



The World Bank

Latin America and the Caribbean Region

CARIBBEAN: Accelerating Trade Integration Policy Options for Sustained Growth, Job Creation, and Poverty Reduction

Key Data

- Economic growth in the Caribbean countries is expected to slow down relative to 2007 as these economies have been hit hard by recent shocks, including a recession in the U.S. economy, the global financial crisis, and a period of high food and fuel prices. Lower economic growth and consumption in North America and Europe could reduce exports, remittances, tourism, foreign direct investment and foreign aid.
- Estimates of GDP growth in Jamaica have been revised down to between 0 and 1 percent for 2008, 2 to 3 percent for 2007, in Haiti down to around 2 percent for 2008 from 3.7 percent in 2007; in the Dominican Republic to 5-6 percent in 2008 compared to 7-8 percent in 2007, and in the Organization of Eastern Caribbean States (OECS) 4.6 percent for 2007 compared to 7.2 percent in 2006.
- Caribbean countries have generally been very open economies. Haiti is the least open country, while Guyana is the most dependent on trade.
- The region's competitiveness is weak and export concentration is relatively high. In 1997, the top 20 products accounted for 51 percent of total exports; and this share increased to 70 percent in 2006. A breakdown of the top 20 exports to the world during 2001-2006 shows that four are agricultural and food products, six are minerals and ores, four are manufactures and six are a fuel-related product.
- Most of the Caribbean countries' overall performance of doing business ranks below that of comparable developing countries, including Mauritius, Hong Kong, Malaysia, and Singapore. This reflects its high costs of doing business, labor market rigidities, tariff dispersion, and trade costs. High wages across skill levels and sectors appears to be rising faster than productivity and are reflected in high unemployment rates.
- The Caribbean region is a significant source of natural gas, petroleum products and aluminum to the US. The United States has historically been the region's largest trading partner, accounting for two-thirds of exports and 40 percent of imports.
- The European Union is the region's second most important trade partner, averaging 11.7 percent of exports and 13 percent of imports. In recent years, the Caribbean has been expanding its exports to new markets such as China, Mexico, and Colombia.
- On the import side, Brazil, Venezuela, China and Colombia are becoming more important suppliers of goods to the Caribbean, such as construction and mining machinery, iron ore, refined petroleum products and clothing.