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**PROMOTING ECONOMIC LINKS BETWEEN THE  
INTEGRATION SCHEMES OF  
LATIN AMERICA AND THE CARIBBEAN:  
A CARICOM PERSPECTIVE ON SELECTED ISSUES**

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This paper has been reproduced without formal editing.

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## **Introduction**

Economic links between the integration schemes of Latin America and the Caribbean have not recently been assessed from a Caribbean Community (CARICOM) perspective. In this paper, selected issues related to these economic links are examined. The paper focuses on six broad areas. In the first section (Section I), there is a discussion on trade and trade-related issues. Section II examines Latin American tourist arrivals to CARICOM countries. Section III focuses on services, mainly the teaching of English as a foreign language to Spanish- and Portuguese-speaking Latin Americans; other services including financial services, health and medical services, and maritime and air transport services are also discussed. In the next section – Section IV – issues related to infrastructure are analysed. Section V focuses on production complementation with particular reference to investment. In Section VI, the discussion on financial mechanisms focuses on the Caribbean's involvement in the Andean Development Corporation (CAF). At the end of each of Sections I to VI, subject-related conclusions and recommendations are presented. The final section - Section VII - lists specific recommendations geared towards strengthening links between the two integration schemes.

## **I. Trade and trade-related issues**

### **A. Trends in CARICOM exports to Latin America since 1996**

#### **1. Background**

This section focuses on exports from CARICOM to Latin American integration arrangements, specifically the Andean Community (AC), the Southern Common Market (MERCOSUR), the Central American Common Market (CACM) and the Latin American Integration Association (LAIA).

As at May 2006, there were 51 intraregional trade preference agreements and 17 extraregional arrangements in operation involving Latin America and the Caribbean (ECLAC, 2006). Currently, CARICOM has no formal trade agreements with any of the Latin American integration arrangements. CARICOM has held initial discussions with MERCOSUR to explore the possibility of negotiating a free trade agreement. No follow-up meetings have occurred and CARICOM has not taken a decision to proceed.

CARICOM has agreements, however, with different Latin American countries that are members of the various Latin American integration arrangements (see table 1). These agreements, which include trade preferences, are with Venezuela (1992), Costa Rica (2003) and Colombia (1994). CARICOM also has trade agreements with the Dominican Republic (2001) and Cuba (2000); these agreements have build-in agendas which allow for the negotiation of other subject areas, but these have not been advanced. In addition, two individual CARICOM member countries – Guyana and Trinidad and Tobago - have agreements with Venezuela.

## 2. Trends

Historically, intraregional trade in Latin America and the Caribbean has been low relative to other integration arrangements involving other developing as well as developed countries. Between 1990 and 2004, intraregional exports to Latin America and the Caribbean averaged around 17 per cent of total exports annually, with declining trends between 1998 and 2002. Since 2002, there has been some improvement with intraregional trade (proportion of the total intraregional exports relative to the region's total exports) increasing for three successive years from 15.8 per cent in 2003 to 18.2 per cent of total in 2005 (see table 2).

Among the reasons put forward for this low level of intraregional trade, the Economic Commission for Latin America and the Caribbean (ECLAC) (2006) points out that “the political will to promote these processes has not been fully reflected in the steps taken to put them into practice.” (p. 95) In addition, there has been very little progress at national levels in key policy areas such as competitiveness, technological innovation and export diversification which has constrained development in the integration schemes of the Latin American and Caribbean region. Increases in bilateral agreements by member States of both regional integration arrangements, especially with developed economies, have presented difficulties; these arise due to greater levels of commitment, more binding agreements and increased legal certainty in agreements with developed countries relative to those existing regionally (Rosales, 2006). Over the last five years, the trade policy thrust of Latin American and Caribbean countries has been oriented more towards extraregional markets, with less emphasis on intraregional ones.

When compared with the AC (10 per cent of total AC exports), MERCOSUR (17 per cent of total MERCOSUR exports) and CARICOM (17 per cent of total CARICOM exports), CACM (30 per cent of total CACM exports) have had much higher annual averages of intra-CACM exports over the last 15 years. Since 2000, however, CARICOM's intraregional exports have increased, averaging over 20 per cent of total. Data for 2005 presented in table 2 (ECLAC, 2006) indicate that intra-CARICOM exports account for 28.1 per cent of total exports up from 21.1 per cent in 2003. Since 2001, CARICOM has reported the highest percentage of intraregional trade, compared with the Latin American integration schemes.

In terms of its exports, CARICOM's trade with the Americas represents the largest component of its total world trade accounting for 83.6 per cent in 2004 (CARICOM, Secretariat, 2006). Most of this trade is with the North America Free Trade Agreement (NAFTA), accounting for 73 per cent of CARICOM's western hemispheric exports and 59 per cent of its imports (2004 figures); of this, CARICOM exports to the United States represents 66 per cent of total, while the United States supplies 53 per cent of CARICOM's imports from the Americas. Trade with the integration arrangements of Latin America (AC, MERCOSUR, CACM and LAIA) account for a very small percentage of CARICOM exports to the Americas (6.2 per cent of total). The CARICOM region's imports from the Latin American integration schemes represent almost 20 per cent of its western hemispheric imports (2004 data).

Trade between CARICOM and the Latin American trade blocs, AC, MERCOSUR, CACM, and LAIA is discussed in the paragraphs that follow.

**(a) Andean Community (AC)**

CARICOM's trade balance with the AC has been negative for the period 1995 to 2005 (see figure 1). While imports have shown an increasing trend, exports have declined from US\$121.2 million in 1996 to US\$72.0 million in 2000. Between 2002 and 2005, exports increased from US\$111.5 million to US\$237.4 million. Imports have increased from 2003 (US\$853.3 million) up to 2005 (US\$1.5 billion), following a slight decline between 2000 and 2002. The top three CARICOM countries exporting to the AC are Trinidad and Tobago, Barbados and Jamaica (see figure 2). Since 1996, CARICOM exports to the AC are dominated by commodity exports from Trinidad and Tobago, accounting for an annual average of approximately 85 per cent percent of the region's total exports (see figure 3). Barbados is the only other CARICOM country which has exported over US\$20 million in any one year (1996) to the AC, but its total exports have fallen significantly since then. Of the Organisation of Eastern Caribbean States (OECS) countries, only Grenada and Saint Lucia have had exports to the AC of over US\$0.1 million during any year since 1996. In terms of commodity exports (using SITC sections), manufactured goods and mineral fuels dominate these exports (see figure 4).

**(b) Southern Common Market (MERCOSUR)**

With respect to CARICOM trade with MERCOSUR, the trade balance is negative for the 1995 to 2005 period (see figure 5). While exports fell drastically between 1995 (US\$95.2 million) and 1998 (US\$10.7 million), there has been an increasing trend beginning in 2002 (US\$22.4 million) and continuing to 2005 (US\$103.1 million). Imports from MERCOSUR into the CARICOM region have increased from US\$173.4 million (1995) to US\$1.1 billion (2005). The top three CARICOM exporters to MERCOSUR are Trinidad and Tobago, Grenada, and Barbados (see figure 6). Trinidad and Tobago continues to dominate these exports, accounting on average for over 90 per cent of total between 1996 and 2004 (see figure 7). Grenada is the only other country which has exported US\$0.5 million or more to MERCOSUR during the review period. Of the commodities exported, mineral fuels and chemicals account for nearly 90 per cent of total and correlates with the dominance of Trinidad and Tobago in CARICOM's exports to MERCOSUR (see figure 8).

**(c) Central American Common Market (CACM)**

CARICOM's trade balance with CACM has been positive between 1997 and 2003. Although imports from CACM have been generally increasing, CARICOM exports show a greater percentage annual increase up to 2003 (see figure 9). Imports rose from US\$45.9 million in 1995 to US\$143.9 in 2005, while exports grew significantly from US\$21.1 million (1995) to US\$844.3 million (2005).

The top three CARICOM countries exporting to CACM are Trinidad and Tobago, Jamaica and Belize (see figure 10). Again, not unexpectedly, Trinidad and Tobago dominates

CARICOM commodity exports to CACM and accounts for an annual average of over 95 percent of total between 1996 and 2005 (see figure 11).

The major commodity exports to CACM are mineral fuels and manufactured goods, with mineral fuels dominant and accounting for about 95 per cent of total, on average annually between 1996 and 2004 (see figure 12).

#### **(d) Latin American Integration Arrangement (LAIA)**

In examining CARICOM's trade balance with LAIA member countries, CARICOM has experienced negative trade balances every year between 1996 and 2005 (see figure 13).

Imports into CARICOM from LAIA have increased steadily between 1995 (US\$655.8 million) and 2005 (US\$2.9 billion). There was a declining trend in CARICOM exports to LAIA between 1995 and 1999, but these exports have increased annually since 2001 from US\$152.6 million to US\$629 million in 2005. The three leading CARICOM exporters to LAIA are Trinidad and Tobago, Jamaica, and Barbados (see figure 14). Trinidad and Tobago dominates exports from CARICOM to LAIA with an annual average of over 85 per cent of total during the 1996 to 2004 period (See figure 15).

Guyana and Grenada are the other countries that have exported small amounts (in value terms) to LAIA. Mineral fuels, chemicals and manufactured goods represent the main commodity exports from CARICOM to LAIA. Manufactured goods represent the most significant exports averaging just over 40 per cent of total during the period (see figure 16).

In examining CARICOM's trade with the Latin American integration arrangements, some features are noticeable and warrant further discussion. Firstly, Trinidad and Tobago dominates the CARICOM export market to Latin America, accounting for over 80 per cent of total exports. That country's dominance can be explained as a result of its natural resource base and the development of its manufacturing sector, given the nature of these exports (mainly mineral resource-based products and manufactured commodities). Secondly, the dominance of commodity exports from Trinidad and Tobago may be due to its geographical closeness to Latin America and possibly lower maritime transport costs relative to other CARICOM countries. Thirdly, the falling export trends from CARICOM to three (AC, MERCOSUR and LAIA) of the four Latin American integration arrangements may be explained by a lack of aggressive marketing activities due, in part, to information constraints as well as loss of export competitiveness. Fourthly, it is possible that rising imports from Latin America reflect a capacity of exporters in these countries to make better use of the existing trading agreements, compared with those in CARICOM countries.

### **3. Obstacles to CARICOM export expansion to Latin America (LA)**

#### **(a) Background**

As discussed in previous sections, CARICOM exports to the AC, MERCOSUR and LAIA have declined in recent years while those to CACM show increasing trends. In the context

of CARICOM-Latin America trade relations, CARICOM countries are involved in a number of multilateral and bilateral trade agreements as well as trade negotiations. Recently, MERCOSUR and AC have established a Free Trade Agreement (FTA) among their members and are including two CARICOM member States - Guyana and Suriname – as part of a new intraregional arrangement called the South American Community of Nations (SACN).

In assessing market access under regional and bilateral trade agreements, United Nations Conference on Trade and Development (UNCTAD) (2006), points out that although expectations are for trade preferences to increase exports in those countries receiving them, many developing countries have not maximised the benefits of such preferences. In the Report, UNCTAD argues as follows:

“The underutilization of preferences and their limited benefits are due to uncertainty surrounding the schemes, restrictive rules of origin, insufficient product coverage and supply capacity constraints” (pp. 78).

#### **4. Obstacles**

##### **(a) Export product constraints**

Information constraints and unfamiliarity with market demand from Latin American countries represent two of the most important factors affecting CARICOM exports to Latin America. In its 2003 survey of 22 firms in the Association of Caribbean States (ACS), SIDE S.A (2004) reported that 60 per cent of these firms stated that they had poor knowledge of their markets. Although none of the 22 firms in the survey were from CARICOM countries, our recent interviews with two business representatives<sup>1</sup> in both Jamaica and Trinidad and Tobago corroborate this position. Specifically, availability of information concerning documentation requirements for exports into Latin America, especially as this relates to various sanitary and phyto-sanitary (SPS) regulations and tariffs and duties on imports into these countries, has created difficulties for CARICOM exporters into Latin America.

Other areas where information constraints appear to impact CARICOM firms' export possibilities include:

- Quality and efficiency of customs procedures in Latin American countries;
- Quality and costs of local transport and storage facilities in Latin American countries;
- Potential importers in Latin America and their historical performance records;

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<sup>1</sup> Interviews were conducted with James Moss-Solomon, President of the Caribbean Association of Industry and Commerce (CAIC) and Chief, Corporate Affairs Officer, Grace Kennedy & Co. Ltd, Jamaica, in both capacities; and Ramesh Ramdeen, Trade Development Specialist, Trinidad and Tobago Manufacturers' Association, Trinidad and Tobago.



- Requirements for product registration.

In terms of the issues cited above, our small sample of CARICOM firms indicate that they are fairly satisfied with the quality of customs services in Latin American countries; however, they raise questions concerning the quality and costs of transport and storage facilities, suggesting that these may be deficient. In terms of the performance records of Latin American importers, CARICOM exporters report that a lack of adequate information on these firms severely constrains the development of productive export trading links.

On the Latin American side, however, similar information constraints appear to exist about potential exporters from CARICOM countries. These include:

- Credibility of CARICOM exporters;
- Quality of products;
- Capacity of CARICOM exporters to supply large quantities required on schedule.

Language barriers present serious constraints to expansion of trade relations between CARICOM businesses and their Latin American counterparts. Almost all categories of management in the typical CARICOM exporting firm are not bilingual and experience serious difficulties both reading and communicating in Spanish and Portuguese. This effectively limits the initiation of business contacts unless the Latin American entrepreneur is both willing and able to communicate in English.

Relatedly, there are serious historical and cultural differences between the two subregions which impact negatively on the development of trade and economic relationships. Lack of familiarity with each respective subregion's history and culture, along with an identifiable disinterest tends to make each subregion a "low priority" area for each other in terms of the development of economic relationships

Differences in legal systems are identified as serious obstacles to enhancement of trading links between CARICOM and Latin America. The legal systems in the English-speaking Caribbean are based on the British common law arrangements, while those of Latin America are based on civil law principles. For example, CARICOM businesses reported that among the legal requirements for exporting to certain Latin American countries is the stipulation that any exporter must use exclusively the services of a distributor in the importing country, with no recourse to changing such a distributor within a specified time period. This arrangement has generated some concern among CARICOM exporters and potential exporters.

Issues related to the levels and effects of freight costs are somewhat inconclusive. The World Bank (2005) argues that export freight rates from the Caribbean "appear to be competitive" (pp. 72) with these costs "well below average world costs". In addition, the World Bank study points out that port-handling costs are "not high" and are comparable with international ports. However, other studies appear to contradict the World Bank's conclusions. SIDE S.A (2004) reports that given the poor frequency of shipping services in the two

subregions, exporters indicate that shipping costs are high. The ECLAC (2005) study also cites maritime transport costs as high, arguing that these costs have made it difficult to achieve progress in both intra- and extraregional trade between CARICOM and Latin America.

## **(b) Supply side constraints**

CARICOM's commodity exports to Latin America show where mineral fuels and chemicals dominate, with increasing levels between 1996 and 2004. In terms of manufactured goods exports, values to AC, CACM and MERCOSUR have declined, while those to LAIA have trended upwards. This is particularly important since expansion of trading links with Latin American integration arrangements offer good prospects for increased export sales of manufactured commodities.

The possible explanations for the declining trends in exports of manufactured goods include the following<sup>2</sup>:

- Quality competitiveness of products;
- Similarity of products which impact demand for exports;
- Technological constraints;
- Lack of entrepreneurial innovativeness;
- Lack of focus on non-traditional markets;
- Lack of understanding of Latin American economic and trading systems;
- Limited contact with potential importers in Latin America;
- Language barriers;
- Limited market research on Latin American demand for CARICOM products.

There have been very few studies on competitiveness at the regional level since the mid-1990s. At the level of the macro economy, empirical data and related analyses exist but there is virtually no published material on the performance of the Caribbean firm. As such, the analysis is typically biased towards a macroeconomic orientation. The various indicators used to evaluate competitiveness show where CARICOM countries have experienced reduced competitiveness over the last decade, with their shares in world trade declining as well as their trade/GDP ratios, while their BOP current account positions have worsened (CARICOM Secretariat, 2006).

The explanations presented for falling competitiveness in the sectors and firms operating in CARICOM focus on a few macroeconomic factors and microeconomic firm cost variables (CARICOM Secretariat, 2006). For Jamaica, macroeconomic variables predominate including high interest rates, exchange rate depreciation and macroeconomic instability while crime affects productivity at the firm level. High wage costs, utility rates and air transport costs have been listed both for Barbados and the OECS as the key contributory factors. It is argued, however, that:

“some Caribbean export goods and services, because of their unique, cultural or other peculiar characteristics (e.g. some tourism, heritage and festival products, certain financial services, music, handicrafts, agro-processed products, herbs and

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<sup>2</sup> Based on interviews cited earlier.

spices, fruits, flowers and other commodities, etc.), may be competitive in international markets even if labour productivity, as conventionally defined, is lagging.” (CARICOM Secretariat, 2006, Ch. XV pp. 472).

## **B. Export promotion**

Export promotion is identified as a key element in CARICOM’s trade policy and is administered under the Council for Trade and Economic Development (COTED). The policy instruments are: (a) trade information systems and services; and (b) trade facilitation programmes and trade promotion. In addition, many CARICOM governments provide various fiscal and other incentives to exporting firms.

In CARICOM, COTED is implementing regional export promotion strategies, while there are functioning national export promotion agencies in some countries. The main strategies focus on capturing niche markets, facilitating market segmentation and maximising comparative advantage (Perez, 2005). Governments in the region play the leading role in export promotion; at the regional level, export promotion targets intraregional trade using measures such as tariff and non-tariff barriers as well as rules of origin; at the national level, fiscal policy (including incentives), capital expenditure, regulatory arrangements, financial assistance and trade diplomacy are widely used.

Regionally, the Caribbean Export Development Agency (CEDA) includes in its membership all CARIFORUM (CARICOM countries and the Dominican Republic) countries. Its main goals are to facilitate trade development and trade promotion in the Caribbean and enhance competitiveness of Caribbean export firms.

In Jamaica, the Jamaica Promotions Corporation (JAMPRO) is involved, inter alia, in export promotion with particular emphasis on manufacturing, mining, agriculture and agro-industry. Incentives are provided for exporting firms including tax holidays. JAMPRO also assists firms with export market intelligence and product promotion in new markets. Trade Commissioner services provide support for trade fairs as well as market surveys in targeted markets, mainly extraregionally.

Guyana’s export promotion is handled by the Export Promotion Division of the Guyana Office for Investment (GO-INVEST). It supplies trade information to Guyanese exporters and assists them with export marketing, mainly through the organization of trade fairs and trade missions. This Division works closely with sector groups like the Manufacturers’ and Service Association, as well as the Chamber of Commerce. Links between local exporters and foreign buyers are also facilitated.

In evaluating export promotion activities of CARICOM, Perez (2005) argues that these have not met their objectives, and points out where “in the case of CARICOM economies, the objectives and instruments of export promotion have not resulted to the benefit of export performance.” (pp. 51). Export promotion policy instruments used by regional governments have not been successful and these will have to be carefully evaluated.

The experiences of regional firms exporting to Latin America lend support to this observation. In terms of both export promotion facilities as well as the benefits of trade preferences, these firms report that very little benefits have been obtained.

### **C. Trade and trade related issues: Conclusions and recommendations**

In attempting to explain the limited trade flows between the CARICOM and Latin American integration schemes, especially as these relate to CARICOM exports, various constraints have been identified. Among these constraints are:

- a) Lack of information and unfamiliarity with markets;
- b) Language barriers;
- c) Historical and cultural differences, “cultural conditioning”;
- d) Differences in legal systems;
- e) Supply weaknesses;
- f) Limited export promotion.

### **D. Building cooperation around trade and related matters**

Any successful development of trading links and other related areas between CARICOM and Latin America must be based on the establishment and maintenance of meaningful contacts between persons and business enterprises of both regional integration schemes.

In the context of trade and related matters, specific recommendations are as follows:

- a) Sensitize the political leaders of the two regional integration schemes to mobilize the required political support and political will to implement policies which promote further dialogue between them. In addition to the respective Secretariats of the integration schemes of Latin America and the Caribbean, the Association of Caribbean States (ACS) is able to play an important facilitating role;
- b) The CARICOM Secretariat and its counterparts in the various Latin American regional integration schemes should initiate institutional dialogue to exchange information and coordinate activities geared towards strengthening CARICOM-Latin America political and economic relations;
- c) Conduct detailed surveys of firms (existing as well as potential exporters) in both CARICOM and Latin American countries to scientifically determine the reasons why trade and business facilitation between the schemes remain weak. These surveys should involve regional universities and business organizations in both integration schemes. Here, the Caribbean Regional Negotiating Machinery (CRNM) can initiate this exercise;
- d) The Caribbean Association of Industry and Commerce (CAIC) and the Caribbean Business Council should establish links with counterpart organizations in Latin America, with trade and economic relations given immediate priority. Increased involvement of CARICOM firms in the ACS Business Forum of the Greater Caribbean is critical to strengthening links with

Latin American counterparts<sup>3</sup>. Informing exporters about the business implications and benefits of trade agreements should be prioritised. Caribbean regional private sector business interests should identify constraints to business (especially export) possibilities.

## **II. Tourism**

### **A. Background**

Historically, the tourism sector in the Caribbean has been critical in terms of its contribution to economic growth, both directly and indirectly. Recent statistics (World Bank, 2005), indicate that tourism had attracted over 30 million stayover and cruise visitors in 2003 with a direct/indirect contribution of 18 per cent to GDP and 34 per cent to employment. The experience of CARICOM States shows where the sector contributed 4.5 per cent to GDP in 2005. The leading CARICOM countries in terms of the direct contribution to output and employment by the tourism sector are Antigua and Barbuda, Bahamas, Barbados, Jamaica, Saint Lucia and St. Vincent and Grenadines.

Tourist arrivals to CARICOM countries as a percentage of total world demand was 0.7 per cent in 2003, with the European Union (37 per cent) and North America (30.3 per cent) representing the major sources. CARICOM countries are losing their market share of stopover arrivals to the Hispanic Caribbean (including Cuba); this is been explained, in part, by lower hotel and related costs for comparable facilities in the Hispanic Caribbean. However, with the growth of Spanish hotel chains in the CARICOM countries, this declining market share may be reversed in a few years.

### **B. Trends in Latin American tourism to CARICOM**

South American tourist arrivals to the wider Caribbean have declined markedly since 2000 from 744.3 thousand to 544.7 thousand in 2004 (CTO, 2006). The political and economic challenges facing these countries are listed among the factors which have contributed to this decline (CTO, 2006). The main South American countries from which tourists visit the Caribbean are Argentina, Brazil and Venezuela which, when aggregated, accounted for almost 60 per cent (58.9) of total in 2003. In 2004, the leading Caribbean tourist destinations for South American visitors were the Spanish- and Dutch-speaking countries, mainly Cuba, Dominican Republic, Aruba and Curacao. For CARICOM countries, Suriname, Trinidad and Tobago and The Bahamas were the leading destinations. South American visitors accounted for 11.8 per cent of total CARICOM tourist arrivals in 2004, while the comparable figures for Trinidad and Tobago and The Bahamas were 3.3 per cent and 0.6 per cent, respectively.

Available data on Latin American tourist arrivals, by country, to CARICOM countries are limited and relatively inaccessible. The Caribbean Tourism Organization (CTO) data on tourist arrivals from South American countries to CARICOM are presented in table 3 for the

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<sup>3</sup> See Girvan (2006, p. 112 – 115)

period 1999 – 2004. This data indicate that tourist arrivals have increased from 49,678 in 1999 to 58,100 in 2004, growing by almost 17 per cent. Up to 2002, Trinidad and Tobago was the main tourist destination for South American travellers, followed by Bahamas and Jamaica. Since 2002, there has been a marked increase in South American tourists visiting Suriname, with that country now the leading CARICOM destination for these visitors. Detailed data on tourist arrivals into CARICOM countries from Latin America, by country, is not available.

However, based on currently available data, we review the experiences of two selected CARICOM countries: Jamaica and Trinidad and Tobago, which have been in the top three CARICOM countries which Latin American tourists visited, at least up to 2002. The Jamaican and Trinidadian authorities collect detailed information on tourist arrivals from Latin America. With no detailed regional data available<sup>4</sup>, we discuss the Jamaican and Trinidadian experiences in the paragraphs that follow.

Data on Latin American tourist arrivals in Jamaica is presented in table 4. Growth in total arrivals from Latin America between 1990 and 1999 has averaged 5.3 per cent annually with visitors from Central America averaging 1.8 per cent and South America averaging 7.8 per cent. Comparable data for 2000 to 2005 show that since 1995 when some 22,300 visitors from Latin America arrived in Jamaica, there has been a declining trend.

Over the last decade, the top five outbound tourism countries in Latin America (by market share) are Mexico, Argentina, Brazil, Chile and Colombia, while the top five in terms of tourism spending on travel abroad are Brazil, Mexico, Argentina, Venezuela and Colombia. For Jamaica, Mexico represents the largest source of tourist arrivals from Central America during the period; in line with the general trend that shows a decline in visitor arrivals from Central America for the 2001 to 2005 period, tourist arrivals from Mexico have also declined. Panama represents the second largest Central American country in terms of percentage of total visitor arrivals to Jamaica; visitor arrivals from Panama have also fallen since 2001.

Of the top five out-bound tourism countries in South America, Brazil, is the only country that has exhibited positive growth on average annually between 2001 and 2005; visitor arrivals from Brazil grew by almost 3 per cent annually for the period. Since 2001, however, there have been significant declines in tourist arrivals from Argentina (16.4 per cent), Chile (13.1 per cent), Colombia (26.7 per cent) and Venezuela (5.0 per cent).

Tourist arrivals from Latin America into Trinidad and Tobago during the 2003 to 2005 period are presented in table 5. Representing an average of less than 4 per cent of total visitor arrivals during the period, most visitors arrived from Costa Rica and Panama (Central America) and Venezuela, Colombia and Brazil (South America). Venezuela averaged 65 per cent total arrivals from Latin America, Colombia 10 per cent and Brazil 6 per cent, with Costa Rica 4 per cent and Panama 3 per cent (see table 5).

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<sup>4</sup> Caribbean Tourism Organization (CTO) does not collect detailed data on visitor arrivals from Latin America, by source country.

Some of the factors which are likely to have impacted outbound travel from Latin America to CARICOM include:

- (a) Economic performance of Latin American countries;
- (b) Aviation capacity constraints and air links;
- (c) Cost of travel.

Not unexpectedly, economic conditions in the countries from which the tourists arrive will impact demand for this category of spending, with increases usually occurring during economic boom conditions and reductions during recessions. In terms of aviation capacity constraints, some of the national airlines of both Latin American and CARICOM countries have reduced their passenger and cargo services in both subregions. At present, air links between the two subregions are limited. The region is characterised by one of the world's smallest aircraft fleet. Issues related to costs of travel are discussed in a subsequent section.

### **C. Potential for Latin American tourism to CARICOM**

For the Caribbean tourism sector, Latin America still represents an untapped market. With economic growth in Latin America projected at an annual average of over 3 per cent over the next three to five years, income levels are expected to increase with more discretionary spending available for overseas travel. South American countries are experiencing higher levels of investment, especially Brazil and Argentina. Many South American countries are characterised by stable price levels, with inflation declining in Colombia and Brazil to under 5 per cent per annum, while Chile and Peru have annual inflation rates of 2 per cent to 3 per cent (Singh, 2005).

Indicators of competitiveness for the tourism sector are presented by the World Travel and Tourism Council (WTTC) and published as a Competitiveness Monitor on an annual basis. The series of indices includes price competitiveness, infrastructure, environment, technology, human resources, openness and a social index. For 2004, Jamaica and Trinidad and Tobago ranked poorly in terms of price competitiveness in the hotel sector. In CARICOM, however, Antigua and Barbuda, The Bahamas, St. Kitts and Nevis and Saint Lucia are much more price competitive relative to Trinidad and Tobago and Jamaica. Overall, in terms of the Tourism Index, Barbados and The Bahamas are the leading CARICOM countries with Trinidad and Tobago and Dominica ranked lowest.

### **D. Comparative costs of holidays from Latin American cities to the Caribbean, United States and Europe**

In assessing additional factors impacting tourist arrivals in CARICOM countries in this section, we discuss comparative costs of travel from Latin American to CARICOM countries, following which we examine airline travel costs from Latin America to selected cities in North America and Europe.

Data presented in table 6 refers to air travel costs based on one week return fares from Latin American countries to Trinidad and Tobago for selected airlines. Comparable data for Jamaica is presented in table 7, using American Airlines data. In addition, we present data on air fares from selected Latin American countries to various United States and European cities.

In general, airline travel costs from Latin American countries to the Caribbean tend to be more expensive than travel to North America (Miami and New York). For example, return travel from Caracas, Venezuela to the Caribbean costs over US\$1000 to Jamaica and over US\$2000 to Trinidad and Tobago by American Airlines. However, airfares using Areopostal from Caracas to Trinidad are much less expensive. From Rio de Janeiro, Brazil, the airfare is US\$1741 to Kingston, Jamaica, and US\$3890 to Port of Spain, Trinidad. From, Chile (Santiago), Argentina (Buenos Aires), and Peru (Lima), airfares to the Caribbean are similar averaging around US\$1100 to Kingston, Jamaica, and US\$2000 to Port of Spain, Trinidad.

Comparatively, travel from Caracas to Miami averages US\$725 while travel to New York averages US\$1250. From Rio de Janeiro, the average airline fare to Miami is US\$2646 and US\$3418 to New York. To travel from Santiago, Buenos Aires and Lima, airfares to Miami follow a similar trend averaging around US\$950 per return trip. To travel to New York from these countries, the cost of air travel averages US\$1085.

Similar trends exist with respect to airline fares from Venezuela, Colombia, Brazil, Chile, Argentina and Peru to Europe (London and Madrid). For example, airline travel costs are lower from Brazil to London than from Brazil to Trinidad and Tobago. A similar situation exists with respect to airline travel prices from Santiago, Chile, to London and to Madrid. Fares from Buenos Aires to London are less expensive than those to Trinidad, however.

There are very few direct airline links between Latin America and CARICOM countries. Jamaica and Trinidad and Tobago are currently negotiating airline agreements with selected Latin American countries including Brazil and Venezuela.

Comparable hotel rates in selected CARICOM, Latin American countries as well as selected cities in United States are presented in table 8. Not unexpectedly, the United States rates are higher than both CARICOM and Latin America. It is possible, however, that many visitors from Latin America to the United States may not be strictly tourists in the sense that they visit with families rather than stay in hotels.

## **E. Tourism: Conclusions and recommendations**

Tourist arrivals from Latin America into CARICOM are declining since 2000. For CARICOM countries, the Latin American market represents an untapped area which can be utilized. There is need for increasing contact between the peoples of both integration schemes; here, tourism represents an important area in which Latin America-CARICOM links can be meaningfully developed. Other specific, tourism related areas include music and entertainment, cultural activities, air and maritime transportation links, education and information sharing.



## 1. Multi-destination tourism

A recommendation which warrants careful evaluation as to its feasibility is the development of multi-destination tourism involving both CARICOM and Latin American markets. Multi destination tourism typically targets niche markets of “adventurous” tourists who are very interested in interaction with the local community (El Perial Management, 2006); this type of tourism has significant potential for inter-sectoral linkages involving tourism. This proposal for multi-destination tourism may target especially the culturally oriented Caribbean and Latin American visitor. However, it will require collaboration between regional and national public and private sector tourism bodies in both regional integration schemes. In addition, with plans to expand further the CARICOM – Latin American economic links, there exist possibilities in the area of business travelling which targets entrepreneurs visiting mainly for business purposes.

In evaluating multi-destination tourism, the following activities merit immediate attention:

- a) Designing and promoting joint packaged tours/holidays which focus on the ecology, history and culture of both the CARICOM and Latin American regions;
- b) Joint marketing of CARICOM and Latin America as key tourism destinations. Here operating costs, especially advertising, for hotels and other tourism related businesses, will be reduced in both regions;
- c) Joint training in tourism and related areas involving tertiary level institutions in both subregions; in addition, more practically oriented training in specialised tourism and related areas is proposed.

One of the major weaknesses with respect to tourist arrivals from Latin America is the general weakness in the transportation system and the high cost of tourist travel to CARICOM countries. Given that most CARICOM countries and Latin America are separated by sea, both air and maritime transportation are critical in the development of these relationships.

There is a need, therefore, to evaluate and ultimately develop the following areas with the goal of promoting tourism between the two subregions:

- a) Direct air links between Latin American and CARICOM countries;
- b) Review of entry visa requirements and costs for Latin American citizens into CARICOM countries and vice versa; here an examination of the arrangements within the SACN may provide some lessons;
- c) Increase levels of duty free exemptions for Latin American tourists returning from CARICOM. Latin America-CARICOM negotiations for allowing Latin American tourists increased levels of duty free entry of CARICOM products purchased by returning Latin American tourists should be initiated;

- d) Assistance from Latin American countries in the training of CARICOM tourist sector and related workers in Spanish and Portuguese;
- e) CARICOM to establish joint missions in Latin American countries geared towards marketing CARICOM products including tourism;
- f) Improvement/upgrading of attractions: nature tourism, adventure tourism, community tourism, health tourism.

## **2. Music and entertainment**

For both the CARICOM and Latin American subregions, the music and entertainment industries represent dynamic possibilities for regional cooperation, which have not yet been fully exploited. From the CARICOM side, demand for reggae and dance hall music has moved beyond the wider Caribbean into Latin America, with Spanish language reggae artistes emerging there as well as in the North American market. Latin American music is now becoming much more popular in CARICOM countries, with increasing demand for both music and dance.

The relevant agencies in CARICOM and Latin American countries should examine the feasibility of the following:

- a) Joint concerts in the Caribbean, Latin America, Africa, North America, Europe, and Japan featuring leading artistes from the two subregions;
- b) Promoting the further development of “cross-over” musical forms between both subregions;
- c) Joint music education programmes in schools at all levels which teach the musical forms of CARICOM and Latin America;
- d) Cooperation between musicologists and musicians from both subregions;
- e) Joint initiatives involving the private sectors of both subregions to support the music and entertainment industries.

## **3. Sports**

In order to strengthen links between the two integration schemes, popular knowledge and appreciation of the sporting activities of the two subregions is imperative. CARICOM has a distinguished international record in cricket and athletics, while Latin America has dominated world football for decades. There exist possibilities for collaboration in sporting activities as follows:

- a) Information sharing about the sporting activities of both subregions, beginning with football and athletics; here also, regular broadcasts (TV, Internet and radio) of sporting activities in both subregions is proposed;

b) Involvement of sports personnel from the respective subregions in training in those areas where comparative advantages exist; CARICOM can provide expertise in athletics and cricket and Latin America in football at the level of coaches, training clinics and facilities as well as joint intra-regional sporting events;

c) Establishing professional sporting leagues in CARICOM with Latin American support.

### **III. Services**

#### **A. Language Training Services**

The Caribbean subregion is characterised by at least five languages – English, Spanish, Portuguese, French and Dutch – which are widely spoken internationally. The multilingual nature of the subregion is identified as one of the major constraints to regional cooperation and represents a serious limitation to effective economic linkages. Policies to promote multilingualism, therefore, are likely to enhance economic, political and social relations between Latin American and CARICOM countries.

In CARICOM countries, apart from formal training at the primary, secondary and tertiary levels, there are various institutions which offer a range of specialised English language training courses for non-English speaking individuals and Spanish, Portuguese and French language courses for English-speaking persons. Portuguese is not as popular in the formal educational system in CARICOM; given its geographical proximity to Brazil, Portuguese is taught mainly in Guyana.

Historically, the ECLAC Removal of Language Barriers Project (1992) was planned as a means of removing the language barriers between CARICOM and Latin America. As part of the stated goals of CARICOM, it has been agreed that every CARICOM citizen must speak a foreign language with plans for a bilingual CARICOM group of countries to be met by 2010.

The Latin American-Caribbean Centre (LACC), University of the West Indies (UWI), Jamaica, teaches courses for business as well as other specialised areas to non-English speaking persons. These courses include:

- (a) English as a foreign language (basic, intermediate and advanced levels);
- (b) Business English;
- (c) English for tourism;
- (d) Methodology for teaching English as a foreign language.

With respect to Business English, there are two types of courses: a four-week immersion course for professionals and business persons who have prior knowledge of English; and a three-month immersion course which includes areas such as marketing, international business and human resource management.

In terms of cost, Jamaica is a price competitive alternative for Latin American countries, with facilities which are fairly well developed and accessible. Students are housed in student residences on the Mona Campus of the UWI, sharing with Jamaican and other students and accessing the services provided by the University (libraries, computer labs, sports centres, bookstore, restaurants, banks, etc.). In some instances, airlines offer special group rates to foreign students. It is argued that immersion provides students with an opportunity to experience Caribbean culture while contributing to the rapid increase in their language fluency.

LACC also organizes cultural and academic exchange programmes with Latin American countries, including language training, student and academic staff exchange, and seminars on wide-ranging issues including intraregional migration.

There are a number of partnerships or collaborative arrangements between CARICOM and Latin American countries which focus on language and related training. These include:

- (a) The CARICOM – Organization of American States (OAS) project which involves Chile;
- (b) The regional Spanish methodology workshop for secondary school CARICOM teachers, also with Chilean funding;
- (c) The regional primary Spanish curriculum developers and implementers with Chilean funding;
- (d) On-line Caribbean studies Masters degree programme in Caribbean Studies (scheduled to begin in early 2007).

CARICOM Heads of Government have agreed that foreign language competence is critical for the development of relations between CARICOM and Latin America countries. CARICOM has obtained OAS support to fund a regional project for teaching and learning Spanish at the primary level. This project aims to develop a cadre of Spanish Curriculum Officers operating out of the various CARICOM ministries of education who will train primary school Spanish teachers in their countries.

Formal language training, including Spanish and Portuguese, in Guyana is limited mainly to the University of Guyana; there are a number of unregulated private schools, most of which specialise in the teaching of English to Brazilian Portuguese speakers and the teaching of Portuguese to Guyanese English speakers. In recent years, the main thrust of these schools has been to attract mainly Brazilian entrepreneurs and workers who have relocated to Guyana and to offer different levels of courses in the teaching of English to non-English speakers.

In terms of training for Latin American students in Guyana, issues related to visa and other legal requirements represent constraints to attracting these strata into the market. Living costs and facilities in Guyana, especially for persons from Brazil and Venezuela, are likely to be fairly attractive.

In Trinidad and Tobago, foreign language teaching has been prioritised by the government. The major objective is to ensure that Trinidad and Tobago is a bilingual country. The government has established the Secretariat for the Implementation of Spanish (SIS) which implements programmes to promote Spanish learning and to facilitate the bilingual objectives of the country. The rationale for the establishment of SIS is to increase Trinidad and Tobago's potential to attract foreign investment from Spanish-speaking countries both in South America and Europe. With a bilingual workforce, it is argued that Trinidad and Tobago will become much more competitive and attractive internationally.

In Trinidad and Tobago, apart from UWI, there are two registered schools which specialise in teaching in English as a foreign language to Spanish and Portuguese speakers. As in Guyana, there are larger numbers of small schools not officially registered and widely dispersed throughout the country offering different levels of teaching of English as a foreign language. These schools cater to widely differing groups, mainly students and working people predominantly from neighbouring Venezuela and Colombia. These informal schools are engaged in aggressive marketing through informal channels but very few offer formal certification to students who have completed their course of study.

## **B. Other services**

### **1. Financial services**

Historically, financial services in the Caribbean were transnationalized prior to political independence. Many of the dominant financial institutions, which were foreign owned, operated branches across the region and were engaged essentially in trans-Caribbean operations. These financial institutions included Barclays Bank D.C.O., Royal Bank of Canada (RBC), Bank of Nova Scotia (BNS) and Canadian Imperial Bank of Commerce (CIBC) - all foreign-owned banks engaged in financial operations in most Caribbean countries. There were also foreign owned life insurance companies which operated similarly.

With political independence came the establishment of indigenous financial institutions including commercial banks, life and non-life insurance companies, merchant banks and investment companies. More recently, some of these national financial institutions have become regional in their operations.

Over the last decade or so there has been marked cross border growth in commercial banking across the CARICOM region with banks from Trinidad and Tobago, specifically Royal Bank of Trinidad and Tobago (RBTT) and Republic Bank Limited, operating in many regional economies. In 2005, RBTT had branches in Antigua and Barbuda, Barbados, Grenada, Jamaica, St. Kitts/Nevis, Saint Lucia, St. Vincent and the Grenadines, and Suriname, with its Head Office located in Trinidad and Tobago. Republic Bank Limited operated branches in Barbados, Grenada,

Guyana, and Saint Lucia also with head office in Trinidad and Tobago. The other banks operating across the Caribbean are either currently foreign owned (BNS and RBC) or formerly foreign owned, now Caribbean owned (First Caribbean International Bank) with its Head Office in Barbados.

There are two major regional insurance companies, Guardian Life of the Caribbean Ltd., with Head Office in Trinidad and Tobago and Sagicor Life Incorporated, with its Head Office in Barbados, which are involved in insurance business, sale of investment products and other various financial services.

The experiences of these regional financial institutions can lay the basis for their expansion into the Latin American market. There are certain pull factors in the Latin American market which can facilitate the establishment of branches of CARICOM financial institutions in those countries. Particularly important are, firstly, the deregulation and liberalization processes in Latin America which has made it possible for foreign firms especially in the areas of finance. Secondly, many Latin American countries are engaged in privatization of institutions in the financial sector, making involvement of foreign financial institutions more attractive. Thirdly, there is a growing market for financial sector services in Latin America with possibilities for profitable rates of return accruing to financial institutions. If increasing trade and economic relationships develop between Latin America and the Caribbean, this will also be attractive for commercial banks and other financial institutions which can benefit from these business developments and possibilities.

Caribbean financial institutions may opt for widening their scope of operations as a means of diversifying risk away from reliance on national and even regional markets. With increased competition in CARICOM, many regional financial institutions may find that operating outside of the region in Latin American markets facilitate the achievement of economies of scale and scope. Given that the regional financial sector is small by international standards, regional financial institutions may utilize their experiences in the Caribbean as the basis for moving into the markets of Latin America.

Given the current situation in Latin America, CARICOM financial institutions are well positioned to target these markets. There is the need, however, for increased levels of awareness of these markets and their potential as well as information on the various rules and regulations governing operations in these countries.

## **2. Health and Medical Services**

World Bank (2005) estimates show that the value of internationally traded health services exceeded US\$140 billion in 2005. In health services exports, CARICOM countries have certain advantages including well trained health practitioners, established health and medical services and internationally certified training facilities. Fairly well established health tourism facilities exist throughout CARICOM, including health and wellness services in Trinidad and Tobago and Saint Lucia, rehabilitation services in Barbados and Antigua and Barbuda, fertility management services in Jamaica and various types of surgical facilities at the regional University (Jamaica, Barbados and Trinidad and Tobago).

Health and medical tourism represent areas, not sufficiently marketed in Latin America, which can generate benefits to both CARICOM and Latin America. Market studies can determine demand side possibilities from Latin America which can profitably utilize existing excess capacity in these services in CARICOM. In addition, the critical issues related to the use of Latin American health insurance arrangements in CARICOM countries will have to be carefully assessed. Training in Spanish and Portuguese is a critical precondition for successful marketing of these services in Latin America.

### **3. Maritime and air transport**

In CARICOM, there are regional ports which are important transshipment points for the region and Latin America. These are Freeport in The Bahamas, Bridgetown in Barbados, Kingston in Jamaica, and Port of Spain in Trinidad and Tobago. These ports are well served by international shipping lines and their facilities are reasonable. Jamaica is the most significant trans-shipment point for shipping traffic to and from both CARICOM and Latin American countries. Since 2002, Jamaica has handled an annual average of over 1 million TEUs (Twenty-foot Equivalent Unit containers), much higher than any other regional port. With current expansion, Jamaica can undertake even higher levels of trans-shipment loads. Throughout the CARICOM subregion, however, improvements in port productivity and customs facilities are necessary.

Both maritime and air transport contribute significantly to existing market widening and establishment of new markets. Development of shipping routes between CARICOM and Latin America is likely to reduce an important constraint to trade between the two integration arrangements.

In terms of air services agreements, at March 2006, member countries from both integration arrangements have signed and ratified the ACS Multilateral Air Transport Agreement. The countries are Antigua and Barbuda, Barbados, Belize, Costa Rica, Guatemala, Dominican Republic, Haiti, Jamaica, Panama, Suriname, Trinidad and Tobago and Venezuela. The ACS Agreement allows for the development of new trans-Caribbean airline routes and facilitates closer economic and social links between CARICOM and Latin America. Very importantly, the Agreement also allows designated ACS airlines to operate commercial offices in ACS signatory countries as well as establish commercial arrangements among themselves. These arrangements have tremendous developmental potential for both CARICOM and Latin American countries including investment possibilities in ACS airlines by government and private entrepreneurs as well as increased intra-ACS market access via commercial arrangements like aircraft leasing.

### **C. Services: Conclusions and recommendations**

Among the major barriers to effective cooperation between Latin America and CARICOM is ignorance about each other's language. Because of the importance of English as an international business language, it is argued that the peoples of Latin America make a greater effort to develop fluency in the English language than their counterparts in the Caribbean do for

the Spanish language (Nicholls et. al (2001)). “Linguistic” integration<sup>5</sup> represents a critical basis for strengthening the links between the regional schemes of CARICOM and Latin America.

Specific recommendations with respect to language issues are as follows:

- a) Both the CARICOM and Latin American regional integration schemes should actively support the ACS Centre for the Promotion of Language and Cultures (CPLC) which targets, inter alia, the reduction of language barriers in the Caribbean and Latin America; institutions in both regional schemes need to be involved in the activities planned by CPLC, especially the language immersion programmes;
- b) Both regions should promote and support an ongoing, regular exchange of teachers, researchers and university academics;
- c) Both subregions should examine the feasibility of promoting multilingual programmes at the primary, secondary and tertiary institutional levels;
- d) Both subregions should explore the possibilities of upgrading school curricula (primary, secondary and tertiary levels) to include information on comparative history, geography, politics, business and culture related to both CARICOM and Latin America.

With respect to financial services, it is recommended as follows:

- a) Detailed analyses of the experiences of CARICOM financial institutions which operate in Latin American countries;
- b) Careful studies of the rules and regulations governing operations of non-national financial institutions in Latin American markets;
- c) Examination of the role of specific financial institutions in Latin America which provide trade financing and facilitation services.

In order to enhance any benefits of health and medical service trade, some specific recommendations are:

- a) Market studies to determine the demand for CARICOM health and medical services by persons from Latin American countries;
- b) Examining the portability of Latin American health insurance services to CARICOM countries and means by which this can be facilitated;
- c) Language training (Spanish and Portuguese) for CARICOM health personnel.

In terms of other services, maritime and air transport require more immediate and careful attention. Among the major constraints to trade and tourism links between the integration

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<sup>5</sup> Girvan (2006, pp. 69)



schemes of CARICOM and Latin America are the poor intraregional transportation arrangements. As such, developing shipping and air links should be prioritised. Our analysis has indicated where presently, these links are very few and where available, are costly.

Active consideration should be given therefore to:

- a) Reviewing the maritime and air transportation policies of both regions to develop a workable intra-regional approach to overcome existing constraints;
- b) Examining possibilities for cooperation in regional maritime and air services;
- c) Sharing information on shipping and port facilities and related costs in both subregions;
- d) Evaluating the feasibility of multi-modal transport combining maritime, air, rail and road<sup>6</sup> to expedite commodity movements within and between the integration schemes and facilitate trade.

## **IV. Infrastructure**

### **A. Introduction**

In the economics literature, the relationship between investments in infrastructure and economic growth has been well documented. In the Caribbean, this discussion is articulated in the World Bank's (2005) study on Caribbean development. Given the geography of CARICOM, the main focus with respect to cross-border movement of commodities and persons has been related to air and sea transport. As such, cross border road infrastructure is not prioritised, except for Guyana and Suriname. There are real possibilities for significant economic benefits arising out of increased road linkages between Guyana, Suriname and Brazil as well as Venezuela for CARICOM, especially in terms of facilitating commodity trade and movement of persons.

### **B. IIRSA: an overview**

The Initiative for the Integration of Regional Infrastructure in South America (IIRSA) functions as an important forum for discussion among the authorities responsible for transport, energy and telecommunications in 12 South American countries<sup>7</sup>. In addition to the member countries, three multilateral financial organizations from the region provide technical and financial support to the various projects in which IIRSA is involved. The multilateral organizations are the CAF, the Inter-American Development Bank (IDB) and the Financial Fund for the Development of the River Plate Basin (FONPLATA).

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<sup>6</sup> Girvan (2006, pp. 14)

<sup>7</sup> The 12 countries are: Argentina, Bolivia, Paraguay, Perú, Suriname, Uruguay, Venezuela, Guyana, Ecuador, Colombia, Chile and Brazil.

In terms of projects, IIRSA has divided its territorial groupings into development hubs. These refer to geographical locations in South America which are characterised by similar infrastructural development needs. Concerning its objectives, IIRSA recommends a minimum standard for infrastructural development in these specific locations and has identified 10 development hubs in the region. As part of its analysis geared towards diagnosing infrastructural problems and focusing on potential solutions, IIRSA conducts studies in the following areas: maritime and air transport operations, information and communications technology (ICT), border transport facilitation, energy integration, and financing instruments. The analysis that follows deals with cross border road networking and involves Guyana and Suriname and links with Latin American countries, specifically Brazil and Venezuela.

## **1. IIRSA projects involving CARICOM countries**

As part of its project portfolio, IIRSA has identified 31 high priority projects geared towards the accelerated physical integration of South America for the planning period 2005 – 2010. Of interest to CARICOM is the Guyanese Shield Hub. This hub involves Northern Brazil (the states of Amapa and Roraima), Guyana, Suriname, and Eastern Venezuela (the states of Sucre, Anzoategui, Monagas, Delta Amacuro and Bolivar). Specific projects involving Guyana and Suriname are identified as Group 2 (G2), Group 3 (G3) and Group 4 (G4) projects in the context of IIRSA's priorities. These projects are discussed in the paragraphs below.

The G2 project has as its main objective the sustainable development and integration of the Brazilian states of Amazonas and Roraima with Guyana through the consolidation of critical road infrastructure geared towards linking both countries. Specifically, the main element in this project is the Boa Vista–Bonfim–Lethem–Georgetown Highway, which targets improvements in the transportation connection between Brazil and Guyana. The stated objective of this project is to facilitate commodity trade and cultural exchanges between both countries.

There are other projects which are part of the G2 grouping. These include the construction of various bridges along the highway, a Guyana deep water port project, improvements in access points to Georgetown and facilitation of industrial investments on the Guyana-Brazil border. Based on statements by the Governments of Brazil and Guyana, this project is identified as “high priority” and is geared towards supporting trade and related developments in both countries.

The current status of this project is as follows. Since 1989, two feasibility studies have been conducted, the most recent in 2000. There exists the need for updating the feasibility studies, environmental impact assessments and engineering designs. The Guyana Government has prioritised this stage of the project and is exploring funding possibilities. Total estimated investment cost for this stage of the project is US\$3.3 million.

The other key element of this project is the building of an international bridge (230m long) between Guyana and Brazil, across the Takutu River. The bridge is expected to link the border area of Bonfim, Brazil, with that of Lethem, Guyana; this is a critical part of the Brazil-Guyana road link. This project is identified as a priority for both Guyana and Brazil, such that the Brazilian Government has listed it as one of the Presidential goals. The Brazilian National

Department of Transport has commissioned the Brazilian Military Engineering Institute to complete various studies and present a work plan for implementation of the project to the National Congress. These tasks are currently being completed. Estimated cost of this investment is US\$10 million.

The G3 project seeks to integrate those countries located along the Caribbean coast in the north of South America. In terms of CARICOM, the critical element here is the Venezuela-Guyana-Suriname Road Network which targets an integrated road corridor across the three countries. Its main objective is to facilitate commodity trade; Venezuela has articulated the case for widening the objective beyond trade “to promote integration and human development”.

The G3 project involves construction, rehabilitation, and improvement of several sections of the road network from Venezuela through Guyana to Suriname. It will entail bridge construction and facilitation of national and international border crossing facilities. As at March 2006, financing of the pre-feasibility studies, including environmental impact assessments, were being discussed by the participating countries. Estimated cost of the first stage of this project is US\$0.80 million.

The G4 project is an extension of the G3 project and targets road links to include Brazil (the States of Amapa and Para) via French Guyana. To complete this project, there is the requirement for upgrading and constructing, where necessary, national and international border crossings. This project is estimated to cost US\$105 million.

These projects all have as their long-term objectives the improvement of trade between Guyana, Suriname, Brazil and Venezuela. It is anticipated that they will facilitate two-way flows of commodities and persons between CARICOM and Latin America using both Guyana and Suriname as ports of entry. It is also expected that the proposed physical infrastructure will provide critical linkages between Guyana and Suriname into Brazil, Venezuela and other South American countries. CARICOM can benefit by supporting the long-term goals of IIRSA as these relate to providing greater market access to and economic linkages with South America. There are positive economic effects arising out of cross border road infrastructure on trade in goods, investment and movement of persons which would impact CARICOM. Cross border infrastructure is likely to reduce trade costs and increase trade flows.

As indicated earlier, in addition to projects dealing with road transport infrastructure, IIRSA also conducts regional studies in other areas including maritime and air transport operations and project finance. In the CARICOM context, maritime and air transport operations are vital elements of the region’s development process. However, there are certain areas which require support both in terms of technical capabilities as well as finance. These include safety and security standards in such areas as transport operations, airport terminal space and facilities, and transshipment port capacity.

In the light of planned developments in tourism, sea port and airport safety and security is particularly important. In addition, plans for upgrading airport terminal facilities are vital to the sustainability of tourist industry in CARICOM. Trans-shipment port facilities can generate

significant profits for regional economies, but these require large amounts of investment funds not necessarily directly available from regional governments.

CARICOM governments can explore projects in some of the areas listed above, especially as these relate to financing instruments for infrastructural development. With many Caribbean governments experiencing high levels of debt servicing and budget deficits, limited amounts are available for capital expenditure on infrastructure. As such, governments will need to explore extraregional sources of finance. There are possibilities for using funding sources in Latin America, including CAF and FONPLATA.

### **C. Infrastructure: Conclusions and recommendations**

There are three critical infrastructural projects which involve member countries of both integration schemes - Guyana and Suriname (CARICOM) and Brazil and Venezuela (MERCOSUR). These relate mainly to upgrading and construction of road networks linking the countries listed; completion of these projects will enhance movement of commodities and persons across both integration schemes. The projects are being implemented under the aegis of IIRSA, which also is involved in various other infrastructural activities.

Specific recommendations here are related to the operations of IIRSA as follows:

- a) The relevant authorities of both regional integration schemes should prioritise the mobilization of funds to complete the necessary preconditions required to begin road construction; in addition to IIRSA, funding through the IDB should also be explored;
- b) In addition, funds should also be identified to complete the projects within a specified period;
- c) Collaboration should be promoted between institutions in both regional integration schemes involved in infrastructural projects;
- d) Investigation of other joint project possibilities, especially in telecommunications and information technology, should be undertaken;
- e) Collaboration among the different providers of information and communications technology in the subregions should be facilitated;
- f) CARICOM should explore the possibility of being granted observer status at IIRSA meetings.

## V. Production Complementarities

### A. Foreign Direct Investment (FDI)

Recent data indicate FDI inflows to CARICOM countries were US\$2.47 billion in 2004 representing a 26 per cent increase from US\$2.26 billion in 2003. The 2004 figure represents the highest level of inflows ever received by CARICOM over the last decade. The top three recipients of these direct inflows were Trinidad and Tobago (US\$1000 million), Jamaica (US\$650 million) and the Bahamas (US\$206 million), accounting for almost 70 per cent of total.

Most of FDI flows are in the form of equity capital and reinvested earnings. Typically, equity financing has positive externalities which are associated with such investments. The largest amounts of the FDI flows are from traditional countries, mainly Canada, the United Kingdom and the United States, with the United States dominating; the United States' flows account for almost 100 per cent of total flows into Barbados, Belize, Guyana and Jamaica. There is, however, an indication that FDI inflows are experiencing some diversification, with small amounts coming from Colombia and the Dominican Republic.

FDI flows into CARICOM are concentrated in a small number of resource-based sectors mainly mineral extraction, agriculture/forestry and tourism. Most of this investment is directed towards activities in the petroleum and natural gas industries in Trinidad and Tobago and mining, quarrying and agriculture/forestry in Jamaica and Guyana. Since 2000, the tourist sector in Jamaica and the OECS has experienced increasing levels of FDI inflows. At the same time, several CARICOM countries have experienced declining FDI inflows in manufacturing.

In its 2005 study, the World Bank (2005) reports on a survey of 159 international companies operating in the Caribbean. The report indicates where infrastructure was identified as the most important investment climate factor impacting their operations and also received the highest performance rating among all indicators of investment climate in the region. With respect to its overall policy and legal environment and its taxation and customs regimes, although identified important for investment purposes, the performance of these two areas was assessed as "under-performing". A key constraint identified in the region's investment climate in the Caribbean is the business environment and more specifically, the ease with which the foreign investor is able to establish and operate a company in these economies. The areas of under-performance identified by the World Bank study (2005) have to be carefully reviewed by CARICOM countries as part of a strategy to improve the region's investment climate<sup>8</sup>.

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<sup>8</sup> For a detailed discussion on issues related to attracting private investment to the Caribbean, see World Bank (2005), Chapter 3.

Investment policy in CARICOM is outlined in Article 68 of the Revised Treaty and states that CARICOM adopts a common investment policy including “sound national macroeconomic policies, a harmonized system of incentives, stable industrial relations, appropriate financial institutions and arrangements, supportive legal and social infrastructure and modernization of the role of public authority”. Promotion of FDI into the Caribbean is identified as a critical element in the region’s development strategy. This involves:

- (a) A proactive investment promotion strategy;
- (b) Assistance in the development of national and regional private sector activities.

In its recent Caribbean Trade and Investment Report, (CARICOM Secretariat, 2006 pp. 148) the CARICOM Secretariat assesses regional investment activities as follows:

“Aggressive, proactive investment promotion abroad has been ineffective or neglected in most CARICOM States, even though competition in the global market place for foreign direct investment has been increasing and many developing countries have been devoting more resources to this effort. Additionally, the effectiveness of the investment promotion functions performed by existing investment promotion agencies (IPAs) is often adversely affected in several countries by budgetary constraints, inadequate training of officials and preoccupation with the initial processing of incentives’ applications as well as providing facilitation services for potential investors.”

Data for Caribbean countries is not disaggregated such that FDI inflows from Latin American countries are identified. The same situation exists with respect to CARICOM investments in Latin American countries. Given that the largest share of FDI into the Caribbean is from the United States, this corroborates the conclusion that investments from Latin America remain small.

## **B. CARICOM cross-border investment activities**

Within the last decade, there are an increasing number of CARICOM firms which have engaged in cross-border activity, with the major ones in the financial services sector. With respect to non-financial activities, there are about 25 areas of economic activity in which CARICOM firms are engaged across national borders. These include hotel and tourism, food and beverage, cement, and air transport. Other less significant regional cross-border activities include entertainment, media, packaging, pharmaceuticals and professional services. Trinidad and Tobago is the major source country for outward cross border investments in CARICOM, while the two major recipients of CARICOM investment inflows are Jamaica and Barbados.

The main non-financial trans-Caribbean corporations, their source country and activities are outlined as follows:

## **1. Barbados**

(a) Goddard's Enterprise which represents a large conglomerate with assets and revenues exceeding US\$200 million and engaged in wide-ranging areas of operations including airline catering, consumer goods sales, general trading, investments and financial services, real estate, rum, and shipping.

(b) B.S. & T. with sales revenue of over US\$300 million and assets of over US\$500 million and engaged in airline and shipping services, consumer goods including supermarkets, food and beverage, hotels and tourism and property development.

## **2. Jamaica**

(a) Grace Kennedy with sales revenue of over US\$500 million and assets of over US\$600 million and engaged in financial services, food trading, information services, and retailing.

(b) Sandals - hotels and tourism.

(c) Superclubs - hotels and tourism.

(d) Hendrickson Group – hotels and tourism.

## **3. Trinidad and Tobago**

(a) Ansa McAL with sales revenue of over US\$400 million and assets of over US\$900 million and involved in automotive, beer, financial services, manufacturing, real estate and property development, shipping and oil field supplies.

(b) C.L. Financials with revenue of over US\$1 billion and assets of over US\$4 billion and engaged in agriculture, energy, food, health services, information technology, finance, real estate, trading and distribution.

(c) Neal and Massy with revenue of over US\$450 million and assets of over US\$350 million and involved in financial services, energy, industrial equipment, real estate, retail trading and shipping.

(d) Associated Brands - food production and distribution.

(e) Bermudez - production and distribution of food, mainly biscuits.

(f) BWIA/LIAT - airline services.

- (g) Issa Nicholas (Allied Innkeepers) - hotels and tourism.
- (h) Prestige Holdings - food distribution and KFC and TGIF fast food franchises.
- (i) S.M. Jaleel - production and distribution of beverages (soft drinks and fruit juices).
- (j) T.C.L. – cement production and quarrying.

Many of these firms are attempting to operate in various markets outside of CARICOM. Goddards is the leading CARICOM firm which has operations in Central and South America for many years, mainly in Ecuador, El Salvador, Venezuela, Guatemala and Uruguay. Superclubs has initiated plans to establish hotels in Brazil.

### **C. Production complementarities: Conclusions and recommendations**

In this study, the focus is foreign direct investment potential from Latin America into CARICOM as well as joint business ventures involving firms in both schemes. There are five areas of regional economic activity which has been identified as potentially competitive internationally and which may be attractive areas for both foreign direct investment as well as joint ventures between CARICOM and Latin American countries (CARICOM, 2006, pp. 190 – 191). These are:

- a) Tourism-related manufacturing and other services including high value low weight items such as jewellery, craft items, and clothing;
- b) Energy-related manufacturing and industry including aluminium/metal manufactures and ethanol production;
- c) Food and beverage, especially specialty foods such as Jamaican ‘jerk’ seasoning and alcoholic beverages;
- d) Building and construction material, including cement and wood products such as roofing material and floors;
- e) Marine-related production, including the manufacturing of components for yachts and pleasure crafts.

CARICOM and Latin American countries should explore the possibilities of joint ventures in those areas listed above where it can be demonstrated that there exists international competitive advantage. This, however, will require further research which will need to be supported by both the public and private sectors in both groups of countries.

What is important for CARICOM is to promote the region to Latin American countries as a single investment location. In addition, investment promotion agencies (IPAs) should be adequately funded and staffed to perform their critical functions. CARICOM should also seek to maximize agreements with Latin American States, especially where bilateral investment treaties



exist, as with Argentina and Venezuela, and where trade and economic agreements exist, as with Costa Rica.

Given the target market of Latin America, CARICOM countries should consider translating the CARICOM investment code into Spanish and providing detailed information through a Caribbean Association of Investment Promotion Agencies (CAIPA). This information should be available through Caribbean embassies and missions in Latin America as well as on a dedicated website targeting potential investors in the Latin American region. CARICOM countries should also target potential investors in Latin American through investment shows in selected Latin American countries, beginning with those with which investment and trade agreements have already been signed.

Specifically, the relevant government authorities and private sector organizations in both Regional Integration Schemes will be required to:

- a) Develop various strategies, programmes and incentives targeting investments (including joint investment) in both subregions;
- b) Research the various sectors and prioritise certain sectors for specific action;
- c) Develop data collection on intraregional investment and the activities of those firms which operate in both integration schemes;
- d) Develop information-sharing facilities, including websites, which provide multilingual information on various investment-related areas;
- e) Examine the Brazilian approach to training exporters with a view to adopting/adapting some of the techniques used;
- f) Explore the possibilities for mobilising funds and other related business support for small and medium sized exhibiting export potential to Latin America.

## **VI. Financial mechanisms: CARICOM participation in CAF**

### **A. Background information**

CAF is a multilateral development bank, with headquarters in Caracas, Venezuela. Although legally established in 1968, its formal operations began in 1970. Current members include 17 countries and 16 private banks from the Andean region. Membership derives from these entities owning shares in the CAF. The 17 member countries are divided into five principal shareholders (Bolivia, Ecuador, Columbia, Venezuela, Peru) which, among them, own 89 per cent of the Corporation (total subscribed paid-up capital as at June 2006) and 12 extraregional partners, which own the remainder.

Shareholders in CAF hold three categories of shares: A, B and C. The “A” and “B” categories are owned by the principal shareholders as well as 16 private sector financial institutions; these categories have restrictions on their transferability. “C” shares are less restrictive and can be transferred to entities outside the Andean subregion. Historically, the five principal shareholders have been the only owners of A shares; both these countries as well as 16 private banks also hold B shares; the extraregional partners hold C shares only. An approved amendment awaiting ratification will enable all members to purchase A and B shares, should they desire and be able to afford it.

The CAF stated mission is to enhance: (a) regional integration; and (b) sustainable economic development of its shareholder countries. It also defines itself as the financial arm of the Andean Integration Process. CAF focuses on providing medium- and long-term project loans and trade finance to both public and private sector institutions in member countries.

Since 1993, CAF received investment grade category ratings from widely respected ratings agencies: Moody’s, S&P and Fitch. CAF was the first Latin American agency to receive these ratings simultaneously. Even in the face of the various regional and international financial crises that have plagued the sector, CAF ratings have steadily risen over the years. Its success is attributed to its conservative lending policy, sound institutional framework and the support conferred to it by its member States.

CAF provides various services to its member countries and institutions including conducting technical studies for investment opportunities, technical and financial assistance, financial and technical resource mobilization and various types of loans. Additional information on CAF’s functions are presented in Annex 3.

### **B. Sources and uses of funds**

CAF’s sources of funds were US\$800 million (as at June 2006). These are disaggregated as follows:

- (a) Bonds (73 per cent of total or US\$585 million);
- (b) Advances and Commercial Paper (12 per cent or US\$96 million);

- (c) Loans and Lines of Credit (10 per cent or US\$80 million);
- (d) Term Deposits (5 per cent or US\$40 million).

Most of the CAF funds are raised on the international capital markets (91 per cent). Smaller amounts are also mobilized through regional capital markets via commercial paper and bonds. In addition, CAF obtains loans and credit lines from central banks, commercial banks and, with respect to import financing projects, from export credit agencies. Other sources of funds include other multilateral development banks, public sector and development agencies as well as major international commercial banks in Europe, the United States and Japan.

### **C. Products and services**

CAF offers the range of services typical to any commercial, development and investment bank. These include:

- Short-, medium- and long-term loans.
- Structured finance and limited-recourse project finance.
- Co-financing with either multilateral or official national institutions, as well as with international banks.
- Investment banking and financial advisory services (such as underwriting, special purpose trusts, partial guarantees, corporate finance and insurance).
- Guarantees.
- Equity investments.
- Treasury products
- Technical cooperation.

Not unexpectedly, loans represent the main product of CAF; these include short (less than one year); medium (1-5 years); and long-term (over 5 years). There are two broad categories of loans: A and B. In category A, all funds are directly from CAF. In category B, the loan is syndicated and, as such, involves other financial institutions.

In keeping with its mission statement, CAF funds are channelled into projects mainly related to the enhancement of regional trade, competitiveness of regional industries, macroeconomic stability, national and regional financial systems, social and economic infrastructure, reform and modernization of the State and development of small and micro-enterprises. As at June 2006, the CAF loan portfolio composition was as follows: infrastructure (45 per cent); social development: water, education, social services and health projects (29 per cent); structural (government) reforms (12 per cent); financial intermediaries (9 per cent); other: agriculture, hunting, forestry and construction (3 per cent); manufacturing (2 per cent). Infrastructure loans are mainly allocated to projects including roads, transportation, telecommunication, power generation and transmission, development of border areas and environmental protection. CAF also funds small- and medium-sized enterprises functioning as a wholesale bank to development and private commercial banks, which then on-lend these funds.

In terms of lending for regional trade activities, CAF provides loans to expand and modernize productive capacities of export-oriented companies.

#### **D. CAF provision of funds outside of the Andean Group**

Loan eligibility through CAF is based mainly on share ownership of member States and institutions. To date, there are no regional integration arrangements which are CAF members. Two CARICOM member States - Jamaica and Trinidad and Tobago – are C shareholders in CAF. Trinidad and Tobago accessed project funds in 2002, while Jamaica has never accessed CAF funds.

Although the Executive President and other CAF representatives have attended ACS meetings, there exist no formal links with any regional organizations including CARICOM and the Caribbean Development Bank (CDB). The CDB and CAF have recently initiated discussions related to possible links.

#### **E. Financial mechanisms: Conclusions and recommendations**

Regional and national development banking have had a fairly long history in CARICOM. In addition to the CDB, which began operations in 1972, national development banks have operated as development finance corporations in many Caribbean countries even before political independence. CARICOM development banks have experienced problems in areas related to financial resource mobilization, creation of attractive financial products and effective debt collection. CARICOM may benefit from the experiences of development banks in Latin America.

It is recommended that CARICOM:

- a) Initiate discussions with CAF and other development finance institutions in Latin America to examine possibilities for collaboration, including membership of these institutions;
- b) Assess the feasibility of involvement in the proposed Development Bank of the South, involving development banks in both regional schemes.

## **VII. Summary of recommendations**

### **A. Overview**

Various analysts have argued that CARICOM – Latin American collaborative links have historically not been strong<sup>9</sup>. Among the explanations include the view that CARICOM countries' colonial experiences (economic, political, social and cultural) have seriously constrained their relations with the Latin American subregion. In addition, language differences,

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<sup>9</sup> See M.Kirton (2006); Mills and Lewis (1992); Gill (1995); Lewis (1984); Maira (1983) and Lewis (2005)

differences in physical and population size, natural resource endowments and persisting cultural influences have also been highlighted (Kirton, 2006).

It is also argued that even after political independence of many CARICOM countries, major Latin American countries still ranked their Caribbean neighbours as low priority in their “hierarchy of concerns”, thus constraining the growth of meaningful links between the two subregions (Lewis, 1984). More recently, it is noted that CARICOM States appear to be conscious of their small size and potential fragility of their identity in a wider geographical regional space, thus further limiting the growth of their relationships with Latin America (Lewis, 2005).

Our view is that while deepening its own regional integration process, CARICOM will need to maximise its geographical closeness and potential economic links with Latin America for mutual economic, political and social benefits. This position informs our recommendations summarised below.

## **B. Trade and trade-related issues**

a) Sensitize the political leaders of the two integration schemes to mobilize the required political support and political will to implement policies which promote further dialogue between them. The respective Secretariats of the integration schemes of Latin America and the Caribbean, the ACS to play an important facilitating role;

b) CARICOM Secretariat and its counterparts in the various integration schemes to initiate institutional dialogue to exchange information and coordinate activities to strengthen CARICOM-Latin America political and economic relations;

c) Conduct detailed surveys of exporting firms in both CARICOM and Latin American countries to scientifically determine reasons why trade and business facilitation between the schemes remain weak;

d) CAIC and Caribbean Business Council to establish links with counterpart organizations in Latin America to prioritize trade and economic relations.

## **C. Tourism**

### **1. Multi-destination tourism**

a) Design and promote joint packaged tours/holidays which focus on the ecology, history and culture of both the CARICOM and Latin American subregions;

b) Joint marketing of CARICOM and Latin America as key tourism destinations;

c) Joint training in tourism and related areas involving tertiary level institutions in both subregions; more practically oriented training in specialised tourism and related areas.

## **2. Music and entertainment**

- a) Joint concerts in the Caribbean, Latin America, Africa, North America, Europe, and Japan featuring leading artistes from Caribbean and Latin America;
- b) Promotion of “cross-over” musical forms between both subregions;
- c) Joint music education programmes in schools at all levels which teach the musical forms of CARICOM and Latin America;
- d) Cooperation among musicologists and musicians from both subregions;
- e) Joint initiatives involving the private sectors of both subregions to support the music and entertainment industries.

## **3. Sports**

- a) Information sharing on sporting activities of both subregions, beginning with football and athletics; regular broadcasts (TV, Internet and radio) of sporting activities in both subregions;
- b) Involvement of sports personnel from the respective subregions in training in those areas where comparative advantages exist;
- c) Examination of feasibility of establishing professional sporting leagues in CARICOM with Latin American support.

## **D. Services**

### **(a) Language**

- a) Support for ACS Centre for the Promotion of Language and Cultures (CPLC) which targets, inter alia, the reduction of language barriers in the Caribbean and Latin America;
- b) Promote ongoing, regular exchange of teachers, researchers and university academics;
- c) Examine feasibility of promoting multilingual programmes at the primary, secondary and tertiary institutional levels;
- d) Explore possibilities of upgrading school curricula (primary, secondary and tertiary levels) to include information on comparative history, geography, politics, business and culture related to both subregions.

**(b) Other services****(i) Financial services**

a) Detailed analyses of the experiences of CARICOM financial institutions which operate in Latin American countries;

b) Careful studies of the rules and regulations governing operations of non-national financial institutions in Latin American markets;

c) Examination of the role of specific financial institutions in Latin America which provide trade financing and facilitation service.

**(ii) Health**

a) Market studies to determine the demand for CARICOM health and medical services by persons from Latin American countries;

b) Examining the portability of Latin American health insurance services to CARICOM countries and means by which this can be facilitated;

c) Language training (Spanish and Portuguese) for CARICOM health personnel.

**(iii) Maritime and air transport**

a) Review maritime and air transportation policies of both subregions to develop a workable intraregional approach to overcome existing constraints;

b) Examine possibilities for cooperation in regional maritime and air services;

c) Information sharing on shipping and port facilities and related costs in both regions;

d) Evaluate feasibility of multi-modal transport combining maritime, air, rail and road<sup>10</sup> to expedite commodity movements within and between the integration schemes and facilitate trade.

**E. Infrastructure**

a) Prioritise mobilization of funds to complete the necessary preconditions required to begin road construction;

b) Identify funds to complete the projects within a specified period;

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<sup>10</sup> Girvan (2006, p. 14)

- c) Promote collaboration among institutions in both integration schemes involved in infrastructural projects;
- d) Explore other joint project possibilities especially in telecommunications and information technology;
- e) Facilitate collaboration among the different providers of information and communications technology in the subregions;
- f) Explore possibility of CARICOM observer status in IIRSA.

#### **F. Production complementarities**

- a) Develop various strategies, programmes and incentives targeting investment (including joint investment) in both subregions;
- b) Research and prioritise certain sectors for specific action;
- c) Develop data collection on intraregional investment and activities of those firms which operate in both integration schemes;
- d) Develop information sharing facilities like websites which provide multilingual information on various investment-related areas;
- e) Examine the Brazilian approach to training exporters with a view to adopting/adapting some of the techniques used;
- f) Explore the possibilities for mobilising funds and other related business support for small- and medium-sized enterprises exhibiting export potential to Latin America.

#### **G. Finance**

- a) Initiate discussions with CAF and other development finance institutions in Latin America to examine possibilities for collaboration, including membership of these institutions;
- b) Assess the feasibility of involvement in the proposed Development Bank of the South, involving development banks in both subregional schemes.



## **ANNEX 1**

Figure 1: CARICOM's Trade Balance with the Andean Community: 1995 - 2005  
(US\$'000)

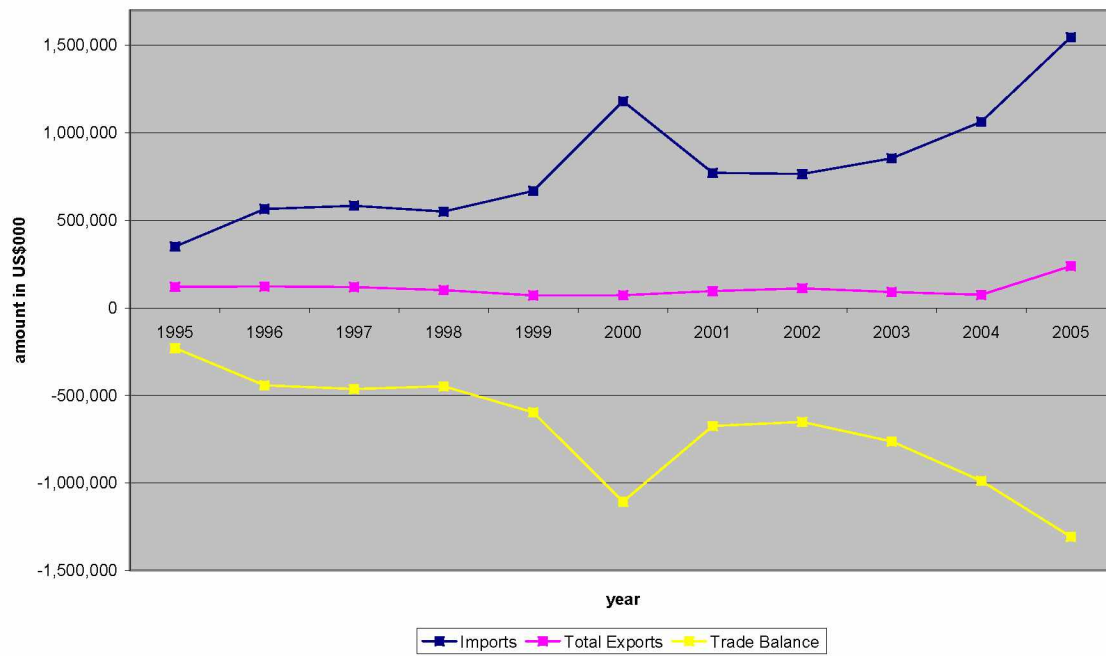
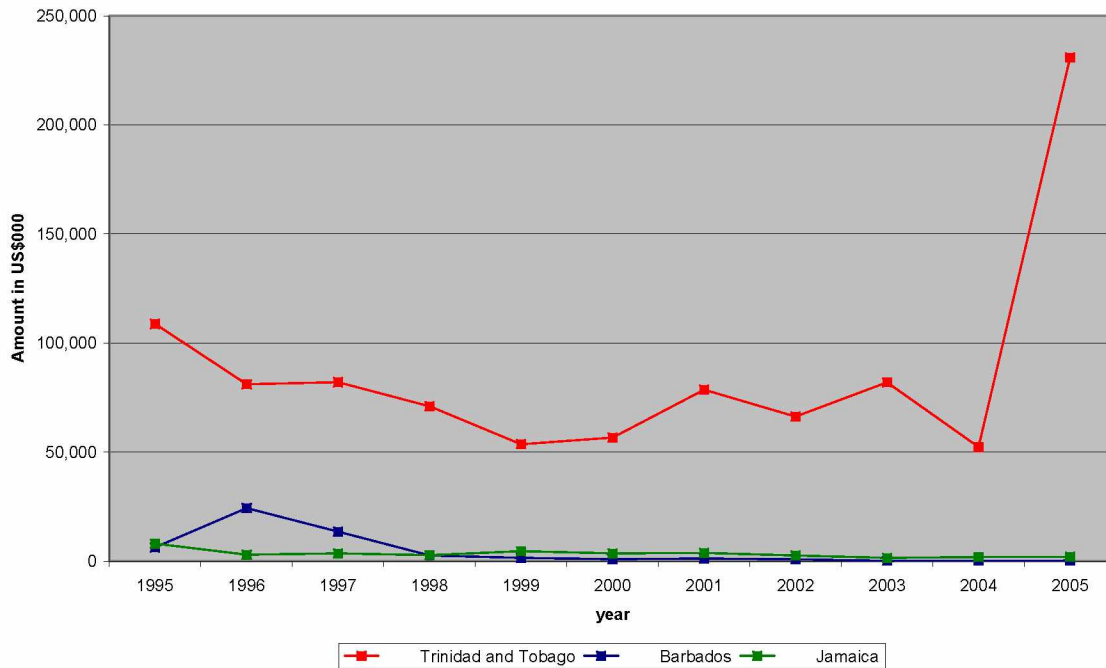
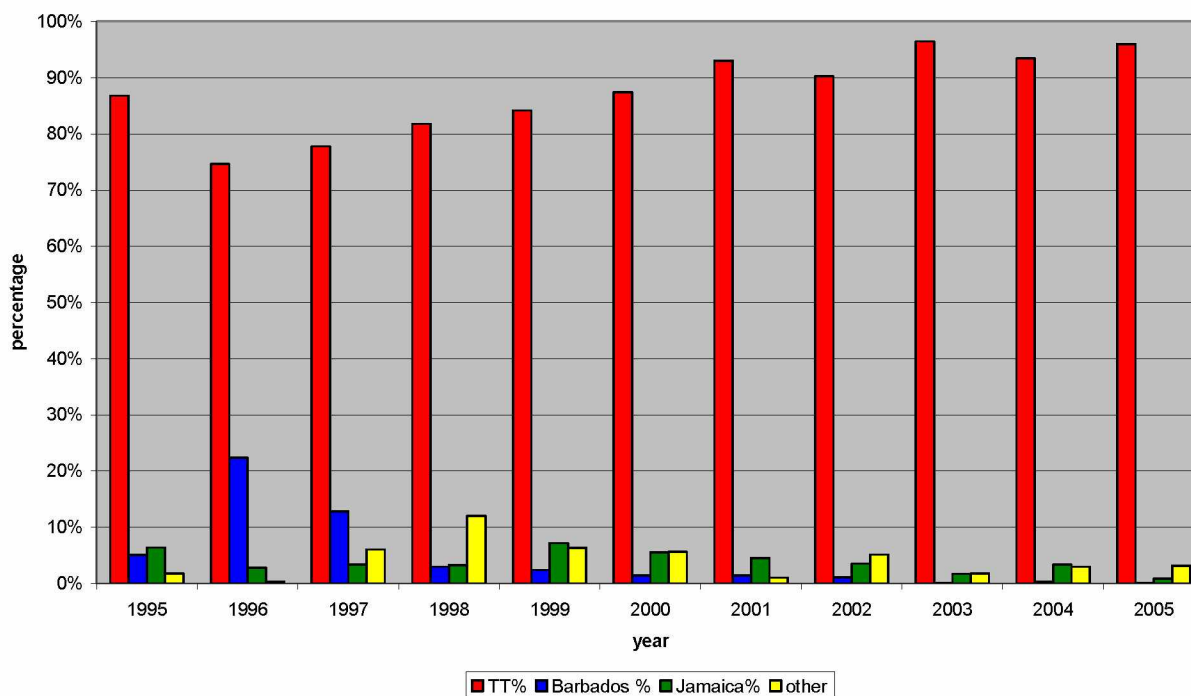


Figure 2: CARICOM's Domestic Exports to the Andean Community By top three exporting Countries : 1995 - 2005 (US\$'000)



**Figure 3: Percentage Value of CARICOM's Domestic Exports to Andean Community: 1995 - 2005 (US\$'000)**



**Figure 4: Percentage Value of CARICOM's Domestic Exports to the Andean Community by SITC Sections (Top Three Commodities): 1996 - 2004**

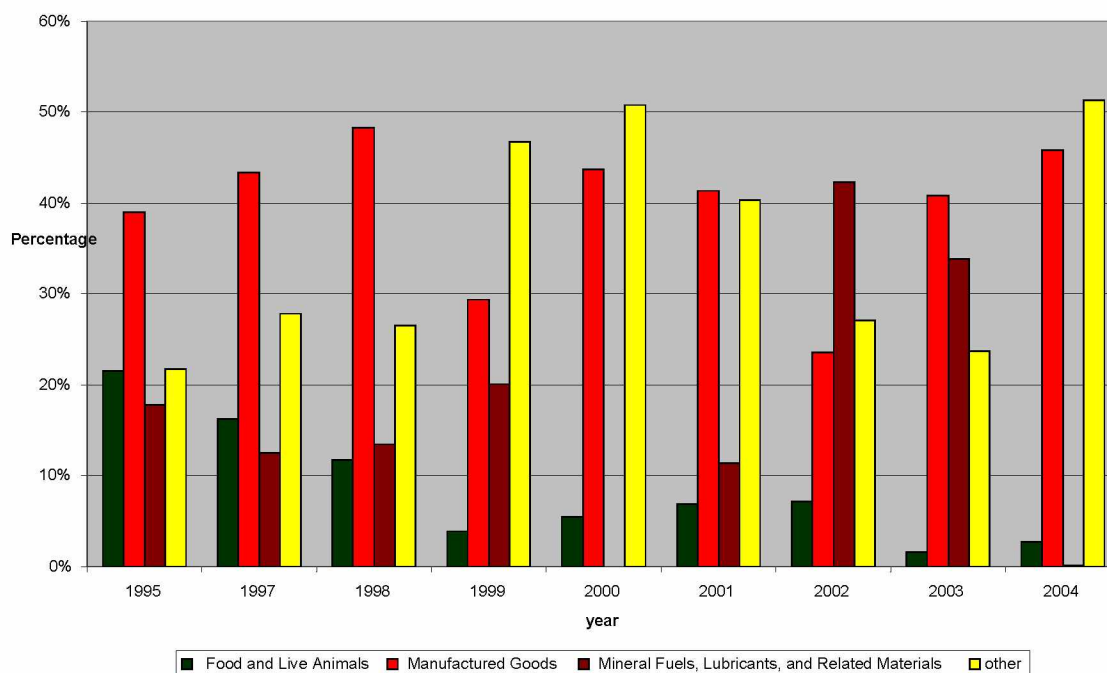


Figure 5 : CARICOM's Trade Balance with the MERCOSUR: 1995 - 2005 (US\$'000)

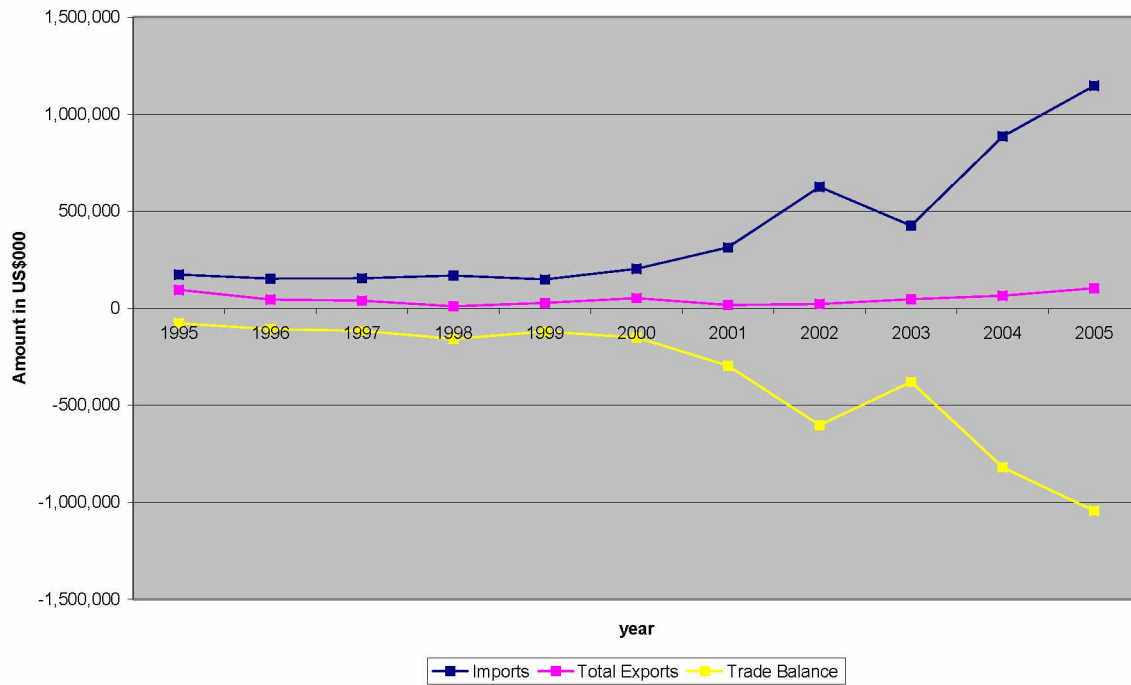
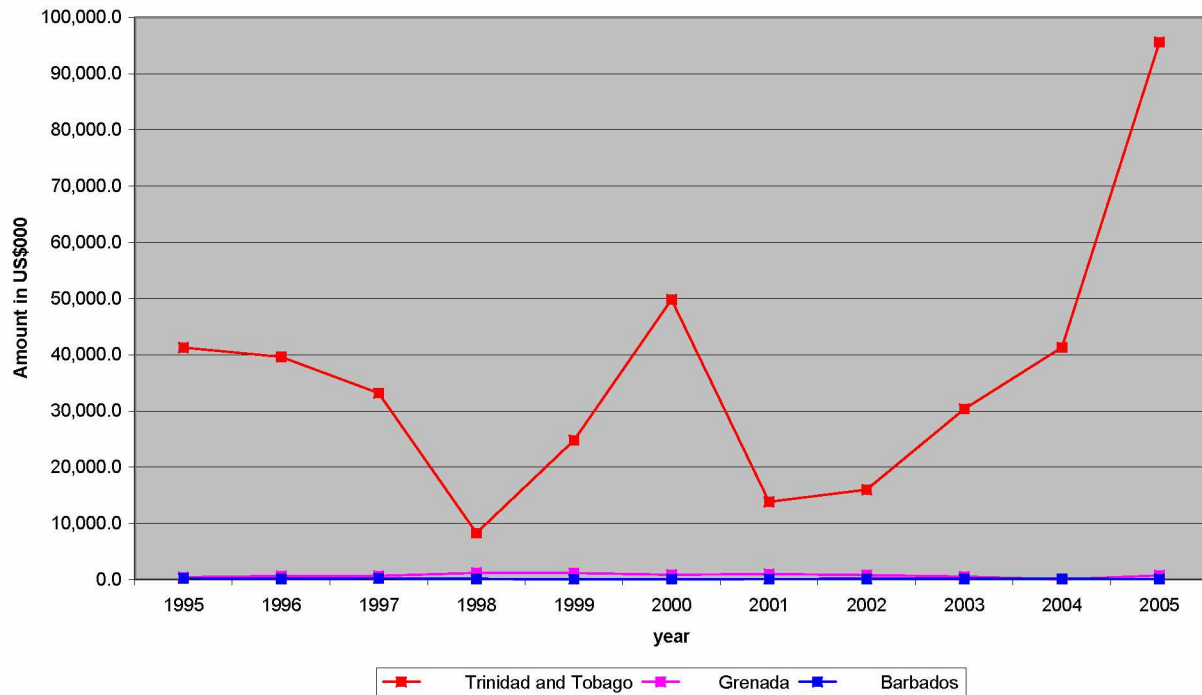
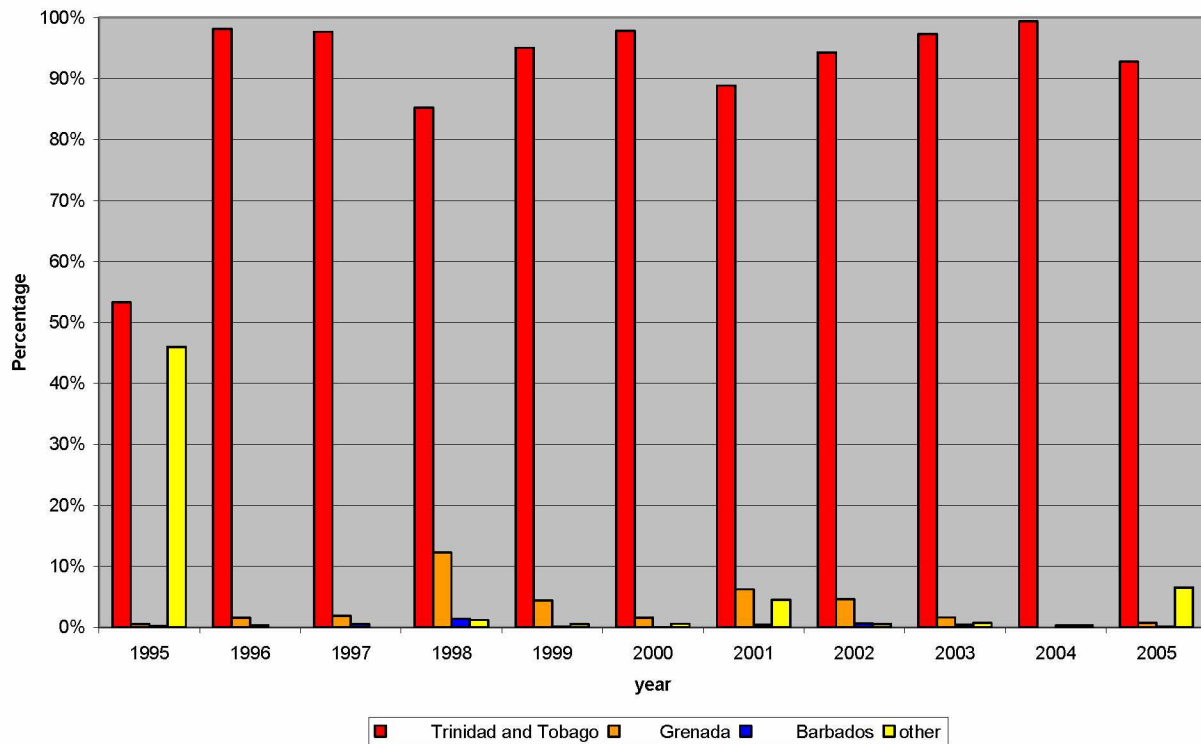


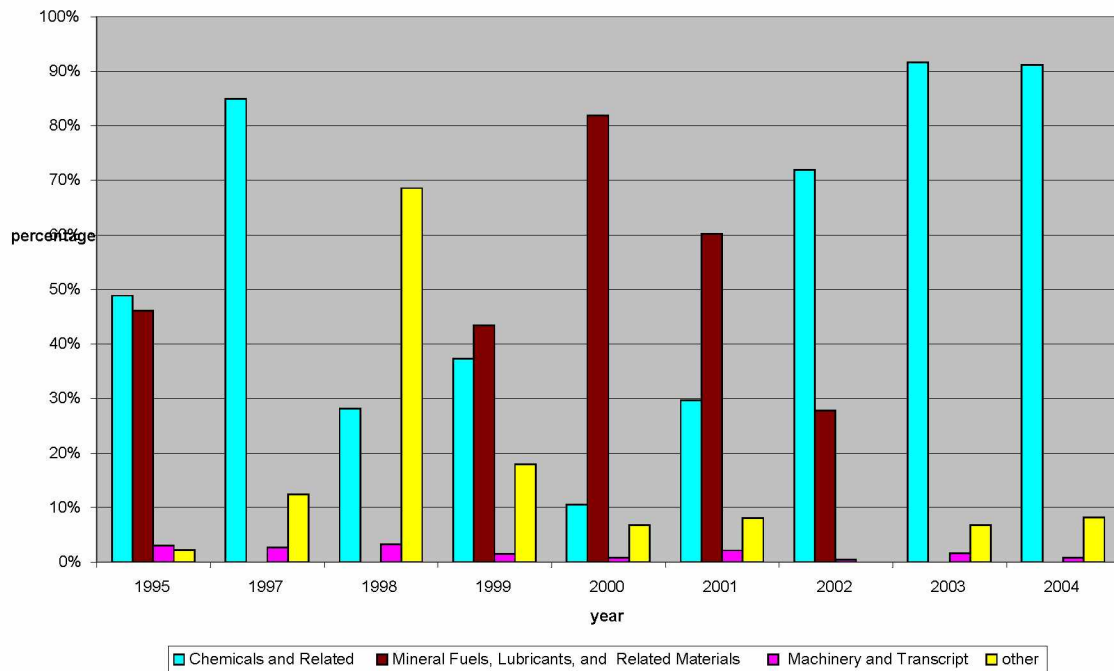
Figure 6 : Value of CARICOM's Domestic Exports to MERCOSUR By top three exporting Countries: 1995 - 2005 (US\$'000)



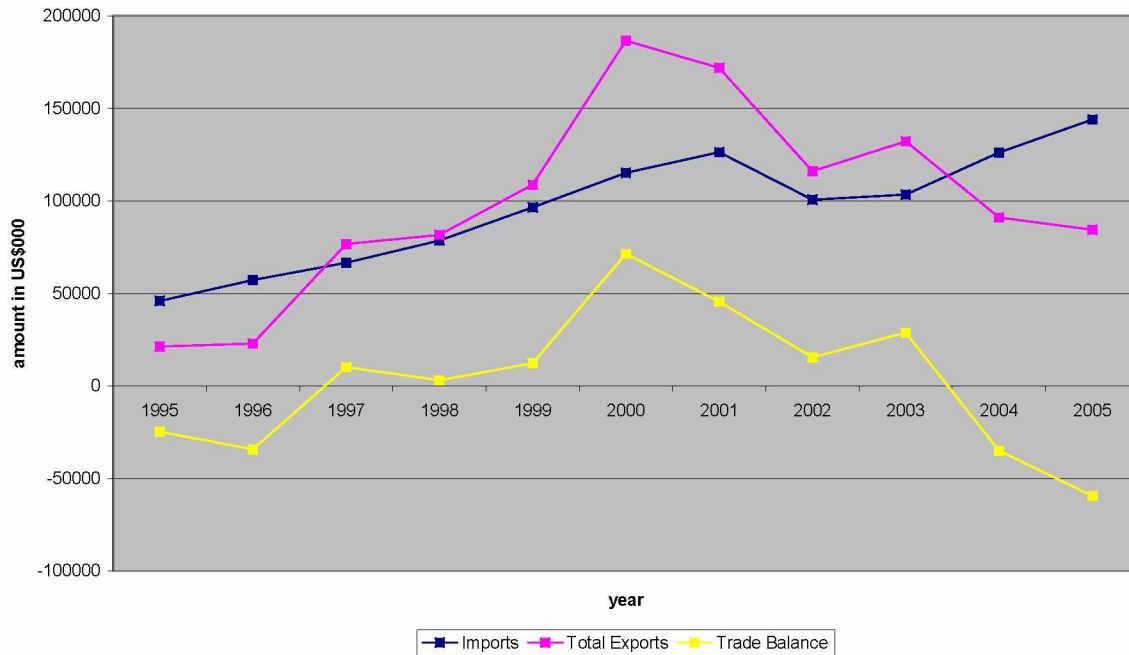
**Figure 7: Percentage Value of CARICOM's Domestic Exports to MERCOSUR:  
1995 - 2005 (US\$'000)**



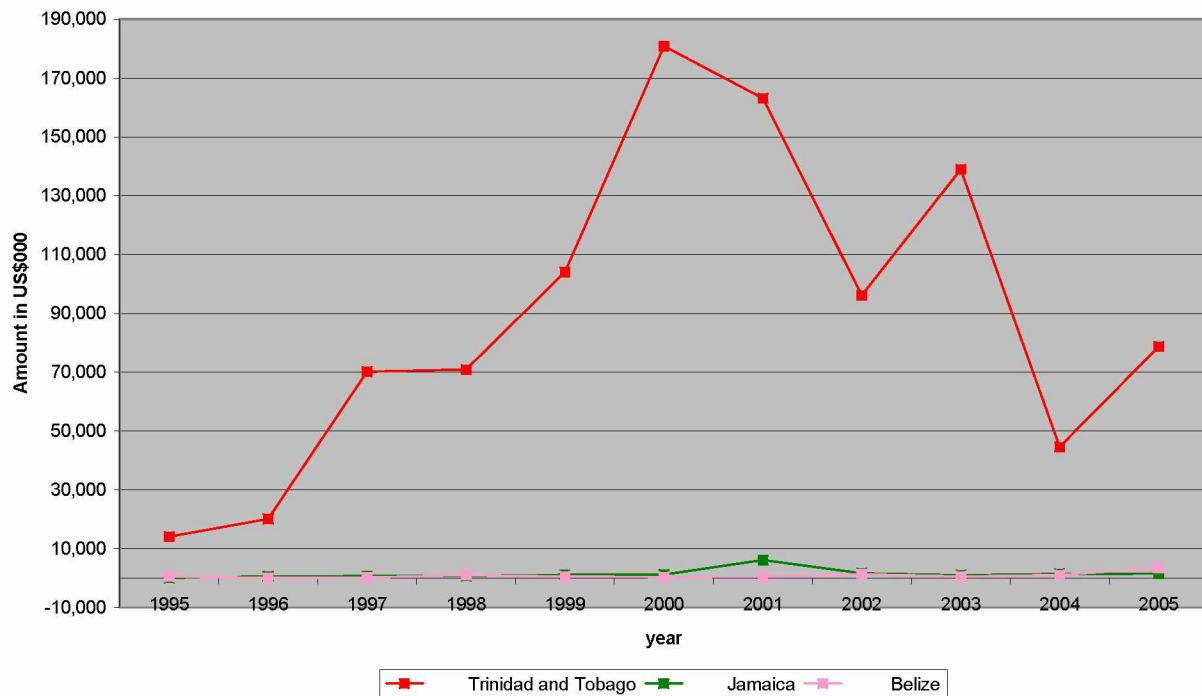
**Figure 8: Percentage Value of CARICOM's Domestic Exports to MERCOSUR by SITC Sections  
(Top three): 1996 - 2005**



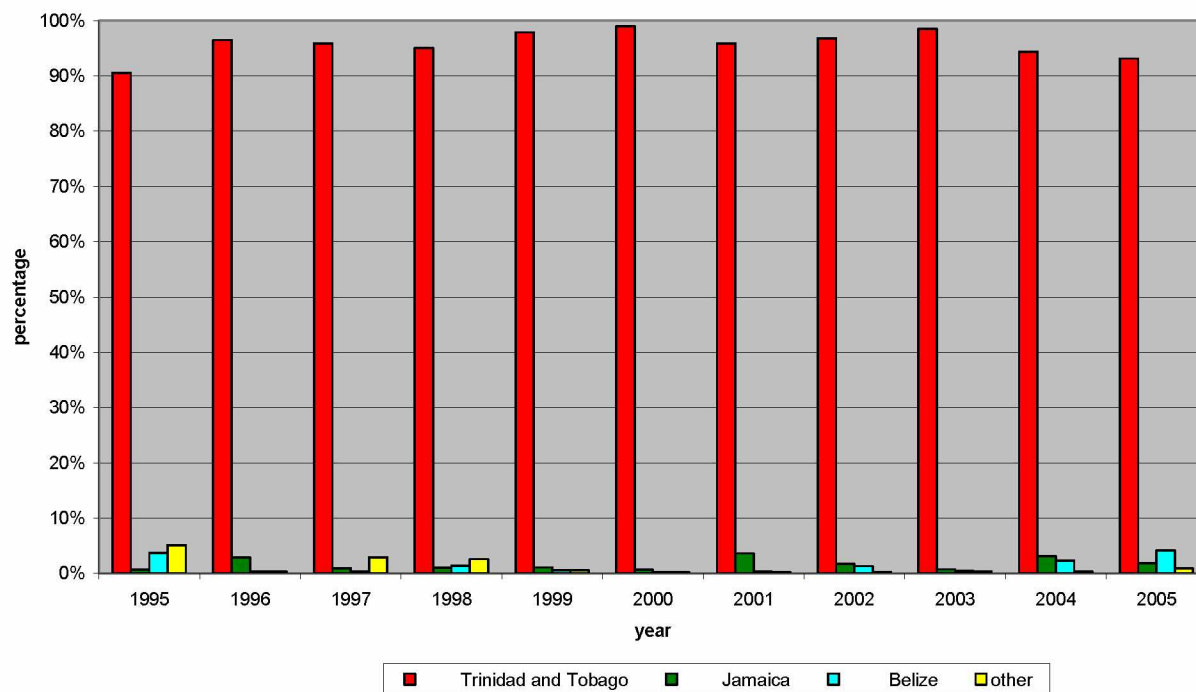
**Figure 9: CARICOM's Trade Balance with the Central American Common Market: 1995 - 2005 (US\$'000)**



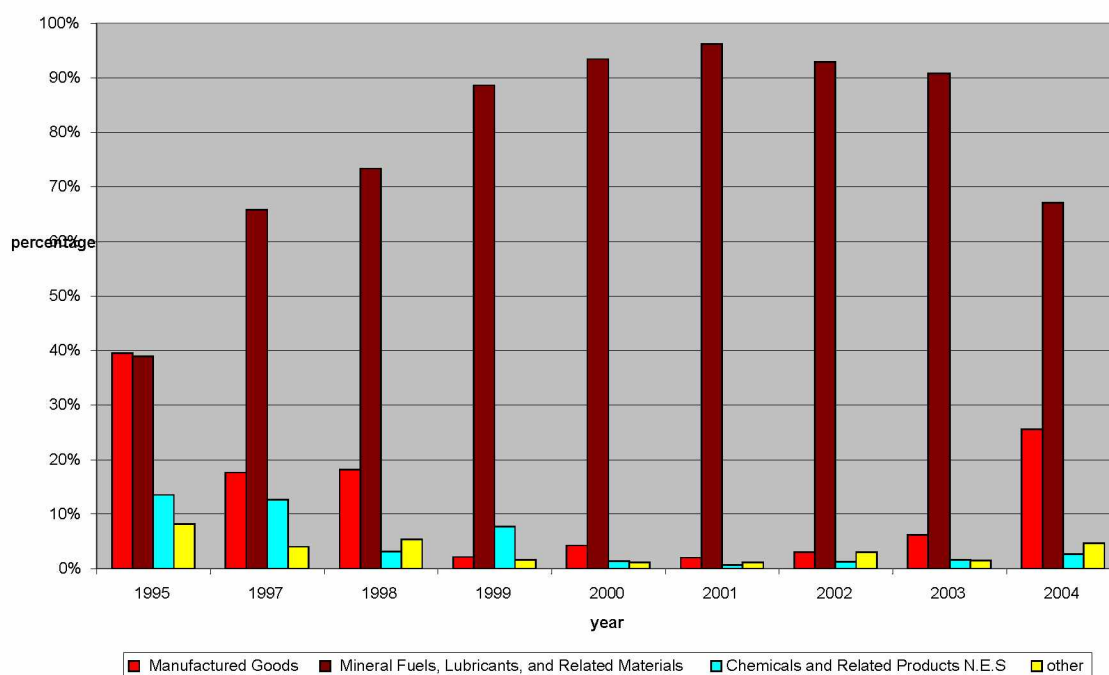
**Figure 10: Value of CARICOM's Domestic Exports to the Central American Common Market By top three exporting Countries: 1995 - 2005 (US\$'000)**



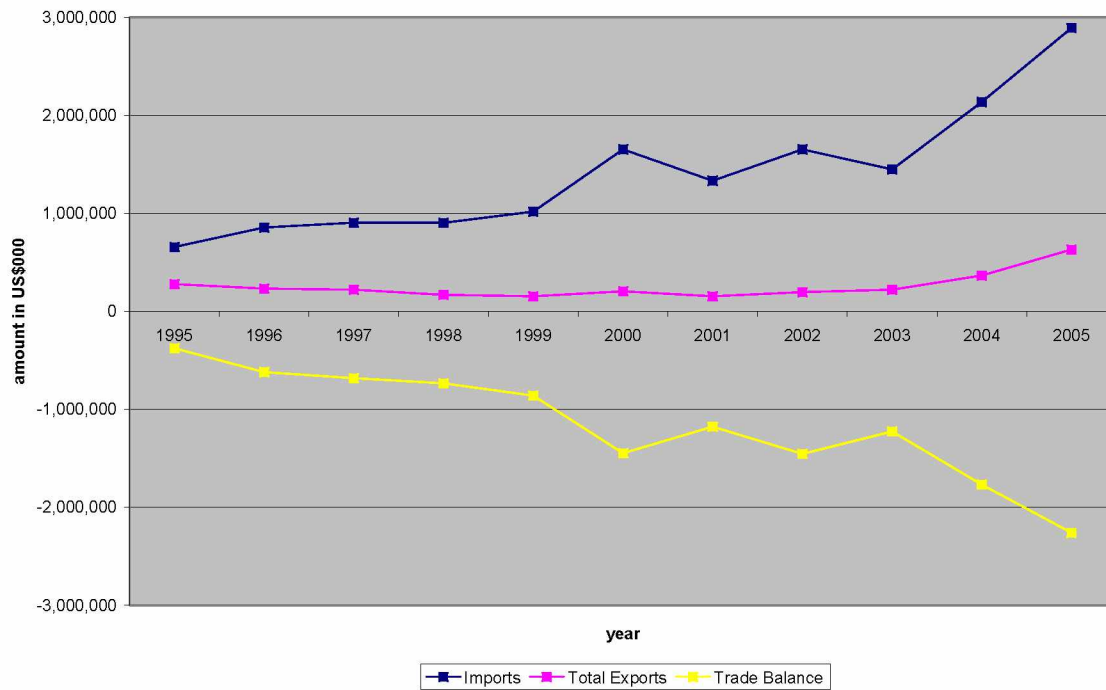
**Figure 11: Percentage Value of CARICOM's Domestic Exports to Central America Common Market (CACM) : 1995 - 2005 (US\$'000)**



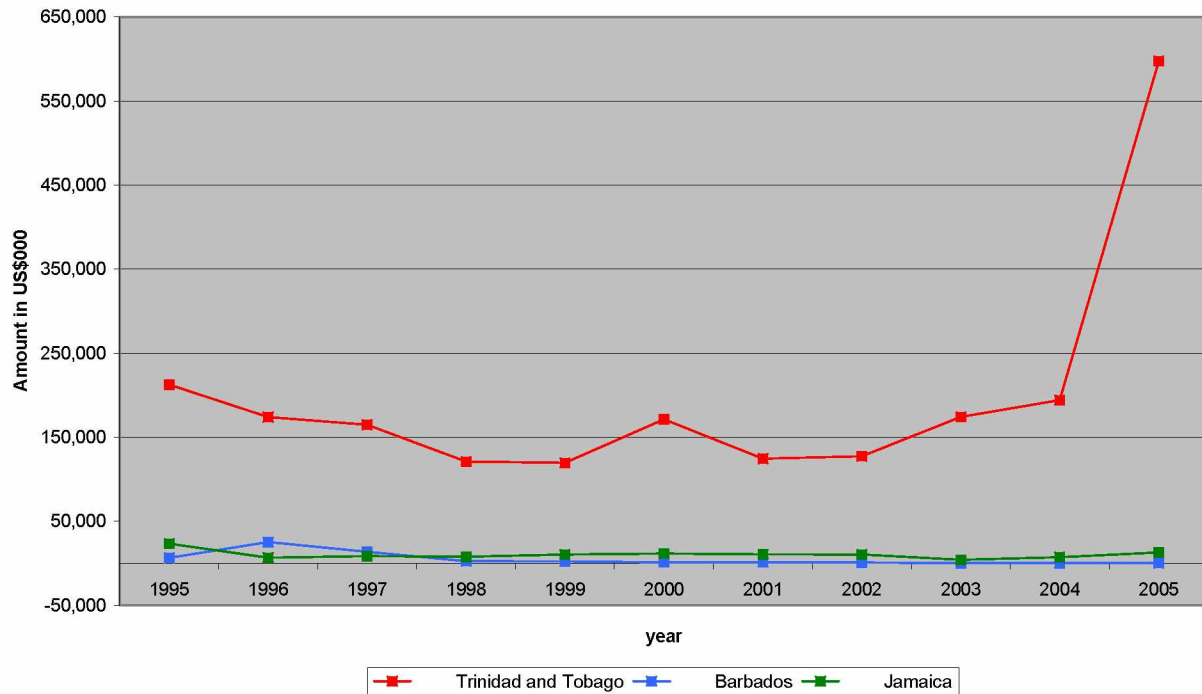
**Figure 12: Percentage Value of CARICOM's Domestic Exports to the Central American Common Market by SITC Sections (Top Three Commodities): 1996 - 2004**



**Figure 13: CARICOM's Trade Balance with the Latin American Integration Association: 1995 - 2005 (US\$'000)**

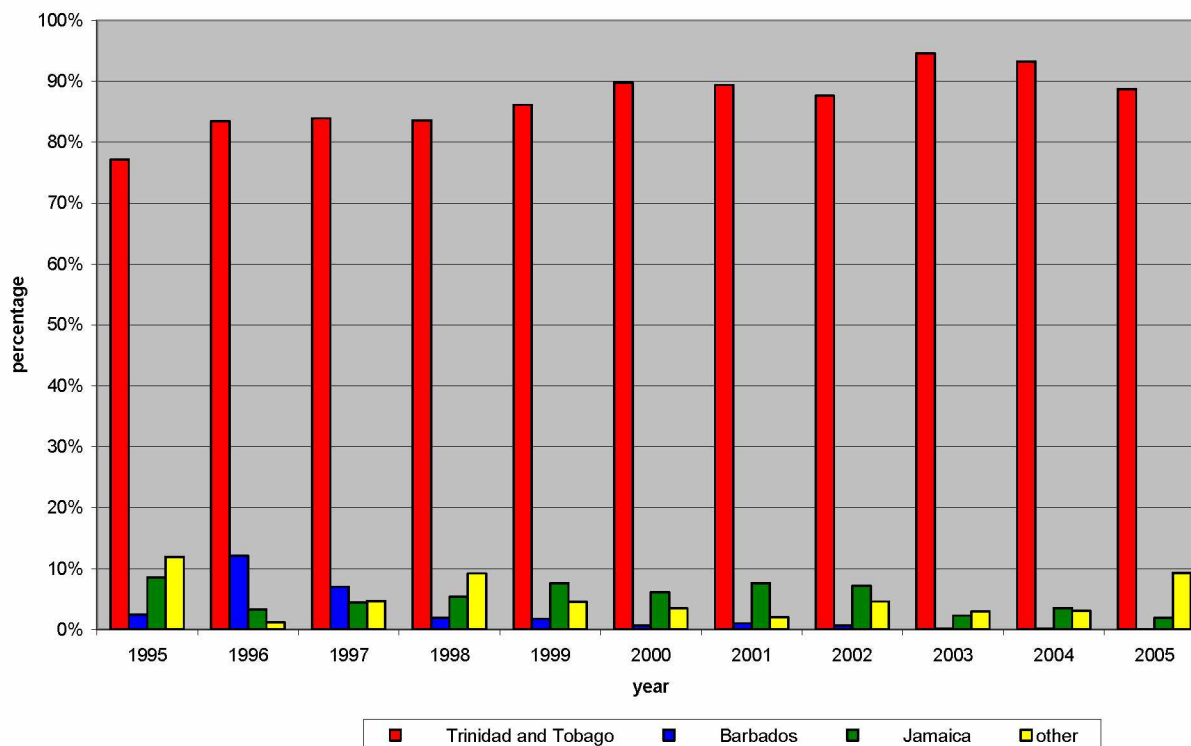


**Figure 14: Value of CARICOM's Domestic Exports to the Latin American Integration Association By top three exporting Countries: 1995- 2005 (US\$'000)**

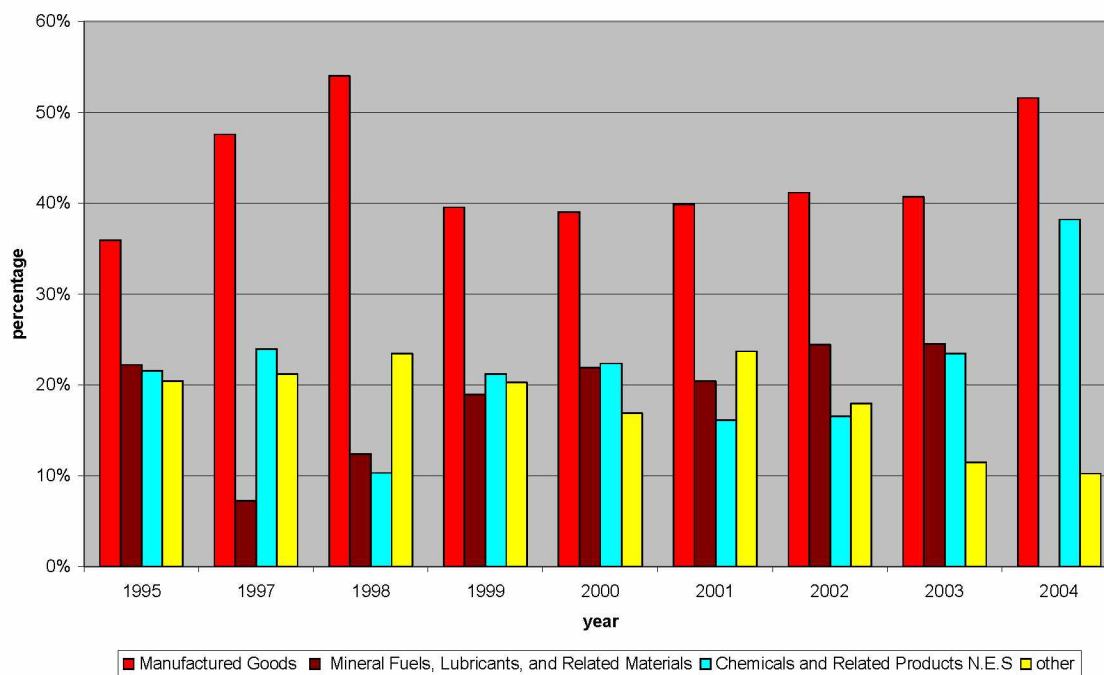




**Figure 15: Percentage Value of CARICOM's Domestic Exports to selected Latin American Integration arrangements: 1995 - 2005 (US\$'000)**



**Figure 1.16: Percentage Value of CARICOM's Domestic Exports to the Latin American Integration Association by SITC Sections (Top Three Commodities): 1996 - 2004**



**ANNEX 2**

**Table 1: LATIN AMERICA AND THE CARIBBEAN: TYPES OF AGREEMENT AND SHARES OF EXPORTS<sup>a</sup>**  
(As of May 2006)

Subregional agreements / Countries (Intragroup preferences) <sup>b</sup>		Other intraregional agreements (Tariff preferences extended) <sup>b</sup> (percentages of total exports)		Extraregional agreements (Tariff preferences extended) <sup>b</sup> (percentages of total exports)	
<b>Southern Common Market (MERCOSUR)</b> Economic Complementarity Agreement (ACE) 18 (1991)	12.9%	MERCOSUR-Chile (Economic Complementarity Agreement (ACE 35-1996)); MERCOSUR-Bolivia (ACE 36-1996); MERCOSUR-Peru (ACE 58-2003); MERCOSUR-Colombia, Ecuador and Venezuela (Bolivarian Rep. of) (ACE 59-2004); Uruguay-Mexico (FTA-2004)	9.6%	MERCOSUR –India (2004); covers 450 products; MERCOSUR -Southern African Customs Union (SACU) <sup>c</sup> (2004) MERCOSUR-European Union (being negotiated)	::
<b>Andean Community</b> (1969)	8.8%	Venezuela (Bolivarian Rep. of)-CARICOM (1992); Chile-Bolivia (ACE 22-1992); Colombia-CARICOM (1994); Chile-Colombia (ACE 24-1992); Bolivia-Mexico (ACE 31-1994); Chile-Ecuador (ACE 32-1994); Colombia-Venezuela (Bolivarian Rep. of)-Mexico (G3) (ACE 34-1994); Chile-Perú (ACE 38-1998); Perú-MERCOSUR (ACE 58-2003); MERCOSUR-Colombia, Ecuador and Venezuela (Bolivarian Rep. of) (ACE 59-2004)	9.7%	Colombia – United States (2006); Peru – Thailand (2005) Peru – United States (2005); Ecuador – United States (being negotiated)	14.5%
<b>Central American Common Market (CACM)</b> (1960)	18.6%	Costa Rica-Mexico (1994); CACM-Dominican Republic (1998); CACM-Chile (1999); Costa Rica-Trinidad and Tobago (2002); Costa Rica-CARICOM (2003); Nicaragua-Mexico (1998); Northern Triangle (El Salvador, Guatemala and Honduras)-Mexico (2000); Guatemala, El Salvador and Honduras-Andean Community (being negotiated by the Andean Community Secretariat and the Secretariat for Central American Economic Integration (SIECA))	4.6%	Costa Rica-Canada (2001); CACM-United States (2005); CACM-European Union (start of negotiations announced)	61.6%
<b>Caribbean Community (CARICOM)</b> (1973)	12.2%	CARICOM-Venezuela (Bolivarian Rep. of) (1992); CARICOM-Dominican Republic (2001); Trinidad and Tobago-Costa Rica (2002); CARICOM-Costa Rica (2003); CARICOM-MERCOSUR	2.3%	CARICOM-Canada (being negotiated) CARICOM-European Union (negotiations begun in July 2004)	::
<b>Chile</b>		Chile – Bolivia (1993); Chile-Venezuela (1993); Chile – Colombia (1994); Chile – Mexico (1998); Chile – Ecuador (1995); Chile – MERCOSUR (1996); Chile-Peru (1998); Chile – Central America (1999); Chile – Cuba (2002)	15.1%	Chile-Canada (1997); Chile – United States (2003); Chile-European Union (2002); Chile- Republic of Korea (2003); Chile – European Free Trade Association (2004); Chile-New Zealand, Singapore and Brunei Darussalam (2005); Chile – China (2005)	58.6%
<b>Mexico</b>		Mexico – Chile (1992); Mexico – Venezuela and Colombia (G3) (1995); Mexico – Costa Rica (1995); Mexico – Bolivia (1995); Mexico – Nicaragua (1998); Mexico -Uruguay (2003); Mexico – Northern Triangle (El Salvador, Guatemala and Honduras) (2001); Mexico – Panama (1986)	2.2%	Mexico, United States and Canada (NAFTA) (1994); Mexico-European Union (2000); Mexico-Israel (2000); Mexico – European Free Trade Association (2001); Mexico – Japan (2005)	92.2%
<b>Latin America and the Caribbean</b>		51 agreements in effect covering 12.5% of total exports		17 agreements covering 51.5% of total exports	

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information.

<sup>a</sup> The agreements shown include economic complementarity agreements (ECAs) and free trade agreements (FTAs).

<sup>b</sup> Percentage of total exports.

<sup>c</sup> The Southern African Customs Union (SACU) comprises South Africa, Botswana, Lesotho, Namibia and Swaziland.

**Table 2: LATIN AMERICA AND THE CARIBBEAN: TOTAL EXPORTS BY  
SUBREGIONAL INTEGRATION SCHEME, 1990-2006**  
(Millions of current dollars and percentages)

	1990	1995	1998	2000	2001	2002	2003	2004	2005	January- June 2005	January- June 2006 <sup>d</sup>
<b>Latin American Integration Association (LAIA)</b>											
Total exports (1)	112 694	204 170	251 345	328 274	316 298	319 807	346 145	427 835	506 557	242 825	293 252
Exports to LAIA (2)	13 589	35 471	43 118	42 887	41 934	36 164	40 872	56 511	70 153	31 307	31 731
Percentage intrasubregional exports (2/1)	12.1	17.4	17.2	13.1	13.3	11.3	11.8	13.2	13.8	12.9	10.8
<b>Andean Community</b>											
Total exports (1)	31 751	39 134	38 896	60 709	53 543	52 177	54 716	74 140	94 751	48 005	59 970
Exports to Andean Community (2)	1 312	4 812	5 504	5 167	5 656	5 227	4 900	7 361	9 056	4 132	4 552
Percentage intrasubregional exports (2/1)	4.1	12.3	14.2	8.5	10.6	10.0	9.0	10.5	9.6	8.6	7.6
<b>MERCOSUR</b>											
Total exports (1)	46 403	70 129	80 227	85 692	89 078	89 500	106 674	134 196	162 512	75 177	84 772
Exports to MERCOSUR (2)	4 127	14 199	20 322	17 710	15 298	10 197	12 709	17 319	21 406	9 859	11 468
Percentage intrasubregional exports (2/1)	8.9	20.2	25.3	20.7	17.2	11.4	11.9	12.9	13.2	13.1	9.5
<b>Central American Common Market (CACM)</b>											
Total exports <sup>a</sup> (1)	4 480	8 745	14 987	16 624	16 328	17 006	18 117	19 767	21 849	10 690	11 650
Exports to CACM (2)	624	1 451	2 754	2 616	2 829	2 871	3 110	3 506	3 911	1 865	2 089
Percentage intrasubregional exports (2/1)	13.9	16.6	18.4	15.7	17.3	16.9	17.2	17.6	18.0	17.4	17.9
<b>Caribbean Community (CARICOM)</b>											
Total exports (1)	4 118	5 598	4 790	6 358	6 072	5 732	6 712	7 880	8 274	...	...
Exports to CARICOM (2)	509	843	1 031	1 230	1 384	1 220	1 419	1 810	2 329	...	...
Percentage intrasubregional exports (2/1) <sup>c</sup>	12.4	15.1	21.5	19.3	22.8	21.3	21.1	23.0	28.1		
<b>Latin America and the Caribbean</b>											
Total exports <sup>b</sup> (1)	130 214	227 922	280 065	359 396	345 484	347 610	376 590	461 323	548 975	263 209	314 690
Exports to Latin America and the Caribbean <sup>c</sup> (2)	18 727	45 180	56 644	62 552	58 607	53 424	59 635	79 484	100 016	44 543	55 856
Percentage intrasubregional exports (2/1)	13.9	19.8	20.2	17.4	17.0	15.4	15.8	17.2	18.2	16.9	17.7

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from the respective subregional scheme and the International Monetary Fund (IMF), *Direction of Trade Statistics*.

<sup>a</sup> Figures include maquila trade.

<sup>b</sup> Includes LAIA, CACM, the CARICOM countries, Panama, Cuba and the Dominican Republic.

<sup>c</sup> Includes intrasubregional trade in the Andean Community, MERCOSUR, CACM, CARICOM and trade between Chile and Mexico and the rest of the region, as well as trade between groups, plus exports from Cuba, Panama and the Dominican Republic to other countries in the region.

<sup>d</sup> Preliminary figures.

<sup>e</sup> Computed by author

**Table 3: TOURIST ARRIVALS FROM SOUTH AMERICAN COUNTRIES  
TO CARICOM COUNTRIES**

<b>DESTINATION</b>	<b>1999</b>	<b>2000</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Antigua and Barbuda	1,830	1,695	981	1,009	740
Dominica	155	210	269	250	353
Grenada	823	669	801	1,060	878
Montserrat	31	17	16	11	6
St. Kitts and Nevis	168	548	284	381	452
St. Lucia	1,006	1,055	969	1,234	787
St. Vincent and Grenadines	772	712	556	427	533
Bahamas	11,696	17,374	11,228	9,338	9,883
Barbados	3,384	4,394	2,689	2,497	3,151
Belize	1,492	1,703	1,560	1,784	1,941
Guyana	2,113	4,007	1,983	2,186	2,245
Jamaica	8,514	6,793	4,721	3,900	3,323
Trinidad and Tobago	12,232	13,886	14,277	14,079	14,511
Haiti	4,064	4,023	4,001	2,985	2,995
Suriname	1,398	2,274	2,076	10,781	16,303
<b>TOTAL</b>	<b>49,678</b>	<b>59,360</b>	<b>46,411</b>	<b>51,922</b>	<b>58,101</b>

**Table 3a: TOURIST ARRIVALS FROM SOUTH AMERICAN COUNTRIES  
TO CARICOM COUNTRIES (PERCENTAGES)**

<b>DESTINATION</b>	<b>1999</b>	<b>2000</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Antigua and Barbuda	3.7	2.9	2.1	1.9	1.3
Dominica	0.3	0.4	0.6	0.5	0.6
Grenada	1.7	1.1	1.7	2.0	1.5
Montserrat	0.1	0.0	0.0	0.0	0.0
St. Kitts and Nevis	0.3	0.9	0.6	0.7	0.8
St. Lucia	2.0	1.8	2.1	2.4	1.4
St. Vincent and Grenadines	1.6	1.2	1.2	0.8	0.9
Bahamas	23.5	29.3	24.2	18.0	17.0
Barbados	6.8	7.4	5.8	4.8	5.4
Belize	3.0	2.9	3.4	3.4	3.3
Guyana	4.3	6.8	4.3	4.2	3.9
Jamaica	17.1	11.4	10.2	7.5	5.7
Trinidad and Tobago	24.6	23.4	30.8	27.1	25.0
Haiti	8.2	6.8	8.6	5.7	5.2
Suriname	2.8	3.8	4.5	20.8	28.1
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Table 4: JAMAICA: STOPOVER ARRIVALS FROM LATIN AMERICA 1990 – 2005 (SELECTED YEARS)

LATIN AMERICA	1990	1995	1999	2001	2002	2003	2004	2005	Ten Year Average	Five Year Average	Highest Year in
									Growth Rate 1999/1990	Growth Rate 2005/2001	Arrivals
<b>Central America</b>											
Mexico	2,975	1,922	2,351	2,524	2,010	1,892	2,273	1,665	-2.6	-9.9	1993
Belize	386	528	483	466	646	936	487	520	2.5	2.8	2003
Costa Rica	345	569	688	1,449	655	550	619	579	8.0	-20.5	1997
El Salvador	58	88	134	208	186	135	202	98	9.7	-17.2	1997
Guatemala	175	499	279	362	418	380	348	269	5.3	-7.2	1995
Honduras	89	152	178	153	165	167	225	163	8.0	1.6	2000
Nicaragua	25	46	52	54	67	47	64	63	8.5	3.9	1998
Panama	621	1,322	1,334	1,260	1,076	987	996	939	8.9	-7.1	1998
<b>Total</b>	<b>4,674</b>	<b>5,126</b>	<b>5,499</b>	<b>6,476</b>	<b>5,223</b>	<b>5,094</b>	<b>5,214</b>	<b>4,296</b>	<b>1.8</b>	<b>-9.8</b>	<b>1993</b>
<b>South America</b>											
Argentina	720	2,530	1,724	1,255	442	600	495	613	10.2	-16.4	1993
Bolivia	59	183	81	65	49	64	44	50	3.6	-6.3	1005
Brazil	799	1,955	1,154	883	847	735	956	982	4.2	2.7	1994
Chile	439	3,343	1,192	687	611	406	420	391	11.7	-13.1	1995
Colombia	240	5,436	1,970	1,643	882	764	281	475	26.3	-26.7	1993
Ecuador	209	472	426	348	151	84	114	319	8.2	-2.2	1994
Guyana	1,055	1,218	1,405	1,504	1,740	1,622	1,771	1,826	3.2	5.0	2000
Paraguay	0	118	75	26	71	76	17	14		-14.3	1995
Peru	627	655	630	396	351	338	267	296	0.1	-7.0	1997
Suriname			217	262	180	270	335	342		6.9	2005
Uruguay	152	181	111	125	90	61	91	56	-3.4	-18.2	1992
Venezuela	672	899	1,128	1,139	1,197	757	637	927	5.9	-5.0	1998
Other South America	163	145	23	6	30	15	1	9	-19.6	10.7	1994
<b>Total</b>	<b>5,135</b>	<b>17,135</b>	<b>10,136</b>	<b>8,339</b>	<b>6,641</b>	<b>5,792</b>	<b>5,429</b>	<b>6,300</b>	<b>7.8</b>	<b>-6.8</b>	<b>1994</b>
<b>TOTAL LATIN AMERICA</b>	<b>9,809</b>	<b>22,261</b>	<b>15,635</b>	<b>14,815</b>	<b>11,864</b>	<b>10,886</b>	<b>10,643</b>	<b>10,596</b>	<b>5.3</b>	<b>-8.0</b>	<b>1993</b>

**Table 5: TRINIDAD AND TOBAGO: TOTAL ARRIVALS  
FROM LATIN AMERICAN COUNTRIES 2003 – 2005**

<b>COUNTRY</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Caribbean</b>	<b>2417</b>	<b>2864</b>	<b>2571</b>
Cuba	227	406	234
Dominican Rep.	574	876	836
Puerto Rico	1616	1582	1501
<b>North America</b>	<b>703</b>	<b>967</b>	<b>1267</b>
Mexico	703	967	1267
<b>Central America</b>	<b>1246</b>	<b>1577</b>	<b>1972</b>
Costa Rica	511	680	673
El Salvador	36	61	121
Guatemala	115	160	404
Honduras	96	127	157
Nicaragua	43	44	35
Panama	445	505	582
<b>South America</b>	<b>13536</b>	<b>14426</b>	<b>14382</b>
Argentina	429	441	607
Bolivia	70	57	27
Brazil	835	986	1208
Chile	188	230	252
Colombia	1353	1589	1681
Ecuador	116	212	201
Paraguay	8	22	30
Peru	187	302	323
Uruguay	80	63	83
Venezuela	10270	10524	9970
<b>Total South &amp; Cent. America</b>	<b>14782</b>	<b>16003</b>	<b>16354</b>
<b>Total Latin America</b>	<b>17902</b>	<b>19834</b>	<b>20192</b>
Rest of the World	<b>364974</b>	<b>422721</b>	<b>440002.5</b>
<b>Total Arrivals to Trinidad &amp; Tobago</b>	<b>408846</b>	<b>442555</b>	<b>460194.5</b>

**Table 6: AIRFARES FROM SELECTED LATIN AMERICAN COUNTRIES TO  
TRINIDAD AND TOBAGO AND RETURN**

<b>AIRLINE</b>	<b>ORIGIN (From - To and Return to Original Port of Departure)</b>	<b>COST Return Airfares for 1 week. (subject to change after 24 hrs)</b>
<b>BWIA</b>	No direct flights to any LA countries.	
<b>Aerpostal</b>	Caracas	USD 504.00
	Santo Domingo	USD 701.00
	Havana	USD 976.00
	Lima	USD 982.00
	Bogota	USD 467.00
<b>American Airlines</b>	Caracas	USD 1068.00
	Santo Domingo	USD 623.00
	Havana	No flights
	Lima	USD 1406.00
	Bogota	USD 1007.00
	Santiago	USD 1621.00
	Paraguay	USD 2300.00
<b>British Airways</b>	Caracas	USD 584.00
	Santo Domingo	USD 743.20
	Havana	No flights

Notes

1. N/A - No agreement exists between another airline to reach point of destination or route has been temporarily removed.
2. AA and British Airways have connections to most of these LA destinations or fly through Puerto Rico.



**Table 7: AIRLINE FARES (BASED ON AMERICAN AIRLINES DATA)**

<b>From Caracas</b>		<b>From Rio de Janiero)</b>		<b>From Buenos Aires</b>		<b>From Lima - Peru</b>	
Kingston	1071	Kingston (1 stop)		Kingston (1 stop)	1154	Kingston (1 stop)	
		Kingston (2 stops)	1741.21	Kingston (2 stops)	1157.34	Kingston (2 stops)	1048
Port of Spain (One stop)	2096	Port of Spain (2 stops)	3890	Port of Spain (1 stop)	1575.6	Port of Spain (1 stop)	
Port of Spain (two stops)	2209			Port of Spain (2 stops)	1575.6	Port of Spain (2 stops)	2174.46
Miami (Non-stop)	759	Miami (Non-stop)	3898	Miami (Non-stop)	879	Miami (Non-stop)	
Miami (One stop)	690	Miami (1 stop)	1395	Miami (1 stop)	914	Miami (1 stop)	978
				Miami (2 stops)	914	Miami (2 stops)	837
New York (Non-stop)	1492	New York (1 stop)	4152	New York (Non-stop)	879	New York (Non-stop)	
New York (1 stop)	1257	New York (2 stops)	2865	New York (1 stops)	879	New York (1 stop)	1247.12
New York (2 stops)	1014			New York (2 stops)	879	New York (2 stops)	1226
Dallas, Texas (2 stops)	2387	Texas (2 stops)	3940	Texas (2 stops)	1283	Texas (1 stop)	
						Texas (2 stops)	1307
Madrid (1 stop)	4991	Madrid (2 stops)	5042	Madrid (1 stop)	1774		
Madrid (2 stops)	2688			Madrid (2 stops)	1774	Madrid (1 stop)	
						Madrid (2 stops)	2554
London (1 stop)	2780	London (1 stop)		London (1 stop)	1179		
London (2 stops)	2780	London (2 stop)	3504	London (2 stop)		London (1 stop)	2004
						London (2 stop)	2341

Table 7: (Continued)

From Bogotá		From Santiago		from Mexico City	
Kingston (1 stop)	1076.98	Kingston (1 stop)	1351.16	Kingston (1 stop)	595
Kingston (2 stops)	1375.07	Kingston (2 stops)	1373	Kingston (2 stops)	595
Port of Spain	1390.55	Port of Spain (2 stops)	2407.46	Port of Spain (1 stop)	
				Port of Spain (2 stops)	1210
Miami (Non-stop)	394	Miami (Non-stop)	1005		
Miami (1 stop)	625	Miami (1 stop)	996	Miami (Non-stop)	344
		Miami (2 stops)	1047	Miami (1 stop)	344
				Miami (2 stops)	
New York (1 stop)	549.48	New York (non - stop)	1164		
New York (2 stops)	544	New York (1 stops)	1119	New York (Non-stop)	741
				New York (1 stop)	390
Texas (2 stops)	934	Texas (2 stops)	1493	New York (2 stops)	
Madrid (2 stops)	1367	Madrid (1 stop)	2386	Texas (1 stop)	434
		Madrid (2 stops)	2468	Texas (2 stops)	364
London (1 stop)	1029	London (1 stop)	1451	Madrid (1 stop)	1536
London (2 stop)	1429	London (2 stop)	1451	Madrid (2 stops)	1601
				London (1 stop)	725
				London (2 stop)	725

**Table 8: SELECTED HOTEL RATES: LATIN AMERICAN COUNTRIES AND  
CARICOM COUNTRIES (2 ADULTS – STANDARD ROOM) –  
UPSCALE (HIGH STAR) AND LOW END MARKET**

<b>Latin American Countries</b>	
<b><u>VENEZUELA</u></b> Hilton Margarita and Suites President Hotel	USD 230.00 per night USD 105.00 per night
<b><u>COLOMBIA</u></b> Hotel Casa Medina Bogota Hotel da Pietro	USD 262.00 per night USD 69.00 per night
<b><u>PANAMA</u></b> Playa Blanca Hotel and Resort Country Inn and Suites	USD 183.00 per night USD 92.00 per night
<b><u>CENTRAL MEXICO AND GULF COAST MEXICO</u></b> Sheraton Centro Historico Hotel Hotel Mansion Iturbe	USD 165.00 per night USD 83.00 per night
<b><u>BRASILIA, BRAZIL</u></b> Blue Point Suites Bonaparte Manhattan Plaza	USD 146.00 per night USD 98.00 per night
<b><u>CHILE</u></b> Sanitago Park Plaza Hotel Galerias Santiago	USD 175.00 per night USD 90.00 per night
<b><u>ARGENTINA</u></b> Patios de Cafayate Riviera Hotel Mar del Plata	USD 223.00 per night USD 41.00 per night
<b><u>GUATEMALA</u></b> Hotel Antigua Posada Belen	USD 153.00 per night USD 45.00 per night
<b><u>BOLIVIA</u></b> Hotel Europa Hotel Rosario Del Lago	USD 137.00 per night USD 56.00 per night
<b><u>PARAGUAY</u></b> Casino Yacht and Golf Club Hotel Hotel Chaco	USD 130.00 per night USD 69.00 per night
<b><u>URUGUAY</u></b> L'Auberge Ibis Montevideo	USD 213.00 per night USD 37.00 per night

<b>CARICOM countries</b>	
<b><u>TRINIDAD AND TOBAGO</u></b> Coco Reef Resort, Tobago Forty Winks Inn, POS, Trinidad	USD 270.00 per night USD 95.00 per night
<b><u>JAMAICA</u></b> Round Hill Hotel and Villas, Montego Bay Knutsford Court Hotel, Kingston	USD 412.00 per night USD 103.00 per night
<b><u>BARBADOS</u></b> Silver Sands Resort Melbourne Inn	USD 200.00 per night USD 77.00 per night
<b><u>ST. LUCIA</u></b> Stonefield Estate Villa Resort Tuxedo Villas	USD 254.00 per night USD 95.00 per night
<b><u>ANTIGUA AND BARBUDA</u></b> Blue Waters Hotel Antigua Beachcomber Hotel	USD 444.00 per night USD 112.00 per night
<b><u>ST. VINCENT AND THE GRENADINES</u></b> Grand View Beach Hotel Tropic Breeze Hotel	USD 154.00 per night USD 91.00 per night
<b>SELECTED HOTEL RATES: USA</b>	
<b><u>FORT LAUDERDALE</u></b> Best Western Pelican Beach Resort Tropi Rock Resort	USD 261.00 per night USD 75.00 per night
<b><u>ORLANDO</u></b> Residence Inn Orlando SeaWorld La Quinta Inn and Suite	USD 211.00 per night USD 86.00 per night
<b><u>MIAMI BEACH</u></b> The Park Central Atlantica Hotel and Suites	USD 240.00 per night USD 83.00 per night
<b><u>DALLAS, TEXAS</u></b> Mariott Suites Market Center Best Western Market Center	USD 222.00 per night USD 71.00 per night
<b><u>LOS ANGELES</u></b> Omni Los Angeles Days Inn	USD 218.00 per night USD 74.00 per night
<b><u>NEW YORK</u></b> Renaissance Chelsea Lodge	USD 418.00 per night USD 106.00 per night

### **ANNEX 3**

**CAF: List of Functions as set out in Chapter 1 of the Establishing agreement:**

- a) To carry out studies intended to identify investment opportunities and conduct and prepare the appropriate projects;
- b) To divulge the results of its research in the countries of the area, so as to adequately direct the investment of the available resources;
- c) To directly or indirectly furnish the technical and financial assistance needed to prepare and carry out multinational or complementary projects;
- c) To obtain internal or external credits;
- d) To issue bonds, debentures and other obligations, the placement of which may be made inside or outside of the subregion;
- e) To promote the raising and use of resources;  
In the exercise of the functions to which this and the preceding literals refer, it shall be subject to the legal provisions of the countries where such functions are exercised, or in the local currency of which the said obligations are denominated;
- f) To promote capital and technology contributions in the most favourable conditions;
- g) To grant loans and bonds, avals and other guaranties;
- h) To promote underwriting operations, and grant said guaranties when the appropriate conditions are met;
- i) To foster the creation, expansion, modernization or conversion of companies, and to such effect being able to subscribe shares or participations. The Corporation may transfer the shares, rights and obligations which it acquires, offering them first of all to public or private entities of the subregion. If the latter were not interested, the Corporation shall offer the same to third parties who may be interested in the economic and social development thereof;
- j) To carry out, in the conditions it determines, the duties or specific steps related to the object thereof, as may be entrusted to it by its shareholders or third parties;
- k) To coordinate its actions with those of other national and international entities to develop the subregion;
- l) To recommend the coordination mechanisms needed by the entities or bodies of the area which furnish investment resources;
- m) To acquire and dispose of personal and real property, to file or answer judicial and administrative actions and, in general, to carry out all kinds of operations, acts, contracts and agreements needed to achieve its purposes.

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