

Regional Meeting on an Assessment of the Economic and Cooperation Relations of Central America, the Caribbean and Mexico, Georgetown, Guyana, 15- 16, June, 2016

Panel I: The Caribbean and Trade and Cooperation Relations with Latin America

**Presentation on
Jamaica's Trade and Cooperation Relationship with other countries in the Caribbean, Central America and Mexico**

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Importance of Trade to Jamaica

- Trade is critical to achieving sustained and robust economic growth and development.
- One of the main objectives of the Government of Jamaica in relation to trade is to increase exports and increase Foreign Direct Investment into Jamaica.
- Jamaica is currently finalizing its Revised Draft Foreign Trade Policy for the period 2016 -2021. Following further consultations, the Policy will be submitted to the Cabinet for approval.

Importance of Trade to Jamaica (cont'd)

- The Policy seeks to achieve by 2021:
 - a significant increase in the value and volume of traditional and non-traditional goods exported;
 - an increase of at least 10 per cent in the value of services exported;
 - increased penetration into new and existing markets;
 - better access to and use of technology, investment, skills and value chains;
 - an improvement in the balance of trade; and
 - an improvement in competitiveness indicators
- It is also recognized that in addition to traditional markets, we must also focus on non-traditional markets such as the countries in Latin America.

Existing Trade Arrangements with countries in Latin America (including Cuba and the Dominican Republic)

- Jamaica, as a member of CARICOM, is a party to the following Trade Agreements with countries in Latin America:
 - **Partial Scope Agreements with Venezuela (1992), Colombia (1994) and Cuba (2000); and**
 - **Free Trade Agreements with the Dominican Republic (1998) and Costa Rica (2004).**

Jamaica's Trade with Colombia, Costa Rica, Cuba, the Dominican Republic and Venezuela in 2015 (USD):

Trade Partner	Exports	Imports	Trade Balance
World	1,187,535,000	3,748,783,000	-2,561,248,000
Colombia	2,068,000	49,235,000	-47,167,000
Costa Rica	1,271,000	45,676,000	-44,405,000
Cuba (2014)	3,647,000	2,134,000	1,513,000
Dominican Republic	1,713,000	56,110,000	-54,397,000
Venezuela (2014)	19,208,000	669,449,000	-650,241,000

Source – ITC Trademap

Reasons for under-performance - Studies

- Study commissioned by the CARICOM Secretariat entitled ‘The Identification and Assessment of the Underlying Reasons Affecting CARICOM’s Trade Performance Under the Existing Bilateral Trade Agreements with the Dominican Republic, Costa Rica, Cuba, Colombia and Venezuela’ – May 2014; and
- An Assessment of the performance of CARICOM extra-regional trade agreements – An initial scoping exercise – Sheldon McLean and Jeetendra Khadan, December 2014.

Reasons for under-performance – Studies (cont'd)

- The existence of a number of supply-side constraints;
- Lack of information regarding regulations and procedures for product registration;
- The cost of hiring agents/lawyers to facilitate business transactions;
- Requirements to label products in Spanish and other languages;
- Administrative burdens, including excessive documentation requirements and the need for certified Spanish translations; and
- A number of non-tariff barriers (NTBs).

Trade Arrangements with countries in Central America and Mexico

- With the exception of **Belize** which is a member of CARICOM, and **Costa Rica** under the CARICOM/Costa Rica Free Trade Agreement, there are no bilateral trade arrangements between Jamaica or CARICOM and Central America countries and between Jamaica or CARICOM and Mexico.
- Jamaica trades with these countries (i.e. El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Panama) at the WTO MFN level and maintains a trade deficit.

Jamaica's Trade with countries in Central America (excluding Belize and Costa Rica) and Mexico 2015 (USD)

Trade Partner	Exports	Imports	Trade Balance
El Salvador	81,000	15,264,000	-15,183,000
Guatemala	213,000	29,506,000	-29,293,000
Honduras (2014)	73,000	11,107,000	-11,034,000
Mexico	3,775,000	126,292,000	-122,517,000
Nicaragua	3,000	914,000	-911,000
Panama	1,551,000	3,453,000	-1,902,000

Source - ITC Trademap

Strengthening Relations with Countries in the Northern Caribbean

- Jamaica is actively looking at forging a closer relationship with its northern neighbours.
- This includes the countries to the north-east of Jamaica (i.e. Cuba and the Dominican Republic) and to the north west of Jamaica (i.e. Central America and Mexico)

Strengthening Relations with Countries in the Northern Caribbean (cont'd)

- **Costa Rica** – During bilateral meeting between the Prime Minister of Jamaica and the President of Costa Rica (7th ACS Summit, June 2016) it was noted that improved trade relations are to be facilitated through the existing CARICOM/Costa Rica Free Trade Agreement.
- **Cuba**- Jamaica and Cuba signed a Multi Destinalional Tourism MOU in the margins of the 7th ACS Summit.

Strengthening Relations with Countries in the Northern Caribbean (cont'd)

- **Mexico** – 8th Meeting of the Jamaica/Mexico Bi-national Commission held on 18th May 2016 in Mexico City.
 - welcomed signing of Double Taxation Agreement.
 - expressed interest in further expanding trade and investment.
- **Panama** – Jamaica has sought to further strengthen relations with Panama in keeping with efforts to develop the island's Logistics Hub Initiative.

Strengthening Relations with Countries in the Northern Caribbean (cont'd) – Existing Cooperation Agreements

- **Nicaragua** has indicated its interest in expanding trade between our two countries. A Tourism Cooperation Agreement was signed between Jamaica and Nicaragua in October 1994.
- **El Salvador** - Jamaica signed an Agreement with El Salvador in 1998 for the *Waiver of the Expedition of Visas in Diplomatic and Official Passports*.
- **Honduras** - Jamaica and Honduras signed a *Bilateral Agreement on Economic and Technical Co-operation* in October 1992.

Domestic Considerations Before Entering into Negotiations for Preferential Bilateral Trade Agreements

- The Decision to negotiate must be consistent with **Jamaica's economic growth and development agenda;**
- Future Trade Agreements must be supported by **Sustainability Impact Assessments.**
- **Supply-side Constraints** will have to be addressed.

Domestic Considerations Before Entering into Negotiations for Preferential Bilateral Trade Agreements (cont'd)

- **Support from the private sector is critical.**
- **Building negotiating capacity**, particularly in trade in services and in the administration of complex rules of origin.
- **Trade Facilitation** –i.e. improving customs procedures aimed at expediting the movement, release and clearance of goods, including goods in transit;
- **Transportation** – improving transportation between the Caribbean, Central America and Mexico.
- **Spanish** - The Spanish language often acts as a barrier to trade with our trading partners in Latin America.

The Way Forward

- Through the **Revised Foreign Trade Policy** (once adopted by the Cabinet) , the **National Aid for Trade Strategy**, the **Revised National Export Strategy** and the **ECLAC Project on Preferential Trade Agreements** (which is currently underway in Jamaica), we hope to take tangible steps towards, *inter alia*:
 - ✓ Creating an environment that is conducive to trade and doing business;
 - ✓ Diversifying exports – both goods and services;
 - ✓ Mainstreaming trade in the work of all Ministries/Departments & Agencies (MDAs);

The Way Forward

- ✓ Enhancing and improving consultations and coordination among MDAs and with the private sector; and
- ✓ Sourcing donor funding to, for example, address certain supply-side and capacity building constraints and to assist with the conduct of robust studies and impact analyses before entering into negotiations.
- There is also need for continued dialogue among Member States, including in foras such as this meeting convened by SELA, on how to improve and strengthen trade relations and connectivity between the Caribbean, Central America and Mexico, as well as with the Dominican Republic and Cuba.

Thank you for your attention!

