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CARIBBEAN

Trade deal good news for region

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It hasn't happened often in recent years, but some good economic news is now coming out of the Caribbean. On Jan. 23, the leaders of six Caribbean nations -- Barbados, Belize, Guyana, Jamaica, Suriname and Trinidad and Tobago -- gathered in Kingston, Jamaica, to launch a common market, a goal that has taken more than three decades to accomplish. After several years of bad news -- including hurricanes, security concerns, migration surges and political instability in Haiti -- the prospects for 2006 are brighter, particularly as the Central American Free Trade Agreement, which includes the Dominican Republic, is fully implemented.

As any economist will tell you, common markets are not perfect. Nonetheless, by agreeing formally to link their economic futures together in this manner, the six Caribbean countries party to the agreement will be better able to leverage their position to attract more and better foreign investment than they would as individual countries.

As a common market they will ensure several trade benefits, including more efficient and effective intra-regional movement of goods and services; a uniform tariff on products imported from other countries that will simplify the ability to do business in the Caribbean; free movement of capital so that money can be moved from one island to another without transaction charges; and a common trade policy leading to a stronger voice in trade negotiations for a Free Trade Area of the Americas (FTAA).

In addition, unlike other hemispheric agreements, under the agreement signed today labor will be free to move throughout the member countries allowing for workers to travel wherever they are needed without lengthy bureaucratic procedures and permits, thus increasing efficiency and regional competitiveness.

Economically, the six signatories are also agreeing to coordinate and converge macroeconomic policies; harmonize foreign-investment policy; and adopt measures to acquire, develop and transfer technology, a critical resource for a region without many other development options beyond tourism and, for some, like Trinidad and Tobago, energy. Finance ministries will also coordinate exchange-rate and interest-rate policies as well as the commercial-banking market.

Pragmatic steps

Such regional economic integration has been on the drawing board for some time. Indeed, those countries within CARICOM that have not signed on to the agreement will continue to be associated with the group as they work to join fully at a later date, thus, leaving the door open to a true pan-regional economic association.

Beyond the Caribbean Basin, 2006 will be a year of economic and political transition for the entire Western Hemisphere. There are elections in Haiti and in numerous other countries, including Brazil, Colombia, Mexico, and Peru -- to say nothing of elections that have already occurred in Bolivia, Chile and elsewhere -- as well as the ongoing negotiations for a freer-trade agreement between the United States and the Andean region. So the shape of the hemisphere is in flux. Not waiting around, particularly as FTAA negotiations are on hold, Caribbean nations are proactively taking pragmatic steps to compete as best they can in the global economy. By pushing aside historic rivalries and apprehensions to work more closely together, leaders from these six countries have shown that they understand that they, too, must work to integrate their economies in order to compete.

Hopefully this move toward economic integration, by some of the most vulnerable of our hemisphere's economies, will better prepare the Caribbean Basin for integration through the FTAA. After all, CARICOM started the current integration process on July 4, 1973, and it has only been through perseverance that six of its members have now formalized greater economic collaboration. With luck and additional perseverance, someday the same thing might be said about the FTAA.

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