

The Future of the Caribbean Economy

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EXECUTIVE SUMMARY

The Caribbean region is truly a cultural, political, linguistic, economic and social mosaic. The Caribbean rarely makes our daily news, and generally only when in crisis: damages caused by the most recent hurricane; clandestine boats arriving on American shores; altercations between criminal groups and law enforcement; etc. Meanwhile, promotional billboards abound with images of the region's heavenly beaches.

The purpose of this paper is to take a closer look at key issues facing the Caribbean, with a focus on recent economic and political developments in the region. The author situates the discussion within the context of several major challenges forming on the regional horizon.

The author argues that Caribbean states should create a common front with regard to economic integration, and within the context of negotiations on the Free Trade Area of the Americas (FTAA) in particular. Caribbean countries simply cannot afford to opt out of either regional or global trade arrangements, nor can they expect indefinite preferential support from the industrialized world. The paper also argues that environmental protection must become a key priority for the region. Environmental degradation in the Caribbean undermines the quality of life of its habitants and harms the development of tourism. In response to these issues, FOCAL believes that the Canadian government should offer its technical, financial and political support to multilateral organizations working to promote a more united political will in the Caribbean region.

RÉSUMÉ

La région caribéenne est une véritable mosaïque culturelle, politique, linguistique, économique et sociale. Au quotidien, les médias traitent de la Caraïbe lorsque différentes crises la frappent; dommages causés par le dernier ouragan, rafiots clandestins parvenant aux côtes américaines, affrontements entre groupes criminels et forces de l'ordre, etc. Et il y a toujours les publicités affichant les plages paradisiaques des Caraïbes.

L'intention de ce document est d'aller au-delà des faits divers pour offrir une analyse des récents développements économiques et politiques de la région caribéenne. Pour ce faire, l'auteur examine les principaux défis qui se dessinent à l'horizon caribéen.

L'auteur soutient que les États des Caraïbes devront faire front commun au chapitre de l'intégration économique, et plus précisément dans le contexte des négociations de la Zone de libre-échange des Amériques (ZLÉA). Ils ne peuvent se permettre de demeurer à l'écart des ententes commerciales régionales et globales et ils ne peuvent espérer indéfiniment un traitement différentiel des pays industrialisés. De plus, il soutient que la protection de l'environnement caribéen ne peut attendre davantage. La dégradation environnementale de l'espace caribéen diminue la qualité du niveau de vie des habitants et nuit au développement du secteur touristique. Pour ces raisons, il est de



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l'opinion de FOCAL que le gouvernement canadien doit accorder son soutien technique, financier et politique à des organisations multilatérales afin de favoriser une plus grande unification de la volonté politique de la région caribéenne.

RESUMEN

La región caribeña es un rico mosaico cultural, político, lingüístico, económico, y social indiscutible. No obstante, raramente se menciona el Caribe en los despachos noticiosos diarios, y casi siempre que se hace es para informar sobre alguna tragedia: los daños ocasionados tras el paso del último huracán, las embarcaciones clandestinas de emigrantes que llegan a las costas de los Estados Unidos, los choques entre grupos delictivos y las fuerzas del orden, etc. Sin embargo, no faltan las imágenes de anuncios publicitarios que resaltan las playas paradisíacas del Caribe.

El presente trabajo intenta ir más allá y ofrecer un análisis acerca de los acontecimientos más recientes en el terreno económico y político caribeño, y explorar los principales desafíos que se vislumbran en el horizonte de la región.

El autor sostiene que los estados caribeños deberán crear un frente común con respecto a las cuestiones de integración económica, en especial, a las que se desarrollan en el marco de las negociaciones sobre el Área de Libre Comercio para las Américas (ALCA). Los estados caribeños no pueden optar por no integrarse a los convenios comerciales ya sean regionales o globales, como tampoco pueden esperar recibir un trato preferencial indefinido por parte de los países industrializados. Igualmente, este documento subraya que la protección ambiental debe ser una prioridad de primer orden en la región ya que la degradación del medio ambiente disminuye la calidad de vida de los habitantes y acarrea consecuencias adversas para el desarrollo del sector turístico. Por estas razones, FOCAL opina que el gobierno canadiense deberá brindar apoyo técnico, financiero y político a través de diferentes organizaciones multilaterales a fin de favorecer una mayor unidad de voluntad política en el Caribe.

Introduction

It is clear that Caribbean countries face a host of key challenges at the dawn of the 21st century. As globalization pushes markets towards greater regionalization with the ensuing reduction, or even elimination, of tariff barriers, Caribbean nations continue to resist this global tendency despite themselves. This 'resistance' can be explained through a number of historical, political and economic realities.

The Caribbean Sea is above all a maritime throughway. The colonial stamp left by four major maritime powers, namely Spain, England, France and the Netherlands, is still evident. Each empire imposed its language, culture and political system on the Caribbean islands, and a multitude of political ties remain evident today. Indeed, the Caribbean region is comprised of nations whose links to Europe, Latin America, the United States and even Africa continue to be strong.

Meanwhile, the great economic disparity between Caribbean nations and others in the Americas such as Brazil, Canada, Mexico and the United States is obvious. The GDP of Dominican Republic, for example, represents only about 3% of Brazil's GDP. In 2001, Jamaica's GDP was less than 15% of the budget of United States Department of Agriculture. In 1999, Canada's total exports were 200 times greater than those of Jamaica. And the difference does not end here. As Jamaica's Richard Bernal of the Caribbean Regional Negotiating Machinery (RNM) has pointed out: Wal-Mart, the largest employer in the USA, has a total of 675,000 employees while the Caribbean's top employer, Lascelles Demarcado of Jamaica, has a total staff of 6,800.

The disparity between the Caribbean economies themselves is equally significant. Compared to the Eastern Caribbean, the economies of Cuba, the Dominican Republic or Trinidad and Tobago are enormous. Antigua and Barbuda's GDP, for example, totals only about 6% of Trinidad and Tobago's, while Jamaica's total exports are seven times greater than Haiti's.

A discussion of the Caribbean's future must begin with an analysis of recent economic developments in the region's countries. A number of key factors, which make the region's economies distinct from others in the hemisphere, are outlined in the following section.

The Caribbean's Economies: An Overview

The Caribbean's economic situation is best understood within the context of issues specific to smaller economies. The discussion must also address the long-standing trade policies followed by Caribbean islands, namely protectionism and a dependency on preferential tariff agreements for certain 'traditional' agricultural products.

Smaller Economies

The concept of smaller economies has no established definition. Still, the general characteristics of smaller economies are largely recognized, and are outlined below as they relate to the Caribbean case.

The region's reliance on 'traditional' exports is largely explained by its **lack of natural resources**. The Caribbean region does not enjoy the vast territories

found in countries like Canada, the United States or Brazil, where arable lands and natural resources abound.

Caribbean countries are also characterized by their **limited domestic economies**, as the region's population depends heavily on micro enterprise and subsistence agriculture. The small size of domestic markets also affects the ability of domestic firms to engage competitively in the global marketplace. Small firms have greater difficulties reaching economies of scale, attracting foreign business partners (one of the key ways of gaining access to new technologies and business models), developing marketing programs, benefiting from market intelligence and development activities, and finally, investing in research and development. Access to credit is also limited and economic opportunities are scarce. Clearly, the resources available to the Caribbean population pale in comparison to those in industrialized countries.

Further, the structure of the productive base is not designed to satisfy national consumption, and **insufficient domestic demand** forces Caribbean nations to live off their exports. Their dependency on export markets makes Caribbean countries highly vulnerable to external political factors and crises, as evidenced after the September 11, 2001 tragedies.

There is also a key factor specific to the Caribbean, namely the region's tremendous **vulnerability to natural disasters**. Hurricanes, volcanic eruptions, earthquakes and coastal erosion are some examples of the natural disasters that pose a constant threat to the region. It is evident that the future of the Caribbean economies is inextricably linked to environmental factors and conditions. Projections by international property and casualty insurance companies show that 2.5 storms can be expected in the Eastern Caribbean every year. And while severe hurricanes (defined as category 3, 4 and 5) have been less common in the 1990s, a level 5 storm can be anticipated every 5 years while a level 3 storm occurs every two years.

Consider the case of Hurricane Gilbert, which struck Jamaica in 1988. Total damage is estimated to have been US\$956 million or a full 27% of GDP. Half of these losses are accounted for by the agriculture, tourism and light manufacturing industries with another 30% in housing and the remainder being made up of basic infrastructure. As a result of Gilbert, losses in export earnings were estimated at US\$130 million (or 14% of total exports) and the Jamaican government had to absorb additional expenditures of US\$220 million — thus increasing the public sector deficit from 2.8% of GDP to 10.6%. Contrast these figures (total damage to Jamaica of US\$956 million) to the estimated Can\$1.0 billion in insurance claims filed in Canada as a consequence of the

unprecedented 1998 Ice Storm. And then, recall that the Canadian economy is some 80 times the size of Jamaica's.

The **weak institutional capacities** of Caribbean countries are another common trait of smaller economies. Caribbean states simply don't have the same know-how within their administrative and legal institutions, as do countries like Canada and the United States. These deficiencies undermine the abilities of smaller economies to defend their regional interests within regional trade negotiations. Consider that RNM, the unit responsible for coordinating and implementing CARICOM's foreign policies towards the FTAA and the European Union, counts only ten specialists while countries like Canada, Brazil or Mexico can field literally hundreds of trained and experienced trade negotiators.

Smaller economies are also characterized by their **limited infrastructures**. This weakness is a genuine obstacle to greater trade competitiveness. In many ways, geographical realities and transport infrastructures in the Caribbean undermine economic development. Regional airline carriers are hard-pressed to offer services on a par with international competitors, while international airline security norms demand costly adjustments that many regional airports simply cannot afford.

One very real obstacle faced by smaller economies is found in the significantly higher costs of transportation. Smaller cargo volumes — often requiring bulk breaking — result in higher transport and freight forwarding costs for Caribbean exports. For example, transport and freight costs for countries

like Brazil, Canada or the United States average a little less than 4% of export values. The compared costs for Antigua, Barbados, St. Kitts and Nevis and even the Bahamas are over 30%. Among the contributing factors are smaller vessels and cargos, the frequent lack of return cargo, as well as such infrastructure weaknesses as outdated port facilities and cargo handling equipment.

Protectionism and Preferential Tariffs

For Caribbean states, protectionist measures are designed to achieve two main goals: protecting domestic economies from international competition, and providing funding for government activities. Many Caribbean governments possess distinct fiscal systems that are dependent on income generated from taxing imports. In some cases, and within member countries of the Organization of Eastern Caribbean States (OECS) in particular, this income represents over 40% of their GDP. Given this reality, global economic integration for most Caribbean countries will mean important fiscal reforms and, at least in the short run, decreased government revenues.

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For their part, preferential tariffs generally come in the form of fixed prices for specific products within the context of certain trade agreements. This is the case with the Cotonou Agreement, an extension of the Lomé Convention between the European Union and 15 Caribbean countries grouped under the ACP (*see SELECTED INSTITUTIONS AND PREFERENTIAL TRADE AGREEMENTS* and the end of this document). This policy is in fact the origin of a trade dispute between the United States and the EU over banana exports. The agreement has allowed countries like those of the OECS to maintain a share of the European banana market despite intense competition from major export producers like Ecuador.

A Challenging Future

It is important to take full stock of the many challenges facing Caribbean countries in the coming years, challenges that will force states to adapt to the new political and trading realities of the 21st century. The following section outlines the three principal challenges facing the Caribbean region.

Economic Integration

It is with much prudence that the Caribbean region has addressed the issue of economic integration and, most recently, negotiations on the FTAA. The globalization of markets is a rapidly progressing phenomenon that has already made its presence felt in the region. Yet the majority of Caribbean economies remain insufficiently diversified to navigate the troubled waters of global markets. This is particularly the case of OECS member states. To take but one example, the value of St. Lucia's banana exports dropped from US\$52 million in 1994 to US\$28 million in 1997, and the situation is nearly identical for other agricultural export products including sugar, coffee and tobacco. To reduce their dependency on a small number of volatile export industries, the diversification of Caribbean economies remains a key priority for the region's governments.

Caribbean leaders are well aware of the consequences that the FTAA could bring. The significant inequality between trading partners in the region has again led them to seek preferential treatment, a principle that is recognized within current FTAA negotiations. Caribbean countries argue that in order to survive within the FTAA, they will need to undertake widespread economic reforms to prepare for economic integration. Such reforms would prepare them for an eventual end to preferential treatment and the heavy reliance of Caribbean governments on income from taxing imports. In this way, an embrace of free trade will mean that Caribbean states must abandon the trading and fiscal infrastructures developed over the course of recent decades. It is clear that such changes will not happen overnight, nor in four or five years.

The Tourism Industry

Of the 28 countries making up the Greater Caribbean Region, 16 rely on tourism as their primary means of accessing foreign currency. For the Bahamas, St. Lucia and several other small islands, the tourism industry represents over 60% of their GDP. The Caribbean is the world's most tourism dependent region, representing over 31% of the region's GDP; more than half a million people work in jobs directly related to tourism; and in 1999 alone, the tourism and travel industry accounted for more than 41% of investments in the region. This sector has continued to grow in recent years. According to the Caribbean Tourism Organization, the regional tourism industry grew by 5.5% in 2000 compared to 4.2% for the rest of the world.

The region's economies are also closely linked to the quality of their environment. Caribbean countries depend on the quality and condition of their natural resources to attract tourism, and to benefit from the resulting flows of investment and foreign currency. The environmental condition of the Caribbean region, however, is precarious. Given the growing importance of the eco-tourism sector and the increasing consumer demand for pristine environmental conditions, Caribbean

countries will need to adapt their tourism industries and develop mechanisms to protect and preserve their natural riches.

Democracy and Political Stability

Most Caribbean countries differ from their Latin American neighbours in terms of their relatively long histories of political stability. Yet this stability could

change quickly in the absence of several important changes. Despite decades of relative political calm, the economic security of the Caribbean's population has not improved. Poverty is ever-present, and nearly half the region's inhabitants currently live on less than one US dollar per day.

Still, general perceptions of the Caribbean are relatively positive, particularly when the region's per capita GDP is compared to the world's poorest countries. During the 1990s, development assistance to the region plummeted dramatically. From 1984 to 1994, the United States' economic aid fell across the region, including decreases of 72% to Jamaica, 98% to Barbados, and 99% to Grenada and Trinidad and Tobago. Canadian assistance to the Caribbean has also seen significant reductions in recent years.

Increasing poverty in a number of countries has become a source of considerable tension, and rising social frustrations have been directed towards political institutions in particular. The importance of the tourism industry, for its part, can increase tensions when citizens are deprived of access to natural resources in order to accommodate visitors. During the dry season in Barbados, for example, public access to treated drinking

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water is restricted so as to provide for the needs of the tourism sector.

A number of political developments in the region are of particular concern, notably Jamaica and Haiti where social tensions have deepened dramatically of late. Haiti represents the region's most severe case: poverty is extreme, and the country has never benefited from a stable political regime. The international community has refused to support the government of Jean-Bertrand Aristide as long as the political chaos persists. Haiti's political crisis has led to an influx in immigrants throughout the region in what has become a growing source of regional unease.

In Jamaica, reforms undertaken during the 1990s did not bring improvements to the country's economic situation. From 1990 to 1999, GDP grew by an average of only 0.8% per year. While the economy stagnated, crime throughout the country rose dramatically. In 2000, 887 murders were committed, a figure that rivals the per capita murder rate in Colombia during the same time period.

Criminal groups have escaped the control of law enforcement in Jamaica, while corruption has also increased rapidly. During the summer of 2001 in Kingston, criminal groups clashed with police forces and the army in a number of deadly altercations. Some newspapers also report growing links between criminal groups and political parties.

A rise in criminality is evident throughout the region, and drug trafficking in the Caribbean corridor also continues to grow. Recent events have brought tightened security along the US — Mexico border, and cocaine shipments that once passed through Central America and Mexico have been redirected through the Caribbean. The growing presence of the drug industry is directly linked to increasing levels of corruption and small arms trafficking. Countries like Haiti and Jamaica serve as convenient transit points.

Recommendations for Sustainable Development

The territories of the Caribbean basin face a number of common concerns, and in response, several priorities may be identified. The future of the Caribbean economy primarily rests on the strengthening of regional cooperation capacities and on protecting the region's environment.

Strengthening Regional Cooperation Capacities

A priority for Caribbean countries must be to strengthen their institutional capacities within the context of increasingly liberalized global, regional and national economic spaces. Caribbean states should continue to

fully implement the CARICOM Single Market and Economy (CSME). With some exceptions, CARICOM itself has been a relatively poor policy instrument to achieve the intra-Caribbean liberalization of trade in goods and services and the elimination of investment barriers. Constructed in circumstances far different (the early 1970s) from those prevailing now, Caribbean leaders should undertake a fundamental re-appraisal of CARICOM's structure and policy instruments. The 1980s and 1990s, in particular, served as a policy laboratory in the field of trade and investment liberalization. Few of the lessons learned (the temporary entry of professionals is one notable exception) in various fora such as the GATT/WTO, EU, NAFTA, APEC, Mercosur and others are contained in CARICOM or in its philosophical underpinnings. There are some trade pacts between CARICOM and other countries of the region, notably the Dominican Republic, with whom CARICOM has signed a free trade agreement (FTA). Signed in 1998, this agreement came into effect on February 8, 2002. Before it was implemented, however, Jamaica and Belize attempted to block citrus fruit exports from the Dominican Republic, with Jamaica arguing that citrus

fruit markets in CARICOM countries would be swamped with Dominican products under the agreement. This type of thinking demonstrates the frequent isolation of CARICOM countries from others in the Caribbean, a situation that must inevitably change.

Environmental Protection in the Caribbean

The adoption of an effective mechanism to promote sustainable development in the Caribbean is another critical short-term objective. Given that the end of

trading regimes based on preferential tariffs seems imminent, and that the offshore banking services offered by several Caribbean countries are under increasing scrutiny from the OECD, tourism likely represents the future — as long as it respects the norms of sustainable development. This has not, unfortunately, always been well recognized. In 1996, for example, over 75% of used water discharged by hotels in the region did not respect adequate treatment procedures. In the Jamaican city of Negril, sewer water discharged directly into the sea forced local authorities to restrict scuba-diving activities, resulting in a severe drop in tourism. Such cases are common throughout the region, demonstrating the need for political strategies to preserve the well being of their common riches.

Caribbean countries must go well beyond a simple public relations campaign to improve the region's overall environmental situation. To attract eco-tourists, concrete actions and results must be demonstrated. The case of the 1996 Santa Cruz Summit on Sustainable Development reminds us that grandiose plans must be the object of ongoing follow-up and targeted financial support.

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Recommendations for Canadian foreign policy

During the January 2001 Summit in Jamaica that brought together 14 heads of state from CARICOM and Canada, Prime Minister Jean Chrétien underlined the special nature of Canada's relationship with CARICOM nations. He also insisted on the importance of deepening democracy throughout the Americas. Yet, an analysis of Canada's official aid to Caribbean countries raises questions as to the actual priority of this relationship.

A review of Canada's assistance to the Caribbean region during the 1990s reveals a marked drop in allocated funds. Canada's total assistance to Caribbean countries stood at Can\$94.5 million in 1990/1991, but fell to Can\$54 million in 2000/2001. Over the same time period, Jamaica saw its official aid from Canada drop from Can\$34.6 million to less than Can\$8 million. In terms of Canadian assistance to regional initiatives in the Caribbean, substantial drops in funding are also evident: from Can\$10 million in 1990/1991 to only

Can\$3.75 million in 1999/2000. The proportion of assistance allocated to regional initiatives dropped from 10.5% in 1990/1991 to 7% in 1999/2000. However, 2000/2001 saw a jump in this ratio to nearly 23%. This rise is largely the result of Canada's Can\$8 million contribution to the creation of the Caribbean Regional Technical Assistance Centre (CARTAC), a contribution that represents over half of the total program's cost. The CARTAC's objective is to provide expertise to Caribbean countries targeted by OECD efforts to fight money laundering.

Canada's foreign policy already supports trade negotiation mechanisms for smaller economies. Still, Canada should increase its financial and technical assistance to organizations promoting concerted actions by Caribbean countries. By adopting a regional approach over a bilateral one, and one that offers constructive support to organizations like the RNM, Canada can help foster a greater cooperation between Caribbean countries.

SELECTED INSTITUTIONS AND PREFERENTIAL TRADE AGREEMENTS

Political Organizations

Association of Caribbean States (ACS)

<http://www.acs-aec.org/>

- Established in 1994, the ACS groups 25 countries of the Caribbean;
- The ACS Secretariat is headquartered in Port of Spain, Trinidad and Tobago;
- Total population: 230 million, total GDP: US\$1.500 billion;

ACS' objectives:

- To strengthen regional cooperation and integration process;
- To preserve environmental integrity of the Caribbean Sea;
- To promote the sustainable development of the Caribbean region (current focal areas are trade, transport, sustainable tourism and natural disasters);

Member states: Antigua and Barbuda, Bahamas, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Venezuela.

Associate members: Aruba, France (on behalf of French Guiana, Guadeloupe and Martinique) and the Netherlands Antilles.

Four regional organizations have Founding Observer status: CARICOM, Latin American Economic System (SELA), Central American Integration System (SICA) and the Central American Economic Integration System (SIECA).

The Caribbean Community (CARICOM)

<http://www.caricom.org/>

- Created in August 1973, after the signing of the Treaty of Chaguaramas, in Trinidad and Tobago;
- CARICOM's Secretariat is headquartered in Georgetown, Guyana;
- Total population: 14.5 million (Haiti alone: 8 million); total GDP: US\$46 billion

CARICOM's objectives:

- To improve standards of living and work;
- To expand trade and economic relations with third states;

- To enhance co-ordination of Member States' foreign and economic policies;
- To accelerate, co-ordinate and sustain economic development and convergence.

Member states: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

CARICOM observers: Aruba, Bermuda, Cayman Islands, Colombia, Dominican Republic, Mexico, Netherlands Antilles, Puerto Rico, and Venezuela.

CARICOM associate members: Anguilla, the British Virgin Islands, and Turks and Caicos Islands.

Organization of Eastern Caribbean States (OECS)

<http://www.caribisles.org/caribbean/>

- Established in 1981, the OECS is made up of seven member states and 2 associate members;
- The OECS Secretariat is based in Castries, St. Lucia;
- Total population: 540,000; total GDP: US\$3 billion

OECS' objectives:

- To promote co-operation among the Member States at the regional and international level;
- To promote unity and solidarity among the Member States and to defend their sovereignty, territorial integrity and independence;
- To promote economic integration among the Member States.

Member states: Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

Associate members: Anguilla, and the British Virgin Islands.

Commercial Agreements

Caribbean Basin Initiative (CBI)

<http://www.mac.doc.gov/CBI/webmain/intro.htm>

The Caribbean Basin Initiative (CBI) is a broad program to promote economic development through private sector initiative in Central American and Caribbean countries. A major goal of the CBI is to expand foreign and domestic investment in non-traditional sectors, thereby diversifying CBI country economies and expanding their exports. The Caribbean Basin Economic Recovery Act of 1983 (CBERA) (amended in 1990) and the Caribbean Basin Trade Partnership Act of 2000 (CBTPA), collectively known as CBI, provides customs duty-free entry to the United States on a broad range of products from CBI beneficiary countries. The most recent CBI legislation, the CBTPA, provides beneficiary countries certain trade benefits similar to Mexico's under the North American Free Trade Agreement (NAFTA).

Total US exports to the Caribbean reached US\$21.5 billion in 2000. Caribbean exports to the US reached US\$22.5 billion in the same year. (<http://strategis.ic.gc.ca/>)

CBI beneficiary countries: Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Nicaragua, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

CARIBCAN

<http://www.tradetnt.com/trade/agreements/caribcan.html>

<http://www.tradetnt.com/miniti/tragtscaribcan.htm>

CARIBCAN is the Canadian Government's programme that provides duty-free access to the Canadian market for most Commonwealth Caribbean exports. It was created in 1986 in order to facilitate trade, investment, and industrial cooperation with the Caribbean Commonwealth of Nations. Certain products such as textiles, footwear, and some leather products are not eligible for duty-free status.

The total of exportations from Canada to the Caribbean reached Can\$464.7 million in 2000. As for Caribbean exportations towards the Canadian market, the total is estimated around Can\$794.7 million for the same year. (<http://strategis.ic.gc.ca/>)

Countries which receive CARIBCAN treatment: Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, and Turks and Caicos Islands.

Lomé Convention/Cotonou Agreement

<http://www.acpsec.org/gb/lome/lome1.htm>

http://europa.eu.int/comm/development/cotonou/index_en.htm

Signed in June 2000, the Cotonou Agreement is the latest extension to the Lomé Convention (established in 1975), which gave the 70 African, Caribbean and the Pacific (ACP) countries preferential access to the European Union. Under the Cotonou Agreement, some US\$670 million over the next 5 years have been set aside for additional assistance to the Caribbean countries.

The Caribbean signatories to the Cotonou Agreement are: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

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