

Private Sector *Trade Note*

CARICOM's Export Overview



► CARICOM TRADE PERFORMANCE

The Caribbean Common Market (CARICOM) is an almost 40 year old free trade and economic bloc comprised of most of the English speaking islands of the Caribbean along with Haiti, Suriname and Belize. The establishment of CARICOM facilitates various international business possibilities including trade in goods and services as well as cross-border investment. This trade note

focuses on the region's performance in the area of trade in goods as the information is most readily available.

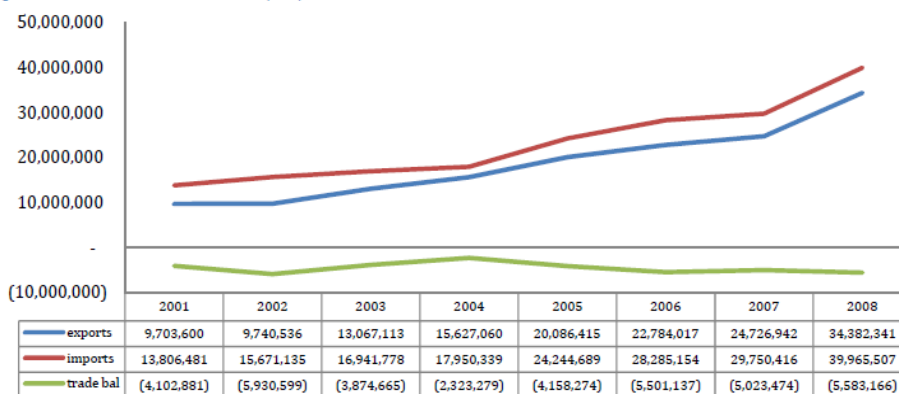
In 2008, exporters in CARICOM generated US\$34.3bn in both intra-regional and extra-regional sales. There were about 1,260 tariff lines recording over US\$100,000 in 2008 showing the breadth of export activity. Simultaneously, the region's importers spent almost US\$40bn on both intra-regional and extra regional imports (see figure 1).

Between 2001 and 2008, merchandise exports have been more dynamic than merchandise imports. Between 2001 and 2008, merchandise export sales have grown by 19.8% per annum, whilst merchandise import spending expanded by 16.4% per annum. However, the trade deficit still expanded by on average 4.5% per annum between 2001 and 2008 to record US\$5.6bn in 2008 (see figure 1).

International merchandise trade opportunities are not being exploited homogenously across CARICOM. In 2008, the dominant regional exporter and importer was Trinidad & Tobago. Trinidad & Tobago accounted for circa 70% of total export sales and over a quarter of import spending in 2008.

Trinidad & Tobago, along with Jamaica, Suriname and Guyana accounted for almost 90% of total merchandise exports in 2008. Similarly, these four member states accounted for almost 60% of total merchandise imports in 2008 (see figure 2).

Figure 1: CARICOM Trade Performance (US\$)



Source: International Trade Centre, tradeMAP database. Retrieved April 22, 2010

This shows that CARICOM trade is concentrated in these territories with the smaller Organisation of Eastern Caribbean States (OECS) understandably playing a smaller role. However, it is interesting to note that the OECS territories play a more significant role in merchandise import spending than merchandise export earning, with smaller member states such as St. Lucia and Antigua and Barbuda jointly accounting for over 14% of import spending in 2008. This fact crudely indicates that there are opportunities for import displacement even in some of the smaller member states which are largely being exploited by import activity, and more interesting, mainly extra-regional imports.

Between 2004 and 2008, the most dynamic importing member states were St. Lucia (average import growth rate of 87% per annum); Antigua & Barbuda (36%); Suriname (22%); Guyana (21%) and Jamaica (20%). The most dynamic exporters between 2004 and 2008 were Trinidad & Tobago (28% growth per annum between 2004 and 2008); the Bahamas (22%); Barbados (17%) and Jamaica (16%).

► CARICOM EXPORT PROFILE

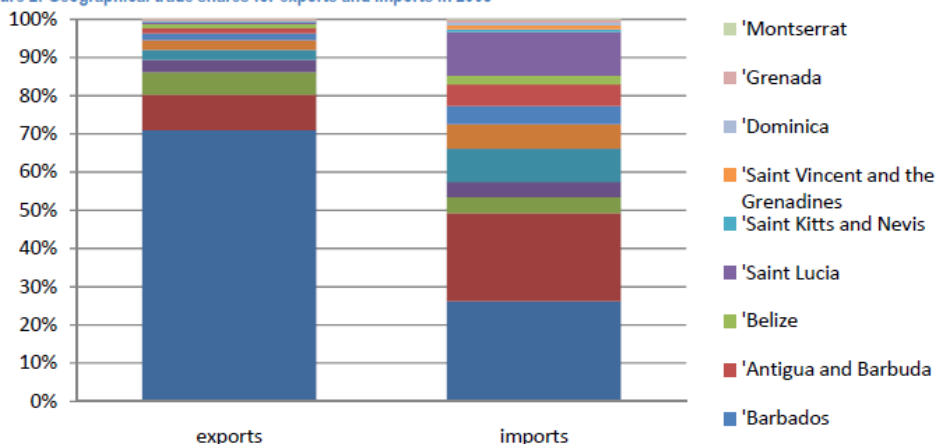
The USA remained the region's top export market between 2001 and 2008. In 2008, CARICOM merchandise export sales to the

USA accounted for over one third of the region's total sales. Other top markets included Nigeria, India, Spain and the Netherlands, jointly accounting for almost 58% of merchandise export sales (table 1). It will be interesting to see whether these exports are maintained in 2009 when that data becomes available.

Interestingly CARICOM's exporters are penetrating Nigeria, India and Spain with some dynamism (see table 1). This signals a real change in the top five export markets when compared to 2001 when the USA, UK, Canada, France, and Germany were the dominant export markets for CARICOM firms. Between 2001 and 2008 the most dynamic export markets for CARICOM included India (134.2% average annual growth in export sales between 2001 and 2008); Maldives (130.5%); Slovakia (126%); Nigeria (107%); Azerbaijan (90%); Singapore (86%); Chinese Taipei (85%); Albania (84%); Turkey (82%) and Indonesia (71%).

CARICOM's merchandise export sales are spread relatively evenly over the range of products that are exported¹. However, between 2005 and 2008, there was some reduction in product diversification¹. This essentially means that merchandise export sales were less evenly distributed across all the products that were exported in 2008.

Figure 2: Geographical trade shares for exports and Imports in 2008



Source: International Trade Centre, tradeMAP database. Retrieved April 22, 2010

Table 1: CARICOM's top 20 Merchandise export markets (US\$'000)

Importers	Export sales in 2008	AGR
United States of America	11,955,863	15.8%
Nigeria	2,428,867	106.8%
India	1,849,794	134.2%
Spain	1,797,961	35.4%
Netherlands	1,764,347	41.3%
Jamaica	1,636,528	20.9%
Canada	1,531,254	16.2%
Mexico	1,017,907	50.2%
United Kingdom	956,076	5.3%
Japan	716,608	31.3%
Dominican Republic	711,250	42.3%
France	639,764	3.1%
Poland	628,306	39.4%
Germany	548,684	2.3%
Singapore	547,866	86.0%
Republic of Korea	508,632	54.0%
Guyana	469,174	23.6%
Barbados	442,951	10.6%
Brazil	377,751	49.6%
Belgium	331,435	21.1%

Source: International Trade Centre, tradeMAP database. Retrieved April 22, 2010

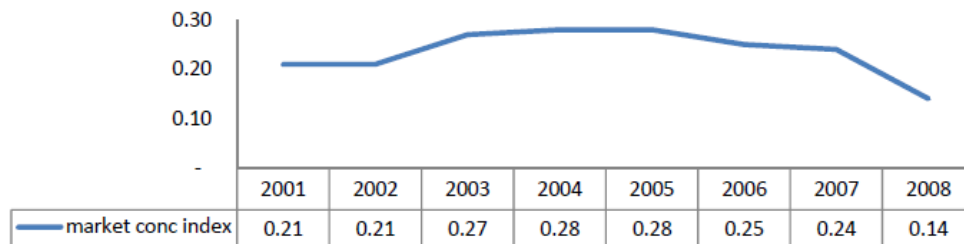
CARICOM firms are also spreading their export sales relatively evenly over geographical markets, and in fact this spread has become more evenly distributed over these markets between 2001 and 2008¹. It is also interesting to note that CARICOM firms have greater product diversification than market diversification which could signal that firms are focussing more on product development than on spreading export sales over a number of markets. This could imply that the focus on product lines could be complimented by seeking to tap into new markets, as a focus on a few markets, even with a diversified product line, could be short sighted as export sales become vulnerable to the conditions in a few markets.

CARICOM's top 20 exports in 2008 were almost exclusively in the resource based sectors of energy and mining (Gold, iron/steel and aluminium based products) (table 2).

CARICOM's fastest growing global merchandise



Figure 3: CARICOM Export market concentration index



Source: Calculated from data sourced from International trade Centre, tradeMAP database. Retrieved April 22, 2010

exports between 2005 and 2008 included frozen rock lobster (2,292% growth per annum); saturated acyclic monocarboxylic acids (1,849%); bars/rods of alloy steel (1,803%); womens/girls suits of cotton, not knitted (1,741%); paper, household/sanitary rolls of a width >36cm (1,741%); unwrought silver (1,309%); crude soya bean oil (849%); hulled, pearled, sliced or kibbled maize (783%); soya bean flour and meals (740%); hop extract (709%); hydraulic cements (630%) and cardamoms (619%).

CARICOM firms are facing challenges in penetrating the intra-regional market capturing only 10% of total import spending in 2008 (table 3). Intra-regional merchandise exports are however dynamic, expanding by over 20% annually between 2005 and 2008.

CARICOM's top 20 exports in 2008 were almost exclusively in the resource based sectors of energy and mining (Gold, iron/steel and aluminium based products)

Table 2: CARICOM's Top 20 merchandise exports in 2008

Code	Product label	Export sales (US\$000)	05/08 AGR
271111	Natural gas, liquefied	4,861,065	35%
271019	Light petroleum distillates nes	4,746,621	27%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	2,208,186	15%
281820	Aluminium oxide nes	1,954,696	11%
281410	Anhydrous ammonia	1,774,951	26%
271011	Aviation spirit	1,185,344	12%
290511	Methanol (methyl alcohol)	1,058,803	14%
710812	Gold in unwrought forms non-monetary	484,206	19%
260120	Roasted iron pyrites	453,046	-
271119	Petroleum gases and other gaseous hydrocarbons nes, liquefied	405,395	103%
310210	Urea, wthr/nt in aqueous solution in packages weighing more than 10 kg	363,868	36%
720310	Ferrous products obtained by direct reduction of iron ore, nes	307,664	41%
271112	Propane, liquefied	307,304	27%
260600	Aluminium ores and concentrates	300,900	32%
170111	Raw sugar, cane	285,707	-3%
271113	Butanes, liquefied	272,268	34%
220710	Undenaturd ethyl alcohol of an alcohol strngth by vol of 80% vol/higher	264,302	71%
721399	Hot rolled bar/rod, irregular coils, nes	245,261	17%
710813	Gold in oth semi-manufact form n-monetary(inc gold platd w platinum)	217,067	30%
610910	T-shirts, singlets and other vests, of cotton, knitted	192,703	12%

Source: International trade Centre, tradeMAP database. Retrieved April 22, 2010

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Readers are invited to suggest topics of interest for future trade notes.

As was the case for global trade, energy products were the dominant export within CARICOM in 2008, and there is no evidence to project any change in this phenomenon as between 2005 and 2008 sales of light petroleum distillates, aviation spirits and liquefied butanes grew faster than the average growth rate for total intra-regional exports, which could indicate even greater intra-regional dominance of these products. Notwithstanding this dynamic, there were other products which exhibited intra-regional dynamism between 2005 and 2008. The most dynamic intra-regional exports included maize seed (1104% growth per annum); lubricating oil additives (1014%); electric conductors for a voltage > 1000 volts (253%); tin articles; cane molasses (71%); husked brown rice (37%); cigarettes containing tobacco (30%); fowls (*gallus domesticus*) cuts and offal, frozen (28%); mixtures of juices (49%); animal feed (28%); sweet biscuits (40%); hydraulic cement; gypsum anhydrite (92%); shelled cashew nuts (364%); aluminium sulphate (77%); waffles and wafers (50%) and cement clinkers (324%). Firms exporting these products may now need to examine extra-regional markets to compliment their intra-regional sales as the

Table 3: CARICOM Intra-Regional Exports

Product code	Product label	Export sales (US'000)	05/08 AGR
TOTAL	Total intra regional exports	4,089,609	20.2%
271019	Light petroleum distillates nes	1,861,717	28.9%
271011	Aviation spirit	830,974	30.9%
271113	Butanes, liquefied	82,850	27.1%
100620	Rice, husked (brown)	67,877	37.3%
220210	Waters incl mineral&aeratd,containg sugar/sweeteng matter/flavourd	60,650	9.8%
271112	Propane, liquefied	55,979	35.7%
240220	Cigarettes containing tobacco	48,357	29.8%
271000	Petroleum oils&oils from bituminous minerals,o/than crude etc	36,282	-32.8%
252329	Portland cement nes	35,730	17.5%
721399	Hot rolled bar/rod, irregular coils, nes	30,255	80.7%
340220	Surface-active prep, washing & cleaning prep put up for retail sale	27,798	10.4%
030379	Fish nes, frozen, excluding heading No 03.04, livers and roes	25,979	13.2%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	23,322	11.1%
271119	Petroleum gases and other gaseous hydrocarbons nes, liquefied	23,258	33.9%
110100	Wheat or meslin flour	22,263	24.0%
721310	Bars&rods,i/nas,hr,in irreg wound coils,cntg indent,ribs,etc prod d rp	17,719	34.7%
220300	Beer made from malt	17,509	-6.5%
230990	Animal feed preparations nes	17,469	28.3%
300490	Medicaments nes, in dosage	15,210	29.5%
190531	Sweet biscuits	15,027	39.9%
340111	Toilet soap&prep,shaped,papers&nonwovens impreg w soap toilet use	14,766	26.2%
721420	Bars & rods,i/nas,hr,hd or he,cntg indent,ribs,etc.prod dur rp/tar,nes	13,939	27.4%
481840	Sanitary articles of paper,incl sanit towels&napkin (diapers) f babies	13,834	-0.6%
190590	Communion wafers,empty cachets sim prod&bakers' wares nes	13,503	11.0%
481910	Cartons, boxes and cases, of corrugated paper or paperboard	13,332	-6.0%

Source: International Trade Centre, tradeMAP database. Retrieved April 22, 2010

global economic crises seem to abate.

At the other extreme, products "retreating" from intra-regional exports include refined petroleum oils (-33% growth per annum); refined soya bean oil (-12%); raw sugar cane (-36%); surface active preps for washing and cleaning (-29%); insecticides (48%); upholstered seats with wooden frames (-28%); and frozen fish fillets (-45%). Not all of these products may qualify for duty free treatment within CARICOM as duty relief depends on qualifying under the rules of origin. These products require some investigation as to the reasons for their market regression.



The CARICOM Standard

¹ As measured by the normalised Herfindahl-H index. The H index measures the spread of the product groups and a H Index close to 0 implies that each product group contributes a statistically similar share of the total merchandise export sales (and vice versa). Only products with minimum total CARICOM merchandise export sales of US\$100,000 were included in this analysis

¹ As the H Index increased marginally from 0.078 to 0.09

¹ In 2001, the H index for export markets was 0.21, and this declined to 0.14 in 2008 (see figure 3).

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