to utilize shipping capacity in a more effective way. A voluntary regional system whereby ships and shippers can access information on available capacity could greatly improve use of cargo space.

Most observers also emphasize the need to modernize Caribbean maritime ***labor policies and technical practices***. Some ports are still closed in the evenings and on weekends. Improved maritime training and technical help is needed to ensure that local seafarers trained locally meet international certification standards and Caribbean shipping complies with international maritime safety and environmental laws. Improved data collection in a homogeneous format is also needed to expedite cargo processing and provide industry analysts with the means to assess problems and to craft improvements region-wide. Further harmonization and rationalization of customs procedures could save days and weeks from the time it takes to move cargo to its final destination.

Annual Caribbean seaport investment needs amount to roughly US$ 100 million. The overall approach towards improving Caribbean shipping should emphasize legal reforms to encourage market competition and regional cooperation, as well as technical assistance to improve labor and infrastructure efficiency. Finally, while Caribbean industrial policies have in the past focused on the direct benefits of a national maritime sector protected by preferential policies, general institutional attention must continue to shift towards the even greater indirect benefits of foreign trade enhanced by an efficient and inexpensive transport system. Regional organizations such as the private sector Caribbean Shipping Association (CSA), the CARICOM Secretariat and the ACS provide a much-needed regional perspective in the dialogue on shipping problems and should be encouraged to deliver the impetus and leadership for inciting reform. All three have addressed the shipping situation and have made in-depth recommendations, many of which echo those included here.

Air transport

The vital tourism industry, foreign business ties, and investment links all rely on efficient air transport services. The existence of competitive air service depends upon market size, market access and adequate airport facilities, including air-traffic control and safety and security features. Except for islands with exceptionally high volumes of foreign tourists, small Caribbean populations translate into high operational costs and expensive and infrequent service. Nevertheless, there are opportunities for significant improvement.

CARICOM countries have yet to establish an integrated regional airline system. Rather than relying on one dominant regional carrier, the Caribbean regionally-based airline market is fragmented between two larger privatized national airlines, Air Jamaica and Trinidad and Tobago-based British West Indies Airlines (BWIA), one regionally-owned joint public carrier, Leeward Islands Air Transport (LIAT), and a number of small national public flag-carriers and private operators. These carriers each tend to serve different tiers of the market, from the larger jets to the small prop planes with only a few seats. In general, competition is fierce and there is little cooperation to integrate those tiers (Walker, K. [1998]). As a result, most airlines have been unable to turn a profit, including the revamped Air Jamaica, and many smaller airlines are struggling to stay afloat. Even the larger carriers have on occasion been denied permission to serve US routes by failing to meet US operational standards.

As a result, the Caribbean is highly dependent on foreign carrier capacity. One carrier alone, US-based American Airlines, enjoys some 65 percent of the regional market. American has cut service on important routes and has in the past threatened to cut more unless islands agreed to subsidize service. In 1997, Grenada, St. Lucia, and Antigua each agreed to pay US$ 1.5 million a year to retain daily jet service to Miami. There is uncertainty about whether foreign airlines will serve the market during difficult times, and with indebted Caribbean airlines under intense pressure to make a profit, some less lucrative island destinations could be chronically under-served.

Islands can help ensure that markets meet demand more effectively by liberalizing commercial arrangements and regulations. Air service in the region, as a whole, continues to be operated under specific bilateral agreements that often place restrictions on capacity, routing, pricing and competition. Although CARICOM countries attempted a multilateral air service agreement in 1995, domestic opponents have blocked its implementation. In April 1996, Carib-Express, an ambitious private regional upstart failed in part because the company could not acquire landing rights in several countries. Meanwhile, open skies talks between CARICOM and the United States have not yet produced any tangible result. Encouragingly, CARICOM members recently agreed to work towards a harmonized regional land, air and marine transportation policy as part of their efforts to establish a single market and economy (Protocol VI of the on-going treaty revisions deals with these issues). Success in this area would bring sizable benefits to the region.[38]

Despite the improving environment, a legitimate regional carrier has yet to emerge from the existing carriers. Caribbean airlines have been reluctant to support Air Jamaica's effort to establish a regional hub at Montego Bay that would improve efficiency and provide some regional industry independence from US routes and carriers. Caribbean reluctance towards "open skies" negotiations with the United States has been largely due to the relatively weak and divided nature of the region's carriers. If a viable regional airline were to emerge, Caribbean airlines would be better able to negotiate equitable partnerships with foreign carriers; the region would also benefit from the increase in foreign traffic that any further market opening would bring.

As an example of how cooperation can save operational costs in the short term, several Caribbean airlines have agreed to buy fuel in bulk from a single source. Other collaborative efforts could include joint management of information, reservation, sales and distribution systems, maintenance and support systems, as well as an overall improvement in fleet utilization. Enhanced regional collaboration would undoubtedly be beneficial in this area. The experience in Central America, where TACA (*Transportes Aereos Centro Americanos*) has emerged to lead a competitive five-carrier regional alliance, might serve as an example for the Caribbean. Encouraged by the alliance, Central America signed an open skies agreement with the United States in 1997 and within a year, the number of seats on flights between the United States and Central America increased by 40 percent. TACA has serviced a good proportion of those new flights and now plans to expand into the Caribbean.[39]

Most countries in the Caribbean have built and maintain adequate international ***airport facilities*** beyond economic considerations in order to remain connected to the world. International airport facilities involve large capital and operational costs, and cannot be pared down in proportion to the size of the market being served. Traffic to smaller destinations may not always justify such expense and may be better served by islands and airlines cooperating to use regional hubs more efficiently. With one exception (Freeport International, Bahamas), the 14 international Caribbean airports (runways over

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[38] For a brief review of the regional regulatory structure, see John Lewis ([1998] p. 13). On the issue of "open skies" policies, see "St. Lucia Calls for Wider CARICOM Open Skies Policy," *The Reuter Business Report*, July 3, 1996; and "Bloc Talks on Open Skies in Caribbean Fell Through – Too Many Countries," *Aviation Daily*, May 12, 1997. On plans for a common transportation policy, see "CARICOM Sees Need for Transportation Policy," *CANA*, January 24, 1999.

[39] See "A Home-Grown Giant of Central America," *New York Times*, April 15, 1998, p. D-3.

2,440 meters) are publicly owned, and most of them cover operational costs through user fees, taxes, and some commercial service concessions. Airport operating costs per passenger in the region range from US $6.83 in Jamaica to $19.36 in St. Lucia. These numbers are high but not unfavorable when compared with airports in similar settings in other regions of the world.

Given limited prospects for inter-airport competition, reforms should emphasize accountability and financial transparency, regardless of ownership. Airport authorities with financial and managerial autonomy are needed, and if feasible, each individual facility should be financed and managed separately. As with Caribbean seaports, opportunities to increase revenues and attract private investors could be created by unbundling activities with distinct economic characteristics. Joint ventures, where short-term commercial risks are assumed by the private sector and longer-term risks by a publicly owned authority are one avenue for stimulating efficiency. With exceptions, serious problems stem less from physical limitations than from institutional and legal inadequacies.[40]

The Telecommunications Sector

Increasingly important, relative to the transport of people and products, is the transport of information. If the Caribbean is to integrate with the modern information-based global economy, underdevelopment in the telecommunications sector must be addressed. Enhanced export performance in service areas related to computer technologies such as informatics or data processing depend on the selection, quality, and price of local and long distance communication services. Deregulation of the traditionally heavily protected telecommunication sector has accelerated rapidly worldwide, most markedly after the sweeping WTO negotiations of February 1997. If the Caribbean does not follow suit, the region will fail to capitalize on the sizable efficiency gains that deregulation has already brought to much of the rest of the developing world.

Like the other capital-intensive infrastructure sectors in the region, telecommunications suffer from the same disadvantages inherent in Caribbean geography and demographics. Again, the nature of small isolated island markets, or markets without significant overland links in the case of Belize, Guyana, and Suriname, has left the regional market as a whole highly fragmented and heterogeneous. While geographic disadvantages are difficult to overcome, some of the efficiency constraints outlined below could be alleviated through region-wide cooperation and reform.[41]

One major constraint is ***lack of competition***. CARICOM countries are served by monopoly local and international telecommunications providers. In some cases (such as Antigua's domestic service, The Bahamas and Haiti) monopoly operators are owned wholly by the government, in others, majority ownership belongs to a single foreign strategic investor. In St. Lucia, St. Vincent and Montserrat, and in Antigua's international service, one company, UK-based Cable & Wireless (C&W), owns 100 percent of the market; C&W also controls a dominant market share in six other countries. In addition, foreign operators in the Caribbean are generally locked into exclusive operating concessions that extend well beyond the year 2000, in one case until 2020. In Guyana, the current license expires in 2010, but the operator has the option to extend it for another 20 years from that date. In general, these licensing agreements greatly favor the foreign strategic investor.

Archaic laws and regulations constitute another disadvantage. In most CARICOM countries, the telecommunication laws are old and in need of revision. Some pre-date World War II and were intended

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[40] Information on airport facilities was drawn from a recent CGCED study [1996].

[41] The following sections draw on Peter Stern [1997].

to regulate the use of the radio spectrum; they did not anticipate telephone networks. Without a broader legal foundation for guidance, most monopoly operators are regulated by outdated license arrangements that are themselves vague and difficult to enforce. C&W has similar licensing agreements in ten different countries; all are characterized by broad scope (to include all services, present and future), monopoly rights, low government taxes and fees, exemption from labor regulations, and little real government control over rates. In these countries there is typically no sector-specific regulatory body, instead that responsibility falls on the ministry in charge of the sector or a public utilities commission.

The sector is also characterized by ***pricing inefficiencies***. As a result of the difficulties mentioned above, there is a serious dependence on cross-subsidization in the Caribbean telecommunications market. Phone companies typically charge low connection and monthly subscription fees, while charging high rates on international service. International settlement rates in the Caribbean (that is, the amount charged to foreign companies by local operators for access to the local network) are well above cost. This is a problem given that global international settlement rates are expected to drop sharply in the coming years, necessitating difficult price adjustments for Caribbean operators. A three-minute international phone call from the Caribbean (typically to the US) costs between US$ 5.00 and US$ 6.00.[42] Other charges such as those for the cellular mobile and private leased line services are also high but are closer to international standards. Service - in terms of variety of services available, connection quality and waiting times for installment - is nevertheless in need of improvement. Unless the Caribbean finds ways to adjust to the global telecommunications revolution, the sector will remain a serious constraint to the development of goods and services exports as well as greater private investment activity.

Despite the disadvantaged position of CARICOM countries and the constraints of current licensing arrangements, governments are acknowledging the need for liberalization and have taken some initial steps in that direction. WTO commitments made by individual Caribbean countries under the General Agreement on Trade and Services (GATS) are significant but reflect the difficulty governments have with the current contract conditions. Countries could commit to major reforms only after current operating licenses run their course. A few Caribbean governments not tied down by exclusive license agreements are already undertaking deep structural revisions, including the establishment of independent regulatory agencies, introduction of competition, and the strengthening of existing regulations.

There is little doubt that CARICOM countries wish to re-negotiate their agreements with foreign strategic partners. Through cooperation, and with commitments set in the WTO treaty in hand, the bargaining position of these countries might be strengthened to the point where some concessions could be re-negotiated and perhaps terminated early. Multilateral cooperation and assistance could play an important role in helping to secure these reforms. In this respect, it is worth mentioning that several regional and international organizations are already providing technical assistance to Caribbean countries in the area of telecommunications. Efforts coordinated by regional and international organizations are more likely to achieve far-reaching and meaningful reforms. By harmonizing standards and adopting regional regulations, countries can significantly lower the cost of implementing reforms. Furthermore, a regional approach can improve the negotiating position with strategic investors for countries that pool resources and market power. It can also provide a catalyst for action in countries resisting reform.

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[42] In comparison, AT&T business service discount rates in 1998 amounted to between $2.00 and $2.50 for a three minute call from the United States to selected CARICOM locations (Jamaica, Trinidad and Tobago, St. Kitts/Nevis, for example). From the United States to Britain, the same call is $0.46. Standard rates for residential service are higher (at $5.00 and $3.00, respectively), but still show that connection fees to the Caribbean are much higher than to countries (such as Britain) which have privatized their telecommunications providers.

Financial Services [43]

As trade expands and investment links increase, a transparent, solid, efficient and integrated regional financial sector will become increasingly important. It is widely acknowledged that a growing supply of financial services would greatly facilitate Caribbean efforts towards development and global integration.

The financial depth of the Caribbean economies, measured as the ratio of credit or money to GDP, is greater than in most of Latin America. The sector, however, is fragmented by national boundaries, dominated by a few large banks in each country (sometimes less efficient government-owned banks), and is generally under-supervised and poorly regulated. This results in a lack of long-term finance or credit for small firms, and underdevelopment of capital markets. There is no quick and easy solution for financial reform; instead, reform requires an incremental and comprehensive program beginning with sound macroeconomic policies, proceeding with prudent sector regulation, and careful removal of unnecessary investment barriers.

A prerequisite for financial development is greater overall ***macroeconomic stability*** and sound fiscal management in Caribbean countries. In many countries public sector debt remains burdensome, and rising domestic debt in particular has tended to crowd out private investment. Caribbean countries, already more susceptible to economic and financial volatility due to geography and small market size, often also suffer from corresponding high reserve requirements, which discourage growth and investment. Meaningful fiscal reforms, however, must precede reductions in reserve requirements.

Improving ***supervision and regulation*** of the financial sector is also a high priority, especially the adoption and implementation of the Basle principles, adherence to which varies around the region. Well defined and enforced entry and exit policies, adequate safety-net procedures, sound licensing procedures, and assurances of minimum capital standards for banks, among other measures, would all reduce sector volatility. To move ahead in this direction will require political will, technical effort and assistance (the World Bank is active in this area). Small indigenous financial institutions are riskier than regional or international banks operating in larger and more diversified financial spaces. Countries thus need to reduce barriers to market entry for new banks that meet prudent standards. Allowing Caribbean institutions to grow regionally would increase their scope and diversity while increased international competition overall would lower costs and improve efficiency. Barriers to competition include discretionary non-transparent licensing, labor rules, and restrictions on the foreign ownership of property.

Macroeconomic stability and sound banking are mutually dependent and are both needed to attract financing for long term projects and small enterprises, as well as for the eventual development of regional capital markets. Directed credit is not likely to result in sustainable growth, instead, measures should be taken to remove indirect financing hurdles. Legal reforms stressing property rights, creditors' rights, and firm transparency and information disclosure, could go a long way towards improving the overall investment climate. Laws that discriminate against credit unions and community funds - good sources of financing for small businesses - should also be eliminated. The development of local capital markets as an alternative to global markets for Caribbean investors will depend upon the overall financial health of the region. Countries contemplating financial market integration might also consider setting up a multilateral commission in order to obtain adequate expertise, ensure policy neutrality, and realize economies of scale.

[43] This section draws on a recent study by the CGCED [1998]. A previously mentioned study by the Caribbean Centre for Monetary Studies, the CARICOM Secretariat and the International Monetary Fund [1998] also provides a detailed examination of monetary integration prospects in the region.

A regional approach to financial and commercial development and regulation will diversify individual country risks and increase the efficient use of resources. With appropriate economic and political criteria, countries could begin a process of integration through reciprocal liberalization of tax, legal, financial and other requirements while harmonizing financial sector standards.

Financial sector reform will likely proceed in incremental steps. It might be most effective to begin with groups of countries prepared to take the steps toward financial integration sooner. To this end, the IDB's Multilateral Investment Fund (MIF) is financing two programs. One concerns the development of an over-the-counter securities market in OECS member countries; the other aims at harmonization of five national stock exchanges (The Bahamas, Barbados, the Dominican Republic, Jamaica and Trinidad and Tobago) by establishing a common electronic trading system and central securities depository.[44]

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[44] It is expected that this program will be extended to include further countries of the region.

V. CARICOM'S INSTITUTIONAL STRUCTURE

The elaborate and comprehensive institutional structure of CARICOM, set up in 1973, was revised in 1997 in order to clarify and strengthen the roles of the various organs of CARICOM. Presently the organization is made up of the following bodies:

- The *Conference of Heads of Government,* the highest organ of the Community, is responsible for dictating overall CARICOM policy. This body is assisted by a *Bureau of the Conference,* made up of a Troika of the past, present and future Chairman of the Conference and the Secretary General of CARICOM. The Bureau's main responsibility is to initiate proposals, seek consensus among Conference members and mobilize and secure implementation of CARICOM decisions.

- The *Community Council of Ministers* is responsible for the development of Community strategic planning and coordination in the areas of economic integration, functional cooperation and external relations. The Council consists of Ministers responsible for Community Affairs or any other Minister designated by CARICOM Member States.

- Four *Ministerial Councils* have been consolidated from a large number of previous special committees. The Council for Trade and Economic Development (COTED) oversees the operation of the single market. The Council for Foreign and Community Relations (COFCOR) determines relations with international organizations and third countries. The Council for Human and Social Development (COHSOD) promotes human and social development in the Community, and the Council for Finance and Planning (COFAP) coordinates economic policy and financial and monetary integration among the Member States.

- The *CARICOM Secretariat* is the Community's administrative body based in Guyana and assigned with implementing approved policies. CARICOM's Secretary-General is the chief executive and official representative for the Community.

Additional subsidiary bodies include the Legal Affairs Committee, the Budget Committee and the Committee of Central Bank Governors, as well as over a dozen official institutions with more specific agendas and responsibilities.[45]

Beyond facilitating regional coordination with regular contact between top government leaders and officials, CARICOM has achieved real progress particularly in the area of functional cooperation, which includes regional initiatives on health, education and culture, communications, and natural disaster response, among others. Institutions such as the Caribbean Meteorological Organization and the Caribbean Disaster Emergency Response Agency, and Associate Institutions like the University of the West Indies and the Caribbean Development Bank have made important contributions to regional cooperation and have achieved effectiveness through the pooling of regional resources.

As noted earlier, progress has been slower on the policy side. Overall, CARICOM's modest accomplishments in the area of economic integration point to some inadequacies in the organizational

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[45] Official Community institutions include the Caribbean Disaster Emergency Response Agency, the Caribbean Meteorological Institute, the Caribbean Meteorological Organization, the Caribbean Food Corporation, the Caribbean Environment Health Institute, the Caribbean Agriculture Research and Development Institute, the Caribbean Regional Centre for the Education and Training of Animal Health and Veterinary Public Health Assistants, the Association of Caribbean Community Parliamentarians, the Caribbean Centre for Development Administration, the Caribbean Food and Nutrition Institute. Associate Institutions include the Caribbean Development Bank, the University of Guyana, the University of the West Indies and the Caribbean Law Institute.

structure which do not seem to have been addressed satisfactorily in the 1997 revisions. Problems persist with regard to the policy and decision-making process and the limited capacity for enforcing agreements, as well as communications and transport difficulties between the CARICOM Secretariat's headquarters in Georgetown, Guyana, and CARICOM member states.

Until the 1997 revisions, the policy-making process was based on unanimous consent and was thus hampered by the veto possessed by every CARICOM government over every decision. The revised structure introduces qualified majority voting unless an issue is deemed to be of critical importance to the national wellbeing of a member state. An issue is defined as critically important if two-thirds of member states designate it as such. While clearly constituting an improvement, such procedures still leave some potential roadblocks on challenging decisions. In the past, finding consent on difficult economic and political issues has been problematic in the diverse Caribbean.

CARICOM institutions have not become an integral part of most member states' political environment. According to some analysts, CARICOM policy-making often tends to proceed in isolation, leading to some degree of governmental disengagement and popular disinterest. In recognition of this problem, CARICOM has encouraged member states to create domestic national administrative structures to improve member state-CARICOM interaction.

In addition, the large number of CARICOM affiliated institutions can at times operate in an ad-hoc style, while details of jurisdiction, budget and institutional roles are overlooked. Few systematic efforts have been made to evaluate these institutions in terms of their role and cost effectiveness in supporting a more open economic environment and the region's effective insertion into the global market-place.

Beyond perceived deficiencies in policy-making and implementation, the non-existence of effective enforcement mechanisms seriously compromises the potency of CARICOM agreements. Although there might exist rhetorical consensus, Caribbean leaders are sometimes less willing to compromise national sovereignty in pursuit of wider regional goals. Domestic implementation of regionally agreed measures depends upon the degree of local government enthusiasm for regional initiatives and may vary greatly from state to state. CARICOM has acknowledged the need to follow up and track compliance more effectively. Non-compliance, however, has often occurred when mandates were signed or handed down without adequate consideration for funding or for the practical or technical capacity on the ground.

The CARICOM Secretariat itself might benefit from certain revisions to its operating structure, as well as greater levels of technical and financial assistance for its various activities. The latter could include support for improving communications links with CARICOM member countries and a regional project to enhance data collection and distribution in trade and trade-related matters.

While a complex and serious organizational structure is thus in place, CARICOM institutions may not have the capacity to lead the Caribbean through the deep reforms needed region-wide to confront the development challenges examined above. A streamlined decision-making process and the establishment of effective enforcement mechanisms are needed. These improvements should be made in conjunction with better-integrated implementation procedures. Greater interaction with regional institutions in other integration areas - such as Central America, the Andean Community, or MERCOSUR - could also be explored. An in-depth review of the existing institutional arrangement of CARICOM and affiliated institutions may thus be in order. Such a review could also include the institutions of the OECS, which - similar to those of CARICOM - might benefit from specific reform measures geared towards strengthening their overall efficiency and capacity to support the Community's smallest island states.

VI. CONCLUSION: REGIONAL INTEGRATION AS A CATALYST FOR GLOBAL COMPETITION

CARICOM needs a strategy of global repositioning aimed at achieving sustainable economic growth and continued improvements in social standards. Carefully executed unilateral economic opening and structural reform can contribute to these objectives. There are benefits, however, in developing mechanisms for joint and coordinated action with regard to the design and implementation of such policies. Enhanced regional cooperation would seem to be particularly relevant in the area of economic policy, where, based on progress already achieved in economic integration, countries could take further joint actions to support greater trade openness, stimulate private investment and promote more effective participation in the global economy. This chapter offers some concrete proposals to that effect. While Caribbean countries should also contemplate expanding their regional cooperation in the area of social policies, specific initiatives in this respect are discussed elsewhere and are not the main focus of this paper.

Defining a New Integration Paradigm for CARICOM

It is noteworthy that despite past attempts at import substituting industrialization, CARICOM economies have always remained relatively open; this illustrates the inherent limits to an inward-looking growth strategy for small economies. Indeed, the *small economy* special case discussed in Chapter 1 is essentially an argument for increased market openness. Greater global integration may contribute to export diversification, encourage better use of infrastructure and lead to lower transport costs. Limited availability of qualified human resources and the relative weakness of national institutions may constrain a small economy's ability to exploit commercial opportunities, negotiate trade agreements effectively and implement the resulting disciplines. Weak institutions may also be more vulnerable to pressure groups interested in delaying economic reform. In moving towards greater market openness, joint and/or coordinated action may be a means for overcoming the weaknesses of small economies, both in terms of confronting "rent seekers" and exploiting global markets more effectively. Regional cooperation has justifications both internally (institutional efficiencies) and externally (effective international insertion).

Traditional trade theory, based on the concept of comparative advantage, concludes that small economies benefit more from a process of trade liberalization than larger economies. This implies that adjustment costs are also going to be higher for the smaller economies. Trade negotiations must therefore be undertaken on the basis of carefully prepared impact studies and consultations with the private sector in order to determine the sectors in need of longer transition periods and those in which liberalization could be faster. Joint and coordinated action in preparing and undertaking the negotiations would enhance the chances of achieving the desired results.

In general, regional cooperation should be seen as a process which, by building gradually on existing inter-governmental decision-making mechanisms, could eventually lead to stronger regional institutions and coordinating mechanisms - while respecting the political will and considerations of individual states. Regional economic laws and regulations and administrative means for their implementation would potentially maximize (i) independence from "rent seekers", by introducing more market players; (ii) the collective use of qualified human resources across the region; and, (iii) bargaining power *vis-à-vis* third parties. Expected results would include, among others, a more efficient use of scarce human resources, increased economies of scale within CARICOM for servicing foreign markets and greater competition for servicing local markets, improved bargaining power and competitiveness, and stronger, more effective institutions.

The rationale for regional integration in CARICOM differs from that of larger integration schemes. In the EU and MERCOSUR, for example, actual and potential intensity in intra-regional economic relations is a key motivation for deepening the integration process. Political factors are also at play, but there is an inherent commercial and financial logic to integrating into larger spaces within a free trade area, with harmonized regulations and convergent macroeconomic policies. In smaller regions such as Central America, external considerations weigh relatively more. The justification for integration rests, to a large extent, on the latter's potential contribution to establishing an export platform for penetrating extra-regional markets, based on learning by doing through intra-regional export experience and supply complementarities.[46] In CARICOM there is relatively less potential for creating an export platform based on intra-regional export experience, due to the extreme smallness of most member states and existing territorial discontinuities. Thus, CARICOM must strive to a greater degree for *immediate* global competitiveness.

Smallness is clearly an argument for widening CARICOM. Both the Dominican Republic and Haiti would substantially increase the internal market and the export-base potential of the region. As noted earlier, CARICOM has also expressed its willingness (and demonstrated its capacity) to expand trade with non-CARICOM members of the ACS, namely Central America and the Group of Three (Colombia, Mexico and Venezuela). In general, while preparing for the FTAA, CARICOM must take a more strategic look at the Latin American markets and prepare for greater business links with these new trading partners.

The argument for integration deepening in CARICOM rests to a relatively larger extent on the need for institutional strengthening, which would maximize the allocation of scarce human resources while also enhancing the capacity for regulatory and economic policy formulation, thereby promoting a more efficient functioning of markets.[47] In large integration arrangements the pressure for integration arises from the intensity in commercial links among economic agents located in different member countries. This, in turn, motivates private sector groups to press for liberalization and harmonization of regulations (*market-led* integration). In CARICOM, however, integration results from a rather more deliberate process of liberalization and regional harmonization in order to enhance market performance. Proactive political will and consensus-building activities are thus needed in CARICOM.

As has become evident in recent years, globalization is increasingly placing limits on the room for maneuver of individual nation states; to some extent, a process of erosion of sovereignty is already underway. Redefining sovereignty at the community level may be an effective means to improve economic governance within CARICOM. In a region in which sovereignty is relatively recent, however, the process of regional institution-building must proceed with great caution and only if all parties involved agree. Joint and/or coordinated action must, therefore, be carefully chosen in areas where there is consensus (involving civil society) and a greater chance of success.

Moving towards a Harmonized Economic Area

CARICOM's global repositioning could be facilitated by:

- *a harmonized process of economic liberalization,* aimed to promote immediate improvements in international competitiveness through better allocation of resources within the region;

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[46] Intra-regional exports in the Central American Common Market are equivalent to more than 20 percent of total CACM exports. They are, moreover, growing rapidly and are largely manufactures.

[47] *Institutional* is here understood in its widest sense, including laws and regulations as well as organizations and policy formulation and implementation.

- *a convergence towards modern regulatory frameworks*. Moving towards OECD or, in some cases, OECD-*plus*[48] regulatory standards in the region would create a more level playing field for investors, thereby reducing transaction costs and perceived risk while simultaneously stimulating local and foreign investment;

- *the rationalization and strengthening of regional institutions* with a view to enhancing their capacity for leadership and joint decision-making.

The resulting *Harmonized Economic Area,* [49] empowered with effective, dynamic national and regional institutions, would make it more attractive for investors to identify, exploit and benefit from CARICOM's competitive advantages in the world economy, and would thus generate greater export and employment opportunities, often at relatively high levels of remuneration.[50] Indeed, the potential for employment creation, for both skilled and unskilled labor, reflects a clear link between the expected results of global repositioning and the need for poverty reduction in Caribbean countries. It should be noted, however, that in order to reap the benefits of enhanced economic opportunities, broader social programs must be implemented at national level to empower the poor with the necessary tools to take advantage of these opportunities.

A process of harmonized liberalization would increase competition, redefine production and export complementarities among CARICOM countries and reveal efficient import substituting possibilities in a truly unified market of 6 million people and a US$ 15 billion GDP. Regulatory change would include a process of regional harmonization and, at the same time, a convergence towards *best practice* regulatory standards.[51] These twin processes would reveal the advantages of CARICOM more clearly and thus attract the local and foreign investments necessary for its global repositioning. Investors would face regulations and administrative procedures comparable to the best in developed countries. This, in turn, would simplify decision-making processes, provide security to investors and project a positive regional image abroad. Locational advantages, education levels and language skills, among other factors, would define areas of global competitiveness and attract investment in dynamic sectors linked primarily to exports of goods and services, but also - albeit on a much smaller scale - to growth in CARICOM's domestic markets.

The proposed strategy takes full account of CARICOM's objective of achieving a single market and economy. It adds a new dimension to the CSME, however, in that it stresses the regulatory convergence to OECD-type (or best-practise) standards in the process of harmonizing economic legislation and administrative procedures within CARICOM, while also advocating further institutional reform at the regional level. In pursuing the goal of a Harmonized Economic Area, it emphasizes the processes of change rather than the end result. Based on this strategy, the following section proposes specific joint and/or coordinated actions in a number of strategic policy areas.

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[48] In a recent IDB publication, Ricardo Hausmann and Michael Gavin [1996] argue that, in view of the greater risk posed by their increased vulnerability to external shocks, less diversified, volatile economies (such as those of CARICOM) need more strict banking standards than OECD countries.

[49] While in general, the paper proposes harmonization as an effective way of enhancing economic performance in CARICOM, it is understood that certain regulatory areas may lend themselves to a more flexible approach. Indeed, in some economic sectors - for example banking - a degree of regional heterogeneity may be more efficient. For an explanation of the concept of a Harmonized Economic Area see Ballestero and Rodríguez [1997].

[50] Pantojas García has emphasized the risks of aiming at low-skill low-wage international specializations.

[51] As noted earlier, the process of harmonization does not necessarily imply all countries adopting common regulatory frameworks. In some cases regulatory differentiation may even be desirable, although such differentiation should preferably be based on a common set of principles or guidelines.

Proposed Actions

To support the processes of harmonized economic liberalization, regulatory convergence, and subregional institution-building in CARICOM, member countries should consider joint and/or coordinated action in the following areas:

(i) *investment*: modernize and harmonize investment regimes, ensuring greater transparency and liberalization;

(ii) *regulatory frameworks*: improve regulatory frameworks and economic legislation to match *best practices*, particularly in the areas of financial services, procurement, dispute settlement, intellectual property rights, labor and environmental standards;

(iii) *intra-regional liberalization*: prepare for and promote the full liberalization of trade in goods and services within the region, including the removal of remaining tariff and non-tariff trade barriers; and support further liberalization of capital and labor movements;

(iv) *integration widening*: prepare for and implement eventual widening of CARICOM;

(v) *support services*: foster competition in the transport and telecommunications sectors;

(vi) *integration deepening*: contribute to the definition of methodologies and mechanisms aimed at greater macroeconomic convergence and macroeconomic policy coordination;

(vii) *institutional reform*: revise the existing subregional institutional structure and propose its rationalization and strengthening, including increased coordination among national authorities at various levels (particularly the technical level), as well as the creation of spaces and mechanisms for community decision-making and the establishment of effective enforcement mechanisms;

(viii) *negotiation and implementation of new trade agreements*: prepare for the effective participation in trade negotiations, aimed both at opening new markets and defending existing market access conditions in traditional markets (including participation in FTAA and WTO trade liberalization negotiations and possible unilateral common external tariff reductions); and prepare for the implementation of trade agreements;

(ix) *human resources*: strengthen the development of human resources through more efficient education and training activities, and support research and development (R&D) oriented towards achieving greater competitiveness in international markets; and

(x) *data collection and management*: improve the region's overall capacity to collect, analyze and disseminate relevant social and economic data, including the development of methodologies to ensure that such data is compatible among CARICOM countries and within a broader international context.

Liberalize and harmonize investment regimes

Despite privileged market access, CARICOM's exports remain concentrated in a few basic commodities. The realization of opportunities resulting from preferential market access has been slow and limited, contrary to the experiences of other small countries like the Dominican Republic and Costa Rica. Obstacles to improved export performance in CARICOM must therefore be related mostly to internal factors affecting investment decisions and financing.

Tourism has become a vital source of foreign exchange earnings and employment for a number of countries in the region. Growth of this activity depends on investment in tourism facilities and infrastructure, improved marketing, human resources training and effective competition with alternative destinations. Continued growth in this industry will, in turn, require the combined efforts of private investors, services operators and governments within an enabling economic environment.

In general, growth in potentially dynamic sectors is hampered by a number of obstacles to investment, particularly foreign direct investment. FDI could complement relatively low savings rates, introduce new technologies and open marketing channels for new products.

To support greater efficiency in the investment sector, a regional study could be undertaken to identify the administrative procedures and/or economic legislation that constitute the main obstacles to investment and to national treatment of foreign investors. On the basis of this study, a strategy should be proposed for regional harmonization of liberalized investment regimes, building upon existing studies and reforms already being implemented at national level.

Harmonize convergence of regulatory frameworks

As noted earlier, the convergence of Caribbean regulatory frameworks towards developed country standards (Basle Accord-*plus* banking regulations, European or US environmental regulations, etc.) would create a competitive environment for investment, both from regional sources and, particularly, FDI. Such convergence would be a major policy undertaking and would create for investors a more level playing field with developed-country trading partners, allowing CARICOM's competitive advantages to be more easily perceived. To reduce transaction costs and thus stimulate regional integration, the process of convergence should be harmonized within the region.

To this end, member countries could support the formulation of a regional strategy to deepen the process of harmonizing and upgrading regulatory frameworks within CARICOM. The aim of this strategy would be to identify key regulations affecting investment decisions and other sectors where regional harmonization is most urgent.

Specific actions could include:

- harmonization of member states' laws on the basis of "best practices", including economic and commercial legislation and, in particular, taxation and dispute settlement mechanisms. To decrease dependence on tariff revenues, tax reform should consider alternatives for government financing. Emphasis should also be given to the reform of the institutional and legal frameworks affecting the financial system and regional capital markets in order to facilitate, among others, investment and trade financing while also ensuring that the financial system is subject to effective prudential supervision;

- upgrading and harmonizing technical, labor, environmental and sanitary standards to be applied to products and production processes;

- with a view to establishing an integrated labor market, harmonize and develop expeditious systems of recognition of professional and technical qualifications, as well as mechanisms for all workers to carry-over social security entitlements;

The plan of action could go a step further to consider the need for appropriate regulatory frameworks in areas such as competition and consumer protection.

Foster Intra-regional liberalization and competitiveness

The Caribbean common market must improve its export performance, particularly as regards exports of goods and services to extra-regional markets. Inputs from one island can be combined with those of another to produce a more competitive product. For example, trans-shipment centers, besides consolidating freight, can be developed to include some processing and packaging; specialized quality control services can be provided through a regional network; demands from the tourism industry in one country may be supplied from another; and some islands can specialize in providing segments of what would be a comprehensive regional financial services market. Further integration, resulting in more efficient allocation of resources, could be achieved by freeing the movement of capital and labor. The effectiveness of the free movement of goods, capital and labor would be enhanced by the above-mentioned strengthening and convergence of regulatory regimes.

Deeper CARICOM integration could enhance the development of productive activities in the region; the realization of that potential depends on the effective functioning of the customs union and the removal of structural obstacles to the free circulation of goods. However, both the regional free market and the common external tariff (CET) have numerous exceptions. Moreover, domestic taxation, remaining licensing requirements and other local laws and regulations act as effective non-tariff barriers.[52] As noted earlier, these barriers pose obstacles to actual free trade within the regional market. To the extent that private investors do not perceive CARICOM as a unified market, there will be no incentives for productive ventures of a scale that require free access to the regional market.

Actions to improve the functioning of CARICOM as an integrated and competitive market, many of which will also facilitate participation in global markets and international trade negotiations, could include the following:

- developing and implementing a regional trade information network starting with the production of reliable and timely statistics at the national level; the network would facilitate both intra-CARICOM decision-making and trade negotiations with third parties; it would also strengthen regional institutions and national trade ministries;

- preparing an inventory of existing tariff and non-tariff barriers to trade in goods, including the exceptions to the common external tariff, and proposing a strategy for the eventual removal of both trade barriers and exceptions to the CET;

- determining tariff and non-tariff barriers in services (particularly banking, telecommunications, transport, and professional services) and preparing a strategy to evaluate options for their removal within CARICOM (and perhaps *vis-à-vis* third parties);

- preparing for the free movement of capital and labor through the identification of existing barriers and a proposed strategy for their removal;

- coordinating the implementation of the Uruguay Round commitments so as to avoid introducing non-harmonized regulations and, in general, ensuring that participation in the WTO, while meeting multilateral commitments, contributes to the development of regional integration; and,

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[52] While the existence of NTBs is repeatedly cited as a significant obstacle to intra-regional trade, information on such trade barriers remains anecdotal, since no up-to-date inventory of such measures exists for CARICOM.

- modernizing and harmonizing customs procedures, including interconnected information systems of customs administration and customs valuation standards. Regional action should build on the substantial progress already achieved at the national level.

Asymmetry in the distribution of benefits resulting from regional integration, reflected by the concentration of intra-regional exports in a few countries, is a cause for concern. CARICOM has implemented compensatory mechanisms such as delayed implementation of the CET and slower removal of trade barriers in some countries. In future, however, the unequal distribution of benefits might best be tackled by private investment flows searching for the most profitable investment opportunities in the entire region, with targeted and transitory remedial programs for specifically identified problems. Additionally, regional programs can be designed to provide maximum support to the countries needing it most urgently.

Widen CARICOM

Accepting new CARICOM members can increase not only market size, but also trade bargaining power. Key future developments include the economic linkage of CARICOM with Haiti and the Dominican Republic, the first as a full member, the latter as a free trade area partner.

Free trade with the Dominican Republic can significantly increase competition in CARICOM as a step in preparation for the FTAA. Some services from CARICOM could also be provided to the Dominican Republic, and basic commodities and some manufactured goods could benefit from a larger market. However, the adjustment resulting from a free trade pact with the Dominican Republic can be significant. Haiti can be considered a fairly small economy in terms of per capita GDP, yet under the right conditions it could attract considerable private investment for low-skill labor-intensive industries and expand the range of options in the region. As noted earlier, this could feed into higher skill/wage industries in CARICOM for higher value added exports.

Actions to promote CARICOM’s economic links with Haiti and the Dominican Republic could include undertaking comprehensive evaluations of the full incorporation of the former into the common market, as well as the latter country’s potential participation. Further initiatives could be focussed on the possible inclusion of the two countries in the regulatory convergence and harmonization studies and strategies outlined above.

It should be noted that while Suriname is formally a member of the common market, there is a perceived need to assist and facilitate its full participation in CARICOM, particularly in the activities underway to create a CSME. Meanwhile, CARICOM should also continue to pursue closer commercial links with other Latin American neighbors, particularly within the framework of the ACS.

Foster competition in transport and telecommunications

Communications are a key element in CARICOM’s efforts at repositioning itself to gain further advantages in the process of globalization. At present they constitute one of the less efficient areas of economic activity. High costs mire air and maritime transport and telecommunications. Admittedly, scale considerations are a serious constraint, but, in general, greater competition among service providers could lower costs.

Maritime transport is one key element of Caribbean trade. As mentioned, the current system constitutes a major constraint to both intra and extra-regional trade in terms of cost, frequency and reliability of service. Improvements in maritime transport services are, to a large extent, hindered by the lack of freight volume.

However, a set of actions can be undertaken at both the national and the regional levels to improve transport infrastructure and promote greater competition among service providers.

A regional program could support, on the one hand, the establishment of an information system for increasing shipping capacity utilization; and, on the other, the improvement of data collection and distribution for users in order to strengthen their bargaining capacity and promote private sector user organizations for the same purpose (such user organizations have proven useful in Central America). Also with a regional view in mind, trans-shipment centers could be further developed.

Other actions could be most effective if undertaken nationally, for example: (i) concentrating investments in the modernization of existing facilities, as no increase of port capacity is deemed necessary at this point; (ii) strengthening national port authority institutions; and, (iii) promoting competition among service providers within any given port. With a view to regional harmonization, actions should also be undertaken to (i) reform labor codes and policies to allow modernization of operations and increased labor productivity; and, (ii) improve training, safety management and control of ships.

Efficient and low cost *air transport* is necessary for the competitiveness of potentially high growth activities, including tourism, perishable goods, sophisticated electronics, and niche exports more generally. It is reckoned that at current airfares, air transport services meet demand, but do not provide adequate cargo supply and service quality.

Passenger service has improved with the emergence of subregional hubs, such as Montego Bay, Barbados and Antigua. A regional “open skies” policy could further strengthen these hubs (“open skies” policies have proved effective in fostering competition in Chile and Costa Rica). Many CARICOM members have already adopted an “open skies” policy, but there are important exceptions.

With a few exceptions, the limit posed to an efficient air transport system in the Caribbean is not so much lack of adequate physical infrastructure as the institutional and legal framework. The principal actions recommended, which should be undertaken on a national basis, are: (i) to create or strengthen statutory airport authorities with full financial autonomy; (ii) unbundling of activities with distinct economic characteristics whenever possible, to increase revenue flows and attract private investors; (iii) seek opportunities for joint ventures where shorter term commercial risks (such as cargo and passenger handling) are assumed by the private sector, and longer term risks (such as runway construction) are assumed by the publicly owned authority; (iv) when traffic conditions allow, transfer all or part of a facility to the private sector subject to appropriate regulations and supervision; and, (v) establish efficient price setting formulas, with appropriate regulatory bodies, including free price setting whenever monopoly conditions are not a factor.

As indicated earlier, CARICOM countries’ international *telecommunication services* are mostly non-competitive as regards price. They are moreover subject to long-term licensing agreements with institutional investors. These licenses generally limit the ability of the host country to reform the sector in order to allow competition to foster efficiency and low prices, and restrict the ability of governments to make significant commitments within WTO negotiations. Furthermore, the sector in most cases lacks an efficient independent regulatory institution.

In general, reforms should be undertaken to promote competition and enhance regulatory capacities. At the national level the reform of the telecommunications sector should include the following actions: (i) revising telecommunications laws or writing new ones; (ii) establishing more effective independent regulatory agencies; and, (iii) negotiating new licensing agreements with the foreign strategic investors as soon as possible.

A regional program could contribute towards harmonizing telecommunications laws and the functions of regulatory agencies. Such a program could also contribute to the creation of a high-level eminent persons group to study options for increasing competition and promoting a common regulatory framework in the sector. The group could more generally consider the promotion of one regional regulatory authority (covering not only telecommunications but possibly other services sectors as well), instead of each country attempting to develop individual regulatory bodies, often with inadequate depth and scope and difficulty in ensuring arms' length relationships.

Enhance macroeconomic convergence

Growing trade and investment in CARICOM entails the need for greater coordination of macroeconomic policies, so that investors and business people can operate in the region as if it were a single market. Hence, the justification of macroeconomic convergence comes not only from the thrust of the regional internal market, but also from the need to take full advantage of the possibilities offered by third markets.

Regional actions could support a project aimed at improving the countries' macroeconomic and production data bases. Building on the region's experience with monitoring exchange rates and money supply, the relevant authorities could develop further indicators of economic performance, as well as specific targets for such indicators. They could, moreover, define the institutional mechanisms for implementing the databases and monitoring indicators. Longer-term issues already being discussed in CARICOM include the consideration of a common currency. This, in conjunction with other policies, would eventually constitute an ideal tool for promoting a harmonized economic area, significantly reducing transaction costs.

Promote continued institutional reform

Regional institutions are expected to play a major part in CARICOM's integration process through their ability to coordinate and execute regional actions; exercise a form of leadership that promotes the integration of markets, policies and regulatory frameworks; and enhance the spaces in which national and community interests converge, such that community decision-making processes develop and strengthen over time. Key to this enhanced leadership role is the streamlining and strengthening of the institutions themselves, as well as the strengthening of national government institutions for an effective participation in the regional decision-making and implementation processes. As noted earlier, CARICOM's existing institutions have developed over a long time period and respond to a myriad of objectives; without reform, some of them may not be capable of assuming a leading role in the process of harmonized liberalization and convergence.

If there is substantial commitment at the highest levels of authority in CARICOM, a regional program could support a process of institutional reform through: (i) a diagnosis of the existing institutional arrangements, at both the regional and national levels, to determine their effectiveness in operating as a system within the context of the new integration agenda; (ii) a strategy to identify options for improving the operation of the system, and to initiate the process of reform; and, (iii) the identification of technical cooperation requirements to implement the rationalization and strengthening of the regional institutions and their national counterparts.

Enhance trade negotiations and the capacity to implement resulting agreements

The multiple track trade negotiations in which CARICOM is currently engaged would very likely exhaust almost any negotiating team. Enhanced regional cooperation, coordination or joint action may be the only effective way to prepare for and undertake these negotiations. The implementation of the resulting trade agreements - in areas such as unfair trade practices and rules of origin, among others - are going to demand institutional development, training and technical assistance. In many cases, a regional approach to these tasks makes sense in a harmonized economic area and would generate substantial savings; particularly for the smallest islands, it may be the only way of successfully implementing the reforms. As mentioned, CARICOM has established a Regional Negotiating Machinery (RNM) for CARICOM International Economic Negotiations. However, the RNM can only be effective if national capacities are also strengthened, including the development of mechanisms for coordinating bargaining positions with the private sector.

Strengthen tertiary education, training activities and R&D

As noted earlier, the development of new manufacturing and services industries has led to important demand shifts in the region's labor market, resulting in greater demand for skilled workers. Current national education and training systems nevertheless fall short of meeting labor force needs in the region, and vacancy rates are high for professional, managerial and skilled occupations across CARICOM. Low rates of enrollment in tertiary education, coupled with education curricula that do not match current industry needs, are important impediments to the development of a diversified regional economy. Serious weaknesses have moreover been reported in the region's capacity to conduct R&D activities in areas critical to economic success, such as product innovation or the development of new tourism activities.

While many education issues are still managed at the national level, tertiary education has in the past benefited from ambitious and effective regional activities, the most prominent of which has been the establishment of the University of the West Indies. A regional program, possibly linked to the above mentioned proposals for institutional reform and supported by relevant actions at the national level, could be developed to assist tertiary education centers in streamlining their curricula in accordance with current and projected future demands in the labor market, improve regional coordination of education and training activities, and support primary R&D activities oriented towards improving the region's overall economic efficiency and competitiveness in international markets.

Develop efficient regional information systems and data management

Crucial for all areas of the proposed actions, and for the region's development in general, is the efficient management of data. CARICOM faces significant problems regarding the availability of social and economic data that is reliable, timely produced and methodologically consistent throughout the region. To address this problem, the actions identified above call for the creation and/or improvement of databases containing systematized information on existing investment laws and administrative procedures, national and regional regulatory frameworks, non-tariff barriers and other trade data, transport networks and macroeconomic indicators, among other areas.

In addition to the specific data-related projects proposed above, a regional program could be designed to identify key problems - and effective solutions - in other areas affected by the region's capacity to collect, analyze and disseminate relevant socio-economic data, including the development of methodologies to ensure that such data is compatible among CARICOM countries and with internationally recognized standards. A specific area, such as trade, could serve as the basis for a pilot project to enhance regional coordination in this area.

Issues for further consideration

CARICOM has shown some success in areas of functional cooperation, especially in higher education, disaster mitigation and prevention, and the environment. While support for certain regional education and training activities forms part of the proposed actions, other areas also merit attention: they include, above all, regional issues pertaining to the environment, such as studies of the possible effects of climate change on the small island economies, the development of appropriate responses to this and other weather-related problems, and the challenge of developing environmentally sustainable tourism activities. However, here it was strategically decided to concentrate proposed actions mainly on supporting the process of harmonized liberalization and convergence.

Reflecting the need for a comprehensive reform, the actions proposed are ambitious in scope. However, it would not seem reasonable to expect immediate and simultaneous action on all fronts. Some staging or sequencing may therefore be advisable. A first stage could include the full liberalization of trade in goods, certain services and mobility of factors of production, consolidating and accelerating the reforms that are already underway. Initial action could also focus on developing a regional blueprint for eventual harmonization of regulations to further facilitate the movement of capital and labor. Activities in this area could concentrate on the financial sector, building upon the reforms already initiated in the banking sector and capital markets, and extending activities into pension and insurance schemes, with appropriate prudential supervision. Another immediate priority should be the opening up and harmonizing of investment regimes across the Caribbean region. Enhancing the region's external negotiating capacity is also urgent; as mentioned, the RNM is already active in this area. Finally, creating an enabling regional institutional structure is vital for achieving success in all areas of the proposed action plan. Efforts to support institutional reform should therefore be undertaken as soon as possible. A similar situation applies to the areas of education and training, R&D and the management of information, where immediate, regionally coordinated action could bring sizeable benefits to many areas of economic activity.

Another way of sequencing could be achieved by adopting a geographic approach. OECS members, for example, might want to accelerate integration among their economies, while other CARICOM countries might wish to adopt a slower pace. The concept of *variable geometry*, where certain countries within the Community move faster than others towards a Harmonized Economic Area, may have some merits given the divergence of development levels among the members of CARICOM.

ANNEX I. STATISTICAL OVERVIEW

TABLE 1: CARICOM GDP, AREA AND POPULATION

Country / Region	GDP (1997) [a] (Million US$)	Area (Km^2)	Population [b] (Thousand)
Antigua and Barbuda	388	440	67
The Bahamas	3,317	13,935	284
Barbados	1,881	430	264
Belize	513	22,965	227
Dominica	191	750	71
Grenada	243	340	93
Guyana	634	214,970	854
Haiti	1,600	27,750	7,482
Jamaica	4,215	10,991	2,483
Saint Kitts and Nevis	162	360	41
Saint Lucia	481	620	146
Saint Vincent and the Grenadines	237	390	114
Suriname	286	163,265	433
Trinidad and Tobago	5,730	5,128	1,335
CARICOM	19,880	462,334	13,892
CARICOM minus Haiti	18,279	434,584	6,410
CARICOM Common Market [c]	14,962	420,649	6,126
OECS [d]	1,703	2,900	532
Memo Items / Comparative Data			
Dominican Republic	7,897	48,442	8,097
Honduras	3,820	112,088	5,981
Paraguay	7,447	406,752	5,089
Ecuador	15,677	270,670	11,937

Notes: [a] For OECS countries, GDP figures correspond to 1996.
[b] Latest figures available.
[c] Common Market is CARICOM minus The Bahamas and Haiti.
[d] OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.

Source: IDB Statistics and Quantitative Analysis Unit for IDB member countries; ECLAC and IMF for OECS.

TABLE 2: TRADE OPENNESS RATIO

TOTAL TRADE (EXPORTS + IMPORTS OF GOODS AND SERVICES) AS A PERCENTAGE OF GDP [a]

Country / Region	(%)
Antigua and Barbuda	173.1
The Bahamas	106.6
Barbados	102.1
Belize	101.8
Dominica	114.7
Grenada	105.2
Guyana	192.0
Haiti	42.9
Jamaica	124.2
Saint Kitts and Nevis	134.0
Saint Lucia	148.0
Saint Vincent and the Grenadines	103.5
Suriname	224.1
Trinidad and Tobago	95.9
CARICOM	108.5
CARICOM Common Market	116.0
OECS	136.3
Dominican Republic	54.3
CACM	74.7
Costa Rica	101.2
Guatemala	55.0
Honduras	66.3
Nicaragua	95.4
El Salvador	74.4

Notes: [a] Latest years available as published in IMF International Financial Statistics 1997.
Source: IMF International Financial Statistics Yearbook, 1997.
Data for Central America as quoted in Richard L. Bernal, *The Integration of Small Economies in the Free Trade Area of the Americas*. CSIS Americas Program 1998, Table 5.

TABLE 3: MAIN EXPORT PRODUCTS OF SELECTED CARICOM ECONOMIES, 1995/96 [a]

(according to the Harmonized System)

		Thousand US$	% of total exports
Barbados			
	RAW CANE SUGAR	36,007	12.8
	KEROSENE TYPE JET FUEL	31,570	11.3
	OTHER FOOD PREPARATIONS N.E.S.O.I	30,477	10.9
Belize			
	RAW CANE SUGAR	47,751	29.5
	ORANGE JUICE CONCENTRATED	22,441	13.9
	BANANAS FRESH	22,037	13.6
Dominica			
	BANANAS FRESH	18,227	35.7
	TOILET SOAP IN BARS CAKES ETC. AND OTHER FORMS	8,469	16.6
	OTHER SOAP IN THE FORM OF CAKES TABLETS BARS ETC.	7,200	14.1
Jamaica			
	OTHER ALUMINIUM OXIDE (ALUMINA)	607,013	43.8
	T-SHIRTS OF COTTON; KNITTED OR CROCHETED	110,355	8.0
	RAW CANE SUGAR	109,229	7.9
St. Kitts and Nevis			
	RAW CANE SUGAR	7,846	41.9
	OTHER SWITCHES NOT EXCEEDING 1000 VOLTS	1,585	8.5
	UNIVERSAL AC/DC MOTORS OF AN OUTPUT EXCEEDING 37.5.W	1,465	7.8
St. Lucia			
	BANANAS FRESH	55,991	51.4
	COTTON ENSEMBLES KNITTED OR CROCHETED	7,879	7.2
	CARTONS BOXES AND CASES OF CORRUGATED PAPER OR PAPERBOARD	7,150	6.6
St. Vincent and the Grenadines			
	BANANAS FRESH	9,739	21.9
	FLOUR OF DURUM WHEAT	8,623	19.4
	WHOLLY MILLED PARBOILED RICE IN PKS <10 KG	4,127	9.3
Trinidad and Tobago			
	CRUDE PETROLEUM OILS OTHER	439,512	17.1
	ANHYDROUS AMMONIA	300,630	11.7
	BARS AND RODS OF NON-ALLOY STEEL	166,870	6.5
CARICOM [b]			
	OTHER ALUMINIUM OXIDE (ALUMINA)	607,013	13.1
	CRUDE PETROLEUM OILS OTHER	439,512	9.5
	ANHYDROUS AMMONIA	300,630	6.5

Notes: [a] Latest available year in DATAINTAL.
[b] CARICOM here includes the eight mentioned countries. Comparable data for other CARICOM members was not available in DATAINTAL.

Source: IDB Statistics and Quantitative Analysis Unit based on DATAINTAL.

TABLE 4: DEPENDENCE ON TRADE TAXES [a]

Country / Region	Trade Taxes [b] (as % of Government Revenue)
Antigua and Barbuda	56.6
The Bahamas	47.4
Barbados	8.4
Belize	58.0
Dominica	45.0
Grenada	58.3
Guyana	12.2
Haiti	21.5
Jamaica	24.8
Saint Kitts and Nevis	42.4
Saint Lucia	51.6
Saint Vincent and the Grenadines	41.5
Suriname	27.7
Trinidad and Tobago	5.8

Note: [a] All figures are for 1997 except for Belize 1995.
[b] Taxes on exports and imports.

Source: IDB Statistics and Quantitative Analysis Unit for IDB member countries; Eastern Caribbean Central Bank for OECS.

TABLE 5: PARTICIPATION OF CARICOM MEMBER COUNTRIES IN THE COMMON MARKET'S TOTAL GDP, AREA AND POPULATION

(in percentages)

Country / Region	GDP (1997)	Area	Population [b]
Antigua and Barbuda [a]	2.6	0.1	1.1
Barbados	12.6	0.1	4.3
Belize	3.4	5.5	3.7
Dominica [a]	1.3	0.2	1.2
Grenada	1.6	0.1	1.5
Guyana	4.2	51.1	13.9
Jamaica	28.2	2.6	40.5
Saint Kitts and Nevis [a]	1.1	0.1	0.7
Saint Lucia [a]	3.2	0.1	2.4
Saint Vincent and the Grenadines [a]	1.6	0.1	1.9
Suriname	1.9	38.8	7.1
Trinidad and Tobago	38.3	1.2	21.8
CARICOM Common Market	100.0	100.0	100.0
OECS	11.4	0.7	8.7

Note: [a] For OECS countries, GDP figures correspond to 1996.
[b] Latest figures available.

Source: IDB Statistics and Quantitative Analysis Unit for IDB member countries; ECLAC and IMF for OECS.

TABLE 6: SELECTED SOCIAL INDICATORS

Country / Region	Poverty	Unemployment	Income Distribution		HDI	GDP per Capita (US$)
	(% of Pop)	(% of Labor Force)	(Lowest 25%)	(Highest 25%)	Value / Rank	
Antigua and Barbuda	12	7			0.892 / 29	5,791
The Bahamas	5	9.8	3.4	50.6	0.894 / 28	11,694
Barbados	8	15.8	5.8	44.0	0.907 / 25	7,119
Belize	35	12.7	…	…	0.806 / 63	2,261
Dominica	33	10	…	…	0.873 / 41	2,692
Grenada	20	26	…	…	0.843 / 54	2,627
Guyana	43	11	4.1	55.1	0.649 / 104	743
Haiti	66	60	…	…	0.338 / 156	214
Jamaica	32	16.2	6.5	45.2	0.736 / 83	1,698
Saint Kitts and Nevis	15	12	…	…	0.853 / 49	3,959
Saint Lucia	25	16	7.1	41.6	0.838 / 56	3,297
Saint Vincent and the Grenadines	17	20	…	…	0.836 / 57	2,079
Suriname	47	16	…	…	0.792 / 66	662
Trinidad and Tobago	21	16.2	4.7	52.7	0.880 / 40	4,292
CARICOM						1,431
CARICOM minus Haiti						2,852
CARICOM Common Market						2,442
OECS						3,204
Memo Items / Comparative Data						
Dominican Republic	21	15	4.2	55.6	0.718 / 87	
Mexico					0.853 / 50	
Brazil					0.783 / 68	
Peru					0.717 / 89	
United States					0.942 / 04	
Germany					0.924 / 19	
United Kingdom					0.931 / 15	

Sources: Human Development Index (HDI) : 1997 UNDP Human Development Report.
Poverty: 1997 UNDP Human Development Report.
Unemployment and Income Distribution : 1996 UNDP Human Development Report and World Bank as quoted in Norman Girvan. Societies at Risk? The Caribbean and Global Change, 1997.
Unemployment figures for the Bank's member countries (The Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, Haiti and Trinidad and Tobago) are from ESDB.

TABLE 7A: GROSS DOMESTIC PRODUCT 1980-1997

(in millions of 1990 US Dollars)

Country / Region	1980	1981	1982	1983	1984	1985	1986	1987	1988
Antigua and Barbuda	179	188	189	202	217	236	259	282	304
The Bahamas	2,403	2,333	2,481	2,653	2,720	2,833	2,905	3,016	3,085
Barbados	1,491	1,474	1,399	1,403	1,450	1,459	1,598	1,659	1,710
Belize	248	250	250	245	250	252	264	293	320
Dominica	106	114	118	120	127	129	138	147	158
Grenada	140	143	151	153	161	169	178	189	199
Guyana	512	539	481	456	453	454	459	441	406
Haiti	2,268	2,203	2,127	2,143	2,150	2,155	2,167	2,180	2,147
Jamaica	3,301	3,387	3,429	3,502	3,469	3,293	3,292	3,553	3,660
Saint Kitts and Nevis	76	80	85	84	92	97	103	111	122
Saint Lucia	238	241	249	259	272	288	322	327	366
Saint Vincent and the Grenadines	104	110	117	123	129	136	146	156	169
Suriname	319	341	331	316	303	302	297	273	287
Trinidad and Tobago	6,753	6,853	7,062	6,387	5,931	5,672	5,470	5,191	4,979
CARICOM	18,137	18,257	18,469	18,047	17,723	17,477	17,598	17,817	17,913
CARICOM minus Haiti	15,869	16,054	16,341	15,903	15,573	15,322	15,431	15,637	15,766
CARICOM Common Market	13,467	13,721	13,860	13,250	12,853	12,489	12,526	12,621	12,681
Larger Caribbean States [a]	12,623	12,844	12,952	12,310	11,855	11,433	11,379	11,410	11,363
OECS	843	877	908	941	998	1,055	1,146	1,211	1,318
Dominican Republic	4,929	5,133	5,210	5,476	5,504	5,184	5,369	5,941	6,061

(continued)

TABLE 7A: GROSS DOMESTIC PRODUCT 1980-1997 (continued)

Country / Region	1989	1990	1991	1992	1993	1994	1995	1996	1997
Antigua and Barbuda	323	334	348	354	366	384	367	388	…
The Bahamas	3,147	3,134	3,050	2,989	3,039	3,067	3,076	3,205	3,317
Barbados	1,796	1,711	1,660	1,578	1,601	1,673	1,711	1,864	1,881
Belize	362	402	413	445	464	474	498	505	513
Dominica	156	166	170	175	178	182	185	191	…
Grenada	210	221	228	229	226	231	236	243	…
Guyana	382	369	400	432	488	529	556	597	634
Haiti	2,115	2,051	1,989	1,695	1,650	1,475	1,541	1,582	1,600
Jamaica	3,914	4,125	4,157	4,228	4,288	4,343	4,376	4,313	4,215
Saint Kitts and Nevis	130	134	139	144	150	154	157	162	…
Saint Lucia	383	398	405	431	441	417	472	481	486
Saint Vincent and the Grenadines	181	194	200	213	216	213	229	237	…
Suriname	303	299	307	297	258	236	259	273	286
Trinidad and Tobago	4,932	4,987	5,150	5,077	5,003	5,221	5,355	5,545	5,730
CARICOM	18,335	18,527	18,615	18,286	18,368	18,598	19,020	19,588	18,663
CARICOM less Haiti	16,220	16,475	16,626	16,591	16,718	17,123	17,479	18,005	17,062
CARICOM Common Market	13,073	13,341	13,576	13,603	13,679	14,056	14,404	14,800	13,745
Larger Caribbean States [a]	11,689	11,894	12,087	12,057	12,102	12,475	12,756	13,097	13,259
OECS	1,383	1,447	1,489	1,546	1,576	1,580	1,647	1,703	…
Dominican Republic	6,340	5,985	6,018	6,513	6,705	7,009	7,350	7,897	8,556

Note: a: Includes Barbados, Belize, Guyana, Jamaica, Suriname and Trinidad & Tobago.
… : Comparable data not yet available.

Sources: IDB's Statistics and Quantitative Analysis Unit for Bank member countries; ECLAC and IMF for the OECS countries.

TABLE 7B: ANNUAL AVERAGE GROWTH RATE OF GDP

(%)

Country / Region	1980-89	1980-96	1986-96	1988-96	1990-96/97 [a]
Antigua and Barbuda	6.8	5.0	4.1	3.1	2.5
The Bahamas	3.0	1.8	1.0	0.5	0.8
Barbados	2.1	1.4	1.6	1.1	1.4
Belize	4.3	4.6	6.7	5.9	3.5
Dominica	4.4	3.8	3.3	2.4	2.3
Grenada	4.6	3.5	3.2	2.6	1.6
Guyana	-3.2	1.0	2.7	4.9	8.0
Haiti	-0.8	-2.2	-3.1	-3.7	-3.5
Jamaica	1.9	1.7	2.7	2.1	0.3
Saint Kitts and Nevis	6.1	4.8	4.6	3.7	3.3
Saint Lucia	5.4	4.5	4.1	3.5	2.9
Saint Vincent and the Grenadines	6.4	5.3	4.9	4.3	3.4
Suriname	-0.6	-1.0	-0.8	-0.6	-0.6
Trinidad and Tobago	-3.4	-1.2	0.1	1.4	2.0
CARICOM	0.1	0.5	1.1	1.1	0.9
CARICOM minus Haiti	0.2	0.8	1.6	1.7	1.5
CARICOM Common Market	-0.3	0.6	1.7	2.0	1.7
Larger Caribbean States [b]	-0.9	0.2	1.4	1.8	1.6
OECS	5.7	4.5	4.0	3.3	2.7
Dominican Republic	2.8	3.0	3.9	3.4	5.2

Notes: a: The average annual growth is either for the period of 1990-1996 or 1990-1997 depending on data availability, see table 7a.
b: Includes Barbados, Belize, Guyana, Jamaica, Suriname and Trinidad & Tobago.

Sources: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit for Bank member countries; ECLAC and IMF for the OECS countries, see Table 7a.

TABLE 8: CARICOM EXPORTS TO THE WORLD

(US$ Million)

Country/Region	1990	1991	1992	1993	1994	1995	1996	Average Annual Growth Rate 1990-1996	% of CARICOM Common Market 1996
Antigua and Barbuda	32	25	28	27	32	45	69	13.5%	1.1%
The Bahamas	990	864	1,057	825	572	584	632	-7.2%	
Barbados	209	206	133	135	180	240	279	4.9%	4.3%
Belize	131	124	112	131	143	162	168	4.2%	2.6%
Dominica	55	116	115	85	82	86	88	8.1%	1.4%
Grenada	21	28	59	28	23	27	35	8.6%	0.5%
Guyana	232	292	363	434	483	500	577	16.4%	8.9%
Haiti	247	317	137	180	80	174	180	-5.1%	
Jamaica	1,133	1,166	1,349	1,480	1,597	1,787	1,920	9.2%	29.7%
Saint Kitts and Nevis	24	28	40	63	37	40	38	8.1%	0.6%
Saint Lucia	146	117	139	123	103	125	128	-2.2%	2.0%
Saint Vincent and the Grenadines	83	67	79	58	50	45	99	3.1%	1.5%
Suriname	469	394	403	402	399	533	557	2.9%	8.6%
Trinidad and Tobago	1,986	1,982	1,858	1,629	1,959	2,456	2,500	3.9%	38.7%
CARICOM	5,758	5,726	5,873	5,599	5,741	6,802	7,271	4.0%	
CARICOM minus Haiti	5,511	5,410	5,735	5,419	5,661	6,628	7,090	4.3%	
CARICOM Common Market	4,520	4,546	4,679	4,594	5,088	6,044	6,458	6.1%	100.0%
Total OECS	361	382	460	384	328	367	457	4.0%	7.1%

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes, DATAINTAL and COMTRADE, see table 13.

TABLE 9: CARICOM EXPORTS BY MAJOR DESTINATIONS, 1990 AND 1996

(percentages)

	1990	1996
CARICOM to		
USA	40.2	36.1
European Union	25.2	22.8
Canada	4.4	6.0
CARICOM	8.9	12.7
Non CARICOM-ACS	2.0	3.6
Latin America	2.7	5.3
Other Countries	18.6	17.1
World	100.0	100.0
CARICOM minus Haiti to		
USA	38.4	35.1
European Union	25.7	22.9
Canada	4.5	6.1
CARICOM	9.2	13.0
Non CARICOM-ACS	2.0	3.6
Latin America	2.8	5.4
Other Countries	19.4	17.5
World	100.0	100.0
CARICOM Common Market to		
USA	36.3	36.0
European Union	24.8	20.9
Canada	4.4	6.4
CARICOM	11.2	14.2
Non CARICOM-ACS	2.3	3.9
Latin America	3.1	5.7
Other Countries	20.2	16.7
World	100.0	100.0
Total OECS to		
USA	16.3	15.1
European Union	60.4	43.0
Canada	2.5	1.4
CARICOM	17.5	20.0
Non CARICOM-ACS	0.2	0.5
Latin America	0.3	4.2
Other Countries	2.9	16.2
World	100.0	100.0

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes, DATAINTAL and COMTRADE, see table 13.

TABLE 10: GROWTH OF CARICOM EXPORTS TO MAJOR DESTINATIONS, 1990-1996

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996	Average Annual Growth Rate 1990-1996
CARICOM to								
USA	2,316	2,341	2,454	2,238	2,267	2,444	2,626	2.1%
European Union	1,451	1,446	1,434	1,320	1,300	1,593	1,659	2.3%
Canada	253	238	260	336	446	363	434	9.4%
CARICOM	510	487	484	543	676	866	921	10.4%
Non CARICOM-ACS	114	136	228	217	261	274	259	14.7%
Latin America	156	261	319	316	369	409	384	16.3%
Other Countries	1,072	953	920	845	504	1,127	1,245	2.5%
World	5,758	5,726	5,873	5,599	5,561	6,802	7,271	4.0%
CARICOM minus Haiti to								
USA	2,118	2,070	2,354	2,091	2,210	2,318	2,488	2.7%
European Union	1,414	1,416	1,407	1,299	1,280	1,555	1,625	2.4%
Canada	247	226	260	335	446	361	432	9.7%
CARICOM	509	487	484	542	675	865	920	10.4%
Non CARICOM-ACS	112	135	223	212	261	273	258	14.9%
Latin America	154	260	314	311	369	408	383	16.4%
Other Countries	1,068	950	917	839	501	1,120	1,241	2.5%
World	5,511	5,410	5,735	5,419	5,481	6,628	7,090	4.3%
CARICOM Common Market to								
USA	1,640	1,627	1,802	1,788	2,010	2,163	2,326	6.0%
European Union	1,119	1,173	1,113	966	1,091	1,319	1,348	3.2%
Canada	198	193	218	308	413	349	415	13.1%
CARICOM	509	486	484	541	674	865	920	10.4%
Non CARICOM-ACS	105	132	214	193	250	266	253	15.8%
Latin America	140	249	291	279	357	391	369	17.5%
Other Countries	915	818	772	711	364	958	1,080	2.8%
World	4,520	4,546	4,679	4,594	4,909	6,044	6,458	6.1%

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes, DATAINTAL and COMTRADE, see table 13.

TABLE 11: INTRA-REGIONAL TRADE, 1994-1996

(Annual Average for three-year period in US$ Millions)

Exports to	CARICOM	Antigua & Barbuda	The Bahamas	Barbados	Belize	Dominica	Grenada	Guyana	Haiti	Jamaica	St. Kitts and Nevis	St. Lucia	St. Vincent & the Gren.	Suriname	Trinidad & Tobago
From															
Antigua and Barbuda	3.12	0.00	0.04	0.14	0.03	1.51	0.30	0.71	0.00	0.05	0.00	0.00	0.28	0.00	0.06
The Bahamas	0.67	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.65	0.00	0.00	0.00	0.01	0.00	0.00
Barbados	89.66	6.06	1.25	0.00	1.80	4.51	4.62	6.49	0.50	18.99	4.06	11.48	6.78	1.02	22.09
Belize	5.06	0.13	0.00	0.79	0.00	0.09	0.00	0.09	0.01	1.80	0.00	0.03	0.02	0.00	2.10
Dominica	22.76	2.42	0.00	1.62	0.04	0.00	0.97	1.12	0.02	11.41	1.08	2.34	1.01	0.00	0.73
Grenada	7.19	0.24	0.00	1.81	0.00	0.92	0.00	0.07	0.00	0.15	0.36	2.42	0.42	0.00	0.79
Guyana	30.88	2.43	0.10	7.36	0.03	0.42	0.44	0.00	0.00	6.60	0.50	0.92	1.78	0.00	10.32
Haiti	0.74	0.05	0.59	0.04	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.01	0.00	0.05
Jamaica	69.66	4.99	1.00	14.80	3.97	2.98	2.95	4.50	1.43	0.00	2.99	5.81	2.03	2.62	19.59
Saint Kitts and Nevis	2.14	0.00	0.02	0.43	0.00	0.92	0.53	0.00	0.00	0.00	0.00	0.00	0.22	0.00	0.03
Saint Lucia	17.85	0.00	0.10	1.97	0.18	7.95	2.34	0.37	0.00	2.91	0.00	0.00	1.22	0.00	0.80
Saint Vincent and the Grenadines	27.07	3.99	0.02	3.85	0.00	2.93	1.83	0.62	0.08	0.85	2.29	7.12	0.00	0.01	3.47
Suriname	4.39	0.00	0.00	0.58	0.00	0.00	0.00	0.22	0.00	0.34	0.00	0.00	0.00	0.00	3.25
Trinidad and Tobago	576.95	19.76	4.46	86.98	4.43	14.50	32.84	81.43	4.92	193.00	14.35	38.93	26.04	55.30	0.00
CARICOM	858.14	40.07	7.58	120.37	10.50	36.74	46.82	95.63	7.61	236.12	25.62	69.04	39.83	58.95	63.27

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes, DATAINTAL and COMTRADE, see table 13.

TABLE 12: SHARE OF CARICOM MEMBERS IN TOTAL INTRA-CARICOM EXPORTS

1994-1996 Three-year average

	Origin	Destination
Antigua and Barbuda	0.4	4.7
The Bahamas	0.1	0.9
Barbados	10.4	14.0
Belize	0.6	1.2
Dominica	2.7	4.3
Grenada	0.8	5.5
Guyana	3.6	11.1
Haiti	0.1	0.9
Jamaica	8.1	27.5
Saint Kitts and Nevis	0.2	3.0
Saint Lucia	2.1	8.0
Saint Vincent and the Grenadines	3.2	4.6
Suriname	0.5	6.9
Trinidad and Tobago	67.2	7.4
CARICOM	100.0	100.0

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes, DATAINTAL and COMTRADE, see table 13.

TABLE 13: EXPORTS OF INDIVIDUAL CARICOM MEMBERS

TABLE 13A: EXPORTS OF THE BAHAMAS

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda	0.00	0.00	0.00	0.00	0.00	0.00	0.00
The Bahamas	…	…	…	…	…	…	…
Barbados	0.01	0.03	0.04	0.01	0.01	0.00	0.02
Belize	0.01	0.01	0.01	0.03	0.00	0.00	0.00
Dominica	0.02	0.00	0.00	0.00	0.00	0.00	0.00
Grenada	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guyana	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Haiti	0.31	0.34	0.37	0.45	0.53	0.65	0.77
Jamaica	0.20	0.00	0.00	0.00	0.00	0.00	0.00
Saint Kitts and Nevis	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Saint Lucia	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Saint Vincent and the Grenadines	0.00	0.01	0.00	0.01	0.03	0.00	0.01
Suriname	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trinidad and Tobago	0.00	0.10	0.00	0.00	0.00	0.00	0.00
CARICOM	0.55	0.49	0.42	0.50	0.57	0.65	0.80
CARICOM minus Haiti	0.24	0.15	0.05	0.05	0.04	0.00	0.03
CARICOM Common Market [a]	0.24	0.15	0.05	0.05	0.04	0.00	0.03
OECS [b]	0.02	0.01	0.00	0.01	0.03	0.00	0.01
Western Hemisphere	542.10	488.35	617.03	363.45	245.80	185.03	193.97
United States	478.30	443.80	551.90	303.50	199.80	155.00	162.10
Canada	49.30	33.60	41.20	27.20	32.90	12.20	17.20
Latin America	13.95	10.46	23.51	32.25	12.53	17.18	13.87
Non-CARICOM ACS [c]	7.25	3.41	9.21	19.53	10.79	7.78	4.47
Dominican Republic	0.98	1.08	1.18	1.41	0.00	0.00	0.00
European Union	294.96	242.87	294.12	333.32	189.38	236.32	276.95
TOTAL WORLD	990.30	863.60	1,056.60	824.70	572.30	583.50	632.40

Notes: a: Common Market is CARICOM minus The Bahamas and Haiti.
b: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
c: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit.

TABLE 13B: EXPORTS OF BARBADOS

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda	1.79	3.59	3.13	3.29	3.91	8.31	5.97
The Bahamas	1.00	1.03	0.78	0.61	0.73	1.50	1.52
Barbados	…	…	…	…	…	…	…
Belize	0.81	0.97	0.90	1.48	2.22	1.37	1.82
Dominica	3.71	3.98	3.25	3.32	3.95	4.66	4.93
Grenada	1.99	4.77	3.53	3.36	4.00	4.56	5.32
Guyana	1.66	2.49	2.68	3.15	3.75	7.23	8.48
Haiti	0.45	0.46	0.12	0.17	0.20	0.36	0.94
Jamaica	12.90	8.37	4.50	12.28	14.61	17.42	24.95
Saint Kitts and Nevis	1.45	3.29	2.80	2.83	3.37	4.16	4.65
Saint Lucia	4.19	10.32	7.59	8.51	10.12	11.91	12.41
Saint Vincent and the Grenadines	2.48	6.97	4.82	4.89	4.68	7.36	8.31
Suriname	0.04	0.10	0.09	0.12	0.01	0.20	2.86
Trinidad and Tobago	18.28	22.37	18.76	17.83	21.77 [a]	24.03	20.46
CARICOM	50.75	68.70	52.96	61.82	51.54	93.06	102.61
CARICOM minus Haiti	50.30	68.24	52.85	61.65	51.34	92.70	101.67
CARICOM Common Market [b]	49.30	67.21	52.07	61.04	50.61	91.20	100.15
OECS [c]	15.61	32.91	25.13	26.18	30.02	40.95	41.58
Western Hemisphere	86.01	103.90	86.28	99.25	95.37	147.18	179.72
United States	28.19	27.97	27.98	31.34	32.45	35.05	39.24
Canada	6.19	6.45	4.38	5.23	10.51	11.28	12.18
Latin America	0.88	0.78	0.96	0.86	0.87	7.79	25.69
Non-CARICOM ACS [d]	0.85	0.23	0.34	0.24	0.30	7.54	25.44
Dominican Republic	0.18	0.01	0.05	0.00	0.00	0.08	0.14
European Union	38.66	35.63	39.72	30.06	34.17	47.65	52.98
TOTAL WORLD	209.35	206.20	132.76	135.35	179.97 [a]	239.94	278.96

Notes: a: Source: INTAL; Exports of Barbados.
b: Common Market is CARICOM minus The Bahamas and Haiti.
c: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
d: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source : Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes & DATAINTAL.

TABLE 13C: EXPORTS OF BELIZE [a]

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda	0.00	0.05	0.08	0.06	0.09	0.15	0.14
The Bahamas	0.00	0.00	0.01	0.02	0.00	0.00	0.00
Barbados	0.91	1.44	0.99	0.78	0.83	1.05	0.50
Belize	…	…	…	…	...	...	...
Dominica	0.00	0.00	0.12	0.05	0.06	0.11	0.10
Grenada	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Guyana	0.00	0.01	0.01	0.03	0.01	0.03	0.24
Haiti	0.05	1.76	0.00	0.00	0.00	0.03	0.00
Jamaica	3.86	2.78	1.07	2.61	1.97	2.03	1.41
Saint Kitts and Nevis	0.00	0.06	0.00	0.00	0.00	0.00	0.00
Saint Lucia	0.14	0.04	0.00	0.01	0.02	0.04	0.03
Saint Vincent and the Grenadines	0.10	0.00	0.00	0.00	0.04	0.00	0.00
Suriname	...	...	...	...	...	...	...
Trinidad and Tobago	3.55	3.03	3.83	1.52	1.98	2.07	2.24
CARICOM	8.60	9.17	6.10	5.07	5.00	5.51	4.67
CARICOM minus Haiti	8.55	7.41	6.10	5.07	5.00	5.48	4.67
CARICOM Common Market [b]	8.55	7.41	6.09	5.04	5.00	5.48	4.66
OECS [c]	0.24	0.16	0.20	0.11	0.22	0.29	0.29
Western Hemisphere	89.95	89.90	70.53	83.66	91.46	76.93	87.45
United States	58.95	58.81	56.39	57.44	63.37	59.10	70.78
Canada	5.68	4.11	3.53	8.30	10.24	6.94	4.37
Latin America	16.71	17.80	4.52	12.85	12.86	5.38	7.63
Non-CARICOM ACS [d]	16.60	17.80	4.51	12.84	12.85	5.36	7.61
Dominican Republic	0.00	0.00	0.12	0.00	0.04	0.03	0.05
European Union	36.37	32.35	36.96	46.39	50.45	82.93	79.40
TOTAL WORLD	131.02	123.66	112.13	131.28	142.82	161.68	167.97

Notes: a: Figures presented are calculated using data derived from partner countries, DOTS Aggregates from IMF Direction of Trade Yearbook.
b: Common Market is CARICOM minus The Bahamas and Haiti.
c: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
d: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source : Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes.

TABLE 13D: EXPORTS OF GUYANA [a]

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda	1.15	1.27	1.40	1.66	1.98	2.43	2.87
The Bahamas	0.05	0.05	0.06	0.07	0.08	0.10	0.12
Barbados	3.10	4.88	4.99	6.27	7.20	8.04	6.85
Belize	0.00	0.03	0.02	0.01	0.01	0.07	0.02
Dominica	0.41	0.22	0.24	0.29	0.34	0.42	0.49
Grenada	0.22	0.23	0.25	0.30	0.36	0.44	0.52
Guyana	…	…	…	…	…	…	…
Haiti	…	…	…	…	…	…	…
Jamaica	2.29	3.45	3.80	4.52	5.38	6.61	7.80
Saint Kitts and Nevis	0.24	0.26	0.29	0.34	0.41	0.50	0.59
Saint Lucia	0.44	0.48	0.53	0.63	0.75	0.92	1.08
Saint Vincent and the Grenadines	0.33	0.57	0.91	1.04	1.63	1.70	2.00
Suriname	1.98	0.66	0.00	0.00	0.00	0.00	...
Trinidad and Tobago	10.11	5.43	6.36	5.79	8.15 [b]	10.36 [b]	12.45 [b]
CARICOM	20.32	17.53	18.85	20.92	18.12	21.22	22.35
CARICOM minus Haiti	20.32	17.53	18.85	20.92	18.12	21.22	22.35
CARICOM Common Market [c]	20.27	17.48	18.79	20.85	18.04	21.12	22.23
OECS [d]	2.79	3.03	3.62	4.26	5.45	6.41	7.556
Western Hemisphere	95.66	135.47	165.21	241.72	278.65	265.13	290.64
United States	47.59	91.18	111.82	99.45	107.82	117.18	117.64
Canada	18.54	25.68	31.98	117.46	148.19	125.15	149.73
Latin America	9.21	1.08	2.57	3.90	4.51	1.58	0.93
Non-CARICOM ACS [e]	7.61	0.88	1.60	1.14	3.14	1.28	0.63
Dominican Republic	0.00	0.00	0.00	0.00	0.00	0.00	...
European Union	112.48	124.83	165.57	156.24	150.82	173.28	201.40
TOTAL WORLD	231.75	291.85	363.16	433.66	483.27	500.41	577.33

Notes: a: Figures presented are calculated using data derived from partner countries, DOTS Aggregates from IMF Direction of Trade Yearbook.
b: Source: INTAL; T&T Imports from Guyana.
c: Common Market is CARICOM minus The Bahamas and Haiti.
d: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
e: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source : Calculated by the IDB's Division of Integration, Trade and HemisphericIssues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes & DATAINTAL.

TABLE 13E: EXPORTS OF HAITI

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda [a]	0.02	0.02	0.03	0.03	0.04	0.05	0.06
The Bahamas	0.28	0.31	0.34	0.40	0.48	0.59	0.69
Barbados	0.05	0.07	0.04	0.01	0.00	0.03	0.09
Belize	0.00	0.00	0.01	0.00	0.00	0.00	0.00
Dominica	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grenada	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guyana	…	…	…	…	...	...	...
Haiti	…	…	…	…	...	...	...
Jamaica	0.08	0.01	0.01	0.01	0.01	0.02	0.02
Saint Kitts and Nevis	…	…	…	…	...	...	...
Saint Lucia	…	…	…	…	...	...	...
Saint Vincent and the Grenadines	0.01	0.02	0.01	0.32	0.00	0.01	0.01
Suriname	…	…	…	…	...	...	...
Trinidad and Tobago	0.11	0.03	0.00	0.00	0.01	0.04	0.10
CARICOM	0.55	0.46	0.43	0.78	0.54	0.73	0.96
CARICOM minus Haiti	0.55	0.46	0.43	0.78	0.54	0.73	0.96
CARICOM Common Market [b]	0.27	0.15	0.09	0.38	0.06	0.14	0.27
OECS [c]	0.03	0.04	0.03	0.35	0.04	0.06	0.07
Western Hemisphere	206.63	283.70	106.53	153.38	57.77	128.76	141.93
United States	198.11	270.09	100.64	147.09	56.55	125.36	137.55
Canada	6.19	11.85	0.67	1.01	0.35	2.13	2.28
Latin America	1.77	1.31	4.79	4.50	0.33	0.54	1.14
Non-CARICOM ACS [d]	1.74	1.24	4.69	4.45	0.30	0.32	0.85
Dominican Republic	0.56	0.61	0.68	0.80	0.00	0.00	...
European Union	36.82	30.07	27.71	20.74	19.21	38.40	34.06
TOTAL WORLD	246.83	316.52	137.34	179.86	80.29	173.87	180.15

Notes: a: Figures presented are calculated using data derived from partner countries, DOTS Aggregates from IMF Direction of Trade Yearbook.
b: Common Market is CARICOM minus The Bahamas and Haiti.
c: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
d: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes.

TABLE 13F: EXPORTS OF JAMAICA [a]

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda	2.87	2.61	2.87	3.41	4.06	5.00	5.90
The Bahamas	0.60	0.50	0.60	0.70	0.80	1.00	1.20
Barbados	15.60	14.30	17.60	13.70	15.30	16.70	12.40
Belize	8.80	3.40	4.20	4.20	3.70	4.20	4.00
Dominica	1.54	1.56	1.71	2.04	2.43	2.98	3.52
Grenada	1.28	1.54	1.70	2.02	2.41	2.96	3.49
Guyana	2.70	2.40	2.60	3.10	3.70	4.50	5.30
Haiti	0.87	0.75	0.83	0.98	1.17	1.44	1.70
Jamaica	…	…	…	…	…	…	…
Saint Kitts and Nevis	1.55	1.56	1.72	2.05	2.44	3.00	3.54
Saint Lucia	2.87	3.04	3.34	3.98	4.73	5.82	6.87
Saint Vincent and the Grenadines	1.42	1.62	1.84	2.19	2.02	1.87	2.21
Suriname	2.98	3.00	3.25	1.97	2.14	2.63	3.10
Trinidad and Tobago	32.10	30.50	28.20	17.90	20.57 [b]	21.17 [b]	17.02 [b]
CARICOM	75.17	66.78	70.46	58.24	44.89	52.10	53.22
CARICOM minus Haiti	74.30	66.03	69.63	57.25	43.72	50.66	51.53
CARICOM Common Market [c]	73.70	65.53	69.03	56.55	42.92	49.66	50.33
OECS [d]	11.52	11.93	13.19	15.69	18.09	21.63	25.53
Western Hemisphere	532.68	555.68	836.09	940.23	967.13	1,037.31	1,072.67
United States	321.50	347.60	585.80	696.70	718.00	813.40	808.90
Canada	120.90	119.00	142.80	139.60	154.50	137.60	175.40
Latin America	15.11	22.30	37.03	45.70	49.74	34.21	35.15
Non-CARICOM ACS [e]	2.91	2.90	31.98	38.84	19.17	20.72	21.98
Dominican Republic	0.90	1.20	1.30	1.60	0.00	0.00	...
European Union	360.89	427.13	336.95	341.66	388.47	436.15	508.53
TOTAL WORLD	1,133.10	1,166.20	1,349.20	1,479.50	1,596.60	1,786.60	1,919.60

Notes: a: Figures presented are calculated using data derived from partner countries, DOTS Aggregates from IMF Direction of Trade Yearbook.

b: Source: INTAL; Jamaica Exports to T&T.

c: Common Market is CARICOM minus The Bahamas and Haiti.

d: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.

e: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes & DATAINTAL.

TABLE 13G: EXPORTS OF SURINAME

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda	0.00	0.00	0.00	0.00	0.00	0.00	0.00
The Bahamas	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Barbados	0.00	0.00	0.00	0.05	0.22	0.16	1.35
Belize	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dominica	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grenada	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guyana	0.11	0.12	0.13	0.15	0.18	0.22	0.26
Haiti	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jamaica	0.00	0.18	0.20	0.23	0.28	0.34	0.40
Saint Kitts and Nevis	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Saint Lucia	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Saint Vincent and the Grenadines	0.00	0.02	0.00	0.00	0.01	0.00	0.00
Suriname	…	…	…	…	…	…	…
Trinidad and Tobago	5.90	5.23	3.63	4.32	0.31	0.25	9.19
CARICOM	6.01	5.55	3.96	4.75	1.00	0.97	11.20
CARICOM minus Haiti	6.01	5.55	3.96	4.75	1.00	0.97	11.20
CARICOM Common Market [a]	6.01	5.55	3.96	4.75	1.03	0.85	4.02
OECS [b]	0.00	0.02	0.00	0.00	0.01	0.00	0.00
Western Hemisphere	77.85	89.85	83.00	110.36	59.37	125.17	127.47
United States	53.84	50.64	45.09	55.73	41.91	95.18	92.36
Canada	9.00	1.47	0.00	0.02	0.31	0.25	9.19
Latin America	9.00	32.19	33.95	49.86	16.15	28.77	23.91
Non-CARICOM ACS [c]	0.02	0.08	0.21	0.30	0.21	0.18	0.26
Dominican Republic	0.02	0.02	0.02	0.03	0.00	0.00	0.00
European Union	174.51	154.18	182.56	141.14	154.47	170.19	146.20
TOTAL WORLD	468.74	393.88	402.74	401.60	399.02	532.65	556.69

Notes: a: Common Market is CARICOM minus The Bahamas and Haiti.
b: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
c: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes.

TABLE 13H: EXPORTS OF TRINIDAD & TOBAGO [a]

(US$ Millions)

	1990 [b]	1991 [b]	1992 [b]	1993 [b]	1994 [c]	1995 [c]	1996 [c]
To Country / Region							
Antigua and Barbuda	18.75	8.64	15.50	14.71	24.99	18.08	16.22
The Bahamas	2.60	13.40	5.30	1.60	4.89	4.06	4.44
Barbados	73.60	65.10	63.90	71.10	81.12	90.32	89.52
Belize	1.65	1.76	4.34	3.50	4.70	4.88	3.71
Dominica	9.45	9.62	10.50	10.09	13.04	14.55	15.93
Grenada	20.55	21.04	21.10	28.31	29.06	33.41	36.05
Guyana	27.20	30.40	42.10	58.90	69.21	84.96	90.13
Haiti	5.78	6.08	0.00	0.74	0.50	8.17	6.07
Jamaica	56.20	40.70	31.00	69.10	137.31	220.98	220.72
Saint Kitts and Nevis	0.00	0.00	0.00	0.00	12.45	15.28	15.32
Saint Lucia	25.44	26.51	29.27	30.21	38.16	37.91	40.72
Saint Vincent and the Grenadines	0.00	0.00	0.00	0.00	25.95	25.91	26.27
Suriname	43.20	38.20	41.70	37.00	43.15	53.83	68.91
Trinidad and Tobago	…	…	…	…	…	…	…
CARICOM	284.42	261.45	264.71	325.26	484.53	612.33	634.01
CARICOM minus Haiti	278.64	255.37	264.71	324.52	484.02	604.16	627.93
CARICOM Common Market [b]	276.04	241.97	259.41	322.92	479.14	600.10	623.49
OECS [c]	74.19	65.81	76.37	83.32	143.65	145.14	150.50
Western Hemisphere	1,471.98	1,461.03	1,395.19	1,273.76	1,806.26	1,926.02	2,076.65
United States	1,071.10	992.40	905.00	762.00	977.55	968.66	1,128.37
Canada	28.50	34.60	34.40	32.50	85.42	48.202	57.52
Latin America	87.96	172.58	191.08	154.00	258.76	296.83	256.75
Non-CARICOM ACS [d]	76.23	108.25	155.04	131.22	202.81	228.76	195.22
Dominican Republic	15.70	10.90	33.80	33.20	27.77	57.59	45.98
European Union	177.81	187.17	105.53	81.06	174,089	266,324	163.18
TOTAL WORLD	1,985.60	1,981.90	1,858.40	1,628.70	1,959.00	2,456.10	2,500.40

Notes: a: Figures presented are calculated using data derived from partner countries, DOTS Aggregates from IMF Direction of Trade Yearbook.
b: Source: Comtrade; for Antigua & Barbuda, St Lucia and Dominica.
c: Source: DATAINTAL.
d: Common Market is CARICOM minus The Bahamas and Haiti.
e: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
f: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source : Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes, DATAINTAL and COMTRADE.

TABLE 13I: EXPORTS OF ANTIGUA AND BARBUDA

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda	…	…	…	…	…	…	…
The Bahamas	0.02	0.02	0.02	0.02	0.03	0.04	0.04
Barbados	0.68	0.48	0.47	0.17	0.11	0.13	0.17
Belize	0.00	0.02	0.01	0.00	0.07	0.02	0.01
Dominica	0.81	0.79	0.87	1.04	1.23	1.52	1.79
Grenada	0.17	0.16	0.17	0.20	0.24	0.30	0.35
Guyana	0.34	0.37	0.41	0.48	0.58	0.71	0.84
Haiti	…	…	…	…	…	…	…
Jamaica	0.10	0.03	0.03	0.04	0.04	0.05	0.06
Saint Kitts and Nevis	…	…	…	…	…	…	…
Saint Lucia	…	…	…	…	…	…	…
Saint Vincent and the Grenadines	0.19	0.17	0.21	0.31	0.41	0.20	0.24
Suriname	0.00	0.00	0.00	…	…	…	…
Trinidad and Tobago	…	…	…	0.00	0.00	0.00	0.18
CARICOM	2.31	2.04	2.19	2.26	2.71	2.97	3.68
CARICOM minus Haiti	2.31	2.04	2.19	2.26	2.71	2.97	3.68
CARICOM Common Market [a]	2.29	2.02	2.17	2.24	2.68	2.93	3.64
OECS [b]	1.17	1.12	1.25	1.55	1.88	2.02	2.38
Western Hemisphere	6.36	6.31	20.29	21.26	18.15	28.72	29.83
United States	3.73	4.09	5.55	14.82	4.73	2.91	8.00
Canada	0.15	0.18	0.33	0.26	0.26	8.57	1.39
Latin America	0.17	0	12.22	3.92	10.45	14.27	16.76
Non-CARICOM ACS [c]	0.13	0.00	12.22	3.91	10.39	0.06	0.13
Dominican Republic	…	…	…	…	…	…	…
European Union	21.12	16.36	5.92	3.79	12.41	9.00	12.29
TOTAL WORLD	32.26	25.36	28.37	27.05	31.87	44.96	69.06

Notes: a: Common Market is CARICOM minus The Bahamas and Haiti.
b: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
c: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes.

TABLE 13J: EXPORTS OF DOMINICA [a]

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda	1.15	1.27	1.39	1.66	1.97	2.43	2.87
The Bahamas	...	...	...	...	…	…	…
Barbados	1.17	1.19	1.85	3.13	1.57	1.82	1.47
Belize	0.00	0.00	0.16	0.67	0.04	0.04	0.06
Dominica	…	…	…	…	…	…	…
Grenada	0.46	0.51	0.56	0.66	0.79	0.97	1.14
Guyana	0.53	0.58	0.64	0.76	0.91	1.12	1.32
Haiti	0.01	0.01	0.01	0.02	0.02	0.02	0.03
Jamaica	6.75	5.97	6.57	7.82	9.30	11.44	13.50
Saint Kitts and Nevis	0.51	0.56	0.62	0.74	0.88	1.08	1.27
Saint Lucia	1.11	1.22	1.34	1.60	1.90	2.34	2.76
Saint Vincent and the Grenadines	0.62	0.75	0.86	0.83	1.00	0.94	1.11
Suriname	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trinidad and Tobago	1.42	0.00	0.00	0.00	0.07	0.00	2.11
CARICOM	13.73	12.07	14.01	17.88	18.44	22.20	27.64
CARICOM minus Haiti	13.72	12.06	14.00	17.86	18.42	22.17	27.61
CARICOM Common Market [b]	13.72	12.06	14.00	17.86	18.42	22.17	27.61
OECS [c]	3.85	4.31	4.78	5.49	6.54	7.76	9.15
Western Hemisphere	19.81	19.22	19.27	27.71	28.52	36.45	36.88
United States	6.00	5.64	4.46	5.36	6.73	6.46	7.73
Canada	0.08	0.23	0.14	3.92	1.09	7.18	1.03
Latin America	0.00	1.28	0.66	0.55	2.26	0.62	0.49
Non-CARICOM ACS [d]	0.00	1.03	0.56	0.26	0.62	0.46	0.46
Dominican Republic	…	…	…	…	…	…	…
European Union	31.30	52.77	46.60	39.80	30.50	27.43	29.93
TOTAL WORLD	55.03	116.11	115.33	84.54	81.63	85.50	87.77

Notes: a: Figures presented are calculated using data derived from partner countries, DOTS Aggregates from IMF Direction of Trade Yearbook.
b: Common Market is CARICOM minus The Bahamas and Haiti.
c: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
d: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes.

TABLE 13K: EXPORTS OF GRENADA [a]

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda	0.12	0.13	0.14	0.17	0.20	0.24	0.29
The Bahamas	…	…	…	…	…	…	…
Barbados	0.85	1.34	1.08	1.26	1.68	2.35	1.39
Belize	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dominica	0.42	0.48	0.53	0.63	0.75	0.93	1.09
Grenada	…	…	…	…	…	…	…
Guyana	0.04	0.04	0.04	0.05	0.06	0.07	0.09
Haiti	…	…	…	…	…	…	…
Jamaica	0.27	0.08	0.09	0.11	0.13	0.16	0.18
Saint Kitts and Nevis	0.17	0.19	0.21	0.24	0.29	0.36	0.42
Saint Lucia	1.15	1.27	1.39	1.66	1.97	2.43	2.86
Saint Vincent and the Grenadines	0.27	0.45	0.57	0.41	0.47	0.36	0.42
Suriname	...	...	...	...	…	…	…
Trinidad and Tobago	2.71	1.33	0.76	0.31	0.00	0.00	2.38
CARICOM	6.00	5.29	4.81	4.83	5.55	6.89	9.12
CARICOM minus Haiti	6.00	5.29	4.81	4.83	5.55	6.89	9.12
CARICOM Common Market [b]	6.00	5.29	4.81	4.83	5.55	6.89	9.12
OECS [c]	2.13	2.51	2.84	3.11	3.68	4.31	5.08
Western Hemisphere	8.55	14.04	19.48	16.91	13.83	14.00	14.71
United States	1.57	7.73	7.27	7.91	7.36	5.46	3.64
Canada	0.47	0.37	0.26	0.27	0.34	0.48	0.41
Latin America	0.51	0.66	7.14	3.90	0.57	1.18	1.55
Non-CARICOM ACS [d]	0.00	0.11	7.13	3.56	0.11	0.80	0.96
Dominican Republic	...	...	...	...	...	...	...
European Union	11.98	11.38	36.25	8.17	7.11	11.36	17.75
TOTAL WORLD	21.33	28.50	59.12	28.24	23.25	27.14	35.09

Notes: a: Figures presented are calculated using data derived from partner countries, DOTS Aggregates from IMF Direction of Trade Yearbook.
b: Common Market is CARICOM minus The Bahamas and Haiti.
c: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
d: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes.

TABLE 13L: EXPORTS OF ST. KITTS AND NEVIS

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda	...	...	...	...	...	...	...
The Bahamas	0.01	0.01	0.01	0.01	0.01	0.02	0.02
Barbados	0.02	0.12	0.41	0.20	0.12	1.08	0.09
Belize	0.00	0.01	0.00	0.00	0.01	0.00	0.00
Dominica	0.42	0.48	0.53	0.63	0.75	0.92	1.09
Grenada	0.21	0.28	0.30	0.36	0.43	0.53	0.62
Guyana	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Haiti	...	...	...	...	...	...	...
Jamaica	0.04	0.00	0.00	...	...	...	...
Saint Kitts and Nevis	...	...	...	...	...	...	...
Saint Lucia	...	...	...	...	...	...	...
Saint Vincent and the Grenadines	0.12	0.06	0.03	0.18	0.18	0.21	0.25
Suriname	...	...	...	...	...	...	...
Trinidad and Tobago	0.00	0.00	0.00	0.00	0.00	0.00	0.07
CARICOM	0.82	0.96	1.28	1.37	1.50	2.76	2.15
CARICOM minus Haiti	0.82	0.96	1.28	1.37	1.50	2.76	2.15
CARICOM Common Market [a]	0.81	0.95	1.27	1.36	1.49	2.74	2.13
OECS [b]	0.75	0.82	0.86	1.16	1.36	1.66	1.96
Western Hemisphere	15.46	17.18	23.05	27.65	23.25	26.38	26.53
United States	14.55	16.09	21.64	22.64	20.36	21.46	22.36
Canada	0.03	0.07	0.00	0.44	1.38	2.17	2.02
Latin America	0.07	0.06	0.13	3.20	0.00	0.00	0.00
Non-CARICOM ACS [c]	0.00	0.00	0.08	0.20	0.00	0.00	0.00
Dominican Republic	...	...	...	...	...	...	...
European Union	8.11	10.73	15.90	12.81	9.36	13.09	10.09
TOTAL WORLD	23.73	28.26	39.58	62.96	37.45	40.32	37.93

Notes: a: Common Market is CARICOM minus The Bahamas and Haiti.
b: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
c: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes.

TABLE 13M: EXPORTS OF ST. LUCIA

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda	…	…	…	…	…	…	…
The Bahamas	0.05	0.05	0.06	0.07	0.08	0.10	0.12
Barbados	1.50	3.71	2.86	2.23	1.70	1.91	2.31
Belize	0.13	0.19	0.20	0.25	0.20	0.18	0.17
Dominica	4.53	4.16	4.58	5.45	6.48	7.97	9.41
Grenada	1.53	1.22	1.35	1.60	1.91	2.34	2.76
Guyana	0.17	0.19	0.21	0.25	0.30	0.37	0.43
Haiti	…	…	…	…	0.00	0.00	0.00
Jamaica	2.45	1.52	1.67	1.99	2.37	2.91	3.44
Saint Kitts and Nevis	…	…	…	…	…	…	…
Saint Lucia	…	…	…	…	…	…	…
Saint Vincent and the Grenadines	1.89	0.94	1.03	0.60	0.55	1.43	1.69
Suriname	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trinidad and Tobago	0.00	0.00	0.00	0.00	0.11	0.00	2.30
CARICOM	12.25	11.98	11.95	12.44	13.70	17.21	22.63
CARICOM minus Haiti	12.25	11.98	11.95	12.44	13.70	17.21	22.63
CARICOM Common Market [a]	12.20	11.93	11.89	12.37	13.61	17.11	22.51
OECS [b]	7.95	6.32	6.95	7.65	8.94	11.74	13.86
Western Hemisphere	45.22	33.50	40.00	42.97	39.65	51.55	45.42
United States	24.27	21.00	27.18	30.09	25.27	33.00	21.09
Canada	8.29	0.23	0.26	0.17	0.34	0.91	1.17
Latin America	0.41	0.286	0.606	0.275	0.342	0.431	0.52
Non-CARICOM ACS [c]	0.41	0.29	0.28	0.24	0.34	0.42	0.51
Dominican Republic	0.00	0.00	0.00	0.00	0.00	0.00	0.00
European Union	100.46	83.01	98.87	79.26	62.45	71.51	80.42
TOTAL WORLD	145.77	116.97	138.94	123.24	103.23	124.65	127.76

Notes: a: Common Market is CARICOM minus The Bahamas and Haiti.
b: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
c: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes.

TABLE 13N: EXPORTS OF ST. VINCENT AND THE GRENADINES [a]

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda	2.94	2.18	3.48	3.75	3.76	3.77	4.45
The Bahamas	0.00	0.00	0.00	0.00	0.03	0.01	0.02
Barbados	2.79	1.89	2.51	2.10	3.40	3.71	4.44
Belize	0.04	0.01	0.00	0.00	0.00	0.00	0.00
Dominica	2.22	2.60	3.11	3.06	2.80	2.75	3.24
Grenada	0.68	0.94	2.03	1.80	1.30	1.93	2.27
Guyana	0.90	0.09	0.04	0.19	0.85	0.47	0.56
Haiti	0.13	0.14	0.16	0.24	0.15	0.05	0.05
Jamaica	0.67	1.09	1.51	0.86	0.91	0.75	0.88
Saint Kitts and Nevis	1.87	1.51	1.70	1.75	2.60	1.96	2.32
Saint Lucia	5.60	6.11	8.09	6.84	6.49	6.82	8.04
Saint Vincent and the Grenadines	…	…	…	…	…	…	…
Suriname	0.02	0.00	0.00	0.00	0.00	0.01	0.01
Trinidad and Tobago	10.30	8.35	9.63	5.98	5.24	5.18	0.00
CARICOM	28.16	24.91	32.26	26.57	27.52	27.40	26.28
CARICOM minus Haiti	28.03	24.77	32.10	26.33	27.37	27.35	26.23
CARICOM Common Market [b]	28.02	24.77	32.10	26.33	27.33	27.34	26.21
OECS [c]	13.31	13.34	18.42	17.20	16.94	17.22	20.32
Western Hemisphere	37.03	28.70	36.03	31.06	32.33	33.04	32.85
United States	8.75	3.54	3.52	4.29	4.71	5.55	6.27
Canada	0.12	0.19	0.22	0.12	0.08	0.06	0.26
Latin America	0.01	0.06	0.04	0.08	0.03	0.03	0.04
Non-CARICOM ACS [d]	0.01	0.04	0.04	0.08	0.03	0.03	0.03
Dominican Republic	0.00	0.03	0.00	0.00	0.00	0.00	0.00
European Union	45.15	37.85	41.84	25.69	16.64	9.60	46.16
TOTAL WORLD	82.72	67.12	78.87	57.86	50.37	44.53	99.41

Notes: a: Figures presented are calculated using data derived from partner countries, DOTS Aggregates from IMF Direction of Trade Yearbook.
b: Common Market is CARICOM minus The Bahamas and Haiti.
c: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
d: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source: Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes.

TABLE 13O: MEMORANDUM ITEM: EXPORTS OF DOMINICAN REPUBLIC [a]

(US$ Million)

	1990	1991	1992	1993	1994	1995	1996
To Country / Region							
Antigua and Barbuda	0.06	0.05	0.02	0.10	0.00	0.00	...
The Bahamas	0.00	0.00	0.00	0.00	0.00	0.00	...
Barbados	0.14	0.12	0.20	0.38	0.00	0.00	...
Belize	0.02	0.03	0.02	0.04	0.00	0.00	...
Dominica	0.01	0.20	0.04	0.00	0.00	0.00	...
Grenada	0.42	0.03	0.17	0.38	0.00	0.00	...
Guyana	0.06	0.07	0.20	0.33	0.00	0.00	...
Haiti	4.20	3.90	0.20	8.00	8.40	21.80	23.00
Jamaica	2.70	1.50	4.30	2.00	2.70	3.30	4.60
Saint Kitts and Nevis	0.00	0.00	0.00	0.00	0.00	0.00	...
Saint Lucia	0.83	0.07	0.04	0.17	0.00	0.00	...
Saint Vincent and the Grenadines	0.17	0.00	0.04	0.03	0.00	0.00	...
Suriname	1.48	1.17	0.00	0.00	0.00	0.00	...
Trinidad and Tobago	0.50	0.40	0.50	0.40	0.00	0.00	...
CARICOM	10.59	7.54	5.73	11.83	11.10	25.10	27.60
CARICOM minus Haiti	6.39	3.64	5.53	3.83	2.70	3.30	4.60
CARICOM Common Market [b]	6.25	3.52	5.33	3.45	2.70	3.30	...
OECS [c]	1.49	0.35	0.31	0.68	0.00	0.00	...
Western Hemisphere	527.78	456.02	371.83	335.61	373.97	433.40	496.27
United States	490.60	420.70	344.20	286.90	336.70	365.30	417.40
Canada	11.90	13.40	9.60	24.80	15.90	34.00	34.50
Latin America	14.69	14.38	12.30	12.08	10.27	9.00	16.77
Non-CARICOM ACS [d]	2.99	5.97	9.50	5.74	9.47	8.30	15.57
Dominican Republic	...	...	...	...	...	...	...
European Union	143.96	141.93	120.27	112.63	146.26	174.96	176.37
TOTAL WORLD	745.60	658.30	566.10	511.00	3,359.60	3,405.90	3,893.00

Notes: a: Figures presented are calculated using data derived from partner countries, DOTS Aggregates from IMF Direction of Trade Yearbook.
b: Common Market is CARICOM minus The Bahamas and Haiti.
c: OECS includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.
d: Non-CARICOM ACS includes Dominican Republic, CACM, Panama, Colombia, Venezuela, Mexico and Cuba.

Source : Calculated by the IDB's Division of Integration, Trade and Hemispheric Issues and the Statistics and Quantitative Analysis Unit based on IMF Direction of Trade tapes.

TABLE 14: PRODUCT STRUCTURE OF CARICOM [a] EXPORTS

TABLE 14 A: CARICOM TOTAL EXPORTS: TOP 100 PRODUCTS [b]

(three latest years)

UNCTAD Classification [c]	Description				Tot 8 CARICOM countries	% of 100 products	% of total Intra-CARICOM	Accum.% of total
1 Total	Food and Food Stuffs	589,798	665,123	740,475	1,995,396	18	15	15
3 Total	Minerals and Metals	861,468	1,045,154	998,038	2,904,660	25	22	37
4 Total	Combustibles and Lubricants	1,125,832	1,220,632	1,314,253	3,660,717	32	28	65
5 Total	Manufactures	908,373	993,897	935,888	2,838,158	25	21	86
Grand Total		3,485,471	3,924,806	3,988,654	11,398,931	100	86	
Total World		4,017,949	4,564,898	4,620,528	13,203,375	116	100	

TABLE 14 B: CARICOM INTRA-REGIONAL EXPORTS: TOP 100 PRODUCTS [d]

(three latest years)

UNCTAD Classification [c]	Description	Tot 8 CARICOM countries	% of 100 products	% of total Intra-CARICOM	Accum.% of total
1 Total	Food and Food Stuffs	283,303	21	12	12
3 Total	Minerals and Metals	43,024	3	2	14
4 Total	Combustibles and Lubricants	704,176	52	30	44
5 Total	Manufactures	323,222	24	14	58
Total 100 products		1,353,725			
Total Intra-CARICOM		2,337,791			
Total World		13,203,375			

Notes: a: CARICOM here includes data for Barbados, Belize, St.Kitts & Nevis, St.Lucia and St.Vincent and the Grenadines (1993 to1995) , Jamaica, Trinidad & Tobago and Dominica (1994 to 1996).
b: Top 100 products exported to the world account for 86 % of total CARICOM exports.
c: Section 3 includes Other Aluminium Oxide (Alumina) and Urea; Section 2: Primary Agricultural Goods; Section 6: Other products not elsewhere considered.
d: Top 100 products exported intra-regionally account for 58 % of total Intra-CARICOM exports.

Source: IDB's Statistics & Quantitative Analysis Unit based on the DATAINTAL Database.

TABLE 14C: MAIN PRODUCTS EXPORTED BY CARICOM COUNTRIES [a] TO THE WORLD

(Classified by HS and ranked by export values)

Product	UNCTAD	Description	Trade latest 3 years [b] thousand US $	% of total exports	Accum%
28182000	5	OTHER ALUMINIUM OXIDE (ALUMINA)	1,776,276	13.45	13.45
27090090	4	CRUDE PETROLEUM OILS OTHER	1,249,403	9.46	22.92
28141000	5	ANHYDROUS AMMONIA	845,855	6.41	29.32
17011100	1	RAW CANE SUGAR	629,620	4.77	34.09
29050010	5	METHANOL (METHYL ALCOHOL)	563,450	4.27	38.36
72130090	3	BARS AND RODS OF NON-ALLOY STEEL	495,879	3.76	42.11
8030010	1	BANANAS FRESH	463,610	3.51	45.63
27103990	4	OTHER GAS OILS	364,703	2.76	48.39
61150010	5	PANTY-HOSE AND TIGHTS OF SYNTHETIC FIBRES	305,253	2.31	50.70
27104990	4	OTHER FUEL OILS N.E.S.O.I.	298,002	2.26	52.96
27102190	4	KEROSENE TYPE JET FUEL OTHER	281,722	2.13	55.09
31021000	3	UREA	279,409	2.12	57.21
27101390	4	MOTOR SPIRIT (GASOLINE) OTHER	278,345	2.11	59.31
61091010	5	T-SHIRTS OF COTTON; KNITTED OR CROCHETED	260,743	1.97	61.29
26060000	3	ALUMINIUM ORES AND CONCENTRATES	222,783	1.69	62.98
27104290	4	BUNKER 'C' GRADE FUEL OIL OTHER	221,950	1.68	64.66
27103910	4	OTHER GAS OILS E.U.P.A	193,130	1.46	66.12
27104910	4	OTHER FUEL OILS E.U.P.A	187,199	1.42	67.54
27104210	4	BUNKER 'C' GRADE FUEL OIL E.U.P.A	115,979	0.88	68.42
27101310	4	MOTOR SPIRIT (GASOLINE) E.U.P.A	104,096	0.79	69.21
72031000	3	FERROUS PRODUCTS OBTAINED BY DIRECT REDUCTION OF IRON	89,577	0.68	69.88
22084090	1	OTHER RUM AND TAFIA	84,480	0.64	70.52
22021010	1	AERATED BEVERAGES (FLAVOURED)	77,293	0.59	71.11
9011090	1	COFFEE BEANS NOT ROASTED OTHER	73,940	0.56	71.67
27102110	4	KEROSENE TYPE JET FUEL E.U.P.A	68,535	0.52	72.19
27109200	4	LUBRICATING OILS	65,748	0.50	72.69
27111200	4	PROPANE LIQUEFIED	58,904	0.45	73.13
25232010	5	BUILDING CEMENT (GREY)	56,798	0.43	73.56
21060090	1	OTHER FOOD PREPARATIONS N.E.S.O.I	49,239	0.37	73.94
27111300	4	BUTANES LIQUEFIED	46,586	0.35	74.29
34022030	5	OTHER DETERGENTS FOR RETAIL SALE	44,578	0.34	74.63
85333000	5	WIREWOUND VARIABLE RESISTORS INCLUDING RHEOSTATS ETC	43,222	0.33	74.95
27109100	4	LUBRICATING OIL BASE STOCK	42,939	0.33	75.28
22030010	1	BEER	42,862	0.32	75.60
20091010	1	ORANGE JUICE CONCENTRATED	42,824	0.32	75.93
27111900	4	OTHER PETROLEUM GASES LIQUEFIED	42,200	0.32	76.25
22084010	1	RUM AND TAFIA BOTTLED 46% VOL AND UNDER	39,803	0.30	76.55
62121000	5	BRASSIERES	39,303	0.30	76.85
70109010	5	SOFT DRINKS BEER WINES AND SPIRIT BOTTLES OF GLASS	37,063	0.28	77.13
88033000	5	OTHER PARTS OF AEROPLANES OR HELICOPTERS	35,748	0.27	77.40
7149050	1	YAMS	35,524	0.27	77.67
48184020	5	NAPKINS AND NAPKIN LINERS FOR BABIES	34,601	0.26	77.93
3070090	1	OTHER MOLLUSES	33,884	0.26	78.18
23040000	1	OIL CAKE AND OTHER SOLID RESIDUES OF SOYA BEANS	33,429	0.25	78.44
3060030	1	LOBSTERFROZEN	32,903	0.25	78.69
48191000	5	CARTONS BOXES AND CASES OF CORRUGATED PAPER OR PAPER	32,737	0.25	78.94
62034210	5	MEN'S OR BOYS' TROUSERS AND SHORTS OF COTTON; NOT KNITTED	32,275	0.24	79.18
84071000	5	AIRCRAFT PISTON ENGINES	31,850	0.24	79.42
19050020	1	BISCUITS SWEETENED	28,472	0.22	79.64
27104110	4	PETROLEUM PARTLY REFINED E.U.P.A	28,282	0.21	79.85
22030020	1	STOUT	26,904	0.20	80.05
61082100	5	WOMEN'S OR GIRLS' BRIEFS ETC. OF COTTON KNITTED	26,846	0.20	80.26

(continued)

TABLE 14C: MAIN PRODUCTS EXPORTED BY CARICOM COUNTRIES [a] TO THE WORLD (continued)

Product	UNCTAD	Description	Trade latest 3 years (b) thousand US $	% of total exports	Accum%
11010010	1	FLOUR OF DURUM WHEAT	25,660	0.19	80.45
34011120	5	TOILET SOAP IN BARS CAKES ETC. AND OTHER FORMS	25,239	0.19	80.64
72140030	3	OTHER BARS AND RODS OF IRON	25,220	0.19	80.83
89052000	5	FLOATING OR SUBMERSIBLE DRILLING OR PRODUCTION	25,211	0.19	81.03
22071000	5	ETHYL ALCOHOL UNDENATURED	24,528	0.19	81.21
24021000	1	CIGARS CHEROOTS AND CIGARILLOS CONTAINING TOBACCO	23,706	0.18	81.39
03060020	1	SHRIMPS AND PRAWNS FROZEN	22,279	0.17	81.56
61042010	5	COTTON ENSEMBLES KNITTED OR CROCHETED	21,543	0.16	81.72
28183000	5	ALUMINIUM HYDROXIDE	21,197	0.16	81.88
08072000	1	PAPAWS (PAPAYAS) FRESH	20,742	0.16	82.04
19041000	1	PREPARED FOODS OBTAINED FROM CEREALS	20,067	0.15	82.19
62122000	5	GIRDLES AND PANTY-GIRDLES	19,758	0.15	82.34
44182000	5	DOORS & THEIR FRAMES & THRESHOLDS.	19,722	0.15	82.49
62059000	5	MEN'S OR BOYS' SHIRTS OF OTHER TEXTILE MATERIALS	19,597	0.15	82.64
48184010	5	SANITARY TOWELS AND TAMPONS	19,343	0.15	82.79
15171000	1	MARGARINE	19,169	0.15	82.93
18010010	1	COCOA BEANS RAW	18,597	0.14	83.07
19050010	1	BISCUITS UNSWEETENED	17,988	0.14	83.21
88024000	5	AIRCRAFT UNLADEN WEIGHT EXCEEDING 15OOO KG	17,099	0.13	83.34
85420010	5	Not identified (see Harmonized System at 6 digits)	17,071	0.13	83.47
20092010	1	GRAPEFRUIT JUICE CONCENTRATED	17,051	0.13	83.60
15079000	1	SOYA BEAN OIL REFINED ETC.	16,781	0.13	83.72
30049090	5	OTHER MEDICAMENTS IN MEASURED DOSES	16,661	0.13	83.85
72286000	3	OTHER BARS & RODS OF OTHER ALLOY STEEL	15,516	0.12	83.97
34011910	5	OTHER SOAP IN THE FORM OF CAKES TABLETS BARS ETC.	15,456	0.12	84.08
73102100	5	CANS TO BE CLOSED BY SOLDERING OR CRIMPING CAPACITY	14,931	0.11	84.20
03026090	1	OTHER FISH FRESH OR CHILLED	14,645	0.11	84.31
76101000	5	DOORS WINDOWS & THEIR FRAMES AND THRESHOLDS FOR DOOR	14,506	0.11	84.42
62113000	5	OTHER GARMENTS MEN'S AND BOYS'	14,446	0.11	84.53
17049000	1	OTHER SUGAR CONFECTIONERY	14,175	0.11	84.63
61102000	5	JERSEYS PULLOVERS ETC. OF COTTON; KNITTED OR CROCHET	14,170	0.11	84.74
62114000	5	OTHER GARMENTS WOMEN'S AND GIRLS'	14,167	0.11	84.85
62089910	5	WOMEN'S OR GIRLS' NEGLIGES ETC. OF OTHER TEXTILE	14,064	0.11	84.96
48181000	5	TOILET PAPER	13,852	0.10	85.06
38081030	5	OTHER INSECTICIDES IN RETAIL PACKS OR AS PREPARATION	13,210	0.10	85.16
27103190	4	DIESEL OIL OTHER	12,994	0.10	85.26
82054000	5	SCREW DRIVERS	12,994	0.10	85.36
48210000	5	PAPER OR PAPERBOARD LABELS OF ALL KINDS	12,794	0.10	85.45
18060020	1	CHOCOLATE CONFECTIONERY	12,691	0.10	85.55
61099010	5	T-SHIRTS OF OTHER TEXTILE MATERIALS KNITTED ETC.	12,510	0.09	85.65
85340000	5	PRINTED CIRCUITS	12,001	0.09	85.74
04022000	1	MILK AND CREAM IN POWDER GRANULES FAT OVER 1.5%	11,989	0.09	85.83
10063070	1	WHOLLY MILLED PARBOILED RICE IN PKS <10 KG	11,655	0.09	85.92
09042020	1	PIMENTO (ALL-SPICE)	11,533	0.09	86.00
61110090	5	OTHER BABIES' GARMENTS AND CLOTHING ACCESSORIES ETC.	11,088	0.08	86.09
19050090	1	BREAD PASTRY CAKES AND OTHER BAKERY PRODUCTS	11,076	0.08	86.17
24022000	1	CIGARETTES CONTAINING TOBACCO	10,805	0.08	86.25
85070010	5	ELECTRIC ACCUMULATORS COMPLETE	10,678	0.08	86.33
		100 MAIN PRODUCTS	**11,398,937**	**86.33**	
		TOTAL WORLD	**13,203,375**	**100.00**	

Notes: a: CARICOM here includes data for eight countries (Barbados, Belize, St.Kitts & Nevis, St.Lucia, St.Vincent and the Grenadines (1993 to 1995) , Jamaica , Trinidad & Tobago and Dominica (1994-1996). Comparable data for the remaining countries was not available in DATAINTAL.
b: Total exports of the latest three years available (listed in note a).

Source: IDB's Statistics & Quantitative Analysis Unit based on the DATAINTAL Database.

TABLE 14D: MAIN PRODUCTS EXPORTED BY CARICOM COUNTRIES [a] TO CARICOM

(Classified by HS and ranked by export values)

Product	UNCTAD	Description	Trade latest 3 years [(b)] thousand US $	% of total exports	Accum%
27101390	4	MOTOR SPIRIT (GASOLINE) OTHER	119,747	5.12	5.12
27102190	4	KEROSENE TYPE JET FUEL OTHER	112,374	4.81	9.93
27104290	4	BUNKER ‘C’ GRADE FUEL OIL OTHER	98,805	4.23	14.16
27101310	4	MOTOR SPIRIT (GASOLINE) E.U.P.A	55,130	2.36	16.51
22021010	1	AERATED BEVERAGES (FLAVOURED)	52,740	2.26	18.77
27104210	4	BUNKER ‘C’ GRADE FUEL OIL E.U.P.A	51,205	2.19	20.96
27103910	4	OTHER GAS OILS E.U.P.A	51,039	2.18	23.14
25232010	5	BUILDING CEMENT (GREY)	44,775	1.92	25.06
34022030	5	OTHER DETERGENTS FOR RETAIL SALE	32,873	1.41	26.46
27109200	4	LUBRICATING OILS	29,335	1.25	27.72
48191000	5	CARTONS BOXES AND CASES OF CORRUGATED PAPER	25,484	1.09	28.81
11010010	1	FLOUR OF DURUM WHEAT	22,610	0.97	29.78
31021000	3	UREA	21,824	0.93	30.71
27102110	4	KEROSENE TYPE JET FUEL E.U.P.A	19,901	0.85	31.56
21060090	1	OTHER FOOD PREPARATIONS N.E.S.O.I	19,650	0.84	32.40
48184020	5	NAPKINS AND NAPKIN LINERS FOR BABIES	18,871	0.81	33.21
34011120	5	TOILET SOAP IN BARS CAKES ETC. AND OTHER	16,850	0.72	33.93
73102100	5	CANS TO BE CLOSED BY SOLDERING OR CRIMPIN	15,591	0.67	34.60
34011910	5	OTHER SOAP IN THE FORM OF CAKES TABLETS B	15,014	0.64	35.24
15171000	1	MARGARINE	14,796	0.63	35.87
19050020	1	BISCUITS SWEETENED	13,580	0.58	36.45
70109010	5	SOFT DRINKS BEER WINES AND SPIRIT BOTTLES	12,822	0.55	37.00
27111300	4	BUTANES LIQUEFIED	11,992	0.51	37.51
22030010	1	BEER	11,541	0.49	38.01
15079000	1	SOYA BEAN OIL REFINED ETC.	11,535	0.49	38.50
10063070	1	WHOLLY MILLED PARBOILED RICE IN PKS <10 K	11,028	0.47	38.97
30049090	5	OTHER MEDICAMENTS IN MEASURED DOSES	10,904	0.47	39.44
44182000	5	DOORS & THEIR FRAMES & THRESHOLDS.	10,288	0.44	39.88
19041000	1	PREPARED FOODS OBTAINED FROM CEREALS	9,547	0.41	40.29
72130090	3	BARS AND RODS OF NON-ALLOY STEEL	9,140	0.39	40.68
39110000	5	PETROLEUM RESINS POLYTERPENES ETC. IN PRI	8,146	0.35	41.03
38081030	5	OTHER INSECTICIDES IN RETAIL PACKS OR AS	7,798	0.33	41.36
48192000	5	FOLDING CARTONS ETC. OF NON-CORRUGATED	7,482	0.32	41.68
33061010	5	TOOTHPASTES	7,308	0.31	41.99
23040000	1	OIL CAKE AND OTHER SOLID RESIDUES OF SOYA	7,215	0.31	42.30
40112000	5	RUBBER TYRES FOR BUSES OR LORRIES	6,998	0.30	42.60
4022000	1	MILK AND CREAM IN POWDER GRANULES FAT OVE	6,799	0.29	42.89
23099030	1	PREPARED COMPLETE POULTRY FEED	6,688	0.29	43.18
27111200	4	PROPANE LIQUEFIED	6,617	0.28	43.46
18060020	1	CHOCOLATE CONFECTIONERY	6,309	0.27	43.73
76101000	5	DOORS WINDOWS & THEIR FRAMES AND THRESHOL	6,060	0.26	43.99
72286000	3	OTHER BARS & RODS OF OTHER ALLOY STEEL	5,893	0.25	44.24
85070010	5	ELECTRIC ACCUMULATORS COMPLETE	5,880	0.25	44.49
32100010	5	WATER-THINNED PAINTS	5,459	0.23	44.73
27103190	4	DIESEL OIL OTHER	5,220	0.22	44.95
34012090	5	HOUSEHOLD SOAPS IN LIQUID OR SEMI-SOLID F	5,113	0.22	45.17
20091010	1	ORANGE JUICE CONCENTRATED	5,105	0.22	45.39
48184010	5	SANITARY TOWELS AND TAMPONS	4,781	0.20	45.59
22029090	1	OTHER NON ALCOHOLIC BEVERAGES	4,585	0.20	45.79
21060040	1	FLAVORING POWDERS FOR MAKING BEVERAGES	4,515	0.19	45.98
85442000	5	CO-AXIAL CABLES AND OTHER CO-AXIAL ELECTR	4,300	0.18	46.17
07130010	1	RED KIDNEY BEANS DRIED	4,296	0.18	46.35

(continued)

TABLE 14D: MAIN PRODUCTS EXPORTED BY CARICOM COUNTRIES [a] TO CARICOM (continued)

Product	UNCTAD	Description	Trade latest 3 years [(b)] thousand US $	% of total exports	Accum%
08030010	1	BANANAS FRESH	4,260	0.18	46.53
04029910	1	CONDENSED MILK	4,257	0.18	46.71
72140030	3	OTHER BARS AND RODS OF IRON	4,130	0.18	46.89
48181000	5	TOILET PAPER	4,066	0.17	47.06
22021090	1	OTHER FLAVOURED WATERS	4,029	0.17	47.24
48210000	5	PAPER OR PAPERBOARD LABELS OF ALL KINDS	3,887	0.17	47.40
21032010	1	TOMATO KETCHUP	3,886	0.17	47.57
19050090	1	BREAD PASTRY CAKES AND OTHER BAKERY PRODU	3,861	0.17	47.73
73102900	5	OTHER TANKS CASKS DRUMS CANS ETC. OF IRON	3,826	0.16	47.90
22030020	1	STOUT	3,319	0.14	48.04
30049050	5	COUGH AND COLD PREPARATIONS ANTACIDS	3,314	0.14	48.18
22084090	1	OTHER RUM AND TAFIA	3,230	0.14	48.32
20091090	1	OTHER ORANGE JUICE NOT CONCENTRATED	3,159	0.14	48.46
10062020	1	OTHER WHITE RICE	3,156	0.13	48.59
3060020	1	SHRIMPS AND PRAWNS FROZEN	3,146	0.13	48.72
28330010	5	ALUMINIUM SULPHATE	2,901	0.12	48.85
19019020	1	PREPARATIONS OF MALT EXTRACT	2,889	0.12	48.97
73269090	5	OTHER ARTICLES OF IRON AND STEEL	2,856	0.12	49.09
39251010	5	PLASTIC TANKS OF A CAPACITY EXCEEDING 300	2,746	0.12	49.21
19050010	1	BISCUITS UNSWEETENED	2,744	0.12	49.33
7149030	1	EDDOES	2,688	0.11	49.44
39232000	5	SACKS AND BAGS (INCLUDING CONES) OF PLAST	2,670	0.11	49.56
64039000	5	OTHER FOOTWEAR WITH OUTER SOLES OF RUBBER	2,580	0.11	49.67
19019090	1	OTHER PREPARATIONS NOT CONTAINING COCOA	2,517	0.11	49.78
73089000	5	OTHER STRUCTURES AND PARTS OF STRUCT	2,504	0.11	49.88
15131900	1	COCONUT (COPRA) OIL REFINED	2,488	0.11	49.99
24022000	1	CIGARETTES CONTAINING TOBACCO	2,418	0.10	50.09
4063000	1	Not identified (see Harmonized System at 6 digits)	2,332	0.10	50.19
19020010	1	UNCOOKED OR UNPREPARED PASTA	2,298	0.10	50.29
15179010	1	IMITATION LARD AND LARD SUBSTITUTES	2,267	0.10	50.39
8051000	1	ORANGES FRESH OR DRIED	2,159	0.09	50.48
33049090	5	OTHER BEAUTY OR MAKE-UP PREPARATIONS	2,159	0.09	50.57
19049000	1	OTHER CEREALS PREPARED IN GRAIN FORM	2,158	0.09	50.67
33020090	5	OTHER MIXTURES OF ODORIFEROUS SUBSTANCES	2,045	0.09	50.75
72104110	3	ZINC COATED CORRUGATED STEEL SHEETS < 3MM	2,037	0.09	50.84
7142000	1	SWEET POTATOES	2,033	0.09	50.93
33059000	5	OTHER HAIR CARE PREPARATIONS	2,030	0.09	51.01
84223000	5	MACHINERY FOR FILLING CLOSING SEALING ETC	2,000	0.09	51.10
34021090	5	OTHER ORGANIC SURFACE-ACTIVE AGENTS	1,993	0.09	51.18
16010010	1	CHICKEN SAUSAGES CANNED	1,940	0.08	51.27
32080010	5	AUTOMOTIVE PAINTS	1,918	0.08	51.35
94060030	5	PREFABRICATED BUILDINGS OF STEEL	1,906	0.08	51.43
8030020	1	PLANTAINS FRESH	1,767	0.08	51.51
22060000	1	CIDER AND OTHER FERMENTED BEVERAGES	1,763	0.08	51.58
35069000	5	OTHER PREPARED GLUES AND OTHER PREPARED	1,734	0.07	51.66
39231090	5	OTHER BOXES CASES CRATES ETC. OF PLASTICS	1,686	0.07	51.73
48193090	5	OTHER SACKS & BAGS OF PAPER 40 CM OR MORE	1,604	0.07	51.80
		TOTAL 100 PRODUCTS	**1,210,914**	**51.80**	
		TOTAL INTRA-CARICOM	**2,337,791**	**100.00**	
		TOTAL WORLD	**13,203,375**		

Notes: a: CARICOM here includes Data for eight countries (Barbados, Belize, St.Kitts & Nevis, St.Lucia and St.Vincent and the Grenadines (1993 to 1995), Jamaica, Trinidad &Tobago and Dominica (1994-1996). Comparable data for the remaining countries was not available in DATAINTAL.
b: Total exports of the latest three years available (listed in note a).

Source: IDB's Statistics & Quantitative Analysis Unit based on the DATAINTAL Database.

TABLE 15: CARICOM TARIFFS IN 1998 - BY SECTIONS OF THE HARMONIZED SYSTEM 1996 -

(Average Most Favored Nation Applied Tariff)

		Antigua & Barbuda	Barbados	Belize	Dominica	Grenada	Guyana	Jamaica	Montserrat	St. Kitts & Nevis	St. Lucia	St.Vincent & the Grenadines	Suriname	Trinidad &Tobago	CARICOM
I	Live Animals/Products	19.2	21.1	27.4	20.2	22.9	26.1	24.2	20.4	15.8	19.9	19.5	22.5	23.7	21.8
II	Vegetable Products	16.2	18.9	18.8	19.2	18.7	19.0	18.9	18.8	15.7	19.1	19.0	18.7	18.6	18.4
III	Animal/Vegetable Fats	23.2	24.7	22.5	24.7	24.7	24.7	24.7	24.7	23.2	24.7	24.7	24.7	24.7	24.3
IV	Processed Foods/Tobacco	16.2	15.2	19.5	19.9	17.3	24.2	16.6	15.9	15.8	19.1	16.6	18.9	15.7	17.7
V	Mineral Products	4.7	5.1	5.1	5.2	5.3	5.8	5.3	3.9	5.1	5.0	4.9	4.7	7.3	5.2
VI	Chemical/Industrial Products	5.2	5.1	5.0	5.4	5.1	5.1	5.1	5.2	4.9	5.5	5.1	5.1	5.1	5.1
VII	Plastics/Rubber	7.8	7.8	7.6	7.7	7.6	7.7	7.8	7.6	7.9	7.8	7.6	7.6	7.9	7.7
VIII	Animal Hides/Skins	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6
IX	Wood/Wood Articles	8.6	8.6	9.5	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6
X	Paper/Cellulose Material	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.7	6.9	6.9	6.9	6.8	6.8	6.8
XI	Textiles	11.0	9.9	14.7	11.1	9.9	9.9	9.9	9.9	11.9	12.2	9.9	9.9	9.9	10.8
XII	Footwear/Misc. Articles	16.5	15.8	18.0	16.5	15.8	15.8	15.8	15.8	17.4	18.4	15.8	15.8	15.8	16.4
XIII	Stone/Glassware	8.9	9.0	9.2	8.8	8.6	9.0	8.7	7.7	9.1	9.0	8.6	8.1	9.0	8.7
XIV	Precious/Semiprec. Mat.	17.0	29.7	29.7	19.7	19.6	29.7	17.0	19.7	16.8	17.0	14.4	22.4	19.7	21.0
XV	Base Metals	5.7	5.5	5.8	5.6	5.5	5.5	5.5	5.5	5.7	5.7	5.5	5.5	5.5	5.6
XVI	Machinery/Electrical Equip.	6.4	5.9	6.0	5.9	6.1	5.9	5.8	5.8	6.3	6.2	5.9	5.6	6.1	6.0
XVII	Motor Vehicles/Vessels	9.6	8.9	8.9	8.6	8.3	8.9	7.6	5.5	11.2	9.7	8.3	6.3	8.5	8.5
XVIII	Precision Instruments	9.5	12.4	12.5	10.1	10.2	12.7	10.0	9.0	9.7	9.5	10.2	10.0	10.8	10.5
XIX	Arms/Munitions	41.4	41.4	41.4	28.9	23.9	41.4	21.4	21.4	41.4	41.4	23.9	18.9	23.9	31.6
XX	Misc. Manufactured Articles	15.4	14.9	15.6	15.2	14.9	14.9	14.9	14.9	15.0	15.3	14.9	14.9	14.9	15.1
XXI	Art/Antiques	17.5	20.0	18.1	20.6	20.0	20.0	20.0	20.0	20.6	20.6	20.0	20.0	20.0	19.8
	Overall	**9.7**	**9.8**	**11.2**	**10.1**	**9.8**	**10.6**	**9.7**	**9.3**	**9.6**	**10.3**	**9.5**	**9.7**	**9.8**	**9.9**
	Residual	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9

Note: Residual is the sum of lines which do not conform to the 1996 version of the Harmonized System. The average tariffs are un-weighted.

Source: IDB's Statistics and Quantitative Analysis Unit based on the CARICOM Common External Tariff (CET).

TABLE 16: COMPARISON OF 1998 EXTERNAL TARIFFS IN CARICOM, CACM AND ALADI - BY SECTIONS OF THE HARMONIZED SYSTEM 1996 -

(Average Most Favored Nation Tariff Applied)

		CARICOM	CACM	ALADI
I	Live Animals/Products	21.77	14.06	15.13
II	Vegetable Products	18.43	12.77	11.86
III	Animal/Vegetable Fats	24.31	11.24	13.89
IV	Processed Foods/Tobacco	17.75	15.98	16.49
V	Mineral Products	5.19	3.96	7.09
VI	Chemical/Industrial Products	5.15	3.14	9.06
VII	Plastics/Rubber	7.70	6.04	12.69
VIII	Animal Hides/Skins	8.63	12.58	12.61
IX	Wood/Wood Articles	8.64	11.34	11.68
X	Paper/Cellulose Material	6.80	6.61	12.13
XI	Textiles	10.79	18.22	17.45
XII	Footwear/Misc. Articles	16.39	18.10	19.65
XIII	Stone/Glassware	8.74	9.18	12.99
XIV	Precious/Semiprec. Mat.	20.96	9.13	11.50
XV	Base Metals	5.57	4.40	12.32
XVI	Machinery/Electrical Equip.	6.00	3.94	10.72
XVII	Motor Vehicles/Vessels	8.47	4.21	13.06
XVIII	Precision Instruments	10.49	5.02	11.12
XIX	Arms/Munitions	31.57	n.a	17.44
XX	Misc. Manufactured Articles	15.07	14.06	17.32
XXI	Art/Antiques	19.81	n.a.	7.56
	Overall	**9.93**	**8.74**	**12.08**
	Residual	7.86	n.a.	7.86

Note: Residual is the sum of lines which do not conform to the 1996 version of the Harmonized System.
The average tariffs are un-weighted.

Source: IDB's Statistics and Quantitative Analysis Unit based on the CARICOM Common External Tariff (CET).

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