CSME: The CARICOM Single Market and Economy

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What is the CSME?

• CSME is a single market space within which Caribbean-based businesses and professionals can operate with minimum barriers and costs.

• CSME is a regional market of six to fourteen million people.
Where is the CSME?

The Caribbean
<table>
<thead>
<tr>
<th>Country</th>
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<tbody>
<tr>
<td>Antigua and Barbuda</td>
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<td>Barbados</td>
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<td>Belize</td>
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<tr>
<td>Dominican</td>
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<td>Grenada</td>
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<td>Guyana</td>
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<td>Jamaica</td>
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<tr>
<td>St. Kitts and Nevis</td>
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<td>Saint Lucia</td>
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<td>St. Vincent and the Grenadines</td>
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<td>Suriname</td>
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<tr>
<td>Trinidad and Tobago</td>
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<td>(Haiti)</td>
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What is the CSME?

- 1973 *Treaty of Chaguaramas* created the Caribbean Community and Common Market (CARICOM)

- In 1989, the region revived the economic integration movement, resulting in the *(Revised) Treaty of Chaguaramas Establishing the Caribbean Community, Including the CARICOM Single Market and Economy*
What is the CSME?

- Free movement of goods
- Free movement of services
- Free movement of people
- Free movement of capital
CSME – Free Movement of Goods

1) goods wholly produced within the CSME;
2) goods produced within the CSME either wholly or partly from local materials, and which have been “substantially transformed”
CSME – Free Movement of Goods

• Removal of tariff barriers: All CSME-origin goods receive duty-free treatment upon entry into other CSME countries

• Removal of non-tariff barriers: Ongoing process for quotas, import licensing requirements, and phytosanitary restrictions
• Customs Union: a common external tariff (CET) is imposed on the goods of non-members entering the free trade area
• There is a harmonized tariff but the CET is not always applied.
CSME – Free Movement of Services

• **Cross-border supply:** service is provided from the territory of a CSME member into the territory of another CSME member.

• **Consumption abroad:** the national of one CSME member reaches out or travels to the territory of another CSME member to receive a service.

• **Commercial presence:** a service supplier of one CSME member establishes a commercial presence in the territory of another CSME member in order to provide the service.

• **Presence of natural persons:** the national of one CSME member enters the territory of another CSME member to supply a service.
• CARICOM-owned companies have the right to establish and operate businesses in any CARICOM member-state under the same terms and conditions as local companies. Managerial, technical and supervisory staff of these enterprises are able to enter and work without work permits.

• CARICOM service providers can offer their services throughout the region without work permits.
CSME – Free Movement of Services

The discriminatory barriers being lifted to facilitate free movement include:

• Limitations on the types of services that can be offered by non-nationals
• Registration or licensing requirements that apply only to non-nationals
• Fees that apply only to non-nationals
• Exchange control requirements on overseas payments
• Limitations on the ability of non-nationals to open bank accounts (and therefore to receive payment locally)
• Prohibitions on ownership of land by non-nationals
• Restrictions on the right of non-nationals to own and to operate companies
• Limitations and/or higher costs on the access to capital by non-nationals
• Restrictions on access to financial and tax incentives by non-nationals
Removal of work permit requirements for:
- University graduates
- Artistes
- Sports personnel
- Media personnel
- Self-employed personnel, technical, managerial and supervisory staff
CSME – Free Movement of Capital

• Eliminates foreign exchange controls among the members and allows for free convertibility of currencies

• A long-term goal is to create a regional capital market and stock exchange
Creation of the Single Economy

• The eventual goal is to create a single regional currency.

• The Organisation of Eastern Caribbean States (OECS) members already share a common currency – the EC dollar, issued by the Eastern Caribbean Central Bank.
Standardization and Harmonization

- Caribbean Regional Organization on Standards and Quality (CROSQ) to establish regional standards for the manufacture and trade of goods
- Regional Accreditation
- Customs
- Competition policy
- Consumer protection
- Anti-dumping and countervailing measures
Standardization and Harmonization

- Banking and securities
- Intellectual property rights
- Standards and technical regulations
- Regulation and labeling of food and drugs
- Sanitary and phytosanitary measures
- Commercial arbitration
- Caribbean Court of Justice
Caribbean Court of Justice

**Caribbean Court of Justice (CCJ)**

- CCJ -- original jurisdiction in respect of the interpretation and application of the Treaty Establishing the Caribbean Community
- Primary dispute settlement body
- Has heard one case so far
Pros & Cons of the CSME?

**Cons**

- The region is very small and countries tend to produce many of the same products
- Some countries are reluctant to cede some of their authority to regional bodies
- The smaller countries’ demand for special & differential treatment slows the process
Pros & Cons of the CSME?

Pros:

• One regional market that provides market opportunities extending beyond the borders of any one member country.
• Regional economic space in which the regulations and procedures governing the movement of goods and services are uniform, reducing compliance costs and providing consistent rules throughout the region.
Pros & Cons of the CSME?

Pros:
• The CET can act as an incentive to establish operations within the region and take advantage of the regional market
• The region is the beneficiary of the Caribbean Basin Initiative/Caribbean Basin Trade Partnership Act (CBI/CBTPA), which allows many products of Caribbean origin duty-free access into the U.S. market.