

# CARIBBEAN

25°N

TROPIC OF CANCER

# CARICOM SINGLE MARKET & ECONOMY

20°N

15°N

10°N





# WHY INTEGRATE?

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- Cultural
  - Common History and Caribbean Identity
- Political
  - Decolonization to Globalization
- Social
  - Shared resources for the betterment of our people



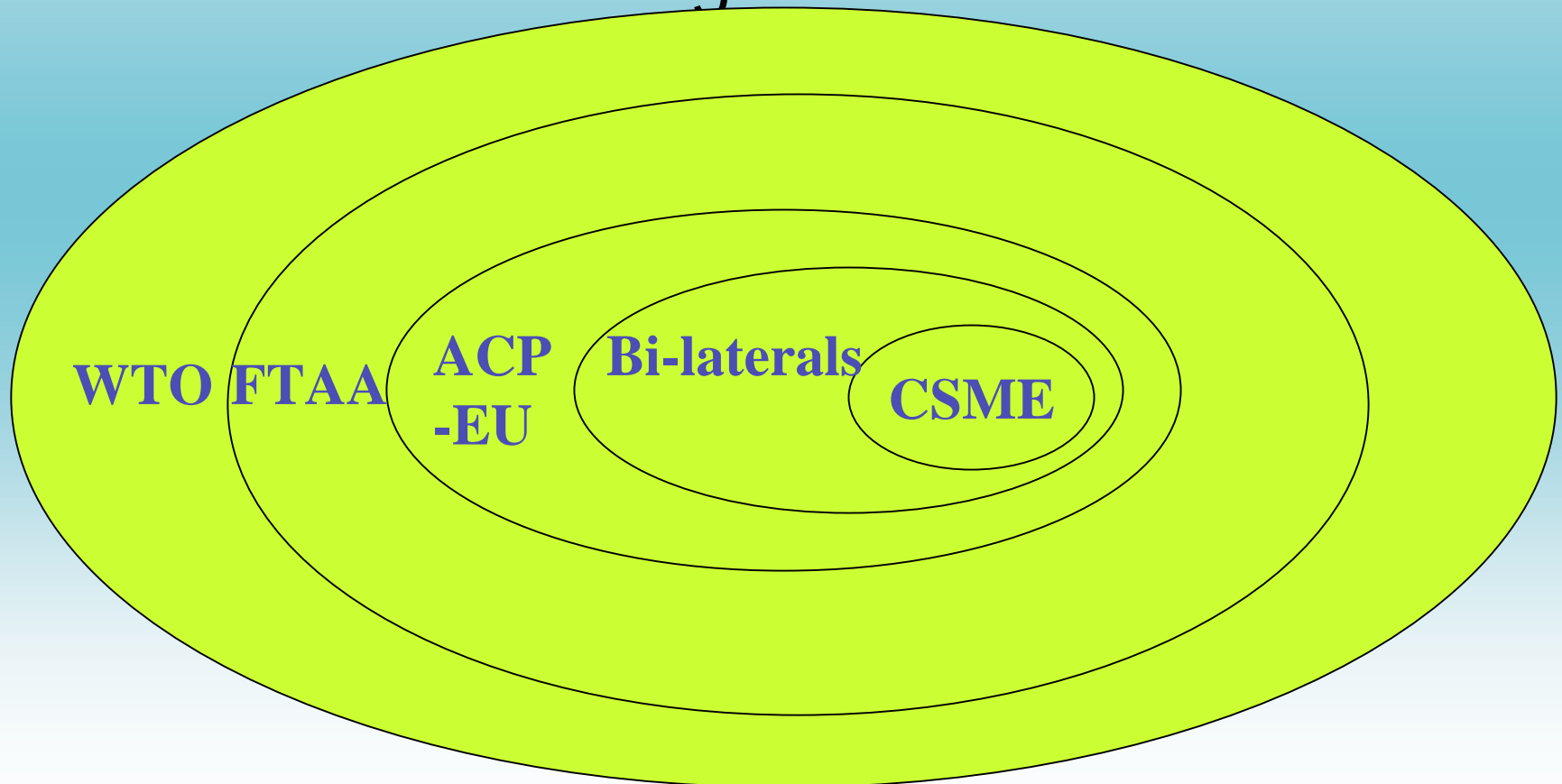
# WHY INTEGRATE?

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- Economic
  - Overpowering the limitations of:
    - ❖ **Size:** small labour force; small individual consumer markets; limited resources for investment;
    - ❖ **Economic Vulnerability:** small/micro economy; natural disasters; structure of economy
    - ❖ **Rigid economic structure:** non-diversified economy; preferential market access; high dependency on customs revenue; ...
- Integration in the Global Economy

# THE GLOBAL TRADING FRAMEWORK

Cross-cutting commitments!





# AN OVERVIEW OF THE CSME...

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## DEFINITION:

The CSME is defined as a single economic space, to include the 13 original Member States of CARICOM (1973) plus two new Member States, Suriname and Haiti.

- Article 78 (2)- Full integration of the national markets of all member states of the community into a single unified open market area
- It is an arrangement that allows CARICOM goods, services, people, and capital to move throughout the community without restrictions, to achieve a single large economic space, and to provide for one economic and trade policy and thereby secure the most favourable terms of trade for Community goods and service exported to third states



# KEY OBJECTIVES OF CSME

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- Improved standards of living
- Full employment
- Economic development convergence
- Enhanced international competitiveness
- Increased production & productivity
- Trade & economic expansion
- Increased economic leverage in international arena
- Co-ordination of foreign economic policies and relations with third states or group of states.
- Enhancement of functional co-operation



# KEY PRINCIPLES...

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- **Non-Discrimination (Art.7)**

“(...) any discrimination on grounds of nationality only shall be prohibited.”

- **Most Favoured Nation Treatment (MFN) (Art. 8)**

“(...) each Member State shall, with respect to any rights covered by this Treaty, accord to another Member State treatment no less favourable than that accorded to:

- a) a third Member State; or
- b) third States.



# KEY PRINCIPLES.

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## ■ Less Developed Countries and More Developed Countries (Art. 4)

### ■ LDCs

- Antigua & Barbuda
- Belize
- Dominica
- Grenada
- Haiti
- Montserrat
- St. Kitts & Nevis
- St. Lucia
- St. Vincent the Grenadines

### ■ MDCs

- Bahamas\*
- Barbados
- Guyana
- Jamaica
- Suriname
- Trinidad & Tobago



# KEY REQUIREMENTS FOR THE IMPLEMENTATION OF THE CSME



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- Treaty Revision
- National Administration
- Enforcement, Regulation and Supporting Institutions
- Free Movement of Goods
- Free Movement of Services
- Right of Establishment
- Free Movement of Capital
- Common External Policy
- Public Education Programme
- Harmonization of Laws
- Establishment of the Caribbean Court of Justice



# IMPLEMENTING THE CSME...

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- Important time line set by the Conference of Heads of Government:
  1. December 31, 2005  
Implementation of the Single Market
  2. December 31, 2008  
Completion of measures for the Single Economy



# IMPLEMENTING THE CSME...

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- The Revised Treaty must be enacted into domestic Law;
- The CCJ must function in its Original Jurisdiction;
- Absence of legal and administrative restrictions on:
  - a) Provision of services, movement of capital and the right of establishment;
  - b) Free movement of graduates, media workers, sports persons, musicians and artistes;
- Hassle free intra-regional travel;
- Introduction of the CARICOM Passport;



# IMPLEMENTING THE CSME...

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- Removal of unauthorised restrictions in the Single Market for goods;
- Completion of the following legal and institutional measures:
  - a) Enactment into national legislation of (i) the Double Taxation Agreement and (ii) the Agreement Establishing CROSOQ;
  - b) The Agreement on Transference of Social Security Benefits;
  - c) Regional and National Accreditation Bodies or arrangements operational; and
  - d) Inter-Ministerial Committee and Business and Labour Advisory Committee fully operational in each Member State;



# IMPLEMENTING THE CSME.

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- Agreement on:
  - a) Rights contingent on Free Movement of Persons;
  - b) Government Procurement;
- Start-up operations of the Development Fund for Disadvantaged Countries, Regions and Sectors.



# ARE WE READY ?

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- Only three countries, Barbados, Jamaica and Trinidad & Tobago have declared their readiness to early completion of the requirements for the Single Market.
- Other Member States are at varying stages of implementation of the Single Market.
- The process is further complicated by recent developments in Haiti.
- Politicians, technicians and other stakeholders are actively engaged to bring the CSME to fruition.



# ARE WE READY ?

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- The three key elements of the Single Economy are:
  - The macro-economic framework;
  - The sectoral development plan; and
  - The institutional arrangements.
- These require even greater commitment of the people of the Region as they involve ceding substantial national economic decision making to the regional grouping.
- We have an additional three years to complete this process.



# OPPORTUNITIES...

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- **Larger market opportunities**
- **Increased flows of new capital, entrepreneurship and technology from within and outside the Region**
- **Increased employment opportunities and improved standard of living**
- **Greater opportunity for travel, study and work in CARICOM Countries**
- **Increased competitiveness and productivity to face mounting external challenges**





# OPPORTUNITIES...

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- **Lower consumer prices**
- **Creation of regional companies with greater economies of scale and development of pan Caribbean Brands.**
- **Increased opportunities to invest through direct stock ownership or mutual fund investments**
- **Harmonized framework to facilitate more rapid growth of the Services Sector**
- **Secure platform for our entrance into the FTAA and other multilateral trade initiatives**



# Implementation Challenges

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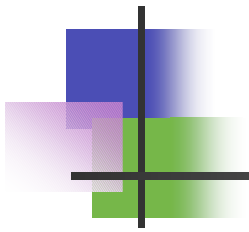
- Wavering Political Will?
- Symbolism vs. substance – changing the mindset.
- Institutional capacity constraints –human and financial resources.
- Gravitation of Professional Human Resources to more developed markets.
- Dislocation of vulnerable economic enterprises due to increased regional competition.
- Increased demand from more developed economies for uniform market access to the Region due to mirage of readiness, thereby diminishing the special and deferential treatment to the most vulnerable.



# CSME Heaven!

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- The CSME will allow entrepreneurs to trade freely without hindrance, to establish and service markets/clients in other Member States, to attract capital or invest/utilize funds in another Member State, to hire from or work in another state, all with the objective of facilitating the continued development of our people and our region.
- We must accept that we will encounter challenges in the process, but we must also accept that it is our single opportunity to organize ourselves for efficient and competitive production to face a more globalized world.



ANY QUESTIONS?

# FREE TRADE AREA OF THE AMERICAS



# What is the FTAA?

- The Free Trade Area of the Americas (FTAA) is the creation of a free trade zone for every country in North, Central and South America and the Caribbean, except Cuba. It would encompass all major trading blocks in the hemisphere and was slated for completion in January of 2005.
- CARICOM
- Andean Community
- Mercusor
- NAFTA
- CACM

# Background

- Summit of the Americas in Miami - December 1994
- “Preparatory Phase”- 4 Ministerial Meetings:
  - 1.) Denver, USA- June 1995
  - 2.) Cartagena, Columbia – March 1996
  - 3.) Belo Horizonte, Brazil – May 1997
  - 4.) San José, Costa Rica – March 1998
- Agreed Principles and Objectives

# Background

- **Santiago Summit" in Chile - April 1998**
- **4 Ministerial meetings:**
  - 1.) **Quebec City in April 2000**
  - 2.) **Buenos Aires in April 2001,**
  - 3.) **Quito, Ecuador in October 2002, and**
  - 4.) **Miami, USA in November 2003**



# Negotiating Structure

- Summit Oversight
- Ministerial Meetings
- Trade Negotiation Committee (Vice Ministerial/  
Permanent Secretary Level)
- 9 Negotiating Groups
- 4 Committees and Groups
- Supported by the Tripartite Committee of the  
OAS, IADB and ECLAC
- The rotating FTAA Administrative Secretariat  
(Permanent Seat to be selected)

# Original Guiding Principles of the FTAA

- **Decisions taken by consensus;**
- **Negotiations conducted in transparent manner;**
- **Consistent with WTO rules and disciplines; and should improve upon these rules and disciplines where every possible and appropriate;**
- **Single undertaking;**
- **Can coexist with bilateral and sub-regional agreements;**
- **Special attention to the needs of smaller economies.**

# Miami Ministerial: Change of Vision!

## What set the stage for the Change in Vision?

- New governments elected such as in Venezuela, Brazil, Bolivia, Uruguay, and Argentina that have a fundamental difference on the objectives and approach to the FTAA.
- Negotiators vastly scaled back the scope of the proposed FTAA because of the growing divergences: Agriculture, Subsidies, Government Procurement and Trade Facilitation.
- Possibility of WTO negotiations superceding progress.
- New Vision of a 2 tiered approach : No Single Undertaking!

# Two-Tiered Approach

- **Compromise between divergent US and Brazilian ambitions**
- **On one level – common set of rights and obligations to be negotiated in all 9 negotiating areas**
- **On another level – countries that so choose can agree to additional obligations and benefits on a “plurilateral basis”**
- **Fundamental departure from the vision of the FTAA set in 1994.**
- **Labeled ‘FTAA-lite’, falling short on ‘ambition’ and creating an inner club.**

# 17<sup>th</sup> TNC: Talks Suspended

- **Puebla, Mexico - February 2004: TNC, instructed to:**
  - 1.) **Develop a common and balanced set of rights and obligations and**
  - 2.) **Develop Procedural arrangements applicable to those countries desirous of undertaking additional commitments**
- **Process stalled and TNC remains suspended**
- **Deadline for January 1, 2005 passed without agreement.**

# FTAA

## Failure To Agree Anything!

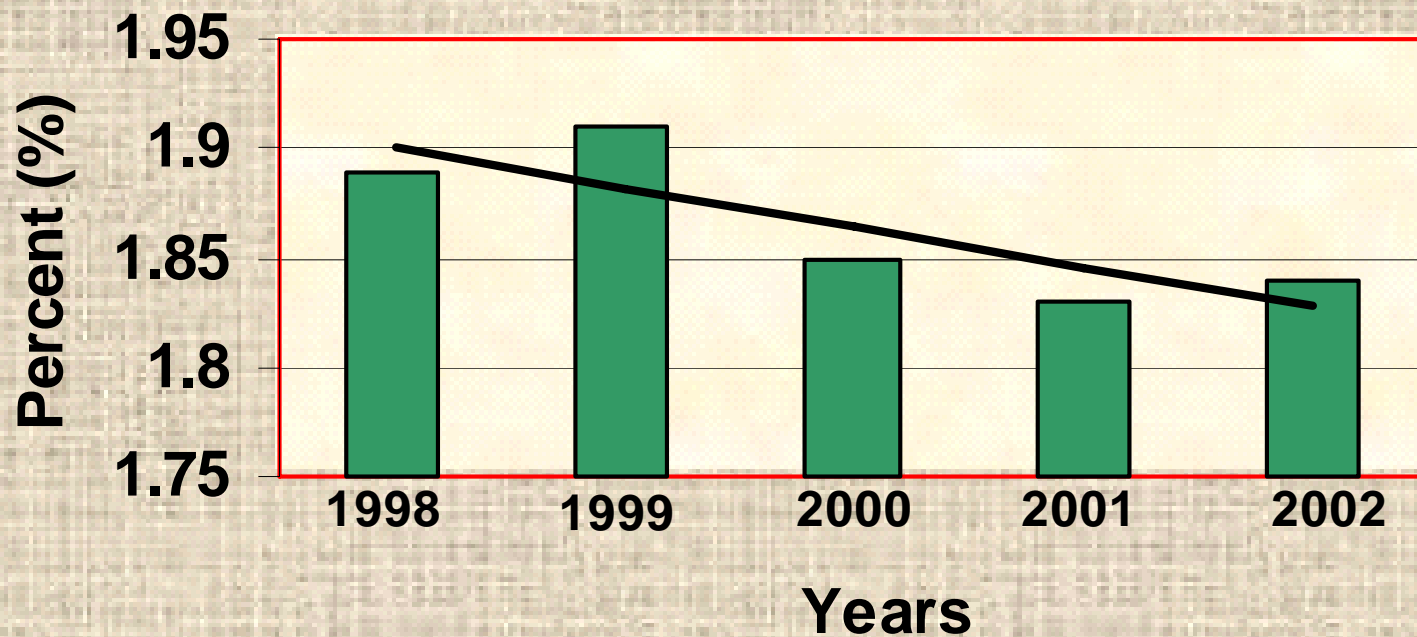
- **The present deadlock in negotiations puts the credibility of the negotiations and public support of the FTAA at risk.**
- **New Intra and Extra-Hemispheric Trade Arrangements taking precedence.**
- **Bush Administration using "divide-and-conquer" tactics to piecemeal their FTAA together with more pliable countries.**
  - **US - CAFTA**
  - **US - Andean FTA with Ecuador, Peru and Columbia**

# Prospects for Caribbean

- Resumed FTAA?
- US- CARICOM Bilateral? CBI expires January 2008.
- Canada- Caricom Bilateral? CARIBCAN expires December 2005.
- Standing still is not an option.

# CBI Exports to the US

## Decline of CBI Exports to US





# What next?

**Globalization and trade liberalization continues on multiple fronts, the region cannot afford to rest! We must:**

- **Finalize Implementation of the CSME and begin operating as a true single economic space,**
- **Work Assiduously to improve Export Competitiveness of Specific Commodities,**
- **Diversify in particular the services sector,**
- **Cultivate new strategic economic and political alliances as the old geopolitical framework is no longer sufficient to sustain our needs.**

Thank You!