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EXPORT TRENDS AND PERFORMANCE FOR BARBADOS, GUYANA, JAMAICA AND TRINIDAD AND TOBAGO 1980-1987

The views expressed in this document are those of the author and do not necessarily reflect those of the Organizations indicated above.

INTRODUCTION

This study looks at the merchandise export sector of the economies of the four largest members of the Caribbean Community and Common Market (CARICOM) for the period 1980-1987. It is particularly interested in real, as opposed to nominal, exports, and the contribution of non-traditional exports and will pay attention to their structure, composition and main destinations. In order to assess the importance of non-traditional exports, an attempt will be made to identify and evaluate the policies put in place to encourage them.

The preferential trading arrangements from which these four countries benefit, including the General System of Preferences (GSP) of the industrialized countries, the Caribbean Basin Initiative (CBI) of the United States; CARIBCAN of Canada and the Lomé Convention of the European Economic Community (EEC), impinged the value, composition and direction of exports. An attempt will thus be made to relate the proliferation of these schemes to the export performance of these countries over the period identified.

In the second half of the study, multiple regression will be utilized to confirm trends. Variables such as exchange rates, growth of national income, growth of income in OECD countries will be used in the model and the impact of each on exports will be assessed.

Finally, some exploration will be made of possibilities for the future, including the role of services.

Overview

The small size of these four countries, two with a population of less than one million[1]*, and their limited resource base has resulted in an acute dependence on foreign trade as an engine of growth.*

With the beginning of independence in the 1960s and the desire for the transformation of the structure of these economies, import substitution industrialization became the focus of capital accumulation. The limits to the import-substitution strategy are well-known.[2] *Its failure was critically highlighted, particularly after the first oil 'shock', since the oil importing countries, suffering severe balance of payments problems, became aware of the input intensity of many of the new industries . As imports contracted so did CARICOM trade. The new industries were therefore dealt a double blow, from scarce and ultimately expensive raw material inputs and from contracting markets.*

Immediately following the "oil crisis" of 1973, the Barbadian economy was faced with a recession, balance of payments deficits and spiralling inflation. There was some recovery between 1977 and 1980 based on manufacturing and tourism. However, since 1981, a combination of factors such as falling export prices, weak

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[1] The populations of these four countries range from 253,000 for Barbados, 791,000 for Guyana, 1.2 million for Trinidad and Tobago and 2.2 million for Jamaica.

[2] These include inter alia: i) neglect of agriculture; ii) horizontal rather than vertical integration; iii) over-protected and inefficient industries and iv) failure to reduce unemployment.

demand and a fall in production, has caused a reversal in the economic fortunes of Barbados. Tight fiscal policy was aggravated by a shortage of foreign exchange, brought on by the dissolution of the regional payments scheme. While there has been some growth in output, there continues to be balance of payments disequilibrium as a result of a large trade deficit.

The Guyanese economy has been in constant crisis. Oil price increases led to a further fall in reserves and the collapse of sugar prices in 1976 exacerbated the situation. There have been several devaluations since the early 1980s but this has not improved Guyana's liquidity position. In April 1989 Guyana signed another agreement with the IMF, having failed several tests and being in arrears.

Jamaica was also unable to withstand the oil price shock of 1973/1974 as it coincided with a fall in bauxite/alumina production which has only seen a reversal within the last three years. Several IMF-linked devaluations have not produced any dramatic results except for inflation.

The oil price increases of the 1970s brought enormous prosperity to the oil-based economy of Trinidad and Tobago. However, rising wages and prices resulted in uncompetitive production and economic activity began to slow down. [Furthermore, over-active spending by Government and consumers created a spiralling growth in imports.] Weakening of the oil market combined with falling production resulted in the depletion of reserves and led to two subsequent devaluations of the currency. In December 1988 the country signed an agreement with the IMF for the first time in its history.

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THE STRUCTURE AND COMPOSITION OF EXPORT TRADE

Barbados, Guyana, Jamaica and Trinidad and Tobago have traditionally exported a very limited range of primary commodities to metropolitan centres. These exports, with the exception of bauxite, constitute only a small part of the import demand of their main trading partners, a smaller share of world production and trade [3] and are highly vulnerable to cyclical swings and product cycle changes.[4] (Please read Tables I and II in conjunction with this section).

The concentration on just a few export products is particularly evident in the case of Trinidad and Tobago. In 1980 petroleum and its by-products accounted for 94 per cent of domestic exports. By 1987 diversification efforts had brought this down to 72 per cent.

The next biggest category of exports, chemicals, is a non-traditional export which has grown steadily in absolute terms and relative importance, from 38 per cent of non-traditional domestic exports in 1980, to 75 per cent in 1985, although falling to 51 per cent in 1987.

The export of manufactures, classified by type of material, has also increased from 6 per cent of non-traditional exports in 1980, to 25 per cent in 1987. Other exports either stagnated or declined. Food exports, for example declined from 25 per cent of exports (excluding petroleum), in 1980 to 9 per cent in 1985, recovering to 13 per cent in 1987. (Please refer to Table III-4).

Initially Jamaica's domestic exports were concentrated on one product - alumina/bauxite, which accounted for 78 per cent of exports in 1980 but only 49

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[3] Bourne, C and Joefield-Napier, "Export Performance and Prospects for the Commonwealth Caribbean," Paper presented to the Conference on Latin American Trade and Economic Growth, Florida International University, 7-8 March, 1983. Mimeo.

[4] Thomas C. Y., "The Economic Crisis and the Commonwealth Caribbean: Impact and Response, "Paper Presented at Conference on ECONOMIC CRISIS AND THIRD WORLD COUNTRIES: IMPACT AND RESPONSE, Kingston, Jamaica, 3-6 April, 1989.

per cent in 1987. This fall was the result of a combination of declining production and a vigorous export diversification programme.

The next biggest category of exports, food, primarily sugar and bananas, rose from 11 per cent of total domestic exports in 1980 to 22 per cent in 1987. Excluding alumina/bauxite, food accounted for 50 per cent of domestic exports in 1980 and 43 per cent in 1987. Sugar and bananas accounted for 66 per cent of the exports in the category in 1980 and 62 per cent in 1987. It is of interest to note that export earnings from these two products increased despite the decline in production, thanks to the appreciation of the US dollar against the British pound, the Jamaican dollar being tied to the US dollar and payments being made in pounds.

Exports of miscellaneous manufactures, in which category garments are included, have shown a consistent increase thanks to the increase in garment exports. Exports in the category rose particularly sharply towards the end of the period under review, increasing by 83 per cent between 1986 and 1987. (Please refer to Table III-2).

Barbados' exports are more diversified. In 1980 sugar accounted for 31 per cent of total domestic exports, miscellaneous manufactures for 28 per cent, electronic components for 18 per cent and garments for 14.6 per cent. In 1983 sugar's contribution decreased to 6.7 per cent, rising to 26.5 per cent in 1987. In 1985 the contribution of electronic components peaked at 61 per cent, but declined to 24.1 per cent in 1987, when the US-based electronic assembly plants, which had produced most of them, closed. Garment exports increased to 17.6 per cent of total domestic exports in 1982, declined to 8.4 percent in 1986 and rallied to 11 per cent in 1987. (Please refer to Table III-1).

As a result of world-wide recession, balance of payments deficits and foreign exchange shortages flowing from falling demand for their major exports the export growth of the four countries has slowed appreciably during the period under review, indeed the value of their exports in 1987 were less than in 1980.

Barbados varied slightly from this pattern in that it enjoyed a brief period of enhanced export earnings between 1982 and 1984, when these rose by US $143 million thanks to exports of electronic components and garments. With the closure of the US-based assembly plants previously mentioned, the value of electronic component exports fell by US $112 million between 1986 and 1987. The currency devaluation of Barbados' chief regional trading partners also contributed to the decline.

The decline in the value of the exports of Guyana and Jamaica was caused by a combination of the overall economic crisis, weak international demand and falling prices for bauxite, alumina and other important exports.

In Guyana's case annual reduction in the US sugar quota and reduced demand for its rice also contributed to declining export earnings. Between 1980 and 1983 the total value of exports fell by US $202 million, while in 1984 there was a slight increase of US $22 million when prices for bauxite and aluminum rebounded.

The value of Jamaica's domestic exports also fell between 1981 and 1983, by US $293 million; steadied in 1984; fell again in 1985, by US $153 million, as a result of the closure of an important bauxite mine, the suspension of operations of two companies and the 1984 termination of the arrangement for bauxite sales to the US General Services Administration. Export earnings rose in 1986 as a result of improved market conditions for bauxite/alumina, and increased sugar earnings because of the stronger pound. In 1987 total export earnings increased by US $125 million; net of bauxite/alumina the increase was US $149 million or 75 per cent.

Trinidad and Tobago's total domestic exports fell by 66 per cent between 1980 and 1986 and increased by 6 per cent in 1987. The fall was largely the result of falling oil prices and production. Non-oil exports on the other hand rose by 47 per cent between 1980 and 1987, as a result of the government's export diversification efforts.

THE DIRECTION OF EXPORTS

Like others of the English-speaking Caribbean the four states under review have benefitted from preferential access to the markets of their traditional developed country trading partners and this has inevitably served to perpetuate established trading patterns.

The United States has become the single largest export market for the four States. It provides access for their exports through the Caribbean Basin

Economic Recovery Act, known as the Caribbean Basin Initiative (CBI), which became effective in January 1984, the 806/807 Programme and an informal arrangement with the United States Department of Agriculture, reintroduced in 1984, whereby a small annual quota of sugar can be sold to the United States at a price based on the price of domestically produced US sugar, which is usually higher than the world market price for sugar. However the initial quota were not large and they have declined steadily.

The CBI provides for the granting of non-reciprocal duty-free access for a twelve year period for specified imports from designated Caribbean Basin countries[5] [6]. In order to be eligible for duty-free treatment products must be:

imported directly into the US from the beneficiary country;

the cost or value of the item must consist of at least 35 per cent direct cost of processing in one or more of the CBI beneficiary states, or 20 per cent value added, if the additional 15 per cent is provided by US made components and a "substantial transformation" is made;

of a new or different article of commerce, as compared to the original materials, if it is manufactured from components or raw materials from extra-beneficiary sources.

The bulk of the garment export to the US by the countries under consideration takes place under the 807 Programme. Products qualify for exemption from US customs duty under US tariff schedule line 807.00 where there is "no major transformation of the product." In other words pieces/components from the USA are simply assembled/sewn together and returned.

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[5] These include Barbados, Jamaica and Trinidad and Tobago and as of 1989, Guyana.

[6] Duty free access, provided the products meet rules of origin requirements, applies to all products with the exception of textiles and apparel articles subject to the Multilateral Fibre Agreement (MFA), footwear, handbags, flat goods, work gloves and leather wearing apparel, canned tuna, petroleum and petroleum products, watches and watch parts which use material originating in a communist country.

The English-speaking Caribbean has had a special trading relationship with Canada since the nineteenth century[7]. In February 1986 the Canadian Government announced the creation of CARIBCAN, whose main feature is the unilateral extension by Canada of preferential duty-free access to its market for certain regional products which meet a 60 per cent value-added criterium. Textiles, clothing, footwear, luggage, handbags, leather clothing, lubricating oils and methanol are however exempted from the arrangement. The programme has not so far proved very satisfactory from the point of view of the exporting states.

The European Economic Community (EEC), and especially the United Kingdom, is a vitally important export market for the four States, which place particular emphasis on the arrangements governing their exports of bananas, rice, rum and sugar to the Community. Exports to the Community take place within the ambit of the Lomé Convention and its Protocols. The Convention is a trade, aid and investment package offered by the Community to certain African, Caribbean and Pacific states (ACP States) with which it has traditional ties, in most cases based on a former colonial relationship. The first version of the Convention was signed in 1975.

Exports of sugar are governed by the Sugar Protocol, which is independent of the Convention and of indefinite duration. The Protocol awards cumulative annual quotas of 430,000 tonnes per annum to Caribbean ACP countries for which the Community pays a negotiated guaranteed price.

The Banana Protocol permits Community members to extend market access preference to their traditional suppliers. In practical terms this has meant that Jamaican bananas have a guaranteed, protected market in the United Kingdom and are sold at above world market prices.

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[7] Canada has had a long historical trade relationship with the four countries from as far back as 1898 when Canada unilaterally granted a 25 per cent tariff preference to a number of West Indian products, including sugar. In 1913, Canada negotiated a trade agreement with the British West Indies that further reduced tariff rates and which were extended in 1921, 1926 and 1966. In 1974, Canada established a GSP from which the Caribbean also benefitted. Some of the products face the lower of two thirds of the MFN rate or the British Preferential Tariff Rate. Some of the rates have been reduced to zero and the product coverage has been enlarged.

Under the Rum Protocol ACP producers are allocated a total annual quota, subdivided into national quotas, and saleable only within a restricted market - the United Kingdom in the case of the four countries under consideration.

The other arrangement which has influenced the direction of exports is of course the Caribbean Community and Common Market (CARICOM), established in 1973 as a successor to and development of the Caribbean Free Trade Association (CARIFTA), with the objective of promoting intra-regional trade and integrating members' economic activities.

While the biggest chunk of the four countries' exports went to the OECD during the period under review - the percentage of such exports varied from 41 per cent in the case of Barbados to 80 per cent in the case of Jamaica - there was an increase in exports to other developing countries and states with centrally planned economies.[8]

Barbados' main trading partners are the OECD[9] and CARICOM. (Please refer to Table IV-1). In 1980 they together absorbed 82 per cent of its exports, while the category all other countries absorbed 18 per cent. Exports to the OECD gradually declined, reaching 26.2 per cent in 1985, while those to all other countries were 51.1 per cent and to CARICOM 22.7 per cent. By 1987 exports to the OECD had rebounded to 45 per cent, while those to all other countries were 31 per cent and to CARICOM 23.5 per cent.

Guyana's export destinations are more varied than those of Barbados, in that they include COMECON and Latin America but the OECD is nevertheless the chief market. (Please refer to Table IV-2).

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[8] The decrease of exports to OECD countries and the corresponding increase in exports to other countries is not a linear one, however. There is a high degree of fluctuation in response to shifts in the international economic environment.

[9] Within the OECD, the U.S. is the largest market for Barbados' exports taking 36 per cent in 1980.

In 1980, 58.6 per cent of Guyanese exports went to the OECD, 17.3 per cent to the Rest of the World, 13.9 per cent to CARICOM, 8.7 per cent to Latin America and 1.5 per cent to COMECON. Although exports to the OECD declined slightly to 45 per cent in 1982, with those to the Rest of the World at 30.8 per cent, to CARICOM at 16.7 per cent, to Latin America at 6.7 per cent and to COMECON at .7 per cent they rose to 63.6 per cent in 1984 (the last year for which figures were received), with 19.1 per cent to the Rest of the World, 6 per cent to CARICOM and to COMECON and 5.4 per cent to Latin America.

The bulk of Guyana's bauxite and its sugar and rum went to the OECD, its manufactured goods to CARICOM , some bauxite also went to Latin America and to COMECON, in particular to East Germany through a counter-trade arrangement. It may be noted that throughout the 1980s bauxite suffered from reduced production.

The OECD market has constantly been the largest and most important for Jamaica, absorbing, on average, 80 per cent of its exports. (Please refer to Table IV-3). The percentage of exports to CARICOM was 6 per cent in 1980, 13 per cent in 1983 and 6.4 per cent in 1987. The other Caribbean countries recently became a more promising market, as exports to them rose from 2 per cent between 1980 and 1984, to 8 per cent in 1985, holding at 7 per cent in 1986 and 1987. In both 1985 and 1987 exports to this group slightly exceeded those to CARICOM - by 1.4 per cent and .4 per cent respectively. Exports to Latin America were mainly of bauxite. These rose from 1.9 per cent in 1980, to 4.8 per cent in 1982, fell slightly, went to 5.9 per cent in 1986 and back to 1.3 per cent in 1987. The fluctuation was a result of reduced bauxite and alumina output.

The success of the Government's market diversification efforts was evidenced by the percentage of exports to the Soviet Union, which stood at 5.2 per cent in 1980 and averaged 3.3 per cent during the period under review. Exports to the Rest of the World declined steeply from 10.5 per cent in 1980 to 0.3 per cent in 1987.

The OECD is the main export destination for Trinidad and Tobago products, followed by CARICOM and other Caribbean countries. The percentages of exports to these three groups were 72.6 per cent, 7.9 per cent and 12.8 respectively in 1980. Exports to the OECD rose to 80.8 per cent in 1986, and were 74.3 per cent in 1987, when those to CARICOM rose to 10.7 per cent and to other Caribbean countries to 9.5 per cent. Although the percentage of exports to Latin America was small during the period under review it compares quite well with those to the Rest of the World - 3.5 per cent, mainly petrochemicals, in 1980, compared with 2.9 per cent, rising to 7.3 per cent in 1982, as compared with 4 per cent, and standing at 4.2 per cent as compared with 1.3 per cent in 1987.

Despite the special trading arrangements established by key OECD states to benefit Caribbean countries, there has been a general decline of exports, particularly of primary commodities to their markets. A significant cause of the decline was the introduction of a quota system for Caribbean sugar imports by the United States.

The effects of the quota can be seen from the following. In 1980, when there was no quota, Barbados exported 60,436 short tons (ST) of sugar, valued at US $35 million to the United States, while, as a result of the quota, shipments fell to 7,538 ST, valued at US $3.2 million. Guyana's sugar exports which were 59,410 ST, valued at US $34 million, before the quota dropped to 11,294 ST, valued at US $4.7 million. Similarly Jamaica's exports dropped from 66,422 ST to 10,488 ST. Trinidad and Tobago on the other hand had not exported to the United States before the quota and with its imposition took up its allocation of 7,890 ST valued at US $3.3 million.

The Lomé Convention's Sugar Protocol does not provide for an increase in quotas except through the reallocation of a country's quota. The fixed quota and exogenous price means that exporting countries can only increase returns by producing sugar at a lower cost. The four countries have not been able to take advantage of this because production has been falling while domestic consumption and production costs[10] have been increasing. In fact, the four states have had, on occasion, to import on the free world market in order to meet their quotas

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[10] Indeed, production costs in the four countries have been higher than those of EEC sugar, for example, in 1985, production costs in Barbados was US $0.28 per pound while the EC price was US $0.18 per pound. Caribbean Exports: Preferential Markets and Performance, May 27, 1988, World Bank. Report No. 7207-CRG.

with the EEC. Jamaica and Trinidad and Tobago have both had net exports lower than their EEC quota in every year since 1981.

There has also been a significant decline in the contribution of bauxite to export earnings as a result of the closure of mining firms both in Guyana and Jamaica.[11] In addition, international price reductions for both bauxite and alumina, with the exception of 1984 and 1987, contributed to the reduction of exports in general and of those to the OECD markets in particular.

Other commodities have also suffered declines. The volume of bananas exported in 1986 were less than half that of 1980. Adverse weather was the main culprit. In the case of rum, exports from Jamaica and Trinidad and Tobago have stagnated due to both production and marketing problems. One of the marketing problems facing rum is the peculiar nature of the regulations affecting its import.

Canada, for example, has imported West Indian rum free of duty since the 1960s, however Provincial Liquor Boards have a monopoly on the distribution and sale of all alcoholic beverages. They maintain a differential mark-up which makes an appreciable difference between the price of imported and local products. In addition the Boards do not issue listings for all products and a product which is not listed cannot be stocked.

In order to overcome the differential mark-up problem West Indian producers elected to bottle their rum in Canada. However the Intoxicating Liquors Act required that rums bottled in Canada use 20 per cent Canadian rum and be described as a blend of West Indian and Canadian rums. For years West Indian producers lobbied for the amendment of the Act to permit the bottling of 100 per cent West Indian rum in Canada.[12]

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[11] In the case of Guyana, the decline in production arose because of the Government's nationalization of the bauxite industry and the resulting uncertainty in the world market. Furthermore, managerial and marketing problems were encountered in the operation of the industry. In Jamaica, the imposition of the bauxite levy resulted in the deliberate shift to other production centres by the multinational firms in control of the bauxite industry as a way to minimize the amount of money to be paid to the government.

[12] Their efforts have only recently borne fruit. In 1989 Canadian legislation was amended to permit West Indian producers to use only 2 per cent Canadian rum in Out of Bond bottling, without referring to a blend on the label, thus preserving the integrity of their product. However any production losses are Duty Paid. Producers are therefore lobbying the Canadian authorities to

The anticipated increase in exports of manufactured goods to the EEC has only been realised in the case of Trinidad and Tobago, which has exported methanol, ammonia, urea and steel products, accounting for three-quarters of its manufactured exports to OECD countries. In the cases of Barbados and Jamaica, however, the rapid growth in exports under the US 807 programme, particularly of clothing and electronic components, have not compensated for the decline in primary commodity exports. Indeed, Barbadian exports of the two forementioned products declined considerably when the firms which produced them closed in response to the decreasing competitiveness of the Barbadian economy.

In the early 1980s intra-regional domestic exports expanded[13] but this was not sustained. The collapse of the CMCF and the weakening of the largest market, Trinidad and Tobago, in 1983 led to a decline in trade in the countries of the region.[14] The Guyanese market was virtually closed to all but petroleum products, while regional exports to Jamaica and later to Trinidad and Tobago became more expensive as a result of devaluations in both these countries. The devaluations did however result in a slight improvement in the intra-regional exports of these two countries as their products have become much more competitive. (See Table IV-1-4).

THE DEVELOPMENT OF THE NON-TRADITIONAL EXPORT SECTOR

The balance of payments and foreign exchange crises of the 1970s and 1980s, largely occasioned by the failure or poor price performance of traditional primary commodity exports such as sugar, bauxite and petroleum, forced Barbados, Guyana, Jamaica and Trinidad and Tobago to intensify their efforts to develop and expand non-traditional exports. Such efforts included deliberate policy initiatives to enhance investor interest and counteract the effects of

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permit the In Bond bottling of their product.

[13] This was principally in response to the buoyant state of the Trinidad/Tobago economy and the introduction of the CARICOM Multilateral Clearing Facility (CMCF) which was utilized mainly by Guyana and Jamaica.

[14] This led to unilateral actions outside the framework of CARICOM such as restrictive foreign exchange regulations, stamp duties and import licensing to correct balance of payments and declining foreign reserves.

inadequate physical resources, low levels of capital formation and high production costs.

Regimes of guidelines and incentives to attract investment in "new" exports were developed by individual states and, in an attempt to minimize competition between CARICOM member states, these were harmonized under the Harmonization of Fiscal Incentives Agreement.

Under the Fiscal Incentives Acts of the four countries the same types of incentives are available. These are tax holidays, duty free concessions on plant, equipment and raw materials, accelerated depreciation allowances and export allowances.

Tax holidays are granted to"approved enterprises" grouped in four categories, principally according to local value added criteria. In addition enclave industries, producing exclusively for extra-regional markets and highly capital intensive industries, are considered for the longest tax holidays - that is of ten years.

Enterprises (Group 1) with the highest local value added (over 50 per cent) receive 9 years in Guyana, Jamaica and Trinidad and Tobago and 10 years in Barbados.

Group 2 enterprises with 25 per cent to 40 per cent local value added, can receive tax holidays of up to 7 years and 8 years in Barbados.

Group 3 enterprises with 10 to 25 per cent local value added receive 5 years and 6 years in Barbados. Duty-free importation of plant, equipment, machinery, spare parts, and raw materials for the operation of an approved enterprise may be granted provided that such items are not available from member states of CARICOM at comparable prices and in adequate quantities and quality. Depreciation allowances are given during and after the tax holiday while exemption of dividends from any limitations and from income tax may be given beyond the tax holiday. Export allowances are based on the value of export profits as a percentage of total profits and vary between 25 per cent to 50 per cent. This allowance is granted in the form of a rebate on income tax on export profits.

The bulk of export trade is financed through the commercial banking system. Given the high priority attached to exports the need for governmental institutions to provide credits, guarantees, or insurance was recognized. Outside of the framework of regional incentive legislation, each country has developed national legislation and institutional support to encourage non-traditional exports.

The Jamaican Export Credit Insurance Corporation (JECIC), which was replaced by the National Export-Import Bank of Jamaica (Ex-Im) in 1986, was established in 1971 as a wholly owned subsidiary of the Bank of Jamaica (Central Bank). The purpose of this facility is to encourage and develop trade by insuring Jamaican exporters against non-payment by foreign buyers, thereby allowing the exporter to secure financing and to offer more competitive credit terms to potential overseas buyers. Similar institutions were set up in Barbados in 1978 and in Trinidad and Tobago in 1984.[15]

Post-shipment credit is also available in all four countries. This facility provides working capital at a lower rate of interest through a discounting mechanism of commercial bank advances to exporters. Government-subsidized preshipment credit is also available in Barbados and Jamaica.

To more directly assist in the diversification of exports, Export Development Funds (EDF) have been established in some of the countries.

In Barbados, an EFD was established in 1979 to facilitate the importation of raw materials, spare parts, intermediate goods and equipment necessary for the development of non-traditional exports. Foreign exchange loans are limited to the import content of projected export sales for CARICOM exporters and the equivalent of 65 per cent of projected export sales for non-CARICOM exporters.

In 1981, an EDF was also established in Guyana. The focus in Guyana was similarly on the non-CARICOM market. As exporters generally obtained their imports from hard currency areas, it was hoped that those exporters utilizing the Fund would find markets in those areas. As a result of their inability to do so the policy was changed in 1983 to require beneficiaries of these funds to secure export markets in hard currency areas. This led to a significant decline

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[15] Whereas in Barbados, enclave industries are not covered, in Jamaica, export credit insurance includes a service policy which covers Jamaican consultants or operators under the U.S. 807 programme who in effect export labour services to the U.S. J.I. Stone, "A Survey on Trade Finance in the English-Speaking Caribbean Countries, "LC/CAR/L.249(Sem.1/2) 7 April, 1988.

in the amounts disbursed. In any case, the EDF did not have sufficient resources to make a significant impact on the non-traditional sector.[16]

The focus on the non-CARICOM market is again evident in the Technical Assistance Fund for Jamaican exporters, established in 1985 to provide technical consulting services on non-traditional goods destined to non-CARICOM markets. Technical assistance is provided in the areas of marketing, sales and distribution, product development, packaging design, productivity improvement, quality control etc. These services are also provided by national institutions in the other countries such as the Trinidad Export Development Corporation, the Guyana Export Promotion Council and the Barbados Export Promotion Corporation.

In Guyana in 1983, retention accounts were introduced by the Central Bank primarily to facilitate non-traditional exports.[17] [18] The arrangement allows some exporters to retain foreign currency accounts at their commercial banks, credited with a specific percentage of their hard currency export earnings. The retained foreign currency is to allow exporters to effect payments for their imports. The retention quotas granted to these firms in Guyana range from 15 per cent to 50 per cent of their export proceeds.

This arrangement appears to have had an impact on the non-traditional sector in Guyana. Between 1984 and 1986, there was an increase of 138 per cent in the total hard currency receipts by non-traditional exporters utilizing retention accounts with the exception of the Goldminers.

BARBADOS

The special trading arrangements in addition to the regional and national incentive legislation and institutions have shown

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16 Danns Donna, The Foreign Exchange crisis in Guyana, Bank of Guyana, 1987, pg.42.

17 With the stabilization programme entered into by Guyana with the IMF at the beginning of 1989, the retention accounts are to be abolished. It is hoped that the inflow of foreign exchange as a result of the programme will be allocated in such a way as to continue to encourage exports.

18 Trinidad and Tobago and Jamaica introduced similar accounts in 1989.

positive results in terms of the growth of non-traditional exports.[19] Barbados, in its efforts to diversify out of its dependence on sugar, and tourism, has concentrated mainly on electronic component assembly, garments and chemicals.[20]

Over the period 1980-1984, the export of electronic components more than quadrupled from US $31.7 million, or from 21 per cent of domestic exports, to 58 per cent. Not surprisingly, given the predominance of U.S. firms in this sector, the bulk of exports was geared towards the U.S. market. Between 1980 and 1982, 100 per cent of exports went to the OECD market. In 1983. however, a large percentage, (65 per cent of the largest single electronic component, photocathode valves and tubes and transistors) went to Puerto Rico, with 35 per cent going to the OECD market. This grew to 69 per cent in 1984, 90 per cent in 1985 and fell to 56 per cent in 1986. Of other individual electronic components such as electrical appliances and apparatus, 94 to 100 per cent were absorbed by the OECD countries during the 1980-1987 period.

The garment industry has been one of the subsectors receiving much attention over the last two decades in Barbados. Its contribution to the economy has grown from US $24.6 million in 1980 to a peak of US $35.2 million in 1983, an increase of 43 per cent. In response to contracting demand both in CARICOM and OECD markets and despite the special 807 Programme, the value of clothing began to decline in 1984. That year it fell by 8 per cent followed by a decline of 31 per cent in 1985, 21 per cent in 1986 and 31 per cent again in 1987, so that by 1987, the export value of clothing was only US$ 11.9 million.

The OECD countries, principally the U.S., and CARICOM have been the two largest markets for garments. In 1980, 54 per cent went to the U.S. market while 46 per cent was absorbed by the CARICOM market. The proportion of exports to the United States rose 67 to per cent in 1981, declined slightly in 1982 and increased to 72 per cent in 1984, 80 per cent in 1985, 89 per cent in 1986 and 94 per cent in 1987.

The other non-traditional exports identified at Table V-1, furniture, cement, chemicals (insecticides), margarine and lard have not made as significant

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[19] See Table V-1.

[20] Barbados Development Plan 1983-1988, Ministry of Finance and Planning, 1988.

an impact as electronic components and garments.

The value of furniture exports has fluctuated considerably from US$ 2.7 million in 1980, to US$ 6.3 million in 1983, thereafter falling to less than half a million dollars. Furniture exports were entirely absorbed by the CARICOM market.[21]

The export of cement began in 1984. It increased by 360 per cent in 1985, a further 29 per cent in 1986 and fell by 29 per cent in 1987. Roughly 75 per cent of cement exports go to the CARICOM market while the other 25 per cent go to other Caribbean countries.

The value of chemicals has also fluctuated, increasing by 26 per cent between 1980 and 1983, falling by 30 per cent in 1986, with a slight revival of 15 per cent in 1987. The export value of the largest category of chemicals, insecticides, is also shared between the CARICOM market and other Caribbean countries in the proportion of 65 per cent and 35 per cent respectively.

Margarine and lard have been declining from US$ 3.1 million in 1980 to one million U.S. dollars in 1987. On average, 98 per cent of exports are absorbed by the CARICOM market while the other two per cent goes to other Caribbean countries.

GUYANA

Guyana's potential to develop its non-traditional sector is tremendous given its vast untapped resource base which includes petroleum and precious stones. Of the main non-traditional products which have been developed, only shrimps and gold appear to be growing in value. Shrimp exports increased from less than US$ 1 million in 1980 to US$ 4.9 million in 1984. Similarly, the value of gold exports more than doubled between 1984 and 1986.

[21] A regional programme for garments, furniture and agro-industrial products funded by the IDB is currently being implemented by CARICOM, the Caribbean Association of Industry and Commerce (CAIC) and the Caribbean Development Bank (CDB). Each of the three industries will be managed by a Task Force which will determine technical assistance requirements in the area of management, technology needs, packaging, marketing, quality control etc. The role of CARICOM is to specifically provide trade information relevant to the needs of these industries. This will be particularly important to Barbados which has seen a decline in exports in these three sectors over the period under review.

Timber exports which were valued at US $6.3 million in 1980 had declined to US $3.3 million by 1984. Exports of medicinal and pharmaceutical products more or less stagnated, while exports of perfumery and cosmetics and refrigerators/freezers for domestic use fell by 35 per cent and 15 per cent respectively.

Virtually all shrimps exports are absorbed by the OECD market, principally the U.S. and Japan, with only minute amounts going to CARICOM and other Caribbean countries. The exception was 1984, when 7 per cent, a fairly significant amount, went to CARICOM countries, principally Trinidad/Tobago and Barbados. The destinations of timber exports are more varied, with an average of 43 per cent going to OECD countries and 46 per cent to CARICOM countries. Similarly there is some degree of diversity in the exports of medicinal and pharmaceutical products, with an average of 68 per cent going to the CARICOM market, 21 per cent reaching the OECD market and an average of 10 per cent going to other Caribbean countries. On the other hand an average of 91 per cent of exports of perfumery and cosmetics go to the CARICOM market, an average of 3 per cent to OECD countries and 6 per cent to other Caribbean countries. All exports of refrigerators/freezers are absorbed by CARICOM.

JAMAICA

Within the context of the Economic Recovery Programme of 1981, the fruit and vegetable sector has become the focus of the new export thrust. In an effort to capitalize on the apparent high income elastic demand for exotic fruit, such as mangoes, cut flowers and foliage, the AGRO-21 project seeks to expand commercial production in these and other new crops and hopes to gain entry into new markets. In addition, a captive market exists in the major European and North American cities where Caribbean migrants have settled. The fairly consistent rise in fruit and vegetable exports bears this out. (See Table V-3) The growth in the export value of cut flowers/foliage, which rose from US$ 1.4 million in 1980, to US$ 3.7 million in 1987, is also promising.

There also appears to have been a slight shift in the direction of exports of fruits and vegetables. In 1980, 9 per cent of exports were absorbed by the CARICOM market, 20 per cent by the other Caribbean countries and 89 per cent by the OECD market. By 1987, 94 per cent of exports were directed to the latter market, with 4 per cent being distributed to CARICOM and 2 per cent to the other Caribbean countries. It is reasonable to assume that the need to obtain hard currency prompted the shift to the OECD markets.

There has also been a tremendous increase in garment exports during the period 1980-1987 and an accompanying shift from the Caribbean to the OECD market. In 1980, garment exports were valued US$ 7 million, in 1982 these increased by 145 per cent to US$ 17.4 million. The sector suffered a decline of 11 per cent in 1983 as a result of reduced demand in both CARICOM and U.S. markets, but there was a dramatic increase of 157 per cent in 1984, a further increase of 10 per cent in 1985, followed by a 46 per cent increase in 1986 and a 95 per cent increase 1987.

The shift in direction was also rapid. In 1980, 32 per cent of garments exports were absorbed by the CARICOM market, 11 per cent by other Caribbean countries and 57 per cent by OECD countries. By 1985, only 3 per cent went to CARICOM member countries with 97 per cent being absorbed by the OECD market. With the establishment by the United States of the guarantee access programme in 1986 which requires the utilization of U.S. cloth, the OECD market absorbed 99 per cent of exports, the remaining 1 per cent was divided between CARICOM and other Caribbean countries.

Other non-traditional exports such as cordials/liqueurs, cigars, cut flowers/foliage and other live plants have always been geared towards the OECD market. Indeed, over the period an average of 95 per cent, 98 per cent and 97 per cent respectively of these exports were absorbed by the OECD market, with the remaining percentage being shared by both CARICOM and other Caribbean countries.

The growth rate of manufactures such as galvanized sheets, furniture, electrical machinery and other miscellaneous manufactures are not as impressive. This is not surprising as structural and policy factors encourage manufactures to be absorbed by the local and CARICOM markets.[22] Intra-CARICOM trade had faced

[22] The domestic orientation of manufactures in particular is a result of the import substitution programmes of the 1960s and 1970s which, as has now been acknowledged by most economists, have resulted in inefficiencies in resource allocations, disincentive effects on exports and weak price competitiveness associated with high protection coefficients. Broad indicators of market

several difficulties over the period, including the establishment of non-tariff barriers, particularly licensing and foreign exchange regulations, and a general economic contraction.

TRINIDAD AND TOBAGO

Trinidad and Tobago's main non-traditional exports are energy-based products which utilize the country's large natural gas reserves as fuel and feedstock. The petrochemical industry[23] began to develop in the late 1970s when the country was to able to utilize the revenue windfall from oil price increases to commission two plants (in 1977 and 1981) to produce both ammonia and urea; the production of steel products began in 1980 and that of methanol in 1982.

Between 1980 and 1984 there was a huge increase in export earnings from ammonia. These rose by 265 per cent, from US$ 49.4 million in 1980 to US$ 180.3 million in 1984. This can be attributed to the increased production capacity with the coming on stream of the two new plants. There was a 39 per cent decline in 1985, with a slight recovery of 13 per cent in 1986, followed by another decline of 10 per cent in 1987.

The value of urea exports fluctuated, averaging about US $6 million between 1980 and 1984. However, the start-up of another urea plant in 1984, resulted in a dramatic increase of US $26.3 million or 299 per cent between 1984 and 1985. In 1986 there was a further increase of 34 per cent but by 1987 marketing problems and a depressed capacity (of below 50 per cent) caused a fall in export earnings.

The methanol plant was constructed in 1984 and reached full capacity in 1987. During this period the value of exports increased by 108 per cent from US$ 19.8 million in 1984 to US$ 41.1 million in 1987. The majority of international sales (85 per cent) are arranged through long term contracts with

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orientation for Jamaican manufactures obtained by expressing exports as a percentage of manufacturing value-added show high domestic sales of at least 75 per cent.

[23]The commissioning of Federation Chemicals, a wholly owned subsidiary of W.R. Grace marked the beginning of the production of ammonia.

three firms in the U.S.. A large proportion of methanol exports are thus absorbed by the OECD, particularly the U.S. market, (100 per cent in 1984, 87 per cent in 1985, 89 per cent in 1986, and 90 per cent in 1987). The percentage of exports to Latin America increased from 3 per cent in 1985, to 6 per cent in 1986 and 9 per cent in 1987, subsequently declining to 2 per cent in 1988. The other Caribbean islands absorbed 1 per cent in 1985 and 1987 and 5 per cent in 1986. The rest of the world absorbed 7 per cent in 1985.

A consistently large proportion of ammonia exports have gone to the OECD markets, ranging from a low of 86 per cent in 1980 to 97 per cent in 1985, or an average of 94 per cent over the period 1980-1987. Between 1980 and 1986 between 1 and 2 per cent went to Latin America, increasing to 3 per cent in 1987.

The direction of urea exports has been less "concentrated", although the OECD market absorbed the bulk of them during the period under review: 40 per cent in 1980, 65 per cent in 1983, 38 per cent in 1984, 34 per cent in 1985, 74 per cent in 1986 and 66 per cent in 1987. For the first three years of the decade between 1990, 27 per cent of exports went to the CARICOM market and between 24 per cent and 29 per cent to other Caribbean countries. In 1984 and 1985 there was a change in direction and the Latin American market absorbed 34 per cent and 20 per cent respectively during those two years.

Chemicals, another non-traditional export, made a very significant contribution to export earnings in the early years of the decade, peaking at a value of US$ 30 million in 1983. However as a result of the requirements of the methanol plant exports were considerably reduced as the plant's production came on stream. One hundred per cent of production was exported to the OECD, with the exceptions of 1980, when 5 per cent was exported to other Caribbean countries, and 1983 when 10 per cent of production was exported to Latin America.

The export of iron and steel products began in 1981 and, with the exception of 1985 when the first devaluation of the TT dollar occurred,[24] have increased steadily[25].

In 1980 all steel exports, which were at this stage sponge iron, went to Latin America. As product lines diversified so did markets - in 1982 44 per cent of exports went to other Caribbean countries, 33 per cent to the OECD, 18 per cent to Latin America and 5 per cent to CARICOM. In 1985, 31 per cent went to CARICOM, 27 per cent to other Caribbean countries, 24 per cent to the OECD and 18 per cent to Latin America.

During the period under review the export value of cereal preparations and miscellaneous manufacturers fluctuated, with both declining from 1984. The export value of soaps, cleaning and polishing preparations peaked at US$ 10 million 1983 and subsequently declined. The value of non-alcoholic beverage exports fluctuated and then rose to US$ 3.4 million in 1986 and US$ 5.8 million in 1987.

The majority of manufactured items, including those listed in Table V-4 are absorbed by the CARICOM market. With very limited exceptions, articles of paper, soaps, cleaning and polishing preparations, cereals and cereal preparations and non-alcoholic beverages are absorbed by the domestic and CARICOM market, with minute amounts going to other Caribbean countries.[26] The exception to this is the category of miscellaneous manufactures, of which 55 per cent went to the OECD market[27] between 1980 and 1986 with the other 45 per cent being absorbed by the CARICOM.

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[24] The US dollar value of most exports declined during this year. There is generally a lag period during which time is needed to expand production in response to a devaluation.

[25] The Voluntary Restraint Agreement, signed with the U.S. in 1988, limiting the export of steel products to 70,000 metric tonnes has put a cap on expansion in this market but will lead to a shift in exports within the OECD itself and perhaps to other developing or centrally planned economies.

[26]Broad indicators of market orientation for Trinidad and Tobago show a 50:50 ratio of domestic sales to exports. There may be some underestimation as processed foods are not included. (Bourne, 1988:88)

[27]The main category of products responsible for this aberration is that of orthopedic appliances, 99% of which goes to this market.

A CARIBBEAN TRADE MODEL

It is clear that demand for Caribbean exports is exogenously determined, given the region's small size, limited resource base and acute dependency on imported inputs for export products. In this context, in seeking to arrive at a model to explain the demand for merchandise exports, it was decided to utilize the multiple regression formula[28] ($Y = a + X1 + X2 + X3$) where Y = export volume index, X1 = Px or export prices, X2 = e/P or real exchange rate and X3 = Yx or OECD GDP. In other words, export growth is linked to prices as well as to the economic growth of the major market.

In the case of Jamaica, the multiple regression (See Table VI) is not conclusive due to the high dependency between X (export volume index) and X1 (export prices). The high value observed for the correlation coefficient is explained by that dependency. As the high standard error coefficients indicate, there is no relationship between X2 (real exchange rate), X3 (OECD GDP) and X1 (export volume).

In the case of Trinidad and Tobago, (See Table VII) the correlation coefficient is similarly very high indicating that there is a close relationship between export volume, export prices, real exchange rates and OECD GDP. Here too the standard error of the coefficients is quite large indicating that there are problems when the model is disaggregated.

These problems are derived from the fact that there are special conditions that operate in the Caribbean. As previously mentioned, exports from the Commonwealth Caribbean, given the nature of the preferences provided by major trading partners, are more a function of negotiations and production than any other factors. Indeed, the price of a significant export, sugar, for all four countries, is negotiated with the European Community and is set within a quota by the U.S.. Furthermore, the price increase of goods exported to non-dollar countries up to 1980 has been the result of the appreciation of the U.S. dollar to which the currencies of Barbados, Jamaica and Trinidad and Tobago are tied. (Since 1981 the Guyanese currency has been tied to the SDR). In the case of

[28]The model was only utilized for Jamaica and Trinidad and Tobago as the export volume index was not available for Barbados and export prices for Guyana is not the most reliable.

Barbados and Guyana, sugar exports have accounted for one-third of their foreign exchange earnings over the period. For Jamaica and Trinidad and Tobago, it has only accounted for 8 per cent.

Furthermore, Guyana and Jamaica's major exports, bauxite and alumina, are also subjected to non-market forces. In the case of Jamaica, a significant portion is exported through intra-company transfers and therefore not immediately affected by changes in exchange rates. Indeed bauxite/alumina export volumes are more a function of energy prices. Exchange rates do impact in the medium term on decisions to shift production locations in response to favourable exchange rate movements, but in this specific case, given the short time period, the lag time allowed is too short to be useful. In addition, large portions of bauxite/alumina are exported by Guyana and Jamaica[29] through countertrade arrangements Both the world market price and real exchange rates are not of crucial importance, given the fact that, the weaker partner in countertrade deals, generally the country seeking the deal, is not in a position to insist on the most favourable price.

The supply of goods has frequently been of critical importance. Production related problems due to structural rigidities account for a significant portion of the decline in exports particularly in Guyana. As Table II shows, with the exception of sugar, the volume of all major domestic export commodities have declined over the period 1980-1987.[30] At the domestic level, such factors as inadequate technology, managerial deficiencies, lack of foreign exchange for imported inputs, adverse weather conditions and industrial unrest have largely been to blame. External factors such as declining demand for primary commodities, the use of substitutes and the increasing miniaturization of components have also contributed to declining production in the countries under study.

Cocoa and coffee exports for Jamaica and Trinidad and Tobago have the brightest growth prospects. Coffee imports have been growing rapidly, especially in OECD countries. The demand for cocoa has not shown the same vibrancy, but

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[29]In 1984, the Jamaican government agreed to supply 600,000 long tons of bauxite and the USSR one million wet metric tonnes per annum for seven years through the countertrade mechanism.

[30]The volume of bananas exported declined by 54 per cent between 1980 and 1985 before rising between 1985 and 1987.

given the small share of Caribbean exports and the high quality of both coffee and cocoa beans, substantial growth is still possible without affecting world prices or supplies. (Bourne, 1988:84)

OTHER ISSUES AFFECTING CARIBBEAN EXPORTS

One of the basic truisms of international trade theory is that export growth requires that the goods exported be competitive. Key factors that affect competitiveness include factor costs, national economic management or business/investment climate and real exchange rates of major trading partners and competitors.

With respect to factor costs, assuming homogenous production technology and similar non-labour input prices, the evidence shows that unit labour costs in the economy as a whole, and specifically in agriculture and manufacturing in Jamaica and Trinidad and Tobago, far exceeds that of other developing countries.-[31] It is clear then that reduction in unit factor cost and technological improvements, in addition to competitive exchange rates, are vital to maintaining traditional market shares and entering into new markets with strong growth prospects.

Caribbean economies, including the four under study, are also not internationally price competitive.[32] With the exception of Guyana, whose currency has been tied to the SDR since 1981, as previously indicated, the currencies have been intimately affected by the movement in the exchange rate for the dollar. While exports to the non-dollar market have benefitted, the dollar appreciation has made competition with other countries whose real exchange rates have appreciated difficult in the US market.

Devaluations have been utilized by Guyana, Jamaica and Trinidad and Tobago to seek to correct balance of payments disequilibrium by altering the relative

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[31]These two countries were compared with Venezuela, South Korea, India and Thailand. The results show that unit labour costs in Jamaica and Trinidad and Tobago were several times that of the other countries. Bourne (1988:158).

[32]Bourne Compton, Caribbean Development to the Year 2000: Challenges, Prospects and Policies, Commonwealth Secretariat/Caribbean Community Secretariat, June 1988, p.78.

prices of domestic and foreign goods in order to reduce domestic demand for higher priced foreign goods and stimulate greater international demand for domestic production. As indicated by Codrington (1986:29), for this to occur, the demand for both imports and exports must be responsive to price changes (Marshall-Lerner Conditions). This has not occurred in the case of CARICOM countries as we have seen.

National economic management has not been as dynamic as it should. The Import Substitution model has not yet been modified sufficiently to encourage changes in the attitude of domestic manufacturers towards exports, particularly extra-CARICOM exports. As is well known, this model created a system of protection for the local manufacturing industry which made it unnecessary to expand production for the export market. Bourne (1988:89) notes that the effective protection coefficients are quite high for the region, for example, for Jamaican manufacturing, it is 1.67 on domestic sales, 1.19 on CARICOM sales and 0.90 on extra-regional sales.

Another study utilized by Bourne also shows that effective protection coefficients for durable goods of CARICOM countries is 4.6, for non-durables it is 1.6, 0.7 for processed foods and 0.05 for producer goods. In the case of Barbados, there has been a growth in both nominal and effective protection over the period 1960-1980. The weighted average effective protection coefficients were 1.33 in 1974 and 2.26 in 1980. The average bias towards exports was estimated to be 1.16 in 1974 and 1.30 in 1980 and the effective protection to import-substitution as 1.57 and 1.68. Given that Barbadian manufacturing has generally been more externally oriented, it is clear that there is substantial import substitution and anti-export bias.(Bourne:1988)

Another important factor in Caribbean domestic exports is the high rate of dependency on imported raw materials and capital goods. It has been borne out that import coefficients range between 0.289 and 0.408 for Jamaica in 1974 (Daniel:1986) and 0.50 for Trinidad and Tobago.(Clarke:1987) For this reason, domestic production costs are sometimes beyond the control of domestic manufacturers and became linked to foreign prices and foreign exchange rates. These factors combine to make regional exports uncompetitive in relation to other developing countries. Indeed, it was for this reason that the US subsidiary firms involved in the production of electronics left Barbados causing a 78 per cent decline in export earnings between 1986 and 1987.

Some recent developments indicate new possibilities in terms of the expansion of production and trade. Member states of CARICOM have recently signed an agreement to establish a CARICOM Enterprise Regime (CER). The CER provides a concessionary framework within which businessmen from two or more CARICOM states can establish joint ventures combining raw materials, financial resources and skills for the production of goods and services. Such joint investment can lead to economies of large scale production, thus facilitating competitive penetration of extra-regional markets.[33]

Access to financing is a vital part of export development. As mentioned previously, most exporters rely heavily on the commercial banks. Although the banks are liquid, funds are not available on easy terms and conditions. The prime lending rates are high, ranging from 10.2 per cent in Barbados, 15 per cent in Guyana, 21 per cent in Jamaica and 11.5 per cent in Trinidad and Tobago, as at 1987. Furthermore, there are collateral requirements. Trinidad and Tobago does not appear to be affected by the unavailability of specific forms of trade finance, but it is seriously affected by the dramatic decline in foreign exchange reserves. In Guyana, a critical and long-term foreign exchange shortage, has had an impact on the availability of trade support in general.

Countries with acute foreign exchange shortages have introduced an elaborate system of exchange controls.[34] Businessmen in both Guyana and Trinidad and Tobago have complained of the delays and bureaucracy involved in the exchange control licensing system. In the case of Trinidad and Tobago it is claimed that export transactions can potentially involve 55 forms. It has recently been revealed that manufacturers in Trinidad and Tobago are being stymied in their efforts to take advantage of one of the most dynamic export programmes in the region, that is, the 807 programme as a result of lack of access to back to back letters of credit which allow producers to purchase raw materials and accessories

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[33]The legal framework allows for preferential treatment for a CARICOM enterprise, as compared with a non-regional company in the granting of incentives under the regional scheme for the harmonization of fiscal incentives to industry.

[34]Jamaica uses an auction system to ration its foreign exchange.

for garments. Inability to complete orders have resulted in their cancellation.[35]

The high cost of maritime transport has been an important deterrent to Caribbean trade. While shipping rates and port charges have been declining in the recent past, particularly in Jamaica, the overall regional rates are still twice as high as in mainland countries. The reasons for this are the small and fluctuating volume of goods traded, and the other contextual factors such as containerization favouring larger ships, mechanized ships and limited ports of call.[36] In addition, national and regional shipping lines are generally inefficiently run and very expensive as a result of the unavailability of capital and manpower. While there is generally regular transportation for major export items, the shipment of non-traditional exports can be a problem.

COUNTERTRADE[37]

Countertrade has developed in the region within the last decade in response to the acute lack of foreign exchange and the need to expand exports and pay for imports.

Unlike the other three countries, Barbados does not suffer from foreign exchange shortages. In addition, its export-financing institutions are well established so that there has been little need to focus on this aspect of trade policy. While Barbados has not initiated any countertrade deals, it has participated in two private sector arrangements with Guyana, the profits from which were used to repay Guyana's debt to the Caribbean Multilateral Clearing Facility (CMCF).[38]

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[35]Lyder Omatie, "Appeal for back to back letters of credit," The Trinidad Express, April 28, 1989. p.6.

[36]Caribbean Region: Current Situation, Issues and Prospects, April 21, 1988, IBRD.

[37]See "Countertrade Policies and Practices with Special Reference to Selected Caribbean Countries," ECLAC, LC/CAR/G.267, 16 February, 1989.

[38]In 1985, a Barbadian company arranged with a company in Guyana to supply the raw materials needed for the manufacture of cardboard boxes in return for a franchise from the Guyanese company to supply the Caribbean market. Also in 1986, another Barbadian company made funds available to the Guyana Pharmaceutical Company for the purchase of pharmaceutical products in exchange for fish and

Guyana's use of countertrade was necessitated by its foreign exchange shortage, its inability to access external credit, the need to reduce debt and acquire relevant technology for local manufacturers. Products exported under countertrade arrangements include shrimps, fish, timber, garments, bauxite and rice in exchange for motor vehicles and spares, other spare parts, electrical accessories, pharmaceutical products and steel products from COMECON, other Caribbean countries and Latin America. By December 1986, the value of exports under this scheme was G$ 22.3 million.

Jamaica has made use of countertrade as a tool to expand exports both through government-to-government and private sector deals. The principal products utilized for countertrade include bauxite, alumina, tobacco, gypsum and soya beans. The largest deals include the 1982 arrangement between the Jamaican government, represented by the Bauxite Trading Company (BATCO) to supply the U.S. government represented by the Commodity Credit Corporation (CCC) with 400,000 long dry tons of metal grade bauxite in exchange for 7,238 metric tonnes of non-fat dry milk and 1,905 metric tonnes of anhydrous milk fat.[39]

An ECLAC sponsored meeting held in Guyana in March, 1989, recommended increased efforts to exploit countertrade opportunities, particularly within the wider Caribbean and Latin American region. However, it was recognized that international organizations such as the IMF, World Bank and the GATT were not well disposed to use of this arrangement on the grounds that it distorts trade and encourages the maintenance of inappropriate exchange rates. However, the meeting emphasized that countertrade is a viable option in the management of overall debt by the countries in the region.[40]

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shrimps. These products were then sold on the open market.

[39]Other deals involve the exchange of bauxite for Soviet machinery, equipment and Lada cars in 1982, a 1983 exchange of Guyanese rice for Jamaica soya-bean mill rollers.

[40]Report of the Countertrade Consultative Meeting, Economic Commission for Latin America and the Caribbean (ECLAC)/Caribbean Community Secretariat (CARICOM), 14-15 March, 1989, Georgetown, Guyana, LC/CAR/G.270, 6 April 1989.

PROSPECTS FOR THE FUTURE

Given the fact that Caribbean exports concentrate on primary commodities and that there are limited possibilities for expansion, it is useful to consider other economic activities which might become engines of growth. With the inclusion of services in the Uruguay Round of GATT negotiations, much attention has been paid to the role that this can play in national development.

Tourism is the major contributor to the export of services. However, in the context of the four countries under study, only Barbados and Jamaica have a well developed tourism sector. This sector contributed 40 per cent of the total exports of goods and services for both Barbados and Jamaica in 1987. It contributed 11 per cent of Barbados GDP in 1987. Indeed, while the merchandise export trade declined by 29 per cent over the period 1980 to 1987, the earnings from tourism increased by 60 per cent.[41] In the case of Jamaica, gross receipts from this sector amounted to US$ 594.9 million in 1987, an increase of 15 per cent over 1986.

Unlike primary commodity exports, Caribbean tourism benefits from a high income elasticity of demand. It has been estimated by Bond and Ladman (1972) and French (1972) that income elasticities range from 1.1 to 1.5. Thus, on the basis of continued economic growth in OECD countries, the potential for the service sector, particularly tourism, as a generator of foreign exchange is great.

At present, as in the case of merchandise exports, the geographical source of tourist arrivals is highly concentrated in the OECD countries, particularly North America, the U.K and Western Europe. With the emergence of the newly

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[41]Caribbean Tourism Statistical Report, 1987. Caribbean Tourism Research and Development Centre.

industrializing countries, opportunities for expansion through appropriate marketing, should make even greater utilization of the region's comparative advantage in this sector possible.

Little attention has been paid to the export of services other than tourism. Although the data on information services is not disaggregated, it is evident that data entry and data processing is one of the fastest growing sectors targeted by the Barbadian government.[42] Barbados, Jamaica and Trinidad and Tobago have the necessary prerequisites such as a trainable labour force, excellent telecommunications,[43] and support business services to encourage investment in information services. In Barbados, this subsector has recorded an annual average employment growth rate of over 10 per cent during the period 1984-1987.

The vastly improved telecommunications system in the region also allows for the development of offshore businesses, such as offshore banks, exempt insurance companies, shipping companies and foreign sales corporations. Incentive legislation has already been developed in Barbados and Jamaica for such activities.

The study contracted by the CARICOM Heads of Governments for consideration at their 1989 Meeting, Caribbean Development to the Year 2000: Challenges, Prospects and Policies, suggests that the most useful subsectors within the service industry for development within the service industry would be legal and other professional services, engineering design and construction and education.

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[42]Barbados Development Plan, 1988-1993.

[43]The development of the heliport on Jamaica's north coast also establishes the basic infrastructure for these related services.

Some of these are already being exported and the Report suggests that greater formalization of consultancy arrangements, official support for private export activities, human resource pooling to ensure critical mass, and the development of a highly skilled and educated labour force are needed to create the conditions for the development of this new engine of growth.

SUMMARY AND CONCLUSIONS

The four countries under study have experienced an economic crisis during the period, 1980 to 1987. This is the main underlying reason for the decline in their domestic exports[44] over the period. Traditional primary commodity exports are still the principal foreign exchange earners although there has been some development of non-traditional exports, including manufacturing.

The majority of domestic exports are absorbed by the OECD and CARICOM markets. This is a direct result of the special trading arrangements which benefit the region. It is, however, noteworthy that despite the special trade preferences for CARICOM exports, there has been an overall decline in trade in general and to the OECD countries in particular. Both external and internal factors are responsible for this phenomenon. The structural decline in demand for primary commodities in general, and the reduction in the U.S. quota for sugar in particular, are some of the external factors. Some of the internal factors are the decline in production due to structural rigidities, managerial and marketing problems, lack of adequate financing, uncompetitive prices and overprotected markets.

[44] There was a dramatic decline of 65 per cent in domestic exports for Trinidad and Tobago. However, with the exclusion of petroleum and petroleum products, there was a 42 per cent increase over the period 1980-1987.

In this context, the multiple regression formula utilizing the variables of export prices, real exchange rates and foreign income becomes less than useful as a model to explain export performance. While the correlation coefficients indicate that there is a close relationship between the variables, high standard errors of the coefficient cast doubts on the validity of the results. The questionable results are based on the high incidence of special trading arrangements for the Caribbean, including negotiated prices, production quotas, intra-company transfers, countertrade arrangements and duty-free access to the markets of their major trading partners.

Given the problem of limited resources and the advantages of skilled labour, an adequate telecommunications infrastructure and proximity to the major markets, it would appear that the development of services and of high technology products would be the most promising engine of growth for the region and in particular for Trinidad and Tobago.

This does not mean the abandonment of the primary export industries. Perhaps future areas of study can look at upgrading these industries technology and productivity, particularly those subject to the special protocols under the Lomé Convention. This becomes critical in the light of the integration of the European Community market in 1992, which presages the possible loss of market shares for such products as bananas, sugar, cocoa, bauxite/alumina, fisheries and timber.

With respect to manufacturing, it is clear that a strategy must be developed to reduce the cost of protection and increase competitiveness in regional and extra-regional markets. To this end it will be necessary to overhaul the tariff and fiscal incentive regimes to reduce the existing bias in favour of processors of imported inputs and to reduce the cost of production through greater efficiency.

The region's foreign exchange crisis is the most basic and fundamental barrier to the expansion of trade. Once this crisis is eased, the preconditions for expansion and diversification will be in place.

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TABLE I
DOMESTIC EXPORTS (FOB)
US$Million

	BARBADOS	GUYANA	JAMAICA	TRINIDAD AND TOBAGO with petroleum	TRINIDAD AND TOBAGO without petroleum
1980	150.1	383.0	935.5	4,055.0	283.0
1981	149.4	337.0	966.2	3,633.0	280.4
1982	187.1	234.3	746.7	2,944.0	317.0
1983	290.8	180.6	673.1	2,263.0	316.7
1984	291.9	202.7	687.9	2,101.0	374.4
1985	248.3	n.a.	535.1	1,407.0	253.1
1986	210.3	n.a.	567.2	1,355.0	380.5
1987	107.3	n.a.	691.5	1,438.0	400.5

n.a. = Not available.

Sources: Barbados Economic Reports, 1980-1987;
CARICOM Secretariat, Guyana;
External Trade, 1980-1987, The Statistical Institute of Jamaica; and
Overseas Trade, 1980-1987, Central Statistical Office Trinidad and Tobago.

VOLVALEX

TABLE II
VOLUME AND VALUE OF MAJOR DOMESTIC EXPORT COMMODITIES
1980-1987

	1980	1981	1982	1983	1984	1985	1986	1987
BARBADOS								
SUGAR								
VOL ('000 LT)	119.6	63.0	89.0	73.5	85.9	83.4	98.6	70.2
VAL (US$)	57.8	31.7	35.5	26.8	32.1	31.5	31.0	35.6
GUYANA								
SUGAR								
VOL	248.1	264.6	250.2	212.2	205.9	213.5	214.3	205.0
VAL	120.6	108.8	87.7	71.5	70.9	66.4	83.4	79.8
BAUXITE/ALUMINA								
VOL	1817.7	1632.9	1120.7	1168.1	1271.0	1572.1	1401.9	1410.0
VAL	188.0	152.8	104.4	74.3	91.6	99.2	82.2	82.8
JAMAICA								
SUGAR								
VOL	131.8	121.3	138.3	136.7	157.1	152.0	143.3	142.0
VAL	54.7	46.5	49.3	57.3	66.0	49.8	62.2	62.6
BAUXITE/ALUMINA								
VOL	8455.0	7843.0	5834.0	4916.0	6272.0	3947.0	4500.0	5400.0
VAL	732.1	760.2	513.8	423.8	443.5	289.7	302.1	380.0
BANANAS								
VOL	33.1	18.1	21.2	23.0	11.0	13.0	14.0	30.0
VAL	9.2	4.3	4.7	6.8	1.5	4.2	9.2	23.0
TRINIDAD AND TOBAGO								
SUGAR								
VOL	64.0	66.8	50.2	62.5	73.3	68.2	57.5	49.6
VAL	28.0	27.1	21.9	25.8	28.7	22.0	23.3	21.0

Source: Caribbean Region: Current Situation, Issues and Prospects, World Bank, 21 April 1988.

VALUBGIX

TABLE III - 1
BARBADOS
VALUE OF DOMESTIC EXPORTS BY SITC SECTION
US$ MILLION

	0 Food and Live Animals	1 Beverages and Tobacco	2 Raw Materials other than Fuels	3 Fuels and Lubricants	4 Animal and Vegetable Oils and Fats	5 Chemicals	6 Manufactures classified by Materials	7 Machinery and Transport equipment	8 Miscellaneous Manufactures	9 Miscellaneous
1980	67.5	3.3	0.4	0.3	0.2	10.6	9.7	23.2	35.3	0.1
1981	48.8	4.0	0.3	0.2	0.2	12.1	11.4	41.1	38.7	0.1
1982	36.7	5.2	0.2	0.5	...	13.1	13.3	65.6	45.5	0.2
1983	30.9	4.8	0.3	1.0	...	13.6	14.8	177.0	48.1	0.2
1984	40.5	6.1	0.6	1.0	...	13.0	13.1	173.8	43.5	0.3
1985	35.5	6.0	1.9	...	...	10.6	13.3	153.1	27.4	0.4
1986	33.9	5.9	1.2	...	...	9.4	12.1	124.4	20.9	0.5
1987	36.4	4.3	1.6	...	...	10.9	10.6	26.8	14.9	0.3

Source: Barbados Economic Report, 1980-1987.

VALUGUYX

TABLE III - 2
GUYANA
VALUE OF DOMESTIC EXPORTS BY SITC SECTION
US$ MILLION

	0 Food and Live Animals	1 Beverages and Tobacco	2 Raw Materials other than Fuels	3 Fuels and Lubricants	4 Animal and Vegetable Oils and Fats	5 Chemicals	6 Manufactures classified by Materials	7 Machinery and Transport equipment	8 Miscellaneous Manufactures	9 Miscellaneous
1980	168.0	7.6	194.4	...	-	4.0	1.6	3.2	3.1	0.9
1981	3.8	8.9	162.0	...	-	4.0	3.0	4.6	2.5	1.1
1982	115.6	3.3	99.3	...	...	5.5	2.4	5.2	2.1	1.0
1983	93.0	3.0	72.3	...	...	5.1	2.4	2.2	1.5	1.2
1984	91.0	4.2	94.2	-	...	5.0	2.5	2.4	0.8	1.4

Source: CARICOM Secretariat, Guyana.

VALUJAMX

TABLE III - 3
JAMAICA
VALUE OF DOMESTIC EXPORTS BY SITC SECTION
US$ MILLION

	0 Food and Live Animals	1 Beverages and Tobacco	2 Crude Materials except Fuels	3 Fuels and Lubricants	4 Animal and Vegetable Oils and Fats	5 Chemicals	6 Manufactures classified by Materials	7 Machinery and Transport equipment	8 Miscellaneous Manufactures	9 Miscellaneous
1980	99.0	29.4	736.3	17.9	...	14.9	14.0	6.0	19.6	...
1981	92.2	32.9	766.1	16.1	...	15.9	14.3	6.8	21.9	...
1982	97.8	32.6	519.4	21.9	...	22.1	12.6	7.2	33.0	...
1983	114.9	32.5	428.9	24.1	...	21.6	14.8	5.4	30.9	...
1984	116.7	27.6	490.4	18.6	...	17.9	11.1	2.8	45.8	...
1985	110.7	28.4	294.5	27.9	...	16.9	7.7	2.8	46.2	...
1986	129.4	29.3	300.9	17.7	...	15.9	7.2	2.4	64.3	...
1987	150.1	33.5	343.3	13.6	...	20.8	9.2	3.0	117.7	...

Source: External Trade 1980-1987; The Statistical Institute of Jamaica.

TABLE III - 4
TRINIDAD AND TOBAGO
VALUE OF DOMESTIC EXPORTS BY SITC SECTION
US$ MILLION

	0 Food and Live Animals	1 Beverages and Tobacco	2 Raw Materials other than Fuels	3 Fuels and Lubricants	4 Animal and Vegetable Oils and Fats	5 Chemicals	6 Manufactures classified by Materials	7 Machinery and Transport equipment	8 Miscellaneous Manufactures	9 Miscellaneous
1980	71.7	9.6	2.2	3828.0	0.50	108.2	17.3	4.4	13.4	0.8
1981	65.4	8.9	1.2	3396.0	0.20	115.6	28.6	4.3	13.1	0.7
1982	51.0	12.1	3.2	2709.0	0.10	158.1	44.4	7.0	8.9	0.5
1983	42.9	9.5	3.3	1955.0	0.10	186.6	50.9	3.9	10.1	0.4
1984	40.4	9.2	5.1	1737.0	0.02	234.1	65.7	2.1	7.3	0.9
1985	23.9	6.4	4.8	1160.0	0.02	177.0	28.8	1.3	4.4	0.8
1986	43.3	13.5	6.4	980.0	0.03	212.3	86.7	3.5	9.3	0.5
1987	52.2	12.9	8.3	1041.0	0.20	205.5	100.5	6.3	10.8	0.7

Source: *Overseas Trade 1980-1987*, Central Statistical Office, Ministry of Finance, Trinidad and Tobago.

DIRBGIEX

TABLE IV - 1
BARBADOS
DIRECTION OF TOTAL EXPORTS
US$Million

Country	1980	%	1981	%	1982	%	1983	%	1984	%	1985	%	1986	%	1987	%
CARICOM	63.4	27.8	61.5	26.5	70.6	27.2	69.5	19.4	87.9	22.3	80.3	22.7	48.0	17.4	37.4	23.5
Venezuela	0.4	0.2	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OECD	123.1	54.0	102.8	44.3	99.7	38.5	140.7	39.2	142.6	36.2	92.7	26.2	116.6	42.2	72.2	45.5
All Other Countries	40.9	18.0	67.5	29.1	88.7	34.2	148.5	41.4	163.1	41.4	181.0	51.1	111.5	40.4	49.2	31.0
Total	227.8	100.0	231.9	100.0	259.1	100.0	358.7	100.0	393.7	100.0	354.0	100.0	276.1	100.0	158.9	100.0

* Includes only the United States of America, Canada, the United Kingdom West Germany and Japan.

Source: Barbados Economic Report, 1980-1987.

DIRGUYEX

TABLE IV - 2
GUYANA
DIRECTION OF TOTAL EXPORTS
US$ MILLION

	1980	%	1981	%	1982	%	1983	%	1984	%
CARICOM	53.2	13.9	59.0	17.3	39.1	16.7	31.0	17.2	11.2	6.0
Latin America	33.3	8.7	40.2	11.8	15.8	6.7	13.7	7.6	10.1	5.4
COMECON	5.8	1.5	3.1	0.9	1.7	0.7	7.6	4.2	11.2	6.0
OECD	224.3	58.6	188.3	55.3	105.5	45.0	106.8	59.2	119.7	63.6
Rest of the World	66.4	17.3	50.0	14.7	72.1	30.8	21.4	11.9	36.0	19.1
Total	383.0	100.0	340.6	100.0	234.2	100.0	180.5	100.0	188.2	100.0

Source: CARICOM Secretariat, Guyana.

DIRJAMEX

TABLE IV - 3
JAMAICA
DIRECTION OF TOTAL EXPORTS
US$Million

Country	1980	% of Total	1981	% of Total	1982	% of Total	1983	% of Total	1984	% of Total	1985	% of Total	1986	% of Total	1987	% of Total
CARICOM	56.6	5.9	68.6	7.0	78.5	10.2	84.8	12.4	52.3	7.0	40.1	6.9	42.3	7.0	45.6	6.2
Other Caribbean Countries	17.4	1.8	13.1	1.3	12.6	1.6	13.5	2.0	14.1	1.9	48.2	8.3	44.2	7.3	48.2	6.6
Jamaica Free Zone	...	0.0	...	0.0	...	0.0	0.1	0.0	3.2	0.4	7.1	1.2	4.3	0.7	3.9	0.5
Latin America	18.5	1.9	41.7	4.3	37.1	4.8	22.5	3.3	23.9	3.2	7.1	1.2	5.9	1.0	9.3	1.3
OECD	715.4	74.6	756.8	77.7	597.6	77.8	540.0	79.0	607.7	81.6	412.8	71.2	470.6	77.5	596.8	81.2
USSR	49.6	5.2	14.4	1.5	9.8	1.3	11.6	1.7	37.0	5.0	28.2	4.9	25.1	4.1	29.1	4.0
Rest of the World	101.1	10.5	79.3	8.1	32.4	4.2	11.4	1.7	6.5	0.9	36.3	6.3	14.8	2.4	2.1	0.3
Total	958.6	100.0	973.9	100.0	768.0	100.0	683.9	100.0	744.7	100.0	579.8	100.0	607.2	100.0	735.0	100.0

Source: External Trade 1980-1987; The Statistical Institute of Jamaica.

DIRTTEX

TABLE IV - 4
TRINIDAD AND TOBAGO
DIRECTION OF EXPORTS
US$ MILLION

	1980	%	1981	%	1982	%	1983	%	1984	%	1985	%	1986	%	1987	%
CARICOM	306.9	7.9	302.3	8.1	278.2	9.3	223.5	9.8	204.0	9.7	165.5	11.5	127.7	9.4	155.1	10.7
Other Caribbean Countries	493.9	12.8	483.0	12.9	375.1	12.5	255.8	11.2	200.0	9.5	100.0	7.0	103.0	7.6	136.6	9.5
Latin America	144.1	3.7	158.0	4.2	217.6	7.3	34.7	1.5	59.0	2.8	31.9	2.2	17.9	1.3	60.8	4.2
OECD	2810.0	72.6	2614.0	70.0	2004.0	66.9	1664.0	73.1	1586.0	75.1	1114.0	77.6	1099.0	80.9	1073.0	74.3
Rest of the World	113.0	2.9	175.8	4.7	121.3	4.0	97.1	4.3	61.8	2.9	23.6	1.6	10.1	0.7	19.1	1.3
Total	3867.9	100.0	3733.1	100.0	2996.2	100.0	2275.1	100.0	2110.8	100.0	1435.0	100.0	1357.7	100.0	1444.6	100.0

Source: Overseas Trade 1980-1987, Central Statistical Office, Ministry of Finance.

NONTEXBG

TABLE V - 1
BARBADOS
NON-TRADITIONAL DOMESTIC EXPORTS
US$ MILLION

	1980	1981	1982	1983	1984	1985	1986	1987
1. Electronic Components	31.7	38.6	60.9	133.2	168.0	152.0	120.9	26.2
2. Wearing Apparel	24.6	26.1	32.8	35.2	32.4	22.5	17.8	11.9
3. Furniture	2.7	n.a.	5.6	6.3	2.2	0.6	0.5	0.4
4. Cement	-	-	-	-	1.1	5.1	6.6	4.7
5. Chemicals	10.8	12.1	13.1	13.6	12.9	10.6	9.5	10.9
6. Margarine/Lard	3.1	2.3	1.9	2.0	2.3	1.4	1.1	1.0

\- = Not in existence
n.a = Not available

Source: Economic and Financial Statistics, Central Bank of Barbados, January 1988.

NONTEXGU

TABLE V - 2
GUYANA
NON-TRADITIONAL DOMESTIC EXPORTS
US$ MILLION

	1980	1981	1982	1983	1984	1985	1986
1. Timber	6.3	5.5	5.0	3.6	3.3	n.a.	n.a.
2. Shrimps	0.6	3.0	3.3	4.7	4.9	n.a.	n.a.
3. Medicinal and Pharmaceutical Products	1.6	1.6	1.8	1.6	1.3	n.a.	n.a
4. Perfumery and Cosmetics	2.0	1.6	1.3	0.8	1.3	n.a.	n.a.
5. Refrigerators/Freezers for Domestic Use	2.7	3.9	5.2	2.1	2.3	n.a.	n.a.
6. Gold*	-	-	-	-	4.4	4.0	14.6

- = Not in existence
n.a = Not available
* Statistical Bulletin, Bank of Guyana, June 1987.

Source: CARICOM Secretariat, Georgetown, Guyana.

NONTEXJAM

TABLE V - 3
JAMAICA
NON-TRADITIONAL DOMESTIC EXPORTS
US$ Million

	1980	1981	1982	1983	1984	1985	1986	1987
1. Wearing Apparel	7.1	7.2	17.4	12.7	32.6	36.0	52.5	102.6
2. Fruits and Vegetables	23.1	19.8	21.8	28.4	21.1	29.5	32.7	41.8
3. Cigars	8.7	9.2	8.5	13.5	9.8	9.5	8.3	9.7
4. Cordials/Liqueurs	5.3	7.1	7.4	9.1	4.1	3.5	3.4	4.3
5. Beer/Stout	0.7	0.8	1.4	3.0	2.3	2.9	3.5	4.6
6. Cut Flowers/foliage and other live plants	1.4	1.6	1.5	1.9	1.1	1.8	2.7	3.7
7. Toilet Preparations	4.2	4.7	7.8	7.1	4.5	4.1	4.1	4.2
8. Electrical Machinery nes	4.4	4.6	5.2	4.9	2.2	2.2	1.8	2.3
9. Furniture	3.1	3.0	5.3	6.3	3.0	1.8	2.2	3.6
10. Miscellaneous Manufactures nes	7.8	12.2	8.8	11.5	7.2	6.6	7.7	9.3

Source: External Trade 1980-1987; The Statistical Institute of Jamaica.

NONTEXTT

TABLE V - 4
TRINIDAD AND TOBAGO
NON-TRADITIONAL DOMESTIC EXPORTS
US$ MILLION

	1980	1981	1982	1983	1984	1985	1986	1987	1988
1. Ammonia	49.4	50.4	96.8	151.6	180.3	110.8	125.4	112.6	135.7
2. Urea	7.1	3.9	6.6	5.9	8.8	35.1	47.0	41.4	62.9
3. Methanol	-	-	...	...	19.8	23.3	31.3	41.1	54.4
4. Iron and Steel Products	...	8.4	28.1	39.0	45.1	18.1	66.1	72.6	91.8
5. Cereal preparations	5.9	5.9	5.7	4.1	2.5	2.1	4.0	5.2	6.8
6. Organic Chemicals	23.4	22.7	30.0	10:5	11.6	2.0	...	0.8	2.1
7. Articles of Paper	5.6	6.6	4.8	2.5	1.9	1.4	1.8	3.2	4.8
8. Soaps, Cleaning and Polishing Preparations	6.3	8.9	7.3	10.0	3.4	2.4	2.9	4.4	5.2
9. Miscellaneous Manufactures	6.2	n.a.	6	7.6	5.8	3.6	6.8	6.9	n.a.
10. Non-alcoholic Beverages	0.2	n.a.	3.2	2.5	1.0	0.6	3.4	5.8	7.9

\- Not in existence
... Less than 0.1US$Million
n.a. Not available.

Source: Overseas Trade, 1980-1987, Central Statistical Office, Ministry of Finance.

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TABLE VI

THE JAMAICA CASE

	Px=X1	e/P=X2	Y*=X3	X
1980	935.5	1.8	100.0	100.0
1981	966.2	1.6	101.5	101.6
1982	746.7	1.5	101.2	72.2
1983	673.1	1.4	103.9	74.6
1984	681.9	2.3	109.1	72.2
1985	535.1	2.6	112.5	62.2
1986	567.2	2.2	115.5	62.9
1987	692.0	2.0	118.3	64.0

Regression Output:

	X1	X2	X3
Constant		67.69832	
Std Err of Y Est		4.925867	
R Squared		0.945100	
No. of Observations		8	
Degrees of Freedom		4	
X Coefficient(s)	0.089089	8.644060	-0.67372
Std Err of Coef.	0.017931	6.481126	0.427391

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TABLE VII

THE TRINIDAD AND TOBAGO CASE

	Px=X1	e/P=X2	Y*=X3	X
1980	283.0	2.42	100.00	100.0
1981	280.4	2.12	101.50	89.3
1982	317.0	1.90	101.20	91.3
1983	316.7	1.65	103.93	89.4
1984	374.4	1.45	109.12	102.5
1985	253.1	2.01	112.51	94.2
1986	380.5	1.86	115.54	129.5
1987	400.5	1.69	118.32	n.a.

Regression Output:

Constant		-207.872	
Std Err of Y Est		1.682088	
R Squared		0.992988	
No. of Observations		7	
Degrees of Freedom		3	
	X1	X2	X3
X Coefficient(s)	0.278356	35.34315	1.429887
Std Err of Coef.	0.019687	2.982812	0.125248