THE UNIVERSITY OF THE WEST INDIES

SHRIDATH RAMPHAL CENTRE

INTERNATIONAL TRADE LAW, POLICY AND SERVICES

THE SHRIDATH RAMPHAL CENTRE WHITE PAPER

SETTING THE AGENDA FOR ENHANCED CARICOM-U.S. TRADE AND INVESTMENT RELATIONS

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SEPTEMBER 2023

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BACKGROUND TO THIS SRC WHITE PAPER

This White Paper*: Setting the Agenda for Enhanced CARICOM-U.S. Trade and Investment Relations* was commissioned by the Shridath Ramphal Centre for International Trade Law, Policy and Services (SRC) of the University of the West Indies (UWI), Cave Hill Campus pursuant to a joint initiative with the United States Embassy (Bridgetown). The aim of that initiative was to promote institutional collaboration with the aim of revitalizing the trade and investment agenda between countries of the Caribbean Community (CARICOM)[1] and the United States (U.S.), focusing on three main pillars: (i) outreach, advocacy, and awareness-raising events and activities (ii) focused research on new and emerging issues and opportunities arising under the relationship; and (iii) creating and sustaining academic and student-based partnerships between U.S. and Caribbean institutions. Through the initiative, it was anticipated that stakeholders across government, academic, student, private sector, and general communities would gain a deeper understanding, share ideas, and ultimately increase the possibilities for a mutually beneficial trade and investment relationship between the U.S. and the Caribbean.[2]

This SRC White Paper (the White Paper) represents the culmination of academic work and research commissioned by the SRC over the last two years, aimed at critically examining the CARICOM agenda for enhancing trade and investment relations with the United States.

Published in advance of the upcoming CARICOM-U.S. Trade and Investment Council (TIC) meeting – expected to take place among CARIOM and U.S. negotiators in October 2023 – this SRC White Paper aims to take the agenda forward by proposing practical priority actions for consideration by the negotiators. It is also intended to form the basis for an open and participatory discussion among Caribbean stakeholders to help generate a regional approach towards managing and improving the trading and investment relationship between the U.S. and CARICOM countries.

The White Paper was prepared by Ms. Andrea Ewart under the direction of SRC Director, Dr. Jan Yves Remy and with the support of SRC Junior Research Fellow, Alicia Nicholls and SRC Research Assistant, Adiella Lewis. Some fellows of the Caribbean Policy Consortium (CPC)[3] provided invaluable feedback on earlier drafts, for which we are thankful.

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[1] The 15 Members of CARICOM are Antigua and Barbuda, Bahamas, Barbados, Belize, Commonwealth of Dominica, Grenada, Cooperative Republic of Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Republic of Suriname and Republic of Trinidad and Tobago.

[2] Pursuant to this SRC-U.S. Embassy Initiative, the Shridath Ramphal Centre for International Trade Law, Policy and Services has, over the last two years, commissioned a series of papers and hosted webinars with trade and business experts on CARICOM-U.S. trade, all of which are available on its website available at https://shridathramphalcentre.com/caricom-us-trade/ <visited June 20, 2023>. Among the papers and publications listed there, s*ee* Chibole Wakoli and Jan Yves Remy, *An Overview of the Trading Arrangements Between the United States and Africa and the United States and the Caribbean Community*"; Andrea Ewart, Esq., "*US-CARICOM Trade and Investment Relations: Increasing the Participation of the Private Sector in Caribbean-US Engagements*; Dr. Jan Yves Remy, "*The 9th Summit of the Americas as a Reset for CARICOM-US Economic Relations*"; and the Webinar Series on "*US-CARICOM Trade & Investment Relations*". We note that other U.S. and Caribbean-based institutions entities, such as the Caribbean Policy Consortium, the Kimberly Green Latin American and Caribbean Center, the Adrienne Arsht Latin America Center, and the Center for Strategic and International Studies have also increased interest on increasing CARICOM – U.S. economic engagement over the past three years and regularly host discussions on key components of US-Caribbean relations, including bilateral trade and investment relations.

[3] See https://cpccaribbean.org/ .

ABOUT THE SHRIDATH RAMPHAL CENTRE

The Shridath Ramphal Centre for International Trade Law, Policy and Services (SRC) at the University of the West Indies, Cave Hill Campus, is the premier Caribbean trade policy training, research, and outreach institution, working to build the region's trade capacity while creating innovative Caribbean trade solutions. The Centre's mandate is to assist countries within the Caribbean region with the transformation of their economies, through the capacity building of trade professionals to facilitate their access to, and more effective participation in, international trade. Consequently, the Shridath Ramphal Centre has designed and launched several initiatives including its flagship Masters in International Trade Policy (MITP) Programme, administered by a faculty of regional and international scholars, professionals, and practitioners, and intended to provide future trade professionals with a solid foundation in trade theory, practice, and governance with a special focus on the trade and developmental challenges being faced by small and vulnerable developing economies. In addition to the MITP Programme, the Shridath Ramphal Centre offers a number of short courses such as Trade and the Blue Economy, International Trade Policy for the Business Professional, and Trade and the Sustainable Development Goals. The Shridath Ramphal Centre also develops and promotes policy research on the unique trade and development challenges faced by countries within the Caribbean region. Some of the Centre's key trade policy research areas are E-commerce and Digital Trade, Regional Integration, Investment Law and Policy, Global Financial Regulation, Trade and Sustainable Development, and Gender and Trade.

Additional information about the Centre, its publications, and events may be found on the SRC's website: https://shridathramphalcentre.com and on social media on LinkedIn, Facebook, Instagram, and Twitter.

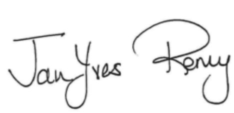
FOREWORD

The Caribbean Community is at a strategic juncture in its relations with all its trading partners, and in particular, with one of its oldest and most important– the United States. A recent decision of the CARICOM Conference of Heads of Government at its 45th Regular Meeting endorsed a decision for CARICOM to *make greater strategic use of its Trade and Investment Framework Agreement (TIFA) with the United States to advance cooperation in areas of mutual interest which could enhance CARICOM's trade performance, and in so doing mainstream into TIFA ongoing dialogue on trade initiatives to ensure coherent engagement.* This mandate provides a strong impetus and basis to reappraise our relationship with the United States.

Up to now, the dominant framework for regulating our declining exports to the U.S. market has been under the non-reciprocal Caribbean Basin Initiative (CBI), which is simply no longer responsive to the trade profile or needs of the region. And while our relationship with U.S. has always been textured, few could question that the U.S.' proximity, resource endowment, technological advances, and cultural dominance mean that it is a trading partner we must engage with, head on.

The challenge and opportunity for "resetting" our relationship compels the SRC to contribute to the debate. We see our role as pivotal to bringing policy-based research to a broad selection of stakeholders who we think should be empowered to contribute to discussions impacting the trade and investment landscape of CARICOM. For this reason, we are grateful for the support provided by the United States Embassy in Bridgetown over the past two years that has allowed us to commission papers, and host webinars with trade and business experts on various aspects of the relationship, which we hope are an invaluable resource to academia, the private sector and policymakers alike.

This SRC White Paper was prepared by Ms. Andrea Ewart and brings her considerable wealth of knowledge and practical experience in the U.S. and Caribbean trade to the fore. Working with her, we provide for your consideration a set of proposals, some of which might be taken forward at the upcoming meeting of the Trade and Investment Council (TIC) established under the U.S.-CARICOM TIFA. We hope that they can also provide a basis for a more mutually beneficial CARICOM-U.S. relationship, building on the political, cultural and economic ties which have historically linked these two trading partners.



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ABSTRACT

This SRC White Paper explores the existing CARICOM-U.S. framework for trade and investment, critiques its shortcomings, and outlines an agenda to enhance the CARICOM-U.S. trade and investment relationships in the short-, medium- and longer-term. The White Paper also discusses overarching trends in bilateral trade and investment relations. Climate resilience and renewable energy, food production and agro-processing, the "blue economy", "nearshoring" and "friend-shoring", facilitation of digital trade, and transportation and logistics are six sectors identified as having the potential to reinvigorate Caribbean and U.S. private sector engagement. The White Paper further argues that the goal for CARICOM should be to craft a trade and investment partnership framework in which key areas for mutually beneficial cooperation are identified. Drawing on similar U.S. initiatives in other parts of the world, the White Paper provides instructive examples that could be considered in the Caribbean context. It concludes with the recommendation that the Trade and Investment Council (TIC) established under the U.S.-CARICOM Trade and Investment Framework Agreement (TIFA) be used to initiate discussions with the U.S. to reorient the relationship and offers a proposed agenda for the next TIC meeting to accomplish that goal.

INTRODUCTION

As the Caribbean Community (CARICOM)[4] celebrates fifty years since the signing on July 4, 1973, of the Treaty of Chaguaramas and looks towards the future, a re-examination of its trading and investment relationship with the United States (U.S.) – its key trading partner – is critical to its repositioning in the global economy. The region has declared for itself goals that include: reduced reliance on extra-regional food imports and enhanced production and trade of regional agricultural products; provision of reliable transportation; building a robust renewable energy sector as a leading strategy in adapting to and mitigating the impact of climate change; and facilitating investments in the region's technological infrastructure to help drive digital transformation.[5] While much of the focus to date has been placed on offering prescriptions for the U.S. to reform its policies towards the Caribbean, this SRC White Paper (White Paper) posits that accomplishing its goals requires that CARICOM and its Members also reframe their relationship with the U.S. and pursue more offensive trade policies to better exploit the CARICOM-U.S. interdependence to the region's advantage.

This White Paper sets out immediate, short-term, and long-term approaches to improving relations with the U.S. to better serve the interests of the Caribbean region. Specifically, it proposes: (i) prioritizing policies and steps to improve market access for the region's exports; (ii) building a strategy around key investment opportunities of priority interest to the region and attracting more U.S. Foreign Direct Investment (FDI) to support their development and attainment of the region's goals; and (iii) exploring reforms to address the shortcomings in the existing CARICOM-U.S. framework.

The White Paper is organized as follows: Section 1 provides an overview of the CARICOM-U.S. trading and investment relationship, examining the existing framework, its shortcomings, and overarching trends in trade and investment flows. To illustrate what can be achieved through more

[4]The 15 Members of CARICOM are Antigua and Barbuda, Bahamas, Barbados, Belize, Commonwealth of Dominica, Grenada, Cooperative Republic of Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Republic of Suriname and Republic of Trinidad and Tobago.
[5] See for instance, Keynote Address by CARICOM Secretary-General, Dr. Carla Barnett, at "CARICOM at Fifty" Symposium, April 14, 2023, available at https://caricom.org/keynote-address-by-caricom-secretary-general-at-caricom-at-50-symposium/ <visited April 26, 2023>.

focused engagement, Section 2 explores five sectors with the potential to energize Caribbean and U.S. private sector engagement to produce for the regional and U.S. markets and beyond. Section 3 outlines an agenda to enhance CARICOM-U.S. trade and investment relationships, with a focus on immediate and short-term steps to address the existing shortcomings and expand market access FDI inflows. Section 4 explores the longer-term option of initiating discussions with the U.S. to reframe the overall relationship.

1. Overview of Caricom-U.S. Trading and Investment Relationship

The U.S. is the largest trading partner for all English-speaking CARICOM members. Their primary export market for goods, the countries also rely heavily on US-imported products. For the tourism-dependent economies, the U.S. serves as a primary source of tourist revenue. The picture is not very much different for the non-English speaking CARICOM members, Haiti and Suriname. Haiti's trading patterns with the U.S. mirror those of its English-speaking neighbors while the U.S. is among Suriname's top five export destinations and its top source for imported goods. The U.S. is also the major source of FDI into CARICOM countries. The importance of this relationship to the region is undermined by the absence of robust and effective market access mechanisms aimed at strengthening, deepening, and expanding CARICOM-U.S. trade relations. In this section, we explore the existing trade and investment frameworks, their shortcomings, and examine trends in trade and investment flows.

a. Frameworks for Market Access and Foreign Direct Investment

CARICOM's trade relations with the U.S. are defined first and foremost by the overarching institutional framework provided by membership in the World Trade Organization (WTO). With the exception of The Bahamas, which is negotiating accession, bilateral trade between CARICOM members and the U.S. takes place in accordance with Most Favored Nation (MFN) market access granted to all WTO members, the negotiated schedules for services trade, and rules of negotiated WTO Agreements. Eligible CARICOM members also benefit from the Generalized System of

Preferences (GSP) program which (when in operation) grants 119 developing countries access to the U.S. market for goods on a duty-free or lowered tariff rate basis.[6]

CARICOM members and the U.S. have not negotiated any other agreements that provide for market access. Instead, the Caribbean Basin Initiative (CBI) provides that regional framework by unilaterally granting eligible products of CARICOM beneficiaries preferential access into the U.S. market.[7] CBI is a combination of five primary pieces of U.S. legislation: (1) ***Caribbean Basin Economic Recovery Act (CBERA)***[8] providing permanent preferential access for over 5000 tariff lines for CARICOM members except for Suriname[9]; (2) ***Caribbean Basin Trade Partnership Act (CBTPA)***[10] to provide additional product coverage (notably apparel/textiles and petroleum) for eight of the CBERA beneficiary countries[11]; (3) ***Haitian Hemispheric Opportunity Through Partnership Encourage (HOPE) Act I***[12]; (4) ***HOPE Act II***[13]; and (5) ***Haitian Economic Lift Program (HELP) Act***[14]. The HOPE and HELP Acts expand access for qualifying apparel made in Haiti. CBERA does not expire while the other laws require periodic renewal. CBTPA was last renewed in 2020 until September 30, 2030. The HOPE and HELP Acts were last renewed until

[6] As a deviation from the WTO principle of non-discrimination, the GSP programs operate under the permanent waiver granted by the 1979 Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries or "Enabling Clause", (L/4903). Eligible CARICOM members and associate member recipients of GSP benefits are Anguilla, Belize, British Virgin Island, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, and St. Vincent and the Grenadines, as of December 2020. *See* Office of the U.S. Trade Representative, GSP Beneficiary Countries, available at https://ustr.gov/sites/default/files/gsp/countrieseligiblegsp.pdf. Antigua and Barbuda, The Bahamas, Barbados, St. Kitts and Nevis, and Trinidad and Tobago have been "graduated" from the program as "high-income" countries as defined by the GSP legislative provisions on mandatory graduation at 19 USC §2462 (e). Suriname has been excluded from GSP because of the years of military dictatorship and past expropriation of U.S. properties.

[7] CBI is one of four U.S. trade preference programs for developing countries. The other programs are the previously referenced GSP program which is currently expired; the African Growth and Opportunities Act (AGOA); and the Nepal Trade Preference for apparels and textiles.

[8] Pub. L. No. 98-67, § 201, 97 Stat. 384 (1983)

[9] Suriname was deemed ineligible when CBERA was enacted because of the years of military rule and expropriation of U.S. properties. Its request in 2009 for CBERA status is still pending. In addition to the other fourteen CARICOM members, CBERA beneficiaries are Aruba, the British Virgin Islands, and Curacao.

[10] Pub. L. No. 106-200, § 211, 114 Stat. 276 (2000)

[11] Seven CARICOM members - Barbados, Belize, Guyana, Haiti, Jamaica, Saint Lucia, and Trinidad and Tobago – and Curaçao are CBTPA beneficiaries.

[12] Pub. L. No. 109-432, § 5001, 120 Stat. 3180 (2006)

[13] Pub. L. No. 110-246, §15401, 122 Stat. 2289 (2008)

[14] Pub. L. No. 111-171, § 1, 124 Stat. 1194 (2010)

September 30, 2025. The programs have bipartisan support and the Biden-Harris Administration recently expressed support for HOPE/HELP renewal.[15]

The CBI preference programme suffers from several shortcomings, primary among them being, the exclusion of services trade when service industries – notably tourism, hospitality, and finance – dominate the region's export basket. However, attempting to integrate services trade into CBI is a complex endeavor. Preferential trading arrangements of any type are a deviation from the WTO's MFN principle of non-discrimination among trading partners and require approval or a waiver from WTO members. Unilateral trade programs for goods, such as CBI, have received permanent or temporary waivers.[16] However, the WTO Services Waiver agreed to in 2011 was extended only to Least Developed Countries (LDCs).[17] Equally important is the reality that the waiver has been difficult to operationalize.[18]

Effective market access under services delivery Mode 4 for Contractual Services Providers (CSS) and Independent Professionals (IP) has traditionally been of greatest interest for LDCs and other developing countries, as their service suppliers often encounter myriad restrictions that render business models based on CSS or IP service provision virtually moot.[19] These restrictions affect such sectors as cultural, professional, and ICT services that are of interest to Caribbean service providers. Many WTO Members, however, have been reluctant to integrate trade and immigration tools, or mechanisms to address the regulatory barriers, such as residency and licensing

[15] The White House, "FACT SHEET: Vice President Harris Announces New Initiatives to Strengthen I.S.-Caribbean Partnership,"{June 8, 2023, available at https://www.whitehouse.gov/briefing-room/statements-releases/2023/06/08/fact-sheet-vice-president-harris-announces-new-initiatives-to-strengthen-u-s-caribbean-partnership/ <visited June 9, 2023>.

[16] The 1979 Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries or "Enabling Clause", (L/4903) provides a permanent waiver for Generalized System of Preferences (GSP) programs and the U.S. regularly seeks a waiver for the CBI program, which is regionally based and therefore not covered by the permanent waiver.

[17] Decision on preferential treatment to services and services suppliers of LDCs – WT/L/847 – adopted by the 8th Ministerial Conference of the WTO, 2011. Haiti is the only CARICOM member eligible to receive this benefit.

[18] While 23 countries have notified their intent to offer services preferences to LDCs, it is not yet clear that these commitments amount to improvements over MFN treatment when applied to actual trade regimes. *See* Miguel Rodriguez Mendoza, Hannes Schloemann, Christophe Bellmann, Hadil Hijazi, "The LDC Services Waiver – Operationalized? A first look at preferences granted, constraints persisting, and early conclusions to be drawn," 27 May, 2016, p. 19, available at https://unctad.org/system/files/official-document/ditc-05072016-LDCWaiver-AssessmentPaper.pdf <accessed April 13, 2023>

[19] Id., at p. 17.

requirements and procedures required to operationalize the service waiver for LDCs.[20] The limited benefits that the region has seen from the inclusion of services trade in the CARIFORUM-EU EPA further attest to this difficulty. The U.S. is no exception.

Expecting the U.S. to overcome these reservations to incorporate services into the CBI trade preference regime is therefore highly unrealistic. Consequently, in Section 3 we propose another approach to address this CBI shortcoming.

The second major shortcoming is the steady erosion of the CBI tariff preference margin for goods.[21] The core benefit of CBI is the ability to capitalize on the margin between the CBI preferential entry rate (typically duty-free) and that available to the 160-plus trading partners who rely on the MFN tariff rates extended to WTO members. Able to avoid duties, savings can be passed on to consumers to make the product more cost competitive. Yams from CBI beneficiaries, for example, enter duty-free while the MFN tariff rate is 6.4% per pound. However, as the U.S. increases duty-free access to its MFN partners the number of products from CARICOM members able to capitalize on that margin and/or the extent of the margin shrink. Currently, for example, yams entering the U.S. under other preferential programs, such as the GSP (when active) and AGOA unilateral preferences as well as the CAFTA-DR members also enjoy duty-free access. According to a 2011 Congressional Research Service (CRS) report, "Over time, benefits have been 'eroded' by multilateral trade liberalization and other regional U.S. preference programs. Bilateral free trade agreements, particularly the CAFTA-DR, have actually replaced unilateral preferences with permanent, more attractive tariff reductions and trade rules for former Caribbean Basin Initiative (CBI) countries such as the Dominican Republic and Central American countries."[22]
Finally, CBI does little to facilitate the flow into CARICOM countries of the foreign investments on which the region must rely for long-term growth. When first unveiled, CBI had included proposals of significant tax incentives for investing in the region. Today, the only U.S. tax

[20] Id. at p. 20.
[21] U.S. International Trade Commission, "Is Trade Preference Erosion Bad for Development?" Office of Economics Working Paper No. 2006-11-A (2006), 5.
[22] "U.S. Trade Policy and the Caribbean: From Trade Preferences to Free Trade Agreements," EveryCRSReport.com, April 4, 2007 – January 6, 2011, p. 69, available at https://www.everycrsreport.com/reports/RL33951.html <visited April 29, 2023>.

incentive available for the Caribbean is the relatively meaningless convention deduction.[23] Furthermore, to be eligible, the host country must have entered into a Tax Information Exchange Agreement (TIEA) with the U.S. Along with Foreign Account Taxpayer Compliance Act (FACTA) Intergovernmental Agreements, TIEAs are useful tools for tax enforcement by the U.S. but are seen as burdensome by foreign investors and do not help to attract FDI.

- *The U.S.-CARICOM TIFA*

In addition to the structural shortcomings discussed above, the region encounters obstacles to the free flow of its goods and services into U.S. markets. Despite CBI preferential access, goods face regulatory and technical barriers at U.S. customs ports. Service providers must deal with the market access challenges discussed above.

Signed in 2013, the ***Trade and Investment Framework Agreement between the Government of the United States of America and the Caribbean Community*** (U.S.-CARICOM TIFA), contains no market access or FDI facilitation provisions but can be an important instrument for monitoring and addressing trade barriers and growing the bilateral trade and investment relationship. The U.S. uses Trade and Investment Framework Agreements (TIFAs) to provide "strategic frameworks and principles for dialogue on trade and investment issues" with countries in the absence of a trade agreement.[24] The U.S. has signed over fifty (50) TIFAs, including with CARICOM.[25]

The U.S.-CARICOM TIFA affirms the Parties' desire to promote the long-term development, expansion, and diversification of trade in products and services and to promote an attractive investment climate.[26] To this end, Article Two established a Trade and Investment Council (TIC) co-chaired by USTR and CARICOM. Under Article Three, the TIC is charged with:

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[23] CBERA allows for business meeting and convention expenses held in eligible countries to be deducted by a company when calculating its U.S. taxes. The deduction is equivalent to what a company could claim if the meetings were held in the U.S. and is not worth much. In addition, most of the countries do not have the large convention facilities that allow them to take advantage of the incentive. *See* Bruce Zagaris, "After 40 Years, the Caribbean Basin Initiative Needs a Boost," Tax Notes International, (2022) 107:4, p. 443.

[24] The Office of the U.S. Trade Representative (USTR), Trade and Investment Framework Agreements, available at https://ustr.gov/trade-agreements/trade-investment-framework-agreements <visited May 31, 2023>.

[25] Text of the U.S.-CARICOM TIFA can be accessed at US CARICOM TIFA US.pdf (ustr.gov) <visited April 17, 2023>.

[26] U.S.-CARICOM TIFA, Article One.

1. monitoring trade and investment relations between the Parties;
2. identifying and facilitating opportunities to expand trade and investment and identifying such issues as intellectual property rights, worker rights, and the environment appropriate for negotiation;
3. considering specific trade and investment matters of interest to the Parties;
4. identifying and working to remove impediments to trade and investment between the Parties;
5. consulting with private sector and civil society, where appropriate;
6. facilitating expanded linkages between their respective private sectors; and
7. seeking to resolve amicably any issues that arise related to the Agreement.[27]

When operating effectively, Councils created by the TIFAs endeavor to meet at least annually at senior levels of government.[28] In the case of the U.S.-CARICOM TIFA, however, the TIC has met infrequently, and has overall not been used consistently or effectively to address shortcomings of the trade framework or market access barriers or concerns of Caribbean exporters. [29]

b. Trade and Investment Flows

The picture that emerges of CARICOM-U.S. trade and investment relationship is of predominantly one-way trade flows, to the benefit of the U.S. With the exception of the oil-exporting countries of Trinidad and Tobago and more recently Guyana, CARICOM members have a consistent, large, and growing trade deficit with the U.S. In 2018, the United States realized a $12.3 billion trade surplus with the Caribbean, ten percent more than in 2017.[30] In 2020, the U.S. goods trade surplus

[27] U.S.-CARICOM TIFA, Article Three
[28] Ibid.
[29] *See* discussion by Andrea Ewart, "U.S.-CARICOM Trade and Investment Relations: Increasing the Participation of the Caribbean Private Sector in Caribbean-U.S. Engagements," Policy Brief, Shridath Ramphal Centre, July, 2022, pp. 39-46, available at https://dk4d52.a2cdn1.secureserver.net/wp-content/uploads/2022/11/U.S.-CARICOM-TRADE-AND-INVESTMENT-RELATIONS-Increasing-the-Participation-of-the-Caribbean-Private-Sector-in-Caribbean-U.S.-Engagements.pdf <visited April 17, 2023>.
[30] The term "Caribbean" as used in this statement applies to CARICOM member states as well as Aruba, Curacao, Dominican Republic, and Sint Maarten. U.S. Department of State Press Release, U.S. Strategy for Engagement in the Caribbean, available at https://www.state.gov/u-s-strategy-for-engagement-in-the-caribbean/ <accessed April 17, 2023>.

alone was $6 billion.[31] CARICOM countries import the bulk of their foods, fuel, productive inputs, consumer goods, and lifestyle from the U.S. To decrease this significant trade deficit, the countries need to increase the export of their goods and services to this primary export market.

Although not the primary focus of this White Paper, the work to increase countries' export capacities, particularly with respect to goods trade, must of necessity address the supply-side constraints that have been well-documented elsewhere.[32] This effort includes the creation of an investment climate that will attract the FDI to support this process.[33] Notwithstanding, solutions proposed in this White Paper focus on proposals to improve the trading environment for existing exporters which will continue to benefit the region as the capacity constraints are addressed.

The region's limited exports are reliant on preferential access for goods and on tourist trade. In 2020, for example, 33.9% of the region's goods entered the U.S. using CBI preferences (and 0.8% using the currently expired GSP program) while 51.6% relied on duty-free entry under WTO's Most Favored Nation (MFN) rules.[34] At the same time, goods that enter using CBI preferences are more likely to be competitive, at least on cost. While the WTO/MFN duty-free access is accessible to all WTO members, the CBI duty-free rate is available to a smaller subset of countries. This may explain why the leading exports that relied on WTO/MFN access were mineral fuels and inorganic chemicals, products that are already competitive in the U.S. market.[35] Furthermore, while thousands of Caribbean products are eligible for preferential access into the U.S. market through CBI, the U.S. International Trade Commission (USITC) has reported that most countries derive the bulk of their merchandise export earnings from only one or two products.[36]

With respect to services trade, data is relatively unavailable, and when available is aggregated for trade between Latin America and the Caribbean or the Caribbean and the rest of the world.

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[31] U.S. Trade Representative, "Fourteenth Report to Congress on the Operation of the Caribbean Basin Economic Recovery Act," p. vi (Dec. 31, 2021).
[32] See e.g., Ramesh Chaitoo, "Trade, Development and Financial Services Issues in CARICOM", May 2006
[33] *See e.g.*, Marie Freckleton, "Supply-Side Constraints on Export Development in Jamaica," *IberoAmericana, Nordic Journal of Latin American and Caribbean Studies,* Vol. XXXIX: 102 2009, pp. 65-67.
[34] U.S. International Trade Commission (USITC), Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 25th Report, 2019-2020, September 2021, Publication Number 5231, Investigation Number 332-227 (hereinafter "USITC Report 2021"), p. 17.
[35] Ibid.
[36] Ibid at p. 72

However, the Caribbean region has the highest economic contribution from tourism in the world.[37]In 2019, tourism services accounted for 13.9% of the region's gross domestic product (GDP) and 15.2% of total employment.[38] This dependence is higher in some economies. For the Eastern Caribbean States, the Bahamas, Belize and Jamaica, tourism and travel represent over 25% of GDP and over 30% of employment (reaching over 85% for Antigua and Barbuda).[39] For these tourism-dependent economies, geographic proximity to the U.S. is an important competitive advantage and contributes to the interdependence of the U.S. and relevant CARICOM countries in this sector.

For similar reasons, U.S. investment into CARICOM is difficult to quantity. U.S. investment has been directed primarily towards the extractive industries, as well as agribusiness, power generation, utilities, infrastructure, and of course tourism.[40] FDI inflows have also been falling. Between 2016 and 2021, overall FDI inflows into CARICOM Member States fell by 22 percent.[41] As a matter of contrast, neighboring Dominican Republic which shares some similar colonial history and geographical proximity to the U.S., presents a very different picture. In 2019, while the U.S. enjoyed a surplus in goods trade of $3.6 billion; in services trade it was the Dominican Republic that garnered the surplus, to the tune of $2.8 billion. Both goods and services exports from the Dominican Republic to the U.S. have experienced significant increases and continue to rise.[42] U.S. FDI stock in the Dominican Republic was $2.6 billion in 2019, a 20.4% increase from 2018, led by manufacturing, information services, and wholesale trade.[43] Within the Caribbean,

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[37] Latin American Economic Outlook 2020: Digital Transformation for Building Back Better, Chapter 6, Special Feature: The Caribbean, Introduction, available at https://www.oecd-ilibrary.org/sites/7f68ec7d-en/index.html?itemId=/content/component/7f68ec7d-en <visited April 27, 2023>.
[38] Ibid.
[39] Ibid.
[40] Jan Yves Remy, "The 9th Summit of the Americas as a Reset for CARICOM-US Economic Relations," SRC Trade Blog, June 3, 2022, available at https://shridathramphalcentre.com/the-9th-summit-of-the-americas-as-a-reset-for-caricom-us-economic-relations/ <visited April 27, 2023>.
[41] UNCTAD World Investment Report, 2022, Highlights of Regional Trends for Latin America and the Caribbean, available at https://unctad.org/system/files/non-official-document/WIR2022-Regional_trends_LAC_en.pdf <accessed April 17, 2023>.
[42] Goods exports from the Dominican Republic to the U.S. rose by 4.7% in 2019 over 2018, and overall, by 66.8% from 2009. Export of services from the Dominican Republic to the U.S. have also risen, by 5% in 2019 over 2018 and overall, by 94.2% since 2009. Office of the U.S. Trade Representative (USTR), Dominican Republic, available at https://ustr.gov/countries-regions/americas/dominican-republic <accessed February 28, 2023>.
[43] Office of the U.S. Trade Representative (USTR), Dominican Republic, available at https://ustr.gov/countries-regions/americas/dominican-republic <accessed February 28, 2023>.

the Dominican Republic is the largest recipient of FDI, accounting for most if not all of the region's post-pandemic rebound in 2022.[44]

This data suggests that CARICOM could similarly reverse the negative trends in its relationship with the U.S. – increase exports and the flow of FDI to support development of competitive industries and sectors and reduce the trade deficit in goods and services trade.[45] In the next Section, we briefly explore five areas of opportunity for CARICOM and its Members to re-orient and grow their trade and investment relationship with the U.S.

2. Trade and Investment Opportunities Between Caricom and The U.S.

Notwithstanding structural impediments such as small size and populations and a narrow economic base, increased dynamism in the CARICOM-U.S. trade and investment relationship can lead both to new opportunities to export to the U.S. and to attract U.S. investors. Positioning the region to attract investment dollars provides a sustainable approach for development and is also more likely to gain traction with U.S. policymakers.

An important starting point are the insights drawn from the previously mentioned papers and discussions organized by the SRC, CPC, and other regional and external organizations.[46] We highlight the following six areas which show the potential to attract U.S. investments and to create joint ventures and other forms of private sector collaboration that can energize Caribbean and U.S. private sector engagement to produce for the regional and U.S. markets and beyond. This approach

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[44] UNCTAD World Investment Report, 2022, Highlights of Regional Trends for Latin America and the Caribbean, available at https://unctad.org/system/files/non-official-document/WIR2022-Regional_trends_LAC_en.pdf <accessed April 17, 2023>.

[45] Achieving a trade surplus in services trade with the U.S. is not inconceivable, and even if countries continue to have a goods trade deficit with the U.S., a very different picture emerges if the bulk of the imports are being used and directed towards revenue-generating activity, especially for exports, instead of the current situation which reflects significant expenditures to support the region's over-dependence on imported petroleum and food products. *See e.g.*, "CARICOM food import bill set to reach US$8-10 billion by 2020," Stabroek News, March 1, 2019, available at https://www.stabroeknews.com/2019/03/01/business/caricom-food-import-bill-set-to-reach-us8-10-billion-by-2020/ <visited April 30, 2023>; Shawn Cumberbatch, "Fuel import bill increases again," NationNews, February 1, 2020, available at https://www.nationnews.com/2020/02/01/fuel-import-bill-increases-again/ <visited April 28, 2023>; and "US $2-b fuel bill stokes record trade deficit," Jamaica Observer, April 12, 2023, available at https://www.jamaicaobserver.com/business/us2-b-fuel-bill-stokes-record-trade-deficit/ <visited February 28, 2023>.

[46] We note for example, the inaugural Caribbean Investment Forum (CIF 2022) organized by Caribbean Export Development Agency in November 2022 and the forthcoming forum in October, 2023.

provides the long-term strategy needed to create the new export niches where Caribbean countries have comparative advantages to offset the diminishing advantages from preferential access for traditional products.

a. Climate resilience and renewable energy
b. Food production and agro-processing
c. The blue economy
d. Nearshoring
e. Facilitation of digital trade
f. Transportation and logistics

a. Climate Resilience and Renewable Energy

The U.S.-Caribbean Partnership to Address the Climate Crisis 2030 (PACC 2030) introduced by the Biden-Harris Administration initiated a new framework for U.S.-Caribbean cooperation to support climate adaptation, strengthen energy security, and build the resilience to climate change of critical local infrastructure.[47] PACC 2030 goals align with the need for the region to replace the region's current reliance on imported, dirty, and expensive fossil fuels with renewable energy and energy-efficient technologies. This is where the commercial opportunities exist. Across the Caribbean, there are tech-savvy entrepreneurs and skilled professionals in such areas as solar plant installation able to make significant contributions to the greening of the region. Companies are ready for partnerships and investors, as the CIF 2022 focus on this sector demonstrates. Dr. Gene Leon, President of the Caribbean Development Bank (CDB) advised at the 2022 Caribbean Renewable Energy Forum (CREF) that Caribbean nations should install 320 megawatts of new renewable power each year, requiring annual investments of U.S. $1.2 billion[48] This investment will likely have to come from the private sector as the heavily indebted Caribbean nations are

[47] The White House, "Fact Sheet: Tackling Climate Change and Creating Clean Energy Jobs in the Americas," June 8, 2022, available at FACT SHEET: Tackling Climate Change and Creating Clean Energy Jobs in the Americas - The White House <accessed February 20, 2023>. A second initiative, The Renewable Energy for Latin America and the Caribbean Initiative (RELAC) was launched in December 2019 under the framework of the United Nations Secretary General's Climate Action Summit, with the objective of accelerating the carbon neutrality of electricity systems in the Latin American and Caribbean (LAC) region, while improving the resilience, competitiveness and sustainability of the sector but Haiti is only CARICOM member to have joined.
[48] Brian Ellsworth, Caribbean must speed renewable energy transition to manage oil shocks -official | Reuters, April 27, 2022.

unlikely to get such loans even from multilateral agencies, he noted.[49] A June 2023 U.S. initiative, for example, which pledges to provide US$20 million to this effort is to be divided across eleven countries and is subject to the availability of funds.[50] The CARICOM strategy to reduce its dependence on imported energy and to grow the renewable energy sector provides an attractive investment opportunity for U.S. partners able to provide the financing and appropriate technologies.

b. Food Production and Agro-Processing

While the U.S. enjoys an unrivaled position as the major supplier of food into the region, this is an unsustainable situation, both for the Caribbean and for the U.S. The rising cost of foods is creating growing food insecurity among the poor[51] and adding to the high-debt burden that most countries carry. A more sustainable relationship will be for the U.S. and the region to partner in growing the agriculture and agri-business sectors. The U.S. Country Commercial Guide for Guyana has, for example, focused on the country's agricultural potential as an attractive destination for U.S. investors, providing excellent investment opportunities for dairy, meat, poultry, fruit and vegetable production for domestic consumption and export to the rest of the Caribbean and beyond.[52] The Commercial Guide for Belize notes similar opportunities.[53] The CIF 2022 focus on agriculture technology aimed to attract investments in the advanced devices (e.g., drones to monitor crop-readiness) and precision agriculture systems (e.g., temperature and moisture sensors) that lend themselves well to the large-scale farming that will be integral to meeting the commitment to increase food security. The approach most likely to yield long-term success also incorporates the small landholders who form the backbone of the region's agricultural sector, particularly of the

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[49] *Id.*

[50] The White House Fact Sheet on New Initiatives, at N. 12. It is also worth noting that the Dominican Republic which is included as a recipient of this funding and given its stronger economy is poised to attract the bulk of it.

[51] Forty percent of the poor in the English-speaking CARICOM countries are reported to be food insecure. Lilia Burunciuc, "The Fight Against Food Insecurity in the Caribbean," The World Bank, June 28, 2022, Food Insecurity in the Caribbean (worldbank.org).

[52] Guyana Country Commercial Guide, Agriculture Sector, Updated January 3, 2023, https://www.trade.gov/country-commercial-guides/guyana-agriculture-sector

[53] The Belize Commercial Guide notes the country's thriving agricultural sector and similar opportunities to those noted in Guyana; however, the discussion of the investment climate raises concerns about the country's overall business operating environment. Belize – Country Commercial Guide, Agriculture and Agro-Processing, https://www.trade.gov/country-commercial-guides/belize-agriculture-and-agro-processing and Belize - Country Commercial Guide, Investment Climate Statement, https://www.trade.gov/country-commercial-guides/belize-investment-climate-statement-ics, both last updated August 1, 2022.

island economies with their limited landmass.[54] The overall agricultural sector can be uplifted by investments to improve the sustainability practices, post-harvest handling methods, and phytosanitary controls used by the entire sector. Finally, strengthening the linkages between agriculture and tourism so that more locally grown foods are served on the tables of hotels and restaurants require investments in upgraded production systems, agro-logistics, and marketing, as well as diversification into high-value products. In sum, meeting the goal of reducing the region's food import bill presents rich opportunities for the combined contributions of foreign and local capital, technology, and know-how to support the growth of agriculture to meet the demand of consumers, hotels and restaurants, and export markets for high-quality and sought-after Caribbean food product brands.

c. The Blue Economy

The blue economy refers to the sustainable use and conservation of aquatic resources, in which the Caribbean abounds. The concept of the blue economy incorporates activities aimed at: (i) sustainable and inclusive growth and development; (ii) reducing the risk of overexploitation; (iii) enhancing the welfare of coastline communities; and (iv) ensuring resilience of countries to natural disasters and the impact of climate change. For the Caribbean, ***fisheries, tourism, shipping, energy, and natural resources*** are particularly critical to the welfare of local communities. The world ocean economy is valued at USD$1.5 trillion, and this is expected to be doubled by 2030, creating investment opportunities for the region. Among the opportunities are the creation of green hydrogen from sargassum, various waste management programs across the Caribbean, and new ventures in aquaculture and recycling.

d. Nearshoring/Friendshoring

There is also synergy between the desire of U.S. policymakers to bring closer to home or to allies the manufacturing operations currently based in China and the region's current positioning as a nearshoring destination for U.S. businesses. Several countries where English is the official

[54] These farmers feed and clothe their families and educate their children on the income derived from activities on their plots of land, which is why the loss of the banana market in the EU was so devastating for many. This lesson should be kept in mind.

language are already part of the region’s vibrant call-center industry. Jamaica, for example, has won awards[55] and attracted Fortune 500 companies for its call center operations, making it a recognizable market in the industry. On the other hand, from the U.S. perspective the major opportunities are in the countries where that industry is still developing. Taking advantage of the geo-political rivalry between China and the U.S. to bring its manufacturers into the region could open opportunities for Guyana and Trinidad & Tobago. High energy costs and small pools of skilled labor are among the challenges that individual countries face when attempting to compete in this sphere, and the frailty of the region’s transportation and logistics infrastructure makes it difficult to offer regional solutions at this time. Nevertheless, this focus by U.S. policymakers on manufacturing nearshoring creates an incentive for CARICOM to develop and implement an industrial policy that rests on a thorough examination of the regional competitive advantage. The Inter-American Development Bank (IDB) has also developed a nearshoring strategy for Latin America and the Caribbean to guide countries in capitalizing on the continued supply chain crisis and desire to bring production closer to home to offset climate change.[56] The strategy includes identifying products and sectors in each member country that can readily benefit from nearshoring. In Jamaica, for example, the IDB has found concrete opportunities for business and knowledge process outsourcing over the short term and in warehousing, transshipment, and manufacturing distribution services in the medium term.[57] At a high-level dialogue of the Americas Business Dialogue – the mechanism for private sector participation in the Dialogue of the Americas – IDB President, Mauricio Claver-Clarone, also underscored the potential for nearshoring to bring to the region’s SMEs new financing and opportunity to become part of new supply chains, tied to which

[55] *See e.g.* “Kingston Cops Nearshore City of the Year at Nexus Illuminate Awards, DoBusiness Jamaica, July 5, 2018, available at *https://dobusinessjamaica.com/blogs/kingston-cops-nearshore-city-of-the-year-at-nexus-illuminate-awards/* *<visited June 9, 2023>; and “Jamaica Triumphant at Outsource to the Caribbean’s BPO of the Year Award,” DoBusiness Jamaica, April 15, 2019, available at https://dobusinessjamaica.com/news/news-post-2/ <visited June 9, 2023>.*

[56] IDB News Release, “Business Leaders from the Americas discuss economic integration, nearshoring opportunities,” December 2, 2020, available at https://www.iadb.org/en/news/business-leaders-americas-discuss-economic-integration-nearshoring-opportunities <last visited July 29, 2023>; “Our Today” December 23, 2021, available at https://our.today/idb-puts-nearshoring-strategy-in-place-to-offset-global-supply-chain-crisis/ <last visited July 29, 2023>.

[57] “Our Today” December 23, 2021, available at https://our.today/idb-puts-nearshoring-strategy-in-place-to-offset-global-supply-chain-crisis/ <last visited July 29, 2023>. Assessments are to be made only on member Caribbean countries and so will likely exclude the OECS countries, absent an intervention by CARICOM or other members.

is the potential for high-paying quality jobs, capital and technology transfers, the development of skilled human capital, and increased productivity and export-led economic growth. [58]

e. Facilitation of Digital Trade

The digital economy is expected to reach 25% of global GDP by 2030 and will become one of the main sources of growth and job creation.[59] The digital economy also facilitates continued development and growth of the region's creative, orange, and knowledge-based industries. In partnership with the U.S., the Caribbean can position itself to take better advantage of this emerging reality. For the region's MSMEs and entrepreneurs the Internet and mobile technology provide key benefits that help to level the playing field with large players and economies, bringing visibility, scalability, and development of new applications and disruptive technologies.[60] High priority areas for CARICOM-U.S. cooperation include agreements and support aimed at removing existing regulatory barriers and building out the technological infrastructure to facilitate digital trade.

f. Transportation and Logistics

An IDB research paper notes the importance of maritime transportation to the international integration of Latin American and Caribbean countries.[61] While applauding improvements in the technical efficiency of port terminals and international connectivity, the paper notes several challenges that this sector must overcome to increase its performance.[62] These challenges include the need for greater horizontal and vertical concentration in the container market and expansion of

[58] IDB News Release, "Business Leaders from the Americas discuss economic integration, nearshoring opportunities," December 2, 2020, available at https://www.iadb.org/en/news/business-leaders-americas-discuss-economic-integration-nearshoring-opportunities <last visited July 29, 2023>.
[59] Tahseen Sayed & Ricardo Alfredo Habalian, "Digitally Transforming the Eastern Caribbean," World Bank Blogs, September 10, 2019, https://blogs.worldbank.org/latinamerica/digitally-transforming-eastern-caribbean.
[60] For example, a survey of 3,250 SMEs in 11 countries (Brazil, China, France, India, Kenya, Mexico, South Africa, South Korea, Sweden, Turkey, and Ukraine) found that small and mid-size enterprises that are heavy web users are almost 50% more likely to sell products and services outside of their countries. This significant increase in global visibility for SMEs depends upon ready access to search engines, Internet-enhanced marketing campaigns, and cross-border cloud services. Kati Suominen, "Accelerating digital trade in Latin America and the Caribbean, IDB Working Paper Series, No. IDB-WP-790, Inter-American Development Bank (IDB), Washington, DC, 2017, https://doi.org/10.18235/0000636. p. 12 <last visited February 23, 2023>.
[61] Augustina Calatayud and Laureen Montes (eds.) Logistics in Latin America and the Caribbean: Opportunities, Challenges, and Courses of Action," IDB, Transport Division, IDB Monograph: 921, p. 12 (2021).
[62] Ibid.

intermodal and multimodal transportation systems to improve access to port terminals in order to support export capacity.[63] For the Caribbean, this lack of intra-regional connectivity is a major deterrent to growth and, as panelists at the CIF 2022 session on this topic noted, a contributing factor to the region receiving a logistic performance index of 2.66 out of 5.[64] Air freight transportation also plays an important role in allowing countries to participate in higher value-added economic activity, notes the IDB report.[65] For the Caribbean, however, "air connectivity is a desperate situation" and overall, it is very expensive to do business and travel between islands.[66] These logistical challenges make it difficult for companies to scale up, and complicates the work of attracting new companies and investors. A well-functioning regional transportation and logistics system is key to achieving regional food security as well as to building a regional manufacturing base – one that invites investors to look at the Caribbean as a region, thereby facilitating greater inward flow of FDI. As with other opportunities explored here, Guyana's new-found oil wealth and the attraction it holds for investors can play an important role. Guyana is expected to attract $100 billion worth of infrastructure projects in the next 15 years, said one CIF 2022 panelist, and can provide an offshoot for projects in other countries.[67] A strong regional transportation and logistics system is in the mutual interest of the U.S. and CARICOM countries, supporting the transfer of products and services across the region.

Addressing all the policies and strategies to be developed and pursued to realize these opportunities falls outside the scope of this White Paper and requires further attention and study, in particular by the region's investment promotion agencies. It is proposed, however, that CARICOM initiate a new direction in its trade and investment relations with the U.S. built around these key investment opportunities and attracting more FDI from the U.S., and other countries, to support their further development and growth. On June 13, 2023, three members of Congress introduced a bill that directs the Department of State to develop and submit an updated strategy for U.S. engagement with the Caribbean, including on energy security and resilience, food security, and expansion of

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[63] Ibid.

[64] *See* https://www.caribbeaninvestmentforum.com/cif2022-recap <visited April 28, 2023>

[65] Augustina Calatayud and Laureen Montes (eds.) Logistics in Latin America and the Caribbean: Opportunities, Challenges, and Courses of Action," IDB, Transport Division, IDB Monograph: 921, p. 12 (2021).

[66] Alessandro Giustolisi, "Ferry business in the Caribbean should be preceded by free movement of goods, people," Barbados Today, May 24, 2023, available at https://barbadostoday.bb/2023/05/24/btcolumn-ferry-business-in-the-caribbean-should-be-preceded-by-free-movement-of-goods-people/ <visited June 9, 2023>.

[67] *See* https://www.caribbeaninvestmentforum.com/cif2022-recap <visited April 28, 2023>

Internet access along with enhanced data privacy and security.[68] Driven by shared security concerns and the U.S. desire to offset Chinese influence, this bill both indicates a heightened degree of U.S. interest in the region and the possibility of gaining traction on at least three of the sectors proposed here.

3. An Agenda to Enhance Caricom-U.S. Trade and Investment Relations

Keeping opportunities such as the ones explored above at the center of discussions with the U.S. supports the goal of reframing and shaping CARICOM-U.S. trade and investment relationship for the longer term. In this Section, we propose immediate to short-term priorities for CARICOM or "low hanging fruit" aimed at addressing the market access shortcomings and barriers identified earlier.

a. Use the TIC to Address Trade Barriers That Impede Regional Exports to the U.S.

It is imperative that CARICOM move proactively to address the barriers that currently impede the growth of the region's exports into the U.S. With respect to goods trade, a member of Jamaica's political leadership has spoken, for example, of inconsistent and arbitrary rulings by the U.S. customs authorities which have negatively affected goods exports from CARICOM countries and resulted in the non-delivery of millions of dollars in orders from the region.[69] Conversations with representatives from of the region's business organizations and chambers of commerce reveal several concerns.[70] For example, exporters have expressed concern with the apparent *ad hoc* enforcement and changing nature of sanitary phytosanitary entry requirements.[71] According to

[68] "The U.S.-Caribbean Strategic Engagement Act of 2023," was not yet assigned an HR number at time of writing, but can be accessed at "Castro, Salazar, & Espaillat push new strategy for U.S.-Caribbean relations," St. Vincent Times, June 13, 2023, available at https://www.stvincenttimes.com/castro-salazar-espaillat-push-new-strategy-for-u-s-caribbean-relations/#:~:text=The%20U.S.%2DCaribbean%20Strategic%20Engagement%20Act%20of%202023%20demonstrates%20Congress,people%20across%20the%20Western%20Hemisphere <visited June 16, 2023>.

[69] M. Campbell, "The Impact of the Caribbean Basin Initiative Program on the Economic Growth & Development in the English-Speaking Caribbean Region," Journal of Economics and Economic Education Research, (2014), *15*(3), pp. 39-52, at p. 41, available at https://www.proquest.com/scholarly-journals/impact-caribbean-basin-initiative-program-on/docview/1647669232/se-2 <visited April 17, 2023>.

[70] Ewart, *supra* note ??, at p. 13.

[71] Ewart, *supra* note 26, at p. 13.

reports, companies with established records of compliance are periodically stopped and asked to provide new documentation or requirements, periodic random requests which seem to have no rationale.[72] A recent incident involved a manufacturer which exports over 90% of its products. It can be time-consuming and expensive to produce these additional documents, sometimes even requiring technical services not available in the country or the region.[73] More overt barriers may be introduced through new rules that are impracticable or beyond the capacity of the region's small producers to comply. For example, since 2018, Guyanese exports of sea-caught catfish have been held hostage to new rules[74] introduced to protect the U.S. domestic catfish industry against Vietnamese imports, leading to the loss of billions of dollars in earnings and a significant decline in employment.[75]

The lack of readily available information on the existing entry requirements presents another challenge. An exporter should not have to learn about SPS requirements when its products arrive in the U.S., and meanwhile it can reportedly take months to obtain requested information.[76]

Used effectively, the U.S.-CARICOM TIC provides a tailor-made vehicle to raise and explore with the U.S. solutions to trade barriers as they occur, thereby improving market access for CARICOM products. Specifically with respect to trade barriers, the goals of the TIFA include expeditious resolution of trade and investment problems by mutual agreement, and reduction of non-tariff trade barriers to facilitate greater market access.[77] Accordingly, the functions of the TIC created by the TIFA include identifying and working to remove impediments to trade and investment between the Parties.[78] The Agreement provides the procedures for raising such issues, stipulating that either Party may refer specific trade and investment matters to the TIC in writing, and requires that the

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[72] *Id.*, at 14.
[73] *Id.*
[74] Previously, catfish caught offshore could be placed on ice for a few days. Guyana considers the new requirement to be impracticable. While the waters in which U.S. farm-raised catfish can be tested periodically, this is not possible in the Atlantic Ocean. Accordingly, implementation of this new requirement would require that Guyana's small fishermen have FDA-approved processing facilities on their boats, something beyond their capacity.
[75] Ewart, *supra* note 26, at pp. 13 and 46; and "Catfish exports to U.S." 'The ball is still in Guyana's court' – American Ambassador," Demarara Waves, available at https://demerarawaves.com/2022/09/26/catfish-exports-to-us-the-ball-is-still-in-guyanas-court-american-ambassador/ <visited April 29, 2023>.
[76] Ewart, *supra* note 26, at p. 18.
[77] U.S.-CARICOM TIFA, Preamble, paragraphs 2, 6, 10, and 12.
[78] U.S.-CARICOM TIFA, Article Three, paragraph (d).

TIC take up the matter within ninety (90) days of the request being made (unless the requesting Party agrees to a later date).[79]

With respect to the need for trade information, a U.S.-Ecuador TIC meeting has determined to create a publicly accessible website to provide useful information to persons interested in trading, investing, or doing business in the U.S. or Ecuador, to include: (a) customs regulations, procedures, and enquiry points; (b) regulations or procedures concerning intellectual property rights; (c) technical regulations, standards, or conformity assessment procedures; and (d) sanitary or phytosanitary measures relating to importation or exportation.[80] There is no reason a similar facility cannot be agreed to in the context of the U.S.-CARICOM TIC.

The U.S.-CARICOM TIC is also suited to exploring solutions that may require some updates to the overall U.S.-CARICOM trade framework. Pending a new agreement, the TIC remains a key vehicle that CARICOM members can use to engage on the following issues of addressing the eroding preference margin for goods and improving market access for services trade.

b. Seek Amendment to CBI Legislation to Protect CBI Tariff Margins

To address the steady erosion of the CBI tariff preference margin for goods, CARICOM should seek to have amendments made to the CBI legislation to protect the tariff margins on a narrow range of selected goods originating from CARICOM members. The proposed selection criteria are goods favored by the diaspora and goods in which the region has a competitive advantage. This proposal would need further attention to identify an appropriate basket of goods that could pass muster with the U.S. and WTO members, who will need to approve a U.S. waiver request.

While the TIC can again provide a good starting point for such discussions, amendments to CBI will require Congressional action. Accordingly, CARICOM will need to educate and seek the support of members of Congress on this issue. The actions of Rep. Castro (Dem. Texas), Rep. Salazar (Rep. Florida), and Rep. Espaillat (Dem. New York) in introducing the previously

[79] U.S.-CARICOM TIFA, Article Four.
[80] Ewart, *supra* note 26, at pp. 45-46.

mentioned bill on U.S.-Caribbean engagement indicate emergence of Hispanic/Caribbean[81] voices to add to those of the Congressional Black Caucus which has traditionally supported the region in Congress. Holding positions on the influential Appropriations and Foreign Affairs Committees, all three representatives could add a provision to their bill in order to advance this proposal.

In this context, the introduction of two Senate bills proposing to make Ecuador and Uruguay beneficiaries of CBI must be noted. The ***Innovation and Development in Ecuador Act (IDEA)*** would simply add Ecuador as a CBI beneficiary.[82] The ***United States-Uruguay Economic Partnership Act*** proposes to add Uruguay as a beneficiary to CBI as well as to the visa waiver program enabling its citizens to visit the U.S. for business or tourism for up to 90 days without a visa.[83] Neither country has a preferential trade agreement with the U.S. Both have signed TIFAs with the U.S. The SRC policy brief, "*U.S-CARICOM Trade and Investment Relations: Increasing the Participation of the Private Sector in Caribbean-U.S. Engagements*, "describes how both countries actively use the TIC meetings to advance their respective trade agendas with the U.S.[84] This is the result. If successful, their addition to CBI carries pros and cons for CARICOM members. One the one hand, it would lead to further erosion of the CBI preference margin on similar Caribbean products entering the U.S. market. On the other hand, their inclusion in CBI could strengthen support for the proposed legislative amendment. Furthermore, CARICOM countries whose citizens do not need a visa to enter Europe could make the case for inclusion in the U.S. visa waiver program, facilitating travel for tourism and short business trips. CARICOM should explore and weigh these pros and cons and arrive at a position on the proposals.

c. Address the Lack of Mobility of Professional Certifications

With respect to services trade, the lack of mobility for professional certifications presents a major barrier to the movement of the region's service providers. These requirements are state-based and

[81] Rep. Espaillat is the first immigrant from the Dominican Republic to serve in Congress and Rep. Salazar is of Cuban descent.
[82] Innovation and Development in Ecuador Act, S. 913 was introduced on March 22, 2023 by Senator James Risch (Rep-Idaho) and has been referred to the Committee on Finance.
[83] United States-Uruguay Economic Partnership Act, S. 1926 was introduced on June 12, 2023 by Senator Bob Menendez (Dem-New Jersey) and has been referred to the Committee on the Judiciary.
[84] *See* Ewart, supra note 26, pp. 40-41 and 45-46.

can vary significantly across the large and decentralized U.S. economy. This complexity can be turned into an advantage. California, Texas, New York, and Florida each have economies valued at over one trillion U.S. dollars, larger than most countries.[85] Smaller states, such as Illinois and Maryland, have GDPs that are higher than the U.S. median.[86] Developing trade programs with like-minded U.S. states can provide a viable path forward. The United Kingdom, for example, has to-date signed Memoranda of Understanding (MoUs) with five (5) U.S. states and is considering others.[87]

It is recommended that CARICOM work with key U.S. states to remove impediments to the ability of the region's service providers to operate in the U.S. A two-phased approach could be used here. An initial approach would focus on concluding with such states as California, Florida, Maryland, and New York arrangements for the mobility of professional licenses and qualifications.[88] In Phase II, a short-list of professions could be identified and more comprehensive trade in services agreements reached with the relevant states encompassing all four service delivery modes. Both approaches can be expected to begin to produce short-term to medium-term results for the region in services trade.[89] Although presented as a priority for purposes of this White Paper, discussions with States need not be limited to services trade.

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[85] Visual Capitalist, "Visualized: The U.S. $20 Trillion Economy by State," available at https://www.visualcapitalist.com/us-economy-by-state/ <last visited July 29, 2023>. Real GDP for 2022 shows California, the largest, valued at US$2.9 trillion ranking 5th globally just below Germany and Japan; Texas valued at US$1.9 trillion and comparable to the economies of Russia or South Korea; New York valued at US$ 1.6 trillion; and Florida at US$1.1 trillion.

[86] *Id.*

[87] Gov.UK, "UK puts pen to paper on fifth trade pact with a U.S. state," 22 June, 2023, available at https://www.gov.uk/government/news/uk-puts-pen-to-paper-on-fifth-trade-pact-with-a-us-state#:~:text=concluded%20last%20year-,The%20UK%20will%20today%20sign%20a%20new%20Memorandum%20of%20Understanding,the%20economy%20of%20New%20Zealand. <last visited July 29, 2023>. The MoUs have been signed with Indiana, North Carolina, South Carolina, Oklahoma, and Utah and the article notes active engagement with Texas, California, Colorado, and Florida to strengthen trade ties.

[88] These states contain large and influential concentrations of Caribbean residents and/or vibrant commercial centres that can be expected to appeal to the region's exporters.

[89] Growing attention is being paid to the negative impact of occupational licensure on the ability of workers to enter a chosen profession and on their mobility, creating an opening to explore the solutions discussed here. *See e.g.*, Janna E. Johnson and Morris M. Kleiner, "Is Occupational Licensing a Barrier to Interstate Migration?" American Economic Journal: Economic Policy, 2020 12:3, 347-373; Indre Bambalaite, Giuseppe Nicoletti, Christina von Rueden, "Occupational licensing – how much and what effects?" OECD Economics Department, available at https://oecdecoscope.blog/2020/03/31/occupational-licensing-how-much-and-what-effects/ <accessed April 10, 2023>; Beth Redbird and Angel Alfonso Escamilla-Garcia, "Borders Within Borders: The Impact of Occupational Licensing on Immigrant Incorporation," Sociology of Race and Ethnicity, 2019 6:1, 22-45, available at https://doi.org/10.1177/2332649219833708 <visited April 10, 2023>.

d. Reverse the Declining FDI Inflows into the Region

Two vehicles that play a role in facilitating investment flows are double taxation agreements (DTAs) and investment treaties, including bilateral investment treaties (BITs). Grenada, Jamaica, and Trinidad and Tobago have longstanding BITs with the U.S. However, investment treaties, and specifically their investor-state dispute settlement (ISDS) provisions, which allow a private investor to sue a host State, are now undergoing intense scrutiny and are not recommended.[90]

Double taxation agreements (DTAs) resolve the issue of which country should tax the investor's overseas earnings, thereby minimizing the likelihood that returns on foreign investments will be subject to double taxation. DTAs also place a ceiling on the withholding tax on dividends, interest, royalties, and other periodic income and make it easier to obtain foreign tax credits. Currently, only Barbados, Jamaica, and Trinidad and Tobago have DTAs with the U.S.[91] This gap leaves the double taxation issue unaddressed for the rest of the region. CARICOM members should explore entry into double taxation agreements with the U.S. Use of a model document as a starting point is common practice, and will also facilitate compliance with the CSME regime, including the region's own double taxation provisions. The "U.N. Model Double Taxation Convention Between Developed and Developing Countries" provides one such starting point.[92] The "Model Tax Convention on Income and on Capital" drafted by the Organization for Economic Cooperation and Development (OECD) for use by countries concluding bilateral tax conventions provides a second frame of reference.[93]

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[90] ISDS provisions have been used by investors to sue the governments of several CARICOM Member States, including Barbados (2017), Belize, Grenada (2017), Guyana, Jamaica, and Trinidad and Tobago (2015), resulting in most cases with thousands of dollars in awards to the private investor. On the other hand, Barbadian investors have relied on ISDS provisions to sue Venezuela. At stake for the losing state in an arbitral proceeding is not just the need to pay financial compensation but also to change national laws and policies.

[91] In 1983, the United States had thirteen (13) income tax treaties with then British Caribbean jurisdictions arising from the 1945 U.K.-U.S. income tax treaty. Instead of renegotiating them, the U.S. terminated the treaties because it believed that they were being abused by holding and investment companies. Zagaris, *supra* note 20, p. 442.

[92] The UN model tax convention can be accessed at https://www.un.org/development/desa/financing/what-we-do/ECOSOC/tax-committee/thematic-areas/UN-model-convention#:~:text=The%20most%20important%20changes%20included,called%20%E2%80%9Coffshore%20indirect%20transfers%E2%80%9D. <visited April 17, 2023>.

[93] The OECD model tax convention can be accessed at https://www.oecd.org/ctp/treaties/model-tax-convention-on-income-and-on-capital-condensed-version-20745419.htm <visited April 11, 2023>. Billed as assisting in facilitating cross border trade and investment while preventing tax evasion and avoidance, this document is nevertheless less favored by developing countries.

The Bridgetown Agenda highlights and proposes solutions to the challenges that the Caribbean and other developing countries face in attracting funds for development programmes.[94] We propose, also, that positioning the region to attract investment dollars provides a sustainable approach that is more likely to gain traction with U.S. policymakers.

The "***Prosper Africa Initiative***" pulls together services from across the U.S. Government to help companies and investors do business in the U.S. and African markets provides a possible model for the Caribbean.[95] To facilitate discussions on a similar initiative, the CARICOM Secretariat can begin to prepare annual reports on the state of trade and investment relationships with the U.S. to present an accurate and incisive picture of U.S. investments into CARICOM member states, the returns on investment including increased use of U.S. goods and services, and emerging opportunities for U.S. investors.[96] This information is already being collected but needs to be packaged so as to present an accurate and incisive picture of U.S. investments into CARICOM countries. Ideally, this report would be free, and its publication widely promoted and disseminated for use by policymakers, the regional private sector, and interested investors.

U.S. policy focuses only on attracting investment into the U.S., unfortunately ignoring the increased use of U.S. goods and services that would likely accompany increased flow of U.S. capital into the region. With concrete data, CARICOM members can engage more effectively with U.S. policymakers on areas that present opportunities for mutual benefit. Section 2 of this White Paper outlined six sectors of priority importance to the region's development that also hold the potential to attract U.S. investors and that could form the core of a "*Prosper Caribbean Initiative*".

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[94] *See* "The 2022 Bridgetown Initiative," Barbados Ministry of Foreign Affairs and Foreign Trade, September 23, 2022, available at https://www.foreign.gov.bb/the-2022-barbados-agenda/ <last visited June 9, 2023>.

[95] *See* Prosper Africa website at https://www.prosperafrica.gov/ <visited April 29, 2023>.

[96] The term "Caribbean" can mean several different compositions of states, depending on the author/researcher. Often the data and analysis focus on "Latin America and the Caribbean," with CARICOM states receiving cursory, if any, attention. Alternatively, the Dominican Republic may be included in the "Caribbean" data/analysis and, while geographically accurate, can draw attention away from the status quo in CARICOM economies.

4. Reframing Caricom-U.S. Trade and Investment Relations

Despite subsequent legislative updates and continued importance to its users, CBI is today an inadequate framework for the region's trading relationship with the U.S. It is a 40-year-old mechanism that, with respect to CARICOM countries, has only partially accomplished its goals of encouraging economic growth and development by stimulating the development of the region's export potential.[97] Focused exclusively on goods trade, it suggests a stagnation in the mechanisms driving the region's relationship with its most important trade partner.

Forty (40) years ago, it was envisioned that CBI beneficiaries would "graduate" from the trade preference program by concluding Free Trade Agreements (FTAs) with the U.S. Other countries have done that, negotiating FTAs covering goods and services trade along with investment and other provisions. A look at the current picture of trade patterns of these countries with the U.S. is illustrative.

[97] In 2016, a study examining the export and import data between the U.S. and CBI beneficiaries in order to ascertain the impact of the program on FDI) and economic development and growth within the Caribbean found that the program's impact did not meet expectations as it relates to the economic development and growth of CARICOM member states, most of which with the exception of Trinidad and Tobago, experienced negative balance of trade and deficit balance of payments. Campbell, *supra* note 22.

Overview of U.S. Trade with Former CBERA Beneficiaries – 2019

Country	**Current Framework**	**Value of Total Trade (US$)**	**Goods Trade Balance (US$)**	**Services Trade Balance (US$)**	**U.S. FDI Inflows**
Costa Rica	Dominican Republic (DR) - Central America – U.S. Free Trade Agreement (CAFTA-DR) (2009)	16.4 billion	U.S. surplus of 1.1 billion -32.1% over 2018	Costa Rica surplus of 1.1 billion -17.1% over 2018	1.5 billion -4.8% over 2018
Dominican Republic (DR)	CAFTA-DR (2007)	22.9 billion	U.S. surplus of 3.6 billion -0.2% over 2018	DR surplus of 2.8 billion +1.8% over 2018	2.6 billion +20.4% over 2018
El Salvador	CAFTA-DR (2006)	8.1 billion	U.S. surplus of 889 million +0.9% over 2018	U.S. surplus of 724 million -7.4% from 2018	3.4 billion +19.4% over 2018
Guatemala	CAFTA-DR (2006)	13.7 billion	U.S. surplus of 2.8 billion +16.1% over 2018	U.S. surplus of 388 million -26.7% over 2018	746 million +1.8% over 2018
Honduras	CAFTA-DR (2006)	12.3 billion	U.S. surplus of 616 million -31.6% over 2018	U.S. surplus of 529 million -4.9% over 2018	1.3 billion (+50.7% over 2018)
Nicaragua	CAFTA-DR (2006)	6.4 billion	Nicaragua surplus of 2.2 billion +14.4% over 2018	Nicaragua surplus of 67 million +6444% over 2018	82 million -40.6% over 2018

Compiled from Office of the U.S. Trade Representative (USTR), Western Hemisphere country overviews, available at https://ustr.gov/countries-regions/americas <last visited April 5, 2023>. The dates in parentheses indicate the year the country joined the FTA.

While an FTA is not the only option for a post-CBI framework, the general picture that emerges from the above chart is of a more positive and dynamic relationship with the U.S. than exists for CARICOM countries. Coincidentally or not, four (4) of the countries enjoy a surplus or declining margins in services trade with the U.S. Some also show declining margins in the balance for goods trade. Most of the countries have attracted increased U.S. investments or showed only a small decline in an already large stock (with Nicaragua as the exception, not surprisingly given the tensions in that relationship). While more rigorous analysis would be needed to conclusively determine all the reasons for these positive signs, the consistent theme is that the trade relationship between the U.S. and these countries was subjected to examination through trade negotiations and updated between 2006 and 2012, leaving the 1983 framework behind.

Similarly, it is recommended that CARICOM begin to explore with the U.S. ways to update this framework. For several reasons, negotiating a U.S.-CARICOM FTA is not a recommended option for CARICOM. (1) There is no discernible benefit to CARICOM, or indeed to the U.S. Under the terms of the CARIFORUM-EU Economic Partnership Agreement (EPA), any concessions granted to the U.S. not previously granted to the EU may also have to be extended to the EU.[98] CARICOM products already have duty-free entry into the U.S. and the U.S. already enjoys a healthy trade surplus in both goods and services trade with the region. The market access barriers discussed earlier can be addressed outside of the context of negotiating a full-blown FTA. (2) The U.S. FTA model has been fairly rigid, applying a one-size-fits-all prescription that led to the failure of the first attempt to negotiate an FTA with a sub-Saharan African country.[99]

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[98] Article 19 of the CARIFORUM-EU EPA stipulates that should the region negotiate a trade agreement with another country whose GDP exceeds 1% of world economic trade any more favorable treatment granted to that country must also be extended to the EU.

[99] *See* e.g., Palollo Michael Lehloenya, "The Failed SACU-USA Free Trade Agreement in Hindsight: A Lost Opportunity or Disaster Averted?" Journal of International Commercial Law and Technology, (2009), 4:2, p. 117, available at https://media.neliti.com/media/publications/28782-EN-the-failed-sacu-usa-free-trade-agreement-in-hindsight-a-lost-opportunity-or-disa.pdf ; and Draper, Peter One Size Doesn't Fit All: Deal-Breaker Issues in the Failed US-SACU Free Trade Negotiations, South African Institute of International Affairs (2008).

If not an FTA, then what? The U.S. is constantly updating its trade toolkit, in keeping with its overall trade policy and specific negotiating objectives.[100] The Biden Administration's current outreach to Kenya is illustrative.

[100] At the same time, it is important to treat new directions announced by any U.S. Administration cautiously, at least until it has gone through fire and earned bipartisan support. The Trade Promotion Authority (TPA) which had provided that bipartisan direction and oversight on trade negotiating objectives expired in July 2021. In its absence, trade deals negotiated by the U.S. Administration are open to being rejected or to having provisions rewritten in the process of gaining Congressional approval.

U.S.-Kenya Strategic Trade and Investment Partnership (STIP)

After shelving the talks with Kenya to conclude an FTA begun by the Trump Administration, in July 2022 the Biden Administration and Kenya launched the U.S.-Kenya Strategic Trade and Investment Partnership (STIP).[101] The governments agreed to pursue "enhanced engagement" with a view to increasing investment; promoting sustainable and inclusive economic growth; benefitting workers, consumers, and businesses in particular MSME; and supporting African regional economic integration.[102] They identified initial issues on which they will work to develop "an ambitious roadmap for enhanced cooperation" with the goal of negotiating "high-standard commitments" in order to achieve "economically meaningful outcomes".[103] This is not the launch of trade negotiations. In fact, the STIP is not mentioned on the USTR website as an "agreement under negotiation"; rather, it is highlighted on the Africa regional page listing the mutually agreed areas of initial focus.[104] These areas include some issues most likely of primary importance to Kenya, such as agriculture and standards collaboration; some issues most likely of primary importance to the Biden Administration, such as anti-corruption, good regulatory practices, and workers' rights; and issues of mutual interest, such as digital trade, environment and climate action, and trade facilitation and customs procedures. The STIP, particularly the repeated phrase "high-standard commitments" suggests that it provides the framework for arriving at solutions on these issues, even in the absence of negotiations towards a trade agreement.

Under whatever name, the goal for CARICOM is to identify the region's key objectives to be achieved through a new trade framework and initiate discussions with the U.S. to find areas of agreement. To support attainment of this medium to long-term goal, the issues and the opportunities explored in this White Paper can form the initial CARICOM agenda for this outreach. The next TIC meeting is the logical place to begin this effort.

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[101] USTR, Press Release, United States and Kenya Announce the Launch of the U.S.-Kenya Strategic Trade and Investment Partnership, available at https://ustr.gov/about-us/policy-offices/press-office/press-releases/2022/july/united-states-and-kenya-announce-launch-us-kenya-strategic-trade-and-investment-partnership <visited April 14, 2023>.
[102] Id.
[103] Id.
[104] *See* https://ustr.gov/countries-regions/africa <visited April 14, 2023>.

If not already scheduled, it is strongly recommended that a TIC meeting be convened before the end of 2023. A proposed agenda would focus on exploring the short-term goals outlined in this White Paper and defining a path towards the longer-term goals:

- Identification and exploration of solutions to existing barriers on goods trade
- Creation of a website or other facility to provide information on U.S. product entry requirements and other trade-related information
- Discussion of Senate proposals to add Ecuador and Uruguay to CBI
- A path towards discussion of an amendment to CBI legislation to address erosion of preference margins
- A path towards exploration of the next phase of CBI, for example, a "*Prosper Caribbean*" initiative
- A path towards exploration of increased private sector participation leading to increased bilateral B2B exchanges around key sectors of mutual interest
- Finalization and communication of the date and agenda for the next TIC meeting

CONCLUSION

This White Paper posits that achieving the goals enunciated at CARICOM's 50th anniversary requires that CARICOM and its members reframe their relationship with the region's largest trading partner – the U.S. Towards this end, the White Paper has proposed the following short, medium-term, and long-term approaches:

- In the short-term, use the TIC process to proactively address the non-tariff barriers that impede the free flow of goods into the U.S.
- In the short to medium-term, explore with the U.S. solutions to address the deficiencies in the CBI framework. Specifically, to address the steady erosion of the CBI tariff preference margin for goods, seek to have amendments made to the CBI legislation to protect the tariff margins on a narrow range of selected goods originating from CARICOM Members. These discussions would take place within the TIC as well as with supportive members of the U.S. Congress, notably the Congressional Black Caucus and Representative Castro (Dem. Texas), Representative Salazar (Rep. Florida), and Representative Espaillat (Dem. New York) – co-sponsors of the 2023 U.S.-Caribbean Engagement Bill. Secondly, work to conclude with four or five states of primary interest to Caribbean services exporter arrangements for the mobility of professional licenses and qualifications and removal of barriers to services trade.
- In the short to medium-term, initiate steps to position the region to attract more investment dollars by preparing annual reports on the state of trade and investment relationships with the U.S. to present an accurate and incisive picture of U.S. investments into CARICOM member states, the returns on investment, and emerging opportunities; explore entry into double taxation agreements with the U.S. using a model document such as the "U.N. Model Double Taxation Convention Between Developed and Developing Countries" to facilitate compliance with the CSME double taxation provisions; propose and explore a "Prosper Caribbean Initiative" (modeled on the *"Prosper Africa Initiative")* to help companies and investors do business in the U.S. and Caribbean markets in growth opportunity sectors. The five areas explored in Section 2 can provide the core of this initiative.

- In the medium to long-term, identify the region’s key objectives to be achieved through a new trade framework and initiate discussions with the U.S. to find areas of agreement. The issues and the opportunities explored in this White Paper can form the initial CARICOM agenda for this outreach towards enhanced CARICOM-U.S. enhanced trade and investment relations.