

## CAF presented the Economy and Development Report in Trinidad & Tobago and launched its Regional Office for the Caribbean

The report proposes an agenda in three dimensions: reduction in cost at borders through trade facilitation initiatives, reduction in transport and logistic costs through infrastructure and reduction in production integration costs through the simplification and harmonization of regulations, like rule of origins, that affect the ability of firms to produce in multiple locations or to use foreign inputs in their production.

(Trinidad & Tobago, November 15<sup>th</sup>, 2022). CAF, Development Bank of Latin America and the Caribbean, presented in the Trinidad & Tobago's Central Bank Auditorium the **Economy and Development Report (ERD) 2021** titled **"Pathways to Integration: trade facilitation, infrastructure and global value chains"**. The report explores the notion that the relatively low participation in international trade of Latin American and Caribbean firms is due, in part, to the limited use of the regional sphere as a necessary complement to a strategy of global export expansion and proposes initiatives in three specific areas: trade facilitation, physical infrastructure, and productive integration.

CAF's Executive President, **Sergio Díaz-Granados**, delivered the opening remarks for this presentation alongside the Minister of Finance of Trinidad & Tobago, **The Honourable Colm Imbert**. Sergio Díaz-Granados stated "Without any doubt, regional and global integration is still a desire for most of the Latin American and Caribbean countries. The report develops an agenda to move forward and achieve this goal. From CAF-development bank of Latin America and the Caribbean, we will continue supporting countries to advance regional integration as part of the strategy to achieve higher levels of sustainable development for all the inhabitants of the region".

**The Honourable Colm Imbert**, Minister of Finance of Trinidad & Tobago, said "The theme **Pathways to Integration: trade facilitation, infrastructure and global value chains** of this year's flagship Economy and Development Report is very appropriate. Trade plays several key roles in a country's economic activity. It diversifies and broadens access to global goods and services, accelerates dissemination of knowledge and allows countries to build resilience and capacity to deal with external shocks, and also to speed up their recovery following those shocks".

**Lian Allub**, Principal Economist of the Socioeconomic Research Division at CAF, presented the report. He pointed out that in Latin America and the CARICOM area, we observe important reductions in tariffs. The average level for Latin America went from 12% to 7% in the period 2000-2019, while in CARICOM it decreased from 15% to 11%. Despite this reduction, tariff levels are still higher than those observed in OECD countries, where they are around 2%. Even though there is room to continue reducing tariffs, the report proposes an agenda in three dimensions beyond tariffs. These are: reduction in costs at borders through trade facilitation initiatives, in transport and logistic costs through infrastructure and in production integration costs through other regulations, like rule of origin, that affect the ability of firms to produce in multiple locations or to use foreign inputs in their production.

During the presentation, Allub mentioned that Trinidad and Tobago shows an important participation both in regional and extraregional value chains, mainly as an input provider. He pointed out that one way to maintain and increase countries productive integration is through foreign direct investment. In this regard, most CARICOM countries show high levels of FDI in terms of GDP, and continue attracting foreign investments as an effective tool to deepen productive integration and promote exports.

Following the presentation, a panel discussion focused on key topics for Caribbean integration. The discussion was moderated by **Dr. Stacy Richards-Kennedy**, CAF's first Regional Manager for the Caribbean. The panel comprised **Dr. Alvin Hilaire**, Governor of the Central Bank of Trinidad and Tobago, **The Honourable Ryan Straughn**, Minister in the Ministry of Finance of Barbados, His Excellency **Rodolfo Sabonge**, Secretary-General of the Association of Caribbean States and **Dr. Jan Yves Remy**, Director of the Shridath Ramphal Centre for International Trade Law, Policy and Services at The University of the West Indies Cave Hill Campus.

The event was closed by **Christian Asinelli**, Corporate Vice President of Strategic Programming of CAF, who added that "There are great opportunities to continue promoting the international participation of Caribbean companies in global markets. We must foster regional and global value chains, which are translated into increases in productivity and well-being for all Caribbean and Latin American economies. That is why at CAF we put forward a renewed agenda that seeks to be a bridge to integrate more CARICOM countries with the rest of the region and thus promote intra-regional trade."

### **Regional Office for the Caribbean**

At the end of the event, CAF's Regional Office for the Caribbean was officially launched. **Dr. Stacy Richards-Kennedy** was presented as the Regional Manager for the Caribbean, in charge of strengthening coordination of the Bank's actions in its existing member countries - Barbados, Jamaica and Trinidad & Tobago, as well as expanding CAF's development assistance to other interested Caribbean nations.

CAF's Board approved this year a USD 7 billion capital increase, the largest in the bank's history, which will allow it to double its portfolio (to over USD 60 billion) by 2030 and provide much-needed development assistance to its member countries. The Board also approved the establishment of a Regional Office for the Caribbean. Given CAF's increased support to the region in response to the fiscal challenges that have been exacerbated by the pandemic, CAF has been recognized regionally as an agile and client-focused development partner. CAF is committed to working more closely with Caribbean countries to expand its membership and provide access to financing solutions for both the public and private sectors in the Caribbean.

The mission of CAF, Development Bank of Latin America, is to promote sustainable development and regional integration by means of financing projects in the public and private sectors, providing technical cooperation, and other specialized services. Created in 1970, it is made up of 21 countries, 19 Latin American and Caribbean, together with Spain and Portugal, and 13 private banks, it is one of the main sources of multilateral financing and an important generator of knowledge for the region. More information in <http://www.caf.com>.

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