

# Private Sector Development: the CARICOM Secretariat's Perspective

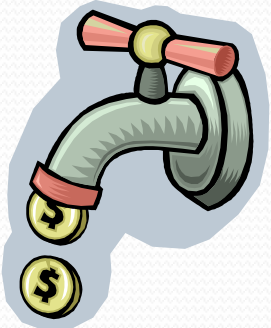
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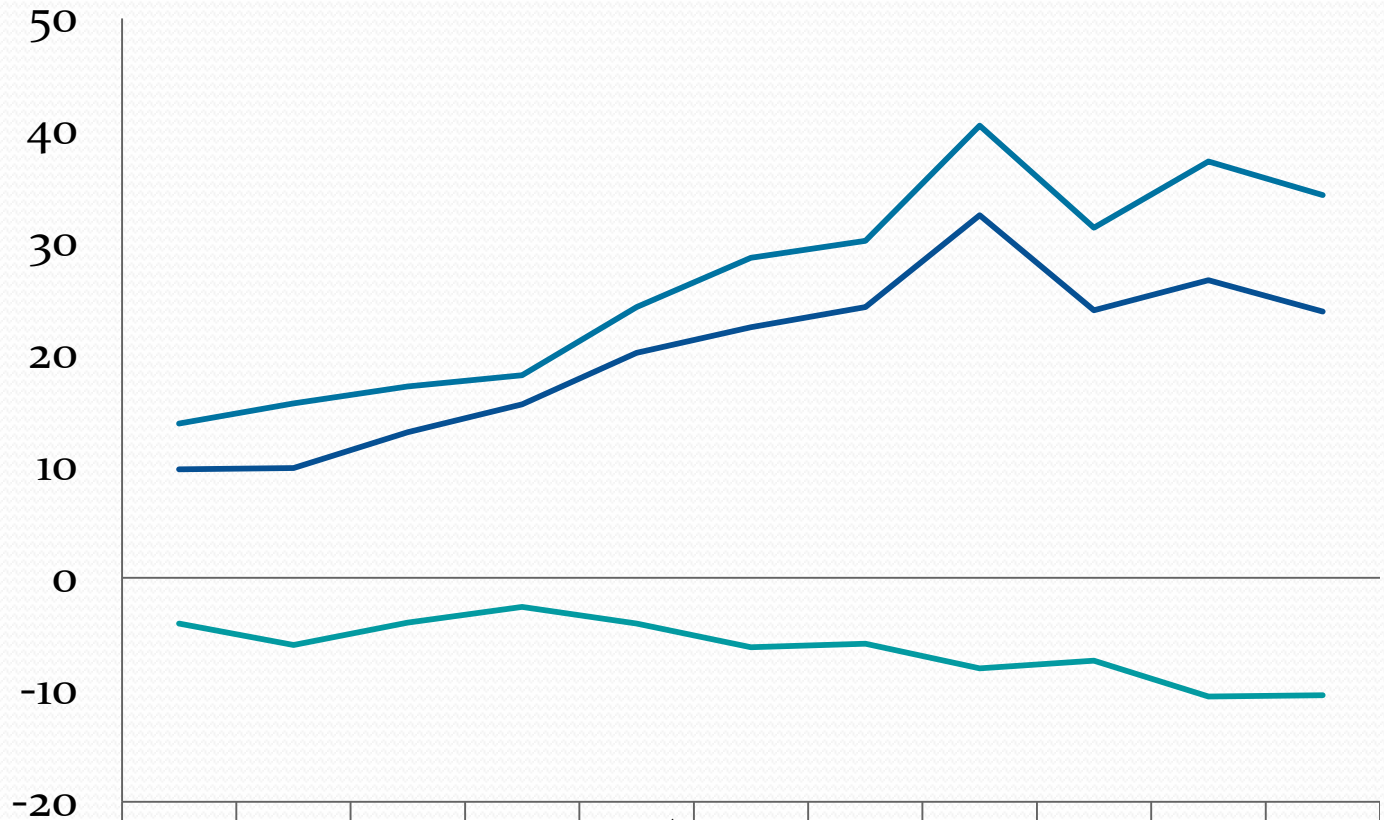
# CARICOM Economies: Need for Economic Transformation

- CARICOM States described as low growth, high debt economies
- Over last 4 years (2009-2012), CARICOM growth has averaged less than 2% and projection for 2013 – 2.3% is lower than Latin America and the world as a whole.
- CARICOM debt to GDP ratios at over 60% for majority of States are clearly unsustainable.
- Growth of merchandise exports at around 8% has lagged the annual 11% growth in world trade.
- Major issue – how to transform CARICOM economies into high growth , competitive , globally integrated , economic space

# CARICOM's Merchandise trade deficit grows: exporters underutilize FTAs



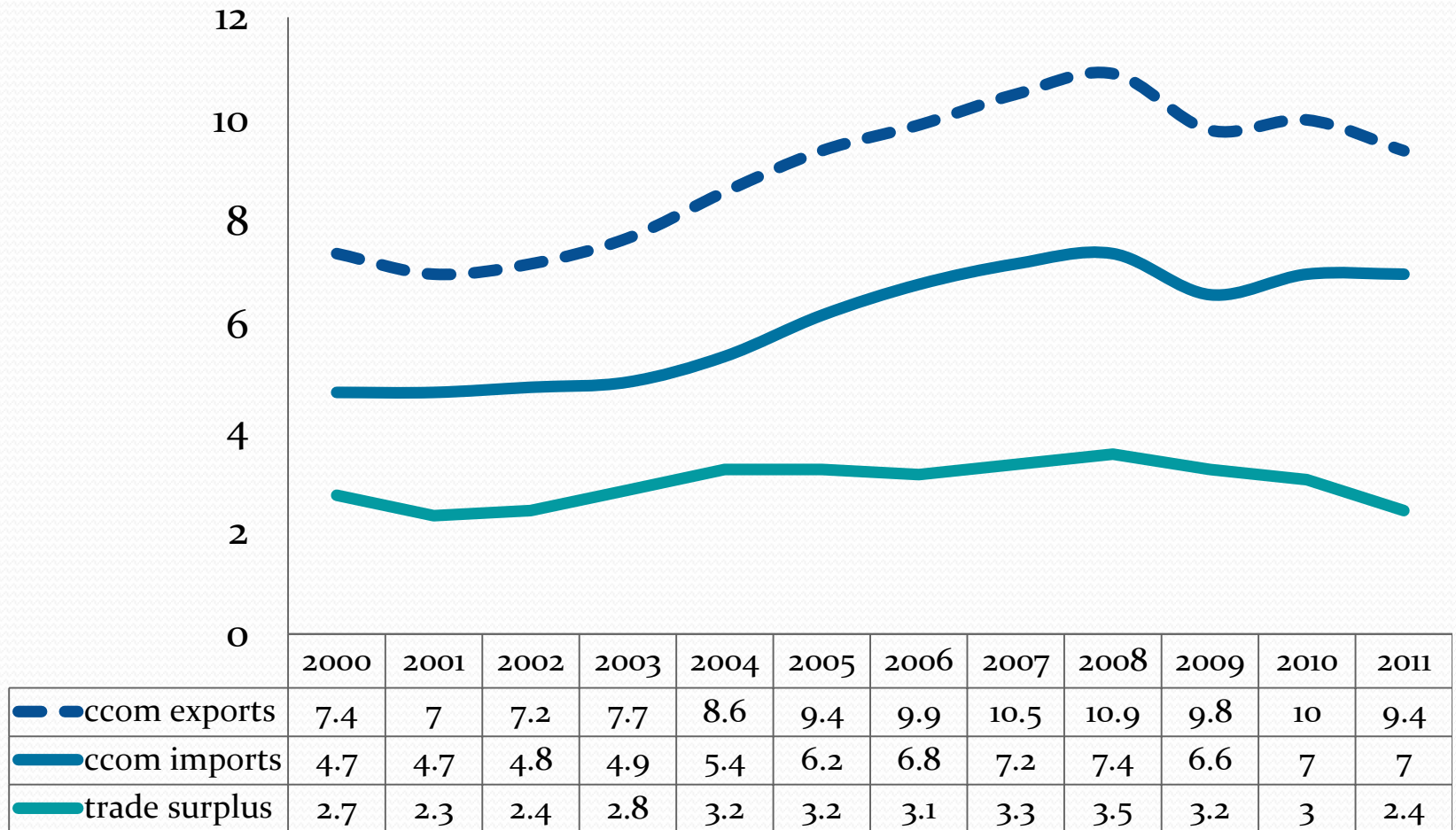
US\$bn



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
— CARICOM export sales	9.7	9.8	13	15.5	20.1	22.4	24.2	32.4	23.9	26.6	23.8
— CARICOM Import spending	13.8	15.6	17.1	18.1	24.2	28.6	30.1	40.4	31.3	37.2	34.2
— CARICOM trade balance	-4.1	-6	-4	-2.6	-4.1	-6.2	-5.9	-8.1	-7.4	-10.6	-10.5

Source: International trade Centre [www.trademap.org](http://www.trademap.org)

# CARICOM Services Trade performance (US\$bn)



Source: International Trade Centre (ITC), [www.tradeMAP.org](http://www.tradeMAP.org). Accessed April 4, 2013 (mirror data)

# Role of the Private Sector

- The **Revised Treaty** recognises the pivotal role of Private Sector in sustainable growth of CARICOM economies.
- *Emphasized that market-driven industrial development in the production of goods and services is essential for the economic and social development of the peoples of the Community;*
- *Recognised the potential of micro, small, and medium enterprise development to contribute to the expansion and viability of national economies of the Community and the importance of large enterprises for achieving economies of scale in the production*

# CARICOM Framework for Private Sector Development

- The private sector will play the leading role in investment and in the ownership and management of economic activities
- Regional policies for growth and transformation will be adopted within the framework of a dynamic, sustainable development-oriented social partnership of the public and private sectors, labour and civil society
- Government will provide enabling environment for private sector activity through policy harmonisation, common policies and support measures

# CARICOM Initiatives

- **Strategic Framework** for PSD in CARICOM is the **CSME** – an enlarged economic space for competitive production based on free movement of factors.
- **Supporting instruments** include –
  - CARICOM Investment Code (CIC)
  - CARICOM Financial Services Agreement (CFSA)
  - Intra-CARICOM Double Taxation Agreement (ICDTA)
  - Investment Incentives Agreement (IIA)
  - CARICOM Securities Market Law (CSML)
  - Industrial Development Policy
  - CARICOM SME legislation.

# Related Initiatives

- SPRD and Cluster of priority sectors including
  - Energy, agriculture, niche manufactures, transportation, agro-tourism, financial services, new Export Services  
ICT
- Strategy for Food and Nutrition Security
- Strategy for priority Services sub-Sectors
- Industrial Policy particularly SMEs

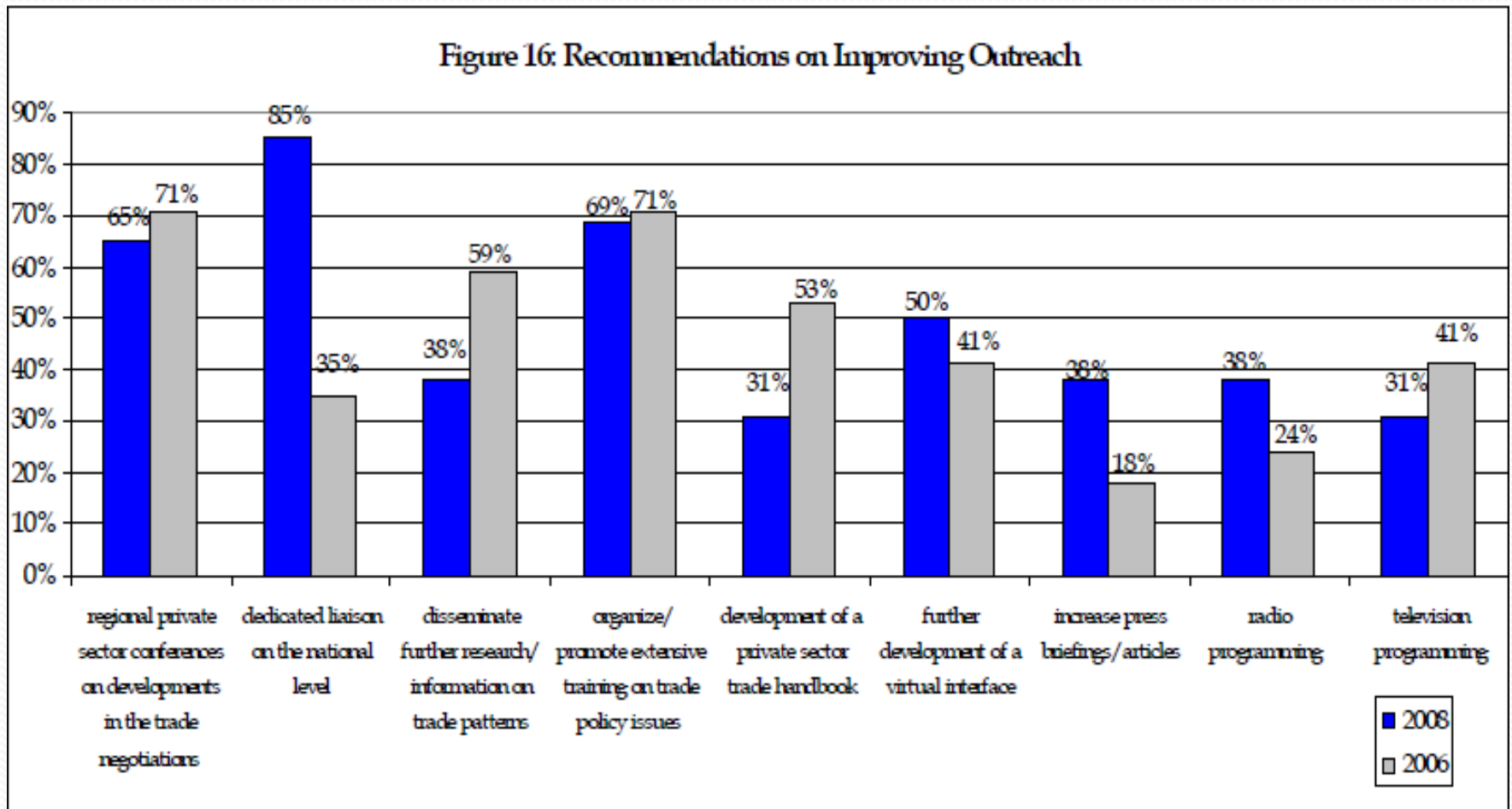


# PAST CARISEC Private Sector Outreach

- The IADB Multilateral Investment Fund (MIF) funded US\$1.5m programme (2006-2009):
  - High level Private Sector Advisory Group
  - “Trade Power Dialogue” sessions (short introductory sessions on trade agreements impacted over 300 firms)
  - 13 “trade agreements 101” sessions held in Member States
  - “Caribbean tradeBEAT” (10 minute radio programme) over 50 episodes broadcasted in 9 Member States
  - “Private Sector tradeNotes”: 100 newsletters circulated to a database of 3,000 contacts
- EPA informational Video produced in 2010 (Bizclim funded)

# Private Sector recommendations

Figure 16: Recommendations on Improving Outreach



Source: CRNM Private Sector Survey 2008(Calendar). n=7,719

# Expected results from Strategy

- Meaningful improvement in CARICOM's doing business rankings
- A more aggressive approach by the private sector and proactive measures adopted for the benefit of the Region's exporters.
- Development of the selected 4-5 sectors and market penetration strategies adopted for the various markets.
- More vertically integrated regional companies and value added chain approaches demonstrated.
- A practical roadmap for a Regional Innovation System that commercializes inventions more effectively

# Obstacles

- Slow adoption process in Member States
- Financial resources for consultative process
- Un-organised private sector

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**Thank You**