

- **Kai Schoenals , President of ADOEXPO**
- **Honourable Jose Dominguez Brito, Minister of Labour**
- **Mr Hector Valdez Governor of the Central Bank**
- **Secretary of State Domingo Jimenez, National Authorising Officer**
- **Secretary of State Eddy Martinez, Investment and Export Centre of the Dominican Republic**
- **Secretary of State Andres van der Horst, National Competitiveness Council**
- **Mr Cesar Dargan, Acting Minister of Foreign Affairs**
- **Mr. Rafael Camilo, Director General for Customs**
- **Members of the ADOEXPO**

**Address of H.E. Ambassador Irwin LaRocque
Secretary General of CARICOM
And
Secretary General of CARIFORUM
Dinner of the Dominican Association of Exporters
(ADOEXPO)
Santo Domingo, Dominican Republic
December 5th, 2011**

Introduction

I would like to thank the Dominican Association of Exporters (ADOEXPO) for inviting me to address this gathering - my first engagement in the Dominican Republic as Secretary General of the Caribbean Community (CARICOM). I also address you in my capacity as the

Secretary-General of the Caribbean Forum of African Caribbean and Pacific States (CARIFORUM), a co-operation grouping that includes the Dominican Republic. I would also like to thank the hosts for the delicious meal provided and can only hope that my address will be a fitting compliment to the efforts of the chef.

I take this opportunity to recognize Mr Ivan Ogando Lora, Director General of CARIFORUM, a national of the Dominican Republic, and Ms Pamela Coke Hamilton, Executive Director of Caribbean Export, a CARIFORUM institution. I also acknowledge the presence of a private sector delegation from the CARICOM Member States, who engaged in business to business contacts with their counterparts from the Dominican Republic earlier today.

Ladies and Gentlemen I would like to think of my statement tonight as the first course in a banquet of strengthening relations between the Dominican Republic and CARICOM. My presence here this evening, barely four months into my term of office is indicative of the importance I attach to the ties between CARICOM and the Dominican Republic. In advancing this relationship, I recognise there are common interests we have as Caribbean nations and the need to take a common approach to advancing these interests in the global arena to foster our growth and development.

Over the past decade the economies of the Caribbean have been subject to profound challenges, related among others, to the globalisation of the world economy and the belief that trade liberalisation would be the basis for development. We were not immune to that mantra and like our friends in Africa and the Pacific it became necessary for us to negotiate an Economic Partnership Agreement (EPA) with the European Union (EU).

Globalisation has affected the way people live and do business around the world. Innovations in Information and Communication Technologies (ICT) and transport have shrunk the dimensions of time and space and expanded the notion of markets. Competition has become stronger, increasing the need for firms in our Region to enhance their level of competitiveness and to embrace innovation.

The loss of traditional preferences for certain agricultural commodities on the altar of global trade liberalisation, and the need to restructure our economies in the wake of globalisation are unprecedented challenges that we must overcome in order to guarantee sustainable national and regional development.

The average growth rate of CARIFORUM's exports of goods and services over the past two decades shows an

erosion of nearly two percent. This reflects a loss of competitiveness when compared to the growth of trade experienced by our Latin American neighbours that have been able to increase their exports amidst the global economic downturn.

This decline in performance by CARIFORUM is indicative of fundamental problems in productivity, innovation and overall competitiveness that need to be tackled jointly by us all. Many of the industries in the Region are characterised by outdated equipment and production methods, challenges in supply capacity and value chain management, limited economies of scale, limited access to affordable finance and lack of market knowledge and/or intelligence. These factors coupled with limited national and human resource endowments combine to push production costs above globally competitive levels. Of course, there are many exceptions and best practices within our Region which demonstrate that we can produce globally competitive products.

Our Region is also confronted by insufficient, irregular and costly air and sea transport, inadequate support services, and in some cases costly telecommunications and electricity services which contribute to high production costs and limit the prospects for business growth and expansion.

It is clear, therefore, that I have assumed office as Secretary-General at a time when these global and regional challenges are threatening to overwhelm us. Indeed some of the most powerful economies in Europe and Asia as well as the United States are experiencing severe difficulties. The countries of the Caribbean are even more affected given our dependency on their well-being to promote our development.

Growth is limited, stagnant or negative; the fiscal situation is deteriorating; unemployment is rising and protectionism is raising its head. It is no secret that some CARICOM countries have had to seek the intervention of the International Monetary Fund (IMF). Further the situation in Europe has generated questions about integration itself even as we in CARICOM look at ways of re-energising our integration movement. I am confident that greater not lesser integration is the answer to overcoming the current difficulties and building a better life for our people.

Regional Integration – CARICOM and the Single Market and Economy

It is that confidence in the strength of togetherness which led to the formation of the Caribbean Community. Let me take this opportunity to provide some information about the

Community. Established in 1973 under the Treaty of Chaguaramas, CARICOM consists of 15 Member States and five Associate Members. The pillars on which CARICOM is being constructed are economic integration; human and social development; foreign policy co-ordination and security co-operation. The current Associate Members happen to be non-independent and participate mostly in areas of functional cooperation but do not participate in foreign policy co-ordination and economic integration. Functional co-operation among Members and Associate Members is a significant aspect of our integration movement. It is the pooling of capabilities and resources belonging to all involved in the integration process, with the objective of sharing, engaging in dialogue and defending common interests for the benefit of its members.

Economic integration is being pursued through the CARICOM Single Market and Economy, the ultimate aim of which is to establish a single, seamless economic space where CARICOM citizens can conduct business and move freely as though they were operating in a single country.

In Human and Social Development, our Member States co-operate in areas such as Health, Education, Culture and Youth Development. This co-operation in many ways

is perhaps the most successful in our integration process.

Foreign Policy Co-ordination allows the Member States of CARICOM to have a stronger common voice on issues of concern in the international community. Of course there are times when a common position has not been possible.

With respect to Security Co-operation, intelligence is shared to combat the scourge of the illegal drug trade and to battle transnational crime and there are specific instances where resources may be pooled. These efforts are aimed at fostering peace and stability in our Region.

The Conference of Heads of Government is the supreme authority of the Caribbean Community and is supported by six Ministerial Councils and the Legal Affairs Committee. The Secretariat, which I lead, is the administrative organ of the Community and in addition to its administrative functions is responsible for initiating proposals, facilitating the development and co-ordination of Community positions, providing technical advice to the Councils and Member States, as well as mobilising resources to help Member States implement decisions. Perhaps even more important is the role of the Secretariat as the Custodian of the Treaty. The Secretariat does not implement as we do not have that authority under the Treaty. Implementation is the province of the individual Member States.

You will recall that I said earlier that I am also Secretary-General of CARIFORUM. CARIFORUM is the body that comprises the independent states of CARICOM and the Dominican Republic for the purpose of promoting and co-ordinating policy dialogue with the European Union and regional co-operation and integration among its members. Among its tasks is overseeing the implementation of the Economic Partnership Agreement with the European Union and programming regional development co-operation under the Cotonou Agreement. The activities of CARIFORUM are administered by the CARIFORUM Directorate within the CARICOM Secretariat.

To return to the CARICOM Single Market and Economy (CSME), of the 15 Member States of CARICOM, 12 participate in the CSME with Haiti preparing to become the 13th. The Bahamas and Montserrat are the Member States which do not participate now in the CSME. The CSME currently allows for the free trade in goods and services, free movement of capital, the right to establish businesses, and free movement of certain categories of skilled Community national across the 12 participating Member States.

While Haiti is preparing to come on board, the Community has provided non-reciprocal preferential access for a

specified list of goods.

The CARICOM Treaty makes provision for special and differential treatment among its Members. Nine of the 15 Member States are designated as Less Developed Countries with the other six as More Developed Countries. Some of these provisions have implications for trade among Member States.

Let me point to one of these special provisions. As part of the effort to promote industrialisation in the Less Developed Countries, they may be granted the authority to temporarily suspend the duty free access available to intra-CARICOM trade and to apply tariffs on goods produced in the More Developed Countries.

An essential part of the integration arrangements is a number of CARICOM institutions which either derive their existence or functions from the Treaty. These include the Caribbean Court of Justice (CCJ), the CARICOM Regional Organisation for Standards and Quality (CROSQ), the CARICOM Development Fund (CDF) and the Caribbean Agency for Health and Food Safety (CAHFSA).

The framers of the revised CARICOM Treaty recognised that in order to achieve sustained economic development, the establishment of the CSME, while necessary, was not

sufficient. They also recognised the need for enhanced trade and economic relations with Third States. As far back as 1996, the CARICOM Heads of Government agreed that priority attention would be given to formalising trading links with a number of countries in the hemisphere and in that regard the decision was taken that the first hemispheric partner to be approached would be the Dominican Republic for the negotiation of a full free trade agreement to cover goods and services.

CARICOM- Dominican Republic Free Trade Agreement

The formal relationship between CARICOM as a group and the Dominican Republic began in 1992 with the creation of CARIFORUM following the accession of the Dominican Republic to the ACP and to the Lomé convention. While starting within the framework of ACP-EU relations, it is instructive that the spirit of co-operation at that time between CARICOM and the Dominican Republic was such that by 1998 we were able to commence and conclude negotiations for a Free trade Agreement. This was a clear recognition that the relationship was being built on our own terms.

The Agreement creates a Joint Council which supervises the implementation and administration of the Agreement including the resolution of disputes. This Council has

failed to meet since 2005 despite numerous efforts by both sides.

The Free Trade Agreement through its Article 13 provides for the active participation of the private sector in the attainment of its objectives of strengthening the commercial and economic relations between the Parties. The role of the private sector has been formalised by way of a CARICOM/ Dominican Republic Business Forum which is designed to promote greater dialogue between commercial operators in the Dominican Republic and CARICOM towards facilitating expansion of trade and investment.

The parties to the agreement and the private sector of both sides have expressed concern and frustration over the lack of full implementation of our bilateral Free Trade Agreement. By now the liberalisation of goods subject to phased reduction of duty should have been completed. The agricultural products subject to special trading arrangements should have been reviewed. A regime for trade in services should have been in place.

In particular, you the exporters of the Dominican Republic would like to see a more dynamic approach by CARICOM with respect to the implementation of the Agreement, including the broader coverage of goods which enjoy

preferential access into CARICOM. On the part of CARICOM exporters, Law 173 is considered one of the major obstacles to entering the market of the Dominican Republic and they would like to see its application to CARICOM exporters brought to an end. There is no similar provision in any CARICOM Member State. They have taken careful note that Law 173 does not apply to trade with the United States under the Dominican Republic- Central America - US Free Trade Agreement:

Both sides have called for a re-engagement at the level of the Joint Council provided for under the Agreement to address the several issues which have remained unresolved for quite some time. The CARICOM Secretariat acting on a decision by the CARICOM Ministers of Trade are in discussion with the relevant authorities in the Dominican Republic on the convening of the Council early in the new year. In this regard, both sides may be well advised to focus on advancing implementation of the free trade agreement under its current provisions and not at this stage seeking to bring about changes.

It goes without saying that a successful meeting of the Joint Council would require thorough preparations involving the public and private sectors of both sides. Most important is that they approach the meeting with a flexibility that would allow an equitable accommodation of

the interest of both sides.

Working together to advance common interest is not new to CARICOM and the Dominican Republic. We negotiated jointly with the European Union for the Economic Partnership Agreement. At the private sector level the most obvious example is the success the rum industry has achieved in securing and utilising the 70 million euros negotiated with the EU for support to the industry. This has been successfully managed by its umbrella organisation, the West Indies Rum and Spirits Producers' Association, which comprises all the rum producers in CARIFORUM. The rum industry through WIRSPA and governments is currently working to safeguard the interests of the industry in the United States and Canadian markets.

With such an example of best practice, I am confident that both sides will be able to find appropriate solutions to these differences in the near future via the convening of the Joint Council of the CARICOM-Dominican Republic Free Trade Agreement. I look forward to the private sector through the Business Forum playing an important role in re-invigorating the implementation of the Agreement. And following the frank and open discussions this morning between the private sector representatives of both sides, I am even more convinced that solutions will be found.

Notwithstanding these concerns, trade relations between CARICOM and the Dominican Republic are helping to strengthen the Region's economy as a whole. Let me illustrate -.

- between the period 2002 and 2008 both CARICOM and the Dominican Republic experienced steady growth in their trade. In 2009 there was a decrease in trade which we can surmise was due to the global economic recession.
- During the same period CARICOM as a bloc has enjoyed a trade surplus with the Dominican Republic. It must be pointed out however that the surplus was largely accounted for by the export of petroleum and petroleum products from Trinidad and Tobago. All other CARICOM countries experienced a trade deficit with the Dominican Republic.
- In 2010 Dominican Republic ranked eleventh among destinations for CARICOM's exports and accounted for 1 per cent of CARICOM's total exports to all destinations;
- CARICOM as a group (not including Haiti, since it is not part of the Bilateral Agreement as yet) was the third most important market for your national exports in 2010 - Only behind Haiti and the United States.

- Exports to CARICOM countries accounted for close to 6% of the total of all exports of the Dominican Republic in 2010, which is more than the percentage of exports to individual Member States of the European Union.
- Dominican Republic exports to CARICOM countries were almost 60% more than Dominican Republic exports to Central America despite the bilateral Agreement with Central America. This is even more significant when we take into consideration the fact that the total population of Central America is more than five times that of CARICOM as a whole (not including Haiti).
- Once Haiti becomes a full participant in the CARICOM Single Market, CARICOM's market will be the number one destination for Dominican Republic exports;

CARIFORUM-European Union Economic Partnership Agreement

Ladies and Gentlemen while I maintain that CARICOM and the Dominican Republic need to define for themselves the terms and conditions of their engagement, we have to recognise one of the objectives of the Economic Partnership Agreement with the EU is to foster economic integration in this Region.

One of the obligations under the EPA is what is termed as Regional Preference. This clause requires that any market access for goods and services provided by CARIFORUM States to the European Union must be also granted among CARIFORUM states where that does not now obtain. For example, CARIFORUM countries have granted market access to the European Union for services but have not yet granted it among themselves. The EPA requires us to do so.

While the EPA creates an obligation, it is for the CARIFORUM States to take the initiative and create the legal platform to give it effect. I suggest that the CARIFORUM Trade Ministers need to give this matter serious consideration. I should point out that EPA recognises that “the pace and content of regional integration are matters to be determined exclusively by the CARIFORUM States in the exercise of their sovereignty and in the light of their current and future political ambitions.”

CARIFORUM- European Union Cooperation

Through co-operation with the European Union, Under the Tenth European Development Fund, resources are being provided to assist CARIFORUM states in the

implementation of the EPA.

Already playing a critical role in this regard is Caribbean Export which is implementing a 28 million Euro programme aimed at improving private sector competitiveness and innovation. This will include direct assistance at the enterprise level. The involvement of the private sector in CARIFORUM is therefore essential.

There is also an additional 54 million euros to assist the Region in EPA implementation in areas such as Services, Agriculture, Sanitary and Phyto-sanitary issues and Technical Barriers to Trade.

As you are aware sanitary and phyto-sanitary issues play a crucial role in our ability to export agricultural goods to each other and externally. The CARICOM Regional Organisation for Standards and Quality (CROSQ) and the Dominican Standards Body DIGENOR are co-operating to implement the technical barriers to trade commitments under the EPA.

The CARIFORUM Directorate through its EPA Implementation Unit is also seeking to strengthen the implementation capacity of all CARIFORUM States with the view to successfully tackling the challenges brought

about by the Economic Partnership Agreement. Incidentally the first meeting of the EPA Special Committee on Customs Co-operation and Trade Facilitation will take place here in Santo Domingo this week.

CARICOM-Dominican Republic Cooperation

Ladies and Gentlemen it is not only under the rubric of the CARIFORUM-EU co-operation that CARICOM and the Dominican Republic are collaborating. They are also working together in a number of other areas in the Region. For example in the interest of the security of our Region, under the Caribbean Basin Security Initiative with the United States and also with the United Nations Office of Drug Control programme, we are co-operating to ensure the safety of our people and halt the scourge of transnational crime.

In health, the Dominican Republic is very much a part of the Pan Caribbean Partnership Against HIV/Aids (PANCAP), which is managed by and located in the CARICOM Secretariat. It has been deemed an international best practice by the United Nations and receives significant support from a number of our International Development Partners.

The ties between the people of the Dominican Republic

and of the States which make up CARICOM have been forged in the true spirit of community. It has manifested itself in the participation by the Dominica Republic in the Caribbean Festival of the Arts (CARIFESTA), which has been staged in many CARICOM capitals in the last thirty years. That grand cultural event serves as a platform for bringing the peoples of the Region together to celebrate all that makes us in the Caribbean unique. The next edition is in Suriname in 2013 and we look forward to your participation there.

There is also collaboration between Instituto Tecnológico de Santo Domingo and the University of the West Indies. There are five Dominican Republican universities in the Association of Caribbean Universities and Research Institutes. There are student exchanges and joint faculty research. Ten students from St Vincent and the Grenadines are receiving full scholarships in various disciplines here in the Dominican Republic. I suggest to you members of the private sector on both sides that there is no better way to contribute to the strengthening of the ties than by sponsoring some of these endeavours. This is one sure way of creating a cadre of Goodwill Ambassadors for the promotion of CARICOM-Dominican Republic relations.

These examples demonstrate that there already exists a

spirit of camaraderie between the Dominican Republic and CARICOM that can be built upon to engender trust and confidence so necessary in maintaining a strong relationship. At the same time, there is the need on both sides for greater understanding of customs, practices, and culture generally but this can only come about through increased interaction at all levels. Consideration of the application by the Dominican Republic for membership in the Caribbean Community should be viewed within that context.

Important in all this is the private sector. As you are no doubt quite aware, the marketing of a new product in another country calls for an understanding not only of the market place but also of the consumer's taste and preferences. As exporters you are uniquely placed in this regard. You can be the leaders in fostering the kind of environment necessary for strengthening the relations between the Dominican Republic and CARICOM.

The formal relations between the government of the Dominican Republic and CARICOM Governments as a group in recent times have been limited to the Economic Partnership Agreement and development co-operation with the European Union. While these are positive and necessary, we must also forge our relations which are informed and defined by our own self interests as a

Region. It is in our interest to re-engage under the CARICOM-Dominican Republic Free Trade Agreement. Both the Dominican Republic and CARICOM have Joint Commissions with various countries but not with each other. We need our own forum that would allow our Governments to look at all our issues and serve to enhance the relationship between the two parties.

Such a forum would be a step towards forging a strategic relationship with a focus on functional co-operation and advancing our interests globally.

Conclusion

In conclusion it is clear that there are a number of positive factors which can impel an enhanced CARICOM-Dominican Republic relationship – trade, investment and people to people contact. It is up to both sides to build on those factors and embrace each other to provide a standard of living which all of our citizens would enjoy. In all of this, there is a role to be played by the private sector. I hope all of you present tonight will embrace the moment.

I thank you

