



FEATURE ADDRESS

BY THE

**SECRETARY-GENERAL OF THE
CARIBBEAN COMMUNITY (CARICOM)
AMBASSADOR IRWIN LAROCQUE**

**ON THE OCCASION OF THE
62ND ANNUAL GENERAL MEETING
OF THE
TRINIDAD AND TOBAGO
MANUFACTURERS' ASSOCIATION**

**TRINIDAD AND TOBAGO
11 APRIL 2018**

- ❖ Senator the Honourable Paula Gopee-Scoon, Minister of Trade and Industry;
- ❖ Mr. Christopher Alcazar, President, Trinidad and Tobago Manufacturers' Association and other Board Members of the Association;
- ❖ Ambassador Patrick Antoine, TCL Representative;
- ❖ Dr Ramesh Ramdeen, CEO of the TTMA;
- ❖ Mr Norris Herbert, Permanent Secretary, Ministry of Trade and Industry;
- ❖ Members of the Trinidad and Tobago Manufacturers Association and other Representatives of the Private Sector;
- ❖ Members of the Diplomatic Corps;
- ❖ Specially Invited Guests;
- ❖ Ladies and Gentlemen.

Thank you for the invitation to address your Annual General Meeting this morning. I always welcome the opportunity to interact with the private sector in our Community, since you are an important stakeholder in our integration arrangements.

The fact that this Association has been serving its members continuously for 62 years is testimony to its value. It has also become an important private sector voice in the national and regional conversation.

As manufacturers, you embody the entrepreneurial spirit which our Community needs to help foster sustainable growth and development. Your investment in manpower, plant, equipment and technology contributes significantly to the economy of Trinidad and Tobago and the wider Caribbean Community. It is, therefore, to everyone's benefit that the regional environment is being created to allow your spirit the freedom and space to prosper.

Within our Caribbean Community, the CARICOM Single Market and Economy (CSME) has been established precisely to create that freedom and space. The CSME still remains as relevant today as when the idea was first conceived in 1989.

It represents tremendous potential to provide business opportunities for manufacturing, services and agriculture.

The CSME has been fashioned to provide the opportunity for us to use our resources - human, financial and natural - to build a competitive economy. It allows for expanding scope and scale of production, using the skills and capital available in our Region, and allowing for cross-border production and production integration.

All of the basic elements of the CSME are mutually supportive; be it trade in goods, trade in services, movement of skills and capital and the right of establishment. We therefore need to make advances on all elements simultaneously for us to be truly successful.

The CSME is a vehicle through which businesses, utilising the enlarged single space, can expand their horizons to enhance their competitiveness and so use the regional platform as a springboard into the global market.

In that regard, we have negotiated a number of trade agreements, including with Venezuela, Colombia, the Dominican Republic, Cuba and Costa Rica, as well as the CARIFORUM-EU Economic Partnership Agreement (EPA).

Our CARICOM market will grow from approximately six to more than 16 million, as soon as Haiti puts the necessary requirements in place to participate in the CSME. The President of Haiti has indicated his intention for his country to be part of the trade in goods regime during his term

Trinidad and Tobago has the largest share of the trade in goods within the Single Market. In 2016, the last year for which we have regional trade data, the country's total exports to the rest of CARICOM amounted to US\$734 million dollars, representing 32 percent of CARICOM's intra-regional exports. And that was the lowest figure in 13 years, due primarily to the drop in energy prices. It also represented 10 percent of Trinidad and Tobago's global exports. CARICOM was Trinidad and Tobago's second largest export market in 2017.

Excluding petroleum and petroleum products, exports to CARICOM totalled US\$567 million dollars or approximately 25 percent of total intra-regional exports.

Further, non-petroleum exports to CARICOM in 2016 represented 11 percent of Trinidad and Tobago's total global non-petroleum exports. It is clear, therefore, that the CSME provides an important market for Trinidad and Tobago's manufacturers.

These figures do not include trade in services which is a significant aspect of Trinidad and Tobago's trade with the Region.

While the CSME continues to be a work in progress, it is sufficiently advanced to be used more effectively by the private sector. There has been significant progress in several specific ways. There is free trade in goods and services, free movement of skills and capital, and the cross-border establishment of businesses. It is true that there have been some hitches but these are being addressed.

The Common External Tariff (CET) and Community Rules of Origin regimes are operational. However, after about 25 years we

are doing a comprehensive review of this regime, including the mechanisms for suspensions of the CET.

The administrative arrangements for Free Trade in Services, Free Movement of Skilled Nationals and the Right of Establishment are all in place and working fairly well.

Under the Right of Establishment companies setting up subsidiaries in other jurisdictions are entitled to move their managerial, technical and supervisory staff. The CARICOM Agreement on Social Security, which is also working quite well, allows for the transfer of their social security benefits.

Regrettably, we have not made the progress I would like to have seen on Contingent Rights, another important element with respect to the movement of skilled nationals and managerial and technical staff.

The Double Taxation Agreement has been incorporated into domestic law. This, of course, is important for cross-border investments within the Region.

An important part of the CSME is a mechanism for resolving disputes arising out of rights and responsibilities emanating from

the Revised Treaty and decisions of the Organs of the Community. This can never be over-emphasised.

The Caribbean Court of Justice (CCJ) in its original jurisdiction is fully operational. Indeed, Trinidad Cement Limited (TCL) was the first private sector entity to bring a matter before the Court, against the Community, and successfully so.

Work is on-going in a number of areas, including with respect to the Single Economy. A draft policy for the legal framework to support the development of an Integrated Capital Market, is being considered by Member States, and a draft model Securities Bill is under preparation. This Bill seeks to standardize the licensing requirements for the registration of market participants and securities and the harmonisation of the regulations for issuance and trading of securities across Member States.

The implementation of harmonized securities law will remove the confusion of having to comply with different laws and improve the ease of doing securities business in the Community. In addition, the Model Securities Law would allow firms to raise capital across

Member States while providing investors with the opportunity to invest in a wider range of financial instruments.

A CARICOM Investment Policy and Investment Code along with proposals for a harmonised investment incentives regime is currently under review for updating and resubmission for consideration by Member States.

However, the current actions being taken by the EU to blacklist Member States and the requirements imposed for removal from that list, may undermine our ability to provide incentives to attract investment.

A major market potential for the private sector to explore will soon become available. The market for goods and services will be expanded, once Member States agree to the draft Protocol on Public Procurement. Throughout our Region, the public sector plays a significant role as a consumer of goods, services and public works.

Businesses would have the opportunity to bid on procurement opportunities in any Member State that has agreed to be a part of

the Community Public Procurement Regime. That market within CARICOM is estimated at approximately US\$5.5 billion dollars.

A study conducted by the Inter-American Development Bank (IDB) found that CARICOM intra-regional trade can double from its current 16 per cent of total trade, if we address issues relating to transportation, trade facilitation, sanitary and phyto-sanitary measures and technical barriers to trade.

Resolving trade facilitation-related matters is critical in ensuring the ease with which you should be able to conduct your business in the Region. It is an issue that has been raised in all my discussions with the private sector throughout all Member States and we have been taking action to improve the situation.

Recognising that the lack of standardisation of procedures at ports of entry for goods is a factor in that regard, a new Model Harmonized Customs Bill and Model Harmonized Customs Regulations for our Region have been approved at the Community level.

They are with Member States for them to be inscribed into national law. It will be helpful if the private sector throughout the

Community can exert its influence to enable swift passage of the legislation.

Last month, I signed a Memorandum of Understanding with the World Customs Organisation designed to enhance the professionalism and effectiveness of CARICOM Customs Administrations with that Organisation's assistance. That should amount to, among other things, the quicker clearance of goods through customs, taking into account the need to safeguard our borders. The efficiency gained would contribute to the ease of doing business and also reduce costs for our private sector.

Of course, Customs procedure is not the only factor in improving trade facilitation. We are constantly seeking to remove non-tariff barriers as they arise. In relation to agriculture and food products, we are in the process of addressing issues related to sanitary and phyto-sanitary (SPS) measures and transparency in market entry requirements. This will include harmonising laws, administrative practices and procedures.

Regrettably, SPS measures are being used as a barrier to trade and that must be addressed urgently. It is affecting intra-regional trade.

I had hoped that a project establishing an online companies' registry would have allowed businesses wishing to establish in another jurisdiction to register online. Though we are not there yet, the CARICOM Online Companies Registries does, however, provide a region-wide electronic platform for online name searches and name reservation, business and company registration, and public access to records, among other features.

Eleven CARICOM countries which have online companies' registries are currently linked to the regional registry.

To facilitate the movement of skilled CARICOM nationals and companies seeking to employ specific skills from within the Region, a Regional Labour Market Information System is close to coming on stream. It involves all of the Member States, with the exception of The Bahamas. The System will be a central depository for data on the labour markets and allows for better matching of skills with available positions at the regional level.

To assist in creating the kind of workforce that we need, we have designed a CARICOM Human Resource Development Strategy which was approved by Heads of Government last July.

It was developed by a Task Force that included representation from the private sector, given your knowledge of what skills are required to improve your competitiveness.

It is predicated on the fact that the Twenty-First Century citizen must be a flexible learner, with critical thinking and analytical skills, prepared to adapt to the dynamic nature of the work environment.

At the heart of the Strategy is the construction, by 2030, of a globally competitive, innovative, and seamlessly integrated education system to drive inclusive sustainable development in the Region. This system will be based on the reduction of inefficiencies, promotion of life-long learning, and significant improvements in education access, equity, quality, and relevance.

Progress in implementation of the CSME has been characterized, by some, as being slow. I would admit that the challenges to fulfil its potential, as well as to the overall integration movement, are

myriad but they are not insurmountable. They are both regional and external.

Among them are the ongoing contagion effects of the global economic crisis, high debt, low competitiveness, high unemployment, high cost of energy in most of the Member States, and weakness in the transport sector so necessary to facilitate trade.

Our Community is also faced with increasing incidences of violent crime and, most critically, the effects of climate change. We have witnessed the aftermath of the hurricanes last September. The affected countries are struggling to recover, with the total cost of rebuilding at more than four billion US dollars.

The predictions are for even more of these mega storms along with droughts, unseasonal heavy rainfalls and other climatic events.

Allow me here to pay tribute here to the Government and People of Trinidad and Tobago, including the private sector, for their generous response to assist their CARICOM brothers and sisters afflicted by Hurricanes Irma and Maria. Forever etched in my

mind is the image of the long line of container trucks making its way to the port with relief supplies. Thank you on behalf of the affected countries.

All the issues mentioned above are affecting the economic well-being of our Member States, including the efforts to maximise opportunities within the Single Market. When one Member State is impacted by a disaster, the regional economy also feels the effect.

There is also the issue of equitable distribution of the benefits of the CSME and the wider integration process. The reality is that any agreement must be beneficial to all the participants in some way. Integration is no different. It is particularly difficult when Member States are at different stages of development.

The CARICOM Development Fund was established to address this very issue but has not been adequately capitalised. An integration movement is as strong as its weakest member, and it is therefore in the interest of all to ensure that all benefit from its arrangements.

To get a better sense of where we are, a Review of the CSME, especially as it relates to previous decisions, commitments and

timelines, was completed recently. It looked at its basic framework as well as its supportive structure.

The Review is in keeping with efforts to consolidate, recalibrate and strengthen the CSME arrangements.

It showed that the lack of an effective consultative system at the national and regional levels has negatively affected decision-making and implementation. One of the results of that problem is the constant recurrence of items on the regional agenda. This creates a major challenge in meeting and managing the expectations of the various stakeholders. It also makes it difficult to demonstrate the value-added that the CSME would bring to what exists at the national and regional levels.

A major concern is the difficulty and inability in getting some of the decision-making Ministerial Councils and Bodies of the Community to meet. The Council for Finance and Planning (COFAP) is particularly troubling in this regard. Its failure to meet affects the advancing of policy initiatives and direction, particularly issues with respect to the Single Economy.

Major policy decisions and adoption of legal instruments take much too long to be negotiated. There is an institutional and opportunity cost to these delays.

The Secretariat has been assiduously attempting to address all these issues in a systematic and co-ordinated manner. In re-evaluating our approach, we have recently introduced a Results-Based Management System into the conduct of Community business. It is imperative that systems be put in place to more effectively monitor and evaluate the CARICOM integration journey.

We are examining critically our approaches to the execution of the measures that have been developed and which are now available to support our integration. This includes the effective implementation of the relevant protocols, policies and model legislation which have been agreed.

In that context, a Monitoring Evaluation and Reporting Framework is being created to measure whether the objectives of the CSME are being met.

Arising out of the Review there is an implementation plan which identifies the actions to be undertaken by the Member States, in keeping with the timelines set out. It is crucial that they submit, on a quarterly basis, reports on the actions taken or challenges they have faced.

Access to accurate and timely data is vital to planning and executing programmes and projects as well as measuring progress. The Secretariat relies on the Member States to provide the data. In the absence of such empirical evidence, it will be difficult to have a true assessment of the impact that the activities are making in the Community.

The ongoing co-operation and collaboration among the Member States, the Regional Institutions and the CARICOM Secretariat, in implementing our first ever Strategic Plan for the period 2015-2019, is crucial in advancing our efforts in a more focused way.

That Plan is based on a resilience model and aims at achieving economic, social, environmental and technological resilience. It also identified priorities and specific roles for the Secretariat, the Institutions and the Member States, the three Implementing Partners. Accountability is a key element in that context and this is ensured again by monitoring and evaluation to measure

progress. Member States are where the implementation takes place.

By year end, we will be hard at work getting the framework in place for the Strategic Plan for the next period.

As with the current Plan, consultation with all stakeholders in Member States will again be held. It will allow us to start to formulate the new Strategy, with the view of having a new Plan by the end of 2019, ready for implementation by 2020.

Ladies and Gentlemen, in putting our regional house in order, we are making our Community even more ready to take advantage of opportunities in the global arena. Faced with approaches by a number of countries for trade agreements, we are doing an analysis which would inform the prioritization and scheduling of negotiations between CARICOM and countries in Central and South America.

That analysis is being conducted on the feasibility and impact of entering into free trade agreements with Panama and the Central American Common Market, members of Mercosur and other selected countries in South America. The draft report has been

circulated recently to Member States, with a view to having its recommendations discussed.

Among its recommendations is a widening of existing partial scope trade agreements to the entire Community. We had begun exploratory discussions to expand the current agreement with Costa Rica to include other Central American countries. I am of the view that these discussions should continue.

As you are aware, trade between the Region and the United Kingdom (UK) is currently governed by the provisions of the EPA with the EU. As the UK prepares to leave the EU, we have been engaged in discussions with respect to our future trade relations. These discussions are geared towards ensuring that there will be no interruption in our trade, post Brexit. The EPA text will be used as the basis for arriving at a trade agreement with the UK. The private sector will of course be consulted as this process goes forward.

CARICOM and Canada had commenced negotiations aimed at concluding a trade and development agreement. However, after 7

rounds of negotiations, these efforts failed in 2015, over a lack of consensus on issues related to trade in goods, services and investment. In the meantime, a World Trade Organisation waiver for CARIBCAN is in place until 2023, covering CARICOM's exports to Canada.

With a view to strengthening CARICOM's dialogue with Canada on economic and trade issues, the Secretariat is proposing to Member States that they seek to revitalise the CARICOM-Canada Joint Trade and Economic Committee, which could serve as a vehicle for addressing trade issues.

We recognise, that in order to take maximum advantage of the markets opened by these agreements, strengthening the capacity of our private sector is key. Caribbean Export has been provided with resources from the EU to assist the private sector in that regard.

From all I have said, it is obvious the main users of the arrangements we have put in place for the CSME are the private sector and the citizens of the Community. What we have done is to put the framework in place.

We have recognised that there is a need for a consultative mechanism for the private sector to interact with the Councils of the Community. As far back as 2007, it was agreed with the private sector that they would set up a Caribbean Business Council (CBC) which would be the main interlocutor with our Councils.

It would represent the interests of the private sector across the Region, whether it be manufacturing, agriculture or services. At that time, it was also agreed, in principle, that once established, the CBC would be designated as an Associate Institution of the Community.

Various persons in the private sector in the Region have approached me about progress in this regard. I would like to encourage you to engage your sister organisations across the Community to pursue this matter with urgency, and I assure you of my full support. I have always been of the view that the private sector must have a voice in matters related to the CSME and the wider integration movement.

Ladies and Gentlemen, the economic and social well-being of this Region is dependent on the involvement of all stakeholders. The

private sector is a key factor in this equation. The cliché is that the private sector is the engine of growth. If that is so, manufacturers are one of the pistons at the heart of that engine.

Trinidad and Tobago's manufacturers took the hard decisions years ago, when confronted with severe challenges, and are benefitting from their courage and enterprise.

I encourage you to share your entrepreneurial spirit and skills with your counterparts in the other Member States, and so help to create a more dynamic regional manufacturing sector which will contribute even more to the development of a prosperous and viable Caribbean Community for all our people.