Caribbean Community Regional Aid for Trade Strategy 2013–2015

Caribbean Community Secretariat

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CARICOM

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Acronyms and Abbreviations

ACP	Africa, Caribbean and Pacific Group
AfT	Aid for Trade
CAHFSA	Caribbean Agriculture Health and Food Safety Agency
CAFRA	Caribbean Association for Feminist Research and Action
CARIBCAN	Caribbean-Canada Trade Agreement
CARICOM	Caribbean Community
CARIFORUM	Caribbean Forum of ACP States
CARIFTA	Caribbean Free Trade Association
CBERA	Caribbean Basin Economic Recovery Act
CBI	Caribbean Basin Initiative
CCC	Caribbean Competition Commission
CCJ	Caribbean Court of Justice
CIDA	Canadian International Development Agency
COTED	Council for Trade and Economic Development
CROSQ	Caribbean Regional Organisation for Standards and Quality
CSME	CARICOM Single Market and Economy
DDA	Doha Development Agenda
DfID	Department for International Development
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
EPA	Economic Partnership Agreement
EU	European Union
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on Trade in Services
GCI	Global Competitiveness Index
ICT	Information and Communication Technologies
IDB	Inter-American Development Bank
IMF	International Monetary Fund
IDPs	International Development Partners
LAC	Latin America and the Caribbean

LDCs	CARICOM Less Developed Countries or UN Least Developed Countries
LPI	Logistics Performance Index
LSCI	Line Shipping Connectivity Index
MDCs	CARICOM More Developed Countries
NFIDC	Net Food Importing Developing Countries
NQI	National Quality Infrastructure
OECD	Organisation for Economic Cooperation and Development
OECS	Organisation of Eastern Caribbean States
ODA	Official Development Assistance
RPTF	Regional Preparatory Task Force
SME	Small and Medium-Size Enterprises TIFA Trade and Investment Framework Agreement
SPS	Sanitary and Phytosanitary Measures
TRIPS	Trade-Related Aspects of Intellectual Property Rights
SVEs	Small and Vulnerable Economies
TBT	Technical Barriers to Trade
UN	United Nations
UNCTAD	United Nation Conference on Trade and Development
WTO	World Trade Organisation

Foreword

The ever-evolving, intensely competitive, and crisis-ridden global economy has compelled the Member States of the Caribbean Community (CARICOM) to take a hard look at how they can achieve a safe, viable, prosperous, and above all, sustainable and resilient path to development. It is recognised that trade expansion has an important contribution to make towards achieving that goal.

The CARICOM Single Market and Economy was not only intended to foster greater intra-regional trade but also, through production integration, to spur expanded trade between CARICOM and third states. The latter objective was viewed as a crucial driver for developing and improving the economic and social welfare of the Region. Consequently, for CARICOM, Aid for Trade (AfT) must take into account the creation and strengthening of supply-side capacity and strengthening trade-related infrastructure for Member States to expand their trade and reduce the adjustment costs of the changing external trade environment. To achieve this, substantial assistance is needed to enhance competitiveness and to make optimal use of the opportunities provided in the liberalised global environment. This assistance must be focused and targeted.

It is within this context that AfT has become such a critical component of the Region's approach to competing in the global arena. CARICOM Member States require assistance if they are to be positioned to take advantage of bilateral and multilateral trade agreements to which they are party. Substantial resources must be applied to areas such as upgrading key economic infrastructure, enhancing export competitiveness, diversifying economies, re-tooling the private sector, strengthening regional integration, and creating financial and other instruments for supporting innovation. This assistance is required to convert market access to market presence and to enable CARICOM Member States to compete equitably in the global market.

A key factor in mobilising these resources is recognising that access to concessionary loans and grants is being denied to many CARICOM Member States due to graduation and differentiation. This access is being denied at a time when the debt per capita of some CARICOM Member States is among the highest in the world. Further, the small size of many Member States reduces their capacity to attract foreign investment at the desired levels and in the relevant areas.

The extent to which AfT contributes to the growth and development of CARICOM countries depends in large measure on the willingness of the international community to accept these realities and to provide additional sources of financing, particularly in grant form and in a manner that is easily accessible. This may mean introducing innovative mechanisms for providing financial and technical support to CARICOM. Finally, it is important that priority projects financed from AfT resources be defined in within the context of the Community's national, subregional, and regional development policies. Particular attention must be paid to building private sector capacity.

The Caribbean Community Regional Aid for Trade Strategy has been developed against this background. It is expected that the strategy's rollout will produce concrete benefits to the people of the Caribbean.

Acknowledgements

The Caribbean Community Regional Aid for Trade Strategy was prepared in a collaborative effort involving Sheldon McLean, Regional Trade Policy Adviser assigned to the CARICOM Secretariat under the Commonwealth Secretariat's Hub and Spokes Project, and consultant Gregory Downes. Mr. McLean also contributed to the development of the strategy as resource person at national consultations. The Hub and Spokes Project also provided funding for convening consultations.

The strategy's preparation benefited greatly from the collaboration of focal points in Member States, which arranged national consultations with stakeholders, provided source materials, and responded to requests for information. On 1–2 November 2012, Member States and select regional organizations gathered in Bridgetown, Barbados, to validate the draft strategy document in the context of the IDB Regional Policy Dialogue organized in collaboration with the CARICOM Secretariat. The interaction with relevant government ministries and agencies, private sector organisations, regional organisations and institutions, and members of civil society and academia, proved invaluable in shaping the strategy.

The strategy is the product of continued collaboration between the CARICOM Secretariat and the Inter-American Development Bank (IDB). The project was coordinated by Krista Lucenti, integration and trade economist, under the overall guidance of Antoni Estevadeordal, manager of the IDB's Integration and Trade Sector. Paolo Giordano and Valerie Lacarte of the IDB; and Percival Marie, David Hales and Sandy Griffith of the CARICOM Secretariat; and David Gomez from the Caribbean Export Development Agency, also provided invaluable guidance and comments regarding the strategy's content and process throughout its preparation. Administrative support was provided by Gillian Bristol and Bernique Benjamin of the CARICOM Secretariat. Special mention must also be made of the interest expressed by the Director General of the World Trade Organization in promoting the AfT needs of the Caribbean Community and his encouragement for articulating the Region's priorities in that regard.

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Executive Summary

The Caribbean Community (CARICOM) Regional Aid for Trade Strategy is a tool for creating consensus among CARICOM Member States and the CARICOM Secretariat on priorities for ensuring a growing and more diversified regional economy. The strategy presents a coherent approach to resource mobilisation that will send a strong signal to donors, investors, and international development partners that the region has a clear sense of how it can best utilise existing and future resources.

Despite regional efforts to deepen integration through the CARICOM Single Market and Economy and strengthen trade relations with existing and non-traditional partners, the Region's competitiveness remains constrained by poor infrastructure and connectivity, weak institutions, undiversified export markets, and low levels of private sector innovation. According to IDB estimates, CARICOM is operating on average 46 percent below its trade potential. In addition, intra-regional trade in the Caribbean stands at a relatively low 13 percent of total trade; this increases to just over 20 percent if exports to Latin America are included.

CARICOM's ability to realize its trade potential and coherently diminish these capacity constraints has been limited by the lack of financial resources, particularly since many Member States are carrying debt-to-GDP ratios in excess of 100 percent and have economies that are struggling to recover from the spill-over effects of the 2008 global economic and financial crisis. Increasing trade and investment through collaboration can raise potential GDP, which will lower debt-to-GDP ratios and help realise economies of scale. An additional factor is the expansion of the Panama Canal, which will change the global trade scenario as larger ships displace smaller ones and create new shipping patterns. The Caribbean must re-position itself in this new economic geography.

With a view towards capturing a share of new, dynamic sources of demand, the Twenty-Seventh Meeting of the CARICOM Council for Trade and Economic Development, held May 14–15, 2009, declared that "as a matter of urgency, the Region should craft a Caribbean Aid for Trade Strategy, which includes a holistic and comprehensive approach towards competitiveness, adjustment and trade development."

The resulting goals and priorities identified in the Regional Strategy are the product of extensive stakeholder consultations held with public and private sectors, civil society, and non-governmental organizations within CARICOM. While CARICOM Heads of Government clearly identified Maritime Transport and Information and Communication Technology (ICT) as the two key areas for the development of transformational AfT project proposals, the goals and priorities in this strategy were also guided by areas of consensus that emerged from the broad-based national consultations and the results of the analyses undertaken.

CARICOM Member States have set three strategic goals to guide the development of remedial programs and projects for increasing their competitiveness, reducing inefficiencies, and deepening global and regional economic integration, as follows: (1) upgrading key economic infrastructure, (2) enhancing competitiveness and facilitating trade expansion and diversification, and (3) deepening regional integration and maximising gains from external trade agreements.

In order to achieve these goals, the strategy proposes that actions be taken in the following key areas: (1) for goal one, maritime transport, ICT, and energy; (2) *for goal two,* trade facilitation, sanitary and phytosanitary measures, quality infrastructure, services, and private sector development; and (3) *for goal three,* strengthening regional integration and the capacity of regional institutions, increasing the transparency and reliability of AfT flows, increasing negotiation and implementation of trade agreements, and increasing knowledge of the impact of trade liberalization. These areas were chosen because the Member States considered them to be the most critical for realising the goals set out in the strategy.

Activities identified by stakeholders were grouped in three categories as follows: (1) regional activities that serve a regional objective, (2) national activities that serve a regional objective, and (3) national activities that serve a national objective. The activities range from legal drafting and training to information technology software and infrastructure investment, thereby providing a large number of options for donors, investors, and development partners. These activities also call for different types of investments, including sovereign or non-sovereign lending, public-private partnerships, and grants.

The strategy proposes five "anchor" projects for early implementation in the areas of maritime transport, ICT, energy, and private sector development. These are relatively large, bankable, and implementable projects that respond to both the mandate set by the Heads of Government and the consensus by Member States. These projects are as follows:

1. *Modernisation of Caribbean Freight Logistics, Maritime Transport, and Trade Facilitation*: Upgrading port infrastructure and services, establishing innovative maritime transport networks, and implementing customs and trade facilitation reforms.
2. *Modernisation of Maritime Cargo and Passenger Services in the OECS*: Establishing fast-ferry services in the Southern Caribbean, developing a common shipping policy, and modernising the fleet.

3. *Caribbean Broadband Transformation Strategy*: Creating a single ICT space, developing a broadband strategy and a roadmap for analog switchover, and creating a mechanism for public-private partnerships in the telecom sector.
4. *Caribbean Renewable and Alternative Energy Roadmap*: Developing a regional bio-energy strategy, implementing a strategy for promoting solar cooling technology, and establishing a financing mechanism for micro-, small and medium-size enterprises.
5. *Private Sector Innovation in the Caribbean*: Promoting and financing innovation and establishing a trade financing mechanism.

Other regional and national AfT activities, which complement the anchor projects, are smaller, discrete projects that can attract the interest of donors, international development partners, the private sector, and investors.

In order to ensure successful implementation of the strategy at the regional and national level, the Council for Trade and Economic Development will provide oversight and responsibility for policy guidance in implementing the Strategy. The CARICOM Secretariat, in collaboration with the OECS Secretariat, the Caribbean Export Development Agency, and the Caribbean Development Bank, would be charged with implementing and monitoring at the project and activity level.

While the Caribbean Community Aid for Trade Strategy reflects the current priorities identified by Heads of Government and Member States, the strategy will be periodically updated to reflect new mandates, points of intervention, and the changing trade landscape. The dialogue between international development partners, investors, and the region is constantly evolving; the strategy is a dynamic document.

1 Introduction

Trade can be a powerful engine for economic growth, poverty reduction, and development. However, a consensus is emerging that in the absence of certain conditions, trade liberalisation may not result in greater welfare, economic growth, and development.

Domestic constraints reduce the equalising impact of trade expansion, such as among small, vulnerable economies, advanced developing countries, and fully developed countries. The recognition that developing countries, particularly least developed countries (LDCs) and small vulnerable economies (SVEs) need support to build capacity to engage in trade[1] has brought Aid for Trade (AfT)[2] to the forefront of not only multilateral trade negotiations but also the dialogue amongst the donor community. Given the role that trade can play in fostering economic development, multilateral development financing agencies and developed countries are increasingly providing trade-related assistance. The mandate on AfT therefore results from the recognition that developing countries need support to build the capacity that will enable them to benefit from trade and avoid marginalization in the global trading system.

For CARICOM, expanding trade and enhancing competitiveness are seen as crucial for improving the economic welfare of the Region. This notwithstanding, trade liberalisation initiatives, which have been a common feature of the reform process in Member States, have not yielded the robust broad-based growth and development that the Region anticipated. This can be partially attributed to a combination of poor economic infrastructure, deficiencies in trade-related capacity, and the frequent inability of SVEs to tie liberalisation initiatives to policies and a regulatory framework that would optimise the gains from trade policy reform.

As the pace of regional and multilateral economic integration quickens, it becomes increasingly urgent to develop a holistic strategy for ensuring that private sector development, trade, and trade reform in the Caribbean become tools of development and catalysts for stimulating economic growth and reducing poverty. Consequently, the decision to develop a Caribbean Community Regional Aid for Trade Strategy is guided by the realisation that national efforts to mainstream AfT need to be complemented by a comprehensive regional framework. Such

[1] Aid for Trade is a sub-set of official development assistance.

[2] In the broadest sense refers to the flow of development finance/aid from developed countries and multilateral funding agencies to developing countries to enhance their participation in the multilateral trading system.

a framework should create a fundamental link between aid and trade priorities and the long-term economic development objectives of the Region and its individual States. In this context, consolidating the Region's AfT needs into a single strategy document provides a framework for collaboration among Member States and international development partners (IDPs) or investors with an interest in providing support for the Region's development.

Similarly, if the Region is to attain its integration objectives, achieve sustained economic expansion, and integrate into the global trading system, it must address its systemic constraints in a systematic and integrated manner. Further, the Caribbean Region's responses to the 2008 Partner Country Questionnaire on Aid for Trade, which was sponsored by the World Trade Organization (WTO) and Organisation for Economic Co-operation and Development (OECD),[3] revealed a disconnect between the priorities established by governments and those set by the IDPs. The results of the national AfT consultations[4] in 2012 conducted pursuant to the formulation of the strategy further support this view.

Additionally, preliminary estimates by the CARICOM Secretariat suggest a significant disparity between the amount of resources needed by the Region and AfT commitments by its IDPs.[5]

Furthermore, while the share of AfT resources for Latin America and the Caribbean generally has increased over the years, the Caribbean has not received its commensurate share. Data from the CARICOM Secretariat for the period 2006–2010 put regionally disbursed AfT flows at about US$310 million, with approximately US$220 million already in the pipeline for the next five years. Many CARICOM countries are grappling with high indebtedness and hence are not in a position to use their own finances to plug resource gaps for building trade capacity.

This present strategy will provide the trade and macro-economic context (Section 2) for the priorities identified in Section 3. Section 4 will elaborate on mainstreaming the strategy while sections 5 and 6 will detail implementation and monitoring and evaluation mechanisms needed to ensure that the objectives of the strategy are met.

[3] Questionnaires can be viewed on the OECD Website: http://www.oecd.org/aidfortrade/self-assessments.htm.

[4] Close collaboration with all CARICOM Member States was crucial to the design of the Caribbean Community Regional Aid for Trade Strategy which covers: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago. National consultations and interviews with stakeholders across the region we held between November 2011 and April 2012.

[5] Preliminary estimates provided by the CARICOM Secretariat put the resources that would be required to implement the projects emanating from the studies completed under the Regional Preparatory Task Force (RPTF) in the context of the CARIFORUM-EU negotiations for an Economic Partnership Agreement in the vicinity of US$570.5 million.

2 Trade Snapshot

The CARICOM economies exhibit certain key characteristics that present clear challenges to both trade expansion and economic development. These include physical isolation, small population, geographical dispersal and distance from major markets, small, fragmented and highly imperfect markets, minimal export diversification and dependency upon very few export markets, inadequate infrastructure, low competitiveness, economic rigidity with high adjustment costs, high transport and transit costs, and considerable difficulties in attracting foreign investment.

Even though the CARICOM countries share common characteristics, they also differ in many respects, such as in physical and economic size, levels of economic development, and per capita income. With the exception of Haiti,[6] all CARICOM Member States are categorized as high-income to lower middle-income countries. Haiti accounts for approximately 59 percent of CARICOM's population, while at the other end of the scale Montserrat has 0.03 percent of the population, with fewer than 6,000 persons. The Organisation of Eastern Caribbean States (OECS)[7] has a population of 601,682, which is 3.6 percent of CARICOM's total population.

The distribution of land area exhibits a similar pattern of extremities, with Guyana, the largest CARICOM country, accounting for approximately 47 percent of CARICOM's total land mass, while Montserrat, with a land area of 102 square kilometres, accounts for barely 0.02 percent. The OECS has a combined area of 2914 square kilometres, accounting for 0.6 percent of the Region's total land area. To represent this disparity, Guyana's geographic surface exceeds the OECS Member States combined by a ratio of 74:1 (See Table 2).

2.1 Structure of CARICOM Economies

To a large extent, the production and export structures of CARICOM Member States were shaped by their colonial past and longstanding preferential access arrangements with the EU and North American markets. However, with the erosion of preferential margins[8] through the orderly dismantling of preferential schemes over the years, the engine of growth of CARICOM Member States began to shift decidedly away from agriculture to services.

[6] Haiti is categorised as a least developed country (LDC) by the United Nations, thus it is a low-income country within CARICOM.

[7] The members of the OECS are Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines. Anguilla and the British Virgin Islands hold associate memberships.

[8] The margin of preference is the difference between the duty that would be paid under a system of preferences in a free-trade arrangement of some sort and the applicable MFN duty. In this respect, the simple average applied MFN tariff rate for the EU (6.4 percent), US (4.8 percent) and Canada (5.4 percent) are relatively low and declining.

TABLE 1/ Structure of CARICOM Economies, 2010

Countries	Agriculture (% of GDP)	Industry (% of GDP)	Manufacturing (% of GDP)	Services (% of GDP)	Exports (% of GDP)	Imports (% of GDP)
Antigua and Barbuda	2.0	19.9	1.9	78.1	46.3	56.5
The Bahamas	2.2	15.2	3.5	82.6	41.5	50.1
Barbados *	3.0	23.2	73.8	73.8	47.3	52.4
Belize *	12.1	22.7	14.3	65.2	61.9	69.8
Dominica	13.3	14.9	3.5	71.9	31.7	54.4
Grenada	5.3	13.9	4.5	80.7	20.7	49.2
Guyana*	21.0	33.1	4.1	45.9	84.6	119.2
Haiti*	…	…	…	…	12.3	62.3
Jamaica	6.3	22.4	9.2	71.3	26.3	44.5
St. Kitts and Nevis	1.7	16.4	5.5	81.8	26.2	43.2
Saint. Lucia	3.2	16.6	3.9	80.2	47.2	60.3
St. Vincent and the Grenadines	6.9	19.2	5.2	73.9	26.5	57.5
Suriname*	10.9	37.8	22.7	51.3	30.4	45.2
Trinidad and Tobago*	0.6	52.4	5.3	47.0	63.7	36.7

Source: World DataBank: http://data.worldbank.org.
* Data on agriculture, industry, manufactures, and services for Barbados are from 2009; comparable data for these sectors in Haiti was unavailable. All Belize figures are from 2008. Export/import data for both Guyana and Suriname are from 2005, and for Trinidad and Tobago, from 2008. No data was available for Montserrat.

Consequently, the services sector in many Member States has emerged as the dominant sector, and presently represents over 70 percent of Gross Domestic Product, as indicated in Table 1.

Guyana and Dominica have the highest contribution of **agriculture** to GDP at 20.1 percent and 13.3 percent, respectively. Oil, natural gas, and chemicals are the dominant economic activity in Trinidad and Tobago, whereas the mineral sector plays an important role in the economies of Jamaica and Suriname, although services contribute more to their GDP.

2.2 Macroeconomic Environment

In 2011, the Region's aggregate gross domestic product stood at approximately US$69.8 billion.[9] The spread and distribution of the GDP indicators highlight the important disparities in the Region. For example, of CARICOM's GDP, Trinidad and Tobago accounts for 34.3 percent while Dominica represents 0.6 percent (see Table 2).

2.2.1 Current accounts[10]

Most CARICOM Member States registered deficits of varying degrees in their current accounts during the last decade. For the region as a whole, the current account deficit as a percentage of GDP stood at an average of 13.2 percent for the period 2001–2010, with the OECS averaging 24.3 percent. Only Trinidad and Tobago consistently generated a surplus during these years, averaging 15.3 percent of GDP. High energy and chemical prices (oil, gas, ammonia, methanol, and urea), coupled with strong production volumes, contributed to Trinidad and Tobago's high current account performance.[11]

[9] World DataBank: *http://data.worldbank.org.*

[10] This section refers to current account data from the World Bank, World Development Report, 2011. Current Account = Sum of Balance of Trade (EX-IM) + Factor Income + Cash Transfers.Source.

[11] World Bank/OAS, *Caribbean: Accelerating Trade Integration – Policy Options for Sustained Growth, Job Creation, and Poverty Reduction*, April 2009.

TABLE 2/
Selected Indicators

Country	Population (2009) '000	Area (sq. km)	GDP US$ Mn (Current Market Prices 2009)	Share in Total CARICOM GDP	Per Capita GDP (Current Market Prices 2009)	Income Classification*
Antigua and Barbuda	89	442	1,097	1.8	12,473	Upper-middle income
The Bahamas	342	13,878	7,376	12.6	21,569	High-income
Barbados	275	431	3,538	5.8	13,820	High-income
Belize	333	22,966	1,337	2.2	4,355	Low-middle income
Dominica	71	750	375	0.6	5,608	Upper-middle income
Grenada	110	345	614	1.0	5,912	Upper-middle-income
Guyana	769	216, 970	2,025	3.3	2,658	Low-middle income
Haiti	9,923	27,750	6,478	10.7	652	Low-income
Jamaica	2,695	10,991	12,414	20.5	4,565	Upper-middle income
Montserrat	5	102	…	…	…	…
St. Kitts and Nevis	51	269	526	0.9	10,120	Upper-middle income
Saint Lucia	172	616	954	1.6	5,547	Upper-middle income
St. Vincent and the Grenadines	100	389	585	1.0	5,370	Upper-middle income
Suriname	524	163,820	2,178	3.6	4,189	Upper-middle income
Trinidad and Tobago	1,310	5,128	21,124	34.3	15,776	High-income
CARICOM	16,775	464,848	60,680	100	8,044	
OECS	601	2914	4,206	6.9	7,505	

Source: CARICOM Secretariat Statistics; CARICOM's mid-year population estimates; United Nations Human Development Report 2010, and the World Bank.
* The World Bank uses gross national income per capita as the main criterion for classifying economies.

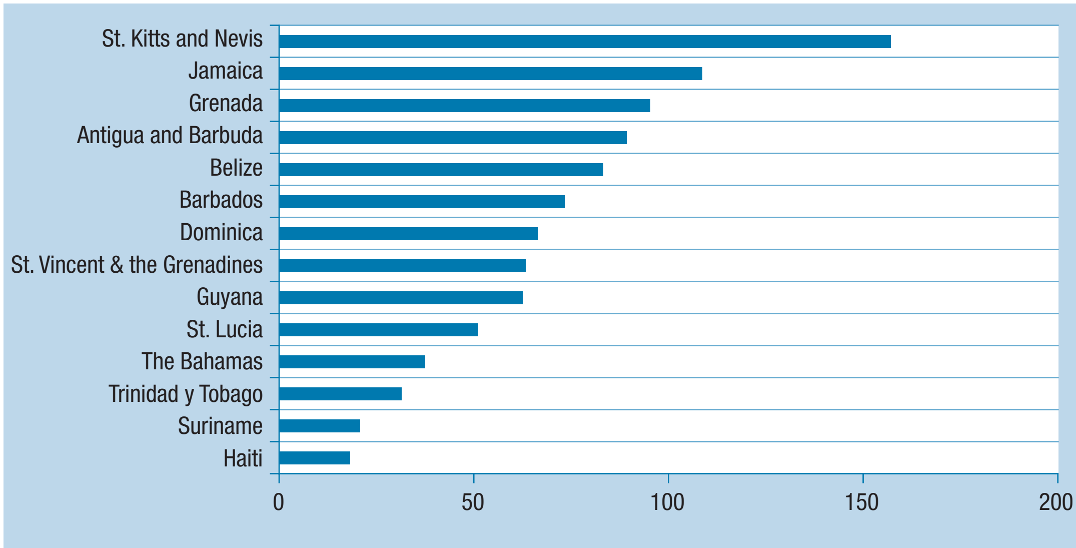
The OECS Sub Region's current account deficits were particularly acute during the period 2001–2010. This can be attributed to the Sub Region's narrow export (goods) base, over-dependence on a dominant services sector, weak manufacturing sector, and relatively high import dependency (goods), particularly with regard to fossil fuels.

There is a positive correlation between Member States' merchandise trade balance and their current account balance. For most CARICOM countries, trade deficits in goods outstrip surpluses generated in services trade. Additionally, due to their narrow agricultural production and export base, most CARICOM Member States are also net food importing developing countries. **CARICOM's non-oil producing States are vulnerable to fluctuations in global energy prices given their high dependence on fossil fuels.** The goods and services exports of these countries are insufficient to offset the costs for oil imports, which were on the increase throughout the last decade (except for a brief decline in 2009), and created a considerable fiscal burden. The reduction in tourism receipts and remittances has only perpetuated the external trade imbalance trend. Marginal improvements in 2009 and 2011 partly resulted from slowing import growth.

2.2.2 The Debt Problem

Globally, several countries have responded to the deteriorating economic environment

FIGURE 1/
Debt* to GDP Ratio, 2010



Source: IMF, World Economic Outlook Database
*General government gross debt consists of all liabilities that require payment or payments of interest and/or principal by the debtor to the creditor at a date or dates in the future (IMF).

by introducing counter-cyclical fiscal policies. **However, the ability of CARICOM countries to apply such policy measures to cope with the economic fallout was invariably constrained by public-sector over-indebtedness.** In fact, in the 2008–2009 fiscal years, interest payments on central government debt accounted for 14 percent of GDP in Jamaica, 8.8 percent in St. Kitts and Nevis, 4.2 percent in Saint Lucia, 3.7 percent in St. Vincent and the Grenadines, and 3.3 percent in Barbados.[12]

Several CARICOM countries continue to grapple with high indebtedness, which further exacerbates their economic vulnerability. While some have been able to reduce their debt levels through a variety of measures, including fiscal consolidation and debt write-offs, many CARICOM countries continue to carry unsustainable levels of debt.[13] In fact, in 2010 three CARICOM Member States had public sector debt-to-GDP ratios in excess of 100 percent –Grenada (102.4), Jamaica (142.9), and St. Kitts and Nevis (163.9). Haiti and Suriname had the lowest debt-to-GDP ratio with 17.3 percent and 18.5 percent, respectively, (see Figure 1). Not surprisingly, debt servicing, particularly of external debt, continues to deprive CARICOM countries of substantial amount of resources that could otherwise be directed towards productive activities.

In 2010, it was estimated that Jamaica's total debt service[14] was equivalent to 27 percent of GDP, the highest in the region. Other countries with high debt service were St. Kitts and Nevis, St. Vincent and the Grenadines, Haiti, and Grenada (see Table 3). Such high debt service monopolizes government revenue and squeezes public expenditure in other areas, including infrastructure and initiatives aimed at improving competitiveness and fostering diversification.

Moreover, the Region's access to donor resources, including concessional loans, is often limited because some international

[12] See ECLAC, *Time for Equality: Closing Gaps, Opening Trails*, 2010.

[13] The IMF assists countries facing balance of payments issues through its main lending instrument, the stand-by arrangements (SBA). Antigua and Barbuda, Jamaica, and St. Kitts and Nevis currently have outstanding loans within the SBA framework. The Extended Credit Facility (ECF) is another lending instrument that provides loans at highly concessional terms to lower income countries; Haiti and Guyana have outstanding loans under the ECF arrangement. Source: IMF, *www.imf.org*.

[14] Debt service is the sum of principal repayments and interest actually paid in foreign currency, goods, or services on long-term debt, interest paid on short-term debt, and repayments (repurchases and charges) to the IMF.

development partners rely primarily on GDP per capita to determine whether or not a country qualifies for development support, not taking into account other economic indicators that characterize Caribbean economies. This notwithstanding, forging stronger public-private sector partnerships may be one way that CARICOM countries could increase access to financial resources, especially given the excess liquidity in the Region's banking sector.

Caribbean external debt accounts for a sizable percentage of the total public sector debt. Incurring foreign debt has the advantages of avoiding the crowding out of private sector in accessing loans in the domestic market, generating an inflow of foreign exchange, and benefitting from longer maturity periods and lower interest rates.[15] However, if the foreign debt incurred is excessive, it will put further pressure on foreign exchange reserves. Several CARICOM countries are implementing measures to reduce their ratio of external debt to total public debt to sustainable levels.

TABLE 3/ Total Debt Service*, 2010

Country	Total Debt Service
Antigua and Barbuda	n.a.
The Bahamas	n.a.
Barbados	n.a.
Belize	12.1
Dominica	9.8
Grenada	14.3
Guyana	n.a.
Haiti	15.7
Jamaica	27.9
St. Kitts and Nevis	23.2
Saint Lucia	7.1
St. Vincent and the Grenadines	16.4
Suriname	n.a.
Trinidad and Tobago	n.a.

Source: World Bank Development Indicators
*Total debt service (% of exports of goods, services, and income)

2.2.3 Economic Performance of CARICOM[16]

On average, CARICOM Member States have experienced positive growth in real gross domestic product (GDP) for most of the last decade.[17] However, several important macroeconomic indicators have shown worrisome trends. Real GDP for the Region expanded at an annual average rate of 2.0 percent between 2001 and 2010, although some countries experienced wide year-to-year fluctuations.

Trinidad and Tobago was the main driver of regional growth during 2001–2010. Its average annual growth rate of 5.7 percent was generated largely by high fuel and chemical prices as well as strong production and foreign direct investment inflows. The OECS Sub-Region, which is comprised largely of tourism-dependent economies, grew at an annual average rate of 1.7 percent during the period; leading was St. Vincent and the Grenadines with 2.8 percent.

In 2009, economic activity contracted in most CARICOM Member States as the result of the global financial and economic crisis. Most affected were the services-dependent economies. The sharp decline in tourism receipts from key European and North American markets, a rise in commodity and food prices, and reductions in remittances, FDI-financed construction, and external demand for raw materials, all contributed to the contraction of domestic economic activity in a number of countries.

The largest contractions in GDP took place in St. Kitts and Nevis (11.1 percent), Antigua and Barbuda (10.9 percent), and Grenada (8.3 percent). The OECS'

[15] CARICOM Secretariat, *Caribbean Trade and Investment Report, 2010.*

[16] This section refers to GDP growth rates from the World Development Indicators, World Bank.

[17] According to World Bank study *A Time to Choose: Caribbean Development in the 21st Century*, the growth performance of the Caribbean has been declining since the 1970s, from 3.9 percent in the 1970s, to 2.2 percent in the 1980s, and to 1.9 percent in the 1990s.

combined GDP contracted by 6.5 percent, while the Region's as a whole shrunk by 3.3 percent, highlighting the OECS' relatively higher susceptibility to external economic shocks. Trinidad and Tobago's GDP declined 3.5 percent in 2009, partly due to lower energy prices, and Jamaica's real GDP contracted by about 2.5 percent due to a combination of factors, including a decline in production of bauxite and alumina and a fall in tourism receipts.

Three Member States exhibited positive output growth in 2009: Guyana (3.3 percent), Suriname (3.1 percent), and Haiti (2.9 percent). However, Suriname experienced a deceleration in its rate of growth from 4.7 percent the previous year; this was in part attributable to a decline in the alumina production as well as lower prices for alumina and oil. Other factors contributing to the positive performance of these three countries included high gold prices (Guyana and Suriname) and post-disaster reconstruction (Haiti).

While the Region's GDP contracted an additional 1.3 percent in 2010, its rate of decline was slower than in the previous year. The same held true for the OECS Sub-Region, which contracted by 3.4 percent. The leading regional economic performers were Suriname (4.4 percent growth), Guyana (3.6 percent), and Belize (2 percent). Suriname's continued robust economic performance was driven by accelerated activity in the construction sector and increased government spending. Guyana also maintained strong growth as a result of continued high commodity prices and strong domestic demand while Belize recovered from its 2009 stagnation. Other countries that registered positive growth were Dominica (1.7 percent), The Bahamas (0.9 percent), Barbados (0.3 percent) and Trinidad and Tobago (0.1 percent). All the other CARICOM States experienced contraction in their GDP.[18]

2.2.4 Foreign Direct Investment[19]

Prior to 2009, the Region was seeing a progressive increase in foreign direct investment (FDI), which peaked at US$6.75 billion in 2008. With the global economic and financial crisis, however, FDI inflows to most CARICOM Member States, decreased in 2009 (50.4 percent) and 2010 (32.4 percent).

In 2009–2010, FDI decreased for all CARICOM Member States except Haiti, where FDI saw a considerable increase of 303 percent due largely to investments in the telecommunications sector following the 2010 earthquake.[20] During the same two years, FDI inflows to the OECS Sub-Region contracted by 25.6 percent and 16.2 percent, respectively. Information suggests that several projects, particularly construction-related, were either deferred or shelved altogether.

2.3 Structures and Patterns of Trade

The Caribbean economies' small size not only limits their productive capacity but also their internal market. CARICOM countries have relatively open economies as they seek to generate additional market access to create the requisite demand-pull for generating economies of scale. They also rely heavily on imports for inputs into local production and to satisfy consumer demand. Given their small domestic markets, Member States also rely heavily on export revenue to sustain economic growth.[21]

[18] For more details, see ECLAC, *Economic Survey of Latin America and the Caribbean*, 2010.

[19] This section refers to data on foreign direct investment flows from UN ECLAC, Foreign Direct Investment in Latin America and the Caribbean, 2011.

[20] See IMF Haiti Country Report on Article IV Consultations.

[21] INTAL/IDB, CARICOM Report No 2, August 2005.

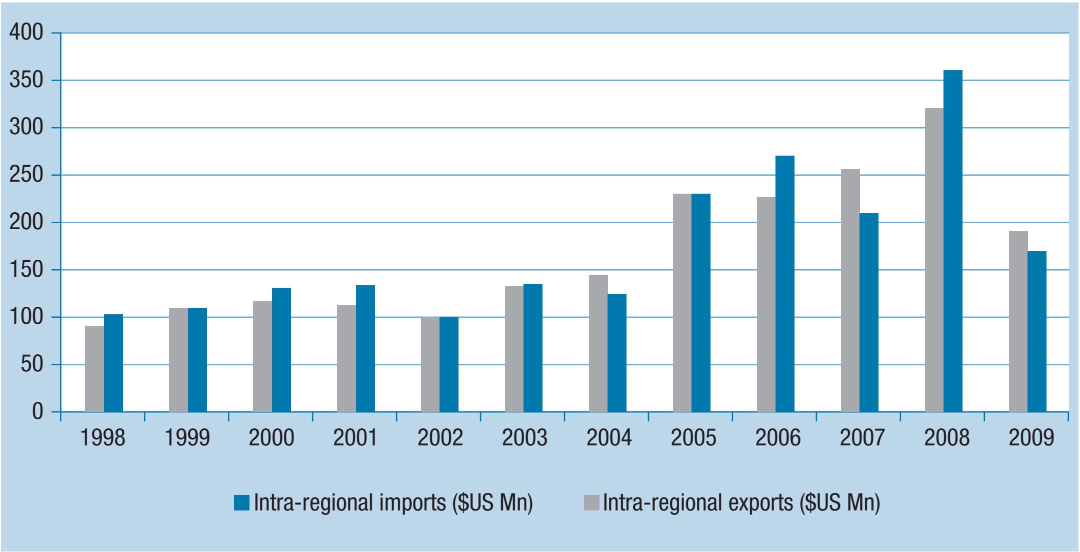


FIGURE 2/
CARICOM Intra-regional Trade (US$ millions)

Source: Caribbean Trade and Investment Report 2005 and calculations based on CARICOM Secretariat's statistics

Trade in goods and services dominate the Region's economic activity to the extent that most Member States have trade in goods and services to GDP ratios in excess of 100 percent. This trade openness further increases susceptibility to exogenous economic shocks. Here again, differences among countries are extreme: at one end, Guyana has an openness index of 170 percent, while at the other, Haiti's ratio is 58.1 percent.

The pattern and structure of CARICOM trade in goods has remained somewhat unchanged. The Region exports small percentages of its total production to intra-regional markets, while trade with extra-regional traditional partners - USA, Canada, the UK, and the rest of the European Union[22] – dominates by far CARICOM's total trade in goods**.** Further, most of CARICOM's trade, both intra-regional and extra-regional, is carried out by the region's most developed countries (MDCs)[23], with Trinidad and Tobago the leading exporter (73.4%) and Jamaica (28%) the major importer.

2.3.1 Intra-regional Trade[24]

Intra-regional exports have steadily declined, reaching their lowest level in 2007 at 12.2 percent. The highest level of intra-regional exports was registered in 1998 where it accounted for 21.5 percent of total CARICOM exports. In 2009, intra-regional exports stood at 13.7 percent of total exports. Notwithstanding year-to-year fluctuations, intra-regional imports, which accounted for 11 percent of total imports in 2009, have remained relatively stagnant (see figure 2).

Intra-regional trade is by far dominated by the CARCOM MDCs, with Trinidad and Tobago accounting for 78 percent of intra-regional exports in 2009. The OECS countries collectively accounted for 5.5 percent of intra-regional exports. Trinidad and Tobago's dominance results from strong exports of natural gas, petroleum products, and light manufactured goods.

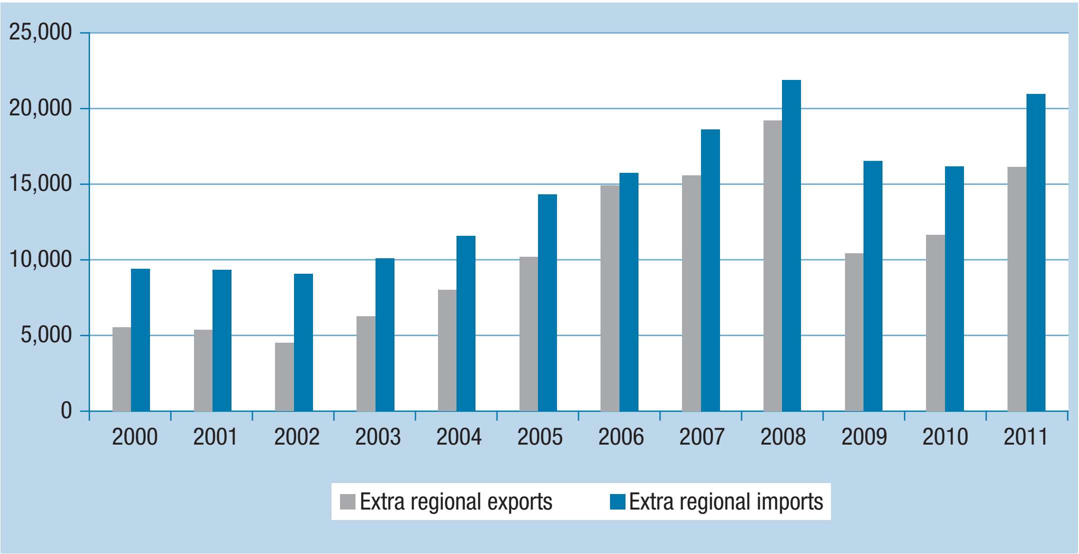
Intra-regional imports peaked in 2008 at US$3.2 billion, declining to US$1.9 billion

[22] CARICOM Secretariat, *Caribbean Trade & Investment Report, 2010.*

[23] CARICOM's more developed countries are The Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago.

[24] Caribbean Trade and Investment Report 2010.

FIGURE 3/
CARICOM Extra-regional Trade (US$ millions)



Source: *Caribbean Trade and Investment Report 2005* and calculations based on CARICOM Secretariat's statistics

the following year. The MDCs accounted for 72.5 percent (approximately US$1.3 billion) of intra-regional imports, and the LDCs,[25] 27.7 percent (US$0.52 billion). In 2009, the OECS Sub-Region achieved its highest intra-regional import share (26.8 percent).

Jamaica was the largest intra-regional importer; its 34.4 percent share in 2009 showed a significant decline from 50.4 percent in2008. Jamaica's intra-regional import demand is fuelled by a combination of factors, including its population size, demand for consumption items from the rest of the Region, heavy reliance on petroleum imports from Trinidad and Tobago, and rice imports from Guyana.[26] The second and third largest intra-regional markets are Guyana (17.1 percent) and Barbados (15.4 percent).

2.3.2 Extra-regional Trade

Extra-regional markets continue to account for in excess of 80 percent of CARICOM's trade, demonstrating the importance of the Region's external trade relations. But this same high level of extra-regional trade increases the region's vulnerabilities due to dependence on foreign exchange earnings to sustain economic activities as well as being a source of inputs for local producers and to satisfy consumer demand. This sensitivity is particularly acute for shocks that precipitate declining prices of, or drop in demand for, major exports, as witnessed during the recent global financial and economic crisis (2009).

After peaking at US$23 billion in 2008, CARICOM's total exports (extra-regional) declined sharply to US$12.4 billion in 2009. However, despite a sharp decline in exports from Trinidad and Tobago of more than 50 percent from the previous year, the country remains by far the dominant exporter in CARICOM, accounting for 73.4 percent of total exports in 2009.

2.3.3 Foreign Trade Taxes

CARICOM LDCs, and in particular the countries of the OECS, are relatively more dependent than the MDCs on foreign trade

[25] CARICOM's less developed countries are Antigua and Barbuda, Belize, Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines.

[26] CARICOM Secretariat, *Caribbean Trade & Investment Report, 2010.*

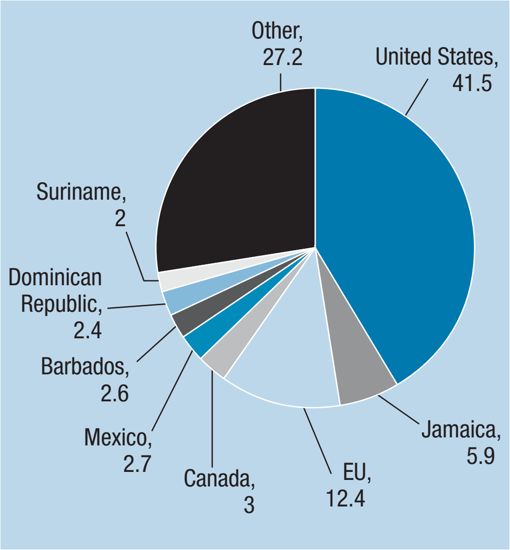
taxes, particularly on tariffs, customs service charges, environmental charges, and consumption or other taxes on imports for revenue collection. It is estimated that in 2009, international trade taxes accounted for in excess of 30 percent of government revenue for Antigua and Barbuda, Grenada, Montserrat, St. Kitts and Nevis, and Saint Lucia. These countries are therefore relatively more vulnerable to revenue losses from trade reform and tariff liberalisation than other CARICOM countries, where dependence on these taxes and tariffs is much less. Further, in some cases, alternative streams of revenue may not be cost effective due to administrative and institutional constraints.

Consistent with the special status of the LDCs as enshrined in the Revised Treaty of Chaguaramas, CARICOM had traditionally sought special dispensation in external negotiations for those countries with respect to tariff liberalisation. This commonly manifested itself in the form of an exemption from tariff liberalisation commitments, as is the case with CARICOM's agreements with the Dominican Republic and Costa Rica.[27] Another approach has been to fashion CARICOM's tariff liberalisation schedule in a manner that allows for products of revenue interest to be either exempted or back-loaded, thereby allowing sufficient adjustment time, as is the case with the CARIFORUM-EU Economic Partnership Agreement (EPA).

2.3.4 Composition of Exports and Imports

The majority of CARICOM economies are predominantly service-based. In fact, the CARICOM Region has a clear comparative advantage in the area of services, particularly in tourism, entertainment, and other culturally related sectors. Tourism, and to a lesser

FIGURE 4/
CARICOM Top Domestic Export Partners, 2008



Source: Caribbean Trade and Investment Report 2010

extent financial services, are the dominant services sub-sectors of these economies. For most countries, **export of services, which is a primary source of foreign exchange, accounts for more than 70 per cent of their total exports.** Exceptions are Belize, Guyana, Haiti, Suriname, and Trinidad and Tobago. However, for the Region as a whole, the value of goods exports exceeds that for services; for the OECS Sub-Region the converse holds.

An analysis of the Region's export structure shows an increased concentration of products.[28] **In 1997, the top 20 products accounted for 51 percent of total exports. A decade later, the top 10 products accounted for 75.1 percent of the Region's total exports.** This increased share may suggest instability in export earnings, which can undermine domestic demand and investment attractiveness. Using diversification indices[29] to gauge the differences between the structure of trade of the country or country group and the world average, Suriname had the most diversified export basket, with an index of 0.84. Antigua and Barbuda had the

[27] Under the CARIFORUM-EU EPA, CARICOM LDCs will gradually liberalize access to their markets.

[28] World Bank/OAS, *Caribbean: Accelerating Trade Integration – Policy Options for Sustained Growth, Job Creation, and Poverty Reduction*, April 2009.

[29] This section refers to Table C: Diversification and Concentration Indices (2010 in the Statistical Annex. The diversification index (based on data from UNCTADSTATS) signals whether the structure of exports or imports by product of a given country or group of countries differs from the world structure of the product. The diversification index is computed by measuring absolute deviation of the country share from world structure.

least diversified exports among CARICOM countries, with an index of 0.52.

Exports are also concentrated geographically among CARICOM states, with the US market accounting for more than 41.5 per cent of the Region's goods shipped overseas. This concentration also exposes the Region to vulnerability, since changes in the business cycle, policies, or regulations in the importing country can severely impact exports and the external balance. The Region's main exports to the US market are natural gas, petroleum products, aluminum, and bauxite.

The EU is the CARICOM's second most important export market, accounting for 12.4 percent of the Region's exports. Other important extra-regional export partners are Canada, Mexico, and the Dominican Republic. The main CARICOM markets for regional exports are Jamaica (5.9 percent), Barbados (2.6 percent), and Suriname (2.0 percent).

Goods account for more than 70 percent of imports for most CARICOM Member States. The top 10 imports, which account for 34 percent of the Region's total imports, are largely petroleum and its related products.

CARICOM countries exported to key markets in North America and Europe for decades under preferential arrangements designed to stimulate and diversify the Region's exports. In light of the trade statistics presented above, Member States have generally concluded that these arrangements have not been successful.[30]

[30] Caribbean: Accelerating Trade Integration, 2010.

[31] The Bahamas is currently engaged in accession negotiations to become a WTO member.

2.4 Trading Arrangements

CARICOM Member States are signatories to multilateral, regional, and bilateral trading arrangements in which **market access—especially extra-regionally—has always been a central goal of CARICOM's trade and economic development agenda** due to the small size of the Region's national and regional markets. The Region has pursued a dual approach to integrating into the multilateral trading system, deepening regional integration while at the same time strengthening trading relations with traditional partners and establishing or exploring new arrangements with other countries and trading blocs.

While each trade agreement offers CARICOM export opportunities, each also present challenges in implementing and exploiting export opportunities arising from more favourable market access conditions.

2.4.1 WTO relations

All CARICOM Member States except The Bahamas[31] and Montserrat are members of the World Trade Organisation (WTO) and are therefore bound by commitments contained in the General Agreement on Tariff and Trade (GATT), the General Agreement on Trade in Services (GATS), and the Trade-related Aspects of Intellectual Property Rights (TRIPS).

CARICOM Member States that belong to the WTO have been participating in the Doha Development Agenda since the Doha round was launched in Qatar in November 2001. CARICOM Member States are also members of several alliances, including the SVEs, the Africa, Caribbean and Pacific (ACP) Group, the Group of 33 on Special Products and Special Safeguard Mechanism, and the Group of 90, and they support the positions advanced by these alliances.

CARICOM Member States have vigorously advocated that SVEs should receive special and differential treatment and preferences in light of their special characteristics. Additionally, CARICOM Member States have called for additional resources targeted at reducing supply-side capacity constraints to maximize the benefits of trade liberalisation. CARICOM also backs the efforts of SVEs to establish a framework modelled after the Enhanced Integrated Framework for Least Developed Countries for mainstreaming and accessing AfT resources.

All CARICOM Member States have taken steps to comply with their WTO commitments. CARICOM members have notified several measures to the WTO over the years; however, the level of implementation varies from one country to another.[32] Member States possessing greater technical or human resources capacities demonstrate a higher level of compliance with their WTO commitments.

2.4.2 Relations with the US

CARICOM-United States trade relations were formalised in January 1984 under the Caribbean Basin Economic Recovery Act (CBERA). This instrument contains the trade component of the Caribbean Basin Initiative (CBI), which was launched in 1983. The CBI grants duty-free access to the US market subject to rules of origin. In 2000, the preferences were expanded through the United States-Caribbean Basin Trade Partnership Act (CBTPA), which accorded similar preferential tariff and quota treatment already granted for certain textile and apparel articles imported into the US from NAFTA countries, subject to conditions.

In addition, CARICOM and the US have participated in negotiations for a Revised Trade and Investment Framework Agreement to replace the Agreement between the Government of the United States of America and the Caribbean Community (CARICOM) concerning a United States-CARICOM Council on Trade and Investment, which was signed in 1991. The revised agreement will govern future trade and economic cooperation between the two parties. Significant progress has been achieved thus far in the negotiations.

2.4.3 Relations with the European Union

CARIFORUM and the EU formally concluded negotiations for an EPA on December 16, 2007, with the initialling of a comprehensive text. In 2008, the two sides signed the agreement, thereby ushering in the first reciprocal trade agreement between CARIFORUM and the EU. Trade with the EU was previously governed by successive non-reciprocal ACP-EC Conventions (Lomé and Cotonou).

Several new features relating to trade now frame CARIFORUM-EU relations. For example, the new trade arrangement between CARIFORUM and the EU is a region-to-region agreement, in contrast to the EC agreement with ACP. Further, the agreement covers a comprehensive range of issues, including reciprocal trade preferences, services, and an overarching development chapter that outlines the scope and cooperation priorities.

All CARIFORUM countries except Haiti have provisionally applied the EPA since 29 December 2008. Some States have instituted the first tariff reduction scheduled for 1 January 2011.[33] Some of the joint institutions established under the EPA have met, whilst plans are progressing to convene

[32] More information on the status of implementation of WTO commitments by CARICOM countries can be gathered from the periodic Trade Policy Review reports available at *www.wto.org*.

[33] Barbados, Belize, Grenada, Guyana, and St. Kitts and Nevis.

meetings of others. A roadmap has been developed to guide the Region's implementation of its commitments under the EPA. Further, an EPA Implementation Unit in the CARIFORUM Directorate of the Caribbean Community Secretariat, which became operational on 16 February 2009, is charged with guiding the Region's implementation of the agreement.

2.4.4 Relations with Canada

Trade and economic co-operation relations between CARICOM and Canada have been governed by a number of instruments, namely, the 1979 CARICOM-Canada Trade and Economic Co-operation Agreement and its protocols, including the 1998 Protocol on Rum; CARIBCAN, which grants unilateral duty free access to eligible goods from beneficiary countries in the English-speaking Caribbean up to 2013; and bilateral investment treaties with individual Member States, namely Barbados and Trinidad and Tobago. Canada also has memoranda of understanding with Jamaica, Trinidad and Tobago, Barbados, and the OECS countries under which farm workers are allowed to work in Canada on a seasonal basis.[34]

In 2001, CARICOM Heads of Government proposed a new round of negotiations to their Canadian counterparts with the following broad objectives: (1) build on and broaden the scope of the current instruments and programmes of trade and economic co-operation, (2) deepen disciplines to improve market access for CARICOM exports of goods and services while providing a more secure and predictable foundation for bilateral trade, (3) stimulate increased flows of Canadian investment into the Region, and (4) provide a comprehensive framework for development co-operation initiatives. Negotiations for a CARICOM-Canada Trade and Development Agreement were officially launched in August 2007, but real work did not begin until November 2009.[35]

2.4.5 Other Bilateral Relations

CARICOM has also concluded trade agreements with a number of countries within the Western Hemisphere. Currently, there are partial scope agreements with Colombia, Cuba, and Venezuela, and free trade agreements have been concluded with Costa Rica and the Dominican Republic. Exploratory talks have taken place with Central America and MERCOSUR to determine the feasibility of negotiating individual free trade agreements with these groups of countries.

CARICOM's trade performance under the bilateral trade agreements has been mixed. While CARICOM has enjoyed trade surpluses under the agreements with Cuba and the Dominican Republic, the Region has experienced persistent trade deficits with Colombia, Costa Rica, and Venezuela.

2.5 Regional Integration

Regionalism has always been viewed as a precondition for greater integration into the global trading system. Three tiers of Caribbean regional integration and cooperation can be distinguished as follows: the CARICOM Single Market and Economy (CSME), the Organisation of Eastern Caribbean States Economic Union, and CARIFORUM, which essentially is a mechanism for cooperation with the EU.

2.5.1 CARICOM Single Market and Economy

The first attempt at regional economic integration among Caribbean countries can

[34] CRNM, CARICOM-Canada Negotiating Brief on CARICOM-Canada Negotiations for a Trade and Development Agreement.

[35] The scope of the negotiations include, development, trade-related cooperation, institutional issues, dispute settlement, trade in services, telecoms, ICT and E-commerce, financial services, energy services, investment, tourism, culture, investment, trade and innovation/intellectual property, transparency in government procurement, competition policy, monopolies and state enterprises, agriculture and fisheries, trade facilitation, rules of origin, SPS, TBT, trade defence measures, national treatment, and market access.

be traced back to 1958 with the creation of the Federation of the West Indies.[36] **Since then, several other initiatives have built on this federation that have resulted in the current cornerstone of Caribbean integration, the CSME.** Currently being implemented in two phases, the CSME seeks to create a single economic space. The first phase established the CARICOM Single Market in 2006. The second phase will result in the establishment of the CARICOM Single Economy, which is scheduled to take effect at the end of 2015 once the requisite administrative, legal, and other arrangements are put in place.

The objectives of the CSME, set out in the Revised Treaty of Chaguaramas, include improved standards of living, full employment of labour and other factors of production, accelerated and sustained economic development, expansion of economic relations with third countries, higher levels of international competitiveness, increased productivity, greater effectiveness in dealing with third countries, and more efficient delivery of health, education, and other social services.

Only two CARICOM Member States —The Bahamas and Montserrat—have not signed the Revised Treaty. Of the signatories, all 13 Member States have ratified the Revised Treaty. Montserrat is currently awaiting entrustment from the United Kingdom; the Bahamas has indicated that it will not become a member of the CSME. Haiti's obligations have been temporarily waived due to the devastation caused by the 2010 earthquake.

Several regional bodies have been created to support regional integration in the Caribbean. These include: the Caribbean Agriculture and Health Food Safety Agency (CAHFSA), the Caribbean Court of Justice (CCJ), the CARICOM Regional Organisation on Standards and Quality (CROSQ), and the Caribbean Competition Commission (CCC).

Status of Implementation

The CARICOM Single Market has the following core regimes: free movement of skills, goods, services, and capital, and the right of establishment. Studies commissioned by the CARICOM Secretariat concluded that the CSME is operating at about 64 percent overall level of compliance,[37] as follows: (1) free movement of skills, 66 per cent; (2) free movement of goods, 80 per cent; (3) free movement of services, 37 per cent; (4) movement of capital, 72 per cent; and (5) right of establishment, 64 per cent.

Progress has lagged in establishing the CARICOM Single Economy's legal, administrative, and institutional framework.

2.5.2 Organisation of Eastern Caribbean States

The OECS, a subset of CARICOM countries, has been able to realise an even deeper level of integration than the wider CARICOM body. The Revised Treaty of Basseterre (RToB), which was signed 18 June 2010 and entered into force 21 January 2011, establishes the OECS Economic Union and sets out the organization's purpose, its governance arrangements, and provisions on dispute settlement. The Protocol to the Economic Union Treaty sets out the modalities for the union's operation.

The core regimes of the OECS Economic Union include, (1) creation of a common market for goods, including free circulation; (2) free movement of persons; (3) creation of a common market for services; and (4) dispute settlement.

[36] The Federation of West Indies included all Commonwealth territories except the Bahamas, Belize, and Guyana.

[37] CARICOM Secretariat's press release no: 22/2012

Status of Implementation

Most OECS Member States have not yet implemented legislation to give effect to the Revised Treaty of Basseterre, although some progress has been made. Only St. Vincent and the Grenadines effected the administrative arrangements in full by the August 1, 2011 deadline. St. Kitts and Nevis and Dominica are applying the provisions. Antigua and Barbuda, Grenada, and Saint Lucia are still applying the CSME arrangements, which provide that OECS citizens are granted a six-month stay. Ongoing discussions are being carried out on issues including identification documents, contingent rights, portability of social benefits, and training for border officials. The major timelines for the implementation of regimes set to date are as follows: ratification of the RToB and entry into force, 21 January 2011; free movement of persons, 1 August 2011 and; free circulation of goods, June 2013. Deeper economic integration pursuant to the OECS Economic Union is expected to complement integration initiatives at the wider regional level.

2.5.3 CARIFORUM

The CARIFORUM Group of States, which includes CARICOM Member States and the Dominican Republic and Cuba,[38] is a wider mechanism for regional trade and economic cooperation. This cooperation takes place within several frameworks, including the free trade agreements between CARICOM and the Dominican Republic and CARICOM-Cuba respectively, as well as within the context of the EPA. Montserrat is a member of CARICOM but not of CARIFORUM and is therefore not a signatory to the CARIFORUM-EU Economic Partnership Agreement.

[38] Cuba is a member of CARIFORUM but as it is not a signatory to the Cotonou agreement or the CARIFORUM-EU EPA. It neither participates in related activities nor benefits from funding under the European Development Fund (EDF), since EDF funding is tied to the Cotonou agreement.

3 Priorities for Action

At the global level, estimates indicate that developed countries receive 70 percent of the benefits from trade liberalisation.[39] Furthermore, within the developing world, such benefits have gone predominantly to advanced developing countries, leaving many of the poorer, more vulnerable countries actually worse-off. Among CARICOM Member States, while Suriname and Guyana have recently increased export performance, intra-regional trade has been largely dominated by Trinidad and Tobago. A broad-based expansion in regional trade and economic development was originally envisaged when many national economies embarked on an agenda of structural adjustment, trade policy reform, and market liberalisation in the 1990s; however, such an expansion has largely not materialised. Clearly, trade liberalisation on its own has not been sufficient to deliver robust economic growth to CARICOM Member States.

Moreover, slowing regional growth rates and declining demand for traditional exports (commodities and tourism services), which have driven exports below pre-2008 levels, underscore the urgent need for not only productive diversification but also a concerted effort on the part of the Region to address its systemic supply side constraints. These restraints, which serve as formidable barriers to trade, include deficient economic infrastructure, such as ports, freight logistics, internal transport and communications networks, and inadequate resources to engage in production for export. In order to remedy these problems, CARICOM countries need increased complementary donor support to take advantage of existing and emerging trade opportunities and ensure that development gains of trade liberalisation are maximised and adjustment costs are mitigated. As a precondition for receiving such support, however, is **the development**

CARICOM's Broad AfT Priorities (2008):

Trade Policy and Regulation
- Analysis, policy development, negotiations and facilitation.
- Implementation of trade agreements.

Building Productive Capacity
- Private sector development.
- Competitiveness.

Network Infrastructure
- Trade-related infrastructure (particularly transportation).
- Infrastructure networks.

Other
- Regional Integration and Cooperation
- Adjustment costs of trade liberalization

[39] Stieglitz and Myers. *Fair Trade for All: How Trade Can Promote Development*, 2006.

of a comprehensive Regional AfT Strategy that clearly sets out the Region's goals, priorities, and programmes.

The Region's long-term development plans and the constraints to the achievement of its objectives must form the basis for selecting strategic pillars of a Caribbean regional AfT strategy that will provide clear guidance to the donor and investor communities. The Region's primary policy goals can be summarized as employment generation, poverty reduction, sustainable economic growth and development, attainment of the Millennium Development Goals (MDGs), achieving export led growth, deeper regional integration, and quicker integration into the global economy.

From the preceding analysis and discussion, stakeholders' consultations, and benchmarking, it is evident that CARICOM must confront a myriad of binding constraints that inhibit the Region's ability to achieve its long-term development objectives. Consequently, a pragmatic, coordinated, and integrated approach that targets a broad spectrum of issues through trade-related capacity building interventions including both hard and soft infrastructure is needed to redress this developmental imbalance and set the Region on a path where trade can become an instrument of growth. The preparatory process to the Second Regional Review on Aid for Trade[40] identified four broad priorities[41] for resource mobilisation. The Region, however, utilised the intensive national AfT consultations to further refine the broad priorities set in 2008.

More specifically, the priorities emerging from the consultative process in Member States were consistent with the **mandate provided by CARICOM Heads of Government[42] in 2010** when they endorsed the decision of the Prime Ministerial Sub-Committee on External Negotiations, which *"agreed that the major Aid for Trade projects developed by the Region should be transformational in nature and positively impact the greatest possible number of people of the Caribbean Community; and in this regard, also agreed that priority should be given to developing project proposals in the areas of* ***Maritime Transport and Information and Communication Technologies (ICT)****…"*[43]

In addition to the two priority areas highlighted by the Heads of Government, the consultative process identified other thematic areas of focus, projects, and points of interventions. While Maritime Transport and ICT are indeed crucial, the **Heads' mandate should not diminish the importance of all the other development objectives** and capacity building concerns identified during the consultative process, which also urgently require AfT support. The view was widely expressed that collectively addressing the key drivers of Regional productivity and competitiveness in a coherent and coordinated manner, both regionally and at the national level, will enhance the private sector's ability to substantively take advantage of market opportunities deriving from multilateral trade liberalisation in general and bilateral trade agreements in particular.

For the strategy to be credible and capture the attention of donors, the trade-related development goals and priority areas must be seen as necessary for redressing structural imbalances, shrinking capacity gaps, spurring private sector development, increasing productive efficiency, and expanding production, thereby setting CARICOM along a path towards achieving region-wide trade-led growth. Such goals and priorities must be guided by emerging areas of consensus

[40] Held in Montego Bay, Jamaica on May 6–8, 2009

[41] It should be noted that these were informed by CARICOM Member States' responses to the WTO/OECD Partner Country Questionnaire of 2008.

[42] Thirty-First Meeting of the Conference of Heads of Government which followed on 4–6 July 2010.

[43] The Twenty-First Meeting of the Prime Ministerial Sub-Committee on External Negotiations held on July 3, 2010, in Montego Bay, Jamaica. Italics authors' own.

from the national consultations and the result of the analysis undertaken.

Taken on balance, these broad criteria led to **three goals of the Region's AfT Strategy**:

i. **Upgrading key economic infrastructure.**
ii. **Enhancing competitiveness and facilitating trade expansion and diversification.**
iii. **Deepening regional integration and maximizing gains from external trade agreements**.

The consultative process also identified distinct **Regional policy goals** and priority points of intervention for AfT resources and regional cooperation. In some instances, **national priorities supportive or essential for the success of regional programmes** were identified. Additionally, the strategy identifies **national AfT priorities** that were either peculiar to individual Member States or shared by several Member States, but were not linked to the regional priorities.

Accordingly, **Annexes I-III** provide three inter-related action matrices of programmes and projects. **Annex I illustrates Regional goals**, projects, and the nature of assistance required for cutting across the three AfT pillars. **Annex II presents national reform projects that support** the achievement of the Regional priorities. **Annex III outlines individual national AfT priorities** that are not linked to a Regional programme, priority or project.

The rest of this section of the strategy sets out the major Regional and national AfT priority areas and policy objectives, as well as specific points of intervention, projects, areas of capacity building focus, and drivers of development covering the three broad **strategic policy goals summarized in Figure 5.**

3.1 Goal 1: Upgrading Key Economic Infrastructure

When managed successfully, infrastructure investment can have a positive impact on economic development, which is invariably measured through economic growth, output,

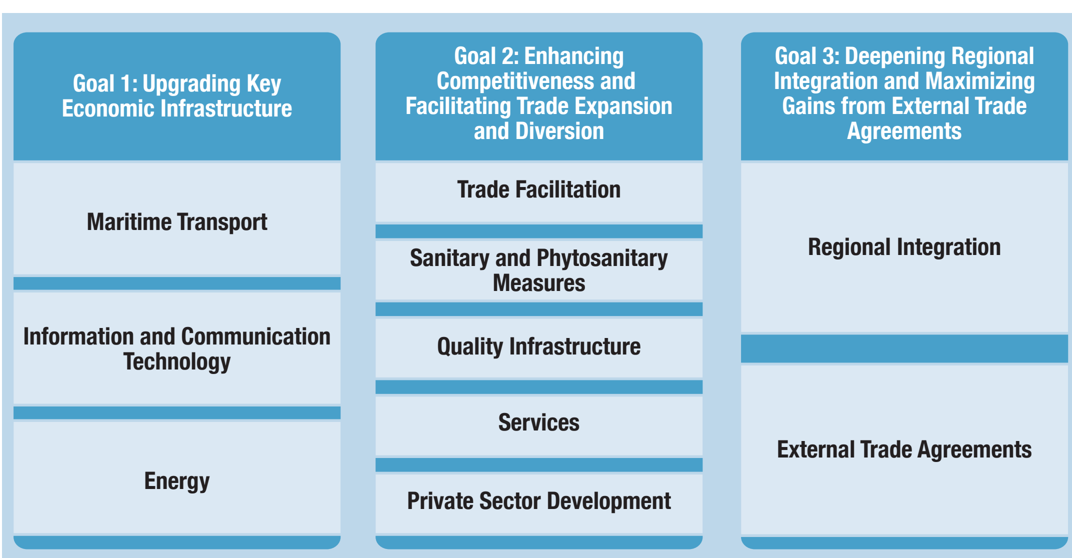


FIGURE 5/
Goals of the Caribbean Regional Aid for Trade Strategy

regional competitiveness, and welfare gains. Moreover, the quality and availability of infrastructure influences investment decisions and business establishment locations[44] while the availability of key economic infrastructure[45] (e.g. energy, transport, and telecommunications) promotes economic activity. CARICOM Member States share the view that upgrading components of the Region's economic infrastructure can leverage overall regional development by, *inter alia*, lowering input costs, enhancing labour productivity, generating economies of scale, and improving regional competitiveness. The Region also recognizes that well-developed infrastructure reduces the effect of distance, thereby facilitating regional and international market integration. However, the challenging fiscal situation of many of the Caribbean countries limits their access to domestic and foreign credit and reduces their ability to incur any additional sovereign debt to finance infrastructure development. Most CARICOM economies, particularly the OECS members, continue to register current account deficits and grapple with high indebtedness, thereby limiting the financial resources available to invest in modernizing domestic trade-related infrastructure.

Accordingly, the principal objective of the strategy is to secure complementary resources or identify public-private partnerships for upgrading key economic infrastructure (Maritime Transport, ICT, and Energy).

Maritime Transport

Containerized shipping is, the lifeblood of international trade and, drives significant productivity and competitiveness gains. **Ninety percent of the world's commodity trade is carried by containers; however overall transport costs and insurance in the Caribbean are 30 percent higher than the world average.**[46]

CARICOM countries have little or no control over the frequency and cost of regional and international shipping, given that domestic market size as well as export levels are inadequate to produce the requisite economies of scale. Enhancing maritime transport infrastructure therefore has the potential to fuel the regionalization of CARICOM's production and exports, increase port productivity, and generate significant cost savings, as well as increase intra-regional trade and partially address spatial concentration of productive activity within the Region. A major objective is initiating an innovative programme of pragmatic investments in port infrastructure and shipping technology, as well as promoting regional cooperation in maritime infrastructure development.

Within the Western Hemisphere there has been an increasing trend towards concentration of global shipping lines, the formation of global alliances, and the emergence of terminal operator groups. Transhipment also has assumed a greater role, altering shipping routes and network configurations. Together, these factors have presented additional hurdles for the Region and to a large extent have retarded the growth of intra-regional trade. This situation is exacerbated by the Region's cost inefficiency and the underdeveloped nature of its transport infrastructure.

The World Economic Forum's Global Competitiveness Report for 2011–2012 provides an assessment of the quality of transport infrastructure for selected CARICOM Member States. For each sub-index, the quality of a country's infrastructure is

[44] Socio-Economic Impact of Infrastructure Investments, Vytautas Snieska, Ineta Simkunaite, *Engineering Economics(3) (Journal)*, Economics of Engineering Decisions, 2009.

[45] Internal facilities of a country that make business activity possible, such as communication, transportation, and distribution networks, financial institutions and markets, and energy systems.

[46] Moreira M., Volpe, C., and Blyde, J. 2008. *Unclogging the Arteries: The Impact of Transport Costs on Latin American and Caribbean Trade*. Inter-American Development Bank.

TABLE 4/
Global Competitiveness Index: Quality of Selected Infrastructure Indicators (2010–2011)

Country	Quality of overall infrastructure	Quality of roads	Quality of port infrastructure	Quality of air transport infrastructure
Range between 1 (extremely underdeveloped) and7 (extensive and efficient by international standards)				
Barbados	5.8	5.4	5.6	6.3
Belize	3.5	3.0	3.3	4.4
Guyana	3.8	3.8	3.7	4.0
Haiti	1.8	1.7	1.8	2.1
Jamaica	4.2	3.8	5.3	5.5
Suriname	4.2	4.2	4.5	4.0
Trinidad and Tobago	4.4	3.9	3.9	5.0

Source: Global Competitiveness Report 2011–2012

graded from one (extremely underdeveloped) to seven (extensive and efficient by international standards).

The ranking of those CARICOM countries with GCI profiles underscores the challenges caused by the underdeveloped nature of the Region's infrastructure. Barbados scored the highest among the CARICOM for quality of port infrastructure; Haiti scored the lowest for its port infrastructure. Out of 142 economies profiled, the rankings for overall quality of infrastructure for those CARICOM Member States with GCI profiles were between 22 and 141, with individual countries ranked as follows: Barbados (22); Belize (100); Guyana (102); Haiti (141);[47] Jamaica (79); Suriname (78); and Trinidad and Tobago (53). The infrastructure indicator is disaggregated in Table 4.

Consequently, for CARICOM, an efficient transportation system, in particular air and maritime transport, is regarded as a *sine qua non* for the effective operation of the regional integration process and by extension, more rapid integration into the global economy.

Transhipment has changed shipping routes and network configuration, with high capacity vessels serving global or regional transhipment hubs and smaller vessels linking the hubs to ports of lower ranking. As a result of the expansion of the Panama Canal, larger ships are expected to displace smaller ones and new shipping routes and patterns emerge. These developments present both opportunities and challenges for CARICOM Member States, individually and collectively.

The fact remains that the geographically discontinuous nature of the CARICOM countries, with only two countries sharing a common border (Guyana and Suriname), makes maritime transport an important driver of its trade and a critical determinant of competitiveness. Factors such as port connectivity, infrastructure, breadth of available services, storage facilities, size of ships, cargo volumes, transit times, and positioning within international shipping routes, individually and collectively influence cost and competitiveness. **Deficiencies in port infrastructure, equipment (e.g., presence of gantry cranes), navigational aids, regulatory frameworks, and computerization increase services time and overall costs**.

[47] Haiti's low rank can in part be attributed to the several natural disasters it has experienced.

In determining the appropriate modality for addressing these capacity deficiencies, a major concern consistently expressed by stakeholders during the consultations has been the **absence of funding for infrastructure development**, particularly, but not limited to, deficiencies that relate to the implementation of many of the recommendations of studies already undertaken. In some instances it may be necessary to conduct cost-benefit analyses before proceeding to implementation as well as to explore the feasibility of private sector-public sector-donor partnerships.

In this respect, while the crafting of a **regional strategy on freight logistics, maritime transport, and trade facilitation**[48] may be a step in the right direction, at best this would only partially address the Region's transport infrastructure and maritime security challenges. This notwithstanding, urgently needed are interventions that seek to substantively address the Region's software and hardware constraints in a comprehensive and integrated manner. The regional initiatives that possess the greatest potential to improve the efficiency and reduce the cost of maritime transport, as well as Regional maritime safety and security as set out in Annex I, include the following:

Regional Maritime Transport AfT Projects:

- Implement projects included in Caribbean Regional Strategy on Freight Logistics, Maritime Transport
- and Trade Facilitation.
- Upgrade Caribbean port infrastructure and services.
- Establish a fast-ferry service in the Southern Caribbean Region
- Develop a common shipping policy for the small vessel fleet in the OECS, and modernize the fleet.
- Develop and implement a cohesive regional maritime safety and security strategy for small vessels that
- operate among CARICOM Member States.

Annex II outlines specific national projects linked to the respective regional AfT outcomes, which should also engage the attention of the donor community. Essential initiatives in this regard include the modernization of port infrastructure, improving the ability of ports to handle transhipment cargo, and exploring the feasibility and improving the capacity (storage and safety) and efficiency of small vessels.

Information and Communication Technologies (ICT)

Empirical analyses have increasingly demonstrated that ICT (including telecommunications) spurs domestic output,[49] and that there is a causal link between ICT infrastructure and lower costs of information acquisition and markets participation.[50] In respect to the latter, improving ICT infrastructure reduces transaction costs and increases output of firms operating in a multiplicity of sectors.[51] Clearly, investment in ICT infrastructure and related services can be a strong enabler of economic growth and welfare gains to Caribbean economies. The ultimate goal is to reduce the digital divide between Caribbean economies and developed countries, which at present is greater than the development gap.

Not surprisingly there is an increasing acceptance within the Region that the ICT sector is another essential driver of regional export competitiveness in addition to industrial and private sector development. Therefore, a development path must be created that recognizes the growth of the ICT sector as one of the fundamental precursors to sustainable economic growth in the increasingly competitive global economy. Indeed, information and communication

[48] The Caribbean Regional Strategy on Freight Logistics, Maritime Transport and Trade Facilitation is a Study funded by the IDB. It aims to develop regional action and investment plans to improve maritime trade corridors in the Region. Conclusions from the Study are expected by December 2013.

[49] Kala Seetharam Sridhar, Varadharajan Sridhar, 2009

[50] Norton, 1992.

[51] Röller and Waverman, 2001.

technologies infrastructure are an essential component of modern trade processes. The physical movement of goods and efficient provision of services now necessitates an efficient and timely exchange of information. New technologies and their implementation in productive activities have been changing the economic structure and contributing to increases in productivity in developed and developing countries alike. Moreover, ICTs have become essential tools in advancing trade and business facilitation. Beyond this, greater use of ICTs by society as a whole can significantly improve CARICOM's competitiveness at the global level and in the information society.

In recognizing that the digital or information gap essentially constitutes a development gap, CARICOM Heads of Government identified ICT as a Regional priority. Additionally, the Region recognises that it must move quickly to harness the economic gains and positive externalities of the strategic use of ICT to increase welfare and competitiveness of the Region and consequently re-orient its thinking on the relevance of the information society to development. In an effort to enable the Region to fully capitalize the potential of ICT, CARICOM Heads of Government at their meeting of July 2009 mandated the development of a strategy to guide the development of ICT plans and programmes. That draft strategy has been completed and presented as the Digital Development Strategy 2010–2014, and is currently awaiting full approval by the ministers with responsibility for ICT. Further, numerous studies and plans have identified deficiencies in the Region's ICT infrastructure in key areas including: (1) legislative and regulatory, (2) availability of data, (3) inconsistent access to ICT, (4) prohibitive cost of access/connectivity, (5) strategic planning, (6) research and innovation, and (7) public-private partnerships.

Likely first steps in the road map will be an inventory of the available infrastructure and a review of the regulatory framework related to spectrum management, taking into consideration the analogue to digital switch over.

It is essential to tackle these structural deficiencies in a coordinated and comprehensive manner to achieve key Regional policy outcomes, including **increasing competition in the delivery of broadband services to promote increased access**, **strengthening national and regional E-governance mechanisms, and creation of an enabling environment for conducting business electronically.** These ICT objectives are further elaborated at the project level in Annex I. Some of central points for capacity building intervention include the following:

Regional ICT AfT Projects:

- Review the regulatory framework on spectrum management.
- Create a single ICT space.
- Develop a roadmap to address analog switchover.
- Develop a mechanism for private-public sector partnerships in the telecom sector (E-government).
- Develop a common regional legislative and regulatory framework for E-government.
- Develop information standards, compliance, and policies for all regional institutions.
- Develop and commission Regional E-Government and E-Commerce portals
- Develop and commission a regional pilot project on E/M Commerce (hardware, software)

Given that ICT has emerged as a central underpinning of competitiveness and private sector development, AfT initiatives should seek to transform the informational landscape of individual CARICOM countries. In this respect, Annex II also provides more specificity by clearly outlining national projects that should also engage the attention of the donor community. These include development of national e-governance portals and e-commerce platforms; conducting gap analyses of laws, policies, and standards as they relate to ICT; identifying key sectors for early ICT interventions; conducting an analysis of minimum framework necessary to implement large national and regional ICT projects; and strengthening national ICT/information society units.

Energy

Affordable modern energy services are critical for hastening economic growth, development, and industrialization by enabling the private sector to generate employment and raise domestic incomes. For many Caribbean countries, the economic risk of dependence on imported fossil fuels has become unsustainable. For this reason, many Member States are seeking to create a new energy portfolio with a mix of renewable energy sources, bioenergy and fossil fuels, in this way converting abundantly available resources into productive assets.[52] Moves to diversify energy portfolios would invariably require donor funding, establishment of mechanisms for low-cost financing of renewable energy projects, development cooperation, and transfer of energy technologies; it would also require requisite policy framework to accommodate these means of support.

During the AfT consultations, Member States, with the notable exception of Trinidad and Tobago, highlighted prohibitive energy costs as a major contributor to high production costs and as a corollary, a major deterrent to foreign direct investment as well as private sector investment, thereby limiting economic diversification. Member States universally identified adoption of renewable energy sources as a precondition for safeguarding the Region's energy security, spurring broad-based private sector development, increasing FDI inflows, and facilitating export diversification. Accordingly, it is critical to take a coordinated approach to placing the Region on a more sustainable energy-related development path.

A number of barriers need to be surmounted in order to develop the Region's renewable energy potential and significantly increase energy efficiency. These include inadequate policy, regulatory, and legislative frameworks for integrating renewable energy into the electricity grid in various territories; inadequate human and institutional capacity; and inadequate information and awareness about technology options on the part of the general public, the business community, government, etc. Given the current challenges in the global economy and the financial crisis, which have significantly negatively impacted most CARICOM countries, there is need for expediting and scaling-up of efforts.

AfT interventions should assist the Region in achieving the key outcomes such as **accelerating the development and use of renewable and alternative energy sources; clarifying issues related to relative competitiveness of natural gas as a fuel source in the context of regional energy policy and needs of the Region's industrial sectors; and strengthening the legislative and regulatory framework to support lower cost energy** from renewable sources and

[52] Christopher Flavin and Molly Hull Aeck, *Energy for Development: The potential Roles of Renewable Energy in Meeting the Millennium Development Goals,* Worldwatch Institute, 2006.

natural gas. In addition, it is critical to provide assistance for increasing CARICOM's energy efficiency in commercial and industrial sectors as well as its capacity to support implementation of renewable energy, energy efficiency, and natural gas options. Achieving these central Regional objectives would require several strategic interventions that would be supported by AfT resources. These include:

Regional Energy AfT Projects:

- Develop and implement a regional bio-energy strategy.
- Complete an assessment of renewable energy resources in areas with potential for wind and solar energy.
- Establish a mechanism for financing small and micro renewable energy and energy efficiency (EE) projects for MSMEs.
- Implement a harmonized approach or mechanism for feeding renewable energy sources to grid.
- Establish a regulatory framework to support cross-border trade in electricity and natural gas.

National projects identified in Annex II include development of the national regulatory framework to govern the utilization of renewable and alternative energy sources and assessment of renewable and alternative energy potential.

3.2 Goal 2: Enhancing Competitiveness and Facilitating Trade Expansion and Diversification

CARICOM Member States share similar constraints to economic development and trade expansion including high transportation; energy and communication costs, which undermine competitiveness; geographical fragmentation, which inhibits intra-regional trade; and limited success in capitalizing on bilateral trade agreements. In addition, the small size of CARICOM economies limits not only their productive capacity and their ability to achieve requisite economies of scale, but also their internal market. Not surprisingly, despite a concerted effort to strengthen regional integration and reduce over-dependence on external markets, intra-regional trade still only accounts for an estimated 12 percent of total CARICOM trade, and the Region's exports are still limited to a narrow range of products and markets.

Based on the World Bank 2011 Doing Business survey,[53] all countries in the Region except three have fallen in the overall rankings. The report ranks economies on their ease of doing business from 1 to 183. A high ranking suggests that the regulatory environment is more conducive to starting-up and operating a firm. Red tape-related trade costs, which are both monetary and time-related, are generally higher in developing economies (See Table 5).

The Region's persistent inability to redress its supply side constraints, diversify its exports, and significantly improve competitiveness at the firm, industry, and sectoral levels threatens the sustainable development of its economies. This systemic problem cannot be solved merely by negotiating additional market access. Also urgently required is resources and development cooperation to assist the Region in (1) improving competitiveness and productivity, (2) capitalizing on market opportunities, and (3) promoting private sector development.

The solutions set forth here target the root causes of the Region's productive inefficiencies and lack of export competitiveness, which have thwarted policy efforts

[53] The Doing Business Rank is out of 183 economies. A high rank on the ease of doing business index signifies that the regulatory environment is more conducive to starting and operation a local firm. Barbados and Montserrat are not included in the report. Let us note that some Member States have expressed reservations about some of the indicators as calculated by the World Bank.

TABLE 5/
Ease of Doing Business Rank and Other Selected Indicators (2010–2011)

Country	Doing business rank		Trading across borders		Time to export (days)		Cost to export (US$ per container)		Time to import (days)		Cost to import (US$ per container)	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Antigua and Barbuda	56	64	58	63	15	15	1,133	1,133	15	15	1,633	1,633
The Bahamas	71	77	41	45	16	19	930	930	13	13	1,380	1,380
Barbados	…	…	…	…	…	…	…	…	…	…	…	…
Belize	93	99	118	119	21	21	1,710	1,710	21	21	1,870	1,870
Dominica	85	88	87	90	13	13	1,297	1,297	15	15	1,310	1,310
Grenada	98	92	82	57	14	10	1,226	876	19	15	2,479	2,129
Guyana	101	100	77	78	20	19	730	730	24	22	730	745
Haiti	163	162	145	145	35	35	1,005	1,005	33	33	1,545	1,545
Jamaica	79	81	105	104	21	21	1,750	1,750	22	22	1,420	1,420
Montserrat	…	…	…	…	…	…	…	…	…	…	…	…
St. Kitts and Nevis	83	87	38	39	12	12	850	850	13	13	2,138	2,138
Saint Lucia	45	53	104	105	14	14	1,600	1,700	18	18	2,745	2,745
St. Vincent and the Grenadines	72	75	39	41	12	12	1,075	1,075	12	12	1,605	1,605
Suriname	160	161	102	101	25	25	975	995	25	25	885	945
Trinidad and Tobago	95	97	53	51	14	14	866	808	26	19	1,100	1,250
CARICOM (Average)					**18**	**18**	**1,165**	**1,143**	**19**	**18**	**1,603**	**1,593**

Source: World Bank Doing Business reports for 2010 and 2011.

at fuelling trade development and limited intra-regional trade.

Trade Facilitation

CARICOM countries can be characterized as relatively open and trade dependent; most have openness indices in excess of 100 percent. As such, trade facilitation,[54] customs efficiency, and logistics costs are important determinants of competitiveness and the Region's trade performance. It is generally accepted within the Region that addressing these issues in a holistic manner would considerably improve the business climate, enhance the Region's competitiveness, and facilitate a more seamless integration both intra-regionally and into the global economy.

The ever increasing complexity, intensity, and volume of trade and trade-related transactions has made trade facilitation an important lever for increasing administrative efficiency and reducing transaction costs associated with the clearance of goods, and by extension attracting investment. Moreover, there is a strong link between trade facilitation and economic development that reflects the direct causal relationship between such measures and reduced logistics costs, and consequently, prices of both imports and exports.[55] Improvements to trade facilitation also increase trade and

[54] Any measure, or set of measures, that aims to increase the cost-effectiveness or international trade transactions. In the broadest sense trade facilitation removes obstacles to the movement of goods across borders.

[55] World Bank..*Global Economic Prospects 2004. – Realizing the Development Promise of the Doha Agenda.* 2004. And World Bank.. *Development, Trade and the WTO*.. 2003.

[56] Wilson, Mann, and Otsuki, Trade Facilitation and Economic Development, *The World Bank Economic Review*. Vol.17, No.3 (2003).

income growth,[56] thus fostering Small and Medium Enterprise development.

The relative low ranking of CARICOM Member States in the Doing Business survey indicates the Region's comparative disadvantage relative to other countries and regional blocs. The trade-impeding effect of these costs is frequently greater than the restrictive impact of traditional border barriers, such as import tariffs.[57] In the cross-border trading ranking, which compiles procedural requirements for exporting and importing a standardized cargo of goods by ocean transport, eight CARICOM countries fell in the rankings. Grenada performed well, however, increasing its standing by 25 places.[58]

Logistics costs for Caribbean countries represent 20 percent of product costs, compared to a world average of 10 percent.[59] These higher costs put Caribbean countries at a disadvantage relative to other countries and regions in accessing markets. They have a major impact on trade, foreign investment, revenue earnings, and regional competitiveness in general. A major strategic policy objective of CARICOM therefore is to remove inefficiencies in the system, build national and regional capacities, and establish harmonised and common regulatory frameworks.

In view of the heightened importance of trade to the economic development of individual CARICOM economies, it is imperative that the Region address its trade facilitation challenges and bottlenecks in line with international best practice. Central here is **increasing the efficiency and security of trade in goods and streamlining customs procedures**. The following are key Regional projects and activities which are necessary for achieving these two strategic outcomes:

Regional Trade Facilitation AfT Projects:

- Develop and implement inter-operability of national electronic single windows.
- Establish an electronic forum to facilitate knowledge transfer and information exchange among customs agencies.
- Develop and implement a regional work plan for preferred trader schemes (authorized economic operator).
- Design and implement a goods in transit system (e.g., IDB TIM Programme) for cargo transported by sea.
- Harmonize national customs legislation.
- Prepare and implement harmonized Regional Single Administrative Document

Annex II highlights complementary projects and activities at the national level, including conducting feasibility assessments for national single electronic windows, reviewing and harmonising laws and procedures, and developing appropriate customs-related regulations.

Sanitary and Phytosanitary Measures

As the importance of tariffs as an instrument of trade policy has diminished, quality-related (non-tariff) measures have grown in importance. Today, the ability to satisfy standards and certify their attainment are now strong determinants of competitiveness and influence export performance. This trend is due to increased concern over food safety, technical regulations, and product standards, coupled with the fact that tariffs as a trade policy instrument are increasingly becoming irrelevant, especially in key export markets. Within the general category of technical barriers to trade, a peculiar set of non-tariff, border measures seeks to protect human, animal, or plant life.[60] These sanitary and phytosanitary

[57] Hoekman. *Aid for Trade: Why, What and Where Are We*,. 2010.

[58] World Bank Doing Business Report 2011. http://doingbusiness.org.

[59] Moreira M., Volpe, C., and Blyde, J. 2008. *Unclogging the Arteries: The Impact of Transport Costs on Latin American and Caribbean Trade*. Inter-American Development Bank.

[60] Peter Van Den Bossche. 2008. *The Law and Policy of the World Trade Organization*, Second Edition. Cambridge.

(SPS) measures are particularly relevant to Caribbean economies since they have become an integral part of agricultural trade, which still dominates the goods exports of many CARICOM Member States. Moreover, the Region's major traditional markets are utilising increasingly stringent SPS measures, ostensibly to reduce food safety risks and/or risks from pests and disease.

The establishment of the necessary SPS infrastructure requires significant amounts of resources, invariably beyond the reach of SVEs such as those in CARICOM. In this regard, the ability of CARICOM countries to meet the European Union's General Food Law in regulation 178/02, the Feed and Food Regulation 882/04, and the new Food Safety Modernization Act (FSMA) of the US is causing much anxiety.

CARICOM presently faces challenges in its capacity to satisfy SPS requirements and use SPS measures as an instrument of trade policy. An assessment of the SPS capacity of the Region within the context of commitments assumed under the CARIFORUM-EU EPA has identified various SPS needs.[61] The assessment concludes that a considerable amount of work has already been done to improve the Region's SPS capacity, although several deficiencies remain.

Among the deficiencies highlighted —not necessarily across all countries—are inadequate skills, technical staff, and of appropriate diagnostic tools; a lack of modern and harmonised legislation; inadequate systems and procedures, including internal or external auditing systems; inadequate communication of SPS information; and fragmented control among government agencies. Though the assessment was specific to the CARIFORUM-EU EPA, the fact that SPS measures impact all food related trade means that the benefits of any remedial activities are expected to impact domestic, intra-regional, and extra-regional trade.

Another issue of concern for CARICOM is the increasing role of private standards. Certification for these standards can be quite expensive, invariably beyond the capacity of SMEs to afford and maintain. This issue is engaging the attention of the Region's SPS Committee due to concerns expressed over the negative impact that the EurepGAP standards for pesticides on bananas is having on the Region's exports. This underscores the need to enhance national certification and testing capacity within a Regional framework.

Several project-based initiatives within the Region have sought to address the various SPS deficiencies. These include strengthening laboratory infrastructure for CARICOM countries, developing a food safety policy for the Region, and updating and harmonising animal and plant health and food safety legislation.

In addition, the Caribbean Agricultural Health and Food Safety Agency (CAHFSA) was launched on March 18, 2010 in Paramaribo, Suriname, to help address issues with regard to institutional capacity at the regional level,. Its aim is to **strengthen agricultural health and food safety and ensure the highest standards for trade in agricultural products**. CAHFSA is tasked with developing technical measures and protocols to achieve SPS certification for agricultural trade and devise arrangements to reduce the use of SPS measures as non-tariff barriers. However, more needs to be done to **strengthen regional SPS capacity,** including:

[61] In Chapter 7 of the CARIFORUM-EU EPA, the EC has committed to provide assistance to CARIFORUM to overcome SPS deficiencies in accessing the EU market.

Regional Quality Infrastructure AfT Projects:

- Build institutional capacity of CROSQ.
- Build regional quality infrastructure.
- Establish a program for knowledge transfer of good practices in testing, certification, accreditation, and metrology.

Annex II also summarizes key national priority areas needed for achieving the Regional SPS AfT outcomes, including the establishment of national agriculture, health, and food safety agencies, training plant protection and quarantine officers in specialized areas, and investing in fumigation and other key infrastructure.

National and Regional Quality Infrastructure

National bureaus of standards (NBS) exist in all Member States and perform a combination of functions, including developing standards, testing and certification, metrology, market surveillance, and accreditation, all of which are essential elements of national infrastructure aimed at ensuring quality.[62] However, the level of quality infrastructure in the Region varies considerably. The MDCs have well-developed national standards bodies and are working to improve accreditation services. But in many smaller Member States, the national standards bodies are very small and can only provide a limited number of services. At the regional level, in 2003, CARICOM established the Caribbean Regional Organisation for Standards and Quality (CROSQ) as an intergovernmental organisation.

Guided by the foregoing, an important development outcome of the Region is **strengthening Regional quality infrastructure**. Stronger infrastructure will provide a platform for increasing competitiveness, productivity, and exports. **Annex I** sets out the major regional priorities areas to be pursued, which include:

Regional SPS AfT Projects:

- Build institutional capacity of CAHFSA, including training on monitoring implementation of national obligations under the WTO and FTAs.
- Build regional SPS infrastructure.
- Harmonize national SPS legislation.

Complementary national AfT initiatives include upgrading physical infrastructure for testing; procurement of equipment; training for staff; and external auditing of laboratory facilities.

Services

The services sector makes a key contribution to economic output and employment in most developing countries - and particularly so in several CARICOM economies - as well as providing essential inputs and public services for the economy. International trade in services can improve economic performance and provide a range of traditional and new export opportunities,[63] particularly if the existing capacity for carefully managed private sector participation in sectors that contribute to efficiency gains and innovation is fully exploited.

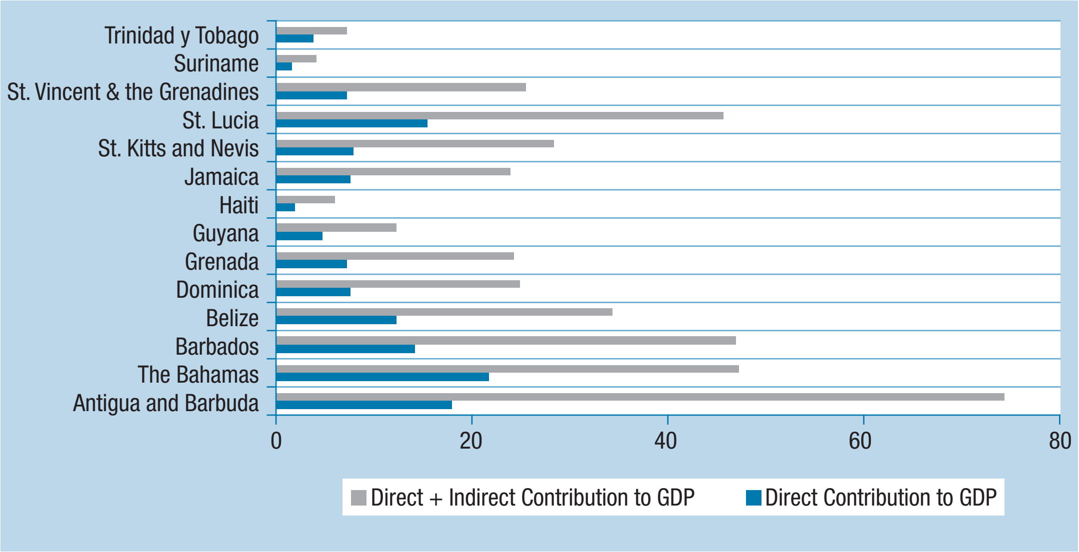
While the Caribbean is regarded as having a genuine comparative advantage in the area of services, the Region's export base has remained relatively narrow, with tourism being the dominant services sub-sector.

In fact, the Caribbean is regarded as the most tourism-dependent Region in the world, which makes it vulnerable to

[62] NQI can be defined as a highly integrated network of people, systems, and organizations involved in the research, definition, development, and promotion of quality goods, services, and processes using the core disciplines of the metrology, standards, testing, and quality (MTSQ) framework.

[63] The contribution of services to development: The role of regulation and trade liberalisation ODI Project Briefings 17, December 2008, Massimiliano Cali, Karen Ellis and Dirk Willem te Velde.

FIGURE 6/
Direct and Indirect Contribution of Tourism to GDP 2011 (%)



Source: World Tourism and Travel Council (WTTC) database.

exogenous economic shocks, as witnessed by the impact of the economic and financial crisis that started in 2008. Consequently, development of the services sector as well as diversification of services exports, including within the tourism sector, is seen as necessary to reposition CARICOM economies within the global economy and multilateral trading system.

Tourism provides much needed foreign exchange and contributes significantly to GDP and employment in several Member States, especially the OECS countries, The Bahamas, and Barbados. The direct and indirect contribution of travel and tourism to GDP in 2011 was 74 per cent in Antigua and Barbuda, 47 per cent in The Bahamas and Barbados, and 46 per cent in Saint Lucia.[64] Antigua and Barbuda also has the highest level of tourism-related employment (69 per cent) in 2011.

In addition to the lack of diversification of the Region's services exports base, there is also a concentration of exports in a few markets. With respect to tourism, the US is the main market for tourist arrivals, accounting for 57 percent in 2011. Following were Europe (18 per cent) and Canada (12 per cent). There is therefore an urgent need for diversification both in terms of production and export base and export markets.[65]

Offshore financial services are the second dominant services sub-sector for several OECS countries as well as The Bahamas and Barbados. However, growth in this sub-sector has been negatively impacted by the liberalization of the financial system in OECD countries, the roll-out of more comprehensive international financial standards, and OECD report on harmful tax practices.

Accordingly, given the increasing economic significance of the services sector to Regional economies, key AfT initiatives should focus on expanding and diversifying the Region's production and export of services and **increasing coherence in policy response to exogenous factors; strengthening transparency in financial services regulations; and ensuring market access in professional services sectors.** Interventions

[64] The World Tourism and Travel Council's Travel and Tourism Economic Impact for 2011.

[65] Caribbean Tourism Organization statistics, 2010.

that seek to achieve these project outcomes are set out in Annex I as follows:

Regional Services Aft Projects:

- Develop production and export capacity in the 24 industries identified in the Regional Development Strategy for the Services Sector in CARICOM.
- Implement major projects emanating from the Regional Development Strategy and Action Plan for the Cultural Industries in CARICOM.
- Establish a mechanism for services data collection, compilation, analysis and dissemination.
- Build capacity of a national and regional coalition of services industries.
- Implement the CARICOM Financial Services Agreement, including drafting model legislation.
- Support negotiation on intra- and extra-regional mutual recognition agreements for professional services.

At the national level, the leading capacity building activity has been identified as strengthening services associations to participate in mutual recognition agreement negotiations.

Private Sector Development

The private sector in developing countries plays an important role in achieving sustained economic growth and poverty reduction. If harnessed and developed properly, the private sector can help to provide basic services such as infrastructure as well as investment and innovation, therefore maximising output growth and economic development. However, Caribbean businesses face many barriers that impede investment, expansion, job creation, and, in the end, sustainable growth.

Accordingly, a robust private sector is regarded as essential for the Region's sustainable economic growth and development. The strategy envisions interventions that seek to build the productive capacity of the private sector, expand and diversify exports, raise the quality of goods and services produced, and optimise employment, foreign exchange earnings, and revenue generation. In this respect, while AfT interventions in the areas of customs, trade facilitation, and quality infrastructure are expected to help increase efficiency and reduce costs, more direct support is also required for strengthening productivity, increasing output, and enhancing private sector competitiveness. Such an approach would ensure optimisation of market penetration and the benefits resulting from increased market access opportunities.

Accordingly, the leading private sector development-related AfT outcomes of the Region are to **strengthen the production and export capacity of the private sector**, **reduce the cost of raw materials, strengthen institutional capacity of business support organisations, improve integration of SMEs into policy and legislative frameworks, and enhance productive and competitive capacity of businesses to expand trade.** Projects contained in Annex I to achieve these outcomes include the following:

Regional Private Sector Development AfT Projects:

- Establish mechanisms for investment in innovative productive activities.
- Establish a trade financing mechanism for pre and post shipment support.
- Build institutional capacity of BSOs.
- Establish a framework for joint procurement of raw materials for SMEs.
- Design and implement a roadmap for the development of a cluster mapping initiative on agro-tourism linkage; agro-processing; food and beverages; and creative industries.

Annex II contains activities that would facilitate private sector development at the national level in support of Regional projects that were proposed during the consultations. These include establishing national BSOs, strengthening market intelligence, industry cluster development, and the establishment of frameworks for the formation of export/trade financing enterprises.

3.3 Goal 3: Deepening Regional Integration and Maximizing Gains from External Trade Agreements

A key goal of the Region's Aid for Trade Strategy is to deepen regional integration and maximise gains from external trade agreements. Accordingly, AfT projects and related activities required for achieving this goal focus on **strengthening regional integration and the capacity of regional institutions, increasing transparency and reliability of AfT flows, increasing negotiation and implementation of trade agreements, and increasing knowledge of the impact of trade liberalization.**

Regional Integration[66]

The policy orientation of CARICOM regional integration reflects the new regionalism process, which emphasizes the reduction of trade barriers resulting from the implementation of GATT commitments and engagement in several bilateral trade agreements, openness to foreign investment, and privatization.[67] The creation of the CARICOM Single Market and Economy optimises development and welfare gains for the Region as well as overcomes the challenges presented by the small size and fragmented nature of many CARICOM countries through pooling resources, increasing market size, and facilitating the participation of individual Member States in the global economies.

The OECS has also embarked on a regional integration process. The principal objective of the OECS Economic Union is to establish closer economic relations among Protocol Member States. The union, once completed, will be a unique construct, one that deepens the integration of the OECS Member States while complimenting integration initiatives at the wider regional level. All OECS members participating in this strategy are members of the Eastern Caribbean Currency Union (ECCU).[68]

However, there are challenges to full implementation. Financial and technical resources are urgently needed to assist in moving the OECS sub-regional integration process. Essential starting points include the following:

OECS Sub-Regional AfT Projects:

- Strengthening the regulatory framework to support the OECS Economic Union.
- Implementing treaty provisions for creating the intended single financial and economic space.
- Creating inter-sectoral linkages, optimizing resource use, and increasing the Sub-Region's competiveness.
- Instituting the related legislative framework.
- Offsetting adjustment costs associated with implementation of this accelerated integration process.

External Trade Agreements

The Region understands the importance of an integrated approach to AfT resource mobilisation. Specific direction has been provided for improving economic infrastructure, enhancing competitiveness, facilitating trade expansion and diversification. However, also central to CARICOM

[66] It is noteworthy that the outcomes, activities and/or projects described under Goals 1 and 2 will contribute to the implementation of the CSME and strengthening regional integration. Hence the CSME itself as a discrete area for AfT support is only dealt with in a somewhat generic way under the Regional Integration sub-section of the strategy.

[67] Rivera-Batiz and Oliva, *International Trade*, Oxford, 2003.

[68] Anguilla is also a member of the ECCU.

Regional Integration (CSME) AfT Projects:

- Provide support for the consolidation of the CSM and for the establishment of the framework of the CSE.
- Provide support for the full integration of the LDCs into the CSME.
- Build institutional capacity of the CARICOM Secretariat to implement and monitor national implementation of the CSME.
- Design and implement a mechanism to collect and monitor AfT flow.

is support needed to bridge the compliance and commitment gap with respect to multilateral and bilateral trade agreements. Negotiating new trade agreements and implementing commitments under existing trade agreements requires legislative, policy, and institutional changes, which in turn depends upon additional financial resources and technical support.

Instituting trade agreements and mainstreaming trade-related policies are necessary precursors for achieving growth in production and exports, To this end the Region has concluded a series of trade arrangements with the EU, Venezuela, the Dominican Republic, Colombia, Cuba, and Costa Rica. It also benefits from preferential agreements with the US (CBI, CBPTA and CBERA) and Canada (CARIBCAN). As a consequence, a significant proportion of the Region's exports are accorded duty-free access into the markets of its major trading partners, including strategic Western Hemispheric countries.

However, these bilateral trade arrangements have not yielded the intended broad-based expansion in exports, with utilisation rates among many CARICOM countries remaining relatively small. Moreover, in the face of considerable efforts to foster private sector development, significant private sector investment, and FDI inflows, CARICOM economies have not established themselves as competitive suppliers of a wide range of goods and services. Once more, the Region has been consistently outpaced by many other hemispheric partners in productivity, competitiveness, and innovation.

Trade liberalisation, which is rooted in the progressive removal of tariffs, reduces government revenue collected in the form of border taxes. For some CARICOM countries, international trade taxes accounted for more than 30 percent of government revenue. Tariff revenue reduction, however, represents only one of the internal, import-related dimensions of trade liberalisation due to increased international competition in domestic markets. Others include the closure of production facilities and the resulting losses of jobs. The external dimension of the adjustment-related costs is dominated by the erosion of preferences and reductions in subsidies to critical food imports. For a number of years, CARICOM Member States have also witnessed declining preferential margins in their major export markets for key products such as bananas, sugar, textiles, and apparel.

Special trade preferences have been an important source of economic rents and guaranteed market access for specific products. But they have not played a crucial role that was originally envisaged in growing the Region's export potential nor in supporting the Region's determined efforts at economic transformation and overcoming diseconomies of scale in production. Additionally, the economic costs of preference erosion and the dismantling of long- standing preferential arrangements have further exacerbated the situation by reversing the limited economic benefits obtained.

Further, most CARICOM countries are net-food importing countries and consequently are affected by reductions or the elimination of export subsidies on key imports in exporting countries.

A common theme emerging from the national consultations has been the need for a comprehensive approach to addressing trade adjustment in the Region. While it has been recognised that identifying and quantifying of the scope of the Region's adjustment costs would be a difficult undertaking, certain key elements, such as support for diversification, fiscal reform, and labour force retraining, were highlighted as appropriate points of departure.

As for regional integration and external trade agreements, the major AfT outcomes at the Regional level emerging from the consultations have been **increased negotiation and implementation of trade agreements and increased knowledge of the impact of trade liberalisation**. The major Regional projects and activities, as contained in Annex I, include:

External Trade Agreements AFT Projects:

- Complete a study of the fiscal impact of tariff liberalization under CARICOM bilateral and plurilateral trade agreements.
- Build institutional capacity of OTN in trade negotiations.
- Build institutional capacity of the CARICOM Secretariat, including management and monitoring of national implementation of trade agreements.

The major area of intervention at the national level for achieving Regional outcomes is the formulation of an action plan for retooling the labour force and restructuring production in response to trade agreements.

Early Harvest from the Region's Aid for Trade Strategy

The mere crafting of an Aid for Trade Strategy and engaging international development partners in implementing the strategy would not be enough to guarantee a deluge of financial, technical, and technological resources in support of the strategy's three AfT goals, and would therefore fall short in transforming the production, export, and trade performance of CARICOM and its individual Member States. The Region must package its most pressing trade-related capacity building needs into five relatively large, bankable and implementable projects that can immediately engage the attention of IDPs. All other regional and national AfT priorities remain valid; these smaller, discrete projects and activities can attract the interest of a range of donors, IDPs, the private sector, and investors.

The approach outlined above would have to be preceded by a clear definition of the factors that have bedevilled the Region's trade performance, retarded efforts at export diversification, and resulted in sluggish economic performance. In this regard, the analysis suggests that the Region's efforts to carve out a trade-led economic growth path have been beset by poor economic infrastructure, low and declining competitiveness, weak institutions, fragmented production systems and limited productive capacity. A regional integration movement has emerged that is largely defined by an average growth rate of 2 percent (2001–2010); marginal (13 percent) intra-regional trade; a narrow export base; a weak manufacturing sector; and extra-regional trade dominated by preferential markets, and the declining use of bilateral trade agreements.

Critical first steps towards remedying this situation would be a substantial increase in intra-regional trade and utilising existing bilateral trade agreements. Taking these actions would require that the Region enhance its comparative advantage in diverse products and strengthen trade complementarity among individual CARICOM countries and with the Region's major trading partners. AfT can support these objectives. Moreover, given that the continued deteriorating fiscal performance of many CARICOM Member States constrains their ability to establish the necessary economic infrastructure, CARICOM ministers meeting in Guyana on 14–15 May 2009, and Heads of Government at their annual meeting in Jamaica on 4–6 July 2010, saw the development of a Regional Aid for Trade Strategy as a critical policy step. They added further clarity by highlighting maritime transport and ICT as two potentially transformational areas for AfT intervention.

Further, during the national consultations, Member States highlighted the critical need to ensure the availability of affordable modern energy services by creating a new energy portfolio mix of renewable, bio-energy, and fossil fuels; and to increase private sector production and export competitiveness. Research has shown that the Region's intra- and extra-regional trade has largely been driven by a combination of transport cost and cost differential between countries.

In light of the above, it is not surprising that the five major AfT projects that the Region believes are ripe for early harvest would capitalize on the geographical proximity of CARICOM countries to many of its bilateral trading partners and to increase the productivity as well as export competitiveness of its private sector. The essential elements of these five key projects, which are in the areas of maritime transport, ICT, energy and private sector development, are summarized in Table 6 below:

TABLE 6/
Five Aid for Trade Projects for Early Harvest

	Outcomes	Projects/Activities	Type of Assistance
1.	**Maritime Transport**		
1.1	Improved efficiency and reduced cost of maritime transport	**Modernisation of Caribbean Freight Logistics, Maritime Transport and Trade Facilitation** ■ Upgrade Caribbean port infrastructure and services. ■ Establish innovative maritime transport networks. ■ Implement customs and trade facilitation reforms.	■ Infrastructure investment ■ Advisory services ■ Workshops for developing policy consensus
1.2		**Modernisation of Maritime Cargo and Passenger Services in the OECS** ■ Establish a fast ferry service in the Southern Caribbean. ■ Develop a common shipping policy ■ Modernise the small vessel fleet.	■ Technical and financing advisory services ■ Legal drafting ■ PPP investment ■ Web development
2.	**Information and Communication Technologies**		
2.1	Increased competition in delivery of broadband services to promote increased access	**Caribbean Broadband Transformation Strategy** ■ Complete GAP analysis between quality of telecom infrastructure (including infrastructure of other utilities capable of providing broadband services) and demand.	■ Technical advisory services expertise ■ ICT software investment ■ Legal advisory services ■ Seed investment

(continued on next page)

TABLE 5/ Five Aid for Trade Projects for Early Harvest (*continued*)

	Outcomes	Projects/Activities	Type of Assistance
2.	**Information and Communication Technologies**		
2.1		■ Review the regulatory framework on spectrum management. ■ Create a single ICT space. ■ Develop a broadband strategy. ■ Create roadmap to address analog switchover. ■ Strengthen regional public good (CKLN/C@ribNET). ■ Detail mechanism/framework for PPPs in the telecom sector. ■ Collect and analyse data on broadband usage and uptake	
3.	**Energy**		
3.1	Accelerated development and use of renewable and alternative energy sources	**Caribbean renewable and alternative energy Roadmap** ■ Develop and implement a regional bio-energy strategy. ■ Complete an assessment of renewable energy resources in areas of wind and solar energy to provide high quality information to potential RE investors. ■ Develop and implement a strategy for promoting solar cooling technology inclusive of demonstration installation, given the potential to reduce energy cost of buildings. ■ Establish a mechanism for financing f small and micro renewable energy and energy efficiency projects for MSMEs based on pilot and subsequent replication across the community.	■ Technical and legal advisory services ■ Financing
8.	**Private Sector Development**		
8.1	Strengthened production and export capacity of the private sector	**Private Sector innovation in the Caribbean** ■ Promote investment in productive activities. ■ Establish a mechanism for promoting and financing private sector innovation. ■ Establish a trade financing mechanism for pre and post shipment support.	■ Technical advisory services ■ Private-public partnerships ■ FDI and joint ventures

4 Mainstreaming

Mainstreaming trade into national and regional development strategies requires the systematic cultivation of mutually reinforcing policies cutting across government departments, agencies and countries, as well as the private sector and the donor community so as to create synergies in support of development goals.

Trade plays a central role in the economic development of all CARICOM Member States, improving standards of living, generating employment, earning foreign exchange, and raising domestic incomes. Hence, policy initiatives that seek to improve the Region's trade performance have increasingly been mainstreamed into the Community's development planning. Integrating the Caribbean Community Regional Aid for Trade Strategy into the strategic planning and policy-making processes is a key tool for leveraging economic development. Efforts will be centred on infusing the Strategy, and the trade expansion it has the potential to deliver, into policy prescriptions geared at addressing national challenges such as poverty eradication, gender equity, and employment generation. Ultimately, however, success requires mainstreaming at the policy, institutional, and international cooperation levels, both regionally and nationally.

The *policy level*: Once the strategy is launched, it will be placed as a standing agenda item of at meetings of the CARICOM Council for Trade and Economic Development (COTED). This will ensure that the strategy's priorities, strategies, and initiatives are consistently considered and incorporated where necessary when CARICOM ministers with responsibility for trade contemplate policy formulation and make trade-related decisions.

The *national level*: Member States will be expected to mainstream the strategy and its goals into their own national development strategies and policies. This process will be monitored at the level of the COTED.

The *institutional level*: *I*mplementation, monitoring, and evaluation of the strategy would be integrated into the annual work programme of the relevant areas of the Secretariat. This would be augmented by meetings of the CARICOM and OECS secretariats and Caribbean Export Development Agency, which are the entities responsible for tracking implementation of the strategy at the regional, sub-regional, and private sector levels. The Secretariat would be a key driver of any adjustments to the strategy that would be required in light of changing circumstances. These adjustments would be submitted by the Secretariat to the COTED for endorsement.

At the national level, EPA Implementation Units, or those units assigned the responsibility for managing implementation of bilateral trade agreements, are mechanisms by which the strategy will be integrated in the fabric of government institutions. In a few cases, the responsibility will be assumed by ministries of trade or by policy development committees comprised of representatives of the public and private sectors, civil society, academia, and business support organizations (BSOs). In all cases, an AfT focal point will ensure engagement with the Secretariat to ensure that they utilize the strategy in domestic policy formulation, when interfacing with development partners, and in developing capacity-building project proposals.

The *international cooperation level*: The Strategy should be branded and actively marketed and promoted to all international development partners (IDPs) as a fundamental element of the Region's development policy that highlights the priority areas of the Community's focus for expanding and diversifying its exports. The nature of this marketing, however, needs to be structured pragmatically and carried out within the framework of the Caribbean Community's external trade, development cooperation, and foreign policies and/or relations. An important instrument for engaging in dialogue on the strategy will be the Region's summits with third States and groups of countries that are held in conjunction with the agreements signed between these entities and the Community. Such summits may not be held annually, but may be biennial, triennial, or at a time that is mutually agreeable to both sides. The Region should also seek to revise the CARICOM Regional Resource Mobilization Strategy to incorporate AfT resource mobilization as an essential element of that strategy.

At the national level, priorities and programmes in the strategy, which are both regional and national, must be integrated into the existing dialogue on programming between governments and their development partners.

5 Implementation of the Strategy

After validation and finalisation by senior trade officials of the Caribbean Community and endorsement and adoption by the COTED and the Conference of Heads of Government, the Regional Aid for Trade Strategy will be presented at a formal public launch. The launch will be under the auspices of the chairman of the Conference of Heads of Government or the chairperson of the Prime Ministerial Sub-Committee on External Negotiations. The event will be targeted at international development partners and international financial institutions committed to AfT. A high profile roll-out of the strategy will set the stage for its implementation and involve critical stakeholders.

Implementation of the Strategy will be at both policy and programme/project levels, regionally and nationally.

Policy Level: The COTED will have oversight and be responsible for providing policy guidance for implementation of the projects that materialise from the Regional Aid for Trade Strategy. The COTED will receive semi-annual reports from the regional institutions that would be responsible for managing the strategy's implementation.

Project and Activity Level: At the programme and project level, implementation of the CARICOM Regional Aid for Trade Strategy will require the involvement of regional and national institutions coordinated by the CARICOM Secretariat. The Secretariat, in collaboration with the **OECS Secretariat** and the **Caribbean Export Development Agency (CEDA),** which would be the primary interlocutor with the private sector, would be responsible for implementing the strategy. This approach t would require the identification of focal points/operations managers in each of the three institutions. The tripartite approach to managing implementation of the Regional Aid for Trade Strategy would allow these institutions to share the responsibility for implementation of what is anticipated to be several potentially complex projects. The arrangement would also enhance transparency/information sharing with relevant constituents regarding projects and programmes resulting from the strategy.

Given their respective areas of focus, responsibilities for transmitting and receiving information related to AfT projects and programmes could be assigned as follows:

- **CARICOM Secretariat:** Non-OECS Member States and units in the Secretariat that relate to specific projects and programmes.
- **OECS Secretariat:** – OECS Member States.
- **CEDA:** Private sector.

The three institutions would be responsible for the following:

- Supporting the development of projects consistent with the priorities identified in the regional action matrix and identifying matching AfT resources.
- Identifying the appropriate technical assistance resources.
- Submitting projects to potential funding sources and negotiating for the required support.
- Maintaining and sharing information that tracks the development of projects being implemented.
- Reviewing the strategy and recommending adjustments in light of changing circumstances.
- Receiving progress reports from relevant regional and national executing agencies to facilitate preparation of a consolidated annual report to the COTED.

The Resource Mobilisation and Technical Assistance Programme of the CARICOM Secretariat and its counterparts in the OECS Secretariat and CEDA would be expected to work closely to ensure a coordinated approach to AfT resource mobilisation. The technical resources of the three institutions may require strengthening to enable them to take on these additional responsibilities. At the global level, AfT is increasingly channelled through development financial intermediaries. In the Region, the Caribbean Development Bank (CDB) is already fulfilling this role for AfT support provided by the Department for International Development (DfID). Given that projects emanating from the Regional Aid for Trade Strategy will be financed by a mix of grants and loans, it is critical that there be a role for the CDB in implementing the Strategy. It is envisaged that the CDB will be an integral part of the resource mobilization effort, where it will serve as a financial intermediary to attract and manage AfT resources, particularly since more than 50 per cent of such global resources are in the form of loans. The CDB will also be a strategic partner of Member States and Regional institutions in the technical design, implementation, and monitoring of AfT projects and programmes.

The major transformational Regional projects resulting from the strategy will require design skills not readily available in any of the Regional institutions that will be involved in implementation. Hence, it may be necessary to acquire the requisite skill-set needed for project design as well as to establish a formal mechanism to develop project ideas outlined in Annexes I-III into actual project proposals.

While coordination of the strategy's implementation would be the responsibility of the regional institutions, the fact that AfT support will result from the strategy, and that the projects and programmes will impact the Member States, requires the establishment of appropriate in-country mechanisms. One of the recommendations of the WTO Task Force on Aid for Trade is the establishment of national AfT committees to facilitate mainstreaming trade in national development strategies and to implement and evaluate AfT programmes and projects. All CARICOM Member States have indicated that mechanisms are in place to facilitate implementation of AfT projects, but need support to improve the efficiency of these mechanisms.

The adoption and implementation of a Regional Aid for Trade Strategy will make it critical to achieve coherence between national and regional AfT goals, activities, and projects. The private sector and civil society are equally important to the success of the strategy, and their participation in the implementation of projects should be facilitated. The three coordinating institutions, as well as agencies at the national level, should ensure that all relevant stakeholders are involved in the projects and programmes benefitting from AfT support.

The success of the strategy will be determined in part by improved dialogue with development partners and the extent to which resources are mobilised. In this regard, AfT mobilisation should become a standing item on the agenda of the meeting of the regional Consultative Committee on resource mobilisation and on the agenda of the meeting on Aid Effectiveness and Donor Coordination between CARICOM and international development partners. Inclusion on the agendas of these meetings would facilitate periodic reviews of the status of the implementation of the strategy and success in mobilising resources. In addition to these meetings, the Regional Aid for Trade Strategy should be formally reviewed every three years.

6 Monitoring and Evaluation

Successful implementation of the Regional Aid for Trade Strategy requires a robust monitoring and evaluation framework at the both the policy and project levels.

Policy level: The Community Council, the second highest organ of the Caribbean Community, will receive and review monitoring and evaluation reports on implementation of the Regional Aid for Trade Strategy. The involvement of the council in this aspect will assure international development partners that the Community has accorded the highest priority to monitoring and evaluating the projects and programmes benefitting from AfT resources. Involvement of the Community Council is all the more desirable given the heightened focus by the international community on aid effectiveness.

Project level: As with implementation, the tripartite approach should also be taken to monitoring and evaluation. The CARICOM and OECS secretariats as well as the CEDA should collaborate in monitoring and evaluating projects and programmes benefitting from AfT resources. Each of the institutions should designate focal points, preferably within existing monitoring and evaluation units, and strengthen them as required. Use of focal points will facilitate rigorous monitoring and evaluation of the Regional Aid for Trade Strategy and enable these activities to be fully incorporated in the work programmes of the respective institutions.

Given their areas of focus, responsibilities for monitoring and evaluating AfT projects and programmes could be assigned as follows:

- **CARICOM Secretariat:** Regional Projects as they relate to non-OECS Member States.
- **OECS Secretariat:** Regional and sub-regional projects as they relate to OECS Member States.
- **CEDA:** Projects involving the private sector.

Monitoring and evaluating the Regional Aid for Trade Strategy will use existing mechanisms in the coordinating institutions. Reports produced by this process will be subject to review and approval by the Community Council.

The Caribbean Community Regional Aid for Trade Strategy should be updated as new priorities emerge and additional mandates are provided by Heads of Government or the COTED. Consequently, monitoring the implementation of the strategy and the impact of the strategic interventions contained therein should be continuous in order to gauge the realisation of objectives and continued relevance of the elements of the strategy and related programmes and projects. In addition, the Region, in collaboration with the Inter-American Development Bank, will seek to use the IDB Regional Policy Dialogue mechanism to facilitate public sector views on the outcomes, impacts, and activities of the Regional Aid for Trade Strategy.

Annex IV presents a logical framework that includes performance indicators and sources of information for monitoring the implementation of the Region's five transformational AfT projects. Logical frameworks will be formulated once proposals have been prepared for individual project activities according to each development partner's requirements and processes.

Annexes

ANNEX I/

Caricom Regional Aid for Trade Matrix

In this Annex, the reader will find regional Aid for Trade interventions resulting from broad consensus of across the region. The last column refers to national project numbers found in Annex II.

Goal 1: Upgrading Key Economic Infrastructure

	Outcomes	Projects/Activities	Type of Assistance	Link to National Projects (Annex II)
1.	**Maritime Transport**			
1.1	Improved efficiency and reduced cost of maritime transport	**Modernisation of Caribbean Freight Logistics, Maritime Transport and Trade Facilitation** ▪ Upgrade Caribbean port infrastructure and services. ▪ Establish innovative maritime transport networks. ▪ Implement customs and trade facilitation reforms.	▪ Infrastructure investment ▪ Advisory services ▪ Workshops for developing policy consensus	All Countries 1.1 Haiti 1.2 Suriname 1.2
1.2		**Modernisation of Maritime Cargo and Passenger Services in the OECS** ▪ Establish a fast ferry service in the Southern Caribbean ▪ Develop a common shipping policy. ▪ Modernise the small vessel fleet.	▪ Technical and financing advisory services ▪ Legal drafting ▪ PPP investment ▪ Web development	OECS 1.2, 1.3, 1.4
1.3	Improved maritime safety and security	▪ Develop and implement a cohesive regional maritime safety and security strategy for small vessel operation within CARICOM Member States	▪ Technical advisory services ▪ Infrastructure investment	OECS 1.2 Suriname 1.2
2.	**Information and Communication Technologies**			
2.1	Increased competition in delivery of broadband services to promote increased access	**Caribbean Broadband Transformation Strategy** ▪ Complete GAP analysis between quality of telecom infrastructure, (including infrastructure of other utilities capable of providing broadband services) and demand. ▪ Review the regulatory framework on spectrum management. ▪ Create a single ICT space. ▪ Develop a broadband strategy. ▪ Create roadmap to address analog switchover. ▪ Strengthen regional public good (CKLN/C@ribNET.) ▪ Detail mechanism/framework for PPPs in the telecom sector. ▪ Collect and analyse data on broadband usage and uptake.	▪ Technical advisory services expertise ▪ ICT software investment ▪ Legal advisory services ▪ Seed investment	OECS 2.2 Belize 2.2 Barbados 2.2 Guyana 2.2 Haiti 2.2 Jamaica 2.2 Suriname 2.2 Trinidad & Tobago 2.2

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ANNEX I/

Caricom Regional Aid for Trade Matrix (*continued*)

Goal 1: Upgrading Key Economic Infrastructure

	Outcomes	Projects/Activities	Type of Assistance	Link to National Projects (Annex II)
2.2	Strengthened regional and national E-governance mechanisms	■ Test for interoperability and business continuity based on existing hardware and software infrastructure.	■ Technical advisory services ■ Financing	
2.3		■ Develop a common regional framework (incl. program management). ■ Legislative framework (additional to HIPCAR project). ■ Mechanism for common ICT procurement. ■ Use of free and open-source software (FOSS) in/by governments. ■ Policy development for rationalisation for the use of FOSS and proprietary software. ■ Introduction of a regionally recognised and accepted unique personal identity number (U/PIN) for CARICOM citizens. ■ Development of a new/ rolling five- to ten-year strategy. ■ Develop information standards, compliance, and policies for all regional institutions.	■ Technical advisory services ■ ICT hardware and software investment ■ Legal advisory services ■ Capacity building in business process re-engineering and records, information, and knowledge managements	
2.4		■ Develop a Regional E-government (service delivery) portal. ■ Review existing regional and national e-governance mechanisms.	■ Technical advisory services in portal development and management services ■ Legal advisory services ■ Web development ■ Seed investment	All Countries 2.1
2.5		■ Design and implement two regional pilot-projects on health and civil registries.	■ Technical advisory services ■ ICT software investment	
2.6		■ Develop and implement a monitoring and evaluation mechanism for 5–20 years.	■ Advisory services	
2.7		■ Develop and implement a marketing programme – all media (national and regional) to ensure buy-in and successful implementation.	■ Technical advisory services in communication and marketing ■ Financing	

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ANNEX I/

Caricom Regional Aid for Trade Matrix (*continued*)

Goal 1: Upgrading Key Economic Infrastructure

	Outcomes	Projects/Activities	Type of Assistance	Link to National Projects (Annex II)

2.8	Enabled environment for conducting business electronically	■ Map all E-commerce and M-commerce strategies, identify key sectors for potential development, and mobilize the relevant investment.
		  ■ Formulation of regional E-commerce strategy with components as articulated in related strategies and including:
		  ■ Type(s) of institution for management of E-commerce activities, including post offices (nationally and regionally).
		  ■ Mobile user activity (citizens).
		  ■ Mobile applications (financial institutions).
		  ■ Develop regional pilot projects on E/M commerce (hardware, software).
		■ Develop and commission an E-commerce portal (as part of the E-Government portal)
			■ Technical advisory services
			■ Infrastructure investment
			■ Awareness activities for the general public on E-opportunities
			■ Legal advisory services for finance and banking industry
			■ Regional dialogue
			■ Web development
				OECS 2.3
				Bahamas 2.2
				Barbados 2.3
				Belize 2.3
				Guyana 2.3
				Haiti 2.3
				Jamaica 2.3
				Suriname 2.3
				Trinidad & Tobago 2.3

3.	**Energy**			
3.1	Accelerated development and use of renewable and alternative energy sources	**Caribbean Renewable and Alternative Energy Roadmap** ■ Develop and implement a regional bio-energy strategy. ■ Complete an assessment of renewable energy resources in areas of wind and solar energy to provide high quality information to potential RE investors. ■ Develop and implement a strategy for promoting solar cooling technology inclusive of demonstration installation, given its potential to reduce energy cost of buildings. ■ Establish a mechanism for financing small and micro renewable energy and energy efficiency projects for MSMEs based on pilot and subsequent replication across the Community.	■ Technical and legal advisory services ■ Financing	OECS 3.1 Barbados 3.1 Belize 3.1 Guyana 3.1 Haiti 3.1 Jamaica 3.1
3.2	Clarification of issues related to relative competitiveness of natural gas as a fuel source in the context of regional energy policy	■ Conduct study assessment of impact of energy cost as an input to production of goods for exports from CARICOM countries with special reference to natural gas and its relative competitiveness as a fuel source.	■ Technical and advisory assistance	

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ANNEX I/

Caricom Regional Aid for Trade Matrix (*continued*)

Goal 1: Upgrading Key Economic Infrastructure

	Outcomes	Projects/Activities	Type of Assistance	Link to National Projects (Annex II)
3.3	Strengthened legislative and regulatory framework to support lower cost energy (RE and Natural Gas)	■ Implement harmonized approach or mechanism for feeding renewable energy sources to grid.	■ Legal advisory services	
3.4		■ Establish a regulatory framework to support cross-border trade in electricity and natural gas.	■ Legal advisory services	
3.5	Increased energy efficiency in the business/commercial and industrial sectors (equipment, processes and building systems)	■ Establish an innovative financing mechanism (such as Super Energy Service Company Model) to provide turn-key EE and RE solutions to business establishment.	■ Financial advisory services ■ Financing	
3.6		■ Establish regional energy efficiency building code, energy efficient standards, and labelling for electrical equipment.	■ Technical advisory services ■ Regional dialogues	

Goal 2: Enhancing Competitiveness and Facilitating Trade Expansion and Diversification

	Outcomes	Projects/Activities	Type of Assistance	Link to National Projects (Annex II)
4.	**Trade Facilitation**			
4.1	Increased efficiency and security of trade in goods	■ Develop and implement a strategy for inter-operability of national electronic single windows. ■ Facilitate dialogue and information exchange between national customs administrations.	■ Technical advisory services ■ Financing ■ Regional dialogues	OECS 4.1 Belize 4.1 Guyana 4.1 Haiti 4.1 Jamaica 4.1
4.2	Streamlined customs processes	■ Establish an electronic forum to facilitate knowledge transfer and information exchange between customs agencies outside of the CARICOM Region particularly South-South cooperation.	■ Technical advisory services ■ ICT investment ■ Regional dialogues	

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ANNEX I/

Caricom Regional Aid for Trade Matrix (*continued*)

Goal 2: Enhancing Competitiveness and Facilitating Trade Expansion and Diversification

	Outcomes	Projects/Activities	Type of Assistance	Link to National Projects (Annex II)
4.3		■ Develop and implement a regional work plan for preferred trader schemes (Authorized Economic Operator).	■ Technical advisory services ■ Workshops	Jamaica 4.2
4.4		■ Design and implement a goods in transit system [e.g., IDB TIM program] for cargo transported by sea.	■ Technical advisory services ■ Seed investment ■ Regional dialogues	
4.5		■ Harmonise national customs legislation.	■ Legal drafting	OECS 4.2 Belize 4.2 Haiti 4.2
4.6		■ Prepare and implement harmonized regional single administrative document.	■ Technical advisory services ■ Regional dialogues	
4.7		■ Provide specialized training programmes (management, strategic planning, and customs) for senior officials and customs officers.	■ Training ■ Workshops	
5.	**Sanitary and Phytosanitary Measures**			
5.1	Strengthened regional SPS capacity	■ Build institutional capacity of CAHFSA, including training on monitoring implementation of national obligations under FTA.	■ Training	All Countries 5.1
5.2		■ Create a regional database and website for pests in the Caribbean.	■ Data collection, surveys ■ Web development	
5.3	Increased cooperation of national SPS infrastructure	■ Harmonise national SPS legislation. ■ Build Regional SPS Infrastructure.	■ Legal drafting ■ Infrastructure investment	
6.	**Quality Infrastructure**			
6.1	Strengthened regional quality Infrastructure	■ Build institutional capacity for CROSQ. ■ Build regional quality infrastructure.	■ Training ■ Infrastructure investment	
6.2		■ Establish a program for knowledge transfer of good practices in testing, certification, accreditation, and metrology	■ Workshops	

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ANNEX I/

Caricom Regional Aid for Trade Matrix (*continued*)

Goal 2: Enhancing Competitiveness and Facilitating Trade Expansion and Diversification

	Outcomes	Projects/Activities	Type of Assistance	Link to National Projects (Annex II)
7.	**Services**			
7.1	Increased coherence in policy response	■ Generate a coordinated response to adverse regulations affecting the tourism sector.	■ Workshops	
7.2	Increased transparency in financial services regulation	■ Implement the CARICOM Financial Services Agreement, including drafting model legislation.	■ Legal drafting	
7.3	Increased market access in professional services sectors	■ Support the negotiation of intra- and extra-regional mutual recognition agreements for professional services.	■ Training and advocacy support ■ Support for consultations	OECS 7.1
7.4	Increased production and exports of Services	■ Develop production and export capacity of the 24 industries identified in the Regional Development Strategy for the services sector of CARICOM.	■ Technical and advisory services	
7.5		■ Implement major projects emanating from the Regional Development Strategy and Action Plan for the Cultural Industries in CARICOM. ■ Develop and implement a Regional public-private sector financing mechanism for cultural industries. ■ Develop model legislation for cultural industry development acts. ■ Conduct country mapping and data collection studies to assess the contribution of cultural industries to regional economies.	■ Technical and advisory services ■ Legal drafting services ■ Financing	
7.6		■ Establish a mechanism for services data collection, compilation, analysis, and dissemination.	■ Technical and advisory services ■ Financing	
7.7		■ Build capacity of national and regional of Coalition of Services Industries.	■ Financing ■ Training ■ Workshops	OECS 7.2

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ANNEX I/

Caricom Regional Aid for Trade Matrix (*continued*)

Goal 2: Enhancing Competitiveness and Facilitating Trade Expansion and Diversification

	Outcomes	Projects/Activities	Type of Assistance	Link to National Projects (Annex II)
8.	**PRIVATE SECTOR DEVELOPMENT**			
8.1	Strengthened production and export capacity of the private sector	**Private Sector Innovation in the Caribbean** ■ Promote investment in innovative productive activities. ■ Establish a mechanism for promoting and financing innovation within the private sector. ■ Establish a trade financing mechanism for pre and post shipment support.	■ Technical advisory services ■ Private-public partnerships ■ FDI and Joint Ventures	OECS 8.4, 8.5, 8.6, 8.7 Barbados 8.1 Belize 8.1 Guyana 8.2 Haiti 8.2 Jamaica 8.3
8.2	Reduced cost of raw materials	■ Establish framework for joint procurement of raw materials for SMEs.	■ Technical advisory services ■ Financial advisory services ■ Workshops	
8.3	Strengthened institutional capacity of business support organisations	■ Build institutional capacity for BSOs to collect and analyse market intelligence, export market entry requirements, and information related to available resources for SMEs (donor-financed programmes). ■ Provide training in entrepreneurship.	■ Training ■ Seed investment	OECS 8.1, 8.2 Guyana 8.1 Haiti 8.1 Jamaica 8.1
8.4	Improved integration of SMEs into policy and legislative frameworks	■ Develop and implement a regional SME policy. ■ Harmonise draft model bill for SMEs. ■ Develop a regional industrial policy.	■ Technical advisory services ■ Regional dialogues	
8.5	Enhanced productive and competitive capacity of businesses to expand trade	■ Design and implement a roadmap for the development of a cluster band business incubator mapping initiative on agro-tourism linkage; agro-processing; food and beverage; creative industries.	■ Technical advisory services ■ Financing	OECS 8.3 Jamaica 8.2

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ANNEX I/

Caricom Regional Aid for Trade Matrix (*continued*)

Goal 3: Deepening Regional Integration and Maximising Gains from External Trade Agreements

	Outcomes	Projects/Activities	Type of Assistance	Link to National Projects (Annex II)
9.	**Regional Integration**			
9.1	Strengthened regional integration movement and capacity of regional institutions	■ Consolidate the CSM and establish the framework for the CSE. ■ Build institutional capacity of CARICOM Secretariat to implement and monitor national implementation of the CSME.	■ Legal and technical advisory services ■ Workshops ■ Financing	
9.2		■ Strengthen the regulatory framework to support integration, particularly for the OECS Economic Union.	■ Legal drafting ■ Financing	
9.3	Increased transparency and reliability of AfT flows	■ Design and implement a mechanism to collect and monitor AfT flows.	■ Technical advisory services	
10.	**External Trade Agreements**			
10.1	Increased negotiation and implementation of trade agreements	■ Build institutional capacity of OTN in trade negotiations. ■ Build institutional capacity of CARICOM Secretariat, including management and monitoring of national implementation of trade agreements.	■ Technical advisory services	
10.2	Increased knowledge of the impact of trade liberalisation	■ Complete a study on the fiscal impact of tariff liberalisation under CARICOM bilateral and plurilateral trade agreements.	■ Technical advisory services ■ Financing	All countries 10.1

ANNEX II/

National Projects with Regional Implications

In this Annex, the reader will find national Aid for Trade interventions supporting regional interventions listed in Annex I.

OECS SUB-REGION

Goal 1: Upgrading Key Economic Infrastructure

	Outcomes	Projects/Activities	Type of Assistance	Country/Region	Link to Regional Projects (Annex I)
1.	**Maritime Transport**				
1.1	Improved efficiency and reduced cost of maritime transport	■ Implement recommendations from the Study on Caribbean Freight Logistics, Maritime Transport and Trade Facilitation (in process).	■ Infrastructure investment ■ Technical advisory services	OECS	1.1
1.2		■ Complete a needs assessment on legislation and administration, logistics, use of IT solutions, training requirements and physical state and capacity of ports. ■ Improve/upgrade physical infrastructure for support fast ferry service in the OECS. ■ Strengthen port security systems. ■ Improve ability of ports to handle transhipment cargo. ■ Explore the feasibility of using alternative energy sources to reduce energy and operation costs. ■ Improve managerial and administration of port facilities.	■ Technical advisory services ■ Workshops of best-practices models ■ Infrastructure investment ■ Capacity building for ports management	St. Kitts & Nevis, St. Vincent & the Grenadines, Montserrat	1.2, 1.3
1.3		■ Conduct a feasibility study on the capacity of St. Kitts port to accommodate a gantry crane.	■ Technical advisory services	St. Kitts & Nevis	1.2
1.4		■ Conduct a feasibility study for constructing or rehabilitating ports.	■ Technical advisory services ■ Infrastructure investment	Montserrat	1.2
2.	**Information and Communication Technologies**				
2.1	Strengthened regional and national E-governance mechanisms	■ Organise a sensitisation workshop on regional E-government strategy. ■ Develop standard forms and document templates. ■ Develop E-government portal.	■ Legal and technical advisory services ■ Capacity building	OECS	2.4

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ANNEX II/

National Projects with Regional Implications (*continued*)

Goal 1: Upgrading Key Economic Infrastructure

	Outcomes	Projects/Activities	Type of Assistance	Country/Region	Link to Regional Projects (Annex I)
2.2		■ Examine and approve existing regional and national E-governance mechanisms for successful implementation of ICT projects. ■ Undertake analysis of minimum framework necessary to implement large regional/national ICT projects. ■ Establish a regional E-service secretariat/forum/unit. ■ Strengthen national ICT/information society units. ■ Develop a regional strategy for the OECS for international representation/participation and input. ■ Promote the use of ICT to manage, demonstrate good governance, and increase efficiency in business/operations.	■ National and regional workshops to share information on governance mechanisms ■ Seed investment ■ Technical advisory services	OECS	2.1
2.3	Increased competition in delivery of broadband services to promote increased access	■ Develop E-commerce platform.	■ Technical advisory services	Antigua and Barbuda, Dominica, Grenada	2.8
3.	**Energy**				
3.1	Accelerated development and use of renewable and alternative energy sources	■ Complete an assessment of renewable energy resources. ■ Establish a Sub-regional mechanism for financing small and micro renewable energy and energy efficiency projects for MSMEs.	■ Technical and legal advisory services ■ Financing	OECS	3.1

Goal 2: Enhancing Competitiveness and Facilitating Trade Expansion and Diversification

	Outcomes	Projects/Activities	Type of Assistance	Country/Region	Link to Regional Projects (Annex I)
4.	**Trade Facilitation**				
4.1	Increased efficiency and security of trade in goods	■ Conduct feasibility study/implement single electronic window system.	■ Technical advisory services ■ Investment for software and hardware ■ Capacity building for customs officials	Antigua and Barbuda, Dominica, Saint Lucia, St. Kitts & Nevis, St. Vincent & the Grenadines, Montserrat	4.1

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ANNEX II/

National Projects with Regional Implications (*continued*)

Goal 2: Enhancing Competitiveness and Facilitating Trade Expansion and Diversification

	Outcomes	Projects/Activities	Type of Assistance	Country/Region	Link to Regional Projects (Annex I)
4.2	Streamlined customs processes	■ Review, update, and harmonise customs laws and procedures. ■ Develop appropriate customs-related regulations.	■ Capacity building for legislative drafters	Antigua and Barbuda, Dominica, Saint Lucia, St. Kitts and Nevis, St. Vincent & the Grenadines, Montserrat	4.5
5.	**Sanitary and Phytosanitary Measures**				
5.1	Strengthened national SPS capacity	■ Establish national agriculture, health, and food safety agency consistent with obligations under FTAs.	■ Technical advisory services ■ Legal drafting	OECS	5.1
7.	**Services**				
7.1	Increased market access in professional services sectors	■ Strengthen services association to participate in mutual recognition agreements negotiations.	■ Training and advocacy support ■ Support for consultations	Grenada, Saint Lucia	7.3
7.2	Increased production and exports of services	■ Establish/strengthen the institutional capacity of the coalitions of services industries. ■ Strengthen services associations to participate in multilateral trade negotiations. ■ Formulate and implement national services policy.	■ Training ■ Workshops ■ Technical advisory services	Saint Lucia	7.7
8.	**Private Sector Development**				
8.1	Strengthened institutional capacity of business support organisations	■ Establish and strengthen BSOs (coalition of services industries).	■ Training ■ Seed investment	Dominica, Grenada, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines	8.3
8.2		■ Strengthen the market information/intelligence and analysis capacity at the national level. ■ Provide training in market research and information gathering techniques.	■ Capacity building	Dominica, St. Vincent & the Grenadines, St. Kitts & Nevis	8.3

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ANNEX II/

National Projects with Regional Implications (*continued*)

Goal 2: Enhancing Competitiveness and Facilitating Trade Expansion and Diversification

	Outcomes	Projects/Activities	Type of Assistance	Country/Region	Link to Regional Projects (Annex I)
8.3	Increased competitiveness of small and medium-size enterprises (SMEs)	■ Develop industry clusters and business incubators (agro-processing, culture, tourism, fisheries)	■ Technical advisory services ■ National consultations	St. Vincent & the Grenadines	8.5
8.4		■ Develop and implement innovation and competitiveness policy.	■ Legal advisory services	Antigua and Barbuda, St. Vincent and the Grenadines, Grenada	8.1
8.5	Strengthened production and export capacity of the private sector	■ Assess trade/export financing gaps and develop a compendium of available export/trade financing facilities. ■ Establish framework for the formation of export/trade financing enterprises. ■ Provide training in developing and managing financial tools and packages to facilitate financing of trade transactions.	■ Seed investment ■ Technical advisory services ■ Capacity building in trade finance	Dominica, Grenada, Montserrat, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines	8.1
8.6		■ Establish private sector trade teams in the OECS to garner financial and technical resources.	■ Regional dialogues ■ Technical advisory services	OECS	8.1
8.7		■ Implement the agreement establishing the Caribbean Export Bank.	■ Technical advisory services ■ Legal drafting	OECS	8.1

Goal 3: Deepening Regional Integration and Maximising Gains from External Trade Agreements

10.	**External Trade Agreements**				
10.1	Increased knowledge of the impact of trade liberalisation	■ Formulate action plan for re-tooling labour force and restructuring production in response to trade agreements.	■ Technical advisory services	OECS	10.2

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ANNEX II/

National Projects with Regional Implications (*continued*)

THE BAHAMAS

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
1.	**Maritime Transport**			
1.1	Improved efficiency and reduced cost of maritime transport	■ Implement recommendations from the study on Caribbean Freight Logistics, Maritime Transport, and Trade Facilitation (in process).	■ Infrastructure investment ■ Technical advisory services	1.1
2.	**Information and Communication Technologies**			
2.1	Strengthened regional and national E-governance mechanisms	■ Organise a sensitisation workshop on regional E-government strategy. ■ Develop standard forms and document templates. ■ Develop E-government portal.	■ Legal and technical advisory services ■ Capacity building	2.4
2.2	Increased competition in delivery of broadband services to promote increased access	■ Develop E-commerce platform.	■ Technical advisory services	2.8
5.	**Sanitary and Phytosanitary Measures**			
5.1	Strengthened national SPS compliance	■ Establish national agriculture health and food safety agency consistent with obligations under FTAs.	■ Technical advisory services ■ Legal drafting	5.1
10.	**External Trade Agreements**			
10.1	Increased knowledge of the impact of trade liberalisation	■ Formulate action plan for re-tooling labour force and restructuring production in response to trade agreements.	■ Technical advisory services	10.2

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ANNEX II/
National Projects with Regional Implications (*continued*)

BARBADOS

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
1.	**Maritime Transport**			
1.1	Improved efficiency and reduced cost of maritime transport	■ Implement recommendations from the study on Caribbean Freight Logistics, Maritime Transport and Trade Facilitation (in process).	■ Infrastructure investment ■ Technical advisory services	1.1
2.	**Information and Communication Technologies**			
2.1	Strengthened regional and national E-governance mechanisms	■ Organise a sensitisation workshop on regional E-government strategy. ■ Develop standard forms and document templates. ■ Develop E-government portal.	■ Legal and technical advisory services ■ Capacity building	2.4
2.2		■ Examine and approve existing regional and national E-governance mechanisms for successful implementation of ICT projects. ■ Undertake analysis of minimum framework necessary to implement large regional/national ICT projects. ■ Establish a regional E-service secretariat/forum/unit. ■ Strengthen national ICT/information society units. ■ Promote the use of ICT to manage, demonstrate good governance and increase efficiency in business/operations.	■ National and regional workshops to share information on governance mechanisms ■ Seed investment ■ Technical advisory services	2.1
2.3	Increased competition in delivery of broadband services to promote increased access	■ Develop E-commerce platform.	■ Technical advisory services	2.8
3.	**Energy**			
3.1	Accelerated development and use of renewable and alternative energy sources	■ Develop the national regulatory framework to govern the utilization of renewable and alternative energy sources.	■ Legal drafting services	3.1
5.	**Sanitary and Phytosanitary Measures**			
5.1	Strengthened national SPS capacity	■ Establish national agriculture, health, and food safety agency consistent with obligations under FTAs.	■ Technical advisory services ■ Legal drafting	5.1

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ANNEX II/

National Projects with Regional Implications (*continued*)

BARBADOS

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
8.	**Private Sector Development**			
8.1	Strengthened production and export capacity of the private sector	■ Develop a compendium of available export/trade financing facilities. ■ Assess trade/export financing gaps.; ■ Establish framework for the formation of export/trade financing enterprises. ■ Conduct training in developing and managing financial tools and packages to facilitate financing of trade transactions.	■ Technical advisory services ■ Capacity building in trade finance	8.1
10.	**External Trade Agreements**			
10.1	Increased knowledge of the impact of trade liberalisation	■ Formulate action plan for re-tooling labour force and restructuring production in response to trade agreements.	■ Technical advisory services	10.2

BELIZE

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
1.	**Maritime Transport**			
1.1	Improved efficiency and reduced cost of maritime transport	■ Implement recommendations from the study on Caribbean Freight Logistics, Maritime Transport and Trade Facilitation (in process).	■ Infrastructure investment ■ Technical advisory services	1.1
2.	**Information and Communication Technologies**			
2.1	Strengthened regional and national E-governance mechanisms	■ Organise a sensitisation workshop on regional E-government strategy. ■ Develop standard forms and document templates. ■ Develop E-government portal.	■ Legal and technical advisory services ■ Capacity building	2.4

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ANNEX II/

National Projects with Regional Implications (*continued*)

BELIZE

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
2.2		■ Examine and approve existing regional and national E-governance mechanisms for successful implementation of ICT projects. ■ Undertake analysis of minimum framework necessary to implement large regional/national ICT projects. ■ Establish a regional E-service secretariat/forum/unit. ■ Strengthen national ICT/information society units. ■ Promote the use of ICT to manage, demonstrate good governance, and increase efficiency in business/operations.	■ National and regional workshops to share information on governance mechanisms ■ Seed investment ■ Technical advisory services	2.1
2.3	Increased competition in delivery of broadband services to promote increased access	■ Develop E-commerce platform.	■ Technical advisory services	2.8
3.	**Energy**			
3.1	Accelerated development and use of renewable and alternative energy sources	■ Develop the national regulatory framework to govern the utilization of renewable and alternative energy sources.	■ Legal drafting services	3.1
4.	**Trade Facilitation**			
4.1	Increased efficiency and security of trade in goods	■ Conduct feasibility study/implement single electronic window system.	■ Technical advisory services ■ Investment for software and hardware ■ Capacity building for customs officials	4.1
4.2	Streamlined customs processes	■ Review, update and harmonise customs laws and procedures. ■ Develop appropriate customs-related regulations.	■ Capacity building for legislative drafters	4.5

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ANNEX II/

National Projects with Regional Implications (*continued*)

BELIZE

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
5.	**Sanitary and Phytosanitary Measures**			
5.1	Strengthened national SPS capacity	Establish national agriculture, health, and food safety agency consistent with obligations under FTAs.	Technical advisory services Legal drafting	5.1
8.	**Private Sector Development**			
8.1	Strengthened production and export capacity of the private sector	■ Develop a compendium of available export/trade financing facilities. ■ Assess trade/export financing gaps. ■ Establish framework for the formation of export/trade financing enterprises. ■ Conduct training in developing and managing financial tools and packages to facilitate financing of trade transactions.	■ Technical advisory services ■ Capacity building in trade finance	8.1
10.	**External Trade Agreements**			
10.1	Increased knowledge of the impact of trade liberalisation	■ Formulate action plan for re-tooling labour force and restructuring production in response to trade agreements	■ Technical advisory services	10.2

GUYANA

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
1.	**Maritime Transport**			
1.1	Improved efficiency and reduced cost of maritime transport	■ Implement recommendations from the study on Caribbean Freight Logistics, Maritime Transport and Trade Facilitation (in process).	■ Infrastructure investment ■ Technical advisory services	1.1
2.	**Information and Communication Technologies**			
2.1	Strengthened regional and national E-governance mechanisms	■ Organise a sensitisation workshop on regional E-government strategy. ■ Develop standard forms and document templates. ■ Develop E-government portal.	■ Legal and technical advisory services ■ Capacity building	2.4

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ANNEX II/

National Projects with Regional Implications (*continued*)

GUYANA

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
2.2		■ Examine and approve existing regional and national E-governance mechanisms for successful implementation of ICT projects. ■ Undertake analysis of minimum framework necessary to implement large regional/national ICT projects. ■ Establish a regional E-service secretariat/forum/unit. ■ Strengthen national ICT/information society units. ■ Promote the use of ICT to manage, demonstrate good governance, and increase efficiency in business/operations.	■ National and regional workshops to share information on governance mechanisms ■ Seed investment ■ Technical advisory services	2.1
2.3	Increased competition in delivery of broadband services to promote increased access	■ Develop E-commerce platform.	■ Technical advisory services	2.8
3.	**Energy**			
3.1	Accelerated development and use of renewable and alternative energy sources	■ Develop the national regulatory framework to govern the utilization of renewable and alternative energy sources.	■ Legal drafting services	3.1
4.	**Trade Facilitation**			
4.1	Increased efficiency and security of trade in goods	■ Conduct feasibility study/implement single electronic window system.	■ Technical advisory services ■ Investment for software and hardware ■ Capacity building for customs officials	4.1
5.	**Sanitary and Phytosanitary Measures**			
5.1	Strengthened national SPS capacity	■ Establish national agriculture, health, and food safety agency consistent with obligations under FTAs	■ Technical advisory services ■ Legal drafting	5.1

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ANNEX II/

National Projects with Regional Implications (*continued*)

GUYANA

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
8.	**Private Sector Development**			
8.1	Strengthened institutional capacity of business support organisations	■ Strengthen the market information/intelligence and analysis capacity at the national level. ■ Provide training in market research and information gathering techniques.	■ Capacity building	8.3
8.2	Strengthened production and export capacity of the private sector	■ Create and strengthen consultative mechanisms at the national and regional levels. ■ Strengthen private sector participation in the formulation of trade policies.	■ Workshops	8.1
10.	**External Trade Agreements**			
10.1	Increased knowledge of the impact of trade liberalisation	■ Formulate action plan for re-tooling labour force and restructuring production in response to trade agreements.	■ Technical advisory services	10.2

HAITI

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
1.	**Maritime Transport**			
1.1	Improved efficiency and reduced cost of maritime transport	■ Implement recommendations from the study on Caribbean Freight Logistics, Maritime Transport and Trade Facilitation (in process).	■ Infrastructure investment ■ Technical advisory services	1.1
1.2		■ Construct or rehabilitate ports (Port-au-Prince; Cap-Haïtien, or Fort-Liberté).	■ Infrastructure investment ■ Technical advisory services	1.1
2.	**Information and Communication Technologies**			
2.1	Strengthened regional and national E-governance mechanisms	■ Organise a sensitisation workshop on regional E-government strategy. ■ Develop standard forms and document templates. ■ Develop E-government portal.	■ Legal and technical advisory services ■ Capacity building	2.4

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ANNEX II/

National Projects with Regional Implications (*continued*)

HAITI

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
2.2		■ Examine and approve existing regional and national E-governance mechanisms for successful implementation of ICT projects. ■ Undertake analysis of minimum framework necessary to implement large regional/national ICT projects. ■ Establish a regional E-service secretariat/forum/unit. ■ Strengthen national ICT/information society units. ■ Promote the use of ICT to manage, demonstrate good governance, and increase efficiency in business/operations.	■ National and regional workshops to share information on governance mechanisms ■ Seed investment ■ Technical advisory services	2.1
2.3	Increased competition in delivery of broadband services to promote increased access	■ Develop E-commerce platform.	■ Technical advisory services	2.8
3.	**Energy**			
3.1	Accelerated development and use of renewable and alternative energy sources	■ Develop the national regulatory framework to govern the utilization of renewable and alternative energy sources.	■ Legal drafting services	3.1
4.	**Trade Facilitation**			
4.1	Increased efficiency and security of trade in goods	■ Conduct feasibility study/implement single electronic window system.	■ Technical advisory services ■ Investment for software and hardware ■ Capacity building for customs officials	4.1
4.2	Streamlined customs processes	■ Review, update, and harmonise customs laws and procedures. ■ Develop appropriate customs-related regulations.	■ Capacity building for legislative drafters	4.5
5.	**Sanitary and Phytosanitary Measures**			
5.1	Strengthened national SPS capacity	■ Establish national agriculture, health, and food safety agency consistent with obligations under FTAs.	■ Technical advisory services ■ Legal drafting	5.1

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ANNEX II/

National Projects with Regional Implications (*continued*)

HAITI

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
8.	**Private Sector Development**			
8.1	Strengthened institutional capacity of business support organisations	■ Strengthen the market information/intelligence and analysis capacity at the national level. ■ Provide training in market research and information gathering techniques.	■ Capacity building	8.3
8.2	Strengthened production and export capacity of the private sector	■ Create and strengthen consultative mechanisms at the national and regional levels. ■ Strengthen private sector participation in the formulation of trade policies.	■ Workshops	8.1
10.	**External Trade Agreements**			
10.1	Increased knowledge of the impact of trade liberalisation	■ Formulate action plan for re-tooling labour force and restructuring production in response to trade agreements.	■ Technical advisory services	10.2

JAMAICA

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
1.	**Maritime Transport**			
1.1	Improved efficiency and reduced cost of maritime transport	■ Implement recommendations from the study on Caribbean Freight Logistics, Maritime Transport and Trade Facilitation (in process).	■ Infrastructure investment ■ Technical ■ advisory services	1.1
2.	**Information and Communication Technologies**			
2.1	Strengthened regional and national E-governance mechanisms	■ Organise a sensitisation workshop on regional E-government strategy. ■ Develop standard forms and document templates. ■ Develop E-government portal.	■ Legal and technical advisory services ■ Capacity building	2.4

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ANNEX II/

National Projects with Regional Implications (*continued*)

JAMAICA

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
2.2		■ Examine and approve existing regional and national E-governance mechanisms for successful implementation of ICT projects. ■ Undertake analysis of minimum framework necessary to implement large regional/national ICT projects. ■ Establish a regional E-service secretariat/forum/unit. ■ Strengthen national ICT/information society units. ■ Promote the use of ICT to manage, demonstrate good governance and increase efficiency in business/operations.	■ National and regional workshops to share information on governance mechanisms ■ Seed investment ■ Technical advisory services	2.1
2.3	Increased competition in delivery of broadband services to promote increased access	■ Develop E-commerce platform.	■ Technical advisory services	2.8
3.	**Energy**			
3.1	Accelerated development and use of renewable and alternative energy sources	■ Develop the national regulatory framework to govern the utilization of renewable and alternative energy sources.	■ Legal drafting services	3.1
4.	**Trade Facilitation**			
4.1	Increased efficiency and security of trade in goods	■ Conduct feasibility study/implement single electronic window system.	■ Technical advisory services ■ Investment for software and hardware ■ Capacity building for customs officials	4.1
4.2		■ Implement authorised economic operator (AEO).	■ Technical advisory services ■ Workshops	4.3

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ANNEX II/

National Projects with Regional Implications (*continued*)

JAMAICA

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
5.	**Sanitary and Phytosanitary Measures**			
5.1	Strengthened national SPS capacity	■ Establish national agriculture, health, and food safety agency consistent with obligations under FTAs.	■ Technical advisory services ■ Legal drafting	5.1
8.	**Private Sector Development**			
8.1	Strengthened business services organisations (BSOs)	■ Establish and strengthen BSOs (coalition of services industries).	■ Training ■ Seed investment	8.3
8.2		■ Develop industry cluster (agro-processing, culture, tourism, fisheries).	■ Technical advisory services ■ National consultations	8.5
8.3	Strengthened production and export capacity of the private sector	■ Create and strengthen consultative mechanisms at the national and regional levels. ■ Strengthen private sector participation in the formulation of trade policies.	■ Workshops	8.1
10.	**External Trade Agreements**			
10.1	Increased knowledge of the impact of trade liberalisation	■ Formulate action plan for re-tooling labour force and restructuring production in response to trade agreements.	■ Technical advisory services	10.2

SURINAME

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
1.	**Maritime Transport**			
1.1	Improved efficiency and reduced cost of maritime transport	■ Implement recommendations from the study on Caribbean Freight Logistics, Maritime Transport and Trade Facilitation (in process).	■ Infrastructure investment ■ Technical advisory services	1.1

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ANNEX II/
National Projects with Regional Implications (*continued*)

SURINAME

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
1.2		■ Develop needs assessment with particular reference to legislation and administration, logistics, use of IT solutions, training requirements, and physical state and capacity of ports. ■ Strengthen port security systems. ■ Improve ability of ports to handle transhipment cargo. ■ Explore the feasibility of using alternative energy sources to reduce energy and operation costs. ■ Improve managerial and administration of port facilities	■ Technical advisory services ■ Workshops of best-practices models ■ Infrastructure investment ■ Capacity building for ports management	1.1, 1.3
2.	**Information and Communication Technologies**			
2.1	Strengthened regional and national E-governance mechanisms	■ Organise a sensitisation workshop on regional E-government strategy. ■ Develop standard forms and document templates. ■ Develop E-government portal.	■ Legal and technical advisory services ■ Capacity building	2.4
2.2		■ Examine and approve existing regional and national E-governance mechanisms for successful implementation of ICT projects. ■ Undertake analysis of minimum framework necessary to implement large regional/national ICT projects. ■ Establish a regional E-service secretariat/forum/unit. ■ Strengthen national ICT/information society units. ■ Promote the usage of ICT to manage, demonstrate good governance and increase efficiency in business/operations.	■ National and regional workshops to share information on governance mechanisms ■ Seed investment ■ Technical advisory services	2.1
2.3	Increased competition in delivery of broadband services to promote increased access	■ Develop E-commerce platform.	■ Technical advisory services	2.8

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ANNEX II/
National Projects with Regional Implications (*continued*)

SURINAME

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
5.	**Sanitary and Phytosanitary Measures**			
5.1	Strengthened national SPS capacity	■ Establish national agriculture, health, and food safety agency consistent with obligations under FTAs.	■ Technical advisory services ■ Legal drafting	5.1
10.	**External Trade Agreements**			
10.1	Increased knowledge of the impact of trade liberalisation	■ Formulate action plan for re-tooling labour force and restructuring production in response to trade agreements.	■ Technical advisory services	10.2

TRINIDAD AND TOBAGO

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
1.	**Maritime Transport**			
1.1	Improved efficiency and reduced cost of maritime transport	■ Implement recommendations from the study on Caribbean Freight Logistics, Maritime Transport and Trade Facilitation (in process).	■ Infrastructure investment ■ Technical advisory services	1.1
2.	**Information and Communication Technologies**			
2.1	Strengthened regional and national E-governance mechanisms	■ Organise a sensitisation workshop on regional E-government strategy. ■ Develop standard forms and document templates. ■ Develop E-government portal.	■ Legal and technical advisory services ■ Capacity building	2.4

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ANNEX II/

National Projects with Regional Implications (*continued*)

TRINIDAD AND TOBAGO

	Outcomes	Projects/Activities	Type of Assistance	Link to Regional Projects (Annex I)
2.2		■ Examine and approve existing regional and national E-governance mechanisms for successful implementation of ICT projects. ■ Undertake analysis of minimum framework necessary to implement large regional/national ICT projects. ■ Establish a regional E-service secretariat/forum/unit. ■ Strengthen national ICT/information society units. ■ Promote the usage of ICT to manage, demonstrate good governance, and increase efficiency in business/operations.	■ National and regional workshops to share information on governance mechanisms ■ Seed investment ■ Technical advisory services	2.1
2.3	Increased competition in delivery of broadband services to promote increased access	■ Develop E-commerce platform.	■ Technical advisory services	2.8
5.	**Sanitary and Phytosanitary Measures**			
5.1	Strengthened national SPS capacity	■ Establish national agriculture health and food safety agency consistent with obligations under FTAs.	■ Technical advisory services ■ Legal drafting	5.1
10.	**External Trade Agreements**			
10.1	Increased knowledge of the impact of trade liberalisation	■ Formulate action plan for re-tooling labour force and restructuring production in response to trade agreements.	■ Technical advisory services	10.2

ANNEX III/

National Projects with National Implications

In this Annex, the reader will find national Aid for Trade interventions with strictly national implications. Although not linked to regional projects, Member States considered these of the utmost importance.

OECS SUB-REGION

Goal 1: Upgrading Key Economic Infrastructure

	Outcomes	Projects/Activities	Type of Assistance	Country/Region
1.	**Maritime Transport**			
1.1	Improved efficiency and reduced cost of maritime transport	■ Explore the feasibility of establishing less-than-full container load (LCL) systems.	■ Technical advisory services	St. Kitts and Nevis, Saint Lucia, Grenada
1.2		■ Develop an action plan to promote intermodal services.	■ Technical advisory services	OECS
1.3		■ Develop new methods to improve efficiency of terminal and container facilities. ■ Complete a feasibility study on dredging – deepening and widening of channels. ■ Extend berths. ■ Update hydrographic and navigational maps.	■ Technical advisory services and capacity building in logistics management, hydrographic services, maritime radio-communication, navigational planning, management and regulation	OECS
1.4		■ Install port reception facilities for waste generated by ships. ■ Install new and upgrade existing aids to navigation.	■ Seed investment ■ Technical advisory services	OECS
2.	**Information and Communication Technologies**			
2.1	Increased competition in the delivery of broadband services to promote increased access	■ Complete a gap analysis for laws, policies, and standards at the national level.	■ Technical and legal advisory services	OECS
2.2		■ Conduct a market study to identify opportunities in the telecommunications sector including: ■ The use, regulation and management of spectrum ■ Development of a single ICT space ■ Development of broadband strategy ■ Development of national broadband infrastructure	■ Technical advisory services	OECS

(continued on next page)

ANNEX III/

National Projects with National Implications (*continued*)

Goal 1: Upgrading Key Economic Infrastructure

	Outcomes	Projects/Activities	Type of Assistance	Country/Region
2.3		■ Adopt new technology to improve business practices. ■ Create database to facilitate sharing best practices in f importing and exporting. ■ Develop a national internet exchange point (IXP) and the generation of local content.	■ Workshops on new market trends and access requirements ■ Database	Antigua and Barbuda, Grenada, Saint Lucia
3.	**Energy**			
3.1	Accelerated the development and use of renewable and alternative energy sources	■ Complete feasibility studies and prepare projects on the use of renewable/ alternative energy for small-scale producers (agro-processing, nutmeg industry and the hotel sector).	■ Technical advisory services	Grenada, St. Vincent and the Grenadines
3.2		■ Develop national regulatory frameworks to govern the utilization of renewable and alternative energy sources. ■ Review energy related legislation.	■ Legal drafting services	OECS
3.3		■ Develop alternative energy capacity (geothermal, hydro, wind, solar).	■ Technical advisory services ■ Seed investment ■ Capacity building in alternative energy development	Grenada, Montserrat, St. Kitts and Nevis, St. Vincent & the Grenadines
3.4		■ Implement national energy strategies. ■ Implement energy efficiency programmes including retrofit for buildings and energy efficient transportation.	■ Technical advisory services	Antigua and Barbuda, Grenada, Saint Lucia

Goal 2: Enhancing Competitiveness And Facilitating Trade Expansion And Diversification

	Outcomes	Projects/Activities	Type of Assistance	Country/Region
4.	**Trade Facilitation**			
4.1	Strengthened capacity of customs officials	■ Provide training to customs officials and customs brokers on ICT, business processes, risk management techniques, post audit clearance, rules of origin, advance ruling, classification, and valuation.	■ Capacity building for customs officials	Montserrat, Saint Lucia, St. Vincent and the Grenadines, Grenada

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ANNEX III/

National Projects with National Implications (*continued*)

Goal 2: Enhancing Competitiveness And Facilitating Trade Expansion And Diversification

	Outcomes	Projects/Activities	Type of Assistance	Country/Region
4.2	Improved dissemination of public information by customs	■ Develop and upgrade customs web sites. ■ Strengthen the trade information portal	■ Website	St. Vincent and the Grenadines, Grenada
4.3	Modernised customs infrastructure and improved security	■ Procure equipment for customs administration buildings and introduce security and access controls.	■ Investment in facilities	Saint Lucia, St. Vincent and the Grenadines
4.4	Improved efficiency in goods examination and revenue collection	■ Acquire non-intrusive cargo scanners. ■ Strengthen risk management systems.	■ Capacity building in customs risk management systems	Saint Lucia, St. Vincent and the Grenadines, Grenada
4.5	Improved Institutional Framework	■ Establish a national trade facilitation task force. ■ Implement national trade facilitation action plan.	■ Technical advisory services	Saint Lucia
4.6	Improved Regulatory Framework	■ Develop a national trade facilitation policy. ■ Assess the impact of implementation of GATT valuation on revenue collection. ■ Implement of WTO/GATT (1994) valuation and security mechanisms. ■ Facilitate accession to the World Customs Organization.	■ Technical advisory services	Grenada
5.	**Sanitary and Phytosanitary Measures**			
5.1	Increased capacity to certify and accredit laboratories	■ Conduct comprehensive needs analysis of produce chemist laboratory (PCL). ■ Develop a strategic plan for PCL. ■ Develop a training plan to build capacity of technical staff at PCL. ■ Develop project proposal to equip PCL with equipment and materials needed to carry out necessary testing and analyses.	■ Technical advisory services ■ Capacity building	Grenada
5.2	Strengthened national SPS compliance	■ Assess States' ability to comply with EU General Food Law and Feed and Food Regulation and the US Food Safety Modernization Act, and prepare technical assistance project to upgrade capacity to comply.	■ Legal advisory services ■ OECS regional dialogues ■ Infrastructure Investment	OECS
5.3	Upgraded SPS-related infrastructure	■ Retrofit plant protection and plant quarantine laboratories with basic modern equipment, materials and supplies. ■ Construct post quarantine facility to enhance laboratory complex.	■ Infrastructure investment	St. Vincent and the Grenadines
5.4		■ Develop computerized database system to integrate plant protection, surveillance and quarantine data.	■ Technical advisory services ■ Capacity building	St. Vincent and the Grenadines, Grenada

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ANNEX III/

National Projects with National Implications (*continued*)

Goal 2: Enhancing Competitiveness And Facilitating Trade Expansion And Diversification

	Outcomes	Projects/Activities	Type of Assistance	Country/Region
5.5	Improved capacity for pest diagnosis	■ Train three plant protection quarantine officers in specialized areas (entomology/pathology, soil and PRA).	■ Capacity building	St. Vincent and the Grenadines
5.6	Improved capacity for disinfestation treatment of Golden Apples for fruit fly to re-enter the international market	■ Invest in methyl bromide (MBr) fumigation infrastructure. ■ Conduct MBr fumigation and train staff in MBr fumigation techniques and Probit.	■ Technical advisory services ■ Capacity building ■ Infrastructure investment	Grenada
6.	**Quality Infrastructure**			
6.1	Enhanced efficiency of quality Infrastructure	■ Improve/upgrade physical infrastructure for testing. ■ Procure equipment (e.g., for metrology) ■ Training of staff. ■ Perform external auditing of laboratory facilities.	■ Capacity building ■ Infrastructure investment ■ Auditing services	Antigua and Barbuda, Grenada, Montserrat, St. Vincent and the Grenadines,
6.2		■ Establish an accreditation and certification body for the spa industry. ■ Establish a spa training institute.	■ Seed investment ■ Technical advisory services	Antigua and Barbuda
7.	**Services**			
7.1	Strengthened legal and regulatory environment	■ Update legislation/regulations/standards for health tourism services.	■ Legal drafting	Antigua and Barbuda, Grenada, Montserrat
7.2	Increased diversification of services exports	■ Develop and implement work plan for various services sub-sectors, market research and business pairing, training of service providers in developing export strategies.	■ Technical advisory services	Grenada, Saint Lucia
7.3	Improved capacity to gather and analyse services data	■ Build capacity to collect and analyse services sector data.	■ Capacity building in data collection methods	OECS
7.4	Increased support to niche services sectors	■ Build productive capacity in services sectors such as online banking, creative industries, ICT, tourism, and professional services.	■ Capacity building	Montserrat, Grenada
7.5		■ Build productive capacity in the construction, health and wellness, ICT, financial services, tourism, and education sectors.	■ Capacity building	St. Kitts & Nevis, Grenada

(continued on next page)

ANNEX III/

National Projects with National Implications (*continued*)

Goal 2: Enhancing Competitiveness And Facilitating Trade Expansion And Diversification

	Outcomes	Projects/Activities	Type of Assistance	Country/Region
8.	**Private Sector Development**			
8.1	Strengthened support to national trade-related priorities	■ Update/implement national export development strategies. ■ Conduct research to identify priority and potential areas/sectors. ■ Promote development of indigenous and value-added products. ■ Provide industry-specific information.	■ Technical advisory services ■ Workshops	Saint Lucia, Grenada, St. Kitts and Nevis
8.2		■ Develop national trade information networks.	■ Seed investment	Grenada, Saint Lucia
8.3		■ Strengthen the National Export Promotion Agency.	■ Technical advisory services	Saint Lucia
8.4		■ Develop diversification and export strategies. ■ Develop national trade policies.	■ Technical advisory services	Antigua and Barbuda, Grenada
8.5		■ Develop a national AfT strategies.	■ Technical advisory services	Antigua and Barbuda, Grenada, St. Kitts and Nevis
8.6	Improved and enhanced productive capacity of SMEs	■ Provide training for local consultants in business development, market intelligence, export and trade promotion, marketing, business, and management	■ Capacity building in business development	Antigua and Barbuda, Saint Lucia
8.7	Strengthened private sector/business development organisations	■ Develop business incubation initiatives to provide comprehensive frameworks for business development services.	■ Technical advisory services	Antigua and Barbuda, St. Vincent and the Grenadines, St Kitts and Nevis
8.8	Enhanced capacity in agriculture and agro-processing	■ Build capacity in product development and procurement of necessary equipment.	■ Technical experts – good technologist, marketing specialist, extension agents, human resource trainers.	Antigua and Barbuda, St. Kitts and Nevis, Grenada
8.9	Increased international recognition of national brands	■ Conduct surveys to assess needs. ■ Develop inspection regime. ■ Develop brands and programmes to promote brands.	■ Technical advisory services ■ National consultations	Dominica, Grenada, St. Vincent and the Grenadines
8.10	Increased support to sectoral development	■ Develop strategy to add value to volcanic ash to make roof tiles.	■ Seed investment	Montserrat
8.11		■ Update legislative and regulatory framework for private sector development.	■ Legal advisory services	Montserrat
8.12		■ Build productive capacity in agriculture agro-processing, energy, cultural industries, professional services, and tourism.	■ Capacity building	Dominica, Grenada

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ANNEX III/

National Projects with National Implications (*continued*)

Goal 2: Enhancing Competitiveness And Facilitating Trade Expansion And Diversification

	Outcomes	Projects/Activities	Type of Assistance	Country/Region
8.13		■ Develop sectors where there is comparative advantage e.g., cultural industries, poultry, pork, small ruminants, ICT.	■ Capacity building ■ Technical advisory services	St. Vincent and the Grenadines
8.14		■ Build productive capacity in the honey industry. ■ Build productive capacity in the production of handicrafts – clay/sculpting and painting. ■ Build productive capacity in poultry and fishing. ■ Promote Grenada as a clean destination.	■ Workshops	Grenada

Goal 3: Deepening Regional Integration and Maximising Gains from External Trade Agreements

	Outcomes	Projects/Activities	Type of Assistance	Country/Region
9.	**Regional Integration**			
9.1	Strengthened integration commitments and mechanisms for implementation	■ Review national laws. ■ Ratify outstanding agreements.	■ Legislative drafting	Antigua and Barbuda, Saint Lucia, St. Vincent and the Grenadines, Grenada
9.2	Improved implementation of trade agreements	■ Draft legislative changes to bring laws into conformity with trade agreements; review current investment laws, regulations, policies, strategies, and procedures to ensure conformity with EPA and CSME requirements.	■ Legal advisory services ■ Capacity building	Antigua and Barbuda, Grenada, Saint Lucia
9.3	Improved effectiveness of the Regime for Free Circulation of Goods in the OECS	■ Preparation of a roadmap for introduction of free circulation of goods. ■ Implement legislative and administrative changes to support free circulation.	■ Technical and legal advisory services	OECS
9.4	Accelerated implementation of the OECS Economic Union	■ Complete audit and roadmap to address obstacles to implementation, including drafting of legislation.	■ Technical advisory services	OECS
9.5	Improved effectiveness of CSME implementation in the OECS	■ Implement action plans for implementation of the CSM.	■ Technical advisory services for national and regional institutions	OECS

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ANNEX III/

National Projects with National Implications (*continued*)

THE BAHAMAS

	Outcomes	Projects/Activities	Type of Assistance
2.	**Information and Communication Technologies**		
2.1	Improved access to E-commerce platforms	■ Complete a gap analysis for laws, policies and standards at the national level.	■ Technical advisory services
3.	**Energy**		
3.1.	Accelerated development and use of renewable and alternative energy sources	■ Develop the national regulatory framework to govern the utilization of renewable and alternative energy sources.	■ Legal drafting services
5.	**Sanitary and Phytosanitary Measures**		
5.1	Strengthened national oversight of SPS compliance	■ Assess ability to comply with EU General Food Law and Feed and Food Regulation and US Food Safety Modernization Act, and prepare technical assistance project to upgrade capacity to comply.	■ Legal advisory services ■ National dialogue
6.	**Quality Infrastructure**		
6.1	Enhanced efficiency of quality infrastructure	■ Improve/upgrade physical infrastructure for testing. ■ Procure equipment (e.g., for metrology). ■ Provide staff training. ■ Perform external auditing of laboratory facilities.	■ Capacity building ■ Infrastructure investment ■ Auditing services

BARBADOS

	Outcomes	Projects/Activities	Type of Assistance
2.	**Information and Communication Technologies**		
2.1	Improved access to E-commerce platforms	■ Complete a gap analysis for laws, policies and standards at the national level.	■ Technical advisory services
5.	**Sanitary and Phytosanitary Measures**		
5.1	Strengthened national oversight of SPS compliance	■ Assess ability to comply with EU General Food Law and Feed and Food Regulation and US Food Safety Modernization Act, and prepare technical assistance project to upgrade capacity to comply.	■ Legal advisory services ■ National dialogue
6.	**Quality Infrastructure**		
6.1	Enhanced efficiency of quality infrastructure	■ Improve/upgrade physical infrastructure for testing. ■ Procure equipment (e.g., for metrology). ■ Provide staff training. ■ Perform external auditing of laboratory facilities.	■ Capacity building ■ Infrastructure investment ■ Auditing services

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ANNEX III/
National Projects with National Implications (*continued*)

BELIZE[a]

	Outcomes	Projects/Activities	Type of Assistance
1.	**Maritime Transport**		
1.1	Improved efficiency and reduced cost of maritime transport	■ Develop an action plan to promote intermodal services.	■ Technical advisory services
1.2		■ Develop new methods to improve efficiency of terminal and container facilities. ■ Complete a feasibility study on dredging – deepening and widening of channels. ■ Extend berths. ■ Update hydrographic and navigational maps.	■ Technical advisory services and capacity building in logistics management, hydrographic services, maritime radio-communication, navigational planning
1.3		■ Install port reception facilities for waste generated by ships. ■ Install new and upgrade existing aids to navigation.	■ Seed investment ■ Technical advisory services
2.	**Information and Communication Technologies**		
2.1	Improved access to E-commerce platforms	■ Complete a gap analysis for laws, policies and standards at the national level	■ Technical advisory services
3.	**Energy**		
3.1	Accelerated development and use of renewable and alternative energy sources	■ Develop a national regulatory framework to govern the utilization of renewable and alternative energy sources.	■ Legal drafting services
5.	**Sanitary and Phytosanitary Measures**		
5.1	Strengthened national oversight of SPS compliance	■ Assess ability to comply with EU General Food Law and Feed and Food Regulation and US Food Safety Modernization Act, and prepare technical assistance project to upgrade capacity to comply.	■ Legal advisory services ■ National dialogue
6.	**Quality Infrastructure**		
6.1	Enhanced efficiency of quality infrastructure	■ Improve/upgrade physical infrastructure for testing. ■ Procure equipment (e.g. for metrology). ■ Provide staff training. ■ Perform external auditing of laboratory facilities	■ Capacity building ■ Infrastructure investment ■ Auditing services

[a] For more information on national AfT projects, see Belize's National Aid for Trade Strategy: Bridging the Gap in Development Assistance, 2011.

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ANNEX III/

National Projects with National Implications (*continued*)

GUYANA

	Outcomes	Projects/Activities	Type of Assistance
2.	**Information and Communication Technologies**		
2.1	Improved access to E-commerce platforms	■ Complete a gap analysis for laws, policies and standards at the national level	■ Technical advisory services
3.	**Energy**		
3.1	Accelerated development and use of renewable and alternative energy sources	■ Develop a national regulatory framework to govern the utilization of renewable and alternative energy sources.	■ Legal drafting services
5.	**Sanitary and Phytosanitary Measures**		
5.1	Strengthened national oversight of SPS compliance	■ Assess State's ability to comply with EU General Food Law and Feed and Food Regulation and US Food Safety Modernization Act, and prepare technical assistance project to upgrade capacity to comply.	■ Legal advisory services ■ National dialogue
6.	**Quality Infrastructure**		
6.1	Enhanced efficiency of quality infrastructure	■ Improve/upgrade physical infrastructure for testing. ■ Procure equipment (e.g., for metrology). ■ Provide staff training. ■ Perform external auditing of laboratory facilities.	■ Capacity building ■ Infrastructure investment ■ Auditing services
7.	**Services**		
7.1	Improved capacity to gather and analyse services data	■ Build capacity to collect and analyse services sector data.	■ Capacity building in data collection methods

HAITI

	Outcomes	Projects/Activities	Type of Assistance
2.	**Information and Communication Technologies**		
2.1	Improved access to E-commerce platforms	■ Complete a gap analysis for laws, policies and standards at the national level.	■ Technical advisory services

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ANNEX III/
National Projects with National Implications (*continued*)

HAITI

	Outcomes	Projects/Activities	Type of Assistance
3.	**Energy**		
3.1	Accelerated development and use of renewable and alternative energy sources	■ Develop a national regulatory framework to govern the utilization of renewable and alternative energy sources.	■ Legal drafting services
4.	**Trade Facilitation**		
4.1	Strengthened capacity of customs officials	■ Provide training to customs officials and customs brokers on ICT, business processes, risk management techniques, post audit clearance, rules of origin, advance ruling, classification, and valuation.	■ Capacity building for customs officials
4.2	Improved dissemination of public information by customs	■ Develop and upgrade customs web site.	■ Website
5.	**Sanitary and Phytosanitary Measures**		
5.1	Strengthened national oversight of SPS compliance	■ Assess ability to comply with EU General Food Law and Feed and Food Regulation and US Food Safety Modernization Act, and prepare technical assistance project to upgrade capacity to comply.	■ Legal advisory services ■ National dialogue
6.	**Quality Infrastructure**		
6.1	Enhanced efficiency of quality infrastructure	■ Improve/upgrade physical infrastructure for testing. ■ Procure equipment (e.g., for metrology). ■ Provide staff training. ■ Perform external auditing of laboratory facilities.	■ Capacity building ■ Infrastructure investment ■ Auditing services
7.	**Services**		
7.1	Improved capacity to gather and analyse services data	■ Build capacity to collect and analyse services sector data.	■ Capacity building in data collection methods
8.	**Private Sector Development**		
8.1	Increased international recognition of national brands	■ Conduct surveys, assess needs, develop inspection regime, develop brands and programmes to promote brands.	■ Technical advisory services ■ National consultations

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ANNEX III/

National Projects with National Implications (*continued*)

JAMAICA[b]

	Outcomes	Projects/Activities	Type of Assistance
2.	**Information and Communication Technologies**		
2.1	Improved access to E-commerce platforms	■ Complete a gap analysis for laws, policies, and standards at the national level.	■ Technical advisory services
3.	**Energy**		
3.1	Accelerated development and use of renewable and alternative energy sources	■ Develop a national regulatory framework to govern the utilization of renewable and alternative energy sources.	■ Legal drafting services
5.	**Sanitary And Phytosanitary Measures**		
5.1	Strengthened national oversight of SPS compliance	■ Assess ability to comply with EU General Food Law and Feed and Food Regulation and US Food Safety Modernization Act, and prepare technical assistance project to upgrade capacity to comply.	■ Legal advisory services ■ National dialogue
6.	**Quality Infrastructure**		
6.1	Enhanced efficiency of quality infrastructure	■ Improve/upgrade physical infrastructure for testing. ■ Procure equipment (e.g., for metrology). ■ Provide staff training. ■ Perform external auditing of laboratory facilities.	■ Capacity building ■ Infrastructure investment ■ Auditing services
7.	**Services**		
7.1	Improved capacity to gather and analyse services data	■ Build capacity to collect and analyse services sector data.	■ Capacity building in data collection methods
8.	**Private Sector Development**		
8.1	Increased international recognition of national brands	■ Conduct surveys, assess needs, develop inspection regime, develop brands and programmes to promote brands.	■ Technical advisory services ■ National consultations

[b] For more information on national AfT projects, see Jamaica's National Aid for Trade Strategy: Partnerships Towards Sustained Economic Growth and Development through Trade, 2011.

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ANNEX III/

National Projects with National Implications (*continued*)

SURINAME

	Outcomes	Projects/Activities	Type of Assistance
1.	**Maritime Transport**		
1.1	Improved efficiency and reduced cost of maritime transport	■ Develop an action plan to promote intermodal services.	■ Technical advisory services
1.2		■ Develop new methods to improve efficiency of terminal and container facilities. ■ Carry out feasibility study on dredging – deepening and widening of channels. ■ Extend berths. ■ Update hydrographic and navigational maps.	■ Technical advisory services and capacity building in logistics management, hydrographic services, maritime radio-communication navigational planning
1.3		■ Install port reception facilities for waste generated by ships. ■ Install new and upgrade existing aids to navigation.	■ Seed investment ■ Technical advisory services
2.	**Information and Communication Technologies**		
2.1	Improved access to E-commerce platforms	■ Complete a gap analysis for laws, policies, and standards at the national level.	■ Technical advisory services
3.	**Energy**		
3.1	Accelerated development and use of renewable and alternative energy sources	■ Develop the national regulatory framework to govern the utilization of renewable and alternative energy sources.	■ Legal drafting services
5.	**Sanitary and Phytosanitary Measures**		
5.1	Strengthened national oversight of SPS compliance	■ Assess ability to comply with EU General Food Law and Feed and Food Regulation and US Food Safety Modernization Act, and prepare technical assistance project to upgrade capacity to comply.	■ Legal advisory services ■ National dialogue
6.	**Quality Infrastructure**		
6.1	Enhanced efficiency of quality Infrastructure	■ Improve/upgrade physical infrastructure for testing. ■ Procure equipment (e.g., for metrology). ■ Provide staff training. ■ Perform external auditing of laboratory facilities.	■ Capacity building ■ Infrastructure investment ■ Auditing services
8.	**Private Sector Development**		
8.1	Strengthened support to national trade-related priorities	■ Develop national trade policy.	■ Technical advisory services

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ANNEX III/

National Projects with National Implications (*continued*)

TRINIDAD AND TOBAGO[c]

	Outcomes	Projects/Activities	Type of Assistance
2.	**Information and Communication Technologies**		
2.1	Improved access to E-commerce platforms	■ Complete a gap analysis for laws, policies, and standards at the national level.	■ Technical advisory services
3.	**Energy**		
3.1	Accelerated development and use of renewable and alternative energy sources	■ Develop the national regulatory framework to govern the utilization of renewable and alternative energy sources.	■ Legal drafting services
5.	**Sanitary And Phytosanitary Measures**		
5.1	Strengthened national oversight of SPS compliance	■ Assess ability to comply with EU General Food Law and Feed and Food Regulation and US Food Safety Modernization Act, and prepare technical assistance project to upgrade capacity to comply.	■ Legal advisory services ■ National dialogue
6.	**Quality Infrastructure**		
6.1	Enhanced efficiency of quality Infrastructure	■ Improve/upgrade physical infrastructure for testing. ■ Procure equipment (e.g., for metrology). ■ Provide staff training. ■ Perform external auditing of laboratory facilities.	■ Capacity building ■ Infrastructure investment ■ Auditing services
7.	**Services**		
7.1	Increased diversification of exports	■ Build productive capacity in film, entertainment, fashion, cocoa, and chocolate industries. ■ Develop a fashion district.	■ Technical advisory services

[c] For further information on national Aid for Trade projects, see Trinidad and Tobago National Aid for Trade Strategy, 2012, mimeo.

ANNEX IV/
Log Framework – Regional Aid for Trade Matrix

	Objective		
	Upgrade Key Economic Infrastructure		
	Modernisation of Caribbean Freight Logistics, Maritime Transport and Trade Facilitation *Modernisation of Maritime Cargo and Passenger Services in the OECS*		
Outcome 1	**Indicators**	**Means of Verification**	**Assumptions about risks**
Improved efficiency and reduced cost of maritime transport	Increased volume of intra-regional trade via maritime transport Improved performance of on-time delivery of traded goods via maritime transport	WTO, CARICOM Secretariat and national statistics reports Reports by importers and exporters using maritime transport	No major contraction in Regional economic output Stability in macro-economic environment
Outputs			
Project 1.1 *Modernisation of Caribbean Freight Logistics, Maritime Transport and Trade Facilitation*	Number of dissemination events, workshops, and dialogues for study Increase in rankings for infrastructure and trade facilitation Number of reforms enacted	Press releases, government reports and meeting minutes Logistics Performance Index, Global Enabling Index, Doing Business Government programmes or policy reforms	Validation of the recommendations by regional organisations and Member States
Project 1.2 *Modernisation of Maritime Cargo and Passenger Services in the OECS*	Increased passenger traffic in the Southern Caribbean Increased investment in fleet	Government statistics Ministry of finance expenditure reports, IDP lending programmes, PPPs	Attractive PPP structure Sufficient demand
	Caribbean Broadband Transformation Strategy		
Outcome 1	**Indicators**	**Means of Verification**	**Assumptions about risks**
Increased competition in delivery of broadband services to promote increased access	Decreased cost of broadband services Number of service providers Number of business licenses Increase in competitiveness ranking	National surveys Government registration bureaus World Bank Doing Business Report	Favourable investment climate Favourable regulatory environment Strong business case for new providers
Outputs			
Project 2.1 *Caribbean Broadband Transformation Strategy*	Number of strategies, assessments and roadmaps produced Increased data	Government reports Government statistics	Commitment to invest in implementation of recommendations in studies/reports

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ANNEX IV/

Log Framework – Regional Aid for Trade Matrix (*continued*)

Caribbean Renewable and Alternative Energy Roadmap

Outcome 1	Indicators	Means of Verification	Assumptions about risks
Accelerated development and use of renewable and alternative energy sources	Increase/decrease in energy statistics (percentage of renewable sources)	International, regional or national statistics bureaus	Quality of statistics reported Feasibility of renewable and alternative sources
Outputs			
Project 3.1 *Caribbean Renewable and Alternative Energy Roadmap*	Number of strategies and assessments produced Number of mechanisms developed	Government reports Government reports	

Objective

Enhancing Competitiveness and Facilitating Trade Expansion and Diversification

Private Sector Innovation in the Caribbean

Outcome 1	Indicators	Means of Verification	Assumptions about risks
Strengthened production and export capacity of the private sector	Increased number of private sector firms exporting Increased volume of exports from private sector firms	Surveys, government statistics Government statistics	Ability of private sector to mobilise resources for increasing capacity and production
Outputs			
Project 8.1 *Private Sector Innovation in the Caribbean*	Number of innovation mechanisms Number of trade financing mechanisms	Government reports, IDP projects Government reports	MSMEs or SMEs qualify for trade financing

ANNEX V/
Aid for Trade Flows to Caricom Countries

Aid for trade to CARICOM, USD millions (2009 Constant)
Data extracted from OECD-DAC CRS database

	Commitments					Disbursements				
	2002–05 avg.	2006	2007	2008	2009	2002–05 avg.	2006	2007	2008	2009
Antigua and Barbuda										
Building Productive Capacity	2.6	0.1	0.2	0.5	15.1	5.3	2.3	0.2	0.5	1.7
Economic Infrastructure	0.0	0.0	0.0		0.0	0.1	0.0	0.0		0.1
Trade Policy & Regulations	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.1
Antigua and Barbuda Total	**2.7**	**0.1**	**0.2**	**0.5**	**15.1**	**5.3**	**2.4**	**0.2**	**0.5**	**1.9**
Barbados										
Building Productive Capacity	0.4	3.8	16.0	14.3	0.2	1.0	0.0	0.0	0.1	1.2
Economic Infrastructure	0.0			0.0	1.5	0.4			0.0	7.2
Trade Policy & Regulations	0.0	0.0	0.1	0.5	0.6	0.0	0.0	0.0	0.5	0.4
Barbados Total	**0.5**	**3.8**	**16.1**	**14.9**	**2.2**	**1.4**	**0.0**	**0.0**	**0.6**	**8.7**
Belize										
Building Productive Capacity	9.0	7.7	3.2	0.3	18.5	0.6	3.2	4.7	9.6	6.5
Economic Infrastructure	0.2	5.7	0.1	12.7	5.5	0.7	0.2	0.1	1.0	3.1
Trade Policy & Regulations	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.1
Belize Total	**9.2**	**13.4**	**3.3**	**13.0**	**24.0**	**1.3**	**3.4**	**4.8**	**10.6**	**9.7**

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ANNEX V/

Aid for Trade Flows to Caricom Countries (*continued*)

Aid for trade to CARICOM, USD millions (2009 Constant)

Data extracted from OECD-DAC CRS database

	Commitments					Disbursements				
	2002–05 avg.	2006	2007	2008	2009	2002–05 avg.	2006	2007	2008	2009
Dominica										
Building Productive Capacity	7.4	5.8	0.6	5.5	8.4	9.1	5.6	6.1	6.7	11.6
Economic Infrastructure	7.5	0.2	6.3	0.1	0.1	1.5	1.0	4.6	4.6	11.1
Trade Policy & Regulations	0.0	0.0	0.6	1.1	0.0	0.0	0.0	0.3	0.1	0.3
Trade-related Adjustment				0.0	0.0				0.0	0.0
Dominica Total	**15.0**	**6.0**	**7.5**	**6.7**	**8.5**	**10.6**	**6.6**	**11.0**	**11.4**	**22.9**
Grenada										
Building Productive Capacity	5.3	0.8	0.1	1.4	13.1	4.9	0.7	0.6	1.7	2.1
Economic Infrastructure	3.0	0.0	0.1	0.0	0.0	1.1	0.1	0.1	0.2	0.2
Trade Policy & Regulations	0.2	0.0	0.0	1.8	0.0	0.0	0.1	0.0	0.1	0.3
Trade-related Adjustment				0.0	0.0				0.0	0.0
Grenada Total	**8.5**	**0.8**	**0.2**	**3.3**	**13.1**	**6.0**	**0.8**	**0.7**	**2.0**	**2.6**
Guyana										
Building Productive Capacity	9.5	10.3	74.5	48.4	30.3	6.5	3.2	9.1	36.0	41.8
Economic Infrastructure	32.9	0.0	24.9	5.9	13.4	0.3	0.2	0.2	–1.0	18.4
Trade Policy & Regulations	0.4	2.1	0.9	0.9	1.2	0.4	2.4	1.0	1.3	1.0

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ANNEX V/

Aid for Trade Flows to Caricom Countries *(continued)*

Aid for trade to CARICOM, USD millions (2009 Constant)
Data extracted from OECD-DAC CRS database

	Commitments					Disbursements				
	2002–05 avg.	2006	2007	2008	2009	2002–05 avg.	2006	2007	2008	2009
Guyana Total	**42.9**	**12.4**	**100.3**	**55.2**	**44.9**	**7.1**	**5.8**	**10.3**	**36.3**	**61.2**
Haiti										
Building Productive Capacity	46.8	45.2	24.8	33.3	47.5	14.1	9.5	20.8	37.7	63.1
Economic Infrastructure	39.7	39.7	43.4	96.1	285.3	5.4	25.5	39.3	41.0	100.9
Trade Policy & Regulations	0.0	0.3	1.4	1.9	2.2	0.0	0.0	0.1	1.1	1.2
Haiti Total	**86.5**	**85.2**	**69.6**	**131.3**	**335.0**	**19.5**	**35.0**	**60.2**	**79.9**	**165.1**
Jamaica										
Building Productive Capacity	24.1	13.8	22.7	23.9	17.9	8.7	5.0	15.9	16.7	14.9
Economic Infrastructure	9.9	3.9	30.0	8.9	21.0	9.7	18.0	24.1	56.5	51.9
Trade Policy & Regulations	1.4	1.5	0.6	2.7	1.0	2.7	2.7	2.4	1.9	0.9
Trade-related Adjustment				0.0	0.0				0.0	0.9
Jamaica Total	**35.4**	**19.2**	**53.2**	**35.5**	**40.0**	**21.1**	**25.6**	**42.4**	**75.1**	**68.5**
Montserrat										
Building Productive Capacity	1.1	16.5	10.9	1.4	1.6	0.6	4.6	0.6	1.1	3.4
Economic Infrastructure	6.2	3.3	0.5	3.4	0.8	6.0	2.9	0.8	3.1	0.2

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ANNEX V/

Aid for Trade Flows to Caricom Countries *(continued)*

Aid for trade to CARICOM, USD millions (2009 Constant)
Data extracted from OECD-DAC CRS database

	Commitments					Disbursements				
	2002–05 avg.	2006	2007	2008	2009	2002–05 avg.	2006	2007	2008	2009
Trade Policy & Regulations	0.1	0.0		0.0	0.0	0.1	0.0	0.7	0.0	5.6
Montserrat Total	**7.4**	**19.8**	**11.4**	**4.9**	**2.4**	**6.7**	**7.6**	**2.0**	**4.3**	**9.2**
St. Kitts-Nevis										
Building Productive Capacity	1.8	0.0	0.0	0.0	0.0	2.2	5.2	0.8	0.4	2.3
Economic Infrastructure				0.4	0.0				0.0	0.7
Trade Policy & Regulations			0.1	0.3	0.0			0.0	0.3	0.1
St. Kitts-Nevis Total	**1.8**	**0.0**	**0.1**	**0.6**	**0.0**	**2.2**	**5.2**	**0.8**	**0.7**	**3.1**
St. Lucia										
Building Productive Capacity	3.8	8.7	7.6	6.3	0.6	3.8	1.5	2.7	12.1	17.8
Economic Infrastructure	5.7	0.3	0.4	0.1	0.0	4.2	2.3	3.7	0.6	0.3
Trade Policy & Regulations	0.0	0.0	1.3	0.9	0.0	0.0	0.0	0.2	0.0	0.3
Trade-related Adjustment				0.8	0.1				0.0	0.0
St. Lucia Total	**9.5**	**9.0**	**9.3**	**8.1**	**0.8**	**7.9**	**3.8**	**6.5**	**12.6**	**18.4**
St. Vincent & Grenadines										
Building Productive Capacity	5.5	12.6	9.3	0.2	0.3	3.1	2.8	9.8	17.0	11.8
Economic Infrastructure	1.4	0.0	0.1	0.6	1.4	1.3	0.3	0.1	0.6	0.3

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ANNEX V/

Aid for Trade Flows to Caricom Countries *(continued)*

Aid for trade to CARICOM, USD millions (2009 Constant)
Data extracted from OECD-DAC CRS database

	Commitments					Disbursements				
	2002–05 avg.	2006	2007	2008	2009	2002–05 avg.	2006	2007	2008	2009
Trade Policy & Regulations	0.0	0.0	0.8	0.2	0.4	0.0	0.0	0.1	0.0	0.1
Trade-related Adjustment				0.2	0.0				0.0	0.0
St. Vincent & Grenadines Total	**7.0**	**12.6**	**10.1**	**1.2**	**2.1**	**4.4**	**3.0**	**10.1**	**17.6**	**12.2**
Suriname										
Building Productive Capacity	12.3	6.6	16.4	13.3	0.9	3.7	4.6	12.4	17.1	21.4
Economic Infrastructure	11.8	0.0	7.8	11.9	59.9	0.9	0.2	16.1	22.2	27.4
Trade Policy & Regulations	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.3	0.4
Suriname Total	**24.1**	**6.6**	**24.2**	**25.6**	**60.8**	**4.6**	**4.8**	**28.5**	**39.6**	**49.2**
Trinidad and Tobago										
Building Productive Capacity	15.2	1.8	12.0	14.4	0.7	2.8	2.2	3.7	0.4	1.5
Economic Infrastructure	0.8	0.0	0.0		0.0	0.1	0.1		0.0	0.2
Trade Policy & Regulations	0.3	0.0	0.1	0.1	0.0	0.3	0.0	0.1	0.1	0.1
Trade-related Adjustment					15.0					0.0
Trinidad and Tobago Total	**16.3**	**1.8**	**12.2**	**14.5**	**15.7**	**3.3**	**2.3**	**3.9**	**0.5**	**1.8**
Grand Total	**266.7**	**190.8**	**317.7**	**315.3**	**564.4**	**101.5**	**106.2**	**181.5**	**291.7**	**434.6**

ANNEX VI/
Methodology

The *Guidelines for Developing National Aid for Trade Strategies*, a Technical Note prepared by the IDB, was adjusted to apply to the Caribbean regional context and served as the guide for the development of the Caribbean Community Regional Aid for Trade Strategy.

Desk Review

A desk review was undertaken with a view to arriving at an appreciation of, *inter alia*, the macroeconomic environment of CARICOM, the trade patterns and structure, and sectoral and cross-cutting issues. Numerous documents were examined in this objective, including studies within the context of the RPTF work programme, research papers, needs assessments and audits, selected CARICOM Secretariat work programmes, national development and sectoral strategies.

Diagnostic Tools

A combination of diagnostic tools was used to identify the binding constraints to CARICOM taking advantage of the various trade opportunities available. Firstly, each Member State was requested to designate a national AfT focal point to act as the conduit through which national positions would be channelled to the CARICOM Secretariat. In collaboration with these focal points and the Regional trade policy adviser assigned to the CARICOM Secretariat under the Hubs and Spokes project, broad-based consultations were held on the CARICOM Aid for Trade Strategy took place in all Member States, except the Bahamas where dialogue was maintained with trade authorities. Below is the schedule of the consultations:

January 18, 2012 – St. Vincent and the Grenadines
January 20, 2012 – St. Kitts and Nevis
January 23, 2012 – Dominica
January 25, 2012 – Antigua and Barbuda
January 27, 2012 – Montserrat
January 30, 2012 – Saint Lucia
February 1, 2012 – Suriname
February 3, 2012 – Barbados
February 13, 2012 – Grenada
February 23, 2012 – Jamaica
February 27, 2012 – Trinidad and Tobago (Meeting with consultant drafting the national strategy)
March 19, 2012 – Belize
March 23, 2012 – Haiti and Trinidad and Tobago
March 28, 2012 – Guyana

Stakeholders included public and private sector representatives, regional and sub-regional organisations, civil society, and academia. An average of 35 participants attended the various one-day national consultations, with the afternoon sessions reserved for bilateral discussions. Moreover, in the cases of Jamaica and Belize, their recent experience in completing national AfT Strategies greatly contributed to the Regional process[69].

Secondly, benchmarking using cross-country indicators such as Logistics Performance Index, Cost of Doing Business ranking and Line Shipping Connectivity Index proved to be a very useful tool in determining areas where binding constraints to trade expansion and export diversification exists.

A Caribbean Aid for Trade Strategy Questionnaire was also disseminated to Member States to elicit information. However, the CARICOM Secretariat considered the responses insufficient, hence the decision to undertake national consultations in each Member State.

[69] Belize's National Aid for Trade Strategy: Bridging the Gap in Development Assistance and Jamaica's National Aid for Trade Strategy: Partnerships through Sustained Economic Growth and Development through Trade were launched in 2011.

ANNEX VII/
Aid For Trade Focal Points

Country	Name	Designation	Organisation
Antigua and Barbuda	Colin Murdoch	Permanent Secretary	Ministry of Trade, Industry and Commerce
The Bahamas	Simon Wilson	Director of Economic Planning	Ministry of Finance
Barbados	Shennel Richards	Senior Economist	Ministry of Foreign Affairs and Foreign Trade
Belize	John Rivero	Aid for Trade Focal Point	Ministry of Foreign Affairs and Foreign Trade
Dominica	Wellsworth Bethelmie	Director of Trade	Ministry of Foreign Trade
Grenada	Kahil Lewis-Smith	Senior Trade Officer	Ministry of Environment, Foreign Trade and Export Development
Guyana	Neville Totaram	NACEN Coordinator	Ministry of Foreign Trade and International Cooperation
Haiti	Marc Franck Larose	Deputy Director (Direction du Commerce Extérieur	Ministry of Commerce and Industry
Jamaica	Marcia Thomas	Under Secretary Foreign Trade	Ministry of Foreign Affairs and Foreign Trade
Montserrat	Claude E S Hogan	Director of Trade	Office of the Chief Minister, Regional Affairs and Trade
St Kitts and Nevis	Andrew Satney	Trade Policy Advisor	Ministry of Finance, Sustainable Development and Human Resource Development
Saint Lucia	David Jordan	Director for International Trade and Investment	Ministry of External Affairs, International Trade and Investment
St. Vincent and the Grenadines	Clarence Harry	Director of Trade	Ministry of Foreign Affairs, Foreign Trade and Consumer Affairs
Suriname	Imro San A Jong	Policy Advisor	Ministry of Trade and Industry
Trinidad and Tobago	Norris Herbert	Director of Trade	Ministry of Foreign trade and Industry
OECS Secretariat	Alicia Stephen	Programme Officer Trade Policy Unit	OECS Secretariat