

ECLAC Seminar: Facilitating the Effective Integration of Developing Countries in the Global Economy through Aid for Trade Schemes, Managua, Nicaragua, 24th - 25th September 2013

The CARICOM Region and Aid for Trade

WTO Hong Kong Ministerial Meeting 2005

The countries of CARICOM supported the proposal for the Doha “Development” Round to have a capacity building component. This support arose from their experience of implementing the Uruguay Round Agreements, which required: the reform of their trade regimes; the development of expertise in foreign trade policy; legal reform; institution building and strengthening. The reality is that many Caribbean countries are still implementing the Uruguay Round Agreements and the 2001 Revised Treaty of Chaguaramas to establish the CARICOM Single Market and Economy (CSME).

It is acknowledged that trade-related assistance had been previously received through development partners primarily the EU and from the USA and Canada among others.

Global Review of Aid for Trade

Jamaica and CARICOM partners have participated in all four (4) Global Reviews of Aid for Trade organized by the WTO and OECD. The regional preparatory meeting in 2009 was held in Montego Bay, Jamaica.

Receipt of Aid for Trade Resources

It was expected in 2005 that new resources, separate from the normal overseas development assistance, would have been provided. There were promises of such resources until the economic crisis emerged in 2007/2008.

It was recognized during the Global Reviews that the Caribbean has been among the regions receiving the least amount of resources from

Aid for Trade in spite of resources flowing from the EU and other sources.

A problem for the Caribbean has been the level of debt within the region which has limited its ability to utilize concessionary loans. Caribbean countries, with the exception of Haiti, are classified as middle income and this is leading to the graduation of CARICOM countries from various preferential programmes and from access to grant funding. Size also matters as investors look at the economies of scale.

The funds for Aid for Trade in Latin America and the Caribbean are being channeled primarily through the Inter-American Development Bank (IDB). When Jamaica and Belize were preparing for their Trade Policy Reviews in the WTO in 2010 and 2011, the IDB proposed assisting both countries to include a section in their reports on Aid for Trade. This evolved into the National Aid for Trade Strategies.

National Aid for Trade Strategies

The National Aid for Trade Strategies of both Jamaica and Belize became needs assessments of both countries.

Jamaica's Strategy was developed from a review of existing funding for trade projects to determine the gaps and from wide consultations with stakeholders and with development partners.

Jamaica's Strategy identifies the following pillars - Network Infrastructure, Competitiveness and Export Diversification and Trade Development.

The Jamaican National Aid for Trade Strategy and that of Belize were presented by the IDB at the WTO's Third Global Review of Aid for Trade in Geneva in July 2011.

Jamaica's Strategy was completed and formally launched at an event held in Kingston in November 2011.

The Ministry of Foreign Affairs and Foreign Trade has also taken every opportunity to circulate its Strategy to development partners, both developed and developing.

This year, the IDB, assisted the Planning Institute of Jamaica, responsible for technical cooperation, in securing an Aid for Trade consultancy to assist in establishing an Aid for Trade Focal Point, and to initiate the monitoring and development activities necessary for implementation. The work involved, among other things:

- Mapping on-going and pipeline projects and programmes;
- Mapping of potential sources of funding
- Development of a project matrix
- Preparation and development of Terms of Reference and project concepts

Regional Aid for Trade Strategy

The former Director General of the WTO, Mr. Pascal Lamy, had encouraged the Caribbean to formulate a regional project for funding under Aid for Trade. The region had identified two (2) areas of greatest need: (1) maritime transport and (2) Information and Communications Technology.

The IDB was approached to assist the region in the development of a Regional Aid for Trade Strategy. The formulation of the Strategy was done through the CARICOM Secretariat. Its preparation required consultations with stakeholders in all the Member States of CARICOM. The regional Strategy also reflects the National Strategies of Jamaica and Belize. A validation workshop was held in November 2012. The Strategy was launched at an event in Haiti in March this year.

The Strategy identified three (3) strategic goals as one (i) upgrading key economic infrastructure (ii) enhancing competitiveness and facilitating trade expansion and diversification, (iii) deepening regional integration and maximizing the gains from trade agreements. Within these, goals and projects have been identified. Remedial activities in key areas are also identified and significant projects are also highlighted. The 4th Global Review of Aid for Trade was informed about this Regional Strategy.

The major challenge now will be identifying additional financing and determining, in fact, how regional projects can be funded.

Revising Jamaica's Foreign Trade Policy

Closely linked to Jamaica's National Development Plan - Vision 2030, the National Aid for Trade Strategy and the Regional Strategy, is the review of Jamaica's foreign trade policy. The aim is to have this policy address mainstreaming and policy coherence, and to serve a public education purpose in identifying in one document all that is involved and must be achieved to integrate Jamaica into the trading system both at the regional and international levels.

Funding Received from Aid for Trade

Jamaica, since 2005, has received funding from the EU, the IDB, the UK (the CARTFUND) and Compete Caribbean (DFID, CIDA and IDB). There are now funds from the EU available through the Caribbean Development Bank's funding facilities.

The Challenge of Securing Further Aid for Trade Resources

The major challenge, which was recognized at the Fourth WTO Global Review of Aid for Trade in July, is securing funding. It was recognized that there has been little additional funds for Aid for Trade in recent years. The economic recession exacerbated this situation. Resources, therefore, are limited - this is the challenge facing Jamaica and CARICOM. Jamaica and the region, because of their high debt to GDP ratio, have limited fiscal space in which to absorb further debt even at concessionary rates and the pool of grant funding is receding.

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20th September 2013