

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



Where is the CSME?

Antigua and Barbuda

Barbados

Belize

Dominican

Grenada

Guyana

Jamaica

St. Kitts and Nevis

Saint Lucia

St. Vincent and

the Grenadines

Suriname

Trinidad and Tobago
(Haiti)



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



CSME – Free Movement of Goods

- 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.



CSME – Free Movement of Services

- 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



CSME – Free Movement of People

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.



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