

# THE CARICOM SINGLE MARKET AND ECONOMY (CSME)

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The major strategy for adjustment in the Caribbean is:  
CARICOM Single Market & Economy (CSME)

- CARICOM Heads of State decision in 1989
- Revised Treaty of Chaguaramas

## Key Elements of the CSME:

### **SINGLE MARKET**

- Free movement of goods, services, capital and people

### **SINGLE ECONOMY**

- Coordination of trade and economic policies

# CARICOM Single Market and Economy

- 9 Protocols

- Institutions and structures
- Establishment, Services and Capital
- Industrial Policy
- Trade Policy
- Agricultural Policy
- Transport Policy
- Disadvantaged Countries, Regions and Sectors
- Competition Policy, Consumer Protection and Dumping and Subsidies
- Disputes Settlement

# Chapter 3

- Right of Establishment
- Provision of Services
- Movement of Capital
- Free Movement of Nationals
  - University Graduates
  - Media Workers
  - Sportspersons
  - Artists
  - Musicians
  - Managers, Supervisors and other service providers

## Right of Establishment

- CARICOM owned companies will have the right to establish and operate businesses in any CARICOM Member State under the same terms and conditions as local companies.
- Managerial, technical and supervisory staff of these enterprises and their families will be able to enter the territories of operation and work without work permit requirements.

## Provisions of Services

- CARICOM service providers will be able to enter the territory of other CARICOM Member States, usually on a contractual basis, to provide specialized services for a short period of time without the need for work permits; for example, in the provision of consultancy services.

## Movement of Capital

- This is a necessary precondition for the right of establishment. CARICOM owned businesses will be able to move capital into and out of CARICOM Member States in the process of establishing enterprises.



## Movement of Capital Cont'd

Capital and related payments as defined by Chapter 3 include:

- Equity and portfolio investments
- Short-term bank and credit transactions
- Payment of interest on loans and amortization
- Dividends and other income on investments after taxes

## Movement of Capital Cont'd

- Repatriation of proceeds from the sale of assets
- Other transfers and payments relating to investment flows
- Guyana, Trinidad and Tobago, and Jamaica currently have no restrictions on capital and current payments.

## Movement of Nationals

- Member States have committed themselves to the goal of free movement of their nationals within the Community.
- As the first step towards achieving this goal, certain categories of Community nationals will have the right to seek employment in any CARICOM Member States.

## Movement of Nationals Cont'd

These include:

- University Graduates
- Media Workers
- Sportspersons
- Artistes; and
- Musicians

## Movement of Nationals cont'd

- Work permit requirements for these categories have been removed. Jamaica's legislation, the Caribbean Community (Free Movement of Skilled Persons) Act, was enacted in 1997.
- Social Security benefits will be made transferable, and double taxation treaties are also in force.

## Movement of Nationals cont'd

### Banking and Securities Legislation:

- A Draft financial Services Agreement has been prepared by CARICOM and circulated to Member States for review and comments.

## Capital Market Integration

### **Cross- listing and Trading**

- Barbados, Jamaica, Trinidad and Tobago and the OECS have established Stock Exchanges.
- Cross-listing and trading are presently taking place amongst Barbados, Jamaica and Trinidad & Tobago
  - Member States comprising the Regional Stock Market.

## Some of the Concrete Business Opportunities Under the CSME include:

- Increased inflows of new capital, entrepreneurship and technology from other Member States through the establishment of new businesses, acquisitions, mergers, and joint ventures within a legal and organized framework;
- Enhanced trade and economic links with third countries (countries outside our region) through the co-ordination of external relations by the Community



## Business Opportunities Cont'd

- Increased production and trade in goods and services in a consolidated market of over 37 million persons (approximately 14 million of which are residents and 13 million tourist when the average annual tourism figures are accounted for), ranked as mid-tier per capita GDP by the World Economic Forum.
- Interchange of managerial and professional experts from other CARICOM countries. Improved ability to recruit skilled workers across the Region.

## Business Opportunities Cont'd

- Increase potential for investment opportunities.
- Businesses will have improved market access for Jamaican service providers, particularly in the professional sector, such as consultancy services, nurses, engineers, architects and accountants. These service providers will enjoy equal treatment in terms of market access throughout the Community.

## Business Opportunities Cont'd

- Businesses will have enhanced export market opportunities in the region. The development of export capacity in the services sector will have the positive effect of reducing Jamaica's dependence on the export of primary agricultural products thereby resulting in a diversification of Jamaica's exports.
- Businesses will be able to transfer money to another country without having to obtain prior authorization.

## Business Opportunities Cont'd

- Businesses will have the right to buy shares in any company in any Member State
- Businesses will have access to a wider market for raising needed capital at competitive prices, thus allowing for the productive sectors to be more competitive at the regional and international levels.
- Businesses will have enhanced ability to outsource production components

## Business Opportunities Cont'd

- Harmonized company laws will facilitate Jamaica businesses seeking to do businesses elsewhere in the Region
- Businesses will have access to raw material sources to stabilize production costs
- Businesses will have access to equity investment sources through linkages to joint venture partners currently operating in other CSME States

## Business Opportunities Cont'd

- Businesses will have improved ability to effectively outsource components of the value chain to lower cost in regional locations
- Businesses will have entrenched ability to reap economies so scale from natural resource rich locations.
- Improved services, including transportation and communication.

## CSME Challenges

- Uneven implementation
- Capacity constraints
- Competition from the Free Trade Areas (FTAs)
- Slow movement on economic integration
- Intra-regional trade imbalance and NTBS

## CSME Challenges Cont'd

- Comparatively small aggregate size
- Similarities in economic activities constrain trade creation possibilities through specialization and focus on comparative advantage
- Lack of capacity





The End