

**EXPORT-IMPORT BANK OF INDIA**

OCCASIONAL PAPER NO. 144

**CARIBBEAN COMMUNITY (CARICOM):  
A STUDY OF INDIA'S TRADE AND  
INVESTMENT POTENTIAL**

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## ABBREVIATIONS

|          |   |
|----------|---|
| ACP      | African Caribbean and Pacific Group of States   |
| BIA      | Bahamas Investment Authority                    |
| BIDC     | Barbados Investment and Development Cooperation |
| BNB      | Barbados National Bank                          |
| BSBC     | Barbados Small Business Centre                  |
| BSE      | Barbados Stock Exchange                         |
| CACM     | Central American Common Market                  |
| CARIBCAN | Caribbean Canada Trade Agreement                |
| CARICOM  | Caribbean Community                             |
| CBERA    | Caribbean Basin Economic Recovery Act           |
| CBI      | Caribbean Basin Initiative                      |
| CBTPA    | Caribbean Basin Trade Partnership Act           |
| CBvS     | Central Bank van Suriname                       |
| CDB      | Caribbean Development Bank                      |
| CIBC     | Canadian Imperial Bank of Commerce              |
| CIS      | Commonwealth of Independent States              |
| CLICO    | Colonial Life Insurance Company Ltd.            |
| COFAP    | Council for Finance and Planning                |
| COFCOR   | Council for Foreign and Community Relations     |
| COHSO    | Council for Human and Social Development        |
| COTED    | Council for Trade and Economic Development      |
| CPI      | Consumer Price Inflation                        |
| CRNM     | Caribbean Regional Negotiation Mechanism        |
| CSME     | CARICOM Single Market and Economy               |
| CTO      | Caribbean Tourism Organisation                  |
| DNDC     | Dominica National Development Corporation       |
| DoTS     | Direction of Trade Statistics                   |
| DR       | Dominican Republic                              |
| EC       | European Community                              |

|        |   |
|--------|---|
| ECCA   | Eastern Caribbean Currency Authority                          |
| ECCB   | Eastern Caribbean Central Bank                                |
| ECCU   | Eastern Caribbean Currency Union                              |
| ECEF   | Eastern Caribbean Enterprise Fund                             |
| ECHMB  | Eastern Caribbean Home Mortgage Bank                          |
| ECIB   | Eastern Caribbean Institute of Banking and Financial Services |
| ECLAC  | Economic Commission for Latin America and the Caribbean       |
| ECSE   | Eastern Caribbean Securities Exchange Ltd.                    |
| ECSM   | Eastern Caribbean Securities Market                           |
| ECUT   | Eastern Caribbean Unit Trust                                  |
| EPA    | Economic Partnership Agreement                                |
| EPCs   | Export Promotion Councils                                     |
| EU     | European Union  |
| FDI    | Foreign Direct Investment                                     |
| FSC    | Financial Services Commission                                 |
| FTA    | Free Trade Agreement  |
| FTAA   | Free Trade Area of the Americas                               |
| GDP    | Gross Domestic Product  |
| GNCB   | Guyana National Cooperative Banks                             |
| GNI    | Gross National Income   |
| HIMICs | Highly Indebted Middle Income Countries                       |
| HSBC   | Hong Kong Shanghai Banking Corporation                        |
| IADB   | Inter-American Development Bank                               |
| ICT    | Information and Communication Technology                      |
| IMF    | International Monetary Fund                                   |
| ITC    | International Trade Centre                                    |
| ITEC   | Indian Technical and Economic Cooperation                     |
| JDIC   | Jamaica Deposit Insurance Corporation                         |
| JTI    | Jamaica Trade and Invest                                      |
| JVs    | Joint Ventures  |
| LAC    | Latin America and the Caribbean                               |
| LAIA   | Latin American Integration Association                        |
| LDCs   | Least Developed Countries                                     |
| LICs   | Low Income Countries  |
| LMCs   | Lower Middle-Income Countries                                 |
| LOCs   | Lines of Credit   |

|         |  |
|---------|--|
| MDCs    | More Developed Countries   |
| MFIs    | Multilateral Financial Institutions  |
| MFN     | Most Favoured Nation   |
| MFPs    | Multilateral Funded Projects   |
| MOU     | Memoranda of Understanding   |
| MTNs    | Multilateral Trade Negotiations  |
| MTS     | Multilateral Trading System  |
| NAFTA   | North American Free Trade Agreement  |
| NDC St. | Lucia National Development Corporation                                       |
| NIPi    | St. Vincent and the Grenadines — National Investment Promotions Incorporated |
| NPLs    | Non Performing Loans   |
| OECS    | Organisation of Eastern Caribbean States                                     |
| RBTT    | Republic Bank of Trinidad and Tobago   |
| RGSM    | Regional Government Securities Market  |
| RTAs    | Regional Trade Agreements  |
| SMEs    | Small and Medium-sized Enterprises   |
| SPS     | Sanitary and Phytosanitary Measures  |
| SRL     | Societies with Restricted Liability  |
| T&T     | Trinidad and Tobago  |
| TBT     | Technical Barriers to Trade  |
| TIEA    | Tax Information and Exchange Agreement                                       |
| TNCs    | Trans National Corporations  |
| TTIDC   | Trinidad and Tobago Tourism and Industrial Development Company               |
| UMC     | Upper Middle-income Countries  |
| UNCTAD  | United Nations Conference on Trade and Development                           |
| WOSs    | Wholly Owned Subsidiaries  |
| WTO     | World Trade Organisation   |
| WTTC    | World Travel and Tourism Council   |



## EXECUTIVE SUMMARY

Caribbean Community (CARICOM) is one of the major trade blocs in the Latin America and Caribbean region. CARICOM was established in 1973 amongst Caribbean countries, viz; Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. The Bahamas, Haiti and Suriname joined the CARICOM subsequently. Since the objective of CARICOM is to form a common market, most intra-regional trade has been liberalised.

Because of the small size of the economies and lack of a diversified range of domestic resources, CARICOM economies are highly dependent on trade. They rely heavily on imports to support local production and satisfy consumer demand, and given the absence of a sizable domestic market, they also rely heavily on export revenues to sustain economic growth. Economic openness (evidenced by high trade GDP ratios) renders CARICOM economies vulnerable to external shocks such as fluctuations in international commodity prices or policy changes abroad. Vulnerability

is compounded by the fact that most CARICOM countries depend, for their export earnings, on a very limited number of products.

The objectives of the present study are:

- a) to examine the historical background and formal structure of CARICOM,
- b) to explore the macro economy, trade and investment, and recent developments in the CARICOM region,
- c) to analyse India's trade and investment relations with CARICOM region,
- d) to examine the potential of CARICOM as an investment hub and gateway to the Americas, and
- e) to recommend broad strategy and relevant policy suggestions to enhance India's trade and investment relations with the CARICOM region.

### EMERGENCE OF CARICOM

The establishment of the Caribbean Community (CARICOM) was the result of a 15-year effort for regional integration which started with the

establishment of the British West Indies Federation in 1958. However, the Federation came to an end in 1962 but its demise, in many ways, must be regarded as the real beginning of what is now the Caribbean Community. The CARICOM was established by the Treaty of Chaguaramas, which came into effect on August 1, 1973. In 2001, Heads of Government signed the Revised Treaty of Chaguaramas establishing the Caribbean Community including the CARICOM Single Market and Economy (CSME), thus clearing the way for the transformation of the Common Market aspect of CARICOM. The CSME is a mechanism, which will allow the free movement of labour, capital, goods and services within CARICOM.

## **ECONOMIC PROFILE OF THE REGION**

The CARICOM region is gradually recovering from the global recession, with sign of improved real GDP growth in most member countries, aided by recovery in tourist arrivals. In Antigua and Barbuda, real GDP growth is estimated to rebound to 5.7 percent in 2010 after a contraction of 1.7 percent in 2009, while Belize is expected to register pick-up in growth during 2010 and 2011. Real GDP growth in Suriname is projected at a higher 4.0 percent in 2010 as compared to 2.5 percent growth in 2009, while in Trinidad and Tobago, real GDP growth is estimated to post a

turn around with a 1.2 percent growth in 2010, in contrast to a decline of 3.5 percent in 2009. In Haiti, reflecting the ongoing reconstruction activities in the aftermath of the January 2010 earthquake, real GDP growth is projected to post a sharp 9.8 percent growth in 2011.

## **FOREIGN TRADE AND INTRA-CARICOM TRADE**

Total trade of CARICOM has witnessed a healthy growth in recent years. Rise in both exports and imports of CARICOM countries have underlined the increase in total trade of the region. During the last six years CARICOM's total trade has steadily risen from US\$ 35.96 billion in 2004 to US\$ 78.34 billion in 2008, before decreasing to US\$ 57.07 billion in 2009, due the impact of the global economic crisis, which has affected most countries in the region. The total exports of CARICOM steadily increased from US\$ 14.8 billion in 2004 to US\$ 29.5 billion in 2008, before declining to US\$ 19.8 billion in 2009, owing to the fall in international demand, due to the global economic crisis.

Among the CARICOM countries, Trinidad and Tobago is the largest exporter, accounting for as much as 61 percent of total CARICOM exports during 2009, followed by The Bahamas, Suriname, Jamaica, Guyana and Haiti CARICOM imports have also registered a similar rising

trend. Total imports of CARICOM countries have increased from US\$ 21.2 billion in 2004 to US\$ 48.9 billion in 2008 before decreasing to US\$ 37.2 billion in 2009. The Bahamas is the largest importer among the CARICOM countries, with a share of 31 percent of total CARICOM imports during 2009, followed by Trinidad and Tobago, Jamaica, St. Lucia, Haiti, Barbados, Antigua and Barbuda, and Suriname. Reflecting the rise in imports, CARICOM countries' trade deficit has increased from US\$ 6.4 billion in 2004 to US\$ 19.4 billion in 2008, and decreased to US\$ 17.4 billion in 2009 due to a fall in imports.

The intra-CARICOM exports have witnessed a consistent rise over the period. From US\$ 1.1 billion in 2000, intra-CARICOM exports have risen to US\$ 1.7 billion in 2004, and further to US\$ 3.8 billion in 2008, reflecting greater integration among the countries within the trade bloc. Despite the rising trend in intra-CARICOM exports, the share of intra-CARICOM exports in total global exports by the CARICOM member countries has registered a fluctuating trend. After reaching a peak of 14.4 percent in 2000, the share of intra-CARICOM exports in total CARICOM exports has declined to 12.0 percent in 2003, before rising to 13.1 percent in 2007. However, this share has again decreased marginally to 12.9 percent in 2008.

## **FOREIGN DIRECT INVESTMENTS IN CARICOM**

The foreign direct investment (FDI) inflows in CARICOM countries witnessed a continued increase in recent year before witnessing a decline in 2009. The total FDI inflows in the region rose to US\$ 6.87 billion in 2008 from US\$ 2.86 billion in 2004, registering a rise of 140 percent during the period. In 2009, the total FDI inflows, however, declined to US\$ 3.85 billion, registering a decline of 44 percent due to the global financial crisis.

Among the CARICOM countries, Jamaica has accounted for the largest share (27.6 percent) of FDI inflows to the region in 2009, followed by Trinidad and Tobago (18.4 percent), The Bahamas (17 percent) and Barbados (87.5 percent).

## **CARICOM AND THE AMERICAS**

CARICOM has a number of trade and investment agreements with the Americas and also with Europe. The trade programs known collectively as the Caribbean Basin Initiative (CBI) remain a vital element in the United States' economic relations with its neighbours in Central America and the Caribbean. The CBI is intended to facilitate the economic development and export diversification of the Caribbean Basin economies. Initially

launched in 1983 through the Caribbean Basin Economic Recovery Act (CBERA), and subsequently extended until 2010, CBI will allow for continued opportunities in the Caribbean region.

The Caribbean region has a long history of trade and cultural ties with Canada. Trade and economic cooperation between most CARICOM members and Canada are currently covered under a number of instruments: CARIBCAN, a nonreciprocal preferential agreement granted by Canada for goods; the 1979 CARICOM-Canada Trade and Economic Co-operation Agreement and its Protocols, including the 1998 Protocol on Rum; and Bilateral Investment Treaties with Barbados and Trinidad and Tobago. Within the CARIBCAN agreement, approximately 96 percent of imports from the Commonwealth Caribbean countries enter Canada duty-free.

The most recently concluded bilateral agreement between CARICOM and a third country in the wider Caribbean region is the CARICOM-Costa Rica trade pact that was signed on March 15, 2003, by the two sides. The Agreement provides for free trade or preferential access for a wide range of products.

The Cariforum-European Community Economic Partnership Agreement

(Cariforum-EC EPA) was initiated in Barbados on December 6, 2007 by the Principal Negotiators representing the two regions. The Agreement was signed between the two regions on October 15, 2008 and is expected to promote regional integration in the Caribbean. The agreement offers up-front access to EU markets for Caribbean exports; allows Caribbean markets to open gradually with extensive safeguards to protect local jobs and sensitive sectors; and helps Caribbean exporters meet EU and international standards.

### **INDIA'S TRADE AND INVESTMENT RELATIONS WITH CARICOM**

India's bilateral trade with CARICOM countries has witnessed a healthy growth in recent years. During the last seven years India's total trade with the CARICOM countries has risen fourteen-folds, from US\$ 85.5 mn in 2003-04 to US\$ 1195 mn in 2009-10. Rise in both India's exports to and imports from CARICOM countries have underlined the increase in India's overall trade with the region. India's exports to the CARICOM countries have risen from US\$ 61.5 mn in 2003-04 to US\$ 1122.6 mn in 2009-10, registering a compound annual growth rate of 51.3 percent during the period. India's imports from the CARICOM region have also witnessed a rise from US\$ 24.0 mn



in 2003-04 to US\$ 271.0 mn in 2007-08, but has declined to US\$ 194.9 mn in 2008-09, further falling to US\$ 72.5 mn in 2009-10, underlined by the sharp decline in imports from Trinidad and Tobago, St. Vincent and the Grenadines, and Jamaica during the period due to a decrease in demand on account of the global financial crisis.

Among the CARICOM countries, The Bahamas is the leading market for India's exports, accounting for 77 percent of India's total exports to the region during 2009-10. Other major export destinations of India in the region are Trinidad and Tobago, Haiti, Jamaica, Suriname Guyana, and Barbados.

As regards imports from the CARICOM, Trinidad and Tobago is the leading import source, accounting for 79 percent of India's total imports from the region during 2009-10. Due to the dominant share of Trinidad and Tobago, India's trade with CARICOM region has been in line with the trend in trade with Trinidad and Tobago. India's major import sources in the CARICOM region, besides Trinidad and Tobago, are Guyana, Suriname, Haiti, St. Vincent, and Jamaica.

Pharmaceutical products, primary and semi-finished iron and steel, machinery and instruments, manufactures of metals, plastic

and linoleum products, readymade garments cotton incl. accessories, processed items, rubber manufactured products, cosmetics/ toiletries, manmade yarn fabrics madeups, and manufactures of metals are the major items in the export basket of India to CARICOM. Petroleum crude, gold, metaliferrous

ores and metal scrap, non-ferrous metals, spices, organic chemicals, electronic goods and transport equipment are major items in India's import basket from CARICOM.

During April 2000 to November 2010, CARICOM's total investment in India amounted to US\$ 65.1 mn. St. Kitts and Nevis is the largest source for investment from the CARICOM region, with a share of 51.5 percent in the total FDI from the region. The Bahamas, St. Vincent and Jamaica are the other major investors in India from the CARICOM region. During April 1996 to December 2007, India's total outward investment approved in joint ventures (JVs) and wholly owned subsidiaries (WOSs) in CARICOM region amounted to US\$ 4.0 mn. Trinidad and Tobago is the largest destination of India's investments in the region, with a share of 67.5 percent in total. Many Indian companies are present in CARICOM region in various sectors, which include finance, iron and steel, metal, and food processing.

## **INDIA'S TRADE POTENTIAL IN SELECT CARICOM COUNTRIES**

Based on India's export capacity and The Bahamas' import demand, potential items of export could include petroleum products, motor vehicles, electrical machinery, gems and jewellery, iron and steel, and food products. Major items with potential for exports to Trinidad and Tobago could include petroleum products, machinery and instruments, transport equipments, pharmaceutical products, iron and steel, and electronic goods. Machinery and instruments, plastic and linoleum products, pharmaceutical products, transport equipments, and petroleum products are the major commodities with export potential to Jamaica. India's potential items of export to Haiti could include pharmaceutical products, machinery and instruments, transport equipment, food items and petroleum products. Major items with potential for exports to Barbados could include machinery and instruments, electrical equipments, motor vehicles, pharmaceutical products, and iron and steel.

## **INDIA'S INVESTMENT POTENTIAL IN SELECT CARICOM COUNTRIES**

In Jamaica, potential sectors of investment could include tourism, agro-processing, information and communication technology (ICT), and

mining sector. The potential sectors of investment in Trinidad and Tobago could include energy sector, fish processing, film industry, information and communication technology (ICT), and food and beverages. Finance industry, insurance, manufacturing, shipping and tourism industry are the major sectors with investment potential in The Bahamas. In Suriname, important sectors with potential for investments could include food processing, mining sector and petrochemicals. Tourism and food processing are the major sectors with investment potential in Antigua and Barbuda, while fish processing, tourism, garments, and beverages are the major sectors with investment potential in St. Kitts and Nevis.

## **STRATEGIES AND RECOMMENDATIONS TO ENHANCE COMMERCIAL RELATIONS WITH THE CARICOM REGION**

Strategies and recommendations to enhance India's commercial presence and relations with the CARICOM region could include the following:

### **Business-Hub in CARICOM Region**

Development of a business-hub in CARICOM region would encourage prospective companies in developing commercial relations in the CARICOM

region as well as Americas. CARICOM region enjoys free market access to the US, Canada, Latin America and European markets through a number of trade treaties and agreements. The common point among these agreements is that these CARICOM countries' products enjoy duty-free access to these markets. By trading or investing in these countries, Indian exporters/investors could also gain access to the vast and lucrative American markets.

There is a positive change in the mindset of Latin America and the Caribbean (LAC) business who have started realising the importance of India as an emerging economic power. As part of new policy of diversification of economic and commercial relations, LAC governments and businessmen are increasing their efforts to forge partnership with India. In recent years, the LAC manufacturing industries, in order to cut the cost of production, have started importing more inputs for their industries from countries such as India. It should be noted that about 50 percent of India's exports to LAC are basically inputs into industries such as chemicals, bulk drugs, fabrics, yarns, equipments and machinery and spare parts. Further, Indian pharmaceuticals companies are increasing their presence in many of LAC countries. As a result, setting up of a business hub in CARICOM

region will be beneficial for the Indian corporates to explore the American markets.

### **Co-operation in Hotel and Tourism Industry**

Caribbean countries are major tourists destinations of the world. India being an emerging player in hospitality industry, can explore the vast opportunities available in the CARICOM countries. Indian majors in hospitality industry are expanding their base in overseas locations. Since CARICOM countries provide tremendous opportunities in tourism industry, Indian companies could focus on developing world-class hotels and resorts with more Indian touch. Indian hotel groups could also try to acquire and renovate hotels in the region. Major tourist destinations in the CARICOM region are The Bahamas, Jamaica and Barbados.

### **Investment by Way of Indian Style Ayurveda / Wellness Centres**

There is an increasing demand for Indian style Ayurveda and Wellness centres in Americas. At the same time, tourists from Americas are also increasingly visiting such centres in India for Ayurveda treatments. Indian companies could find CARICOM countries a prospective region for investments in tourism, as Caribbean countries are the major tourist

destination for people from the US, Canada and Latin America. Along with acquisition of hotels in the CARICOM region, renovation of hotels could be by way of investment in setting up Indian style Ayurveda / Wellness centres in such hotels to cater to the rising demand for such facilities in the CARICOM region. Further, imparting training to local practitioners would facilitate acceptability of such treatments / centres.

### **Co-operation in the Banking / Financial Sector**

CARICOM region, one of the more mature offshore financial centres, owes its development to a number of enduring features. The financial centres of CARICOM have consistently attracted well established, internationally recognised financial institutions and substantial investors. The centres offer benefits such as: convenient location, just 50 miles from the mainland United States, coupled with an inviting climate; commitment to zero taxation, offering freedom from taxes on income, capital gains, profits, gifts, inheritance and estates, as well as no withholding taxes on dividends, interest or royalties, and no payroll taxes; and strict enforcement of the complete confidentiality of bankercustomer relations, through both common law and statute. Thus, Indian banks could make use of the opportunities available in CARICOM region to expand their operation in offshore banking overseas.

In view of the potential for enhancing bilateral trade and investment relations with Americas, Indian banks could open branches/ representative offices in countries in the region, and develop correspondent relations with select banks in the region to facilitate and promote commercial relations.

### **Promotional Events for Textiles and Ayurvedic Products**

High-income markets of Americas offer scope for export of highfashion garments from India. There is a growing interest in Ayurvedic and natural products of India. Seminars-cum-exhibitions could be organised focusing on specific markets in Americas.

### **Interactive Portal**

An interactive portal could be developed, hyper-linked with major industry/trade associations and chambers in the CARICOM region, for identification of project profiles, partner search, match making, etc. The objective of the portal could include development of a reliable information base sourced from the different industry bodies and chambers in the CARICOM region, with a focus on value-addition. The portal could provide information and advisory services on potential export markets/sectors as well as investment opportunities, sector studies, market surveys, events information on

government policy and incentives, and compendium of major importers in the CARICOM region. Further, Indian exporters could also develop their own websites giving information about their manufacturing facilities, product details and features of the company to promote trade with the CARICOM region.

### **Multilateral Funded Projects (MFPs)**

Multilateral funding agencies such as the World Bank are active in funding development projects in the CARICOM region. These funded projects are mainly in the areas such as energy and mining, health and social services, finance, industry and trade. Focus on these funded projects and increased participation by Indian project and services exporters in such projects would serve to enhance Indian commercial presence in the region. At the same time, efforts to participate in technical assistance in terms of project preparation and advisory services in such funded projects would support increased presence in the region. Besides, Indian institutions could co-invest with Indian companies in select projects, and encourage partnership with local entrepreneurs and local investment agencies. Such projects could subsequently attract investments from the multilateral funding agencies.

### **Close Linkages with Investment Promotion Agencies**

The countries in the CARICOM region provides opportunities for setting up JVs / WOS in different sectors. These countries have also streamlined their investment regimes with a view to making them investor friendly and creating an enabling investment environment. A key element in this direction has been the specialised investment promotion agencies, which have been set up by respective governments to facilitate inflows of foreign investment and acting as a one-stop-shop for investment related activities. In light of the key role played by these agencies, focus could therefore be on building closer institutional linkages with agencies namely:

- Bahamas Investment Authority (BIA),
- Barbados Investment and Development Corporation (BIDC),
- Dominica National Development Corporation (DNDC),
- Jamaica Trade and Invest (JTI),
- St. Lucia National Development Corporation (NDC),
- St. Vincent and the Grenadines – National Investment Promotions Incorporated (NIPI),
- Trinidad and Tobago Tourism and Industrial Development Company (TTIDC), and

- Caribbean Association of Investment Promotion Agencies (CAIPA).

Such linkages would serve as important source of detailed information about potential areas for investment, investment regulations and incentives, as also prospective investment partners.

### **Wider Dissemination of Information**

An important element of the strategy to boost bilateral trade and investment relations would be to effectively disseminate relevant information about the opportunities and potential existing in fostering commercial relations. Reciprocal visits by trade and industry delegations / economic missions would serve to increase awareness in the region about India's economic reforms, strengths of Indian industry and export capabilities. These trade/economic missions could focus on specialised and industry specific fairs and exhibitions; organizing buyer-sellers meets; joint venture facilitation; organising specialised 'Made in India' exhibitions showcasing Indian expertise; and preparation of product catalogues in electronic form. Domestic financial institutions in the CARICOM region could serve

as ideal local facilitating agents in this direction.

### **Marine Resource Development**

CARICOM countries are rich in marine resources. The region provides ample opportunities for development and exploration of marine resources. Indian companies could explore possibilities for mutual cooperation in technology transfer and resource processing.

### **Other Measures**

Other measure to enhance commercial relations with the CARICOM region could include: Understanding local culture, business practices and habits to facilitate business interactions. Proficiency in Spanish and bringing out of bi-lingual publications (English and Spanish) would also enhance effectiveness of information dissemination and business endeavours in the region. Keeping in mind the above discussed strategies, India could also consider putting in place a Preferential Trade Agreement (PTA) with the CARICOM region. The region has in place a number of trade and investment agreements with different regions of the world including North America, Latin America and the European Union.

# 1. INTRODUCTION

Caribbean Community (CARICOM) is one of the major trade blocs in the Latin America and Caribbean region. CARICOM was established in 1973 amongst Caribbean countries, viz. Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. The Bahamas, Haiti and Suriname joined the CARICOM subsequently. Since the objective of CARICOM is to form a common market, most intra-regional trade has been liberalised.

Due to small size of their economies and lack of diversified range of domestic resources, the CARICOM members are highly dependent on trade. They rely heavily on imports to support local production and satisfy consumer demand, and given the absence of a sizeable domestic market, they also rely heavily on export revenues to sustain economic growth. Economic openness (evidenced by high trade GDP ratios) renders CARICOM economies vulnerable to external shocks such as fluctuations

in international commodity prices or policy changes abroad. At the same time, most CARICOM countries depend for their export earnings on a very limited number of products.

Objectives of the present study can be summarised as under:

- f) to examine the historical background and formal structure of CARICOM,
- g) to explore the macro economy, trade and investment, and recent developments in the CARICOM region,
- h) to analyse India's trade and investment relations with CARICOM region,
- i) to examine the potential of CARICOM as an investment hub and gateway to the Americas, and
- j) to recommend broad strategy and relevant policy suggestions to enhance India's trade and investment relations with CARICOM.



## **Scheme of the Study**

The first chapter provides general introduction, objectives, and scheme of the study.

The historical background of the emergence of CARICOM and its organisational structure are explained in the second chapter. The chapter also discusses about important institutions in the region.

Chapter three highlights recent macroeconomic developments in CARICOM region. The chapter also underlines the importance of tourism and financial services in the region.

Chapter four explains the financial systems of the CARICOM member countries, with special emphasis on financial markets and capital markets.

Trend in CARICOM's global trade and intra-CARICOM trade are examined in chapter five.

Chapter six underlines the trend in foreign investment and investment policies in the CARICOM countries.

Chapter seven briefly explains CARICOM's on-going trade agreements with special reference to the Americas.

Trend in India's trade and investment relations with CARICOM countries are presented in chapter eight. Chapter nine examines India's trade and investment potential in the CARICOM region.

Broad strategy and recommendations to enhance India's trade and investment relations with the CARICOM are presented in chapter ten.



## 2. EMERGENCE OF CARICOM: AN OVERVIEW

Regional integration is not new to the Americas. In the 1960s, integration became a reality for Latin America. Governments in the region, inspired by the example of the emerging European Community, negotiated the multilateral trade agreements that led to the creation of the Central American Common Market (1960), Latin American Free Trade Area (1960) and Andean Pact (1969). In 1973, the countries of the English and French-speaking Caribbean created the Caribbean Community or CARICOM.

The establishment of the Caribbean Community (CARICOM) was the result of a 15-year effort for regional integration which started with the establishment of the British West Indies Federation in 1958. However, the Federation came to an end in 1962 but its demise, in many ways, can be regarded as the real beginning of what is now the Caribbean Community. The Caribbean Community (CARICOM) was established by the Treaty of Chaguaramas, Trinidad and Tobago, which came into effect on August 1, 1973. The CARICOM Secretariat

headquarters is based in Georgetown, Guyana.

### **Structure of the Community**

#### ***Members:***

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.

#### ***Associate Members:***

Anguilla, Bermuda, British Virgin Islands, Cayman Islands, and Turks and Caicos Islands.

#### ***Country with current***

#### ***Chairmanship of organisation:***

Prime Minister of Grenada, Hon'ble Tillman Thomas, is the current Chairman of the Conference of Heads of Government of CARICOM. The post of Chairman is held in rotation every six months by the Heads of Government of CARICOM's 15 member states.

## **Principal Organs of the Community:**

### ***(i) The Conference of Heads of Government (The Conference)***

The Conference is the Supreme Organ of the Community. It consists of the Heads of State/Government of all Member States. In the case of Montserrat, the Chief Minister is the representative. The primary responsibility of the Conference is to determine and to provide the policy direction for the Community. It is the final authority for the conclusion of Treaties on behalf of the Community and for entering into relationships with International Organisations and States.

### **Bureau of the Conference**

The responsibility of the Bureau is to:

- (a) initiate proposals for development and approval by the Ministerial Councils as it considers necessary;
- (b) facilitate implementation of CARICOM decisions, both at the regional and local levels, in an expeditious and informed manner; and
- (c) provide guidance to the Secretariat on policy issues.

The Bureau consists of the current Chairman of the Conference, as Chairman and the immediately incoming and outgoing Chairmen of the Conference, and the Secretary-General in the capacity of the Chief Executive Officer.

### ***(ii) The Community Council of Ministers (The Council)***

The Council is the second highest organ. It consists of Ministers responsible for Community Affairs and any other Minister designated by Member States in their absolute discretion. It is responsible for the development of Community strategic planning and coordination in the areas of economic integration, functional cooperation and external relations.

### **Other Community Organs**

The principal organs of the Community are assisted in the performance of their functions by the following four Ministers Councils:

- (a) The Council for Trade and Economic Development (COTED). It also oversees the operations of the CARICOM Single Market and Economy (CSME);
- (b) The Council for Foreign and Community Relations (COFCOR);

- (c) The Council for Human and Social Development (COHSO); and
- (d) The Council for Finance and Planning (COFAP).

### **CARICOM Single Market and Economy (CSME)**

In 2001, Heads of Government signed the Revised Treaty of Chaguaramas establishing the Caribbean Community including the CARICOM Single Market and Economy, thus clearing the way for the transformation of the Common Market aspect of CARICOM. The CSME is a mechanism which will allow the free movement of labour, capital, goods and services within CARICOM. The Community considers this to be the flagship of its strategy to overcome the challenges faced by small economies as they seek to find their place in a fast-paced global context. Implementation of the CSME begun in phases which has involved, inter alia, the reduction of tariffs and the free movement of persons and skilled labour between CARICOM states. The CSME treaty finally came into effect in January 2006.

### **OTHER MAJOR INSTITUTIONS IN CARIBBEAN REGION**

The Inter-American Development Bank (IADB) and the Caribbean Development Bank provide significant development assistance to countries

in the Caribbean region. Apart from the CARICOM, the Organisation of Eastern Caribbean States (OECS) is the other regional organisation with the goal of integrating the Caribbean economies to promote economic development and to allow these small economies to better exploit factors of production (labour, natural resources, and capital) and achieve a more competitive position in the global economy.

### **Inter-American Development Bank**

Established in 1959, the Inter-American Development Bank (IADB) is the oldest and largest regional bank in the world and the main source of multilateral financing for economic, social, and institutional development in Latin America and the Caribbean. By the end of 2007, the IADB had approved more than US\$ 156 billion in loans and guarantees for projects throughout Latin America and Caribbean representing approximately US\$ 353 billion in investments. "Its loans and grants help finance development projects and support strategies to reduce poverty, expand growth, increase trade and investment, promote regional integration, and foster private sector development and modernisation of the State." The IADB's main objective is to "foster sustainable economic and social development in Latin America

and the Caribbean through its lending operations, leadership in regional initiatives, research and knowledge dissemination activities, institutes and programs.”

### **Caribbean Development Bank**

Operational since 1970, the Caribbean Development Bank’s (CDB) objective is to contribute to “the harmonious economic growth and development of the member countries in the Caribbean and promote economic cooperation and integration among them, having special and urgent regard to the needs of the less developed members of the region,” and its mission is “to be the leading catalyst for development resources into the Region, working in an efficient, responsive and collaborative manner, towards the systematic reduction of poverty in their countries through social and economic development.”

### **Organisation of Eastern Caribbean States**

A smaller regional institution, the Organisation of Eastern Caribbean States (OECS), was formed in 1981 with the signing by seven Eastern Caribbean nations of the Treaty of Basseterre, an agreement to promote regional cooperation, unity, and solidarity. The mission of the OECS is to contribute to the sustainable development of the OECS member states by assisting them in maximising the benefits from their collective space, by facilitating their integration with the global economy, by contributing to policy and program formulation and execution in respect of regional and international issues, and by facilitating bilateral and multilateral co-operation. OECS members who are also WTO members have taken steps over the past several years to liberalise and facilitate trade and have shifted from agriculture to services, particularly tourism.

### 3. RECENT ECONOMIC DEVELOPMENTS IN THE CARICOM REGION

The CARICOM region is gradually recovering from the global recession, with signs of improved real GDP growth in most member countries, aided by recovery in tourist arrivals. In Antigua and Barbuda, real GDP growth is estimated to rebound to 5.7 percent in 2010 after a contraction of 1.7 percent in 2009 (**Table 3.1**), while Belize is expected to register pick-up in growth during 2010 and 2011. Real GDP growth in Suriname is projected

at a higher 4.0 percent in 2010 as compared to 2.5 percent growth in 2009, while in Trinidad and Tobago, real GDP growth is estimated to post a turn around with a 1.2 percent growth in 2010, in contrast to a decline of 3.5 percent in 2009. In Haiti, reflecting the ongoing reconstruction activities in the aftermath of the January 2010 earthquake, real GDP growth is projected to post a sharp 9.8 percent growth in 2011.

**TABLE 3.1 : REAL GDP GROWTH AND INFLATION IN CARICOM REGION**

|                                   | Real GDP Growth (%) |      |       |       | Inflation<br>(consumer prices, %) |      |       |       |
|-----------------------------------|---------------------|------|-------|-------|-----------------------------------|------|-------|-------|
|                                   | 2008                | 2009 | 2010* | 2011* | 2008                              | 2009 | 2010* | 2011* |
| Antigua and Barbuda               | 1.8                 | -1.7 | 5.7   | 4.0   | 5.3                               | -0.6 | 2.0   | 1.6   |
| Bahamas, The                      | -1.7                | -4.3 | 0.5   | 1.5   | 4.5                               | 2.1  | 1.7   | 1.4   |
| Barbados                          | -0.2                | -5.5 | -0.5  | 3.0   | 8.1                               | 3.7  | 5.0   | 3.6   |
| Belize                            | 3.8                 | 0.0  | 2.0   | 2.3   | 6.4                               | 2.0  | 2.8   | 4.2   |
| Dominica                          | 3.2                 | -0.3 | 1.4   | 2.5   | 6.4                               | 0.0  | 2.3   | 1.5   |
| Grenada                           | 2.2                 | -7.7 | 0.8   | 2.0   | 8.0                               | -0.3 | 3.6   | 1.9   |
| Guyana                            | 2.0                 | 3.0  | 2.9   | 3.1   | 8.1                               | 3.0  | 3.7   | 4.6   |
| Haiti                             | 0.8                 | 2.9  | -8.5  | 9.8   | 14.4                              | 3.4  | 4.9   | 8.8   |
| Jamaica                           | -0.9                | -3.0 | -0.1  | 1.8   | 22.0                              | 9.6  | 12.7  | 5.8   |
| St. Kitts and Nevis               | 4.6                 | -5.5 | -1.5  | 0.5   | 5.4                               | 1.9  | 2.5   | 2.4   |
| St. Lucia                         | 0.7                 | -5.2 | 1.1   | 2.3   | 7.2                               | 0.6  | 1.7   | 2.5   |
| St. Vincent and the<br>Grenadines | -0.6                | -1.0 | 0.5   | 2.0   | 10.1                              | 0.4  | 1.2   | 2.8   |
| Suriname                          | 6.0                 | 2.5  | 4.0   | 4.7   | 14.6                              | -0.1 | 6.4   | 7.7   |
| Trinidad and Tobago               | 2.4                 | -3.5 | 1.2   | 2.5   | 12.0                              | 7.0  | 9.4   | 8.2   |

Source: IMF, World Economic Outlook, October 2010 \* projections/estimates

As regards inflation, all the CARICOM members have registered moderation in inflation rate during 2009, as compared to that during 2008, with the trend expected to continue in 2010 and 2011. In Haiti, inflation rate has reduced sharply from 14.4 percent in 2008 to 3.4 percent in 2009, while in Jamaica, inflation rate declined significantly from 22.0 percent in 2008 to 9.6 percent in 2009. Inflation rate has also witnessed significantly declines during 2009, from over double digits during 2008 in St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

According to the IMF (Regional Economic Outlook – Western Hemisphere, October 2010), for the region as a whole, boosting competitiveness and growth over the medium term remains a key policy challenges. This in turn would require sustained structural reforms including enhancing the role of the tourism sector. Labour markets would need to be more flexible to allow the region to better react to external shocks and to increased competition for tourists from inside and outside the region.

### **TOURISM INDUSTRY IN CARICOM REGION**

The tourism industry is the major contributor to growth in the CARICOM region. Strong growth in the region's main source markets, coupled with domestic efforts to improve

the attractiveness of destinations, marketing, and air access, led to the continuing growth in industry performance. At the same time it should be noted that increased visitor expenditure was an important element in industry growth, since overall expansion in the number of arrivals was relatively modest (**Table 3.2**), and since cruise visitor arrivals declined in many jurisdictions. With respect to long-stay arrivals, while all markets performed well, the US and the Canadian markets were exceptional. The performance of the European market, excluding the UK was good; arrivals behaviour from the UK was mixed across the region. Cruise tourism performance continued to be adversely affected by a number of factors including high fuel costs, changes in cruise routes, and a dampening of the industry segment's performance during the year.

Many Caribbean countries have developed large tourism industries owing to their year-round warm climates, beaches, and natural beauty, as well as their proximity to the United States, the world's second largest importer of tourism services (i.e., supplier of tourists). In Caribbean countries with highly developed tourism industries, tourism services exports often account for a large percentage of GDP. The value of tourism exports is measured by the total expenditures of foreign visitors irrespective of purpose of visit, be it

**TABLE 3.2: TOURIST ARRIVALS IN CARICOM REGION (2004-2009) (in '000)**

|                          | 2004            | 2005            | 2006            | 2007            | 2008            | 2009            |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Antigua and Barbuda      | 245.8           | 712.2           | 725.3           | 934.6           | 846.6           | 947.2           |
| Barbados                 | 1,272.8         | 1,111.1         | 1,101.7         | 1,190.9         | 1,165.5         | 1,154.3         |
| Belize                   | 1,082.3         | 1,036.9         | 903.2           | 875.8           | 842.4           | 937.5           |
| Dominica                 | 463.7           | 380.6           | 463.4           | 404.0           | 466.8           | 605.3           |
| Grenada                  | 363.7           | 373.3           | 337.3           | 400.1           | 422.3           | 453.1           |
| Guyana                   | 122.0           | 116.6           | 113.5           | 131.5           | 132.8           | 141.1           |
| Haiti                    | 385.6           | 480.3           | 378.7           | -               | -               | -               |
| Jamaica                  | 2,514.6         | 2,614.5         | 2,994.2         | 2,880.3         | 2,856.4         | 2,753.4         |
| Montserrat               | 10.1            | 10.0            | 8.0             | 8.0             | 7.4             | 6.3             |
| St. Lucia                | 779.7           | 712.3           | 662.1           | 897.8           | 915.3           | 977.8           |
| St. Vincent & Grenadines | 161.4           | 164.9           | 203.9           | 234.0           | 200.7           | 224.9           |
| Suriname                 | 137.8           | 159.9           | 34.9            | 162.5           | 150.7           | 150.4           |
| The Bahamas              | 4,810.1         | 4,593.2         | 4,568.0         | 4,498.2         | 4,324.2         | 4,582.8         |
| Trinidad and Tobago      | 496.8           | 527.4           | 295.6           | 408.7           | 410.3           | 461.7           |
| <b>Total</b>             | <b>12,846.3</b> | <b>12,993.2</b> | <b>12,789.8</b> | <b>13,026.3</b> | <b>12,741.3</b> | <b>13,395.7</b> |

Note: Data includes cruise passenger arrivals also.

- Not available

Source: Caribbean Tourism Organisation

leisure, business, or other activities. The World Travel and Tourism Council (WTTC) estimates of tourism's overall contribution to GDP in CARICOM countries in 2010 averaged 12.3 percent, varying from a low of 7 percent in Haiti to over 78 percent in Antigua and Barbuda (**Table 3.3**). In general, the largest components of exported tourism services are meal and lodging expenditures. The CARICOM countries also are developing several important niche areas of tourism. St. Vincent and the Grenadines have developed smaller, but highly lucrative, luxury and yachtbased tourism. Another important trend in the region is the

provision of health and medical tourism providing a range of services including day spas, alcohol and drug rehabilitation, traditional and alternative medical diagnosis and treatment, surgery and postoperative care, assisted living, and nursing care. Apart from the direct contribution of tourism services exports to GDP, the tourism services industry also has significant spillover effects in many CARICOM countries. Spillover effects accrue to the transportation industry, especially airlines and port services, as well as to local producers of intermediate inputs. WTTC reported that additional spillover effects include government spending on tourism

**Table 3.3: CONTRIBUTION OF TRAVEL AND TOURISM IN CARICOM  
MEMBER COUNTRIES (Percent in GDP)**

|                                | 2010e | 2020p |
|--------------------------------|-------|-------|
| Antigua and Barbuda            | 78.5  | 84.8  |
| The Bahamas                    | 46.5  | 49.9  |
| Barbados                       | 48.1  | 49.0  |
| Belize                         | 28.2  | 31.4  |
| Dominica                       | 23.3  | 26.8  |
| Grenada                        | 24.4  | 27.6  |
| Guyana                         | 11.5  | 9.4   |
| Haiti                          | 7.0   | 7.3   |
| Jamaica                        | 25.4  | 29.3  |
| St. Kitts and Nevis            | 30.5  | 34.6  |
| St. Lucia                      | 35.1  | 38.0  |
| St. Vincent and the Grenadines | 26.6  | 31.7  |
| Trinidad and Tobago            | 10.9  | 12.7  |

e: estimates; p: projections

Source: World Travel and Tourism Council (WTTC), 2010

infrastructure, such as spending on national parks, immigration and customs bureaus, or construction of airports; and, in certain limited circumstances, some spending on intra-regional tourism by residents of Caribbean countries.

### **FINANCIAL SERVICES INDUSTRY IN CARICOM REGION**

The development of a strong financial services sector has long been the objective of many Caribbean countries. With limited natural resources and sometimes unpredictable tourism trends, many

countries in the region view the development of a competitive financial services industry as an avenue toward economic diversification. In countries such as Barbados and The Bahamas, where banking has been a mainstay of economic activity for several years, the financial services industry is considered a leading economic driver. In some of the smaller Caribbean markets, such as St. Kitts and Nevis, governments are pursuing policies that would bolster the sector.

A wide range of financial services—such as offshore banking, funds transfer (remittances), asset management, merchant banking,



and trust management, among others—are available throughout the region. Antigua and Barbuda is promoting the development of an Internetbased gaming industry. In a number of countries, such as Trinidad and Tobago, banks that were initially established solely to provide trade financing evolved into full-service retail and commercial operations. As local financial markets have become increasingly sophisticated and profitable, they have drawn interest from global firms eyeing the potential for new market growth in the region. A number of multinational firms, such as Citibank and HSBC, have operations in several Caribbean markets. Further, banks of local origin, such as Trinidad and Tobago-based RBTT and Barbados-based First Caribbean, have expanded their businesses into neighbouring countries and have established themselves as major players in the region.

The Caribbean region is often associated with offshore banking, an activity in which entities in a certain country provide deposit taking, lending, and other banking services to nonresidents. Offshore financial centres are characterised by an absence of corporate and personal income taxes, minimal controls on exchanges between nonresidents, and proximity to a major market such as the United States. Antigua and Barbuda, Barbados, The Bahamas, and St. Kitts and Nevis are some of the key participants in this segment of the financial services industry. The importance of this business sector to many Caribbean economies is reflected by foreign assets relative to GDP. Foreign assets are particularly dominant in The Bahamas, St. Kitts and Nevis, and Antigua and Barbuda, respectively accounting for over 70 percent of GDP.

## **4. FINANCIAL SYSTEM IN CARICOM COUNTRIES**

The present chapter examines the financial sector and capital markets of the CARICOM countries and focuses on the role of the central banks, financial institutions along with the capital markets.

### **FINANCIAL SYSTEM IN EASTERN CARIBBEAN COUNTRIES**

The Eastern Caribbean States of Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines constitute a monetary union, termed the Eastern Caribbean Currency Union (ECCU). These eight countries share a common central bank and a common currency.

The Eastern Caribbean Central Bank (ECCB), the monetary authority for ECCU, was established in October 1983. The genesis of the capital market development programme in the currency union can be traced back to the early 1990s, when the Monetary Council of the ECCB mandated the Bank to proceed with the activation of Article 4(3) of the Agreement, which states that one of the purposes of

the Bank is “to promote credit and exchange conditions and a sound financial structure conducive to the balanced growth and development of the economies of the territories of the participating Governments”. This was interpreted to mean, in practical terms, the development of money and capital markets. Accordingly, the latter part of the 1990’s heralded the onset of a new era of financial sector development in the region.

Despite the existence of a currency union with a common currency and a common central bank, as well as the rudimentary issuance of shares by public firms and T-bills and bonds by ECCB Member Governments, the financial system was fragmented, with eight separate markets. This, along with a high degree of fractionalisation in these markets, was identified as a constraint to the development of the region.

The financial sector, comprising financial systems, markets and institutions, is an important element in economic development. The financial sector mobilises savings and allocates credit across space and time. It

provides not only payment services, but also more importantly products that enable firms and households to cope with economic uncertainties by hedging, pooling, sharing and pricing risks. An efficient financial sector reduces the costs and risks of producing and trading goods and services, and thus makes an important contribution to raising standards of living, which has an indirect impact on economic development.

Money and capital markets form a significant part of the financial sector; their underdevelopment limits risk-pooling and risk sharing opportunities for households and firms. Within the ECCB region, the underdevelopment of money and capital markets has made the economies more vulnerable to financial crises.

In an effort to address this, the ECCB has sought to develop and integrate the ECCU money and capital markets into a single financial space. The ECCB began the creation of both markets and institutions to achieve this goal. A special unit was established to carry out this mandate, which after a number of changes has now become the Financial and Enterprise Development Department.

Arising out of a series of consultative meetings, held through the Currency

Union, the ECCB identified five initiatives to be established at the regional level.

These are:

- (a) The Eastern Caribbean Home Mortgage Bank (ECHMB);
- (b) The Eastern Caribbean Securities Market (ECSM);
- (c) The Regional Government Securities Market (RGSM);
- (d) The Eastern Caribbean Enterprise Fund (ECEP); and
- (e) The Eastern Caribbean Unit Trust (ECUT).

### **The Eastern Caribbean Home Mortgage Bank**

The Eastern Caribbean Home Mortgage Bank (ECHMB), which came into being in 1996, develops and maintains a secondary mortgage market in the ECCU thereby increasing the availability of mortgage credit and the liquidity and flexibility of institutions using its services. The ECHMB also seeks to harmonise a system of mortgage financing and allocation of longterm savings for housing investments. As at the end of 2007, the ECHMB had raised approximately US\$ 150.2 mn in outstanding tax-free bonds, providing an average yield of 6.5 percent, and had acquired US\$ 129.7 mn in mortgages.

## **The Eastern Caribbean Securities Market**

In October 2001, the Eastern Caribbean Securities Market (ECSM) was launched with the opening of the Eastern Caribbean Securities Exchange Ltd. (ECSE) and its affiliated institutions along with the requisite laws and legal framework.

The ECSE is designed to provide an alternative mechanism for public institutions to raise capital within the regional financial system. It allows for the transfer of private sector savings to productive investments. This will essentially increase productive activity in the real sector, facilitate private sector development and create avenues for increased employment. Currently, fourteen corporate securities are listed on the ECSE with a total market capitalisation of US\$ 359.5 mn as at the end March 2009. After less than two years in existence, the ECSE has recorded in excess of US\$ 6.0 mn in trading activities in relation to corporate securities. Market activity is expected to become more buoyant as additional companies are listed over the next few months.

## **The Regional Government Securities Market**

The Regional Government Securities Market (RGSM) is a regional market

for the trading of debt instruments of the member states of the ECCU which comprise Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. The market was established in November 2002 and operates on a fully electronic platform. The instruments on the RGSM take the form of Treasury-bills, notes and bonds and have varying maturities. These securities are backed by the full faith of the governments of the issuing member states.

## **The Eastern Caribbean Enterprise Fund**

The ECCB plans to establish the Eastern Caribbean Enterprise Fund (ECEP) as a part of its commitment to foster and strengthen development of the private sector in the Eastern Caribbean Currency Union (ECCU). The private sector contributes to over 70 percent to the GDP of the eight ECCU countries. The ECEP will source funding for business skills training and technical assistance. It will also offer growth financing to augment and supplement the services currently provided by various financial institutions.

## **The Eastern Caribbean Unit Trust**

The Eastern Caribbean Unit Trust (ECUT) functions as an investment

company that pools shareholders' financial resources and invests them in a diversified portfolio of securities. By pooling investors' resources the ECUT will be able to ensure a broader spread of investments across a wider range of Money and Capital Market instruments. The Trust would be able to invest these funds in sound, stable and reliable securities in the ECCU.

### **The Eastern Caribbean Institute of Banking and Financial Services**

The Eastern Caribbean Institute of Banking and Financial Services (ECIB), an affiliated institution, was established by the ECCB in July 1996 with the support of the commercial banking community, in an effort to strengthen the human capital of the financial sector. The Institute provides professional development courses for staff of institutions across the financial services sector, and assists its members to develop and implement best practices to enhance their ability to compete in the changing global environment. It is envisaged that over time the ECIB will assist with training the professionals operating in the capital markets.

The Bank is also promoting the establishment of a regional institute of accountants to pursue the adherence

to high uniform accounting standards across the currency union.

### **Interbank Market**

In the mid-1980s, the ECCB established an interbank market, in an effort to assist the commercial banks to manage their liquidity, and to facilitate the lending and borrowing of available reserve balances between commercial banks, in a timely and cost effective manner. The ECCB performed the role of broker and guaranteed the funds; interest rates were fixed.

In October 2001, the ECCB introduced changes to the arrangements governing the Interbank Market. Under the new arrangement, a Bulletin Board Service, facilitated by the Central Bank, replaces the ECCB's brokerage service. This service can be used by the commercial banks on a daily basis to advertise funds available for lending and to source funds for borrowing. Commercial banks negotiate on a bilateral basis for the use of excess funds in the banking system and set the terms and conditions of each loan without the intervention of the ECCB. In the conduct of Interbank transactions, commercial banks can either enter into informal unsecured agreements, or can choose to enter into secured arrangements, whether

by offering collateral or by repurchase agreements.

The changes to the Interbank Market arrangements are expected to result in market determination of the fund rates and contribute to the removal of the rigidity of interest rates in the Currency Union. This is in keeping with efforts by the Central Bank to develop and deepen the money and capital markets of the ECCU.

## **THE BAHAMAS**

Full scope of monetary policy was provided for under the Central Bank of The Bahamas Act, 1974 now superseded by the Central Bank of The Bahamas Act, 2000. Accordingly, it is the duty of the Central Bank to promote and maintain monetary stability and credit and balance of payments conditions conducive to the orderly development of the economy; to promote and maintain an adequate banking system and high standards of conduct and management therein; and to advise the Minister of Finance on any matter of a financial or monetary nature.

Additionally, one of the Bank's major objectives is to safeguard the external value of the Bahamian dollar, which is fixed at a 1:1 parity with the United States dollar. The responsibility for the administration of Exchange Control

Regulations is vested solely with the Central Bank of The Bahamas, which maintains the country's external reserves. The administration of exchange controls has been relaxed considerably over the years, marked by increased annual foreign currency allowances for residents and the delegation of increased approval authority to commercial banks.

The fundamental objective of monetary policy in The Bahamas has always been to maintain stable credit and other conditions to support the fixed parity between the Bahamian and U.S. dollars that has prevailed since 1973, while simultaneously allowing the economic development objective to be pursued. Over the years, the Central Bank has relied mainly on interest rate controls in combination with moral suasion and other policies to meet its monetary objectives.

## **Financial Sector**

The capital, Nassau, is an international financial centre, and the domestic and international financial sectors, with business services, together account (based on Caribbean Development Bank data) for around 36 percent of GDP. International banks operating in the Bahamas in June 2007 managed around US\$ 300 billion in assets, with a further US\$ 205 billion in 725 locally

managed mutual funds in 2007; a total of 215 banks maintained a physical presence in the jurisdiction at the end of 2007. The sector employed 4,662 people in 2007, representing over 3 percent of the labour force, and paid salaries well above the national average.

### **Capital Market**

The Bahamas International Securities Exchange began trading in May 2000. In July 2007 a total of 19 companies with a collective market capitalisation of US\$ 3.2 billion were listed on the exchange. Trading volumes are low relative to costs, totalling B\$ 28.7 mn in 2006. The domestic financial market is served by several locally based and international banks. The Central Bank of the Bahamas is the monetary authority. The government is involved in the sector through the Bahamas Development Bank and the Bahamas Mortgage Corporation. The robust expansion of The Bahamas' economy since the beginning of the millennium has resulted in the development of a formidable domestic capital marketone that is attracting a growing number of security investment advisors and global corporate banks as it matures. The Bahamian capital investment market comprises government debt paper, listed equities, public corporate debt

instruments and private placements of equity and interest-bearing stocks.

### **BARBADOS**

The Central Bank of Barbados was established in May 1972 by the Government of Barbados to advance the pace of economic development in the country. Prior to 1972, the East Caribbean Currency Authority (ECCA) was the institution responsible for the management of monetary matters for most of the smaller Eastern Caribbean countries, including Barbados. At its inception the Central Bank of Barbados had certain objectives, which include: promoting monetary stability; promoting a sound financial structure; fostering development of the money and capital markets; channelling commercial bank credit into productive activities; and fostering credit and exchange conditions conducive to the orderly and sustained economic development of Barbados.

### **Financial Sector**

Barbados has six commercial banks. First Caribbean Bank, based in Barbados, was formed in 2002 through a merger of the regional operations of Barclays and the Canadian Imperial Bank of Commerce (CIBC); in 2006 CIBC bought out Barclays, and now holds majority control. The Royal



Bank of Canada and the Bank of Nova Scotia are Canadian-owned. The Barbados National Bank (BNB), formerly state-owned, has been majority-controlled by Republic Bank of Trinidad and Tobago since 2003. The largest local insurance company, Sagikor, was launched in 2002 by the former Barbados Mutual, as it demutualised after winning control of its main rival, Life of Barbados.

### **Capital Market**

The Barbados Government enacted the Securities Exchange Act 1982/44 in 1982. The Securities Exchange of Barbados came into being with the proclamation of this Act in June 1987. In April 1991 the stock exchanges of Barbados, Jamaica and Trinidad and Tobago began cross-trading of listed securities, the first step towards the creation of a regional securities market. In January 1992 the Barbados Stock Exchange (BSE) launched an unlisted securities market to assist small companies which are highly geared and in need of capital. The requirements for admission to this market are less onerous than those to the main market. To qualify for admission, companies must have a minimum equity of B\$ 200,000 (US\$ 100,000) and have performed well for two consecutive years.

The Securities Act 2001-13, gazetted in August 2001, provided for a Securities Commission with regulatory responsibility for the entire Barbadian Capital Market, including all public companies, listed or not. The Act also enabled the Barbados Central Securities Depository and allowed for the immobilisation of traditional physical certificates. With the passage of the Act, the Securities Exchange of Barbados became the Barbados Stock Exchange Inc., a self-regulatory organisation, also regulated by the Securities Commission. The legislation is very comprehensive and both it and the Commission focus primarily on investor protection.

### **BELIZE**

The Central Bank of Belize was established in January 1982 by the Central Bank of Belize Act No. 15 (Chapter 262 of the Laws of Belize Revised Edition 2000). Similar to other Central Banks in the English speaking Caribbean, the Central Bank of Belize is modeled on the Bank of England and its functions include: providing banking services to the Government of Belize and financial institutions; issuing the domestic currency; regulating commercial banks and other financial institutions; providing economic advice to the Government; and conducting research and



publishing information on monetary and other economic developments.

In pursuit of its mission, and to maintain the economy's internal and external balance, the operating objectives of the Central Bank of Belize are: to promote monetary stability; regulate the issue and availability of money and its international exchange; regulate and monitor the financial environment; foster good credit and exchange conditions; and foster the development of money and capital markets in Belize.

### **Financial Sector**

The domestic financial system comprises five commercial banks, of which the largest, Belize Bank, is owned locally, by Carlisle Holdings. Alliance Bank is a smaller locally owned institution. Three banks are subsidiaries of foreign commercial banks: First Caribbean International Bank (headquartered in Barbados with majority Canadian shareholding, CIBC), the Bank of Nova Scotia (Canada) and the Atlantic Bank (Honduras, with some local shareholding). The Small Farmers and Business Bank was established as a state-owned development bank for small and medium-sized enterprises (SMEs). During 2001-06, banking lending to the private sector grew strongly by 73 percent against

accumulated inflation of 17 percent to Bz 1.35 billion at end-2006 (the equivalent of more than 50 percent of GDP).

### **GUYANA**

The Bank of Guyana was established by virtue of the Bank of Guyana Ordinance No. 23 of 1965. The role of the Bank of Guyana is to act as the Central Bank of Guyana.

Its primary purpose is to formulate and implement monetary policy so as to achieve and maintain price stability. The other major purpose is to foster a sound, progressive and an effective financial system. In the discharge of its functions, the Bank strives to promote a sustained and noninflationary growth of the economy; maintain the integrity and value of the Guyana dollar; and secure the credibility of the financial system, including payments arrangements, through supervision and oversight.

### **Financial Sector**

Guyana has six commercial banks, the largest of which are the Canadian owned Bank of Nova Scotia, and Republic Bank (Guyana), which is owned by Republic Bank of Trinidad and Tobago. There are also six insurance companies, along with trust companies and credit unions.

The Financial Institutions Act of May 1995 introduced effective bank regulation and supervision, and was implemented in 1996-97. Under the new definitions, non-performing loans (NPLs) as a share of the total portfolio rose from 9 percent to 24.5 percent in 1997, but owing to stronger regulation and supervision, the NPL ratio fell to 5.6 percent by end-2008.

### **Capital Market**

Guyana Association of Securities Companies and Intermediaries Inc. (GASCI) is the local stock exchange that organises and supervises the stock market in Guyana. GASCI consists of four member firms which trade on the stock market and these are Trust Company Guyana Ltd, Guyana Americas Merchant Bank Inc, Beharry Stockbrokers Ltd and GNCB Trust Corporation Inc. Trust Company Guyana Ltd, Beharry Stockbrokers Ltd and GNCB Trust Corporation Inc are also represented on the Board of Directors of GASCI. The member firms of GASCI are registered as Brokers with the Guyana Securities Council.

### **JAMAICA**

The Bank of Jamaica, established by the Bank of Jamaica Law (1960), began operations in May 1961, terminating the Currency Board

System which had been in existence from 1939. The establishment of the Central Bank was in recognition of the need for an appropriately regulated financial structure to encourage the development process, particularly as Jamaica was about to embark on the road to political independence.

The main objectives of the Central Bank, as defined by the Bank of Jamaica Act, are: to issue and redeem notes and coins; to keep and administer the reserves of Jamaica; to influence the volume and conditions of supply of credit so as to promote the fullest expansion in production, trade and employment, consistent with the maintenance of monetary stability in Jamaica and the external value of the currency; to foster the development of money and capital markets in Jamaica; and to act as banker to the Government.

### **Financial Sector**

A major consolidation and restructuring of the financial sector has taken place following the severe crisis of the mid-1990s. The roots of this crisis lay in a period of rapid expansion in the early 1990s, which was prompted by liberalisation of capital flows, high rates of money supply growth and lack of government supervision. This engendered both inflated operating costs and poor lending and

investment practices, with damaging consequences for profitability after 1994, when GDP growth slowed and real interest rates rose sharply. In tandem with intervention in failed financial institutions, the government has sought to improve financial sector supervision. The Jamaica Deposit Insurance Corporation (JDIC) was established in 1998, and the Financial Services Commission (FSC) was set up in 2002 to regulate the activities of nondeposit-taking financial institutions.

### **Capital Market**

The Jamaica Stock Exchange was incorporated as a private limited company in August 1968. Government Bonds are not listed on the Jamaica Stock Exchange. These are traded by the Bank of Jamaica in an over-the-counter market. For the first time in Jamaica's history a US dollar share was listed on the Jamaica Stock Exchange on Thursday, July 18, 1996. This was the Citizens Bank US Dollar Convertible Cumulative Redeemable Preference Share. Since January 2000, the Jamaica Stock Exchange has had an automated trading platform, called Sunrise. The back office operations, which involves clearance and settlement, was automated with the establishment of the Jamaica Central Securities Depository in June 1998.

## **SURINAME**

Centrale Bank van Suriname (CBvS) opened its doors on the 1st of April 1957 and has fulfilled an important role in the financial and monetary activities in Suriname ever since. Centrale Bank van Suriname is assigned several tasks as worded in the Bank Act of 1956. These tasks are: to promote the value and stability of the currency of Suriname; to provide money circulation in Suriname, consisting of banknotes, and also to facilitate money transfers; to promote the development of healthy banks and credits institutions in Suriname; to supervise banks and credit unions according to the Law on Supervision of Banks and Credit Unions 1968; to promote and facilitate international currency transfers; and to promote a balanced social-economic development in Suriname.

### **Financial Sector**

The financial services sector, which accounts for around 7 percent of GDP, is only moderately developed and highly concentrated. There are eight banks, of which three large banks control about 87 percent of deposits. The level of nonperforming loans was 15.8 percent, and provisions had been made for around 72 percent of this total. Of the major commercial banks, Handels Krediet en Industriebank

(Hakrinbank) is majority-owned by the state (51percent). Assuria, a local insurance company, has a 49 percent shareholding in De Surinaamsche Bank, and Republic Bank of Trinidad and Tobago (RBTT) Bank is owned by a parent company in Trinidad and Tobago. There is a small stock exchange, which lists the shares of 11 local companies.

## **TRINIDAD AND TOBAGO**

The Central Bank of Trinidad and Tobago was established by an Act of Parliament on December 12, 1964. Since that time the Central Bank has been instrumental in the development of the Trinidad and Tobago financial system and continues to foster economic growth and development through sound and effective monetary management.

The Act entrusted the Central Bank with a range of responsibilities including: the exclusive right to issue and redeem currency; to maintain monetary stability; to act as banker

and advisor to the Government; to act as banker to the commercial banks; to protect the external value of the currency; to manage the country's external reserves; and to take steps to preserve financial stability. To fulfill its responsibilities, the Bank also conducts, on a continuous basis, economic intelligence and research.

## **Capital Market**

In Trinidad and Tobago, the Securities Industry Act was proclaimed on the 23rd October, 1981 and the Stock Exchange was formally opened on the 26th October, 1981 under the auspices of the Ministry of Finance. The primary objectives of the Stock Exchange are to facilitate the efficient mobilisation and allocation of capital, fair and orderly secondary market trading in securities and the efficient clearing and settlement of transactions within a dynamic legal and regulatory framework that instills confidence in the integrity of the Exchange and related institutions.

## 5. FOREIGN TRADE OF CARICOM COUNTRIES

This chapter analyses recent trends in CARICOM's foreign trade, composition of CARICOM trade as also major trading partners, and delineates trend in intra-CARICOM trade.

### CARICOM TOTAL TRADE AND TRADE BALANCE

Total trade of CARICOM has witnessed a healthy growth in recent years. Rise in both exports and imports of CARICOM countries have underlined the increase in total trade of the region. CARICOM's total trade has more than doubled from US\$ 35.96 billion in 2004 to US\$ 78.34

billion in 2008, before decreasing to US\$ 57.07 billion in 2009, due to the impact of the global economic crisis, which has affected most countries in the region (**Table 5.1 and Chart 5.1**).

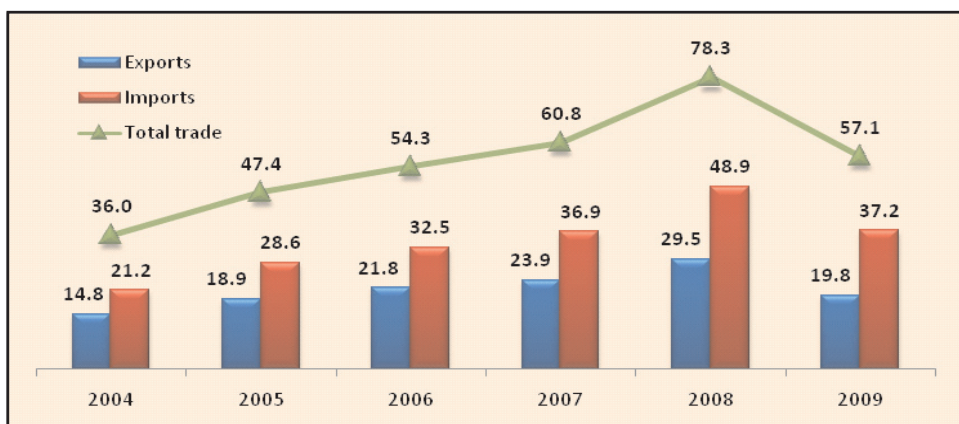
Trends in exports of CARICOM countries during the period 2004-2009 have been presented in **Table 5.2**. The table presents the robust growth in total exports in recent years. The total exports of CARICOM steadily increased from US\$ 14.8 billion in 2004 to US\$ 29.5 billion in 2008, before declining to US\$ 19.8 billion in 2009, owing to the fall in international demand due to the global economic crisis.

**TABLE 5.1 : CARICOM'S TOTAL TRADE, 2004- 2009 (US\$ mn)**

|                                    | 2004   | 2005   | 2006    | 2007    | 2008    | 2009    |
|------------------------------------|--------|--------|---------|---------|---------|---------|
| Exports                            | 14,776 | 18,886 | 21,802  | 23,889  | 29,475  | 19,841  |
| Imports                            | 21,186 | 28,554 | 32,538  | 36,900  | 48,863  | 37,228  |
| Total trade<br>(exports + imports) | 35,962 | 47,440 | 54,340  | 60,789  | 78,338  | 57,069  |
| Trade Balance                      | -6,410 | -9,668 | -10,736 | -13,011 | -19,388 | -17,387 |

Source: IMF, Direction of Trade Statistics 2010

**CHART 5.1: TRENDS IN CARICOM TOTAL TRADE, 2004- 2009 (US\$ billion)**



Source: IMF, Direction of Trade Statistics 2010

Among the CARICOM countries, Trinidad and Tobago is the largest exporter, accounting for as much as 61 percent of total CARICOM exports during 2009, followed by The Bahamas, Suriname, Jamaica, Guyana and Haiti (**Chart 5.2**).

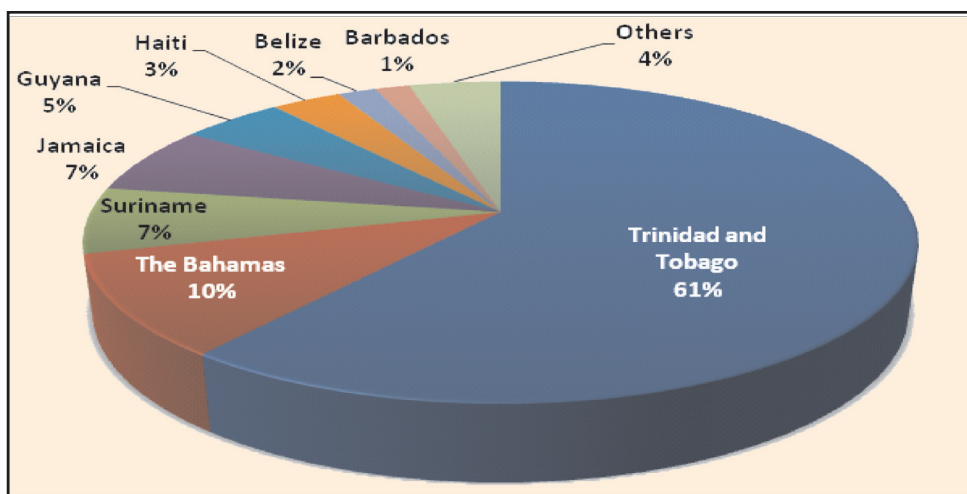
**TABLE 5.2: TRENDS IN TOTAL EXPORTS OF CARICOM COUNTRIES (US\$ mn)**

|                          | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Trinidad and Tobago      | 8,497         | 11,430        | 13,355        | 15,002        | 19,234        | 12,039        |
| The Bahamas              | 1,543         | 2,246         | 2,066         | 2,113         | 2,695         | 2,024         |
| Suriname                 | 881           | 951           | 1,231         | 1,393         | 1,572         | 1,344         |
| Jamaica                  | 1,405         | 1,533         | 1,984         | 2,222         | 2,439         | 1,315         |
| Guyana                   | 647           | 643           | 688           | 829           | 1,010         | 958           |
| Haiti                    | 432           | 511           | 593           | 617           | 601           | 646           |
| Belize                   | 299           | 297           | 434           | 389           | 441           | 354           |
| Barbados                 | 209           | 260           | 324           | 400           | 437           | 318           |
| St. Vincent & Grenadines | 350           | 430           | 240           | 210           | 300           | 220           |
| St. Lucia                | 90            | 180           | 320           | 150           | 160           | 190           |
| Dominica                 | 69            | 86            | 97            | 116           | 193           | 167           |
| Antigua & Barbuda        | 240           | 190           | 340           | 290           | 240           | 130           |
| St. Kitts & Nevis        | 70            | 80            | 90            | 90            | 90            | 80            |
| Grenada                  | 40            | 48            | 39            | 68            | 63            | 56            |
| Montserrat               | 4             | 1             | 1             | -             | -             | -             |
| <b>CARICOM Total</b>     | <b>14,776</b> | <b>18,886</b> | <b>21,802</b> | <b>23,889</b> | <b>29,475</b> | <b>19,841</b> |

– Not available

Source: IMF, Direction of Trade Statistics 2010.

**CHART 5.2: EXPORTS OF CARICOM COUNTRIES (Percent Share, 2009)**



Source: IMF, Direction of Trade Statistics 2010

CARICOM imports have also registered a similar rising trend. Total imports of CARICOM countries have increased from US\$ 21.2 billion in 2004 to US\$ 48.9 billion in 2008 before decreasing to US\$ 37.2 billion in 2009 (**Table 5.3**). The Bahamas

is the largest importer among the CARICOM countries, with a share of 31 percent of total CARICOM imports during 2009, followed by Trinidad and Tobago, Jamaica, St. Lucia, Haiti, Barbados, Antigua and Barbuda, and Suriname (**Chart 5.3**).

**TABLE 5.3: TRENDS IN TOTAL IMPORTS OF CARICOM COUNTRIES (US\$ mn)**

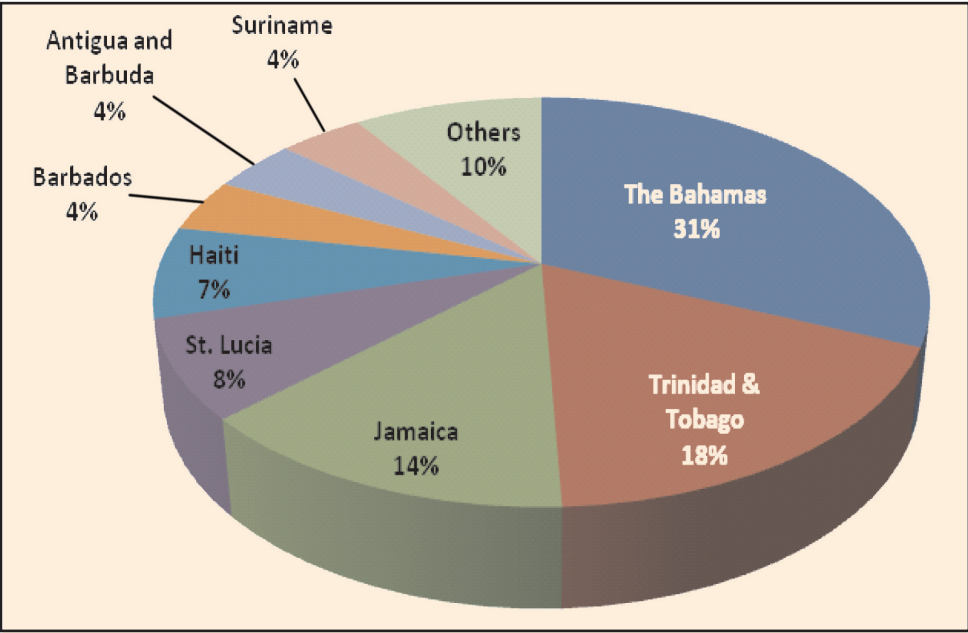
|                          | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| The Bahamas              | 5,561         | 9,242         | 11,080        | 10,779        | 13,867        | 11,692        |
| Trinidad & Tobago        | 5,011         | 5,253         | 5,803         | 6,836         | 9,101         | 6,661         |
| Jamaica                  | 3,953         | 5,246         | 5,646         | 6,750         | 8,467         | 5,089         |
| St. Lucia                | 340           | 600           | 750           | 1,760         | 4,360         | 2,890         |
| Haiti                    | 898           | 1,708         | 2,312         | 2,513         | 3,080         | 2,699         |
| Barbados                 | 1,476         | 1,600         | 1,621         | 1,682         | 2,039         | 1,565         |
| Antigua and Barbuda      | 640           | 910           | 1,120         | 1,810         | 1,930         | 1,550         |
| Suriname                 | 749           | 915           | 994           | 1,224         | 1,436         | 1,393         |
| Guyana                   | 609           | 724           | 945           | 1,009         | 1,334         | 1,147         |
| Belize                   | 551           | 768           | 734           | 811           | 1,018         | 820           |
| St. Vincent & Grenadines | 510           | 680           | 520           | 530           | 690           | 590           |
| Dominica                 | 226           | 264           | 295           | 379           | 687           | 405           |
| St. Kitts & Nevis        | 360           | 270           | 340           | 420           | 430           | 370           |
| Grenada                  | 273           | 344           | 348           | 397           | 424           | 357           |
| Montserrat               | 29            | 30            | 30            | -             | -             | -             |
| <b>CARICOM Total</b>     | <b>21,186</b> | <b>28,554</b> | <b>32,538</b> | <b>36,900</b> | <b>48,863</b> | <b>37,228</b> |

– Not available

Source: IMF, Direction of Trade Statistics 2010.



**CHART 5.3: IMPORTS OF CARICOM COUNTRIES (Percent Share, 2009)**



Source : IMF, Direction of Trade Statistics 2010

Reflecting the rise in imports, CARICOM countries' trade deficit has increased from US\$ 6.4 billion in 2004 to US\$ 19.4 billion in 2008, and decreased to US\$ 17.4 billion in 2009 due to a fall in imports.

**FOREIGN TRADE OF SELECT CARICOM MEMBER COUNTRIES**

**TRINIDAD AND TOBAGO**

The total exports of Trinidad and Tobago has increased from US\$ 8.5 billion in 2004 to US\$ 19.2 billion in 2008, and declined to US\$ 12 billion in 2009. The total imports, have also increased from US\$ 5.0 billion

in 2004 to US\$ 9.1 billion in 2008, before declining to US\$ 6.7 billion in 2009. Thus, the trade surplus of Trinidad and Tobago has increased from a US\$ 3.5 billion in 2004 to US\$ 10.1 billion in 2008, before declining to US\$ 5.4 billion in 2009. Fuel is the major export item of Trinidad and Tobago in 2009. Other major items of exports in the same year are inorganic chemicals, iron & steel, organic chemicals, and ores (**Table 5.4**). As regards imports, mineral fuel is the major item. Machinery, articles of iron or steel, electrical & electronic equipment and motor vehicles are the other dominant import items in 2009 (**Table 5.5**).



**TABLE 5.4: MAJOR EXPORTS OF TRINIDAD AND TOBAGO, 2009**

| Items of Export     | Percent of Total |
|---------------------|------------------|
| Mineral fuels       | 76.0             |
| Inorganic chemicals | 3.7              |
| Iron and steel      | 3.5              |
| Organic chemicals   | 3.3              |
| Ores, slag and ash  | 2.6              |

Source: UNCTAD, International Trade Centre (ITC).

**TABLE 5.6: MAJOR EXPORT DESTINATIONS OF TRINIDAD AND TOBAGO, 2009**

| Countries                | Percent Share |
|--------------------------|---------------|
| United States of America | 54.4          |
| Jamaica                  | 5.2           |
| Spain                    | 5.1           |
| United Kingdom           | 4.1           |
| Barbados                 | 3.0           |

Source: UNCTAD, ITC.

**TABLE 5.5: MAJOR IMPORTS OF TRINIDAD AND TOBAGO, 2009**

| Items of Import                   | Percent of Total |
|-----------------------------------|------------------|
| Mineral fuels                     | 32.9             |
| Machinery                         | 16.8             |
| Articles of iron or steel         | 5.9              |
| Electrical & electronic equipment | 5.2              |
| Motor Vehicles                    | 3.9              |

Source: UNCTAD, ITC.

**TABLE 5.7: MAIN SOURCES OF IMPORTS OF TRINIDAD AND TOBAGO, 2009**

| Countries                | Percent Share |
|--------------------------|---------------|
| United States of America | 31.0          |
| Colombia                 | 9.9           |
| Russian Federation       | 7.8           |
| Gabon                    | 7.0           |
| China                    | 5.1           |

Source: UNCTAD, ITC.

## Direction of Trade

The US is the leading partner of Trinidad and Tobago, both in terms of exports and imports. As regards exports, Jamaica is the second largest destination, followed by Spain, UK and Barbados (**Table 5.6**). Columbia, Russia, Gabon and China are the major import sources of Trinidad and Tobago (**Table 5.7**).

## THE BAHAMAS

The total exports of The Bahamas have increased from US\$ 1.5 billion in 2004 to US\$ 2.7 billion in 2008, before declining to US\$ 2.0 billion in 2009. The Bahamas' total imports have also increased from US\$ 5.6 billion in 2004 to US\$ 13.9 billion, and declined to US\$ 11.7 billion in 2009. As a result, trade deficit of The Bahamas

has increased from US\$ 4.0 billion in 2004 to US\$ 11.2 billion in 2008 and declined to US\$ 9.7 billion in 2009. Plastics and plastic products, mineral fuels, organic chemicals, marine products and machinery are the major items of exports from The Bahamas in 2009 (**Table 5.8**), while mineral fuels, machineries and mechanical appliances, electrical and electronic equipments, plastics and plastic products and work of art, collectors pieces and antiques are the main import items of The Bahamas in the same year (**Table 5.9**).

**TABLE 5.8: MAJOR EXPORTS OF THE BAHAMAS, 2009**

| Items of Export               | Percent of Total |
|-------------------------------|------------------|
| Plastics and plastic products | 21.1             |
| Mineral fuels                 | 19.2             |
| Organic chemicals             | 18.3             |
| Marine products               | 11.1             |
| Machinery                     | 7.1              |

Source: UNCTAD, ITC.

**TABLE 5.9: MAJOR IMPORTS OF THE BAHAMAS, 2009**

| Items of Import                             | Percent of Total |
|---|------------------|
| Mineral fuels                               | 20.8             |
| Machinery                                   | 7.3              |
| Electrical & electronic equipment           | 7.1              |
| Plastics and plastic products               | 4.0              |
| Work of art, collectors pieces and antiques | 4.0              |

Source: UNCTAD, ITC.

## Direction of Trade

The US is the major export destination of The Bahamas. Other main destinations of exports are Netherlands, Canada, France and UK in 2009 (**Table 5.10**). As regards imports, US is the main source followed by Venezuela, Trinidad and Tobago, Netherland Antilles and Canada in the same year (**Table 5.11**).

**TABLE 5.10: MAJOR EXPORT DESTINATIONS OF THE BAHAMAS, 2009**

| Country                  | Percent Share |
|--------------------------|---------------|
| United States of America | 71.7          |
| Netherlands              | 6.8           |
| Canada                   | 4.3           |
| France                   | 4.0           |
| United Kingdom           | 3.3           |

Source: UNCTAD, ITC.

**TABLE 5.11: MAIN SOURCES OF IMPORTS OF THE BAHAMAS, 2009**

| Country                  | Percent Share |
|--------------------------|---------------|
| United States of America | 90.9          |
| Venezuela                | 1.8           |
| Trinidad and Tobago      | 1.6           |
| Netherland Antilles      | 0.9           |
| Canada                   | 0.5           |

Source: UNCTAD, ITC.

## SURINAME

The total exports of Suriname have increased to US\$ 1.6 billion in 2008 from US\$ 881 mn in 2004, before declining slightly to US\$ 1.3 billion in 2009. Suriname's total imports have also increased to US\$ 1.5 billion in 2008 from US\$ 749 mn in 2004, before marginally declining to US\$ 1.4 billion in 2009. Thus, Suriname's trade account surplus of US\$ 132 mn in 2004 increased slightly to US\$ 136 mn in 2008, but turned into a deficit of US\$ 49 mn in 2009. Pearls & precious stones, inorganic chemicals, marine products, edible food and nuts and mineral fuels are the major items in Suriname's export basket in 2009 (**Table 5.12**), while main import items include mineral fuel, machinery and transport equipment, motor vehicle, inorganic chemicals and electrical and electronic equipments in the same year (**Table 5.13**).

**TABLE 5.12: MAJOR EXPORTS OF SURINAME, 2009**

| Items of Export          | Percent of Total |
|--------------------------|------------------|
| Pearls & precious stones | 49.8             |
| Inorganic chemicals      | 30.5             |
| Marine products          | 5.9              |
| Edible fruit, nuts       | 4.1              |
| Mineral fuels            | 4.1              |

Source: UNCTAD, ITC.

**TABLE 5.13: MAJOR IMPORTS OF SURINAME, 2009**

| Items of Import                   | Percent of Total |
|-----------------------------------|------------------|
| Mineral fuels                     | 13.0             |
| Machinery                         | 12.8             |
| Motor Vehicles                    | 12.3             |
| Inorganic chemicals               | 6.5              |
| Electrical & electronic equipment | 6.2              |

Source: UNCTAD, ITC.

### Direction of Trade

Canada is the largest export destination of Suriname in 2009. Belgium, USA, UAE and Norway are the other major destinations of exports in the same year (**Table 5.14**). With regard to imports, USA, Netherlands, Trinidad and Tobago, China and Japan are the main sources for import in 2009 (**Table 5.15**).

**TABLE 5.14: MAJOR EXPORT DESTINATIONS OF SURINAME, 2009**

| Country                  | Percent Share |
|--------------------------|---------------|
| Canada                   | 33.9          |
| Belgium                  | 15.7          |
| United States of America | 10.7          |
| United Arab Emirates     | 7.6           |
| Norway                   | 5.2           |

Source: UNCTAD, ITC.

**TABLE 5.15: MAIN SOURCES OF IMPORTS OF SURINAME, 2009**

| Country                  | Percent Share |
|--------------------------|---------------|
| United States of America | 29.1          |
| Netherlands              | 18.0          |
| Trinidad and Tobago      | 14.1          |
| China                    | 7.3           |
| Japan                    | 5.6           |

Source: UNCTAD, ITC.

## JAMAICA

The total exports of Jamaica have consistently increased year-on-year from US\$ 1.4 billion in 2004 to US\$ 2.4 billion in 2008, but registered a decline in 2009 to US\$ 1.3 billion due to global financial crisis. The total imports of Jamaica have also increased from US\$ 4.0 billion in 2004 to US\$ 8.5 billion in 2008, but declined to US\$ 5.1 billion in 2009. The trade deficit of Jamaica, thus, has increased from US\$ 2.5 billion in 2004 to US\$ 6.0 billion in 2008, but decreased to US\$ 3.8 billion in 2009. Inorganic chemicals, beverages, mineral fuels, ores and sugar are the major items of exports of Jamaica in 2009 (**Table 5.16**), while mineral fuels, mechanical appliances, electrical & electronic equipments, beverages and motor vehicles are the major import items of Jamaica in the same year (**Table 5.17**).

**TABLE 5.16: MAJOR EXPORTS OF JAMAICA, 2009**

| Items of Export                | Percent of Total |
|--------------------------------|------------------|
| Inorganic chemicals            | 28.4             |
| Beverages, spirits and vinegar | 20.7             |
| Mineral fuels                  | 16.2             |
| Ores, slag and ash             | 6.5              |
| Sugar                          | 5.7              |

Source: UNCTAD, ITC.

**TABLE 5.17: MAJOR IMPORTS OF JAMAICA, 2009**

| Items of Import                   | Percent of Total |
|-----------------------------------|------------------|
| Mineral fuels                     | 27.6             |
| Machinery                         | 6.2              |
| Electrical & electronic equipment | 4.9              |
| Beverages, spirits and vinegar    | 4.4              |
| Motor Vehicles                    | 4.3              |

Source: UNCTAD, ITC.

## Direction of Trade

The US is the major trading partner of Jamaica, both in terms of exports and imports. Other major export destinations of Jamaica are Canada, UK, Norway and Iceland (**Table 5.18**). Venezuela, Trinidad and Tobago, China and Brazil are the other main sources for imports of Jamaica (**Table 5.19**).

**TABLE 5.18: MAJOR EXPORT DESTINATIONS OF JAMAICA, 2009**

| Countries                | Percent Share |
|--------------------------|---------------|
| United States of America | 49.3          |
| Canada                   | 10.0          |
| United Kingdom           | 9.9           |
| Norway                   | 3.9           |
| Iceland                  | 3.1           |

Source: UNCTAD, ITC.

**TABLE 5.19: MAIN SOURCES OF IMPORTS OF JAMAICA, 2009**

| Countries                | Percent Share |
|--------------------------|---------------|
| United States of America | 36.8          |
| Venezuela                | 12.8          |
| Trinidad and Tobago      | 10.8          |
| China                    | 4.5           |
| Brazil                   | 2.5           |

Source: UNCTAD, ITC.

## GUYANA

The total exports of Guyana have increased from US\$ 647 mn in 2004 to US\$ 1.0 billion in 2008, before declining to US\$ 958 mn in 2009. Total imports of Guyana have increased to US\$ 1.3 billion in 2008 from US\$ 609 mn in 2004, but witnessed a slight decline to US\$ 1.2 billion in 2009. As a result, Guyana's trade surplus of US\$ 38 mn in 2004 turned to a deficit of US\$ 324 mn in 2008, and to US\$ 191 mn 2009. Guyana's major

export commodities in 2009 were pearls & precious stones, sugar, ores, cereals and marine products (**Table 5.20**), whereas main import items include mineral fuels, machinery, electrical and electronic equipments, motor vehicles and pharmaceutical products (**Table 5.21**).

**TABLE 5.20: MAJOR EXPORTS OF GUYANA, 2009**

| Items of Export          | Percent of Total |
|--------------------------|------------------|
| Pearls & precious stones | 30.9             |
| Sugars                   | 16.9             |
| Ores, slag and ash       | 16.8             |
| Cereals                  | 11.6             |
| Marine products          | 7.3              |

Source: UNCTAD, ITC.

**TABLE 5.21: MAJOR IMPORTS OF GUYANA, 2009**

| Items of Import                   | Percent of Total |
|-----------------------------------|------------------|
| Mineral fuels                     | 22.1             |
| Machinery                         | 13.0             |
| Electrical & electronic equipment | 7.6              |
| Motor Vehicles                    | 7.1              |
| Pharmaceutical products           | 5.9              |

Source: UNCTAD, ITC.

## Direction of Trade

Canada is the largest destination of exports of Guyana in 2009. UK, USA, Ukraine and Jamaica are the other major export destinations of Guyana

in the same year (**Table 5.22**). As regards import, USA is the main source for imports in 2009, followed by Trinidad and Tobago, Netherland Antilles, China and the UK (**Table 5.23**).

**TABLE 5.22: MAJOR EXPORT DESTINATIONS OF GUYANA, 2009**

| Country                  | Percent Share |
|--------------------------|---------------|
| Canada                   | 27.8          |
| United Kingdom           | 14.5          |
| United States of America | 13.4          |
| Ukraine                  | 6.6           |
| Jamaica                  | 5.2           |

Source: UNCTAD, ITC.

**TABLE 5.23: MAIN SOURCES OF IMPORTS OF GUYANA, 2009**

| Country                  | Percent Share |
|--------------------------|---------------|
| United States of America | 30.5          |
| Trinidad and Tobago      | 17.8          |
| Netherland Antilles      | 7.6           |
| China                    | 5.3           |
| United Kingdom           | 3.9           |

Source: UNCTAD, ITC.

## HAITI

The total exports of Haiti have increased to US\$ 646 mn in

2009 from US\$ 432 mn in 2004. The total imports have increased to US\$ 3.1 billion in 2008 from US\$ 898 mn in 2004, before declining to US\$ 2.7 billion in 2009. Thus, Haiti's trade deficit of US\$ 466 mn in 2004 increased to US\$ 2.5 billion in 2008, before narrowing down slightly to US\$ 2.1 billion in 2009. Haiti's major export items in 2009 were articles of apparel, accessories, knit or crochet, and apparels, not knit or crochet, edible fruits and nuts, essential oils and perfumes and cocoa (**Table 5.24**), while major import items include cotton, cereals, fats and oils, motor vehicles, machinery and transport equipment, and electrical and electronic equipments in the same year (**Table 5.25**).

**TABLE 5.24: MAJOR EXPORTS OF HAITI, 2009**

| Items of Export                                       | Percent of Total |
|---|------------------|
| Articles of apparel, accessories, knit or crochet     | 69.9             |
| Articles of apparel, accessories, not knit or crochet | 17.1             |
| Edible fruit, nuts                                    | 2.1              |
| Essential oils, perfumes, cosmetics,                  | 1.6              |
| Cocoa   | 1.4              |

Source: UNCTAD, ITC.

**TABLE 5.25: MAJOR IMPORTS OF HAITI, 2009**

| Items of Import                   | Percent of Total |
|-----------------------------------|------------------|
| Cotton                            | 11.4             |
| Cereals                           | 10.2             |
| Animal,vegetable fats and oils    | 4.9              |
| Motor Vehicles                    | 4.7              |
| Machinery                         | 4.0              |
| Electrical & electronic equipment | 3.7              |

Source: UNCTAD, ITC.

### Direction of Trade

The US being the major trading partner of Haiti, accounts for 86 percent of its total exports and 35.2 percent of its total imports in 2009 (**Table 5.26**). Canada, Mexico, Dominican Republic and France are the other major destinations of exports of Haiti in the same year. Dominican Republic, China, Colombia and Japan are the other major sources of imports for Haiti in 2009 (**Table 5.27**).

**TABLE 5.26: MAJOR EXPORT DESTINATIONS OF HAITI, 2009**

| Country                  | Percent Share |
|--------------------------|---------------|
| United States of America | 86.0          |
| Canada                   | 2.9           |
| Mexico                   | 2.0           |
| Dominican Republic       | 2.0           |
| France                   | 1.0           |

Source: UNCTAD, ITC.

**TABLE 5.27: MAIN SOURCES OF IMPORTS OF HAITI, 2009**

| Country                  | Percent Share |
|--------------------------|---------------|
| United States of America | 35.2          |
| Dominican Republic       | 28.8          |
| China                    | 6.6           |
| Colombia                 | 2.7           |
| Japan                    | 2.3           |

Source: UNCTAD, ITC.

### BARBADOS

The total exports of Barbados have steadily increased from US\$ 209 mn in 2004 to US\$ 437 mn 2008, before declining to US\$ 318 mn in 2009. The total imports of Barbados have also increased steadily from US\$ 1.5 billion in 2004 to US\$ 2.0 billion in 2008, before declining to US\$ 1.6 billion in 2009. Thus, the trade deficit of Barbados has increased from US\$ 1.3 billion in 2004 to US\$ 1.6 billion in 2008, before declining to US\$ 1.3 billion in 2009. The major items in the export basket of Barbados in 2009 include pharmaceutical products, beverages, sugar, salt and electrical and electronic (**Table 5.28**), while main import commodities in 2009 are mineral fuel, machinery, electrical and electronic equipments, pharmaceutical products and motor vehicles (**Table 5.29**).

**TABLE 5.28: MAJOR EXPORTS OF BARBADOS, 2009**

| Items of Export                   | Percent of Total |
|-----------------------------------|------------------|
| Pharmaceutical products           | 13.2             |
| Beverages, spirits and vinegar    | 12.8             |
| Sugar                             | 5.7              |
| Salt, sulphur, lime and cement    | 5.5              |
| Electrical & electronic equipment | 5.1              |

Source: UNCTAD, ITC.

**TABLE 5.29: MAJOR IMPORTS OF BARBADOS, 2009**

| Items of Import                   | Percent of Total |
|-----------------------------------|------------------|
| Mineral fuels                     | 13.4             |
| Machinery                         | 9.8              |
| Electrical & electronic equipment | 6.7              |
| Pharmaceutical products           | 5.3              |
| Motor Vehicles                    | 4.8              |

Source: UNCTAD, ITC.

### Direction of Trade

USA is the largest destination of exports, accounting for 27.9 percent of Barbados' total exports in 2009. Other major destinations of exports of Barbados in the same year include UK, Trinidad and Tobago, St. Lucia and Jamaica (**Table 5.30**). Major sources of imports for Barbados were USA, Trinidad and Tobago, UK, China and Canada (**Table 5.31**).

**TABLE 5.30: MAJOR EXPORT DESTINATIONS OF BARBADOS, 2009**

| Country                  | Percent Share |
|--------------------------|---------------|
| United States of America | 27.9          |
| United Kingdom           | 10.2          |
| Trinidad and Tobago      | 10.0          |
| Saint Lucia              | 7.8           |
| Jamaica                  | 5.4           |

Source: UNCTAD, ITC.

**TABLE 5.31: MAIN SOURCES OF IMPORTS OF BARBADOS, 2009**

| Country                  | Percent Share |
|--------------------------|---------------|
| United States of America | 39.7          |
| Trinidad and Tobago      | 15.8          |
| United Kingdom           | 5.0           |
| China                    | 4.0           |
| Canada                   | 3.8           |

Source: UNCTAD, ITC.

### INTRA-CARICOM TRADE

Trends in intra-CARICOM exports during the period 1990 to 2008 are presented in **Table 5.32**.

The intra-CARICOM exports have witnessed a consistent rise over the period. From US\$ 1.1 billion in 2000, intra-CARICOM exports have risen to US\$ 1.7 billion in 2004, and further to US\$ 3.1 billion in 2007. During 2008, intra-CARICOM exports increased further to reach US\$ 3.8 billion, reflecting greater integration among the countries within the trade bloc.



**TABLE 5.32: TRENDS IN INTRA-CARICOM TRADE**

| Year | Intra-CARICOM Exports (US\$ mn) | Percent share in Total CARICOM Exports |
|------|---------------------------------|--|
| 1990 | 456                             | 8.0                                    |
| 1995 | 877                             | 12.0                                   |
| 2000 | 1,078                           | 14.4                                   |
| 2003 | 1,419                           | 12.0                                   |
| 2004 | 1,746                           | 12.2                                   |
| 2005 | 2,090                           | 11.5                                   |
| 2006 | 2,429                           | 11.2                                   |
| 2007 | 3,112                           | 13.1                                   |
| 2008 | 3,808                           | 12.9                                   |

Sources: World Bank, World Development Indicators 2010

Despite the rising trend in intra-CARICOM exports, the share of intra-CARICOM exports in total global exports by the CARICOM member countries has registered a fluctuating trend. After reaching a peak of 14.4 percent in 2000, the share of intra-CARICOM exports in total CARICOM exports has declined to 12.0 percent in 2003, before rising to 13.1 percent in 2007. However, this share has again decreased marginally to 12.9 percent in 2008.

## 6. FOREIGN DIRECT INVESTMENT AND INVESTMENT POLICIES IN CARICOM COUNTRIES

The foreign direct investment (FDI) inflows in CARICOM countries witnessed a continued increase in recent year before witnessing a decline in 2009. The total FDI inflows in the region rose to US\$ 6.87 billion in 2008 from US\$ 2.86 billion in 2004, registering a rise of 140 percent during the period (**Table 6.1**). In 2009, the total FDI inflows, however, declined to US\$ 3.85 billion, registering a

decline of 44 percent due to the global financial crisis.

Among the CARICOM countries, Jamaica has accounted for the largest share (27.6 percent) of FDI inflows to the region in 2009, followed by Trinidad and Tobago (18.4 percent), The Bahamas (17 percent) and Barbados (7.5 percent).

**TABLE 6.1: FOREIGN DIRECT INVESTMENT IN CARICOM COUNTRIES, 2004-2009 (US\$ mn)**

| HOST ECONOMY               | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Jamaica                    | 602          | 682          | 882          | 867          | 1,437        | 1,062        |
| Trinidad and Tobago        | 998          | 940          | 883          | 830          | 2,801        | 709          |
| The Bahamas                | 443          | 912          | 706          | 746          | 839          | 654          |
| Barbados                   | -12          | 62           | 105          | 338          | 286          | 290          |
| St. Lucia                  | 81           | 78           | 238          | 272          | 172          | 167          |
| Suriname                   | 286          | 399          | 323          | 179          | 209          | 151          |
| Guyana                     | 30           | 77           | 102          | 152          | 178          | 144          |
| Antigua and Barbuda        | 95           | 214          | 361          | 338          | 173          | 139          |
| St. Kitts and Nevis        | 53           | 93           | 115          | 134          | 178          | 139          |
| St. Vincent and Grenadines | 66           | 40           | 109          | 131          | 159          | 125          |
| Belize                     | 112          | 127          | 109          | 143          | 191          | 95           |
| Grenada                    | 66           | 70           | 96           | 152          | 144          | 79           |
| Dominica                   | 27           | 19           | 29           | 47           | 57           | 46           |
| Haiti                      | 6            | 26           | 160          | 75           | 30           | 38           |
| Montserrat                 | 3            | 1            | 2            | 7            | 13           | 7            |
| <b>CARICOM Total</b>       | <b>2,856</b> | <b>3,740</b> | <b>4,220</b> | <b>4,411</b> | <b>6,867</b> | <b>3,845</b> |

Source : UNCTAD, World Investment Report, Various Issues

## **FDI IN SELECT CARICOM COUNTRIES**

### **THE BAHAMAS**

The National Investment Policy is designed to support an investment friendly climate; guarantees the complementarity of Bahamian and overseas investments; fosters appropriate linkages with all sectors of the economy, in particular, the tourism and financial services sectors; encourages the exploitation of natural resources in an environmentally sound and sustainable manner; provides for the maximum level of employment; guarantees an acceptable level of economic security and generally fosters the economic growth and development of The Bahamas.

#### **Investment Environment**

In the National Investment Policy, the Government of Bahamas provides:

- A politically stable environment conducive to private investment;
- An atmosphere where investments are safe and the expropriation of investment capital is not a considered option;
- A legal environment based on a long tradition of parliamentary democracy, the rule of constitutional and statute laws and where security of life and personal property are guaranteed;

- A stable macroeconomic environment bolstered by a prudent fiscal policy, a stable exchange rate, flexible exchange control rules and free trade;
- An environment in which freedom from Capital Gains, Inheritance, Withholding, Profit Remittance, Corporate, Royalties, Sales, Personal Income, Dividends, Payroll and Interest Taxes is ensured;
- Essential public services, an adequately equipped police constabulary, modern health and education facilities and other social services;
- Dependable public utilities; and
- Essential public infrastructure such as roads, ports and airports.

#### **Investment Incentives**

Investment incentives under the following Acts include exemption from the payment of customs duties on building materials, equipment and approved raw materials and real property taxes for periods up to twenty years:

- The Hotels Encouragement Act;
- The Industries Encouragement Act;
- The Export Manufacturing Industries Encouragement Act;
- The Bahamas Free Trade Zone Act;

- The Agricultural Manufactories Act; and
- The Spirits and Beer Manufacture Act.

Investors may acquire publicly owned lands for approved developments on concessionary terms and acquire low cost space for lease for industrial enterprises. Government will provide special training and retraining for Bahamian workers to ensure the continuing availability of a highly skilled labour force.

### **Areas Especially Targeted for Overseas Investors**

- Tourist Resorts;
- Upscale Condominium, Time share and Second Home Development;
- International Business Centre;
- Marinas;
- Information and Data Processing Services;
- Assembly Industries;
- High-Tech Services;
- Ship Repair and other services;
- Light Manufacturing for export;
- Agro-Industries;
- Food Processing;
- Mariculture;
- Banking and other Financial Services;
- Captive Insurance;

- Aircraft Services;
- Pharmaceutical manufacture; and
- Off-shore Medical Centres.

### **Local Partners in Joint Ventures**

International investors are encouraged to establish joint ventures with Bahamian partners. The choice of such Bahamian partners is at the absolute discretion of the investor.

### **Areas reserved for Bahamians**

- Wholesale and Retail Operations;
- Commission agencies engaged in the import / export trade;
- Real estate and domestic property management agencies;
- Domestic newspapers and magazine publications;
- Domestic advertising and public relations firms;
- Nightclubs and restaurants, except specialty, gourmet and ethnic restaurants, restaurants operating in a hotel, resort complex or tourist attraction;
- Security services;
- Domestic distribution of building supplies;
- Construction companies, except for special structures for which international expertise is required;
- Personal cosmetic / beauty establishments;

- Shallow water scale-fish, crustacea, mollusks and sponge-fishing operations;
- Auto and appliance service operations; and
- Public transportation. International investors may engage in the wholesale distribution of any product they produce locally.

## **TRINIDAD AND TOBAGO**

Trinidad and Tobago has an open investment climate. Since 1992, the government of Trinidad and Tobago has eliminated almost all investment barriers and continues to welcome foreign investors.

### **Sectors Mainly Targeted for Investment**

With proven success in the energy sector, and a country-wide commitment to growth, sustainability, and business excellence, the Republic of Trinidad and Tobago is opening its doors to partnership with select businesses in the petrochemicals, film, fish and fish processing, food and beverage, information and communications technology, yachting, printing and packaging, music and entertainment, and merchant marine industries.

### **Investment Incentives**

Investment incentives are coordinated through the Ministry of Trade and

Industry. The Ministry of Trade and Industry will assist investors in applying for approval of investment incentives.

There are various investment incentives:

- Concessions from import duty on raw materials, machinery, and equipment for approved industrial projects;
- Exemption from corporation tax on profits, and from tax on dividends (under the Fiscal Incentives Act and Tourism Development Act);
- Loss write-off provisions;
- Training subsidies for developing new skills;
- Provision of industrial sites and developed industrial accommodation;
- Export credit insurance;
- Double taxation relief;
- Exemption from Value Added Tax on inputs for companies exporting 80 percent of production;
- Free Zones under Act 19 of 1988; and
- Incentives in some cases are available only to locally incorporated companies or locally owned companies.

### **Import Duty Concessions**

The Government of the Republic of Trinidad and Tobago offers incentives

to local and foreign investors and local manufacturers for undertaking certain investment projects. Section 56 of the Customs Act provides for import duty concessions to encourage industrial development, promote investment, and facilitate trade. Locally-based manufacturers are eligible to be granted import duty concessions to assist with reducing their production costs.

### **Free Zones**

Free Zone incentives have been developed in Trinidad and Tobago to promote the establishment of companies in Trinidad and Tobago that export the majority of their goods and services. Free Zone companies generally produce large volumes of goods or services and therefore offer potential to improve employment in this country. Enterprises are approved by the Free Zones Company to operate in areas designated as free zones. The criteria for approval include:

- A company incorporated or registered in Trinidad and Tobago,
- Job creation,
- New investment,
- Development of skills, and
- Access to overseas markets.

Primary petroleum and natural gas projects or production activities in which petroleum, natural gas or petrochemicals are a major input and projects involving investment

in excess of US\$ 50 mn would not qualify for free zone approval.

### **JAMAICA**

Jamaica's strength as an investment location is grounded in a number of factors, namely its large English speaking population, its competitively priced labour force, accessibility to a diverse labour pool, and its ideal location for trading with the rest of the Western Hemisphere. Its proximity to the United States, its historic and emerging relationship with the Latin American bloc and its proximity to the Panama Canal are noted as advantages. Additionally, the island is served by an abundance of natural resources and a well-developed infrastructure.

Jamaica maintains a liberal trade regime, and together with the generous fiscal and market incentives available, has proven attractive to investors. There are no restrictions on the movement of capital, profits and dividends. There are virtually no exchange controls, and no approval is required for repatriation of profits and dividends.

### **Sectors Mainly Targeted for Investment**

- *Agro-processing:* Canned vegetables and canned fruits present good opportunities for investment in the food-processing sector;

- *Food Processing, Beverages and Tobacco;*
- *Furniture manufacturing;*
- *Chemicals and chemical products:* Reference is being made particularly to aluminium sulphate, detergents and paints;
- *Boat Building:* In particular, interest has been expressed in the manufacturing of hovercrafts and other sea going equipment; and
- *Bio-technology:* Jamaica is blessed with a number of indigenous herbs which can be used in the promotion of health and wellness. The research facilities available at various institutions coupled with a highly educated and skilled workforce augurs well for a significant return on investment in areas such as the bio-pharmaceuticals industry.

## **Investment Incentives**

### ***Foreign Sales Corporation Act***

Exporters may obtain substantial tax benefits by establishing a Foreign Sales Corporation. A Foreign Sales Corporation is essentially a company incorporated in a foreign country that the United States qualifies as a host country. Foreign Sales Corporations are allowed to earn tax exemption on exports to the USA. As an incentive for exporting, this Act provides relief from the Common External Tariff and the General Consumption Tax on

equipment, machinery and materials coming into the country. In addition, it provides for up to five years income tax relief.

### ***International Financial Companies Act***

In an effort to promote offshore banking facilities, the Jamaican Government has provided international financial companies with income tax relief on both profits and capital gains.

### ***Jamaica Export Free Zone Act***

Before a manufacturer can take advantage of the concessions made available by this Act, their company must be incorporated or registered under the Companies Act. A company can operate within the designated Free Zone area or outside as a single entity in the customs territory. In order for firms outside the Free Zone complex to benefit under the single entity free-zone status, the company must be registered according to the provisions of the Companies Act<sup>76</sup> and export at least 85 percent of its production.

The 'free-zone' status enables manufacturers and service providers (in the case of informatics free zones) to benefit from the exemption from income tax on profits in perpetuity, as well as import duties and licensing. Furthermore, there exists a special provision under this Act, which permits the repatriation of foreign exchange

by overseas investors to its parent company without any form of recourse on the part of the Government.

## **ANTIGUA AND BARBUDA**

### **Investment Incentives**

Antigua and Barbuda welcomes foreign investment and provides a hospitable environment and generous incentives to encourage such investment. While the Government intervenes in the economy as a regulator in some instances, the private sector is the dominant force in the economy. The government is committed to upholding the principle of free enterprise and this pledge is hared by the main political parties. Successive governments have respected the agreements and commitments made between previous administrations and investors.

No investor has ever had assets nationalised or been forced to leave the island. Under the Island's constitution, property can only be nationalised in exceptional circumstances and even in such cases the country's constitution demands that fair compensation must be determined by an independent authority and must be paid promptly.

The legal basis for Antigua and Barbuda's tax holidays for investors is codified on the Fiscal Incentives Act. The length of the 'holiday' depends on the amount of value added in Antigua and Barbuda. The definition of local value added is the amount realised

from the sales of the product over a continuous period of 12 months, minus:

- a) Cost of imported raw materials, components, parts of components, fuels and services;
- b) Wages and salaries paid to foreign nationals;
- c) Profits and dividends distributed to foreign nationals;
- d) Interest, management charges and other income payments to non-residents (including companies); and
- e) Depreciation of imports of plant, machinery and equipment.

The government offers numerous concessions to investors, particularly if the investment is substantial. Typical concessions include:

- Freedom from the payment of Corporate Tax on the profits arising out of the profitable operations of the company for a period of 15 years in the first instance which is eligible for renewal for a further 15 years;
- Waiver of all import duties on the import of materials and equipment used in the operations of the company; and
- Grant of an export allowance in the form of an extended tax holiday on the export of goods produced in Antigua and Barbuda.



## **Taxation**

### ***Corporation tax:***

Incorporated, registered or continued companies are charged a 40 percent tax on profit. Unincorporated businesses pay a 2 percent tax on gross income. However, the first US\$ 4,166 of gross income in any calendar month is exempted.

### ***Property tax:***

Residential - tax on residential properties is based on the current construction replacement cost of the property. In addition, there is a surcharge (0-20 percent) depending on zoning regulations.

Commercial - hotels are taxed at a rate of 1/5 of 1 percent of their taxable value. Other commercial properties must pay 3/4 of 1 percent taxable income.

### ***Export duties:***

Antigua and Barbuda does not impose any export duties, except for those on lobsters, sea island cotton, sugar, molasses and fish.

## **SURINAME**

### ***Investment policy***

The investment Law of 2001, the Mining Decree and the Raw material Act provide investment facilities, such as:

- Amortization if the value of the investment is at least US\$ 5,000;
- Investment tax deduction of 20 percent in case of an investment of at least US\$ 20,000;
- Tax consolidation: reduction of the tax liability of a parent company by losses incurred by a fully owned subsidiary. This incentive is granted for a period of five years;
- Income tax exemption can only be granted for substantial investments based on invested capital, job creation and the degree of foreign currency generating capacity. This facility can only be granted in conjunction with the exemption of import duties on business assets. The exemption expires in case total profits exceed twice the amount of the invested capital in business assets. This facility is granted for 10 years;
- Exemption from payment of customs duties and turnover taxes with respect to the import of capital goods worth at least US\$ 10,000 or of goods worth at least US\$ 5,000 which are used in the production of capital goods;
- There is no economic or industrial strategy that has a discriminatory effect on foreign-owned investments, with the exception of the oil sector, which law dictates is to be state-owned. The State Oil Company is granted sole ownership of all the country's oil and related activities.

Access to this sector is possible, however, through exploration and production-sharing agreements with the State Oil Company. No other sector requires, under Suriname law, state or local ownership. The only requirement is that the foreign company register itself also operating in Suriname;

- There are no limits on foreign ownership or control of a company. Like local companies, foreign companies must register with the local Chamber of Commerce and Industry in Suriname. When registered as a local company with foreign ownership, the local operation is considered a branch operation; and
- Companies from the CARICOM have most favoured nation (MFN) status over other foreign investors; however, in light of the need for foreign investment in most Caribbean economies, it is highly unlikely that larger

international firms would be denied investment opportunities in order to accommodate smaller regional companies.

### **Right to Private Ownership and Establishment**

Foreign and domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activity. Once private entities have registered their business with the Chamber of Commerce they have the right to freely acquire and dispose of interests as they see fit. Competitive equality is the standard applied in competition between private enterprises and public enterprises with respect to access to markets, credit, and other business operations, such as licenses and supplies. In practice, private enterprises even have better access to markets and credit since they are more flexible and have a less bureaucratic decision-making hierarchy.

## **7. CARICOM AND THE AMERICAS**

CARICOM's trade relations with the Western hemisphere have undergone significant changes over the last decade. During this period CARICOM's trade with its hemispheric partners noticeably increased as a percentage of its trade with the world as a whole. In 1996, Heads of Government of CARICOM agreed to give priority to negotiating free trade agreements with select countries in the Western Hemisphere.

### **CARICOM AND THE UNITED STATES**

#### **Caribbean Basin Initiative (CBI)**

The trade programs known collectively as the Caribbean Basin Initiative (CBI) remain a vital element in the United States' economic relations with its neighbors in Central America and the Caribbean. The CBI is intended to facilitate the economic development and export diversification of the Caribbean Basin economies. Initially launched in 1983 through the Caribbean Basin Economic Recovery Act (CBERA), and subsequently expanded in 2000 through the US-

Caribbean Basin Trade Partnership Act (CBTPA), the CBI currently provides 19 beneficiary countries with duty-free access to the US market for most goods.

CBTPA entered into force on October 1, 2000 and was to continue in effect until September 30, 2008 or the date, if sooner, on which the Free Trade Area of the Americas (FTAA) or another free trade agreement as described in legislation enters into force between the United States and a CBTPA beneficiary country. However, in June 2008, CBTPA has been extended until 2010 and will allow for continued opportunities in the Caribbean region.

There are currently nineteen countries that benefit from the CBI program and, therefore, may potentially benefit from CBTPA. These countries are: Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Costa Rica, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Netherlands Antilles, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago.

## **CARICOM-CANADA AGREEMENT**

Discussions on new trading arrangements commenced as far back as 2001 in a Canada/CARICOM Summit held in Montego Bay, Jamaica. In July 2004, CARICOM Heads of Government mandated the Caribbean Regional Negotiating Machinery (CRNM) to proceed with preparations for and commencement of formal negotiations with Canada.

The Caribbean region has a long history of trade and cultural ties with Canada. A 2001 survey revealed that there were more than 530,000 people of Caribbean origin living in Canada compared to 256,000 from the whole of Latin America. In 2007, two-way merchandise trade between CARICOM and Canada totalled C\$ 1.4 billion of which there was a positive balance in favour of CARICOM of C\$ 688 mn. Leading CARICOM exports to Canada are gold, alumina/bauxite, fisheries and agri-food products, mineral fuels, petroleum oils, steel rods and industrial chemicals.

By comparison, the CARICOM countries offer Canadian companies a growing market for computers and components, and telecommunications equipment. Canadian investments in the region, centred

in the financial, mining and energy sectors, making CARICOM the third most important investment destination after the United States and the United Kingdom. It is also significant that Canadian firms are estimated to win some C\$ 200 mn in consulting and engineering contracts in the Caribbean annually. Leading Canadian exports to the region include fisheries and agri-food products, telecommunications equipment, computers, paper (including newsprint), furniture and pharmaceuticals.

Trade and economic co-operation between most CARICOM members and Canada are currently covered under a number of instruments: CARIBCAN, a non-reciprocal preferential agreement granted by Canada for goods; the 1979 CARICOM-Canada Trade and Economic Co-operation Agreement and its Protocols, including the 1998 Protocol on Rum; and Bilateral Investment Treaties with Barbados and Trinidad and Tobago. Within the CARIBCAN agreement, approximately 96 percent of imports from the Commonwealth Caribbean Countries enter Canada duty-free. Items exempted under the arrangement include some textiles, clothing and footwear, as well as certain agricultural products including products subject to tariff rate quotas. Canada and CARICOM also have

in place a Trade and Economic Cooperation Agreement, which offers a general framework for dialogue and bilateral cooperation.

CARIBCAN's relative preferential value has been reduced since it was first introduced in 1986 due to progressive market liberalisation by Canada as a result of negotiations and/or unilateral initiatives. In addition, CARIBCAN's coverage is limited to trade in goods and does not extend to trade in services, which accounts for a growing proportion of CARICOM- Canada trade, in particular for Jamaica, the Bahamas and Barbados. However, in December 2006, the WTO has granted a five-year renewal to the WTO waiver for CARIBCAN.

CARICOM's objectives in an enhanced trade arrangement with Canada are to:

- a. preserve, build-on and broaden the scope of the current instruments of trade and economic co-operation;
- b. where possible, deepen disciplines to improve market access for CARICOM exports of goods and services;
- c. broaden the country coverage to include all CARICOM states;

- d. stimulate increased flows of Canadian investment into the region; and
- e. provide a comprehensive framework for development co-operation initiatives.

#### **CARICOM-Costa Rica:**

The most recently concluded bilateral agreement between CARICOM and a third country in the wider Caribbean region is the CARICOM-Costa Rica trade pact that was signed on March 15, 2003, by the two sides. The Agreement provides for free trade or preferential access for a wide range of products. Some sensitive products have been excluded. A special list of products will be granted differentiated market access between Costa Rica and each of the CARICOM MDCs<sup>1</sup>.

#### **CARICOM-Dominican Republic:**

The CARICOM-Dominican Republic (DR) Agreement provisionally entered into force in December 2001. The Agreement between CARICOM and the Dominican Republic is based on reciprocity with the five CARICOM MDCs and non-reciprocity with the LDCs until the year 2005. It provides for the asymmetrical application of the reciprocity principle as CARICOM LDCs are not required to reciprocate treatment.

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<sup>1</sup> More Developed Countries

In August 2005, it was decided by the CARICOM – DR Joint Council that negotiating groups on Intellectual Property Rights and Services would be established with a view to implementing the built-in agenda component CARICOM- DR FTA.

Further development on these trade negotiations has been deferred until after the completion of the negotiation of a Trade and Development Agreement between CARICOM and Canada.

#### **CARICOM-Colombia:**

CARICOM has also negotiated some reciprocity in the trade elements of the Agreement on Trade and Technical Cooperation with the Government of the Republic of Colombia, through a Protocol amending the original Agreement, ratified in May 1998. The first bilateral agreement between CARICOM and Colombia was secured in July 1994. The CARICOM/ Colombia Agreement began as a non-reciprocal agreement but had to provide for a level of reciprocity to Colombia after a period of four years.

#### **CARICOM-Venezuela:**

CARICOM has also a bilateral trade agreement with Venezuela. The CARICOM-Venezuela Trade and Investment Agreement was signed in October 1992 and became effective on 1 January 1993.

### **CARIFORUM – EUROPEAN COMMISSION (EC) ECONOMIC PARTNERSHIP AGREEMENT (EPA)**

The Cariforum-EC EPA was initiated in Barbados in December 2007 by the Principal Negotiators representing the two regions. The Agreement has been signed between the two regions on October 15, 2008 and is expected to promote regional integration in the Caribbean. The EPA includes a package of measures to stimulate trade, investment and innovation, and to promote sustainable development, build a regional market among Caribbean countries and help eliminate poverty. The EPA is a binding international agreement that fully complies with WTO rules and provides security for Caribbean traders and investors. The deal includes chapters on trade in goods; trade in services; investment; competition; innovation and intellectual property, public procurement and development aid. Some key benefits of the EPA include:

- a. Offers up front access to EU markets for Caribbean exports;
- b. Allows Caribbean markets to open gradually with extensive safeguards to protect local jobs and sensitive sectors;
- c. Frees up trade in the services sector to promote growth and investment;

- d. Promotes cooperation in innovation programmes;
- e. Protects labour and environment standards in the Caribbean; and
- f. Helps Caribbean exporters meet EU and international standards.

The EPA will mean much closer cooperation and dialogue between the two regions on all these issues and is backed with substantial EU development aid. EU financing plans are in place and being developed further, including participation in a regional fund to help implement the EPA.

Despite having initialled the agreement, Haiti did not sign the

EPA due to specific concerns in that country. Haiti already benefits from free access to European markets as a Least Developed Country (LDC) and will continue to do so. The EU pledged to work with the Haitian government and other Caribbean partners to ensure that the conditions for Haiti to join the EPA are in place soon. Guyana also did not sign the agreement, but intends to sign the agreement soon.

The Cariforum-EC EPA being a part of wider African Caribbean and Pacific Group of States-European Union (ACP-EU) partnership, the CARIFORUM-EC EPA<sup>2</sup> takes into account the overall principles and objectives of the Cotonou Agreement.

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<sup>2</sup> Details of CARIFORUM-EC EPA are presented in Annexure I.

## 8. INDIA'S TRADE AND INVESTMENT RELATIONS WITH CARICOM COUNTRIES

India's bilateral trade with CARICOM countries has witnessed a healthy growth in recent years. India's total trade with the CARICOM countries has risen fourteen-folds from US\$ 85.5 mn in 2003-04 to US\$ 1,195 mn in 2009-10, reflecting rise in both India's exports to and reflecting imports from CARICOM countries. (**Table 8.1 and Chart 8.1**).

India's exports to the CARICOM countries have risen from US\$ 61.5 mn in 2003-04 to US\$ 1,122.6 mn

in 2009-10, registering a compound annual growth rate of 51.3 percent during the period. India's imports from the CARICOM region have also witnessed a rise from US\$ 24.0 mn in 2003-04 to US\$ 271.0 mn in 2007-08, but has declined to US\$ 194.9 mn in 2008-09, further falling to US\$ 72.5 mn in 2009-10, underlined by the sharp decline in imports from Trinidad and Tobago, St. Vincent and the Grenadines, and Jamaica during the period due to a decrease in demand on account of the global financial crisis.

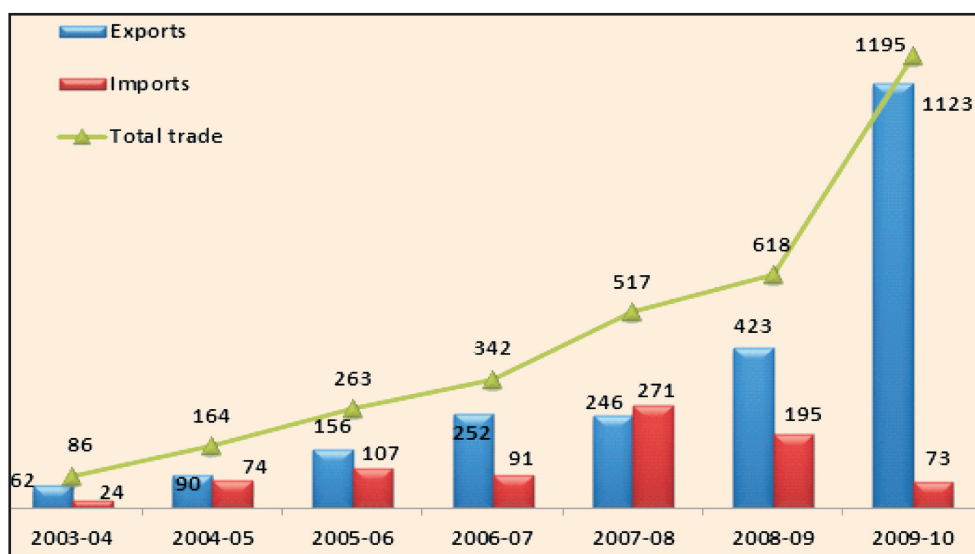
**TABLE 8.1 : INDIA'S TRADE WITH CARICOM REGION, 2003-04 TO 2009-10 (US\$ mn)**

|                                    | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Exports                            | 61.5    | 90.2    | 156.4   | 251.5   | 246.2   | 423.4   | 1,122.6 |
| Imports                            | 24.0    | 73.9    | 107.0   | 90.5    | 271.0   | 194.9   | 72.5    |
| Total trade<br>(exports + imports) | 85.5    | 164.0   | 263.4   | 342.1   | 517.3   | 618.2   | 1,195.0 |
| Trade Balance                      | 37.5    | 16.3    | 49.3    | 161.0   | -24.8   | 228.5   | 1,050.1 |

Source: Directorate General of Commercial Intelligence and Statistics (DGCIS), Ministry of Commerce and Industry (MOCI), Government of India



**CHART 8.1: TRENDS IN INDIA'S TRADE WITH CARICOM COUNTRIES,  
2003-04 TO 2009-10 (US\$ mn)**



Source: DGCIS, GOI

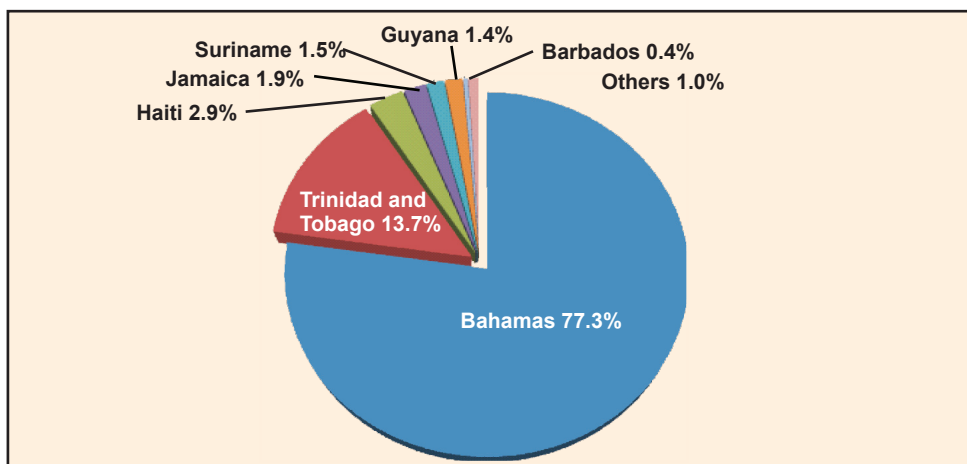
Among the CARICOM countries, The Bahamas is the leading market for India's exports, accounting for 77 percent of India's total exports to the region during 2009-10.

Other major export destinations of India in the region are Trinidad and Tobago, Haiti, Jamaica, Suriname Guyana, and Barbados (**Table 8.2 and Chart 8.2**).

**TABLE 8.2 : INDIA'S EXPORTS TO CARICOM REGION,  
2003-04 TO 2009-10 (US\$ mn)**

|   | 2003-04      | 2004-05      | 2005-06       | 2006-07       | 2007-08       | 2008-09       | 2009-10         |
|---|--------------|--------------|---------------|---------------|---------------|---------------|-----------------|
| Bahamas                                 | 3.23         | 5.55         | 9.35          | 61.15         | 17.57         | 2.25          | 867.42          |
| Trinidad and Tobago                     | 19.65        | 28.91        | 66.63         | 108.00        | 136.09        | 312.93        | 153.49          |
| Haiti                                   | 8.57         | 10.18        | 16.32         | 21.69         | 26.71         | 44.30         | 33.05           |
| Jamaica                                 | 9.06         | 13.42        | 25.85         | 20.12         | 24.68         | 22.52         | 20.80           |
| Suriname                                | 3.74         | 17.57        | 15.66         | 16.63         | 11.26         | 13.86         | 16.56           |
| Guyana                                  | 4.77         | 6.86         | 11.15         | 13.14         | 13.61         | 12.10         | 16.27           |
| Barbados                                | 1.18         | 1.74         | 2.31          | 2.66          | 2.52          | 3.84          | 4.31            |
| Dominica                                | 2.19         | 2.03         | 2.62          | 2.84          | 2.94          | 2.61          | 2.97            |
| Belize                                  | 2.76         | 1.00         | 2.67          | 1.57          | 6.13          | 2.86          | 2.47            |
| Saint Kitts and Nevis                   | 0.31         | 0.49         | 0.41          | 0.39          | 0.54          | 0.70          | 1.47            |
| Antigua and Barbuda                     | 4.55         | 1.05         | 1.13          | 1.41          | 1.86          | 2.86          | 1.46            |
| Saint Lucia                             | 0.41         | 0.47         | 0.73          | 0.66          | 0.54          | 1.08          | 1.19            |
| Grenada                                 | 0.59         | 0.23         | 0.87          | 0.78          | 1.25          | 0.45          | 0.65            |
| Saint Vincent                           | 0.09         | 0.25         | 0.41          | 0.34          | 0.47          | 0.81          | 0.36            |
| Montserrat                              | 0.35         | 0.40         | 0.25          | 0.16          | 0.07          | 0.20          | 0.12            |
| <b>India's total exports to CARICOM</b> | <b>61.45</b> | <b>90.15</b> | <b>156.36</b> | <b>251.54</b> | <b>246.24</b> | <b>423.37</b> | <b>1,122.59</b> |

Source: DGCIS, MOCI

**CHART 8.2: INDIA'S EXPORTS TO CARICOM REGION, 2009-10 (Percent Share)**

Source: DGCIS, MOCI

As regards imports from the CARICOM, Trinidad and Tobago is the leading import source, accounting for 79 percent of India's total imports from the region during 2009-10. Due to the dominant share of Trinidad and Tobago, India's trade with CARICOM

region has been in line with the trend in trade with Trinidad and Tobago. India's major import sources in the CARICOM region, besides Trinidad and Tobago, are Guyana, Suriname, Haiti, Saint Vincent, and Jamaica (**Table 8.3 and Chart 8.3**).

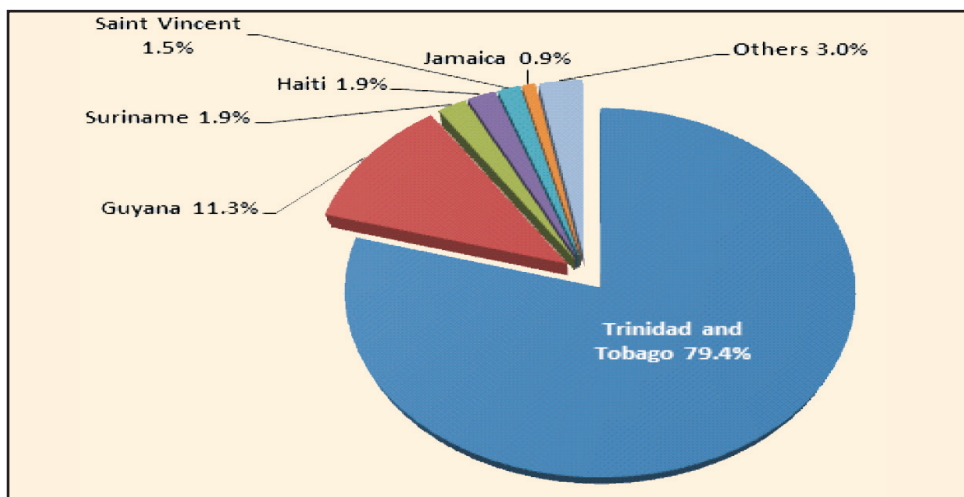
**TABLE 8.3: INDIA'S IMPORTS FROM CARICOM REGION, 2003-04 to 2009-10 (US\$ mn)**

|   | 2003-04      | 2004-05      | 2005-06       | 2006-07      | 2007-08       | 2008-09       | 2009-10      |
|---|--------------|--------------|---------------|--------------|---------------|---------------|--------------|
| Trinidad and Tobago                       | 7.37         | 13.95        | 1.82          | 50.82        | 174.36        | 102.13        | 57.52        |
| Guyana                                    | 11.94        | 7.16         | 21.25         | 14.75        | 15.84         | 10.94         | 8.21         |
| Suriname                                  | 0.51         | 0.96         | 6.48          | 1.1          | 0.85          | 1.17          | 1.41         |
| Haiti                                     | 0.48         | 1.02         | 0.29          | 1.13         | 1.96          | 1.78          | 1.39         |
| Saint Vincent                             | 1.95         | 2.3          | 74.23         | 2.36         | 35.96         | 6.55          | 1.1          |
| Jamaica                                   | 0.92         | 2.65         | 2.14          | 0.6          | 23.18         | 1.1           | 0.66         |
| Saint Lucia                               | -            | -            | 0.01          | -            | 3.83          | 27.19         | 0.51         |
| Dominica                                  | 0.11         | 0.34         | 0.17          | 0.37         | 1.06          | 0.63          | 0.49         |
| Bahamas                                   | 0.07         | 45.38        | 0.21          | 12.12        | 0.24          | 43.02         | 0.48         |
| Belize                                    | -            | 0.01         | 0.03          | 5.9          | 13.44         | 0.1           | 0.37         |
| Barbados                                  | 0.05         | 0.01         | 0.04          | 0.15         | 0.03          | 0.08          | 0.2          |
| Grenada                                   | 0.12         | 0.04         | 0.16          | 0.07         | 0.02          | 0.07          | 0.07         |
| Saint Kitts and Nevis                     | -            | -            | 0.01          | -            | 0.09          | -             | 0.03         |
| Antigua and Barbuda                       | 0.46         | 0.01         | 0.12          | 1.12         | 0.06          | 0.08          | 0.01         |
| Montserrat                                | 0.02         | 0.02         | 0.06          | 0.05         | 0.1           | 0.01          | -            |
| <b>India's total imports from CARICOM</b> | <b>24.00</b> | <b>73.85</b> | <b>107.02</b> | <b>90.54</b> | <b>271.02</b> | <b>194.85</b> | <b>72.45</b> |

- : Not available

Source: DGCIS, MOCI

**CHART 8.3: INDIA'S IMPORTS FROM CARICOM REGION, 2009-10 (Percent Share)**



Source: DGCIS, MOCI

## TRADE WITH SELECT CARICOM MEMBER COUNTRIES

### THE BAHAMAS

The Bahamas is India's largest export destination in the CARICOM region, with a share of 77.3 percent in the total exports to the region. India's exports to the Bahamas have increased from US\$ 3.2 mn in 2003-04 to US\$ 867.42

mn in 2009-10, primarily as result of a very sharp increase in exports of petroleum products in 2009-10. Petroleum product is India's largest export item to the Bahamas in 2009-10, accounting for 95 percent of total export to that country. Other major items in the export basket of India to the Bahamas include gems and jewellery, pharmaceutical products and electronic goods (**Table 8.4**).

**TABLE 8.4: INDIA'S EXPORTS TO THE BAHAMAS, 2003-04 to 2009-10 (US\$ mn)**

|                             | 2003-04     | 2004-05     | 2005-06     | 2006-07      | 2007-08      | 2008-09     | 2009-10       |
|-----------------------------|-------------|-------------|-------------|--------------|--------------|-------------|---------------|
| <b>All Commodities</b>      | <b>3.23</b> | <b>5.55</b> | <b>9.35</b> | <b>61.15</b> | <b>17.57</b> | <b>2.25</b> | <b>867.42</b> |
| Petroleum products          | -           | -           | -           | 0.07         | 11.58        | 0.48        | 832.58        |
| Gems & jewellery            | 0.11        | 3.91        | 6.49        | 6.92         | 0.23         | 0.07        | 19.45         |
| Pharmaceuticals & chemicals | 0.94        | 0.43        | 0.52        | 0.8          | 0.28         | 0.76        | 0.8           |
| Electronic goods            | -           | 0.01        | -           | 0.04         | 0.06         | -           | 0.27          |
| Footwear of leather         | -           | -           | -           | 0.02         | 0.05         | 0.27        | 0.25          |
| Machinery & instruments     | 0.19        | 0.55        | 0.75        | 0.24         | 0.59         | 0.06        | 0.11          |
| Meat & preparations         | 0.04        | -           | -           | 0.01         | 0.04         | -           | 0.08          |
| Tobacco manufactured        | -           | -           | 0.02        | 0.01         | 0.01         | 0.04        | 0.06          |
| Glass/glassware/ ceramics   | 0.01        | -           | -           | 0.06         | 0.02         | 0.08        | 0.06          |
| Processed minerals          | 0.01        | 0.02        | -           | 0.03         | 0.04         | 0.04        | 0.04          |

- : Not available

Source: DGCIS, MOCI

India's imports from the Bahamas show a fluctuating trend during the recent past. In 2004-05, India's imports from the Bahamas have increased to US\$ 45.4 mn from US\$ 0.07 mn in 2003-04, due to large imports of transport equipment, while in 2005-06 imports fell again sharply to US\$ 0.2 mn. Though imports have increased to US\$ 43.02 mn in 2008-09, as a result of large imports of transport equipment, it fell again to US\$ 0.48 mn in 2009-10 (**Table 8.5**).

### TRINIDAD AND TOBAGO

In the CARICOM region, Trinidad and Tobago is India's second largest market, accounting for 13.7 percent of India's total exports to the CARICOM region during 2009-10. Exports to Trinidad and Tobago decreased from US\$ 312.9 mn in 2008-09 to US\$ 153.5 mn in 2009-10 mainly as a result of decrease in exports of petroleum products,

which had registered a significant rise during the period 2005-06 to 2008-09 from US\$ 18.02 mn to US\$ 208.1 mn in 2008-09, but declined to US\$ 38.96 mn in 2009-10. Manufactures of metals are the largest items in India's exports basket to Trinidad and Tobago, with a share of 49 percent of total exports during 2009-10, followed by petroleum products, primary & semi-finished iron & steel, pharmaceutical products and plastic & linoleum products (**Table 8.6**).

Exports of manufactures of metals to Trinidad and Tobago have increased from US\$ 1.6 mn in 2003-04 to US\$ 71.9 mn in 2009-10. Other major export commodities such as primary and semi-finished iron and steel have registered a rise from US\$ 0.05 mn in 2003-04 to US\$ 9.9 mn in 2009-10, while exports of pharmaceutical products have increased from US\$ 2.7 mn to US\$ 8.1 mn in 2008-09, but declined to US\$ 7 mn in 2009-10.

**TABLE 8.5: INDIA'S IMPORTS FROM THE BAHAMAS, 2003-04 TO 2009-10 (US\$ mn)**

|                                  | 2003-04     | 2004-05      | 2005-06     | 2006-07      | 2007-08     | 2008-09      | 2009-10     |
|----------------------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| <b>All Commodities</b>           | <b>0.07</b> | <b>45.38</b> | <b>0.21</b> | <b>12.12</b> | <b>0.24</b> | <b>43.02</b> | <b>0.48</b> |
| Metaliferrous ores & metal scrap | -           | -            | 0.1         | 0.16         | 0.1         | 0.53         | 0.25        |
| Transport equipment              | -           | 45.33        | -           | 7.9          | -           | 40.16        | -           |
| Pulp & waste paper               | -           | -            | -           | 0.08         | -           | -            | -           |
| Non-ferrous metals               | -           | -            | 0.05        | 0.17         | 0.07        | 0.11         | -           |

- : Not available

Source: DGCIS, MOCI

**TABLE 8.6: INDIA'S EXPORTS TO TRINIDAD AND TOBAGO,  
2003-04 TO 2009-10 (US\$ mn)**

|   | 2003-04      | 2004-05      | 2005-06      | 2006-07    | 2007-08       | 2008-09       | 2009-10       |
|---|--------------|--------------|--------------|------------|---------------|---------------|---------------|
| <b>All Commodities</b>                      | <b>19.65</b> | <b>28.91</b> | <b>66.63</b> | <b>108</b> | <b>136.09</b> | <b>312.93</b> | <b>153.49</b> |
| Manufactures of metals                      | 1.55         | 3.26         | 3.88         | 4.26       | 4.15          | 57.27         | 71.88         |
| Petroleum products                          | -            | -            | 18.02        | 63.43      | 92.47         | 208.07        | 38.96         |
| Primary & semi-finished iron & steel        | 0.05         | 3.22         | 4.71         | 8.27       | 5.87          | 10.03         | 9.89          |
| Pharmaceuticals & chemicals                 | 2.68         | 3.85         | 5.82         | 4.29       | 7.72          | 8.1           | 6.95          |
| Plastic & linoleum products                 | 1.76         | 1.01         | 2.17         | 4.72       | 2.3           | 2.74          | 3.23          |
| Ferro alloys                                | -            | -            | -            | -          | -             | -             | 2.34          |
| Machinery & instruments                     | 2.36         | 1.95         | 4.25         | 5.6        | 4.52          | 4.7           | 1.74          |
| Manmade yarn fabrics madeups                | 0.6          | 0.83         | 1.06         | 1.14       | 1.18          | 1.14          | 1.68          |
| Cashew                                      | 0.23         | 0.63         | 1.31         | 1.4        | 1.71          | 1.99          | 1.65          |
| Readymade garments cotton incl. accessories | 1.39         | 1.39         | 1.49         | 2.04       | 1.37          | 1.77          | 1.58          |
| Readymade garments manmade fibres           | 0.44         | 0.85         | 0.67         | 1.5        | 1.81          | 1.88          | 1.57          |

- : Not available

Source: DGCIS, MOCI

As regards imports, Trinidad and Tobago is the largest source of imports for India in the CARICOM region with a share of 79.4 percent in 2009-10. Imports from Trinidad and Tobago steadily decreased from US\$ 174.36 mn in 2007-08 to US\$ 57.5 mn in 2009-10, as a result of steady fall in imports of petroleum crude during

the period. Petroleum crude is the major commodity, which dominates the import basket from Trinidad and Tobago, with a share of 84 percent of total imports from the country in 2009-10 (**Table 8.7**). Inorganic chemicals, the second largest import item from Trinidad and Tobago, have also registered a rise from US\$ 3.2 mn in 2004-05 to US\$ 7.5 mn in 2009-10.

**TABLE 8.7: INDIA'S IMPORTS FROM TRINIDAD AND TOBAGO,  
2003-04 TO 2009-10 (US\$ mn)**

|                                  | 2003-04     | 2004-05      | 2005-06     | 2006-07      | 2007-08       | 2008-09       | 2009-10      |
|----------------------------------|-------------|--------------|-------------|--------------|---------------|---------------|--------------|
| <b>All Commodities</b>           | <b>7.37</b> | <b>13.95</b> | <b>1.82</b> | <b>50.82</b> | <b>174.36</b> | <b>102.13</b> | <b>57.52</b> |
| Petroleum crude                  | -           | -            | -           | 49.82        | 172.59        | 98.07         | 48.36        |
| Inorganic chemicals              | -           | 3.21         | -           | -            | -             | -             | 7.49         |
| Metaliferrous ores & metal scrap | 0.78        | 0.61         | 1.79        | 0.86         | 1.71          | 3.87          | 1.42         |
| Wood & wood products             | 0.04        | -            | -           | -            | -             | 0.01          | 0.08         |
| Non-electrical machinery         | 0.03        | -            | -           | -            | -             | 0.03          | 0.07         |
| Pulp & waste paper               | -           | 0.01         | -           | 0.03         | 0.02          | -             | 0.05         |

- : Not available

Source: DGCIS, MOCI

## HAITI

In recent year's India's exports to Haiti have registered a consistent rise from US\$ 8.6 mn in 2003-04 to US\$ 44.3 mn in 2008-09 before declining to US\$ 33.1 mn in 2009-10. In 2009-10, Haiti accounts for 3 percent of India's total exports to the CARICOM region. Haiti is India's

third largest export destination in the CARICOM region after Bahamas and Trinidad and Tobago. In 2009-10, pharmaceutical products accounted for 31.5 percent of India's total exports to Haiti. Other major export items are cosmetics/toiletries, rubber manufactured products, and plastic and linoleum products in the same year (**Table 8.8**).

**TABLE 8.8: INDIA'S EXPORTS TO HAITI, 2003-04 TO 2009-10 (US\$ mn)**

|                                      | 2003-04     | 2004-05      | 2005-06      | 2006-07      | 2007-08      | 2008-09     | 2009-10      |
|--------------------------------------|-------------|--------------|--------------|--------------|--------------|-------------|--------------|
| <b>All Commodities</b>               | <b>8.57</b> | <b>10.18</b> | <b>16.32</b> | <b>21.69</b> | <b>26.71</b> | <b>44.3</b> | <b>33.05</b> |
| Pharmaceuticals & chemicals          | 3.6         | 4.47         | 9.91         | 9.29         | 7.41         | 10.39       | 10.4         |
| Cosmetics/toiletries                 | 1.15        | 1.57         | 2.23         | 2.43         | 3.18         | 4.2         | 5.47         |
| Rubber manufactured products         | 0.76        | 1.29         | 1.79         | 3.67         | 3.91         | 3.52        | 3.44         |
| Plastic & linoleum products          | 0.39        | 0.55         | 0.61         | 1.41         | 1.4          | 1.71        | 2.28         |
| Misc. processed items                | 0.03        | 0.04         | -            | 0.27         | 5.22         | 12.36       | 2.12         |
| Primary & semi-finished iron & steel | 0.04        | 0.04         | 0.14         | -            | 0.18         | 0.08        | 2.01         |
| Paints/enamels/ varnishes            | 0.38        | 0.86         | 0.43         | 1.21         | 1.17         | 1.02        | 1.81         |
| Manufactures of metals               | 0.28        | 0.36         | 0.43         | 1.31         | 0.7          | 1.11        | 1.26         |
| Inorganic/organic/agro chemicals     | 0.32        | 0.03         | 0.1          | 0.07         | 0.23         | 0.47        | 0.78         |
| Non-basmati rice                     | -           | -            | -            | 0.05         | 0.83         | 5.18        | 0.65         |
| Petroleum products                   | 0.09        | 0.03         | 0.03         | 0.16         | 0.32         | 0.27        | 0.6          |
| Machinery & instruments              | 0.24        | 0.16         | 0.26         | 0.34         | 1.03         | 1.12        | 0.58         |

- : Not available

Source: DGCIS, MOCI

**TABLE 8.9: INDIA'S IMPORTS FROM HAITI, 2003-04 TO 2009-10 (US\$ mn)**

|                                       | 2003-04     | 2004-05     | 2005-06     | 2006-07     | 2007-08     | 2008-09     | 2009-10     |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>All Commodities</b>                | <b>0.48</b> | <b>1.02</b> | <b>0.29</b> | <b>1.13</b> | <b>1.96</b> | <b>1.78</b> | <b>1.39</b> |
| Electronic goods                      | -           | -           | -           | -           | -           | 0.02        | 0.87        |
| Metaliferrous ores & metal scrap      | 0.43        | 0.97        | 0.17        | 0.23        | 1.74        | 1.43        | 0.48        |
| Essential oil & cosmetic preparations | -           | 0.02        | 0.03        | 0           |             | 0.01        | 0.02        |
| Other commodities                     | -           | -           | -           | 0.07        | 0.04        | 0.01        | 0.01        |
| Spices                                | 0.05        | 0.01        | 0.04        | -           | -           | -           | -           |

- : Not available

Source: DGCIS, MOCI

India's imports from Haiti are small as compared to exports. In 2009-10, India's total import from Haiti amounted to US\$ 1.4 mn. Electronic goods are the largest items in India's import basket from Haiti, with a share of 62.6 percent. Metaliferrous ores and metal scrap are the other important import items from Haiti (**Table 8.9**).

## JAMAICA

During 2003-04 to 2009-10, India's exports to Jamaica have risen from US\$ 9.1 mn to US\$ 20.8 mn, while imports from Jamaica have increased from US\$ 0.9 mn in 2003-04 to US\$ 23.2 mn during 2007-08 on account of imports of gold and silver,

but declined during the next two years. In 2009-10, India's imports from Jamaica were only US\$ 0.66 mn, with a fall in imports of gold and silver. Jamaica accounts for 1.9 percent of India's total exports to CARICOM region and 0.9 percent of total imports from the CARICOM region during 2009-10.

Pharmaceutical products are the largest item in India's export basket to Jamaica. During 2009-10, exports of pharmaceutical products to the country amounted to US\$ 9.4 mn, accounting for 45 percent of India's total exports to Jamaica. Other important export items to Jamaica include, readymade garments, machinery and instruments and plastic and linoleum products (**Table 8.10**).

**TABLE 8.10: INDIA'S EXPORTS TO JAMAICA, 2003-04 TO 2009-10 (US\$ mn)**

|                                      | 2003-04     | 2004-05      | 2005-06      | 2006-07      | 2007-08      | 2008-09      | 2009-10     |
|--------------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|-------------|
| <b>All Commodities</b>               | <b>9.06</b> | <b>13.42</b> | <b>25.85</b> | <b>20.12</b> | <b>24.68</b> | <b>22.52</b> | <b>20.8</b> |
| Pharmaceuticals & chemicals          | 1.45        | 4.02         | 3.64         | 4.56         | 5.46         | 7.86         | 9.37        |
| Readymade garments                   |             |              |              |              |              |              |             |
| cotton incl. accessories             | 0.93        | 1.2          | 1.45         | 1.82         | 1.06         | 1.57         | 2.14        |
| Machinery & instruments              | 1.09        | 2.13         | 1.17         | 3.88         | 9.28         | 3.91         | 1.36        |
| Plastic & linoleum products          | 0.75        | 0.73         | 0.88         | 0.83         | 1.22         | 1.01         | 0.86        |
| Primary & semi-finished iron & steel | 0.02        | 0.85         | 0.75         | 3.72         | 0.2          | 0.23         | 0.73        |
| Cosmetics/toiletries                 | 0.36        | 0.49         | 0.21         | 0.15         | 0.18         | 0.33         | 0.53        |
| Paper/wood products                  | 0.23        | 0.34         | 0.29         | 0.43         | 0.42         | 0.71         | 0.53        |
| Glass/glassware/ceramics             | 0.11        | 0.1          | 0.14         | 0.18         | 0.84         | 1.21         | 0.51        |
| Manufactures of metals               | 0.57        | 0.54         | 0.56         | 0.69         | 0.53         | 1.27         | 0.5         |
| Spices                               | 0.02        | 0.09         | 0.1          | 0.09         | 0.42         | 0.38         | 0.45        |
| Manmade yarn fabrics                 |             |              |              |              |              |              |             |
| madeups                              | 0.31        | 0.34         | 0.49         | 0.36         | 0.42         | 0.48         | 0.44        |

Source: DGCIS, MOCI

As regards imports, metaliferrous ores & metal scrap are the largest import items from Jamaica, accounting for 60.6 percent of total imports from the country during 2009-10. Other major

items in India's import basket from Jamaica include electrical machinery, spices and non-electrical machinery (**Table 8.11**).

**TABLE 8.11: INDIA'S IMPORTS FROM JAMAICA, 2003-04 TO 2009-10 (US\$ mn)**

|                                       | 2003-04     | 2004-05     | 2005-06     | 2006-07     | 2007-08      | 2008-09     | 2009-10     |
|---------------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| <b>All Commodities</b>                | <b>0.92</b> | <b>2.65</b> | <b>2.14</b> | <b>0.60</b> | <b>23.18</b> | <b>1.10</b> | <b>0.66</b> |
| Metaliferrous ores & metal scrap      | 0.16        | 1.74        | 1.63        | 0.22        | 0.61         | 0.55        | 0.40        |
| Electrical machinery                  | -           | 0.04        | 0.01        | -           | 0.02         | -           | 0.08        |
| Spices                                | -           | 0.13        | 0.13        | 0.05        | 0.21         | 0.19        | 0.06        |
| Non-electrical machinery              | 0.01        | 0.05        | 0.03        | 0.19        | 0.04         | 0.02        | 0.04        |
| Pulp & waste paper                    | -           | -           | -           | -           | -            | 0.01        | 0.01        |
| Electronic goods                      | -           | -           | 0.05        | 0.04        | 0.11         | 0.02        | 0.01        |
| Dyeing tanning & colouring materials  | -           | -           | 0.01        | -           | -            | 0.01        | -           |
| Professional inst, optical goods etc. | -           | -           | 0.02        | 0.01        | 0.03         | 0.03        | -           |

- : Not available

Source: DGCIS, MOCI



## SURINAME

Suriname accounted for 1.5 percent of India's total exports to the CARICOM region in 2009-10. India's total exports to Suriname have increased from US\$ 3.7 mn in 2003-04 to US\$ 16.6 mn in 2009-10. Transport equipment is India's major export item to Suriname in 2009-10, with a share of 27.2 percent in total exports to that country in the same year. Other major commodities in India's export basket to Suriname include machinery and instruments, primary

and semi-finished iron and steel, and electronic goods (**Table 8.12**).

India's imports from Suriname is small as compared to its exports. Total imports from Suriname have increased from US\$ 0.5 mn in 2003-04 to US\$ 1.41 mn in 2009-10. Metaliferrous ores & metal scrap and wood and wood products, together contribute 97.1 percent of India's total imports from Suriname in 2009-10. Electronic goods and Paper board & manufactures are other import items from Suriname in the same year (**Table 8.13**).

**TABLE 8.12: INDIA'S EXPORTS TO SURINAME, 2003-04 TO 2009-10 (US\$ mn)**

|                          | 2003-04     | 2004-05      | 2005-06      | 2006-07      | 2007-08      | 2008-09      | 2009-10      |
|--------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>All Commodities</b>   | <b>3.74</b> | <b>17.57</b> | <b>15.66</b> | <b>16.63</b> | <b>11.26</b> | <b>13.86</b> | <b>16.56</b> |
| Transport equipment      | 0.07        | 1.81         | 0.99         | 0.36         | 0.18         | 0.21         | 4.51         |
| Machinery & instruments  | 0.34        | 7.95         | 3.76         | 3.62         | 2.14         | 3.31         | 2.30         |
| Primary & semi-finished  |             |              |              |              |              |              |              |
| iron & steel             | 0.39        | 1.15         | 1.33         | 1.44         | 1.93         | 1.29         | 1.36         |
| Electronic goods         | 0.54        | 0.61         | 1.57         | 1.64         | 0.39         | 1.79         | 1.18         |
| Pharmaceuticals &        |             |              |              |              |              |              |              |
| chemicals                | 0.25        | 0.19         | 0.41         | 0.95         | 0.55         | 0.98         | 0.85         |
| Plastic & linoleum       |             |              |              |              |              |              |              |
| products                 | 0.25        | 0.30         | 2.86         | 1.30         | 1.02         | 0.74         | 0.78         |
| Cosmetics/toiletries     | 0.11        | 0.14         | 0.22         | 0.26         | 0.27         | 0.48         | 0.77         |
| Manufactures of metals   | 0.49        | 2.36         | 0.82         | 1.01         | 0.58         | 0.46         | 0.65         |
| Readymade garments       |             |              |              |              |              |              |              |
| cotton incl. accessories | 0.07        | 0.42         | 0.20         | 0.31         | 0.32         | 0.34         | 0.63         |
| Readymade garments       |             |              |              |              |              |              |              |
| manmade fibres           | 0.10        | 0.13         | 0.31         | 0.38         | 0.54         | 0.69         | 0.63         |

Source: DGCIS, MOCI

**TABLE 8.13: INDIA'S IMPORTS FROM SURINAME, 2003-04 TO 2009-10 (US\$ mn)**

|                                   | 2003-04     | 2004-05     | 2005-06     | 2006-07     | 2007-08     | 2008-09     | 2009-10     |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>All Commodities</b>            | <b>0.51</b> | <b>0.96</b> | <b>6.48</b> | <b>1.10</b> | <b>0.85</b> | <b>1.17</b> | <b>1.41</b> |
| Metaliferrous ores & metal scrap  | 0.08        | 0.59        | 1.07        | 0.27        | 0.31        | 0.70        | 0.86        |
| Wood & wood products              | 0.01        | 0.05        | 0.02        | 0.04        | 0.37        | 0.17        | 0.51        |
| Electronic goods                  | 0.03        | -           | -           | 0.11        | 0.00        | 0.01        | 0.02        |
| Paper board & manufactures        | -           | -           | -           | 0.03        | -           | -           | 0.02        |
| Readymade garments (woven & knit) | -           | -           | -           | -           | 0.07        | 0.14        | -           |

- : Not available

Source: DGCIS, MOCI

## GUYANA

India's exports to Guyana have risen consistently from US\$ 4.8 mn in 2003-04 to US\$ 16.3 mn in 2009-10, mainly as a result of machinery and instruments and pharmaceuticals. Machinery & instruments are the largest items in India's export basket to Guyana in 2009-10, with a share

of 28.6 percent in the same year. During the seven years (2003-04 to 2009-10), India's export of machinery and instruments to Guyana has increased from US\$ 0.4 mn to US\$ 4.6mn. Pharmaceutical products, manufactures of metals, electronic goods and transport equipment are the other major export items to Guyana (**Table 8.14**).

**TABLE 8.14: INDIA'S EXPORTS TO GUYANA, 2003-04 TO 2009-10 (US\$ mn)**

|                                      | 2003-04     | 2004-05     | 2005-06      | 2006-07      | 2007-08      | 2008-09      | 2009-10      |
|--------------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| <b>All Commodities</b>               | <b>4.77</b> | <b>6.86</b> | <b>11.15</b> | <b>13.14</b> | <b>13.61</b> | <b>12.10</b> | <b>16.27</b> |
| Machinery & instruments              | 0.39        | 0.56        | 1.18         | 2.80         | 1.56         | 1.61         | 4.66         |
| Pharmaceuticals & chemicals          | 1.18        | 2.42        | 2.87         | 3.22         | 4.93         | 3.87         | 3.96         |
| Manufactures of metals               | 0.75        | 0.77        | 2.21         | 1.08         | 2.24         | 1.25         | 2.66         |
| Electronic goods                     | 0.00        | 0.44        | 0.17         | 0.35         | 0.19         | 0.01         | 0.59         |
| Transport equipment                  | 0.23        | 0.15        | 0.34         | 0.40         | 0.45         | 1.14         | 0.57         |
| Rubber manufactured products         | 0.12        | 0.34        | 0.42         | 0.43         | 0.39         | 0.41         | 0.56         |
| Primary & semi-finished iron & steel | 0.09        | 0.58        | 2.40         | 2.73         | 1.54         | 1.18         | 0.51         |
| Spices                               | 0.11        | 0.16        | 0.11         | 0.17         | 0.28         | 0.19         | 0.40         |

Source: DGCIS, MOCI

**TABLE 8.15: INDIA'S IMPORTS FROM GUYANA, 2003-04 TO 2009-10 (US\$ mn)**

|                                  | 2003-04      | 2004-05     | 2005-06      | 2006-07      | 2007-08      | 2008-09      | 2009-10     |
|----------------------------------|--------------|-------------|--------------|--------------|--------------|--------------|-------------|
| <b>All Commodities</b>           | <b>11.94</b> | <b>7.16</b> | <b>21.25</b> | <b>14.75</b> | <b>15.84</b> | <b>10.94</b> | <b>8.21</b> |
| Wood & wood products             | 11.94        | 6.15        | 7.84         | 13.30        | 14.16        | 9.37         | 7.52        |
| Metaliferrous ores & metal scrap | -            | 0.85        | 13.13        | 1.42         | 1.64         | 1.50         | 0.68        |

- : Not available

Source: DGCIS, MOCI

Imports from Guyana, on the other hand, have decreased from US\$ 11.9 mn in 2003-04 to US\$ 8.2 mn in 2009-10. Wood and wood products are the largest items in India's import basket from Guyana, accounting for 91.6 percent of total imports from the country in 2009-10. Import of wood and wood products have increased from US\$ 11.9 mn in 2003-04 to 14.2 mn in 2007-08, but declined to US\$ 7.5 mn in 2009-10. India's other major import items from Guyana in 2009-10 are metaliferrous ores and metal scrap (**Table 8.15**).

## **INDIA'S INVESTMENT RELATIONS WITH CARICOM COUNTRIES**

### **CARICOM Investment in India**

**Table 8.16** shows foreign direct investment (FDI) inflows from CARICOM countries to India, during April 2000 to November 2010. During this period, CARICOM's total investment in India amounted to

US\$ 65.1 mn. St. Kitts and Nevis is the largest source for investment from the CARICOM region, with a share of 51.5 percent in the total FDI from the region. The Bahamas, St. Vincent, Guyana and Jamaica are the other major investors in India from the CARICOM region.

### **Indian Investment in CARICOM Countries**

Indian investments in CARICOM countries are presented in **Table 8.17**. During April 1996 to December 2007, the total outward investment approved in joint ventures (JVs) and wholly owned subsidiaries (WOSs) in CARICOM region amounted to US\$ 4.0 mn. Trinidad and Tobago is the largest destination of India's investments in the region, with a share of 67.5 percent in total.

Among Indian banks, State Bank of India and Bank of Baroda have one branch each in The Bahamas. Bank of Baroda has two subsidiaries also in

**TABLE 8.16: FOREIGN DIRECT INVESTMENT INFLOWS TO INDIA FROM CARICOM,  
APRIL 2000 TO NOVEMBER 2010 (US\$ mn)**

| <b>Countries</b>      | <b>Investments</b> |
|-----------------------|--------------------|
| Saint Kitts and Nevis | 33.5               |
| The Bahamas           | 22.2               |
| Saint Vincent         | 8.2                |
| Guyana                | 1.0                |
| Jamaica               | 0.2                |
| <b>Total Inflows</b>  | <b>65.1</b>        |

Source: Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.

**TABLE 8.17 : INDIAN JOINT VENTURES AND WHOLLY OWNED SUBSIDIARIES  
APPROVED IN CARICOM COUNTRIES,  
APRIL 1996 TO DECEMBER 2007 (US\$ mn)**

| <b>Countries</b>             | <b>Investments</b> |
|------------------------------|--------------------|
| Trinidad and Tobago          | 2.7                |
| The Bahamas                  | 0.8                |
| Belize                       | 0.4                |
| Saint Vincent and Grenadines | 0.1                |
| <b>Total Approvals</b>       | <b>4.0</b>         |

Source: Department of Economic Affairs, Ministry of Finance, Government of India.

operation in Trinidad and Tobago and Guyana. New India Assurance has a subsidiary, New India Assurance (T&T) Ltd. offering general insurance services in Trinidad and Tobago. Indian expatriates also manage a few companies here like M/s. Cantrex (aluminium products), TCL and M/s. Nutramix (flour) etc.

#### **INDIA-CARICOM RELATIONS: SOME RECENT INITIATIVES**

During the 24th Meeting of the Heads of Government of CARICOM, held

in Montego Bay, Jamaica from 2nd to 5th July, 2003, the CARICOM leaders recognised the importance of strengthening relations between the Region and India taking into account the shared culture between India and a number of CARICOM States. They welcomed the invitation extended by Government of India to the then Chairman of the Community Council to visit India as part of the process of strengthening relations and exploring opportunities for developing closer trade and economic ties between CARICOM and India.

A CARICOM delegation comprising Jamaican Foreign Minister, Hon. K.D. Knight, then Chairperson of the Council of Community Ministers of CARICOM and Dr. Edwin Carrington, Secretary General, CARICOM visited India from November 24-30, 2003. During their stay, they met External Affairs Minister and visited National Institute of Rural Development, Hyderabad. The agreement to establish India-CARICOM Standing Joint Commission was signed during the visit on 25th November 2003. The objectives of the Joint Commission are to promote and develop closer relations between India and CARICOM in political, economic, environmental, health, scientific and technical fields. The Joint Commission have the responsibility for the follow-up of specific cooperation agreements concluded between India and CARICOM.

A CARICOM-India Joint Commission has been established to determine the exact scope and nature of the projects being contemplated in the cooperation between the two sides. The Joint Commission was agreed on during talks on Tuesday, February 15, 2005 between CARICOM Foreign Ministers and a delegation from India led by then Minister of State for External Relations, H.E. Rao Inderjit Singh. The meeting was held in Paramaribo, Suriname, the venue for the 16th Inter-Sessional Meeting of CARICOM Heads of Government.

Among the areas initially agreed on was assistance to the Region in the form of providing antiretroviral drugs for persons living with HIV/AIDS. India-CARICOM cooperation is also expected to extend to the Region's disaster response programme, through networking with India's space programme that has been developed for disaster mitigation utilizing early warning systems. Culture is also expected to figure prominently in the cooperation between India and CARICOM. Further, co-operation in the areas of sharing of technical expertise, particularly in IT, has been identified as potential area for increased co-operation.

In addition, a number of CARICOM nationals have benefited from scholarships offered by India under its Indian Technical and Economic Cooperation (ITEC) programme.

The First India-CARICOM (Caribbean Community) Economic Forum was organized by the Indian High Commission in Port of Spain (Trinidad and Tobago) during August 5-16, 2005. During the Forum a Ministerial Dialogue was held between the then Indian Minister of State for Commerce and Industry, Shri E V K S Elangovan, and Ministers of Trade and Economy of CARICOM countries and Presidents of apex Chambers of Commerce and Industry. The Ministerial Dialogue was followed by Workshop on special areas of interests namely information

and communication technology (ICT), Healthcare/Pharmaceuticals, Tourism and SMEs, and a Multi-product Trade Expo of Indian products.

### **India-Caribbean Conclave**

The first India-Caribbean Conclave was held on 23 June 2009. The Conclave saw participation from Chambers of Commerce and Industry, banks, private as well as from State sector of T&T. Potential investments in the areas of pharmaceuticals, healthcare, Ayurveda, agro-industries, medical technologies, transportation, water pumps & irrigation system and setting up of industries on NSIC's incubation model and small-scale industries were identified.

### **Visit of FIEO Delegations**

A FIEO delegation visited Trinidad and Tobago to participate in the 10th Trade and Investment Convention (TIC) and Trade Fair from 24-27 June 2009. This was the 3rd Indian participation in TIC. The Delegation included representatives from the areas of handicrafts, fashion jewellery, kitchen utensils, tools & equipments, healthcare products, electronic security equipment, fashion garments, paints and accessories, home furnishing and fabrics, water pumps and welding electrode etc.

### **India- Trinidad and Tobago Chamber of Industry and Commerce (ITTICIC)**

Through HCI's initiative, local businessmen of Indian origin launched the India- Trinidad and Tobago Chamber of Industry and Commerce on 6 October 2009 to foster greater collaboration in trade and investment, help business ventures, technology transfers and foreign direct investment. Trade and Industry Minister who jointly launched the Chamber with High Commissioner, called for stronger bilateral relations between the countries.

### **Tourism Seminar**

The first India Tourism and Travel Seminar was organized by the Mission in collaboration with the India Tourism Office and Air India, New York on 23 June 2009 in Port of Spain, Trinidad and Tobago.

### **Business Facilitation Centre (BFC)**

Coinciding with the visit of the Indian Trade and Investment Delegation from India in June 2009, a Business Facilitation Centre (BFC) was opened in the High Commission on 17 June 2009. BFC which has been located in HCI premises is equipped with computer and other office equipments that could provide extensive trade

and commercial data on India and Trinidad and Tobago to facilitate local as well as visiting Indian business delegations have access to trade and commercial information for business and investment tie ups.

### **MSME delegation**

A MSME delegation from India visited Trinidad and Tobago from 17 - 23 January 2009 at the invitation of the Government of Trinidad and Tobago during its celebration of January as Small Business month. The delegation interacted with members of Chambers, Manufacturers' Association, Business Development Company, NIDCO & TIDCO.

### **Business Seminar**

The India-Trinidad & Tobago Chamber of Industry and Commerce (ITTCIC) in collaboration with the High Commission organized a one-day Seminar on "Business Opportunities – India and Trinidad and Tobago" on 26 March 2010. The Seminar focused on India and Trinidad and Tobago as valued partners and advocated greater collaboration in the fast changing world economic order.

### **India Trade Expo**

A Federation of Indian Export Organisations (FIEO) delegation in partnership with India- Trinidad and

Tobago Chamber of Industry and Commerce organized an India Trade Exposition from 21-31 May 2010 at the Centre of Excellence to coincide with celebration of Indian Arrival Day. The Indian companies displayed their merchandise ranging from garments, jewellery, handicrafts, household goods, furniture and object d'arts etc. at the Trade Expo.

### **India - Suriname Trade and Commercial Relations**

An Agreement to set up a Joint Commission was signed in September, 1992 and four Joint Commission Meetings have been held so far. The 4th India-Suriname JCM was held in Paramaribo in May, 2008.

### **Focus LAC Programme**

The Ministry of Commerce and Industry, Government of India, has been operating this programme since November 1997 to promote exports to Latin America and the Caribbean (LAC). They draw up annual programme of activities in collaboration with Export Promotion Councils (EPCs) Trade and industries bodies and embassies. Under this programme, incentives and support are given to exporters and EPCs to bring delegations to Latin America and the Caribbean countries, to open warehouses, registration of products, participate in trade fairs, to do market

surveys, to fight anti-dumping cases and to invite LAC buyers to visit India. The financial support under Focus-LAC is available for exporters through EPCs, Chambers of Commerce and Industry and Government departments.

## **EXIM BANK IN THE CARICOM REGION**

Export-Import Bank of India (Exim Bank) operates a comprehensive range of financing, advisory and support programmes to promote and facilitate India's trade and investment relations with countries in the CARICOM region.

## **FINANCING PROGRAMMES**

### **Lines of Credit**

Exim Bank extends Lines of Credit (LOCs) to governments, parastatal organisations, financial institutions, commercial banks and regional development banks to support export of eligible goods and services on deferred payment terms. Exim Bank also extends and operates, at the behest of and with the support of the Government of India, LOCs to countries in the developing world. In the CARICOM region, Exim Bank has extended a number of LOCs, which include, US\$ 8 mn to the Republic Bank Ltd., Trinidad and Tobago; US\$ 16 mn to the Government of Suriname for setting up electric

transmission lines and procurement of trucks and bulldozers; US\$ 10.4 mn to the Government of Suriname, for water supply project; US\$ 10.59 mn to the Government of Suriname for purchase of equipments; US\$ 4.3 mn to the Government of Suriname, for supply of crash fire tenders; US\$ 5.76 mn to the Government of Suriname for purchase of helicopters from India; US\$ 19 mn to the Government of Guyana, for the construction of cricket stadium in Georgetown; US\$ 2.1 mn to the Government of Guyana, for supply of traffic signalling system; and US\$ 7.5 mn to the Government of Jamaica, for import of water pumps from India.

### **Support for Project Exports**

Exim Bank extends both funded and non-funded facilities to Indian project exporters for overseas industrial turnkey projects, civil construction contracts, supplies as well as technical and consultancy services contracts. In the CARICOM region, a number of project export contracts have been secured by Indian project exporters. These contracts include infrastructure development project in Barbados; procurement advisory and construction project in Guyana; and construction project in Suriname. Details of some of the projects are highlighted below.

- Strengthening of procurement administration for Government of Guyana by Global Procurement Consultants Ltd.



- Supply of sundry centrifugal pumps, diesel generating sets and allied equipment for Jamaica Water System Rehabilitation and Extension Project in Jamaica by Kirloskar Brothers Ltd.
- Assortment of Altura Brand tyres with butyl tubes and flaps in Trinidad and Tobago by Ceat India Ltd.
- Setting up of foam plant in Trinidad and Tobago by A.S. Enterprises Ltd.
- Construction of Kensington Oval stadium in Barbados by Larsen and Toubro Ltd.
- Design and construction of 161 kv Transmission Lines in Suriname by Larsen and Toubro Ltd.

Further, in the CARICOM region, Exim Bank has signed a Memorandum of Understanding with Caribbean Association of Industry and Commerce, Trinidad and Tobago, with a view to fostering conducive environment for enhancing trade and investment relations.

## **OTHER INITIATIVES**

In order to promote active exchange of trade and investment related information, Exim Bank helps bring out a quarterly, bilingual (English and Spanish) publication-“Indo-LAC Business” for the benefit of Indian and LAC businessmen and investors.

## 9. INDIA'S TRADE AND INVESTMENT POTENTIAL WITH CARICOM COUNTRIES

Indo-CARICOM trade relations have exhibited buoyancy in recent years. With a view to further enhance India's trade and investment relations with the CARICOM region, this chapter focuses on identifying potential items of exports to and imports from the CARICOM region, and also endeavours to highlight potential areas for investment.

### TRADE POTENTIAL

To identify the potential export items to the CARICOM region, the following criteria were adopted:

- An analysis of the commodities being imported by these countries and matching India's export capabilities with their import demand.
- Commodities where India has a comparative advantage in global exports based on its share in global trade.
- Commodities whose exports to these countries have registered high growth rates in recent years.
- Commodities where India has been doing well in other markets

and has comparative advantage over other commodities.

- Based on the above criteria, potential items of exports to each of the CARICOM members are summarised below.

### THE BAHAMAS

The Bahamas is the largest importer in the CARICOM region, accounting for 32 percent of the total imports to the region. The Bahamas is also the largest export destination of India in 2009-10, accounting for 77.3 percent of total exports to the region. The potential items of exports to The Bahamas based on the country's import demand would include: petroleum products; motor vehicles; electrical machinery; gems and jewellery; iron and steel; and food products, and ships, boats and other floating structures..

**Petroleum products** are the largest import items of The Bahamas from India. The potential items include:

- Petroleum products (HS-2710); and Petroleum coke and bitumen (HS-2713).

Under **motor vehicles**, India could focus on:

- Public transport type passenger motor vehicles (HS-8702); Motor cars and other motor vehicles (HS-8703); Motor vehicles for transportation of goods (HS-8704); Parts and accessories for motor vehicles (HS-8708).

**Electrical machinery** is among the major import items of The Bahamas. The potential items of exports could include:

- Electric motors and generators; Transformers, accumulators (HS-8501, 8504 and 8507), Electrical apparatus for line telephony (HS-8517), Electrical transmission apparatus for radiotelephony (HS-8525), Electrical switching apparatus (HS-8536), Cathode or photo-cathode valves (HS-8540), Insulated wire/cables (HS- 8544).

**Gems and jewellery** are one of the major import items of The Bahamas, which showed continuous increasing trend during the recent years. India being one of the major exporters of gems and jewellery could focus on enhancing such exports to the country. The potential items could include:

- Diamonds, worked or not worked (HS-7102); Articles of jewellery and parts (HS-7113); and Imitation jewellery of base metals (HS-7117).

**Iron and steel** are major items of The Bahamas' imports. Based on The Bahamas' import demand and India's export capability, potential items of exports under this category would include:

- Flat-rolled products of iron/non-alloy steel (HS-7208, 7209 and 7210), Wire of iron/non-alloy steel (HS-7217), Tubes and pipes, seamless (HS-7304).

**Food products** are among The Bahamas' major import products. The items with export potential could include:

- Meat of bovine animals, frozen (HS-0202); Citrus fruit, fresh or dried (HS-0805); Coffee; tea (HS-0901 and 0902); Wheat and muslin (HS-1001); Wheat or muslin flour (HS-1101); Animal or vegetables fats and oils (HS-1516); Bread, pastry, cakes (HS-1905); Extracts, essences and concentrates of coffee or tea (HS-2101); Undenatured ethyl alcohol (HS-2208); Oilcakes and residues (HS-2304); Unmanufactured tobacco; cigars and cheroots (HS-2401 and 2402).

**Ships, boats and other floating structures** potential items under this category include:

- Cruise ship, cargo ship, barges (HS-8901); Yachts and other

vessels for pleasure or sports (HS-8903); Vessels, including warships and lifeboats other than rowing boats (HS-8906); Light vessel, dredger, floating dock, floating/submersible drill platform (HS-8905); Floating structure, (raft/tank/ coffer-dam/ landing stage) (HS-8907).

## TRINIDAD AND TOBAGO

Trinidad and Tobago is the second largest importer in the CARICOM region, as also the second largest market for India's exports in the region, accounting 13.7 percent of India's total exports to the CARICOM in 2009-10. In light of Trinidad and Tobago's major share of imports, potential exist to further enhance India's exports to the country. Towards this end, based on Trinidad and Tobago's import demand and India's export capability, potential export items could include: petroleum products, fuel, machinery and transport equipment, pharmaceutical products, iron and steel, and electronic goods.

**Petroleum products** are major imports of Trinidad and Tobago. The import of mineral fuels by Trinidad and Tobago accounts for around 35.0 percent of its total imports. Potential export items under this category could include:

- Petroleum products (HS-2710); Coke and semicoke of coal, lignite, peat (HS-2704);

- Coal; briquettes, ovoids and similar solid fuels manufactured from coal (HS-2701).

**Machinery and transport equipments** are major items in Trinidad and Tobago's import basket. The potential items of exports under this category could include:

- Steam turbines and other vapour turbines (HS-8406); Turbo-jets, turbo-propellers and other gas turbines (HS- 8411); Automatic data processing machines; optical reader, etc (HS-8471); Electrical apparatus for line telephony or line telegraphy (HS-8517); Transmission apparatus for radio-telephony etc (HS-8525); Insulated wires and cables (HS-8544); Motor cars (HS-8703); Parts and accessories of motor vehicles (HS-8708).

**Pharmaceutical products** are one of India's major export items to Trinidad and Tobago in 2009-10. Considering India's capability in the area as also demand in Trinidad and Tobago, the potential items could include:

- Medicament mixtures (HS-3004); Vaccines for human medicine (HS-3002); Dressings packaged for medical use (HS-3005).

**Iron and steel** is one of the major items in the import basket of Trinidad

and Tobago. Though, primary and semi-finished iron and steel constitute major items in India's export basket to Trinidad and Tobago, scope exists to enhance its export to the country. Potential export items under this category could include:

- Flat-rolled products of iron (HS-7210); Angles, shapes and sections of iron or non-alloy steel (HS-7216); Bars and rods, other alloy steel, hollow drill bars, etc (HS-7228); Ferro-alloys (HS-7202).

**Electronic goods** are major imports of Trinidad and Tobago, but do not figure among the leading items in India's export baskets to Trinidad and Tobago. Potential export items under this category could include:

- Television camera, transmission apparels for radio-telephony (HS-8525); Television receivers (incl videomonitors and videoprojectors) (HS-8528); Radar apparatus, radio navigational apparatus and radio remote control apparatus (HS-8526); Microphones and stand; loudspeaker; headphone/earphone; sound amplifier set (HS-8518); Reception apparatus for radio-Telephony/ radio-broadcasting (HS-8527).

## JAMAICA

Jamaica is the third largest importer in the CARICOM region, accounting

for 18 percent of total imports of the region. As regards India's trade with the region, Jamaica is the fourth largest destination of India's exports to the region. Based on Jamaica's import demand and India's export capability, potential export items could include: machinery and instruments, plastic and linoleum products, pharmaceutical products, transport equipments, and petroleum products.

**Machinery and instruments** are major import items of Jamaica as also the major export item of India to Jamaica. India's exports of this product to Jamaica showed an increasing trend during the last five years, with potential for further enhancing the exports.

Potential items of exports to Jamaica under this category could include:

- Pumps for liquids (HS-8413); Air or vacuum pumps (HS-8414); Air conditioning machines (HS-8415); Machinery, plant or laboratory equipment (HS-8419); Grading, levelling, scrapping machinery, and parts thereof (HS-8430 and 8431); Textile spinning machinery (HS-8445); Automatic data processing machinery (HS-8471); Transmission apparatus for radio-telephony (HS-8525); Insulated wire/cables (HS-8544).

**Plastic and linoleum products** are one of the major import items of

Jamaica. India's export of this item also shows an increasing trend over the past years, revealing sufficient potential in exports. The potential items of exports under this category could include:

- Polymers of ethylene, propylene, styrene, vinyl chloride (HS-3901, 3902, 3903, and 3904); Polyacetals, epoxide resins (HS-3907); Tubes, pipes and hoses (HS-3917); Floor covering of plastics (HS-3818); Plates, sheets, foils, foil or strips of plastics (HS-3920 and 3921); Articles for conveyance or packing of goods (HS-3923).

**Pharmaceutical products** are one of the main items with increasing trend in India's export basket to Jamaica. The potential items include:

- Cyclic hydrocarbons (HS-2902); Acyclic alcohols (HS-2905); Vaccines for human medicine (HS-3002); Medicaments (HS-3004).

**Transport equipments** are among Jamaica's major import items. However, it does not figure among India's major export items to Jamaica. Considering Jamaica's import demand and India's export capability, potential items of export in this category include:

- Public transport motorvehicles; Motor cars; Motor vehicles for

transport of goods; parts and accessories thereof (HS-8702, 8703, 8704 and 8708).

**Petroleum products** are major import items of Jamaica. The potential items include:

- Petroleum products (HS-2710); petroleum coke and bitumen (HS-2713).

## HAITI

Haiti is the fifth largest importer in the CARICOM region, accounting for 7.2 percent of total imports to the region. As regards India's exports, Haiti is the third largest destination in the CARICOM region.

Based on Haiti's import demand and India's export capability, the potential items could include: pharmaceutical products, machinery and transport equipment, food items and petroleum products.

**Pharmaceutical products** are among India's major export items to Haiti. The potential items under this category could include:

- Vaccines for human medicine (HS-3002); Medicaments (HS-3004). Insecticides, fungicides, herbicides (HS-3808).

**Machinery and transport equipment** are among the primary import items

of Haiti. Considering India's export capability, the potential items could include:

- Machinery or laboratory equipment; centrifuges (HS-8419 and 8421); Dish washing machines (HS-8422); Automatic data processing machines (HS-8471); Taps, cocks and valves (HS-8481); Electric transformers (HS-8504); Electrical apparatus for line telephony (HS-8517); Reception apparatus for television, and parts thereof (HS-8528 and 8529); Electrical switching apparatus (HS-8536); Public transport motor vehicles; Motor cars; Motor vehicles for transport of goods; parts and accessories thereof (HS-8701, 8702, 8703, 8704 and 8708).

As regards **food items**, items which represent potential for exports to Haiti could include:

- Meat of bovine animals, frozen (HS-0202); Onions, garlic, leeks (HS-0703); Grapes, fresh or dried (HS-0806); Tea (HS-0902); Wheat and muslin (HS-1001); Rice (HS-1006); Animal or vegetables fats and oils (HS-1516); Bread, pastry, cakes (HS-1905); Vegetables, fruits and nuts (HS-2001); Jams, fruit jellies, marmalades (HS-2007); Undenatured ethyl alcohol (HS-2208); Oilcakes and residues (HS-2304); Unmanufactured tobacco; cigars and cheroots (HS-2401 and 2402).

As regards **petroleum products**, the potential items of exports could include:

- Petroleum products (HS-2710); Petroleum coke and bitumen (HS-2713).

## BARBADOS

Barbados is one of the major importers in the CARICOM region. Barbados ranks seventh among India's major export destinations in the region. Therefore, there exists sufficient scope for further enhancing trade between two countries. Considering India's export capability and Barbados import demand, the potential items of exports would include: mineral fuel, machinery and instruments, electrical equipments, motor vehicles, pharmaceutical products, and iron and steel.

**Mineral fuels** are important items in the import basket of Barbados, accounting for 18 percent of total imports. The potential items of imports under this category could include:

- Petroleum products (HS-2710); Petroleum coke and bitumen (HS-2713).

Under **machinery and instruments**, the potential items of exports would include:



- Laboratory machinery or equipment (HS-8419), Automatic data processing machines (HS-8471), Machinery for sorting and screening (HS-8474), Transmission apparatus for radio-telephony (HS-8525), Insulated wires and cables (HS-8544), Medical and surgical instruments and appliances (HS-9018).

Potential items under the category of **electrical equipments** could include:

- Electric motors and generators, transformers, accumulators (HS-8501, 8504 and 8507), electrical apparatus for line telephony (HS-8517), electrical transmission apparatus for radiotelephony (HS-8525), electrical switching apparatus (HS-8536), insulated wire/cables (HS-8544).

Under the category of **motor vehicles**, the potential items of export could include:

- Motor cars (HS-8703), Goods transport vehicles (HS-8704), Parts and accessories of motor vehicles (HS-8708).

Potential items of exports under the category of **pharmaceutical products** could include:

- Vaccines for human medicine (HS-3002), Medicaments (HS-3004).

Potential items under the category of **iron and steel** could include:

- Flat rolled products of iron/non-alloy steel (HS-7208, 7209 and 7210), wire of iron/non-alloy steel (HS-7217), tubes and pipes, seamless (HS-7304).

## INVESTMENT POTENTIAL IN SELECT CARICOM COUNTRIES

Apart from trade, the CARICOM countries offer opportunities in terms of investment. Energy sector, film and television, fish processing, information technology, food and beverages, hotel and tourism, bauxite and mining, finance industry and insurance hold large potential for Indian investors.

### JAMAICA

Besides being the largest FDI recipient in the CARICOM region, the country's FDI inflows have also witnessed sharp rise in recent years due to increased foreign investors' interest in the country's tourism and agro-processing industries. Other sectors with potential for investment in Jamaica include, information and communication technology, and mining.

- **Tourism:** The sector offers tremendous investment potential and is one of the priority sectors for development. Potential areas



include construction of worldclass hotels and improving internal transport links.

- **Agro-processing:** This sector not only provides a quick return on investments, but is also one of the upcoming industries. India could focus on providing high quality seed and equipment, as also training the local entrepreneurs about packaging and preserving methods.
- **Information and communication technology (ICT):** Development and deployment of information and communication technologies has become a priority of the government. India being a major global player in ICT industry, could explore more opportunities in Jamaica.
- **Mining sector:** The country is rich in mineral resources. Bauxite mining provides opportunity for investment.

## TRINIDAD AND TOBAGO

Trinidad and Tobago is the second largest FDI recipient in the CARICOM region. Potential for investments exists in various sectors, which include: energy, film and television, fish processing, information technology, and food and beverages.

- **Energy sector:** Restructuring of the electric power industry, and

development of new gas and oil fields will provide enhanced investment opportunities.

- **Fish processing:** Trinidad and Tobago is rich in marine resources. High-tech packaging and processing equipment and technology sectors provide potential for investments.
- **Film industry:** The main area of investment in Trinidad and Tobago's film industry is the development of a sound stage that would provide facilities for the production of films, more sophisticated commercials and game shows. Additionally, investment in film specific equipment such as a grip truck, would facilitate the transportation of mass production equipment.
- **Information and communication technology (ICT):** The government of Trinidad and Tobago's new policy to make information technology more public provides scope for Indian companies to invest and participate in Trinidad and Tobago's development process.
- **Food and beverages:** The food and beverage sector continues to experience high levels of expansion in Trinidad and Tobago. The sector provides large opportunity for investment.

## THE BAHAMAS

The Bahamas is also an important investment destination in the CARICOM region. Potential for investment exists in various sectors, which include: finance industry, insurance, manufacturing, shipping, and tourism.

- **Finance industry:** The Bahamas is one of the more mature offshore financial centres of the world. The financial industry provides varied scope for investments both by its strategic location and a number of incentives.
- **Insurance:** Insurance sector in The Bahamas is attractive due to a number of factors such as excellent communications with the United States and Canada; full telephone services, plentiful airline services, including many direct flights daily to major US and Canadian centres. Strong professional infrastructure; financial, legal, and accounting services are readily available. Responsive, well-informed regulatory department able to react promptly and intelligently to new proposals.
- **Manufacturing:** The Bahamas is a prime location to establish an off-shore manufacturing facility. Additionally, it is a party

to The Caribbean Basin Initiative, CARIBCAN, and the Lome IV Convention, which allows most goods manufactured or processed in The Bahamas to enter the US, Canada, and Europe duty-free.

- **Shipping:** Ship registration is a relatively new business in The Bahamas, yet the country has grown from less than one mn gross tonnes to be the world's fifth largest fleet in little more than a decade. The Bahamas' success as a marine centre is due to a number of factors such as: its long-standing political stability and a highly-respected judicial system, favourable business climate and world-class banking services, and its strategic position between North and South America.
- **Tourism industry:** Tourism is big business in The Bahamas and a mainstay of the economy, contributing nearly 40 percent to the country's total gross domestic product. Due to the proximity of The Bahamas to the eastern United States and Canada, an estimated 80 percent of all visitors to The Bahamas originate from North America. Apart from this, a number of other incentives also provide The Bahamas a promising destination for Indian companies to invest in tourism.

## **SURINAME**

The sectors which provide investment opportunities in Suriname include: food processing, mining, and petrochemicals.

- **Food processing:** In the food processing industry, opportunities exist in research, production and improvement in packaging facilities.
- **Mining sector:** Mining equipment and technology.
- **Petrochemicals:** Potential areas for investment in the sector would include oil exploration, processing, engineering and construction, transportation and storage.

## **ANTIGUA AND BARBUDA**

The important sectors with investment opportunities are tourism and food processing.

- **Tourism:** The tourism industry provides a number of investment potentials in Antigua and Barbuda. Potential areas include construction

of luxury hotels and improvement of other infrastructure facilities.

- **Food processing:** Food processing is another sector with potential for investment in Antigua and Barbuda. Potential exists in processing and packaging.

## **ST. KITTS AND NEVIS**

In St. Kitts and Nevis, sectors with investment potential would include; fish processing, tourism, and beverages.

- **Fish processing:** As the country is rich in marine resources, potential exists in packaging and processing equipment and technology sectors.
- **Tourism:** With the geographic position and topography of the country, development of tourism infrastructure and facilities offers investment potential.
- **Garments, and beverages** are other sectors with potential for investment in St. Kitts and Nevis.

## **10. BROAD STRATEGIES AND RECOMMENDATIONS TO ENHANCE COMMERCIAL RELATIONS WITH CARICOM REGION**

As highlighted in the previous chapters, countries in the CARICOM region have witnessed increased economic activities in recent years, reflected in increased GDP growth as also rise in foreign trade. The analysis also traces recent trends in India's trade and investment relations with countries in the CARICOM region, and identifies potential areas for boosting bilateral trade and investment relations.

This concluding chapter delineates some broad strategies and recommendations that would build upon the analysis and findings of the previous chapters, and thereby serve to enhance two-way transfer of trade and investment between India and countries in the CARICOM region.

### **BUSINESS-HUB IN CARICOM REGION**

Development of a business-hub in CARICOM region would encourage prospective companies in developing commercial relations in the CARICOM region as well as Americas. CARICOM region enjoys free market access

to US, Canada, Latin America and European markets through a number of trade treaties and agreements. The common point among these agreements is that these CARICOM countries' products enjoy duty-free access to these markets. By trading or investing in these countries, the Indian exporters/investors could also gain access to the vast and lucrative American markets.

There is a positive change in the mindset of Latin America and the Caribbean (LAC) business who have started realising the importance of India as an emerging economic power. As part of new policy of diversification of economic and commercial relations, LAC governments and businessmen are increasing their efforts to forge partnership with India. In recent years, the LAC manufacturing industries, in order to cut the cost of production, have started importing more inputs for their industries from countries such as India. It should be noted that about 50 percent of India's exports to LAC are basically inputs into industries such as chemicals, bulk drugs, fabrics, yarns, equipments

and machinery and spare parts. The information technology sector also presents scope for co-operation. Further, Indian pharmaceutical companies are also increasing their presence in many LAC countries. As a result, setting up of a business hub in CARICOM region would be beneficial for the Indian corporates, to explore not only regional markets but also the vast American markets.

### **CO-OPERATION IN HOTEL AND TOURISM INDUSTRY**

Caribbean countries are major tourist destinations of the world. India being an emerging player in hospitality industry, can explore the vast opportunities available in the CARICOM countries. Indian majors in hospitality industry are expanding their base in overseas locations. Since CARICOM countries provide tremendous opportunities in tourism industry, Indian companies could focus on developing world-class hotels and resorts with more Indian touch. Indian hotel groups could also try to acquire and renovate hotels in the region. Major tourist destinations in the CARICOM region are The Bahamas, Jamaica and Barbados.

### **INVESTMENT BY WAY OF INDIAN STYLE AYURVEDA / WELLNESS CENTRES**

There is an increasing demand for Indian style Ayurveda and Wellness

centres in Americas. At the same time, tourists from Americas are also increasingly visiting such centres in India for Ayurveda treatments. Indian companies could find CARICOM countries a prospective region for investments in tourism, as Caribbean countries are the major tourist destination for visitors from the US, Canada and Latin America. Along with acquisition of hotels in the CARICOM region, renovation of hotels could be by way of investment in setting up Indian style Ayurveda / Wellness centres in such hotels to cater to the rising demand for such facilities in the CARICOM region. Further, imparting training to local practitioners would facilitate acceptability of such treatments / centres.

### **COOPERATION IN THE BANKING / FINANCIAL SECTOR**

CARICOM region, one of the more mature offshore financial centres, owes its development to a number of enduring features. The financial centres of CARICOM have consistently attracted well established internationally recognised financial institutions and substantial investors. The centres offer the benefits such as: convenient location, just 50 miles from the mainland United States, coupled with an inviting climate; commitment to zero taxation, offering freedom from taxes on income, capital gains,

profits, gifts, inheritance and estates, as well as no withholding taxes on dividends, interest or royalties, and no payroll taxes; and strict enforcement of the complete confidentiality of banker-customer relations, through both common law and statute. Thus, Indian banks could make use of the opportunities available in CARICOM region to expand their operation in offshore banking overseas.

In view of the potential for enhancing bilateral trade and investment relations with Americas, Indian banks could open branches/representative offices in other countries in the region, and develop correspondent relations with select banks in the region to facilitate and promote commercial relations. Through correspondent banking relations, Indian banks and financial institutions could also access to information on banking rules and activities including 'Know Your Customer' and 'Anti Money Laundering Measures' in the CARICOM region.

#### **PROMOTIONAL EVENTS FOR TEXTILES AND AYURVEDIC PRODUCTS**

High-income markets of Americas offer excellent scope for export of high-fashion garments from India. There is a growing interest in Ayurvedic and natural products of India. Seminars-cum-exhibitions could be organised

focusing on specific markets in the region.

#### **INTERACTIVE PORTAL**

An interactive portal could be developed, hyper-linked with major industry/trade associations and chambers in the CARICOM region, for identification of project profiles, partner search, match making, etc. The objective of the portal could include development of a reliable information base sourced from the different industry bodies and chambers in the CARICOM region, with a focus on value-addition. The portal could provide information and advisory services on potential export markets/sectors as well as investment opportunities, sector studies, market surveys, events, information on government policies and incentives, and compendium of major importers in the CARICOM region. Further, Indian exporters could also develop their own websites giving information about their manufacturing facilities, product details and features of the company to promote trade with the CARICOM region.

#### **MULTILATERAL FUNDED PROJECTS (MFPS)**

Multilateral funding agencies such as the World Bank are active in funding development projects in the CARICOM region. These funded

projects are mainly in sectors such as energy and mining, health and social services, finance, industry and trade. Focus on these funded projects and increased participation by Indian project and services exporters in such funded projects would serve to enhance Indian commercial presence in the region. At the same time, efforts to participate in technical assistance in terms of project preparation and advisory services in such funded projects would support increased presence in the region. Besides, Indian institutions could co-invest with Indian companies in select projects, and encourage partnership with local entrepreneurs and local investment agencies. Such projects could subsequently attract investments from the multilateral funding agencies.

### **CLOSE LINKAGES WITH INVESTMENT PROMOTION AGENCIES**

The countries in the CARICOM region provides opportunities for setting up JVs / WOSs in different sectors. These countries have also streamlined their investment regimes with a view to making them investor friendly and creating an enabling investment environment. A key element in this direction has been the specialised

investment promotion agencies, which have been set up by respective governments to facilitate inflows of foreign investment and acting as a one-stop-shop for investment related activities. In light of the key role played by these agencies, focus could therefore be on building closer institutional linkages with these agencies:

- Bahamas Investment Authority (BIA)
- Barbados Investment and Development Corporation (BIDC)
- Dominica National Development Corporation (DNDC)
- Jamaica Trade and Invest (JTI)
- St. Lucia National Development Corporation (NDC)
- St. Vincent and the Grenadines — National Investment Promotions Incorporated (NIPI)
- Trinidad and Tobago Tourism and Industrial Development Company (TTIDC)
- Caribbean Association of Investment Promotion Agencies (CAIPA)<sup>3</sup>.

Such linkages would serve as an important source of detailed information

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<sup>3</sup>CAIPA is an umbrella organisation set up in November 2007, and based in Barbados, to facilitate the collaboration of regional investment promotion agencies in order to attract greater foreign direct investment to the region.



about existing potential areas for investment, investment regulations and incentives, as also prospective investment partners. Indian investors can target vast potential available in Americas through close linkages with such agencies.

### **WIDER DISSEMINATION OF INFORMATION**

An important element of the strategy to boost bilateral trade and investment relations would be to effectively disseminate relevant information about the opportunities and potential existing in fostering commercial relations. Reciprocal visits by trade and industry delegations / economic missions would serve to increase awareness in the region about India's economic reforms, strengths of Indian industry and export capabilities. These trade/economic missions could focus on specialised and industry specific fairs and exhibitions; organising buyer-sellers meets; joint venture facilitation; organising specialised 'Made in India' exhibitions showcasing Indian expertise; and preparation of product catalogues in electronic form. Domestic financial institutions in the CARICOM region could serve as ideal local facilitating agents in this direction.

### **MARINE RESOURCE DEVELOPMENT**

CARICOM countries are rich in marine resources. The region provides opportunities for development and exploration of marine resources. Indian companies can explore possibilities for mutual cooperation in technology transfer and resource processing. Indian companies can focus on Latin America and North America for marketing diversified and differentiated marine products.

### **OTHER MEASURES**

Other measure to enhance commercial relations with the CARICOM region could include: Understanding local culture, business practices and habits to facilitate business interactions; proficiency in Spanish and bringing out of bi-lingual publications (English and Spanish) would also enhance effectiveness of information dissemination and business endeavours in the region. Keeping in mind the above discussed strategies, India could also consider putting in place a Preferential Trade Agreement (PTA) with the CARICOM region. The region has in place a number of trade and investment agreements with different regions of the world including North America, Latin America and the European Union.



## MAJOR SOURCES OF INFORMATION

The World Bank  
International Monetary Fund  
United Nations Conference on Trade and Development  
World Trade Organisation  
Economic Commission for Latin America and the Caribbean  
Inter American Development Bank  
Caribbean Development Bank  
CARICOM Secretariat  
Eastern Caribbean Central Bank  
Bahamas Investment Authority  
Barbados Investment and Development Corporation  
Centro de Exportacion e Inversion — Dominican Republic  
Cuban Investment Promotion Centre, Ministry of Foreign Investment and  
Economic Cooperation  
Dominica National Development Corporation  
Jamaica Trade and Invest  
St. Lucia National Development Corporation  
St. Vincent and the Grenadines — National Investment Promotions  
Incorporated  
Trinidad and Tobago Tourism and Industrial Development Company  
World Travel and Tourism Council  
Caribbean Tourism Organisation  
US International Trade Commission  
Economist Intelligence Unit  
Ministry of Commerce and Industry (MOCI), Government of India (GOI)  
Ministry of Finance (MOF), GOI  
Ministry of External Affairs (MOEA), GOI

# ANNEXURE I: AN OVERVIEW OF CARIFORUM - EC ECONOMIC PARTNERSHIP AGREEMENT

In December 2007, the European Commission (EC) initiated an Economic Partnership Agreement (EPA) with Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Suriname, and Trinidad and Tobago (the CARIFORUM countries). Negotiations began in 2004 and this Economic Partnership Agreement covers all the areas foreseen in the Cotonou Agreement.

## 1. TRADE PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

### Approach to Sustainable Development

The CARIFORUM EPA aims at achieving sustainable development by establishing a trade partnership which promotes regional integration and the gradual integration of CARIFORUM countries into the world economy includes capacity building measures and supports increased investment. This is a new kind of

free-trade agreement as sustainable development is the presiding principle governing the whole agreement. Sustainable development is also covered in detail in two chapters dealing with environmental and social provisions.

## 2. TRADE IN GOODS: LIBERALISATION COMMITMENTS

### CARIFORUM Liberalisation

The coverage of goods liberalised by CARIFORUM countries under this Agreement amounts to 61.1 percent of CARIFORUM imports from the European Union (EU) in value over 10 years, 82.7 percent over 15 years (84.7 percent of tariff lines) and 86.9 percent over 25 years (90.2 percent of tariff lines). The main exclusions and long phase in periods (i.e. up to 25 years) for sensitive products include (this is a non exhaustive list): agricultural products (poultry and other meat, dairy products, certain fruits and vegetables), fishery products, food preparations (sauces, ice cream, syrup), beverages, ethanol, rum, vegetable oils, chemicals

(paints/ varnishes, perfumes, make up/ cosmetics, soaps, shoe polish, glass/metal polishes, candles, disinfectants), furniture and parts, apparel (cotton pullovers/jerseys/ cardigans).

### **3. TRADE DEFENCE INSTRUMENTS**

#### **Standard Trade Defence Measures**

The trade defence chapter of the Agreement includes provisions on anti-dumping, countervailing and safeguard measures.

#### **WTO Safeguards**

With respect to anti-dumping and countervailing measures all bilateral agreements between EU and third countries confirm existing rules of the World Trade Organisation (WTO). The EPA is no exception in this regard. It acknowledges the right of both Parties to take the measures, including the recognition of the special status of developing countries. In addition, clear rules will be applicable in potentially difficult situations where measures would be taken both at national and at regional level.

With respect to WTO (multilateral) safeguard measures which are normally applied to imports from all countries, the EU has granted a

blanket exclusion to the CARIFORUM States from the scope of any WTO safeguard measure taken by the EU – for a period of 5 years (renewable). This is a strong – and unprecedented – preferential treatment granted to CARIFORUM and other African, Caribbean and Pacific (ACP) countries.

### **4. CUSTOMS AND TRADE FACILITATION**

#### **Overview of Provisions**

The Agreement with CARIFORUM includes a comprehensive chapter on customs cooperation and trade facilitation including:

- Detailed provisions on simplification and modernisation of customs procedures (risk management, computerisation, simplified procedures, customs brokers, etc.);
- Clear disciplines on customs fees and customs valuation; the application of the Harmonised System for classification purposes;
- Detailed commitments on transparency of customs legislation and cooperation with traders;
- Limited transitional provisions (3 years for introducing the

CARIFORUM single administrative document); and

- A commitment to make progress towards regional integration in the area of customs, at CARIFORUM's own pace

## **5. AGRICULTURE AND FISHERIES**

### **Overview of agriculture and fisheries provisions**

The chapter on agriculture and fisheries covers cooperation and assistance to the CARIFORUM agri-food sector. In addition, in a specific article on "traditional agricultural products" the EU has committed to undertake prior consultations on trade policy developments that may impact on the competitive positions of traditional agricultural products, including bananas, rum, rice and sugar.

## **6. TECHNICAL BARRIERS TO TRADE (TBT)**

### **Objectives of TBT Provisions**

The objectives of the TBT Chapter are to facilitate trade in goods between the Parties while maintaining and increasing their capacity to protect health, safety, consumers and the environment, and improve their capacity to eliminate unnecessary obstacles to trade between them.

## **Overview of Provisions**

The Parties will inform each other of proposals for technical regulations and standards that are especially relevant to trade between them, and designate contact points. There are also commitments to inform and consult each other on specific issues as they arise; to inform each other of measures to preclude imports for reasons of safety and the environment; and to identify priority products with a view to collaborating so that these products meet requirements for access to each other's markets.

## **7. SANITARY AND PHYTOSANITARY MEASURES (SPS)**

### **Objectives of SPS Provisions**

The Chapter on SPS measures has as its main objective to facilitate trade between the Parties. The most important part of the Chapter deals with the provision of assistance in order to improve their capacity to address potential disruptions to trade and achieve equivalence and/or compliance with EU requirements.

### **Main Provisions**

- The designation of Competent Authorities on SPS measures by both Parties and commitment from the CARIFORUM side to establish a regional body representing

the CARIFORUM Competent Authorities to enhance regional integration;

- Specific attention to regional collaboration and integration, noting cooperation will be needed to establish harmonised SPS measures within the region; and
- Transparency provisions, with the EU committing to cooperate with the region to enhance relevant information exchange.

## **8. INVESTMENT, TRADE IN SERVICES AND E-COMMERCE**

### **Overview of provisions**

Services and investment provisions include reciprocal but asymmetrical commitments, with gradual and effective market opening, consistent with WTO rules, taking into account the level of development of the CARIFORUM countries.

The Agreement includes provisions in investment, trade in services and electronic commerce. Rights and obligations of the Parties and investors are balanced, and new market access commitments are coupled with binding provisions on non-lowering of environmental and social standards, as well as new provisions strengthening cooperation against corruption.

The provisions of the Agreement do not affect national policies as regards public services, such as education and health, and CARIFORUM countries retain the right to regulate services sectors and enact new domestic regulation.

The Agreement includes a regulatory framework for mutual recognition of requirements, qualifications, licences and other regulations; and specific provisions recognizing the importance of technical cooperation and assistance in order to complement the liberalisation of services and establishment.

## **9. COMPETITION**

### **Coverage of Competition Provisions**

The competition law chapter of the Agreement identifies the types of anticompetitive conduct that are prohibited as they affect trade between the Parties. These only cover restrictive agreements and abuse of a dominant position. They do not cover mergers and state aid, the other two large areas of EU competition law enforcement activities, but in the light of the very different development level between the Parties, it was considered that such inclusion was not necessary at this stage. In addition, mergers issues are not addressed since most of the CARIFORUM countries do not have merger control rules and so far

mergers have not been prominent in the economies of this region.

## **10. INNOVATION AND INTELLECTUAL PROPERTY**

### **Focus on Innovation**

Under the Agreement, intellectual property is not treated as a self-standing issue, but within the overall context of cooperation on innovation. The main objective of integrating Intellectual Property Rights (IPR) in this agreement is to promote innovation and creativity in the Caribbean. The innovation and IPR chapter contains detailed provisions on innovation-oriented cooperation in specific fields such as science and technology, information society, information and communication technologies; eco-innovation and renewable energy. The participation of CARIFORUM countries in EU framework programmes will be facilitated and promoted.

## **11. PUBLIC PROCUREMENT**

### **Objectives in Addressing Public Procurement**

The government procurement chapter of the Agreement seeks to support a more efficient use of public budgets when authorities want to buy products (such as fire engines, computers for

schools, water treatment facilities, etc.) on the market.

The central objective is that, by promoting transparency and predictability, more suppliers are made aware of tendering opportunities and can feel assured that they enjoy equal opportunities. As a result, CARIFORUM taxpayers get a better deal in terms of price and quality for their money. On a wider level, accountability of public spending is improved and prospects for economic development are enhanced.

## **12. PROTECTION OF PERSONAL DATA**

### **Objectives of Personal Data Provisions**

The data protection chapter in the EPA has more extensive provisions than other EU trade agreements, which in most cases limit themselves to a commitment to work towards the elimination of obstacles to the free flow of information due to lack of adequate protection, in line with high international standards, and to provide for the possibility of exchange of information and experts. The added value of the EPA consists in spelling out the data protection principles contained in those high international standards. This should help the CARIFORUM countries to establish a comprehensive data

protection system, which is a key condition for success in e-commerce, better business and administrative cooperation, as well as good governance.

### **13. RULES OF ORIGIN**

#### **Modifications and Improvements to Cotonou Rules of Origin:**

Taking into account the new legal framework for trade among the African, Caribbean and Pacific (ACP) States, there are new conditions for cumulation of origin between ACP States.

These include:

- Specific provisions regarding sugar, rice and high sugar content products in order to avoid possible circumvention of the provisions in force during a transition period;
- Redrafted provisions on cumulation with neighbouring countries and the addition of Mexico to the list of countries;
- Clarified and reinforced provisions on the conditions, responsibilities and commitments for administrative cooperation;
- Updated conditions related to derogations; and

- Assignment of specific tasks in the area of origin to the Special Committee on Customs Cooperation and Trade Facilitation.

### **14. DEVELOPMENT COOPERATION**

The Caribbean EPA aims at achieving development objectives through the establishment of a trade partnership based on the promotion of regional integration, the gradual integration of CARIFORUM countries into the world economy, capacity building in trade policy and trade related issues, supporting the conditions for increased investment and economic growth.

### **15. INSTITUTIONS AND MONITORING**

#### **Main Institutions**

The CARIFORUM EPA foresees four main institutions:

- A Joint CARIFORUM-EC Council:  
The Council is a Ministerial body which will meet regularly, at least every two years, in order to oversee the implementation of the Agreement;
- A CARIFORUM-EC Trade and Development Committee:

The Trade and Development Committee is the main subsidiary body to the Joint Council composed of senior officials representing the Parties and meeting at least once a year. The functions of the Committee include monitoring and reviewing the implementation of development cooperation provisions embedded in the EPA text and making recommendations on further trade-related cooperation supportive of the objectives of the Agreement;

- A CARIFORUM-EC Parliamentary Committee: The Parliamentary Committee, bringing together Members of European Parliament and ACP parliaments, is to meet at

regular intervals; and

- A CARIFORUM-EC Consultative Committee: The Consultative Committee is meant to promote dialogue with civil society organisations (including the academic community).

## **16. OUTERMOST REGIONS, OVERSEAS COUNTRIES AND TERRITORIES**

### **Overall Approach**

The CARIFORUM EPA takes into account the specific interests of the EU's outermost regions and refers to the overseas countries and territories associated with the EU in the Agreement's revision clause.



## **ANNEXURE II: BILATERAL MISSIONS**

### **INDIAN DIPLOMATIC MISSIONS IN CARICOM MEMBER COUNTRIES**

#### **Guyana / St. Kitts and Nevis / Antigua and Barbuda**

High Commission of India  
307, Church Street, Queenstown  
P.O. Box 101148  
Georgetown, Guyana

The High Commission of India in Guyana is also accredited to other CARICOM member countries such as **St. Kitts and Nevis**, and **Antigua and Barbuda**

#### **Jamaica / The Bahamas**

High Commission of India  
27, Seymour Avenue  
P.O. Box 446  
Kingston – 6, Jamaica

The High Commission of India in Jamaica is also accredited to **The Bahamas**

#### **Suriname / Barbados / St. Lucia / St. Vincent and the Grenadines**

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No. 221, Dr. Sophie Redmondstraat,  
Post Box No. 1329, Paramaribo, Suriname.

The Embassy of India in Suriname is also accredited to **Barbados**, **St. Lucia**, **St. Vincent and the Grenadines**

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Trinidad and Tobago

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Embassy of India  
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Esquina a 'K', Vedado  
La Havana  
Cuba

**Belize**

The Indian Embassy in Mexico is also accredited to Belize  
Embassy of India  
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Col. Polance  
C.P. 11550  
Mexico D.F.

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Chanakyapuri  
New Delhi 110 021.

**Trinidad and Tobago**

High Commission of the Republic of Trinidad and Tobago  
B-3/26, Vasant Vihar,  
New Delhi - 57.

## ANNEXURE III: TRADE AND INVESTMENT PROMOTION AGENCIES IN CARICOM REGION

| S. No. | Country             | Address   |
|--------|---------------------|---|
| 1      | Antigua and Barbuda | Ministry of Finance and Economy<br>(Industry and Commerce Division)<br>P.O. Box 1550, Redcliffe Street<br>St John's<br>Antigua and Barbuda<br>Phone: (268)562-1609/462-1532<br>Email: odsunit@candw.ag /<br>trade@antigua.gov.ag<br>Web: www.ab.gov.ag/gov_v2/government/<br>shared/dep_mfinance.html |
| 2      | Barbados Barbados   | Investment and Development<br>Corporation<br>P.O. Box 1250, Pelican House<br>Princess Alice Highway<br>Bridgetown<br>Barbados<br>Tel: (246) 427-5350<br>Fax: (246) 426-7802<br>E-mail: bidc@bidc.org<br>Web: www.bidc.com   |
| 3      | Barbados            | Invest Barbados<br>P.O. Box 1009<br>Bridgetown, St. Michael<br>BARBADOS, BB11142<br>Telephone: (246) 626-2000<br>Fax: (246) 626-2099<br>E-mail: info@investbarbados.org<br>Web: www.investbarbados.org  |

| S. No. | Country  | Address   |
|--------|----------|---|
| 4      | Barbados | The Caribbean Association of Investment<br>Promotion Agencies (CAIPA)<br>Hastings, Christ Church<br>Barbados<br>P.O. Box 34B<br>Barbados - BB14000<br>Phone:1(246) 436-0578<br>web: carib-export.com  |
| 5      | Belize   | Belize Trade & Investment Development<br>Service<br>14 Orchid Garden Street.<br>City of Belmopan<br>Tel: 501.822.3737 Fax: 501.822.0595<br>Email: beltraide@belizeinvest.org.bz<br>Web: www.belizeinvest.org.bz                               |
| 6      | Dominica | OECS Export Development Unit<br>(OECS/EDU)<br>P.O. Box 769, 4th Floor, Financial centre<br>Kennedy Avenue, Roseau<br>Dominica<br>Phone: (767) 448-2240/5503/6555<br>Email: informationcenter@oecs-edu.org<br>Web: www.oecs.org/edu/index.html |
| 7      | Dominica | Invest Dominica Authority<br>1st Floor, Financial Centre<br>Roseau<br>Dominica<br>Phone: 17674482045<br>Fax: 17674485840<br>Email: investdominica@investdominica.dm<br>Web: www.investdominica.dm   |

| S. No. | Country | Address   |
|--------|---------|---|
| 8      | Grenada | Ministry of Economic Development and Planning<br>Finanical Complex, The Carenage<br>St.George's<br>Grenada<br>Phone: (473) 440-2101/8242<br>Email: govwebmaster@spicesle.com<br>Web: www.gov.gd/min-finance.html<br>S. No. Country Address131 |
| 9      | Guyana  | Guyana Office for Investment<br>190 Camo & Church Streets<br>Georgetown<br>Guyana<br>Phone: (592) 227-0654,(592) 227-0653,(592)225-0658<br>Email: goinvest@goinvest.gov.gy<br>Web: www.goinvest.gov.gy  |
| 10     | Haiti   | Bureau de Suivi des Accords Commerciaux (BCS)<br>Ministry of Commerce<br>Rue Legitime Port au Prince<br>Champ de Mars<br>Haiti<br>Phone: (509) 526-7159<br>Email: colmado@usa.net<br>Web: www.haiti.org                                       |
| 11     | Jamaica | Jamaica Trade and Invest<br>Head Office, 18 Trafalgar Road<br>Kingston 10<br>Jamaica W.I.<br>Phone: +1 876 978 7755; 978-3337<br>Fax: +1 876 946 0090<br>Email: info@jti.org.jm<br>Web: www.jamaicatradeandinvest.org                         |

| S. No. | Country               | Address  |
|--------|-----------------------|--|
| 12     | Montserrat            | <p>The Ministry of Agriculture, Trade and Environment<br/> P.O. Box 272, Bades<br/> Montserrat<br/> Phone: (664) 491-2075/2546<br/> Email: malhe@gov.ms /mniagric@gov.ms<br/> Web: www.gov.ms</p>  |
| 13     | Saint Kitts and Nevis | <p>Ministry of International Trade and Foreign Trade<br/> Church Street, P.O. Box 186, Basseterre<br/> Saint Kitts and Nevis<br/> Phone: (869) 465-2521/4/6<br/> Email: mintica@thecable.net /<br/> foreigna@caribsurf.com<br/> Web: www.gov.kn<br/> S. No. Country Address132</p> |
| 14     | Saint Lucia           | <p>Ministry of Commerce, Investment and Consumer Affairs<br/> 4th Floor, Heraldng Road Building<br/> Waterfront, Castries<br/> Saint Lucia<br/> Phone: (758)452-2627/1590<br/> Email: mitandt@candw.lc<br/> Web: www.commerce.gov.lc</p>   |
| 15     | Saint                 | <p>Vincent and Ministry of Foreign Affairs, Commerce the Grenadines and Trade<br/> Trade Department, Lower Bay Street<br/> Kingstown<br/> Saint Vincent and the Grenadines<br/> Phone: (784) 456-2060<br/> Email: office.foreignaffairs@mail.gov.vc<br/> Web: www.gov.vc</p>       |

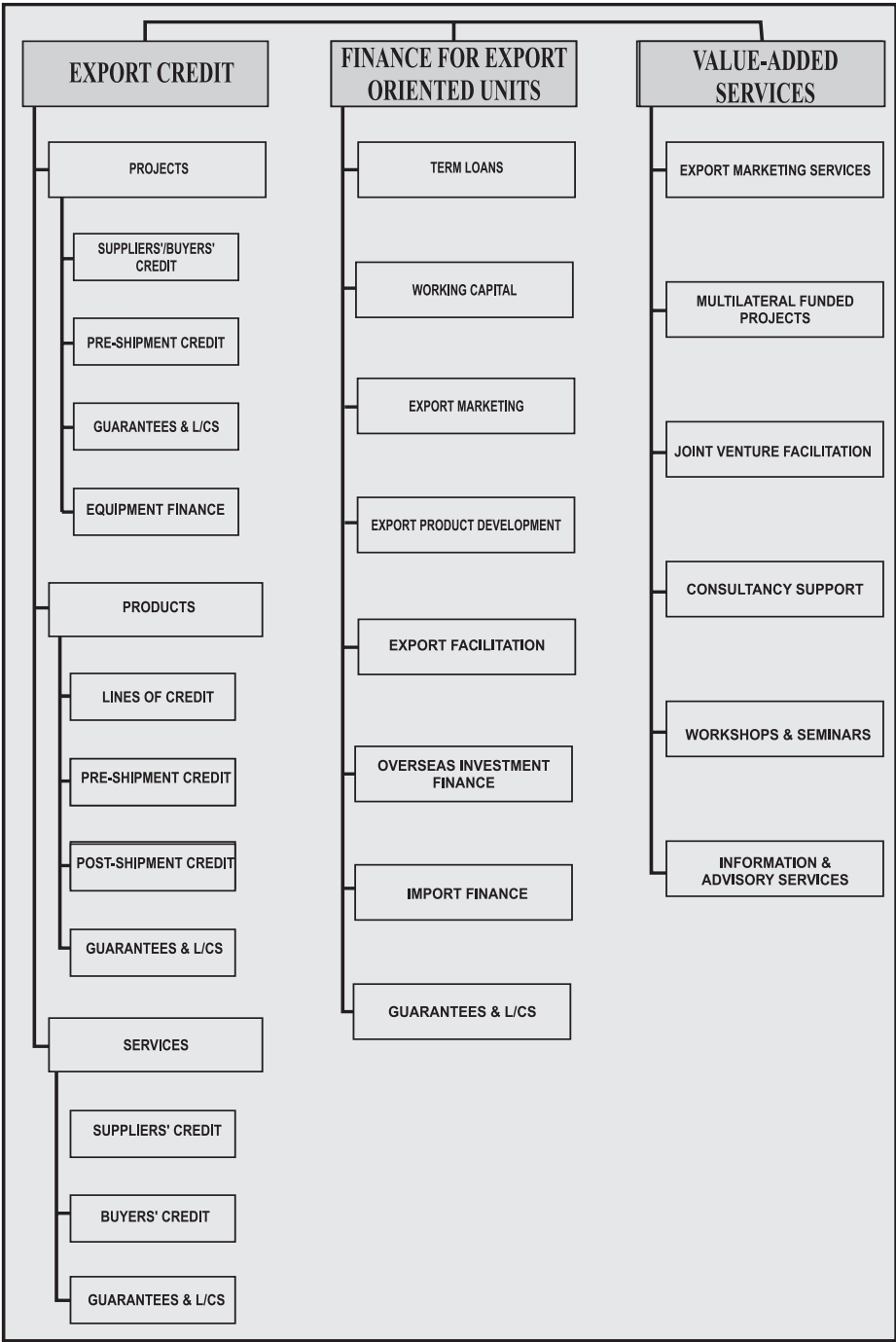
| S. No. | Country             | Address  |
|--------|---------------------|--|
| 16     | Suriname            | <p>Suriname Trade Promotion Organisation<br/> J.C.de Mirandastraat 10, P.O. Box 9219<br/> Paramaribo<br/> Suriname<br/> Phone: (597) 520-072/520-073<br/> Email: stop@sr.net<br/> Web: www.businessguidesuriname.com</p>   |
| 17     | The Bahamas         | <p>Bahamas Agricultural and Industrial<br/> Corporation<br/> BAIC Building, East Bay Street<br/> Nassau, P.O. Box No-4543<br/> The Bahamas<br/> Phone: (242) 322-3740-3 /325-2288<br/> Email: baic@batelnet.bs<br/> Web: www.bahamasb2b.com/baic</p>                               |
| 18     | Trinidad and Tobago | <p>Business Development Company Ltd.<br/> 151-B, Charlotte Street, Port of Spain<br/> Trinidad and Tobago<br/> Phone: (868) 623-5507 Ext. 429/(868)<br/> 624-3932/3923<br/> Email: info@bdc.co.tt<br/> Web: www.bdc.co.tt133</p>   |
| 19     | Trinidad and Tobago | <p>Export - Import Bank of Trinidad and Tobago<br/> Exim House, #30 Queen's Park West<br/> Port of Spain<br/> Trinidad and Tobago<br/> Phone: (868) 628-2762 or (868) 628-1382<br/> Fax: (868) 628-9370<br/> E-mail: eximbank@mail.eximbanktt.com<br/> Web: www.eximbanktt.com</p> |

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