Evolution of the CARICOM integration process

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Evolution of the CARICOM integration process

Intra-Regional Relations
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The study is organized as follows: An Introductory Section presents the main goals of the document; Section I examines the evolution of the stages of the CARICOM; Section II remarks the evolution of economic and social indicators in this mechanism; Section III analyzes the institutional evaluation of the subregional organization; Section IV presents a characterization of the convergence of economic policies within CARICOM; and finally the study offers a group of conclusions and recommendations derived from the issues examined in the document.

The Permanent Secretariat of SELA thanks Dr. Sharifa Powell for her valuable work as the consultant in charge of preparing this study.
EXECUTIVE SUMMARY

This paper is an assessment of the progression of the CARICOM regional integration mechanism, with a view to identifying its trajectory of from 1968 to present. The study looks at the evolution of integration from CARIFTA, the stage of the Free Trade Area to the Common Market and Customs Union and critically currently, the CARICOM Single Market and Economy (CSME). While the paper examines the integration process of the wider CARICOM group, requisite mention is made of the progress of the sub-regional configuration, the Organisation of Eastern Caribbean States (OECS).

The integration mechanism was historically founded on three pillars namely; Economic Integration, Functional Cooperation and Foreign Policy Coordination. Each pillar has undergone significant changes, with arguably, the most attention paid to economic integration and its related matters. Significantly, and in an attempt to address the evolving nature of regional security, Security Cooperation was added as a fourth pillar to CARICOM as of 2005.

As it pertains to its trade policy regime, CARICOM has moved from being inward-looking to adopting an outward-oriented agenda. This is noticeable both for intra- and extra-regional trade. For the former, while the CARICOM Treaties provide for free movement of goods and services, intra-regional trade in commodities have been limited; dominated in value by petroleum (and related products) from Trinidad and Tobago. Services and the free movement of skills, labour and finance, have also benefitted from more structured institutional arrangements. These include the implementation of the CARICOM Skills National Certificate (CNS), the CARICOM passport and dedicated immigration lines. Notwithstanding, a plethora of problems exist limiting attainment of the CSME.

For external trade, as members of the World Trade Organisation (WTO), CARICOM states have increasingly moved towards the liberalisation of trade, welcoming greater competition with regionally produced goods and services, as well as securing greater and more favourable access to external markets. The Region continues to be a net importer of goods and services, with negative trade balances. This is compounded by a high concentration in limited markets and export lines.

In ensuring policy coherence and conformity with global trade rules, CARICOM has moved away from traditional preferential arrangements to a regime of reciprocity, impacting, amongst others, the level of earnings from tariff revenues. There is also the increasing need to adhere to more specific standards and regulations.

The signing of the Economic Partnership Agreement (EPA) between CARIFORUM\(^1\) and the European Union (EU) in 2008 is of particular significance to the Region. The reciprocal free-trade agreement commits the gradual reduction in tariffs on a substantial portion of trade in goods and services. The EPA is by far the most comprehensive trade agreement negotiated by the CARICOM region to date with extensive impact on capacity and institutions in the region. The EPA has also established (including through its More Favoured Nation clause) a new benchmark for trade and investment agreements with the Region by including matters such as Investment (in non-service sectors), Innovation, and E-Commerce, to name a few. The Development Cooperation provisions as well as the Protocol on Cultural Cooperation are also impacting on relations between the Parties.

\(^1\) CARIFORUM is comprised of CARICOM and the Dominican Republic.
The integration mechanism has evolved to include important community structures. These include, but are limited to, the Caribbean Court of Justice (CCJ), CARICOM Regional Organisation for Standards and Quality (CROSQ) and the Competition Commission (CCC) along with other standard setting bodies. Thus, notwithstanding the known implementation deficits of the Region (at the national and regional levels), there is notable progress towards deeper integration. In a bid to chart the way forward, Heads of Government approved the 2015-2019 Strategic Plan for the Region in July 2014. The Plan will seek to, *inter alia*, identify priorities and activities that will reposition the Region within the context of a global and changing environment. It will involve a reform of the Community’s institutions and a restructuring of the CARICOM Secretariat. It also entails a critical review of development needs, a Resilience Model for socio-economic progress and strategies to strengthen regional unity.

Having assessed the evolution of CARICOM, the paper recognises that the Region remains vulnerable external shocks, whether in the form of natural disasters, oil prices or global financial crises. The need to diversify exports and markets is accepted, with the region increasingly building the capacity of firms in non-traditional sectors. Given the extent of derogation from the CET, the external tariff is not as uniformed as originally envisaged. The ability to obtain derogation should however be more closely linked to enhancing and building competitive firms.

Attaining deeper integration therefore needs concerted effort at the national and regional levels and thus effective implementation of the five-year Strategic Plan.
INTRODUCTION

CARICOM\textsuperscript{2} countries are characterized by their small size in terms of land area, population and output levels. Seven (7) of these countries have land areas of less than 1000 km\textsuperscript{2} (See Table 1). Two (2) countries-Haiti (10.4 million people) and Jamaica (2.7 million people) - account for 47\% of the total population of CARICOM countries while seven (7) (Antigua/Barbuda, Dominica, Grenada, St. Kitts/Nevis, St. Lucia, St Vincent, and the Grenadines and Montserrat) have fewer than 200,000 inhabitants. In many of the CARICOM states, deforestation and natural disasters have caused serious land degradation. Given the rugged topography of many of the island states, the amount of land available for productive use is limited to narrow coastal strips that must accommodate wide-ranging public and private economic and social activities. Population pressures intensify the many competing claims on the use to which the limited land area is put.

Trinidad and Tobago, Jamaica, and The Bahamas alone account for over 75\% of the group’s GDP, while the seven OECS members’ contribution to the group’s GDP is less than one-tenth. GDP per capita averages US$7426.3 (2012), and varies widely from high levels (over US$10,000) for Antigua, Barbados, St. Kitts and Trinidad/Tobago, with Bahamas as the highest with US$22102.6 to the lower end (under US$2,500) for Guyana with Haiti as the lowest managing an average of only US$455 between 2008 and 2012. Small size limits the amount and range of both human and physical capital. When comparing the benefits from increasing returns to scale in large economies, these small economies will hardly equal the possibilities for production efficiencies of large economies.\textsuperscript{3}

\textbf{TABLE 1}

\textbf{CARICOM Countries: Selected Economic Indicators, 2013}

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Antigua &amp; Barbuda</th>
<th>Bahamas</th>
<th>Barbados</th>
<th>Belize</th>
<th>Dominica</th>
<th>Grenada</th>
<th>Guyana</th>
<th>Haiti</th>
<th>Jamaica</th>
<th>St. Kitts &amp; Nevis</th>
<th>St. Lucia</th>
<th>St. Vincent &amp; Grenadines</th>
<th>Suriname</th>
<th>Trinidad &amp; Tobago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area (km\textsuperscript{2})</td>
<td>442</td>
<td>13,888</td>
<td>431</td>
<td>22,966</td>
<td>750</td>
<td>345</td>
<td>214,970</td>
<td>27,750</td>
<td>10,991</td>
<td>269</td>
<td>616</td>
<td>389</td>
<td>163,820</td>
<td>5,128</td>
</tr>
<tr>
<td>Pop. (000)</td>
<td>86.3</td>
<td>351.5</td>
<td>274.2</td>
<td>313</td>
<td>71.3</td>
<td>103.3</td>
<td>784.9</td>
<td>10,413</td>
<td>2711.4</td>
<td>52</td>
<td>166.5</td>
<td>100.9</td>
<td>534.2</td>
<td>1328</td>
</tr>
<tr>
<td>GDP (p.c.) (USD)</td>
<td>11,326</td>
<td>22,103</td>
<td>13,048</td>
<td>4,326</td>
<td>6093</td>
<td>6,156</td>
<td>2163.8</td>
<td>-</td>
<td>3699.1</td>
<td>10351.1</td>
<td>5,703</td>
<td>6,060</td>
<td>6493.5</td>
<td>14224.8</td>
</tr>
<tr>
<td>GDP m.p. (USD mn)</td>
<td>1176</td>
<td>8,149</td>
<td>4,589</td>
<td>1591</td>
<td>480</td>
<td>790</td>
<td>2851</td>
<td>-</td>
<td>14880</td>
<td>748</td>
<td>1186</td>
<td>713</td>
<td>4908</td>
<td>23939</td>
</tr>
<tr>
<td>CPI% change</td>
<td>1.8</td>
<td>0.7</td>
<td>2.4</td>
<td>1.3</td>
<td>2.0</td>
<td>1.8</td>
<td>3.5</td>
<td>-</td>
<td>8.0</td>
<td>0.2</td>
<td>5.0</td>
<td>1.0</td>
<td>4.3</td>
<td>7.2</td>
</tr>
</tbody>
</table>

\textsuperscript{2} CARICOM members are Antigua and Barbuda; The Bahamas; Barbados; Belize; Dominica; Grenada; Guyana; Haiti; Jamaica; Montserrat; Saint Lucia; St. Kitts and Nevis; St. Vincent and the Grenadines; Suriname and Trinidad and Tobago.

\textsuperscript{3} It must be noted here that small size is the context within which development options for CARICOM countries have to be evaluated.
Despite similarities in their economic structures, the CARICOM countries exhibit widely differing and uneven economic performances. The OECS countries have recorded economic growth between 2006 and 2010 of 1.4% on average, although growth varied across countries of the sub-region from -0.8% in Grenada to 3.2% in Dominica. The performance of the other CARICOM economies differed somewhat, with Trinidad and Tobago averaging 3.4%, and Suriname and Guyana, 4.4%. The performance of Jamaica has been less than satisfactory, recording negative growth rates.

CARICOM countries are typically open in terms of their foreign trade regime with the economies being heavily dependent on imported commodities and services to meet domestic production and consumption needs. Given their limited domestic market size, CARICOM countries also rely on export earnings to generate a significant percentage of government revenue for regional economies, especially those of the OECS. An examination of their levels of openness using the foreign trade/GDP ratios shows that the majority of CARICOM states display high degrees of openness with ratios of over 80% (See Table 1).

As the Region continues to deepen its integration process, issues related to the implications of tax revenue losses due to duty reductions have warranted very careful analysis to inform critical policy decisions, especially as these relate to alternative sources of government revenue. Over two-thirds

### Table 1: Economic Indicators for CARICOM Countries

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Antigua &amp; Barbuda</th>
<th>Bahamas</th>
<th>Barbados</th>
<th>Belize</th>
<th>Dominica</th>
<th>Grenada</th>
<th>Guyana</th>
<th>Haiti</th>
<th>Jamaica</th>
<th>St. Kitts &amp; Nevis</th>
<th>St. Lucia</th>
<th>St. Vincent &amp; the Gren</th>
<th>Suriname</th>
<th>Trinidad &amp; Tobago</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exports (goods and Services) %GDP</strong></td>
<td>46.3 (2012)</td>
<td>44.8 (2012)</td>
<td>42.5 (2012)</td>
<td>61.2 (2013)</td>
<td>38.8 (2012)</td>
<td>24.1 (2012)</td>
<td>84.6</td>
<td>13.3</td>
<td>30.4</td>
<td>34.3</td>
<td>27.6</td>
<td>44.7</td>
<td>30.4</td>
<td>88.1</td>
</tr>
<tr>
<td><strong>Foreign Trade (%GDP)</strong></td>
<td>97.8 (2012)</td>
<td>107.7 (2012)</td>
<td>96.8 (2012)</td>
<td>124.2 (2013)</td>
<td>88.6 (2012)</td>
<td>73.3 (2012)</td>
<td>203.8</td>
<td>61.4</td>
<td>83.4</td>
<td>80.4</td>
<td>85.7</td>
<td>103.6</td>
<td>75.6</td>
<td>151</td>
</tr>
<tr>
<td><strong>Public debt (%GDP)</strong></td>
<td>89.4</td>
<td>54.5</td>
<td>78.7</td>
<td>77.6</td>
<td>72.7</td>
<td>88.6</td>
<td>62.0</td>
<td>-</td>
<td>133.3</td>
<td>129.3</td>
<td>71.0</td>
<td>67.0</td>
<td>30.0</td>
<td>39.8</td>
</tr>
<tr>
<td><strong>Debt service (%Govt. revenue)</strong></td>
<td>34.8 (2012)</td>
<td>34.7 (2012)</td>
<td>19.6 (2010)</td>
<td>22 (2012)</td>
<td>23.2 (2012)</td>
<td>36.6 (2012)</td>
<td>8.6</td>
<td>-</td>
<td>58.2</td>
<td>35.6</td>
<td>27.5</td>
<td>24.6</td>
<td>9.3</td>
<td>1</td>
</tr>
<tr>
<td><strong>External Debt service (%XGNFS)</strong></td>
<td>4.1</td>
<td>3.1</td>
<td>11.4</td>
<td>7.6</td>
<td>11.2</td>
<td>19.8</td>
<td>2.5</td>
<td>-</td>
<td>15.1</td>
<td>19.2</td>
<td>7.5</td>
<td>14.0</td>
<td>2.1</td>
<td>10</td>
</tr>
</tbody>
</table>

Sources: (1) Economic Survey of the Caribbean, 2013; (2) Economic Survey of Latin America and the Caribbean, 2013; (3) World Development Indicators database, May 2014 (World Bank); (4) Population data is from either official estimates or a national census.
of the group’s trade is with the EU, USA and Canada. The EU is the main trading partner for Antigua, The Bahamas, Belize, Dominica, Grenada, Guyana, Montserrat, St. Lucia, St. Vincent and the Grenadines, and Suriname. The US is the main trading partner for Barbados, Haiti, Jamaica, St. Kitts and Trinidad and Tobago.

The openness of CARICOM countries impacts their vulnerability, especially given a concentration of exports\(^4\), along with a heavy reliance on imports of consumer goods, raw materials, capital goods and a range of services. These features make most of the CARICOM economies very vulnerable to global economic developments, especially swings in the prices of critical commodity imports such as crude oil and petroleum.

In mitigating these vulnerabilities, CARICOM continues to enhance its integration mechanism, including through establishing standard setting bodies, competition processes and dispute settlement mechanisms.

The objective of the paper is to assess the progress of the CARICOM integration mechanism, with particular focus on the trade dimension. In keeping with the outline provided, the structure of the paper is as follows: Part I provides an introduction, and establishes the context within which the assessment is done. Part II details the evolution of the mechanism, with focus on trade liberalisation and the mobility of factors of production. Part III assesses the evolution of the economic and social indicators. Part IV of the paper undertakes an institutional evaluation with Part V identifying and assessing the level of convergence of economic policies within CARICOM. The paper concludes in Part VI and also posits recommendations in Part VII.

\(^4\) Primarily sugar, bananas, minerals, tourism and financial services
I. EVOLUTION OF THE STAGES OF THE MECHANISM

1. Stage of trade liberalization

1.1. How has the mechanism for reduction of protectionism in the countries been?

The trade policy regime adopted by CARICOM has changed over time moving from protectionist measures to a more open and liberal environment. Protectionist measures implemented by Caribbean countries were historically reflective of the era of self-determination and nationalism. There was a strong emphasis on policies that encouraged import substitution through quotas and tariffs that sought to protect domestic firms.

The recognition of constraints of size and the potential benefits of having a more collaborative approach to development, led leaders of Caribbean nations to seek to integrate based on common principles and objectives. Four (4) countries signed the Caribbean Free Trade Association (CARIFTA) in 1965.  The Caribbean Free Trade Association (CARIFTA) was founded by Antigua and Barbuda, Barbados, Guyana, and Trinidad and Tobago on 15 December 1965, with the signing of the Dickenson Bay Agreement (the Agreement establishing the Caribbean Free Trade Association) with other Caribbean states later joining the Association. CARIFTA was intended to unite the economies of the region and enable them to present a joint presence on the international scene as well as integrating the markets. In addition to establishing a distinction between the More Developed Countries (MDCs) and Less Developed Countries (LDCs)  of the region, the FTA sought to eliminate trade policy measures that were prohibitive to trade, including tariffs and quota restrictions among member countries whilst maintaining restrictions with third party countries.

Primarily, CARIFTA sought to:

- Increase trade (by selling more goods among Member States)
- Diversify trade (by expanding the variety of goods and services available across Member States)
- Liberalize trade (removing tariffs and quotas on goods produced and traded within the region)
- Ensure fair competition (setting up rules for all members to follow to protect the smaller enterprises)

The movement towards free regional trade was subsequently articulated in the Treaty of Chaguaramas  (hereinafter the ‘Original Treaty’), which established the CARICOM; essentially comprised of the Caribbean Community and an Annex setting out the details of the Common Market. Building on CARIFTA, the Original Treaty sought to, inter alia, ensure the equitable distribution of the benefits of free trade, promote industrial development in the LDCs, facilitate product marketing and provide a longer period to phase out customs duties on certain products which were more important for the revenue of the LDCs. The Original Treaty was established on three (3) fundamental Pillars: **Pillar 1:** Economic Integration; **Pillar 2:** Functional Cooperation and; **Pillar 3:** Foreign Policy Coordination. (See Figure 1)

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5 Source: http://www.caricom.org/jsp/community/carifta.jsp?menu=community
6 More Developed Countries (MDCs) The Bahamas, Barbados, Guyana, Jamaica, Suriname, Trinidad and Tobago *Less Developed Countries (LDCs) Belize, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines
7 The Treaty was signed in 1973.
The Pillar for Economic Integration provided for the establishment of the Common Market and Common Trade Policy. This included aspiration for a Common External Tariff (CET), Fiscal Incentives and Foreign Investment Coordination. Thus, whilst the typical evolution of an integration mechanism moves from an FTA to Customs Union then to a Common Market, CARICOM’s approach can be considered as having been expedited with the creation of a Common Market and Customs Union in tandem.

**FIGURE 1**
**CARICOM Integration as per the Original Treaty**

Chapter IV of the Original Treaty details the provisions governing the Common Protective Policy. Article 31 establishes Common External Tariff (CET), the progressive elimination of quantitative restrictions on imports from third countries and the coordination of the trade relations with third countries or groups. Expanding on the free trade area of CARIFTA to include a CET provided the advantage of promoting intra-regional trade with the rationale being the development of competitive production, and to safeguard and improve market access arrangements. However, for the CET also protected industries within the region, also inevitably reducing consumer choice. Even though the Original Treaty provided for the CET, its implementation took effect pursuant to Article 82 of the Revised Treaty.

With CARICOM, liberalisation of intra-regional trade was extensive, with liberalisation of 90% of intra-regional trade, including manufactured goods that were freed of import duties and quantitative restrictions. Trade in agricultural products was also duty-free but continued to be regulated through import licences. The Rules of Origin (RoO) regime\(^8\) ensured that goods that benefited from free circulation within the region were in fact produced internally as per an agreed percentage of value added. With this regime, the volume of trade expanded by almost 100% over the period 1967 – 1973, an average of almost 20% per year.

The Revised Treaty of Chaguaramas (hereinafter Revised Treaty or RTC), continued liberalisation efforts through the application of the strict prohibitions against the use of trade barriers, including tariffs, para-tariffs and quantitative restrictions. The RTC also provided for action against dumped and subsidised imports and restrictive business practices and allowed Members to seek relief from

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\(^8\) Rules of Origin define CARICOM goods as goods which are wholly produced in the region or have undergone significant transformation in the region (resulting in change of tariff heading, or having minimum local value added content).
obligations where difficulties arose in respect of particular industries or for balance of payments stability. The Revised Treaty further articulated the development of the Common Market through the removal of impediments to trade in services, investment, mobility of people, and towards the implementation of a Single Market and Single Economy, the CSME.

1.2 How have the negative lists for the protection of specific sectors evolved?

Protectionist measures implemented in the region have evolved over time; with each stage of the integration mechanism reducing protection, including the reduction of commodities which are subject to import restrictions (negative list of commodities). Some key aspects of the integration mechanism were not implemented during specific phases but were subsequently implemented, including under the ambit of a revised regional mandate. The commodities which have been removed from Member States’ negative lists have therefore taken place across phases of the integration process.

The meaning of unrestricted market access is spelt out in two key articles of the Trade Policy Provisions of the Revised Treaty, however Member States may invoke key provisions to deviate from the CET and suspend community origin requirements. The first provision, Article 87 - Import Duties - prohibits the application of import duties, or any charges having an effect equivalent to an import duty on goods which are of Common Market origin. The other provision, Article 91 - Quantitative Restrictions (QRs) – prohibits the application of quantitative restrictions on goods, with significant exceptions that are indicated in Schedules.

Article 91 provides, in material part that “a Member State shall not apply any quantitative restrictions on the importation of goods which are of Community origin.” (Article 91 (1)) save and except as provided for in the Treaty. QRs are prohibitions or restrictions on imports into or export from any CARICOM member through measures such as quotas, import licences, import quotas or other measures with equivalent effect including administrative measures and requirements restricting imports or exports.

The Revised Treaty identifies various groups of commodities to which restrictions on importation automatically apply. These are represented in three schedules. Schedule II, Marketing Arrangements for Unrefined Cane Sugar, allows any Member States where unrefined sugar cane is produced to apply any QR on imports from any other CARICOM member. Schedule III seeks to provide protection for the development of the oils and fats sub-sector to encourage its viability, expansion and diversification, to promote trade within the region and with third countries and increase competitiveness of the sector. Schedule III (which includes Appendix I of ancillary products) applies to regional imports and imports from third countries with Member States applying the rate of duty set by COTED. Both automatic licenses to monitor imports, and non-automatic licenses on the condition that a decrease in internal demand is due to an increase in imports from other Member States can be used. Schedule IV provides for the protection of Guyanese Petroleum Products.

Trinidad and Tobago, in its 2011 WTO Trade Policy Review, indicated that QRs were applied only on ozone-depleting substances in observing its commitments to the Montreal Protocol. The country’s regime includes both automatic and non-automatic licenses which are granted on an MFN basis, with the exception of oils and fats. While automatic licenses are used mainly for statistical purposes, non-automatic licenses are used as a monitoring and control mechanism, including ensuring compliance with trade agreements, health and safety standards, national

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9 Articles 88, 89 and 90, and in Schedules II, III and IV
security, and environmental standards. The Customs Act provides the Minister of Finance with discretionary powers to grant a partial or total waiver or relief from import duties on specific goods, which can be done through application for a suspension of the CET. This is done. Duties may also be increased by Order. Between 2005 and 2011, 4,345 such licences were granted (WTO, 2012).

Like Trinidad and Tobago, most CARICOM countries have an import licensing regime. Pursuant to the (Jamaica) Trade Act, Law 4, 1955, there are thirty four (34) items which require import licensing in that country. These items include milk and other concentrated products, plants and plant extracts, sugar, cement, chemical and gases, explosives, equipment, motor vehicle and recreation equipment. Relevant authorities including Ministry of National Security, Agriculture, and the Bureau of Standards approve licences.

Article 164 - Promotion of Industrial Development – is considered a fundamental right of Member States. It allows for the use of tariffs to protect LDC industries from more developed countries (MDCs) and non-CARICOM competition. The process requires that any company in a LDC has the support of all the LDCs as well as two of the MDCs in order to receive protection. The 2006 decision by CARICOM to replace non-automatic licensing with tariffs, pursuant to Article 164 is central to the trade policy regime of the CARICOM countries. The Decision held that tariff rates could be increased on Article 164 goods. It was anticipated that LDCs would benefit from this decision that allowed Members to apply to COTED for a suspension of the community origin treatment on select goods and to apply higher rates than the CET.

A 2012 study which assessed the implementation of Article 164 revealed that the rates which were agreed by COTED have, to date, not been applied by any OECS Member. Further, the study determined that “there is no consistency in treatment of imports of Article 164 products amongst OECS member states” (A-Z, 2012) with the application of different tools. It was also found that some members applied a licensing arrangement while others used lower rates of duty, regular customs charges or a combination. This was also supported by the Trade Policy Review, which identified that all members have import prohibitions and licensing arrangements in place (WTO, 2013). Additionally, it was found that the industries which Article 164 were intended to support were not a priority for the OECS, unlike countries such as Trinidad and Tobago and Guyana, where there is significant focus on manufacturing.

Belize’s trade regime includes trade-related taxes, including Revenue Replacement Duty (RRD), an environmental tax and customs duties that account for approximately 22% of tax revenue (IDB, 2013). The Customs and Excise Duties Act (2000) authorizes the Minister of Finance to impose a RRD on specific goods that have been liberalised pursuant to the Revised Treaty. The RRD is charged on 219 tariff lines. Rates are mostly ad valorem, and range from 5 to 50% (IDB, 2013). The country has an extensive discretionary import-licensing regime (IDB, 2013). Some goods require approval of an import license upon importation from the Supplies Control Unit (SCU) of the Belize Bureau of Standards (BBS) in accordance with the Supplies Control (Import/Export) Regulations (2013) (SCR). This process does not attract fees or administrative charges. While there is no restriction on the number of licenses granted per shipment, licenses are not transferrable between importers. Imports into EPZs and CFZs do not require a license with licenses for the importation of select furniture in non-commercial quantities being automatic. The SCR identifies a list of products that are subject to import licensing. The list includes 126 tariff lines that require some type of administrative procedure for importation into Belize. Sixty-three (63) tariff lines were since removed from the list since 2013, with application of a temporary tariff surcharge of 40% for 24
months to provide protection to local producers. Total tariff however remains below the bound rate.

Other measures that offer protection of industries include those for security reasons (Article 225-Security Exceptions), health and safety reasons are also available to CARICOM members. Provisions were made for Member States to impose quantitative restrictions on imports in the event of or threatened by serious balance of payment and external financial difficulties. Additionally, the following Articles provide CARICOM States with the exemptions to protect citizen, industry, and economy.

- **Article 92 – Difficulties Occasioned** by Particular Imports allows for the imposition of restrictions of any product, the importation of which may result in a substantial decrease in demand for a competitive product produced domestically. Provisional application of the measure with prescribed limitations is allowed until determined by COTED.
- **Article 150 – Safeguard Measures** allows to LDCs invoke Safeguard Measures to limit imports of a product from MDCs (even using quantitative restrictions) if it causes *serious injury or the threat of serious injury to domestic producers of like or directly competitive products in any industry or specific sector of any industry*.
- **Article 151 – Support to Sensitive Industries** provides for sensitive industries and allows COTED to authorize a Member State having a sensitive industry which can be disadvantaged by the operation of the CSME to suspend Community treatment to products of other Member States. Sensitivity and vulnerability measures include contribution to GDP, employment, foreign exchange earnings.
- **Article 160 – Import Duties – related to loss of revenue** provides a facility for LDCs (through COTED) to impose import duties if they are likely to suffer revenue loss as a result of the importation of goods eligible for Community treatment.

In addition to the above-identified measures, Caribbean governments have increasingly adopted policies to support and encourage production for domestic markets including in light of the exchange rate changes impacting selected countries in the Region. Agritrade (2013) has highlighted the following examples of this policy direction:

- The 2012 initiative by Diageo (Red Stripe beer) to motivate the domestic production of cassava and sorghum to replace 15–20% imported barley for beer production by 2014 and 70% by 2020.
- In January 2013, the Barbados Agricultural Development and Marketing Corporation (BADMC) launched a market assessment of the scope for blending cassava flour into local bakery products.
- In 2012, Jamaica Broilers and the Government of Jamaica energized its joint initiative to develop local maize production for poultry feed.
- The government of Trinidad and Tobago introduced a surcharge on extra-regional imports of poultry meat, while the government of Barbados increased tariffs on marinated raw poultry from 20 to 184%, in line with the treatment of other poultry products.
- In 2011, Jamaica modified its tax package to include additional stamp duties on specific goods, including meats, fish, ham and bacon. The Government believed that the policy change would support the growth of agricultural sector.
2. Stage of Customs Union

As indicated above, the Customs Union evolved somewhat in tandem with the common market. The CET, harmonized scheme of fiscal incentives to industry and a common policy on foreign investment were being pursued under the broader umbrella of the Common Market. Of these policy frameworks, the main instrument as it pertains to facilitating trade was the CET as demonstrated below.

2.1. How have the common tariffs evolved?

The Common External Tariff was imposed in 1973 as the main external trade policy instrument of CARICOM. Article 82 of the RTC provides that Members should establish and maintain a common external tariff in respect of all goods which do not qualify for Community treatment in accordance with plans and schedules set out in relevant determinations of COTED.

The CET was intended to apply uniform tariffs to imports from outside the region and represented a major step towards solidifying regional integration. However, the CET was subject to multiple exceptions because of the need to protect certain industries in various Member states. CARICOM countries agreed to a schedule of phased reductions in the CET beginning in 1991 with the objective of reducing the maximum CET incrementally from 45% to 20 per cent by 1998. Based on the agreement reached by the Conference of Heads of Government, at a Special Meeting in October 1992, Member states were to apply on non-CARICOM goods, effective 1 January 1998, a rate structure of 0 to 20%, except in the case of agricultural items which would attract a 40% rate (CTIR, 2006). As reflected in Table 2, external tariffs initially varied from 0 or 5% on noncompeting inputs10 to 10% on competing primary and capital inputs and 15% on competing intermediate inputs, and 20% on all final goods11.

The CET rate structure categorized products as following: (i) inputs into the production of other products or: (ii) final goods. “Inputs” cover primary and intermediate products and capital goods. A distinction was also made between those goods that are deemed to be competing with like regional production and those which are regarded as non-competing. Where the level of regional production did not satisfy the 75% minimum, then imports of like products would be deemed to be noncompeting. Essentially, the CET adopts a hierarchical structure where noncompeting inputs bear the lowest tariffs, while competing final goods bear the highest rates. There is also a distinction between inputs, intermediate and final goods.

| TABLE 2 |
| Summary of the CARICOM External Tariff Rates |

<table>
<thead>
<tr>
<th>Type of Import</th>
<th>Competing</th>
<th>Non-Competing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>10</td>
<td>0-5</td>
</tr>
<tr>
<td>Intermediate</td>
<td>15</td>
<td>0-5</td>
</tr>
<tr>
<td>Capital</td>
<td>10</td>
<td>0-5</td>
</tr>
<tr>
<td>Final</td>
<td>20</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: CARICOM Secretariat

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10 Non-competing commodities were deemed to be those for which regional production satisfied less than 75% of regional demand.

11 The CET agreement also allows for a special rate on agricultural products, limited duty exemptions related to economic development, and some additional national discretion in the setting of tariff rates.
The implementation of the proposed reductions in the CET has been inconsistent, with only two countries meeting the agreed deadline of June 1998. Eleven member countries had fully implemented the program by 2005 while Antigua and Barbuda and St. Kitts and Nevis had reached phase three. By 2008, the region’s external tariffs were significantly reduced from an un-weighted average of 20% in the early 1990s to 10% (World Bank, 2008). A World Bank report highlights the wide variation in the tariffs implemented by CARICOM member states on imports from non-members. These variations reflect the large number of exemptions from the CET that CARICOM members, in particular Haiti, the OECS and Belize, are able to utilise. On a sector level, the differentiation is evident for agricultural products, where a range of surcharge and levies are applied. (Agritrade, 2013) Average tariffs ranged from 7.2% in Jamaica to 30.7% in the Bahamas while maximum tariffs were even more dispersed, ranging from 40% to 400% as of 2008.

**TABLE 3**

**Proposed Implementation schedule of the Common External Tariff**

<table>
<thead>
<tr>
<th>Implementation period</th>
<th>Rates for MDCs</th>
<th>Rates for LDCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Jan 1993-31 Dec. 1994</td>
<td>5%-30/35%</td>
<td>0/5%-30/35%</td>
</tr>
<tr>
<td>1 Jan 1995-31 Dec. 1996</td>
<td>5%-25/30%</td>
<td>0/5%-25/30%</td>
</tr>
<tr>
<td>1 Jan 1997-31 Dec. 1997</td>
<td>5%-20/25%</td>
<td>0/5%-20/25%</td>
</tr>
<tr>
<td>1 Jan 1998 onwards</td>
<td>5%-20%</td>
<td>0/5%-20%</td>
</tr>
</tbody>
</table>

*Source: CARICOM Secretariat*

Derogation from the CET has resulted in the external tariff not being as ‘common’ as reflected in its objectives. Areas of differentiation include charges on goods levied at the point of importation that may be considered discriminatory in that they are levied on imports but not on domestically produced goods.

Additionally, the agricultural sector is separately insulated through higher tariffs owing to, *inter alia*, its role in employment creation, rural development and foreign exchange earnings (UN, 1999). As a result, while agricultural inputs benefitted from being zero-rated, agricultural commodities were subject to a 40% tariff. Within the sector, rice was also move favourably treated with a rate of 25% because of the effect on cost of living. Products requiring special treatment included goods where a significant proportion of the output are destined for third countries, agricultural items, agricultural Inputs, goods with a ‘safety’ category, goods impacting cost of living, and socio-economic/cultural items. Revenue earnings continue to be at the forefront of consideration for items requiring special treatment, given the importance of tariff revenue to CARICOM Member States.

Notwithstanding the movement towards conversion and reduction in tariffs, as at March 2014 tariff schedules across countries still differed considerably, due partly to the exceptions allowed and partly to mechanisms permitting the non-application of the CET under certain circumstances (WTO, 2014).

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12 Note: the first %age of 5% for MDCs and 0-5% for LDCS applies to non-competing imports. The second %age applies to competing exports.
3. Stage of Common Market

The decision to form the CARICOM Single Market and Economy (CSME) followed a natural progression in furthering the integration process in CARICOM, with the objective of better responding to the challenges and opportunities presented by globalisation. The Single Market and Economy builds on the Common Market to include trade in services, provides for the free movement of skills and capital, and allows the freedom to establish businesses in any CARICOM country.

*added in 2005

It is expected that the level of economic cooperation between Member states is inevitably enhanced as a result. To date, this intent has not materialised to move CARICOM to the economic union proposed under the CSME. However, a 2015 deadline for establishing the CSME has been set. This has been met by a myriad of challenges, including:

a) Significant number of mandates and decisions to be implemented by CARICOM as a bloc;
b) Institutional weaknesses which limits policy implementation;
c) Limited functionality of CARICOM Organs; and
d) Difficulties in CARICOM policy implementation at the individual Member State level.
The CSME is expected to create a more seamless space including through the free movement of capital, commodities, services, and people, as well as a projected currency union. The right to establish businesses in another Member state and be treated as a national enterprise of the host state is crucial to the success of the CSME. This complements the opportunities which the CSME will provide for greater cooperation among businesses to improve and increase the quality and quantity of goods and services produced at competitive prices. A single market for commodities already exists among the CARICOM member states, therefore, to complete the Single Market, the removal of restrictions on the right of establishment, the movement of services, capital and skilled labour is the primary focus.

3.1 How has the mobility of production factors evolved?

The level of mobility of production factors within the Region has increased over time as the Region moves towards creating a Single Economy.

Factor Mobility: Capital

There was a stated commitment to increase co-operation in monetary, financial and foreign exchange rate policies by 1990 and free movement of capital across the Region by 1993. The West Indian Commission Report (1993) prioritized monetary integration and proposed a Council of Central Bank Governors to expedite this objective. To date, monetary integration has not materialized.

From the perspective of financial systems, there are a number of financial institutions and regulatory institutions with products including savings and current accounts, capital management, loans and advances, general and life insurance, brokerage, asset and wealth management advice and mortgage finance, along with ensuring effective regulation.

Eight functional stock exchanges (including Bermuda and Cayman Islands) with about 150 listed companies operate in the Caribbean Region. Cross-border trading of securities takes place on five of these Stock Exchanges: Jamaica, Barbados, Trinidad and Tobago, ECCU and Guyana. There was an agreement made in 1991 between three Stock Exchanges, Barbados Securities Exchange, Jamaica Stock Exchange, and the Trinidad and Tobago Stock Exchange, to enter into an arrangement for cross border listing and trading of securities (stocks/shares and or bonds). This allowed the stocks/shares traded in each other’s markets

Recently, small business firms have been listed on the Junior Stock Exchange in Jamaica and Barbados. Total market capitalization is small relative to the total global capitalization. Based on 2008 data, total capitalization of the Jamaica, ECCU, Barbados and Trinidad and Tobago Exchanges amounted to US$29.42 billion. Government debt instruments dominate these markets while secondary money market trading remains minimal.

Offshore financial centres (OFCs) operate in The Bahamas, Barbados, and the ECCU, with other States assessing the costs and benefits of establishing such centres. Offshore banks typically generate private income, government tax revenue, employment and related business and other economic activities. Individual CARICOM Member States continue to review legislation to address possible problems of tax evasion, money laundering and terrorism financing which tend to be associated with offshore financial centres.
Payment systems reforms have been undertaken or are currently being applied in Jamaica, Trinidad and Tobago, Barbados, the ECCU and Haiti. These National Payment System (NPS) reforms have been guided by the core principles set out by the Bank of International Settlement (BIS) and The Committee on Payment and Settlement Systems (CPSS), aimed at making the payment and settlement systems more efficient and effective. Potential, efficient cross-border inter-bank transactions are limited mainly because of the non-existence of regional payment and settlement systems. However, commercial banks have targeting their customers through the use of travel cards, debit and credit cards, cash cards, wire-transfers and travelers’ cheques.

Other attempted initiatives include:

The CARICOM Multilateral Clearing Facility (CMCF): This was introduced in 1977, replacing the Intra-Regional Payments Scheme. The CMCF was a multi-lateral arrangement and used CARICOM currencies to finance trade transactions. Support waned when foreign exchange positions began to deteriorate in the early 1980s and with Guyana unable to meet its financial obligations to CMCF, the Facility ceased operations in 1983.

A CARICOM Travellers’ Cheque Facility: Travellers in the Region, having purchased these cheques with domestic currency in their country of residence, could buy commodities and services in any CARICOM Member State. The settlement arrangements operated via the CMCF. This Facility, managed by the National Commercial Bank of Trinidad and Tobago, operated up to 1993. It became less attractive to Caribbean citizens when exchange controls in many CARICOM countries were removed during the late 1980s.

The CARICOM Financial Services Agreement (CFSA): The CFSA aimed to provide the legislative framework to support an intra-Regional financial services market incorporating free movement of capital. For successful development of a Regional financial services market, a CFSA signatory State must allow financial services and related financial service providers from all Participating Member States to operate in its domestic financial market under its own laws and regulations. The ultimate goal is the harmonization of legislation that governs financial services operations throughout CARICOM; this is expected to ensure that capital movement across CARICOM borders is unhindered.

As at March 2014, not all Member States ratified the CFSA, with many requesting further extensions to facilitate national consultations. A new target date for ratification is yet to be established. Non-implementation of the CFSA represents a major constraint to the Regional integration process with the slow pace of implementation due to, amongst others, the different levels of financial sector development across CARICOM Member States. As such, some States with higher levels of economic and financial sector development and who are already engaged in cross-border supply of financial services as part of Regional financial services integration, may not foresee any incremental benefits from signing the CFSA. This may require that CARICOM indicates clearly to all Member States where implementation of CFSA will enhance the operations of the Regional as well as national financial services sectors.

**Factor Mobility: Skills, Labour and Enterprise**

The free movement of skills initiative originated in the 1989 Grand Anse Declaration, however there has been modification of the original concept in order to facilitate the implementation of this mandate. The CARICOM (Free Movement) Skilled Persons Act came into effect in July 1997 and was designed to facilitate the free movement of Caribbean professionals within the Caribbean region. The Movement of Factors Act was entered into force in 2006, signalling the intention of
member states (except Haiti) to commit to the CARICOM Single Market. Facilitation of travel and movement of persons are the two regimes covered in the provision for free movement of person. Movement across the region without the need for work permits is governed by three regimes: (i) The Skilled Nationals Act, (ii) The Rights of Establishment, and (iii) The Movement of Temporary Service Providers (Mode 4 of the Services Regime). To date, in additional to self-employed service providers, there are ten (10) categories of persons who are eligible to move freely. These are:

- University Graduates;
- Media Workers;
- Artistes;
- Musicians;
- Sportspersons;
- Teachers;
- Nurses;
- Associate Degrees Holders and equivalent qualifications
- Artisans, who have obtained a Caribbean Vocational Qualification (CVQ); and
- Domestics (sic) with CVQs or equivalent, once this system has been implemented.

Furthermore, in July 2009 the Conference of Heads of Government implemented the agreement that spouses of CSME Skilled Nationals can work without the need to obtain a work permit.

The mechanism to facilitate the mobility of skills is the Skilled National Certificate (SNC) which serves as the official route by which this movement occurs. A total of 9,944 SNCs were either verified, issued or re-issued by 2010, as demonstrated in Table 4.13

Skilled National Certificates are issued in the citizen’s home country and then verified by some member states. However, there have been instances where a Member refused to verify the skills certificates issued by other Member states, and instead, re-issued certificates to the same CARICOM national. Assuming however that all certificates are verified, it can be deduced that at minimum, 4,972 certificates have been issued by CARICOM Members. Taking into account the data limitations, the issuance of the SNC in Jamaica and Guyana reflect the greater outward orientation of workers in these countries, with the main recipients being Barbados and Trinidad and Tobago. This trend is unsurprising given the disparities in the levels of economic development of, on the one hand Jamaica and Guyana, and on the other, Barbados and Trinidad and Tobago.

Free movement of wage earners had been introduced in all Member States, except Antigua and Barbuda, Montserrat and Haiti. Barbados, Jamaica and Trinidad and Tobago completed the removal of restrictions on the provision of services. The remaining Members followed suit in 2006 when the CSM was initially implemented. In terms of the provision of services, restrictions have been removed for companies, non-wage earners (self-employed persons in industrial, agricultural, professional, commercial and artisanal activities), managerial, technical and supervisory persons, and spouses and dependants. As it relates to establishing companies and business enterprises, by 2005, Barbados, Trinidad and Tobago, and Jamaica had removed all restrictions in each other’s territories so CARICOM nationals would be treated as a national.

The 2007 Conference Decision took another step in clarifying the right of free movement as it made clear that every Community national is entitled to a “definite entry” of six months upon

13 The true number is difficult to deduct given the re-issuance of certificates in some countries.
arrival in another Member State. The definite entry in the case of CARICOM Nationals is to seek employment; however this was extended under the hassle-free travel regime.

Hassle free travel for CARICOM nationals is defined as freedom to travel into and within the jurisdiction of a Member State without harassment or the imposition of impediment. Common immigration and processing lines were established at all ports of entry in CARICOM countries. Suriname was the first Member state to issue a CARICOM passport in 2005 and by 2009 twelve Member States had introduced the passport with a common design as a part of the hassle-free travel regime. To date, The Bahamas, Haiti, and Montserrat have not issued the common passport.

In addition to the CARICOM Passport, the first phase of the Caribbean Travel Pass (CARIPASS) was planned for July 2010. The CARIPASS system is intended to allow citizens of the Member States accessing the treaty to travel using a travel card. The Travel Card is a voluntary regime that will allow eligible CARICOM Nationals and legal residents to clear Immigration using designated electronic gates in Immigration halls. For effect, two (2) pieces of legislation are required in order for the document to be recognized as a valid travel document, and to ensure the automatic gates are recognized as legitimate immigration checkpoints. These are (i) the CARIPASS Treaty and (ii) the CARIPASS national legislation. Although the CARIPASS Treaty entered into force following the signature of six CARICOM Member States in March 2010, to date there has been little implementation.

3.2 Are there great differences between the mobility of factors proposed in the agreements and the mobility that actually exists?

The above-section has provided an indication of the successes and failure of initiatives geared towards facilitating the free movement of capital within the Region.

On a whole, while there may be differences in the pace of implementation of the Movement of Factors Act by Member States, most countries have instituted the necessary processes to facilitate free movement of persons and businesses as well as travel. There however remain instances of denial of entry for various reasons.

3.3. Which factors could be generating such differences?

The movement of factors is impacted, not only by policy and processes at the national level, but also by cultural differences and nationalist perspectives and perceptions, the reluctance of some entrepreneurs to do business outside of their country, and differences in economic fortunes.

Watson (2010) proposes that implementation of the free movement regime has been challenged from three main sources, namely: (i) lack of institutionalization of an effective oversight and implementation capacity at the regional level; (ii) lack of resources and technical capacities at the national level and (iii) tension and dissension associated with the guarantee of the right of entry and rights of residence of citizens of the sending countries into the chief receiving countries.

Although the CSME guarantees a stay of six months hassle free or without harassment or the imposition of impediments for CARICOM nationals in all other Member states, there have been

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14. Citizens of Montserrat became full citizens of the United Kingdom in 2002, which means that the introduction of a common passport is unlikely.

Evolution of the CARICOM integration process

multiple instances where CARICOM nationals were denied entry to another CARICOM Member state. Exceptions to the rule which permits a Member State to refuse entry or a six month stay are:

- Where the CARICOM national is undesirable, or
- To prevent the CARICOM national from becoming a charge on the public purse.

Ascertaining accurate statistics without in-country visits has been challenging however based on data compiled by immigration officials in Barbados, it was revealed that the majority of CARICOM nationals that sought entry into Barbados were from Trinidad and Tobago, St. Lucia and St. Vincent and the Grenadines. The most significant movement of people at the CARICOM level however was from Guyana and Jamaica. There is the relative weakness of both economies in comparison to that of most other CARICOM countries, thereby serving as a push factor to explore and create opportunities in other CARICOM States. The appeal of higher wages and a higher standard of living means that people are more likely to subvert the law to live in wealthier CARICOM Member states.

Member States retain the right to deny entry as was evident, with Trinidad denying entry to 12 Jamaican nationals in November 2013 on the basis of national security concerns. The National Security Minister for Trinidad revealed that there were almost 17,000 illegal Jamaican nationals living in Trinidad and Tobago as their entry certificates had expired. This situation demonstrates the need to create greater awareness of the rights and responsibilities of the State and the individual in the process of free movement across the Region. Critically however, it raises that question of how these rights (state and national) should be balanced.

There is however the high level of bureaucracy which the CADRES Report (2004) identifies as a prohibitive factor in implementing the CSME. The report indicates that requirements for certificates to be issued and the increased involvement of non-existent bureaucratic machinery have been counterproductive. According to the report, Member States could then claim to have resource deficiencies as an excuse for not implementing freedom of movement policies.

As it relates to Hassle Free Travel, the CARICOM Secretariat alludes to difficulties in implementing hassle free travel due to bureaucracy, such as the differing requirements within (between immigration and tourism departments) and among CARICOM Member states. Travel permits, ID cards with photographs, birth certificates, and drivers’ licences are acceptable forms of identification for when travelling in the Region. However, restrictions are still imposed with respect to the countries whose nationals will be permitted to use the facility.

Fundamentally however is the fact that the legal system within CARICOM is not one of direct effect, wherein Community law (Treaty) would be immediately and directly applicable in the domestic jurisdictions of member states. This means therefore that each member state is required to ensure that the necessary legislation is promulgated. The Shanque Myrie case has significantly changed the landscape however with the CCJ declaring that the Government of Barbados breached the Jamaican’s right to enter the country under Article 7 of the Revised Treaty of Chaguaramas. The importance of the CCJ ruling is highlighted below.

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16 Article 7 of the Revised Treaty asserts that any discrimination for CARICOM nationals on grounds of nationality only is prohibited.
II. EVOLUTION OF ECONOMIC AND SOCIAL INDICATORS IN THE MECHANISM

1. Evolution of social indicators

CARICOM countries’ poverty data for the last decade indicates a range of between 8 and 35 per cent poverty level. This reflects the wide range of poverty within the Region with Haiti at the highest and Bahamas the lowest end of the scale. The main sub-groups among the poor include elderly persons, children, disabled persons, small farmers, indigenous people and, in some countries, female-headed households. Poor households are characterized by their large family size, overcrowded living conditions, low educational levels and limited access to public income and private resources. In terms of regional poverty, its incidence among rural households is significant.

Based on the standard measure of income inequality – the Gini coefficient – marked inequalities exist throughout the region. Jamaica is reported as having among the lowest levels of income inequality in the region with a Gini Coefficient of 0.372 while Suriname, with almost twice that (0.66), is among the highest.

Unemployment rates in the region are significant with St. Lucia and Jamaica currently exhibiting the highest. Unemployment is mainly among women, youth and some rural groups. There are also fairly high levels of under-employment and ‘disguised’ unemployment. The lack of robust growth in the period following the recent world economic crisis depressed labour markets in the Region. Limited unemployment data for some countries makes it difficult to assess this issue fully for all Caribbean countries; however, there exists sufficient information to determine certain trends in the labour markets.

As reflected in Table 5, unemployment rates tended to decline between 2003 and 2007, in line with the period of economic expansion for most Caribbean countries. Jamaica has seen a steady increase in the unemployment rate as a result of low economic growth and fiscal constraints due to high debt burdens. In Barbados, the unemployment rate rose slightly to 11.6% in 2012 from 11.3% in 2011, mainly as due to declining tourism as arrivals. For The Bahamas, unemployment rates increased from 14.2% in 2009 to 15.9% in 2011, but declined to 14.7% in 2012. Much of this decline was due to a boost in the construction sector.

In health, all the countries (except Haiti) have achieved the Alma Ata goals of Health for All by year 2000. The Caribbean Commission on Health and Development in indicates that, by and large, “there is a real possibility that [the Region] will achieve or surpass most of the Millennium Development Goals”.

2. Evolution Of Gdp

Taken as a region, CARICOM’s real GDP growth was recorded at 3.7% in 1997. This remained steady until 2001 when growth was only 1.0%. Thereafter there was a recovery as regional growth was an average of 4.6% until 2007. The highest growth rate since 1995 of 7.3% was achieved in 2006. The global recession took hold in 2008 and, as a result, average growth for CARICOM fell to 1.4% in 2008 before recovering to average growth of 0.1% in 2010. For the period between 1997 and 2010, CARICOM managed average growth of 2.9%, only recording negative growth in 2009.

As it pertains to individual countries, the following is noticeable:
Antigua and Barbuda: GDP grew at an average rate of 3.5% between 1980 and 2013. During this period, the country experienced negative growth in only six years, three of which were in consecutive years from 2009 to 2011. The economy is the most dependent on tourism in the Caribbean with a projected contribution of 74.2% of GDP in 2011 (CHTA, 2010). Therefore, the island is highly dependent on visitors from larger Caribbean islands, and developed countries such as the U.S, U.K. and Canada. Owing to the global financial crisis, growth plummeted from 7.1% in 2007 to 1.5% in 2008. The next three years produced declines that tapered off until the economy recorded positive growth in 2012.

The Bahamas: GDP grew at a moderate rate of 3.5% in the 1980s with 1981 being the only year of decline in the decade. In the 1990s, growth was marginally lower, at an annual average of 2.7% and ranged from a high of 11.7% in 1998 to a low of -5.1% in 1991. The government introduced an economic reform programme in the early 1990s emphasising fiscal responsibility, the privatisation of government-owned hotels, investment promotion, infrastructure development and diversification of the economy. The economy recovered by the mid-1990s and this recorded improved growth figures until the turn of the decade. Economic growth from 2000 to 2012 has only come at an average of 1.1% per year.

Barbados: Between 1980 and 2012, growth has come at an average of 1.05%. Disaggregating these averages by decade, average growth in the 1980s was 1.8%, roughly 0.5% in the following decade, and 0.95% between 2000 and 2012. The early 1990s were a difficult time for the Barbadian economy as the economy contracted between 1990 and 1992 before recording growth of only 0.8% in 1993. Thereafter, from 1994 to 2000, the economy grew at a steady rate of 2.7%. There was a slowdown of the economy during the years of the global financial crisis as the economy grew at less than 1% from 2008 to 2012 with the exception of 2009 when the economy contracted by 4.1%.

Belize: The economy has grown at an average annual rate of 5.6% since 1980, the highest in CARICOM. In a six-year period between 1987 and 1992, the Belizean economy grew at an average of 13.8% after a major stimulus provided by increases in private and public investment. After a few years of consolidation, economic growth trended upwards moving from 0.2% in 1994 to 8.8% in 1999 and 13% in 2000. This impressive recent record has continued, albeit at a steadier rate of 3.9% from 2001 to 2012, the most recent year for which data is available. At the peak of the global financial crisis in 2009, the economy grew at 0.3%. Otherwise, growth persisted and remained healthy.

Dominica: Dominica recorded nine consecutive years of growth from 1980 to 1988, peaking at 16.3% in 1980. After contracting by 1.1% in 1989, the economy grew at a moderate rate of 2.6% in the 1990s. Growth has fluctuated wildly since then, averaging 2.6% from 2000 to 2013, the effects and aftermath of the global financial crisis appears to have been felt from 2009 onwards as the economy has declined by 0.2% per year since then. The economy has managed to grow at a moderate average annual rate of 3.2% between 1980 and 2013.

Grenada: Grenada experienced moderate economic growth from 1980 to 2013. Over that period, average annual growth was 3.3%. The decade from 1982 to 1991 was particularly prosperous as the economy grew at an average annual rate of 5.6%. After two years of contraction, Grenada’s economy grew moderately in the mid-1990s before recording even more impressive returns between 1998 and 2000 when they economy grew at almost 9% annually. From 2000 onwards Grenada’s economic performance somewhat faltered, affected by the global financial crisis of 2008. Average growth rates for the period were 1.9%, inclusive of six years of negative growth. Since
2008, Grenada's economy has contracted by just less than 1% annually. However, 2013 brought the best performance since then when growth was reported at 1.5%.

Guyana's GDP declined by an average of 10.2% from 1982 to 1983 as a result of sharp contractions in the bauxite sector, and declines in most other productive sectors. The economy remained pressured for the remainder of the decade and cumulatively, the 1980s saw an average contraction of 3.1% per annum. At the end of this decade, Guyana was one of the poorest countries in the Western hemisphere. After heavy borrowing in 1989 made Guyana one of the most heavily indebted developing countries in the world, the economy remained stagnant and in decline. However, Guyana rescheduled its debt, making the country eligible for international loans and assistance. As a result of both foreign investment and the sale of a number of government enterprises, Guyana's economy showed an increase of 6% in 1991, the first increase after five years of decline. The recovery between 1991 and 1997 was impressive, with growth rates averaging 7.1% per year. Growth between 2000 and 2012 has been a moderate 2.5%, and has averaged 4% since the global financial crisis of 2008.

Haiti, recognised as the poorest country in the Western hemisphere, has recorded growth of less than 1% per annum since 1980. By decade, Haiti's growth rate amounts to 0.4% in the 1980s, almost 0.4% in the 1990s, and 1.1% from 2000 to 2013. In fact, these represent the worst growth figures of all CARICOM Member states since 1980. A catastrophic earthquake with a magnitude of 7.0 rocked the country in 2010, resulting in an estimated 160,000 deaths and damaging important infrastructure. As a result, the economy recorded negative growth of over 5% in 2010. The economic recovery has been steady albeit from low level of output, and cumulatively from 1980 to 2013, Haiti's economy has grown at an estimated 0.7%.

Jamaica's economy underwent a period of stabilisation in the 1980s under the guidance of IMF programmes. That decade saw the economy growing at a respectable 2.3% per annum. This was despite the catastrophic Hurricane Gilbert of 1988 that played a major role in the economy contracting by 4% that year. Thereafter in the 1990s the country went through a difficult period as growth trended downwards and culminated with three consecutive years of negative growth from 1997 to 1999. Jamaica recorded a few years of moderate growth but economic growth remained muted until 2007. In the years from 2000 to 2007, the economy grew at an average annual rate of 1.6%. The effects of the financial crisis would be crippling to the Jamaican economy as the last five year have seen the economy declining in four years and recording positive growth of 1.4% in 2011. For the period 1980 to 2012, Jamaica's economic growth has averaged only 1.3%, one of the lowest amongst CARICOM Member states.

St. Kitts and Nevis has achieved average annual growth of 3.7% since 1980. The 1980s were characterised by an indifferent beginning to the decade then an impressive second half resulting in average growth of 5.8% for that decade. Growth in the 1990s was not as high but even more consistent remaining in positive territory for the entire decade and averaging 4.3%. Largely due to the effects of the global financial crisis as with many other small service/tourism-based developing states, the economy grew at 1.8% for the period 2000 to 2013.

St. Lucia recorded double-digit growth in three years in the 1980s. For the decade, average growth was 7.1%, which was largely attributable to the aforementioned growth of 11.8% in 1985, 15.5% in 1986, and 15.4% in 1988. There were two more years of high growth in the early 1990s sandwiched by a decline of 0.2% in 1991. The remainder of the decade saw low to moderate growth resulting in average annual growth of 3.5% in the 1990s. Since 2008, there have been four years of negative
growth, impacting performance between 2000 and 2013. As a result, growth for this period was a fairly anaemic 1.6% per annum.

The common trend holds true for St. Vincent and the Grenadines with respect to the 1980s being the best period for growth. For the decade, growth averaged 5.6% in contrast to 3.6% in the 1990s and 2.4% from 2000 to 2013. After three consecutive years of contraction from 2008 onwards, the economy registered marginal growth of 0.3% in 2011. The recovery continued in 2012 and 2013 when the economy grew at 1.5% and 2.1% respectively. Agriculture remains a mainstay of the economy and the removal of preferential treatment on banana exports to the European Union partially explains less impressive economic performance from the early 1990s onwards. Tourism has increased in importance to the economy and this sector was hit heavily by the financial crisis originating in the United States.

Suriname recorded negative growth in seven years in the 1980s. Despite being bolstered by growth of 10.8% in 1989, average annual growth in that decade was -1.8%, making Suriname one of only three economies in CARICOM to have contracted in that decade. Growth performance slightly improved in the 1990s to an average of 0.6%. In what has generally been the most difficult period for CARICOM economies, Suriname recorded respectable growth of 4.5% from 2000 to 2011, signalling a sustained turnaround for the economy. Interestingly, the global financial crisis did not have much of an impact on growth figures as growth has been consistently over 3% for the entire period after 2000.

The resource-rich Trinidad and Tobago recorded negative average annual growth of -1.4% in the 1980s after the twin island republic adopted austerity measures as part of an IMF programme. As a result, the economy contracted in seven consecutive years from 1983 to 1989. By 1994 the economy had recovered, growing by 3.6%. The recovery continued and by the end of the decade the 1990s had produced average annual growth of 3.9%. Trinidad and Tobago continued to record impressive growth figures until 2009 when the impact of the global financial crisis resulted in a decline of -4.4% as the demand for exports declined. To date, the recovery has been challenging meaning that growth for 2000 to 2011 has been less than originally projected at a still healthy rate of 5.2% per annum.

3. Evolution of FDI by sectors

Foreign direct investment (FDI) has been an important feature of CARICOM economies. This importance is evident, in part, by the establishment of investment promotion agencies at the national and regional levels. Net inflows of FDI for CARICOM have increased at a steep trajectory since 1989 to 1990 when there was a 235.4% increase from US$118.4 million to US$385.1 million. By 1994, net inflows had grown to US$932.8 million. Trinidad and Tobago alone received US$516.2 million (55.3%) of the inflows followed by Jamaica and Guyana with US$129 million (13.9%) and US$106.7 (11.4%) respectively.

CARICOM's FDI net inflows received a massive boost in 1997 after significant investment in Trinidad and Tobago's oil industry resulted in a 183.2% increase in FDI net inflows to US$999.3 million for that country and an overall increase of 93.8% to US$1.72 billion for CARICOM. This figure remained relatively unchanged until 2000 when there were net inflows of US$1.66 billion.

As it pertains to Gross Fixed Capital Formation (FDI/GFCF), in 2000, FDI/GFCF ratio for CARICOM averaged 20% but between 2005 and 2009, this ratio grew steadily and averaged approximately
40% in 2009. Meanwhile, as a percentage of GDP, FDI to the Caribbean averaged 14.1% in 2008, declined to 11.8% in 2009 and much lower in 2010 (ECLAC, 2011).

As can be seen in Table 6, Jamaica, The Bahamas and Trinidad and Tobago are the top FDI recipients, particularly in the primary and tourism sectors. Source countries are mainly Canada, the United Kingdom and the United States, with the latter dominating. Most of this investment is directed towards activities in the petroleum and natural gas industries in Trinidad and Tobago and mining, quarrying and agriculture/forestry in Jamaica and Guyana. For Jamaica, investment in tourism has also become a significant feature. Increasingly however, Caribbean States have been developing and implementing strategies to encourage investment into non-traditional sectors such as ICT and logistics and new sources, such as Chinese investors.

At the regional level, Article 68 of RTC provides for a common investment policy. Notwithstanding numerous iterations of a CARICOM Investment Code, the policy has not yet been finalised. The absence of an investment code has not prevented intra- and extra-regional investment from taking place however, particularly in the financial services sector that has seen major cross-border activity (Kirton, 2006). For non-financial services, there are about 25 areas of economic activity in which CARICOM firms are engaged across the region. These include hotel and tourism, food and beverage, cement, and air transport. More recent cross-border activities include entertainment, media, packaging, pharmaceuticals and professional services. Given the CSME and movement of skills across the region, it is expected that the latter set of activities will continue to increase in value and volume across the region.

4. Evolution of intra- and extra-regional trade in the member countries

**CARICOM’s Extra-regional Trade 1965-2013**

The integration process has impacted both intra-regional and extra-regional trade. The region believes there is an advantage to negotiating as a bloc with a critical mass of over 6 million people instead of individual small states. As a result, CARICOM now negotiates through the Office of Trade Negotiations.  

CARICOM’s trade profile is heavily skewed by crude oil and petroleum trade and notwithstanding traditional and new market access, the region continues to have an external trade deficit in every year since 1965. Historically, extra-regional exports by CARICOM members more than doubled between 1965 and 1973, increasing each year, from US$488 million to US$1 billion. (See Figure 3 below) This increase continued even after the establishment of CARICOM; reaching US$2.47 billion of total exports. The primary reason for this sudden increase in CARICOM’s exports was the 1973 oil price shock that resulted in prices rising from US$3 per barrel in October of that year to nearly US$12 per barrel by March 1974. Thereafter, extra-regional exports continued on a steep upward trajectory, reaching as high as US$5.9 billion by 1980. There was an equally steep decline after 1980 as there was a glut in world supplies of oil in the 1980s. By 1986, the value of extra-regional exports was US$2.8 billion as oil prices continued to decline.

Between 2000 and 2002, CARICOM’s extra-regional exports declined from just over US$6 billion to US$4.9 billion, a decline of 19%. There was a rebound however with exports increasing to US$20.6 billion in 2008. Again, increases in world oil prices were the main contributing factor to these increases, and not necessarily increased efficiency or productive capacity. The region has not escaped the impact of the global financial crisis which lowered both consumer demand and oil

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17 Previously the Caribbean Regional Negotiating Machinery.
prices. The ebb and flow continued however and by 2011, exports to countries outside CARICOM had again risen to US$18.3 billion, up from US$11.7 billion in 2009. The most recent data reporting CARICOM’s extra-regional exports showed a figure of US$16.5 billion in 2012.

Figure 4 demonstrates the extent to which CARICOM extra-regional imports correlates with its extra-regional import, with a somewhat positive correlation. Total imports from CARICOM countries were US$656 million in 1965, reaching US$1.1 billion by 1970. This general trend continued until 1973 when the effects of an almost 300% increase in world oil prices resulted in imports rising to almost US$2.7 billion in 1974, a year-over-year increase of approximately 82%. By 1979 imports was recorded at US$4.2 billion. Another oil price shock in 1980 resulted in imports rising to US$5.9 billion, roughly 40% more than in 1979. Predictably, imports of mineral fuels, lubricants and related materials increased by 79% from 1979 to 1980 with most other categories experiencing higher than normal increases due to price increases tied to products for which crude oil is an input.

FIGURE 3
CARICOM’s Extra-regional Exports, 1965-2012

After peaking at US$6.5 billion in 1982, falling crude oil prices led to imports declining to US$3.7 billion by 1986. CARICOM’s extra-regional imports again trended upwards until 1994 when they were recorded at almost US$6 billion. This figure rose to US$7.5 billion in 1995 and US$7.9 billion in 1996. In 1997, there was a 25% year-over-year increase to US$9.9 billion which was somewhat tapered in 1998 and 1999. The downward trend in the value of extra-regional imports continued until 2002. In that year, US$9.2 billion worth of goods were imported by CARICOM members into the Region. This figure increased steeply each year until 2008 when imports were recorded at US$21.9 billion. At the height of the global financial crisis demand from CARICOM decreased significantly and imports from outside the Region plummeted to US$16.5 billion and US$16.2 billion in 2009 and 2010 respectively. This fall in demand was short-lived and there was a return to pre-crisis levels in 2011. Most recent data showed extra-regional imports of US$23.5 billion in 2012.
The above data demonstrates the level of vulnerability of the region to external factors including world commodity prices, financial crises and the region’s dependence on importation (particularly of oil). It also underscores the need for diversification in the commodities which are exported.

**CARICOM’S Intra-regional Trade 1965-2013**

Intra-regional trade is dominated by Trinidad and Tobago and that country’s exports of petroleum products. This also enables the MDCs to account for 93% of all intra-regional exports between 2000 and 2012 while the LDCs only exported 6.7%, of which 5.9% originated from the OECS. Despite being the second most populous country in CARICOM, Jamaica only accounted for 2.6% of all regional exports over the same period. Suriname was the second leading exporter with 8.5% of exports, less than one eighth of the value of Trinidad and Tobago’s exports. On imports, Jamaica is the region’s leading importer; accounting for 34.2% of all CARICOM’s intra-regional imports between 2000 and 2012. The MDCs were responsible for 79.6% of all CARICOM’s intra-regional imports for that same period as Barbados, Guyana and Suriname followed Jamaica in that order in terms of import values from intra-regional sources.

Exports to intra-regional destinations increased steadily from 1965 to 1973, moving from US$27.3 million to US$107.6 million. Following the oil crisis of 1973-1974 when crude oil prices quadrupled intra-regional exports were recorded at US$180.2 million in 1974, a 67% increase from 1973. Intra-regional exports increased at a healthy pace, ending the decade at US$371.3 million. Declining world oil prices meant that Trinidad and Tobago, the primary exporter in CARICOM, would be negatively impacted as intra-regional exports fell to US$311 million by 1986. There was a rebound in trade and by 1992, intra-regional exports had grown to as much as US$448.6 million. The trajectory of the expansion in intra-regional trade increased sharply, growing to US$ 842.6 million in 1995 and exceeded the US$1 billion mark in 1998 before closing the decade at US$1.1 billion in 1999.

Total intra-regional trade between Member states has trended upwards since 2000. Trade volumes were virtually unchanged until 2005 when intra-regional trade almost doubled to US$2.6 billion, mostly due to increases in petroleum prices. After another 19% increase in CARICOM’s intra-regional trade value in 2006, trade almost reverted to 2005 levels in 2007. There was another spike
in 2008 as world oil and petroleum prices soared as was reflected in a 62% increase in intra-regional trade. This increase was mostly driven by an 85% increase in Trinidad and Tobago’s exports to CARICOM Member states. As the effects of the global financial crisis began to impact consumer spending habits in 2009, intra-regional trade fell to its lowest levels since 2004. There was a recovery in 2010 and 2011 before trade between CARICOM members fell from 18.6% to US$2.4 billion in 2012.

As indicated above, the most traded product is minerals, oils and distillation products. The second most traded commodity group is ‘Beverages, spirits and vinegar’; the value of which has continued to increase to a high of US$134,202(’000) in 2011. On average, CARICOM’s remaining top commodity groups traded within the Region include: Cereals, Paper and paperboard, articles of pulp, paper and board; Cereal, flour, starch, milk preparations and products; Vegetable, fruit, nut, etc. food preparations. Less consistently traded but still within the top commodities are: salt, sulphur, earth, stone, plaster, lime and cement; Sugars and sugar confectionery and Soaps, lubricants, waxes, candles, and modelling pastes.

Given the importance of petroleum products, it is understandable that Trinidad and Tobago is the leading trading nation within the group as demonstrated in Figure 5.

FIGURE 5
Percentage Distribution of CARICOM’s Total Imports

5. Evolution of the public debt

Since the early 2000s Grenada and Jamaica have had the most persistently high public debt ratios, consistently at or exceeding both countries’ GDP. (See Table 1) Jamaica’s public debt to GDP ratio was consistently around the average of 117.2% between 2001 and 2007. However, the island was severely impacted by the global financial crisis beginning in 2008 and was practically forced to enter a stand-by loan agreement with the International Monetary Fund (IMF) to address possible balance of payment issues.

Thereafter, Jamaica faced a double-edged sword as debt soared and GDP declined as the economy’s dependence on the US economy in particular meant that there was an amplified impact on the island. By 2009, public debt to GDP had reached 141.8% and reached a peak of 146.9% in 2012, one of the highest in the world. Another IMF agreement emphasising fiscal prudence as a main priority has resulted in this percentage falling to 138.9% in 2013. Grenada has also
experienced upward trending public debt to GDP ratios in recent times from 44.6% as late as 2001 to 115% in 2013. St. Kitts and Nevis felt the effects of the global financial crisis as much as any CARICOM Member state as public debt to GDP skyrocketed to 163.9% in 2010. However, there has been a similarly abrupt return to more manageable levels as the ratio stood at 104.9% in 2013 with the downward trend expected to continue into 2014. Haiti was added to the World Bank and IMF’s highly indebted poor country initiative in 2009 making it eligible for debt cancellation. Since then the country has been a beneficiary of debt cancellations that have contributed to public debt to GDP falling from 59% in 2006 to 28% in 2009 and 12% in 2011 before almost doubling to 21.3% in 2013. The simple average of the fifteen CARICOM Member states’ public debt to GDP ratio has remained relatively unchanged, moving from 72.6% in 2001 to 74.9% in 2012 as countries recover from the global financial crisis of 2008.

III. INSTITUTIONAL EVALUATION OF THE MECHANISM

1. Structure of the institutional organization

   The principal organs of the Community are the Conference of Heads of Government and the Council of Ministers, with the later supported through the Council for Finance and Planning (COFAP), the Council for Trade and Economic Development (COTED), the Council for Foreign and Community Relations (COFCOR) and the Council for Human and Social Development (COHSOD). In additional to other functional bodies, the CARICOM Secretariat is the Community’s principle administrative organ.

**FIGURE 6**
Governance Structure in CARICOM

*Source: Watson (2010)*

At the sub-regional level, the Revised Treaty of Basseterre established the Economic Union’s organs and institutions. The principal organs are: (a) the OECS Authority of Heads of Government of the Member States; (b) the Council of Ministers; (c) the OECS Assembly; (d) the Economic Affairs Council; and (e) the OECS Commission (WTO, 2014).
Both the structure and functioning of CARICOM (Organs and Secretariat) are guided by the region’s strategic plans in order to ensure that the Community objectives are realised. Various plans have been initiated, with various levels of implementation achieved.

**CARICOM Strategic Plan for Regional Economic Development (SPRED)**

In 2007, CARICOM Heads of Government approved The Single Development Vision and the Role of the Single Economy as the framework for development of the Community and the completion of the key elements of CARICOM Single Market and Economy (CSME). The Vision focused on self-sustaining growth based on economic diversification and international competitiveness with poverty reduction, social equity and environmental sustainability. As such, it was expected to complement existing national and sub-regional plans of Community Member States.

The Strategic Plan for Regional Development (SPRD) represented a follow-up to the Single Development Vision, with the goal of operationalizing the process. The constituent elements of the SPRD consist of the provision of certain ‘Regional Public Goods’ (RPGs), classified as goods and services that are (a) provided as a result of regional action; (b) used freely, or at subsidised prices, by users in two or more member states; and (c) whose use results in accelerated regional development.

Specifically, the SPRD was to provide for Regional Public Goods in ten strategic sectors and subject areas:

i. Macroeconomic Development Policy Framework
ii. Agriculture
iii. Agro-tourism
iv. Niche Manufacturing
v. New Export services
vi. Air Transport
vii. Maritime Transport
viii. Financial Services
ix. Human Resources Information System
x. Institutional Strengthening, Quality and Standards

The Draft SPRED was premised on the commitment by the Member States of CARICOM to promote initiatives aimed at achieving a coordinated and strategic approach to development. After over five years of on-going reviews, the Draft SPRED experienced significant problems related to its approach and was never approved by the relevant committees of CSME.

**The Caribbean Community Strategic Plan 2015-2019**

In July 2014, CARICOM Heads of Government approved the Strategic Plan (2015 – 2019) for the Caribbean Community. The five-year plan will seek to "reposition the Community and identify priorities and activities that would meet the challenges of the international environment". Implementation of the Strategic Plan was discussed at the Sixth Meeting of the Secretary-General, Caribbean Community (CARICOM) and Heads of Community Institutions, held September 15-17, 2014.
The Plan is to be the crucial element in the reform process for the Caribbean Community; it will involve a reform of the Community’s institutions and a restructuring of the CARICOM Secretariat. It also entails a critical review of development needs, a Resilience Model for socio-economic progress and strategies to strengthen regional unity. The plan includes eight integrated Strategic Priorities and key areas of interventions, as follows: Building Economic Resilience; Social Resilience; Environmental Resilience; Technological Resilience; Strengthening the CARICOM Identity and Spirit of Community; Strengthening Community Governance along with Coordinated Foreign Policy, Research and Development and Innovation.

While this report is limited in the extent to which the Plan can be assessed or reflected, some of the key elements are identified. Fundamentally, Heads of Government (Heads), agreed on 11 high-priority areas for implementation over the next five years. These are:

- Accelerate implementation and use of the CSME
- Introduce measures for macro-economic stabilization
- Build competitiveness
- Human capital Development
- Advance Health and Wellness
- Enhance Citizen Security and Justice
- Climate Association and Mitigation and Disaster Mitigation Management
- Develop a Single ICT Space
- Deepen Foreign Policy Coordination
- Public Education, Public Information and Advocacy; and
- Reform of the CARICOM Secretariat, Organs, Bodies, Institutions and Governance Arrangements.

Six Integrated Strategic Priorities of the Resilience Model identified in the Strategic Plan, as reflected in the figure below.

FIGURE 7
Strategic Priorities for Resilience Model

Source: CARICOM Strategic Plan, 2015-2019

A review of the goals, strategies and key considerations of the main elements of the Plan, indicate that detailed consultations and analysis has driven the proposed direction of the Plan. Understandably, the core aspirations of the integration process remain the same therefore the
extent to which the Strategic Implementation Framework will be successfully rolled out the Plan is the fundamental question.

2. **Degree of adoption and entry into force of sub-regional regulations**

As per Article 15(2)(a) of the RTC, the Council for Trade and Economic Development (COTED) promotes the development and oversees the operation of the CSME. Operationally, the Secretariat’s capacity is however highly stretched by the workload involved in implementing the CSME, which has been one of the factors causing delays in programme implementation

Additionally, national interests are often prioritized over a regional mandate, thereby slowing implementation at the national level. In recent years however, the increasing importance of integration in the global economy has reinforced the movement in the Caribbean.

There are a number of areas that are still being advanced and which have significant economic consequences for the CSME. These include government procurement, e-commerce, treatment of goods produced in free zones, free circulation of goods in the CSME, and rights contingent to the right of establishment, provision of services and movement of capital.

In terms of sectoral policies, special programmes have been formulated with respect to industry, agriculture and transport. The industrial policy aims at facilitating an investment friendly environment, development of small and micro enterprises, avoidance of double taxation, the removal of administrative barriers, harmonisation of fiscal incentives, and upgrading of quality control and standardisation. Agricultural policies include provisions for natural resources fisheries, forestry management, marketing, use of technology and in order to achieve the latter a Regional Bureau of Standards has been established in 2001 based in Barbados. CROSQ reports to the COTED organ, which is empowered to approve its budget and adopt recommended standards.

The agricultural policy aims at diversification of agricultural production and improving its competitiveness, through effective marketing arrangements, access to finance, training, appropriate land tenure systems, promoting rural enterprise development and an effective sanitary and phytosanitary regime. The transportation policy aims to promote air and sea transport policies to facilitate the development of internationally competitive community transport services. The effective implementation of sectoral policies is a major condition and challenge for promoting the development of a more competitive private sector in the region. The provision on disadvantaged countries, regions and sectors provide the possibility of temporary support for countries, regions and industries which are disadvantaged by the CSME. The establishment of a development fund is foreseen, for financing technical assistance, to attain increased competitiveness.

Issues related to government procurement, e-commerce, goods from free zones and free circulation are not yet covered in the existing protocols, but special regulations on these issues are being prepared. There has been progress in a draft CARICOM Framework Public Procurement Policy with ongoing consultations for the Regional Integration Electronic Public Procurement System.

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3. **Thematic scope of sub-regional regulations in force**

In the area of competition, a CARICOM Competition Commission (CCC) was launched in 18 January 2008. The Revised Treaty of Chaguaramas requires CARICOM members to establish their own national competition authority. At the OECS level, a Competition Treaty and model Competition Bill were drafted creating a single OECS Competition Authority, which will serve as the national competition body for each member state. As at March 2014, only St. Vincent and the Grenadines had enacted a national competition law, which would need to be amended to comply with the OECS model legislation. The Eastern Caribbean Competition Authority, planned for 2015, will deal with OECS national and sub-regional issues, while the CCC deals with issues at a CARICOM regional level.

Trade-related cooperation has also deepened at a technical level with the establishment of the CARICOM Regional Organization for Standards and Quality (CROSQ). Of the six OECS-WTO Members, only St. Lucia and St. Vincent and the Grenadines have enacted the agreement establishing the CROSQ into domestic law.

The Caribbean Health and Food Safety Agency (CAHFSA) was launched on 12 March 2010 in Suriname, when the legal instrument Establishing the Caribbean Agricultural Health and Food Safety Agency entered into force upon signature by the CARICOM Heads of Government. The CAHFSA was established to coordinate SPS measures and strengthen the agricultural health and food safety systems and infrastructure related to agricultural trade in CARICOM. As at March 2014, the CAHFSA was not yet operational.

4. **Dispute settlement system**

The evolution of the dispute settlement procedure within CARICOM is arguably one of the most fundamental developments with the ability to propel the integration mechanism towards implementation and attainment of regional economic development. This is through the level of predictability and stability provided through legal certainty offered by the Treaty through the Court (Pollard, 2001). Established in 2005, pursuant to Protocol IX of the Revised Treaty, the Caribbean Court of Justice (CCJ) is the regional judicial tribunal replacing the long-standing Judicial Committee of the UK located Privy Council. Acting as a hybrid institution, the CCJ is both a regional Court of final appeal and an international Court with exclusive jurisdiction in interpreting and applying the Revised Treaty. The CCJ’s original jurisdiction regards the interpretation and application of the Treaty Establishing the Caribbean Community, including the CSME.

Pursuant to Article 211 of the Revised Treaty, the jurisdiction of the CCJ is recognized in four specific instances:

- Disputes between Members States;
- Disputes between Member States of the Revised Treaty and the Community;
- Referrals from national courts of the Member States parties to the RTC;
- Applications by persons in accordance with Article 222 concerning the interpretation and application of the treaty.

“The legal status of the Caribbean Community has important consequences for the functioning of its organs and the benefits intended to inure to nationals of Member States.” (Pollard, 2001) Rights inuring to nationals included the right of establishment, the right to seek employment, the right to provide services and the right to move capital within the Community.
As it pertains to trade, the original jurisdiction of the CCJ is involved in the resolution of trade disputes under the Revised Treaty but its jurisdiction is not exclusive with regards to disputes arising under other agreements such as the EPA or the WTO Agreement where similar provisions are implicated and there is no bar to access to the dispute settlement mechanism under those agreements. A foreign company incorporated in a CARICOM Member may initiate proceedings for a breach of the RTC in respect of a trade issue under Article 222 of the RTC and simultaneously pursue dispute settlement proceedings before the WTO at the option of its government.

Article 212 of the Revised Treaty grants the CCJ advisory jurisdiction concerning the interpretation or application of the Revised Treaty at the request of a Member or the Community. This jurisdictional basis may be used to resolve potential trade disputes particularly in situations whereby a Member proposes to enter into a bilateral treaty that could impact its obligations under the Revised Treaty or to obtain an opinion on the likelihood of Members’ obligations under the Revised Treaty for treaties to be concluded on behalf of the Community.

Provisions for market access would conceptually fall within provisions intended to benefit a private party. Many of these provisions are specified in Chapter III of the RTC. These include obligations relating to the right of establishment, prohibition on new restrictions regarding the right of establishment, removal of restrictions on provision of services, prohibition of new restrictions on the provision of services, and the removal of and prohibition of new restrictions on banking, insurance and other financial services and of the movement of capital and current account transactions. On the question of prejudice in the enjoyment of the right or benefit, the CCJ has held that failure to perform the obligation to establish and maintain a common external tariff is of potential prejudice to beneficiaries of the CET.

Article 222 stipulates the conditions to be met for the CCJ to have subject matter jurisdiction on a claim brought by a private litigant. In material part, Article 222 provides that, natural or juridical persons may be allowed to appear as parties in proceedings before the Court where, inter alia, it is established that persons have been prejudiced in respect of the enjoyment of rights and benefits conferred by the Treaty. The ruling in the Shanique Myrie case has firmly established both the role of the CCJ in interpreting the Treaty, including for effect of the CSME, and the rights of nationals to pursue fulfilment of their rights through the Court. In the instant matter, the Caribbean Court of Justice (CCJ) ruled that Shanique Myrie should be awarded a total of BD $75,000 or $3.6m Jamaican dollars. The Court declared that the Barbados government breached the Jamaican’s right to enter the country under Article 720 of the Revised Treaty of Chaguaramas.

In summary, the role of the CCJ in ensuring the efficient operation of the CSME is undeniable. The Court will be able to “pronounce authoritatively and definitively on the rights and obligations of Member States of the Community and their nationals” (Pollard, 2001). Information gleamed from the website of the CCJ reveals that 86 entries have been made under the Court’s Appellate Jurisdiction while 18 entries related to six (6) cases have been made under the Court’s Original Jurisdiction. Table 7 reflects the decisions of three (3) cases that can be considered significant to the implementation of the Revised Treaty (and CSME) and also to the establishment of Community precedence.

Trade agreements with other integration processes or countries, and their influence on legislation, institutions and achievements as regards the process.

20 Article 7 of the Revised Treaty asserts that any discrimination for CARICOM nationals on grounds of nationality only is prohibited.
Taking cognizance of the need to widen integration to other areas, CARICOM has signed agreements with other countries to facilitate the liberalization of trade between them. Increasingly, agreements also seek to promote further trade and investment linkages. Longstanding trade arrangements include CARICAN, Caribbean Basin Initiative (CBI) and General System of Preferences (GSP) arrangements. While agreements are negotiated at the regional level, individual CARICOM Members also have bilateral arrangements with third countries. Notwithstanding the importance of the existing trade (and investment) arrangements, the Economic Partnership Agreement (EPA) (in a similar manner as its predecessors Cotonou and Lomé), has significantly impacted the trajectory of the legislative process impacting trade in the region.

The CARIFORUM-EU EPA was signed in 2008 as a reciprocal agreement between the CARIFORUM countries and the European Community. An important effect of the EPA on CARICOM integration is the creation of CARIFORUM, CARICOM plus the Dominican Republic, to participate in the process. While the EPA has impacted trade relations between the Parties directly, the direction of supporting institutions, including legislative arrangements, will be significantly impacted. Tables 8 and 9 summarize the status of fundamental legislative and policy reforms that have been identified as critical for the successful implementation of the EPA.

In addition to the legislative and policy environment, the EPA also establishes several joint institutions that have met regularly since 2010. Five (5) have been set up primarily to review the implementation of the Agreement. These are: (i) Joint Council; (ii) Trade and Development Committee; (iii) Parliamentary Committee; (iv) Consultative Committee and (v) the Special Committee on Customs Cooperation and Trade Facilitation.

While the EPA can be considered as the most impacting bilateral trade agreement of which CARICOM may be party, the regional has bilateral agreements with various regions and countries. An important and missing component however, is clear knowledge of the level of success of arrangements to which the Region is party. This paper posits that CARICOM needs to become more strategic in crafting its trade profile, including by supporting sectoral ‘winners’ as a basis of entering into trade arrangements.

**Trade with Latin America**

**Legal Framework**

CARICOM countries, individually and collectively, have trade agreements with various Latin American countries. Below is a summary of the trade arrangements between CARICOM and Latin America, from the perspective of both individual countries and regional blocs. The Agreements concluded at the Regional level are presented below.

**CARICOM-Costa Rica Free Trade Agreement (FTA):** The Costa Rican legislature approved the Free Trade Agreement on 9th August 2005. This Agreement covers trade in goods and provides for further negotiations in the areas of Competition Policy, Government Procurement, Double Taxation and the Trade in Services. Costa Rica and Trinidad and Tobago exchanged ratification instruments and the Agreement entered into force for these two countries on 15th November 2005. The agreement entered into force between Costa Rica and Guyana on 30th April 2006, between Costa Rica and Barbados on 01 August 2006, and between Costa Rica and Belize on 10th March 2011. The FTA is based on reciprocity with the More Developed Countries of CARICOM and non-reciprocity for CARICOM Less Developed Countries (LDCs). Jamaica approved the implementation of the Free Trade Agreement on 6th May 2013. The FTA was implemented using a phased approach with some products immediately liberalized, other items benefitting from a phased reduction of duties over 4 years and a special arrangement for some agricultural products. The Agreement provides for a
built-in agenda for services trade negotiations while agreeing to cooperate on services at the multilateral level.

**CARICOM-Venezuela Agreement on Trade & Investment:** This Agreement was signed on 13th October 1992 and entered into force on 1st January 1993. The Agreement favours CARICOM exports to Venezuela through tariff liberalization and phased tariff reductions for a list of specified products. It primarily focuses on the trade in goods, but provides a framework for parties to work together for the promotion of services and investment, and double taxation agreements. The Agreement, however, has been fairly dormant as there have been varied technical problems affecting its implementation. The application of antidumping and countervailing measures is permissible under the Agreement with disputes settled through a Joint Council. Venezuela is seeking preferential market access to the markets of the CARICOM.

In relation to goods coverage, a significant range of goods is allowed to enter Venezuela duty free or with duties to be phased out over 4 years from the date of entry into force. This preferential access, however, is not extended to a range of products.21

Preparations have been made for the convening of a CARICOM-Venezuela Joint Council Meeting in early 2014 to discuss Venezuela’s request. Also on the agenda are issues relating to tariff and non-tariff barriers encountered by CARICOM exporters, the overall decline in merchandise trade to Venezuela between 1992-2008 and the possible inclusion of CARICOM’s main exports to Venezuela which are not covered by the Agreement. The Parties also agreed to explore the negotiations of amendments to the Agreement to cover Services trade and the adoption of a double taxation agreement.

**CARICOM - Colombia Trade, Economic and Technical Cooperation Agreement:** In terms of economic relations with Colombia, a Partial Scope Agreement was signed 24th July 1994 and entered into force 1st January 1995. The Agreement focuses on trade in goods with a built-in agenda for collaboration in the area of Services No investment agreement currently exists, but individual bilateral treaties on the promotion and reciprocal protection of investments, as well as information exchange on investment opportunities, are encouraged and parties are also urged to encourage joint production of goods as well as collaboration in the provision of services, particularly in activities targeting third countries.

**CARICOM-Cuba Trade & Economic Cooperation Agreement:** Although a CARICOM-Cuba Agreement was signed in 2000, entered into force on 8th December 2002 pursuant to an additional protocol enabling provisional application. While the reciprocal Agreement primarily focuses on trade in goods, a timetable exists for negotiating additional areas such as trade promotion and facilitation, services, investment, taxation and intellectual property as well as government procurement. In 2012, the Cuban Government motivated interest in reviewing the Agreement with the aim of identifying areas which might contribute to expanding trade between the parties. Under this agreement, duty free access to Cuba is allowed for the export of a wide range of goods. Eligible products for duty free treatment must either be wholly produced within the territories of the Parties or they must undergo a process of substantial transformation involving a change of tariff heading. Goods involving materials obtained from third parties will be considered as originating in the territories of the Parties if the final product is classified under a different tariff heading from the materials obtained from third parties, and/or where the value of the third party materials do not exceed 50% of the F.O.B price of the final good.

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21 Products not covered include beef, milk, coffee, rice, flour, cooking oils and related products, cocoa beans, cement and related products, orange juice, mineral fuels, mineral oils and related products, medicaments, paints and varnishes, insecticides, disinfectants, plastics, glass products, iron products, and television sets.
38

State to State agreements include (i) Guyana-Brazil Economic Complementarity Agreement; (ii) Brazil-Suriname; and (iii) Belize-Guatemala Partial Scope Agreement (PSA)

Trade Flows

CARICOM goods trade with Latin America is considerably lower than with traditional markets, such as Europe and North America. Importantly, data for 2002-2009 indicates that the increase in trade activities between CARICOM and Latin America has grown disproportionately when compared with trade with external partners. In other words, extra-regional external trade has tended to increase at a much faster rate when compared to trade with Latin America.

FIGURE 8

CARICOM, Global, and Latin American trade compared

![Graph showing CARICOM, Global, and Latin American trade compared.]

Source: Gill (2010)

Notwithstanding, according to Gill (2010), both exports and imports grew faster than global flows between 2002 and 2008, before being significantly impacted by the world economic downturn in 2009. A review of trade data obtained from the ITC Trade Map database reveals that CARICOM has maintained a negative trade balance with Latin America, with imports growing at a faster rate than export growth.

FIGURE 9

CARICOM Trade with Latin America

![Graph showing CARICOM Trade with Latin America.]

Source: ITC Trade Map Database
A close look at CARICOM’s exports to the Latin American region demonstrates a perilously high product concentration and (based on the product) exporter concentration with trade with Trinidad and Tobago dominating the CARICOM export profile.

FIGURE 10
CARICOM Exports to Latin America

Source: ITC Trade Map Database

Of the three regional groups (MERCOSUR, CACM and Andean Community), MERCOSUR is the most significant trade partner with followed by CACM then the Andean Community.

TABLE 4
CARICOM’s Exports to MERCOSUR, CACM and Andean community

<table>
<thead>
<tr>
<th>REGION</th>
<th>MERCOSUR</th>
<th>Central American Common Market</th>
<th>Andean Community</th>
</tr>
</thead>
<tbody>
<tr>
<td>YR 2001</td>
<td>115167</td>
<td>170299</td>
<td>41532</td>
</tr>
<tr>
<td>YR 2002</td>
<td>51683</td>
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<tr>
<td>YR 2004</td>
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<td>YR 2005</td>
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<td>YR 2006</td>
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<tr>
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<td>201632</td>
<td>354565</td>
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<tr>
<td>YR 2011</td>
<td>1731789</td>
<td>236784</td>
<td>681645</td>
</tr>
<tr>
<td>YR 2012</td>
<td>2802222</td>
<td>157284</td>
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<tr>
<td>YR 2013</td>
<td>3612705</td>
<td>443778</td>
<td>618433</td>
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</tbody>
</table>

Source: ITC Trade Map Database
### TABLE 5
CARICOM’s Exports to MERCOSUR, CACM and Andean community 2013

<table>
<thead>
<tr>
<th>REGION</th>
<th>CARICOM’s Exports (Chapter 27) to MERCOSUR, CACM and Andean Community 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Exports (US$’000)</td>
</tr>
<tr>
<td>MERCOSUR</td>
<td>443,778.00</td>
</tr>
<tr>
<td>Central American Common Market</td>
<td>3,612,705.00</td>
</tr>
<tr>
<td>Andean Community</td>
<td>618,433.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4,674,916.00</strong></td>
</tr>
</tbody>
</table>

*Source: ITC Trade Map Database*

Export of Minerals, Fuels and Oils account for 81% of CARICOM’s exports to MERCOSUR, CACM and the Andean Community. This is despite market access for a wide range of agricultural and non-agricultural goods. Exports to MERCOSUR have dramatically increased since 2011 with an equally significant increase in exports to CACM, particularly in 2013.

### FIGURE 11
CARICOM’s Exports to MERCOSUR

*Source: ITC Trade Map Database*
CARICOM exports to the CACM group of States have however been more consistent over the review period than export performance with MERCOSUR, although the value of exports to MERCOSUR amount to a higher value. In comparison, exports to the Andean Community, during the last three (3) years (2011-2013) have noticeably increased, peaking at US$681,645,000 in 2011 with minimal decline the two subsequent years.
Notwithstanding the fact that the trade agreements between CARICOM and Latin America provide market access on a range of products, CARICOM’s exports not been growing in a sustainable way, notwithstanding liberalization efforts. Additionally, even though CARICOM exports have increased in value over the last 3-4 years, these exports: (i) flow from one country (Trinidad and Tobago) and (ii) are concentrated on minerals, oils, and petroleum products (81% of total exports to the 3 main regional groupings). Additionally, CARICOM has maintained a negative trade balance with the Latin America region. Imports from Latin America also primarily centre on mineral fuels and related products. This current trade status lends itself to further diversification of product and country between the Parties as the agreements are underutilized.

Some of the challenges identified include:

- Lack of implementation of commitments: This is particularly applicable on the CARICOM side as trade initiatives emanate mainly from Latin American countries
- Slow ratification by some countries;
- Lack of movement on built-in agendas which have been left sine die, particularly trade in services and investment;
- There appears to be little evidence that trade agreements have motivated investments

As it pertains to trade relations with Latin America, and in advancing the CARICOM regional development agenda, the following key gaps in relations should be examined with a view towards developing an agenda for greater collaboration. Recommendations, including those proposed by Gill (2010), include:

1. Development of a regional strategic plan regarding trade in services and investment between CARICOM and the Latin American regions;
2. Examination of the potential benefits of the agreements (as well as foregone benefits);
3. Closer firm-firm collaboration/facilitation;
4. Explore options for use of regional representation in L.A. for export promotion
5. Increased dialogue, including through joint government/private sector trade missions
6. Increase support to overcome language barrier, particularly for the English speaking Caribbean to be able to effectively communicate with

An important arrangement that requires substantive analysis is Petro-Caribe. The agreement was established in 2005 and is an oil alliance of many Caribbean states with Venezuela to purchase oil on conditions of preferential payment\(^{22}\). Its objective is to provide Caribbean states with oil on preferential terms and developing regional energy infrastructure. Member states can defer payment of as much as 40% of oil purchases at an interest rate of 1% over 25 years. Petrocaribe members are also able to negotiate oil purchases with other commodities, such as the rice-for-oil deal between Venezuela and neighbouring Guyana. In 2013, Petrocaribe agreed links with the Bolivarian Alliance for the Americas (ALBA), to go beyond oil and promote economic cooperation.

IV. CHARACTERIZATION OF THE CONVERGENCE OF ECONOMIC POLICIES WITHIN THE MECHANISM

1. Macroeconomic policy

   The monetary systems of CARICOM countries are characterized by different national currencies with varying levels of stability. These countries have a clear preference for fixed

\(^{22}\) The organisation’s members are: Antigua and Barbuda, the Bahamas, Belize, Cuba, Dominica, El Salvador, Granada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, the Dominican Republic, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Venezuela
exchange rates, with the majority operating with rates fixed to the US dollar. The seven OECS member states operate the Eastern Caribbean Currency Union (ECCU), which has evolved from the Eastern Caribbean Currency Board (ECCB). Historically, the ECCB has fixed the Eastern Caribbean dollar (EC$) at EC$2.71 to an anchor currency - the United States dollar. In addition to the fixed exchange rate, the ECCU facilitates automatic convertibility and limited Central Bank credit creation. Barbados, The Bahamas and Belize also operate fixed exchange rate regimes. Jamaica, Trinidad and Tobago, Guyana, Suriname and Haiti operate flexible exchange rate systems.

Convergence of macroeconomic policy is one of the core objectives of the Revised Treaty. Article 14 lists as one of the responsibilities of the Council for Finance and Planning (COFAP), namely “the co-ordination and convergence of national macro-economic policies”. Article 70 deals exclusively with Macroeconomic Policies and requires COFAP to promote a ‘sound macro-economic environment’ and to “promote economic development ... through the development and application of convergent macroeconomic policies to ensure fiscal discipline, favourable balance-of-payments, stable currencies and moderate prices without prejudice to securing high levels of employment”.

The subject is also listed in Article 44 as one of the items in Measures to Facilitate Establishment, Provision of Services and Movement of Capital. The Article calls for:

“convergence of macro-economic performance and policies through the coordination or harmonisation of monetary and fiscal policies, including, in particular, policies relating to interest rates, exchange rates, tax structures and national budgetary deficits”.

Very little progress has been made in attaining macro-economic convergence. The focus of CARICOM’s efforts in this regard has been on establishing the preconditions for a monetary union. Convergence criteria were agreed in 1992 and are monitored on a regular basis, after eighteen years no significant progress has been registered in meeting these and the goal has in practice been suspended. A major difficulty is the large differences among Member States in exchange regimes and currency parities. This is further complicated by wide differences in fiscal and monetary conditions including fiscal deficits, debt burdens, inflation rates and interest rates. Essentially, given the position currently existing in the Community in the area of foreign exchange policies, with fixed exchange rates maintained by Barbados, Belize, The Bahamas and the OECS States and floating currencies by the remaining Member States, absent an obligation to redirect national foreign exchange policies, the attainment of this facet of economic integration appears futile.

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23 The success should be noted of the Eastern Caribbean Currency Union managed by the Eastern Caribbean Central Bank, created in 1983, in maintaining a stable common currency and low inflation for the member states.

24 The 1992 criteria, as amended call for each member state to: (i) hold external reserves equivalent to at least three months of merchandise imports for at least a year; (ii) maintain a stable exchange rate for at least 3 years (defined as fluctuations within a band of +/-1.5 per cent); (iii) have external debt service obligations amounting to no more than 15 per cent of exports of goods and services; (iv) contain fiscal deficits below 3.0 per cent of GDP; and (v) maintain an inflation rate, which is the median for the 3 countries with the lowest but positive rates of inflation in the previous year, within a band of +/-1.5 per cent.

25 In 2001, COFAP effectively suspended the programme for monetary union and recommended further technical and consultative work on the subject. Several proposals made since 2001 have also met with little or no success; including achieving convertibility of national currencies, a monetary union of a subset of member states, a CARICOM ‘numeraire’ currency and a protocol on monetary cooperation. The Single Development Vision includes a schedule for the implementation of monetary union by 2015; but this schedule has yet to become operational.
In moving towards a CSME, the need for convergence of economic performance and harmonisation of macro-economic policies has been recognised. Therefore, a programme of monitoring the extent of economic convergence in accordance with selected eligibility criteria is implemented by the Committee of Central Bank Governors on a bi-annual basis. The eligibility economic convergence criteria include:

- Reserve cover rule - maintenance of 3 months of imports cover for a period of at least 12 months.
- Exchange rate rule - maintenance of a stable exchange rate within a band of 1.5% for a period of 36 months.
- External debt rule - maintenance of a debt service ratio of 15%.

The experience has shown that the exchange rate criterion has been most difficult to meet. The experience also shows that it is unlikely that economic convergence will be realised autonomously. Coordination of national economic policies will need to be enhanced.

Integral to the Revised Treaty, macro-economic policy cooperation and coordination encompass three major areas: macroeconomic harmonization policies; financial and fiscal stabilization policies; and capital and labour market liberalization policies. Convergence of policies in these policy areas represents the most critical element in implementation of the CARICOM Single Economy component of the CARICOM Single Market and Economy. However, implementation and information deficits severely constrain the success of macroeconomic policy harmonization. For example, negotiations for intra-CARICOM agreements with respect to both finance capital and investment capital, having commenced many years ago, are not yet complete. The fundamental problem relates to what can be interpreted as a lack of political will on the part the national political leaderships of CARICOM Member States. In terms of the CARICOM Financial Services Agreement, the proposals have been through many discussions and iterations with being finally approved by Member States for implementation.

An important objective of CSME currency convertibility is a monetary union and a related single currency. With a single currency, exchange rate depreciation (or appreciation) by a Member State vis-à-vis another is not a policy option. Critically, for a single currency arrangement to function effectively and be sustainable there must be no adverse conditions which would lead a Member State to withdraw from the arrangement. As such, financial sector stability as well as fiscal stability is key pre-requisites for a functional monetary union. As such, CSME has identified five prerequisite convergence criteria related to import cover, exchange rate, debt service, inflation and fiscal deficits. To date, the implementation of a currency union remains an unfulfilled policy objective.

2. Regulatory policy and competition

With the Revised Treaty of Chaguaramas (RTC), which came into force in 2001, the objective was to transform CARICOM from a Common Market to a Single Market and Economy. In this context, it was expected that with projected market widening and deepening, greater competition would emerge with businesses operating in CSME attempting to increase their market share, using various techniques.

Consequently, in Chapter 8 of the RTC the basic guidelines for business conduct in CSME were articulated, targeting principled competition among businesses, and promoting consumer welfare. Very importantly, Community Competition Policy outlined in Article 169 of the RTC seeks to
Evolution of the CARICOM integration process

guarantee that the anticipated economic and social benefits of the CSME are not negatively impacted by anti-competitive business behaviour.

Article 171 of RTC states that "For the purposes of implementation of the Community Competition Policy..." the Treaty establishes a Competition Commission and requires at Article 170 (2) that each "...Member State shall establish and maintain a national competition authority for the purpose of facilitating the implementation of rules of competition". Further, the Community is mandated to "...establish appropriate norms and institutional arrangements to prohibit and penalise anti-competitive business conduct”. The CARICOM Competition Commission (the Commission) was established by Article 171 of the RTC, and is one of the key institutions in support of the CSME. The Commission is headquartered in Suriname, and began operations on January 18, 2008.

The objectives of the CARICOM Competition Commission (CCC) as outlined in Protocol VIII include:

- Ensuring that the benefits expected from the establishment of the CSME are not frustrated by anti-competitive business conduct, such as abuse of dominance, collusion and unfair pricing strategy;
- Enhancement of competition and efficiency in production, trade and commerce; and
- Protection of consumer welfare.

In terms of its specific functions, the CCC operates as the regional institution that is expected to:

a. Apply the rules of competition in respect of anti-competitive cross border business conduct; and
b. Promote competition in the Community and co-ordinate the implementation of the Community Competition Policy.

Its most important activity involves monitoring anti-competitive practices of enterprises operating in the CSME, and investigating and arbitrating cross-border disputes within the Single Market. CCC also plays a critical role in terms of consumer protection policy in CSME. The Commission's involvement in protecting consumer welfare is largely limited to promoting the efforts of consumer education in Member States and organs of the Community and drawing COTED's attention to business behaviour which impacts adversely on consumer welfare. The Commission is also involved in encouraging the promulgation of laws and standards for the protection of consumers.

There have been documented cases of active collusion among firms in CARICOM. This collusive behaviour has so far been found within the various national jurisdictions. For instance, in 2011 the Barbados Fair Trading Commission investigated and found that shipping agents in Barbados were cooperating to set Local Administration Charges (LAC) in 2006. In 2003, in Trinidad and Tobago, price fixing by the Baker's Association was openly announced in the newspapers. Because there is no law prohibiting collusion in Trinidad and Tobago, and this has been the business practice of trade associations for some time, there was no sense of wrongdoing among the firms involved. The CCC views the issue of information sharing among rival firms to be important in order to effectively prohibit collusive behaviour in CARICOM.
CONCLUSIONS

The implementation deficit that has plagued the CARICOM integration mechanism has yet to be abated notwithstanding various attempts by Community leaders to reinvigorate the progress towards a single market and economy. While the process has advanced significantly, the early aspirations for a single space and harmonised policies have not been realised. CARICOM has recognised the deficit (repeatedly) and the latest motivated mitigating initiative is the drafting of the Strategic Plan (2015 – 2019) that seeks to “reposition the Community and identify priorities and activities that would meet the challenges of the international environment”.

In relation to extra-regional trade, the CET remains quite uncommon, with countless opportunities for derogation from the established rates. Unfortunately, this approach to development of particular sectors, have not materialised in the level of growth envisaged. In a similar manner, intra-regional trade continues to be dominated by oil exporting Trinidad and Tobago with a linear contraction in Jamaica’s export trade notwithstanding the ability of CARICOM members to pursue policy objectives for the development of key sectors, including as provided in Article 164 of the Revised Treaty.

Expansion in the lists of skilled nationals qualified to move within the region continue. Challenges continue to be faced however, notwithstanding significant improvement in legislative and administrative arrangements to facilitate such movement. The movement of capital, which is closely linked to the attainment of the Single Economy, may prove to be the most difficult facet of integration given the existing variances at the national level.

Within the last 5 years, the region has advanced essential aspects of the integration process, through internally motivated processes as well as exogenous factors. The establishment of the CCJ is heralded as one of the most significant development with the opportunity to expedite the implementing of the CSME. Landmark cases, particularly on the interpretation of the Treaty, have already established the importance of application within domestic jurisdictions, the removal of impediments to trade and the preservation of the benefits afforded by the Treaty. The level of empowerment of Community national is therefore unprecedented. The establishment of institutions, such as the Competition Commission, CROSQ and CAHFSA, are also significant achievements of the process.

A fundamental exogenous factor impacting the integration mechanism is the EPA and the attending legislative and policy reforms required for the implementation of the Agreement. Reforms in Government Procurement, Competition Policy and Investment, Trade in Services and E-Commerce Measures, standards and certification are at varying stages of implementation by member states.

The CARICOM experience with the most recent global economic crisis reflected that the economies continue to experience low growth rates, fiscal instability and high levels of public (especially external) debt. Intra-regional trade levels, accounting for 13% to 16% of total trade, remain way below projections and reflect where macro-economic planning and policy implementation have not been successful.

The current situation coincides with the stark “implementation deficit” of only a 64% implementation level of the CSME and critical institutional challenges with the structure. It is proposed that these challenges will be addresses by implementing the 2015-2019 Strategic Plan. Successful implementation of the Plan is critical in order to achieve the stated objectives which
target, inter alia, reducing diseconomies of scale and enhancing economic linkages geared towards building capacities to respond to the negative effects of global developments on the Region. Continued support to develop and implement practical and sound policies to support the development of competitive industries is critical. Not only is this needed at the national level, but also given synergies and the homogeneity of countries, regional-level planning at the sector level is required. Increasingly, this has taken root, including through support to entities such as Caribbean Export, which has been support the development of competitiveness at the regional level, primarily through support of the European Union’s EDF Facility.

The important role of organisations with responsibility for issues such as standards, and competition are fundamental to strengthening the region’s capacity to trade. In a like way, but from a judicial perspective, the role of the CCJ, has already been proven as a “game changer”, with the precedence being set as per its mandate to interpret the Treaty; thereby ensuring coherence in application of the law by Member States. The CARICOM citizen is now more highly empowered than ever before to seek redress at the regional level against institutions and governments.

In summary, the following are considered some of the most critical observations of the CARICOM integration to date:

1. The Region’s vulnerability to external shocks has greatly impacted its economic growth, including the high cost of energy.
2. CARICOM’s intra-regional trade in commodities remains highly concentrated and is dominated by petroleum and related products.
3. Expedite implementation of the CSME.
4. Diversification in export markets is essential and, while being explored, may not be expedited as a result of lingering historical connections.
5. There is a concerted effort to diversify the trade profile of the region by supporting the growth of non-traditional and service-oriented sectors.
6. There are doubts of the full utility of the degree of derogation from the CET that is permissible and protection of industries in enhancing and building competitive firms.
7. Important progress has been made through the establishment and functioning of critical institutions, including but not limited to CROSQ, the CCC and the CCJ.
8. There is increased recognition of the need to address the region’s policy implementation challenges at the national and regional levels.
9. The approval and implementation of the Strategic Plan 2015-2019 will be fundamental to the Region’s future.

RECOMMENDATIONS

The recommendations posited recognise the fact that much effort and many initiatives are geared towards deepening regional integration in order to, inter alia, create a single space to facilitate growth in the Region. Any recommended action must therefore be posited, taking into account the current status of the Region. At this juncture of the integration process, it is imperative that there is successful implementation of the 2015-2019 Strategic Plan and as such, at the institutional level, support for its implementation should be a driving factor in external assistance to the Region.

At the micro-level, enhancing competitiveness of firms including by supporting innovation, technology use and research and development models which are appropriate within the context of the Region.
Facilitating diversification of markets, including into neighbouring Central and South America will enable CARICOM to alter its trade profile to include a more diverse market for its goods and services. Fundamentally however, for CARICOM to deepen its integration, not only is the political will imperative, but citizens must also move beyond national boundaries to acknowledging the benefits of the region as a whole.

As it pertains to economic and trade relations between CARICOM and Latin America, the following are reiterated:

1. Development of a regional strategic plan regarding trade in services and investment between CARICOM and the Latin American regions;
2. Examination of the potential benefits of the agreements (as well as foregone benefits);
3. Closer firm-firm collaboration/facilitation;
4. Explore options for use of regional representation in L.A. for export promotion
5. Increased dialogue, including through joint government/private sector trade missions
6. Increase support to overcome language barrier, particularly for the English speaking Caribbean to be able to effectively communicate with
LIST OF ABBREVIATIONS AND ACRONYMS
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBS</td>
<td>Belize Bureau of Standards</td>
</tr>
<tr>
<td>BADMC</td>
<td>Barbados Agricultural Development and Marketing Corporation</td>
</tr>
<tr>
<td>BIS</td>
<td>Bank of International Settlement</td>
</tr>
<tr>
<td>CADRES</td>
<td>Caribbean Development Research Services</td>
</tr>
<tr>
<td>CARICOM</td>
<td>Caribbean Community</td>
</tr>
<tr>
<td>CARIFORUM</td>
<td>Caribbean Forum (CARICOM plus the Dominican Republic)</td>
</tr>
<tr>
<td>CCJ</td>
<td>Caribbean Court of Justice</td>
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<td>CET</td>
<td>Common External Tariff</td>
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<td>CFSA</td>
<td>CARICOM Financial Services Agreement</td>
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<td>CARICOM Multilateral Clearing Facility</td>
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<td>Council of Trade and Economic Development</td>
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<td>CSME</td>
<td>CARICOM Single Market and Economy</td>
</tr>
<tr>
<td>ECCU</td>
<td>Eastern Caribbean Currency Union</td>
</tr>
<tr>
<td>EPA</td>
<td>Economic Partnership Agreement</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>IDB</td>
<td>Inter-American Development Bank</td>
</tr>
<tr>
<td>LDCs</td>
<td>Less Developed Countries</td>
</tr>
<tr>
<td>MDCs</td>
<td>More Developed Countries</td>
</tr>
<tr>
<td>NPS</td>
<td>National Payment System</td>
</tr>
<tr>
<td>OECS</td>
<td>Organisation of Eastern Caribbean States</td>
</tr>
<tr>
<td>QR</td>
<td>Quantitative Restrictions</td>
</tr>
<tr>
<td>RRD</td>
<td>Revenue Replacement Duty</td>
</tr>
<tr>
<td>SNC</td>
<td>Skilled National Certificate</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
</tr>
</tbody>
</table>
TOTAL NUMBER OF SNCS VERIFIED, ISSUED AND RE-ISSUED
BY CARICOM COUNTRIES
<table>
<thead>
<tr>
<th>Country</th>
<th>Certificates issued or verified nationals</th>
<th>National SNC holder</th>
<th>Total certificates issued or verified</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Barbados</td>
<td>1994</td>
<td>90.8</td>
<td>201</td>
</tr>
<tr>
<td>Belize</td>
<td>46</td>
<td>60.5</td>
<td>30</td>
</tr>
<tr>
<td>Dominica</td>
<td>3</td>
<td>2.2</td>
<td>133</td>
</tr>
<tr>
<td>Grenada (2004-2007)</td>
<td>148</td>
<td>59.4</td>
<td>101</td>
</tr>
<tr>
<td>Guyana (1997-2010)</td>
<td>20</td>
<td>0.7</td>
<td>2729</td>
</tr>
<tr>
<td>Jamaica</td>
<td>704</td>
<td>39.1</td>
<td>1098</td>
</tr>
<tr>
<td>St. Kitts &amp; Nevis</td>
<td>178</td>
<td>78.4</td>
<td>49</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>286</td>
<td>48.1</td>
<td>308</td>
</tr>
<tr>
<td>St. Vincent</td>
<td>94</td>
<td>32.1</td>
<td>199</td>
</tr>
<tr>
<td>Suriname</td>
<td>14</td>
<td>20.9</td>
<td>53</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>1055</td>
<td>67.8</td>
<td>501</td>
</tr>
<tr>
<td>Total</td>
<td>4542</td>
<td>45.7</td>
<td>5402</td>
</tr>
</tbody>
</table>

Source: [www.csme.com](http://www.csme.com)
FDI INFLOWS TO THE CARIBBEAN, 2005-2010 (US Million)
## Evolution of the CARICOM integration process

### CARICOM INFLOWS

<table>
<thead>
<tr>
<th>Country</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010&lt;sup&gt;p&lt;/sup&gt;</th>
<th>% Change 2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antigua and Barbuda</td>
<td>221</td>
<td>359</td>
<td>338</td>
<td>173</td>
<td>139</td>
<td>57.4</td>
<td>-58</td>
</tr>
<tr>
<td>Bahamas</td>
<td>563</td>
<td>706</td>
<td>746</td>
<td>839</td>
<td>654</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Barbados</td>
<td>128</td>
<td>245</td>
<td>338</td>
<td>286</td>
<td>290</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Belize</td>
<td>127</td>
<td>109</td>
<td>143</td>
<td>191</td>
<td>95</td>
<td>97</td>
<td>2.1</td>
</tr>
<tr>
<td>Dominica</td>
<td>19</td>
<td>26</td>
<td>47</td>
<td>57</td>
<td>46</td>
<td>31</td>
<td>-33</td>
</tr>
<tr>
<td>Grenada</td>
<td>70</td>
<td>90</td>
<td>152</td>
<td>144</td>
<td>79</td>
<td>63.6</td>
<td>-19</td>
</tr>
<tr>
<td>Guyana</td>
<td>77</td>
<td>102</td>
<td>152</td>
<td>178</td>
<td>144</td>
<td>269</td>
<td>87</td>
</tr>
<tr>
<td>Haiti</td>
<td>26</td>
<td>160</td>
<td>75</td>
<td>30</td>
<td>38</td>
<td>150</td>
<td>294</td>
</tr>
<tr>
<td>Jamaica</td>
<td>682</td>
<td>882</td>
<td>867</td>
<td>1,437</td>
<td>1,062</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Montserrat</td>
<td>1</td>
<td>3</td>
<td>7</td>
<td>13</td>
<td>7</td>
<td>2</td>
<td>-71</td>
</tr>
<tr>
<td>St Kitts and Nevis</td>
<td>93</td>
<td>110</td>
<td>134</td>
<td>178</td>
<td>139</td>
<td>128</td>
<td>-8</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>78</td>
<td>234</td>
<td>272</td>
<td>172</td>
<td>167</td>
<td>121</td>
<td>-28</td>
</tr>
<tr>
<td>St Vincent &amp; the Gren.</td>
<td>40</td>
<td>109</td>
<td>131</td>
<td>159</td>
<td>125</td>
<td>100</td>
<td>-20</td>
</tr>
<tr>
<td>Suriname</td>
<td>348</td>
<td>323</td>
<td>179</td>
<td>209</td>
<td>151</td>
<td>-225</td>
<td>-270</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>940</td>
<td>883</td>
<td>830</td>
<td>2,801</td>
<td>709</td>
<td>396&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-44</td>
</tr>
</tbody>
</table>

### CARICOM INFLOWS

| Annual Growth Rate (%) | 18 | 27 | 2 | 55 | -44 | -79 | ... |

Source: Caribbean Trade and Investment Report 2010; BOP Tables – Respective countries

<sup>p</sup> - Preliminary estimates; <sup>a</sup> - third quarter estimates
SELECT CARICOM UNEMPLOYMENT RATES, 2005-2012 (Percentages)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahamas</td>
<td>10.2</td>
<td>7.6</td>
<td>7.9</td>
<td>8.7</td>
<td>14.2</td>
<td>15</td>
<td>15.9</td>
<td>14.7</td>
</tr>
<tr>
<td>Barbados</td>
<td>9.1</td>
<td>8.7</td>
<td>7.4</td>
<td>8.1</td>
<td>10.0</td>
<td>10.7</td>
<td>11.3</td>
<td>11.6</td>
</tr>
<tr>
<td>Belize</td>
<td>11</td>
<td>9.4</td>
<td>12.1</td>
<td>8.2</td>
<td>13.1</td>
<td>...</td>
<td>...</td>
<td>14.4</td>
</tr>
<tr>
<td>Jamaica</td>
<td>11.3</td>
<td>10.3</td>
<td>9.8</td>
<td>10.6</td>
<td>11.4</td>
<td>12.0</td>
<td>12.6</td>
<td>13.7</td>
</tr>
<tr>
<td>Suriname</td>
<td>15.0</td>
<td>12.1</td>
<td>12.0</td>
<td>11.1</td>
<td>10.0</td>
<td>9.2</td>
<td>9.0</td>
<td>7.5</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>18.6</td>
<td>16.6</td>
<td>13.9</td>
<td>15.6</td>
<td>18.1</td>
<td>20.6</td>
<td>21.2a</td>
<td>21.4</td>
</tr>
</tbody>
</table>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures. a Third and fourth quarter average; b Second quarter 2012
SELECT CASES: ORIGINAL JURISDICTION
<table>
<thead>
<tr>
<th>No</th>
<th>Parties/Description</th>
<th>Claim</th>
<th>Judgement</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Maurice Tomlinson Applicant and The State Of Belize Proposed Respondent And The State Of Trinidad And Tobago Proposed Respondent. <a href="http://www.caribbeancourtofjustice.org/wp-content/uploads/2014/05/Tomlinson-Executive-Summary11.pdf">http://www.caribbeancourtofjustice.org/wp-content/uploads/2014/05/Tomlinson-Executive-Summary11.pdf</a></td>
<td>Violation of right to free movement under the RTC The provisions of the Immigration Acts of Belize and Trinidad and Tobago prohibit the entry of homosexual persons into the jurisdiction</td>
<td>The Court holds that there is an arguable case that the mere existence of the legislative provisions in question amounts to prejudice Applicant is granted special leave to commence proceedings and must file his originating application</td>
<td>The relationship between domestic law and the obligations under the RTC</td>
</tr>
<tr>
<td>2</td>
<td>Rudisa Beverages &amp; Juices N.V. Caribbean International Distributors Inc Claimants and The State of Guyana Defendant <a href="http://www.caribbeancourtofjustice.org/wp-content/uploads/2014/05/RUDISA-BEVERAGES-EXEC-SUMMARY.pdf">http://www.caribbeancourtofjustice.org/wp-content/uploads/2014/05/RUDISA-BEVERAGES-EXEC-SUMMARY.pdf</a></td>
<td>The imposition of the environmental tax is a breach of the RTC - free movement of goods and prohibitions on the imposition of import duties on CARICOM goods; Claimants were entitled to a repayment of the tax</td>
<td>The Court declared that the tax was inconsistent with the RTC and ordered the State to take necessary action to ensure that it was not applied to goods of Community origin</td>
<td>The need to strike a balance between environmental protection and economic development</td>
</tr>
<tr>
<td>3</td>
<td>Shanique Myrie Claimant and The State Of Barbados Defendant and Jamaica <a href="http://www.caribbeancourtofjustice.org/judgments-proceedings/original-jurisdiction-judgments">http://www.caribbeancourtofjustice.org/judgments-proceedings/original-jurisdiction-judgments</a></td>
<td>Breach of right of free movement</td>
<td>Barbados had breached Ms Myrie’s right to enter Barbados.</td>
<td>Application of Community Law domestically – RTC gives effect Community rights and obligations in domestic law; Domestic incorporation could not be a condition precedent to the creation of Community rights</td>
</tr>
</tbody>
</table>
STATE OF PLAY OF REGULATORY AND POLICY CHANGES IN 7 CARIFORUM COUNTRIES
<table>
<thead>
<tr>
<th>Country</th>
<th>Goods/Focal Points</th>
<th>Government Procurement</th>
<th>Competition Policy</th>
<th>Investment Measures, Trade in Services and E-Commerce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jamaica</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>Barbados</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>St. Vincent and the Grenadines</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Suriname</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Guyana</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>St. Kitts and Nevis</td>
<td>X</td>
<td>✓</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Antigua and Barbuda</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

✓ Where regulatory and policy changes have been fully implemented
X Where regulatory and policy changes are in the process of being implemented
* No movement towards implementation

STATUS OF IMPLEMENTATION OF SELECT OBJECTIVES UNDER EPA IMPLEMENTATION
<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Objective</th>
<th>Status as at March 2014</th>
<th>Expected Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Reform and Adjustment in CARICOM States</td>
<td>To enhance revenue mobilization and strengthen public finance management in CARICOM States.</td>
<td>Implementati on on-going</td>
<td>Progress towards improved tax collection and strengthened public finance management in CARICOM States.</td>
</tr>
<tr>
<td>Fiscal Reform and Adjustment in the Dominican Republic</td>
<td>To enhance revenue mobilization and strengthen public finance management in Dominican Republic.</td>
<td>Implementati on is expected to commence in Q2 2014.</td>
<td>Progress towards improved tax collection and strengthened public finance management in the Dominican Republic</td>
</tr>
<tr>
<td>Statistics in the Dominican Republic</td>
<td>To improve timelines, quality and coverage of published statistical data in the Dominican Republic</td>
<td>Implementati on is expected to commence in Q2 2014.</td>
<td>Training for statisticians in the Dominican Republic provided; and support provided for the production and updating of economic statistics</td>
</tr>
<tr>
<td>Sanitary and Phyto-Sanitary (SPS) Programme</td>
<td>To increase production and trade in agriculture and fisheries which meet the international standards while protecting plant, animal and human health and life and the environment.</td>
<td>On-going</td>
<td>Strengthened legislation, protocols, standards, measures and guidelines in the area of Agriculture Health and Food Safety (AHFS) and fisheries; Enhanced national and regional coordination mechanisms; Strengthened national and regional regulatory and industry capacity</td>
</tr>
<tr>
<td>Technical Barriers to Trade (TBT)</td>
<td>To increase the use of services of internationally recognised Regional Quality Infrastructure Institutions in the CARIFORUM States.</td>
<td>On-going</td>
<td>Progress towards a modern Quality Infrastructure (QI) – Regional frameworks in the areas of standardization, metrology and accreditation are operationalized; National and regional QI institutions are prepared for international recognition; User orientation and awareness of QI services are improved and promoted</td>
</tr>
<tr>
<td>Services Sector</td>
<td>Develop policies, strategies and regulatory Frameworks; Improve the collection and dissemination of data/statistics; Assistance given to Coalitions of Service Industries/providers</td>
<td>On-going</td>
<td>Enhanced competitiveness of CARIFORUM service supplies; Legislative and regulatory frameworks Developed; Collection, compilation, analysis and dissemination of data and statistics on the services sector;</td>
</tr>
<tr>
<td>Focus Area</td>
<td>Objective</td>
<td>Status as at March 2014</td>
<td>Expected Results</td>
</tr>
<tr>
<td>-------------</td>
<td>----------------------------------------------------------------------------</td>
<td>-------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Rum Sector</td>
<td>To facilitate improvement in all areas of the ACP Caribbean rum industry</td>
<td>On-going</td>
<td>Increased collaboration between Producers; ACR Marque credibility strengthened and scale of operation increased; Producers provided with the knowledge required to access distributors and trade customers; Increased awareness of the ACR Marque as a sustainable symbol of quality, authenticity, and provenance</td>
</tr>
</tbody>
</table>

STATUS OF THE FULL OPERATIONALIZATION OF FIVE (5) OF TEN (10) CATEGORIES: THE FREE MOVEMENT OF UNIVERSITY GRADUATES, ARTISTES, MEDIA WORKERS, MUSICIANS AND SPORTS PERSONS
<table>
<thead>
<tr>
<th>Member States</th>
<th>Enactment of Legislation To Implement the Free Movement of University Graduates</th>
<th>Administrative and Procedural Framework To Implement the Free Movement of University Graduates</th>
<th>Legislation to Implement the Free Movement of Artists, Media Workers, Musicians and Sports Persons</th>
<th>Administrative and Procedural Framework for the Free Movement of the Other Approved Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antigua and Barbuda</td>
<td>Caribbean Community Skilled Nationals Act, 1997, No. 3</td>
<td>Must pass the necessary Order in order to resume with the full operationalization</td>
<td>Work Permit Exemption Order 2002</td>
<td>Must pass the necessary Order to resume with the full operationalization</td>
</tr>
<tr>
<td>Barbados</td>
<td>Immigration (Amendment) Act, 1996, Cap. 190 Note: Legislation is currently being drafted to allow persons to seek work. The Act will be based on the Model Act</td>
<td>Not fully operationalised as the necessary administrative and procedural framework is in place and functioning, but persons must also be allowed entry to seek work.</td>
<td>Legislation is currently being drafted to allow persons to seek work and engage into gainful employment beyond the three months which are currently granted</td>
<td>Not fully because free movement is granted up to three months</td>
</tr>
<tr>
<td>Belize</td>
<td>Enactment of Legislation to Implement the Free Movement of University Graduates</td>
<td>Procedural Framework for the Free Movement of University Graduates is in place</td>
<td>Enactment of Legislation to Implement the Free Movement of Artists, Media Workers, Musicians and Sports Persons</td>
<td>Administrative and Procedural Framework for the Free Movement of the Other Approved Categories is in place</td>
</tr>
<tr>
<td>Dominica</td>
<td>Caribbean Community Skilled Nationals Act, 1995, No. 30 And Caribbean Community Skilled Nationals (Work Permit) (Exemptions) S.R.O. 21 of 2003</td>
<td>Fully operationalised as the necessary administrative and procedural framework is in place</td>
<td>Caribbean Community Skilled Nationals S.R.O 19 of 2002 And Caribbean Community Skilled Nationals (Work Permit) (Exemptions) S.R.O. 21 of 2003</td>
<td>Fully operationalised as the necessary administrative and procedural framework is in place</td>
</tr>
<tr>
<td>Grenada</td>
<td>Caribbean Community Skilled Nationals Act, 1995, No. 32</td>
<td>Fully operationalised as the necessary administrative and procedural framework is in place and functioning</td>
<td>Caribbean Community Skilled Nationals (Qualifications) Order, 2003</td>
<td>Fully operationalised as the necessary administrative and procedural framework is in place</td>
</tr>
<tr>
<td>Member States</td>
<td>Enactment of Legislation To Implement the Free Movement of University Graduates</td>
<td>Administrative and Procedural Framework To Implement the Free Movement of University Graduates</td>
<td>Legislation to Implement the Free Movement of Artistes, Media Workers, Musicians and Sports Persons</td>
<td>Administrative and Procedural Framework for the Free Movement of the Other Approved Categories</td>
</tr>
<tr>
<td>---------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Guyana</td>
<td>Immigration (Amendment) Act, 1992 No. 9. Section 12 And Order No. 17 of 2003 (The Immigration (Free Movement of Persons) Order 2003 And Caribbean Community (Free Entry of Skilled Nationals) Act, 1996, No. 6</td>
<td>Fully operationalised as the necessary administrative and procedural framework is in place</td>
<td>Immigration (Amendment) Act, 1992 No. 9, Section 12 And Order No. 17 of 2003 The Immigration (Free Movement of Persons) Order 2003</td>
<td>Fully operationalised as the necessary administrative and procedural framework is in place</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Caribbean Community Free Movement of Skilled Persons) Act, 1997, No. 18</td>
<td>Fully operationalised as the necessary administrative and procedural framework is in place and functioning</td>
<td>Caribbean Community (Free Movement of Skilled Persons) Act, 1997, No. 18</td>
<td>Fully operationalised as the necessary administrative and procedural framework is in place and functioning</td>
</tr>
<tr>
<td>Montserrat</td>
<td>Legislation must still be enacted. Montserrat needs entrustment from the UK to implement the free movement of skills as immigration is a local matter. Montserrat was provided with the CARICOM Model Act in order to enable this Member State to comply with the Conference</td>
<td>Not yet</td>
<td>Legislation must still be enacted Montserrat need entrustment from the UK to implement the free movement of skills as immigration is a local matter. Montserrat was provided with the CARICOM Model Act in order to enable this Member State to comply with the Conference decision on short term, once</td>
<td>Not yet</td>
</tr>
<tr>
<td>Member States</td>
<td>Enactment of Legislation To Implement the Free Movement of University Graduates</td>
<td>Administrative and Procedural Framework To Implement the Free Movement of University Graduates</td>
<td>Legislation to Implement the Free Movement of Artistes, Media Workers, Musicians and Sports Persons</td>
<td>Administrative and Procedural Framework for the Free Movement of the Other Approved Categories</td>
</tr>
<tr>
<td>---------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>St. Kitts and Nevis</td>
<td>Caribbean Community Skilled Nationals Act, 1997 No. 12</td>
<td>Fully operationalised as the necessary administrative and procedural framework is in place and functioning</td>
<td>Legislation must still be enacted or amended The Legal Drafting Facility of the Secretariat provided St. Kitts and Nevis with a draft Act to enable the implementation of the Conference decision</td>
<td>Operationalization is still pending.</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>Caribbean Community Skilled National Act, 1996, No. 18</td>
<td>Fully operationalised as the necessary administrative and procedural framework is in place and functioning</td>
<td>Statutory Instrument, 2002, No. 18 (Caribbean Community Skilled Nationals (Qualifications) Order 2002</td>
<td>Fully operationalised as the necessary administrative and procedural framework is in place and functioning</td>
</tr>
<tr>
<td>St. Vincent and the Grenadines</td>
<td>Immigration (Caribbean Community Skilled Nationals) Act, 1997 No.</td>
<td>Fully operationalised as the necessary administrative and procedural framework is in place and functioning</td>
<td>Immigration (Caribbean Community Skilled Nationals) Act, 2002, No.3</td>
<td>Fully operationalised as the necessary administrative and procedural framework is in place and functioning</td>
</tr>
<tr>
<td>Suriname</td>
<td>State Decree was signed by the President and published Note : The State Decree covers all Chapter III categories The Immigration Act</td>
<td>Operationalised as necessary administrative and procedural framework is in place to deal with applications, however the Immigration Act</td>
<td>State Decree was signed by the President and published Note : The State Decree covers all Chapter III categories</td>
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*Source: CARICOM Secretariat.*

CARICOM PUBLIC DEBT TO GDP (%), 1990-2013
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*Source: International Monetary Fund, World Economic Outlook Database, April 2014*
CARICOM’S INTRA-REGIONAL, EXTRA-REGIONAL AND TOTAL IMPORTS, 2003-2012 (US$mn)
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Source: CARICOM Statistical Department
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Source: CARICOM Statistical Department
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Printed sources


Electronic sources


Gonsalves, R. (2014, June 17). Free Movement of Community Nationals, CCJ, Shanique Myrie, Community Law and our Caribbean Civilization. Lecture sponsored by the University of the West Indies, St. Augustine, Trinidad & Tobago.


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