

Towards an integrated Caribbean

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CARLOS MORALES is the Foreign Minister of the Dominican Republic, an office he has held three times previously. A chemical engineer, trained at the Louisiana State University, he was President of the Central Romana Corporation, Managing Director of the State Sugar Council and Ambassador to the United States, before serving twice as Vice-President. He was the Dominican Republic's negotiator of both the CARIFORUM-EU agreement, and the Dominican Republic's accession to SICA.

Looking at ourselves in the mirror of the European Union, our 22 Central American and Caribbean countries have plenty of work ahead. The potential is clear. With a total real GDP of US\$238 billion in 2012, our countries could represent the fourth largest economy of Latin America.

Strategically located right at the centre of transport routes between Europe, North America, developing-country markets in Latin America and the Asia-Pacific region, many of our countries are trying to position themselves for the post-Panamax world of wider vessels needing shorter transport routes and customised port services.

With a total population of over 70 million, our standards of living are as high as that of the typical Asian consumer. No wonder many of our countries appreciate so much British financial services, spirits or automobiles.

Today, halfway through its pro tempore Presidency of SICA, the Dominican Republic is ideally placed to assess the pending challenges ahead for these regions of the Caribbean Basin. Our perspective is enhanced having just chaired in 2013 the Caribbean Forum (CARIFORUM), comprising the 14 countries of the Caribbean Community plus the Dominican Republic.

Two key building blocks are now in place to overhaul our relationship with the European Union in general and the UK in particular. Since January 2008, CARIFORUM countries, including SICA Members Belize and the Dominican Republic, enjoy the benefits of our Economic Partnership Agreement (EPA) with the EU and its Member States. And since January 2013 the Association Agreement between the EU and Central-American countries such as Costa Rica, El Salvador, Guatemala, Honduras and Panama is up and running.

Both of these agreements include clear rules liberalising investment as well as trade in goods and services. With a commitment to protecting and promoting the environment and social sectors. With WTO-compatible rules on customs procedures. And with the will of all Parties to strengthen the governance required for full transparency in official transactions, including regulations, tenders, investment contracts or trade-related procedures.

Investors interested in the region will no doubt celebrate the importance of these agreements in strengthening the relationship between the EU and

CARIFORUM and the EU and Central America.

CARIFORUM countries enjoy duty-free, quota-free access for all of their exports to the EU. Central American countries enjoy the same generous access for all of their industrial exports and, after a transition period, for all of their agricultural exports too. Moreover, services and investment from our region have been liberalised.

The EU and its Member States, for their part, enjoy privileged access to our markets, with countries such as mine having liberalised over 90 per cent of imports already.

I wouldn't be surprised, however, if investors wondered what the relevance of these agreements is for deepening regional integration further within and between CARIFORUM and Central America. After all, why would a UK investor bother considering the potential of an integrated Caribbean Basin if our 22 countries are unable grant each other the four freedoms they enjoy in the EU?

The answer is already foreseen in our agreements. The CARIFORUM-EU EPA includes the so-called "regional preference" clause, by virtue of which what each of us gave the EU has to be given to each individual CARIFORUM Member State. Many of our neighbours benefit already from the high degree of openness of the Dominican Republic and thus enjoy a growing trade surplus.

The Central America-EU Association Agreement, for its part, grants EU Member States a single, simple trade regime, with unified tariffs and trading documents, with quick tariff phase-out periods and with customs procedures in the process of becoming harmonised.

The strategic orientation of both of our agreements is clear: to consolidate regionalism as a major policy goal for all of our countries.

For the Dominican Republic, the time has come now to seek convergence between these two agreements, so that the same approach to regionalism prevails for all members of the Caribbean Basin. So that any investor, no matter his or her nationality, can enjoy the same freedoms available in London, Madrid, Paris or Rome. So that we can all enjoy the potential we now have of becoming the fourth largest economy of Latin America, with strong transport links within and without the region. And with higher and more equitable standards of living for all.