

CRNM PRIVATE SECTOR TRADE NOTE (REVISED): ANTIGUA/BARBUDA**1.0 General Overview**

Antigua/Barbuda-based exporters generated over US\$506mn in goods and services in 2005, of which over US\$476mn were generated from exports of commercial services (i.e. travel-tourism). Therefore, it is safe to say that Antigua/Barbuda's export earnings are heavily services based. It is also important to note that Antigua/Barbuda's total export revenue (i.e. goods and services) has grown by over 5% per annum since 2001. However, where we disaggregate goods and commercial service, we find that commercial services export sales has been dynamic, growing by 6% per annum since 2001, whilst goods export revenue grew by 4% per annum since 2001. On examining the 2005 services export sales, we find that of roughly US\$476mn, travel dominates, with US\$346mn, and other transportation services (which would include shipping and air transportation services) generating some US\$91mn. Other commercial services (which includes financial services, professional services etc) accounts for the remainder of the services export sales generated (i.e. US\$39mn).

On examining the ease with which traders can move their containers, the World Bank Doing Business Survey for 2006 estimated that, on average, it costs US\$1,056 and takes 13 days to export a 40 foot (standardized) container from Antigua/Barbuda. The study also revealed that it was more costly to import a standardized 40-foot container into Antigua/Barbuda than to export as the cost for importing was US\$1,467, and the average time taken to clear a container was 15 days. The study also revealed that Antigua/Barbudan exporters into Major markets would face less customs hurdles exporting than importing into their own country. For example, the study revealed that it takes 7 days and costs US\$700 to clear a 40-foot container in Canada. It also takes 6 days and costs \$731 to clear a container in Germany, 12 days and \$676 in the UK and 6 days and \$625 in the US.

2.0 Trade profile

2.1 Major exports: Based on 2005 export sales, the top ten exports from Antigua/Barbuda globally are cargo vessel re-exports (US\$7.2mn), refrigerated vessels other than tankers (\$3.5mn), refined petroleum oils (\$2mn), anchovies prepared/preserved (\$1.5mn), calcined petroleum coke (\$732,000), sails of textile material (\$714,000), rock lobster (\$580,000), sails of synthetic material (\$433,000), maize (\$421,000), mineral/chemical fertilizers in retail packs weighing more than 10 kg (\$395,000). These ten products accounted for over 60% of Antigua/Barbuda's merchandise goods exports in 2005.

2.2 Most dynamic exports: Over 2001 to 2005, the most dynamic exports from Antigua/Barbuda included re-exports of cargo vessels (251% growth per annum), refined petroleum oils (111% p.a.), citrus fruit juice (81% p.a.), parts/accessories of automatic data processing machines (92% p.a.), grape wines (96% p.a.) and metal oxide semiconductors (47% p.a.).

2.3 Declining exports: Over 2001 to 2005, declining exports (i.e. those export product groups experiencing over 5% decline in sales per annum) include sails of synthetic material (-27% p.a.) and natural sands (-18% p.a.). It should also be noted that rock lobster, a major export, has also been losing 4% export sales per annum since 2001.

3.0 Regional export performance

Antigua/Barbudan exporters focused on three regions to generate sales, namely, The EU(25), CARICOM, and NAFTA¹. Specifically, export revenue from CARICOM and the EU(25) account for roughly US\$37mn, or over 90% of Antigua/Barbuda's total merchandise (goods) export earnings. Therefore, mainly exploratory export activity was detected in the MERCOSUR², Andean (see 3.4 below) and the ASEAN³ community, three major global trading blocs, which for Antigua/Barbudan exporters however, only generated under 10% of their goods export sales.

¹ North America Free Trade Area: Refers to a trade bloc comprising Canada, Mexico and the USA.

² Refers to a trade bloc comprising Argentina, Brazil, Paraguay and Uruguay.

³ Association of South East Asian Nations: Refers to a trade bloc comprising Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam

3.1 Exports to CARICOM: Antigua/Barbudan exporters generated US\$1.1mn in sales to CARICOM in 2005, which accounted for only a marginal share of the country's merchandise export revenue. However, there was dynamic growth in export sales generated from CARICOM over 2001 to 2005, with Antigua/Barbudan exporters growing their CARICOM-sales by 9% per annum. The major export product groups have been flat rolled iron/steel (US\$207,000 in 2005), polyester based paints (\$87,000), polymer based paints (\$59,000), acrylic based paints (\$44,000) and diesel powered buses seating more than 9 persons (\$37,000). Antigua/Barbuda receives duty free market access to all CARICOM territories by virtue of being a member of the CSME.

3.2 Exports to the EU(25⁴): The EU is Antigua/Barbuda's main export market generating US\$21mn in export revenue in 2005. In 2005, Antigua/Barbudan exporters generated some US\$21.6 mn in sales from the European Union (25). The top exports were re-exports of ships/boats (US\$7.2mn), refrigerated vessels other than tankers (\$3.5mn), refined petroleum oils (\$2mn), anchovies prepared/preserved (\$1.5mn), calcined petroleum coke (\$732,000), sails of textile material (\$714,000), rock lobster (\$580,000), sails of synthetic material (\$432,000), dental cements/fillings/bone reconstruction cements (\$390,000) and coffee/not roasted/not decaffeinated (\$362,000). It is interesting to note that Antigua/Barbudan export revenue from the EU(25) has been growing by 3% per annum since 2001, where the EU(25) has been growing their import expenditure by 15% per annum, signifying a loss of trade share for Antigua/Barbudan exporters into this market. Antigua/Barbudan exporters receive duty preferences for their exports into the European Union under the existing Cotonou Trade deal.

3.3 Exports to NAFTA: The NAFTA market is the second most important market to Antigua/Barbudan exporters, generating some US\$5.3mn in export sales in 2005. Antigua/Barbuda has basically been advancing in the NAFTA market, as over 2001 to 2005, exporters have been generating 8% more sales per annum from this regional market. It must be noted here that this market accounted for 22% (or over a fifth) of the world's import expenditure in 2005, and other traders were able to generate 10% growth in export sales per annum into this market. Therefore, Antigua/Barbuda marginally lost trade share into the NAFTA market. The main export product groups into the NAFTA market include rope/cable making machines, natural sands, parts/accessories for automatic data processing machines, metal oxide semiconductors, aerated/mineral waters, silica sands, live horses, rum/tafia and aircraft parts. Antigua/Barbudan exporters receive duty preferences into the US market via the Caribbean Basin Initiative (CBI) Trade Deal, and into Canada through the CARIBCAN Trade Deal. However, there are no special market access arrangements into the Mexico market.

3.4 Exports to Andean Community

Antigua/Barbudan firms have not exploited much export business in the Andean community-AC (the Andean Community is a regional trade bloc which includes Venezuela, Colombia, Ecuador and Peru). In 2005, Antigua/Barbudan exporters generated US\$682,000 in export revenues from sales of fertilizers and medical/surgical/dental/veterinary furniture. However, based on matching Antigua/Barbuda's dynamic global exports to the AC's dynamic imports, there is trade potential in petroleum products, dental cements, natural sands, mastic/painters fillings, coffee, beef, maize, citrus juice and iron products. Currently Antigua/Barbudan exporters get access into Colombia and Venezuela for some of their products based on the existing CARICOM based trade agreements with these countries. Antigua/Barbudan exporters do not receive any special trade treatment into Ecuador and Peru because there are no trade deals with these countries.

3.5 Exports to ASEAN Community

There was some exploratory export activity into the ASEAN Community in 2005 with US\$242,000 worth of shipments to this market. It should be noted that this market accounted for roughly 6% of global import spending in 2005, and was dynamic growing by over 15% per annum between 2001 to 2005. Therefore, this is a significant market, and it is heartening to see some exploratory shipments being made. The products exported to the ASEAN Community in 2005 were Bovine edible offal, metal oxide semiconductors, non-coniferous lumber and bovine livers. Based on the import pattern in the ASEAN Community, and Antigua/Barbudan export trends, trade potential exists in sails, petroleum products, fertilizers, metal oxide semiconductors, anchovies, rock lobsters, coffee, maize and iron products. There are no special trade deals with this region.

⁴ The EU(25)= the European Union including the 10 new Central European members.