SISTEMA ECONÓMICO LATINOAMERICANO Y DEL CARIBE

Assessment of the economic and cooperation relations between Central America, the Caribbean and Mexico

Intra-Regional Relations

Permanent Secretariat of SELA
Caracas, Venezuela
September 2015
SP/Di No. 9-15

C O N T E N T S

F O R E W O R D

This study has been prepared in compliance with Activity I.1.2. of the Work Programme of the Permanent Secretariat of SELA for the year 2015, entitled "Assessment of the economic and cooperation relations between Central America, the Caribbean and Mexico".

The study analyzes the essential aspects of current economic and cooperation ties between Central America, the Caribbean and Mexico in four chapters, namely: (i) current status of economic, trade and investment relations; (ii) cooperation relations; (iii) opportunities for coordination and convergence; and (iv) conclusions and recommendations.

The Permanent Secretariat expresses its recognition and gratitude to Mexican consultant, Mr Cassio Luiselli Fernandez, for his valuable dedication to the preparation of this study, with the support of Mrs Mariel Carreño H.

The Permanent Secretariat of SELA has only made format changes to this document. The responsibility for the wording, contents, opinions and recommendations corresponds entirely to its author.

EXECUTIVE SUMMARY

In a world subject to globalization, increasingly competitive and constantly changing, the Greater Caribbean region, the area comprising South East Mexico, Central America and the Caribbean, has much to benefit from a gradual process of integration and from systematic and mutual cooperation. The 25 states that comprise it represent by far the largest number of countries in Latin America and the Caribbean (LAC) and, above all, by the size of Mexico, about one-third the size of its economy and population. Its entire demographic and economic dimension would amount to the fifth and eighth in the world, respectively. Its location, connecting the great Pacific and Atlantic oceans through the Panama Canal, as well as its link between North America and South America, adds strategic importance. However, as shown by the data presented in this study, there is still a long way to go to achieve detonation of full potential trade, investment and integration among these nations that make up the vast Greater Caribbean.

In the first part of the study, in analyzing intra-regional relations, the first thing we see is a strong asymmetry between the three sub-regions.[1] Not only is Mexico much more populated and with more territory, but its economy is overwhelmingly larger and more diversified, not only with regard to Central America but more so in relation to the Caribbean. But, there is yet a great distance in geographic, demographic and economic dimension between Central America and the Caribbean. This is a factor that should be taken into account in the design of strategies for cooperation and strengthening of economic integration; and it should be seen as an important source of opportunities rather than an obstacle.

Trade relations and relations for investment and political cooperation have grown among the three regions concerned, but at different tempos and volumes. In any case, it should be considered that the links between Central America and Mexico have been developed much earlier than those existing between the Caribbean and the two other sub-regions. Trade relations between Central America and Mexico – both areas also closely linked to the United States and separate Free Trade Agreements (FTAs), which also includes Canada – are growing and are now established in certain production chains. Since the launching of the Sole FTA between Mexico and Central America, trade is developing and barriers begin to diminish; it is hoped that this increases, as Central America advances in transforming the common market into a Customs Union. Unfortunately, the Caribbean Community does not yet have formal inter-regional integration agreements like these, nor with Mexico or Central America. It maintains certain trade preferences with the United States (US), Canada and the European Union; but they may have lost relative importance, precisely because, on the one hand, the effects of the Free Trade Agreement between Canada, Mexico and the US (NAFTA) and, on the other, the Free Trade Agreement between the US, Central America and the Dominican Republic (DR-CAFTA).

The study also includes a description of investment flows among the three sub-regions. As is known, the data and statistics of foreign direct investment (FDI) are quite inaccurate and irregular, yet it is clear that the asymmetrical pattern observed in trade is replicated: These are much greater and more diversified between Mexico and Central America. A notable issue is that Mexico has become an important investor in Latin America in general and is now a very important investor in Central America. Unfortunately, in the case of CARICOM, little information is available with regard to this. In any case, the concentration of this is obvious in a few countries and sectors.

[1] For methodological reasons, Mexico is considered a sub region in this study.

In the second part of the document, the cooperation relations between the three sub-regions are reviewed in an extensive manner. The links between Mexico and Central America, which are certainly very profound and historical, are also reviewed. The Tuxtla Gutierrez Mechanism for Dialogue and Cooperation and the Mesoamerica Project are, today, the most agile and suitable mechanisms to advance relations between Mexico and Central America, which go far beyond merely commercial and investment. It has to do with the physical integration and the crucial cooperation in social, political and security matters. Between Central America (SICA) and the Caribbean (CARICOM) and between Mexico and CARICOM there is nothing similar, evidently generating a better structure that is more systematic and binding with the other two regions, and making way for a trilateral relation that allows strengthening and acceleration of economic, social and political ties. It is in this regard that possibilities (and opportunities) for coordination and convergence among the three sub-regions are assessed.

Then, trade and cooperation relations between Mexico, Central America, CARICOM and the Republic of Cuba are examined in a special section, as that country currently is not part of the referred integration schemes. But its potential is very significant and is in line with the recommendations of the study as a whole, as seen in the corresponding text.

Finally, a series of conclusions and recommendations are consigned, in a timely and practical manner. With regard to trade and investment, *facilitation of trade* stands out as an integral and decisive priority policy to advance toward trilateral integration. Also, it points out the convenience of advancing the coordination and convergence among the various integration schemes and, also, suggests the need to increase and strengthen cooperation in strategic areas of major importance, such as tourism, transport, infrastructure, the environment and the creation of regional public goods.

INTRODUCTION

Initially, this study highlights the size and importance of the group of nations comprised by Central America, the Caribbean and Mexico, as well as the convenience of dealing with stronger integration and renewed cooperation ties, the challenges of globalization and the contemporary world in that vast space called Greater Caribbean, within the most extensive Latin American and Caribbean perspective. First, the document analyses the economic and trade relations and the barriers they face, as well as investment flows. A review is made on the main obstacles and barriers that, especially in trade, weigh on those three great markets.

The document outlines a brief profile of each of the three sub-regions, especially with regard to commercial economic issues. It highlights the vulnerability that accompanies the very small economies which, however, have been consolidating institutions and certain commercial and investment dynamism. The following reviews trade relations among the three regions: Trade between Mexico and Central America, which clearly grows and diversifies, but which is still poor in absolute and relative terms; trade between Mexico and CARICOM that is extremely small and concentrated and, finally, the very limited trade between SICA and CARICOM. In all the analyses, current trade and investment flows as well as the potential for increasing them are all highlighted.

Trade barriers among the three sub-regions are also analyzed. While there are still relatively high tariffs on some items and, especially in CARICOM, it is clear that the main obstacles are structural rather than tariff wise *per se*, and refer to issues related to transport, logistics and obstacles of an administrative nature. Hence one of the main conclusions of the study shows: trade facilitation is one of the major strategic options available to countries.

Subsequently, in a second chapter, the various existing mechanisms for cooperation between these countries are analyzed, assessing them in the light of the information submitted and some specific conclusions are drawn in various ambits.

It is worthwhile mentioning that trade and cooperation relations between Mexico, Central America, CARICOM and the Republic of Cuba were reviewed in a special section, as that country currently is not part of the existing integration schemes in the Greater Caribbean.

In summary, this study sought to help identify areas and actions for a higher level of trade and integration. Of course, it is not limited to trade and economic issues that, as essential as they may be, do not exhaust the study objectives, but also addresses other areas of interaction that will give more integrity to the objectives, such as the need to create regional public goods, improve transport, communications and logistics, as well as increase and strengthen cooperation in some key areas for economic development such as tourism, transport, infrastructure, environment and the creation of regional public goods.

I. ECONOMIC, TRADE AND INVESTMENT RELATIONS BETWEEN CENTRAL AMERICA, THE CARIBBEAN AND MEXICO

1. Description of current economic relations

Economic and trade relations between Mexico, Central America[2] and the Caribbean[3] have been growing but are still absolutely poor and are extremely below their real potential. None of the three sub-regions considered is a partner of great importance for the others, except for some very specific cases among certain countries. However, there are clear opportunities and complementarity.

Trade and investment ties are much greater between Mexico and Central America; it is not only about larger economies that are more populated and geographically connected, but rather that they have a much higher level of institutionalization and are now governed by a single Free Trade Agreement that boosts them more, organizes better and serves the group in the work for settlement and arbitration of disputes, as well as for abating tariff barriers. CARICOM has a high degree of internal economic organization and a bank of great tradition, the Caribbean Development Bank (CDB),[4] which facilitates and finances its trade.[5] However, CARICOM has no structure for foreign trade and investment relations with Mexico and Central America, not even remotely comparable.

Before entering further into the analysis of the economic relations among these three neighbouring sub-regions, it is necessary to put into perspective the asymmetries among them, since that has a lot to do with the nature and scopes of both the trade and investment relations and, above all, with the cooperation works. It refers to analyzing the different countries, but there are major differences between them. Thus, Mexico has more than two and a half times the population of Central America[6] and seven times that of the Caribbean.[7] The differences in economic terms are still much remarkable: The Gross Domestic Product (GDP) of Mexico is more than four and a half times that of Central America[8] and almost eighteen times greater than that of CARICOM.[9] But also the distance between Central America (with and without considering the Dominican Republic) and the CARICOM countries is considerable: more than three times the population and five times in terms of GDP. On the other hand, if the distances between Mexico and even Central America and the methodical dimension of twelve Caribbean islands[10] are considered, asymmetries are abysmal. Frequently, by order of magnitude, by hundreds of times.

Among the key features of small economies are the narrowness of the domestic market, that drive them to a greater opening towards the world market to utilize scale economies; other features, which derive directly from the above, are the vulnerability to external crises and weak international

[2] As a member of SICA and not of CARICOM, the Dominican Republic, a Caribbean nation of the Greater Antilles, is also included here.
[3] Member countries of CARICOM and Cuba.
[4] Caribbean Development Bank.
[5] Mexico, with Colombia and Venezuela is part of it, without rights to obtain funds from it.
[6] As about eighteen times the population of the average of these countries.
[7] CARICOM. If Haiti is excluded, the difference is extreme and exceeds it eighteen times; if the average population of the Caribbean islands is taken into account, the distance would be even much higher.
[8] Three and a half times, if the Dominican Republic is included (IMF data).
[9] CARICOM members, the organ for integration, coordination and cooperation excellence in the non-Spanish speaking Caribbean, are the following fifteen countries: Antigua and Barbuda, the Bahamas, Barbados, Belize, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.
[10] Organization of Eastern Caribbean States (OECS)

negotiating power, as well as sparse capital density. This explains the great opening towards the outside of the smaller Caribbean economies, especially those which, lacking natural resources and considerable agricultural areas, are turning to tourism as their main activity. Over the last decades, both the Central American economies as well as those smaller ones from the Caribbean, have increasingly been focusing abroad (Mata op. Cit.). Other countries with more resources and land have also focused toward the goods market, especially agro-industrials such as Guatemala, Costa Rica, El Salvador, Honduras and Nicaragua and, to some extent, the Dominican Republic, Haiti, Suriname, Guyana and Trinidad and Tobago which, with its booming energy sector, has been able to become a major exporter of the hydrocarbon chain in the region.

A minimum amount of information is necessary in order to characterize each of the three sub-regions of the Greater Caribbean and to form a context that enables us not only to compare, but to sustain conclusions and recommendations. For this reason, it commences with a brief profile of Mexico, the Central American Integration System (SICA) and the Caribbean Community (CARICOM).

Profile of Mexico and its trade

Mexico has approximately 120 million inhabitants and a surface area of 1.97 million square kilometres. Its economy is number 12 in the world with a GDP of 2.143 trillion dollars,[11] increasingly orientated towards manufacturing. It is a large producer of automobiles and auto parts, consumer durable goods, oil, minerals and tourism services. It imports machinery, industrial equipment and parts, as well as a large quantity of grain and food, being a significant exporter of fruits and vegetables. The Mexican economy is one of the most open in the world with just over half of its GDP generated in foreign trade: it exports 406 billion dollars and imports 407 thousand; ranking 15th and 14th place respectively. It has a network of 13 Free Trade Agreements (FTA), nine Partial Scope Agreements in ALADI, covering 46 countries and more than one billion consumers. Standing out, by far, is the FTA with the United States and Canada (NAFTA), these being its main foreign markets, with the exception of China, which is the second largest supplier of Mexico. The United States is by far the largest market for Mexican exports, with 78% and the first provider, with about 50%. The following trading partners of Mexico are Canada, China, Japan (with whom it has an FTA), Spain, Germany, South Korea, Brazil and Colombia.

In addition to its membership in the World Trade Organization (WTO), it is part of the Asia-Pacific Economic Cooperation (APEC) and the Organization for Economic Cooperation and Development (OECD). Since 2011, it has a single FTA with Central America, the five countries from the Central American Common Market (CACM) and one signed with Panama. Since 2012, it is part of the Pacific Alliance with Colombia, Peru and Chile (with whom it has FTA) and is part of the negotiations of the Trans Pacific Alliance.

Profile of Central America and its trade

Central America is an isthmus region that connects North America with South America. It has a total surface area of 522.7 thousand square kilometres and a combined population of about 44.7 million, slightly less than Colombia and just a little more than a third of Mexico. Its countries are Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica; Panama, Belize and the Dominican Republic are also included, as members of SICA.[12] Its combined GDP is 386.000 million dollars,[13]

[11] Measured in purchase parity power (PPP) and figures in dollars, according to the Anglo-Saxon nomenclature used by the World Bank; measured in current dollars it is 1.3 trillion dollars and ranks 14th worldwide.
[12] That would increase the population by nearly thirteen million and GDP (PPP) in about 138 billion dollars.

slightly less than the fifth part of that of Mexico, but more than triple that of CARICOM. In general, its economies are highly integrated through the Central American Common Market and are increasingly becoming a Customs Union. The CACM[14] is the second trade partner of almost all Central American countries, with just over a quarter of its exports (the United States is the first by absorbing 32% of its exports). Except Panama, which is mainly a logistical and financial terminal, it relates to countries producing primary goods, where coffee, sugar, fruits, vegetables and meats stand out. They also produce light consumer goods and textiles, as well as tourism, especially in Costa Rica and Guatemala. They export about 67 billion dollars and import 56 thousand. Costa Rica and Panama stand out as the most active countries in foreign trade, but Guatemala has the largest population and the largest and most diversified economy in the sub-region.

The United States, now through the CAFTA Agreement, absorb 32% of its exports, mainly agricultural products –vegetables and fruits- textiles and light consumer goods. The European Union represents 9% of its sales. Central American exports are still focused on products with relatively low added value such as textiles, coffee, sugar, fruits. Costa Rica, the second largest exporter in the Isthmus,[15] has further diversified its export offers, adding plantations such as pineapple, African palm and other agro industries, as well as computer parts and medical equipment, greatly increasing their sales to the European Union. Guatemala meanwhile, is the largest economy and the most dedicated to Central American intra-trade, although its main trade partner is the United States, and Mexico in third place. Honduras is poorly diversified, selling about 66% of its exports, especially textiles, to the United States; Nicaragua exports meat and coffee, highly focused in the United States, with more than 60%. El Salvador receives most of its currency by its emigrants to the United States with little growth in the rest of its exports, which are mainly textiles. Both El Salvador, as well as Honduras and Nicaragua have significant trade deficits. Panama is the exception in trading, especially through the Colon Free Trade Zone and the Inter-oceanic Panama Canal, which represents 92% of its exports and 65% of its imports.[16]

The Dominican Republic forms part of SICA and has, of course, great similarities with Central America, beginning with the Spanish language. However, geographically, it is part of the Caribbean, one of the Greater Antilles and shares with Haiti the island of Hispaniola. It has a population of 12.9 million people, second only to Guatemala in Central America, and a GDP[17] of 138,000 billion dollars, slightly more than half of that of CARICOM and higher than that of any other Central American country and, of course, CARICOM.[18] Its economy is heavily dependent on tourism and agricultural farming, with a relatively fledgling industry of light consumer goods and consumer goods.

Profile of CARICOM and its trade

The Caribbean Community, better known as CARICOM, was founded in 1973 and comprises 15 independent nations and some British dependencies.[19] Although, most are small islands[20] with limited natural resources and less fertile soils, dedicated primarily to tourism; high transport costs

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[13] To 2014, according to the IMF.
[13] Central American Common Market.
[15] The first one is Panama, due to the Canal operations.
[16] Figures from the World Bank 2010.
[17] According to the IMF for 2014 in purchasing parities
[18] Various estimates put Cuba's GDP in a similar range, around 128,000 million dollars
[19] The British Virgin Islands and the Turks and Caicos Islands are associate members. The Bahamas is a member but does not participate in their Common Market.
[20] Recognized in the category of SIDS (Small Island Developing States).

and very vulnerable to economic and climatic shocks; among them there are clear differences: Three are continental States, Surinam and Guyana (with the largest land surface) and Belize. The Bahamas, Trinidad and Tobago and Barbados have a high per capita income and Human Development Index,[21] Haiti has a very low per capita income and Human Development Index (HDI). The joint surface of the CARICOM nations amounts to 432.000K^2. However, this figure is hardly representative of the large majority of countries, which is much lower. Surinam and Guyana are of much greater territorial dimension and distort the average of the majority. For example, Guyana, with 214.9900 Km^2, is 26 times larger than the eight countries of the Windward Islands, which merely total 8,366 Km^2. Furthermore, Haiti has a surface similar to the rest of the CARICOM islands.

The population of the CARICOM countries amounts to 17.4 million people, but again, this is mainly because Haiti, with nearly eleven million inhabitants, equals almost two thirds of the total population. In fact, eleven of the fifteen countries do not reach nine million inhabitants and nine do not reach even half a million.

The combined GDP[22] of the CARICOM countries is 121,000 million dollars, but again, the proportion of Trinidad and Tobago exceeds one third of the total and, if Jamaica and Haiti are added, it reaches 60%. In fact, the Caribbean Windward Islands,[23] individually, are among the smallest economies of the world, together with the small islands of the South Pacific. Their main activity is services and, in the case of Guyana and Suriname, mining and agriculture.

Since 1989, CARICOM was given the task of building a "Single Market and Economy" (CSME),[24] liberalizing inward trade of goods and services (internal liberalization is now 95%); as well as the free movement of capital, installation of companies and individuals with professional qualifications, which still face some difficulties.

Transportation costs in the Caribbean Islands, as well as Suriname and Guyana, are significantly higher than tariffs and well above the equivalents for their trading partners. This results in the major impediment to the competitiveness and growth of trade, not only to third countries but also at intra-regional level (these often add up to 35% of the product value). Added to this are the delays in delivery and processing. The high costs of transport are also associated with the condition of small fragmented economies. In other words, trade in the Caribbean is expensive and must overcome great challenges of transport and logistics in order to achieve full and effective participation in the global economy, utilizing their major transhipment centres.

Therefore, despite its wide opening to the outside and its integration efforts, CARICOM has not achieved a very dynamic external insertion. Its already reduced weight in world trade flows has been declining: from 3% in the decade of the 70 to 0.25% by 2012. It is curbed down by the poor infrastructure and high transport costs, lack of diversification and very low innovation.

Specifically, its complementarities (agriculture, tourism, small light industries) with Central America make further integration with the countries of SICA advisable. CARICOM also enjoys the benefits derived from the Caribbean Basin Initiative with the USA (CBI), but would have other advantages if it approaches NAFTA as a whole, where it would have access to the nearest and complementary Mexican market. In any case, the United States is it main external trade partner (44% of its total

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[21] Developed by UNDP, including health, food, education, poverty among others.

[22] 2014, Purchasing Power Parities (PPP), IMF estimates. Excludes Belize.

[23] Forming the Organisation of Eastern Caribbean States, headquartered in Castries, St. Lucia. Members are: Santa Lucia, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, Saint Vincent and the Grenadines and Montserrat (United Kingdom dependency).

[24] Caribbean Single Market and Economy.

exports and about 40% of its imports), but with a relatively modest figure of 7.3 billion dollars (2011); followed by the European Union (with about 15%), and then to a lesser extent Canada and China, gaining an increasing weight.

2. Analysis of trade flows

The current economic relations between Central America, CARICOM and Mexico are still very asymmetric and relatively incipient, especially with relation to the Caribbean. Mexico and Central America have increased considerably their mutual trade in recent years, while trade between CARICOM and SICA countries and Mexico is still very low in any comparison.

Trade between Central America and CARICOM

The volume of trade between Central America and CARICOM[25] is extremely small. For Central America, CARICOM represents only 1.2% of its exports and 0.2% of its imports; while for CARICOM, Central America represents only 0.7% of its exports and 2.4% of its imports.

Although it is true that asymmetries are also evident here, with the Central American countries being individually and collectively much more populated and with greater surface than those from the Caribbean; from a broader perspective, both sub-regions have small economies and are generally less competitive in terms of international averages. Both sub-regions share greater access to the Caribbean Sea, sharing its basin; further consolidation and integration within each of the two is recommended and, wherever possible, with each other. Central America and CARICOM have great potential for commercial growth still not satisfied: important synergies and complementarities, as well as barriers that need to be abated.

The Central American economies, with substantial internal integration and greater territorial and demographic size, already have a significant industry of consumer goods capable, in principle, of continuously and reliably supplying the demands of the markets that are very tourist-oriented, and the small internal market of most of the small Caribbean Island States. Panama occupies a strategic position, as a logistics node and *hub* for communications and financial services that can, as no other country, link CARICOM and SICA. Suriname and Guyana can develop the mining industry (Suriname is a major producer of bauxite) and sustainable forestry, as well as greater agricultural capacity as they have larger surface areas. Trinidad and Tobago is, to some extent, an exception: it is a major producer of oil, natural gas and by-products, and already has a more expanse industrial base than the other CARICOM countries; it is a more dynamic economy and which concentrates, by far, the largest trade and investment exchanges with Central America.

Guatemala and Costa Rica have industrial and agro-industrial capacity that could make positive synergies with investments in the Caribbean countries. Honduras and Nicaragua produce excellent meat under competitive conditions and which, with reasonable access to transport, could supply the booming tourism in the Caribbean.

Seen in general terms, trade between the two sub-regions has grown satisfactorily, at rates exceeding 9% yearly, but with very little and highly concentrated volume.[26] Central America with Trinidad and Tobago, which represents 90% of trade with Central American countries, Panama and Costa Rica, for CARICOM. In terms of products, CARICOM focuses on natural resources: oil,

[25] Belize is a member of both CARICOM and SICA.
[26] ECLAC, quoted by "CARICOM logistics"(S142038,) 2 014, Santiago, pag. 9).

fertilizers, ethyl alcohol and iron bars. Central America also sells raw materials such as cane sugar, preserved foods, meat, juice, animal feed, textiles and cylinders; such as bottles and jars. Moreover, in the case of Panama, it refers to over 50% of re-exports from Colon Free Trade Zone. Exports from the Dominican Republic account for just over half of the trade from SICA with CARICOM, followed by Panama with 30%. The rest is divided more or less in order of the size of the economies. In terms of the destination of the goods, Haiti also receives more than 50%, which should almost exclusively account for the large bilateral trade between the Dominican Republic and its neighbour Haiti. Once again, clearly following in importance, are Trinidad and Tobago and Jamaica.

Trade between Central America and Mexico

Mexico is the third largest trade partner for Central America.[27] The United States, still clearly in first place, followed by the countries of SICA, then Mexico, followed by China and the European Union as a whole. Meanwhile, for Mexico, the main partners are: First, the United States, followed by China, Canada, Germany, Japan and Korea. To Mexico, the group of Central American countries represents a growing trade partner, in seventh place, and represents about 1.3% of its total trade. Outstanding are Costa Rica and Guatemala and, to a lesser extent, Nicaragua, the Dominican Republic and Panama.[28]

The Mexican manufacturing export boom, particularly automobiles and auto parts, demonstrate a renewed dynamism that will surely grow in the coming years, while numerous automotive investments in Mexico mature, and which are significantly expanding their production capacity. This largely explains that in the first quarter of 2015 the surplus of Mexico with the Central American countries had a very pronounced growth, reaching 850.9 million dollars, with an increase of 216%, with 581 million more than in the same quarter of 2014;[29] therefore, Mexico achieved growing surplus with all the countries of SICA. It is yet to be seen whether this tendency is set to medium and long term. Furthermore, it should be borne in mind that in recent years, growth in Mexico and Central America has been the largest in Latin America, reverting a favourable tendency in South America in the years 2003 to 2011. Over the last three years, the Central American growth has been the most dynamic among Latin American and Caribbean countries and, although 2015 is a year of declining trade in Latin America, it is even lower in the Mexico and Central America Area. A decline in Mexican imports for the first quarter of 2015 should also be recorded.

The structure of bilateral trade between Mexico and Central America has not had very pronounced variations over time. On the part of exports (see Chart 9 of Annex I), stability is remarkable. Guatemala, at least over the past fifteen years, almost invariably absorbs about 25% of Mexican exports, both because they are border nations and because it is the most populated country, with the largest economy in Central America. Predictably, Costa Rica, Panama and the Dominican Republic occupy about 15% each, followed closely by Nicaragua, which has increased its average purchases from Mexico in a sustained manner over time. El Salvador and Honduras buy about 8% or 9% each, and Belize remains very stable with only 2%. On the part of Mexico's imports from SICA (see Chart 10 of Annex I). The dynamics has been more variable: Guatemala seems to lose some impetus in Mexican purchases, mainly in favour of Costa Rica and, to a lesser extent, Honduras and Nicaragua. Attention is drawn to the exiguousness of Mexican purchases from the Dominican Republic and the marginal Mexican imports to Panama. Likewise, while Costa Rica

[27] See SIECA, 2015.
[28] Note the differences between the statistics of Mexico, Secretariat of Economy (Charts 3 to 10) and that of SICA, Central American Trade Statistics System (SEC), Chart 34.
[29] For example, with Costa Rica, it moved from a deficit of 441 million dollars to a surplus of 46 million.

occupies about 60% of Mexican imports, Guatemala, Honduras and Nicaragua are at about 11%. The Dominican Republic is the main partner of Mexico in the Caribbean and its fourth supplier, only after the United States, China and Venezuela.

Trade between Mexico and CARICOM

Trade between Mexico and CARICOM is very exiguous, as shown in the charts in Annex II. On the one hand, Mexico neither appears among the top ten CARICOM partners and this represents a very small figure of total trade in Mexico: not even 0.1%. CARICOM's main partners are the United States (see Chart 30) followed by the European Union and Canada, with just over 10% and the United Kingdom. China begins to gain importance, but is still clearly behind the traditionally most important partners. Intra-regional trade is of no great amount, it barely exceeds 6% of exports and on the part of imports, they are centred in Trinidad and Tobago, with 8.1%. In imports (Chart 31), the Andean Community ranks slightly more prominent. Actually, it is the hydrocarbon trade with Colombia. In general, Latin American countries as a whole also represent very little in the CARICOM trade; Venezuela accounts for 5% of the trade, short of Colombia, for oil. Although very little, there is more trade with Brazil and Argentina, or distant countries from the continent, than with any country in Central America or Mexico.[30]

Mexico's main trading partner in CARICOM is Trinidad and Tobago.[31] It is also the only Caribbean country with which Mexico has a relatively large and persistent trade deficit: In 2013 it bought about 366 million dollars, mainly natural gas, methanol and ammonia. Trinidad and Tobago imports from Mexico home appliances and various manufactures. (Chart 24). With the Bahamas, trade is erratic. Although generally unfavourable to Mexico (Chart 12), it is the most prosperous country in the Caribbean, very linked to the North Atlantic economy (such as the Bahamas), with an economy focused on financial services and “offshore” banks.

With Jamaica (Chart 18), biggest and relatively nearby country, there is a more significant trade: in 2014 it was just over 183 million dollars, very favourable to Mexico. Trade with Haiti (Chart 17), has grown systematically, but it is very small in relation to its population. For 2014, it was 88.95 million dollars and, as is always the case, very favourable to Mexico.

With Barbados (Chart 13) and the seven very small countries of the Organization of Eastern Caribbean States[32] (Charts 11 to 15); 3 and (Charts 19 to 22) the total trading volume barely exceeded 17 million dollars in 2014, with very favourable balances to Mexico. With Guyana (Chart 16) and Suriname (Chart 23) trade is close to twelve million dollars, in each case, generally very favourable to Mexico, although Guyana in 2014 had a small deficit that would appear sporadically.

3. Tariff and non-tariff barriers affecting trade exchanges

In order to assess Tariff Barriers (TB) and Non-Tariff (NTB) affecting trade among Central America, the Caribbean and Mexico, there are two main points to mention. First would the direct barriers to trade between the parties, many related to the same trans-border trade. Second, there are indirect barriers, often unintended, which result in obstacles or disincentives, these being the most interesting in this study.

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[30] CARICOMSTAT/Report. 2012

[31] In fact, it is the third, after the Dominican Republic, which, as a member of SICA, does not appear in these statistics, and Cuba, which is not a member of any of the associations considered here.

[32] Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Vincent and the Grenadines, Saint Kitts and Nevis and Montserrat (a British territory).

The first, although they are important, especially in Central America, have been decreasing over time. Indeed, all countries of the sub-regions considered here, those from CARICOM, SICA and Mexico, are members of the WTO[33] and of various Trade Treaties and Agreements and, therefore, are subject to rules, regulations and binding agreements that make unilateral and sustained imposition of tariff and even non-tariff type trade barriers (NTB) difficult. However, these are applied in some way under the guise of administrative measures, etc. According to information and analysis from the WTO itself, which reports quite accurately the type of NTB practiced by different countries,[34] it can be confirmed that these practices are relatively minor. It is difficult to make cross comparisons based on this information because it relates to economies of very different size and, above all, it refers to very different trade partners. Even so, a brief discussion of the charts from the WTO reveals that, with regard to the size of its economy and its trade volume, Central America, in absolute and relative terms, imposes barriers of all kinds more than Mexico, and CARICOM also does so at least in relative terms. Meanwhile the Caribbean imposes less health type barriers than Central America, given that its livestock sector[35] is very small.

In real terms, the indirect obstacles and barriers that deal mainly with administrative and bureaucratic procedures, logistics, customs or transport, turn out to be much more important. Many times, at the borders, the deliberate barriers are confused with the involuntary ones that hinder trade. A good way to try a horizontal and comparative analysis of them is through the World Bank studies known as "Doing Business".[36] While this is an analysis strongly aimed towards the business world and regulatory frameworks, it is interesting as it relates to the competitiveness of individual countries, comparing the same variables, making comparisons more verisimilar and useful. We will point out here three "qualifications" of "Doing Business" for the year 2015 (2014 data): The Global Index, an (ascending) classification called "Distance to Frontier Scores" and another (downward) relative to the ease of doing business. While the first attempts to measure issues such as access to credit, trade and credit facilities, logistics, etc., the other is dedicated to the analysis of formalities, licenses, etc.

In the overall classification, Mexico stands well above other regions, ranking at position No. 53 among 189 nations; Panama follows at 55, Saint Lucia 64, Trinidad and Tobago 66 and Antigua and Barbuda. The most unfavourable performances are: El Salvador 118, Nicaragua 124, Honduras 127 and, far below, Suriname 161 and Haiti in position 177. It is not entirely valid statistically but, if an average is assigned to each sub-region, these would be as follows: Mexico, position 53, CARICOM at 99 and Central America at 103. If the very indicative index for "Distance to Frontier" is taken into account, in ascending order according to better performance, again Mexico is well above with 71, followed by Panama 69.2, Guatemala 64.9, Costa Rica 64 and Dominican Republic 63.4. The less favourable performances are: Haiti with 42.2, Suriname 49.3, Grenada 57.4 and Nicaragua and Belize 58. On average, this time Central America would be in second place with 61 and then CARICOM with 58. Finally, the indicator classifying the ease of doing business: Mexico again is well above, in position 39, followed again by Panama 55, Guatemala 71, Costa Rica 83 and Trinidad and Tobago 79. The less favourable are again Haiti at position 180, Suriname 161, Grenada 126, Nicaragua 119 and Belize 118. On averages, behind Mexico would be Central America 93, and the Caribbean at 119. Therefore, these indicators show a high correlation with the size of the economies and trade volumes. In general, CARICOM is well behind even though, on the indicator

[33] https://www.wto.org/indexsp.htm.
[34] See: WTO Non-tariff measures (NTM) restricting trade: http://i-tip.wto.org/goods/Forms/MemberView.aspx?data=default
[35] The WTO classifies and monitors antidumping type barriers, compensatory taxes, safeguards, conventional phytosanitary and emergency measures, and temporary tariff restrictions. The vast majority of them report to statutory faculties.
[36] World Bank, "Doing Business 2015", Washington. http://espanol.doingbusiness.org/reports/globa-reports.

"frontier", Central America still has a long way to go, since, as can be seen below, this also affects Central American countries themselves.

Trade barriers between Central America and the Caribbean

In terms of tariff barriers, the most serious problem is to abate transaction costs and make trade across the borders by land, sea and air more efficient. The case of Mexico with Central America has been improving considerably, although in the South zone and along the border with Guatemala there are still problems and obstacles of diverse nature, among which bureaucracy stands out as well as the usual local sagacity at border points, and also corruption. Even so, the trade flow is becoming more intense and fluid, also encouraged by the transport of goods to the United Kingdom and Canada. Air transport between Mexico and Central America is reasonably adequate, with several flights daily to practically all Central American capitals and numerous connections. Maritime transport, more important in the Pacific than in the Atlantic, has grown at the same time as port infrastructure and transport of containers progress in both regions. Intermediate points are yet to be covered. Port developments in Yucatán (Port Progress) and Veracruz also allow improvement of trade communications with the Caribbean, both in the area of Central America and the Caribbean. There remains, however, a deficit of connections and shipping routes such as air traffic between Mexico and the Caribbean and there still can be great improvement with Central America in general.

However, the greatest barriers to trade, in this sense, are between Central America and the Caribbean (and even within their own regions). It is to be noted that trade between both sub-regions is disadvantaged by having both free and preferential access to major markets in the United States and the European Union. Additionally, within SICA and CARICOM there are practically no tariffs; all this redounds in an obstacle to free trade between the Caribbean and Central America by maintaining tariff barriers among themselves.

Both regions adhere to WTO rules and regulations and this should mean a trend towards lowering tariffs and other trade barriers.[37] However, CARICOM countries, especially the smaller islands, eager to protect their incipient agriculture, generally maintain higher tariffs than those of Central America, particularly for agricultural goods. Therefore, while Central America applies average tariffs of around 6%, in CARICOM the average is almost 25%. However, it should be noted that the two largest economies in the Caribbean, Trinidad and Tobago and Jamaica, have average tariffs of 7.5%, close to the average of Central America. An important exception is Haiti which maintains very low tariffs of around 3% and, on the other level are St. Lucia and Barbados who protect their small agriculture with unaffordable tariffs of 114.6% and 11.8%, respectively.[38] The food prices in Central America are also significantly increased by non-tariff measures, or barriers upon entry such as phytosanitary requirements. Globally, it is a zone considered to have very high non-tariff barriers (along with South Asia) and these kinds of problems are outstanding in Guatemala, Honduras and Nicaragua. The World Bank estimates that Central American sanitary records increase domestic prices by up to 30%.[39]

There is progress in trade liberalization matters, but there is still no Free Trade Agreement between the two sub-regions. There is a Partial Scope Agreement between Costa Rica and CARICOM, in the

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[37] The Bahamas is in the process of adherence.
[38] Cordero Martha (CEPAL) Op. Cit. 14 Chart 1 Page 14.
[39] World Bank, "Non-Tariff Measures in Central America, economic impact and price increase" 2011, Washington.

framework of the Latin American Integration Association (ALADI), and Trinidad and Tobago and Guyana have ostensibly increased trade. There is another Partial Scope Agreement between Panama and Trinidad and Tobago, and a project between El Salvador and CARICOM.

Transportation Issues between Central America and CARICOM

Maritime Transport

Both sub-regions are an integral part of the Caribbean Basin (only El Salvador has no coastline on the Caribbean Sea) and are at relatively short distances, but have little maritime connection for trade: Despite having a good number of ports, with the exception of Panama, to a lesser extent, Barbados and Jamaica, port infrastructure leaves much to be desired and there are no regular shipping routes that serve the States of the two sub-regions and they use the major extraterritorial shipping routes, therefore creating a kind of vicious circle: without sufficient trade, there is no incentive to increase the supply of maritime transport, and that, in turn, inhibits trade. Only Panama, for the obvious reason of having in their territory the Interoceanic Channel of Panama, maintains an adequate number of maritime services and is the only country that manages to link more or less the two sub-regions (of 60 registered services, 12 are for CARICOM,[40] contacting 8 of the 15 island countries of the sub-region and connecting with Costa Rica, Guatemala and Honduras). Again, the few larger and more developed countries are those which are more or less reasonably connected: Guatemala, Costa Rica, Panama, Trinidad and Tobago. Jamaica maintains a *feeder* line of relatively small ships to render service the various Caribbean countries. But, in general, transportation is scarce and expensive and stands as a great barrier to trade.

Air Connections

In recent years, the presence of Panama has been consolidated as an air *"Hub"* of importance, which now competes with Miami as the communications hub between Central America and other parts of Latin America and the Caribbean. But, in general, the connectivity between the two regions is relatively small and highly focused on the larger countries, such as Jamaica and Trinidad and Tobago with Panama. COPA is the airline that offers more connections from Panama, but focused on Trinidad and Tobago, Jamaica, the Bahamas and Haiti. Again, most of the small Caribbean islands or distant countries like Surinam remain without connection with Central America. Tocumen Airport in Panama is the best equipped of the sub region. Miami also offers connections and American Airlines, British Airways, Air Canada, among others fly to the region. Within the Caribbean, Barbados (the most eastern island) has the best airport infrastructure, closely linked to the United States and Europe. The Trinidad and Tobago airline, Caribbean Airlines, connects other Caribbean countries, but not with the majority and with no Central American country. All this, like maritime transport, affects not only trade and investment but also tourism.

An effort should be made for greater connectivity, from the already developed hubs, such as Panama and Trinidad and Tobago, but to connect more countries North of both sub-regions. Logistics requires more than ports and airports, it needs storage and consolidation, efficient and computerized customs, management capacity, distributed intelligence in software, etc. On the other hand, visa obstacles persist, ultimately inhibiting trade and tourism between both sub-regions. Central America and CARICOM countries qualify poorly in logistics at the international level.[41] As for Trade Facilitation between CARICOM and Central America, in addition to what has been said about air and sea communications between the two sub-regions, it is complicated and

[40] Cordero, M (ECLAC) Op. Cit. Page 17.
[41] According to the World Bank "Connecting to Compete" quoted in Cordero, Martha Op. Cit. page 21.

poorly competitive. With the exception of Panama, most countries require numerous documents and take a long time to ship containers and report high costs for container handling. According to the World Bank, Haiti is the country with the longest delay time in container handling (33 days for exports and 31 for imports). The cost associated with the handling of containers, for example, in Saint Lucia is 2,615 dollars while in Hong Kong it is 570 dollars.[42]

4. Performance of Direct Investment flows

Statistics of investment flows between countries tend to be less comprehensive and reliable than those of trade; most likely because investments are often made through third parties, or by means of diversified portfolios, etc. In general, statistics tend to be fragmentary or incomplete. In the case of investments between Mexico, CARICOM and Central America there are cumulative data, recently published by ProMexico and the Secretariat of Economy of Mexico, on their cumulative investments in Mexico. Investments are not usually under consideration, but it is interesting to verify that there is a more or less sustained flow towards Mexico, although it is still erratic and focused in some few countries. Costa Rica stands out, as it is also seen in trade flows, because it seems to be using very well the FTA and other agreements. A stimulating process of integration is appreciated between the two countries. It draws attention that the investments of Costa Rica in Mexico more than double the investments of Guatemala that has a larger and bordering economy with Mexico. The case of Panama is highlighted because it shows the continuous larger volume of investments and biggest cumulative balance between all the countries. This makes also evident the growing importance of Panama as a logistical and financial hub of the region. The investments of the Dominican Republic in Mexico are rather low regarding its economic dimension. On the contrary, neighbouring Belize maintains a modest although constant flow of investments in Mexico, according to the size of its economy. Finally, the investments of Bermudas and the Bahamas are explained by the nature of those economies, tightly linked with the financial and production sectors of the United Kingdom that maintain several subsidiaries in both countries, the most prosperous of the region. Unfortunately, there is no information with similar presentation and as comprehensive in the opposite way (from Mexico in each one of the countries). Neither similar information about reciprocal investments between CARICOM and SICA was obtained. Reciprocal investment between these two regions is still too incipient: there are identified the offices of some banks,[43] insurance and transport companies, mostly from CARICOM in Panama. Regrettably, there is not any reliable and updated source of information about the amounts of their investment; here there can be found data and information that make up a reasonable approximation, as indicated by ECLAC, but without the ambition of the comprehensive or definitive nature of the same.

The year 2014 meant an inflection point in the foreign direct investment flow to the whole region when the boom cycle of commodities ended and a significant drop in oil prices started. Thus, foreign direct investment (FDI) shrank 16%.[44] It is true that the manufacture and service sectors continued receiving large investments, but these focused on the bigger countries, Mexico among them.[45] The reciprocal investments of Latin American countries in the region keep moving forward.

In general, foreign investment in the Caribbean keeps dropping since 2008, and already presents a contraction of 37%. In 2014, it was also reduced by 5%, to reach 6,027 million dollars. Trinidad and

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[42] Quoted in Cordero, Martha (ECLAC), Op. Cit, pp. 24-25.
[43] See, Cordero Martha Op. cit. Pp. 10-12. Like the Royal Bank of Trinidad and Tobago, of Canadian capital.
[44] See: ECLAC, "La Inversión Extranjera Directa en América Latina y el Caribe, 2015, Santiago.
[45] Brazil, Mexico, Chile and Colombia represent 90% of FDI in the Latin American region.

Tobago[46] receive a considerable amount, 37%. On the other hand, Haiti and Cuba, in spite of their large population, barely obtain FDI. Guyana, Suriname, Trinidad and Tobago receive investment by extraction of natural and mineral resources, whereas the OECS small countries focused investments in the tourism sector and other related activities. Jamaica and Haiti are also receiving investment for transport and telecommunications.[47] There is a clear flow of investment between the CARICOM countries. Examples of this are the Jamaican Sandals enterprise in the tourism sector and the Massy Group of Trinidad and Tobago that has had investments in Barbados, Guyana and Jamaica for years.

In the agriculture and livestock sector, there are some reciprocal investments between the Caribbean and Central America: by example, rice, sugar and palm oil groups from Guatemala, Barbados or Trinidad and Tobago in Guyana and Suriname plantations. There is an interesting investment of Trinidadians in Costa Rica[48] that ensures their supply of plantains to produce plantain flakes for consumption in the Caribbean.

The investment between the Caribbean and Central America is still too incipient: there are identified the offices of some banks,[49] insurance and transport enterprises, especially from CARICOM in Panama.

As regards the investment of Mexico in the Caribbean, there is not a sole, comprehensive and reliable record of Mexican investments in CARICOM.[50] In fact, the CARICOM official statistics do not publish investment nationality, except in a very few cases.[51] However, it is clear that the Mexican investors do not have a significant presence in the CARICOM[52] countries.

CEMEX, a mixed Mexican enterprise, has invested in the cement and mining sectors in Jamaica, but the accurate amounts are not known. "Palace Resorts de México", a Mexican hotel enterprise invested approximately 100 million dollars in Jamaica; there are presumed considerable Mexican investments in the tourism and real estate sectors of Belize, but precise amounts are unknown.

Therefore, to improve trade between Mexico and the Caribbean, it is essential to sign treaties of reciprocal protection of investments with all the countries, such treaties do not exist now. Short-term projects can be developed in sectors such as tourism, infrastructure, renewable energy, shared (natural and cultural) patrimony and agriculture.

With respect to the investment of Mexico in Central America, this country has become a very important investor in Central America: it is the world fifth destination of its investments, with more than 9,000 million dollars (2,800 million dollars in Guatemala, its main destination in the region). In 2014, Mexico was the first investor in Honduras, the second one in Dominican Republic and Nicaragua and the third investor in Panama and Guatemala. In the Dominican Republic, it invested 244 million dollars, the Mexican América Móvil enterprise has invested 225 million dollars in mobile phone telephony and expects to add other 750 million dollars in the next years; CEMEX, the

[46] Just like the Dominica Republic, treated here as a member of SICA in Central America.
[47] There exists an investment from Jamaica, the Digicel enterprise is expanding its fixed line and digital telephony network.
[48] Grupo Bermúdez.
[49] See, Cordero Martha Op. cit. pp. 10-12. Like the Royal Bank of Trinidad and Tobago, of Canadian capital.
[50] The CARICOM Statistics Service has, up to 2013, the investment aggregate between the members themselves, where it is clearly appreciated that the big Caribbean investors are the Bahamas and Trinidad and Tobago, although investments of Mexico and Central America are not shown there.
[51] See Groot Olaf and Perez Ludeño Miguel, "Foreign Direct Investment in the Caribbean" ECLAC, 2014, Santiago. Annex Table 6.
[52] The case of the Dominican Republic is not considered here, as it is part of SICA.

cement enterprise, builds a complex to generate solar energy to supply its cement factory and has invested in this other additional 20 million dollars.

Even though it is true that the main Mexican direct investment in Central America is focused in big enterprises, the investment flows generated by (SMEs) small and medium-sized enterprises is continuous and increasing.

Most likely, the internationalization of the Mexican enterprises in Central America will increase, continuously consolidating this region as the main receptor of investment from the Mexican SMEs in Latin America.

More than a hundred Mexican enterprises are manufacturing, distributing and rendering services are present in Central America, through direct and joint investments. Other Mexican enterprises are present in the region more in the form of joint ventures for import, distribution and commercialization of products in the corresponding markets of the sub-region, in economic activities such as: production and processing of agro industrial products, plastics industry, paper and cardboard industry, formulation and mixtures of agrochemicals, production of seeds and oils, construction materials, iron manufactures, metal mechanic industry, engineering services, among others. The joint investments between Mexican and Central American enterprises take place in the following sectors: processed food, industrial supplies, construction materials, durable goods, diverse manufactures, telecommunications, publishing industry and leisure services. However, if it were the country that would present larger allure for the Mexican enterprises, it would usually be Guatemala or Costa Rica. In fact, Mexico and Guatemala have entered into negotiations to establish a fiscal agreement to avoid double taxation, which will further investment between both countries.

A case that has drawn attention recently due to its impact and importance is the presence in Central America of the Mexican INTERJET and Aeroméxico airlines, who entered Guatemala almost at the same time, at the beginning of the second semester of 2011, and later opened routes from Mexico to other Central American countries. Both airlines had influence on the considerable drop in the prices of air tickets between the Central American countries and Mexico by gaining the market gradually, and forcing the competition to reduce the number of flights and/or their frequency towards Mexico and, even direct flights were reduced like the case of the route Guatemala-Mexico-Guatemala, focusing on the hub they have in El Salvador

The previous situation has given as a result an increase of passengers (tourists and entrepreneurs) between Mexico and Central America that has not been seen before, which favours and strengthens the traditional relations of friendship and business that Mexico has had with Central America.

Mexico, through ProMéxico, the specialized agency in investment, has a wide range of services of consultancy on several subjects such as: legal, fiscal, customs, as well as a constant monitoring in each stage of the investment project, including the support from the Embassies of Mexico in the Central American countries, it is possible to mediate with local authorities to speed up some procedures. ProMéxico has a concurrent office of representation in Guatemala for the whole Central American region. ProMéxico has resources from the Federal Government to support the Mexican enterprises that export and are willing to settle abroad.

Central America is a market that can help Mexico diversify the destination of its exports, considering that in 2014 more than 80% of Mexican exports had the United States as destination. As part of the strategy for the promotion of exports of Mexican enterprises to the Central American sub-region, ProMéxico is not exclusively focused in one country, but in designing an export project that considers strengthening the enterprise in a Central American country for spreading later on, in the short-medium term, towards the rest of the countries of the sub-region.

The Mexican government designed the "Strategy of Financial Cooperation for the Countries of Meso-America and the Caribbean" (Yucatan Agreement), aimed at contributing to the economic, social and institutional development through the financing of programmes and projects of infrastructure, as well as technical assistance and trade of goods and services related with infrastructure. This financial mechanism has 160 million dollars to start.

II. COOPERATION RELATIONS

The relations of cooperation between the three sub-regions of the Greater Caribbean have grown in a systematic and increasing way in the last three decades, but relations are closer and more institutionalized between Central America and Mexico than between the Caribbean and these two.

1. Cooperation agreements between Central America and Mexico

Cooperation between Mexico and Central America is a long-lasting relation and has been shown in several fields, especially in Guatemala, both countries shared a long common history and a wide and porous border. Mexico and the Central American countries – including Panama and Belize – also have an extensive bilateral relation. However, two more recent mechanisms linked particularly to economy, trade and bilateral relations are highlighted here: the Mechanism of Tuxla Gutierrez and the Project of Integration and Development, better known as Meso-America Project.

1.1. The Tuxtla Gutierrez Dialogue and Coordination Mechanism

The better known "Tuxla Mechanism" dates back to 1991, when in a summit with all the parties, the Presidents of Mexico, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua discussed the main issues linked to the development of Central America and Mexico. Five years later, the Presidents, through the Joint Declaration and the Action Plan issued in the II Summit of Tuxla decided to implement a Dialogue and Coordination Mechanism between the eight countries of the Area, to review varied issues of the regional and multilateral agendas and coordinate joint positions. Colombia and the Dominican Republic joined later on.

Thereby, a Dialogue and Coordination Mechanism was established between the eight countries of the area, a forum of permanent political coordination to analyze in a periodic and systematic way the multiple regional, hemispheric and world affairs of common interest; coordinate joint positions in front of the different multilateral forums; move forward towards the establishment of a free trade zone; drive joint economic projects and agree on actions of regional cooperation, in all the fields to support sustainable development in the area. The Mechanism is already institutionalized and has held thirteen Summits since its creation. Indeed, it should be noted that Belize is part of SICA and the Tuxla Mechanism, the Meso-America Project and also is a member of CARICOM. Therefore, its position is privileged by participating in the whole construction process of a single political area of the Greater Caribbean.

1.2 Integration and Development Project of Meso-America: " Meso-America Project "

The establishment of a Mechanism was attained in the X Summit of the Tuxla Dialogue and Coordination Mechanism, held in Villahermosa, Mexico, between the Presidents and Heads of State and Government of Mexico, Central America and Colombia, officially named the Meso-America Project (PM). On that occasion, the representatives reviewed the restructuration process of the Panama Puebla Plan (PPP), initiated in the Summit for the Strengthening of the PPP (Campeche, Mexico, April 2007) and agreed on its evolution towards the "Integration and Development Project of Meso-America": "Meso-America Project".

The member countries are Mexico, Belize, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and the Dominican Republic. The demographical coverage of the Meso-America Project reaches 212 million inhabitants and the geographical one covers 3.65 million squared kilometres. It is important to point out that now Haiti has joined in.

The transformation of the PPP into the Meso-America Project is aimed at strengthening its institutional nature and achieving better coordination with other regional mechanisms linked with the Project. In that regard, it should be highlighted the meeting held between the Meso-America Project and SICA in San Salvador, in June 2011, with the purpose of promoting a new stage of complementarity and mutual cooperation. In the Declaration of Villahermosa, it is established that the Meso-America Project represents the strengthening and transformation of the Panama Puebla Plan "as a Meso-American programme of integration and development that would foster complementarity and cooperation between our countries, aimed at widening and improving their capacities and making effective the instrumentation of projects that would result in concrete benefits for our societies in infrastructure, interconnectivity and social development".

In the Meso-America Project, financing of the regional action comes from the resources that the member countries allocate to implement initiatives, and the important technical and financial support of the Inter-Agency Technical Group (ITG), formed by representatives of the Central American Bank for Economic Integration (CABEI), the Inter-American Development Bank (IDB), the Andean Development Corporation (CAF),[53] the Economic Commission for Latin America and the Caribbean (ECLAC), the General Secretariat of the Central American Integration System (SG-SICA), the Secretariat of Central American Economic Integration (SIECA), and all those regional and international organizations and entities that the Executive Commission would invite to participate.

The Meso-America Project has carried out ambitious projects in infrastructure integration (roads, multimodal transport networks, an integration corridor to the Pacific, maritime transport of coastal trade, etc), telecommunications, energy (interconnection, bio-fuels), facilitating trade, health, natural disaster risk management, housing and environment (the biological Meso-American corridor stands out). At present, the Meso-America Project also has a fund since 2012 called the Yucatan Fund, which operates like a trust to build infrastructure. This fund could be replicated by CARICOM.

2. Cooperation agreements between Mexico and CARICOM

The economic and political relations of cooperation between Mexico and the English-speaking Caribbean have been traditionally cordial, although low intensity relations, considering that trade and investment have been usually scarce. Mexico maintains bilateral

[53] Now CAF-development bank of Latin America.

Embassies with Jamaica, Trinidad and Tobago, and Saint Lucia, and through them has established concurrent relations with the rest of the CARICOM countries. The Cooperation Agreement between Mexico and the Caribbean Community was subscribed in Kingston, Jamaica, on 30 July 1974, and the Mexico-CARICOM Mixed Commission was created, aimed at promoting closer relations in the economic, cultural and technological fields, as well as seeking a greater understanding of the corresponding viewpoints and positions in international forums.

The Mixed Commission has met on six occasions: Barbados (1980); Mexico City (1988); Mexico City (2000), Georgetown, Guyana, (2006) and Mexico City (2009). In this last meeting, an Action Plan was agreed on, in which a compromise to convene a Mexico-CARICOM Summit was reached, which was held in February 2010. A second Summit was held in 2012, jointly with the Sixth Meeting of the Mixed Commission and it was already chaired by the Mexican Agency of International Cooperation for Development (AMEXCID) and the Caribbean Community. In this Meeting, the Parties expressed their interest to continue strengthening and furthering the existing relations of technical cooperation through a joint, dynamic and participative cooperation.

In the field of technical cooperation, there was agreed a portfolio with five proposals in areas that include health (control of tropical diseases), education (Spanish teaching), security and tourism, economic development (development of small and medium-sized enterprises) and public administration (strengthening of statistical systems), to be carried out in the 2012-2013 period. This portfolio will promote cooperation as an important tool to support regional integration and sustainable development. Topics were also addressed such as maritime and air transport, port development and energy, on these they agreed to keep talking to identify some possible new initiatives of cooperation.

In 2013, another Summit was held when the President of Mexico made a work trip to Port-au-Prince, Haiti, to participate in the V Summit of the Association of Caribbean States (ACS). Three instruments of cooperation were signed: triangular cooperation in favour of Haiti, cooperation in higher education, and technical and scientific cooperation with Suriname.

In the works of the III Summit between Mexico and CARICOM, the President of Mexico got together with his fellow representatives of the member States of the Caribbean Community, aimed at keeping the programme of cooperation and identifying new critical areas of interest in the Caribbean. The representatives will go through the 2012-2013 Programme of Technical and Scientific Cooperation, as well as the advances in cooperation and natural disaster risk reduction, and a new programme of triangular cooperation will be presented for the agricultural and livestock development in the Caribbean zone.

3. Cooperation agreements between Central America and CARICOM

Between CARICOM and Central America a mechanism of interaction, cooperation and dialogue has been formed, very similar to that existing between Mexico and CARICOM. In the past ten years, contacts and formal agreements between Central America and CARICOM have significantly increased. Gradually, it was switched from unofficial contacts or missions at ministerial level to a system of summits. Taking advantage of the double membership of Belize in SICA and CARICOM, in 2007, the Heads of State of both regions met and subscribed a Joint Plan of Action to strengthen relations and move forward towards integration. Several fields of cooperation were taken into account and an ambitious work agenda was followed: human development, health, housing, poverty eradication, environment and disaster mitigation, foreign policy coordination, trade and investment, crime and security, fight against corruption, air transport and tourism, cultural exchange; as well as a follow-up mechanism of compliance with what was agreed upon.

But most of all, a decision was made to begin talks on a Free Trade Agreement between CARICOM and SICA, based on the previous agreements between Costa Rica and Dominican Republic with CARICOM. In this direction, the First Inter-Sector Meeting between Ministers of Foreign Affairs and Ministers of Economy was held.

In August 2011, the Heads of State and Government of Central America (SICA) and the Caribbean Community (CARICOM) met in San Salvador to launch again the economic and cooperation relations between the two sub regions, so the Third Summit between SICA and CARICOM was organized having as a background the idea of a greater integration between the two systems. The Dominican Republic joined the Central American group. After three Summits between the Parties, the advances are not substantial yet and it will be expected a successful reactivation, considering that in the framework of ACS and within CELAC the issue has been reintroduced in the national and regional agendas.

4. Cooperation between CARICOM, Central America, Mexico and Cuba

To date, Cuba is neither a CARICOM member nor SICA's, and it has not signed any trade agreement with Mexico. It is neither a party of the Meso-America Project, nor of the Tuxla Dialogue; nevertheless, it has important relations with the Greater Caribbean States, Mexico included, that go beyond the scope of trade. For these reasons, this special section is included, and also because Cuba has been introducing important economic reforms since 2011, aimed at stimulating trade and foreign investment that can bring significant benefits and synergies with other regions, mainly its immediate neighbours, such as the Special Economic Zone in the Port of Mariel, or its new legislation on FDI.

The location of the Island of Cuba within the Caribbean Sea and the Great Antilles, as well as its proximity not only with the Caribbean island nations, but with Mexico and, through its closeness with the Yucatan Peninsula, Mexico' Southeast and Central America, makes the possibility of a greater integration among the parties particularly attractive, within the vision of a "virtuous triangle" that has been previously drafted. Tourism cooperation projects to attain attractive "multiple destinations", port infrastructure and connectivity, conservation of shared natural resources, etc, give a renewed vigour to the possibilities for integration and cooperation. The trade and investment relations of Cuba with the rest of the Greater Caribbean are still modest and emerging, including Mexico; although in this case the trade and investment volumes are larger, and do not turn out to be very big in comparative terms. This should be seen as a great opportunity, because there are many economic and resource complementarities between Cuba and the rest of the Greater Caribbean.

The relations of Cuba with the remaining Caribbean countries, Mexico and Central America are strong and increasing, especially in the field of cooperation, although they are still emerging in trade and investment. (In this regard, see the Tables of Annex V). Cuba has had during decades an economic model and a pattern of international insertion different from the rest of its neighbouring countries, and now begins to be more oriented to strengthen cooperation along with trade and investment.

It is not simple to make comparisons on the size of the Cuban economy in relation with other countries, because the methodology used to measure its economy presents some differences to the one used in most of the countries that have comparable dimensions. Thus there are various and dissimilar estimations of the Cuban Gross Domestic Product (GDP), but an analysis of several estimations allows pointing out that, in any case, its economy is the biggest of the region, closely followed by the Dominican Republic and afterwards, Guatemala. This means that it is a big economy in the group of countries considered in this study. Measured by purchasing power parity, this is estimated at 128.5 million dollars, having a per capita income of 10,200 dollars. It is already an economy thrown into services that represent GDP's 80%, whereas industry participates with 14% and agriculture barely 4%. Nevertheless, foreign trade is small regarding the size of its economy, representing barely around GDP's 10%.

In any case, it should be underlined that not a single country of the Caribbean, Central America, or Mexico, currently appears among its main partners, in spite of the geographical closeness and clear complementarity.

Cuba and Central America

Between Cuba and Central America, the trade and cooperation relations have been conducted preferably under bilateral agreements of different depth and reach that, in general, are very incipient in relation with its current economic size and potential. The trade links have been conducted within the framework of the Latin American Integration Association (ALADI) of which Cuba is a member. In that framework, there should be highlighted the Agreements of Economic Complementation with Guatemala in 2014, that cover 700 tariff line items; the Agreement of Partial Reach with El Salvador in 2011 that is complemented with cooperation agreements on natural disaster risk management, whose trade is even smaller. In the recently modified Agreement of Partial Reach with Panama that has more coverage, it does not either deal with larger trade volumes. This has not surpassed 3 million dollars. Relations with Costa Rica are closer; it is the same with Honduras, where relations were recently established. However, trade between Cuba and Central America is very small: by example, Guatemala that is the biggest Central American economy, has similar economic and trade dimensions, the total trade does not surpass 14 million dollars, both countries hold very modest places in reciprocal trade, when compared with trade third parties. As can be appreciated in the corresponding statistical tables, the small size of trade and investment between Cuba and the SICA member countries is noticeable.

Cuba and CARICOM

Cuba and the CARICOM States bear a close relation of formal cooperation that dates from more than four decades, and has been reinforced by the mechanism of CARICOM-Cuba Summits that includes an Economic and Trade Agreement. Nevertheless, the most important part of cooperation is not in trade or investment, but in the areas of education, culture, especially public health (Cuba has sent more than a dozen Medical Brigades to the countries of the region) and culture. In the last Summit, the Parties agreed on strengthening more cooperation links in air and maritime connectivity and the development of infrastructure. Likewise, they express their will to work together in the issues of the fight against the effects of global warming (climate change), natural disaster risk management and public health. Although Cuba is not a member of CARICOM, it provides a fundamental support to Haiti, especially in relation to the effects of the earthquake occurred in 2010. Cuba offers physicians and accepts a considerable number of students in its universities, through educational cooperation programmes. In cooperation with the countries of the Bolivarian Alliance for the Peoples of Our America-Peoples' Trade Treaty (ALBA-TCP), or bilaterally, Cuba renders medical services and there are exchanges in the fields of education, sports and culture. It should be appreciated the support of both parties – Cuba and CARICOM – for the cooperation efforts in regional integration – in support to CELAC, among others – and the clear coincidence with the cooperation agendas of Central America and Mexico.

Cuba and Mexico

The trade and cooperation relations between Mexico and Cuba have also been established for a very long time now, and in spite of some ups and downs, relations have been maintained through time. Currently, they are regulated by an Agreement of Economic Complementation (ACE 51) within the framework of ALADI, its coverage and reach were significantly expanded in 2014, and because of it, tariff preferences for 3,859 products are granted and furthered. In this way, the two governments have expressed their strategic interest in increasing reciprocal investment and trade.

Trade between Cuba and Mexico, after more than a decade and a half of stagnation, has grown again in the last five years. However, a long road is ahead and it has to be travelled. Mexican exports to Cuba do not reach 1% of their total; and purchases represent 0.01% of their total. In 2014, Mexico exported 362.28 million dollars in total, which still is lower than trade in 1995 and imported 11.63 million dollars, adding up to a trade total of 373,928 million dollars, a higher comparative figure for trade flows between Mexico and the Caribbean region, whereas Cuban exports to Mexico, although of some importance, are clearly below their potential.

An interesting example is the pharmaceutical industry, where both countries got to the point of being internationally competitive and have complementary niches of cooperation. Also, the automotive sector (and automobile spare parts) is particularly promising, because the recent investments in Mexico in this sector will increase considerably its exportable offer, and the short distance existing between the two countries could made them competitive. Tourism is another interesting area of competition and cooperation. It is true that there will be competition for drawing international tourists from third countries, but it is evident that the big potential has not been satisfied yet, considering that the short distance between the zone of Cancun-Riviera Maya and Cuba makes possible synergy and multi-destination.

With respect to investment, statistics indicate that Mexico invested cumulatively 730 million dollars between 1999 and 2012, whereas Cuba invested 12 million dollars in Mexico. Bilateral trade as well as reciprocal investment will be favoured by the closeness between the two countries. By plane, the capital cities of Mexico and Cuba are connected in two hours and a half (and in just 45 minutes from Merida or Cancun and a little more than a hour from Veracruz), and there are two big maritime transportation lines in operation that in less than three days touch both littorals, what gives a great competitive advantage in front of possible competitors, such as China, Canada, Brazil and Spain, and even the United States. Of course, the elimination of trade barriers between the United States and Cuba will also bring Mexico, as it is the case of the Caribbean and Central America that important areas to compete, which will also bring new opportunities of complementation and synergy, such as gaining momentum in multi-destination tourism.

As can be seen, the relations between Cuba and the other three areas of the Greater Caribbean are entering into a new phase of more proximity and search for new areas of expansion and opportunity. In practice, in all the recommended projects in section IV, the presence and participation of Cuba would be beneficial and important. In the near future, it would be convenient to explore its participation in the formal mechanisms established for integration and regional cooperation that were previously detailed in this paper. The presence of Cuba in such mechanisms would bring clear advantages for all the parties involved.

III. OPPORTUNITIES FOR ECONOMIC AND COOPERATION COORDINATION

The Greater Caribbean, which includes the countries of the Caribbean, Central America and Mexico, has a great potential for development, not yet fulfilled, as well as clear opportunities for trade expansion, given their obvious complementarities. This is observed in the studies mentioned in the previous sections and more so the emerging volume of trade and investment between the sub regions and including, within the regions themselves. The countries of the Greater Caribbean Basin have a young population, of approximately 200 million inhabitants,[54] abundant natural resources, proximity or access to the large world markets and with the Panama Canal as a magnificent logistic hub in full expansion. However, and despite slow progress, its great promise is yet to be accomplished. It is true that today, more than ever, the encounters between their rulers are more frequent and their institutions have progressed in the Caribbean, (CARICOM principally), Central America and in the Dominican Republic and they are involved more and more with Mexico. But there is still no strong and permanent institutional framework that precisely, conducts and bring together the trade and integration connections as well as several other aspects of significant social and political impact. There is a lot left to be done, awareness of the strength of the region, but also of its vulnerabilities and the great dispersion of their small States. It is necessary to forge political will to take the relations to a new and superior level, which truly allows increase in the coefficients of trade, investment and integration, resulting in, improved and stronger communication network, among other tasks.

Here, a concept is developed of generating a "virtuoso triangle" of cooperation and integration among the three sub regions: this does not only involve a set of three independent bilateral relations but also form a single transversal vision for trade and cooperation, with multiple synergies among the parties. For this, it is necessary to begin by finding a certain symmetry in the organization and institutional architecture of economic development, integration and cooperation in all areas. Likewise, while the coordination of programs and projects of trade and development between Mexico and Central America are mostly prepared through the Single Free Trade Agreement between Mexico and Central America[55] and with multiple programs in the Mesoamerican Project, the Caribbean, represented by CARICOM and their Single Market (CSME) is more isolated, significantly disconnected from the other two sub regions. The systems of Summits with Mexico and with Central America are an advance and are clearly useful, but to date no trade agreement of importance has been reached, or any joint strategy for trade and political relations between the three sub-regions.

Therefore, in the political dimension, the asymmetry is reproduced: Central America and Mexico have the "Mechanism of Dialogue and Negotiation of Tuxla Gutierrez", which already has had 13 uninterrupted Summits since its formation in 1994, and now also includes Colombia and the Dominican Republic. Likewise, Mexico created in 2012 the Mexican Agency for International Cooperation for Development (AMEXCID) specialized in cooperation and which has the resources and institutional capacities of the government, the academy and the society to push cooperation projects.[56] The CARICOM participates in the works of AMEXCID, but it is more connected with greater clarity and intensity to Central America.

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[54] Cuba is included, of course, as well as the other insular territories of the Caribbean. (If Colombia is included, the population would be increased to almost 245 million inhabitants).

[55] Single Free Trade Agreement (FTA) between Mexico and Central America. Mexico and five nations of Central America (Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica). On Tuesday, a new trade agreement was signed that unifies previous bilateral pacts and seeks to increase regional trade with preferential tariffs on farming and industrial products. According to this Free Trade Agreement, Mexico grants tariff-free treatment on the that it may open to import sugar.

[56] AMEXCID also executes projects for triangular cooperation, associated with the cooperation of third party countries such as Chile, Spain, Uruguay, Japan, South Korea among others. It is a member of the mechanism "Global Partnership for

Meanwhile, the privileged mechanisms of cooperation and encounters between Mexico and CARICOM, and Central America and CARICOM are the various highest level Summits that are held with certain frequency. There are, of course, the bilateral agreements and the works of the Embassies, but none has binding characteristics and multilateral scope. The Free Trade Agreement between CARICOM is with the Dominican Republic and Costa Rica only; and there are Agreements with partial scope with Colombia and Venezuela[57] within the framework of ALADI. This puts the Caribbean at a clear disadvantage with respect to Central America and Mexico.

IV. CONCLUSIONS AND RECOMMENDATIONS

In the previous chapters, it has been made evident that there is still great potential to increase economic and trade relations among the countries considered. The statistical Annexes show, in general, that trade flows are still uncertain, particularly in the case of Central America and Mexico with CARICOM. There is great room for opportunity here. Also, the fact that some CARICOM countries, Central America and Mexico import from third parties and frequently from countries located far away, products that are available regularly and competitively in these economies, marks a clear opportunity to increase intra-regional trade. At the same time, trade and investment relations between Central America and Mexico are still relatively low and in a great number of the cases there is a significant trade imbalance with favourable balances to Mexico. This can be explained by the difference in the size of the economies, but greater balance should be encouraged in trade exchange.

In the case of Mexico and Central America[58] it is clear that there mechanisms and proper institutional framework to promote and administrate trade and investment are in place, although not perfect, they are already created and operating. In the case of the Caribbean, CARICOM is a solid institution of sub regional integration, with their project of a single economy and market and a well-established bank, the Caribbean Development Bank, but to the outside, the mechanism of cooperation and the volume of their trade are still comparatively precarious, and more so with the other two sub regions.[59] Although there are institutions from which cooperation can be strengthened, advancement is still needed towards a more specific and broader work path.

Following, some specific recommendations are outlined, on matters of trade and investment and also in a broader environment of cooperation on several aspects that reinforce each other. The integration process is a multidimensional phenomenon. In this regard, the general idea is to create a "virtuous triangle" on economic and cooperation matters that results in an accumulative process and growth in exchanges and connections among each of the sub-regions between themselves.

Effective Development Cooperation" which gives access and technical and financial capabilities that permits improvement and broadening of their cooperation works within the Mesoamerican Project and the Dialogue and Negotiation Mechanism of Tuxtla". AMEXCID maintains scholarship offers to Mexico and practical courses, aimed at development.

[57] See SICE-OAS, Information System on Trade Agreements.

[58] For example, scarce trade in comparison with total trade of each of the three sub-regions.

[59] Bear in mind that CARICOM has significant trade relations with the United States, Canada, the EU, East Asia and even with South America

1. On economic matters: Trade and Investment

As noted in the previous chapters regarding trade and investment relations, it is clear that trade links can be increased and that economic integration in the region be strengthened. It is true that the connection between Mexico and Central America are greater and more dynamic than those with CARICOM, but still, there is great potential to be met. The following recommendations are indistinctively valid for the relations between the three sub-regions.

1.1. Trade Facilitation

As noted in the section on trade obstacles, important trade facilitation measures are required in order to rid many of the logistic, administrative and custom barriers that still hinder trade, limiting the competitiveness and increasing transaction costs and also the standardization of nomenclature, norms and disciplines among the three parties. This concept also includes measures related to transport and logistics, as well as customs reforms that go from simplification and standardization of codes and norms, such as administrative simplification, to schemes such as the single window. In other words, it involves improving, simplifying and standardizing all logistics or trade flows within the value chains. The indicators of the World Bank referred to in Chapter I clearly show that there is still a long way to go in practically all of the countries considered.

There is a clear continuity between the trade facilitation tasks and those encouraging and promoting trade, and also those related to the works of trade intelligence, information campaigns, fairs and negotiating tables, stimulus and encounters between SMEs to increase their competitiveness and reciprocal trade. A recommendation is made to advance in a systematic and programmed manner in enabling the vision of the virtuous triangle.

It is clear that the drive in the offer chains to increase trade and integration is a very useful mechanism that encourages and facilitates trade. This could be the case in some sectors between Mexico and Central America, in some agro-industrial and food chains that are clearly defined based on the volume of bilateral trade. However, the emerging volume of trade between most of the countries – particularly in CARICOM – indicates that this level of trade integration has not been achieved yet and that it is still necessary to push trade in the most generic manner possible.

But this should not be understood as something that substitutes the search for value chains in areas of complementarity, such as certain agro-industries of plantation, beverages, tobaccos and fabrication of light manufacturing, among others. It is necessary to bear in mind that complementarity must be driven in some productive items to trigger further trade, since the geographic distance between the three sub-regions is not significant (despite the greater dispersion in the location of the Caribbean islands), and in analyzing the origin of some imports, it is observed that products are imported from markets located very far away that can very well be supplied by any of the three regions.

Trade facilitation and promotion tasks must, from the very start, be complemented with those related to achieving greater access to trade credit and financing. For this purpose, it is necessary to seek concurrence in the commercial bank as well as in the public financial institutions of the region. The Central American Bank for Economic Integration (CABEI) and BANCOMEXT of Mexico could extend their credit lines to foreign trade in the three regions. In turn, the Caribbean Development Bank (CDB) could assist in the same direction, although its mandate is aimed preferentially to physical infrastructure and development of capabilities and human capital in the

Caribbean. Under the same objective, they can obtain further financing from banks such as the IDB and CAF.

Lastly, also related to the objective of strengthening and extending trade volumes, it must be noted that the persistence of tariff and non-tariff barriers to trade continue to be an inhibiting factor to trade, even though it is true that these have tended to decrease and, at present, the main obstacles to trade in the three sub-regions are those related to administrative, logistics and infrastructure problems. In any event, in most of the trade and the countries under analysis, there are regulations, norms and disciplines to confront and remove non-regulated protectionist restrictions to trade and to resolve trade conflicts and disputes. Mexico's trade with the countries of SIECA is governed by a single FTA, which has clear provisions in this regard.[60] Between CARICOM and Central America, there is no integral mechanism in place that oversees trade norms and disciplines, only the agreements with Costa Rica and the Dominican Republic contain similar provisions. In the case of Mexico and CARICOM, there are no such provisions. But at any rate, trade disputes and controversies are handled within the mechanisms instituted by the WTO, of which all the countries are members.

1.2. Extension of current integration agreements

Even though between Central America and CARICOM there are already FTAs in place with Costa Rica and the Dominican Republic, given the complementarity between the two regions, their relative geographical proximity and the limited trade and investment, a recommendation is made to explore the negotiation of an integral trade agreement that eventually could evolve into a FTA between CARICOM and SICA. Something very similar can be said in the case of Mexico and CARICOM: This would close the triangle, since between Mexico and Central America there is already a single FTA and another with Panama, which recently came into effect. The approach to the process of a Caribbean Single Market and Economy and the Central American transition towards unified customs encourages advancement to a single free trade regime among the three sub-regions. The preferential advantages that CARICOM receives as a result of the Initiative of the Caribbean Basin and their preferential agreements with Europe and Canada do not have to be affected, since this involves a FTA scheme.

In summary, in the mid-term, it is considered to be recommendable to reach a broad Free Trade Agreement between CARICOM and Mexico, and also between SICA and CARICOM, thus closing the "virtuous triangle" of integration of the Greater Caribbean.

1.3. Cooperation in the area of tourism

Tourism is the main economic activity of most of the countries of the Caribbean and, where it is not, it still holds an outstanding position. For Mexico, it is the second or third product in generating foreign currency and the same can be said for Central America, especially in the case of Guatemala, Costa Rica and Belize. In the Dominican Republic, it is also a main area of the economy. Tourism is also a great source of employment and development domestically. When properly proposed and executed, tourism significantly improves the quality of life in the working areas. Hence, the ACS[61] places a lot of importance to cooperation on matters of "sustainable tourism" and develops concrete projects on the subject, as well as cooperation actions to promote multi-

[60] The Agreement on Economic Complementation No 51 between Mexico and Cuba within ALADI also contains provisions to administrate and oversee compliance of the agreements.
[61] The ACS has transformed the Caribbean into the Sustainable Tourism Zone of the Caribbean (STZC).

destination tourism, for example, the development for the "Maya World" between Mexico, Guatemala and Honduras, or travelling – by cruise ship or by other methods – to several Caribbean islands. Now, the challenge is to link, in this manner, island Caribbean countries to the continental countries, as could be between Honduras or Mexico (Cozumel, Cancun) with Jamaica, or Cuba, or the Dominican Republic, or between the Colombian coast and San Andrés with other islands and Central America, just to name a few examples. These tasks must be accompanied by projects on safety and protection for the tourists, and also promotion of the two dominant languages, Spanish and English, and greater reciprocal knowledge of the cultures of the different regions involved.

1.4 Cooperation on matters related to transport

Transportation between the regions, and even more so within the sub-regions themselves, continues to be insufficient and weak, particularly with respect to the island States of the Caribbean, specifically those in the East. Thus this is, without a doubt, one of the greatest challenges in advancing on matters related to trade, integration and social development. Here, cooperation is crucial, and also the support of the financial organizations, whether regional (IDB, CABEI, CDB) or multilateral, such as the World Bank. Private banks must also intervene with financial support and develop projects and "public-private" type alliances. The World Bank is developing the process of further connecting the Caribbean by means of "ferries", which involves associations between the governments and the private sector and which, in many cases, will require indispensable government subsidiaries, particularly during the initial stages.[62] With the projects on transportation, there are strategies for port development and establishment of more maritime routes. Great efforts must be made to further connect Central America and Mexico to the Caribbean. At the main ports works must be done to integrate into one logistic vision those that are concentrators of transfers and small domestic ports, with the idea of developing a short-distance maritime system.

This also includes the promotion and extension of air transport, which in the last years has improved. There are now direct flights from Mexico to Jamaica, for example. For this, work is being conducted with the Caribbean Tourism Organization (CTO), the Latin American and Caribbean Air Transport Association (ALTA) and the International Air Transport Association (IATA).

1.5. Development of infrastructure to facilitate integration (Regional Public Goods)

In order to boost trade and tourism, and encourage investments and communications in general, it is absolutely necessary to create and improve the transport and communications infrastructure in the three sub-regions. Mexico is reasonably connected to Central America, although there is still a long way to go, but it is very poorly connected to the Caribbean, whether by sea or by air. The problem is yet more severe between Central America and the Caribbean, as evidenced by the poor connections between the ports of Central America and the Caribbean islands, which in fact are relatively closely located. The Mesoamerican Project has ambitious projects in progress relating to infrastructure, communications, electricity, etc., between Mexico and Central America, but many of them have yet to be materialized.

In the case of CARICOM and Central America it is necessary to reduce transaction costs between the two regions, and in this regard, a recommendation is made for Panama to become the logistic hub for connections between Central America and the Caribbean. Also, the domestic ports and the use of feed lines to serve the maritime connection to the smaller islands and in the case of

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[62] See, in this regard, the statements by the Director of "Banco Para le Caribe", Sophie Sirtaine (World Bank News, June 2015).

aviation, to create more routes, exploring the possibilities of mutual concessions on matters of liberties and even open skies policies.

For these reasons, a recommendation is made to invest – in cooperation with regional and multilateral credit organizations such as the IDB – in projects for infrastructure, under schemes of participation in the so-called "Regional Public Goods", which are projects of regional dimension with impact and benefits in various countries. In this case, between two or in the three regions considered. Development and modernization of ports and airports, support to the expansion of fleets and routes, in maritime navigation and in air transport, storage, etc., projects of public-private participation can also be appropriate mechanisms to cover this type of needs.

2. On matters related to disasters, science and technology

2.1. Cooperation in Risks Management in case of Natural and Climatic Disasters

Because of its geographical location, the countries of the Greater Caribbean Basin are particularly vulnerable to hurricanes and the impacts of the current climate change. Thus, a joint strategy on matters of defence against natural disasters and measures of adaption and mitigation in the face of climatic change is very necessary. This topic has already been discussed in the sub-regional environment. The Mesoamerican Project considers it, and also SICA and CARICOM. It is important to put such strategy in effect within the vision of the virtuous triangle mentioned above, and go on to a phase of continued alerts, joint actions and sufficient financing to confront these catastrophic events, which unfortunately occur frequently in these three areas and sometimes simultaneously.

Several countries of the Caribbean and Central America are forming alliances to confront jointly the need for sovereign insurances against catastrophic risks. Grouped in the so called Caribbean, Central American Risk Insurance Facility (CCRIF), they initiated in 2007 the first mechanism in the world to group catastrophic risks for several countries and offer their members sovereign insurance at accessible rates against earthquakes, torrential rains and hurricanes. This will mean a victory against poverty and human insecurity. It must be insisted that the small island States of the Caribbean, Central America and South East of Mexico are areas frequently hit by cyclones, earthquakes and by the effects of climate change (global warming). Additionally, there is need for other projects and activities such as spreading awareness of the risks and measures of protection among the large population at risk, quick response to disasters and collaboration among the different countries (including the movement of specialized aid personnel from one country to another) and training, with curriculum value, of personnel specialized in these areas.

2.2. Education, Science and Technology

This increasingly globalized world poses huge challenges in terms of competitiveness and productivity for the countries of the Greater Caribbean. In Central America, the Caribbean and Mexico, as in practically all of Latin America, education and science and technology production continue to be a great pending task. The disappointing results of the PISA exams, which are practiced in almost all countries worldwide and in several Latin American countries, are an indicator of this problem. The cooperation schemes in effect in the region must include measures that, directly or indirectly, have an impact on the improvement of education in these countries. The problem is not only in the primary education, but also growing at the high school and university levels. These efforts must include a wide range of cooperation on matters regarding preparation of teachers, interchange of best practices and experiences for education evaluation. Another aspect of vital importance is that of providing greater collaboration and interchange among the main universities of the sub-regions.

The indicators on Science and Technology, measured by the percentage of the GDP that is allocated to expenses for research and development are extraordinarily low in the Greater Caribbean, including Mexico, which has the highest expenses. A number of countries practically report no applications and concessions of patents. Only Mexico (along with Brazil) occupy 10th place in the number of patents granted, according to the OECD and the World Organization for Intellectual Property,[63] but its number is significantly lower than that of leading countries, such as United States, Japan, China, Germany, France and South Korea. It is not possible for Central America, the Caribbean and Mexico to get placed at top positions in these areas in a short term, but they can make firm steps ahead, particularly in areas of huge impact on matters relating to economic development, such as agronomy, biotechnology, environment, health science, etc., and in other applied sciences.

[63] WIPO IP Facts & Figures, 2014

A N N E X I

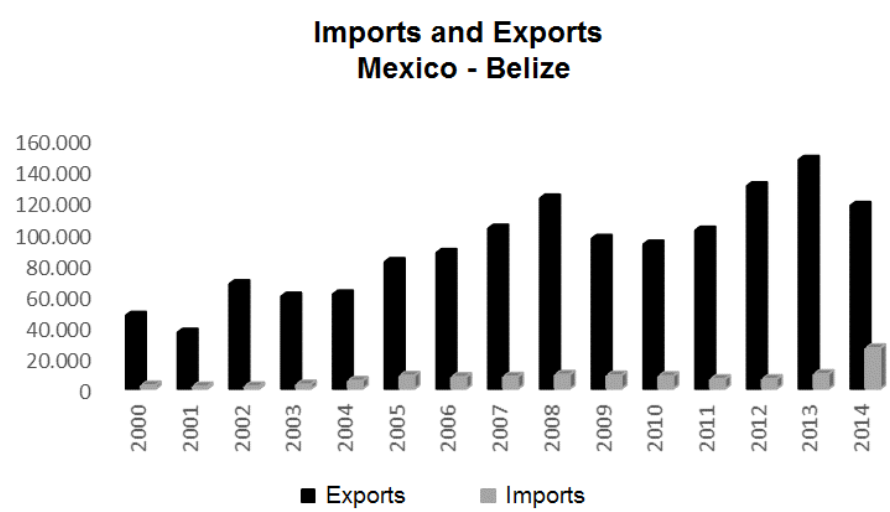
**MEXICO AND THE CENTRAL AMERICAN INTEGRATION SYSTEM (SICA)
TRADE FLOWS**

TABLE 1
Mexico and Belize

Trade between Mexico and Belize is limited. It grew between 2000 and 2008, fell during the next two years, and returned to higher levels by the end of 2013. The trend repeated itself once again in 2014, when it dropped around 33%.

Trade balance of Mexico with Belize				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	46,781	2,179	48,960	44,602
2001	35,952	1,544	37,496	34,408
2002	66,970	1,590	68,560	65,380
2003	58,976	2,823	61,799	56,153
2004	60,429	5,124	65,553	55,305
2005	81,069	8,387	89,456	72,682
2006	86,914	7,552	94,466	79,362
2007	102,465	7,753	110,218	94,712
2008	121,716	9,037	130,753	112,679
2009	95,918	8,522	104,440	87,396
2010	92,250	8,129	100,379	84,121
2011	101,189	6,238	107,427	94,951
2012	129,615	6,255	135,870	123,360
2013	146,420	9,440	155,860	136,980
2014	117,038	25,966	143,004	91,072

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



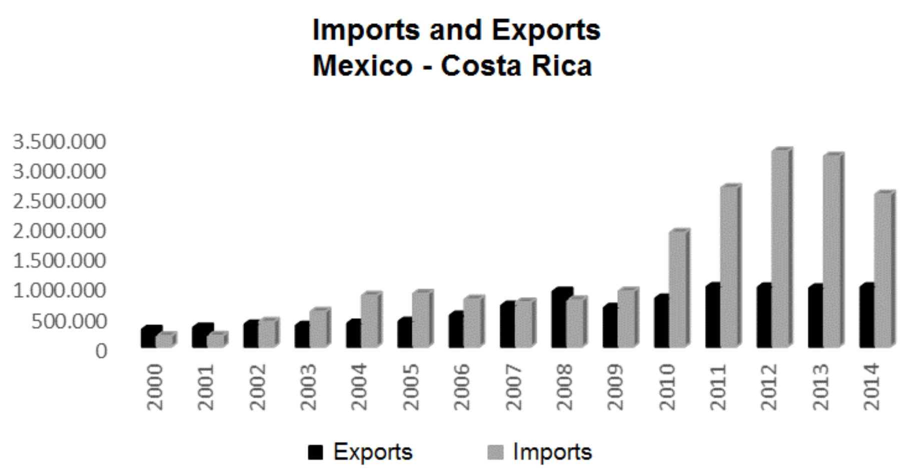
Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 2
Mexico and Costa Rica

The case of trade exchanges between Mexico and Costa Rica is interesting, because it shows high dynamism. After 2002, a trade deficit can be seen, which is a unique case between Mexico and the Central American countries. Notably, the volume of trade between these two countries has increased, despite the fact that since 2013 it began to decline.

Trade balance of Mexico with Costa Rica				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	286,171	180,111	466,282	106,060
2001	320,928	184,207	505,135	136,721
2002	372,908	416,302	789,210	-43,394
2003	352,467	584,208	936,675	-231,741
2004	387,249	852,267	1,239,516	-465,018
2005	420,675	883,238	1,303,913	-462,563
2006	521,790	789,121	1,310,911	-267,331
2007	687,212	740,461	1,427,673	-53,249
2008	919,721	775,885	1,695,606	143,836
2009	651,194	923,322	1,574,516	-272,128
2010	805,997	1,901,953	2,707,950	-1,095,956
2011	997,824	2,650,121	3,647,945	-1,652,297
2012	993,298	3,259,364	4,252,662	-2,266,066
2013	977,357	3,174,391	4,151,748	-2,197,034
2014	996,466	2,541,786	3,538,252	-1,545,320

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



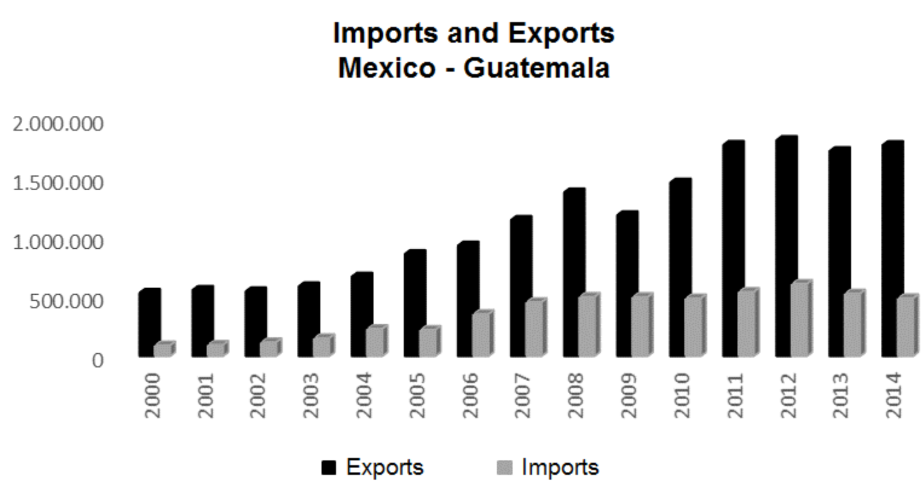
Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 3
Mexico and Guatemala

Guatemala and Mexico have posted an overall increase in the volumes of both imports and exports. Guatemalan exports are modest in relation to the size of its economy; for this reason, the trade balance shows a large surplus. As can be seen in the table exports are greater than imports by more than 100%. It is the opposite case to Costa Rica.

Trade balance of Mexico with Guatemala				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	535,198	90,804	626,002	444,394
2001	559,656	95,243	654,899	464,413
2002	548,181	116,650	664,831	431,531
2003	590,091	151,066	741,157	439,025
2004	672,462	230,006	902,468	442,456
2005	863,705	221,816	1,085,521	641,889
2006	935,439	355,562	1,291,001	579,877
2007	1,152,400	456,693	1,609,093	695,707
2008	1,385,101	501,219	1,886,320	883,882
2009	1,192,089	499,464	1,691,553	692,625
2010	1,467,898	488,374	1,956,272	979,524
2011	1,787,307	543,323	2,330,630	1,243,984
2012	1,827,256	611,724	2,438,980	1,215,532
2013	1,734,593	528,828	2,263,421	1,205,765
2014	1,785,162	489,549	2,274,711	1,295,613

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.

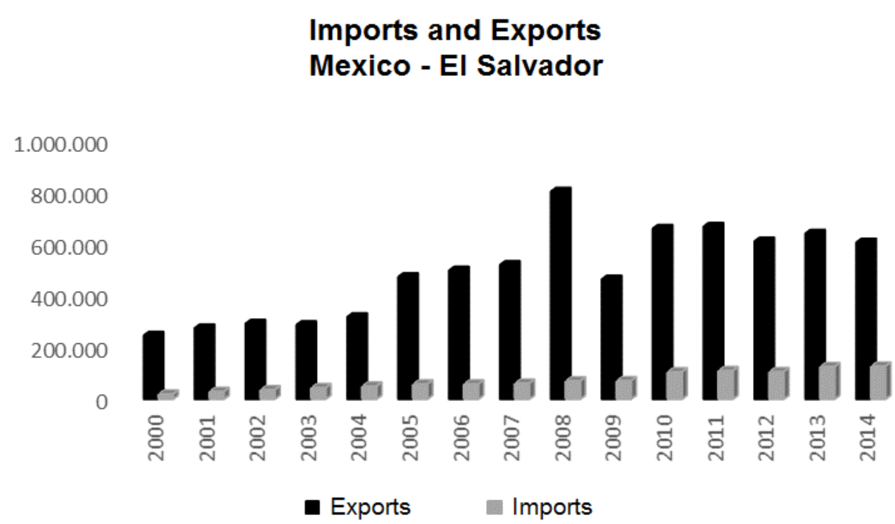


Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 4
Mexico and El Salvador
El Salvador is one of the Central American countries with which Mexico maintains a very low volume of trade exchanges. If we look at the figures, since 2000 up to 2014, the annual trade volume has barely increased, especially in recent years, since it has remained lower than 10%.

Trade balance of Mexico with El Salvador				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	245,575	19,794	265,369	225,781
2001	274,299	29,878	304,177	244,421
2002	291,680	36,410	328,090	255,270
2003	286,367	44,326	330,693	242,041
2004	317,236	50,162	367,398	267,074
2005	471,595	58,496	530,091	413,099
2006	496,908	58,575	555,483	438,333
2007	518,332	61,626	579,958	456,706
2008	801,078	70,553	871,631	730,525
2009	462,480	71,058	533,538	391,422
2010	658,022	105,183	763,205	552,839
2011	665,814	110,254	776,068	555,560
2012	608,844	106,014	714,858	502,830
2013	639,219	125,829	765,048	513,390
2014	604,646	127,293	731,939	477,353

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



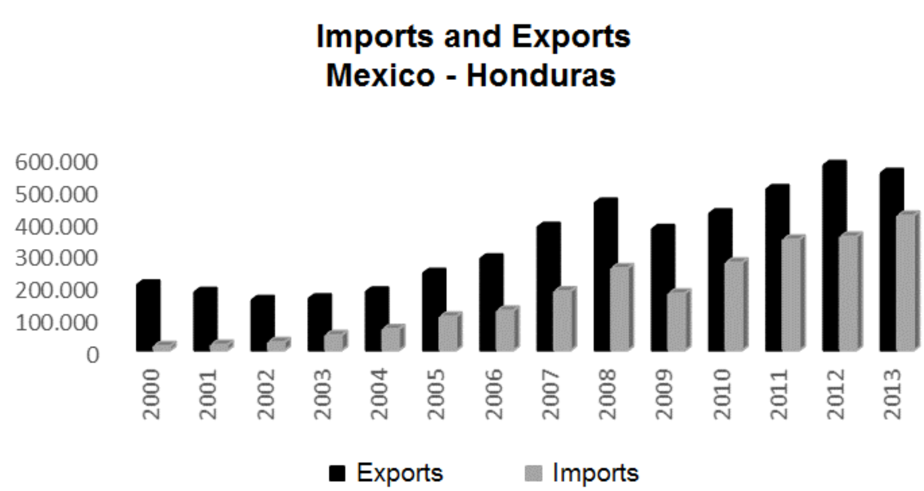
Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 5
Mexico and Honduras

By the year 2000, the trade balance of Mexico with Honduras showed a considerable surplus. However, as the years have passed exports exceeded imports by only 7.8%, which indicates that the trade flows between the two nations has improved.

Trade balance of Mexico with Honduras				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	203,744	13,269	217,013	190,475
2001	180,378	17,346	197,724	163,032
2002	155,665	25,412	181,077	130,253
2003	160,600	47,006	207,606	113,594
2004	182,047	65,839	247,886	116,208
2005	239,601	104,500	344,101	135,101
2006	284,525	122,920	407,445	161,605
2007	382,398	183,244	565,642	199,154
2008	457,741	254,983	712,724	202,758
2009	376,133	176,529	552,662	199,604
2010	424,348	272,422	696,770	151,926
2011	499,960	343,910	843,870	156,050
2012	574,485	352,873	927,358	221,612
2013	549,746	417,888	967,634	131,858
2014	518,366	477,680	996,046	40,686

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.

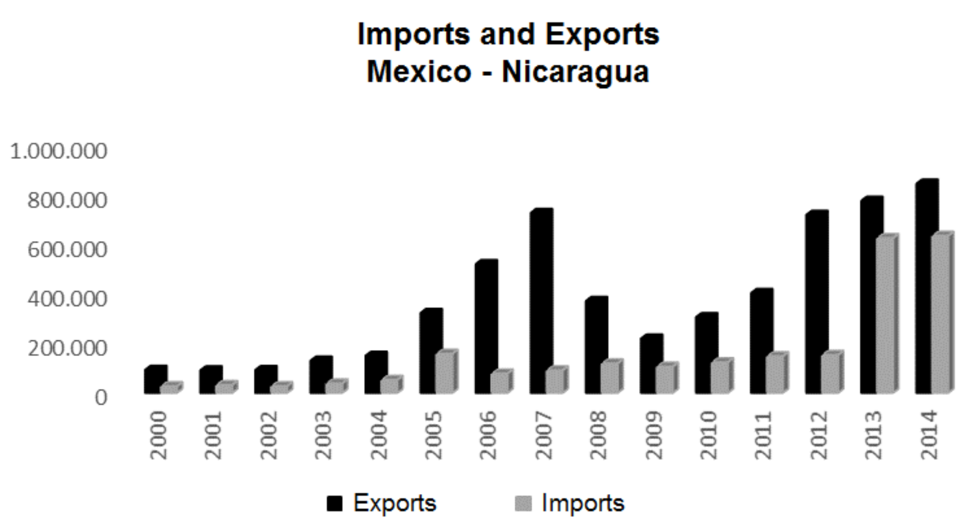


Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 6
Mexico and Nicaragua
Trade with Nicaragua is growing more or less systematically, recovering after a sharp fall in 2008. In the last few years, the trade gap favourable to Mexico has been closing as a percentage of trade.

Trade balance of Mexico with Nicaragua				
Values in thousands of dollars				
Year	Exports	Imports	Total Trade	Trade Balance
2000	93,406	26,917	120,323	66,489
2001	91,650	31,402	123,052	60,248
2002	92,949	27,082	120,031	65,867
2003	130,689	38,047	168,736	92,642
2004	150,584	52,392	202,976	98,192
2005	324,119	158,579	482,698	165,540
2006	522,372	78,087	600,459	444,285
2007	730,358	91,169	821,527	639,189
2008	372,803	119,360	492,163	253,443
2009	220,479	106,285	326,764	114,194
2010	307,166	124,064	431,230	183,102
2011	405,185	148,450	553,635	256,735
2012	722,003	153,656	875,659	568,347
2013	779,407	628,144	1,407,551	151,263
2014	848,850	637,129	1,485,979	211,721

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



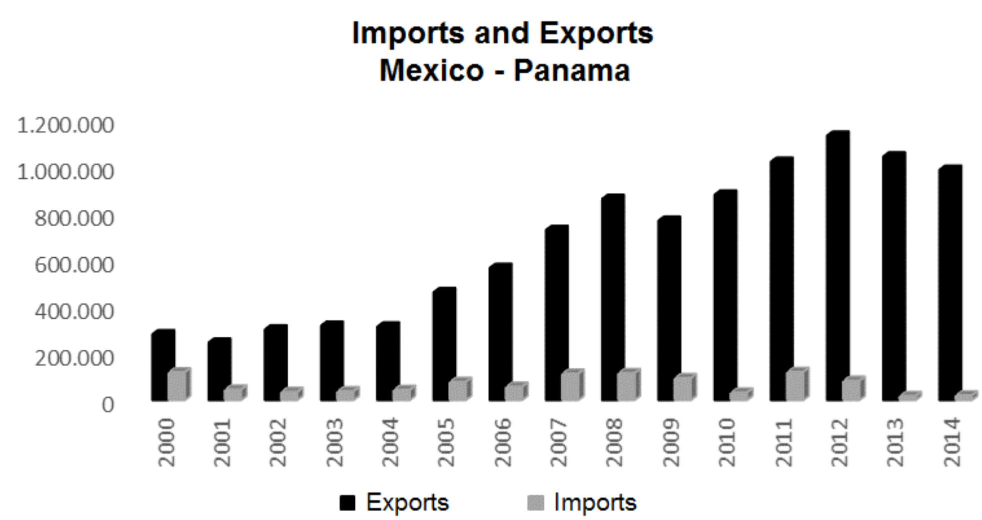
Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 7
Mexico and Panama

The figures of trade exchanges between Mexico and Panama are unusually small, primarily due to the limited exports from Panama to Mexico.

Trade balance of Mexico with Panama				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	282,773	119,587	402,360	163,186
2001	247,143	45,244	292,387	201,899
2002	303,855	35,254	339,109	268,601
2003	319,775	37,765	357,540	282,010
2004	315,768	43,858	359,626	271,910
2005	463,333	78,434	541,767	384,899
2006	567,661	57,415	625,076	510,246
2007	730,607	113,861	844,468	616,746
2008	864,150	116,030	980,180	748,120
2009	770,324	94,530	864,854	675,794
2010	882,290	32,275	914,565	850,015
2011	1,023,672	120,712	1,144,384	902,960
2012	1,135,697	82,948	1,218,645	1,052,749
2013	1,046,533	17,370	1,063,903	1,029,163
2014	989,063	20,270	1,009,333	968,793

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



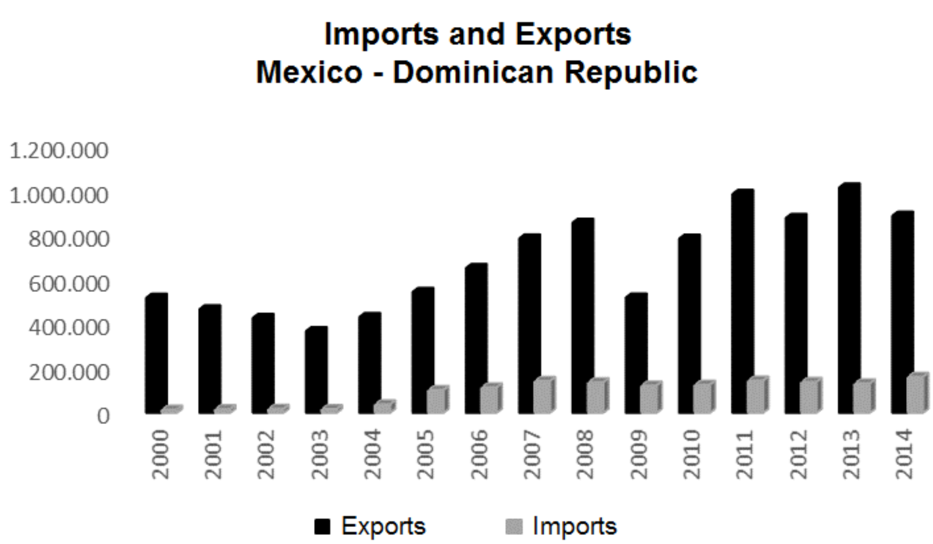
Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 8
Mexico and Dominican Republic

Since the year 2000, Mexico's balance of trade with Dominican Republic also presents a bulky trade surplus for Mexico. Noteworthy, exports have increased but not in a significant enough percentage to imply a steady growth.

Trade balance of Mexico with Dominican Republic				
Values in thousands of dollars				
Year	Exports	Imports	Total Trade	Trade Balance
2000	516,173	13,778	529,951	502,395
2001	464,813	16,174	480,987	448,639
2002	425,858	17,826	443,684	408,032
2003	366,863	16,500	383,363	350,363
2004	430,003	37,848	467,851	392,155
2005	542,721	102,056	644,777	440,665
2006	649,783	113,967	763,750	535,816
2007	782,633	142,891	925,524	639,742
2008	853,319	136,755	990,074	716,564
2009	516,954	122,454	639,408	394,500
2010	781,751	125,705	907,456	656,046
2011	982,394	144,593	1,126,987	837,801
2012	874,704	138,432	1,013,136	736,272
2013	1,011,581	131,674	1,143,255	879,907
2014	884,640	161,523	1,046,163	723,117

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.

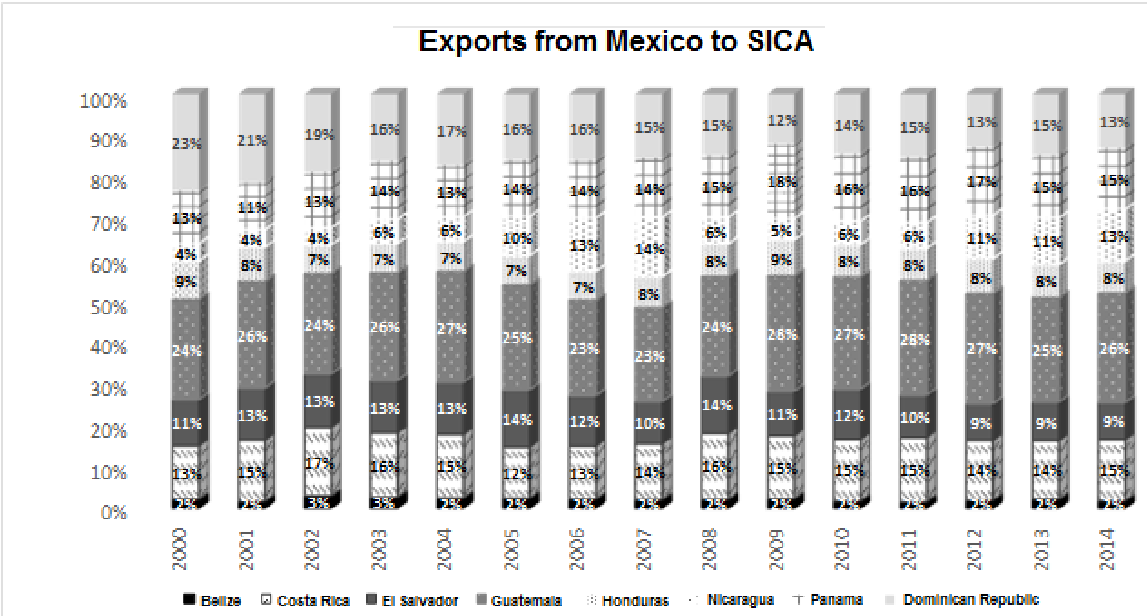


Source: Prepared by the author, based on statistics from the Secretariat of Economy.

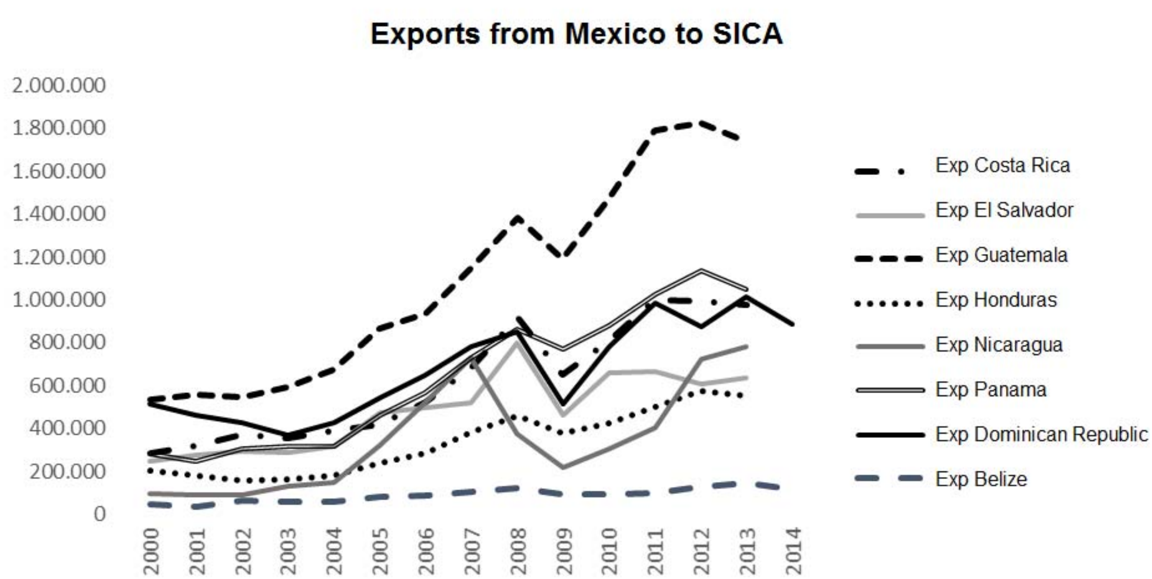
TABLE 9
Mexico and SICA - Exports

Exports from Mexico to SICA								
Values in percentages								
Year	**Belize**	**Costa Rica**	**El Salvador**	**Guatemala**	**Honduras**	**Nicaragua**	**Panama**	**Dominican Republic**
2000	2%	13%	11%	24%	9%	4%	13%	23%
2001	2%	15%	13%	26%	8%	4%	11%	21%
2002	3%	17%	13%	24%	7%	4%	13%	19%
2003	3%	16%	13%	26%	7%	6%	14%	16%
2004	2%	15%	13%	27%	7%	6%	13%	17%
2005	2%	12%	14%	25%	7%	10%	14%	16%
2006	2%	13%	12%	23%	7%	13%	14%	16%
2007	2%	14%	10%	23%	8%	14%	14%	15%
2008	2%	16%	14%	24%	8%	6%	15%	15%
2009	2%	15%	11%	28%	9%	5%	18%	12%
2010	2%	15%	12%	27%	8%	6%	16%	14%
2011	2%	15%	10%	28%	8%	6%	16%	15%
2012	2%	14%	9%	27%	8%	11%	17%	13%
2013	2%	14%	9%	25%	8%	11%	15%	15%
2014	2%	15%	9%	26%	8%	13%	15%	13%

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



Source: Prepared by the author, based on data from the Secretariat of Economy.

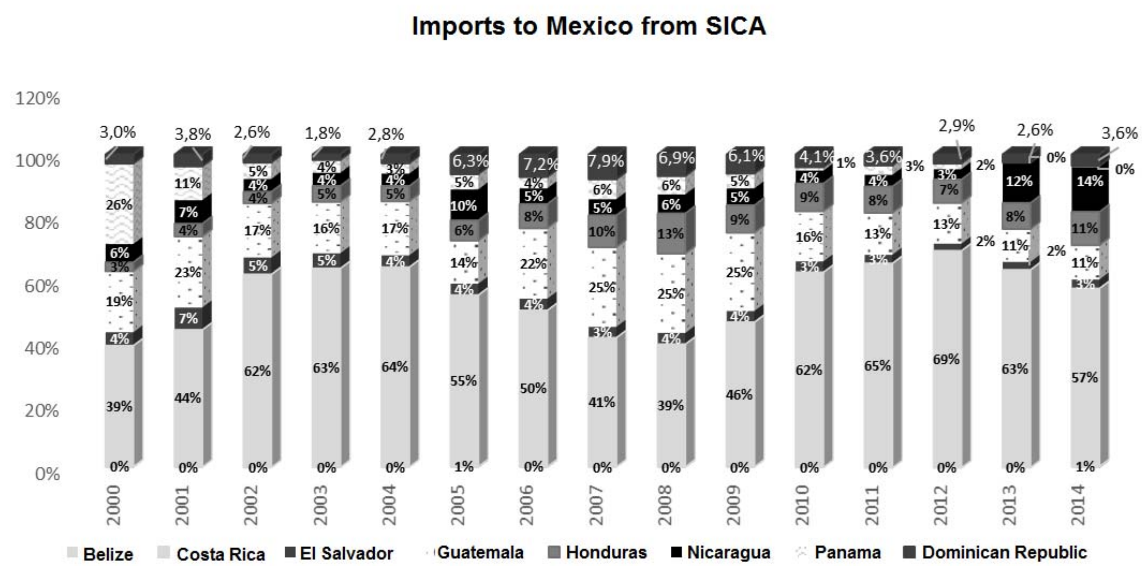


Source: Prepared by the author, based on statistics from the Secretariat of Economy.

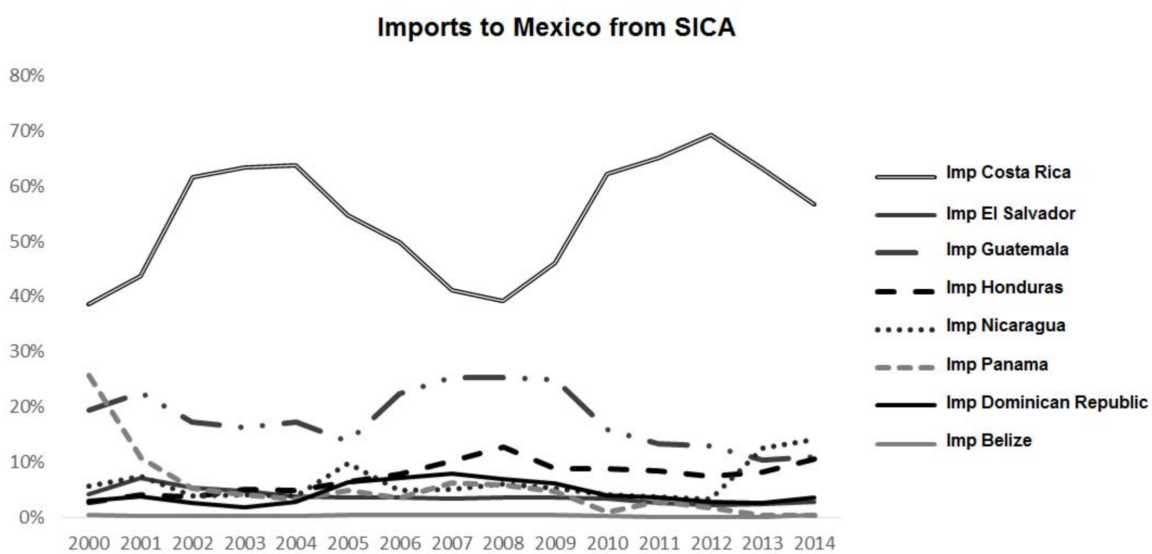
TABLE 10
Mexico and SICA - Imports

Imports to Mexico from SICA								
Values in percentages								
Year	**Belize**	**Costa Rica**	**El Salvador**	**Guatemala**	**Honduras**	**Nicaragua**	**Panama**	**Dominican Republic**
1993	2%	12%	8%	34%	3%	6%	33%	1.9%
1994	3%	15%	11%	46%	2%	6%	14%	3.2%
1995	2%	16%	8%	51%	4%	8%	9%	2.5%
1996	1%	32%	10%	42%	3%	7%	4%	1.8%
1997	1%	34%	11%	35%	3%	5%	8%	3.7%
1998	1%	35%	10%	32%	5%	5%	6%	5.2%
1999	0%	54%	5%	23%	2%	4%	7%	3.0%
2000	0%	39%	4%	19%	3%	6%	26%	3.0%
2001	0%	44%	7%	23%	4%	7%	11%	3.8%
2002	0%	62%	5%	17%	4%	4%	5%	2.6%
2003	0%	63%	5%	16%	5%	4%	4%	1.8%
2004	0%	64%	4%	17%	5%	4%	3%	2.8%
2005	1%	55%	4%	14%	6%	10%	5%	6.3%
2006	0%	50%	4%	22%	8%	5%	4%	7.2%
2007	0%	41%	3%	25%	10%	5%	6%	7.9%
2008	0%	39%	4%	25%	13%	6%	6%	6.9%
2009	0%	46%	4%	25%	9%	5%	5%	6.1%
2010	0%	62%	3%	16%	9%	4%	1%	4.1%
2011	0%	65%	3%	13%	8%	4%	3%	3.6%
2012	0%	69%	2%	13%	7%	3%	2%	2.9%
2013	0%	63%	2%	11%	8%	12%	0%	2.6%
2014	1%	57%	3%	11%	11%	14%	0%	3.6%

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



Source: Prepared by the author, based on statistics from the Secretariat of Economy.



Source: Prepared by the author, based on statistics from the Secretariat of Economy.

A N N E X I I

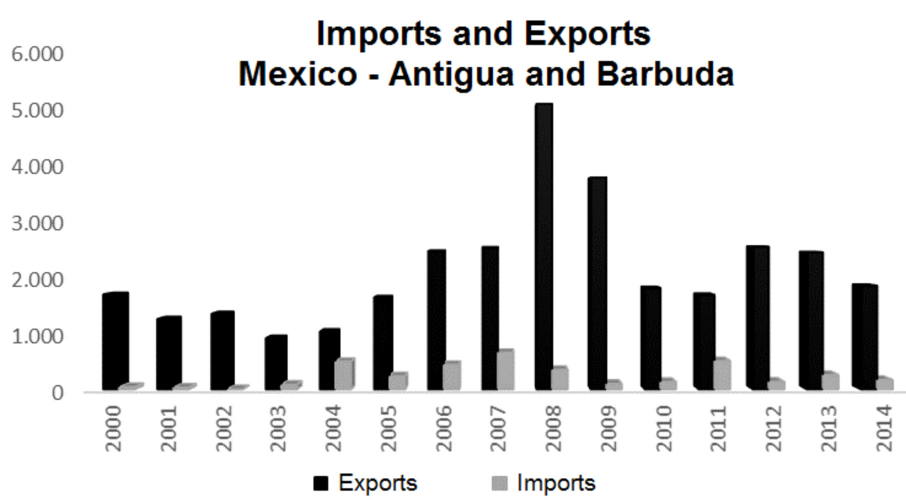
**MEXICO AND THE CARIBBEAN COMMUNITY (CARICOM)
TRADE FLOWS**

TABLE 11
Mexico and Antigua and Barbuda

Antigua and Barbuda shows very low levels of trade exchanges with Mexico; however, it maintains a trade surplus with a very low trading volume. This is a very common pattern in the limited trade between Mexico and the OECS countries.

Trade balance of Mexico with Antigua and Barbuda				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	1,707	39	1,746	1,668
2001	1,264	28	1,292	1,236
2002	1,357	0	1,357	1,357
2003	917	81	998	836
2004	1,036	500	1,536	536
2005	1,649	236	1,885	1,413
2006	2,485	443	2,928	2,042
2007	2,547	662	3,209	1,885
2008	5,127	352	5,479	4,775
2009	3,804	97	3,901	3,707
2010	1,819	133	1,952	1,686
2011	1,695	512	2,207	1,183
2012	2,563	137	2,700	2,426
2013	2,461	259	2,720	2,202
2014	1,861	169	2,030	1,692

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.

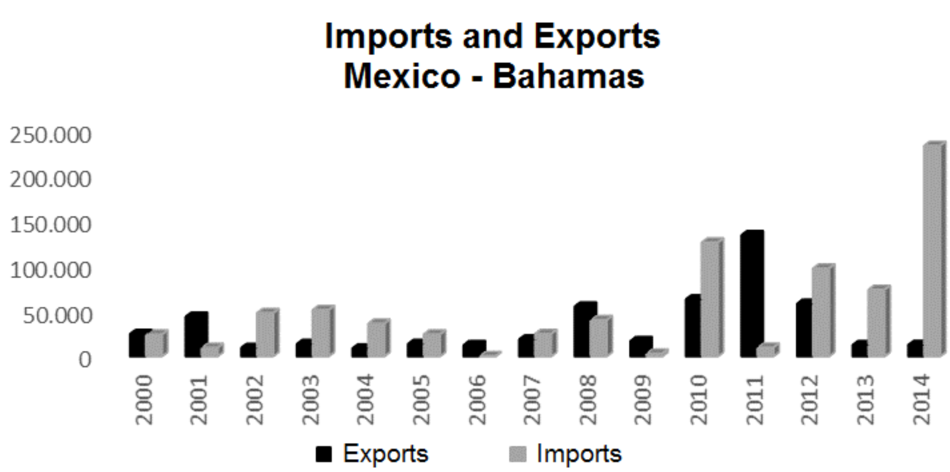


Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 12
Mexico and Bahamas
Bahamas is one of the countries in the region with which Mexico maintains higher trade levels. As a matter of fact, most of the years Mexico shows a trade deficit with that country, due to its "off shore" links with the most advanced economies of the North Atlantic.

Trade balance of Mexico with Bahamas				
Values in thousands of dollars				
Year	Exports	Imports	Total Trade	Trade Balance
2000	24,753	24,240	48,993	513
2001	43,752	9,535	53,287	34,217
2002	9,362	47,909	57,271	-38,547
2003	13,694	51,213	64,907	-37,519
2004	8,811	36,154	44,965	-27,343
2005	13,735	24,320	38,055	-10,585
2006	12,372	287	12,659	12,085
2007	18,720	24,744	43,464	-6,024
2008	55,128	40,048	95,176	15,080
2009	16,782	3,022	19,804	13,760
2010	63,006	125,861	188,867	-62,855
2011	134,024	9,689	143,713	124,335
2012	58,151	97,046	155,197	-38,895
2013	12,486	73,585	86,071	-61,099
2014	12,536	232,635	245,171	-220,099

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



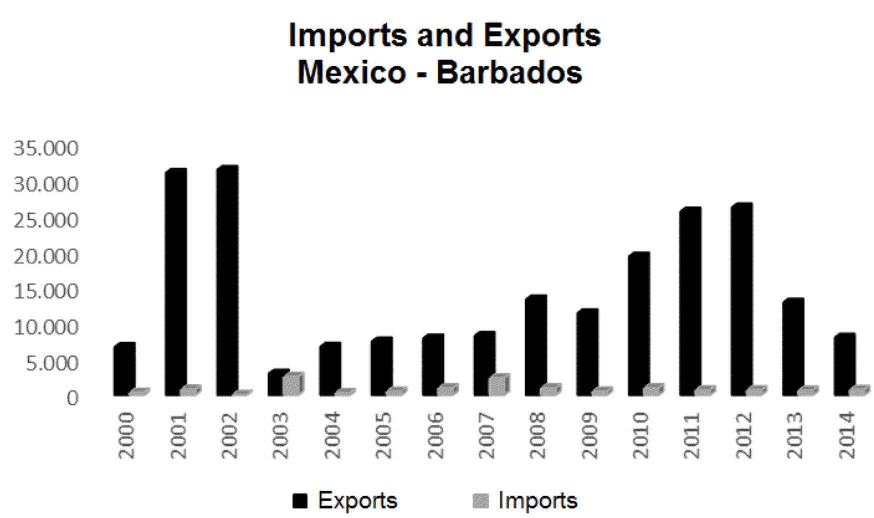
Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 13
Mexico and Barbados

Mexico's trade with Barbados is very modest, as shown in the table below. Since 2003, trade exchanges have decreased; they rebounded back in 2008, but fell again in 2014.

Trade balance of Mexico with Barbados				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	6,688	352	7,040	6,336
2001	30,949	817	31,766	30,132
2002	31,381	55	31,436	31,326
2003	2,976	2,563	5,539	413
2004	6,718	288	7,006	6,430
2005	7,466	520	7,986	6,946
2006	7,898	988	8,886	6,910
2007	8,243	2,386	10,629	5,857
2008	13,321	991	14,312	12,330
2009	11,408	531	11,939	10,877
2010	19,301	987	20,288	18,314
2011	25,569	704	26,273	24,865
2012	26,147	716	26,863	25,431
2013	12,889	661	13,550	12,228
2014	7,997	757	8,754	7,240

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.

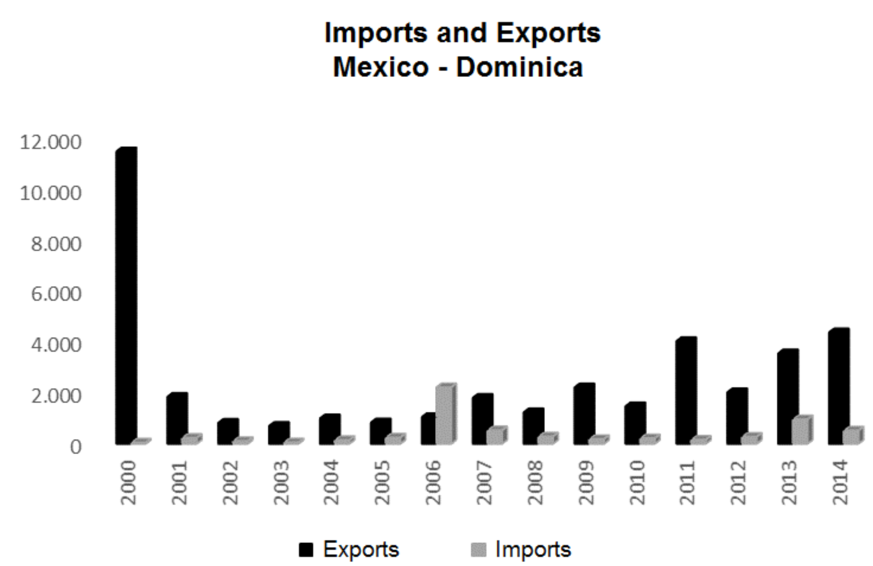


Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 14
Mexico and Dominica
Traditionally, trade flows with Dominica have been very low. Exports have grown over time, but with ups and downs; and imports represent a minimum amount in its trade with Mexico.

Trade balance of Mexico with Dominica				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	11,432	42	11,474	11,390
2001	1,835	228	2,063	1,607
2002	820	104	924	716
2003	699	50	749	649
2004	993	142	1,135	851
2005	834	240	1,074	594
2006	1,044	2,206	3,250	-1,162
2007	1,797	524	2,321	1,273
2008	1,230	282	1,512	948
2009	2,204	180	2,384	2,024
2010	1,467	213	1,680	1,254
2011	4,014	157	4,171	3,857
2012	2,016	271	2,287	1,745
2013	3,534	953	4,487	2,581
2014	4,356	516	4,872	3,840

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.

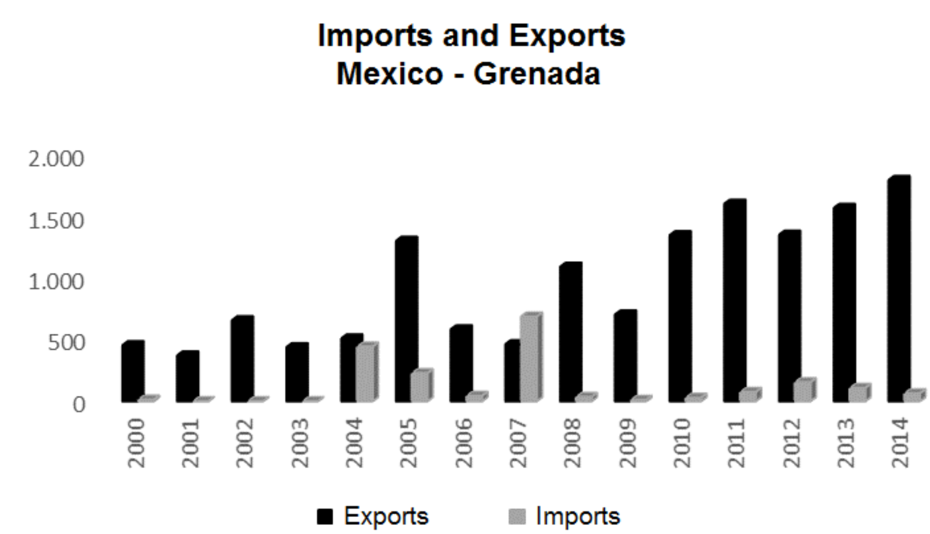


Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 15
Mexico and Grenada
In the case of Grenada, we can see that exports have grown slowly since 2010, with a loose surplus and reduced volumes of trade exchanges.

Trade balance of Mexico with Grenada				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	453	13	466	440
2001	370	0	370	370
2002	654	0	654	654
2003	437	0	437	437
2004	507	442	949	65
2005	1,296	227	1,523	1,069
2006	581	44	625	537
2007	461	684	1,145	-223
2008	1,087	35	1,122	1,052
2009	701	11	712	690
2010	1,342	28	1,370	1,314
2011	1,596	75	1,671	1,521
2012	1,346	154	1,500	1,192
2013	1,562	108	1,670	1,454
2014	1,788	64	1,852	1,724

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.

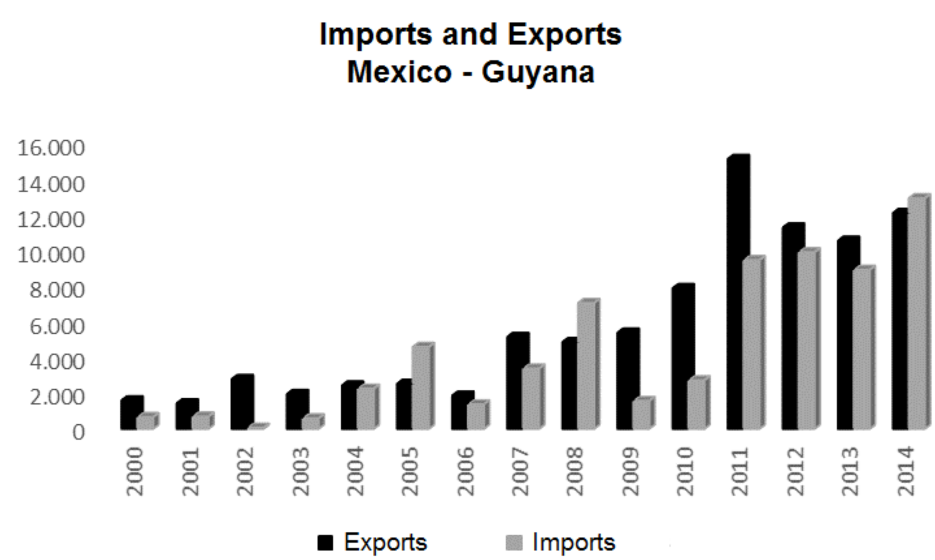


Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 16
Mexico and Guyana
With Guyana, possibly due to its geographical location, trade is greater and the flows between the two nations has grown over time. In 2014, Guyana achieved a small surplus with respect to Mexico, which is not common in Mexico's trade with the Caribbean.

Trade balance of Mexico with Guyana				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	1,597	658	2,255	939
2001	1,426	685	2,111	741
2002	2,787	55	2,842	2,732
2003	1,946	586	2,532	1,360
2004	2,430	2,246	4,676	184
2005	2,524	4,586	7,110	-2,062
2006	1,862	1,370	3,232	492
2007	5,152	3,379	8,531	1,773
2008	4,863	7,048	11,911	-2,185
2009	5,390	1,559	6,949	3,831
2010	7,885	2,714	10,599	5,171
2011	15,126	9,456	24,582	5,670
2012	11,284	9,897	21,181	1,387
2013	10,542	8,908	19,450	1,634
2014	12,100	12,924	25,024	-824

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



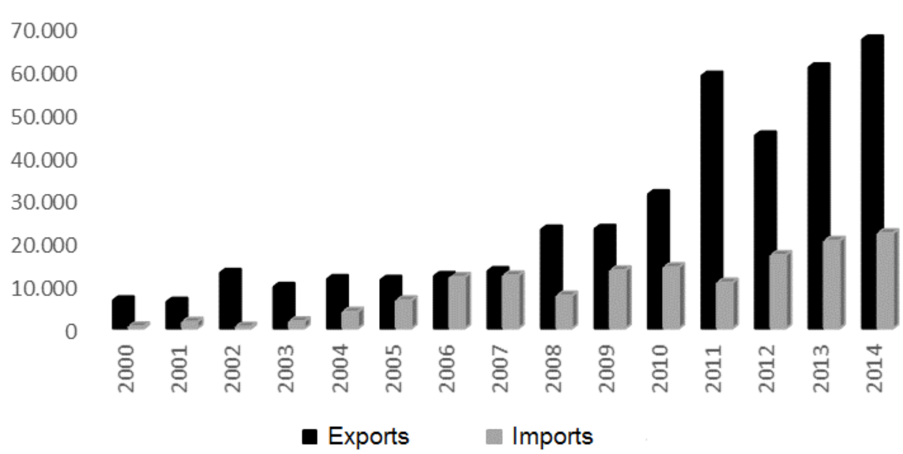
Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 17
Mexico and Haiti
Once again we can see a bulging trade surplus; however, there is a sustained increase in total trade.

Trade balance of Mexico with Haiti				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	6,487	452	6,939	6,035
2001	6,146	1,519	7,665	4,627
2002	12,852	372	13,224	12,480
2003	9,615	1,625	11,240	7,990
2004	11,416	3,849	15,265	7,567
2005	11,216	6,488	17,704	4,728
2006	12,111	11,885	23,996	226
2007	13,271	12,258	25,529	1,013
2008	22,884	7,580	30,464	15,304
2009	23,035	13,434	36,469	9,601
2010	31,078	14,179	45,257	16,899
2011	58,515	10,611	69,126	47,904
2012	44,698	16,980	61,678	27,718
2013	60,473	20,291	80,764	40,182
2014	66,912	22,040	88,952	44,872

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.

Imports and Exports
Mexico - Haiti

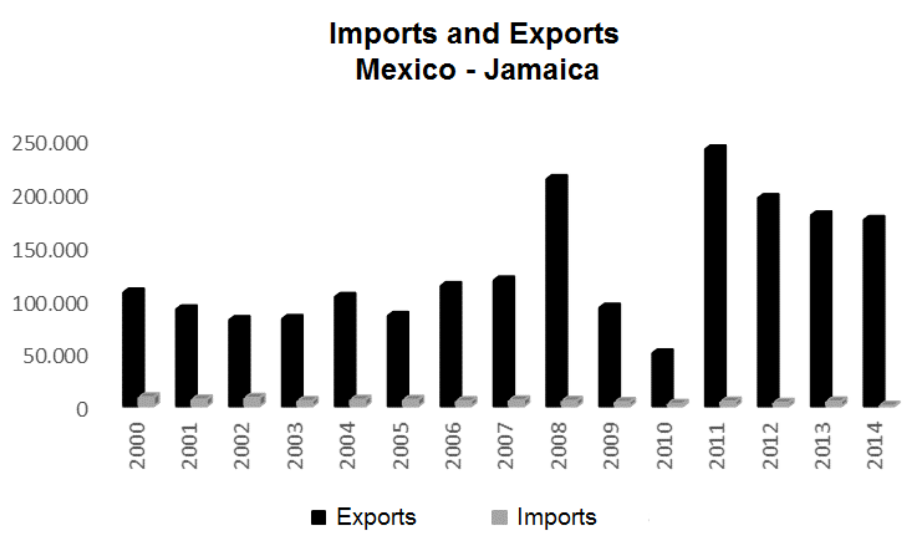


Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 18
Mexico and Jamaica
Trade flows with Jamaica are also irregular, with exports from Jamaica being unusually small.

Trade balance of Mexico with Jamaica				
Values in thousands of dollars				
Year	Exports	Imports	Total Trade	Trade Balance
2000	106,459	8,451	114,910	98,008
2001	90,707	6,338	97,045	84,369
2002	80,574	7,845	88,419	72,729
2003	81,652	4,924	86,576	76,728
2004	102,219	6,106	108,325	96,113
2005	84,542	6,083	90,625	78,459
2006	112,482	4,790	117,272	107,692
2007	117,715	5,546	123,261	112,169
2008	212,454	5,104	217,558	207,350
2009	92,229	3,980	96,209	88,249
2010	49,563	2,268	51,831	47,295
2011	240,316	4,355	244,671	235,961
2012	194,762	3,244	198,006	191,518
2013	178,541	4,522	183,063	174,019
2014	174,254	479	174,733	173,775

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



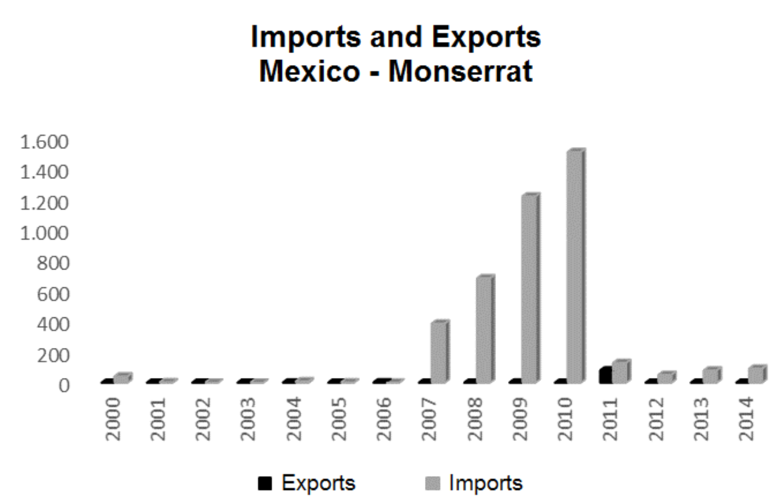
Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 19
Mexico and Montserrat

Trade flows between both nations are almost null. The only exception were imports from 2008 to 2011, which involved a very small trade deficit.

Trade balance of Mexico with Montserrat				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	0	41	41	-41
2001	0	3	3	-3
2002	0	0	0	0
2003	0	0	0	0
2004	1	9	10	-8
2005	0	2	2	-2
2006	2	1	3	1
2007	0	386	386	-386
2008	0	681	681	-681
2009	1	1,215	1,216	-1,214
2010	0	1,504	1,504	-1,504
2011	80	129	209	-49
2012	0	51	51	-51
2013	0	80	80	-80
2014	0	92	92	-92

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.

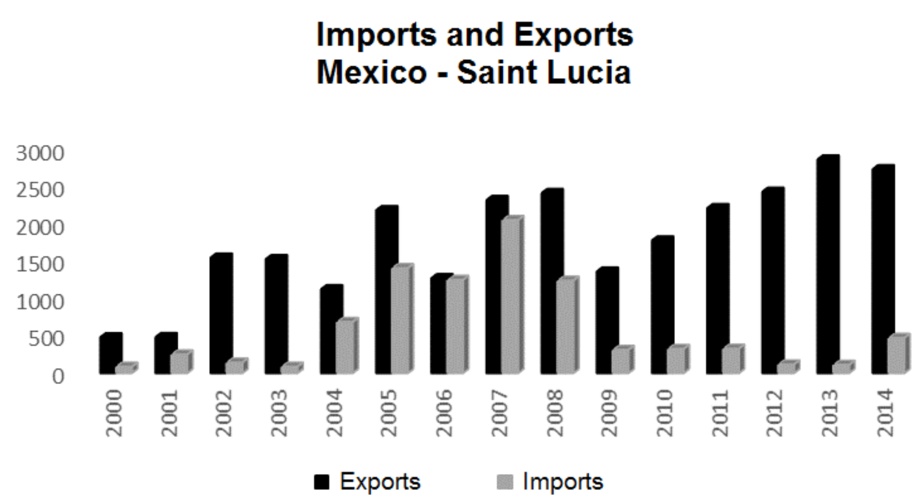


Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 20
Mexico and Saint Lucia
Trade flows between both nations are almost null. The only exception were exports from 2008 to 2011, which involved a very small trade deficit.

Trade balance of Mexico with St. Lucia				
Values in thousands of dollars				
Year	Exports	Imports	Total Trade	Trade Balance
2000	477	86	563	391
2001	479	248	727	231
2002	1,536	140	1,676	1,396
2003	1,517	86	1,603	1,431
2004	1,116	680	1,796	436
2005	2,168	1,397	3,565	771
2006	1,263	1,241	2,504	22
2007	2,303	2,037	4,340	266
2008	2,396	1,230	3,626	1,166
2009	1,352	309	1,661	1,043
2010	1,765	323	2,088	1,442
2011	2,195	325	2,520	1,870
2012	2,413	115	2,528	2,298
2013	2,842	110	2,952	2,732
2014	2,713	468	3,181	2,245

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.

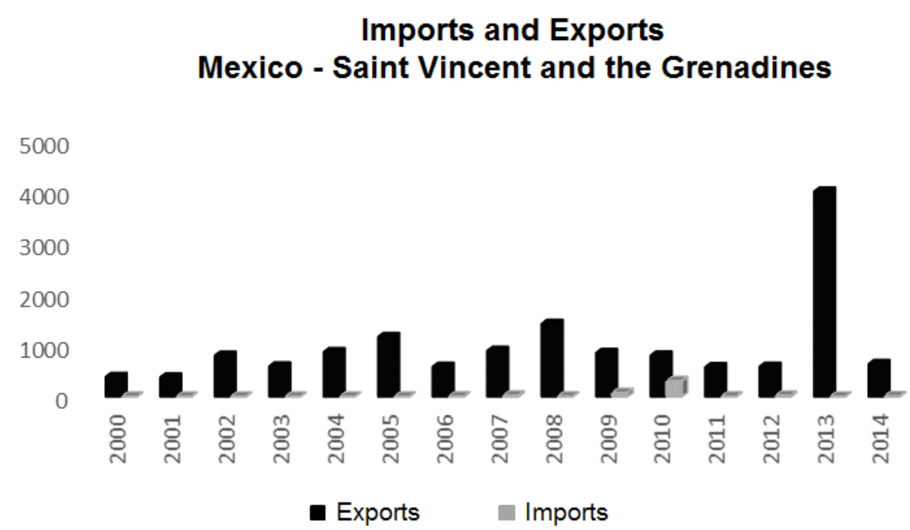


Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 21
Mexico and Saint Vincent and the Grenadines
Meagre trade figures also show practically null imports (except for 2010). In turn, Mexican exports grew until the year 2005, declining by more than 50% in 2006 and rebounding again in 2008. In 2013, they fell and rebounded again.

Trade balance of Mexico with St. Vincent and the Grenadines				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	385	0	385	385
2001	376	0	376	376
2002	801	0	801	801
2003	592	0	592	592
2004	872	0	872	872
2005	1,169	0	1,169	1,169
2006	585	5	590	580
2007	896	24	920	872
2008	1,425	6	1,431	1,419
2009	856	75	931	781
2010	804	306	1,110	498
2011	578	4	582	574
2012	586	21	607	565
2013	4,018	2	4,020	4,016
2014	638	12	650	626

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.

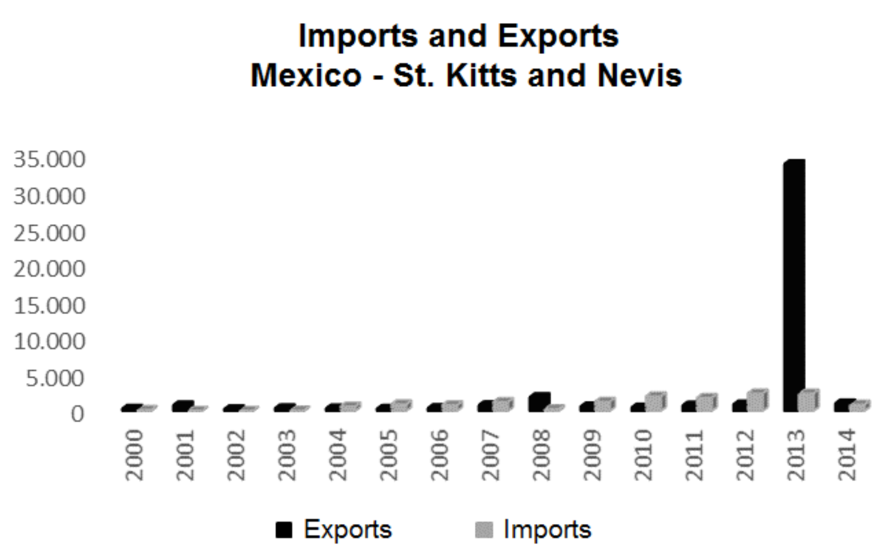


Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 22
Mexico and St. Kitts and Nevis
Trade between these two nations is also very small and variable, sometimes with surplus and others with a marked deficit that lasts for years.

Trade balance of Mexico with St. Kitts and Nevis Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	294	119	413	175
2001	763	9	772	754
2002	231	1	232	230
2003	371	52	423	319
2004	333	599	932	-266
2005	287	890	1,177	-603
2006	377	782	1,159	-405
2007	777	1,196	1,973	-419
2008	1,878	234	2,112	1,644
2009	617	1,236	1,853	-619
2010	453	1,972	2,425	-1,519
2011	727	1,775	2,502	-1,048
2012	872	2,371	3,243	-1,499
2013	33,747	2,371	36,118	31,376
2014	1,027	861	1,888	166

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



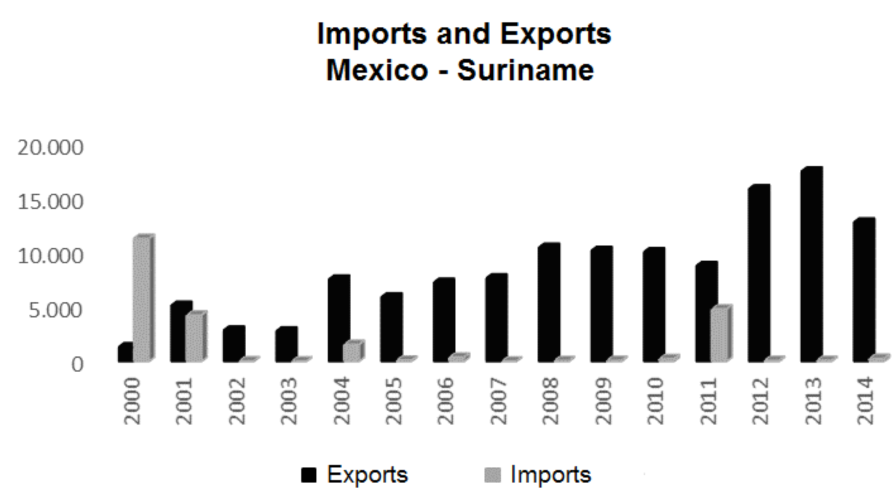
Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 23
Mexico and Suriname

Mexican exports to Suriname have tended to rise; the most significant increase was from 2007 to 2008, they fell in 2011 and then they rebounded in 2012. Meanwhile, imports are very small and erratic. Since 2002, the trade balance is in surplus.

Trade balance of Mexico with Suriname				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	1,307	11,234	12,541	-9,927
2001	5,108	4,223	9,331	885
2002	2,840	25	2,865	2,815
2003	2,762	10	2,772	2,752
2004	7,500	1,540	9,040	5,960
2005	5,875	91	5,966	5,784
2006	7,219	366	7,585	6,853
2007	7,616	5	7,621	7,611
2008	10,417	56	10,473	10,361
2009	10,132	73	10,205	10,059
2010	10,012	228	10,240	9,784
2011	8,741	4,779	13,520	3,962
2012	15,775	70	15,845	15,705
2013	17,398	78	17,476	17,320
2014	12,731	255	12,986	12,476

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



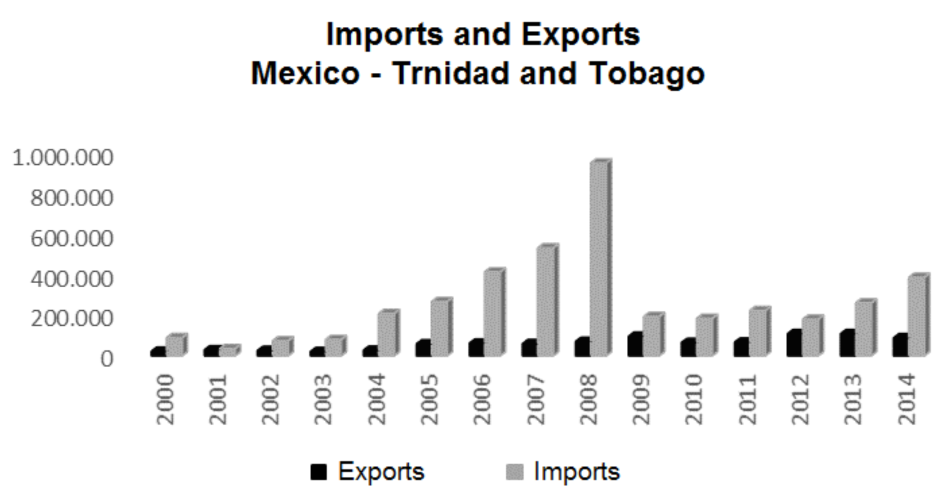
Source: Prepared by the author, based on statistics from the Secretariat of Economy.

TABLE 24
Mexico and Trinidad and Tobago

Trinidad and Tobago is the Caribbean country with which Mexico maintains the largest trade exchanges. As we can see, every year the balance of trade presents a deficit, with 2007 and 2008 being the most significant years in this regard. The persistent deficit is explained, above all, by the Mexican imports of products derived from the industry of oils and hydrocarbons.

Trade balance of Mexico with Trinidad and Tobago				
Values in thousands of dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	21,097	87,352	108,449	-66,255
2001	28,217	33,793	62,010	-5,576
2002	25,186	72,393	97,579	-47,207
2003	19,933	78,562	98,495	-58,629
2004	26,667	206,198	232,865	-179,531
2005	57,281	264,655	321,936	-207,374
2006	60,964	410,225	471,189	-349,261
2007	58,464	528,330	586,794	-469,866
2008	69,170	945,136	1,014,306	-875,966
2009	94,718	191,868	286,586	-97,150
2010	64,401	182,436	246,837	-118,035
2011	65,731	220,573	286,304	-154,842
2012	107,846	178,700	286,546	-70,854
2013	107,745	258,650	366,395	-150,905
2014	87,758	384,050	471,808	-296,292

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



Source: Prepared by the author, based on statistics from the Secretariat of Economy.

A N N E X I I I

MEXICO'S MAIN TRADE PARTNERS

TABLE 25
Exports
According to the Secretariat of Economy, Mexico's main trade partners are: United States, Canada, Brazil, Germany, Colombia, Spain and China.

Value in million dollars	2008	2009	2010	2011	2012	2013	2014
TOTAL	**291,342.6**	**229,703.5**	**298,473.1**	**349,433.4**	**370,769.9**	**380,026.6**	**397,535.4**
United States	233,522.7	185,101.1	238,684.4	274,426.5	287,842.2	299,439.5	318,889.9
(% over total)	**80.15%**	**80.58%**	**79.97%**	**78.53%**	**77.63%**	**78.79%**	**80.22%**
Canada	7,102.3	8,244.2	10,685.6	10,694.6	10,937.6	10,452.7	10,670.1
(% over total)	**2.44%**	**3.59%**	**3.58%**	**3.06%**	**2.95%**	**2.75%**	**2.68%**
Germany	5,008.2	3,210.1	3,571.7	4,343.0	4,494.6	3,797.2	3,501.8
(% over total)	**1.72%**	**1.40%**	**1.20%**	**1.24%**	**1.21%**	**1.00%**	**0.88%**
Spain	4,232.9	2,507.8	3,838.0	4,904.8	7,075.1	7,137.6	5,946.0
(% over total)	**1.45%**	**1.09%**	**1.29%**	**1.40%**	**1.91%**	**1.88%**	**1.50%**
Brazil	3,366.9	2,438.2	3,781.0	4,891.2	5,657.5	5,386.4	4,739.6
(% over total)	**1.16%**	**1.06%**	**1.27%**	**1.40%**	**1.53%**	**1.42%**	**1.19%**
Colombia	3,032.4	2,490.5	3,757.1	5,632.6	5,592.3	4,735.2	4,733.8
(% over total)	**1.04%**	**1.08%**	**1.26%**	**1.61%**	**1.51%**	**1.25%**	**1.19%**
China	2,044.8	2,207.8	4,182.8	5,964.2	5,720.7	6,470.0	5,979.5
(% over total)	**0.70%**	**0.96%**	**1.40%**	**1.71%**	**1.54%**	**1.70%**	**1.50%**

Source: Prepared by the author, based on information from the Secretariat of Economy, Sub-Secretariat of Foreign Trade.

TABLE 26
Imports

Value in million dollars	2008	2009	2010	2011	2012	2013	2014
TOTAL	**308,603.2**	**234,385.0**	**301,481.8**	**350,842.9**	**370,751.6**	**381,210.2**	**399,977.2**
United States	151,334.6	112,433.8	145,007.3	174,356.0	185,109.8	187,261.9	195,278.4
(% over total)	**49.04%**	**47.97%**	**48.10%**	**49.70%**	**49.93%**	**49.12%**	**48.82%**
Japan	16,282.5	11,397.1	15,014.7	16,493.5	17,655.2	17,076.1	17,544.6
(% over total)	**5.28%**	**4.86%**	**4.98%**	**4.70%**	**4.76%**	**4.48%**	**4.39%**
Germany	12,605.7	9,727.3	11,076.8	12,862.6	13,507.8	13,461.0	13,762.3
(% over total)	**4.08%**	**4.15%**	**3.67%**	**3.67%**	**3.64%**	**3.53%**	**3.44%**
Canada	9,442.5	7,303.7	8,607.5	9,645.4	9,889.8	9,847.0	10,044.9
(% over total)	**3.06%**	**3.12%**	**2.86%**	**2.75%**	**2.67%**	**2.58%**	**2.51%**
Korea	13,548.1	10,958.7	12,776.5	13,690.3	13,350.1	13,507.4	13,781.9
(% over total)	**4.39%**	**4.68%**	**4.24%**	**3.90%**	**3.60%**	**3.54%**	**3.45%**
China	34,690.3	32,529.0	45,607.6	52,248.0	56,936.1	61,321.4	66,256.0
(% over total)	**11.24%**	**13.88%**	**15.13%**	**14.89%**	**15.36%**	**16.09%**	**16.56%**

Source: Prepared by the author, based on information from the Secretariat of Economy, Sub-Secretariat of Foreign Trade.

A N N E X I V

CARICOM, MEXICO AND CENTRAL AMERICA TRADE FLOWS

TABLE 27
CARICOM and Mexico
Million dollars

CARICOM COUNTRIES	2008		2009		2010		2011		2012		2013	
	M	X	M	X	M	X	M	X	M	X	M	X
Total CARICOM with Mexico	**487**	**610**	**362**	**117**	**316**	**85**	**528**	**102**	**577**	**137**	**616**	**96**
Barbados	19	1	18	-	21	1	19	-	24	2	35	-
Guyana	8	4	6	-	10	6	15	8	19	8	19	8
Jamaica	203	5	112	5	77	2	276	4	264	3	274	3
Suriname	11	-	12	-	15	-	13	-	11	-	18	-
Trinidad and Tobago	153	593	131	106	107	67	110	82	150	118	150	70
Belize	79	7	68	6	69	9	76	8	92	6	106	14
Antigua and Barbuda	-	-	3	-	4	-	4	-	4	-	4	-
Dominica	1	-	1	-	1	-	1	-	1	-	1	-
Grenada	4	-	2	-	3	-	3	-	2	-	1	-
Montserrat	-	-	-	-	-	-	-	-	-	-	-	-
St. Kitts and Nevis	1	-	1	-	1	-	1	-	1	-	1	-
St. Lucia	6	-	6	-	6	-	8	-	6	-	4	1
St. Vincent and the Grenadines	2	-	2	-	2	-	2	-	3	-	3	-

Source: Prepared by the author, based on data from CARICOM Stats.

M – Imports
X – Exports

TABLE 28
CARICOM and SICA
Million dollars

CARICOM COUNTRIES	2008		2009		2010		2011		2012		2013	
	M	X	M	X	M	X	M	X	M	X	M	X
CARICOM	**332**	**288**	**323**	**112**	**337**	**242**	**356**	**201**	**439**	**83**	**429**	**512**
Barbados	22	3	17	2	20	2	20	2	19	2	17	3
Guyana	8	1	15	1	12	-	14	1	25	1	30	1
Jamaica	127	6	100	6	112	7	128	6	147	4	135	4
Suriname	13	-	22	-	15	-	13	-	15	-	15	-
Trinidad and Tobago	51	222	65	93	78	194	80	157	106	52	107	496
Belize	94	55	85	9	83	38	84	34	109	24	104	6
Antigua and Barbuda	-	-	3	-	3	-	2	-	3	-	3	-
Dominica	2	-	2	-	1	-	1	-	2	-	2	1
Grenada	6	-	4	-	3	-	3	-	2	-	3	-
Montserrat	-	-	-	-	-	-	-	-	-	-	-	-
St. Kitts and Nevis	1	-	1	-	1	-	1	-	1	-	1	-
St. Lucia	5	1	7	1	7	1	8	1	8	-	9	1
St. Vincent and the Grenadines	3	-	2	-	2	-	2	-	2	-	3	-

Source: Prepared by the author, based on data from CARICOM Stats.

M – Imports
X – Exports

TABLE 29
Trade Balance between CARICOM and SICA
Million dollars

CARICOM COUNTRIES	2008	2009	2010	2011	2012	2013
CARICOM	**-41**	**-213**	**-93**	**-156**	**-354**	**83**
Barbados	-19	-15	-18	-18	-16	-14
Guyana	-7	-14	-12	-13	-24	-29
Jamaica	-120	-95	-105	-123	-143	-131
Suriname	-13	-22	-15	-13	-15	-15
Trinidad and Tobago	172	28	117	78	-54	389
Belize	-38	-77	-45	-51	-85	-98
Antigua and Barbuda	-	-3	-3	-2	-3	-3
Dominica	-2	-2	-1	-1	-2	-1
Grenada	-6	-4	-3	-3	-2	-3
Montserrat	-	-	-	-	-	-
St. Kitts and Nevis	-1	-1	-1	-1	-	-1
St. Lucia	-4	-6	-6	-7	-8	-8
St. Vincent and the Grenadines	-3	-2	-1	-2	-2	-3

Source: Prepared by the author, based on data from CARICOM Stats.

TABLE 30
Main trade partners of CARICOM - Exports

According to the information provided by CARICOM, its main trade partners have been: United States, the Andean Community, the European Union, Japan, Canada and the United Kingdom.

Values in thousands of Eastern Caribbean dollars	2003	2004	2005	2006	2007	2008	2009	2010
Total	**16,924,499**	**21,855,931**	**29,918,114**	**43,187,932**	**45,531,789**	**55,917,668**	**31,704,481**	**36,304,439**
United States	9,434,661	13,892,532	17,402,612	24,955,159	25,611,021	26,641,056	16,378,329	17,548,050
(% over total)	**55.75%**	**63.56%**	**58.17%**	**57.78%**	**56.25%**	**47.64%**	**51.66%**	**48.34%**
Andean Community	252,643	179,693	559,322	619,651	876,181	878,151	373,719	1,121,248
(% over total)	**1.49%**	**0.82%**	**1.87%**	**1.43%**	**1.92%**	**1.57%**	**1.18%**	**3.09%**
European Union	2,382,576	2,799,679	3,356,159	6,988,505	7,904,846	10,561,180	6,072,483	4,720,439
(% over total)	**14.08%**	**12.81%**	**11.22%**	**16.18%**	**17.36%**	**18.89%**	**19.15%**	**13.00%**
Japan	85,909	106,185	86,438	302,846	337,018	454,596	163,585	88,276
(% over total)	**0.51%**	**0.49%**	**0.29%**	**0.70%**	**0.74%**	**0.81%**	**0.52%**	**0.24%**
Canada	1,074,409	1,243,974	1,720,671	2,232,357	2,345,567	2,947,338	2,310,901	3,484,629
(% over total)	**6.35%**	**5.69%**	**5.75%**	**5.17%**	**5.15%**	**5.27%**	**7.29%**	**9.60%**
United Kingdom	1,084,466	1,218,875	1,302,206	1,463,069	1,979,889	2,265,087	2,178,223	1,347,078
(% over total)	**6.41%**	**5.58%**	**4.35%**	**3.39%**	**4.35%**	**4.05%**	**6.87%**	**3.71%**

Source: Prepared by the author, based on data from CARICOM Stats.

**Information available up to the year 2010.*

Notes:
2006 excludes information about Antigua and Barbuda and Suriname.
2003 and 2004 exclude information about Antigua and Barbuda and information on exports from Suriname.
2005 excludes information on exports from Suriname.
2006 excludes information on exports from Antigua and Barbuda and Suriname.

TABLE 31
Main trade partners of CARICOM - Imports

Values in thousands of Eastern Caribbean dollars	2003	2004	2005	2006	2007	2008	2009	2010
Total	**27,346,332**	**31,504,515**	**38,835,359**	**42,688,654**	**50,438,356**	**59,351,439**	**44,649,871**	**43,779,431**
United States	11,407,082	12,873,903	15,767,443	15,817,399	19,247,462	21,693,554	17,162,458	16,292,306
(% over total)	**41.71%**	**40.86%**	**40.60%**	**37.05%**	**38.16%**	**36.55%**	**38.44%**	**37.21%**
Andean Community	1,698,378	1,476,933	3,147,820	3,868,550	5,054,534	6,659,013	4,634,540	4,511,479
(% over total)	**6.21%**	**4.69%**	**8.11%**	**9.06%**	**10.02%**	**11.22%**	**10.38%**	**10.31%**
European Union	4,726,290	5,652,639	4,977,463	5,453,327	6,304,332	7,170,461	5,620,366	4,844,698
(% over total)	**17.28%**	**17.94%**	**12.82%**	**12.77%**	**12.50%**	**12.08%**	**12.59%**	**11.07%**
Japan	1,388,007	1,689,624	1,848,977	1,819,865	2,062,157	2,064,523	1,274,427	1,352,738
(% over total)	**5.08%**	**5.36%**	**4.76%**	**4.26%**	**4.09%**	**3.48%**	**2.85%**	**3.09%**
Canada	887,716	889,481	985,269	1,126,113	1,685,464	1,445,442	1,163,910	1,205,970
(% over total)	**3.25%**	**2.82%**	**2.54%**	**2.64%**	**3.34%**	**2.44%**	**2.61%**	**2.75%**
United Kingdom	1,395,430	1,630,784	1,671,069	1,592,386	1,816,221	1,626,000	1,380,375	1,283,325
(% over total)	**5.10%**	**5.18%**	**4.30%**	**3.73%**	**3.60%**	**2.74%**	**3.09%**	**2.93%**

Source: Prepared by the author, based on data from CARICOM Stats.

**Information available up to the year 2010.*

Note:
2006 excludes information about Antigua and Barbuda and Suriname.

TABLE 32
Trade Flows between SICA and Mexico
Imports, Exports and Trade Balance
Thousands dollars

	SICA Imports from Mexico	SICA Exports to Mexico	Trade Balance between SICA and Mexico
2000	1,431,627	266,994	-1,164,633
2001	1,536,076	220,446	-1,315,630
2002	1,515,327	255,257	-1,260,071
2003	1,613,660	332,974	-1,280,686
2004	1,797,512	428,992	-1,368,521
2005	2,236,488	438,089	-1,798,399
2006	2,691,063	494,832	-2,196,231
2007	3,518,514	655,980	-2,862,534
2008	4,022,002	800,317	-3,221,685
2009	2,958,195	656,492	-2,301,703
2010 (P)	3,879,818	829,353	-3,050,465
2011 (p)	4,381,056	985,916	-3,395,139
2012 (p)	4,557,545	975,866	-3,581,679
2013 (p)	4,505,822	808,756	-3,697,066
2014 (a)	4,712,246	801,725	-3,910,521

Source: Prepared by the author, based on data from the Central American Statistical System (SEC).

Notes:
The figures for the period 2007-2014 were updated, according to official sources of information, up to July 2015.

0 = Magnitude lower than half of the lowest decimal fraction used.
--- = No trade registered.
(p) = Preliminary figures.
(a) = Accumulated figures up to December 2014.
M = Imports: Expressed in CIF values (i.e. cost, insurance and freight).
X = Exports: Expressed in FOB values (free on board). It does not include insurance or freight.

TABLE 33
SICA and CARICOM – Imports and Exports

	M	X	M	X	M	X	M	X	M	X	M	X	M	X
	2008		2009		2010 (P)		2011 (p)		2012 (p)		2013 (p)		2014 (a)	
Antigua and Barbuda	0	3	0	2	0	3	0	2	0	2	0	1	0	2
Barbados	5	18	1	18	7	21	0	18	0	15	9	37	9	15
Belize	36	85	53	64	54	58	26	63	8	73	6	70	6	99
Dominica	0	2	0	2	0	2	0	1	0	2	0	3	0	3
Grenada	0	4	1	2	0	2	0	2	0	3	0	3	0	3
Guyana	1	7	0	11	0	6	0	11	1	16	1	15	14	21
Jamaica	6	99	9	80	13	95	4	103	2	119	2	95	1	86
Montserrat	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. Vincent and the Grenadines	0	2	0	1	0	1	0	1	---	2	0	2	0	2
St. Kitts and Nevis	0	2	0	0	0	1	0	1	0	1	---	1	0	1
St. Lucia	0	5	41	6	0	5	0	6	0	7	0	10	0	6
Trinidad and Tobago	151	58	156	71	213	78	191	75	133	94	347	89	219	85

Source: Prepared by the author, based on data from the Central American Statistical System (SEC).

Notes:
The figures for the period 2008-2013 were updated, according to official sources of information, up to May 2014. The figures for 2014 are accumulated up to December 2014.

0 = Magnitude lower than half of the lowest decimal fraction used.
--- = No trade registered.
(p) = Preliminary figures.
(a) = Accumulated figures up to December 2014.
M = Imports: Expressed in CIF values (i.e. cost, insurance and freight).
X = Exports: Expressed in FOB values (free on board). It does not include insurance or freight.

TABLE 34
SICA and CARICOM – Trade Balance
Million dollars

	2004	2005	2006	2007	2008	2009	2010 (P)	2011 (p)	2012 (p)	2013 (p)	2014 (a)
Antigua and Barbuda	1	1	2	2	3	2	3	2	2	1	2
Barbados	-238	-245	11	4	13	16	14	18	14	29	6
Belize	46	52	39	19	49	11	4	37	65	64	94
Dominica	1	1	1	1	2	2	2	1	2	3	3
Grenada	0	5	3	3	4	2	2	2	3	3	3
Guyana	4	5	5	4	7	10	6	10	15	14	8
Jamaica	68	75	79	88	93	71	82	99	116	93	84
Montserrat	0	0	0	0	0	0	0	0	0	0	0
St. Vincent and the Grenadines	1	1	-1	1	2	1	1	1	2	2	2
St. Kitts and Nevis	0	0	0	0	2	0	0	1	1	1	1
St. Lucia	2	4	5	5	5	-35	5	6	7	10	6
Trinidad and Tobago	-91	-95	-69	-149	-92	-85	-134	-115	-39	-258	-134

Source: Prepared by the author, based on data from the Central American Statistical System (SEC).

Notes:
The figures for the period 2004-2013 were updated, according to official sources of information, up to May 2014. They are accumulated up to December 2014.

0 = Magnitude lower than half of the lowest decimal fraction used.
--- = No trade registered.
(p) = Preliminary figures.
(a) = Accumulated figures up to December 2014.
M = Imports: Expressed in CIF values (i.e. cost, insurance and freight).
X = Exports: Expressed in FOB values (free on board). It does not include insurance or freight.

ANNEX V

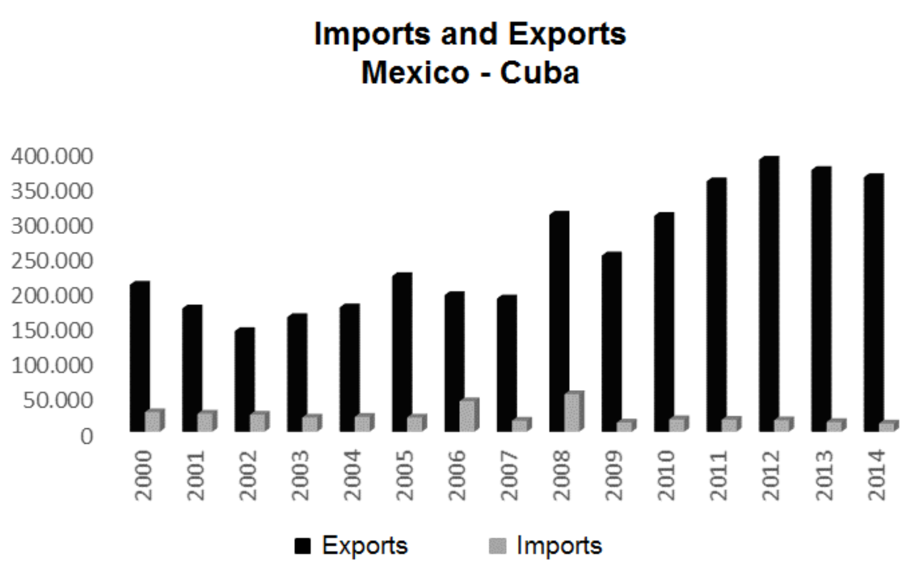
TRADE EXCHANGES OF MEXICO, CARICOM AND CENTRAL AMERICA WITH CUBA

TABLE 35
Trade Balance - Mexico with Cuba

Mexico's trade with Cuba has been constant and relatively important in comparison with the other countries analyzed in this study. As can be seen in both variables, since the year 2000, which is the initial year considered in this study, the trade balance shows a surplus.

Trade balance of Mexico with Cuba				
Thousand dollars				
Year	**Exports**	**Imports**	**Total Trade**	**Trade Balance**
2000	209,207	27,976	237,183	181,231
2001	175,554	25,663	201,217	149,891
2002	143,333	24,284	167,617	119,049
2003	163,144	20,299	183,443	142,845
2004	176,899	21,152	198,051	155,747
2005	221,588	20,293	241,881	201,295
2006	194,411	43,399	237,810	151,012
2007	189,550	15,643	205,193	173,907
2008	308,860	53,396	362,256	255,464
2009	250,793	13,094	263,887	237,699
2010	307,264	17,769	325,033	289,495
2011	356,438	17,133	373,571	339,305
2012	387,126	16,486	403,612	370,640
2013	372,607	13,819	386,426	358,788
2014	362,287	11,637	373,924	350,650

Source: Prepared by the author, based on statistics from the Working Group on Foreign Trade Statistics, made up by the Bank of Mexico, INEGI, the Tax Administration Service and the Secretariat of Economy.



Source: Prepared by the author, based on data from the Secretariat of Economy.

TABLE 36
Imports and Exports between CARICOM countries and Cuba
Million dollars

Trade between Cuba and CARICOM countries is markedly scarce and erratic.

CARICOM COUNTRIES	2007		2008		2009		2010		2011		2012		2013	
	M	X	M	X	M	X	M	X	M	X	M	X	M	X
CARICOM	**24**	**23**	**12**	**41**	**8**	**6**	**8**	**24**	**8**	**24**	**11**	**15**	**20**	**51**
Barbados	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guyana	-	-	-	1	2	-	1	-	1	-	-	-	-	-
Jamaica	17	6	6	8	4	4	5	3	5	5	1	7	2	4
Suriname	-	-	2	-	-	-	2	-	2	-	3	-	5	-
Trinidad and Tobago	7	17	4	32	1	2	-	21	-	19	7	8	3	47
Belize	-	-	-	-	-	-	-	-	-	-	-	-	9	-
Antigua and Barbuda	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dominica	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grenada	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Montserrat	-	-	-	-	-	-	-	-	-	-	-	-	-	-
St. Kitts and Nevis	-	-	-	-	-	-	-	-	-	-	-	-	-	-
St. Lucia	-	-	-	-	-	-	-	-	-	-	-	-	-	-
St. Vincent and the Grenadines	-	-	-	-	1	-	-	-	-	-	-	-	1	-

Source: Prepared by the author, based on data from Caricom Stats.

M - Imports
X - Exports

TABLE 37
Trade between SICA and Cuba
Million dollars

Trade between Cuba and SICA countries is still in a fledgling stage, but has been growing lately.

	M	X	M	X	M	X	M	X	M	X	M	X	M	X	M	X
	2007		2008		2009		2010 (P)		2011 (p)		2012 (p)		2013 (p)		2014 (a)	
Cuba	30	33	60	45	22	28	16	37	50	41	30	37	30	46	24	55

Source: Prepared by the author, based on data from the Central American Statistics System (SEC).

Notes:
The figures for the period 2007-2014 were updated, according to official sources of information, up to July 2015.

0 = Magnitude lower than half of the lowest decimal fraction used.
--- = No trade registered.
(p) = Preliminary figures.
(a) = Accumulated figures up to December 2014.
M = Imports: Expressed in CIF values (i.e. cost, insurance and freight).
X = Exports: Expressed in FOB values (free on board). It does not include insurance or freight.

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