Regional integration and structural change in the Caribbean

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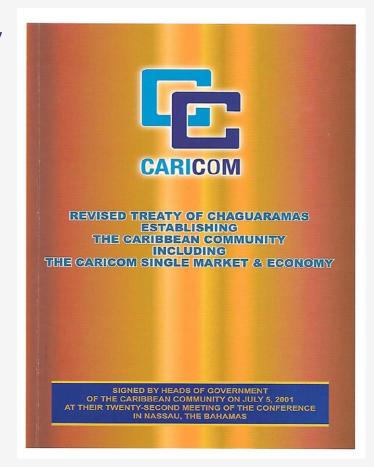
CDR 2022 PANEL 5 - Economic Restructuring and Diversification towards deepening the integration of the Caribbean into Latin America and the Global Economy



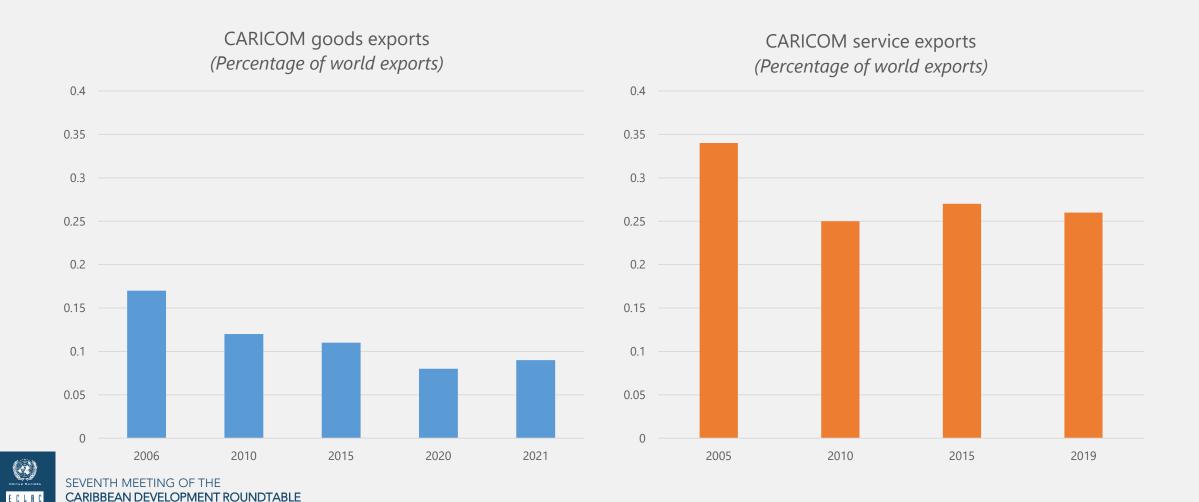
### Key goals for Caribbean regional integration and industrialization in Caribbean

#### Revised Treaty of Chaguaramas: Select objectives of the Community

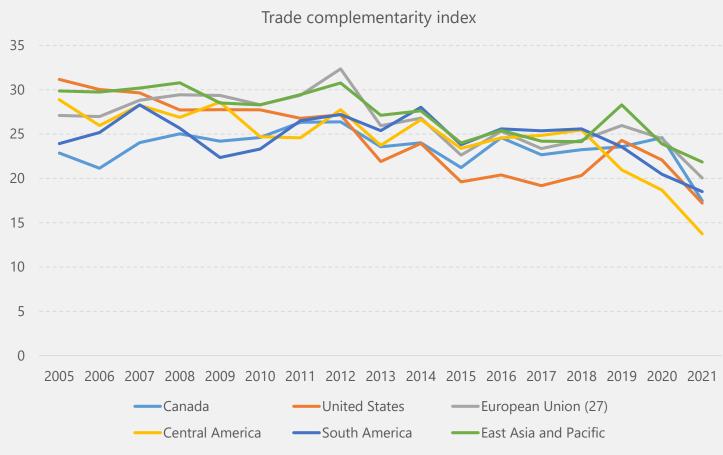
- Expansion of trade and economic relations with third States;
- Enhanced levels of international competitiveness;
- The achievement of a greater measure of economic leverage and effectiveness of Member States in dealing with third States, groups of States and entities of any description;
- Enhanced co-ordination of Member States' foreign economic policies;



# CARICOM's relative goods and service exports are very small and have been declining



#### Trade complementarity has been declining





## Intra-industry trade between Caribbean countries and major trading partners

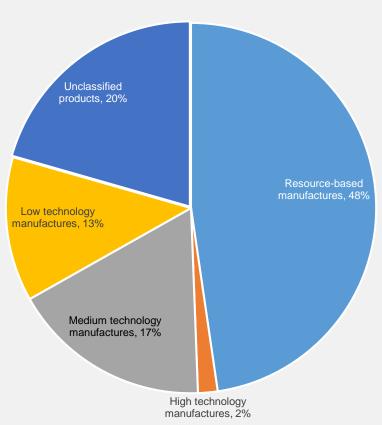
#### Grubel-Lloyd Index

Country	Year	CARICOM	United States	Canada	European Union (excluding UK)	SICA	Mercosur	World excluding Caribbean
Antigua and Barbuda	2015							
Bahamas, The	2015							
Barbados	2021							
Belize	2021							
Grenada	2021							
Guyana	2021							
Jamaica	2020							
St. Kitts and Nevis	2015							
St. Lucia	2015							
St. Vincent and the Grenadi	2021							
Suriname	2021							
Trinidad and Tobago	2021							



Indication of intra-industry trade Potential intra-industry trade Inter-industrial relations

### Technical assistance and financial support needed to facilitate trade



Only a small percentage of the Caribbean's technological intensity of exports focused on high technology manufactures (2%) which increases value added to the economy

Instead, 78% of the Caribbean's technological intensity of exports composed of natural resource-based manufactures (48%) and medium-low technology manufactures (30%)

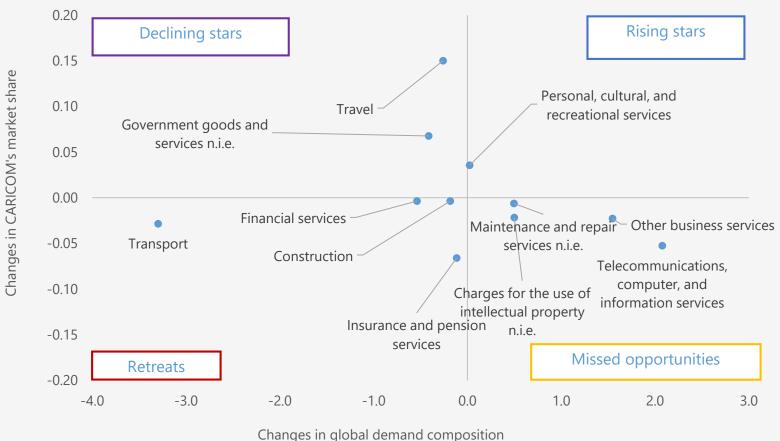
CARICOM's top 10 exports are also highly concentrated, accounting for an average of 73.6% of the overall value of its global shipments from 2010 – 2020 with a substantial increase to 91% in 2020

The Caribbean needs substantial development and financial support to diversify their exports and facilitate the trade needed to promote economic development



## Opportunities exist to improve service export trade competitiveness

#### Trade Competitiveness Matrix for Goods Export of CARICOM (Percentage points)





#### Industrialization

Services sectors which can be key poles of industrialization and diversification drives in the Caribbean

- Creative industries;
- Education, sports, health and medical tourism;
- Community-based and eco-tourism;
- Business process and other tertiary services;
- Renewable energy services;
- ICT, intellectual property and knowledge-based services;
- Financial Services

## Recommendations with respect to financing for development

Innovative Financial Instruments

- Caribbean Resilience Fund
- Removal of barriers to financial innovation

Increase Literacy • Policies and projects need to be developed to increase practical financial and business literacy.

FDI

• The region needs to develop a more targeted strategy for attracting high-impact FDI.

Improving Efficiency

- Careful assessment of priority projects
- Effective procurement procedures
- The monitoring and evaluation of project delivery to prevent or reduce cost-overruns.

### Recommendations for stimulating international trade

ICT and Digital Economy

- Information communication technology (ICT) has been shown to reduce transaction cost and increase output in cross-section of sectors.
- Modernizing the subregion's ICT infrastructure

E-commerce and Online Transactions

- Can be used as enabling tools for SMEs to participate in international trade.
- Regional e-governance and e-commerce platform.

Increased Investmen

- Technology accumulation
- Human capital development
- Research and development

Reduce Transport Costs

- Air and sea shipping
- Supply-chain disruption



#### Thank you