

ABSTRACT

An Assessment of the Impact of CARICOM on Trade Flows:
A Case Study of the Four More Developed Countries
in the Caribbean

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Understanding the impact of any economic integration movement on trade flows is of importance to policy makers and all those concerned. Research in this area can reveal whether or not welfare has been increased, since the improvement on the standard of life is one of the main reasons for the formation of regional integration movements.

In this Thesis, a quantitative approach is adopted in analysing the effect of the Caribbean Community (CARICOM) on trade flows. Trade creation and trade diversion are estimated for the four "more developed" countries of the region in an attempt to assess the success of this regional integration movement.

The Balassa approach to estimating trade creation and trade diversion was adopted in this exercise. The results indicated that, as a result of the formation of CARICOM some trade was created and diverted. However, the degree of change was unevenly distributed amongst the countries studied and in addition, the results also indicated that the change in most cases were not significant.