An Assessment of Caribbean Trade: Potentially Trade Creating?

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This dissertation provides an assessment of the pattern of trade of CARICOM member countries with a view to ascertaining the possible trade creation effects of deeper integration. According to the literature, the extent to which greater trade ties among these countries will yield any significant benefits is largely a function of the extent of overlapping specialisation among these economies. Overlapping specialisation also provides a basis for a common Caribbean approach to the plethora of ongoing trade negotiations. In this regard, an examination of the nature and structure of Caribbean trade patterns is undertaken employing indices of export similarity and revealed comparative advantage. More fundamentally an assessment of the underlying pattern of specialization focusing on the factors embodied in the goods traded is undertaken. This analysis not only fills the current void in the literature as the first of its kind in the region but also suggests the need to reconsider the present structure of trade arrangements within CARICOM and re-evaluate the basis upon which greater trade ties across the Caribbean are predicated.

Keywords: Trade patterns in CARICOM; trade strategies; factor content