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The Caribbean Association of Industry and Commerce and its value proposition

The Caribbean Association of Industry and Commerce is the voice of the Caribbean's Private Sector. Established in 1955, the non-governmental association sought to consolidate the views, opinions and concerns of the private sector to represent their interests at the regional and international levels.

Comprised of private sector representative bodies, conglomerates and other private sector companies throughout the Caribbean, the CAIC positions its members to treat with opportunities and challenges that impact on their development, growth and competitive positioning in volatile markets.

The political dimension

Caribbean expectations of its links with the EU are conditioned by a perception that the region is of less interest to Brussels, than other regions. For many policy makers in Europe, the Caribbean is seen to fit better in an American sphere of interest.

However, there are still common bonds between Europe and the Caribbean. There are and will continue to be important historical and cultural ties between the two regions. Furthermore, there is the CARIFORUM-EU Economic Partnership Agreement (EPA). The EU is CARIFORUM's second largest trading partner, after the US.

In 2014 CARIFORUM ran a trade surplus with the EU of some USD 1.3 billion. In other words, CARIFORUM countries exported USD 1.3 billion more in goods and services to the EU than they imported from the EU.

The main exports from the Caribbean to the EU are in:

- fuel and mining products, notably petroleum gas and oils;
- bananas, sugar and rum;
- minerals, notably gold, corundum, aluminium oxide and hydroxide;
- fertilisers.

The main imports into the Caribbean from the EU are in:

- boats and ships, cars, constructions vehicles and engine parts;

- phone equipment;
- milk and cream;
- spirit drinks.

The importance of CAIC

With the development of the globalisation of world trade, and an emphasis on international trading competitiveness as opposed to preferential trade and aid, a new partnership will be required between the private sector and the public sector in the Caribbean to develop a range of goods and services that are internationally competitive. Furthermore, as has been argued, with the decline of bilateral and multilateral aid flows to the region, the private sector is being called on to fill the gap in terms of capital accumulation both through indigenous investments and the attraction of foreign direct investment

Considering the increased role the private sector has and will continue to have in the Caribbean, the EU and the Caribbean should develop and promote even further the private sector to play a full role in future development cooperation programmes.

There are a number of private sector associations within the Caribbean that have played a significant role in attracting investments, improving the competitive performance of their respective industries, and promoting the importance of their product, both to domestic and international parties.

However, in some cases, the private sector associations have been unable to fully capitalise on EU assistance in regard to the developing, funding and implementing of programmes, which could, if utilised properly, provide the backbone of development efforts in the region.

If the EU is serious about engaging the private-sector to take a more prominent role in leading future developments in the Caribbean, the private sector associations such as CAIC (Caribbean Association of Industry and Commerce) and others, should be listened to when it comes to programme design, and be given the resources to play a full part in managing those developmental programmes. If the private sector is neglected, the potential for a continued EU-CELAC relationship may well be undermined, which could ultimately damage the prospects of meeting the objective of EU-CELAC cooperation, which is to achieve sustainable development.

The majority of exports to the EU, both in terms of goods and services, have traditionally largely been dominated by a handful of large, well-established companies. The trade structure of Caribbean countries reveal that in the field of agriculture, for example, exports are concentrated in three main cash crops, namely sugar, bananas and rice. These are grown on relatively large-scale plantations, owned

by “large” farmers, who have a well-organised production and marketing structure. They are the ones who have so far benefited from the preferential access to the EC market.

Similarly, exports of non-agricultural products are concentrated in a few products, mainly in petrochemicals, oil production or mining activities, which are also owned by large enterprises, some of them being multinationals. To increase the involvement of the private sector in the EPA, including that of the smaller players, the capacity of those that have not benefited from trade to access the local/ regional/global and EU market needs to be significantly improved: this includes developing their negotiating skills, their marketing capacities, improving the quality of their products and building their competitiveness amongst others. Furthermore, firms must be encouraged to establish durable, effective and long-term relationships among themselves for their mutual benefits. Building networks among themselves is key to pool resources together to meet the demands of the increasingly challenging local and international markets.

Private sector stakeholders, including the SMEs must be able to respond quickly and efficiently to the changing trade environment. The new EPA offers them a wide range of market access opportunities in goods and services. This means they need to have the technical capacity to access the market and be productive and competitive to penetrate the market.

The setting up of efficient business support systems, complemented by capacity building, are therefore essential conditions. This requires the strengthening of existing support agencies.

It could include:

1. Capacity building in business services, such as marketing, product development, advocacy skills, accounting, advertising, logistics and market analysis and research; this can be provided by specific expert organisations, bodies representative of the private sector both nationally regionally and by the EU. The CAIC, as the regional umbrella organisation for the private sector in the region that represents the private sector’s interests at regional and international level, already provides certain business development services. This needs to be substantiated by an effective EU-CARIFORUM business council.
2. The development of clear national and regional strategies for export development and promotion, that would also assist companies to increase their volume and value of imports. It needs to be done jointly by government and the representatives of the private sector, such as the CAIC.