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THE DEVELOPMENT OF SERVICES IN THE CARIBBEAN



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Table of contents

1.	Introduction.....	1
2.	Contribution of services to output and employment.....	2
3.	Trends in trade and investment in services.....	8
4.	Liberalisation of services	15
	Liberalisation of financial and telecommunications services	18
5.	Liberalisation and development of the services sector	19
	Implications of the current GATS Round	21
	Enhancing Caribbean services exports	23
	Clusters and linkages	24
6.	Conclusion	25
	Annex	28
	Selected references	34

THE DEVELOPMENT OF SERVICES IN THE CARIBBEAN

1. Introduction

The services sector has grown significantly in most countries and in the world economy as a whole. This has been observed in the progression from primary to secondary and/or tertiary sector-led economic growth and development. Services contribute significantly to output, employment and exports. They account for about 80% of the United States output (GDP) and about 65% of GDP of the European Union. Developed countries are the largest service exporters accounting for over 70% of services traded in the late 1990s. Although developing countries account for a relatively small proportion of internationally traded services their exports of services grew more significantly than those of developed countries during the 1990s. Travel and tourism are the most significant service exports of developing countries. Export of financial services became increasingly significant since the 1990s.

Most Caribbean countries have moved directly from primary-sector-led development to tertiary-sector-led development. Despite this, data collection and accounting methods remained largely biased towards measurement of the goods producing sectors of the economy. This is no doubt due to the fact that the output of services sectors is more difficult to measure than that of goods sectors. Part of the problem of measurement has to do with the treatment of services within goods producing sectors. One can determine the contribution of services to output if, for example, a firm manufacturing beverages purchases accounting and transport services from external producers of those services. If, however, the firm in question produces the services in house then those services would be included as manufacturing output. Since services constitute a significant part of production, the total output of services is therefore likely to be underestimated. The contribution of the services sector to growth could therefore be much larger than is officially recorded. Separating the services component from the manufacturing component would help in determining the factors that contribute to the competitiveness of particular industries and products. It would also help in determining the real value of services exports from Caribbean countries.

In order to effectively measure or assess the contribution of services to economic growth and development it is useful to know what constitutes a service. A service can be defined as an economic activity that produces a good or product that is intangible or invisible. It can be either a final product or an input into another economic activity. It is therefore best understood in terms of its characteristics. A service, unlike a good, cannot be seen and it has to be consumed at the same time that it is being provided. Services therefore cannot be stockpiled like goods. Economists consider most services non-tradable because they have to be consumed where they are produced and therefore

lack mobility. However, technological development and the process of trade liberalisation that has intensified since the 1990s, especially since the General Agreement on Trade in Services (GATS), have facilitated international trade in most services. Nevertheless, the mode of delivery determines the tradability of services. If trade in services is defined only in terms of cross-border supply, that is from supplier country to consumer country, then most services would still be considered non-tradable.

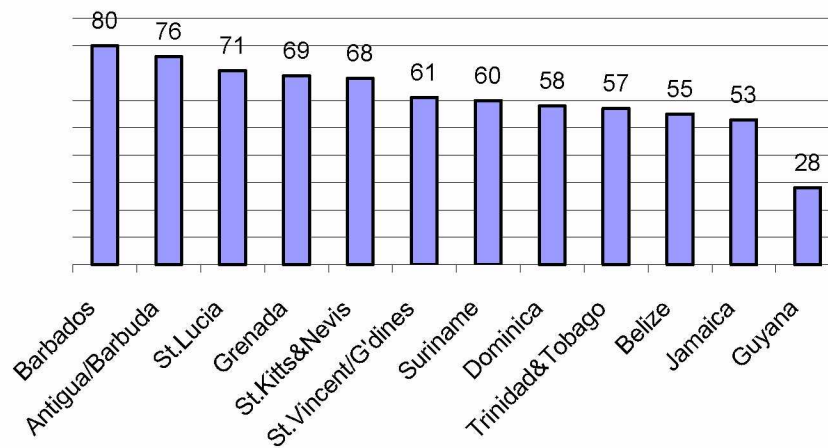
In addition to cross-border supply, services can be traded through the movement of the consumer to the supplier country (tourism); through the establishment by the service provider of a firm in the consumer country (bank branch); and through the movement of individual providers (persons) to the consumer country. Trade in services therefore depends on two critical features of economic integration – the movement of capital and the movement of labour. The pace of liberalisation of these movements will determine the growth of international trade in services.

2. Contribution of services to output and employment

The contribution of services to output in Caribbean countries has been significant over the years. However, the problem of measurement and the form in which services data is presented limit the extent to which an accurate picture can be presented of the contribution of services to national income. Nevertheless, an attempt can be made to determine that contribution. Disaggregating the economy into three sectors, namely primary, secondary and tertiary is a useful way to determine the extent of the contribution of services to economic output. Tertiary sector activities, which we measure as a residual after accounting for primary sector activities such as agriculture, mining and forestry and secondary or manufacturing activities, provide an indication of the extent of the contribution of services.

Barbados has the highest contribution of services to GDP in the CARICOM region – an average of 80% over the period 1990-2000. The other countries in the region can be grouped in ranges of 70-79, 60-69, 50-59 and <50. More countries fall within the 50-59 group than within any other group. The interesting observations in Figure 1 are the significant contribution of services to the economy of Trinidad and Tobago (57%) and the very low contribution of services to the Guyanese economy (28%).

Figure 1. Services Sector (Percentage) Contribution to GDP 1990-2000



Financial and business services, hotels and restaurants, transport and communications, construction services and distribution are among the most significant services subsectors in Caribbean economies (see Figures 2-7). However, it is difficult to isolate the contribution of these services from the overall contribution of construction to output. Although tourism is a significant subsector in the subregion, its contribution to output is not easily determined because aggregation of the various categories of services that constitute tourism is not usually presented. Barbados is the only country that identifies the contribution of the tourism sector to output. Nevertheless, the category “hotels and restaurants” can be used to provide a crude estimate of the contribution of the sector.

Economic growth in most Caribbean countries has traditionally depended on one or two sectors. Jamaica’s real GDP growth has tended to move largely in line with growth of the mining and tourism sectors. In Barbados GDP growth has depended largely on growth in sugar and tourism whereas in Trinidad and Tobago it has depended largely on petroleum and petroleum-based industries. In Saint Lucia, agriculture and tourism have been the drivers of economic growth. Nevertheless, during the 1990s it is growth in the services sector that contributed to overall positive GDP growth in some of the subregion’s economies. For example, real GDP growth in Jamaica in 2000 was 0.7% despite significant declines in agriculture and mining. Most of the growth occurred in services sectors such as transportation and communication, electricity, water and services related to tourism. On the other hand, the decline in growth in Barbados during the early 1990s was attributed largely to the decline in construction, tourism and business services. The significant decline in GDP in Saint Lucia in 2001 was due largely to the decline in distribution and tourism services in addition to the significant decline in agriculture. The significant growth in Trinidad and Tobago was due mainly to the growth of services such as construction and distribution as well as the growth of manufacturing.

Fig. 2. Percentage contribution of the Financial Sector to GDP- Trinidad and Tobago, Barbados and Jamaica

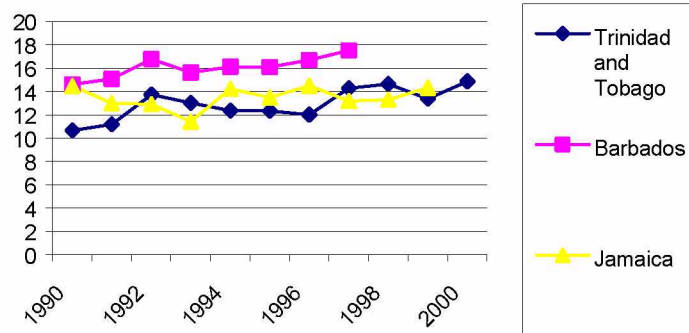


Fig. 3. Percentage contribution of the Financial Sector to GDP - Selected OECS countries

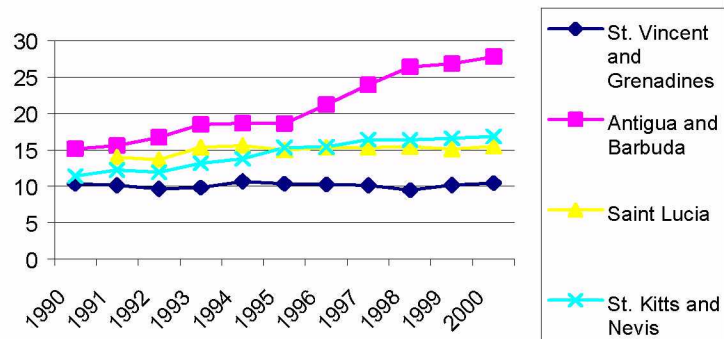


Fig. 4. Percentage Contribution of Transport and Communication to GDP - Trinidad and Tobago, Barbados and Jamaica

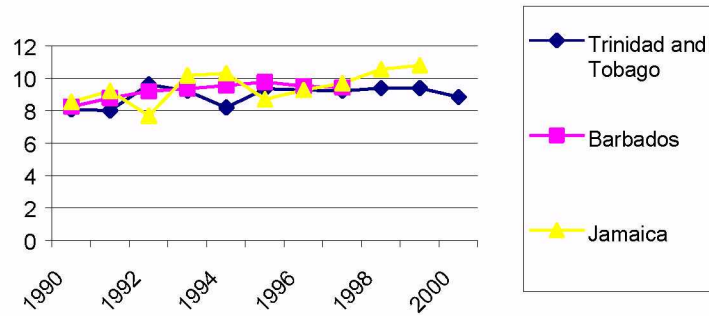


Fig. 5. Percentage Contribution of Transport and Communications to GDP - Selected OECS countries

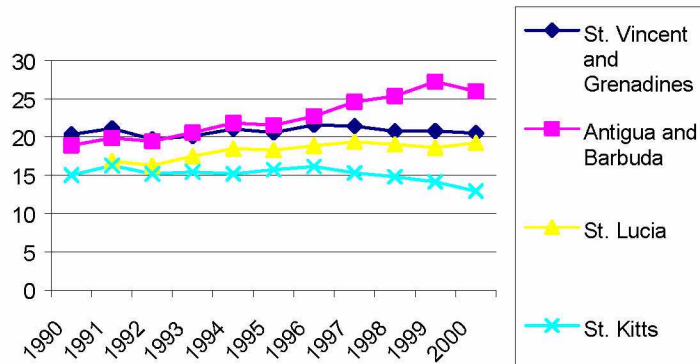


Fig. 6. Percentage Contribution of the Distribution Sector to GDP - Trinidad and Tobago, Barbados and Jamaica

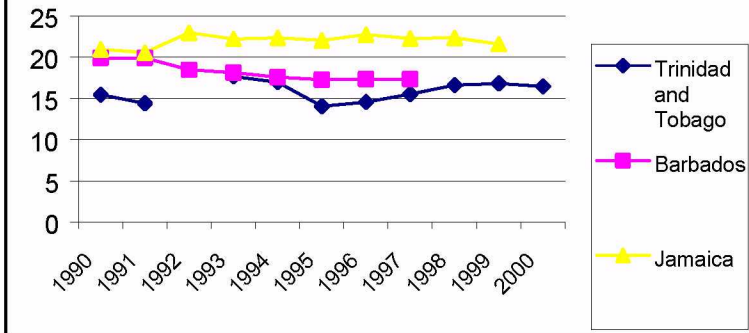
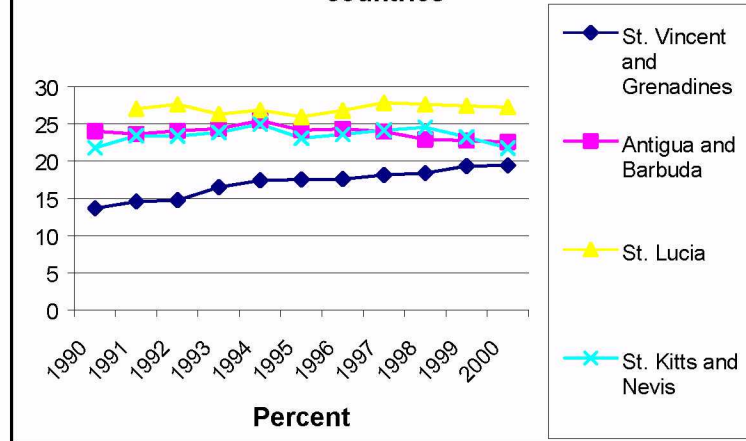
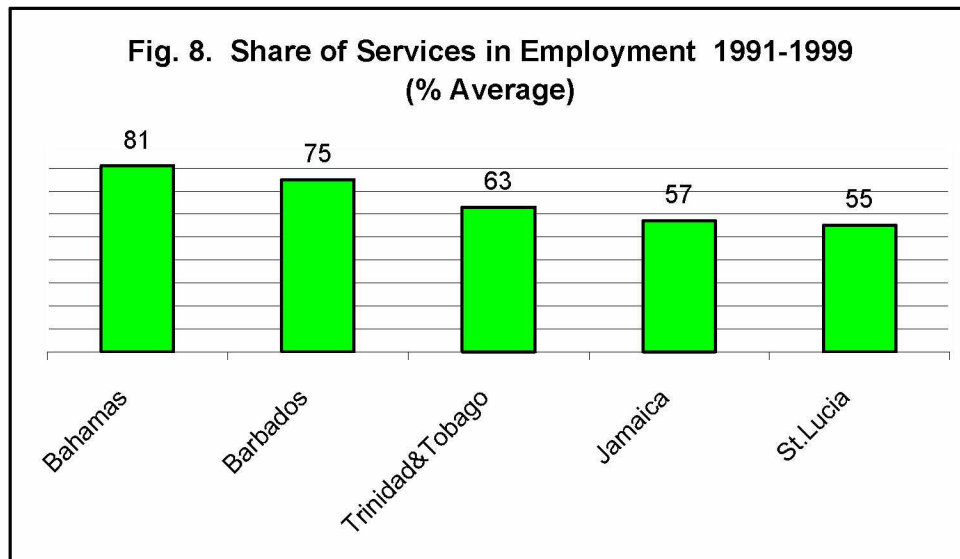


Fig. 7. Percentage contribution of the Distribution Sector to GDP - Selected OECS countries



Services contribute significantly to employment in Caribbean countries. During the 1990s services contributed an average of 75% to employment in Barbados. The contribution to employment in the Bahamas was higher (81%). In Trinidad and Tobago services accounted for an average of 63% of employment whereas in Jamaica and Saint Lucia the contribution to employment was 57 and 55%, respectively (see Fig.8). The most significant areas of services employment are distribution, transport and communications, finance and business services. Distribution, largely wholesale and retail trade, contributed 14% to total employment in Barbados in 1999. This contribution represented a growth of only 3% since 1991. In Bahamas, distribution contributed about the same level of employment (13%) but this represented growth of 25% since 1991. In Saint Lucia this subsector made a relatively larger contribution to employment (17%) representing growth of 31% over the same period. Data for Jamaica and Trinidad and Tobago are not comparable because the category “hotels and restaurants” is included in that subsector.

The contribution of financial and business services to employment is very significant in Barbados (19%) growing by 66% against an overall growth in employment of 14% between 1991 and 1999. In the Bahamas, the contribution was only 9% but represented a similar level of growth (67%) as in Barbados. Growth in that area in Jamaica was only about half that of Barbados and was constrained by the crisis in the financial sector during the latter half of the 1990s. In 1999 employment in financial and business services contributed only 5% to total employment. The contribution of these services to employment in Trinidad & Tobago was about the same as in Jamaica. Saint Lucia’s contribution was only 2% in 1999.



3. Trends in trade and investment in services

The contribution of the services sector to trade increased considerably in many Caribbean countries during the 1990s (Table 1). Virtually all countries recorded substantial increases in services exports over the period. The largest exporters have been the Bahamas, Dominican Republic and Jamaica. Services exports from the Dominican Republic more than doubled between 1992 and 2000. They grew by 45% in the Bahamas and by 76% in Barbados over the same period. Services exports of the countries in the Organisation of Eastern Caribbean States (OECS) subregion increased by almost 50% from 1992-2000. The most significant exporters have been Antigua and Barbuda and Saint Lucia. Exports from Saint Lucia grew by 58% between 1992 and 2000, whereas they grew by only 24% in Antigua and Barbuda over the same period.

Table 1. Services exports of selected Caribbean countries* (US\$ millions)

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Antigua & Barbuda	332	377	391	348	363	404	426	439	414
Bahamas	1390	1459	1510	1545	1578	1593	1533	1894	2022
Barbados	619	689	813	866	960	959	1023	1029	1090
Belize	146	154	146	135	137	140	145	153	159
Dominica	42	48	51	61	69	83	88	99	88
Grenada	76	87	101	99	106	106	119	148	151
Jamaica	1224	1342	1490	1612	1602	1699	1770	1848	1949
St.Kitts & Nevis	79	83	93	81	87	95	105	99	96
Saint Lucia	195	203	237	265	266	288	313	321	308
St. Vincent/Grenadines	59	62	63	74	96	99	107	125	126
Trinidad & Tobago	452	354	328	415	462	546	673	603	554

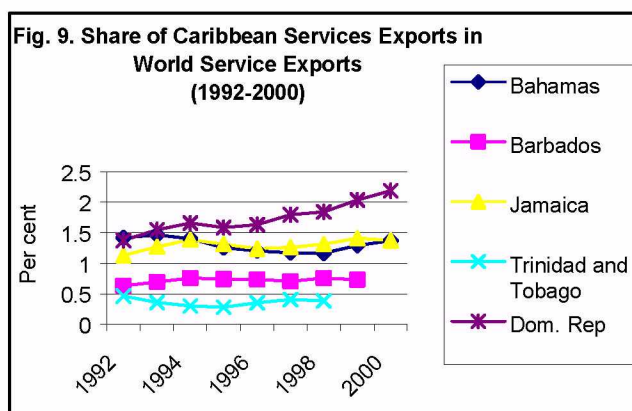
Source: IMF Balance of Payments and CARICOM Trade in Services 2000.

*Guyana is excluded because of lack of data for most of the period.

An examination of services exports from the Caribbean reveals high dependence on tourism (travel receipts). For example, travel accounted for nearly 90% of the service receipts of the Dominican Republic and Bahamas and 67% of those of Jamaica and Barbados in 2000. In Trinidad and Tobago, transportation and travel services accounted for 39% each of total services receipts for 1998. Antigua and Barbuda and Jamaica have also generated fairly significant receipts from transportation services¹. Financial service exports have become significant for a number of countries, in particular the smaller islands of the Eastern and Northern Caribbean such as Antigua and Barbuda, Bahamas

¹ Transportation services are sub-divided into passenger, freight and other transportation services. For many Caribbean countries, it seems that the most significant components of transportation services are passenger services and other transportation services. Passenger services are most important for those countries that have their own national air carriers such as Antigua and Barbuda, Jamaica and Trinidad and Tobago. For the latter two countries, passenger services accounted for 77.0% and 74% of total transportation receipts in 1998 and 2000, respectively.

and Barbados. North America and the European Union, in particular the United Kingdom, have been the main trading partners.



Source: IMF, Balance of Payment Statistics Yearbooks, Various Issues.

The category of 'others' services has also been significant, especially for Antigua and Barbuda, Guyana and Jamaica. Exports of government services² were significant for Trinidad and Tobago and represented 48.5% of total services receipts in 1998. Belize is another country with a significant export of government services. The share of these services in total service receipts averaged 14.1% during the period 1992-2000.

As a result of the rapid growth in services exports, many Caribbean countries, especially the larger services exporters, have experienced growth in their shares of total world service exports (Figure 9). The Dominican Republic, in particular, has seen a significant increase in its share, which moved from 1.4% in 1992 to 2.2% in 2000. Jamaica's share in global service exports grew from 1.1% to 1.4% over the same period. The share of Barbados grew modestly (from 0.63% to 0.73%) whereas that of the Bahamas remained stagnant (at 1.4%) and that of Trinidad and Tobago declined (from 0.46% in 1992 to 0.38% in 1998).

On the debit side of the services balance, Caribbean countries' services imports also grew substantially during the 1990s, albeit at a slower pace than services exports. Jamaica, Dominican Republic and Bahamas are the most significant services importers in the Caribbean. A breakdown of services imports by sector shows that transportation remains the most significant service imports for the Caribbean. The countries with the largest shares of transportation services are the Dominican Republic (60.2%), Trinidad and Tobago (48.0%), Jamaica (40.2%) and Barbados (34%).

² According to the International Monetary Fund (IMF) Balance of Payment Manual (BPM5), "Government services (n.i.e) is a residual category which covers government service transactions (including those of international organizations. This includes all transactions by embassies, consulates, military units, and defence agencies with residents of the economies in which they are located".

Table 2. Services imports of selected Caribbean countries* (US\$ millions)

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Antigua & Barbuda	124	128	134	148	157	164	173	183	164
Bahamas	515	567	626	640	714	847	990	957	975
Barbados	209	272	319	363	387	409	432	458	487
Belize	86	97	93	79	64	88	96	121	142
Dominica	32	35	37	43	45	52	54	59	50
Grenada	35	41	41	38	45	56	69	78	83
Jamaica	730	869	960	1091	1149	1231	1293	1308	1411
St. Kitts & Nevis	41	46	45	55	61	65	62	85	74
Saint Lucia	89	90	104	123	119	119	129	133	118
St. Vincent/Grenadines	44	45	54	55	58	76	79	66	60
Trinidad & Tobago	392	293	285	256	218	254	260	274	387

Source: Same as for Table 1.

*Guyana is excluded because of lack of data for most of the period.

Another services subsector that represents a significant source of services imports is that of "other services"³. For some countries this subsector is even larger than that of transportation services. The shares of 'others' services were larger than that of transportation services for the Bahamas (47%), Jamaica (43%), Barbados (42%), Saint Lucia (44%) and Antigua and Barbuda (43.2%). Within this category, financial services and telecommunication services have grown significantly, largely in response to the liberalisation of these sectors in many Caribbean countries. Although the travel subsector is not as significant on the debit side as it is on the credit side, some countries, especially high-income countries like Bahamas, Barbados and Dominican Republic, recorded substantial imports of travel services during the period reviewed.

The shares of Caribbean countries in global service imports have however remained relatively small compared with their shares in world service exports. Jamaica and the Dominican Republic have the highest shares in world service imports. Similar to its service exports share, Trinidad and Tobago's share in world service declined substantially from 0.44% in 1992 to 0.19% in 1998. On the other hand, the share of the Bahamas increased marginally over the same period.

The faster growth of services exports relative to imports has resulted in significant surpluses for Caribbean countries. Bahamas, Dominican Republic and Jamaica had the largest surpluses in 2000. An analysis of the service account shows that almost all Caribbean countries run persistent deficits on the transportation and 'others' services subsectors. Caribbean countries tend to be net importers of transportation services. The only exception is Trinidad and Tobago, which registered substantial surpluses on the

³ According to the IMF's Balance of Payment Manual (BPM5) other services include: communication services, construction services, insurance services, financial services, computer and information services, royalties and licence fees, other business services (which comprise trade related services, operational leasing, professional and technical services), personal, cultural and recreational services etc.

transportation services account. Such surpluses averaged around 35% of Trinidad and Tobago's overall services balances in the latter part of the 1990s.

The contribution of trade in services to earnings has been most significant in the Bahamas and Barbados (Fig.10), whereas the contribution in terms of GDP has been most significant in Antigua and Barbuda (over 40% GDP). However, that contribution declined consistently during the 1990s. Services have also contributed significantly to income in Barbados, St. Kitts and Nevis and Saint Lucia. For Barbados, the contribution of services earnings to GDP remained fairly stable during the decade but declined significantly in 2000. The contribution to earnings in Saint Lucia represented 33% of GDP in 2000. However the most impressive increase in services earnings occurred in Saint Vincent and the Grenadines where they moved from about 6% in 1988 to 24% in 2000 (see Table 3). Belize, Jamaica and Trinidad and Tobago tend to rely more on natural-resource-based exports for their foreign exchange earnings although only Trinidad and Tobago has had positive balances on its visible trade account.

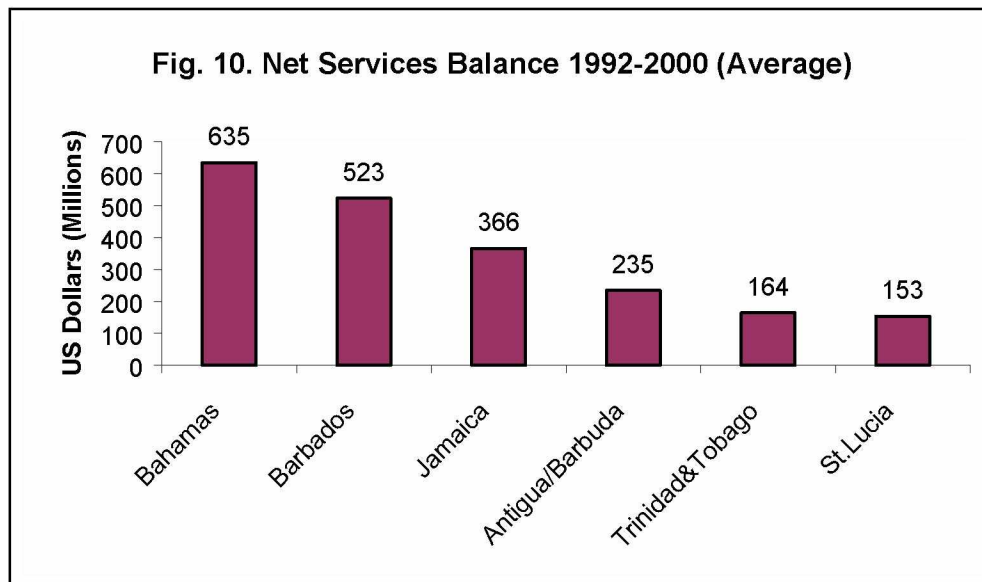
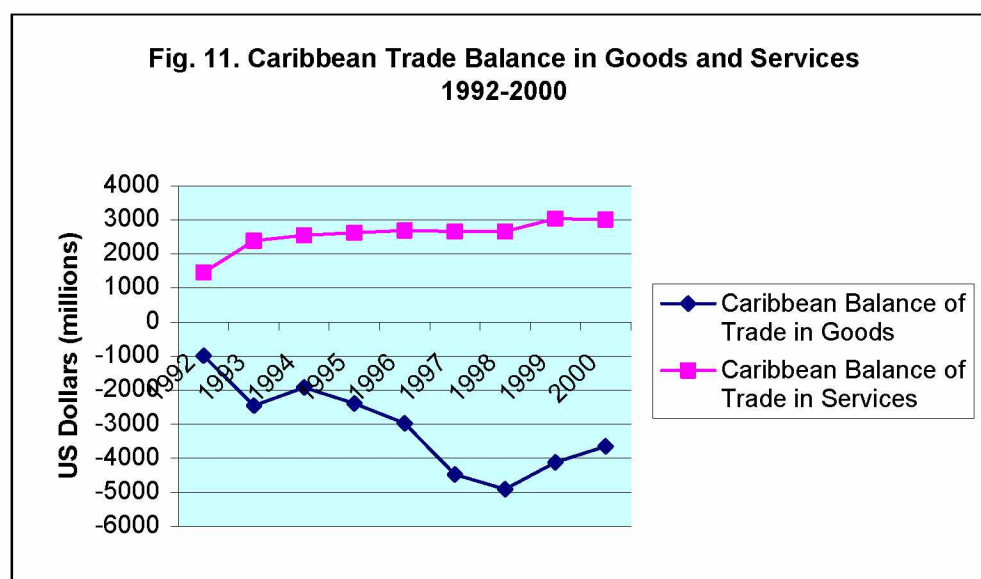


Table 3. Services balance as percentage of GDP for selected Caribbean countries

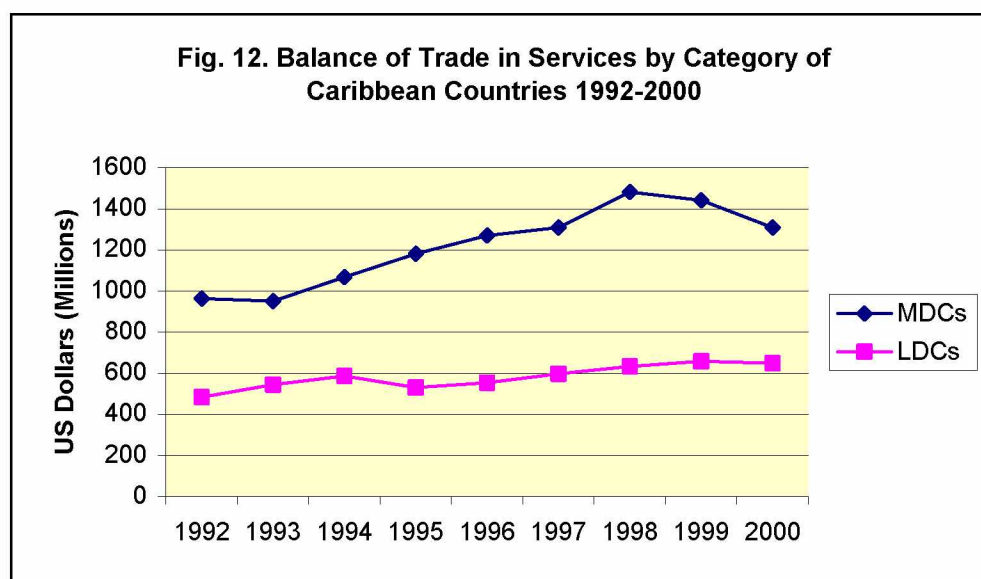
	1988	1990	1992	1994	1996	1998	2000
Antigua & Barbuda	55.3	62.4	60.9	61.7	45.3	47.1	43.4
Bahamas	30.4	27.8	27.2	27.0	9.0	n.a.	n.a.
Barbados	28.5	27.2	30.3	33.7	33.9	30.3	24.2
Belize	6.3	17.5	14.5	11.4	10.4	9.4	-0.2
Dominica	-0.6	2.4	7.9	7.3	12.0	15.6	16.5
Grenada	17.1	17.6	19.8	27.3	24.7	16.2	21.9
Jamaica	10.1	-2.0	4.3	4.8	5.2	7.6	9.3
St.Kitts & Nevis	20.4	14.3	24.4	25.5	12.3	17.4	2.7
Saint Lucia	21.1	20.7	25.9	30.1	30.6	35.4	33.2
St.Vincent/Grenadines	5.8	7.7	6.8	3.9	16.2	10.4	24.4
Trinidad & Tobago	-10.6	-7.3	-6.5	0.8	4.3	6.9	3.6

Source: ECLAC based on national data.

The Caribbean, as a whole, is more dependent on services than on goods for its earnings of foreign exchange. The deficit on the balance of trade account has widened during the 1990s due largely to the acceleration of trade liberalisation in some of the more developed countries such as Jamaica and Trinidad and Tobago (Fig.11). On the other hand, the surplus on the balance of trade in the services account increased significantly between 1993 and 1998, due in large part to the earnings of the more developed countries in the subregion, namely Barbados, Jamaica and Trinidad and Tobago (Fig.12).



Source: Based on data in CARICOM Trade in Services Report 2000.



Source: Same as in Figure 11.

MDCs refer to Barbados, Guyana, Jamaica and Trinidad & Tobago.

LDC's refer to Belize and the countries of the Eastern Caribbean that are members of the Organisation of Eastern Caribbean States (OECS).

Foreign investment and specialisation in services exports

Foreign investment in services has been difficult to determine due to inadequate data on the sector composition of services investment. Aggregate data on investment show that foreign direct investment (FDI) increased significantly in Grenada, Guyana, St. Kitts and Nevis, Saint Vincent and the Grenadines and Trinidad and Tobago during the 1990s. For example, FDI as a percent of GDP increased from 7% GDP in 1990 to almost 14% in 2000 in Grenada. In St. Kitts and Nevis, the increase was even more significant, from 7% in 1990 to 46% in 2000. In Trinidad and Tobago, FDI increased from 2% in 1990 to 8% in 2000. In Guyana it increased from about 4% in 1990 to 10% in 2000 whereas in Jamaica it declined from 8% to 6% over the same period.

Available data from the Economic Commission for Latin America and the Caribbean (ECLAC) on FDI by sector show that FDI shifted from the primary sector (and to a lesser extent from the secondary sector) to the tertiary sector in most Caribbean economies. For example, FDI flows to the primary sector in Guyana declined from US\$90.5 million in 1992 to US\$74.9 million in 1999 whereas flows to the tertiary sector increased from US\$9.3 million in 1992 to US\$24.4 million in 1999. In Jamaica, flows to the primary sector declined from US\$43 million in 1990 to US\$38.4 million in 2000 whereas flows to the tertiary sector increased from US\$34 million to US\$52.7 million over the same period. In Trinidad and Tobago, the flows were reversed in that US\$58.5 million, which went to the primary sector in 1990, increased to US\$90.3 million in 2000.

The flows to the tertiary sector decreased from US\$39.7 million to US\$15.3 million over the same period.

FDI flows to the tertiary sector of Caribbean economies have gone mainly into tourism, information and communications technology (ICT) industries and utilities. In Jamaica, for example, about 44% of total FDI flows in 2001 went to information technology services whereas 10% of total flows went to tourism services. Intraregional investment, mainly from Jamaica and Trinidad and Tobago, has been channelled into tourism, financial services and distribution. These flows have been facilitated by liberalisation measures aimed at creating the CARICOM Single Market and Economy (CSME).

The direction of FDI flows has influenced the pattern of export specialisation in Caribbean countries. Most of the flows during the 1990s have been directed towards the services sector. At the same time services exports increased significantly during the second half of the decade. Most Caribbean countries have high export specialisation in services, measured by the ratio of services to goods exports (see Table 4). The exceptions are Belize, Guyana, Suriname and Trinidad and Tobago. Three countries with high specialisation during the 1990s, namely Dominica, Jamaica and Saint Vincent and the Grenadines had moderate specialisation⁴ during the previous decade. In addition to tourism, services that grew during the 1990s were 'others' services, which include financial, information and telecommunication services. The low specialisation in services export by Trinidad and Tobago is related to the flow of investment to the primary and secondary sectors and the concomitant growth in merchandise exports.

**Table 4. Level of export specialisation in services for selected Caribbean countries
(Ratio of services/goods exports)***

	1980	1985	1990	1995	1999	2000
Antigua & Barbuda	150	750	616	870	1075	4060
Barbados	144	120	285	351	383	390
Belize	-	24	75	83	83	80
Dominica	60	33	55	122	190	172
Grenada	105	155	210	490	360	362
Guyana	4	22	-	29	-	-
Jamaica	39	99	84	109	157	153
St.Kitts & Nevis	40	115	180	400	323	310
St. Lucia	68	116	114	220	533	767
St.Vincent & Grenadines	90	31	51	180	248	248
Suriname	32	20	6	21	21	21
Trinidad & Tobago	9	11	15	13	21	-

Source: Based on WTO data.

*These data must be treated with caution because of the current inadequacy of services data collected. Data are based on IMF Balance-of-Payments statistics and exclude services supplied through foreign affiliates and by the movement of natural persons.

⁴ Moderate specialisation in services is characterised by a ratio of services to goods exports that is between 30 and 100%.

4. Liberalisation of services

The growth of the services sector in Caribbean economies occurred before the start of the process of economic liberalisation. The services sector became significant in most economies due largely to the development of the tourism industry. However, services production and export, in particular financial and communication services, grew significantly since the 1990s on account of liberalisation measures at both the national and global levels. At the national level, countries in the subregion began liberalising their economies within the context of economic adjustment programmes and with financial support from the international financial institutions. Liberalisation of the financial and telecommunications sectors began during the 1990s and has been more advanced in some countries such as Guyana, Jamaica and Trinidad and Tobago.

The move to liberalise trade in services began with the negotiations during the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) and culminated in the GATS in 1994. GATS covers all internationally-traded services, except public services supplied on a non-commercial basis, as well as their mode of delivery. Trade in services is defined in the World Trade Organization (WTO) in terms of the mode of delivery of the service (www.wto.org):

- Cross-border supply (from one country to another country, e.g. telephone call);
- Consumption abroad (consumer moving to country of supplier, e.g. tourism);
- Commercial presence (supplier establishing in consumer country, e.g. branches of foreign companies);
- Movement of “natural persons” (supplier moving to country of consumer, e.g. consultants).

Regulation constitutes the main barrier to trade in services. Liberalisation therefore removes restrictions on market access and national treatment. National treatment extends the most favoured nation (MFN) principle to the domestic sphere, that is, foreign and local suppliers must be treated equally once a commitment has been made under GATS.

The level of commitments undertaken in the Uruguay Round of negotiations was limited and appeared to provide less access than was provided hitherto. A second set of negotiations was launched in 2000 to further the liberalisation process. In these negotiations governments make commitments to open specific areas of their services sectors. They also specify the extent or limitation of those commitments. Commitments are binding and, therefore, guarantee stable conditions for suppliers and consumers of services. Since regulations rather than tariffs constitute the barriers to trade in services, liberalisation aims to remove or modify regulations imposed by governments that discriminate against foreign suppliers.

In terms of services subsectors, tourism, followed by financial, business and communication services, received the most binding commitments under the GATS. Health, education and distribution services have received the lowest level of

commitments. Most commitments were made in terms of the second mode of access, that is, movement of consumers whereas the least commitments have been in terms of the fourth mode of access, that is, movement of suppliers.

Caribbean countries have made few commitments in the area of services. Horizontal commitments, or commitments that apply across all sectors, were made for services delivered by modes 3 and 4, that is commercial presence and the movement of suppliers (Table 5). In respect of commercial presence, countries tend to encourage foreign investment but this can be authorised either with equity limited to a certain percentage or as fully foreign. In some countries a licence is required before property can be acquired. As far as the movement of suppliers is concerned, entry is subject to work permit requirements and tends to be weighted in favour of managers and technical experts. Foreign professional workers must comply with domestic professional requirements. Some Caribbean Community (CARICOM) countries, such as Jamaica, waive the work permit requirement for citizens of CARICOM countries.

Table 5. Horizontal or general commitments of selected Caribbean countries

Country	Mode 3	Mode 4
Antigua & Barbuda	Joint Ventures	Valid Work Permit for non-Nationals
	Approval for greater foreign ownership	
Barbados	Foreign investors have to pay a specific tax if land or shares/stocks are purchased	Work permits govern the employment of foreigners. Labour market tests are conducted
Belize	None	Unbound except for senior managerial personnel and technical experts not available locally
Dominica	Foreign service providers must incorporate the business locally Foreign investors are subject o withholding tax Foreign companies must obtain licence to acquire property A number of small businesses are reserved for nationals	Entry of all foreign natural persons is regulated by immigration laws
Dominican Republic	Foreign investment must be authorized and registered but is prohibited in public services Foreign equity participation is limited to a maximum of 49% subscribed and paid-up capital Feasibility study is required to justify need for establishment of foreign enterprise Annual profits can be remitted up to 25% registered capital	Unbound except for senior and specialised staff who must impart such specialisation to domestic staff. Work permit and work visa required. Foreign Professionals must satisfy domestic professional requirements.
Guyana	None	Unbound except for senior managerial personnel and technical experts not available locally
Jamaica	Foreign companies must register to establish commercial presence Purchases of large acreages of land should be for investment projects	Work permits and visas are required. Managers and executives are exempt from work permits for 30 days and experts for 14 days
St. Kitts and Nevis	Foreign service providers must establish business locally A licence is needed to obtain property A number of small businesses are reserved for nationals	Work permits needed for employment of foreign natural persons with managerial and technical skills
Trinidad & Tobago	Foreign investor must register locally Licence required for acquiring land exceeding 5 acres for commercial purpose or 1 acre for residential purpose	Work permit needed for employment of foreign natural persons exceeding 30 days

Liberalisation of financial and telecommunications services

Negotiations since the conclusion of the Uruguay Round have centred on expanding commitments on market access for financial services, maritime transport, movement of natural persons and basic telecommunications. Additional commitments in financial and telecommunications services were made in 1997. The failure to arrive at an adequate level of commitments on financial services during the Uruguay Round resulted in the continuation of negotiations after 1994. Liberal bindings were sought for the supply of financial services through commercial presence. Some countries guaranteed foreign majority ownership in financial enterprises in certain areas.

Caribbean countries have made limited commitments on market access for financial services. Barbados, for example, has committed unrestricted market access for all modes of delivery only in respect of reinsurance services. That country has made no commitments in other areas of financial services. Jamaica, on the other hand, has committed unrestricted access to non-life insurance as well as reinsurance services. However, commercial presence through full foreign ownership is subject to review. Commitments to market access for life, accident and health insurance services are unbound, that is, they are subject to measures deemed necessary for the country. Jamaica has committed unrestricted market access to banking and other financial services delivered through commercial presence subject to compliance with Jamaican laws and regulations. Market access through the other modes of delivery is unbound. The Dominican Republic has left access to most of its financial services unbound. In terms of commercial presence, foreign ownership is restricted to minority or 49% ownership of subscribed or paid up capital. In addition, authorization is required from the Central Bank for commercial presence to provide credit card services.

Negotiations to liberalise basic telecommunications services, which were postponed during the Uruguay Round negotiations were completed in 1997. Commitments by several governments permitting the competitive supply of fixed or wire-based public telephony through commercial presence were annexed to the Fourth Protocol to the GATS and became effective in 1998. Most Caribbean governments were unable to make such commitments because basic telecommunications services have been provided by public monopolies or private monopolies that have been given long-term exclusive licenses. However, they agreed to a set of regulatory principles such as transparency in licensing, interconnection services, and independent regulatory bodies.

The level of commitments or lack of commitments varied among Caribbean countries. Although the new communication technologies facilitate bypass of the network of monopoly telecommunication suppliers, bypass is restricted in Caribbean countries for varying periods of time. For example, in Barbados, Jamaica and Trinidad and Tobago bypass will not be permitted until 2012, 2013 and 2010, respectively. In Antigua and Barbuda, Belize and Grenada bypass will not be permitted until 2012, 2007 and 2006, respectively. Barbados, which has a private monopoly, has no restrictions on value-added services such as facsimile, Internet and fixed satellite services except for delivery through mode 4 – movement of natural persons. This mode is unbound except for the horizontal

commitments made under the Uruguay Round, namely, that entry of foreign natural persons is controlled by immigration law and regulations. Jamaica, which also has a private monopoly, permits competition in cellular and mobile telephone services but only through commercial presence. Requirements for delivery of service through mode 4 are similar to those stipulated by Barbados.

In Trinidad and Tobago, the monopoly telecommunications supplier is majority-owned by the government. Minority shares are held by the same service provider (Cable & Wireless) that has the monopoly in the rest of the English-speaking Caribbean except for Belize and Guyana. Value-added services such as Internet and mobile fixed (or terrestrial based) satellite services have to be negotiated with the exclusive provider. However, there would be no restrictions on commercial presence after 2000. In Antigua and Barbuda there are two monopolies, one owned by the government and providing domestic telephone services and the other, foreign-owned, providing international telephone services. The restrictions imposed by other Caribbean countries are evident in this country as well. For the supply of Internet, mobile and cellular services foreign ventures are permitted only if the capital exceeds US\$500,000. In Belize, where British Telecommunications (BT) is the dominant service provider, shareholding by any one entity of BT is limited to 25%. In Grenada, foreign ownership is limited to 49% for delivery of services through mode 1 – cross-border supply.

The Dominican Republic is somewhat different from its English-speaking neighbours. Several private operators provide services on behalf of the State under a concession system. All service deliveries under modes 1 and 2 are unbound. Commercial presence under mode 3 is subject to establishment of legal domicile in the Dominican Republic and the possession of a concession from the telecommunications regulatory body. Delivery of services under mode 4 is unbound except as indicated in the horizontal commitments. Market access for foreign natural persons is subject to requirement of work permit and visa. Senior and specialised staff must contribute to the training of personnel in the relevant areas of specialisation.

The countries of the OECS subregion began the process of liberalisation of telecommunications through negotiations with Cable and Wireless at the end of the 1990s. Agreement was reached in 2001 for a phased approach to liberalisation. Competition in the provision of mobile cellular services has been allowed in the first phase of liberalisation. Market access is mainly through commercial presence.

5. Liberalisation and development of the services sector

The rationale for liberalisation of services is similar to that for liberalisation of merchandise trade, that is, liberalisation is expected to enhance product quality and production efficiency through the competition that is unleashed. However, empirical studies have not been undertaken to determine the effects of services liberalisation in developed countries on trade and welfare in developing countries. This may be due to data inadequacy in services trade. Balance-of-payments statistics exclude trade by foreign

affiliates (mode 3) and the services rendered through the movement of natural persons (mode 4).

Liberalisation at the national level, along with liberalisation at the global level, seems to have had a significant impact on the contribution of services to GDP. This is evidenced by the significant increase in the contribution of financial and communications services to output and export in the period subsequent to the implementation of liberalisation measures. The significant growth in distribution services, in particular wholesale and retail trade and franchising, is related to the liberalisation of merchandise trade and the competition that liberalisation has generated in the subsector.

The development objectives of the services sector in Caribbean countries should be twofold. Firstly, services produced for input industries and local consumption should be of acceptable quality and reasonable cost, which means they should be produced efficiently. Secondly, emphasis should not be placed on the creation of low quality employment. Thirdly, export capacity and market access need to be improved for services with export potential. Liberalisation should be considered in relation to these objectives.

The input industries, which also produce for consumption, are mainly infrastructure industries such as telecommunications, construction, transportation, distribution, financial, education, and government services. Travel (tourism), financial services and other business services are the main services exports.

Telecommunications and financial services have been subject to liberalisation measures both locally and under the GATS. Increased competition has resulted in improved services as well as reduced costs especially in countries that have significantly liberalised the subsectors and put in place sound regulatory and prudential measures. Government services are not subject to GATS disciplines. Health and education are considered sensitive sectors and are therefore not targeted for opening up in developing countries in the current round of the GATS.

Travel or tourism services are delivered through consumption abroad (mode 2) and were liberal before the negotiations that culminated in the GATS. Construction, transportation, distribution and other business services are delivered mainly through commercial presence (mode 3) and the movement of natural persons (mode 4). Caribbean countries have restrictions on market access and national treatment for the provision of these services especially in relation to mode 4. Franchising services have been subject to greater opening than the other services. It is not clear how further liberalisation of transportation, construction, and distribution (wholesale and retail trade) services would contribute to the development of these services. The domestic market for these services is already competitive. Opening up the subsectors could adversely affect small-scale businesses with implications for local employment.

Implications of the current GATS round

In the 2000 Round of GATS negotiations, developed countries, and in particular member countries of the European Union (EU), were interested in obtaining commitments especially as they related to commercial presence and the movement of natural persons as well as MFN exemptions. They were also interested in improved commitments in several services subsectors such as professional and other business services, telecommunications services, distribution services, transport services and tourism and related services. For example, EU countries would like other countries to facilitate market access through modes 3 and 4 by removing limitations on foreign direct investment; by eliminating restrictions on the percentage of foreigners in the total workforce; by removing economic needs test as a requirement for allowing intra-corporate transfer of employees with university and equivalent qualifications; by allowing a maximum length of stay of three months for business visitors who are seeking entry to establish commercial presence; and by binding commitments for delivery of services through mode 4. In the area of distribution services, EU countries were interested in market access to wholesale and retail trade as well as franchising services.

Commercial presence (mode 3) and the movement of natural persons (mode 4) are the most sensitive mechanisms for trade in services. Consumption abroad (mode 2) is the least sensitive. Liberalisation of cross-border trade tends to be determined largely by technical feasibility. The growth of electronic commerce allows countries to make binding commitments for this mode of delivery. Nevertheless, mode 1 remains unbound in some EU countries for wholesale and retail trade with the exception of mail orders.

The differences between developed and developing countries in terms of the openness of their services sectors can be discerned, to some extent, in the commitments made under the GATS. Professional services, distribution, communications and social services are some of the areas of major interest. In the area of professional services, there are generally no limitations on trade through modes 1-3 by countries of the European Union. However, for architectural, medical and real estate services access under mode 3 is restricted to natural persons and in some countries partnerships. Access under mode 4 is subject to horizontal or general commitments, and, in the case of nurses in the United Kingdom, for example, to economic needs test. Access to the United States market is limited by mode 4 commitments and in some states by citizenship or residency requirements.

In the English-speaking Caribbean, there are generally no restrictions on market access (modes 1-3) or national treatment for professional services. Local certification and licensing are usually required. Joint venture is the preferred mode by Jamaica for delivery of real estate services through commercial presence. The approach of Barbados is different. That country has not made binding commitments on access through modes 1 and 2 for the delivery of professional services such as legal and medical services. Like countries in the European Union, Barbados restricts access through mode 3 to natural persons. Under mode 4 practitioners have to be registered. General commitments regarding the movement of natural persons apply for most countries except Trinidad and

Tobago, which has no restrictions on market access through the movement of natural persons.

In the area of distribution, countries have either not committed or have made partial commitments to liberalisation. Countries in the European Union have committed to free access for franchising through all modes except free movement of natural persons. Mode 1 is unbound or has no commitments in relation to some areas of wholesale and retail trade. The United States has not committed the distribution of alcoholic beverages or military equipment. Caribbean countries have made no commitments in distribution.

In terms of educational services, EU countries make access to higher education services through commercial presence subject to needs test. In the Caribbean, Trinidad and Tobago has not bound commitments for market access through this mode of delivery. Jamaica, on the other hand, has committed to free entry for all levels of educational services under this mode of delivery.

In the current Round of GATS focus is being placed on improving commitments especially under mode 1 and mode 4. The growth of electronic commerce facilitates cross-border trade in services. Nevertheless, countries have made few commitments under mode 1. Electronic commerce is still not a very significant mode of services trade in many developing countries. Internet services are still only affordable to a minority of the population. In addition, telecommunication costs are higher than in developed countries. On the other hand, developing countries have been focusing on mode 3 in their drive to increase FDI flows.

Governments in the Caribbean have been focusing on developing the tourism, finance and information and ICT subsectors. They have facilitated this by attracting FDI through the provision of incentives such as tax concessions. Linked to the objective of increased capital inflows is the objective of employment creation. The services sector is a very significant generator of employment. However, countries in the subregion have tended to attract investment into the low-technology end of services industries. To attract investment into the higher technology end, countries must have a well-educated workforce. And to achieve this, governments need to ensure that increased investment, among other things, is directed into the educational subsector. There are fiscal constraints on public investment in education in the subregion. The question then relates to how governments can secure external financing for such development; whether liberalisation of access to educational services would facilitate such development; and what other conditions are necessary to achieve the desired outcome. To answer such a question would require investigation into several aspects of the education subsector in particular the barriers to entry and the relatively recent growth in offshore educational services provided by foreign academic institutions.

Further liberalisation under GATS could enhance the competitiveness of Caribbean export of services through mode 4. Developing countries are said to be net exporters of services to developed countries through mode 4 or the movement of natural persons. This is despite the limited commitments made by both developed and

developing countries under this mode in the GATS agreement. The lack of data on such trade makes it difficult to determine the significance of services exports by Caribbean countries under this mode. It is likely that most of such exports are of low-skilled labour contracted to work in the agricultural sector of more developed countries. However, the significance of services exports based on human capital may have increased in recent times due to the temporary recruitment of teachers and nurses by the United States and the United Kingdom. As was noted earlier, market access by some EU countries for the provision of health services, such as nursing, is determined by vacancies and shortages, which have been significant in these countries.

Enhancing Caribbean services exports

Caribbean countries have traditionally exported tourism services based on their natural resource and labour endowments. A number of countries, such as Barbados, have diversified exports into the area of financial services based on their human capital endowment. The offshore financial sector, which has been a significant contributor to employment, government revenues and foreign exchange earnings in countries like Bahamas, Barbados, British Virgin Islands and Cayman Islands, has become the focus of countries in the OECS subregion. However, the relatively recent concern of Organization for Economic Cooperation and Development (OECD) countries about possible links to illegal activities has led to the development of guidelines for ensuring transparency in the operations of international offshore financial centres. The costs of complying with those guidelines have to be weighed against the benefits derived from offshore operations. In addition, it is United States tax rules that have facilitated the development of many offshore financial centres. However, American companies that operate offshore have recently come under scrutiny by the United States government. The United States Congress is considering a number of bills aimed at eliminating offshore re-incorporation (www.ft.com, June 4, 2002).

Countries are less likely to develop services exports based on intensive use of physical capital because of their poor endowment in capital. They can and have developed service industries, other than tourism, based on natural resources and geographical location. Transshipment services are an example of the non-tourism services exports. The location of Caribbean countries – proximity to sources of supply and final destinations – gives them the advantage of operating as transshipment centres. The benefits include employment, revenue and foreign exchange earnings. The costs are in the provision of infrastructure and transshipment facilities. Barbados and Jamaica have well-established transshipment centres with Jamaica having significant capabilities in the transshipment of containerised cargo; over 750,000 containers pass through Jamaica's ports annually. However, the problem of drug trafficking and other illegal activities has caused Caribbean ports to be placed under scrutiny by the United States government. A team of Congressional representatives from the United States is of the view that Caribbean ports are being used as transshipment ports by drug traffickers to move drugs between Latin America and the rest of the world. A major concern of the officials is the link to terrorist activity in the Middle East (www.jamaicaobserver.com, 22 August 2002).

The significant cost of upgrading port security is likely to restrict the growth of transshipment services in the subregion.

Caribbean countries have over the last few years selected the ICT sector for export development. Data processing services have been the main export based in export processing zones. Some software and design services have been exported by a university based company in Jamaica. However, this type of specialisation requires the development of a human capital base. E-commerce, which represents the delivery of services through mode 1, is underdeveloped in Caribbean countries. Few firms engage in e-commerce because of small market size and cultural preference for face-to-face purchasing. In addition, legislative framework is needed to fulfil e-commerce requirements regarding privacy, electronic signatures and consumer protection.

Caribbean countries have greater market access for services delivered through mode 2 than through other modes. Mode 1 delivery has limitations as mentioned above. Capital scarcity as well as restrictions in developed country markets have constrained the delivery of services through commercial presence or mode 3. Professional and personal services in which the Caribbean has developed some export potential are delivered through mode 4 which is the most restrictive mode under the GATS – 100 limitations as against 20 for mode 2 under horizontal commitments.

In the present Round of negotiations requests have been made to EU countries to liberalise the delivery of services through mode 4. The EU made commitments (limitations) in respect of mode 4 delivery for three categories of service providers, namely intra-corporate transferees (ICTs), business visitors (BVs) and contractual service providers (CSPs). Requests for liberalisation include: extension of coverage and length of stay of CSPs; removal of needs test and MFN exemptions; commitments on independent (self-help) professionals; and commitments on lower skill levels [EC 2002]. The last named request – commitments on lower skill levels – is of particular significance for Caribbean and developing countries, in general, which tend to be more labour endowed than human capital endowed. There are potential economic gains from liberalisation of mode 4 given the relative abundance of low and medium skilled labour in these countries [Winters et al. 2002].

The difficulty in further liberalisation of mode 4 delivery of services lies in the fact that GATS covers only temporary movement of labour to provide services. However, there is no distinction between temporary and permanent movement of labour as both fall under immigration legislation [Winters et al. 2002]. Caribbean and other developing countries should seek the separation of temporary from permanent labour movement during the current GATS negotiations.

Clusters and linkages

Development of services can be enhanced by focusing on clusters of industries and their inter-linkages rather than by placing emphasis on specific subsectors. Services tend to cluster naturally into specific groups such as financial services that include

banking, insurance and investment services and professional services that include construction, engineering, architectural and installation services. Services can also be grouped in terms of their linkages to specific industries and sectors. For example, the tourism sector has linkages to a number of services such as construction, electricity, telecommunication, finance, transport, advertising, public relations and entertainment. The mining industry has linkages to construction, engineering, transportation and electricity services. Infrastructural services therefore play a key role in the growth and development of other areas of the economy.

Education and health services also constitute basic services that are linked to other services as well as to other sectors of the economy. The cost and quality of these services are critical to the development of human capital and hence to the development of medium and high technology industries. It is unclear whether and to what extent liberalisation of these subsectors can enhance their development. These services can be delivered through all of the four modes. Access to developed country markets through mode 4 could deplete the quantity and quality of Caribbean educational and health service providers. On the other hand, access to Caribbean markets for these services could counteract that loss as has happened in countries such as Jamaica. In addition, internet and other communication technologies facilitate the cross-border delivery of these services. The important point is the need to provide adequate services at reasonable cost in these areas to ensure the growth and development of Caribbean economies and improvement in the living standards of Caribbean people.

Liberalisation of services should be considered within a strategy for developing the services sector as well as other sectors of the economy. In other words, it should be approached in a holistic way taking into account the relationship among services within a cluster and the relationship between services and tangible goods industries. Liberalisation at the multilateral level, that is under the GATS agreement, is not applicable to services provided in the exercise of the authority of government. This simply means that public health and education services that are not supplied on a commercial or competitive basis are not covered by the GATS. However, the process of privatisation that has been taking place in these areas means that these services are being brought within the ambit of multilateral disciplines with implications for their contribution to development.

6. Conclusion

Services have not only grown significantly over the past decade but have also increased their tradability due to the development of new technologies, which facilitate cross-border trade. However, the classification and measurement of services are major challenges in understanding the services sector and assessing its contribution to output and export growth as well as employment levels. The issue of data collection and compilation is also critical for facilitating informed positions in international trade negotiations.

The second critical issue is the relationship among specific clusters of services subsectors and between the services and tangible goods sector. Services function either as input into the production of goods or other services or as the final output. Proper classification is needed to differentiate the goods component from the services component. However, difficulty will remain in attempting to measure services input and output as well as productivity.

The third critical issue is the liberalisation of services to foster competition and hence improve efficiency. Liberalisation of the markets for various services is a process of reducing or eliminating regulatory rather than tariff barriers. However, this does not mean eliminating regulation per se but rather regulation that discriminates against foreign service providers. Associated with liberalisation is privatisation of services provided exclusively by governments; services such as education, health and water. Subjecting what could be considered essential services to the discipline of the market does not necessarily have the beneficial effect that is expected by the advocates of liberalisation. What is at issue is whether these services should be seeking to make profit at the expense of satisfying social and developmental objectives.

The rationale for liberalisation of trade in services is similar to the rationale for liberalisation of trade in goods, namely, that it will increase competition and hence improve quality and reduce cost. The costs and benefits of liberalisation of the services sector in Caribbean countries would have to be determined not only in terms of the increase in net services exports but also in terms of the improvement of services provided as inputs to other sectors of the economy and the growth of employment especially at the higher technology end of the services sector. Of critical importance also are the services embodied in goods, in particular goods that are exported. Further study is required to determine the contribution of services to competitiveness of merchandise exports.

One of the costs of liberalisation is the displacement of labour consequent on restructuring by firms within affected subsectors. However, adjustments that may have to be made as a result of liberalisation may be less disruptive to the services sector as a whole given the greater transferability of skills between service industries. Liberalisation of services does not prevent governments from pursuing development policy objectives once they have put in place adequate legislative framework and regulatory standards.

Liberalisation under the WTO is based on a positive approach, that is, commitments have to be specified since their absence does not indicate market access. Caribbean countries have made limited commitments in the Uruguay and post-Uruguay Rounds of trade negotiations. However, autonomous liberalisation undertaken as part of economic restructuring has facilitated greater market access than indicated in the GATS commitment schedules of countries. The extent of the divergence needs to be determined.

Under the GATS framework, in which commitments have to be specified, countries are allowed to progressively liberalise their services sectors. They can suspend commitments they have made in light of adverse balance-of-payments problems. However, if the North American Free Trade Agreement (NAFTA) framework, which is

based on a negative approach whereby restrictions have to be specified or else everything is assumed to be committed, is adopted by the Free Trade Area of the Americas (FTAA) then Caribbean countries may find themselves facing the difficult task of identifying all possible restrictions in advance or find themselves on a faster liberalisation track than might be in their interest.

Finally, since Caribbean countries have the potential to increase exports of professional and personal services through the movement of natural persons (mode 4 method of delivery), liberalisation of this mode of delivery needs to be pursued in the current GATS Round of negotiations. Significant economic benefits could accrue to these countries from market access for services provided through the movement of low to medium skilled labour.

Annex

Table 1: Services exports (US\$ millions)

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Antigua & Barbuda	343	377	396	349	368	.....	.....	.....	.....
Transportation	65	64	67	67	70	....	.....	.....	.....
Travel	243	277	293	247	257	.....	.....	.....	.....
Government services	3	3	1	....	....	....	....	.....	.....
Others	32	33	35	35	41	....	....	.....	.....
Bahamas	1390	1458	1511	1543	1578	1593	1582	1812	2022
Transportation	37	27	46	53	41	53	58	60	54
Travel	1238	1296	1327	1346	1398	1416	1408	1503	1814
Government services	28	25	21	20	20	20	16	23	27
Others	87	110	117	124	119	104	100	226	127
Barbados	618	690	814	913	961	960	1024	1025	...
Transportation	9	10	14	16	18	21	21	23	...
Travel	470	534	603	669	693	663	712	687	...
Government services	28	27	29	23	26	27	29	32	...
Others	111	119	168	205	224	249	262	283	...
Belize	143	151	120	133	138	138	141	162	172
Transportation	14	13	10	6	6	6	7	9	11
Travel	60	69	71	78	93	95	99	111	122
Government services	35	35	12	16	13	14	19	21	20
Others	34	34	27	33	26	23	16	21	19
Dominica	45	48	52	54	61	75	86	....	....
Transportation	5	6	6	6	6	7	7		
Travel	26	29	32	34	37	40	48	....	....
Government services	1	1	....	....	2	4	4	....	....
Others	13	12	14	14	16	24	27	....	....
Dominican Republic	1349	1537	1788	1952	2141	2446	2502	....	....
Transportation	70	35	38	42	58	61	62	67	71
Travel	841	1224	1429	1571	1781	2099	2153	2483	2860
Government services	12	46	51	57	62	74	81	83	85
Others	426	232	270	282	240	212	206	216	211
Grenada	76	88	102	99	107	0	0		
Transportation	4	4	5	4	5	....	....	....	....
Travel	56	64	78	76	79	....	....	....	....
Government services	1	1	1	1	1	....	....	....	....
Others	15	19	18	18	22	....	....	....	....
Guyana	105	114	121	134	0	0	0	....	....
Transportation	28	29	27	33	....	....	....	....	....
Travel	33	35	34	33	....	....	....	....	....
Government services	3	3	4	4	....	....	....	....	....
Others	41	47	56	64	....	....	....	....	....

Jamaica	1105	1261	1497	1613	1624	1715	1786	1978	2027
Transportation	132	143	216	251	223	254	276	300	329
Travel	864	945	970	1069	1092	1131	1197	1280	1333
Government services	44	50	45	45	50	43	43	29	38
Others	65	123	266	248	259	287	270	369	327
St. Kitts/Nevis	79	84	92	0	0	0	0	...	...
Transportation	4	4	5	....	....	....	....	....	....
Travel	67	70	77	....	....	....	....	....	....
Government services	....	1	1	....	....	....	....	....	....
Others	8	9	9	....	....	....	....	....	....
St. Lucia	195	206	237	266	270	0	0	...	...
Transportation	15	15	14	15	15	....	....	....	....
Travel	166	178	207	230	237	....	....	....	....
Government services	4	....	1	1	1	....	....	....	....
Others	10	13	15	20	17	....	....	....	....
St. Vincent & Gren.	59	63	64	74	94	0	0	...	...
Transportation	4	5	5	5	5	....	....	....	....
Travel	41	44	44	53	64	....	....	....	....
Government services	3	2	3	2	3	....	....	....	....
Others	11	12	12	14	22	....	....	....	....
Trinidad & Tobago	452	354	325	343	461	547	518	...	...
Transportation	207	198	176	194	196	197	202	....	....
Travel	111	81	86	77	108	193	201	....	....
Government services	8	10	9	12	14	11	98	....	....
Others	126	65	54	60	143	146	17	....	....

Source: IMF, Balance of Payments Statistics Yearbook, Various Issues.

Table 2: Caribbean services imports (US\$ millions)

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Antigua and Barbuda	123	131	135	144	155	....	.....	.....	.....
Transportation	49	53	56	57	57	....	.....	.....	.....
Travel	23	23	24	23	26	....	.....	.....	.....
Government services	4	5	7	8	5	....	.....	.....	.....
Others	47	50	48	56	67	....	.....	.....	.....
Bahamas	515	568	628	639	717	837	959	954	975
Transportation	104	101	111	134	157	183	176	176	166
Travel	187	171	193	213	235	250	256	309	293
Government services	40	36	35	34	47	46	52	50	57
Others	184	260	289	258	278	358	475	419	459
Barbados	209	273	319	363	387	409	432	454	....
Transportation	78	87	97	117	124	141	147	153	....
Travel	42	53	59	71	74	79	82	87	....
Government services	15	24	20	16	22	20	23	25	....
Others	74	109	143	159	167	169	180	189	....
Belize	82	93	88	95	92	91	99	108	119
Transportation	37	37	37	41	38	43	45	40	48
Travel	14	21	19	21	26	18	21	26	30
Government services	11	10	2	6	4	4	5	8	6
Others	20	25	30	27	24	26	28	34	35
Dominica	33	30	40	41	44	50	51	....	....
Transportation	17	16	18	17	18	21	19	....	....
Travel	6	5	6	6	7	7	8	....	....
Government services	2	2	5	4	4	5	6	....	....
Others	8	7	11	14	15	17	18	....	....
Dominican Republic	555	824	922	967	1121	1172	1319	1248	1374
Transportation	229	517	575	584	649	679	781	772	828
Travel	159	119	145	173	198	221	254	264	309
Government services	9	9	10	10	21	12	20	24	34
Others	158	179	192	200	253	260	264	188	203
Grenada	35	41	41	39	46	...	...	....	....
Transportation	18	19	22	21	26	...	...	....	....
Travel	4	4	4	5	5	...	...	....	....
Government services	2	5	2	2	2	...	...	....	....
Others	11	13	13	11	13	...	...	....	....

Guyana	140	149	161	172	....	....	....	....	....
Transportation	68	67	63	69	....	....	....	....	....
Travel	14	18	23	21	....	....	....	....	....
Government services	9	7	4	4	....	....	....	....	....
Others	49	57	71	78	....	....	....	....	....
Jamaica	714	823	961	1095	1142	1226	1285	1323	1432
Transportation	310	367	412	497	494	528	554	534	576
Travel	87	82	81	148	157	181	198	227	209
Government services	40	38	38	21	23	30	27	37	32
Others	277	336	430	429	468	487	506	525	615
St. Kitts/Nevis	41	46	45	....	....	....	....	....	....
Transportation	16	17	16	....	....	....	....	....	....
Travel	5	5	6	....	....	....	....	....	....
Government services	3	2	2	....	....	....	....	....	....
Others	17	22	21	....	....	....	....	....	....
St. Lucia	87	89	106	124	144	....	....	....	....
Transportation	44	42	42	43	44	....	....	....	....
Travel	21	20	23	25	29	....	....	....	....
Government services	5	5	6	6	8	....	....	....	....
Others	17	22	35	50	63	....	....	....	....
St. Vincent & Gren.	42	43	55	56	56	....	....	....	....
Transportation	18	18	19	20	20	....	....	....	....
Travel	4	5	6	7	7	....	....	....	....
Government services	3	1	5	2	3	....	....	....	....
Others	17	19	25	27	26	....	....	....	....
Trinidad & Tobago	447	466	438	242	217	254	256	....	....
Transportation	269	242	235	94	93	109	124	....	....
Travel		106	90	69	76	72	67	....	....
Government services	17	12	14	19	19	22	21	....	....
Others	161	106	99	60	29	51	44	....	....

Source: IMF, Balance of Payments Statistics Yearbook, Various Issues.

Table 3: Services balance for selected Caribbean countries (US\$ Millions)

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Antigua and Barbuda	220	246	261	205	213	....	....	....	....
Transportation	16	11	11	10	13	....	....	....	....
Travel	220	254	269	224	231	....	....	....	....
Government services	-1	-2	-6	....	....	....	....	....	....
Others	-15	-17	-13	-21	-26	....	....	....	....
Bahamas	875	890	883	904	861	756	623	858	1047
Transportation	-67	-74	-65	-81	-116	-130	-118	-116	-112
Travel	1051	1125	1134	1133	1163	1166	1152	1194	1521
Government services	-12	-11	-14	-14	-27	-26	-36	-27	-30
Others	-97	-150	-172	-134	-159	-254	-375	-193	-332
Barbados	409	417	495	550	574	551	592	571	....
Transportation	-69	-77	-83	-101	-106	-120	-126	-130	....
Travel	428	481	544	598	619	584	630	600	....
Government services	13	3	9	7	4	7	6	7	....
Others	37	10	25	46	57	80	82	94	....
Belize	61	58	32	38	46	47	42	54	53
Transportation	-23	-24	-27	-35	-32	-37	-38	-31	-37
Travel	46	48	52	57	67	77	78	85	92
Government services	24	25	10	10	9	10	14	13	14
Others	14	9	-3	6	2	-3	-12	-13	-16
Dominica	12	18	12	13	17	25	35	....	....
Transportation	-12	-10	-12	-11	-12	-14	-12	....	....
Travel	20	24	26	28	30	33	40	....	....
Government services	-1	-1	....	....	-2	-1	-2	....	....
Others	5	5	3	0	1	7	9	....	....
Dominican Republic	794	713	866	985	1020	1274	1183	1601	1853
Transportation	-159	-482	-537	-542	-591	-618	-719	-705	-757
Travel	682	1105	1284	1398	1583	1878	1899	2219	2551
Government services	3	37	41	47	41	62	61	59	51
Others	268	53	78	82	-13	-48	-58	28	8
Grenada	41	47	61	60	61	....	....	....	....
Transportation	-14	-15	-17	-17	-21	....	....	....	....
Travel	52	60	74	71	74	....	....	....	....
Government services	-1	-4	-1	-1	-1	....	....	....	....
Others	4	6	5	7	9	....	....	....	....

Guyana	-35	-35	-40	-38	....	....	.....	....	.....
Transportation	-40	-38	-36	-36	....	....	.....	....	.....
Travel	19	17	11	12	....	....	.....	....	.....
Government services	-6	-4	0	0	....	....	.....	....	.....
Others	-8	-10	-15	-14	....	....	.....	....	.....
Jamaica	391	438	536	518	482	489	501	655	595
Transportation	-178	-224	-196	-246	-271	-274	-278	-234	-247
Travel	777	863	889	921	935	950	999	1053	1124
Government services	4	12	7	24	27	13	16	-8	6
Others	-212	-213	-164	-181	-209	-200	-236	-156	-288
St. Kitts/Nevis	38	38	47	.....	.....	.....	.....	.....	...
Transportation	-12	-13	-11	.....	.....	.....	.....	.....	.....
Travel	62	65	71	.....	.....	.....	.....	.....	...
Government services	....	-1	-1	.....	.....	.....	.....	.....	...
Others	-9	-13	-12	.....	.....	.....	.....	.....	...
St. Lucia	108	117	131	142	126	.....	.....	.....	...
Transportation	-29	-27	-28	-28	-29	.....	.....	.....	...
Travel	145	158	184	205	208	.....	.....	.....	...
Government services	-1	.....	-5	-5	-7	.....	.....	.....	...
Others	-7	-9	-20	-30	-46	.....	.....	.....	...
St. Vincent & Gren.	17	20	9	18	38	.....	.....	.....	...
Transportation	-14	-13	-14	-15	-15	.....	.....	.....	...
Travel	37	39	38	46	57	.....	.....	.....	...
Government services	0	1	-2	0	0	.....	.....	.....	...
Others	-6	-7	-13	-13	-4	.....	.....	.....	...
Trinidad & Tob.	5	-112	-113	101	244	293	262	.....	...
Transportation	-62	-44	-59	100	103	88	78	.....	...
Travel	111	-25	-4	8	32	121	134	.....	...
Government services	-9	-2	-5	-7	-5	-11	77	.....	...
Others	-35	-41	-45	0	114	95	-27

Source: IMF, Balance of Payment Statistics Yearbook, Various Issues.

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