



QUARTERLY

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CLAA TRADE AND INVESTMENT FORUM SERIES

Caribbean Financial Integration: One Regional Capital Market

CLAA's, "Caribbean Financial Integration-One Regional Capital Market" conference, held October 7-8, 2003 in Port of Spain, Trinidad and Tobago, yielded productive results toward the goal of capital market integration as a pathway to facilitating increased foreign investment in the Caribbean.

The conference was hosted by the University of West Indies Institute of Business, the Caribbean Association of Industry and Commerce, and the Caribbean Association of Indigenous Banks. The event was sponsored by USAID, CARANA Corporation, the Inter-American Development Bank, RBTT Bank Ltd., Caribbean Money Market Brokers Ltd., and the Unit Trust Corporation of Trinidad & Tobago.

The Trinidad event attracted 120 high-level decision-makers from the private and public sectors. It highlighted the importance of integrating the capital markets of the



Kathleen Donawa, Dir. Public and Government Affairs Chevron Texaco, CLAA Vice President Caribbean-CARICOM

Caribbean as a vital part in Strengthening The Third Border™. cont. p. 4

Returning to Our Roots



On December 8, 2003, Caribbean / Latin American Action (CLAA) will officially change its name to Caribbean – Central American Action (CCAA). The name change is symbolic of the organization's energized focus on its core mandate of promoting private sector-led economic development in the Caribbean and Central America.

As the Western Hemisphere deals with the challenging issues of trade and development, it is more critical than ever that the small economies of the Caribbean Basin not be left behind the larger GDP nations.

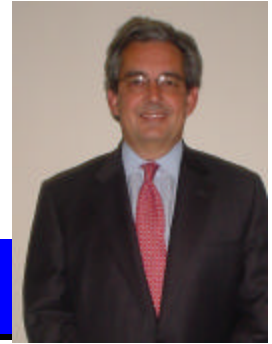
CCAA will be dedicated to ensuring that the interests of the region are represented in the passage of an FTAA and that the CBI countries' message is heard in Washington. The name change was approved at the organization's Spring Board meeting.

27th Miami Conference on the Caribbean Basin



Strengthening The Third Border™

December 8-10, 2003 Loews Miami Beach Hotel, Miami Beach, Florida



MESSAGE FROM THE EXECUTIVE DIRECTOR

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As we enter the home stretch to our 27th Annual Miami Conference on the Caribbean Basin, I am pleased to report that CLAA will close the year 2003 as strong as we have been in some time. The organization is well positioned to aggressively drive forward the Transformation Agenda needed to improve the economic well being of the people living in the Caribbean Basin. More than ever, we are committed to promoting democracy and private sector-led sustainable economic development in the region. Over the past 12 months, we have developed a comprehensive program of conferences and activities to reach out to our constituents. Several of them are referenced in these pages. With your continued support, we look forward to building upon these successes during the coming year.

As you read on the front page of the Quarterly, we are returning to our roots by changing our name back to Caribbean Central American Action – CCAA. This straightforwardly describes the focus of our advocacy - the countries and non-independent territories that were identified as the beneficiaries of the Caribbean Basin Initiative in the mid-80s. We have taken this one step further in calling for these small economies of the Caribbean and Central America be defined as the Third Border of the United States, to more accurately reflect the strategic importance of the region. While we will continue to play an active role in the hemispheric agenda, our emphasis will be centered on the issues and challenges facing the Caribbean Basin.

We have defined our mission as *Strengthening the Third Border™* and have made it the theme of this year's Miami Conference. As you can see from the description of the conference on the following page, this subject has struck a chord with the political leadership of the United States and the Caribbean Basin. We look forward to bringing together the key private and public sector decision makers in a constructive dialogue to define the action steps needed to accelerate the process of change currently underway in the region. We hope that you can join us in Miami as we work together to make this vision a reality. Divided we will not succeed; together we will not fail.

UPCOMING CALENDAR OF EVENTS

Caribbean/Latin America Profile 2003
 "Bridging the gap between the Americas, the power of information is in your hands."
 Order now at:
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 \$80.00

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 Washington, D.C. 20036
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- November 17-20 **CAIB'S 30th Annual General Meeting & Conference**
 Organized by the Caribbean Association of Indigenous Banks
Location: Montego Bay, St. James, Jamaica
Contact: Pauline Nelson, nelsonps@jncb.com
- November 18-10 **AAFA'S 2003 Annual Global Forum**
 Organized by The American Apparel & Footwear Association
Location: San Jose, Costa Rica
Contact: Ann Engels, alengels@apparelandfootwear.org
- December 3-4 **VI Americas Food & Beverage Show & Conference**
 Organized by the World Trade Center Miami
Contact: <http://www.worldtrade.org>
- December 8-10 **27th Annual Miami Conference on the Caribbean Basin: Strengthening the Third Border.**
 Organized by Caribbean Latin American Action
Contact: <http://www.claa.org>
- February 3-4 **CompromisoCentroAmerica: The Fight Against Poverty -The Case for CAFTA & Foreign Investment**
 Organized by Caribbean Latin American Action
Location: San Salvador, El Salvador
Contact: <http://www.claa.org>

CLAA 27th Miami Conference on the Caribbean Basin

Strengthening the Third Border™

December 8-10, 2003 Loews Miami Beach Hotel, FL

This year's conference, titled *Strengthening the Third Border™*, will address the key challenges faced by the small economies of the Caribbean Basin in confronting worsening poverty for many of its people and increased global competition. Defining the 21 CBI (Caribbean Basin Initiative) beneficiary countries as the Third Border highlights the historical strategic importance of the neighborhood to the national security of the United States. The continued economic and political stability of the region requires attracting significant additional foreign investment to finance economic development, as more traditional sources, such as domestic savings, government aid, multilateral assistance and bank lending, are no longer sufficient.

CLAA believes that the private sector must take the lead in driving forward the Transformation Agenda – Capacity Building, Integration, Harmonization and Governance—to overcome the major barriers—lack of skills, small scale, bureaucracy, and corruption) to increased investment flows. The purpose of this conference is to bring together the public and the private sector in a constructive dialogue and obtain their unqualified commitment for the timely implementation and execution of the required public policy changes.

The Miami Conference's agenda combines major addresses by the political leadership of the region with morning workshops on critical issues such as capacity building, harmonization, integration, governance, trade and investment, economic development, environment, immigration, health, labor, non-independent territories, and security and customs.

Afternoon industry sector roundtables will give all participants the opportunity to actively participate in a series of discussions with government officials and business leaders from the US, Europe, the Caribbean, and Central America, representing the agribusiness, apparel, energy, financial services, intellectual property rights, technology, telecommunications, transportation, and tourism sectors.

Reception, luncheons and dinners, as well as a diversified Exhibit Hall, will provide ample opportunities for networking with a broad cross-section of companies and individuals actively involved in *Strengthening the Third Border* by promoting democracy and sustainable economic development in the Caribbean Basin.

Confirmed Speakers

Jeb Bush, Governor of Florida

"Florida & the Caribbean Basin – Partners for Growth"

Hipólito Mejía, President of the Dominican Republic

Francisco Flores, President of El Salvador

Enrique Bolaños Geyer, President of Nicaragua

Richard Bernal, Director General, Caribbean Regional Negotiating Machinery

Peter Allgeier, Deputy United States Trade Representative

Andrew Natsios, Administrator, US Agency for International Development

Grant Aldonas, Undersecretary of International Trade, US Dept. of Commerce

Asa Hutchinson, Undersecretary of Borders & Transportation US Dept. of Homeland Security

Elsa Murano, Undersecretary for Food Safety, US Dept. of Agriculture

Roger Noriega, Assistant Secretary for West. Hemisphere Affairs, US Dept. of State

Adolfo Franco, Administrator Western Hemisphere, US Agency for International Development

Byron Blake, Assistant Secretary General, Caricom

Dennis Flannery, Executive Vice-President, Inter-American Development Bank

Harry Brautigam, President, Central American Bank for Economic Integration

Jaime Rivera, President, Banco Latinoamericano de Exportaciones

Anthony Hylton, Special Envoy for Trade, Jamaica

Chelston Brathwaite, Director General, Inter-American Institute for Cooperation in Agriculture

Raul Robertson, Minister of Development, Jamaica

For Sponsorship Opportunities at the CLAA 27th Miami Conference on the Caribbean Basin

Contact Olga Ranaweera, oranaweera@claa.org

Caribbean Financial Integration: cont. from Page 1

Leaders of the region's stock exchanges, banks, brokers, regulators, and investors tackled the tough issues concerning how to bring down barriers to the effective movement of capital and to attract the foreign investment necessary to finance economic development.

Consensus was reached to move forward in four approaches: make the markets more accessible to the population by education; build a stock market association for CARICOM to increase integration efforts between the markets themselves; create a ratings agency for the region; and finally, ensure the greater involvement of legislators in the process. Other ideas proposed at the conference included the creation of a stabilization fund for the smaller economies in the region, increased cooperation between regulators in the region, harmonization of relevant capital markets legislation, and increasing the electronic and online component of trading.

"Financial Integration-One Regional Capital Market" featured several prominent speakers and moderators, including Dr. Roy Austin, U.S. Ambassador to Trinidad and Tobago; Roy Johnson, Chairman of the Jamaica Stock Exchange; Trevor Blake, Director of the Eastern Caribbean Central Bank; Cynthia Hostetler, Vice President of the Overseas Private Investment Corporation; Ewart Williams, Governor of the Central Bank of Trinidad and Tobago; Philip Marshall, Vice President of RBTT Financial Holdings Ltd.; Larry Howai, CEO of First Citizens Bank; Ronald Harford, Managing Director of Republic Bank Ltd.; Eutrice Carrington, Manager of Investment Management Services of the Unit Trust

Corporation of Trinidad & Tobago; and Ram Ramesh, CEO of Caribbean Money Market Brokers Ltd. Topics included Banks and Entrepreneurship, Technology and Common Institutions, Corporate Governance, Monetary Policy, and Legal and Regulatory Challenges.

This event was the second conference, in the CLAA Trade and Investment Forum Series, on capital market integration in the Caribbean Basin. The first, held in El Salvador May 4-5, 2003, attracted 135 attendees to discuss ways to accelerate the integration process in Central America, the Dominican Republic and Panama in light of the CAFTA currently being negotiated. The El Salvador event was sponsored by the U.S. Department of State, the Central American Bank for Economic Integration, and Grupo Uno.

This conference will be followed by a session at CLAA's 27th Annual Miami Conference on the Caribbean Basin on December 10, 2003. The third installment in the capital markets integration series is currently being planned for the first quarter of 2004 to be held in the Dominican Republic. This event will bring together relevant parties from both the Caribbean and Central America.



**Angella Persad, Partner, Ernst & Young
Trinidad & Tobago and Rolph Balgobin,
Executive Director, UWI Institute of
Business**



**Ronald Harford, Managing Director, Republic Bank
and Robert Sherretta, President, International
Investor**

More information can be found by visiting CLAA's website at www.claa.org or contacting Steve Thomas, Director of Agribusiness and Financial Services Business Teams.



Patricia Hamilton, CEO, CAIB

The Outlook for CAFTA: Federico Sacasa speaks at WTC of New Orleans

By John Hyatt, The Irwin Brown Company, New Orleans, LA

Federico Sacasa, Executive Director of CLAA, addressed a New Orleans World Trade Center luncheon on October 17, 2003 several days before the Houston round of CAFTA negotiations (October 20 – 24, 2003). His topic was "The Outlook for CAFTA: Developing the Caribbean Basin through Trade & Investment."

Mr. Sacasa had a stark warning for those Central American countries that might be dragging out negotiations on CAFTA - the window of opportunity is closing. The goal is to have negotiations completed by the end of 2003 before the U.S. enters an election year. It will be possibly five more years before such an opportunity again presents itself. In the meantime, the Central American countries must not fall further behind in regional integration, especially in light of the

looming December 31, 2004 WTO elimination of textile/apparel quotas.

Because of the small size of their individual economies, the Central American countries must integrate to be effective in the global trading regime. Yet, barriers to agreement persist. Costa Rica fears "contamination" from the other countries but it cannot go it alone. A critical factor is the loosening of the telecommunications monopoly there as urged by USTR Robert Zoellick. Problems also exist in Guatemala with the uncertainty around upcoming November elections. The three most promising countries are Honduras, Nicaragua and El Salvador. Their active cooperation may prove the linchpin in securing a quick final agreement.

Lack of integration causes serious inefficiency that is injurious to regional competitiveness. Mr. Sacasa presented the example of a container traveling from Guatemala to Panama at an average of 8 km/hr because of customs delays instead of being flagged through at the borders. Now, many of the regional supermarket chains, department stores and financial institutions are beginning to see how a lack of regional integration and standardization is negatively affecting their operations.

Powerful economic elites, unused to competition in a once protected market, remain resistant to change. "There must be a change in thinking", said Mr. Sacasa, "if the region is not to become just another third world backwater which grasped for the laurel wreath of free trade but was found wanting."

Because each of the economies is so small, the countries must integrate to be effective in the global trading regime.

CLAA INTER-AMERICAN LUNCHEON SERIES

Inter-American Luncheon: Beyond CAFTA - The Free Trade Area Case for Panama and the Dominican Republic

The Inter-American Luncheon organized by Caribbean Latin American Action provided a forum for the Ambassadors of the Dominican Republic and the Republic of Panama to emphasize the importance of free trade with the United States for their respective countries.

The Inter-American Luncheon Series is a collaborative effort between CLAA, the Inter-American Council (IAC) and the Inter-American Institute for Cooperation in Agriculture (IICA). The three groups rotate organization of the event, which occurs every other month, featuring prominent speakers on topics of interest to the hemisphere. September's event was organized by CLAA and supported by the U.S. Chamber of Commerce and the U.S.-Panama Business Council. Each Ambassador described their country's individual free trade strategies.

cont. p. 6



From left to right: **Ambassador Roberto Alfaro Estripeaut, Steven Thomas, Ambassador Hugo Guilliani Cury and CLAA President, Jose Perez Jones**

CLAA Energy Business Team Continues To Push For Harmonization Of The Central American Petroleum Market

On August 28, 2003, Central American energy stakeholders convened in Managua, Nicaragua, in an assembly organized by CLAA, to discuss harmonization of the region's petroleum market. Hosted by INCAE, the meeting focused on the CLAA Energy Business Team position paper on best practices in Central America.

Specifically, the position paper calls for the harmonization of best practices in ten areas relevant to petroleum marketing. Issues for the market were organized from least to most difficult to address politically, ranging from product specifications that vary by country to customs unification throughout the region. The participants recognized the political challenges of change but agreed that harmonization was fundamental to market development for petroleum.

This Business Team presentation was one of several made this year, involving both public and private sector representatives. Previous energy presentations made in Washington, DC where at the U.S. Department of Energy, the U.S. State Department, and the U.S. Trade Representative.

After the best practices presentation by ExxonMobil's regional Public Affairs Manager, Alfredo Fernandez-Sivori, INCAE representatives moderated a frank discussion of obstacles to regional energy investment and practices that should be replicated throughout Central America. The attendees included the Nicaraguan Vice-Minister for Industry and Commerce, Javier Morales; Litleton Bolton Jones, President of RECOPE in Costa Rica; and Raul Solorzano, President of the National Commission for Energy in Nicaragua.

The CLAA Energy Business Team will present its position paper again at the U.S. State Department's Economic Officers meeting on November 23, 2003 in Coconut Grove, FL. The prospects for harmonization in the region as a whole will be discussed, as well as the implications of regional and hemispheric free trade negotiations.

Inter-American Luncheon: Beyond CAFTA: cont. from Page 5

At the luncheon, Ambassador Roberto Alfaro Estripeaut of Panama described how his country is of great strategic importance to the United States. He discussed the large amount of world trade that goes through the Panama Canal, Panama's crucial geographical position, its large and vibrant financial services sector and its open economy. He noted that he hopes Panama will begin negotiating a free trade agreement with the United States around March of 2004 and complete negotiations by the end of next year.



Jay Eidson, Jr., Partner, Eidson & Bonello CP,
Elizabeth Ross, C. Thomas Burke, Senior Advisor to
the President, "K" Line America Inc.



Federico Sacasa,
CLAA Executive Director

Ambassador Hugo Guilliani Cury made the case that the Dominican Republic is one of the fastest growing economies in Latin America and the developing world, as well as one of the most established, stable democracies in the hemisphere. He added that the Dominican Republic will be integrated into the CAFTA agreement early in 2004 before its presentation to Congress.

Both Ambassadors noted their support for each other's countries to have a free trade agreement with the United States.

The event, hosted by the U.S. Chamber of Commerce and sponsored by BellSouth, was attended by 115 leaders of the business community, regional government and U.S. Government. The next Inter-American Luncheon will be organized by IICA.

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