Reshaping inter-regional trade and investment

The View from Europe

David Jessop

For decades, the Caribbean has been fixated on the need to export to, and import from its traditional markets in North America and Europe. It has also sought to encourage visitor arrivals from the same nations, and to buy from them billions of Dollars in foodstuffs.

The consequence is that in a much-changed world and region, bilateral trade in goods and services has not diversified to take advantage of the now significant, fast growing and sometimes complimentary economies in the Latin American and Caribbean region, including Mexico and the Dominican Republic.

For this reason, comments by Jamaica’s Prime Minister, Andrew Holness, a little over a week ago, need to be warmly welcomed.

Speaking to participants at an International Monetary Fund (IMF) led forum, he explained that while Jamaica remained a “big proponent” of full Caribbean integration, the island was now actively pursuing a policy of outreach and engagement with the Spanish-speaking countries in the region.

“There is a huge market in Latin America, which Jamaica has to tap into… and I think the rest of the Caribbean has to do the same. For us, I think there is greater advantage with us reaching out,” he said.

It is not the first time he has expressed such a view. Mr Holness has believed for some time now in the importance of deepening trade relations with the larger economies at the northern end of the Caribbean, and in making inter-CARICOM relationships fit for purpose.

In his remarks, he referred to an official visit he made in May to the Dominican Republic. At that time, he agreed to develop a bilateral agenda ‘with a view to seeking convergence in positions that address regional and international issues of mutual interest’ and ‘consolidating’ the relationship. A joint declaration at the end of his visit, the first in 34 years by a Jamaican Prime Minister, set out the two country’s intentions.

Since then, however, the observable takeaways have been limited. Of these, the most apparent has been the development of multi-destination packages for visitors, likely also to involve Cuba and Mexico.

This is because trade to a significant extent depends on the private sector of both nations seeing opportunity and complementarities, overcoming bureaucratic and logistical problems, and finding the right counterparts.

However, two developments in the last week suggest that after months or even years of talking, the sometimes-daunting practicalities relating to deepening inter-regional trade between CARICOM and its Hispanic neighbours are beginning to be addressed.

This can be seen in an initiative being undertaken by the Dominican Government and the country’s leading private sector organisations aimed at stimulating inter-regional trade.
On November 29, a national trade forum led by a powerful new ‘Table for the Promotion of Exports to the Caribbean’ will take place in Santo Domingo. The body is a public-private partnership coordinated by the Ministry of the Presidency, the Centre for Exports and Investments (CEI-RD) and the country’s leading business associations.

According to the Administrative Minister of the Presidency, Jose Ramon Peralta, all Dominican companies interested in exporting to the Caribbean, or already doing so, have been invited with the objective of opening new markets for them. The event comes at a time when several of the biggest Dominican companies are exploring investment and trade opportunities in Cuba, CARICOM and Central America.

It is also expected that Danilo Medina, the Dominican President, will visit Jamaica in the week beginning November 27. Although this is to participate in a major international conference on sustainable tourism, jobs and growth, his presence is expected to further discussions aimed at deepening Dominican-Jamaican relations.

The second development is the recently signed second CARICOM-Cuba trade agreement which sees duty free access broadened to cover more than 320 items, including CARICOM exports of meat, fish, dairy products, fruits, vegetables, beer, rum, cement, soap and apparel. In return, CARICOM has granted duty free access to 50 Cuban products and is to offer differentiated treatment on 22 items through the phased reduction of duty on Cuban imports into CARICOM’s more developed countries.

As a pragmatist, Mr Holness now appears to be seeking the best value for Jamaica by integrating its economy with others in the region, while seeking changes in CARICOM’s rules in ways that might accelerate inter-regional growth.

Puzzlingly however, the study he commissioned on Jamaica’s relations with CARICOM under the Chairmanship of a former JLP Prime Minister, Bruce Golding, and which is understood to make far reaching recommendations, has yet to see the light of day.

While realpolitik in a regional context may be holding this back, many states beyond the region now see their international relationships differently. They accept that while they may be in some form of economic or political alliance, they have overlapping or different interests, and that their positions on all issues, especially economic, are unlikely to be same.

Put another way, recognising that CARICOM’s members have made deeper integration unworkable by failing to cede sovereignty and legally binding executive authority, the greater value in future for the countries of the Caribbean may lie in developing a much wider range of market-led economic relationships beyond the CSME.

In a world of self-reliance and competition, the whole concept of the Caribbean as a single economic entity may be of questionable longevity. Put more bluntly, is Jamaica’s vision or its interests any longer those of St Vincent; or is the thinking of Guyana the same as that of the Bahamas in a world that has moved on?

The Caribbean’s shortcomings are well known. What may now be required is a debate that is both practical and visionary. If full regional integration is not achievable, a more realistic approach may be to see the future as: a process of slow steady integration at a sub-regional level between compatible economies, such as those in the OECs; a deeper relationship with the French DOM, if the complexities of the octroi de mer can be overcome; economic integration between the larger countries of the northern Caribbean and Cayman irrespective of language or politics; greater
emphasis on trade with a post-NAFTA Mexico; and seeing Panama as a regional hub of long-term importance.

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