

Making the Grade: An Examination of the Region's Export Performance



Promoting Trade and Investment Globally



Caribbean Exporter's Colloquium

Hilton Hotel, Barbados November 2014

Report Card -Setting the CONTEXT

- Caribbean Export has as one of its key mandates, the enhancement of exports for CARIFORUM countries both intra-regionally and extra-regionally.
- Numerous mechanisms have been developed to achieve this objective
- However how do we know whether those mechanisms provide the correct interventions to enhance growth in regional exports.
- What are the indices of measurement?

Report Card -Setting the CONTEXT

- Do the indicators show that the interventions meet the targets?
- Interventions must be informed by an analysis of the key exports and the eco-system within which Caribbean exporters operate.
- Caribbean Export must therefore tailor its work programme to meet the exporters where they are while being agile enough to also explore and facilitate new windows of opportunity for regional exports

Economic Overview of Region

- Economic growth for region projected at 2.5% for 2014, declining slightly after consecutive years of growth of 3% on average
- Regional GDP US\$132 billion - the DR has the largest GDP followed by T&T, Jamaica and Barbados in that order
- Several countries face fiscal deficits and growing debt and some have had to implement adjustment measures
- Three CARIFORUM countries scored in top 100 of global competitiveness report
- Seven CARIFORUM countries scored in top 100 on ease of doing business index (Jamaica - 58 was highest and most improved in Latin America and the Caribbean moving up 27 places)

Trade Overview of Region

- Total exports in 2013 - US\$51 billion
- Services account for 62% of total exports
- Goods exports grew by 17% and services by 12% in 2013
- Between 2009 and 2013 the region grew exports to the EU by 2%; to L.A. by 41%; to N.A. by 11%; and intra-regionally by 9%
- Average export growth rate for CARIFORUM higher than that of other regions
- Regional exports (non-energy) concentrated in agro-products and creative industry goods as well as tourism
- Approximately 25% of region's trade takes place under bilateral trade agreements

Key CARIFORUM Exports

Traditional Exports

Energy Sector – Crude Oil and Liquefied Natural Gas (13 Billion US, average growth 19% 2009 – 2013)

Agricultural Sector – Sugar, Bananas, Citrus, Coffee, Cocoa, Fish, Peppers and other agriculture exports (1.4 Billion US, growth 11%)

Mining and Quarrying – Bauxite, Alumina, Gold and precious metals (2.7 Billion, growth 32%)

Services – Tourism and Travel (28 Billion, growth 2.3%)

Non-Traditional Exports

Petrochemical Sector – Methanol, Aluminum, Fertilizers (20 Billion, growth 23%)

Agro-Processing – Sauces and Condiments, Beverages, Sweets and Confectionery (2.2 Billion, growth 6%)

Light Manufacturing – Papers and Plastics, Furniture, Clothing and Apparel, Pharmaceutical Products, Electronics

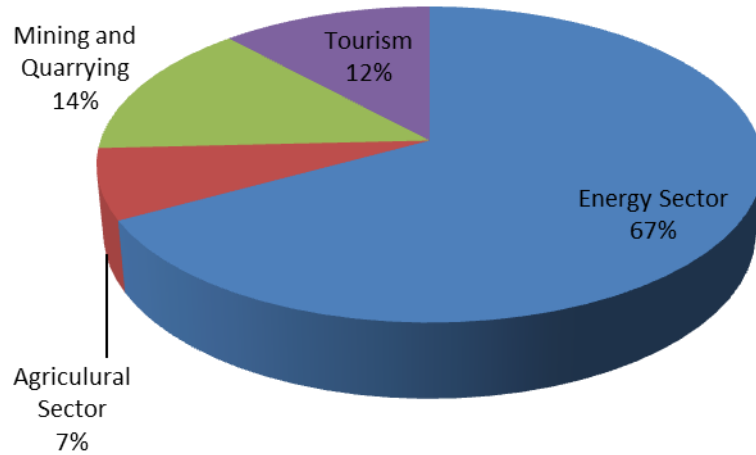
Industrial Exports – Iron and Steel (3.4 Billion, growth 21%)

Cultural Industries – Music, Animation Fashion, Craft (482 Million, growth 5%)

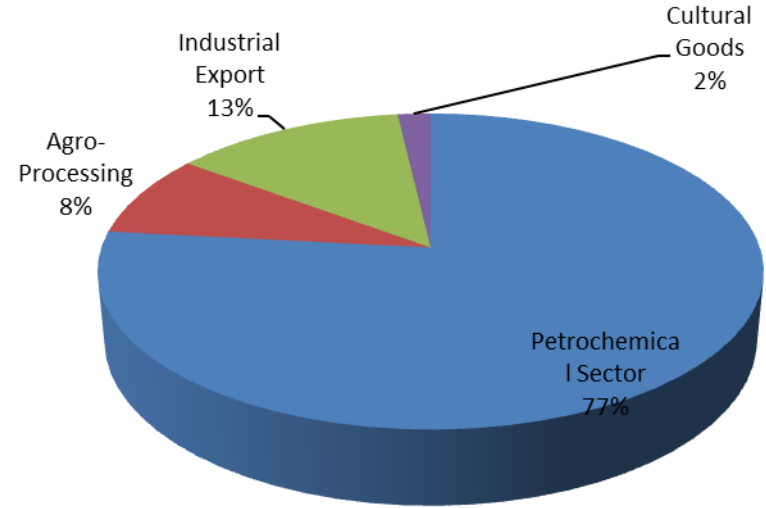
Services – Transportation, Communication, Professional, Education 20 Billion, 12%)

Key CARIFORUM Exports

Traditional Exports



Non Traditional Export



Performance of Agro-processing Sector

- CARIFORUM exports of Agro-processed goods totaled US\$2.2 billion in 2013 representing 7% of global exports for the region
- Regional exports of agro processed products grew an average of 6% between 2009 and 2013.
- Main exports included food preparations, sugar and confectionery; fruits & nuts; and beverages & spirits
- Key markets were North America, Europe, and intra-regional
- There is opportunity for the region to expand the portfolio of agro-products exports to other markets

CARIFORUM Agro-product Exports

Export Market	Products Supplied by CARIFORUM for top 10 demanded product
Africa	CARIFORUM supplies 7 of the 10 demanded products in Africa which includes Tobacco products, Alcoholic Beverages, Cigars, Preserved Fruits, Food Preparations, Prepared Fish, Animal Feeds
Europe	(3 of 10) Cigars, Alcoholic Beverages, and Fruit Juices
North America	(4 of 10) Beer, Alcoholic Beverages, Food preparations and Chocolate preparations
Latin America	(3 of 10) Animal Feed, Food preparations, Sugars and Honey
CARIFORUM (Intra)	(4 of 10) Alcoholic Beverages, Animal Feed, Bread/Biscuit and pastries, Sauces and mixed condiments
Asia	(4 of 10) Cigars, Food preparations, Animal Feed, and Alcoholic Beverages

CARIFORUM Goods Exports Contribution to GDP

	2012	
	Total Exports US\$(000)	Exports Contribution to GDP (%)
THE BAHAMAS	828,692	10.17
BARBADOS	566,439	13.41
DOMINICAN REPUBLIC	6,902,481	11.71
GUYANA	1,045,337	37.07
JAMAICA	1,711,790	11.6
SURINAME	1,132,180	22.59
TRINIDAD AND TOBAGO	19,879,227	82.83
BELIZE	340,449	21.65
ANTIGUA AND BARBUDA	29,006	2.43
DOMINICA	37,013	7.46
GRENADA	38,680	4.83
MONTSERRAT	1,791	2.75
ST. KITTS AND NEVIS	88,774	11.61
SAINT LUCIA	91,678	6.95
ST. VINCENT AND THE GRENADINES	43,042	6.2
HAITI	957,416	12.13
TOTAL	33,693,995	

Goods Exports

- Regional GDP Totaled 132 billion
- The regional average for exports contribution to GDP was 17%
- Only 4 countries from the region was above this average
- Trinidad and Tobago had the highest export/GDP ratio with 82% for goods, the second highest was Guyana with 37%. Antigua and Barbuda had the lowest with 2%.

(Source: World Bank and ITC)

Performance of Creative Industries

- CARIFORUM exports of Creative Industries goods totaled US\$482 million in 2013 ; for creative services it was US\$386.21 in 2011
- In 2013 regional exports of creative goods grew an average of 5% between 2009 and 2013 (marginally higher than the global average 4%)
- Main services export was in the music industry(mainly performance rights) but some exports of performing arts and of arts & crafts (through tourism)
- Key export markets were the EU, USA, Canada, Latin America, and CSM(E)
- In Europe and Latin America recorded music exports grew by 0.8% period while globally performance rights revenues grew by 19% to US\$1.1 billion

Performance of Tourism Sector

- CARIFORUM exports of tourism services totaled US\$28 billion in 2013
- Regional exports of tourism grew by 2.3% in 2013 with 25 million stay-over visitors, this was lower than the global average of 5% in 2013
- Key export markets were North America and Europe however arrivals from South America grew by 13% in 2013 to 1.5 million visitors (largest growth sector)
- Other regions had good growth during the same period (i.e. Africa 5%, Europe 5%, Asia 6%, and the Americas (N.A./S.A./C.A.) 3%)
- There is opportunity for the region to grow tourism exports in niche sub-sectors

CARIFORUM Services Exports Contribution to GDP

Services Exports

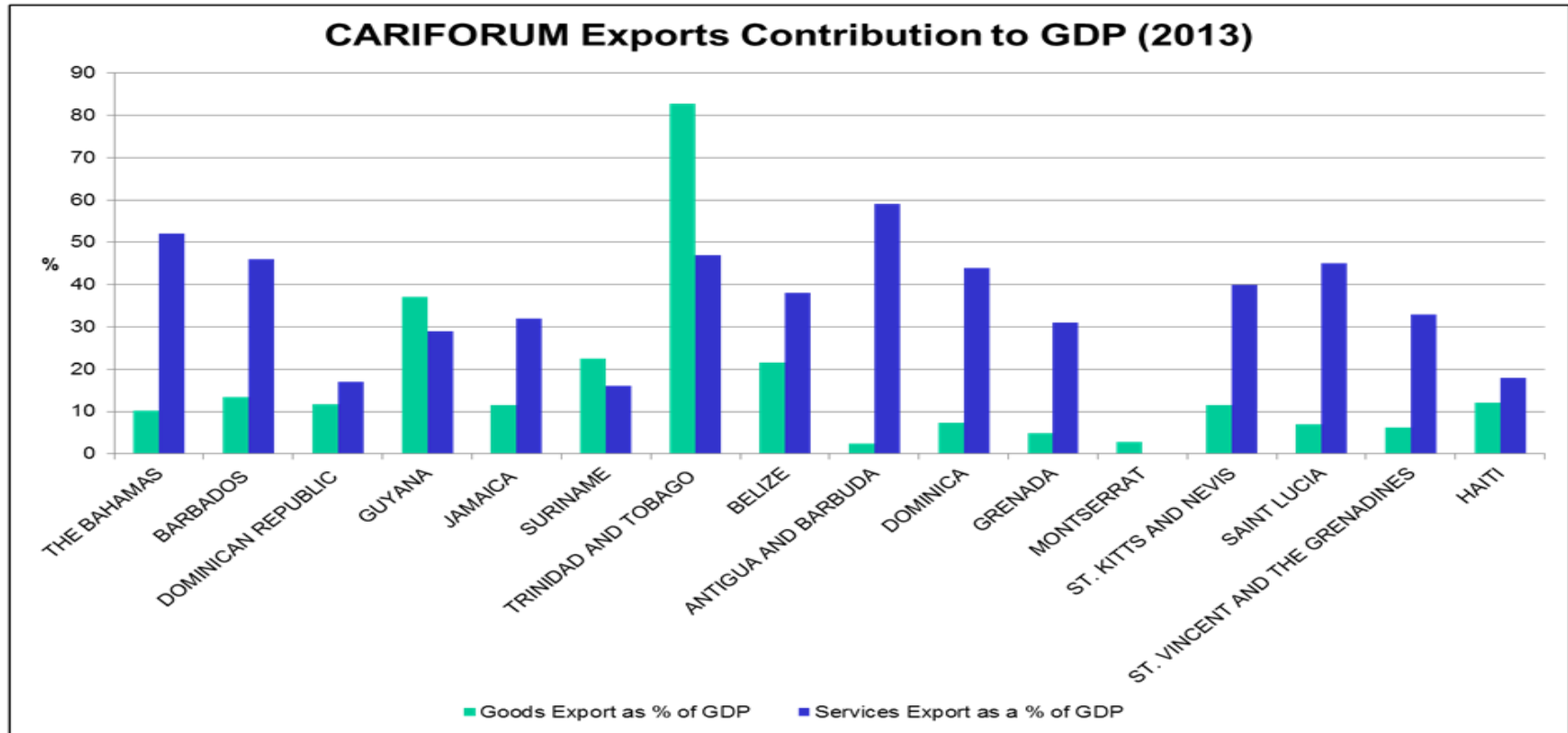
CARIFORUM	2012	
	Services Value (1) Added % GDP	Trade in services % GDP (2)
Antigua and Barbuda	79	59
Bahamas, The	80	52
Belize	64	38
Barbados	83	-
Dominica	70	44
Dominican Republic	62	17
Grenada	83	31
Guyana	45	29
Jamaica	72	32
St. Kitts and Nevis	75	40
St. Lucia	82	45
Suriname	52	16
Trinidad and Tobago	42	47
St. Vincent and the Grenadines	72	33
Haiti	-	18
Regional Ave	69	36
Global Ave	59	24

The regional average for **services value added** as a % GDP was 69%. 8 of the 15 states were above this average with the Bahamas and Barbados with the highest.

The regional average with **trade in services as % of GDP** was 36%. Antigua and Barbuda and the Bahamas had the highest with 59% and 52%

(Source: World Bank)

CARIFORUM Exports Performance (% of GDP) by Country

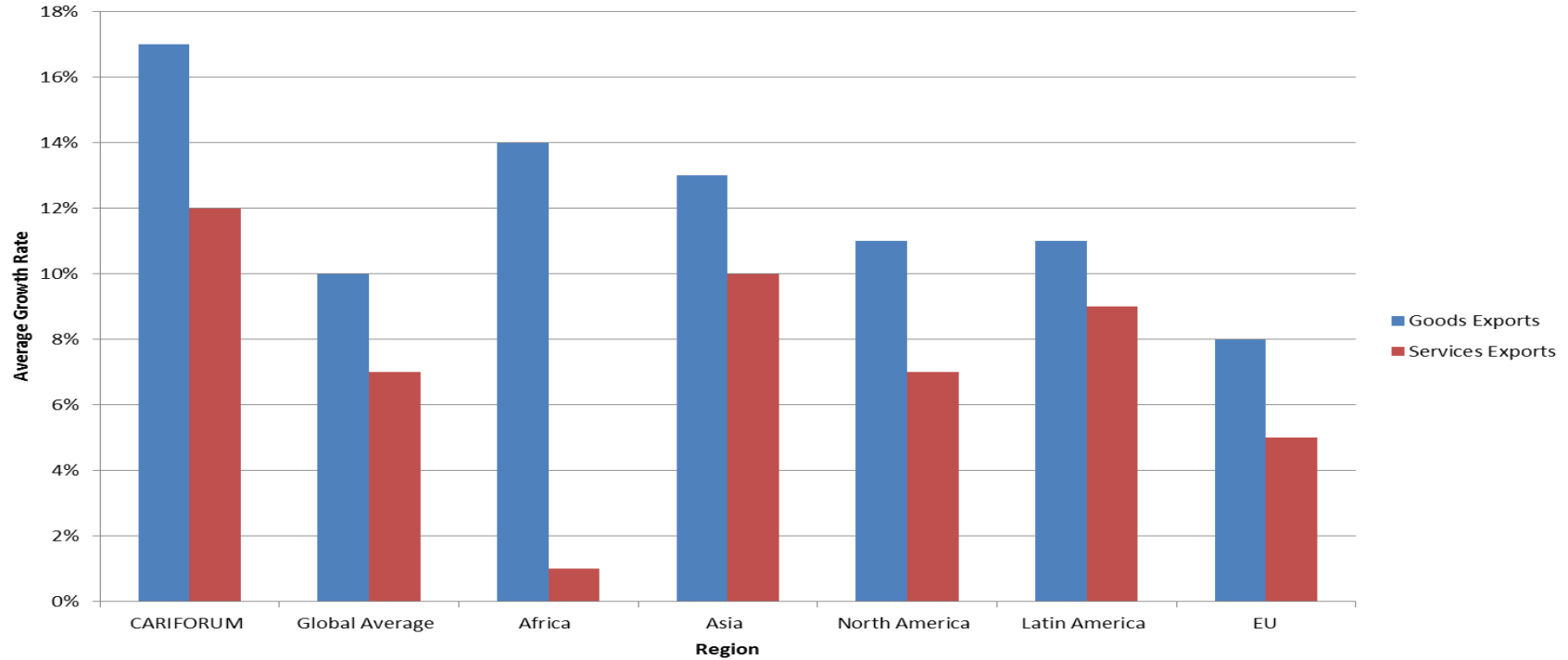


CARIFORUM Exports to Key Markets (Goods)

MARKETS/REGION	CARIFORUM'S EXPORT PERFORMANCE (2009 – 2013)	COMPETITOR'S PERFORMANCE	TOP 3 CARIFORUM NON-Energy EXPORTS TO REGION in 2013 (share of total exports to region)
AFRICA	Regional Exports declined by 24%	Other regions maintained positive export growth: ASIA +12% EU(28) +10% Latin America +10% North America +12%	<ol style="list-style-type: none"> 1. Tobacco (3.7%) 2. Cereals (0.01%) 3. Beverages (0.01%)
EUROPE	Exports grew by 20%	Africa +15% Asia +9% Latin America +10% North America +5%	<ol style="list-style-type: none"> 1. Ships and Boats (9.89%) 2. Sugar (6.68%) 3. Pearls and Precious Stones (5.57%)
NORTH AMERICA	Exports grew by 10%	Latin America +13% Asia +12% Europe +9% Africa +2%	<ol style="list-style-type: none"> 1. Iron and Steel (6.50%) 2. Clothing (6.11%) 3. Pearls and precious metals (3.46%)
LATIN AMERICA	Exports grew by 41%	Asia +20% Africa +18% EU +15% North America +15%	<ol style="list-style-type: none"> 1. Iron and Steel (2.77%) 2. Cereals (2.33%) 3. Beverages (1.01%)
ASIA	Exports grew by 52%	Africa +19% Latin America +18% EU +12% North America +12%	<ol style="list-style-type: none"> 1. Ships and Boats (9.23%) 2. Iron and Steel (6.46%) 3. Wood and related products (3.26%)

Average Exports Growth Rate by Region

Average Export Growth Rate (2009 - 2013)



Potential Growth Sectors for Region

- Creative & Cultural Industries - *global industry estimated by PWC to be US\$1.8 trillion in 2010; generated €654 billion and contributed to 2.6% of the European Union's GDP in 2003*
- Agro processed products: Hot Pepper Sauces– *exceeds US\$1 billion annual market in USA alone and has grown globally at rate of 9.3% annually over the past decade*
- Wood Furniture – *largest low-tech sector globally and estimated to have reached US\$117 billion in 2012. EU annual consumption estimated at €40 billion+*
- Financial Services – *US\$148 million*
- Renewable energy - *(projected US\$6.4 trillion global market of which estimated US\$1.6 trillion available to SMEs)*

Current Performance in Potential Export Sectors

	Creative Goods (US\$)	Agro-Processed Goods (US\$)	Financial Services (US\$)
Value of CARIFORUM Exports (2013)	482 Million	2.2 Billion	148 Million
Avg Growth of CARIFORUM Exports 2009 - 2013	5%	6%	11%
Growth Global Demand 2009 - 2013	7%	8%	7%

Top Products

Creative Goods:

- Articles of Jewelry 199 Million
- Paintings 59 Million
- Leather Footwear 55 Million

Agro-Processed Goods:

- Cigars, cigarettes 534 Million
- Alcoholic Beverages 379 Million
- Cocoa Beans 173 Million

Potential New Export Markets

Region	Top Demanded Products by Region	Potential Exports Products from CARIFORUM Region (based on demand)
<p>Africa (Algeria South Africa Egypt Nigeria Angola)</p>	<p>Agro-processing: Sugar, Soya Bean Oil, Non-alcoholic beverages Creative Goods: Jewellery, Tiles, Perfumes</p>	<p>Agro-processing - Cacao and related products, Spirits and Liqueurs, Tobacco products, Sugar</p>
<p>EU (Germany United Kingdom France Italy)</p>	<p>Agro-processing: Bread Biscuits and wafers, Chocolates, Juices Creative Goods: Jewellery, Handbags, Metal and Wooden Furniture*</p>	<p>Agro-processing – Cacao and related products, Fruit and Vegetable Juices (unfermented), Sugar Creative Goods: Wooden Furniture</p>

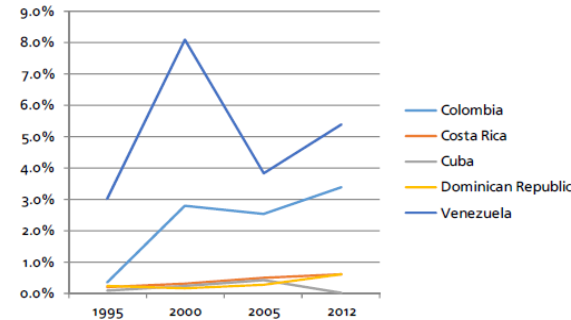
Region	Top Demanded Products by Region	Potential Exports Products from CARIFORUM Region (based on demand)
Latin America (Chile, Brazil, Venezuela, Colombia, Panama)	Agro-processing: Alcoholic Beverages, Bread Biscuits and Wafers, Fruits Creative Goods: Perfumes, Wooden and metal furniture	Agro-Processing: Alcoholic Beverages, Sugar, Processed Fish Creative Goods: Wooden Furniture
North America (USA, Canada)	Agro-processing: Hot Sauces, Wines, Bread Biscuits and Wafers, Fruits Creative Goods: Perfumes, Wooden and metal furniture	Agro-Processing: Hot Sauces, Bread Biscuits and Wafers and Non-Alcoholic Beverages Creative Goods: Wooden Furniture
Asia (China, South Korea, Vietnam, Hong Kong, Singapore)	Agro-processing: Sugar, Bread biscuits and wafers, Wines Creative Goods: Leather, Handbags, Tiles, Perfumes.	Agro-Processing: Sugar Creative Goods: Leather Footwear

Effectiveness of Trade Agreements

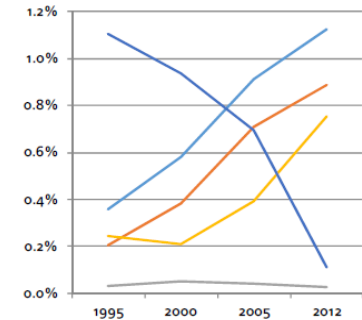
CARICOM CARIFORUM Trade Agreements	Exports to Trade Partners (2013) US\$000	Trade Agreement Exports as % of Total CARICOM Exports
Dominican Republic	1,370,025	5.205
Venezuela	215,287	0.818
Colombia	490,348	1.863
Costa Rica	147,521	0.560
Cuba	207	0.001
CARIFORUM - European Union (EPA)	4,474,311*	16.997*

*CARIFORUM Trade

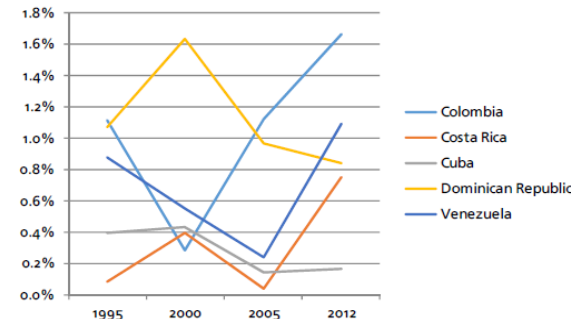
(a) Imports from BTA partners
Total trade



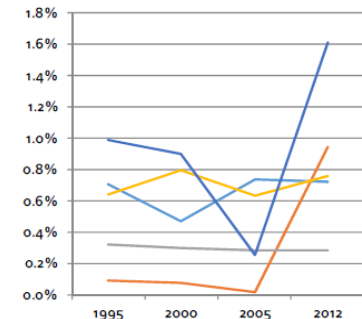
Non-oil trade



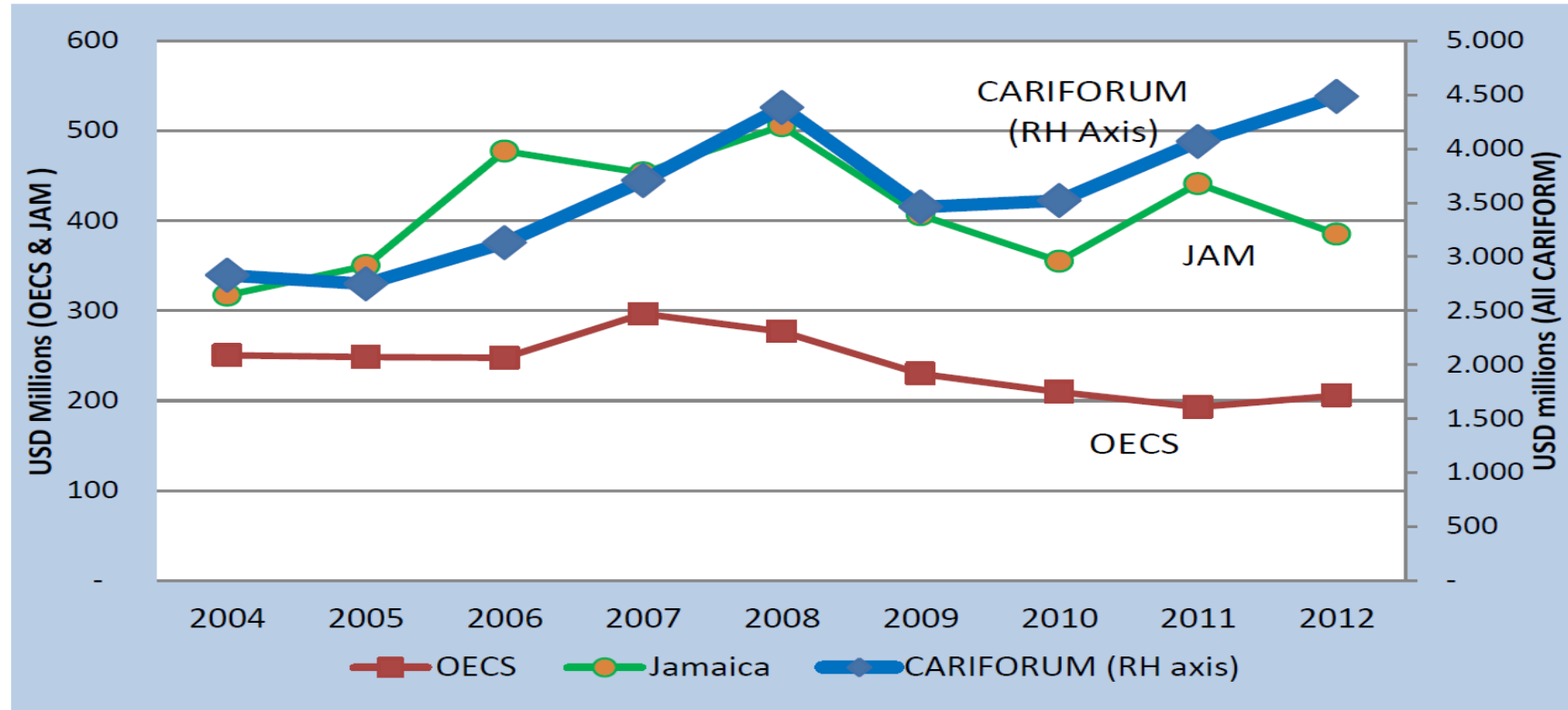
(a) Exports to BTA partners
Total trade



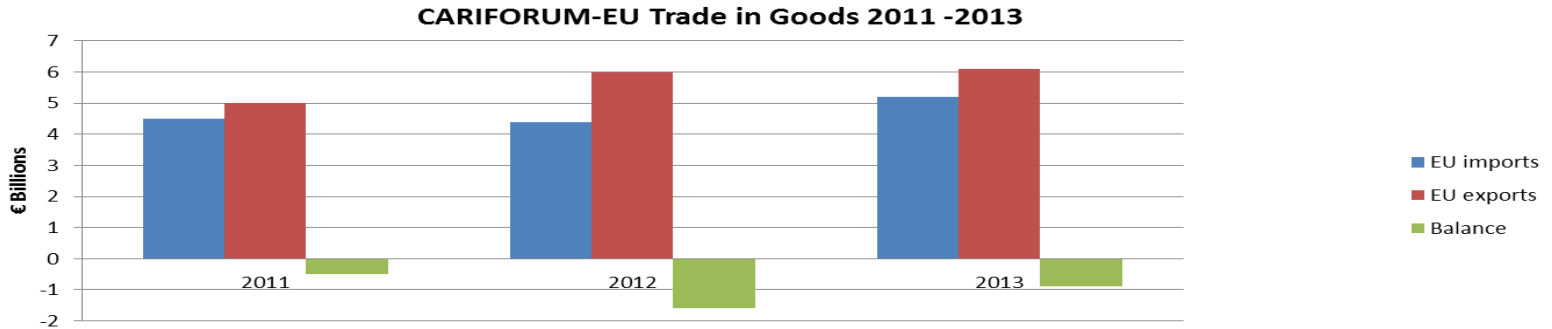
Non-oil trade



CARIFORUM Export to EU (2004-2012) US\$M



Performance Under Trade Agreements - EPA



Constraints facing export growth in CARIFORUM

- *Access to finance*
- *Branding and Intellectual Property Rights*
- *Regulatory Framework*
- *Lack of Innovation (R&D)*
- *Standards*
- *Logistics and Shipping*
- *Market Intelligence*

Report Card

MACRO-ECONOMIC ECO-SYSTEM	Grade	Explanations
Economic Performance	B-	<p>Sustained overall economic growth of 3% per year on average since 2012</p> <p>Both goods (17%) and services (12%) exports grew in 2013</p> <p>Exports grew in excess of 10% on average to all major economic regions except Africa</p> <p>Fiscal Deficits and external debt still very high for many CARIFORUM countries but measures at addressing those being implemented</p> <p>Seven CARIFORUM countries in top 100 on Ease of Doing Business Index 2014</p>
Export Competitiveness	C	<p>Exports still concentrated in few products and markets (outside of energy exports)</p> <p>Weak linkages to global value chains and local/regional value chains not developed</p> <p>Limited ability to supply top products/sectors demanded by external markets</p> <p>Many agro-processed products don't yet meet global food safety requirements</p> <p>Only 3 CARIFORUM countries in top 100 on GCI 2013-2014</p>
Export Diversification	D	<p>Export portfolio and export markets still relatively undiversified</p> <p>Regional export portfolio has shrunk slightly in last five years</p> <p>Services exports dominated by tourism</p>

Grading

Cross Sectoral Issues	Grade	Explanations
Role of the Private Sector in Economic Development	C	Private sector not effectively engaged but there are a few 'platforms' for dialoguing
Branding & Intellectual Property Rights	C-	Low Brand value perception in export markets Weak national enforcement mechanisms for copyrights
Access to Finance	C-	Some platforms and programs available but more innovative financing needed and non-traditional forms of financing
Innovation	D	Some regional interventions and programs in place but concrete mechanisms lacking and supporting IP regimes absent

Measure	Grade	Explanations
Conformance to International Standards	B-	Firms need technical and financial assistance in meeting market requirements
Global Logistics and Shipping	C+ (F)	Region well positioned to take advantage of changes in global container shipping but intra-regional services remain limited



Taking Caribbean Excellence to the World

WHERE TO FIND US

We encourage small business owners, heads of Business Service Organizations and also investors with an interest in the Caribbean to contact us. You may reach us at:

HEAD OFFICE

1st Floor Baobab Tower, Warrens
St. Michael, BB22026

BARBADOS

Tel: (246) 436-0578 • Fax: (246) 436-9999
Email: info@carib-export.com

SUB REGIONAL OFFICE

Calle Carlos Lora No.9
Ensanche Los Restauradores, Santo Domingo
DOMINICAN REPUBLIC
Tel: (809) 531-2411 • Fax: (809) 473-7532
Email: c.export@codetel.net.do