Regional Integration: Key to Caribbean Survival and Prosperity

Kenneth Hall
and
Myrtle Chuck-A-Sang

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Trafford Publishing
Canada
December 2012

Introduction and editorial material
©2012 Kenneth Hall and Myrtle Chuck-A-Sang

ISBN

Trademark: 24,309A

All rights reserved. While copyright in the selection and editorial material is vested in the editors of *The Integrationist*, copyright of the introduction and the individual articles belongs to their respective authors and no article may be reproduced wholly or in part without the express permission in writing of the editors of *The Integrationist*.

Editors:

The Most Honourable Professor Sir Kenneth Hall, KCMG, ON
Former Governor General of Jamaica
Chancellor of the University College of the Caribbean
Honorary Distinguished Research Fellow, Mona Campus, University of the West Indies, Mona, Jamaica

Myrtle Chuck-A-Sang
Editor and Managing Director, The Integrationist

All correspondence should be addressed to: The Editor, The Integrationist, 10 North Road, Bourda, Georgetown, Guyana.
Email: theintegrationist@yahoo.com Telephone: (592) 231-8417
Website: www.theintegrationist.org

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Table of Contents

Introduction

Section I –Ideology and Institutional Framework

1. Vision and Leadership:
The Infinite Unity of Caribbean Needs.
Shridath Ramphal 26

2. Birth of a Vision.
Michael Manley 43

3. Caribbean Community:
The Elusive Quest for Economic Integration.
Norman Girvan 51

4. Caribbean Integration:
The Need for Institutional Transformation.
P.I. Gomes 76

5. Critical Issues in Caribbean Development.
William Demas 99

6. CARICOM Beyond Thirty:
Charting New Directions.
P.J. Patterson 115

7. Review of the Rose Hall Declaration:
Provisions on Regional Governance.
Havelock Brewster 175

Section II – Towards a Single Economic Space

8. A Single Development Vision.
Norman Girvan 191

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

9. CARICOM Single Market and Economy: The Way Forward.
Owen Arthur 218

10. Global Economic Crisis: Caribbean Impacts and Responses.
Clive Thomas 240

11. The CARICOM Development Fund: Economic Sense or Political Expediency.
Havelock Brewster 280

12. Nano Firms: Regional Integration and International Competitiveness: The Experience and Dilemma of the CSME.
Richard Bernal 290

13. Action Plan for Telecommunications and ICT Services in CARICOM: Addressing Convergence Issues in a Single Market
Caribbean Regional Negotiating Machinery 316

14. Rationalizing Air Transportation in CARICOM.
Jean Holder 363

Section III – The Caribbean Integration Process: A People Centred Approach

15. The Urgency of Functional Cooperation: Priority Interventions in Selected Areas (Disaster Preparedness, Health, Education and Security).
Clive Thomas 392

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

16. The Caribbean Creative Diversity:
The Defining Point of the Region's History.
Rex Nettleford 429

17. Strengthening the Caribbean Community:
The Role of Functional Cooperation.
Rudolph Collins 439

18. Some Implications of the CARICOM
Single Market
Elsa Leo-Rhynie 450

19. Labour and the CARICOM Single Market
and Economy.
Joseph Goddard 471

20. Quality Education and the CARICOM Single
Market and Economy (CSME) in an Increasingly
Competitive and Rapidly Changing Global
Environment.
Compton Bourne 509

21. CARICOM Commission on Youth Development.
Barry Chevannes 522

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

INTRODUCTION

CARICOM: Unity in Adversity

"If as an integration movement, we are to fulfil the promise and avoid the danger, it will require nothing less than the most steadfast keeping of faith with the inspiration and the vision that engendered the Dickenson Bay Agreement, the Georgetown Accord, and the Treaty of Chaguaramas. And if we combine this with the lessons learnt over the twelve years of operation of CARICOM, we may yet show that we have a winning formula for the practical success of the integration movement.

To my mind, these lessons are three-fold: the first is that for us in the Caribbean, regional integration remains an inescapable imperative; the second is that it is also a fact, at the same time, that integration is a most complex and difficult business; and the third is that each major obstacle that we encounter is not, as such, a matter fatal to co-operation, but is rather something that forces us to proceed more searchingly for the right instrumentalities and the appropriate modalities by which to manage our cooperation"

Roderick Rainford, Secretary-General
Caribbean Community (1983-1992)

To do justice to the subject of integration, one would have to enquire into the reasons for the survival of the Caribbean Community (CARICOM), analyse the factors which enabled it to emerge from the crises of the '70s and '80s, and give consideration to whether it can come to terms with the challenges of the twenty-first century and gainfully utilise the opportunities inherent in the new dispensation the twenty-first century has spawned.

The fate of other economic groupings in the Third World argued against success of any similar grouping in the Caribbean. British efforts to impose a Federation on Central Africa and Malaysia and Singapore had crashed in failure in the '60s. Any thought of such an experiment succeeding elsewhere seemed remote and when the West Indies Federation came to an end in 1962, it seemed that the prospect for Caribbean unity died with it. But the desire for unity outlived the collapse of the Federation. "... the collapse of this political arrangement was not accompanied by rejection of regional integration as a means of accelerating economic development.[i] It is not sufficient to say that the rejection of the Federation was not accompanied by a rejection of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

regional integration as a means of rapid economic development; an explanation is required. For it will be seen that time and again, whatever the state of the Integration Movement, the desire for unity remained undiminished.

Reasons for Survival

The explanation usually given for the common desire of the English-speaking Caribbean people for a united existence is that the similarity of their historical evolution—slavery, indentureship, economic and social structures, religious beliefs, a common language—has forged a consciousness, a sense of a common identity among the Caribbean English-speaking peoples.

"The Commonwealth Caribbean does demonstrate, in broad sections, a common or similar historical development. In the course of well-nigh four centuries, there has developed, under the influences and through the miscegenation of Europeans, Africans and Asian forced labourers as well as voluntary immigrants, a society and culture, which, because of its anthropological roots, displays over political and social barriers, typical traits of a new Antillean World. Common values, attitudes and thought patterns, which can be described as unique, have developed—especially in religion and ideology."[ii]

The approximately four hundred years of the existence of the peoples of the English-speaking Caribbean have forged bonds of unity among them and created a web of values and shared beliefs of which the West Indies Federation and the other forms of institutional unity are an expression. It is this sense of unity which did not fall with the West Indies Federation. It is this powerful psychological factor which made it possible for the Region to overcome the rancour and the bitterness which flowed from the demise of the Federation.

The resumption of the movement towards Caribbean unity so soon after the end of the Federal experiment in 1962 warrants analysis. It resulted from the convergence of many factors. Among them is the long history of the struggle for West Indian unity by such men as Uriah Butler of Trinidad and Tobago, and T.A. Marryshow of Grenada. The work and political activities of these men were influential and effective. For they forced an early recognition by the Caribbean people that unity was essential to the meaningful economic development of the region. It was a thesis that was understood and accepted by the succeeding

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

generation of leaders. Consequently, Eric Williams, and the other leaders of his time, not only wanted the urgent development of the region but also recognised that the growing exigency of external factors rendered such unity imperative.

Challenges of the 70's

These factors became evident in the seventies and in an explosion of economic groupings. It was not a world which the Caribbean could face in disunity. Certainly, the prospect of the loss of the preferences enjoyed by many states of the region as a result of Britain's entry to the European Economic Community (EEC) concentrated minds wonderfully. And the idea that the British Government was in a great haste to abandon the region must have represented, in the well-known American phrase, "a wakeup call." Alarm bells also rang as the opportunities for emigration dwindled: Britain, Canada and the United States took in the welcoming mat.[iii] These developments should encourage the consideration that faced with these challenges and what Martin Carter has called the "heart-fracturing" task of economic development, the Caribbean Leaders opted for unity in adversity.[iv]

It is usual to consider the various attempts at unity as separate and discrete developments. But, surely the continuation of the movement towards Caribbean integration as enshrined in the Conference of Heads of Government of the Commonwealth Caribbean, which began in 1963, the creation of the Caribbean Free Trade Area (CARIFTA) in 1968, and the Caribbean Community in 1973, suggest an intellectual, if not an institutional unity. Each one of the political creations represents an attempt to fashion an instrument for unity which could shelter the Caribbean home from the threatening international environment and the persistent demands of the people for an improved standard of living.

The declarations of the early Conferences on Caribbean unity, organised by Eric Williams, the Dickenson Bay Agreement of 1965, the CARIFTA Agreement of 1968 and the Treaty of Chaguaramas of 1973, all seek to realise the aspiration of the Caribbean people for 'full employment and improved living standards'.[v] These declarations agreed on the need for pooling resources in order to obtain rapid economic development and the need to eliminate barriers to the expansion of the regional economy. In other words, all of the activities

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

of the leaders of the Region were geared to the specific ends of forging unity as a means of promoting economic development: 'The fundamental premise for the idea of regional integration in the Caribbean has been the promotion of economic development.'[vi]

It is time now to turn to the establishment and evolution of the Caribbean Community: a development which 'constitutes a considerable advance in the development of Caribbean integration'.[vii] At its establishment, July 4, 1973, it embraced areas of co-operation 'which, taken together, extended far beyond the limited commitment to Free Trade represented by CARIFTA'.[viii] A common Market was established to facilitate regional integration. Functional co-operation was formulated to include such areas as Health, Education, Transportation and Meteorology. And, most importantly, provision was made for the co-ordination of Foreign Policy. One political commentator is convinced that the Community has gained much success in this area:

"CARICOM has done well with respect to both Foreign Policy co-ordination and Functional co-operation. No other regional integration Group in the Western Hemisphere has demonstrated such a vocal commitment to the co-ordination of foreign policy, despite some notable fragmentation (as in the varied national responses to the US intervention in Grenada in 1983 and the signing of separate bilateral 'Shiprider Agreements' with the United States in 1997 and 1998). Functional collaboration efforts have also resulted in a number of very successful regional ventures."[ix]

The Treaty of Chaguaramas, which created CARICOM, also established several institutions for making policy in respect of functional co-operation. Among these are: Caribbean Examination Council (CXC), the Caribbean Meteorology Organisation (CMO), the Council for Legal Education, the Caribbean Development Bank (CDB) and the University of the West Indies (UWI) campuses in Jamaica, Barbados and Trinidad and Tobago.

There are several other things of note in the Treaty of Chaguaramas. It reflected the fact that the Community Leaders opted for a Community of Sovereign States. Unlike the EEC, on which CARICOM was modelled, and now the European Union (EU), the Community was not regarded as a mechanism for restraining the excesses of nationalism or sovereign states. The Community was marching to a different historical drum. The Federal experiment had cured Caribbean leaders of even tinkering with the notion of a supra-

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

national authority. The Treaty also ensured that the business of the Community would proceed and be controlled by a series of Conferences and Councils "made up of territorial politicians, and is only serviced by its Secretariat".[x] Decisions were to be taken unanimously and these had to be ratified by national legislatures. Payne has argued that this was a constraining factor in that the Community "has been designed and is run by men who remain, as Stanley Hoffman put it, in 'the mental universe of traditional inter-state relations.'"[xi] But, there might be a misunderstanding here. The Caribbean could not have been unaware of the imperatives of integration but opted for a mechanism that ensured that each Member State's particular interest was taken into account when decisions were made. There was nothing to prevent the Community, in its evolution, from making some of its decisions subject to the unanimity rule while others could be reached by majority decision, as is the case in the European Union.

To complete the political and economic physiognomy of the Community at this period, some reference will have to be made to the Organisation of Eastern Caribbean States Sub-Grouping. The Sub-Grouping enjoys a special trade regime under the Treaty of Chaguaramas. These States, which were once members of one of the oldest Federations in the Region, joined the Community and have increasingly found that their interests are best served by remaining within it.

But, the concept of the Community as envisaged by the founding fathers was to undergo a fundamental change by the end of the century. It is therefore appropriate to examine the environment and the dominant ideas which influenced the evolution of the Community. The Member States, like all small countries at the time, in responding to the difficulties posed – limited resources, inadequate intra-regional trade, and communication links, etc. – sought to integrate to overcome them. Wider and bigger markets meant increased trade. This understanding coincided with the prevailing economic idea that one of the main reasons for under-development was the dependency of small States, including the Caribbean, on the metropolitan States. The advent of the Integration process in institutional forms, beginning with CARIFTA, was strongly influenced by these ideas: Ideas which did not originate outside of the Region but in the University of the West Indies.[xii] The Community which was

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

visualised was one which was to be self-sufficient in relation to the rest of the world:

> *"They (the founding fathers) saw Caribbean development as an inward looking, import-substitution phenomenon; they refused to believe that the CARICOM Community could survive and prosper based on the unrestricted movement of capital and factors of production. They saw integration in only a limited sense as a limited common market, providing for the free movement of goods, but with no provision for the unrestricted movement of labour, capital and services."*[xiii]

As will be seen, the current generation of Caribbean Leaders has recognised that this limited concept of the Community had to be changed. They have opted for a "...more open, market-based and outward-looking economic model as exemplified by the Southern Cone Common Market (MERCOSUR) and the North American Free Trade Area (NAFTA)."[xiv]

One other compelling reason emerged in the 1970s; the world economy experienced one of its worst crises since the depression of the 1930s. The crisis resulted from the quadrupling of the price of oil by the Organisation of Petroleum Exporting Countries (OPEC) in 1973 and 1974. The impact on the economies of the States of the Community was severe. The increase in the price of oil and the shattering effect on the economies of the CARICOM States, all of which have small open and vulnerable economies, had a profound effect upon the Region. That ended the euphoria which surrounded the launching of the Community. Faith in CARICOM declined and the Community was to traverse a crisis that taxed its capacity for survival.

As one former Secretary-General has noted, the "ink was hardly dry"[xv] on the Treaty of Chaguaramas when the crisis struck home. Crippling blows in the form of accelerated inflation, a four-fold increase in the price of oil, and massive dislocations were dealt to the economies of all CARICOM States. Trinidad and Tobago was the only exception. Its oil wealth protected it. But, the other States were wracked by major budgetary and balance of payments deficits, and increased cost of living. To fend off the effects of the crisis, many of them opted for stern economic measures: higher taxation, exchange controls, the imposition of subsidies on vital commodities, import restrictions and reductions in the work force. This crisis created structural adjustment problems for many CARICOM States. The International Monetary Fund (IMF) seemed the only option. Guyana

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

and Jamaica sought help from that institution and had to undergo programmes of varying austerity.

The impact of the crisis on the Eastern Caribbean States was just as severe. Rising costs for food imports, poor commodity prices, budgetary deficits played havoc with their economies. In 1976, the Caribbean Development Bank (CDB) "was forced to establish an emergency Eastern Caribbean (EC)$10 million Fund to make grants and intermediate loans to Governments of the Leeward and Windward Islands for the support of essential national programmes."[xvi]

In a situation in which a regional organisation was dominated by nation-states, it was inevitable that any action taken by anyone of them considered detrimental to the interests of the others would provoke controversy and response, and so it proved. Jamaica and Guyana invoked Article 28 of the Treaty to limit imports from the other Member States of the Community. Retaliation ensued and intra-regional trade suffered. By 1975, Eric Williams, a Founding Father of the Community, sounded Cassandra-like warnings about the impact of these decisions on the Community. In a speech to a Convention of the People's National Movement (PNM) in April 1975, he "complained that the recent advances in Caribbean Integration were being prejudiced by the way in which many of the impoverished Member States of CARICOM were making bilateral economic arrangements on supplicant terms with wealthy Latin American countries."[xvii] Williams was particularly concerned about the Republic of Venezuela, which, he felt, was trying to place itself in a position to dominate the Region. In this regard, Williams was particularly irked by the agreement reached with Venezuela, which, he felt, was trying to place itself in a position to dominate the Region. Furthermore, Williams was also irked by the agreement reached with Venezuela by Jamaica to supply Venezuela with bauxite and alumina for a proposed smelter. Guyana, Jamaica and Trinidad and Tobago had previously agreed to build two CARICOM smelters. As Williams told his Convention: "One can take so much, and I have had enough – to smelt or not to smelt, no big thing."[xviii]

The question of intra-regional trade and its critical importance to the functioning of the Community needs some elaboration. Payne has argued that the restriction of imports by Guyana and Jamaica "... produced a real crisis in the Community to the point where fears were expressed about the future of the whole integration movement."[xix] In response, Trinidad and Tobago announced its "intention of instituting

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

its own system of quantitative controls on the imports of regional goods."

Eric Williams was too powerful and prestigious a figure in Caribbean politics (apart from the fact that he was in charge of one of the strongest economies in the Region) for his pronouncements not to have an effect on the integration process. Whether stung by Williams' remarks or frustrated by their inability to find the required solutions to their dire economic circumstances, Burnham and Manley, in the particular ways of Caribbean politics, made known their resentment of Williams' ex-cathedra pronouncements and the manner in which oil-rich Trinidad and Tobago was dispensing its largesse in the Region. For Trinidad and Tobago had become the major force in the Community, because almost all of the other Member States were stricken by the economic crisis. Good personal relations among the leaders of the Community are essential to its progress. The consequences of the crisis soured these relations. Williams increasingly gave public expression to his disapproval of the 'socialist' experiments in Guyana and Jamaica. The upshot was that he saw no need to meet with Manley or Burnham or the other Heads of the Community. Williams retired to his tent like Ulysses. CARICOM – this was 1975 – would not meet for another seven years.

As Manley and Burnham grappled with budgeting and increasingly intractable economic problems, they sought solace in their ideological consanguinity. Relations between Guyana and Jamaica became closer; the People's National Congress (PNC) and the People's National Party (PNP) engaged in exchanges over a range of issues. An ideological divide had occurred in the Community—and when the Gairy Government was overthrown in 1979 and the Maurice Bishop Administration declared itself socialist, the Caribbean Community found itself confronted with an ideological as well as an economic crisis. Inevitably, the Community was adversely affected by these developments, the LDC States in particular. It was no longer possible to separate the economic processes of the Community from those of an ideological nature. This is clearly seen when one surveys the impact of the crisis on the Community. The upheaval in Grenada in 1979 resulted from the profound economic problems confronting the Gairy Government. The resulting Maurice Bishop Administration saw the resolution of them through the instrumentation of a socialist ideology.

Intra-regional trade which is the barometer of any economic grouping was registering negative readings. But, even in this crisis, the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

positive must be noted. Both Jamaica and Guyana, recognising the importance of this trade to the integration process, undertook to restore it to the 1975 levels. By the early '80s intra-regional trade was said to be recovering.[xx]

The question now, was whether the Community, or more precisely its Member States, could overcome the four-fold problems of external debt (spawned by the economic crisis), structural adjustment problems, national crisis management and ideological pluralism. The answer seemed to be that it could not; and while the problems of the Community accumulated there was no meeting of the Heads at which they could be tackled. The Secretariat found it difficult to convene meetings. The administrative arm of the Community, the Council which dealt with administrative matters, met only once between September 1977 and December 1978. When Alister McIntyre demitted office in April 1977, he was not replaced for another fifteen months: Kurleigh King only assumed office in November 1978.

A terrible vacuum was created. Into it poured what one political scientist has called a "literature of doom."[xxi] Editorial writers and intellectuals of the Region, like a chorus in a Greek tragedy, prophesied the demise of the Community. Criticisms ranged from the Community being a 'paper tiger'[xxii] to the call for the excision of the LDCs from it.[xxiii] But, these criticisms of the Community, when closely read, tell us more about the mindset of leading personalities of the Region than of the inherent problems of the Community itself. Any economic grouping, in particular a Community, can only mature and become a factor for political, economic and social change in the long term. The European Union, heir to the trials of the Romans, Charlemagne, and other experiments at integration, is, as yet, no such thing. Yet, the Caribbean Community in less than a decade of its existence was expected, at one fell stroke, it seemed, to retire the problems which had been thrown up by colonialism, slavery and indentureship: problems of poor and slow economic growth, over population, poor communications infrastructure, and the co-ordination of vital economic activities. The point here is not that some of the criticisms were not valid but that insufficient attention was paid to the capacity of a new found integration movement to effect change across the region in a hostile international economic environment in which it was forced to move and have its being.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The 1980s

Christophe Müllerleile has pointed out and Carl Stone had lamented the fact that CARICOM had missed opportunities to develop a think-tank of economists and other experts to indicate options for the region.[xxiv] But, Müllerleile nevertheless regarded the study by Compton Bourne, commissioned by the Heads of the Community in 1986, as providing 'a framework for regional political thought.'[xxv] One wonders whether the body of ideas, opinions and views of the leaders of the Community enshrined in their declarations, especially from the Third Summit in Ocho Rios, Jamaica in 1982, while not rising, perhaps to the level of political thought, does not constitute a policy or an ideology for survival. For it cannot be denied that in the face of some of the most testing problems, the Community eventually buckled down to finding solutions to them. In particular, they were conscious of the fact that a meeting of the Heads, the supreme organ of the Community, had to occur in order to reverse the fortunes of the Integration Movement.

Through the mechanism of the Declarations of Ocho Rios [1975], Grand Anse [July 1989], the Georgetown Declaration [1986] and the studies in the form of the Report of the Group of Experts, the Mills Report [1990], the Bourne Commission [1988] and the West Indian Commission [1992], the leaders of the Community set about the task of reviving it. It must not be forgotten that the crisis of the '70s had engendered widespread pessimism as to whether it could survive. Enriqué Iglesias, the President of the Inter-American Bank, felt that 'regional integration was nearly silenced by the overwhelming attention required by the external debt problems, adjustment, and national crisis management'.[xxvi] What the leaders of the Community were under an obligation to do was to end that silence and restart a healthy and productive dialogue about the way forward for the Integration process.

In all of the declarations, particularly those of Ocho Rios, Nassau and the Grand Anse Declarations, there was a close examination of the economic problems of the Member States of the Community. It was generally recognised that there had to be a period of structural adjustment to ensure a recovery of their economies. 'The process of structural adjustment may result in some amount of short-term dislocation. It is acknowledged, however, that failure to adjust structurally will also have the consequence of the even more serious problem of large-scale unemployment.'[xxvii]

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The interesting thing about the Group of Experts is that it focussed, as already indicated, on two problems facing the Community: the economic crisis, and the crisis over the different ideologies practised by Member States of the Community. The Report was candid in its analysis of the economic problems facing the Community. It pointed out, for example, that the economic difficulties of the Community had led 'to a serious loss of faith and hope by the regional public and the international community.'[xxviii] While asserting that there was no other option but integration, the experts went on to recommend a series of measures for the strengthening of the Community.

But, in a sense, a most important task was carried out by the Group of Experts. As already described, the Caribbean Community was also facing an ideological crisis, which had to be resolved. The Group of Experts recognised this. It affirmed that the Community was ideologically plural and judged that "ideological pluralism may be a shield against enforced sameness; but should not be a sword against solidarity."[xxix] The work of the Group of Experts on this question provided the basis on which consideration of this matter was advanced. At the 1982 Ocho Rios Summit, the Leaders of the Community stated that ideological pluralism was an "irreversible trend within the international system" but that it should "not impair the integration process."[xxx] At subsequent meetings of the Movement, several Heads of Government, including Prime Minister Tom Adams of Barbados and Edward Seaga of Jamaica, saw the plurally ideological nature of the Community as being linked to the practice of democracy. This was apparently the dominant view. Thus when the invasion of Grenada put an end to the differences over the ideology of the Community, it seemed that most of its member States were more comfortable with the Community's democratic nature.

The Bourne Commission was a thorough study of the requirements of the Caribbean Community for economic survival. Its economic problems were clearly stated: A backlog of unemployment and a lack of competitiveness were matters for serious concern. But, the Bourne Commission was conclusive that the Community could take advantage of technology and the opportunities available in modern international economic relations to develop and prosper.

The Grand Anse Declaration is an important document. It has a justifiably urgent tone. It called for the establishment of a 'Single Market and Economy for the Caribbean Community' in 'the shortest

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

possible time."[xxxi] As already explained, this was tantamount to a revolution in the architecture of the Caribbean Community. Also, a Single Market and Economy would necessarily be concerned with the mobility of labour, production and capital. From here on the Community would be concerned with what the experts called 'outward' integration. The Community was therefore put on course to grapple with the challenges of the new millennium.

The 1990s and towards the 21st Century

One should pause here to reflect on the changed architecture of the Community. The work and recommendations of the West Indian Commission will be commented upon shortly. But, it is necessary at this point in our discourse to refer to one of its creations: The Association of Caribbean States (ACS). The West Indian Commission had urged that the concept of the Caribbean be enlarged to accommodate its non-English speaking counterparts. Accordingly, on 24 July 1994, the Convention establishing the ACS was signed. One should pause here to reflect on the changed architecture of the Community. The work in Colombia. What are the implications and expectation of the ACS?

The ACS "... offers a new regional configuration that provides a framework for closer political, economic, and functional co-operation in the wider Caribbean."[xxxii] The objectives of the ACS are to strengthen the regional co-operation and integration process in order to create enhanced economic space in the region; preserve the Caribbean Sea; and promote the sustainable development of the region. It is the world's fourth largest grouping with a population of 231 million and an accumulated GDP of US$506 billion.[xxxiii] The prospect created by the ACS is for greater intra-regional trade and investment.

Although the ACS suffers from a number of disadvantages—poor funding of the Secretariat, countries at different stages of development, for example,—it could become not only an important trade forum for the Community but also "... a broader support base for the Caribbean's FTAA strategy ..."[xxxiv] The ACS could also 'strengthen the Region's negotiating position in regional diplomacy.'[xxxv]

Apart from bringing into being the Assembly of Caribbean Community Parliamentarians (ACCP), the Grand Anse Declaration also appointed the West Indian Commission whose recommendations

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

had a far reaching effect on the future of the Community. The Commission, through the Charter of Civil Society, and the Assembly of Caribbean Community Parliamentarians, sought to improve the quality of government in the Community. In addition, the Commission supported the Mills Report in seeking to improve its institutional framework.

The changes in the structure of the Community required an appropriate institutional adjustment. The framework implied in the Treaty of Chaguaramas could not contain the evolving transformations caused by the decisions and declarations of the Leaders of the Community. The Treaty, therefore, had to be revised. Nine Protocols, covering such issues as transportation, the movement of skills and capital, and covering all matters designed to make the Community forward looking and effective, were approved. A Caribbean Court of Justice was agreed upon to adjudicate differences between Member States.

Challenges and Opportunities in the Twenty-First Century

By the end of the eighties, few could deny that despite its many problems, the Community had survived. One observer has claimed that that survival had come at the 'cost of stagnation'.[xxxvi] But this must be a time-bound judgement. Surely, this judgement has to do with the economic condition of the Community. What is clear is that politically and culturally, the Community had not stagnated. Its problems were analysed and decisions taken to address them. More importantly, among the people of the Region allegiance to the integration idea had not atrophied.[xxxvii]

The decisions of the Leaders of the Community had led to fundamental changes in its conception and its structure, both of which assisted in the course of its survival. But, there are other reasons why the Community survived. The 1980s, in retrospect, will be regarded as one of the seminal periods in human history. The major technological advances which were to sweep the world, began at this time. The age of ideological differences in the English speaking Caribbean came to an end. The Community had a relatively benign period in which to pursue its activities. No major ideological occurrences disrupted the drive for survival during this period.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

In addition to this, nations and institutions had signalled that the preference was that the Community should be dealt with as a single entity. This is true of the United States and such important bodies as the World Bank and IDB. The desire for a unified Community did not end here. Functional co-operation in the legal sphere, education and sport contributed to the intangible but effective pillars which kept the Community upright.

But, it was not enough that the Community survived the trials and tribulations of the eighties and nineties. Greater challenges and opportunities lay ahead. With the ending of the Cold War at the end of the eighties, the bi-polar world characterised by the resonant antagonisms of the two super powers and ideological clashes in different parts of the world, came to an unexpected end. In this vacuum rushed one of the greatest economic forces known to mankind, subverting established political and social norms and compelling nations to competitiveness, bloc economic existence, and a re-alignment of their political and economic alliances. In these circumstances, the Caribbean Community has no option but to reach beyond the existing boundaries for its own survival.

It may be appropriate before embarking upon a description or analysis of the challenges faced by the Caribbean Community in the new century and the advantages which could redound to the Region, to make the following observation. The optimism on which the survival of CARICOM is based is not a facile or superficial one. It does not ignore the reality of the problems which the Community much mitigate or resolve: high unemployment, limited intra-regional trade, fragmentation tendencies in some territories, the sometimes slow implementation of some important decisions, the clashing of national interests to the detriment of the higher interests of the Community, lower than expected involvement of the people of the Region in integration, low productivity, poor work habits, and the rather limited use of technology in the development of Caribbean societies. This list is not exhaustive, but it is generally accepted that there is a recognition that participation in the new dispensation will entail if not a comprehensive at least a fundamental re-ordering of Caribbean society in order to resolve these problems. The Community, as evidenced in the decisions of the Heads of Government in the '80s and '90s, has taken account of the problems facing it and there is no reason why, given unity and the political will, it cannot overcome them or prevent them from being factors which inhibit development.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

What is the phenomenon called Globalisation? It has variably been described; it has already given rise to considerable literature. Globalisation might mean different things to different people but at the end of the day, it represents the increased integration of production, trade and finance on a scale hitherto unknown, and is therefore having a profound effect upon the material and non-material aspects of the nations across the globe, especially those of the developing world, of which the Caribbean is a part. For current purposes, it would be interesting to see what effect it is likely to have on the Caribbean politically, economically, socially and culturally. The scope of this exercise does not permit an exhaustive look at this question; the intention is merely to highlight the principal challenges and opportunities that exist for the Caribbean Community in an age of globalisation.

Most descriptions of globalisation are in economic terms. Yet, it is also a profound political doctrine. For globalisation goes to the heart of such questions as national sovereignty, the growing disparity in wealth and power between the small developing states and the rich states of the North, and the governance of the globe.

The Deputy Prime Minister of Barbados, in an interview with the BBC, expressed her concern that in so many ways the World Trade Organisation (WTO) was replacing or had replaced the United Nations. The Deputy Prime Minister's claim might not have been exactly co-terminus with the facts; but one can appreciate her fears. The WTO, along with the IMF and the World Bank, have become a tool of global governance at the expense and detriment of the Third World countries. This development means that the Caribbean must work for the greater democratisation of this organisation and ensure, in conjunction with like-minded states, that the UN, especially the General Assembly, not only remain the 'Parliament of the Poor', but also that it is not diminished by the political behemoths, such as the WTO, the IMF and the World Bank.

In the context of the United Nations, the Community must also ensure that it is an active participant in the proposed restructuring of the UN system and the Security Council. The nations likely to play a prominent role in this exercise, such as India, Nigeria and Brazil, have historically been good diplomatic allies of the Caribbean. Representatives of the Caribbean Community should work with them in order to protect the Institution's diplomatic and security interests.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

As with global governance, so it is with national governance. The Community must decide where the balance of its interests lies. It is fashionable these days to say that the role of the State should be considerably reduced. But, in the context of the Caribbean and certainly in relation to the small States, the State must play a significant role in the environmental, financial and human resources spheres. Poverty also will not be significantly reduced by private sector endeavours but by government policies, initiatives and programmes. To carry out these functions effectively, the States of the Caribbean Community will have to transform themselves into efficient instruments with emphasis on technical and managerial aspects.

The activities of the Community at the global level and the successful functioning of a reformed State could best be served by effective diplomacy. Ineffective diplomacy could mean a loss of prestige and salience at the global level on the part of the Community and this could feed back negatively into the States. For example, an inability to obtain profitable decisions from the international community could cause a disregard for the interests of the Community and weaken it. Caribbean diplomats, especially at the ambassadorial level, will have to be versed in the doctrine of globalisation and the fundamentals of international trade. In particular, there will have to be greater emphasis on regional representation as Regional Economic Groups assume greater importance as a result of globalisation. There will have to be effective representation in most, if not all, regional organisations.

Another political consideration of concern is the strategic importance, or lack of it, of the Caribbean Region. The conventional wisdom is that the Region has lost its salience. In the absence of such salience the Region must be prepared to use the weapon of negotiations to survive the challenges of "the vast external realm" of international affairs. But, it may be legitimately asked: to whom has it lost its salience? Some contend that Asia, for example, is strategically and politically more important to the West than the Caribbean.

It must be conceded that the Western powers seemingly have no strategic interests in the Caribbean at the present time. But, there are several factors which could serve to place the Caribbean at the centre of things, and here, the Caribbean must be understood to mean the strategic entity which is greater than the English-speaking Caribbean. The Latin American and Caribbean Region figures prominently in the thinking of major Asian giants such as Japan and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

China. The Americans still regard this area as its "backyard". It takes no great feat of the imagination to realise that as the Asian giants move into this region for strategic and economic reasons, there will develop a conflictual situation with Washington.

At the regional level, states such as Brazil and Venezuela are asserting their rights to a leadership position. Brazil is unmistakably a major regional player and what it does in terms of protecting its economic and strategic interests will have a bearing on the evolution of the Latin American and Caribbean region. Also, it must be noted that under the Chavez administration, Venezuela has become assertive and by its activities is challenging the notion that the Caribbean no longer has salience in strategic terms. Contrary to the wishes of Washington, the Chavez administration has formed an alliance with the Cuban government and once this lasts, it will have an important bearing on strategic developments in this hemisphere. Added to this, the Beijing/Cuba axis is assuming a form which is likely to ensure the importance of the Region in international politics.

There is one pitfall that the Community must avoid at all costs: the descent of any of its Member States into ethnic nightmares similar to those which have taken place in Rwanda and the former Yugoslavia. There are three States in which this could possibly happen: Guyana, Trinidad and Tobago and Suriname. This may be considered a harsh or extreme judgement. But even the likelihood of such a development in the Caribbean must be viewed with great seriousness. The common view is that racial tension and rivalry have been virtually absent from the last named society; however, it is debatable whether this situation can survive the seemingly intractable economic problems which Suriname faces. Ethnic conflict in any one of these states will have a negative effect on investment and on the region as a whole as a tourist destination. The region's reputation of being racially harmonious will be tarnished beyond repair.

The question of the protection of the cultural autonomy of the Community must be one of the major challenges in the 21st century. If the standardisation of culture which is such a marked feature of the contemporary period is allowed to lay its hand on the English-speaking Caribbean to the extent that this region cannot express itself in its unique way and fashion, then one of its greatest contributions to the global civilisation would have been lost. In this article "Intellectual hegemony in the context of Globalisation",[xxxviii] Branislav Gosovic makes a good case for the developing world not to accept intellectual

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

hegemony on which globalisation is premised. That hegemony prevents smaller nations from arriving at their own solutions to the problems faced by their societies and prevents them from bringing their ideas to bear on the global political and economic system. Furthermore, even though he does not make a particular case for developing countries in the area of culture, one can see the relevance to the English-speaking Caribbean. The standardisation of culture would be harmful to the long-term interests of the Member States of the Community. It would inhibit the free cultural expression of this Region and snuff out its artistic integrity.

But, perhaps the greatest challenge to the Caribbean Community is in the area of trade negotiations. Negotiations must be conducted within the WTO to secure the interests of Members of the Community. In addition, trade treaties will have to be negotiated and implemented with the European Union, Canada and the United States of America. In other words, CARICOM will have to adjust to operating in a globalised environment characterised by trade liberalisation.

Reference has been made to some of the challenges likely to face the Community at this period. Some attempt will now be made to deal with the opportunities that globalisation offers. There are a number of areas in which globalisation should be of benefit to the Caribbean Community.

The Caribbean region is generally known for its adherence to democratic ideas and practices. Democracy is the watchword today; in some senses, it is politically obverse to the economic doctrines which underpin the globalisation process. If the Caribbean region can refine and improve on its democratic systems, then there is no reason why it cannot become a haven for investment and a major factor in the global dialogue on the principles and purposes of the democratic tradition. This is one area in which the Caribbean can play a leading role and be heard with authority and respect.

In the Region's favour too, is the fact that an important element in the globalisation process is the emphasis on the quality of human resources. For the longest while, the Region has demonstrated beyond peradventure that the quality of its human resources is as good as any in other parts of the world. If the Region can, as it must, marry its quality human resources with the major trends in technology, then, here again too, it can benefit substantially from current developments.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Services will also be important to the Caribbean. It has been noted by many analysts that services is a major growing point in the global economy. Services require quality human resources. As has been noted previously, the Caribbean Community is blessed in this regard. It takes no leap of the imagination to predict that if the Region can take full advantage of the services offered by the service sector on a global scale, then a period of growth and expansion can be ushered in.

The Caribbean Community must also utilise its expertise and those experts who occupy major positions in the international organisations whose activities and decisions are likely to affect its progress and development. Such experts can be guardians of the cause of the Region and ensure that whatever decisions are taken at the global level are to its advantage. The foregoing leads inevitably to the question of using the highly qualified members of the West Indian community who literally dot the globe, to lobby on behalf of the Region when important matters affecting it are placed before particular international organisations and governments. It might be appropriate here to particularise. Let us say, for example, that the United States Government is about to pass major legislation, which might have a deleterious effect on the interests of the Community. In such a situation, it would be the better part of wisdom for the Governments of the Community to join forces with West Indians of expertise in the United States to lobby to seek to block such legislation and to ensure that its re-drafting or re-ordering is consistent with the interests of the Community.

The Caribbean Community has gone through a period of transformation. It has changed itself from an inward looking institution to one that is increasingly linked to other nations, institutions and organisations, to create the required space for it to grow and develop. By its linkages with such regional organisations as the ACS, it has been able to create the conditions for expansion and growth. This outward expansion of the Community is consistent with the requirements for globalisation. The Community can be said to be on its way. It has been tempered by the challenges and difficulties of its early existence. It has been tested in every crucible of experience. The Community can utilise this experience and the lessons learnt from finding its way in a previously difficult environment to succeed in the current dispensation.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

NOTES

1. Anthony T. Bryan and Roget V. Bryan: The New Face Of Regionalism in the Caribbean: The Western Hemisphere Dynamic, p. 2.
2. Christophe Müllerleile: CARICOM Integration Progress and Hurdles: A European View, p. 21.
3. Anthony Payne: The Rise and Fall of Caribbean Regionalisation: Journal of Common Market Studies Vol. XIX No. 3 March 1981, p. 256.
4. Introduction to Forbes Burnham: A Destiny to Mould.
5. Agreement Establishing the Caribbean Free Trade Area.
6. Anthony T. Bryan and Roget V. Bryan: The New Face of Regionalism in the Caribbean: The Western Hemisphere Dynamic, p. 1.
7. Anthony Payne: The Rise and Fall of Caribbean Integration, p. 287.
8. Anthony Payne: ibid.
9. Anthony T. Bryan and Roget V. Bryan: The New Face of Regionalism in the Caribbean: The Western Hemisphere Dynamic p. 3.
10. Anthony Payne: The Rise and Fall of Caribbean Integration, p. 257.
11. Anthony Payne: ibid., p. 258.
12. Anthony T. Bryan and Roget V. Bryan: The New Face of Regionalism in the Caribbean: The Western Hemisphere Dynamic.
13. Owen Arthur: The Future of the Caribbean Community and Common Market: Third Caribbean Media Conference p. 16.
14. Anthony T. Bryan and Roget V. Bryan: The New Face of Regionalism in the Caribbean: The Western Hemisphere Dynamic p. 6.
15. Anthony Payne: The Rise and Fall of Caribbean Integration, p. 259.
16. Payne: ibid p. 260.
17. Payne: ibid p. 261.
18. Payne: ibid.
19. Payne: ibid p. 261.
20. Payne: ibid p. 261.
21. Payne: ibid: 262.
22. Clive Thomas: Caribbean Contact, December 1977.
23. Trevor Farrell: Caribbean Contact, March 1981.
24. Christophe Müllerleile: CARICOM Integration, Progress and Hurdles: p. 303.
25. Ibid.
26. Enriqué Iglesias: The New Face of Regional Integration: p. 2.
27. Nassau Understanding: p. 3.
28. Report of the Group of Experts: p. 3.
29. Report of the Group of Experts: p. 7.
30. Christophe Müllerleile: p. 73Declaration of Grand Anse: p 2.
31. Declaration of Grand Anse: p. 2
32. Anthony T. Bryan and Roget V. Bryan: The New Face of Regionalism in the Caribbean: The Western Hemisphere Dynamic: p. 10.
33. Bryan: ibid.
34. Bryan: ibid p. 12.
35. Bryan: ibid p. 13.
36. Anthony Payne: The Rise and Fall of Caribbean Integration: ibid p. 262.
37. Report of the West Indian Commission: p. 519.
38. Globalisation: A Calculus of Inequality: Ed. by Denis Benn and Kenneth Hall.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

SECTION I

Ideology and Institutional Framework

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 1

Vision and Leadership: The Infinite Unity of Caribbean Needs

Shridath Ramphal

To have been invited to deliver the G Arthur Brown Lecture is honour enough; to have the opportunity of inaugurating the Lecture Series that memorialises this great son of Jamaica and the Caribbean is beyond deserving. I thank the Central Bank of Jamaica even as I congratulate you on the Bank's 50th birthday with which this Lecture Series is associated. Arthur Brown was a colleague in service of the development aspirations of the West Indies. He represented to me what was best in that generation of great West Indian administrators that emerged out of our region, and very specially out of Jamaica, at the end of the colonial period. I couple him in my mind with that coterie of public servants extraordinaire which included Egerton Richardson and John Mordecai, with all of whom it was my privilege to work. Later, when Arthur Brown came to the United Nations Development Programme, I recall the pride felt by so many West Indians from all walks of life at his accomplished leadership at the global level. He is truly a Jamaican and West Indian icon.

G. Arthur Brown

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The Organisers of this occasion have allowed me the privilege of choosing the topic of this inaugural Lecture. My necessary response must be to try to speak to what is most important to our Caribbean condition at this moment—our regional condition, encompassing both our national and our global state. Where are we, as Jamaicans, as West Indians, as people of a world in transition? Where are we going? What are our needs—today and tomorrow? I have chosen to embody my composite answer in the title: *Vision and Leadership: The Infinite Unity of Caribbean Needs.* I believe Arthur Brown would have approved our dwelling on these themes as we memorialise his inestimable life of service to Jamaica, the Caribbean and the world.

Let me start with the unity of our needs. We are an archipelagic people. Even if we include the larger Islands of Cuba, Santo Domingo and Puerto Rico we are archipelagic; but exclude them, and what is left: the 'island chains' of the Leeward and Windward Islands of the Eastern Caribbean, Haiti, Jamaica and scattered habitations of descending size. With Belize, Guyana and Suriname, the Caribbean Community (CARICOM) within our archipelago speaks 3 languages, has a population of 19 million (almost half in Haiti) and includes 14 Sovereign member-states of the United Nations. In our separateness, 6 of our island-states are among the world's smallest countries.

Indonesia is our counterpart in the Indian Ocean; but could not be more different: 13,500 islands in the Malay Archipelago, but one country, the Republic of Indonesia. Formerly the Dutch East Indies, Indonesia's population (at 1990) was 184 million +, and the people of its 27 provinces speak over 60 languages. Indonesia in its unity is one Member State of the United Nations (UN); and is one of the world's largest countries (15/20).

What do these comparisons connote? Certainly, that a dividing sea does not compel regional divisiveness; and where there are factors making for unity, does not preclude it. The fault lies not in our sea but in ourselves that we are flawed regionalists.

And if proof be needed that the fault is not the sea, look no further than the Bahamas. There, within our own region, a Commonwealth of some 700 islands, lying off the south-east coast of America, is one state—so administered for over 300 years, The Bahamas is larger in size than any single island state of CARICOM, and its population bigger than any of the Organisation of Eastern Caribbean States (OECS) islands. It is still small, but in its conscious and deliberate oneness, it has overcome the separateness that the sea

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

could have engendered. In the result, with meagre natural resource endowment, its Gross Domestic Product (GDP) is higher than any member state of CARICOM, save Trinidad and Tobago.

Of course, the sea is a separating influence, just as is a historic land boundary; but no more than the latter is it fatal to cultivated unity. It is a challenge to be faced; a *Rubicon* to be crossed; but once there is a need to succeed and a will to overcome, vision and leadership will close the gap between barriers and bridge separation and unification, ambition and achievement.

Nearly 50 years ago, Philip Sherlock, writing in *Foreign Affairs (1963),* in the aftermath of the federal debacle warned that:

> *"Division is the heritage of the Caribbean....But history, not geography,* he wrote, *supplies the chief answer, for even those islands that lie within easy reach of each other turn their faces toward Europe and their backs on their neighbours.* He was writing of the rivalries of Europe *which* (I quote) *broke the region into segments each tightly integrated into the trading system of the metropolitan power, sealed off into an almost watertight compartment and stocked with people brought together from Europe, a score of West African kingdoms and the central provinces of India."*

In 1975, in my last speech in the Caribbean before going to London as Commonwealth Secretary General—a speech I called T*o Care CARICOM*— I said this:

> *"A consequence of our relative success over the last ten years is a readiness to believe that unity is our natural state – one which will subsist despite ourselves. It is a dangerous falsehood. A history of colonialism and the geography of a scattered archipelago deny its validity. The natural state of our Caribbean is fragmentation: without constant effort; without unrelenting perseverance and discipline in suppressing instincts born of tradition and environment, it is to our natural state of disunity that we shall return."*

The 36 years that have passed since I spoke those words in Montego Bay have not proved them false.

Yet, there is another side to our Caribbean reality that unites, not separates, us; and it too, is part of our natural state and our heritage. It is the unmistakable, unchanging fact of a Caribbean identity – circles of synonymy rippling outward from an inner core of West Indian oneness. In 1722, nearly 300 years ago, a French Dominican

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

monk living in Martinique, Pere Labat, wrote of his travels among the islands of the Caribbean. In a lyrical passage of his *Nouveau Voyage aux iles de l'Amerique* he invoked a vision of that Caribbean identity, in what Prof. Gordon Lewis was later to describe as *his plea for the rhythm of history which, as he saw it, held all the islands together in a common destiny'.*

Pere Labat wrote:

> *"I have travelled everywhere in your sea of the Caribbean from Haiti to Barbados, to Martinique and Guadeloupe, and I know what I am speaking about....You are all together, in the same boat, sailing on the same uncertain sea...citizenship and race unimportant, feeble little labels compared to the message that my spirit brings to me: that of the predicament which History has imposed upon you. I saw it first with the dance... the meringue in Haiti, the beguine in Martinique and today I hear, de mon orielle morte, the echoes of calypsos from Trinidad, Jamaica, St. Lucia, Antigua, Dominica, and the legendary Guiana....It is no accident that the sea which separates your lands makes no difference to the rhythm of your bodies."*

For three centuries that rhythm of history has carried the message of our common destiny; but never without obstruction by the offsetting claims of separatism. Although our geo-political region has known throughout history that it is a kinship, for most of that time, particularly in the 18th and 19th centuries but well into the 20th as well, it suited local elites—from white planters, through successor merchant groups, to establishment colonials—to keep the Sea as a convenient boundary against encroachment on their 'local control': to ensure that the new West Indies did not become too 'West Indian'. Political aspirants in our region jostled for their Governor's ear, not each other's arm.

Times changed in the nineteen twenties and thirties—between the 'world wars'. The external economic and political environments changed; and the internal environments changed—social, political and most of all, demographic. Local control began to pass to the hands of local creoles, mainly professionals, later trade unionists, and for a while the new political class saw value in a strategy of regional unity. Maryshow's slogan 'the West Indies must be West Indian' was evocative of it; and for two generations, West Indian 'unity' was a progressive political credo.

It was a strategy that was to reach its apogee in the Federation of The West Indies: due to become independent in mid-1962. It is

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

often forgotten that the 'the' in the name of the new nation was consciously spelt with a capital 'T'—The West Indies—an insistence on the oneness of the federated region. But, by then, that was verbal insistence against a contrary reality, already re-emerging. The new political elites for whom 'unity' offered a pathway to political power through 'independence' had found by the 1960s that that pathway was opening up regardless—not by their own doing, or because the conditions for creating a viable and sustainable nation state had been achieved, but because war-weary Britain wanted to shed itself of the responsibility and costs of its crumbling Empire.

In the event, regional unity was no longer a pre-condition to 'local control'; so Norman Manley and Eric Williams remained in their home garrisons, declining to dwell in the regional castle that they had helped to construct. The Federation, even though minimalist, became an irritant. Hence, Norman Manley's deal with Iain McLeod, the British Colonial Secretary, and the consequent referendum in Jamaica. Despite the rhetorical passion that had characterized the years of the 'federal movement' the imperishable impulse for control over territory, however small, unviable and unsustainable it may have been, had revived. The narrow interests of a controlling social and political elite had prevailed.

What a failure of regional leadership? And not only by Norman Manley who called the Jamaica referendum or Bustamante who demanded it, but so many others, like Grantley Adams whose stewardship of the Federation contributed to the 'no' vote, and, despite his intellectual credentials as an historian who knew that the West Indies and the West Indian people would be better-off for being together, Eric Williams could not rise above the sham arithmetic that '1 from 10 leaves 0'. And nothing absolves Guyana's leadership at the time. Their abstention, rooted in narrow political ambitions, weakened the chances of the federal effort and may even have opened the opportunity for the external manipulation of the constitutional and political arrangements that followed in the then British Guiana.

Next year, 2012, had it survived, the nation of The West Indies would have been celebrating the 50th anniversary of the Independence of the Federation. I wonder what would have happened had Jamaica's referendum gone the other way? What would have happened had the decision taken at the 1961 Lancaster House Conference which settled outstanding details of the federal system, and fixed the date for the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

independence of the Federation, not been frustrated by the 'No' vote in that referendum?

Perhaps the forces working for fragmentation would ultimately have destroyed the Federation, even in a post-independence context. We cannot discount it altogether; but, somehow, I doubt that they would have succeeded had the vote in Jamaica been 'Yes' and the West Indies become independent as a federal nation on 31 May 1962. I believe with John Mordecai, who chronicled the Federal experience, that the tenuous Lancaster House patchwork would have held, that the Federation would have grown stronger and faith in it firmer; that, ultimately, Manley's early vision of a strong West Indian nation would have been fulfilled. Prospects for the Caribbean would now be very different. We have paid a large price for the direction in which our people were led.

Within four months of the dissolution of the Federation (on the same day in May 1962 that it was to become a single independent member state of the Commonwealth), Jamaica and Trinidad and Tobago became independent states separately. We can act with speed when we really want to!

But objective realities are not blown away by winds of narrow ambition. As in the nineteen twenties and thirties, so in the sixties and seventies (almost on the heels of the federal debacle) the environment changed against separatism. Independence on a separate basis had secured 'local control'; but the old nemesis of colonialism was replaced by the new suzerainty of globalization. Independence, particularly for Caribbean micro states, was not enough to deliver Elysium. 'Unity' no sooner discarded was back in vogue; but less a matter of the heart than of the head.

In an interdependent world which in the name of liberalization made no distinctions between rich and poor, big and small, regional unity was compulsive. West Indian states—for all their separate flags and anthems—needed each other for survival; 'unity' was the only protective kit they could afford. With 'local control' assured, they could experiment with non-political forms of cooperation. Leadership came from Guyana where the vision of an integrated West Indian people loomed large with a new dispensation carrying no baggage of the Federation.

Only three years after the rending 'referendum' came the first tentative steps to 'unity' in 1965 with the Caribbean Free Trade Association (CARIFTA). They had to be 'tentative', because the old

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

obsession with 'local control' continued to trump the obvious benefits of regional cooperation—certainly in Cabinet Rooms; but in some privileged drawing rooms too; though less so in village markets and urban street corners. Here in Jamaica, for example, it was not a Cabinet hugely sceptical of CARIFTA, but the Jamaica Manufacturer's Association that was decisive.

Despite the new external compulsions, therefore, the pursuit of even economic integration, which publics largely accepted, has been a passage of attrition. It has taken us from 1965 to 2011—46 years—to crawl through CARIFTA and CARICOM, while others have moved ahead. Yet, our leadership hesitates. The gears of the CARICOM Single Market are now in neutral, and gears of the CARICOM Single Economy have been put in reverse. We have crept through the fractured promises of the Treaty of Chaguaramas and Declaration of Grand Anse, and through innumerable pious Declamations, Affirmations and Commitments. The roll call of unfulfilled pledges and promises and unimplemented decisions is staggering and shameful.

That there was progress at all is attributable to occasional moments of genuine vision and political leadership; none more significant than A.N.R. Robinson's role at the Grenada Summit in 1989. As Prime Minister of Trinidad and Tobago, Robinson produced for the Meeting a forward-looking Paper of exceptional quality on preparing the people of the West Indies for the twenty first Century. It was entitled *The West Indies Beyond 1992*. It stressed that the central global reality was that restructuring of a fundamental nature is in progress: in the Soviet Union, in Europe advancing from an Economic Community to a Single European Market, and the Free Trade Area then between Canada and the United States.

Robinson's paper emphasized that:

> *"Against this background of historic change and historic appraisal the Caribbean could be in danger of becoming a backwater, separated from the main current of human advance into the twenty-first century."*

The Paper made the compelling point that:

> *"The period since political independence has been one of continuous awareness of the common identity which distinguishes the Caribbean people, and the structural constraints imposed upon them as small units in the international community."*

It was in this context that it proposed the creation of the West Indian Commission

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

"to help the people of the West Indies prepare for the future.... to consider how best to bring about real betterment in their condition of life, to achieve their full potential as free people responsible for their own destiny, and to improve their Region's place in the community of nations."

I do not intend to dwell on the Commission's Report *Time for Action*; my main point is to call attention to the moment of vision and leadership among Caribbean Heads that created it. But, alas, the moment did not outlast the Commission. Heads of Government duly considered the Report, but choked over the Commission's central recommendation for an 'executive authority' to shepherd the region's affairs; essentially in implementing the decisions taken by Heads of Government collectively taking into account the reality of each country's circumstances. Robinson's successor was in the Chair.

Sometime after, the University of the West Indies (UWI) Press published an edition of *Time for Action which* included a Chairman's 'Postscript' - in which I said:

"If the Commission's analysis is even partly right (the) future will be for our Region an excessively difficult one. If CARICOM is seen by decision-makers ... as an occasionally convenient but mainly peripheral facility, not as a central, creative, energising force for development, it will forever fall short of the highest hopes for regionalism that we found among West Indian people. At the end of the Commission's experience, this must be the lingering fear: that while everyone will buy the concept of CARICOM as a 'Community of Sovereign States', for people the emphasis will be on 'community', but for the political and bureaucratic establishment the emphasis could be on 'sovereignty' and turf in general."

And so it was to be.

Besides the Commission, impelled by Prime Minister Robinson's paper and his passionate advocacy of it at Grand Anse in 1989, West Indian political leaders declared that "inspired by the spirit of co-operation and solidarity among us (we) are moved by the need to work expeditiously together to deepen the integration process and strengthen the Caribbean Community in all of its dimensions" They agreed a specific work programme 'to be implemented over the next four years' with primacy given "towards the establishment, in the shortest possible time of a single market and economy".

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

That was 22 years ago. The West Indian Commission confidently charted the way declaring it a 'Time for Action'. West Indian technicians took their leaders to the brink with the Revised Treaty of Chaguaramas. But there was no action—no political action, no political will to act. In twenty-two years, nothing decisive has happened to fulfil the dream of Grand Anse.

Vision and leadership were also present 14 years later at the Montego Bay Summit in 2003 under Prime Minister P.J. Patterson's watch. It was the 30th anniversary of CARICOM and the Prime Minister submitted a counterpart to the Robinson Paper of 1989 entitled, *CARICOM Beyond Thirty: Charting New Directions.* It offered the vision and leadership CARICOM again needed; and the Summit duly adopted *The Rose Hall Declaration on Regional Governance and Integrated Development.*

The Declaration's first paragraphs are worth recalling for they were the most significant political statements on integration since the West Indian Commission's Report. They were these:

That, with a view to improving governance for the purpose of deepening the integration process, we have agreed in principle to the following:

1. *The reaffirmation that CARICOM is a Community of Sovereign States ...., and that the deepening of regional integration will proceed in this political and juridical context.*
2. *The development of a system of mature regionalism in which critical policy decisions of the Community taken by Heads of Government, or by other Organs of the Community, will have the force of law throughout the Region as a result of the operation of domestic legislation and the Treaty of Chaguaramas appropriately revised, and the authority of the Caribbean Court of Justice in its original jurisdiction – taking into account the constitutional provisions of member states.*
3. *The establishment of a CARICOM Commission or other executive mechanism, whose purpose will be to facilitate the deepening of regional integration in the areas of responsibility specified in the following paragraph. The Commission's function will be to exercise full-time executive responsibility for furthering implementation of Community decisions in such areas as well as to initiate proposals for Community action.*

It was an agreement 'in principle' it is true; but had our political leaders followed the lead 'PJ' had given, many of our countries would not be experiencing the extent of the terrible economic misfortune and uncertainty they now endure. Unbelievably, nothing came of the Rose

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Hall Declaration. Why? Because it offered, as it said, 'a mature regionalism'—a regionalism which, for all its checks and balances against supra-nationality, was still too much for the cloistered immaturity of a political culture fixated by the obsessive compulsions of 'local control': the same fixation that had held innumerable configurations of West Indian regionalism at bay for 300 years.

'Cloistered immaturity', because now, in the era of globalisation, 'local control' has so little content. How, for example, has our sovereignty insulated us from the power of external forces: the World Bank graduating us from concessional financing; the Organisation for Economic Cooperation and Development (OECD) imposing criteria for financial services that are enforced by the International Monetary Fund (IMF); the refusal of the World Trade Organisation (WTO) to allow us special and differential treatment; the Economic Partnership Agreement (EPA) with the European Union (EU) which demands reciprocity from us; new relations with China which lack any real negotiation?

Powerlessness, not power, is the political reality at every island level. Sovereignty, still much touted, has lost much of its meaning, yet West Indian governments seem more determined to assert it against each other than in the wider world. The truth is that over the nearly four decades of CARICOM, despite the forms and structures of integration, the West Indies has drawn steadily away from being West Indian in the Marryshow sense.

This is neither hyperbole, nor petulance nor cant. For someone who, for 60 years of a longish life, has been a committed and activist regionalist, it is an anguished comment on our record. In fact, CARICOM leaders implicitly conceded as much at the special 'Retreat' in Guyana last May where they agreed among themselves (without advisers, and without Trinidad and Tobago which absented itself) that they "should pause and consolidate the gains of the Single Market"—mindful as they were that important elements of the Single Market—like freedom of movement of persons and the Caribbean Court of Justice—are not yet functionally in place; and even though the 'gains' run the real risk of severe erosion and even reversal unless they continue to be urgently advanced. To many it seemed a retreat from integration; despite the mantraesque words of 'rededication'.

Not surprisingly, when Heads of Government met in St. Kitts earlier this month it was at a moment of widespread public disbelief that the professed goal of a 'Single Market and Economy' will ever be

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

attained, or even that their political leaders are any longer "inspired by the spirit of co-`operation and solidarity" or "moved by the need to work expeditiously together to deepen the integration process and strengthen the Caribbean Community in all its dimensions"—as they had proclaimed at Grand Anse in 1989.

And this was not simply uninformed public opinion—or the 'doom and gloom' of 'arm chair pundits'. Three months ago (April), the Institute of International Relations of the University of the West Indies produced a study conducted by some of the most eminent scholars on the region. Entitled, *Caribbean Regional Integration,* it is a work of dispassionate scholarship that was informed by wide consultation with Caribbean stakeholders. It is the most authoritative contemporary commentary on the state of Caribbean integration and, very specially, of the challenges facing it. The Study's Executive Summary says the following:

> *"There was a real sense that the optimistic era of Caribbean integration may well have passed just at the time when it is most desperately needed. The difficulties facing the region are no longer simply about competing effectively in a globalising economy. Rather, they are 'existential threats' which bring into question the fundamental viability of Caribbean society itself. Climate change, transnational crime, the decline of regional industries, food security, governance challenges, international diplomacy and so on are problems which can only be effectively addressed by co-ordinated regional responses. Moreover, these problems are becoming increasingly acute in the immediate present; failure to act immediately, decisively and coherently at the regional level could quite conceivably herald the effective decline of Caribbean society as a 'perfect storm' of problems gathers on the horizon.*
>
> *The regional leadership is seen as critical to either the continued deterioration of the integration process, or its re-generation. ...This report is therefore timely in terms of both its recommendations and the window of opportunity that has opened for the region – and especially the Heads of Government – to seize the integration initiative. It cannot be stressed just how critical the present juncture is; this may well be the last chance to save the formal integration process in the Caribbean as we know it, to set the region on a new development path, and another opportunity might not present itself in the future."*

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The Study was completed just before the Retreat in May and its findings are at complete variance with the 'pause' in Caribbean regional integration on which the Retreat decided.

The St Kitts Summit three weeks ago seems to have confirmed the validity of the fears of West Indians at all levels. In the environment of public scepticism in which it convened there were many verbal assertions of dedication to the goals of Caribbean integration. Those assertions are welcome; they mean, at least, that it would be politically perilous to assert otherwise to the vast majority of Caribbean people. But, of course, it is what Caribbean leaders did at St. Kitts that matters most.

Their decision, effectively, was reaffirmation of the conclusions of the Retreat. *Slow down*, the Chairman said repeatedly to the media in explaining how his colleagues felt about 'integration': *"Slow down the pace a bit and look at a more realistic calibration of where we need to go in the integration movement'*. Given that we are already at dead slow; how far is that from 'stop'? And in the official Communiqué, not once (save when describing the work of the former Secretary General) does the epithet 'regional integration', or the word 'integration', appear.

There is a serious economic, not just political, issue here: "*The challenges unfolding around the world call to slow down the pace a bit",* said the Chairman. This is the exact opposite of the conclusions of the technical Study of Caribbean Regional Integration, (remember?)— *failure to act immediately, decisively and coherently at the regional level could quite conceivably herald the effective decline of Caribbean society as a 'perfect storm' of problems gathers on the horizon*.

Have our leaders been advised to the contrary? No. Of course not. In the face of the storm, they have sought shelter in the old refuge of 'local control', not the new haven of regional integration. CARICOM's leaders at Basseterre appear to have settled for nominal unity - the lowest level of regionalism consistent with identity. So, it seems, that where vision is vital, there is stagnation; where leadership is essential, there is inertia. But, to pause in a rapidly moving world is really to stop; and to pause in mid-flight is really to plummet.

It is not as if each of our leaders is not a bright, able, enlightened West Indian. Each of them possesses all of these qualities and more. So why, when acting collectively, does a vision of Caribbean integration elude them and leadership to drive the process lapse? I suspect that it is because both the scope of vision and the scale of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

leadership involve the necessity to share control; it requires a commitment to mature regionalism.

If in 300 years we have not reached there, will we ever? What can I say, but remind you of our schooldays poem *Bruce and the Spider,* and of its closing lines:

That Perseverance gains its meed,
And Patience wins the race.

Six times defeated, Robert Bruce took courage from the spider's perseverance; fought the British a further time at Bannockburn and won Scotland's freedom. In Anancy we have our 'spider' too. We have our goal. Have we our 'Bruce'? So persevere we must.

And in the cause of perseverance, let me remind you that among the verbal commitments made at Basseterre were the following:

- *from the Prime Minister of Trinidad and Tobago*: "Trinidad and Tobago is for CARICOM and for Regional integration"
- *from the Prime Minister of St Vincent and the Grenadines:* "The very difficulties in the international political economy and their acute manifestations in our regional content ought to prompt greater, not lesser, integration"
- *from the Prime Minister of Grenada:* "I am convinced that solutions to our challenges are achievable if we believe unwaveringly in our integration movement; if we are prepared to use all the skills and tools at our disposal to build a strong, viable, prosperous Caribbean Community and if we put on the armour of regionalism to combat our national shortcomings".
- *from the Prime Minister of Barbados:* "Today, as lead Prime Minister for the CARICOM Single Market and Economy (CSME), I give you my assurance that the Government of Barbados which I head remains unequivocally committed to the pursuit of Caribbean integration. The building of a truly West Indian nation is as much a priority for me as it was for my distinguished predecessors. I pledge to remain true to their legacy.

Let the people of our one Caribbean hold our leaders to these statements as evidence of their assurance that our goal of regional integration will be reached, however rugged the terrain, however halting the journey.

And it surely can be reached. Others with a longer and harsher record of separatism have had less trouble rising to the challenge of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

mature regionalism. Nearly 40 years ago, in 1973, P.J. Patterson and I spoke for the Caribbean as we opened negotiations with the fledgling European Community that led to the Lomé Convention. So united were we, and so confident of our oneness, that we welded Africa and the Pacific to us and thereafter spoke with only one African Caribbean Pacific (ACP) voice. Often in those early negotiations, ours was a more united voice than that of the European Community of 9. We earned the respect of Europe and of our African and Pacific brothers; but it all was rooted in our unity at home. We have lost that unity and confidence and, I believe, that respect.

But the unity of Europe has deepened and widened. The European Community is now the European Union; it is a Union not of 9 but of 27 members; and it is still growing; and its unity has strengthened structurally and in quality. It has now been allowed to speak in its own right for its collective causes, concern and interests in the United Nations. It is also represented in the G20, because it is too big a force to ignore, and it coalesced to win again the managing-directorship of the IMF even as other nations quite properly sought change.

That first emanation of the Treaty of Rome with which we began a dialogue 28 years ago is now reaching to the fulfilment of the Treaty's vision, and ambitiously beyond it. It was not smooth going, there was many a battle, and still is; but Europe never lost the vision, never abandoned leadership; never paused. A similar story is emerging in the Association of South East Asian Nations which has produced a Charter to govern its operations and the relations of its member states.

Where are we? To what are we reaching? Our leaders have fallen victim to the old entrancement of 'local control' and become heirs to the elites who over the centuries kept regionalism at bay. It is too late to deny that we are a Caribbean 'society'; but not too late it seems to deny to it those societal attributes of organisation and interdependence which are intrinsic to all societies. There is a point beyond which the variety of any society, unless harnessed to the achievement of common goals, becomes a tangled web.

On the West Indian Commission twenty years ago, as we toured every country in the region, we heard many accents; but we heard, overwhelmingly, a voice that is authentically regional, espousing not only a regional identity, but also a regional aspiration for doing things together in ways that will better the condition of Caribbean people.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

That yearning for betterment reaches still into every aspect of life, civil and political, economic, social and cultural. It looks, for example, towards more civil societies, more open government, participation in governance beyond the ballot box, and towards a better chance for social and economic achievement for the average West Indian.

We listened with anguish to West Indian complaints about the 'hassle' that is the companion of many West Indians who travel within our region. We heard with dismay the views of West Indian people about the tiresomeness of currency distortions within our Community. We heard with deepening disquiet the anxieties about declining standards of primary and secondary education in many places, of deteriorating health care, of widening unemployment.

We came to recognise that, whatever our technical accomplishments on the road to economic integration, its goals will remain distant unless these requirements for the fulfilment of basic human needs within our region are met in an adequate manner, and, as important, that regional lives are lived in confidence of sustained improvement. If not, no amount of regionalism, no amount of economic or other integration, will displace the 'Green Card' as the ultimate in regional aspiration.

Young people of the region came forward readily to give their views and to express their urgent objectives. The enthusiasm for unity is alive in the younger generation. But they are extremely critical about what they see as delay and neglect in addressing their special problems. The growing shortage of employment opportunities, the deterioration in educational systems, and an increasing lack of outlets for their ambitions and creativity, concern them deeply.

They are not cynical or negative about the situation. They are indeed remarkably realistic about the limits of what can and what cannot be done. Nevertheless, they feel frustrated and do not believe an older generation of political and community leaders are tuned in to their real needs. Such attitudes are common to all generations; some contemporary leaders were once angry young West Indians who felt similarly ignored.

These concerns persist today, but with a keener edge. We have to recognise the particular importance of this phenomenon and seek ways to involve the younger generation more deeply in the processes of development in every area. If we are not successful in this, we can be sure that the best and more dynamic will join the regional diaspora in

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

growing numbers and that those who don't or can't will increasingly reject the social and political order. They have a vision of a more united region.

Last month in the Barbados *Nation* Newspaper there was an account of a verbatim conversation with a local food vendor. I offer an extract of the vendor's sentiments, expressed in her own words, for its honest representation of how West Indian people feel:

> *"From Jamaica to Guyana is one West Indian nation. What's the reason for a CARICOM passport if we can't have a Caribbean nation....? I can't tell you what a Bajan is, because what you find in a Barbadian, you find in a Trinidadian, in a Vincentian, in a Jamaican. Because people are just people; and West Indian people, we are a gem. I don't see Grenadians, Guyanese, Saint Lucians. I see people. The only thing that separates us is us!"*

For all of us there are bits of writing capturing essential truths that remain half-remembered in our minds until recalled by some evocative moment. Preparing this presentation was, for me, such a moment. The words I recalled were written over forty years ago by Jean Paul Sartre in his Introduction to Frantz Fanon's clarion book *The Wretched of the Earth*. Sartre wrote:

> *"And when one day our human kind becomes full grown, it will not define itself as the sum total of the whole world's inhabitants, but as the infinite unity of their mutual needs."*

How incisively and with what conviction those words assert the oneness of our human condition!? And how directly they invite the question of our Caribbean 'society', 'civilisation', 'community (however we dignify ourselves)? Have we become full grown? Are we ready to define ourselves not as the sum total of so many separate islands in the sea and on the coasts around it, but as the infinite unity of our mutual needs?

Without vision and leadership we will never be ready; but nothing I have said should imply that I believe we never shall. In 1995, thirty years after Franz Fanon's book, global civil society in the form of the World Federalist Movement and the International Association of United Nations Associations came together in San Francisco to celebrate the signing of the United Nations Charter there in 1945. For that 'Charter Ceremony', Maya Angelou composed a memorable poem that re-captured Sarte's insight of human unity and asked the same question of our maturity.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

She wrote, as only she could, of a wonder that she likened to the great wonders of the world, the wonder of our capacity to acknowledge the eternal unity of humanity's needs and what she felt was our generation's potential to respond to those needs. She longed for the day when we would reach that point of fulfilment; that moment, as she wrote, 'when we come to it'. Maya Angelou was musing about humanity's misused potential; she was musing about 'vision' and 'leadership' (among other things) at the global level: and so for me, at the level of a globalised Caribbean. She was talking of our West Indian predicament too.

So let me end with this moving verse about our human capacity to acknowledge the eternal unity of the needs of the world's people and our generations' potential to respond to those needs: *A Brave and Startling Truth,* Maya Angelou called it. And let us relate her thoughts not to all the world's people, but to our tiny segment of it; for it is addressed to us too:

When we come to it
We, this people, on this wayward, floating body
Created on this earth, of this earth
Have the power to fashion for this earth
A climate where every man and every woman
Can live freely without sanctimonious piety
Without crippling fear.……
That is when, but only when, we come to it.

When we come to it in the Caribbean, we too will have learnt the 'brave and startling truth' that we need not fall short in vision or in leadership, but mindful always of the infinite unity of our people's needs, break the bonds of a crippling separatism and fulfil our destiny in regional togetherness. That is why I make the plea tonight for vision and for leadership. I make the plea so that the time will come—and come soon—when no vendor anywhere in our sea, or around it, any longer believes that 'the only thing that separates us is us'.

Thank you.

This is a transcript of a presentation made at the inaugural G. Arthur Brown Lecture on July 22, 2011.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 2

The Birth of a Vision

Michael Manley

Integration processes which create closer political and/or economic links between nations which have established their historical identities, are complex and difficult. They are difficult because they involve the building of bridges across some part of the divisions created by national boundaries and which give to each nation its sense of identity and capacity for social cohesion. Accordingly, the pursuit of integration can never occur merely in response to the search for greater size for its own sake, much less to political whims or romantic notions about shared destinies.

Geographical proximity and a common cultural background make integration easier to accomplish, yet neither location nor culture is the reason for the pursuit of larger areas within which to seek the benefits of cooperation. This has its roots in economics. However, it has to be pursued through political action because for structural cooperation to occur, separate governments have to agree to some form of common action which will modify the existing structure of relationships between each member of the group. The action itself will reflect the extent to which they feel that some part of their interests will be better promoted by acting together than apart.

The West Indian Federation was no exception and it failed in 1961 because the political action, which it represented, did not convince enough people of being in their best interests. Thus the underlying economic needs which led to the attempt remained unanswered. Therefore it was inevitable that some less ambitious form of political action would have to be undertaken. In due course, the idea of Caribbean Free Trade Association (CARIFTA) was born in 1963 in response to these needs. By 1968 the body was formally established. When Caribbean Community (CARICOM) was formed in 1972, it represented the next logical step forward. And now the decision to form the Association of Caribbean States in 1994 represents a further advance along the same path. All these steps were taken within an historical context in which nations seek to form alliances with their

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

neighbours to promote economic development and to have a more powerful voice in world affairs.

As one of the founders of CARICOM, I recall that we shared a sense of historical urgency though each had a different view of where the integration process might be headed. For example, Eric Williams was suspicious of Venezuela's intentions towards the Caribbean. Forbes Burnham had border problems with the same country. Errol Barrow tended to see CARICOM as an end in itself, his emphasis being on the development of the English-speaking Caribbean as a discrete element within the wider Basin.

I shared the concerns and emphases of my major colleagues but also felt that the history which divided the Caribbean into English, Spanish, French and Dutch-speaking components was not made by us. I felt that we should work to build bridges in economics and culture to bring all the segments of the Caribbean into a closer scheme of cooperation than could be provided by the contacts which arose from our common membership in the United Nations.

Accordingly, I saw CARICOM as the first step in a process of necessary cooperation among former colonial territories. It was the easiest step to take because the founding members not only occupy the same geographical basin but also share a common history and easily compatible cultures. But for me, it was only a first step.

As far back as 1969 I had formulated a theory of `concentric circles' in which former colonial territories would seek closer co-operation with their immediate neighbours while simultaneously building platforms for common action through regional associations and active cooperation with international bodies like the Non Aligned Movement.

In our case I argued that the CARIFTA group would represent the tightest of our circles, the countries of the Caribbean Basin the next and wider area of circle, the Group of 77 in the UN the next; and finally, the Non Aligned Movement as the all-embracing world alliance.

CARICOM was the necessary step to give the first circle greater coherence. For CARICOM itself, the founders foresaw a clear political goal which was to assert our collective voice in a region in danger of sinking into neo-colonialism in the aftermath of the attainment of independence. Giving recognition to Cuba and China in defiance of the wishes of the USA was significant because it represented an early declaration of independence from the more overt pressures of US hegemony.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

With respect to the inner workings of CARICOM we hoped it would provide a framework which would promote economic integration in ways not open to CARIFTA with its major emphasis on intra-regional trade. The agenda was widened to incorporate objectives such as common tariff policies and the promotion of intra-regional investment. The construction of multinational systems of production and regionally sound economic infrastructure were part of the new agenda. The unrealised plan for an aluminium smelter based on the flare-off gas of Trinidad and Tobago and the bauxite of Jamaica and Guyana was an example of an attempt to create a joint production organisation. The now defunct regional shipping line incorporating nations outside of CARICOM was an attempt to create a regional infrastructure. It was also significant because it foreshadowed the Association of Caribbean States (ACS) in its wider membership. In the course of the first few years of CARICOM, Jamaica began to pioneer trading links and other forms of economic cooperation with non-CARICOM states of the Caribbean Basin. This parallel action was deliberate and furthered the theory of concentric circles. Bauxite trading with Venezuela and later the San José accords, involving Venezuelan and Mexican oil sales were the forerunners of wider, planned Caribbean cooperation. This provided the background to the formal creation in 1994 of an Association of Caribbean States adumbrated in the recommendations of the West Indian Commission, chaired by Sir Shridath Ramphal.

Looking back across 23 years one can point to considerable accomplishments. Intra-regional trade has increased many times over. The Common External Tariff (CET) is at last in place. The work on creating a single market is proceeding. Much cross border investment has taken place and a regional stock exchange has begun, however tentatively, to take shape.

But the outside word has not stood still. The new structure of the world economy barely discernible in 1972, is now sharply in focus. And it is that structure which represents the context within which we must measure our present status and future prospects.

Let us now consider our present and our future at a new moment of opportunity. On August 17 and 18, the first summit meeting of the leaders of the ACS will take place in Port-of-Spain to examine tourism, trade and transport with special emphasis on the contribution each can make to regional economic development. A conference on these subjects could not be more timely and follows the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

decision of 25 nations of the Caribbean Basin to create the new regional association recommended by the West Indian Commission and demanded by the logic of history. This is so because as technology makes possible the globalisation of finance, production and marketing in an irreversible process, the nation state is more and more failing to provide a geopolitical unit large enough within which to plan and direct economic activity. Hence, trade blocs are proliferating beginning with Europe, and most recently, North America Free Trade Agreement (NAFTA). That is why it is simplistic to believe as some contend, that the first major blocs have come into existence out of fear of the production tigers of the pacific triangle. The reasons are more profound and since they are bound up in technology and the globalisation process, we can assume that the trade bloc is not a temporary aberration of history. There will be more, not less of it, as time passes. The question we must ask ourselves in the Caribbean is 'What does this imply for us?'

There are three views: there are some who advocate each Caribbean territory getting into NAFTA on its own, as quickly as possible, and on the best terms which it can secure for itself. Then there are those who see NAFTA as a gobbling monster to be avoided at all costs. They hark back to the `good old days' when we were able to negotiate special arrangements for sugar and bananas under the Lomé Convention.

As a path, the first may be fraught with peril. The second pursues what will be discovered increasingly to be a romantic illusion. Let us consider each briefly as a prelude to the third which I believe to be the path best supported by logic and common sense.

I will begin with what we may call the unilateralist illusion. It must be conceded that the most advanced of the Caribbean countries could become a part of NAFTA and avoid complete marginalisation. They may have just enough competitive manufacturing capacity and productive diversity to maintain the toehold that they now have in the North American market. But the market is not static. Will they be able t expand rapidly enough to improve their position? And what voice will they have in hemispheric relations?

The question that must be asked is relative. Is unilateral entry in a context of isolation the best position from which to take on the full brunt of open competition within the North American System? Is there a better way, a way more likely to enhance the strength of each

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

country's economy at the moment of full membership in NAFTA? We will explore this when we look at our third path.

The second 'option' we may call the nostalgic illusion. Again it must be conceded that the issue is not cut and dried. The very small territories that are particularly dependent on the protections and advantages afforded under the Lomé Convention are in a position of acute difficulty with respect to NAFTA. The problem is, however, that Lomé as we know it is not going to survive beyond the year 2000.

Lomé represented a special set of arrangements secured for the countries of the colonial empires at a particular historical juncture. The Independence movement succeeded in a context of historical guilt. This guilt represented a force within the political system of the former metropoles of empire not unlike the guilt which operated upon the consciences of those members of the House of Commons in Britain who voted for the abolition of slavery. But the real driving force behind Lomé, like the real driving force behind the abolition of slavery was not conscience but economic self-interest. Slavery had become an uneconomic method of production. The immorality of slavery provided a brilliant ethical cover for a cunning retreat from a system that was no longer profitable.

In the case of Lomé each colonial system had guaranteed to the producers of the centre of empire a reliable low cost supply of vital raw materials. At the moment of independence it was useful for the former colonial producers within a politically tied system to be spared the search for markets in open competition. But it was even more convenient for the manufacturers at the centre of the empire to be guaranteed a safe supply of raw materials without recourse to general competition. The price supports which were provided under Lomé represented the premium that was paid to guarantee the dependability of the system in a new political environment.

Now more than a generation has passed, production at all levels is increasingly organised outside of particular political boundaries and with absolutely no reference to the desires of Governments or electorates. The claim of conscience, such as it may have been, has long since been discharged. The world of systematic, dependable structures of protection is in its last gasp. To tie the hopes of the future to the prospect of new and better Lomés in the twenty-first century is, at best, romantic and at worst irresponsible.

And so to the third path which I believe to represent a better hope for the most developed Caribbean territories, the best hope for

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

those in an intermediate stage, and the only hope for the most vulnerable. The action we take must respond to two imperatives: an acceleration and deepening of the integration process within CARICOM: and the broadening of that process to include all the countries of the Caribbean Basin under the Association of Caribbean States (ACS). The reasons are as simple as they are fundamental. They are to be found in two concepts: economies of scale and specialisation leading to a rationalisation of production. For example, amalgamations involving two or more companies in different countries producing the same things can be hugely beneficial. The new corporate entity will enjoy a large capital base and reduced overhead costs in comparative terms. The amalgamation would also facilitate specialised production for different product lines. All these advantages lead to greater competitive efficiency. Then again, the global marketplace reflects patterns of quality and price that are determined by the latest technology. Increasingly, this technology is expensive and difficult to finance in comparatively small operations. The larger the capital base that can be organised for a particular business, the better the chance that the business can afford the high-cost technology. Without that technology, it will be harder to compete without either painful depression of wages or unaffordable levels of subsidy. The first is not an option in our socially conscious Caribbean. The second, subsidies, is not an option in our cash-strapped Caribbean. Clearly therefore, we have to work for anything that facilitates the process of corporate aggregations. Small may be beautiful but too much of it is too little for survival. Our policies must centre upon widening our immediate markets as the first foundation of the broadening of our capital base.

The same factors apply if we are to accelerate our mastery of the skills which are demanded by the explosion of knowledge-based industries which are now at the cutting edge of economic development.

There are obviously members of CARICOM who can contemplate successful entry into the NAFTA arrangements at this moment. Some may yet succeed in the near future, and in any event, the decision to enter now or not is a purely national one which everybody should respect and which I personally respect. What would, in my view, be an error is to abandon the Caribbean integration process either because an application to join NAFTA succeeded or because it was believed that a particular economy is ready for membership. It is the belief, held by some individuals, that there is no

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

place for the integration process because NAFTA represents a new reality which I describe and believe to be a `unilateralist illusion'.

The Price of Survival

The political difficulties to be overcome in working for integration are recognised and they are formidable. Nonetheless, the creation of a single market for CARICOM should be pursued with relentless single-mindedness. The challenge to today's political leaders is to sweep aside the impediments and mobilise their societies to understand that the single market is not a regional dream but represents the very price of survival in today's world. Common tariffs, common taxation policies, common investment incentives, represent one part of the equation. An immediate programme providing for the free movement of manpower resources beginning with the more skilled and ending up in due course with a fully mobile labour market is a second element. The removal of all impediments to, and the positive facilitation of the free movement of, investment capital represent a third element. At the same time, widening the process across the cultural and historical divisions must go hand in hand with deepening integration within CARICOM.

Little of this can be achieved in isolation from the people and what they understand. Indeed this is one more example of the real challenge of democracy. This consists of the education of the people leading to their support of those strategic purposes which lie at the heart of their hopes for a better life for their children. This is why cultural activity and exchange is not to be pursued for the titivation of the elite or the mere entertainment of the masses. We have been so psychologically marginalised by colonialism and by the all-pervasive anaesthetic of the United States pop culture that we will lose the capacity for bold action for no better reason than fear. And we will be afraid because we will have lost sight of our own roots and our own capacity for greatness.

There is, therefore, an intimate connection between the logic, which underlies our economic prospects, and the inspiration which our cultural processes can provide. An integrated Caribbean will create more industries which can achieve the scale of operations to be competitive. Each success will provide the surplus for re-investment in an upward cycle of economic development depending on efficiency

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

and self-reliance. This is where our hopes lie rather than in the search for present favour for past ills.

An example of the challenge we face if we are to see reality in a new light is provided by the transnational corporation. The world is still profoundly affected by transnational corporations' behaviour. But this form of economic organisation can no longer be rejected out of hand on the basis of a simplistic, global ethic. We must continue to struggle to make these bodies accountable and reflective of a new form of good corporate citizenship, globally conceived. In the meantime, however, they define today's reality and tomorrow's shape. The truth is that we need our own transnationals which pull together the resources of Jamaica, Trinidad and Tobago, Guyana, Venezuela, Cuba and all the rest and it is our duty to work ceaselessly to make it easier for these things to happen.

The new problems, which we face if the integration process is to be effectively pursued, are commonly seen in one light: as `difficulties' to be overcome. Certainly, in the context of the present political assumptions and patterns of behaviour the difficulties are very real. At the same time all over the Caribbean there is a growing public unease surrounding political activity and it has nothing to do with the integration process. As unease slides into disenchantment, the level of public involvement in political activity is sinking steadily.

It may well be that the pursuit of the integration process in the vertical and horizontal senses could be one of the causes that re-ignite political interests. The majority of people feel instinctively that the `old ways' in politics are no longer equal to the `new needs'. They may not be able to spell out these needs precisely but they know the world is changing radically and they are uncertain of the extent to which traditional political responses can secure their interests in a changing situation.

Integration seen as a challenging opportunity instead of a series of difficulties to be reluctantly overcome may strike chords now missing in the political environment. This is so because integration is a major part of any answer to today's reality. No marriage between political mission and popular interest has ever failed if the synergy is understood and explained.

This paper was first published in CARICOM Perspective, No. 65, June 1995, pp. 12-14, 31.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 3

Caribbean Community: The Elusive Quest For Economic Integration*

Norman Girvan

Introduction

Economic integration initiatives in the Anglophone Caribbean have been motivated primarily by the need to attenuate the constraints of small size on development. Extra-economic objectives of regional integration have included attaining national independence, sharing the costs of common services, pooling bargaining power in international fora and affirming a common West Indian identity. But economic integration is still a work in progress; and what has been accomplished so far has not impacted significantly on regional economic development. This could be due to faulty implementation of agreed integration schemes, or to inappropriate design of the schemes themselves, or to inherent limits in the capacity of economic integration *per se* to drive development in these economies. This chapter discusses initiatives from the launch of the Caribbean Free Trade Association (CARIFTA) in the1960s to the most recent developments in the drive to create a Caribbean Community (CARICOM) Single Market and Economy (CSME). It uses a political economy perspective to discuss characteristics, underlying theories, embedded strategies, implementation problems and economic outcomes. It concludes by outlining a possible research agenda.

Overview

Integration ideas have been articulated in the British West Indies for centuries (Mordecai 1968). Regional visionaries in the 1930s believed that a viable political and economic future for the territories could only be achieved if they were to forge a political union. Arthur Lewis in 1950, proposed a regional customs union to support industrialisation (Lewis, Arthur 1950). "The Economics of Nationhood", put forward by Trinidad and Tobago in 1960 as the model for the West Indies

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Federation, called for a strong central government responsible for economic development (Trinidad and Tobago: 1959). After the dissolution of the Federation, the Trinidad and Tobago government called for a Caribbean Economic Community of all the island territories of the English, French, Spanish and Dutch speaking Caribbean.

Concrete institutional initiatives commenced with the signing of the CARIFTA Agreement in 1965. They continued through the full establishment of CARIFTA in 1967; CARICOM in 1973 and the current drive to create a CARICOM Single Market and Economy that began in 1989. The "Single Development Vision" and the Strategic Plan for Regional Development, now under preparation, are meant to provide an implementation plan for the Single Economy. The initiatives are summarised in Table 9.1.

Table 9.1: Overview Of Economic Integration Initiatives— From Carifta To Single Development Vision

	CARIFTA	**CARICOM 1973**	**CARICOM Revised/ CSME**	**Single Development Vision**
Duration	**1968-1973**	**1973-1989**	**Post 1989**	**2008-15**
Member -ship	12 Anglophone Caribbean countries1/	13 Anglophone Caribbean countries2/	CARICOM: 15 countries CSME: 12 countries3/	12 CSME member countries
Form	Free Trade Area	Customs Union	Economic Union	Economic Union
Scope	Merchandise Trade	• Merchandise Trade • Minimal Provision for Services and Capital • Incentives Policy Harmonisation • Industrial Allocation • Joint Development of Agriculture and Natural Resources	• Merchandise Trade • Services • Capital • Skilled Labour • Macroeconomic Policy Harmonisation • Monetary Union • Sectoral Policy Harmonisation	• CSME completion road-map • Multi-dimensional development framework • Coordinated policies for „Economic Drivers • Coordinated Policies for „Enabling Economic Environment

Notes

1. Antigua and Barbuda, Barbados, Belize (then British Honduras), Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. Four countries signed

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

the Agreement in 1965, seven more joined in 1968 and the twelfth (Belize) in 1971.

2. The Treaty of Chaguaramas of July 1973 established CARICOM. All 12 CARIFTA countries became members of both the Community and the Common Market. In 1983, The Bahamas became a member of the Community only.

3. The Revised Treaty of Chaguaramas establishing CARICOM and CSME was signed in 2002 and came into force in 2006. Suriname joined the Community in 1995 and Haiti in 2002, bringing the total membership of CARICOM to 15. The Bahamas and Montserrat are not participating in the CSME; Haiti's participation has been delayed by institutional problems. The 12 remaining countries are participating in the CSME.

Trends and Outcomes

Trade Integration

CARIFTA freed approximately 90% of intra-regional trade in manufactured goods (CARICOM 2005:43) and instituted managed intra-regional trade in some agricultural products. CARICOM 1973 called for liberalisation of all intra-regional trade and for a customs union through the phased introduction of a Common External Tariff (CET). Neither goal was achieved. In 1993, a new start was made with the phased introduction of a new, steeply reduced CET. By 2008, the new CET had been introduced by 11 of the 13 participating members and the unweighted average of CARICOM tariffs had fallen from 20% at the beginning of the 1990s to 10% (World Bank 2008:28) [xxxix]. Applied tariffs by member states vary widely around the average (Moreira and Mendoza 2007) [xl]. Exceptions, derogations and unauthorised non-tariff barriers remain in effect in some member states. A CARICOM report in 2009 recorded compliance by member states with just 59% of the measures required to give full effect to the free movement of goods (Appendix 9.2). Hence, although trade integration is well advanced in CARICOM, a full customs union is not yet in effect. There are also gaps in coverage of the free movement regime with respect to the treatment of goods produced in free zones, free circulation of goods within the Community, an electronic commerce regime and a government procurement regime.

Although CARICOM's intra-regional trade grew 23 fold from 1973 to 2008 (Appendix 9.3), it has not been a particularly dynamic element in the region's total trade. In 2001-2007 intra-regional trade was 14.5% of CARICOM's total trade, a modest increase from the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

8.3% recorded in 1973-1979. Between the two periods, intra-regional exports grew from 8.9% to 17.4% of total exports and intra-regional imports from 7.9% to 12.5% of total imports. One study applied trend analysis to the data and concluded that "the share of intra-regional trade on the non-oil trade remains around the modest level achieved in the late 1970s" (Moreira and Mendoza 2007:21). Notably, the majority of intra-regional exports[xli] originate in one member state; indeed most CARICOM member states do not rely significantly on the regional market. As well, intra-regional trade growth since the 1990s is not attributable to trade liberalisation and the CET (INTAL 2005: 21-23). Hence, questions continue to be raised about the benefits of trade integration to the majority of member states.

Services and Factor Movements

These came within the scope of CARICOM integration with the CSME[xlii]; the Revised Treaty calling for phased liberalisation of all services and factor movements. Implementation here has been slow and uneven.

Five categories of skilled Community nationals were prioritised for free movement in the Revised Treaty. This has since been increased to ten; but three of these have recently been put on hold, pending introduction of the Caribbean Vocational Qualification system for household domestics and artisans; and a general review of the schedule. Up to the end of 2008, just 6,210 Certificates of Skills Recognition had been issued entitling holders to seek employment in other member states (CARICOM 2009d: 59-60); but the number being utilised is not known. This number represents approximately 0.1% of the CSME population. Major problems remain to be addressed in the administration of the scheme; including procedures for the issuing of Certificates, the need for Contingent Rights regimes, and the need for a central registration and monitoring mechanism.

Member states were to have removed all legal restrictions on Services and the Right of Establishment by the end of 2005. As of 2009, there was an estimated, legislative compliance gap "of 56% in the former and 41% in the latter (Appendix 9.2). Some states have been employing administrative measures to facilitate compliance; the CARICOM Secretariat has reported, perhaps optimistically, that, liberalisation of services has succeeded" and that there is general compliance "with removal of restrictions on the Right of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Establishment (CARICOM 2009d:6). The same report, however, lists several obstacles that continue to operate to the full exercise of this Right[xliii]. While official data are not available; anecdotal evidence suggests that there has been little cross-border movement in these two categories.

To facilitate the free movement of capital, the Revised Treaty requires abolition of exchange controls and convertibility of regional currencies. This has not been fully achieved: while some countries have liberalised their exchange regimes and floated their currencies, others maintain fixed exchange rates supported by capital controls[xliv]. In 2005, it was reported that intra-regional direct investment had grown significantly, amounting to about 10% of all FDI in the Region, with more than two-thirds coming from Trinidad and Tobago (CARICOM 2005a:104). The sectoral pattern shows a heavy concentration in banking, insurance and other financial services; followed by trading and distribution[xlv]. But the degree to which this cross-border investment is CSME-related is not known[xlvi]. Another issue that needs to be researched is whether cross-border investment has been used as a platform for exporting to extra-regional markets, which is part of the rationale for CSME.

Policy Coordination

Very limited progress has so far (2009) been recorded in achieving policy coordination, which is necessary to move from Single Market to Single Economy[xlvii]. The areas concern (i) institutional framework for macro-economic policy formulation, coordination and convergence; (ii) monetary cooperation/monetary union; (iii) fiscal policy coordination and harmonisation; (iv) financial policy coordination and harmonisation; (v) capital market integration; (vi) investment policy harmonisation; and (vii) reducing disparity and building cohesion. For the most part, these matters impinge on member states' freedom to deploy policies in the light of their own perceived national interests and of the specific characteristics of their economies, which often differ widely. Notable examples of this difficulty are the failure to reach agreement on monetary union, on harmonisation of incentives, and on the CARICOM agreements on investment and on financial services. A CARICOM Secretariat report on the state of implementation of the Single Economy bemoans "*the prevalence of ad hoc mandates which tend to supersede planned initiatives; and generally 'the preference of member states for*

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

national solutions to meet challenges which could optimally be addressed at the regional level" (CARICOM 2009e:26).

The Single Development Vision and Role of the Single Economy (Girvan *et al*: 2007), approved in 2007, responds to this issue by prioritising policy coordination in industry clusters[xlviii] which have the potential to generate all-round economic benefits. This is to be followed by a Strategic Plan for Regional Development focused on the provision of regional public goods[xlix] critical to the advancement of economic integration. Phased implementation of the Single Economy over 2008-15, as set out in the Vision, is behind schedule.

Strategies and Policies

Table 9.2: Political Economy Of Economic Integration Initiatives

	CARIFTA	**CARICOM 1973**	**CARICOM Revised/CSME**	**Single Development Vision**
Duration	**1968-1973**	**1973-1989**	**Post 1989**	**2008-15**
Strategy	Regional import substitution	Integration for development and transformation	Open Regionalism	Developmental Open Regionalism
Orientation	Inward-looking	Inward-looking	Outward-looking	Outward-looking
Agency	Market-driven	State interventionist	Market-driven	State-market collaboration
Theory	Neoclassical	Development and transformation	Neoliberalism	Modified neoliberalism
Principal Intellectual Influence	External	Internal	External	Internal
Context	• Exhaustion of national import substitution • UK application to European Economic Community (EEC)	• Trade expansion under CARIFTA • UK decision to join EEC	• Washington Consensus • Uruguay Round • North American Free Trade Area (NAFTA) • EU Single Market	• Inauguration of CARICOM Single Market • Sequencing of Single Economy Implementation
Motive Force	Mainly Internal • Governments • Pivate sector • Regional academics (UWI)]	Mainly Internal • Governments • Private sector • Regional academics (UWI)	Mainly External • Globalisation • WB • IMF • Donor countries	Mainly Internal • Governments • Private sector Regional stakeholders • CARICOM Secretariat • Regional academics (UWI)

CARIFTA: Regional Import Substitution

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Table 9.2 suggests a political economy typology of integration initiatives. We characterise CARIFTA as an extension of the strategy of (national) import substituting industrialisation; particularly in the more industrialised regional countries. Manufacturing industries set up behind protective tariffs in the 1950s to the 1960s had saturated domestic markets; and local manufacturers lobbied vigorously for the freeing of intra-regional trade in order to access the wider regional market. CARIFTA was therefore market oriented[1] and inward looking. Its intellectual antecedents lay in the neoclassical theory of integration. Much of its inspiration came from the example of the European Common Market.

CARICOM 1973: Integration for Development and Transformation

CARICOM 1973 envisaged a significant degree of government initiative and a considerable deepening of industrial development; and its design showed major influences from the thinking of regional economists. Since the 1950s, Caribbean economists had argued that a unified regional market by itself would be insufficient to bring about regional development because it would be too small to support economies of scale for most manufacturing industries. Arthur Lewis (1950) had argued for governments to play a developmental role in fomenting export-oriented industrialisation. In the 1960s, regional economists published critiques of neoclassical integration theory on the grounds that it focused unduly on the static efficiency gains of trade creation; which, given the small size and lack of structural diversification of regional economies, would be limited in quantum and skewed in their distribution towards the more industrially advanced countries. They proposed an alternative model which placed regional economic integration at the centre of a strategy of development through structural transformation. This would combine the natural resources of regional countries in vertically integrated regional industrial complexes aimed at satisfying existing and incremental demand in the regional market. The production possibility frontier would be expanded beyond that available to any one territory operating singly; and the new activities would generate externalities of various kinds (McIntyre 1971; Demas 1965; Brewster and Thomas 1967). Related proposals were advanced for the rationalisation of export industries in a regional context, with production shifted to low-cost

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

locations, lowering of production costs by joint research and development and other kinds of functional cooperation, joint processing of agricultural and mineral raw materials to increase local value added, joint marketing efforts in external markets and joint negotiation with foreign (multinational) corporations engaged in the export industries *(Beckford 1967; Girvan 1967)*.

These ideas gained currency as other developments—notably the imminent entry of the U.K into the European Economic Community--encouraged the formation of CARICOM. Accordingly, the 1973 Treaty of Chaguaramas included objectives of achieving "continuing integration of economic activities and greater economic independence"; and provision for regional industrial programming, for the joint development of natural resources and for the rationalisation and integration of agricultural development[li]. During the 1970s, plans were prepared for a Caribbean Industrial Programming Scheme, a Caribbean Food Plan, the Harmonisation of Fiscal Incentives Scheme and the Caribbean Enterprise Regime. In the last analysis, none of these plans was approved by governments and carried forward to implementation.

Was the failure due to lack of institutional capacity and political will; or was the strategy embodied inappropriate? In fact, the model ran into difficulties, almost as soon as it was adopted, as a result of the oil price shocks in the latter part of 1973. This produced a sharp divergence in the economic fortunes of CARICOM's net energy importing member states and its sole net energy exporting state; and led to a series of defensive actions by the most adversely affected countries that impacted heavily on intra-regional trade. Acute political and ideological differences also emerged within the Community. In the 1980s, the debt and adjustment crises and the rise of neoliberal policies drove the final nail in the coffin of the model. In effect, the strategy of "integration for transformation" embedded in the 1973 Treaty was never put to the test.

CSME: Open Regionalism

The shift towards Open Regionalism owed much to the neoliberal thinking that had become prevalent with the Washington Consensus, associated with International Monetary Fund (IMF)/World Bank/donor agency conditionalities; and other developments, including the launch of the General Agreement on Tariffs and Trade

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

(GATT) Uruguay Round, the North America Free Trade Agreement (NAFTA) negotiations and of the European Single Market. These were key elements in CARICOM leaders' adoption of the *Nassau Declaration on Structural Adjustment* in 1984 and the *Grand Anse Declaration* of 1989[lii]. To that degree, the CSME was an externally driven model in its political origins and intellectual provenance.

Open Regionalism is an outward-looking, market-oriented model by which intra-regional liberalisation prepares the economies for opening to the outside world; such opening proceeding sequentially or even simultaneously. Liberalisation is extended to services and investment; and market-friendly policies are coordinated and bound across a broad swath of 'trade-related' areas. Creation of a single regional economic space is supposed to induce cross-border investment, enable businesses to realise economies of scale and provide them with access to a wider pool of labour and services. Efficiency gains will increase the international competitiveness of regional production, leading to higher levels of local and foreign investment and increased exports to extra-regional markets[liii]. Performance indicators would include increased intra-regional trade and factor movements and increased extra-regional exports attributable to these. We have seen where these effects are not yet evident to any significant degree within CARICOM. There could be several reasons for this: (a) delays in CSME implementation providing mixed signals to businesses and individuals; (b) lagged responses of private agents to changes already made; or (c) inherent limitations in the model itself in the concrete conditions of CARICOM. There could also be circularity at work, in that implementation delays could be influenced by governments' perception of limited prospective benefits. We revisit this subject in discussing a research agenda.

Single Development Vision and Strategic Plan: 'Developmental/Open Regionalism'?

The context of the latest initiatives is the drive to move from Single Market[liv] to Single Economy and to formulate a coherent development strategy to guide the sequence of implementation. Notable features of the Vision are that it is multi-dimensional; it was designed by local stakeholders and it calls for a more active government role than Open Regionalism in the pure form. That role consists of (a) forging a regional social partnership, (b) the selection and targeting of support

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

for specific industrial clusters deemed to have potential for cross-border trade and investment and for exporting to international markets, ("regional industrial policy"); (c) provision of "public goods" of critical importance to the integration process; possibly (d) direct government investment in productive activity (the entrepreneurial state); and (e) fashioning an enabling environment that goes beyond the common policies of the Revised Treaty. The last includes subjects such as human resource development, a special regime for small and medium enterprises (SMEs) and other areas of functional cooperation.

Table 9.3: Treatment Of Cross-Cutting Issues In Integration Initiatives

	CARIFTA	**CARICOM 1973**	**CARICOM Revised/ CSME**	**Single Development Vision**
Duration	**1968-1973**	**1973-1989**	**From 1989**	**2008-15**
Special Regimes	LDCs	LDCs/MDCs	LDCs/Disadvantaged Countries, Sectors and Regions/MDCs	LDCs/Disadvantaged Countries, Sectors and Regions/MDCs
Governance Mode	Inter-governmental	Inter-governmental	Inter-governmental/ Supranational	Inter-governmental/ Supranational
Complementary Pillars	Common Services	• Functional Cooperation (mainly social) • Foreign Policy Coordination	• Functional Cooperation (extended to external trade) • Foreign Policy Coordination	• Functional Cooperation (extended to economic) • Foreign Policy Coordination

Cross-cutting Issues

Cross-cutting issues, set out schematically in Table 9.3, have been the handling of economic disparities among member states through special regimes; the mode of governance in integration; and the complementary, pillars to economic integration.

Disparities and Convergence

The integration schemes have all contained special provisions to address the inherent disadvantages of some members in benefiting from market integration and to ensure a more equitable sharing of its benefits. This is the "integration bargain" (Lewis, Vaughan 2009b) between the more industrially advanced (or larger) and less industrially advanced (or smaller) members on the distribution of benefits from the arrangement. The initial designation in CARIFTA of Less Developed Countries (LDCs) and More Developed Countries (MDCs) corresponded broadly to country size: the largest four member states

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

were designated MDCs; all others excepting The Bahamas were designated LDCs[lv]. The Revised Treaty expanded the special regime by designating the new category of "disadvantaged countries, regions and sectors"—entities that are temporarily disadvantaged by the operation of the Single Market. The criteria include small size; economic structure and vulnerability; severe debt and effects of natural disasters. The provisions of CARIFTA/CARICOM special regimes have included extensions on the phasing of tariff liberalisation for revenue-sensitive items; derogations and exceptions for protection of sensitive industries; managed trade to give preference to LDC sources (agricultural products)[lvi]; allocation of industries to LDCs[lvii]; special provision for LDC participation in agricultural rationalisation and development; provision of concessionary loans through the Caribbean Development Bank (CDB)[lviii]; and provision of financial and technical assistance (TA).

CARICOM economies exhibit wide divergence in their growth trajectories since the onset of the Community. Together with the accession of new members, this has resulted in a highly heterogeneous economic grouping *(Appendix 9.1)*. Intra-regional income disparities are wide: the ratio of the per capita income of the richest to the poorest member was 29:1 in 2008; amongst CSME participating countries, the ratio was 25:1 if Haiti were included and 12:1 excluding Haiti. Several of the smaller island economies that specialise in tourism and international financial services have pulled ahead of larger members that rely on the export of agricultural and other primary commodities. Another kind of difference is between the three member states on the South and Central American mainland, which are well endowed with land and other natural resources relative to their population; and the eleven island member states, where population density is on average 61 times higher.

The economic impact of special regimes so far is therefore deserving of research. It seems likely that CDB concessional lending to LDCs for infrastructure made a significant contribution to their generally strong growth in the period 1970─2000, especially their tourism-related growth[lix]. But what also needs to be addressed is the nature of the "integration bargain", that is appropriate in a Community with the present characteristics of differentiation; of which size is only one. The largest CARICOM countries in terms of population and land area are now, generally speaking, the poorest on average. It is not clear what they have to gain from economic integration; either by way of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

exporting goods or people to other members. Their export supply capabilities to the regional market are at present limited; as is the capacity of the smaller countries to absorb large numbers of their people. The Single Development Vision had, as one objective, some convergence in levels of development among members; but was short on specific means. There is need for research on the way in which convergence is to be measured, the degree of convergence to be aimed at, the time frame of convergence, and the method of its achievement, including institutional arrangements.

Functional Cooperation

Functional cooperation reduces the unit costs of providing certain public services by sharing the expenses through joint provision on a regional scale; and exploits the synergies of combining efforts and resources of individual member states. Its origins lie in regional institutions set up in colonial times which were taken over as "Common Services", under the West Indies Federation and then under CARIFTA in the 1960s. Functional cooperation was designated the second pillar of CARICOM in the 1973 Treaty and has continued as an enduring, and notably successful, feature of the CARICOM integration experience. The Community now claims 12 subject areas of active functional cooperation[lx], mainly in the social and environmental areas (Alleyne 2008).

Functional cooperation has generally been equated with the "non-economic" aspect of integration[lxi]. This becomes less appropriate with the drive to create the Single Economy and a supporting regional development strategy. Under the Single Development Vision and the Strategic Plan for Regional Development, functional cooperation should be extended to subject areas that are part of the enabling environment. Furthermore, the economic contribution of functional cooperation in social services is well-established *(Thomas 2008)*. It has been argued that functional cooperation has greater potential benefits than market integration in small economies like those of CARICOM *(Brewster 2000; Girvan 2006:28; Moreira and Mendoza: 2007:37-40)*. The rationale is that small economies have limited scope for trade creation among themselves; and much to gain from sharing the costs of public services where economies of scale and critical minimum mass are important. There is, therefore, a need for studies of the economic costs and benefits of functional cooperation; both existing and prospective.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Governance

Underlying CARICOM's continuing implementation deficit is the inter-governmental mode employed in the integration process *(Brewster 2000)*. Essentially, this relies on discretionary implementation at the national level of regionally taken decisions; and preserves the character of CARICOM as a "Community of Sovereign States". The Prime Minister formerly responsible for CSME has drawn attention to the enormity of the task involved in implementing CSME by this method *(Arthur 2002)*. The difficulties were documented in detail in the 2009 audit of CSME implementation carried out by the CARICOM Secretariat *(CARICOM 2009d; 2009e)*. CARICOM leaders in 2003 agreed in principle to a reform of Community governance by which decisions of the Heads of Government would have automatic legal effect in member states, supplemented by the appointment of Commissioners with executive responsibility to oversee implementation and a system of automatic financing of community institutions *(CARICOM 2003)*. A commissioned report spelt out in some detail how this could be accomplished *(Lewis, Vaughan 2006),* but the governments have so far failed to act on the recommendations; with the result that CSME implementation continues to falter.

Other Integration Initiatives

Organisation of Eastern Caribbean States

Parallel to, and in several respects in advance of, the process of CARICOM integration is the consolidation of economic integration within a sub-group of members through the Organisation of Eastern Caribbean States (OECS). This grew out of the West Indies Associated States Council of Ministers (WISA) launched in 1966[lxii]. In 1968, WISA members decided to establish the Eastern Caribbean Common Market and in 1981, WISA was transformed into the OECS by the Treaty of Basseterre. By 1988, the OECS eliminated most barriers to intra-trade, had a common external tariff, common rules of origin and a harmonised trade policy which included protective quantitative restrictions; common fiscal incentives *vis-à-vis* foreign companies. Monetary integration was present from the outset through the Eastern Caribbean Currency Union (ECCU) and Eastern Caribbean Central Bank (ECCB), established in 1983, as successor to the Eastern Caribbean Currency Authority set up in 1965. The Eastern Caribbean

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Dollar (ECD) is arguably one of the strongest in CARICOM and has facilitated trade, travel and other business transactions throughout the sub-region *(Sanders 2007)*. The common currency has also reduced the vulnerability of individual member states to the effects of external shocks, such as the loss of the banana market (Dominica) and hurricane Ivan (Grenada). Other notable instances of OECS functional cooperation are the Eastern Caribbean Aviation Authority, the Eastern Caribbean Telecommunications Regulatory Authority, and the Pharmaceutical Procurement System. The OECS is now aiming to achieve an Economic Union by June 2010. The draft revised Treaty of Basseterre removes all barriers to trade in goods and services and movement of capital and labour. Eleven sectors are listed for joint action[lxiii].

Arguably, the OECS has, therefore, succeeded in several areas where CARICOM has either failed or is lagging far behind. The lessons are that similarities of size and levels of development, a history of shared services, geographical and social proximity and sense of community are powerful integrative forces that are absent, or much weaker, in the wider CARICOM grouping.

Other Initiatives

In August 2008, Trinidad and Tobago and three members of the OECS[lxiv] announced their intention to form an economic union by 2011 with, *appropriate political integration* "by 2013". A Task Force appointed to report on the first proposal recommended a "new bargain" of integration based on the identification of "designated spaces" of integration[lxv]. There would be a merging *"of the participating states decision-making competencies"* for the particular activities undertaken in the designated areas and an evolutionary approach to the building of further political structures[lxvi]. The Report continues to be the subject of consultation within and among the participating states. Awaiting resolution are the issues of the relationship of the proposed arrangement to (a) the wider CSME project, and (b) the proposed OECS Economic Union. Regarding the second, at their meeting in September 2008, OECS leaders reaffirmed their intention to complete the OECS Economic Union in 2009 and "with the expectation that Trinidad and Tobago will join the Economic Union (EU) by 2011" *(OECS Secretariat 2008)*.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Several cross-cutting regional initiatives that have the potential to impact on the CARICOM integration process should be mentioned here. The Association of Caribbean States (ACS), which includes all CARICOM member states, was launched in 1994 with the expectation that the grouping would establish a Free Trade or preferential trading area. This did not materialise; and the ACS now confines itself to promoting functional cooperation around subjects of common interest to its members. The *Alianza Bolivariana Para Los Pueblos de Nuestra America* (ALBA) has attracted three CARICOM members to its membership as a grouping based on solidarity, complementarity and the treatment of asymmetries. ALBA is operationalised through inter-governmental agreements for reciprocal trade, finance and technical cooperation. So far, these do not cut across CSME commitments; but they raise the question of the need for a more coherent CARICOM policy towards third country groupings to which individual member states belong. A similar issue arises with respect to the Union of South American States (UNASUR), which has two CARICOM members, and which is aiming to effect a customs union by 2019[lxvii].

The most far-reaching issues are those raised by the Economic Partnership Agreement (EPA) with the European Union (EU) signed by 14 CARICOM states and the Dominican Republic, grouped together as the CARIFORUM group *(Girvan 2008)*. The EPA will eliminate barriers to the movement of the majority of goods and services and of current and capital payments among the 12 CSME participating countries, the other 3 members of CARICOM, the Dominican Republic and the 27 member states of the EU; and binding policies in a number of subject areas that are contemplated, but not yet concluded, within CSME[lxviii]. Its implementation machinery cuts across the governance machinery of CARICOM organs. The question arises as to what will be the purpose and role of CSME once the EPA is fully implemented.

Strategies and Policies: Reflection

The succession of integration schemes indicate a search for a satisfactory model on which the practice of integration may be based. On both theoretical and empirical grounds, there has been considerable scepticism amongst Caribbean economists on the efficacy of trade liberalisation centred models of economic integration in achieving development objectives. A similar scepticism to that which

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

emerged in the 1960s with respect to the inward-looking, free trade model embodied in CARIFTA is now being expressed with respect to the Open Regionalism model embodied in CSME. The influence of orthodoxy in design is attributable to contextual factors, and pressures emanating from the political economy, which have infused strong *reactive* and *imitative* aspects to the various initiatives. Key transitions in the course of European integration simultaneously precipitated "reactive integration" in the Caribbean and "imitative integration" in the design of form. Hence, part of the motivation of Caribbean decision-makers may have been a wish to articulate their schemes in forms that external stakeholders could readily understand—the drive for external legitimisation.

The tension between orthodoxy and appropriateness manifests itself in several ways: efforts to modify design by adding "home grown" features aimed at securing maximum development impact; devising special regimes to address differentiation; and persistent attention to functional cooperation as possibly offering equal or greater benefits compared to economic (market) integration. The issue of "appropriateness of form" arises with great force in the present conjuncture, in that reluctance to proceed as scheduled with completion of CSME appears to be associated with a perception of limited benefits *vis-à--vis* implementation costs. The relevance of CARICOM is also being questioned, because of the slowness and ineffectiveness of the Community's response to the impact on regional economies of the global financial and economic crisis of 2008-09. Task Forces have been set up and declarations made on the importance of adopting a joint CARICOM coping strategy[lxix]; but the options are limited because of the absence of a common financial sector regulatory framework and of an institutional capacity and implementation machinery for macroeconomic management (Girvan 2009; Sanders 2010). In consequence, several member states have adopted national crisis management measures which ultimately divert attention from CSME completion.

Towards a Research Agenda

The preceding analysis suggests the need to open up lines of integration research that go beyond the restrictive confines of issues in CSME implementation. An overarching issue is the nature of the *development strategy* that economic integration is meant to serve. The

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Single Development Vision and the World Bank report *(World Bank 2008)* are the latest of several documents that raise this question, but much more remains to be done to elaborate a strategy that both addresses the underlying constraints on regional development and is capable of practical implementation. Key questions are: the present and future bases of the international competitiveness of regional economies, including the role of resource endowments, accumulated capabilities, human capital, knowledge, product uniqueness, environmental quality, culture and the like; and the activities, industries and industry clusters that will drive regional development and underpin a new insertion into the global economy. Linked to this are the issues of appropriate balance between national and regional strategies, between state intervention and market mechanisms and between the private and public sectors. Coherence also requires taking account of the interface with trade policy, social policy and environmental policy.

It is within the context of strategy that questions of the *form* of economic integration are logically addressed. Is the CSME, as presently designed, the most suitable vehicle to support regional development? What are the costs and benefits of completing the CSME in the present form, and the likely distribution of these among member states? Can the scheme be modified or implemented in ways that reduce implementation costs, secure consensus on key issues and more directly support the development of productive activities? Are there alternatives to CSME completion that show greater promise of yielding tangible benefits and of supporting regional development? How does the approach of providing "regional public goods", embodied in the Strategic Plan for Regional Development, fit into this? Hence, a "menu of options" approach to integration research may be useful; with each option setting out the relationship to wider development strategy, economic costs and benefits, and the nature of required institutions and implementation steps.

Finally, linked to strategy and form are the issues of the *scope* of integration and the nature of relationship of CARICOM as a Community, and of its individual member states, to third parties. Here arise issues of the pros and cons of Dominican Republic membership of CARICOM in the light of the Caribbean Forum (CARIFORUM)-European Union Economic Partnership Agreement (EPA); the implications of the EPA itself for regional development strategies and for the CARICOM integration process; implications of free trade agreements with Canada and the United States; and implications of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

multilateral trade negotiations within the World Trade Organisation (WTO) Doha round. What are the likely consequences of trade reciprocity between partners of highly unequal size and levels of development? How do the regulatory obligations of FTAs in areas such as services, investment, public procurement and intellectual property; and national treatment and Most Favoured Nation obligations impact the scope for regional development policies? Equally important here are issues in CARICOM's relationship with Cuba and the rest of the Caribbean; with the ACS, ALBA, and UNASUR; and with emerging economies of the Global South.

Appendix 9.1

Caricom: Selected Statistics

Country	Population (2008)	GDP 2008 (USD mn)	Area (sq. km)	GDP per capita (USD)	Population per sq. km
Antigua and Barbuda	86,000	1,225	442	14,244	195
Bahamas, The	332,000	6,935	13,864	20,889	24
Barbados	255,000	3,409	431	13,369	592
Belize	311,000	1,367	22,966	4,395	14
Dominica	73,000	364	750	4,986	97
Grenada	106,000	638	345	6,019	307
Guyana	763,000	1,158	214,970	1,518	4
Haiti	9,780,000	6,953	28,000	711	349
Jamaica	2,689,000	15,068	10,991	5,604	245
Montserrat	5,000	na	103		49
St. Kitts and Nevis	49,000	540	269	11,020	182
St. Lucia	170,000	1,011	616	5,947	276
St. Vincent and the Grenadines	109,000	594	389	5,450	280
Suriname	515,000	2,881	163,820	5,594	3
Trinidad and Tobago	1,338,000	23,898	5,128	17,861	261
TOTAL	**16,581,000**	**66,041**	**463,084**	**3,983**	**36**
Subtotals					
MDCs1	5,892,000	53,349	409,204	9,054	14
LDCs2	904,000	5,739	25,777	6,348	35
OECS3	593,000	4,372	2,811	7,373	211
Island states	14,992,000	60,635	61,328	4,044	244
Mainland states4	1,589,000	5,406	401,756	3,402	4

Notes.
1. The Bahamas, Barbados, Guyana, Jamaica, Suriname and Trinidad and Tobago.
2. Antigua and Barbuda, Belize, Dominica, Grenada, St. Kitts and Nevis, St.Lucia, and St. Vincent and the Grenadines. Montserrat is also an LDC.
3. Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St.Lucia, and St. Vincent and the Grenadines. Montserrat is also a member of the OECS.
4. Belize, Guyana and Suriname.

Source: Data from World Bank *Global Development Finance* 2009 and *World Development Indicators,* 2009

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Appendix 9.2

Csme Participating Countries1: State Of Legislative Compliance With Implementation Of The Caricom Single Market

Compliance Category	No. of Compliance Instruments Required	No. of Compliance Instruments in Effect	Percentage In Effect
Legal and Institutional Infrastructure	113	77	68
Free Movement of Goods	83	49	59
Free Movement of Persons	88	43	49
Right of Establishment	113	67	59
Movement of Capital	16	11	69
Free Movement of Services	700	307	44
Intellectual Property	45	27	60
Other	8	4	50
TOTAL	**1166**	**585**	**50**

APPENDIX 9.3

CARICOM TRADE, 1973-2006 (Mn. XCD and Percent)

Year	Intra-Imports (1)	Total Imports (2)	Intra-Exports (3)	Total Exports (4)	Total Intra-Trade (5)=(1)+(3)	Total CARICOM Trade (6)=(2)+(4)	Intra-Imports/ Total Imports %	Intra-Exports/ Total Exports %	Intra-Trade/ Total Trade %
1973	296.5	3,950.0	290.5	2,709.8	587.0	6,659.9	7.51	10.72	8.81
1974	**508.1**	**7,180.7**	**486.5**	**6,660.4**	**994.5**	**13,841.2**	**7.08**	**7.3**	**7.19**
1975	649.2	7,552.2	599.2	7,020.5	1248.5	14,572.7	8.6	8.54	8.57
1976	741.2	9,871.7	778.7	8,701.6	1,519.9	18,573.3	7.51	8.95	8.18
1977	750.2	9,623.7	787.8	9,282.1	1,538.0	18,905.8	7.8	8.49	8.14
1978	827.5	10,399.4	830.9	9,405.3	1,658.4	19,804.7	7.96	8.83	8.37
1979	1,045.0	11,071.7	1011.5	10,724	2,056.5	21,795.7	9.44	9.43	9.44
1980	14,11.6	15,993.2	1427.9	16,004.1	2,839.5	31,997.3	8.83	8.92	8.87
1981	1,615.4	16,931.6	1504.5	15,123.9	3,119.8	32,055.5	9.54	9.95	9.73
1982	1,540.6	17,646.8	1479.9	12,442.9	3,020.5	30,089.7	8.73	11.89	10.04
1983	1,371.2	14,863.0	1353.3	10,471.0	2,724.5	25,334.0	9.23	12.92	10.75
1984	1,204.3	12,424.6	1237.2	10,265.5	2,441.5	22,690.1	9.69	12.05	10.76
1985	1,141.6	11,287.0	1251.1	9,634.9	2,392.7	20921.9	10.11	12.99	11.44
1986	811.1	10,627.9	839.8	7,541.9	1,650.9	18,169.8	7.63	11.14	9.09
1987	878.0	10,981.3	871.4	7,853.9	1,749.3	18,835.2	7.99	11.09	9.29
1988	1,014.8	11,786.7	1038.7	8,373.2	2,053.5	20,159.9	8.61	12.4	10.19
1989	1,252.9	13,783.7	1271.6	9,386.0	2,524.5	23,169.8	9.09	13.55	10.9
1990	1,350.3	14,194.9	1374.7	11,117.4	2,725.0	25,312.2	9.51	12.37	10.77
1991	1,305.9	1,5519.0	1235.4	10,890.7	2,541.3	26,409.7	841	11.34	9.62
1992	1,363.1	14,438.4	1249.2	10,685.6	2,612.2	25,124.0	9.44	11.69	10.4
1993	1,499.8	15,990.6	1447.6	10,202.6	2,947.4	26,193.1	9.38	14.19	11.25
1994	1,838.0	16,072.9	1798.3	12,080.9	3,636.2	28,153.7	11.44	14.89	12.92
1995	2,321.5	21,787.3	2373.9	15,121.0	4,695.5	36,908.3	10.66	15.7	12.72
1996	2,511.3	22,913.4	2459.7	15,556.6	4,971.0	38,470.0	10.96	15.81	12.92
1997	2,706.4	26,767.6	2,651.5	15,567.9	5,357.9	42,335.5	10.11	17.03	12.66
1998	2,848.1	26,234.7	2,837.1	14,346.6	5,685.2	40,581.3	10.86	19.78	14.01
1999	2,985.0	25,602.6	2,962.9	15,261.2	5,947.9	40,863.8	11.66	19.41	14.56
2000	3,370.6	26,864.1	2,838.2	18,750.9	6,208.8	45,615.0	12.55	15.14	13.61
2001	3,381.0	27,363.8	3,709.7	18,119.6	7,090.7	45483.4	12.36	20.47	15.59
2002	2,966.7	27,548.1	2,703.6	14,911.9	5,670.3	42,460.0	10.76	18.13	13.35
2003	4,023.1	31,369.4	3,663.5	19,440.5	7,686.6	50,809.9	12.8	18.84	15.12
2004	4,527.5	36,032.1	3,402.3	25,258.2	7,929.8	61,290.3	12.56	13.47	12.93
2005	6,247.7	45,083.1	6,625.8	34,296.7	12,873.5	79,379.8	13.9	19.31	16.21
2006	6,136.3	48,824.1	7,870.9	48,420.2	14,007.2	97,244.2	12.56	16.29	14.4

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

REFERENCES

Alleyne, George (2008): "Functional Cooperation in CARICOM" Philosophical perspectives, Conceptual issues and Relevant Examples" in Hall, K. and Chuck-A-Sang (eds). *The Caribbean Community in Transition: Functional Cooperation as a Catalyst for Change.* Kingston: Ian Randle Publishers.

Arthur, Owen (2002): "Address by the Rt. Hon. Owen Arthur, Prime Minister of Barbados, at the Opening of CSME Unit Office, Central Bank of Barbados, Bridgetown, Barbados", available at
<http://www.caricom.org/jsp/speeches/csmeunit_arthur.jsp> Accessed on 10 December 2009.

Beckford, George L. (1967): "The West Indian Banana Industry". *Studies in Regional Economic Integration Series.* Mona: UWI, ISER.

Brewster, Havelock (2000): "Identity, Space and the West Indian Union", in Hall, K. and Denis Benn (Eds). *Contending With Destiny: the Caribbean in the 21st Century.* Kingston: Ian Randle Publishers.

Brewster, Havelock (2003a): *The Caribbean Single Market and Economy: Is It Realistic without Commitment to Political Unity?* Washington D.C. March 14. Available at
http://www.caricom.org/jsp/speeches/csme_politicalunity_brewster.jsp. Sourced 22 December 2009.

Brewster, Havelock (2003b): *Mature Regionalism and the Rose Hall Declaration on Regional Governance.* Paper delivered at the CARICOM 30th Anniversary Conference on Regional Governance and Integrated Development, University of the West Indies, Mona Campus, October. Available at http://www.normangirvan.info/wp-content/uploads/2007/11/brewster-mature-Regionalism-and-the-rose-hall-declaration.pdf Sourced 22 December 2009.

Brewster, H. and Clive Thomas (1967):*The Dynamics of West Indian Economic Integration.* Mona: Institute of Social and Economic Research.

Brewster, Havelock R., Thomas Dolan and Taimoon Stewart (2002): *Implementation of the CARICOM Single Market and Economy: Work in Progress*. Caribbean Group for Cooperation in Economic Development (CGCED). Washington: The World Bank, Caribbean Country Management Unit, Latin America and the Caribbean Region. June. Available at http://ctrc.sice.oas.org/geograph/caribbean/brewster.pdf Sourced 22 December 2009.

CARICOM (1973):*Treaty of Chaguaramas for the Establishment of the Caribbean Community and Common Market*. Available at www.caricom.org. Accessed 11 November 2009.

CARICOM (2002): *Revised Treaty of Chaguaramas for the Establishment of the Caribbean Community and the CARICOM Single Market and Economy.* Georgetown: CARICOM Secretariat, Available at
<www.caricom.org/jsp/community/revised_treaty-text.pdf Accessed 15 November 2009.

CARICOM (2003): "The Rose Hall Declaration on Regional Governance and Integrated Development," 2-5 July 2003, available at

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

<http://www.mfa.gov.bz/library/documents/ROSEHALLDECLARATION.pdf> Accessed on 4 September 2009.

CARICOM (2005a): *Caribbean Trade and Investment Report: Corporate Integration and Cross Border Development.* Kingston: Ian Randle Publishers.

CARICOM (2005b): *CARICOM: Our Caribbean Community, An Introduction*. Kingston: Ian Randle Publishers.

CARICOM (2008): "CARICOM's Intra-Regional Trade: 2001- 2006", Available at <http://www.CARICOMstats.org/Files/Publications/Quick_Ref2008/CARICOM.pdf> Accessed on 26 August 2009.

CARICOM (2009a): Press Release 25-09. Available at http://www.caricom.org/jsp/pressreleases/pres25_09.jsp.

CARICOM (2009b): Media Release. Available at http://ipsnews.net/news.asp?idnews=46974.

CARICOM 2009c): *Communiqué issued at the conclusion of the 30th Regular Meeting of the Conference of Heads of Government of the Caribbean Community*," July. Available at http://caricom.org/jsp/communications/communiques/30hgc_2009_communique.jsp (Accessed on 04-09-09)

CARICOM 2009d): *Report on the Appraisal of the State of the CARICOM Single Market Mandated by: The Conference of Heads of Government of the Caribbean Community*. Georgetown: CARICOM Secretariat.

CARICOM (2009e): *Report on the Implementation of the CARICOM Single Economy*.

Document prepared for CSME Convocation. Georgetown: CARICOM Secretariat: CSME Convocation 2009/1/4: 26. October.

CDB (Caribbean Development Bank) (2004): <http://www.gmfield.info/Assets/5/20040227160558_193-194-138-135.pdf> Accessed 19 November 2009.

Demas, William (1965): *The Economics of Development in Small Countries: With Special Reference to the Caribbean.* Montreal: McGill University Press.

Girvan, Norman (1967): *The Caribbean Bauxite Industry: The Scope for Rationalization and Regional Collaboration.* Mona: Institute of Social and Economic Research, University of the West Indies.

Girvan, Norman (2003): "Regional Cooperation and Economic Governance: the Case of the Association of Caribbean States"; in K. Hall and D. Benn, (eds.), *Governance in the age of globalisation - National, Regional and global dimensions*. Kingston: Ian Randle publishers

Girvan, Norman (2006): *Cooperation in the Greater Caribbean: The Role of the Association of Caribbean States*. Kingston: Ian Randle Publishers.

Girvan, Norman (2008): "Caribbean Integration and Global Europe: Implications of the EPA for CSME," available at <http://www.normangirvan.info/wp-content/uploads/2008/08/caribbean-integration-and-global-europe-18aug08.pdf> Accessed on 3 September 2009.

Girvan, Norman (2009): "*The CL Financial Debacle: Big Companies Should Not Run Small Countries*," February 3rd 2009. 1. Available at http://www.normangirvan.info/the-cl-financial-debacle-big-companies-should-not-run-small-countries-by-norman-girvan/

Girvan, Norman and CARICOM Regional Task Force (2007): "Towards a Single Economy and Single Development Vision, as approved by the X

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Conference of Heads of Government of the Caribbean Community; Needham's Point, Barbados, July 2007, available at
<http://www.CARICOM.org/jsp/community/donor_conference_agriculture/towards_single_economy_girvan.pdf>

INTAL, (2005): "INTAL"s CARICOM Report No. 2," August 2005, 58, available at http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=806973, accessed on 4 September 2009.

Deutsche Welle (2009) "International Partners Watch South American Summit with Interest", available at <http://www.dwworld.de/dw/article/0,,4555145,00.html?maca=en-en_nr-1893-xml-atom> Accessed on December 18 2009.

Lewis, Arthur, (1950). "The Industrialisation of the British West Indies" in Pantin, Dennis (ed). 2005. *The Caribbean Economy: A Reader.* Kingston: Ian Randle Publishers.

Lewis, Vaughan (2006) *Report of the Technical Working Group on Governance Appointed by CARICOM Heads of Government: Managing Mature Regionalism,* available at
http://www.caricom.org/jsp/community/twg_governance_report.pdf> Accessed on 22 December 2009.

Lewis, Vaughan (2009a): "Presentation to the CARICOM Heads of State and Government on the Report of the Task Force on the Trinidad & Tobago-Eastern Caribbean States Integration Initiative," 5, available at <http://foreign.gov.tt/media/introduction/LEWIS%20-%20PRESENTATION%20TO%20THE%20CARICOM%20HEADS2.pdf?ttmfa_session_id=4449e1706290f3affe4090754619dc74> Accessed on 3 September 2009.

Lewis, Vaughan (2009b): "Political Integration in The Caribbean: A Policy Approach". Background Paper for a Study on Growth and Development Strategy in the Caribbean by the Caribbean Development Bank; September.

Lewis, Vaughan (2009c) "Parameters Of Changing European Union-Caribbean Relations", Concept Paper prepared for a Seminar on "The Future of Caribbean-European Union Relations: Defining a Research Agenda", sponsored by the Institute of International Relations, UWI; and the European Centre for Development Policy Management, Maastricht, Holland; on 8-9 October 2009.

Mesquita Moreira, Mauricio and Eduardo Mendoza (2007) "Regional Integration: What Is in It for CARICOM?"*Economia*, Fall; 97-142; Project Muse Online, available at <http://muse.jhu.edu/journals/economia/v008/8.1moreira.pdf> Accessed 25 November 2009.

McIntyre, Alister (1971): "Caribbean Economic Community" in Norman Girvan and Owen Jefferson (eds) *Readings in the Political Economy of the Caribbean.* Kingston: New World Group.

Mordecai, John Sir (1968): *The West Indies: the federal negotiations.* Evanston: Northwestern University Press.

Organisation of Eastern Caribbean States (O.E.C.S.) Secretariat (2008) "*OECS agree to Trinidad and Tobago membership."* Available at

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

http://www.stlucia.gov.lc/pr2008/september/oecs_agree_to_trinidad_and_tobago_ membership.htm (Accessed on 03-09-2009).
Sanders, Ronald (2007): "Reflections on the OECS at 25" in Hall, Kenneth and Chuck-A-Sang, Myrtle (eds.) *CARICOM Single Market and Economy: Genesis and Prognosis.* Kingston: Ian Randle Publishers.
Sanders, Ronald (2010): "2000-2009: A Decade of Caribbean Decline, Part 2" *Jamaica Observer,* January 3. Available at
http://www.jamaicaobserver.com/columns/Sanders-Jan-3.
Thomas, Clive (2008): "The Urgency of Functional Cooperation: Priority Interventions in Selected Areas (Disaster Preparedness, Health, Education and Security)" in Hall, K. And Chuck-A-Sang (eds). *The Caribbean Community in Transition: Functional Cooperation as a Catalyst for Change.* Kingston: Ian Randle Publishers.
Trinidad and Tobago (1959): *Economics of Nationhood.* Trinidad and Tobago: Office of the Premier.
World Bank (2008): *Caribbean: Accelerating Trade Integration-Policy Options for Sustained Growth, Job Creation, and Poverty Reduction.*

ENDNOTES

*From *Constraints to Growth and Transformation in the Caribbean,* Barbados: Caribbean Development Bank (Forthcoming) 2010.

1. A special rate of 40% for agricultural imports is applied. The original intention had been to reduce this tariff, but a 2000 study by CARICOM "determined that it would not be in the best interest of the Community to begin reducing the CET on agricultural products since agricultural products continued to be subsidised in many countries across the world". (CARICOM 2005b:65).
2. In manufacturing preferences were 7-18% and in agriculture as high as 20%.
3. Trinidad and Tobago was responsible for 78.1% of intra-regional exports during 2001-06.
4. CARIFTA was limited to trade in goods. The CARICOM 1973 Treaty made token and highly qualified references to movement of services and capital; but nothing tangible was achieved in these areas. Labour was excluded from the scope of the 1973 Treaty.
5. Issues identified are entry into force of the Movement of Factors Act or its equivalent, removal of the Work Permit, relevant subsidiary laws and factors connected to the process of establishment, immigrant entry procedures for Establishment and treatment of Managerial, Technical and Supervisory Personnel.
6. The former group, which includes Jamaica, Guyana and Trinidad and Tobago, generally allow free capital movement but their currencies are not freely convertible. Barbados and Belize maintain capital controls; while the Barbados and East Caribbean dollars are accepted in several other regional countries.
7. Four of the ten largest Pan-Caribbean firms are financial services firms (mainly banking or insurance), five are conglomerates involved mainly in

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

trading and financial services; one is an exclusively manufacturing enterprise (CARICOM 2005a:Table III.4).

8. The Report lists the main factors as relaxation of exchange controls, arrangements for avoidance of double taxation and greater macroeconomic stability (CARICOM 2005a:104). Only the second of these can be attributed specifically to CSME arrangements.
9. Considerable technical and drafting work has been carried out on some subjects; notably the agreements relating to investment and financial services.
10. Energy-related industries; manufacturing; agriculture, forestry and fishing; sustainable tourism and agro-tourism; emerging export and other services.
11. Macroeconomic Development Policy Framework; Regional Energy Policy; Intra-Regional Agricultural Production and Trade Policy; Agri-Tourism Policy; Air, Road and Maritime Transportation Policy; Institution Strengthening (Quality, Standards and Innovation Systems), Private Sector Development Policy and Capacity-Building; Human Resources Information Systems.
12. CARIFTA did include, however, managed trade in agricultural products as part of its special regime for LDCs
13. CARICOM 1973; Articles 4 (a) (i) and (iii); 46; 47 and 49.
14. Both documents are available at www.caricom.org.
15. See the Preamble of the Revised Treaty of Chaguaramas (CARICOM 2002) *paragraphs 2, 3, 5, 6, 7 and 9*
16. The 12 CSME participating states signed "Declarations of Single Market Compliance" between January and June of 2006.
17. MDCs: Barbados, Guyana, Jamaica and Trinidad and Tobago; LDCs: Antigua and Barbuda, Belize, Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines. The Revised Treaty added The Bahamas and Suriname to the list of MDCs.
18. The Oils and Fats Agreement; the Agricultural Marketing Protocol, and the Guaranteed Marketing Scheme; were devised to support marketing of LDC agricultural products as parts of the CARIFTA Agreement and continued under the 1973 CARICOM Treaty.
19. This was to have been accomplished under the CIPS, which never came into effect.
20. This was reflected in Article 1 of the CDB Agreement and in the LDCs" preferential access to the Bank's "soft loan" window, the Special Development Fund (SDF), which allocated 71% of its total approvals to LDCs over 1970-2000.
21. Approvals for LDCs from the CDB's concessional window, the SDF, amounted to USD 571 M over 1970-2000, which was 71.3% SDF loan approvals. Overall, CDB loan approvals to LDCs were USD 982 M, 53% of the total. Source: CDB 2004.
22. CARICOM 2005b:133-221 (Part 4).
23. This is due mainly to the designation of functional cooperation as a separate "pillar" from economic integration, and the placement of most functional cooperation activities under the responsibility of the CARICOM Council for Human and Social Development (COHSOC).

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

24. WISA was initiated by five Eastern Caribbean states, when their status was altered from British colonies to "Associated States". The OECS now has seven members: Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines; and two associate members: Anguilla and the British Virgin Islands.
25. They include civil aviation, agriculture, tourism, education, environmental sustainability, marine, disaster response and telecommunications.
26. Grenada, Saint Lucia, and St. Vincent and the Grenadines.
27. The designated spaces are (a) Economic spaces (Land, Maritime and Air); (b) Human Resource spaces; (c) Monetary spaces; (d) Security spaces; (e) External Relations spaces, and (f) Legal and Judicial spaces.
28. The Task Force Report is currently the subject of consideration and consultation by the participating governments.
29. UNASUR initiatives include the creation of a single market to eliminate the fees for non-sensitive products by 2014 and non-sensitive items by 2019. Source: Deutsche Welle (2009)
30. Services, treatment of investment, intellectual property, public procurement, competition, electronic commerce.
31. The first Task Force was established after the 13th Meeting of the Council for Finance and Planning (COFAP) on 29th January 2009; the second around May 2009 and the third after the 30th CARICOM Heads of Government Meeting in July 2009. The net result was an agreement to "coordinate approaches" to international financial agencies. See CARICOM 2009a; 2009b; 2009c.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 4

Caribbean Integration: The Need for Institutional Transformation

P. I. Gomes

"If regional integration was hitherto an option, it is now an absolute imperative" (P. J. Patterson, 2003)

Introduction

The Caribbean Community (CARICOM) is sometimes seen as a strange paradox. This is because CARICOM, an integration movement among fifteen Member States, is perceived as a dubious mixture of elegant declarations, but with only nebulous benefits and limited practical gains. Particularly noticeable is the proliferation of organizations, institutions and more recently "mechanisms" that are unfortunately accompanied by a paralysis of policy implementation. The CARICOM Single Market and Economy (CSME) is a special case that comports with this observation.

From even a cursory glance of the historical pronouncements and activities in the integration process one remains uncertain as to how to explain the tardy state of near-stagnation and, in some quarters, growing frustration over declining interest for the realization of what started with such promise. This outcome has raised much cause for concern when taken in conjunction with the complex, institutional superstructure required by the recently signed Caribbean Forum (CARIFORUM)-European Union Economic Partnership Agreement (CF EU EPA).

To raise the profile on these and other issues, the purpose of this paper is to stimulate a debate in the interest of exploring options by which an alternative and people-based integration process can be envisaged. More specifically, it is argued that unless there is institutional transformation, the intended gains from regional integration will not be realized. These and other issues are explored in this paper, with a view to enhancing governance, implementation and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

accountability. The next section of the paper begins with brief historical highlights of CARICOM Integration, accompanied by related initiatives in the African, Caribbean and Pacific (ACP) Group, the African Union and Union of European Communities. Section 3 examines the debate on the intergovernmental mode of governance and sovereignty, pointing to the search for practical applications of supranationality in the Caribbean integration process. The need for effective institutional structures to address constraints of the CARICOM/CARIFORUM "construct" is outlined in Section 4. Section 5 engages in a critique of the institutional arrangements prescribed by the CARIFORUM-European Union Economic Partnership Agreement and examines their implications for CARICOM Member States. The demands for institutional innovation to fulfill the EPA treaty obligations and advance regional integration are described in Section 6. In the concluding section, African and European experiences are emphasized, with lessons being discussed from the exercise of delegated and devolved authority in EU's mode of supranationality.

CARICOM Integration-Some Highlights

The formation, in 1965, of the Caribbean Free Trade Area (CARIFTA) is acknowledged by scholars as an admirable achievement in regional integration. Just eight years later came the Treaty of Chaguaramas in 1973 and the establishment of the CARICOM Headquarters in Georgetown, with an Administrative Secretariat as the "nerve centre" for coordination, technical advice, and consensus building, but with policy-making and decisions being the sole preserve and responsibility of the Conference of Heads of Government (CHG). The Treaty and Secretariat were a logical progression from CARIFTA and had an almost parallel process as that of the 10-year old Organization of African Unity (OAU).

The main work programme of CARICOM primarily focused on three areas, namely, trade and economic integration; foreign policy harmonization, with specific attention to negotiations and the trade-off in candidatures for international and regional posts; and functional cooperation.[1] Decisions on what would be undertaken evolved through the seat of power in the CHG, normally a two-day event containing an extensive agenda, much of which was addressed in "caucus" sessions.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The guiding principle for decision-making is to arrive at a consensus, with the ultimate objective being unanimity. With consensus achieved, the public is informed of the decisions by way of elegant statements, or "best endeavour pronouncements" usually presented by political leaders, who in the name "national sovereignty" may choose what, when and how to implement Conference Decisions. In this environment, it is therefore not uncommon to observe only partial implementation of unanimous decisions, due to factors related to limited human and financial resources, impending elections and the underlying absence of a larger political vision to drive the process.

The outcome of this approach has been called "cherry-picking" of decisions for implementation, revealing the duality of "consensus" on one hand and "inaction or piece-meal action" on the other. This is apparent in CHG decisions or more recently in regard to Treaty Obligations, as in the case of the Free Movement Provision for CARICOM nationals within Member States, as provided for in the Revised Treaty of Chaguaramas. Its selective observance demonstrates the persistent and fundamental legal void of CARICOM's intergovernmental structure, as there is no enforcement mechanism. This gives rise, in large measure, to the paralysis of "law enforcement" as distinct from the process and function of "law creation".[2]

While it can be said that "unanimity and consensus" have helped to maintain the continuity of the regional integration process and contributed to its achievements of 36 years, it is, paradoxically, the "downside" of CARICOM as "non-implementation" of decisions simultaneously by all members is the obvious outcome that CARICOM citizens observe. Fundamentally, as will be elaborated subsequently, the paradox lies in the intergovernmental mode of governance subscribed to as the present legal basis that does not entail legally binding decisions of Organs of the Community on its Member States.

In the context of regional integration movements in developing countries, the CARICOM process benefitted from the formation of the ACP Group of States, as evident in the Georgetown Agreement that marked its founding Treaty in 1975. Preceding that event was the Treaty of Accession of the United Kingdom to the European Economic Community (EEC) that comprised at that time, only nine Member States. Accompanying the United Kingdom's Accession was the option for twenty of Britain's former colonies from Africa, the Caribbean and Pacific, now independent, to negotiate an "association

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

agreement" with the EEC in collaboration with 18 African States, already covered by the Yaoundé Convention (1965).[3] Consequently, CARICOM integration has roots in, and mirrors to large extent, the wider ACP integration model of intergovernmental cooperation. CARICOM benefitted from the first Lomé ACP-EEC Convention of 46 ACP countries and the nine-member EEC (Frisch, 2008:11). Active leadership in that formation included such Caribbean personalities as P.J. Patterson of Jamaica and Shridath Ramphal of Guyana, whose leadership was pivotal for ACP integration and the CARICOM project (c.f. Boxhill, 1997).

The progressive orientation of CARICOM's foreign policy included the principled stance on Namibia's struggle for independence, and the right of the Palestinian people to self-determination, as well as condemnation of apartheid policies of South Africa and its aggression against neighbouring African States. These were features of the CARICOM evolution, with peaks and troughs, stops and starts, even of a seven-year interlude of 1975-82, when no Summit was held. Yet this early period produced tangible results that have seen fundamental changes, especially in South Africa, when going against the grain required knowing and doing what was right, even to the extent of perhaps creating strained relationships with many others of a different persuasion.

Limitations of Visionary Proclamations

The 1980s and 1990s gave birth to visionary and pragmatic proclamations. For instance, *'the Grand Anse Declaration' (1989)*, the formation of the West Indian Commission and its banner call, concluding with '*A Time for Action'* (1992), were signals and programmes for CARICOM's engagement with a changing global landscape. The practical underpinnings of the "deepening and widening" of regional integration found expression in the design of an Association of Caribbean States for the Greater Caribbean Zone of Cooperation to embrace 25 Member States with a population of 252 million persons and a Gross Domestic Product (GDP) of US$ 200 billion.[4]

Despite the 'Rose Hall Declaration' (2003), as the pinnacle for building a mature regionalism and regional governance, some 30 years after the Treaty of Chaguaramas, the steady advance in the evolution of regional integration has nevertheless remained elusive. This is due, in

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

part, to the fact that the Rose Hall Declaration remained little more than a reinforcement of the "intergovernmental mode of cooperation". This has been extensively studied by Havelock Brewster who has demonstrated that "intergovernmentalism and supranationalism are reconcilable."[5] Strongly adhering to "intergovernmental cooperation", CARICOM as an "association of sovereign states" was committed to find full realization of its "association" in the form of a Single Market and Economy (CSME). This was conceived in 1989, with the Single Market being inaugurated in 2008 and a Single Economy by 2015. Progress, however, has been slow, with very low expectations by the public of its success and positive effect on their daily lives.

Another example of limited progress is found in the Assembly of Caribbean Community Parliamentarians (ACCP). With the scope to make "inclusive democracy" a practical reality for consensus building on major regional economic, foreign trade or regional priorities, the promise of the ACCP was hardly nurtured to bear substantial fruit. It appears as a missed opportunity to elevate governance of the community to a structured forum for deliberation and debate by elected representatives of Member States. Parallel to these events is a growing disillusionment and frustration, with meetings that do not generate actionable items with completion dates, even though they appear to be well-meaning. Thus, it is difficult in 2009, to discern a growing sense of a common identity, shared economic benefits from closer regional trade and a citizenry empowered to seize opportunities to expand "a single economic space" by the free movement of persons, skills, services and capital.

One may legitimately ask and try to answer 'What are the underlying factors that have constrained the progress of Caribbean regionalism?' How much of the non-progress is due to lack of political or administrative will? To what extent are the conceptual boundaries of the integration vision self-imposed? In addressing these and related questions, Cuthbert Joseph (2005), is of the view that the re-conceptualizing of CARICOM is necessary and must take into account the geopolitical circumstances of the late 20th century and the realities that have emerged from Caribbean history, culture, politics and economy[6]. From this perspective, Joseph argues that:

> *"The debate about Caribbean governance is essentially a discussion about the mechanics of decision–making and of power sharing by the public organs of the region for the purpose of advancing the self-determination of the Caribbean People".*

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Joseph further regards the debate on advancing Caribbean self-determination in the 21st century, as rigidly constrained by "a scrupulous adherence by each state to the doctrine of state sovereignty" and pointedly concludes that "this policy is no longer viable". *(Ibid.2005:19)*.

This leads us to explore the contrasting views on sovereignty and supranationality. The hope is that the present political leadership would eschew the inherited fears of diminished political independence and national sovereignty, trading off these fears for a more collective-sovereignty in an increasingly interdependent and globalised world, a CARICOM good that cannot be easily dismissed.

Misconceptions of Supranationality

Political theory and historical experience suggest that CARICOM Member States are faced with the fundamental challenge of selective adoption of a "supranational mode of governance". This will be understandably confined to agreed domains that strengthen the pillars on which the regional integration process is built. In the prevailing conditions of global interdependence, and the increasingly complex issues that confront small and vulnerable economies (SVEs), there seems to be good reason to apply the collective vision and voice to solving problems common to all, but as for now, only addressed independently of each other. In other words, neither intellectual calibre, nor resource endowments of sea and sand, land and forests, can ensure sustainable economic well-being for all Caribbean people, without those resources being managed by a political process that transcends the private national interest of separate independent SVEs. The false dichotomy between the preserve of the "nation state" and supranational authority bestowed on specific institutions for the achievement of explicitly stated purposes, has clouded a proper understanding of the rationale, purpose and need for semi- or fully autonomous institutions in CARICOM's governance regime.

Supranationality may be regarded as an instrument to enable the exercise of legal authority, decision-making power and the enforcement of decisions agreed by constituent members at the level of CHG. Where such an instrument is applied, it is common to refer to supranational organizations or a supranational mode of governance by which the management is conducted. In considerable detail, Joseph (2005), has given a clear exposition on "sovereignty" as a political

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

doctrine with origins in sixteenth-century France and reminds us that in today's world, "the sovereignty of states is severely circumscribed by provisions in the United Nations Charter and other international instruments"(Ibid.2005:11). It is also most important to note that:

> *"These provisions impose limits on the exercise of the exclusive jurisdiction of states within their own territory in such affairs as those impinging on international peace and security, human rights, the natural environment, and international trade."*

These principles assist in clarifying any misconception of sovereignty as it focuses on certain regulatory measures in specified areas. Indeed, such "relative autonomy" of statehood has a bearing on the national level where, as further explained by Joseph (Ibid.3):

> *"The exercise of sovereign authority is curtailed by such constitutional stipulations as the separation of powers, the independence of the judiciary, the rule of law, parliamentary accountability and the judicial review of executive action."*

Thus, it should be kept in mind that where sovereignty is exercised, the limitations of its boundaries are constitutionally determined. In the case of CARICOM, its Constitution is the Treaty (1973) and Revised Treaty (2005), from which the required authority for legally binding actions can be derived. Without compromising, or far from reducing the sovereignty of each Member State, amendments can be made to the "CARICOM Constitution" to delegate or devolve to institutions, as determined appropriate, the authority and power to pursue actions, "in agreed areas by Member States" of CARICOM. Precisely this understanding has been contained and extensively discussed in the Technical Working Group (TWG) Report (2006). The major challenge to overcome remains the political decisions at the level of Member States for the necessary "passing" of a 'single CARICOM Act' by national parliaments to allow the reception of Community Law in the jurisdiction of Member States.[7]

The powers and functions of supranational organizations enhance the exercise of sovereignty, while taking into account the principle of defined competences and of subsidiarity. The first refers to the exclusive zones/areas or domains in which authority shall be exercised and the latter limits the areas or domains of the "supra-entity" from action where the specific goals or purpose can be effectively achieved at the "lower" level. In the context of the "mature regionalism" of CARICOM, Brewster *(2003)*, places the intrinsic

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

condition for the effective functioning of a CARICOM Commission, in the following manner:

> *"A CARICOM Commission can function effectively only if the Community itself, with the Conference of Heads of Government at its apex, is constitutionally empowered by the Member States to make decisions, to legislate, and to implement decisions. Such a process would necessitate changes to the Treaty of Chaguaramas, and amendments to the relevant laws of the individual Member States. …A Commission without such powers expressly delegated to it by the Member States in respect of specific agreed policy domains can merely perform a facilitating role through persuasion and wisemen brokerage. (Brewster 2005:88)."*

By contrast with the European Union, whose single European Act (1986), "only three years older than the CSME", Brewster shows that intergovernmental cooperation, as practiced by CARICOM, can be accommodated with supranationality. The often-cited example of the European Union illustrates this delicate balance of power between the Commission, the European Parliament and European Court of Justice, which function with supranational powers in circumscribed domains. They are the contrasting side of the Council of Ministers, whose voices as elected representatives of the current 27 Member States, conduct the affairs of the Union in an intergovernmental mode of governance, allowing qualified majority voting in specific instances.

In an effort to pursue the wider interests in a globalised world, in which national, regional and ethnic identities of Europeans refuse to be submerged, supranationality, together with popular democracy, national needs and goals are reconciled by Regulations, Directives and Decisions.[8] Specifically, an enlarged role of the European Parliament through co-decision on budgetary matters and the requirement for its ratification of the Economic Partnership Agreements (EPAs) are illustrative of substantial changes in the balance of power between Council, Commission and Parliament. On the other hand, devoid of any real power, the CARIFORUM-EC Consultative Committee (CC) as provided for in Art. 237 may nevertheless become a highly desirable avenue for a structured participation of civil society organizations, including the academic community and social and economic partners, by which to enable the Joint Council (JC) "to promote dialogue and cooperation" (Art. 232).

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The potential to exercise influence, and ultimately exert popular pressure on the JC, is contained in the provision for "dialogue and cooperation" aimed at encompassing "all economic, social and environmental aspects" of the relations between the EC and CF in the context of the implementation of the Agreement. This will require a major and consistent effort in the preparation, distribution and promotion of public debate of policy briefs and position papers, along the lines currently undertaken by various civil society organizations and universities in the North and South.

Promising as this opportunity may be, it is explicitly controlled and restricted by placing the authority for participation in the CC being subject to the decision by the JC. This exclusive decision-making authority is supposedly granted to the JC, "with a view to ensuring a broad representation of all interested parties" *(Art. 232 Para 2)*. Breadth of representation and actors to be ascribed legitimacy as "interested parties" and their numbers have been confined to the decision of the JC.

A legitimate question arises as to the basis and modality by which the "CARICOM-plus" entity will set about the selection of representatives for the CC. Taking CARICOM alone, and without considering the Dominican Republic, there exists no institutional arrangement for civil society participation in policy debates and decision-making, except the invited brief comments on topical items at the Annual CARICOM Summit by such bodies as the Caribbean Association of Industry and Commerce (CAIC), the Caribbean Congress of Labour (CCL) and Caribbean Policy Development Centre (CPDC).[9] Moreover, it is also interesting to note that the JC has bestowed on itself the mandatory right to attend meetings of the CC. As stated in *(Art. 232 Para. 3)* "Representatives of the Parties shall attend the meetings of the CARIFORUM-EC Consultative Committee". One would have thought that a forum of civil society organizations should be authorized to invite, rather than be mandated to have representatives of the Joint Council, Trade and Development Committee or Parliament or any other body, as it sees fit and proper in attendance at its meetings.

Given the limited embrace of "civil society organizations" in a political culture sensitive to contentious criticism among some of the political directorate, one may reasonably assume that the selection of "interested" parties by CF Member States may be "hand-picked" so that other than "mainstream" views are unlikely to be entertained for

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

the promotion of "dialogue and cooperation". Views that could offer alternative perspectives and challenge established orthodoxy of how and to what extent the free-trade model is applied to CF EU relations are more likely to be excluded from the proposed dialogue. This "safeguard", as conveyed in the said Art. 232, reflects a deliberate consensus arrived at by negotiators and sanctioned by signatories to the EPA.[10] Taken as a whole, the "institutional provisions" reviewed so far, illustrate the need for alternative mechanisms to facilitate inclusion, the attainment of sustainable development and poverty eradication in CF Member States.

CARICOM/CARIFORUM and the EPA

The present conjuncture faced by CARICOM following the recent signing of the CARIFORUM-EU Economic Partnership Agreement (CF-EU EPA) necessitates a deeper probing of the regional integration process. This has arisen on account of two factors. Firstly, there is an urgent need to have clarification of the juridical and legal basis of the nature and scope of the instrumentality of CARIFORUM (CARICOM plus the Dominican Republic) as an administrative device. CARICOM Member States operating within the Revised Treaty of Chaguaramas (RTC) have formulated their policies, or are at varying stages of formulation, based on the RTC. Unfortunately, this Treaty has no jurisdiction to impose any obligations, rights and responsibilities to which the Dominican Republic, must conform, since it is not a signatory to the RTC. Besides, as a constituent element within the CARIFORUM "configuration", the Dominican Republic assumes responsibilities and derives preferential benefits and privileges as a signatory state of the CF-EU EPA. Such a situation, expectedly gives rise to tensions and conflict in policy and operational terms.

Firstly, there is the concern of an ill-defined CARIFORUM-CARICOM "arrangement"- a sort of common law union introduced to enable EU development cooperation assistance under the Lomé and successor Cotonou Agreements to benefit both CARICOM Member States and the non-CARICOM Dominican Republic. The second area of concern for regional integration arising from the EPA is the enormous institutional infrastructure and layers of decision-making that are intrinsic to the CF-EU EPA. In addition to the absence of a clearly defined legal basis for the raison d'être of CARIFORUM, the EPA has introduced overlapping jurisdictional, technical and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

procedural functions that can be sources of built-in inefficiencies and significant additional transaction costs for the already heavily indebted Caribbean economies.

Overcoming this "organizational overburden" is no longer an option but an imperative. In particular, having neglected what should have been preconditions for the strengthening of regional integration, in which the EPA would be a subsidiary but significant factor, it is now crucial that what the EPA entails politically and from an institutional perspective, should be widely debated. Indeed, because of the absence of clearly defined and coherent policy processes, there is considerable doubt in the capacity of the EPA, as a "set of trading rules" and "development endeavours", to advance and deepen CARICOM's mature regionalism. Furthermore, in order that tangible value and the potential benefit of the CF EU partnership are achieved, appropriate institutional measures, in terms of capacity and resources as well as an effective structure and process, should be established to function in a coherent and consistent manner. This assumption of coherence underlines the primary importance of a CARIFORUM Development Policy Framework, a task too long delayed by those who have been charged with this responsibility.

The scope and demands of such institutional requirements are an additional reason for a thorough examination of the extent to which the current capacity and level of performance by the CARICOM Secretariat can reasonably be expected to accomplish the desired goals. The many reservations and unambiguous statements on the weaknesses of the Secretariat's record of accomplishment for service-delivery make one doubtful that expectations would be realized. In this regard, the recent Institutional Assessment of the CARICOM/ CARIFORUM Secretariat on its management of the 9th European Development Fund (EDF) allocation for the Caribbean Regional Indicative Programme (CRIP) of 2002-7, indicates a disturbingly low level of programme implementation. As a result, there is an urgent need for a redesign of the measures utilized by CARICOM governance structures, given the challenges presented by the EPA. However, in order to address this concern in a holistic manner, attention should be given to a brief analysis of the remaining three levels of institutional provisions required by the Treaty. These consist of the Joint CF EC Trade and Development Committee *(Art. 230)*; the CARIFORUM-EC Parliamentary Committee *(Art. 231)* and the CARIFORUM-EC Consultative Committee *(Art. 232)*. Meanwhile, it has already been

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

noted that the overarching responsibility for decision-making and management of the EPA implementation process clearly resides in the JC, organized at the Ministerial level. Thus, subsequent levels of governance serve supportive functions, either as sources of specialized technical expertise, in the case of the Trade and Development Committee (TDC), or by deliberative counsel and proposals from the Parliamentary and Consultative Committees, to ensure an inclusive participatory medium for public representation in the EPA.

On the TDC, the Agreement clearly identifies its composition as, "normally at the senior officials' level", from which the "CARIFORUM States shall mandate one of their representatives to act on their behalf on all matters....for which they have agreed to act collectively" *(Art. 230)*. A provision is also made for the TDC to have in its purview "any issue related to the application of the Agreement or the attainment of its objectives." Moreover, whereas the JC will determine its own rules of procedure, those of the TDC shall be established by the JC, to which the TDC shall report annually.

Trade, Development and Regional Integration

In the description of the functions of the TDC, it should be noted that these are expressed in two separate categories, by reference to the "area of trade" in Art. 230, Para. 3(a) (i)-(viii) and the "area of development" (Ibid. 3 (b) (i)–(v). This separation implies in the thinking of the negotiators, two separate and distinctly parallel "areas" of activity, stemming from an approach that gives credence to the view of the EPA as primarily, a "trade" agreement with "development" as a residual activity.

It should be noted that consistent warnings and concerted efforts by senior associates of the Caribbean Regional Negotiating Machinery (CRNM) in debating the short-sightedness of such a view, proved unable to convince Chief Negotiators.[11] The compromise to salvage what should have been an all-pervasive articulation with development requirements on the supply-side of CF economies and elaborated throughout the EPA, was arrived at with the Chapter 1 of the EPA addressing "Trade and Sustainable Development".

The conviction of "free trade" as a development strategy underlies the reciprocal trading obligations accepted by

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CARIFORUM's SVEs as binding with "legally actionable terms," whereas the supportive development actions of the EC are offers of "best endeavour". Here is an example of "asymmetry" in practice that reinforces the structural dependence of Caribbean economies in their relations with "Global Europe". The conditions for market access and opportunities for trade and investment remain without adequate attention to supply-side constraints of the Caribbean and an increasing tendency of restrictive directives and regulations by the EU will curtail market entry by Caribbean entrepreneurs. This should once again serve to underline the importance of having the obligations of the Joint Declaration operationalised, even within the deliberations by the TDC and rigorous efforts made for effective data collection at the national level, so that an opportunity to redress the imbalance is seized by provisions of the JD.

When examined more closely, the specific functions of the TDC for the "trade area" amount to the following: "compliance" and "elaboration" of provisions of the Agreement, recommendations on cooperation priorities, dispute avoidance and resolution, the facilitation of trade, investment and business opportunities, and monitoring and impact assessment. These undertakings form the perspective of trading obligations. The functions of the TDC, in the "area of development", also refer to "monitoring", a task of "periodic review" and to "review and discuss cooperation issues pertaining to regional integration" (Para 3(b)(v).

It is revealing to find here the assumption that "development" is equated with "development cooperation" and this amounts to aid and donor assistance, as expressed in the specific function attributed to the TDC, "to coordinate such action with third party donors" (Para 3(b)(iii). Problematic as it is among development economists, the understanding (the "what") of trade as an instrument of development has not been addressed in the body of the EPA, other than in terms of "best endeavour" pleas for donor assistance. As a result, the functions of the TDC were unable to describe "how" (the practical modalities) this objective can be achieved. As evident as the shortcomings are in the conceptualization of the functions of the TDC, one can hope these will be overcome in the practice of implementation.

Beyond dealing with "trade" and "development", the functions of the TDC include: "to monitor the development of regional integration". This, in itself, places a tremendous responsibility on the TDC, which will inevitably have to bring within its purview the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

required policies and constraints that undergird the process towards a CARICOM Single Market and Economy (CSME). This, of course, is "the flagship" that is meant to chart the course of "regional integration", but only as committed to, by CARICOM elements of the collective CARIFORUM Parties in this Agreement.

Once again, an inherent structural disjuncture surfaces because CARIFORUM, a 1975 administrative device, assumed a "trading bloc", is pursuing an entity called "regional integration". But whereas such an entity has obligations, responsibilities, privileges and a limited common economic vision, enshrined in the RTC, the additional member of the "CARIFORUM trade and development bloc", the Dominican Republic, is not bound by the said obligations and responsibilities of the RTC as the legal and political basis of the CSME. Fully cognizant of this "functional and legal disjuncture", the Joint Declaration has attempted to provide a policy opening that can make the day-to-day practice of implementing the EPA, a tangible advancement of "regional integration", taking account of the differential applicability to CARICOM "plus" the Dominican Republic.

Although the EPA does acknowledge the various "regional integration initiatives", the complex task of closing the gap of such a disjuncture calls for an exceptionally high level of managerial skill and political sensitivity to the nuanced reality of regional integration as "a work in progress". The difficulties, as well as tensions, in working towards a meaningful regional integration, with a seamless space for economic development through trading relations, requires a coherent policy framework and concerted efforts at the political and technical levels. Without ongoing engagement, the prospects of the EPA in the area of "trade for development" and promotion of regional integration will remain as benefits in theory, rather than in practice, with the goal of sustainable development and poverty eradication for CF Member States continuing as an illusive goal.

The remaining "institutional provisions" of the Agreement address the CARIFORUM EC Parliamentary Committee (Art. 231) and the Consultative Committee *(Art. 232)*. The former is a forum for members of the European Parliament and CARIFORUM States legislatives, "to meet and exchange news", while allowing "representatives of the Parties", such as the signatory CF Member States and those of the EU, to attend the meetings. This provision clearly states that on the Europe side, the members shall consist of European Parliamentary representatives; but, there is no such

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Caribbean (CARIFORUM) Parliament, conveying thereby another "institutional vacuum" with regard to the rationale and mechanism by which CF Member States are required to determine the composition of their Parliamentary Committee. Much thought will have to be given for national legislatures, instead of the executive arm of government, in keeping with the separation of powers, to arrive at a principled basis for selecting CF parliamentary representatives.

Moreover, had there been a well established and functioning Assembly of Caribbean Community Parliamentarians (ACCP), one may have had an institutional resource from which to draw for satisfying this EPA provision and to serve as a basis for proposals from comparable parliamentary institutions of the Dominican Republic. In the context and experience of European integration, the provision of a Parliamentary Committee makes every sense for "Global Europe". The European Union acknowledges the supranational character of its integration evolution while increasingly searching for ways to balance power of the Executive Commission, directive, policy-making Council and popular representation through the elected Parliament. CARICOM is yet to move purposefully in this direction.

EPA Institutional Constraints

Regional integration *(Article 4)*, clearly states that regional integration is an integral element of the EPA and a powerful instrument to achieve the objectives of this Agreement. Elaborating on this general statement, the text continues with a reaffirmation of the "importance of regional integration among the CARIFORUM States as a mechanism for these states to achieve greater economic opportunities and enhanced political stability and to foster their effective integration into the world economy." The mechanism of "regional integration" is therefore perceived as having an economic, political and global role.

Undoubtedly, such language draws on the rationale for the EPAs as stated in the Cotonou Agreement *(Title 11 Art. 34)*, in referring to "the smooth and gradual integration of ACP States into the world economy". However, by either oversight or having a different preoccupation, the CF EPA is apparently more concerned with "enhanced political stability" than the much more positive reference of Cotonou in 2000, to "political choices and development priorities". Consequently, one can well ask to what extent is the Caribbean "politically unstable" and needs to be coaxed, or encouraged to see the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

EPA as a means for "enhanced political stability?" Moreover, it is questionable to attribute to "regional integration" the qualities of a "powerful instrument" given the historical experience of CARIFORUM, in which political engagement has been miniscule and the progressive liberalization of trade in the functioning of the Free Trade Area between the Caribbean Community and the Dominican Republic has not made significant advances. This process has so far established a JC and as many as eight (8) Committees, but it is far from clear what have been the results emanating from this "institutional overburden".

More significant is the importance that needs to be attributed to development priorities, as was explicitly stated in Cotonou. Even for CARICOM, development priorities remain in general terms in the RTC and as a useful schematic outline of key areas in the Girvan, et al. Report.[12] The promised Strategic Plan for Regional Development, when completed, would serve as the practical framework by which CARICOM Member States would translate into programmatic interventions, the policy statements of the RTC. One would thereby see the basis and guiding principles for the realization of the EPA's "greater economic opportunities". However, once again, the cart is before the horse. The Development Chapter is abstract in conception and holds no surprise that its statements are in "best endeavour language". Not surprisingly, the inclusion of such a chapter engendered a fierce battle between negotiators. On the European side, there was strong resistance, since the EPA was being negotiated primarily as an instrument to end non-reciprocal, preferential trading relations with ACP countries under a World Trade Organisation (WTO) waiver that expired on December 31, 2007. Thus, development needs were of secondary importance and a residual that would result from marketing openings and investment by European capital.[13]

Art. 4 of the EPA notes that efforts of "regional and sub-regional integration" comprise multiple initiatives, different in scope and levels of membership. In terms of implementing the EPAs, it is understandable that the complexity of competing priorities, the sequencing of responding to demands of policy and operational requirements, and the allocation of responsibilities and resources will inevitably prove to be very challenging. Therefore, in the absence of a single, agreed executive authority, there are risks of dysfunctions, lack of coherence in policy implementation with reduced impact and tensions in compliance with the rules in a host of substantive areas.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Clearly, this situation is one that will call for astute and experienced political judgment, outstanding economic management and proven administrative ability. It will require strong networks or organizations, such as universities and research institutes, where such skills and competencies can be sourced. In these circumstances, it seems useful to explore options for a structured facility of the signatory states, individually, and collectively in order to effectively and efficiently transform EPA obligations and responsibilities into measurable outcomes, given that these can be strategically linked to the development priorities of CARIFORUM countries.

For CARICOM, the design of the CSME serves the purpose, from a trading perspective, to identify the mutual obligations, privileges, benefits and responsibilities of its Member Countries to which the Dominican Republic is not a Party. This element of "disjuncture" has found accommodation in negotiating "trading relations", for fulfilling obligations in keeping with the successor Lomé Convention by the Cotonou Partnership Agreement of the ACP Group and the European Union. Indeed, while it is possible to speak of a strategic and programmatic-oriented "sustainable development and poverty reduction" vision for CARICOM Member States, no such common vision for CARIFORUM has been articulated. Therefore, the task to define an effective regional coordinating mechanism is burdened by structural constraints that could be overcome through the office of the Regional Coordinator (Art. 234), and supported by a Rotating Chairmanship of a CARIFORUM EPA Executive Committee (CEEC), with political supervision of the CEEC undertaken by the CF Council of Ministers. The CEEC would be supported by administrative services of the proposed EPA Implementation Unit, the latter being distinct from the specialized Department for CF Negotiations, formerly the Caribbean Regional Negotiating Machinery (CRNM) that is now incorporated into the CCS.

Restructuring for an Effective Implementation Mechanism

In Part V. Articles 227-32, the EPA Institutional Provisions list a Joint CARIFORUM-EC Council, a Trade and Development Committee, a Parliamentary Committee and a Consultative Committee. It is necessary to decipher the meaning and purpose of this organizational

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

superstructure, because its role is central in mediating the policies and priorities from the decision-making level of the Joint Council to effective implementation of productive activities at national and regional levels. Additionally, the quality and cost of its management will be significant in the determination of the net benefits of the EPA as a contributing factor to structural changes of CF economies, thus serving the purpose of being more than just a "trade agreement".

Examination of the four institutions in the above-mentioned Articles of the EPA suggests that some uncertainty as to whether a thorough "thinking-through" of the functions, purpose, aims and goals, such as the underlying "raison d'être" and intention for establishment of each institution, has been provided. In this respect, clarity is essential to enable coherence and complementarity among the various functions at different levels of governance. For instance, at the apex of the institutional structure is the JC which "shall supervise the implementation of this Agreement" and "shall meet at ministerial level" *(Art 227, Para. 1)*. This is a Ministerial body performing an overall, supervisory function for the EPA implementation. In combination with this, or supplementary to that principal "supervisory" function, the JC "shall generally be responsible for the operation and implementation of this Agreement" (Art. 227 para.2). Two additional functions are attributed to the JC, namely, to monitor fulfilment of the EPA's objectives and to examine proposals and recommendations from the Parties for the review of this Agreement *(Art. 227 Para. 2 & 3)*.

Those functions to monitor and examine proposals for review of the EPA are understandably routine aspects of the supervisory management role in the overall governance structure, crowned by the JC, the political decision-making entity. In keeping with Article 5, a comprehensive review of the agreement shall also be undertaken, no later than five years after the date of signature and at subsequent five-yearly intervals. Part of the focus of the review will be a determination of the impact of the Agreement and an assessment of the costs and consequences of the implementation. Additionally, the outcome of the impact assessment, the associated costs and consequences would provide the objective basis for making amendments to the EPA when necessary. Furthermore, developing a methodology with empirically verifiable indicators for monitoring and benchmarking the EPA process is a requirement that should be undertaken by research agencies in the South and North.[14] Moreover, CARIFORUM Member

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

States need to be proactive in these tasks and the CARICOM Secretariat has to take a lead position, if the desired outcomes from the reviews are to be completed in a timely and efficacious manner. Examining also the experiences of the European Union could provide useful examples on how to organize and build a mechanism for delivering intraregional governance and supranationality. The next section reviews some of the approaches employed by the European Union.

Aspects of European Integration

Events in Europe from 1957 provide insights that can be instructive for crafting institutional changes in the CARICOM integration process, at the core of which is the distribution of political power and a division of labour which enables effective design and implementation of policy decisions in response to changing global, regional and national circumstances. For instance, in the contemporary era of trade liberalization, there exists the strategic policy framework in which political, economic and foreign policy decisions are being made. A major document in which these are contained is "Global Europe: A Stronger Partnership to Deliver Market Access for European Exporters (2007)".[15]

The process of regional integration in Europe demonstrates notable achievements and an evolution, not merely in the number of member countries of the original six, which began with joint economic management of their coal and steel industries in 1950, but also in policy domains and decision-making procedures. The underlying philosophy of this integration initiative was "supranationality in combination with respect for national sovereignty". In a phased, strategic and flexible process, the translation of policy decisions into practice, the growth of European jurisprudence and a network of institutions, Europe's ideology of regional integration is being realized.

By 1957 and the Treaty of Rome, the European Economic Community (EEC) was formed with the expansion of a "common market" for people, goods and services to move freely. The pattern of enlargement from 6 to 9 countries in 1973, when Britain joined, and subsequently to 12 and 15 by 1995, reached an even wider geographical scope covering east and central Europe so that by 2004, the EU was 25 and in 2007, the two most recent members of Bulgaria and Romania now make up the 27 States. The intervening years saw Europe's first

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

plan for a common currency with the creation of the exchange rate mechanism in 1972 and 30 years later, came the Euro. So too, were constant progressions to address economic imbalances by the Regional Development Fund in 1974 and to broaden political participation at the level of the citizens; elections to the European Parliament were held for the first time in 1979.

The progression of European integration, by no means a path free of conflict, shows a consistent drive for institutional evolution to match the overriding political interests of "Global Europe". This is grounded in the logic of free enterprise capitalism for market expansion, the use of "soft power" in global conflict and social democracy to satisfy needs and expectations of the citizenry. Organs of the European Community and its changing institutions were systematically made flexible to find effective measures of power-sharing that accommodate national sovereignty, regional differences and the larger vision of a Europe, with "war never again" and preserved from communism. The overarching political vision, a process of institutional evolution and the balancing of executive authority, decentralized, delegated or devolved in conjunction with political approval by Member States, are key lessons in Europe's phased application of supranationality.

Concluding Comments

The growing demands facing CARICOM's regional integration has prompted the urgent need for an upgrade of the prevailing CARICOM governance structures by an expansion to include specific supranational functions. The fundamental reasons for such an upgrade are well recognized, having been extensively analyzed by Task Forces, Working Groups and many scholarly works.[16] As identified by the TWG (2006), these include the need to accelerate regional decision-making and optimize the functioning of the CSME by "shared sovereignty or collective exercise of sovereignty". The recognition that governance is no longer "an exclusively state-centred process" and the "profound geo-political and geo-strategic shifts", derived from increasing global interdependence of trade and investment in the framework of neo-liberal market capitalism. The impact of these forces on Caribbean self-determination and a quest for economic growth with equity and justice, makes a strong case for regional integration, with an even more urgent demand for sustained progress in 2009. The political

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

directorate, hardworking officials and administrative cadres within the many regional organizations, including the CARICOM Secretariat (CCS), are without doubt committed to "advancing regional integration". The underlying goal is sustainable development, poverty eradication and appropriate institutional mechanisms for the rights of all CARICOM citizens to be respected, be able to live in freedom and peace, without fear or favour. What has remained a burden, however, to the advancement of CARICOM integration is the notion that an intergovernmental mode of cooperation will be sacrificed by the introduction of supranational institutions. These difficulties have to be overcome, even as CARICOM pivots to manage the EPA, the CSME and the inclusion of the Dominican Republic in CARICOM.

Additionally, the CARICOM Charter of Civil Society needs to be given legally binding status by the appropriate legislative process in each CARICOM Member State. P J Patterson so clearly elaborated this some six years ago at the July 2003 CHG:[17]

> *"The Charter of Civil Society, which is a codification of a body of civil society ideals and standards of political governance embraced by CARICOM countries, should also contribute to the consolidation of a distinctive regional identity. (It) …has been adopted by CARICOM Member States as a non-binding undertaking on standards of governance. It should not be allowed to become a set of pious declarations soon forgotten…".*

Another area of consideration is the feasibility of appointing, with delegated executive authority, a CARICOM High Representative for External Relations and Foreign Trade. This office will *de facto* be the voice and face of CARICOM, in a manner adapted to that exercised by certain of the "representative" functions of the Secretary General, described in the RTC and an enhanced role of the Assistant Secretary General for Foreign and Community Relations. The rationale for this incorporation rests on the recognized need that new demands are placed on CARICOM for a coherent exposition of its foreign policy in many international fora. The current "harmonization of foreign policy" would acquire more integral linkages with global, hemispheric and regional trading issues, which are influenced by the dimensions of political policy. Such an office will benefit by having regular engagement with CARICOM's political and trading allies, while exercising the advantage and weight of a "political grouping" of 14 "sovereign" states. The scope of this paper does not allow elaboration

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

of these suggestions, but it is hoped that subsequent discussions will encourage a constructive exchange on their merits.

ENDNOTES

1. The 18th Inter-Sessional Meeting of the Conference of Heads of Government identified "Security as the Fourth Pillar of the Community, given its ever-increasing importance and its cross-cutting and fundamental nature" (c.f. Communique, St Vincent & the Grenadines, February 14, 2007).
2. The extensive and erudite discussion on the role of Law as an instrument of regional integration and the debate of sovereignty/supranationality are covered by Cuthbert Joseph, "Reconceptualizing the Caribbean Community: Reconciling Individual and Collective Exercise of Sovereignty-A Legal Perspective" in Hall and Benn, *Caribbean Imperatives: Regional Governance and Integrated Development,* Ian Randle, 2005.
3. For an historical overview and critical assessment of events on this process see Dieter Frisch, The European Union's Development Policy. Maastricht, ECDPM, Policy Management Report, # 15, 2008.
4. See an appraisal of the ACS' relevance and prospects in N. Girvan, Cooperation in the Greater Caribbean: The role of the Association of Caribbean States, (Kingston: Ian Randle, 2006).
5. The issue is discussed later in this essay. Brewster's critique of the limited perspective of the Rose Hall Declaration is found in Havelock R. Brewster, "Mature Regionalism and the Rose Hall Declaration on Regional Governance" in Kenneth Hall & Denis Benn (2005).
6. See Joseph in Hall and Benn (2005:10-19).
7. See Technical Working Group (2006).
8. The enormously complex issues, philosophical, legal, economic and cultural deserve far more scholarly attention than can be provided in this brief essay. Interested readers can consult debates on Europe's Constitutional Treaty.
9. The CARICOM Charter on Civil Society remains a document of voluntary compliance, containing guidelines on areas and measures by which Member States may encourage inclusive democratic decision-making, even though not adopted as a provision in the Community governance structure. The Review Study of 2002 and several appeals have been made for the Charter to be more than a best endeavour initiative.
10. One need not recall public remarks by members of the political directorate of CARICOM Member States in face of the National Stakeholders Consultation in Guyana that sharply condemned the "initialled" EPA as devoid of binding commitments for development assistance for CARIFORUM Member States.
11. Cf. Memorandum to Ambassador Richard Bernal, Director General, CRNM from Norman Girvan, Senior Associate, CRNM, November 3, 2007.
12. Girvan et al (2007), "Towards a Single Development Vision and the Role of the Single Economy".
13. There has been in recent months, pronouncements by European Commissioners Michel and Ashton to give the assurance to the ACP Group that in the EPAs "trade is meant to be an instrument of development" as

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

manifested in the case of CARIFORUM with the provision of the 10th EDF Regional Indicative Programme of 165 mn Euro (over 5 years) as double what it was in the previous EDF 5-year allocation 2003-8. The EC is also often at pains to point out that limited absorptive capacity and poor management of allocated funds fail to be utilised in a timely and efficient manner by CARIFORUM.

14. For instance, South Centre; Third World Network (Malaysia); Trade Law Centre (TRALAC); European Centre for Development Policy Management (ECDPM); Overseas Development Institute (ODI).
15. This Communication of the European Communities is the ideological base and policy document that guides the engagement of the EU in bilateral and multilateral trade agreements. It deserves close study, analysis, debate and understanding the crafting of Caribbean development and trade programmes.
16. This is captured by several contributors to the composite volume on Regional Governance and Integrated Development derived from a UWI Conference in observance of the 30th Anniversary of CARICOM in October 2003. More recently, the Technical Working Group (TWG) on Governance (2006) reiterates the basic rationale for deepening integration.
17. Cf. CARICOM Beyond Thirty (2003).

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 5

Critical Issues in Caribbean Development

William Demas

Introduction to Critical Issues in Caribbean Development[1]

The Conference of Heads of Government of the Caribbean Community (CARICOM) has accepted many of the recommendations of the West Indian Commission with respect to the strengthening of the Community via the creation of a single market (economic union) and the widening of CARICOM through trade and economic relations in neighbouring non English-speaking Caribbean countries.

This book explores the deepening of CARICOM especially with respect to the goal of the single market. The Commission recommended the acceleration of the process of functional cooperation and the establishment of common services, particularly a West Indian Court of Appeal. It called for greater coordination of foreign policies, including external trade policies, and the setting up where feasible, of joint CARICOM embassies abroad.

In light of the underlying nature of West Indian economies and the trends towards globalization and regionalism, CARICOM is seen as an essential element in promoting international competitiveness, greater self-reliance and a West Indian identity. The alternatives to a strengthened CARICOM are either `marginalisation' or *de jure* or *de facto* 'absorption' in a highly dependent mode into one or more much bigger and more powerful country or group of countries.

The positive case for CARICOM is well-known: helping our countries to achieve economies of scale and critical mass in many economic and non-economic activities; the facilitation of extra-regional exports and efficient regional import substitution; functional cooperation and common services in a wide range of fields; and the achievement of greater bargaining power vis-à-vis the outside world.

Development appropriate to the region is defined as efficient economic growth combined with social equity. This includes the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

promotion of enterprises of all scales combined with the alleviation of poverty and the significant reduction of unemployment.

CARICOM's stance with respect to itself as well as to its long-standing preferential agreements with metropolitan countries must be placed in the context of recent movements towards a hemispheric free trade area. It is considered that for the CARICOM countries the Free Trade Area of the Americas (FTAA) is an alternative to the expansion of NAFTA in that the FTAA permits CARICOM and other sub-regional integration movements to maintain and strengthen the links among their member countries, and between themselves and other sub-regional integration groupings (including NAFTA) in the hemisphere.

Previous trade agreements—for example, with the European Union under the Lomé Convention—would not be seen as being in conflict with the FTAA but as providing a much wider market for export development and competitive strengthening, provided that reciprocity remains selective and not applied across the board.

New relationships such as the Association of Caribbean States (ACS) increase, not decrease, the imperative towards stronger CARICOM integration. Thus membership in the ACS does not negate the importance of CARICOM. The ACS is about cooperation in trade, investment, finance, tourism, transport, science, technology, education, health, culture. Deep integration such as a single market or economic union is not practical at this stage for the ACS. A practical approach, over time, to deep economic integration, involving full membership of CARICOM, might be more feasible between CARICOM and one, two or three of the non English-speaking independent islands of the Greater Antilles.

The 'shield' of CARICOM is necessary to provide some degree of effective sovereignty for the individual CARICOM countries and help them to secure greater benefits from external trade and other economic and diplomatic relationships through joint external negotiations and bargaining. Should CARICOM countries attempt to negotiate individually, the Community might disintegrate. The result would not be only a loss of diplomatic and economic strength but of vital intangibles such as international credibility and a sense of West Indian community and identity.

The question is whether market integration should go beyond a single market, that is, intra-CARICOM free trade; a truly common external tariff, (CET), complete factor mobility in the medium and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

long term; consultation on and coordination of national economic policies; and financial and monetary cooperation and integration (including the establishment of fixed exchange rates between national currencies and a single currency). The answer is yes. First, there is a crying need for cooperation in joint investments as between the private sectors of the member countries. Second, the need for cooperation in production and in both intra-regional and extra-regional marketing should be emphasized.

Cooperation in investment and, more generally, in production and marketing requires an active private sector and is complementary to a common economic space. This cooperation includes strategies such as the integration of production between national economies, joint ventures across countries as well as regional industrial and agricultural policy complemented by an appropriate legal and regulatory regional framework. Joint marketing, both within and outside CARICOM, could be undertaken by private sector trading companies.

How can CARICOM in this age of trade liberalization and open regionalism be of use to its member countries? It should provide an environment conducive to export oriented development policies as well as efficient regional import substitution. These policies should focus on areas such as internal and external macroeconomic stabilization, increasing productivity, higher levels of domestic savings and productive sector investment, and human resource development. Such policies would enhance the international competitiveness of CARICOM economies which is of critical importance to the strengthening of the productive sectors. It should be emphasized that the most important factor in achieving West Indian international competitiveness is increasing productivity. This involves many policies, programmes and measures, the chief of which is human resource development.

The relationship between deepening and widening is crucial. The deepening of CARICOM must be achieved in order to widen its relationships to make closer trade links with much bigger and more powerful countries, near and far, workable. Widening should take the form of closer relations with our neighbours on the basis of: trade; financial and economic cooperation; collaboration in science, technology, culture, and in education and training. This is bound to develop into an intensive and extensive programme of practical economic and technical cooperation. There may also in the medium to

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

long term be a degree of hemispheric free trade under the FTAA. Full membership of CARICOM over the medium to long term can be envisaged for one or more of the Greater Antilles islands.

Historically, West Indian development has been dependent on the preferences of metropolitan markets (with non-reciprocal preferences) and heavy dependence on external financial assistance. Our economies need to become less externally dependent and more self-reliant, that is to say, more internationally competitive. To effect this, we need to redouble urgently our economic efforts to do everything listed above. But even with tremendous internal efforts, we need a period of transition before we can become internationally competitive. During this transition period, we need external help to promote self-help on our part.

CARICOM should be deepened and become of increasing importance to us while as a united body we develop relationships of cooperation with the larger Latin American and other hemispheric countries and sub-regional groups (including NAFTA), as well as economic blocs further afield, particularly the European Union. Membership of either the ACS or CARICOM is not the issue. CARICOM remains essential to us and there is enormous scope for practical cooperation between a deepened CARICOM and the ACS. Indeed, deepening is a condition for the widening of CARICOM.

CARICOM countries need time and continued external support if they are to successfully complete the transition towards being internationally competitive, resilient and more self-reliant. This should be given due recognition by hemispheric and West European preference-giving governments as well as multilateral and bilateral donors. The nature of the West Indian economy as a result of our historical legacy is such that at this crucial juncture we need for another fifteen years continuing non-reciprocal preferences and external aid.

Extract from the Postscript to Critical Issues in Caribbean Development[2]

The fundamental question is what we can do to avoid re-colonisation. Some of the measures have already been discussed in the book. At the risk of some repetition, we put forward the following suggestions.

We should seek further to diversify our trading, economic and political relationships, across as many continents as possible. However,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

because of our geographical location and the size and capacity of the United States (US) economy, we will always have significant trade and other economic ties with that country. It would simply not be possible to effect a substantial reduction of such ties. What we are talking about here is *incremental* diversification for the most part.

The process of constant vigilance, referred to earlier, must obviously include threats and actions which would severely affect or destroy the basis of our economies, as is now the case with bananas. Putting the point more positively, successful efforts to strengthen and diversify our economies are a fundamental means of safeguarding and enhancing our independence.

Heightened concern with our sovereignty and our economic survival will lead to greater efforts at consultation, at both national and regional levels. Our political leaders and Ministers of Foreign Affairs, National Security, Finance and International Trade should consult with each other on a continuing basis, on all matters and issues that appear to threaten our sovereignty—whether political, economic or having to do with security.

It is imperative that our leaders scrupulously avoid our countries being played off against each other by much larger and more powerful neighbouring or distant governments, blocs and private entities.

The expansion of the Caribbean Community (both the Community and the Common Market aspects) must also occupy an important place on our agenda. Eric Williams, once referred to by Errol Barrow as the `philosopher of Caribbean Integration', always envisaged the economic integration of the entire Caribbean Archipelago irrespective of language and constitutional status of the countries and territories. It is, however, easier to start only with the *independent* and possibly near-independent countries. All the independent countries of the Caribbean Archipelago must, after an initial phase of freer trade through trade liberalization and/or economic cooperation agreements, proceed in the medium-term to come together in a much larger CARICOM Single Market. This would increase our integrated Caribbean Archipelago mark, from six million to over thirty million people and would obviously greatly enhance our external bargaining-power.

Efforts must also be made by all the Eastern Caribbean members of CARICOM to establish among themselves political unions (of varying degrees of closeness ranging from full federation among

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

some to confederation embracing all). This union should rest on a firm foundation of economic unity—although such political union must transcend purely economic matters. The present extent of, and future potential for, political fragmentation in the Eastern Caribbean is simply scandalous and short-sighted on our part, and invites both drug trafficking and money-laundering activities as well as temptation for political interference and the exercise of crude hegemony by more powerful outsiders.

We return here to the question of incrementally diversifying our trade, economic and political relationships with countries other than the world's lone superpower. Here, CARICOM countries should, wherever possible acting as a group, consciously seek to diversify their trade and other external economic and political relations. This should be done principally through the Free Trade Area of the Americas (FTAA) by trade liberalization as between the hemispheric sub-groupings, starting with the non-CARICOM Caribbean countries, the Central American Common Market, the ANDEAN Group, MERCOSUR and ending with NAFTA.

We should also view with the utmost interest the attempt now being made to form a South American Free Trade Area (SAFTA), particularly its relationship to the North American Free Trade Area (NAFTA).

In the context of NAFTA, and also outside of it, our economic, diplomatic and political relations with Canada can provide us with some of the countervailing power we need to avoid an extraordinary degree of dominance by the world's only superpower. Canada has no hegemonic ambitions and understands us and our problems better than the superpower. Much the same applies to our economic and political relations with the Association of Caribbean States (ACS) and with the other Latin American countries (save for the misunderstanding of our banana cost and marketing problem by some of these countries).

For the same general reasons, as well as for more specific trade and economic reasons (such as markets for our bananas, sugar, rice, rum, non-traditional agricultural exports and our manufactured goods; financial aid; access to foreign private investment and technology), we should seek to continue and even to intensify our relations with the European Union, many of whose member states (and its Commission as well) seem to understand our problems reasonably well. Closer trade and economic relations with East and Southeast Asian countries and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

with India, Pakistan, South Africa and Nigeria also commend themselves.

Diversification of external trade, economic and political relations can be a factor more conducive to a greater degree of effective sovereignty than very close relations with only one or even two super-ordinate great powers. As the West Indies Commission put it, we now have several 'windows of opportunity' (because of our historical background and our present geo-political situation) and we should make full use of all of them, if only to compensate for our minute size, relative lack of natural resources, and limited individual bargaining power.

There is much to be said in favour of a federation of all the OECS states (both the Leeward and Windward Islands). The British Virgin Islands and Anguilla should certainly be included as well. This federation, which would have only one external sovereignty, could become part of a looser Eastern Caribbean Confederation (where, unlike a federation, individual units retain their separate external sovereignties but agree to exercise them jointly). This confederation would also include Guyana and Trinidad and Tobago. It would be up to Barbados to decide whether it would form part of the OECS Federation or become a separate unit of the wider Eastern Caribbean Confederation; but this country must obviously be directly included in one or the other. Suriname could consider becoming a unit of the confederation at a later stage, after it has fully settled into the CARICOM relationship.

Needless to say, this confederation, acting wherever possible with their CARICOM partners in the northern Caribbean, would be vitally concerned with the enhancement of our sovereignty and external security (as well as with our economic and social development, the operation of new common services, human rights and good governance). Essentially, it would complement the CARICOM Single Market and Economy agreed for the economic aspect of deepening the Community—the other two aspects of deepening—(a) Functional Cooperation and Common Services; and (b) the Coordination of Foreign (and External Trade) Policies.

Finally, we discuss a somewhat intangible but most fundamental aspect of the maintenance of our sovereignty—a greater degree of psychological independence. This theme has been dealt with by many twentieth-century West Indian thinkers.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

In different disciplines and different contexts, these writers all clearly saw psychological independence as a desirable end in itself as well as a major requirement for achieving and maintaining both formal and effective sovereignty and West Indian identity. Psychological independence, in their view, also entails a certain degree of cultural and intellectual independence. A good example of where we have fallen short in psychological independence is our failure so far to establish the Caribbean Community Court of Appeal with final jurisdiction. The vast majority of other Commonwealth countries—including Canada, India, Pakistan and nearly all the others in Asia and Africa, have for some time now had their own Final Appeal Courts. Australia recently announced its intention to do likewise in the near future.

We in the West Indies run the risk of probably being the last set of Commonwealth countries to retain the services of the Judicial Committee of the Privy Council in London.

Another example where somewhat more progress has been made concerns the issue of independence in the form of a monarchy or a republic. Dominica, Guyana and Trinidad and Tobago are now republics and all parties in Jamaica agree that the country should shortly assume republican status under a presidential Head of State. The others are still monarchies. Obviously whether an independent country of the Commonwealth has the British Queen or a national President, as Head of State, is irrelevant to the constitutional independence of that country. It is purely a question of national symbolism and psychology.

But national symbols are of great importance. Recently, P.J. Patterson, the Prime Minister of Jamaica, set up a high level National Committee on national Symbols and Observances.

In particular, some measure of intellectual independence is essential in appraising the relevance to the West Indies of the major ideologies of Western European origin—nationalism (constructive or destructive), political democracy and human rights, liberal capitalism, conservative capitalism, varying shades of social democracy and democratic socialism, communism and fascism. Some of these go together, others are mutually exclusive. The issue is to what extent should we draw upon Western European ideologies as against indigenous ones?

This brings us to the question of indigenous West Indian thought in the twentieth century. West Indian indigenous thought and writing from a nationalist, democratic and reformist/radical

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

perspective came into full flowering in the twentieth century.[3] It is useful to think of the contributions in terms of three waves.

The first wave, includes writers born before the First World War—people such as Marcus Garvey, C.L.R. James, Philip Sherlock, Eric Williams and Arthur Lewis (born in 1915).

The second wave includes writers born between the two world wars. One group—for example, George Lamming, Rex Nettleford, Gordon Rohlehr and Edward Kamau Brathwaite (and to some extent and in a different context Vidia Naipaul) grappled directly with the closely related issues of culture, identity and the other psychological aspects of independence. The other was the New World Group with persons such as Lloyd Best, Kari Levitt, George Beckford, and Norman Girvan among others. This group was concerned with psychological and intellectual independence as well as the political economy of West Indian development. (Alister McIntyre made important technical contributions to the subject of Caribbean Development, Caribbean Integration, monetary economics and trade policy in the early days of the movement).

The third wave includes those born during and after World War II. There are so many that it would be invidious to select only one or two for special mention.

Obviously, these three sets of thinkers differed among themselves and as between their respective waves in terms of the time in which they lived and their experiences, emphases, preoccupations and disciplines. Nor is it a question of one wave replacing another. Each wave leaves a large legacy for succeeding waves in a somewhat cumulative overall process. For example, the following seems to be more or less common to all three groups: the achievement and maintenance of West Indian self-determination, the basis of which was seen as full internal self-government (later to be called independence). Garvey was the earliest and C.L.R. James the second and most forceful advocate of this: the advocacy of more political democracy internally. C.L.R. James was the first to develop this theme of full, unqualified democracy; the 'economic emancipation' of the masses, to use Eric Williams' term; the need to diversify and strengthen the economic structure; Marcus Garvey, Eric William, Arthur Lewis and all in the second and third waves; greater pride, self-reliance and awareness of their heritage on the part of the masses or African descent. This was strongly emphasized by Marcus Garvey and later on, and continuing up to today, by Philip Sherlock that remarkable West Indian, who in spite

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

of his advanced age, seems to represent all three waves at one and the same time; West Indian political unity—most strongly emphasized by C.L.R. James, Eric Williams and Arthur Lewis. The hope for political union (either of all the West Indian or only the Eastern Caribbean) even after the early demise of the West Indies Federation in 1962.was entertained by Arthur Lewis, Eric Williams and many in the second and third waves. Under the influence of Eric Williams, the New World Group and others of the second wave, favoured economic integration of both the English-speaking Caribbean and the entire Caribbean Archipelago. Michael Manley played an important role in the deepening of CARIFTA into the Caribbean Community (CARICOM) and the wider Third World level. He also strongly supported economic co-operation among developing countries; a greater measure of psychological independence emphasized by Garvey, James, Sherlock and Williams. It must be stressed that the sub-topic of intellectual independence emerged most strongly and clearly with the second wave of thinkers, both within and outside the New World Group, examples being: Lloyd Best, George Beckford, Norman Girvan and DeLisle Worrel in the former category and Lamming, Nettleford, Gordon Rohlehr, Edward Kamau Brathwaite outside the Group. It is shared by many in the third wave of thinkers such as Hilary Beckles.

One concluding comment on one or two of the leaders of the New World Group. They made the error of unfairly and unjustifiably disparaging the contributions of earlier West Indian thinkers such as Eric Williams and Arthur Lewis. This is most unfortunate—both because of their impiety towards their intellectual ancestors and in conveying the wrong impression to the readers that there was little continuity between previous West Indian writers and the New World Group.

Over the last decade and a half, the third wave has mainly consisted of UWI social scientists and some outstanding West Indian commentators such as Rickey Singh, Tim Hector and Raoul Pantin. Suffice it to say that the range of topics is much wider than during the second wave and the number of researchers much larger. Fundamental subjects such as the environment; gender studies; electoral behavior; international relations; structural adjustment; poverty and the informal sector (and many others) are now being given serious attention. On the other hand during the second wave, the main topics were the political economy of Caribbean development; West Indian integration; the transnational corporation; technology; race, class and colour; labour

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

relations; small farming; the labour market; and savings. Many of the second wave themes are also being examined by the third wave scholars. But the theme of the political economy of Caribbean development is receiving proportionately less attention than under the second wave.

This increased coverage by the third wave is a healthy and very helpful trend and will certainly accelerate. But we cannot afford to reduce emphasis on the history and theory of long-term development and projections of alternative scenarios.

The concern with the past and future long-term development of the West Indian political economy, with West Indian integration and with intellectual independence were the best features in the thought of the New World Group.

This is so not only because we need, as always, a sense of direction but also because of the remarkable progress in technology and the rapid changes which the world economy is now undergoing as both Owen Arthur, the Prime Minister of Barbados, and Edwin Carrington, the Secretary-General of CARICOM have recently observed. We must 'factor in' these changes in any vision of the future and in any future development models or scenarios which we construct.

There is a rich legacy of the ideologies of Western Europe some of which are more universalistic and more humane than others. We cannot avoid adopting the ideals and ideas of these universal and humane systems and concepts already laid down on some of these ideologies. We, however, have to add the 'indigenous factor' to make them ideals and ideas meaningful in our circumstances.

My own view is that we have to draw on the ideals and ideas of some of the Western European ideologies and blend them with the dictates of West Indian culture, history, experience and our needs and situation, and with the rapidly changing world economic and technological situation. Bearing all this in mind, I would tentatively suggest a basis for a model (or vision) of economic, social and political development appropriate to our region for the first few decades of the twenty-first century.

The following are ten fundamental points:

1. An efficient, diversified and internationally competitive economy in terms of the production of both goods and services and a just and equitable society dedicated to removing poverty and unemployment.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

2. The stimulation of a greater measure of pride, self-esteem and self-reliance among all the West Indian peoples.
3. An efficient and, (where necessary) economically interventionist type state operating in unison (side by side and cooperatively) with an efficient, competently managed and entrepreneurial private sector – the state, the private sector and the trade union movement being dedicated to the well-being of all in the nation particularly the well-being of the truly poor and the unemployed. Popular participation in the development process (as distinct from manipulative populism).
4. Recognition of human development (including human resource development) as an important element both an end in itself and as a means to national development. Recognition of indigenous West Indian cultural growth and development both as an end in itself and as a means to promoting economic and social development. These two points emphasise that development should be 'people-centred'.
5. Greater emphasis on the application of science and technology (including information science and technology and biotechnology) to the development of the region by the state, the other social partners and other relevant groups and a prominent role for these areas at all levels of the educational system.
6. Recognition of the fundamental importance of the preservation and improvement of the environment by the state, the other social partners and all persons and entities undertaking physical development and/or construction or engaged in the ownership or operation and maintenance of production facilities, equipment, infrastructure, or residential facilities. Moreover, there must be widespread understanding that environmental maintenance and improvement are essential not only for aesthetic, cultural, social and health but also for *economic* reasons.
7. An ideology of psychological, cultural, political and economic nationalism which emphasizes: West Indian unity and economic integration of the Caribbean Archipelago both as ends in themselves and as means to national development and greater sovereignty. This entails respect in all countries for the equality of *all* West Indian people irrespective of economic and social position, race, colour and particular West Indian country of origin. This principle should, in future, extend to all members of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

the Caribbean Community to the extent that other Caribbean archipelago countries become members of the Community.

8. Active economic, cultural and intellectual inter dependence and interaction with the rest of the world (as distinct from the passive dependence which has prevailed for centuries).
9. The preservation of our *formal* sovereignty and the maximization of our *effective* sovereignty.
10. Maintenance and strengthening of political democracy should not necessarily involve any far-reaching amendments of present constitutions, such as modelling them on the American pattern in situations where federalism, an essential rationale for the American Constitution, does not exist. We should also recognize that the excessive separation of powers in the American model is based on a misunderstanding of the then existing British system by the American founding fathers.

One should not forget that the present constitutions strike, on the whole, a sensible balance between speed and reasonable costs in government and parliamentary decision-making on the one hand and the public airing of, and deliberations on, political, social and economic issues of the day, on the other. What may be needed in some countries is the devising of new, or the adaptation of existing, political and economic institutions to facilitate more genuine participation by the 'grassroots' in the development process. What also seems to be needed is a greater degree of transparency and accountability at all levels of government. In this connection the establishment of a more select committee of parliament is worth considering. (The issue of retention of the monarchy versus republicanism is not so much a constitutional question as a matter of symbolism and an assertion of psychological independence).

The upholding of human rights—political and civil as well as economic, social and cultural—should be recognized as being of fundamental importance, as is the recognition of the obligations and duties of individuals and groups to the state and the wider society. Apart from offences against the law being justly and quickly dealt with in an open manner, the grave deficiencies in both the work ethic and business ethics that now exist must be eliminated willingly by both workers and businessmen at fault.

It can be readily seen that the elements outlined above are rooted in a blend of West European and indigenous West Indian thought, history and experience. Moreover, the relative emphases

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

between the elements must take into account the ever-changing situation in the various countries of the region.

With regard to a special ideological label for this vision, I prefer to be concrete and specific and simply use the term 'a West Indian model (or, if one wishes, ideology) of economic, social and political development'.

But in addition to the adoption of an appropriate model of development, specific concrete programmes of action are required in order to achieve a greater degree of psychological, cultural and intellectual independence. Our leaders and our people at large must seek to do the following:

- Generate appropriate national and regional symbols which would inspire and motivate the people.
- Promote the teaching of West Indian and Caribbean history from a Caribbean point of view as compulsory subjects in our educational institutions – primary, secondary and tertiary. In this approach we need to emphasise our innovativeness and creativity and to stress our achievements in all fields of human endeavours, in spite of the formidable obstacles which we have faced for virtually all of our history.
- Continue material and moral support for the activities of the Caribbean News Agency (CANA) and the Caribbean Broadcasting Union (CBU) in projecting West Indian programmes to all parts of the region, and for further efforts to project such programmes to North and South America, Europe and to other parts of the world. There is much to be said in favour of Ian Boxhill's proposals for a West Indian radio station and the establishment of a West Indian film making company. More broadly, in culture, creative arts, and electronic mass media, we should make every effort to project abroad what we have produced and not to be content with being passive importers of what emanates from North America and Western Europe. This is one area where more active effort is needed. We should interact with the rest of the world in culture and the Creative Arts, and not be a one-way importer from the dominant centers in the outside world. For example, Jamaica's reggae music in conquering the world is illustrative and inspiring and the same could be done with regard to the calypso and steelband.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

- Finally, we need more activity in disseminating the works of West Indian writers produced by West Indian publishing houses for both the regional and overseas markets.
- Our poetry, creative dancing and drama must also be taken to many parts of the world, as is the case with our novels and the Jamaica National Dance Theatre Company.
- Adopt a style of male dress more suitable to our West Indian climate.
- More actively promote indigenous creative arts, whether of Afro-West Indian or Indo-West Indian origin or the product of our Creole situation and experience.
- Establish creative arts centres along the lines of the one at UWI, Mona, Jamaica, on the two other campuses and in the non-campus territories.
- Make more use of indigenous cultural creations as inputs into the production process and to use such creations as final products for use both within the region and for export to 'niche' markets abroad.
- Promote a regionally coordinated range of external policies and activities. This requires *inter alia*, the early establishment of a West Indian 'think-tank'. The region has more than adequate intellectual and technical expertise to create for itself a first class 'think-tank' to deliberate on the major challenges facing us in the region today.

Judging from present trends, the real gender problem in the West Indies in the next few decades will relate to males rather than to females. Even casual observation today reveals that, particularly at the teenage level, compared to the young women, the young men are much less motivated or interested in achievement and seem to lack a sense of purpose and direction. Accordingly, gender development programmes must immediately begin to focus on males as well as females. For, if young males do not become better motivated, they cannot become psychologically independent, let alone make an appropriate contribution to economic and social development.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

ENDNOTES

1. This section was published as the introduction to the book: Critical Issues in Caribbean Development – West Indian Development and the Deepening and Widening of the Caribbean Community, by William Demas. (Kingston: Ian Randle Publishers, 1997), pp. xiii-xvi
2. Extract from 'Postscript' in William Demas, *Critical Issues in Caribbean Development – West Indian Development and the Deepening and Widening of the Caribbean Community*, Ian Randle Publisher, 1997, pp. 93-103.
3. See Naipaul's novel, *Mimic Men*.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 6

CARICOM Beyond Thirty: Charting New Directions

P. J. Patterson

Foreword - Destiny Beckons

I feel a sense of historic duty to offer this paper "CARlCOM Beyond Thirty: Charting New Directions," as a contribution to the deliberations of the 24th Regular Meeting of the Conference of Heads of the Caribbean Community (CARICOM). It is a document which reflects my own thoughts based on personal involvement in the CARlCOM process over the past three decades and which I hope will stimulate discussion among wider audiences.

I wish to acknowledge the work of a number of persons, devoted to the regional cause, who have contributed immensely to this product.

It is not an official paper from the Government of Jamaica, nor is it intended to cover the ground demarcated by the 14th Inter-Sessional and entrusted to an Expert Group of Heads to "make recommendations on how best to perfect regional integration." As a member of that group I subscribe fully to its report.

These perspectives seek to keep at the centre of our attention, a number of initiatives on which we have already agreed, as well as to explore new possibilities, which will impact directly on ensuring that CARlCOM can make a material difference in the lives of our Caribbean peoples.

We have arrived at a point in the history of CARlCOM, when it is of utmost importance to encourage active debate and discussion about the nature and direction of Caribbean regional integration.

In the thirty years since CARlCOM was founded, we have come a long way. In the field of intra-CARICOM trade, we have come from the beguiling simplicity of the Basic Materials List through the construction of a Common External Tariff (CET), and now to the current task of forging a CARICOM Single Market and Economy (CSME).

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

We have built a strong regional institutional infrastructure in education, development finance, health, and other fields, that have served the people well.

In its epic journey, CARICOM has found the resilience to withstand severe external and domestic political and economic shocks. It has survived to be one of the longest functioning integration groupings today.

But now the future beckons CARlCOM to look beyond thirty years.

It must do so at a moment when daunting challenges, unknown at its inception, confront us from the global and regional environment. These challenges constitute new tests of the resilience of CARICOM, and at the same time, must spur the Community to a greater fulfilment of its mission. That mission, basically, is to be an association of states, exercising sovereignty individually and collectively for the betterment of the people for whom the Community was brought into being.

The challenges that confront Caribbean people must stir us now to make CARlCOM a truly living Community of the people; a Community that is not only an enlarged common space for the unleashing of entrepreneurial energies, but also, as Norman Manley once said, "a Community that provides a wider field for individual ambition."

We must press on now with the mission of building a people's Community that not only supports the people's yearning for good governance and embraces them with the promise and the reality of enhanced security, but also provides a nurturing home from which to engage with the wider world.

In the last three decades, our regional institutions have not simply endured; they have reflected their maturity. But our institutions "must be retrofitted to become more efficient and reliable vehicles at this stage of our journey, if we are to realize our goals and fulfil the aspirations of our founding leaders and the Caribbean people as a whole."

This must begin with our human resources, which must be made central to the process that is ahead of us.

Nowhere else on the planet is there a region where encounters between people of different cultures have been as challenged to make sense of human existence in modern times as in the Caribbean. The encounters among Africans, Europeans, and Asians, and they, in turn, with the indigenous Native Americans (Caribs, Arawaks and Tainos)

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

have resulted in a dynamic interplay to produce a new and unique people shaping what many of us describe as a Caribbean civilization.

It is to that civilization that a reformed CARICOM must pay far more attention, if that sense of self and society embedded in a strong regional consciousness, is to be fostered. For it is such regionalism, rooted in psychic and intellectual commitment, that will sustain the institutions that are vital, but by themselves will mean nothing without the passionate commitment by those who must lead, manage, operate and constantly evaluate them.

We are at a moment when destiny beckons. Let us seize the moment.

Chairman 24th Conference of Heads of Government Caribbean Community July 1, 2003

Executive Summary

CARICOM in a Transformed Global and Domestic Environment

The thirtieth year of CARICOM provides an occasion not only for celebrating past achievements, but also for charting new directions and increasing the tempo of regional integration. But, quite apart from the fact of this landmark anniversary, the imperative for intensifying integration stems from other vital considerations. Prominent among these is the radical transformation of the global and regional domestic environments from what they were at the inception of the Community. Globally, the movement from bipolar super-power confrontation and competition to looming unipolar superpower dictation threatens to undermine multilateralism and international law, creating dangers for the world as a whole, but especially for small developing states, such as ours.

Added to this, the emerging world economic order, driven by globalisation and liberalization, is bringing about the dismantling of the special trading arrangements and protective regimes of old, on which many small economies depended. Perniciously, while small countries are being constrained under this new dispensation to open their markets, protectionism persists in powerful countries in respect of key products of export interest to small developing economies.

At the same time, locally within the region, a whole new generation has come of age since the birth of the Community and has

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

added its voice to increasingly strong demands from the people for improved governance, and for the enhancement of their social and economic welfare.

The Community - An Instrument for Responding to Change

The Community must be seen as a collective instrument available to the people of CARICOM to help construct resilience to adjust and respond to these transformations in the global and regional environment. In strengthening CARICOM integration to better perform this vital role, it is essential that the effort be guided by the abiding, fundamental mission and purpose of the Community. The operations and functioning of CARICOM must therefore at all times be seen to be harnessed, directly or indirectly to:

- the improvement of the quality of life, broadly conceived, of the people of the region;
- the nurturing of the collective identity of the people, forged from their shared history and their common values, and which is deeply anchored in their consciousness;
- the shaping of a common economic space for enhancing welfare through the expansion of output and employment;
- helping CARICOM countries and their people avoid and mitigate vulnerability in the emerging world order;
- the construction of joint arrangements for reducing the cost of key services and supplies that are vital to the social and economic well being of CARlCOM citizens.

A Regional Political Framework for CARICOM People

The sentiment is sometimes expressed that Caribbean people should advance from Community to political union in their search for a collective platform from which to face the world and from which to shape a better life for themselves. This is an issue on which interested persons and organizations may usefully engage in consciousness-raising debate in a continuing manner.

The reality for the time being, however, is that even if there are some member states ready for early entry into a political union, others contemplate this as a possibility only in the very long term, and yet others do not contemplate it as a possibility at all. In the meantime, we

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

must share a clear consensus on the political framework within which we will pursue our joint endeavours within the region. In this regard, the leadership and people of the region should explicitly accept that for the foreseeable future, the Community will operate as an association of states, exercising sovereignty individually and collectively, and without prejudice to sub-groupings of the membership entering into political integration among themselves if they so desire.

Three levels of action and decision-making are envisaged within the framework of such an association of states:

- first, action through political structures with representative decision-making boards, operating on the basis of unanimity or of specified majorities (the Organs of the Community would be examples of such structures);
- second, decision-making and action through structures which have been established by member states to carry out specified functions (the Caribbean Examinations Council being an example of such a structure);
- third, there would be a wide range of consultation, coordination and cooperation activities, pursued in either an ad hoc or institutionalised manner.

Institutional Machinery of the Community - Establishing a CARICOM Commission

Within the framework of this association of states, the institutional machinery of the Community (which is set out in detail in the attachment to this paper), falls into two broad categories: the direct decision-making Organs and technical advisory and coordinating bodies of the Community, on the one hand, and a wide range of specialized regional agencies, on the other, each established under its own charter with its particular mandate and function. The first category as presently constituted is the result of considerable reform introduced by the revised CARICOM treaty.

The expert Group has suggested now that the Community's institutional machinery be further strengthened by the establishment of a CARICOM Commission in the near future in order to introduce a meaningful executive function at the regional level and to strengthen implementation in the Community. The precise modalities of the relationship between the CARICOM Commission and the CARICOM

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Secretariat, the Organs of the Community and Member Governments will have to be carefully defined.

Review of Specialized Regional Agencies

With respect to the specialized regional agencies, it should be noted that it is some thirteen years now since they were the subject of a comprehensive review. It is recommended that there be a new review of the- purposes and functioning of identified specialized regional agencies warranting this attention, in order to determine their continuing relevance and the scope for rationalization.

The Secretariat: Automaticity in Financing

The Caribbean Community Secretariat should also be a focus of attention. There must be an ongoing effort to provide it with adequate resources and a continuing quest to hone the working processes it employs to bring substantive policy and programme matters to the point of decision by the Community Organs.

A major suggestion on this topic is that the Conference and the Community Council require the Secretariat and the Budget Committee to revisit the question of automaticity in the financing of the Community budget for the Secretariat, the proposed CARICOM Commission and other selected regional bodies, and prepare proposals for consideration. In developing such proposals for automatic financing, whether through access on imports or otherwise, regard should be had to the degree to which the respective member states share in the benefits of the Community.

Attention should also be given to introducing a clear component for programmes into the budget, in order to reduce the reliance on external donor funding for projects, with all the uncertainties that that entails.

Implementation - A Continuing Challenge Also For National Authorities

There has also been a perennial concern about implementation in CARICOM. Even where the technical and political processes for arriving at sound decisions can be streamlined, the challenge of implementation remains. However thorough the streamlining of regional institutional machinery and processes, the fact must be faced

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

that in the final analysis, implementation is an inescapable challenge for national authorities. Interest and commitment may be one consideration; but often it is a matter of capacity on the part of national governmental machinery.

It is suggested that the initiative already in train at the regional level, to mobilize legal drafting assistance to supplement national efforts be broadened and consolidated through the permanent establishment, at the Secretariat, of a unit of drafting experts, and/or through the maintenance of a roster of drafting experts, available for deployment as needed. This could be one initiative for funding under the proposed Development Fund contemplated in Article 58 of the revised CARICOM Treaty.

Another problem of implementation is that even after national legislative and administrative measures have been adopted, there is room for improvement in the performance of the frontline functionaries who must apply these measures. It is urged that national authorities, supported from the regional level as needed, should actively assume the responsibility to ensure that the relevant local officials are given adequate orientation and instructions in order to achieve smooth and effective application of Community decisions that have been formally adopted at the national level.

Specific Areas for Advancing Integration

Beyond the matters relating to the political framework and the institutional machinery for advancing the CARICOM regional movement, suggestions for deepening integration in selected specific areas are advanced, some for the immediate future and some for the longer term.

Initiatives to Strengthen Identity

It is considered that initiatives and ideas for strengthening understanding, identity and people contact, should be in the first order of business. Some of these suggestions are of symbolic value, but it is urged that symbols are important in the life of a people. Several suggestions for consideration in the short to medium term are offered under this heading, comprising the following:

- measures to strengthen communication and information flows involving use of the resources in Government information services to publicize CARICOM issues; drawing on CARIMAC

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

media training facilities to sharpen trainees' consciousness of the communication dimension of CARICOM; cultivating managers and journalistic staff of media houses; and reactivating the annual CARICOM award for the best coverage of Community issues;

- more ambitiously, the Secretariat should collaborate with all interests to advance the EU-funded project now in execution to exploit satellite technology to establish and sustain radio and television contact among CARlCOM people;
- measures to achieve sustained enhancement of West Indian cricket, e.g. through a special UWI-administered leadership development programme for test level players;
- with the Cricket World Cup 2007, being hosted in the Caribbean, member states individually and collectively should undertake early preparations to exploit the occasion to showcase the region beyond cricket;
- measures to ensure that the mix of CARICOM nationalities on each campus of the UWI does not fall below established critical levels;
- the development and maintenance of an adequate youth exchange programmes;
- the continued development of CARIFESTA, including participation of performers and creative talent from the diaspora, and the introduction of a substantial quadrennial prize for the best artistic product from the preceding four years, most evocative of West Indian unity, from whatever field of creative endeavour which meets minimum standards, to be established;
- the furthering of efforts to introduce a CARICOM passport, a matter that has been long in contemplation;
- the taking of steps to make the Charter of Civil Society a living document in the lives of the CARICOM people, by converting it into a binding treaty arrangement and by having an annual report prepared on its observance by member states. This annual report could be used as a basis for peer review. Citizens should also have recourse to the Caribbean Court of Justice, under its original jurisdiction, to redress breaches of the Charter;
- the development of measures to institutionalize the emerging "good offices' role of the Community;

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

- initiatives to enhance the salience of the CARICOM idea and CARICOM issues in national politics and consciousness through, e.g.
- more meaningful observance of CARlCOM Day in member states;
- the raising and lowering of the CARlCOM flag alongside the national flag on public buildings;
- more widespread conduct of debates on Community issues in national parliaments;
- measures to engage the political Opposition in member states more fully with CARICOM developments, through inter alia, regular briefings on CARICOM developments, and their participation in the Caribbean Assembly of Parliamentarians.

Reducing the Cost of Services

Selected areas are also identified in which efforts could be made, in the short to medium term, through the establishment of regional common services, to reduce or control the cost of critical services and supplies to the CARlCOM people.

Air Transportation

- In the field of air transportation it is proposed that a clear Community Air Transportation Policy and incentive framework be adopted in which assurance is provided for regional carriers to actively participate in supplying the guaranteed airlift that the Community needs, and within which regional airline corporate entities can individually and jointly pursue optimalizing measures that increase efficiency and benefit consumers.

In this connection, the recent re-emergence of the idea of regional airlines, pursuing certain common functions jointly, should be strongly encouraged in the ongoing interface between the airlines, regional institutions and national authorities.

Joint Action in Health

- In the area of health, it is proposed that the pooling at the CARICOM level of Government procurement of pharmaceuticals be introduced into the regional agenda for study

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

and action.

- The portability of benefits under public sector health insurance schemes should also be examined. If feasible, this would be complementary to efforts already underway in CARICOM to make social insurance benefits portable among member states.

Joint External Representation

- The field of external representation remains one in which joint action carries a promise of considerable savings and increased efficiency. It is proposed that the Council for Foreign and Community Relations (COFCOR) be asked to actively revisit the matter of joint external representation in its various dimensions.

Towards a "Security Community" in the Region

- Security has become a pressing and urgent concern in several CARICOM member states. It is suggested that the work of the Regional Task Force on Crime and Security, and the conclusions of the Conference on the subject at its 14th Inter-Sessional Meeting, be further developed towards the permanent institutionalization of a "security community" in the region.

Such a "security community" would embrace important elements already identified by the Task Force and recognized by the Conference, namely: the structured and secure exchange of sensitive intelligence; exchange of senior security officials; arrangements for mutual operational assistance; joint training programmes; and joint interdiction operations.

Joint Expansion of Output and Employment

The question of practical action towards joint expansion of output and employment is one of fundamental importance. In this connection, the 1991 Report of the Caribbean Trade and Adjustment Group (CTAG) on "Improving Competitiveness for Caribbean Development", should be drawn upon in identifying specific lines of action for enhancing the productive performance of CARICOM. In the context of the Treaty framework for creating the CSME, it is proposed that:

- there be a substantial broadening of the categories of CARICOM nationals who can move freely within the Community for the purpose of work, and thus advance the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

process of creating a truly integrated CARICOM labour market;

- the Secretariat quickly develop and actively implement a supporting programme of indicative sector studies and wide dissemination of information about the enabling frame-work provided by the CSME;
- a decisive step be taken through the appointment of a high level expert group drawn from the private and public sectors, the labour movement, civil society and the relevant regional institutions to identify the opportunities and the required institutional and policy measures, to strengthen integrated production through private sector investment, in order to achieve substantial joint expansion of output and employment.

The expert group should be requested to report to the next Inter-Sessional Meeting of the Conference.

Towards an Enlarged CDB

The strengthening of the Caribbean Development Bank (CDB) would provide a critical supporting role in the joint expansion of output and employment in CARICOM. It is proposed that the CARICOM Members of the CDB invite non-borrowing shareholders in the Bank to consider a substantial increase in the size of the Bank, so as to mobilize more resources to undertake the increased volume of financing which the region will need. CDB, in addition to continuing its financing of national infrastructure projects, should refine and enlarge its private sector window, and encourage viable public and private sector projects that are regional in scope.

Tourism in CARICOM - Towards Higher Performance

Tourism carries considerable weight in the regional economy, and is an axial product with actual and potential linkages to numerous products and services produced within the Community. As such, it deserves to be specially highlighted in any discussion in the matter of joint expansion of output and employment in CARICOM. Industry interests and several Ministerial and Heads of Government Meetings have given full articulation over the years to a wide range of special initiatives to support and develop regional tourism. These special initiatives include such things as the strengthening of linkages, the promotion of specialty

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

tourism, and the development of joint marketing of the region. However, there seems to be a deficit in follow-through to clear outcomes in some of these initiatives.

It is recommended that:

- public and private sector tourism interests should agree on a clear monitorable operational plan to pursue each major strategic initiative in the tourism sector;
- an annual analytic report on "The State of Tourism in the Caribbean Economy", be prepared, evaluating progress towards targets and identifying challenges for policy development.

Advancing the Single Economy along with the Single Market

It is critical that the creation of the Single Economy does not lag unduly behind the establishment of the Single Market. There is a challenge here for the Council for Trade and Economic Development (COTED) and COFAP to engage in a more robust discharge of their functions.

It is proposed that the Conference should request Council for Trade and Economic Development (COTED) and the Council for Finance and Planning (COFAP) to prepare recommendations on the requirements for more effective discharge of their Treaty-assigned functions, particularly as they relate to advancing the Single Economy alongside the Single Market.

Initiatives for the Long Term

The following areas are raised for consideration in the long term:

Pooled Procurement

- efforts should be made to identify possibilities for pooled procurement beyond Government acquisition of pharmaceuticals, mentioned earlier. To this end, it is proposed that Conference request the Community Council to establish a working group on pooled procurement to examine and report on this matter.

Enhanced Cooperation among National Judicial Services

- it is desirable that the establishment of the Caribbean Court of Justice (CCJ) be complemented by enhanced cooperation among

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

the national judicial services of CARICOM. The functioning of the individual national judicial services would benefit from initiatives such as joint training projects, exchange of visits, and the holding of symposia for the exchange of information and experiences.

A CARICOM Maritime Management Authority

- in the area of the marine environment, CARlCOM member states have recently established a Caribbean Regional Fisheries Mechanism (CRFM) as a coordinating and facilitating agency in fisheries management in the region;
- it is suggested that member states adopt the long term objective of transforming the CRFM into a CARlCOM Maritime Management Authority, in order to enhance joint management and exploitation of the resources of the Caribbean Sea.

Strengthening Links with the West Indian Diaspora

- with respect to the West Indian diaspora, there should be continuing efforts to strengthen and broaden the linkages that exist.
- It is proposed that the already existing institutional asset of the Caribbean Development Bank, which has accumulated much experience in raising funds on capital markets, be used to design and market a special bond instrument targeted at CARICOM nationals in the diaspora.
- It is also suggested that in order to forge further beneficial linkages with CARlCOM nationals abroad, the CARICOM Secretariat, UWI and West Indian organizations in the diaspora, collaborate in organising a symposium or series of symposia to explore and identify ways of strengthening the connection with the diaspora.

CARICOM Beyond Thirty: Charting New Directions

1. Introduction

1. We have arrived at the thirtieth year of CARICOM, an important milepost. Commemorative events have been, and are being,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

observed throughout the year and this is as it should be. We welcome these celebratory exercises and commend the effort made to mount them.

2. But, the thirtieth year of CARICOM should be more than an occasion for commemoration and celebration. The opportunity should be taken to go beyond celebration and revisit the fundamental purpose and raison d'être of the Community along with an effort towards a discernible new increment of advance in the CARICOM integration process.

3. The present imperative for intensifying and deepening CARICOM integration arises from the radical changes in the global and regional environment that have taken place since the inception of the Community. In the wider world, the region faces political and economic transformations that present it with daunting challenges. Politically, the era of bipolar super-power competition and confrontation which provided some scope, however limited, for accommodation of small-country interests, has given way to a politically more dangerous and unstable environment of unipolar super-power dominance, threatening the global neighbourhood with the arbitrary projection of raw power, ignoring the constraint of law.

4. Small countries have always had a compelling need for the international order, even at its most benevolent, to be rules-based. This need is now even more urgently compelling, in the present dispensation of unipolar super-power dictation.

5. The ongoing - and in several respects closely related - transformation of the world economic order is no less sobering. The mutually reinforcing twin forces of globalisation and liberalization are ushering in an era of open markets to supersede the old tradition of preferences and domestic protection which shaped the basic structure of the economies of many small developing countries. For technological and policy reasons, administrative controls are no longer in vogue as effective means of avoiding the adverse impacts of volatile capital movements. These impacts are now supposed to be contained by "appropriate economic policy framework."

6. At the same time, accompanying all this, official development assistance is stagnating or declining even as donor countries grow richer, with most of what is available being harnessed to clear geopolitical strategic goals or being channelled to the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

poorest of the poor.

7. Small developing countries, including CARICOM societies, are now in a race against time to adjust to the new dispensation of open markets and liberalized capital flows. But perniciously, the difficulty of the task is compounded by a perverse asymmetry in the application of the new rules, in that a greater opening of markets is being forced on weaker countries than is being undertaken by the major economic powers in respect of several key export products of the former.

8. CARICOM must also respond to a changed environment at home in the region. Since the establishment of the Community thirty years ago, population pressures have increased in some Member States and a whole new generation has come of age. Influenced by the ubiquitous impact of global communication, this new generation has brought with it new ways of seeing the world. It is articulating more ambitious aspirations for individual and collective welfare, and asserting new and strident demands with respect to how governance touches their lives. Growing populations within the region and greatly increased quality-of-life expectations among the people of the Community are putting severe strains on the capacity of CARICOM societies to adequately accommodate all the region's citizens in the available social and economic space, as presently constructed.

9. CARlCOM countries and their people therefore need to use the Community more effectively as an instrument to respond to the transformed environment they face abroad and at home. Of course, in any new push to deepen and intensify CARICOM integration, it will be obvious that we are not starting from tabula rasa. Numerous important initiatives are already in train, and the momentum of action on these must be maintained. But, bold additional departures are required to more fully meet the needs and aspirations of the people of CARICOM, and it is this concern that drives the suggestions for new initiatives outlined later.

2. Recommitting to the Fundamental Aims and Mission of CARICOM

10. Any consideration of strategic initiatives to increase the momentum of CARlCOM integration should rest on an ever

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

present consciousness of the abiding fundamental purposes and mission of the Caribbean Community. There is a continuing challenge to ensure that the basic purposes of the regional movement do not become obscured by a welter of myriad technical activities which are not clearly harnessed to the essential mission of the Community. The litmus test for every programme or project initiative within the Community must be whether or not it advances the basic goals of CARICOM.

Improving the Quality of Life

11. We make bold to assert that in the final analysis, CARlCOM must be about the quality of life of Caribbean people; and here we speak of the quality of life comprehensively conceived, encompassing both its material and non-material dimensions. The structure and functioning of the Community organs and its institutions were not put in place for their own sake, as some may mistakenly think at times. Rather, they represent an exercise in regional institutional engineering for the ultimate purpose of bettering the lives of the region's people.
12. The question regarding the Community that, explicitly or implicitly, is perennially on the lips of the rank and file citizens of CARlCOM is, how can Caribbean regional integration help them meet the pressing concerns of their daily lives: the availability of quality jobs; their ability to obtain, at reasonable cost, the basket of basic goods and services that makes life tolerable: food, shelter, health, education and social justice; and the opportunity to be connected culturally and socially with one another within the region and beyond. If Caribbean people cannot discern a clear connection between the Community and the resolution of these concerns, then the specific formal organizational expression of the integration process will remain a remote irrelevance in their eyes.

Mitigating Vulnerability

13. Intimately related to the matter of quality of life, is the fact that the Caribbean Community can also be seen as an instrument for collective mitigation of the individual political and economic vulnerability of its members. Although the potential aggregate political and economic strength embodied by the Community is

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

very modest by world standards and therefore is itself vulnerable as an entity, nevertheless a CARICOM that fulfils its true potential can provide some degree of amelioration of the vulnerability stemming from the small size of individual members.

14. There are at least four aspects to this fragility of the individual members:

- political vulnerability, in relation to which actual experience has shown time and again that there are circumstances in which the CARICOM umbrella can shield its members from external pressure;
- vulnerability to trade and economic shocks from the global marketplace, which can produce income volatility in small states greater than in larger states, as studies by the Commonwealth Secretariat and the World Bank have shown. A new and ominous dimension to this exposure are the economic and financial shockwaves that flow from acts of international terrorism;
- vulnerability in critical external negotiations which can be countered by joint undertakings such as the Regional Negotiating Machinery project; and
- vulnerability to the impact of natural disasters which because of the small physical and economic size of CARICOM members, produce system-wide repercussions in these societies.

15. The potential that the Community carries is that of the construction of depth and breadth in regional governance in a manner that furnishes collective shock absorbers to mitigate these vulnerabilities. CARICOM people and their leadership face a challenge to maintain focus on the broad strategic objective of building the Community as an instrument to counter vulnerability.

16. Along with these concerns about quality of life and vulnerability, four complementary basic purposes can be identified for which the Caribbean Community was brought into being. Regrettably, these purposes are not all explicitly articulated in the preamble to the revised CARICOM Treaty. But, they hover implicitly in the design of the Community and in discourse about the deepening of regional integration.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Nurturing Collective Identity

17. One of these purposes is the nurturing of the sense of collective identity of Caribbean peoples. In an inexorably globalizing world where small and mini-states are under increasing threats and pressures of marginalization, the shared collective identity of our citizens, whether resident in the region or dispersed in the diaspora, increases in psychic importance.
18. A robust sense of collective identity enables us the better to stand tall with confidence before and in the world. This is true and valuable from the standpoint of personal self-assurance on the wider international canvas. But more, it spills over positively into the practical things we have to do in the world, such as our trade negotiation efforts and similar undertakings. Which one of us has not personally felt the enlargement of our common West Indian identity when we bask in the reflected glory of triumphant West Indian cricket or in the pinnacled Nobel achievement of an Arthur Lewis, a Derek Walcott or V.S. Naipaul?
19. It is true, of course, that our individual national moorings comprise the primary basic springboard of our identity within the region. But, our separate individual national identities face an extra margin of risk of being swamped in a socially and economically dynamic world, in a process of bewildering change and evolution. The fact is that each individual Caribbean national identity, overlaid and reinforced by the regional dimension of identity, is provided with an extra cushion of resilience to withstand the risk of being swamped by the surrounding world.
20. It is important to stress that Caribbean regional identity is not something that starry-eyed dreamers are striving to artificially contrive. It reflects an underlying reality of the Caribbean socio-cultural milieu – what Rex Nettleford has often heralded as the cultural bedrock of our peoples, anchored firmly in its own integrity, receptive of nurturing, but impatient of official prescription. There are several existing concrete manifestations and reflections of this common inherent sense of family-hood, but however many there are, and however many may emerge, they are but the visible tip of the iceberg, symbols of a deeper ingrained reality, embedded in consciousness. The opportunity will be taken later to suggest some selected initiatives aimed at fostering this sense of collective identity of CARICOM citizens.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Expanding Output and Employment

21. The second of these purposes of CARICOM integration is the construction of an enabling region for the joint expansion of output and employment. The rationale for this has been voiced often enough. With an aggregate population of approximately six million among the original members of the Community, and even with the expanded aggregate population of about fourteen million (which of course does not bring a commensurate increase in internal purchasing power) the size of the CARlCOM market is quite modest by world standards.
22. Even so, it represents a significant expansion of potential, when compared to the possibilities open to each individual member acting by itself. It has been often acknowledged that the potential arising from an organic meshing of the members into an integrated whole, is more than what the sum of their individual outputs would be, outside the integration framework. It is the creation of a separate entity over and above its individual parts, creating synergies for generating a larger social product.
23. It is true, of course, that the extent of the enlargement of domestic economic space beyond national boundaries varies from member state to member state. Also, there are those who may argue that the original raison d'être for CARICOM regional integration, while cogent at the birth of the Community, is no less so in light of perceived current prospects for individual member states to integrate directly into liberalizing global economy.
24. Even in the face of these considerations however, the basic original rationale persists with force. For one thing, differences among member states in the extent of the domestic market enlargement created by CARlCOM do not matter, so long as there is a significant positive increment for any given member state. For another, the path towards individual direct integration into a liberalizing world economy is, for small states, one strewn with difficult structural obstacles, and other roadblocks arbitrarily imposed by powerful external interests, despite their rhetoric to the contrary.
25. The truth is that even if the millennium of individual direct integration into a truly liberalized global economy were to be achieved, this would not be the same thing as the enlargement of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

domestic economic space. There would still be scope to earn dividends from synergies triggered by a comprehensive rolling back of boundaries within CARlCOM and the meshing of the individual markets into an organic integrated whole. Further, these dividends, it should be noted, relate to the strengthening of domestic sources of growth as well as the possibility of enhancing externally driven growth. In any case, the creation of an enlarged economic space within CARICOM provides a common platform from which member states in a posture of open integration, can interface collectively with selected key processes in the global liberalizing process.

26. But the mere establishment of the formal structures of an integration framework is not the same thing as delivering the substantive end results sought. This only creates potential. We must recognize that the sustained effort over the past several years to create a CARlCOM Single Market and Economy represents a major undertaking towards realizing at least some of that potential. The Community faces a challenge now to intensify and build on that effort, and this paper offers some suggestions later, in that regard.

Avoiding Marginalization in the World

27. The third of these purposes of CARICOM, which indeed, is closely linked to the first two already mentioned, is that of Protecting Caribbean societies through joint action, from the all too real dangers of economic, political, social and cultural marginalization in the world. That was an urgent aspect of CARICOM's mission at the birth of the Community. In the dynamics of today's world, this basic purpose is now even more urgent. CARICOM has been engaging in various forms of action that give concrete expression to this purpose, the operation of the Regional Negotiating Machinery (RNM) being an important case in point. The Community should gear itself to face additional challenges in this area.

Reducing Cost of Services

28. The last of these four purposes of CARICOM and an intended outcome of those previously mentioned, is the practical matter of reducing the unit cost of selected key services that are vital to

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

the social and economic well being of CARICOM citizens.

29. The region's leadership faces an abiding challenge to devise strategies to ameliorate the per capita cost of government and services that the people of CARICOM have to bear. This is a challenge to leadership anywhere in the world, but it is a matter of particular urgency in a regional grouping of small states, where per capita cost of services can remain higher than in large countries, even after fully exploiting the scope for rationalization and collective action.

30. The Caribbean Examinations Council is an outstanding example of collective action to provide a vital service on a common regional basis, thereby mitigating what the cost to users would have been if each member state had established its own examinations system. In the absence of political union, CARICOM must maintain the search for areas where the range of such common services can be broadened. This paper offers some suggestions later in this connection.

3. Regional Political Governance and the Institutional Machinery of the Community

Political Governance

31. Given the indisputable imperative towards unity that persists in the consciousness of West Indians, it is not surprising that in regional public discourse, important issues arise from time to time, concerning the mode of political governance to which the Commonwealth Caribbean should aspire.

32. The reality within CARICOM is that perspectives on political union vary from member state to member state and from group to group within any member state. While the leadership in some particular member states has evinced a readiness to advance into political union, some of the other member states currently view political union as a very long term matter, and yet others do not have it on their radar screens even for the long term. Accordingly, the challenge is for the membership of CARICOM as a whole to find modus operandi to pursue an effective multi-dimensional strengthening of CARICOM without prejudice, in the meantime, to their various differing perspectives on the question of political union.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

33. The first thing in this modus operandi is for there to be a distinction between two kinds of matters in regional discussion. One category of matters concern those issues in regional development which have reached a sufficient degree of crystallization in public and official debate to warrant them being moved onto an action track for implementation. The other category concerns those issues that should await the benefit of the widest possible consciousness-raising debate in all available fora, at national and regional levels, before judging whether they can be crystallized for action, either by the full membership of the Community, or by a sub-group of the membership, where possible and without prejudice to the interests of the wider Community
34. The issue of political union among CARICOM countries seems to be one ideally suited for consciousness-raising debate and discussion by the general public, utilizing the print and electronic media conferences, seminars, and by as wide a range of NGOs and civic associations as possible. The process could be supported and informed by scholarly studies and analyses, suitable for popular dissemination among the general public.
35. In this, the University of the West Indies is well placed to promote and support this process of public discourse. Further, as with any consciousness-raising effort, no time limit should be imposed on this process.
36. What then, is the broad political principle on which the Community must continue to function and evolve? The goals of CARICOM dictate that it must be a principle that carries the clear message that though the member states will continue to preserve their separate identities, they will not, in their mutual relations, maintain a rigid protective wall around every last iota of their individual sovereignties. Otherwise, there would be no point in CARICOM states coming together in a Community.
37. Accordingly, the leadership and people of the region should explicitly accept that for the foreseeable future, the Community will operate as an association of states, exercising sovereignty individually and collectively, and without prejudice to sub-groupings of the membership entering into political integration or other forms of closer association among themselves if they so desire.
38. The expectation is that within the framework of a Community of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

States, the members would engage in the joint exercise of sovereignty through regional structures on a carefully negotiated case by case basis. The vision is one of national sovereignties complemented by cross-cutting joint exercise of authority in agreed selected areas, with the modalities for action in each such instance of collective sovereignty being specifically negotiated.

39. Action is already unfolding along these lines in CARICOM. The areas selected could be widened with the passage of time, reflecting an increasing rolling back of national boundaries with respect to issues where collective, joint sovereignty advances everyone's interests more efficiently than the exercise of individual sovereignty. It is going to be important, of course, to proceed with this paradigm on the basis of a sober realization that bold political leadership will be required in identifying the areas for the joint exercise of sovereignty, and in designing the modalities for operationalizing this collective sovereignty in each case.

The Institutional Machinery of the Community

40. Essentially, our community of states undertakes decision-making and action on three levels. First, it acts through political structures with representative decision-making boards operating on the basis of unanimity or of specified majorities. An example of this would be the Organs of the Community. Second, it acts through specialized regional bodies, like the Caribbean Examinations Council, for example, which have been established by the member states to carry out specified functions. On a third level, there is a wide range of consultation, coordination and cooperation activities, pursued in either an ad hoc or institutionalized manner.

41. The attachment to this paper sets out the overall institutional machinery of CARlCOM. It highlights the Community's direct policy-making Organs, which are supported by a number of technical advisory Committees. This part of the institutional machinery reflects substantial reform introduced by the revised CARICOM Treaty. Nevertheless, it needs to be further developed in order to make the Community more effective.

42. The central proposal here is that the Community should now consider the establishment of a CARICOM Commission, which

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

would have the effect of streamlining and strengthening decision-making and implementation in the Community. The precise modalities of the relationship between the CARlCOM Commission and the CARlCOM Secretariat, the Organs of the Community and member Governments would have to be carefully defined.

43. A special report on this matter, prepared by a working group of Heads of Government chaired by the Prime Minister of St. Vincent and the Grenadines, will be presented to the Conference for its consideration.

44. Concerning the functioning of the Community Organs themselves, experience indicates that there is a need to enhance the effectiveness of the Community Council, COTED and the Council for Finance and Planning (COFAP), particularly as they impinge on the development of the Caribbean Single Market and Economy.

45. It is proposed that the Conference request these Organs to prepare recommendations on the requirements for more effective discharge of their Treaty assigned functions.

46. The attachment also lists the specialized regional agencies, each established under its own charter with its specified function. The revised CARICOM Treaty simply grants formal recognition of their existence. It is some thirteen years now since the last comprehensive review of the specialized regional organization was done.

47. It is time once more to subject identified agencies from among them to an examination of their functioning, their continuing relevance and their scope for rationalization.

Strengthening the CARICOM Secretariat

48. Within the framework of the Community's institutional machinery, which would include the contemplated CARICOM Commission, a continuing challenge facing the Community is that of enhancing the technical capacity of the Secretariat and encouraging it to hone the working processes it employs to bring substantive policy and programme matters to the point of decision by the Community Organs. It is expected that the Archer Report on the structure and functioning of the Secretariat will be drawn upon to advance matters in this area. It is essential

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

that the Secretariat should be equipped with the resources and the expert personnel to prepare technically sound proposals for decision which are at the same time, financially, economically and administratively feasible. This should be buttressed by a process of consultation with governmental and non-governmental interests which fully informs the design of the proposals to be formulated for decision.

49. The matter of the Secretariat's budget, and that of the Commission when it is established, is obviously of critical importance to the functioning of the organization. Two issues relating to the organisation's budget should be given serious and early consideration in light of the need to support enhancement of its overall performance. The first issue is that of introducing a certain degree of automaticity in the financing of the budget.

50. On at least two separate occasions since 1984, studies were undertaken on the feasibility financing the Secretariat's budget (and possibly those of some other selected regional bodies) on the basis of a very small cess on CARICOM imports, whether from all sources or from extra-regional sources. The studies recognized that the administrative logistics of collection, transfer and draw-down for the purpose of undertaking approved expenditure would need to be meticulously worked out, but this was not seen as an insurmountable problem. Importantly, the studies contemplated that the adoption of such a system could be implemented without prejudice to the continued operation of a budget contribution formula among member states and would not compromise the power of the relevant Community organ to approve the Secretariat's budget.

51. It seems that the time is now ripe for this matter to be revisited, and it is recommended that the Secretariat and the Budget Committee be mandated to review the original proposal in light of current conditions and work out the parameters of a system for consideration of the Community Council and Conference.

52. In revisiting the matter, it is suggested that in addition to the idea of a cess on imports, the examination should also take into consideration the benefits from the Community that corporate entities in individual member states enjoy from time to time.

53. The second issue concerning the Secretariat's budget is that of the introduction of a robust programme component. For the entire history of CARICOM, the budget contributed by member

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

states has substantially been for regular recurrent expenditure, with very little going towards programmes (even if a proper approach to resource utilization should, in the final analysis, regard recurrent administrative expenditure as a part of overall programme costs.)

54. The Secretariat is customarily left to mobilize grant funds from multilateral and bilateral donor sources to undertake studies, projects and programmes. The Secretariat must, of course, continue to mobilize resources from these sources to support its work. But the time has come for the Community to start introducing a programme component into the Secretariat's budget, and there are several cogent reasons for this.

55. Firstly, there is the question of image. It does not seem appropriate for CARlCOM to be depending almost wholly on external donor financing for its programmes and projects.

55a. Secondly, grant funding is becoming scarcer as aid fatigue sets in among donors and aid budgets get cut, and as technical and financial assistance is concentrated more and more on the least developed countries and regions.

55b. Related to this, thirdly, is the uncertainty attached to the prospects for achieving CARICOM projects and programmes: uncertainty as to whether funds will be obtained; even when funds are approved, uncertainty about the timely flow and availability of the resources; and uncertainty about the sometimes arbitrary dictates of donors concerning the design and orientation of the projects to be developed.

Implementation - The National Dimension

56. In addition to the points made above about the work of the existing CARICOM institutional structure, the specific matter of implementation, about which there has been considerable criticism throughout the history of CARICOM, needs to be addressed. It goes without saying that prospects for satisfactory implementation are influenced by the quality of the preparatory technical and consultative work that shape the decisions adopted by Community organs. Preparatory work from the very outset should be pursued with an eye to the political and administrative

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

conditions of implementation.

57. At the same time, however one looks at it, implementation of strategic decisions aimed at moving the Community to deeper levels of integration rests, in the final analysis, with national authorities. Even with the establishment of the proposed CARICOM Commission, with a possible power to draw up instruments that automatically have the effect of Community law within member states, the Commission will still have to collaborate with national authorities in the framing of these instruments, and rely on member Governments to ensure that instruments are given practical operational effect at national level.

58. Accordingly, corrective measures to resolve the implementation problem in CARlCOM should be addressed to defects at the national level as much as to defects at the regional institutional level. Here, we come face to face with the issue of the capacity of the machinery of Government, which of course, varies from member state to member state. Community decisions aimed at deepening integration must, in order to have effect, be translated into national action. This often turns on the question of national legislative and administrative capacity to give effect to agreed Community decisions.

59. In order to help relieve this capacity bottleneck in the specific case of the CSME, CARICOM is already mobilizing legal drafting assistance from the regional level to supplement resources at the national level, where needed. It is suggested that this initiative be consolidated and broadened, perhaps through the permanent establishment of a small unit of drafting experts in the Secretariat, for deployment as needed.

    59a. An alternative approach would be for the Secretariat to maintain a roster of drafting experts on whom it can call as need arises. These experts could be used either to prepare model implementing legislation, or to provide specific drafting support to particular member states.

    59b. This could be one initiative for funding under the proposed Development Fund contemplated in Article 58 of the revised CARICOM Treaty.

60. It is suggested that the Secretariat study the feasibility of this matter and report to the Legislative Committee and the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Community Council.

61. There is a further aspect of national implementing action that should be mentioned. It is the attitude and posture of frontline functionaries who have to apply regionally agreed measures after the requirements for national approval have been satisfied. It is sometimes the experience that even after all the procedures have been effected by national authorities, the frontline functionaries responsible for their practice and application, remain uninformed or indifferent to the matter.

    61a. National authorities, supported by regional institutions as needed, should actively assume the responsibility to ensure that the relevant local officials are given adequate orientation and instructions to undertake smooth and effective application of Community decisions that have been formally adopted at the national level.

4. Suggested Areas for Advancing CARICOM Integration

62. The discussion in Sections I to III provides a background against which this paper now highlights some selected areas for advancing the CARICOM integration process. The suggestions highlighted in the section are divided into matters that should be pursued over the short to medium term, and those which are suitable for consideration over the long term.

Matters for the Short to Medium Term

Strengthening Understanding, Identity and People Contact

63. It has often been rightly said that the Caribbean Community being forged is a Community of the people and not just a CARICOM of Ministers and Officials, or just a CARICOM of trade and functional cooperation. Indeed, it is the understanding among West Indians arising from a corpus of shared values and common cultural experience that provides a setting for enhancing the potential of all the other aspects of the Community. It is always important therefore to do everything possible to reinforce this understanding. The ongoing, regular day to day life of CARICOM citizens contain myriad features

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

that sustain this understanding. It is an understanding that is sometimes borne on the wings of the various symbols to which we instinctively respond in the Caribbean.

64. The opportunity is taken here to offer suggestions on some selected matters that could help reinforce understanding and identity among the people of the Community. Some of these matters may be seen as being merely symbolic and of little importance individually. But, to be without symbols is to subscribe to a poverty of the spirit that robs a people of their ethos. Also, the matters raised should not be judged only individually, but also for their mutually reinforcing effect in strengthening identity when taken together.

Strengthening Communication and Information Flows

65. The maintenance of strong communication and information flows among CARICOM people within the region and in the diaspora is vital to the strengthening of regional identity and understanding. This imperative has been reiterated repeatedly throughout the history of CARICOM. Notably, it was extensively addressed in the West Indian Commission report of 1992, which advanced a number of general recommendations to strengthen communication and information flows. These recommendations are still relevant, and need not be repeated here.

66. The advance of technology and the increasingly widespread availability of communication infra-structure - television, radio, telephones, the internet - present CARICOM with opportunities as well as challenges in efforts to strengthen communication and information flows. The challenges are certainly many and formidable:

- there are competing demands for attention from external cultural and information flows. (Interestingly the experience of cricket shows that this is not an insurmountable challenge. Vast numbers of West Indians at home and abroad ignore other offerings to become riveted to radio and television relays of first class cricket, especially when the West Indies team is doing well;)
- there is a challenge to develop both official and non-governmental sources of communication and information flows. It is essential that there be an increasing momentum of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

communication within the Community outside of governmental and official sources;

- the content and the packaging of communication and information products within the region need to be attractive and user-friendly to the people;
- most importantly, financial constraints have been an ever present obstacle to the development of communication within the Community. These financial constraints persist, even with the effort in recent times to rationalize the operations of the Caribbean Broadcasting Union (CBU) and the Caribbean News Agency (CANA) through the establishment of the Caribbean Media Corporation (CMC).

67. The financial constraints which exist pose a challenge to all relevant interests to find ways of using already committed resources to enhance communication and information flows within the Community. With this in mind, the following suggestions are offered, which are additional to the general recommendations already contained in the West Indian Commission Report:

- Government Information services at the national level which are already equipped with budgets, personnel and access to dedicated air time on radio and television, should undertake to use some of these resources to give exposure to Community issues and problems.
- Communication within CARICOM will depend critically on the role played by the region's cadre of professional communicators in the media. The Caribbean Institute of Media and Communications (CARIMAC) represents a media training asset already in place whose training programmes could contain features aimed at stimulating the consciousness of media trainees about the communication dimension of regional integration.
- The existing media houses along with their management and journalistic staff also represent communication assets and resources already in place, which can be harnessed to enhance communication and information flows within CARICOM. In large measure, the matter is one of editorial policy.
- While avoiding any impression of the public sector seeking to prescribe editorial policy, the leadership of the Community

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

should conduct consultations with the management and editors of media houses with a view to encouraging fuller coverage of Community issues and regional information.

- In particular, the practice of making an annual award for the best coverage of regional matters should be reactivated.
- Very importantly, CARICOM should pursue effective execution of the European Union (EU)-funded project to design and implement a strategy to take advantage of modern satellite technology to keep people throughout CARICOM in radio and television contact with one another. The Secretariat should be requested to collaborate with all relevant interests to advance this matter.

Cricket

68. In any discussion of the matter of mutual understanding among West Indians, attention must of necessity be addressed to cricket, which for many decades has been the premier symbol of West Indian pride and identity. Because of the waning fortunes of the West Indies team in international cricket in recent years, there is a real risk of a decline in the potency of this symbol. Important initiatives are in train to restore West Indian test performance to its former strength, including professional training facilities in Grenada and at the Cave Hill Campus of the University of the West Indies (UWI). But these initiatives are aimed primarily at honing technique.

69. It is suggested that these efforts be complemented by the introduction of a highly focused programme of leadership development for cricketers who have reached the Test level. The idea is that all players who are regarded as falling within the pool from which Test squads are drawn, should be exposed to this programme. The UWI and the WIBC should collaborate in designing the programme and the UWI should execute it, with financial support being sought from corporate entities within the region. The development of players that would result from this programme would lead to an improvement in strategizing skills and tenacity in the field, resulting in better outcomes that would lift the collective spirit of West Indians.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Cricket World Cup, 2007 in the Caribbean

70. West Indies cricket administrators are already busy with their preparations to host the 2007 World Cup. But while cricket will be at the centre, the occasion provides widespread opportunities beyond cricket to showcase Caribbean life and culture. Individual CARICOM countries should consider setting up multi-disciplinary preparatory committees to exploit these wider opportunities, and adequate liaison among these Committees should be established in order to highlight the regional dimension.

Mix of Nationalities on UWI Campuses

71. The UWI proper, has been the Community's premier regional institution, par excellence, which over the years has forged a sense of regional identity among its graduates. This has led to the creation of a cadre of professionals in many walks of life with a strong sense of community, forged out of the experiences and the life they shared as UWI students. There has been a fear that the role of UWI in nurturing this sense of mutual belonging across national boundaries could become attenuated with the restructuring that led substantially to national control of the respective national campuses, even though there was a commitment to retain and protect the regional character of the institution.

72. What have been the results after some 18 years experience with the restructured model, particularly with respect to the interchange of students from different territories? In the interest of preserving and strengthening mutual understanding among the peoples of CARICOM, the mix of nationalities in the student body on each campus should not be allowed to fall below certain critical levels.

    72a. The UWI should be requested to undertake an analysis of this question and a report presented to the Council for Human and Social Development for consideration. The UWI should also be asked to examine the merit of establishing a Chair of Caribbean Integration Studies.

73. In the same spirit of the idea of maintaining an adequate mix of nationalities on the UWI campuses, it is desirable to develop and implement a well orchestrated youth exchange programme

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

within CARICOM. Such a programme could involve the participation of secondary schools, youth clubs, and private families with the regional airlines playing a supporting role. Regional corporate entities could also provide financial support. It is proposed that the Secretariat be requested to study and consult with appropriate entities on this matter and report to the Council for Human and Social Development (COHSOD).

CARIFESTA

74. In another area, the Community has a marvellous instrument in the Caribbean Festival of Creative Arts (CARIFESTA), the quadrennial manifestation of the performing arts in the region, for building and preserving identity and understanding. There was a period in the past during which the even flow of the four-yearly staging of CARIFESTA was interrupted and there were grave uncertainties about the future of the festival. However, the region succeeded in establishing satisfactory institutional arrangements, including, importantly, the functioning of the Regional Cultural Committee, to ensure the regular staging of CARIFESTA.

75. All concerned interests at regional and national levels should exert every effort to maintain this momentum, and to continuously hone and develop the CARIFESTA product, including inviting participation from West Indian communities in the diaspora.

    75a. One specific idea suggested here for study is the introduction of a substantial quadrennial prize, to be awarded during CARIFESTA, for the best artistic product from the preceding four years most evocative of West Indian unity. Entries for this prize could be from any field of creative endeavour, and should meet minimum standards to be established. The Regional Cultural Committee could be asked to study this matter, and if considered feasible and advisable, promote it among the region's creative workers, as well as sources of financial support for the idea.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CARICOM Passport

76. The concept of a CARICOM Passport has been cited often in the past as a possible powerful symbol of regional identity. There are, in principle, two alternative modes for the employment of a CARlCOM passport. One is the idea of utilizing a CARlCOM passport as a definitive travel document for CARlCOM citizens, replacing national passports. It is understood that this concept would run into legal and technical difficulties in the face of international norms governing cross-border travel.

77. This leaves the alternative idea of introducing a CARlCOM passport only in symbolic terms. In other words, national passports would of necessity be retained, but with the introduction of a design feature carrying the message that the holder belongs to the wider Caribbean Community family. This would reinforce collective identity both from the point of view of the holder's self-image and in the eyes of the outside world.

    77a. In the case of the Organisation of Eastern Caribbean States (OECS) countries, which are reportedly giving consideration to an OECS Passport, it would be a matter of having the extra design features carry a message of both the OECS and wider regional identity.

78. This concept has been on the regional agenda for nearly three decades. Encouragingly, it is presently once more before member Governments for consideration, though it appears to be bogged down by perceived technical difficulties. It is recommended that member states intensify their collaboration with the Secretariat to bring this matter to a clear conclusion.

Observance of the Charter of Civil Society

79. The Charter of Civil Society, which is a codification of a body of civil society ideals and standards of political governance embraced by CARlCOM countries, should also contribute to the consolidation of a distinctive regional identity. The Charter, originally proposed by the West Indian Commission in response to widespread popular sentiments expressed during its hearings, has been adopted by CARlCOM member states as a non-binding undertaking on standards of governance.

    79a. The Charter has been given the publicity it deserves.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

It should not be allowed to become a set of pious declarations soon forgotten. There is a challenge now to ensure that the Charter becomes a living document in the lives of West Indians.

80. It is proposed that the Charter be transformed into a legally binding arrangement, thereby giving it an active role in the functioning of CARICOM societies.

80a. Additionally, it is proposed that arrangements be made to prepare annual or other periodic reports on member states' observance of the principles of the Charter, and that these reports be used as a basis for member states to undertake peer reviews of one another in respect of the ideals enshrined in the Charter.

80b. Citizens should have recourse to the CCJ, under its original jurisdiction, to redress breaches of the Charter.

81. With respect to the conduct of elections, a subject that is given prominence in the Charter, it is specifically recommended that a CARlCOM observer presence at national elections within the Community, which has been mounted on an ad hoc basis in the past, should now be institutionalized as a regular practice. This CARICOM observer presence may, from case to case, either stand alone or be incorporated in wider observer exercises.

The Community's "Good Offices" Role

82. There is a further important matter that is closely related to the issue of observance of the Charter. It is the role of the Community in the resolution of internal political crises within member states, or political disputes between member states. There has been a tentative emergence in recent times of an incipient 'good offices' role on the part of the Community in these situations. On the whole, the experience seems to have been positive, with the Community's `good offices' role helping to find a way forward in some circumstances, and at least doing no harm in others.

83. It will be too much to expect that such crises and disputes will not occur in the future, and the question arises whether the Community should be left to respond in an ad hoc manner, or

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

whether, short of rigid codification, an attempt should be made to introduce a certain degree of structure and a measure of predictability to the Community's exercise of its 'good offices' role.

83a. With the Community's experience so far in this emerging matter, and with the expectation that there could well be demands in future for such a 'good offices' role, it appears necessary for the Conference of Heads of Government itself to address this challenge, possibly on the basis of a working paper prepared by the Secretary General with the advice of a high level group of officials from member states.

Salience of CARlCOM in National Domestic Politics

84. Another matter touching on the strengthening of regional identity, concerns the general question of salience of the CARlCOM idea and CARICOM issues in national politics and consciousness. Paradoxically, the basic underlying sense of regional identity persists in the CARICOM member states alongside a troubling lack of salience of the CARICOM idea and CARlCOM policy issues in the domestic political discourse of these same countries.

85. Three ideas are raised here which could help address this paradox. First, member states should revive the practice of meaningful observance of CARICOM Day, which has been somewhat neglected in some member states in recent years. Reviving the regular annual observance of CARICOM Day could be pursued with individual member states exercising the option whether or not to establish it as a public holiday. At each national level, observance of the day could be marked with one or more easily managed event, such as a CARICOM Youth Summit or special radio and television broadcasts.

85a. At the same time, member states' diplomatic missions in foreign capitals could reinforce their existing occasional practice of jointly hosting a CARICOM Day reception in very much the same spirit in which representatives of European Union countries abroad host Europe Day receptions.

86. The second idea is that in each member state, the CARICOM

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

standard be raised and lowered daily alongside the national flag. This would create a direct and immediate daily visual impact which would help build popular' consciousness of CARICOM.

87. Third, member states should let their citizens see CARICOM policy issues being debated from time to time in their respective national parliaments. The record in CARICOM shows that such activity is conspicuous by its relative absence. Regional governments should be aware that the silence of their parliamentary agendas on Community issues transmits a negative message to their citizens: if leaders appear to think that CARICOM matters are not important enough to occupy parliamentary time, then citizens, consciously or sub-consciously, might be inclined to relegate such matters to the backwaters of their consciousness and daily discourse, even while their innate sense of West Indian oneness remains intact.

88. The absence of parliamentary discussion of regional issues might serve to insulate CARICOM from criticism in local parliamentary fora (which itself is a loss,) but it also cuts off the Community from potential rich sources of ideas on the way forward for Caribbean integration. There is every probability that the interest of citizens would be stimulated by a process of informed debate on Community issues in the national parliaments. As evidenced by recent Jamaican experience during local parliamentary debate on the proposed Caribbean Court of Justice, a wide cross section of citizens, professional organizations, and civil society groups can themselves become engaged with important Community issues that are addressed by their parliamentary representatives.

89. In the same vein, the Assembly of Caribbean Community Parliamentarians which has been convened only twice since its inaugural session in 1996, should be brought to the point where it performs its functions fully and regularly. For example, the Assembly could be an ideal forum for presentation and discussion of the proposed annual report on member states' observance of the Charter of Civil Society.

CARICOM and the Political Opposition in Member States

90. The vibrancy of national debate on domestic policy issues is due in no small measure to the fact that national political oppositions

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

are fully engaged with these issues. This should be no less so with respect to regional policy issues in a Caribbean Community with an active presence in the lives of CARICOM people. Engagement of national political oppositions in this way would certainly help to enhance the salience of CARICOM in national domestic politics. Of course, much depends on national political oppositions being driven by their own interest to become engaged by making the necessary demands on Governments and on regional institutions.

91. In this, there are numerous possible ways to involve political oppositions more fully, and some suggested approaches are highlighted here.

91a. First, each member Government could consider including opposition members in their delegations to those CARICOM Meetings which it deems suitable for the purpose.

91b. Second, regular periodic briefings could be organized for national oppositions collectively at one venue.

91c. Third, the Secretary General should take the opportunity to provide direct individual briefings on Community developments to the Leaders of the official opposition in national parliaments.

91d. Fourth, the Secretariat should ensure that opposition parties are included on its mailing list for the dissemination of information materials.

91e. Most important, however, the opposition parties themselves should develop their own independent interest in CARICOM matters and CARICOM regional institutions, the agencies and their officials should stand ready to respond to such displays of interest.

5. Strengthening Cooperation and Integration to Reduce the Cost of Services

92. Reference was made in Section II to the Caribbean Community as a collective instrument for reducing or controlling the cost of critical services to the CARlCOM people. This must be a fundamental practical purpose of CARICOM if it is to remain

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

relevant in the eyes of the citizens of the region. This paper identifies some selected areas in which there could be new and intensified effort toward fulfilment of this particular raison d'être of CARICOM.

Regional Air Transportation

93. The provision of adequate air transportation services for intra-CARlCOM travel and for travel between the region and extra-regional destinations has been an abiding policy preoccupation of CARICOM governments individually and collectively. The rationale for this permanent concern has remained the same through changing structures of ownership of regional carriers: namely, that it is absolutely essential to have a guaranteed assurance of airlift for the purpose of movement of CARlCOM citizens (and appropriate merchandise) intra-regionally and extra-regionally, as well as for the purpose of ensuring the travel of foreign tourists and business persons to and from the region.

94. The point is sometimes made that the region could leave it to large extra-regional carriers to provide these services, and they certainly have the capacity to do so. However, experience has shown that these carriers can cut routes and service with little or no notice, and with scant regard to the repercussions on the region. Accordingly, many subscribe to the view that this objective of having guaranteed availability of airlift is best achieved by having one or more regionally based airlines that can cater to a significant percentage of this travel market. This position seems to be implicit. Consideration should be given to the adoption of a clear Community Air Transportation Policy in which this and other vital matters affecting air transportation are made explicit.

95. Within this context there is the interest in making air transportation as affordable as possible for CARlCOM citizens. In this connection, there has been frequent articulation of the presumed benefits of the ideal of a comprehensive merger of regional carriers. The reality however, is that with the trend of increasing privatization of regional carriers, corporate mergers among them cannot be mandated by member Governments, even if they were minded to do so. Rather, the challenge is for member Governments to subscribe to a clear collective policy

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

and incentive framework within which the airline corporate entities can individually or jointly pursue optimalizing measures that increase efficiency and benefit consumers.

96. In this connection, the Community should strongly welcome the recent re-emergence of the idea (previously addressed by regional airline executives in the late 1980s under the auspices of the CARICOM Secretariat) of the airlines pursuing certain important common functions jointly. Even this modest exercise in functional cooperation, if well managed, can bring increased efficiency, and should be strongly encouraged in the ongoing interface between the airlines and regional institutions and national authorities.

Enhanced Cooperation in Health Development

97. The area of health care is one which beckons with rich possibilities for intensified regional cooperation, with attendant practical benefits for CARICOM citizens. The ideal of a comprehensively integrated regional health system is perhaps something in the far off long-term future, though the eyes of the Community should perhaps never be taken off this dream. Short of this ideal, there are specific areas of health services which can be the subject of intensified structured cooperation. An example of this already exists in the field of epidemiology, where the Caribbean Regional Epidemiological Centre (CAREC) has been providing valuable regional service over the years. All necessary measures should be taken, in collaboration with the Pan American Health Organisation (PAHO), to ensure that CAREC continues to perform its function.

98. An important area for joint action in health is the pooling of existing Government programmes for procurement of pharmaceuticals, perhaps on the basis of CARlCOM formulary focusing on generic drugs. There was active discussion of this matter at the CARICOM regional level during the first half of the 1980s, and a highly successful scheme with demonstrated savings was eventually introduced by the OECS countries (Eastern Caribbean Drug Service.) The time has perhaps come for this concept to be reactivated at the CARICOM level. Indeed, it is understood that the procurement of drugs for AIDS patients is being pursued by Caribbean countries on a pooled

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

basis. It is proposed that the question of the pooling at the CARICOM level of Government procurement of pharmaceuticals be introduced into the regional agenda for study and action.

99. Health insurance is also an area that has potential for closer regional cooperation. As far as the provision of private health insurance coverage is concerned, participants in these schemes, as a general rule, continue to enjoy their benefits wherever they might happen to be physically in the region at any given moment. However, where these private providers are able to exploit opportunities for mergers and rationalization, some benefits should flow to consumers, either by way of reduced costs or by mitigation of upward pressures on costs. Member governments should jointly examine the scope for encouraging these possibilities by appropriate adjustments in their regulatory framework.

100. Public-sector health insurance schemes in CARICOM are still at an embryonic stage. As schemes become more established, however, attention should be addressed to making coverage under them portable among member states. This would provide welcome complementarity to the portability of social insurance benefits which is already receiving attention in CARICOM.

Joint External Representation

101. This is a subject which carries great potential for achieving significant savings in an important Government function. It was a perennial item for many years on the agenda of CARlCOM Foreign Ministers. It is an issue that goes to the practical matter of efficiency and savings, as well as to the matter of collective identity before the world. Notwithstanding the potential positive returns, the benefits of external joint representation are yet to be garnered by CARICOM members. In reenergizing the drive in the thirtieth year of CARlCOM towards deeper integration, the time is probably ripe to renew attention to this matter.

102. In May 1991, CARlCOM Foreign Ministers, conscious of the complexity of the subject, adopted a strategy for pursuing joint external representation, in which the matter was broken down into its several elements, and objectives defined for the short, medium, and long term. The Ministers sought to carry the matter

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

forward in several sessions since 1991. Consideration was given to joint representation in terms of:

a. single diplomatic missions in selected capitals;
b. separate individual missions housed in a common physical complex;
c. accreditation and representation at the Headquarters of International Bodies of strategic importance to CARICOM members;
d. representation at meetings of the Organs of International Bodies;
e. representation for the purpose of providing consular services.

After much effort however, the practical results envisaged were not forthcoming. It might be mentioned that with respect to the establishment of single CARlCOM diplomatic missions, it was considered that it was too complex a matter to disturb already existing diplomatic missions and that the idea should be pursued in regions of political and/or commercial importance to member states where no CARlCOM diplomatic presence was established as yet. In this connection, Japan and South Africa were at different times thought of as ideal locations. It is proposed that COFCOR actively revisit the matter of joint external representation in its various dimensions, assisted by experts from within and/or without the Secretariat and who need not be serving officials of member Governments.

Creation of a Regional Security Community

103. The Conference is already seized of the urgent need for effective collaboration among member states to combat the security threats they face. A regional Task Force on Crime and Security has been working actively on the subject. As recognized by Conference at its 14th Inter-Sessional Meeting, it is necessary to conceive of the security of small states holistically, and not just in terms of standard threats from external conventional military forces. The increasing trends in drug trafficking and the associated rise in violent crime in several countries constitute a more dire threat to national security than the traditional sources of threat.

104. This issue of security touches the lives of the people in a rather direct way. How then, can CARlCOM integration be seen in

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

their eyes as doing something to ameliorate this concern that they have? Can CARICOM collectively enhance security over and above what individual member states can do by themselves? The Regional Security System of Barbados and the OECS countries certainly sought over some twenty years now to achieve just that, and that experience could be drawn upon. The fact is that the shaping of a "security community" within CARICOM may very well be one of the initiatives that are required in order to move towards a true fulfilment of the Caribbean Community.

105. The key elements that could comprise a CARICOM "security community" have already been identified by the Task Force, and entail matters such as the structured and secure exchange of sensitive intelligence, the exchange of senior security officials, arrangements to deploy security assets from one or more jurisdictions to another finding itself under undue pressure, joint training exercises, and joint interdiction operations. The work of the regional Task Force on Crime and Security and the conclusions of the Conference on the subject at its 14th Inter-Sessional Meeting must be further developed towards the permanent institutionalisation of a security community in the region.

(6) Joint Expansion of Output and Employment

106. With the concept of private sector led growth being the current dominant philosophy of development, Chapters II and III of the revised CARICOM Treaty have prescribed pretty comprehensively the measures which when put in place, will constitute an enabling framework to allow energetic and aggressive small, medium and large enterprises to expand output and employment across national borders in the common economic space of the Single Market and Economy.

107. In this context, there are three important challenges. The first is the challenge for practical implementation by member states of the scheme set out in the Treaty, and the active pursuit of the goals outlined for the Organs of the Community. Much action by member states is already underway in terms of establishing the nuts and bolts of the Single Market and Economy. But, implementing capacity problems are arising. This will require a

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

difficult setting of priorities by national administrations, supplemented by the deployment of the kind of drafting assistance mentioned in Section III above.

108. The second challenge is for the logic of the Treaty schema to be filled out even more ambitiously. For instance, the experience over the past ten years with the commitment to allow free movement of certain categories of persons for the purpose of work, suggests that the perceived risks of moving to a greater liberalization of the movement of labour is perhaps not worth the administrative cost of monitoring and controlling the working of the system as currently conceived. It is suggested that COTED undertake early assessment of the matter of broadening the categories of persons who can move freely for the purpose of work.

109. The third challenge takes us beyond the mere formal establishment of the legal enabling frame-work contemplated in the revised CARICOM Treaty. Even after all member states shall have taken national legislative and administrative action to give effect to the most ambitious Treaty scheme for rolling back national boundaries, this amounts to nothing more than the creation of opportunity. The achievement of a marked Community-wide expansion of output and employment will depend on the use that economic actors and institutions make of that opportunity. How far will enterprises and individuals overcome the inertia of a nation-bound outlook and become economic actors on the wider stage of the enlarged economic space of the Community? This is the question.

110. The prospects will depend as much on the drive and initiative of private actors as on the supporting role of public institutions and programmes. This point is critical. It is important to have the right Treaty provisions in place, followed by the required national implementing actions. Ultimately however, the expansion of output and employment boils down to sustained improvement in physical and institutional infrastructure, and to myriad practical acts of investment, small, medium, and large, taking place in the enlarged domestic economic space of the Community, targeted at national, regional and extra-regional markets. In this, discerning and perceptive entrepreneurs, individually or in groups, and their sources of credit, will undertake their own identification of the areas of production of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

goods and services, where it is deemed worthwhile to risk their capital.

111. At the same time, however, a well managed programme of complementary activities by national and regional institutions can be strategic in helping entrepreneurs towards their investment decisions. One important component of this programme should be a comprehensive and well targeted plan of information dissemination about the details of the CARICOM legal and administrative enabling framework. There is no point in developing and adopting intergovernmental regimes about which the actors who are to use them remain ignorant and uncertain.

112. Another component of this programme should be a range of well executed studies broadly identifying areas for potentially profitable investment in terms of the region's resource endowment and regional and extra-regional marketing opportunities. Such studies should address not only already existing resource endowment, but also resource creation to exploit identified market opportunities. These studies should be available to the widest possible interested audience. In this connection, the Report of the Caribbean Trade and Adjustment Group (CTAG) on "Improving Competitiveness for Caribbean Development" should be drawn upon for identifying specific lines of action for enhancing productive performance in CARICOM.

113. The third component of this programme of complementary activities should be regular, structured consultative sessions between the region's political leadership on the one hand, and representatives of business, labour and civil society organizations, on the other. Such consultations should already be taking place at national levels. At the regional level, they should be aimed at sharing information on the concrete experience of the working of the CARlCOM enabling framework, and exchanging views on strategies and initiatives for improving the framework and encouraging investment. To be of value, these consultative encounters need to be properly planned and be based on thorough and informed deliberations within each constituency represented. It is proposed that the Secretariat should work with the relevant Organs of the Community to develop and implement this programme of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

complementary activities.

114. However, an immediate and decisive step is required towards practical action to use the emerging enabling framework to expand regional output and employment. To this end it is proposed that within the framework of the revised CARICOM Treaty, and especially Article 52, the Conference appoint a high level expert group drawn from the private and public sectors, the labour movement, civil society and the relevant regional institutions to identify the opportunities and the required institutional and policy measures, to strengthen integrated production through private sector investment, in order to achieve substantial joint expansion of output and employment. The Group should be requested to report to the next Inter-Sessional Meeting of the Conference.

115. As intimated above, investment for the production of goods and services must be complemented by investment to expand public, physical and institutional infrastructure, as well as investment in human resource development. The geographical configuration of CARlCOM does not allow for a wide range of physical integration infrastructure projects, except between the contiguous member states of Guyana and Suriname, and in the fields of sea and air transportation. Nevertheless, the active modernization of physical and institutional infrastructure at national levels will be vital to the success of investment for the competitive production and marketing of goods and services domestically and internationally, and will form a continuum with the consolidation of a single CARlCOM Economic space.

116. CARlCOM countries need to engage in the mobilization of resources for this ongoing development and modernization of physical and institutional infrastructure. This financing will have to be sought from all sources - domestic tax revenues and domestic bond markets, bilateral and multilateral financial institutions, international capital markets, and (in an age of increasing private sector involvement in infrastructural development), private equity financing.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Strengthening the Role of the Caribbean Development Bank (CDB)

117. In all this, there must of necessity be an important role for the region's premier development finance institution. Any drive towards greater realization of the potential of CARICOM integration should include an effort to enlarge the CDB. The Bank, with its triple A rating, has access to capital markets and to equity and concessionary resources from its non-borrowing members and other sources. As such, it is a valuable common asset which can be exploited more intensively for the benefit of national and regional development, without compromising its financial soundness. The CDB represents a collective instrument of the region for intermediating with capital markets in a way that can result in cheaper credit to member states than they can obtain on their own, even after CDB spreads are factored in. This potential should be maximized, drawing on the institution's solid experience over more than thirty years.

118. It is proposed that the CARICOM members of the CDB invite the non-borrowing shareholders in the Bank, to consider a substantial increase in the size of the Bank, so as to mobilize more resources to undertake the increased volume of financing which the challenges of transformation within the region will demand. In this, CDB, in addition to continuing its financing of national infrastructure projects, should refine and enlarge its private sector window and encourage viable public and private sector projects that are regional in scope.

Tourism in the Regional Economy

119. Tourism is at the heart of the economies of several CARICOM States, and carries considerable potential for development in others. The Community as a whole, is host to about five million visitors per year, and the industry accounts for some ninety thousand (90,000) direct and two hundred and seventy thousand (270,000) indirect jobs, while generating estimated annual gross earnings of US$5.0 billion. Tourism is also the source of significant proportions of public revenues in a number of member states.

120. Yet, with the right mix of effort from the public and private

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

sectors, there is scope for substantial further growth of the industry in CARICOM. Accordingly, it goes without saying that in pursuing the joint expansion of output and employment in our emerging Single Market and Economy, we must address special attention to national and regional policies that encourage expansion of the industry. The region is already equipped with a certain amount of institutional infrastructure and human resources to undertake this task. At national levels in the tourist economies, Ministries of Tourism, Tourist Boards, and local industry associations are actively at work. At the regional level, the Caribbean Tourism Organisation (CTO), Caribbean Hotel Association (CHA), and periodic regional meetings of Tourism Ministers and Heads of Government, promote the overall development of the industry.

121. These institutional resources have, over the years, identified a number of strategic initiatives to support and expand the tourism sector, including in particular:

- strengthening of linkages to regional agriculture, manufacture, and services;
- development of specialized areas in the industry, namely, ecotourism, health tourism, and sports tourism;
- promotion of multi-destination tourism in the region;
- development of the special tourism market in the diaspora;
- promotion of human resource development at all levels for the regional industry enhancement of airport security;
- development and execution of joint marketing programmes;
- development of the industry in the non-tourist economies of CARICOM.

Although there has been no lack of articulation of general goals for these initiatives, there is uncertainty about follow-through.

122. It is recommended that:

- For each major strategic area that is identified for regional tourism development (e.g. enhanced linkages to regional agriculture or human resource development), a clear operational plan be prepared indicating:
- the commencing baseline situation;
- the targets to be achieved, and the time frame for doing so;

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

- the financial, institutional and policy inputs required for their achievement;
- evaluation arrangements for monitoring progress towards achievement of targets.

A comprehensive annual analytic report on, "The State of Tourism in the Caribbean Community", be prepared, reviewing progress towards quantitative targets, assessing performance in the execution of agreed strategic initiatives, and identifying challenges for policy development.

Advancing the Single Economy Alongside the Single Market

123. It is critical that the creation of the Single Economy does not lag unduly behind the establishment of the Single Market. Indeed such a lag could end up compromising the fulfilment of the Single Market itself. Member states and the Community Organs are therefore challenged to shift from a passive to proactive stance on the matter of macroeconomic convergence. To advance the creation of the Single Economy, member states will have to intensify their co-operation to bring their economies onto the same general trajectory with respect to fiscal management, monetary policy and the unification of their separate modest capital and financial markets.

123a. The Conference will need to call upon COTED and COFAP to engage in a more robust discharge of their Treaty-assigned functions in this area.

Matters for the Long Term

Widening of Pooled Procurement

124. There are, undoubtedly, other clear possibilities beyond pharmaceuticals, mentioned above, for pooled procurement, whether in terms of Government procurement or procurement by interested private sector participants in appropriate areas of business. There are three considerations that make any particular product a good candidate for pooled procurement within CARICOM:

- Firstly, a sense of the need to maximize efficiency and consumer welfare in the context of regional integration among small countries, each with limited individual

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

bargaining power;

- secondly, the identification of items of relatively homogenous specification which are in widespread use throughout CARICOM;
- thirdly, careful technical and financial feasibility analysis that demonstrates conclusively that there are efficiency gains and savings to be made which can be passed on in whole or in part to consumers around the region. Importantly, the savings to be realized are not only of direct benefit to consumers, but also imply collective conservation of foreign exchange.

125. One item, for example, that suggests itself for this kind of investigation is newsprint. All of the region's newspaper companies, as well as a number of Governments engage in continuous procurement of newsprint, a relatively homogenous item important in the cultural, social, and political life of the peoples of the region and vital to the process of communication in society. Undoubtedly, if all of the region's newspapers were to be acquired by one corporate entity, that entity would seek to use the increased bargaining power stemming from aggregated volume purchases to secure better prices. Pooled procurement here, is simply a way to jointly securing the same benefit while preserving separate corporate identities.

126. It is suggested that this matter be kept on the regional agenda for ongoing study and consultation, and that a working group be established on the subject. This ongoing examination should address attention to what enabling measures member Governments might introduce to facilitate worthy initiatives among private sector interests to engage in pooled procurement.

Enhanced Cooperation among National Judicial Services

127. It is desirable that the establishment of the Caribbean Court of Justice be complemented by enhanced cooperation among the national judicial services of CARICOM. The functioning of the individual national judicial services would benefit from initiatives such as the joint conduct of specialized training exercises, the holding of symposia for the exchange of information and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

experiences, and the exchange of visits among the judicial services.

Joint Management and Exploitation of the Resources of the Caribbean Sea

128. The patrimony of the Caribbean Sea remains substantially untapped by CARICOM Government and their people. The application of the UN Convention on the Law of the Sea has put under the national control of each national authority in CARICOM a large expanse of ocean space which exceeds it terrestrial domain. Arising from this is a critical challenge for the capacity of each individual member state to engage in effective management of its maritime space, the delimitation of which, in many cases is yet to be completed. This situation is complicated by the fact that many national maritime spaces within CARICOM intersect one another, due to the geographical closeness of the countries concerned.

129. There is a danger that formal rigid assertion of each member state's maritime jurisdiction against one another may simply lead to long term immobilism as a result of their individual deficits in capacity. At the same time, of course, serious regard must be had to the interest that each member state has in the living and natural resources to be found in its Exclusive Economic Zone.

130. The question arises whether it is possible to conceive of a CARICOM Maritime Management Authority operating on the basis of a pooling, as far as possible, of maritime zones, and with clear functions and powers relating inter alia to research and monitoring, conservation of migratory species, enforcement of fishing industry standards, and environmental protection and control of the sea. Such an institutional arrangement would represent a deepening of the recently established Caribbean Regional Fisheries Mechanism (CRFM), and could even be designed and operated to be partly, if not wholly, self-financing. In addition, technical and financial support for such an initiative would, in all probability, be readily forthcoming from agencies such as the Food and Agriculture Organisation (FAO), the United Nations Environmental Programme (UNEP) and the Global

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Environment Facility (GEF). With this approach, a solid cadre of high level technical experts could be concentrated in one system generating benefits for all, in contrast to the present status quo of limited individual capacities fragmentally dispersed around the region. Article 60 of the revised CARICOM Treaty provides a policy basis on which to embark proactively upon such an initiative.

131. One relevant consideration is that the maritime spaces of various member states intersect with those of other non-CARICOM Caribbean countries, and fishery stocks migrate between these CARICOM and non-CARICOM zones. This poses a challenge for an eventual widening of the cooperating constituency in this particular issue from the CARICOM to the Pan Caribbean level. This would bring the ACS into the preparatory planning and negotiating process, working towards an ultimate outcome either of a Pan-Caribbean Maritime Management Authority, or a strong CARICOM Maritime Management Authority in active structured collaboration with the wider Caribbean area. In any case, the idea would be first to start with whatever might be feasible at the CARICOM level. It is proposed that COTED undertake further reflection on this matter and determine the way forward.

Connecting with the West Indian Diaspora

132. As the West Indian Commission Report noted, it is increasingly being recognized that the social and demographic boundaries of CARICOM extend beyond its geographical borders to wherever West Indians are to be found in the wider world. This 'wider world' literally means almost every corner of the globe, though the significant concentrations are located in Canada, the United Kingdom and the United States of America, with these countries together being hosts to substantial populations with roots in CARICOM. Importantly, they have a yearning to maintain connection with their roots, and this is true not only of first generation migrants, but also often of succeeding generations born in the diaspora.

133. These communities are already a source of strength to the geographically bounded CARICOM. They are the source of an important subset of visitor arrivals in their respective original

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Caribbean national homes; they flock hungrily to the performances put on by visiting musicians from the Caribbean; they are already saving with financial institutions in the region and investing in the building of personal homes; and their remittances to relatives and for good causes are a key element in the national economies of the region - some 10% - 12% of GDP in the case of Jamaica.

134. At the same time, there is potential for more, which can be realized through a modest investment in carefully targeted programmes. In this connection, the West Indian Commission Report (pages 414-415), already outlined a set of nine general recommendations which this paper endorses for attention, taking the opportunity to highlight three in particular:

(a) "that credible mechanisms for the mobilization and channelling of investment capital from the diaspora be put in place."

(b) "that there be encouragement and utilization of increasingly significant West Indian lobbies in advancing the interests of the region in the political processes of the metropoles".

(c) "that tourism advertising and promotion be targeted more specifically to the growing market which exists throughout the diaspora."

135. Here we would add the specific suggestion that the already existing institutional asset of the Caribbean Development Bank, which often raises funds on capital markets, be used to design and market a special bond instrument targeted to CARICOM nationals living abroad.

136. This paper advances a further concrete proposal, beyond the general recommendations of the West Indian Commission. It is that in order to forge further beneficial linkages with CARICOM nationals abroad, the CARICOM Secretariat, UWI and selected West Indian organizations in the diaspora collaborate in organising a symposium to explore and identify ways of strengthening the connection with the diaspora.

Conclusion

137. The lives of CARICOM people continue to hover in the shadow of a gap between aspiration and fulfilment; between

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

the potential for betterment and the reality of betterment. It is not ordained in nature that the gap cannot be narrowed or eliminated. Yet, if anything, old and new pressures from the domestic and international environment threaten to make it wider. The ominous outlook created by these pressures serve to urgently remind that a people's welfare is an outcome of their interaction with the local and global environment and of the quality and functioning of the institutions they evolve to shape this interaction.

138. The Caribbean Community and its machinery for political and administrative governance were not contrived for their own sake, or as ends in and of themselves. Ultimately, they must be seen as part of the continuum of the people's overall institutional endowment, and must be evaluated on the basis of how effective they are in enhancing welfare, material and psychic. It is in this context that the ideas outlined above are advanced. As we mark the thirtieth year of the Caribbean Community, let us be resolute in our efforts to hone the operation of CARICOM the better to serve this ultimate purpose.

This article first appeared in Genesis to Prognosis (2007) edited by Hall and Chuck-A-Sang.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Institutional Machinery of the Caribbean Community

	Entity	Juridical Basis	Summary Mandate And Function	Financing Arrangements
A. DECISION-MAKING ORGANS OF THE COMMUNITY				
A1	Conference of Heads of Government	Revised CARICOM Treaty 2001	Determination of policy direction for the development of the Community	Member States and Secretariat's Budget
A2	Community Council of Ministers	Revised CARICOM Treaty 2001	Within the policy framework established by the Conference, oversee Community strategic planning in all areas of CARICOM integration, and operate as a preparatory forum for the Conference	Member States and Secretariat's Budget
A3	Council for Finance and Planning	Revised CARICOM Treaty 2001	Primary responsibility for promoting, and economic policy coordination and financial and monetary integration of Member States	Member States and Secretariat's Budget
A4	Council for Trade and Economic Development	Revised CARICOM Treaty 2001	Development of measures and programmes for the advancement of Community trade and general economic development of the Community, and in particular, promote and oversee the operation of the CARICOM Single Market and Economy	Member States and Secretariat's Budget
A5	Council for Foreign and Community Relations	Revised CARICOM Treaty 2001	Responsible for determining relations between the Community and international organizations and third States, and for coordinating foreign policies of Member States in major international issues and problems	Member States and Secretariat's Budget
A6	Council for Human and Social Development	Revised CARICOM Treaty 2001	Primary responsibility for development of Community action in the key social areas of health, education and training, labour, youth, gender concerns, and culture	Member States and Secretariat's Budget

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

B. ADMINISTRATIVE AND TECHNICAL ADVISORY BODIES OF THE COMMUNITY				
B1	Caribbean Community Secretariat	Revised CARICOM Treaty, 2001	Principal administrative agency of the Community, providing organizational and technical preparatory services for the operations of the Organs and Advisory Bodies of the Community, and undertaking all related supporting activities, including initiating matters for consideration of the Organs, and promoting broad social awareness and understanding of the Community and its purposes	Member States' contributions to operational budget plus external donor funding for technical cooperation projects
B3	The Budget Committee	Revised CARICOM Treaty 2001	Examination of the draft budget and work programme of the Community prepared by the Secretariat, and submissions of recommendations thereon to the Community Council	Member States' and Secretariat's budget
B4	Committee of Central Bank Governors	Revised CARICOM Treaty 2001	Provision of advice and recommendations to COFAP on matters relating to monetary cooperation, payment arrangements, free movement of capital, integration of capital markets, monetary union and all related matters	Central Banks of Member States and budget of the Secretariat
B5	Caribbean Regional Negotiating Machinery (CRNM)	Administratively established technical body	To prepare for and assist joint external trade negotiations	Member States' contributions and donor funding

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

C. SPECIALISED REGIONAL ORGANISATION				
C1	Caribbean Development Bank (CDB)	Established under its own charter	Mobilisation of equity resources from shareholder members, loan funds from capital markets, grants and concessionary loans from bilateral and multilateral sources, and application of these to provide development financing to its borrowing Member States	Wholly self-financed from returns on its operations
C2	Leeward Islands Air Transportation (LIAT)(1974)	Established under its own charter	Provision of scheduled air transportation services in the Eastern and Southern Caribbean	Conceived to be wholly run from its own operations, but has had to be subsidized over long periods by its shareholder Member Governments
C3	University of the West Indies (UWI)	Established under its own charter	Provision of tertiary level academic training, the promotion of pure and applied research in a wide range of fields, and undertaking outreach to Caribbean societies States	Substantially financed by subventions of participating Member States and moderately self-financed from its operations
C4	Caribbean Examinations Council (CXC)	Established under its own charter	Continuous development and administration of a regional system of examinations	Partly financed by subventions from participating Member States, partly self-financed from its operations

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

C. SPECIALISED REGIONAL ORGANISATION				
C5	Caribbean Regional Fisheries Mechanism (CRFM)	Established under its own charter	Support and facilitate the individual and joint collective efforts of Member States to engage in sustainable management of the fisheries resources within their jurisdictions	Very recently established, and designed to be partly self-financed from its operations and partly financed by subventions from Member States
C6	Caribbean Agricultural Research and Development Institute (CARDI)	Established under its own charter	Promotion of research and development on crops and cropping systems and dissemination of R&D results to the agricultural sector in Member States	Wholly financed by subventions from Member States
C7	Caribbean Meteoro-logical Organisation/ Caribbean	Established under its own charter	Promotion of cooperation among Member States in research and training in weather systems and in understanding hydrological phenomena in the Region	Wholly financed by subventions from Member States
C8	Caribbean Food and Nutrition Institute (CFNI)	Established under its own charter	Undertake research on the nutritional values of foods consumed in the Caribbean and promote nutritional awareness in the Region	Wholly financed by subventions from Member States
C9	Council of Legal Education/ Caribbean Law Institute (CLE/CLI)	Established under its own charter	Develop and administer standards for professional legal training in the Caribbean	Wholly financed by subventions from Member States

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

C. SPECIALISED REGIONAL ORGANISATION				
C10	Institute of International Relations (IIR)	Established under its own charter	Provision of diploma-level training in international relations for students from participating Member States	Wholly financed by subventions from Member States
C11	Caribbean Regional Drug Testing Laboratory (CRDTL)	Established under its own charter	Provision of a common service to participating Member Countries in certifying the efficacy of pharmaceutical products produced or imported for use in the Region	Wholly financed by subventions from Member States
C12	Caribbean Centre for Development Administration (CARICAD)	Established under its own charter	Provision of advice and assistance to participating Member States in administrative reform and development	Wholly financed by subventions from Member States
C13	Caribbean Tourism Organisation (CTO)	Established under its own charter	Collate and analyse data on trends in Caribbean tourism, promotion of research on tourism markets, and promotion of joint action among participating Member States to develop the Caribbean tourism product	Wholly financed by subventions from Member States
C14	Caribbean Environmental Health Institute (CEHI)	Established under its own charter	Provision of a common service to participating Member States in the coastal environmental monitoring and other areas of environmental health management	Wholly financed by subventions from Member States

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

C. SPECIALISED REGIONAL ORGANISATION				
C15	Caribbean Disaster Emergency Response Agency (CDERA)	Established under its own charter	Promotion and coordination of joint action by Member States to enhance disaster preparedness and to provide mutual assistance in responding to disaster emergencies	Wholly financed by subventions from Member States
C16	Assembly of Caribbean Community Parliamentarians (ACCP)	Established under its own charter	Provision of a consultative forum for Government and Opposition parliamentarians of Member States to deliberate on important Community issues	Wholly financed by subventions from Member States
C17	Caribbean Regional Epidemiology Centre	Established under its own charter	Provision of a common service to participating Member States in the maintenance of epidemiological surveillance in the Region and in the operation of an epidemiological centre early	Jointly financed by participating Member States and the Pan American Health Organisation (PAHO)
C18	Caribbean Export Development Agency(CEDA)	Established under its Charter	To promote intra- and extra-regional exports	Jointly financed by participating Member States and the European Union
C19	Caribbean Telecom-munications Union (CTU)	Established under its own charter	To promote the development of regional telecommunications policy	Member States and Donor Agencies.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 7

Review of the Rose Hall Declaration: Provisions on Regional Governance

Havelock R. Brewster

CARICOM Governance Reform

The directions indicated in Section A of the Rose Hall Declaration (July 5, 2003) are in some respects ("mature regionalism", "automatic resource transfers") an advance on the issue of regional governance. Those aspects move in the direction that the Community should have taken in 1989 when the CARICOM Single Market and Economy (CSME) was inaugurated, since the latter, taken seriously, could not have proceeded, and cannot now, under the intergovernmental method.

However, having lost fourteen years, some care should be taken in plunging headlong, and without democratic consultation, into a European Union (EU) type system which, despite its impressive successes, has encountered serious frictions and other shortcomings (apart from being enormously costly). The issues are numerous and complex, and thus it would be strongly advisable that some time should be spent on the study of them, including understanding the EU experience (perhaps with EU technical assistance), and on wider and more open consultation, to better appreciate what it would be desirable and feasible to adopt and to avoid in the Caribbean context.

The desire to move towards a more mature regionalism exposes a basic contradiction that gives rise to some scepticism about how realistic that aspiration is. In Europe, the advance towards supranationalism was propelled largely by transnational interests (transactors). In most EU countries, 60 to 90 percent of export transactions (goods and services) are derived from intraregional commerce. It is even higher in such sectors as telecommunications, air transport, tourism, technology, and currency transactions. Transnational interests, therefore, had much to gain from the deepening of integration, and much to lose from its failure to advance.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The opportunity cost of "nonintegration" was very high for both the private sector and governments.

In CARICOM this is not the case. A transnational constituency, and thus a source of pressure for the CSME, whether of business or civil interests, is almost wholly absent. Intra-regional exports of goods and services are a tiny fraction of the Member States' total export transactions. In Jamaica, nearly one-half of the regional market, it is only 1.8 percent. In Barbados, 9.1 percent; and in Trinidad and Tobago, 7.4 percent (excluding mineral fuel exports that are not dependent on the Common Market arrangements). In such sectors as telecommunications, air and maritime transport, tourism, information technology, and currency transactions, the market is even thinner.

Transactors therefore have little or no interest in organizing themselves as a pressure group, as has been the situation in Europe. It is worth noting here that in Europe, while citizens' support was of positive value in promoting integration, it has been far less influential than the role of transnational interests. The CARICOM nation-States thus find themselves in the ambivalent situation of being, at one and the same time, the guardians of national sovereignty and the (unwilling) promoters of supranationalism.

European Union Governance Reform: Lessons for Change

The EU Commission's White Paper on European Governance (2001) is a salutary caution on the potential dangers that await CARICOM. The following lessons for change selected from that Paper, are noteworthy:

- The Union must renew the Community method by following a less top-down approach and implementing its policy tools more effectively with non-legislative instruments.
- No matter how EU policy is prepared and adapted, the way this is done must be more open and easier to follow and understand.
- To improve the quality of its policies, the Union must first assess whether action is needed and, if it is, whether it should be at the Union level. Where Union action is required, it should consider the combination of different policy tools.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

- When legislating, the Union needs to find ways of speeding up the legislative process. It must find the right mix between imposing a uniform approach when and where it is needed and allowing greater flexibility in the way that rules are implemented on the ground.
- In respect of the above, the Commission's undertakings include among others, promoting greater use of different policy tools (regulations, "framework directives", co-regulatory mechanisms); simplifying further existing EU law and encouraging Member States to simplify the national rules which give effect to EU provisions.
- More effective enforcement of Community law, this being necessary not only for the sake of efficiency of the internal market, but also to strengthen the credibility of the Union and its institutions.
- The EU institutions and Member States must work together to set out an overall policy strategy (ensuring coherence and identifying long-term objectives). They should refocus the Union's policies and adapt the way they work.

CARICOM as a Community of Sovereign States

It is rare, perhaps unknown, for States forming a Community to begin by affirming their national sovereignty, and that regional integration will proceed in that political and juridical context. Such a "reaffirmation" is made in paragraph A.1. of the Rose Hall Declaration. To begin with, the "reaffirmation" is inadmissible since it is actually not a principle originally affirmed in the Treaty of Chaguaramas. The Treaty states simply in Article 2 that:

> *"The Community is hereby established and recognized in the Protocol hereto as successor to the Caribbean Community and Common Market."*

Article 3.1 proceeds to list the Members of the Community, while Article 3.2 states:

> *"Membership of the Community shall be open to any other State or Territory of the Caribbean Region that is, in the opinion of the Conference, able and willing to exercise the rights and assume the obligations of membership."*

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The "reaffirmation" proclaimed in the Rose Hall Declaration is a regrettable step backward in Caribbean integration and an incomprehensive statement in the context to an edit intended to create a more mature regional governance.

The Treaty establishing the European Community also did not proclaim any principle of the sovereignty of the Member States, and that that principle is the political and juridical context of their integration. The explanation, at least in part, of the absence of such proclamations in integration treaties is that pure national sovereignty is *de facto* not the unique political and juridical context in which the integration objectives of the cooperating States proceed.

Other contexts may include the deliberate exercise of sovereignty collectively, when so desired by the Member States for specific purposes; and the incremental acquisition of supranational qualities through a variety of means, administrative, quasi-legal, legal as a result of decisions by the Community Court of Justice, and procedural, as a consequence of the work of international organizations and international conferences. Indeed, it is now generally accepted that integration among States is better represented as a continuum along a path of intergovernmentalism and supranationalism. Progression along the path is not necessarily, and always by means of premeditated acts suppressing national sovereignty.

Establishment of a CARICOM Commission

Numerous and complex issues arise with regard to the proposal made in Paragraph 2 to establish a CARICOM Commission, if this is truly intended to serve the purposes announced in the Declaration. There would need to be agreement on whether the Community, with the Conference of Heads of Government at its apex, has "powers to take decisions: "powers to legislate", "powers to implement" in respect of all the provisions included in the Revised Treaty of Chaguaramas. If not, which powers should it have, in respect of which policy domains, and what should be the applicable voting modalities (unanimity, majority, qualified majority, weighted qualified majority).

It should be recalled that the Treaty of Chaguaramas was and still is based on "the intergovernmental mode of cooperation", and thus it is as yet undetermined which powers Member States would be prepared to transfer to the Conference, and in respect of which

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

domains, when it acts in a "Community mode", (and whether the competence so transferred is exclusive to the Community). For example, Article 12(2) of the Treaty states simply that "the Conference shall determine and provide policy direction for the Community", while Article 12(7) states that "The Conference may issue policy directives of a general or special character to other Organs and Bodies of the Community concerning the policies to be pursued for the achievement of the objectives of the Community and effect shall be given to such directives". However, it is anticipated in Article 12(5) that "Subject to the relevant provisions of the Treaty, the Conference shall exercise such powers as may be conferred on it by or under any instrument elaborated by or under the auspices of the Community".

The authority conferred on the Community Council of Ministers (responsible for Community Affairs) similarly stops short of powers to make and implement decisions. Article 2 states that: "The Community Council shall, in accordance with the policy directions established by the Conference, have primary responsibility for the development of Community strategic planning and coordination in areas of economic integration, functional cooperation and external relations."

Article 3 specifies that:

> *"… the Community Council shall … have responsibility for promoting and monitoring the implementation of Community decisions in Member States."*

While Article 4(c) authorizes the Community Council to:

> "*establish, subject to the provisions of Article 26 (on the Consultative Process), a system of regional and national consultations in order to enhance the decision-making and implementation process of the Community."*

Further, Article 4(a) describes the Council's authority as to:

> *"promote, enhance, monitor and evaluate regional and technical assistance service."*

It is thus clear enough that the Community, in its Community mode, whether at the level of the Conference or of the Council, does not have decision-making/legislative and implementation powers.

By contrast, the Consolidated Version of the Treaty Establishing the European Community States in Article 202 states that "… the Council shall, in accordance with the provisions of the Treaty:

- have powers to take decisions;

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

– confer on the Commission, in acts which the Council adopts, powers for the implementation of the rules which the Council lays down …"

The EC Treaty is normally explicit on the powers of the Council in respect of specific policy domains, (though these have evolved under various influences, administrative and legal, including, in particular, decisions of the European Court); the exclusivity of the competence so conferred; the instrument(s) or combination thereof by which it shall act; and the voting modality to be used. The requirement to consult with specified bodies is also usually laid down. Competence is described as "exclusive" where external responsibilities are exercised entirely by the Community (e.g. the common agricultural policy) and "mixed" where they are shared with the Member States (e.g. transport policy). The distinction has been defined in the European Court of Justice case law and is based on the principle of implicit responsibility, whereby external responsibility derives from the existence of internal responsibility. The Treaty itself confers explicit responsibility in only two cases: commercial policy and association requirements.

The following are a few examples of how different domains have been treated in the EC Treaty:

> *"The Council shall, on a proposal from the Commission (on the common agricultural policy) and after consulting the European Parliament, acting by a qualified majority, make regulations, issue directives, or take decisions, …"*
>
> *"The Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament and the Economic and Social Committee, issue directives for the approximation of such laws, regulations or administrative provisions of the Member States as directly affect the establishment or functioning of the common market."*
>
> *"Where (commercial) agreements with one or more States or international organizations need to be negotiated, the Commission shall make recommendations to the Council, which shall authorize the Commission to open the necessary regulations."*
>
> *"The Commission shall conduct these negotiations in consultation with a special committee appointed by the Council to assist the Commission in this task and within the framework of such directives as the Council may issue to it."*

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Further issues arise in respect of the expediency of Community level action, and the nature of the legislative instruments to be used, in terms of their graduated "directly binding force of law". For example, in respect of the former, the EU has been increasingly applying the principles of "subsidiarity" and "proportionality". Subsidiarity requires that action be justified at the Community level, *vis-à-vis* the national, regional and local levels while proportionality requires that action by the Community not go beyond what is necessary to achieve the objectives of the Treaty. In respect of the latter, the graduated range of instruments, in terms of their legally binding power, includes Regulations, Directives, Framework Directives, Decisions, Recommendations and Opinions. The Final Act and Declaration of the Single European Act (1986) went further to state (re: article 100a of the EC Treaty) that "the Commission shall give precedence to the use of the instrument of a directive if harmonization involves the amendment of legislative provisions in one or more Member States". (Note however, that, in respect of the area of the harmonization of fiscal legislation, the Single European Act made an amendment to the EC Treaty (Article 99) to the effect that "the Council shall…adopt provisions for the harmonization of (fiscal) legislation…to the extent that such harmonization is necessary to ensure the establishment and functioning of the internal market within the time-limit laid down …").

The formulations in Paragraph 3 of the Declaration—"facilitate the deepening of regional integration …", "exercise full-time executive responsibility for further implementation", are operationally meaningless. They are a mandate for responsibility without power to execute. A Commission can only have implementation authority if this is delegated to it by the Conference, and the Conference itself is endowed with the corresponding powers by the Community. The Commissioner's powers would need to be defined in respect of specific policy domains. It thus cannot be applied *carte blanche*, as Paragraph 4 envisages, to the CARICOM Single Market and Economy, which embraces virtually everything in regional integration, from market access to sectoral development to macroeconomic policies and monetary integration.

The establishment of a Commission also raises the question of the role of the existing political Organs of the Community, such as the Council for Trade and Economic Development (COTED), the Council for Finance and Planning (COFAP) and the Council for Foreign and Community Relations (COFCOR). Presumably, the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Commission would be a politically appointed body of "independent" officials. It would thus not be a political body in its own right. The formulation in Paragraph 5, therefore, that the "Commission will be accountable to the Conference of Heads of Government and will be responsive to the authority of other Organs of the Community within their areas of competence", is a recipe for continuing conflict between the Commission and the responsible political Organs of the Community, unless the powers and responsibilities of these bodies were to be clearly demarcated. Important amendments to the Revised Treaty of Chaguaramas would be necessary.

In the EU, the Commission presents its proposals to the Council which is composed of Ministers of all the Member-States responsible for the area of activity on the agenda (e.g. trade, finance, agriculture, industry, transport…). The Council, by virtue of the powers conferred on it by the Community, would make decisions on the proposal before it and on specific instruments by which it is to be implemented (e.g. Regulations, Directives, etc.). Before presenting its proposals to the Council, the Commission would have engaged in an extensive process of mandatory and other consultations. It would have consulted with working groups of the appropriate national government officials. The European Parliament as well as the European Economic and Social Committee would have been consulted on most proposals. The Commission itself would have had to come to a decision of its own on the proposal in question, and voted thereon under the modality applicable to the policy domain concerned. By the time proposals are put on the agenda of the Council, there would have been a high state of readiness for decision-making (though the Council had revised or declined proposals).

The Council is served by its own General Secretariat and Secretary- General (as distinct from the Directorates-General serving the Commission). In the EU, the Committee of Permanent Representatives (COREPER) also plays a preparatory/intermediating role between the Commission and the Council. It is said to occupy "a pivotal position in the Community decision-making system, in which it is at one and the same time a forum for dialogue (among the Permanent Representatives and between them and their respective national capitals) and a body which exercises political control …". In practice, based on the Commission's proposals, decisions are prepared by COREPER, assisted by working parties of national government officials.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The political implications and cost of a Commission system also need to be borne in mind. Given its proposed responsibility for the implementation of CARICOM decisions in diverse policy domains, and indeed also for making policy proposals, all States necessarily would want to, and should be, represented in its composition. This is an expensive proposition. In the case of the European Commission, each Member State has one representative and the larger States, two. It has a President and two Vice Presidents. It is appointed for a five-year term by the Council, acting by qualified majority, in agreement with Member States—and is subject to a vote of appointment by the European Parliament, to which it is answerable. Each of the twenty Commissioners has responsibility for a specific domain policy (assisted by Directorates-General, i.e. Secretariat Divisions). These domains generally correspond to the structure of the EC Treaty. They include, for example, Transport and Energy, Health, Trade, Economic and Monetary Affairs, Agriculture, Taxation and Customs Union, External Relations, Justice and Home Affairs, Research.

The proposed new system also raises difficult issues with respect to participation in the work of international organizations. The European Community, having been conferred with jurisdiction over certain policy domains, found that it was accorded only "observer" status with international organizations in which that jurisdiction was to be exercised. The basic problem was that traditional international law can accommodate only nation States, or groupings of nation States. According to one source: "The key issue for the Commission has been to gain for the Community a separate 'right of access to, and participation in, the work of the deliberative organs of international organizations and conferences'. It was not sufficient for the Member-States to agree to a common position among themselves and then have one of them state it within an international organization. The Community wanted to be recognized as a distinct entity with an international personality, and the acquisition of a separate status within international organizations symbolized that recognition".

Over the years, the Community has been able to acquire that status in most international organizations and conferences, including at the World Trade Organisation (WTO), as a matter of practice on an *ad hoc* case-by-case basis, rather than through the formal general recognition of precedents in international case law. It has been described as a "hard fought battle", and indeed, up to the present day the Community still does not have status with the Security Council, the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Trusteeship Council, and the International Court of Justice, and is not allowed to address the UN Plenary Assembly.

A further complicating issue is that the Community does not have "exclusive competence", in some policy domains. Some domains (those of mixed competence) fall under both Member States and Community jurisdiction. This has led to the working arrangement of "dual representation" whereby the Community is represented by both the Commission and the Member State holding the Presidency of the Council. Thus, both the supranational and the intergovernmental faces of the Union are present. The Commission typically, would speak on those issues which fall under the Community's exclusive competence.

The implications for CARICOM are that the Community and by extension the Commission, could find itself conferred with powers, even exclusive competences, which it cannot exercise in the relevant international organizations. Areas in which this is a distinct possibility are those concerned with the negotiations and functioning of the WTO, the Free Trade Area of the Americas (FTAA) and Economic Partnership Agreements with the European Union; environmental matters in the United Nations Environmental Programme (UNEP), air transport in IATA; and foreign, security and criminal issues arising in United Nations bodies. Although the European Community has made advances in this respect, it may take an equally hard fought battle for CARICOM to secure a similar status, and one in which its Community/Commission is likely to be held to the same jurisprudential standards as the European Community.

Automaticity of Resource Transfers

The CSME involves the creation of a number of new regional institutions. They include a Caribbean Court of Justice, a Standards Organization, a Competition Commission, a Conciliation Commission, a Regional Securities Commission, a Regional Property Rights Office, a Regional Development Fund, a Phyto-sanitary Organisation, and a Regional Fisheries Organization. To these may be added institutions necessary for the implementation of the Rose Hall Declaration—a Caribbean Commission (and possibly related servicing bodies), a Revenue Authority, and an upgraded Caribbean Assembly of Parliamentarians. In due course, other institutions will be needed consequent upon the development of mature regionalism, such as a Court of Auditors, a Caribbean Central Bank, an Economic and Social

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Committee, an Ombudsman's Office, a Regional Environmental Organization.

Already the Member States support a large number of regional organizations, including the Community Secretariat, the Caribbean Regional Negotiating Machinery, some parts of the University of the West Indies, the Caribbean Agricultural Research and Development Institute, the Caribbean Center for Development Administration, the Caribbean Disaster Emergency Response Agency, and the Caribbean Tourism Organization, among others. The institutional terrain is thus becoming ever more challenging. The financial and organizational demands of the institutions foreseen are undoubtedly going to be intolerable and unmanageable. The Rose Hall Declaration has made a step in the right direction (Paragraph 6) by the "adoption of the principle of automatic resource transfers for the financing of Community institutions…".

This formulation, however, is open to varying interpretations. It is not literally the "automatic transfer of resources" that is at issue. If a CSME truly exists (or will) it would have *ipso facto* a proprietary interest in revenues accruing as a result of measures/policies that are the creation of the Community. In the EU, this is the common VAT. An agreed percentage is allocated to the Community as its "own resources" which is collected by the Member States and transferred to the Community under compensated collection arrangements. The only revenue yielding measure in CARICOM that could be said to be the creation of the Community is the Common External Tariff. It is important to have a rationale for "own resources", lest the mere "automaticity of resource transfer" be viewed merely as a gratuitous concession on the part of the Member States that may be breached under circumstances they consider appropriate.

Closer Cooperation Arrangements

Sometimes, the agreed objectives of integration treaties cannot be secured by all Member States moving together, and at the same time and pace. It may then be desirable for like-minded States to take the initiative in moving forward, in a way that opens the way for all Members eventually to follow. This has been the case in the EU, notably in respect of such domains as monetary integration/common currency and a common foreign and security policy.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Closer cooperation could be a useful devise for deepening CARICOM integration. There are opportunities for its application among like-minded Member States to such domains as CARICOM citizenship, free movement of people, free movement of capital, the appellate function of the Caribbean Court of Justice, collective defense, harmonization of legislation in some fields, air transport, a multilateral fisheries regime, the common organization of agricultural markets, and a common currency.

But there could also be dangers in going this route since closer cooperation arrangements among subsets of countries could take on a permanent life of their own, create enormous complexities and conflicts and frustrate the broader aspirations of Caribbean integration. "Closer cooperation" cannot therefore be left completely open ended, subject to its being only "legitimate and feasible" for a group or groups of Member States to do so. It would need to be guided by appropriate principles and constraints.

The EU experience on "closer cooperation" would be helpful in respect of this matter. In the EU, closer cooperation must meet a number of conditions: cover an area which does not fall within the exclusive competence of the Community; be aimed at furthering the objectives of the Union; respect the principles of the Treaties and the Community *acquis*; involve a minimum number of Member States (currently eight); allow the gradual integration of other Member States; must not jeopardize the internal market or economic social cohesion; be used only as a last resort, where the objectives of the Treaties could not be attained by applying the relevant procedures laid down therein.

Assembly of Caribbean Community Parliamentarians

As the collective/supranational decision-making and implementation authority of the Community develops it would be desirable, if not logically necessary, *pari passu*, to have this power emanating from a Parliament of the Community. Otherwise, there will still exist at the Community level a kind of supranationality that ultimately is still based, to a large extent, on the discretionary exercise of national sovereignty; that has no counterpart in a real Community legislature. Also, instituting a system by which the Conference of Heads of Government/Council of Ministers could make decisions that have the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

force of law throughout the Region, would greatly exacerbate the large democratic deficit that already exists in CARICOM in respect of regional integration. There are thus compelling reasons for the development of a real CARICOM Parliament. The notional formulation in Paragraph 9 is at variance with CARICOM governments' professed desire for a more mature regionalism and their commitment to democratic governance. The EU has made remarkable progress in this respect, though the European Parliament (EP) is still very much underdeveloped, compared with the powers of a national Parliament.

The following aspects of the EP are worth noting in further deliberations on upgrading the status, role and functions of the Assembly of Caribbean Community Parliamentarians. The EP is the assembly of the representatives of the Union citizens. They are (currently) elected by direct universal suffrage and distributed among Member States by reference to their population. The EP's main functions are to consider the Commission's proposals, and be associated with the Council in the legislative process, in some cases as colegislator, by means of various procedures (codecision procedure, cooperation procedure, assent, advisory opinion, etc.); to exercise power of control over the Union's activities through its confirmation of the appointment of the Commission (and the right to censure it), and through the written and oral questions it can put to the Commission and the Council; to share budgetary powers with the Council in voting on the annual budget, rendering it enforceable through the signature of the President of the Parliament and overseeing its implementation.

The Democratic Deficit in CARICOM

The adoption of a major edit like the Rose Hall Declaration on Regional Governance on the occasion of the thirtieth anniversary of CARICOM would be inconceivable in a democratic society without some form of civil consultation. Yet, the political Organs of CARICOM, including in particular, the Conference of Heads of Government, have urged persistently greater involvement of citizens in furthering the process of integration, and solicit their support in the drive to implement the CSME. To this end, there have been small-scale programmes of public information and public lectures. While citizens' support for integration is likely, as mentioned above, to be less

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

influential than the role of transnational interests, it would certainly be of positive value. It could even become the main dynamic force for integration, for there are more effective mechanisms for fostering citizens' support than occasional radio and TV programmes, brochures, public lectures and sporadic encounters with civil society. If CARICOM were truly serious about the involvement of their citizens as a dynamic pressure group for integration, their participation would need to be organized as a formally recognized standing body of the Community with defined substantive responsibilities.

A useful example to draw on in this regard is the European Community's arrangements. Reference will have been noticed at various points in this paper to the EC Treaty requirement to consult with the European Economic and Social Committee (EESC) in respect of proposals in specific policy domains. This was set up by the original Treaty of Rome establishing the European Economic Community in 1957 to represent the interests of various economic and social groups. It consists of 222 members falling into three categories: employers, workers and representatives of particular types of activity (such as farmers, craftsmen, small business and industry, the professions, consumer representatives, scientists and teachers, cooperatives, families, environmental movements). Members are appointed by unanimous Council decision for four years, a term that may be renewed. The EESC is consulted before the adoption of instruments on a wide range of policy domains. It may issue opinions on its own initiative and it may also be consulted by the European Parliament.

Concluding Remarks

As the tasks addressed to the Community have expanded and become more complex—in particular, through the provisions of the Revised Treaty of Chaguaramas—it needs to be recognized that that institution cannot function effectively without significant powers being transferred to its exclusive competence. On the other hand, it is acknowledged that anything like a federal or unitary State is unlikely to be brought into existence in the foreseeable future. In CARICOM, however, there are no transnational pressures for deepening integration and thus governments find themselves in the contradictory situation of being both the guardians of national sovereignty and the promoters of supranationalism.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The tasks addressed to the Community are of widely varying salience to national sovereignty and to the process of integration and development. The necessity for action at the Community level also varies, while the instruments usable for their implementation, in terms of their binding legal force, are quite different from one policy domain to another. Moreover, the trajectory of a Community's powers is neither static nor predictable. The process, as the EU experience shows, moves along a continuum of intergovernmentalism and supranationalism. It can also be affected by the dynamics of administration (agenda setting, the mechanics of dense and complex technical tasks), transnational pressure groups and, of course, decisions of the Community Court.

It would seem then that the move to a more mature regionalism would better be served by a customized approach that allows for expedience in Community action, differentiated treatment of policy and legislative domains, and the use of different and combined policy, legal and non-legal tools. Careful consideration of the issues, drawing on lessons from the EU, is strongly recommended. So is the development of authentic mechanisms for the participation of citizens in the integration process, both at the level of a Community Parliament and of organized civil society. Democratic consultation would neither be easy nor cheap, but in the end, the by-pass alternative could be more difficult and costly.

Washington, DC July 12, 2003

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

REFERENCES

*Consolidated Version of the Treaty on European Unio*n. Maastricht, February 1992.

Caribbean Community Secretariat. *The Rose Hall Declaration on Regional Governance and Integrated Development*, July 2003.

Consolidated Version of the Treaty Establishing the European Community The Single European Act. Luxembourg, February 1986.

Final Act and Declarations of the Single European Act. February 1986.

Havelock R. Brewster, "CARICOM: From Community to Single Market and Economy", in K. O. Hall and D. Benn (eds.), *Governance in the Age of Globalization,* Ian Randle Publishers, Kingston, 2003.

Havelock R. Brewster *et al*, *CARICOM Single Market and Economy: Assessment of the Region's Support Needs*. CARICOM Secretariat, Georgetown, June 2003.

Havelock R. Brewster, "The CARICOM Single Market and Economy: Is It Realistic Without Commitment to Political Unity?" *Journal of Eastern Caribbean Studies,* SALISES, UWI-Cave Hill.

Wayne Sandholtz, Alec Stone-Sweet, (eds.) *European Integration and Supranational Governance*. Oxford University Press, 1998.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Section II

Towards a Single Economic Space

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 8

A Single Development Vision

Norman Girvan

Scope and Development Vision

Context and Background

The CARICOM Single Market and Economy (CSME) will establish a single economic space within which business and labour operate; in order to stimulate greater productive efficiency, higher levels of domestic and foreign investment, increased employment, and growth of intra-regional trade and of extra-regional exports. The Single Market component consists of freedom of movement of goods, services, capital, business enterprise and skilled labour within an area bounded by a customs union. This has been largely completed, and the Community now looks forward to implementation of the Single Economy. Under the Revised Treaty of Chaguaramas, this requires harmonisation of policies, laws, and regulations; enhanced monetary cooperation, and common external economic policies.

However, stakeholders agree that there is a huge 'information deficit' regarding the CSME among the ordinary citizens of the Community and a major 'credibility gap' regarding its completion. Many citizens are cynical about the slow pace of implementation, while others are apprehensive about the possible adverse effects of increased competition for jobs and markets. It is obvious that a much greater effort at public education and consciousness-raising is necessary.

Articulating a single development vision offers an opportunity to show the regional public that the CSME can be an instrument for achieving, in a regional framework, certain development goals that are difficult or impossible to achieve individually by Member States. A single vision also provides a framework of shared objectives to guide policies, priorities and sequencing for further implementation of the CSME.

Nonetheless, if implementation continues to lag behind commitments undertaken, the credibility of the integration process will be further undermined and the nay-sayers will find vindication. Reform

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

of Community governance that addresses the implementation deficit is, therefore, crucial to the realisation of the Vision.

Stakeholders also agree that the Vision should not be exclusively economistic; that is, concerned only with trade, investment and business opportunities. Popular support for integration requires that economic benefits are spread broadly across countries and social groups; and that it makes a difference to quality of life issues such as crime, health and education. In other words, the Vision should be holistic, relating to all dimensions of development; and there must be perceptible 'value added' that derives from the existence of the Community.

This is why functional cooperation—the second pillar of integration—is so important. Functional cooperation is not necessarily based on legal instruments or on the operation of market mechanisms: it is essentially a process of sharing services and undertaking joint activities in order to reduce costs and achieve synergies. Several kinds of functional cooperation are mentioned in this Report; notably health, human resources development, security, foreign trade policies, and research and development. Functional cooperation in the economic field has a direct economic benefit in helping to realise the potential of market integration. In social, political and environmental matters, functional cooperation supports economic development by improving labour productivity, systemic competitiveness and sustainability. Just as important, functional cooperation speaks to other aspects of development, helping to provide integration with a 'human face' and facilitating broad stakeholder involvement. Hence, it is to be seen as an *integral part* of the integration process and as an indispensable complement to the CSME. If most of this Report is devoted to CSME-related subjects, this is not to downplay the importance of progress in other integration activities.

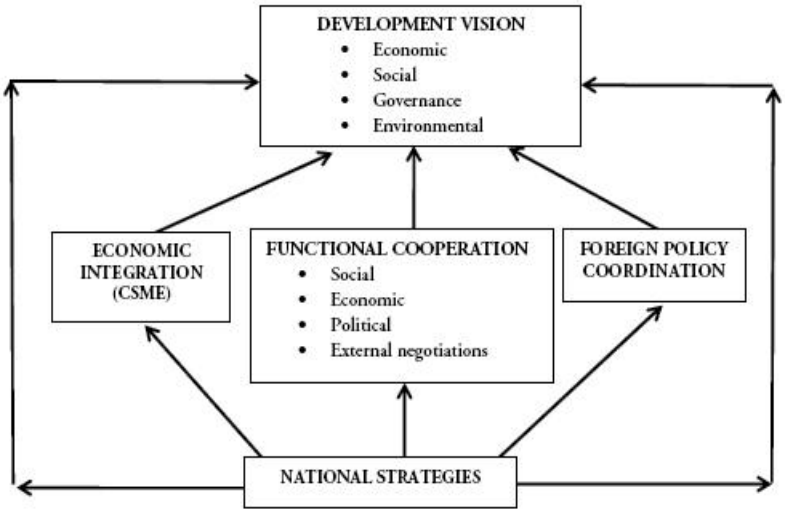
The CSME by itself, therefore, cannot be 'all things to all men', neither should we expect more from it than it can realistically deliver. Even as an economic instrument, it should not be regarded as a cure-all for the region's economic problems, and its benefits will take time to be realised. Most of the development effort will continue to be made nationally and sub-regionally; but this will be bolstered by creation of a single economic space and by functional cooperation.

The third pillar of integration is foreign policy coordination. This strengthens the Community in its dealings with the wider world, increases its ability to make external arrangements that support its

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

development objectives, and enhances the collective identity and collective capacity of CARICOM states in their interactions with the world community. This is another element of 'value added' in integration.

Figure 1. The Development Vision and Regional Integration



A Single Development Vision

The single vision is for sustainable development and it encompasses economic, social, environmental and governance dimensions; grouped into six broad elements:

1. Self-sustaining economic growth based on strong international competitiveness, innovation, productivity, and flexibility of resource use;
2. A full-employment economy that provides a decent standard of living and quality of life for all citizens; elimination of poverty; and provision of adequate opportunities for young people, constituting an alternative to emigration;
3. Spatially equitable economic growth within the Community, having regard to the high growth potential of Member States with relatively low per capita incomes and large resources of underutilised land and labour;
4. Social equity, social justice, social cohesion and personal security;

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

5. Environmental protection and ecological sustainability;
6. Democratic, transparent and participatory governance.

The Economic Dimension

- A goal of accelerated economic growth through adjustment and transformation of regional economies, greatly improved international competitiveness, sustained innovation and productivity growth;
- The highest rates of growth should be recorded for the economies with the lowest per capita incomes, so that there is some movement towards convergence within the Community. This is particularly relevant for those economies with large unused reserves of land and labour;
- Regional policies for growth and transformation will be adopted within the framework of a dynamic, sustainable development-oriented social partnership of the public and private sectors, labour and civil society. Governments will:
  - Establish the framework within which strategic goal-setting and monitoring will take place by means of consultation with the social partners;
  - Provide the enabling environment for private sector activity through policy harmonisation, and common policies and support measures for productive activity;
  - Act as an 'entrepreneurial state'[1] through direct involvement in activities, where this may be justified by the existence of market failure and of high, positive externalities.

The private sector will play the leading role in investment and in the ownership and management of economic activities:

- The main drivers of economic growth and transformation are expected to be clusters of goods and services industries centred on the energy sector; agriculture, forestry and fishing; manufacturing; sustainable tourism; and other export services. It is very important that these sectors should benefit from the adoption of common Community policies and support measures[2].
- Common sectoral policies will be complemented by common regimes or harmonised policies in foreign trade; human resource utilisation; fiscal, monetary and incentives policies;

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

transport; investment; financial services; capital market integration; competition; regional quality infrastructure; small and medium enterprises; and corporate governance[3].

- Member States will prioritise the upgrading of human and social capital, and the promotion of an entrepreneurial culture at all levels of the society, as areas for functional cooperation.

With regard to implementation, three further points should be made:

- Institutional machinery for coordination, management and monitoring of the process will need to be strengthened. This issue is not addressed in the present report.
- It will become necessary to prepare a detailed Regional Development Strategy containing indicative targets for economic growth, exports and infrastructural investment, in order to refine scenarios for the growth of the regional economy, to guide to common policies and support measures, and for negotiation with external stakeholders.
- For monitoring purposes, indicators of production integration would need to be identified. These could include:
  - Intra-CARICOM shares in total trade in goods, total trade in services, and total cross-border investment flows.
  - Growth in number of cross-border investors.
  - Ratios of regional assets to total assets for financial intermediaries and other institutional investors.
  - Growth of extra-regional exports by pan-Caribbean firms.
  - Growth in number of Skill Certificates Issued

The Social Dimension

- Legal entrenchment of the CARICOM Charter for Civil Society, with regular reports on its implementation by an independent body involving Civil Society stakeholders.
- Adoption of a Regional Human Rights Convention.
- Adoption of an indicative target for investment in human capital by Member States, and preparation of an indicative regional Human Resource Development Strategy, to meet the quantitative and qualitative requirements for successful performance in a globalised world economy.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

- Reasserting the central role of culture in the integration process by its mainstreaming into all aspects of development agenda and specifically for the development of regional identity, attitudes to regional citizenship and respect for diversity through, *inter alia*, education, preservation and presentation of cultural heritage.
- Fostering, through the strategic use of ICTs, the development of an inclusive information society which focuses on skills for employment in a knowledge economy and enhancing participation in decision-making processes at the community, national and regional levels.
- Adoption of models of 'best practice' of public policy in labour-management relations, health, security, justice, local government, youth empowerment and gender equality; to benchmark progress in these areas in Member States.
- Adoption of a decent minimum wage and conditions of work as a common standard applied by law throughout the Community.
- Adoption of a model of Corporate Social Responsibility as a common standard applied by law throughout the Community.
- Establishing a Community Social Compact, based on the foregoing elements, among the four principal social partners of governments, business, labour and civil society.
- Designating the Caribbean Diaspora as the fifth social partner; and on that basis, developing and adopting the principles of a Community Diaspora Policy in which the Diaspora is encouraged to partner with the Caribbean resident community in the supply of skills, entrepreneurship, capital, export marketing, and social capital.

The Environmental Dimension

- Adoption of a common Environmental Regulatory Regime which protects, preserves, enhances and manages the productive potential of the natural environment to ensure sustainable development, so that investors and other economic agents operate across the entire space of the CSME on the basis of the same policies and regulations that are publicly known and applied in a predictable and transparent manner.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

- Sponsoring the preparation and publication of regular State of the CARICOM Environment reports, including the status of implementation of national laws and international commitments relating to the environment. Particular attention will be paid to priority issues in the Region, such as the coastal and marine environment, forestry and watershed management, waste disposal and recycling, climate change impact analysis and adaptation, and natural disasters impact and management.

The Governance Dimension

Implementation of the *Rose Hall Declaration on Governance and Mature Regionalism*, based on the recommendations of the Technical Working Group on Governance (2007), particularly:

- The automatic application of decisions of the Conference of Heads of Government at the national level in certain defined areas.
- The creation of a CARICOM Commission with Executive Authority in the implementation of decisions in certain defined areas.
- The automatic generation of resources to fund regional institutions.
- The strengthening of the role of the Assembly of Caribbean Community Parliamentarians.

Extension of regional governance by giving official recognition to the following mechanisms of particular relevance to the CSME:

- The Caribbean Business Council
- The Caribbean Corporate Governance Forum
- Civil Society Forum

Enabling Environment: Social and Institutional Structures

The basic architecture of the enabling environment for the regional development strategy is embodied in the Revised Treaty of Chaguaramas—the legal framework for the CSME. It remains to put 'flesh' on the 'bare bones' established by the Revised Treaty by specifying agency, policies and complementary actions. Section III summarises the consensus reached with stakeholders under the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

headings of: the role of social partnership, human resource development, policy harmonisation and the business environment, research and development, transport policy, monetary cooperation, and the regional development fund.

Social Partnership

Implementation of the regional development strategy will be based on a solid foundation of social partnership, among the key stakeholders of government, business, labour and civil society. The purpose of social partnership is to establish an agreed framework and understanding of mutual rights and responsibilities as the basis for cooperation in the attainment of strategic goals. The formation of the Caribbean Business Council in June 2006, was a significant step in setting up a mechanism for dialogue and consultation for the forging of a dynamic public-private partnership that is key to strong growth performance in the economy. Similar initiatives will be pursued with labour and civil society. Activation of the CARICOM Charter for Civil Society to make it legally binding will also provide tangible expression of the Community's commitment to vibrant social partnership.

Human Resources

The Region's approach to human resource development and utilisation, requires a paradigm shift. To function adequately in a globally competitive economy, the Caribbean person of the future will need to be self-confident, innovation-oriented, multi-skilled, IT-literate, foreign language competent, entrepreneurial, and above all, accustomed to critical and creative thinking. Production of high value added goods/services for internationally competitive niche markets, use of appropriate advanced technology and development of regional enterprises will generate new and expanded human resource requirements which, if not met, will stop the process in its tracks. Regional and national-level surveys indicate skills shortages at all levels and in a wide range of occupations related to growth sectors and the delivery of basic services, as well as issues related to work ethic. Institutional weaknesses at the primary, secondary, tech/voc and tertiary levels, as well as emigration, have exacerbated these shortages.

Accordingly, an indicative Regional Human Resource Development Strategy will be prepared with the following as its core areas:

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

- Revamping of education and training systems to meet the needs of economic drivers.
- Equipping the youth of the region with a sense of regional identity and pride of accomplishment and with the attitudes, skills and work habits needed to participate successfully in a modern globalised economy.
- Strengthening of mechanisms for facilitating lifelong, learning and continual retooling of the workforce.
- Attention to essential elements of health systems, in order to promote healthy lifestyles, and the development of cooperation mechanisms for shared health services.

The following initiatives will be taken in the immediate future to make better use of available human resources and effect improvements in the supply of skills:

- **Streamlining of the CARICOM Skills Certificates arrangements.** This involves agreement on automatic and mutual recognition of Skills Certificates issued by Member States, arrangements for on-line application and granting of Certificates, and targeting of the Caribbean Diaspora in areas of skill shortages.
- **Legal implementation of Contingent Rights for Dependants of holders of CARICOM Skills Certificates.** Governments have already agreed that this will be implemented administratively; but the relevant Protocol needs to be brought to early completion in order to clarify and guarantee these rights.
- **Expansion of the eligible categories for Free Movement.** A proposal is now under discussion for this to include domestic workers, nurses, teachers, and artisans.
- **Implementation of the Right to provide Services for Self-employed service providers.** This involves agreement on equivalencies, accreditation, recognition and acceptance of qualifications over the entire range of service occupation; leading to a common register and certification of service providers to facilitate free movement.
- **Strengthening of Regional collaboration among National Tech-voc and tertiary level institutions and of Regional institutions.** Existing national training agencies in the tech-voc

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

field will become the hub of a regional collaborative network, to make better use of existing facilities, exchange experience and expertise, while the UWI and ACTI will expand facilities in the areas of professional and para-professional skill shortages.

- **Establishment of a CARICOM Human Resources Information System (HRIS).** A feasibility study will be undertaken on potential users, scope of coverage and technological requirements for an information system on human resource needs and availability in CSME-significant skill categories.
- **Implementation of Transference of Social Security Benefits.** Extension of these arrangements to include portability of pensions.
- Orientation, education, training and information sharing for relevant "front line" personnel in Member States about current arrangements.

Health

In the Nassau Declaration, on Health 2001, CARICOM Heads of Government have recognised that 'the health of the region is the wealth of the region'. Health is designated as a major area of functional cooperation, to be pursued by building on existing regional and sub-regional initiatives and establishing a series of networks within a coordinated regional structure, responsive to the needs of ordinary Caribbean citizens and designed to ensure equity in access to quality preventive and care regimes. The knowledge base for this has been laid by the Report of the Caribbean Commission on Health and Development (CCHD), a comprehensive diagnostic, with detailed recommendations for national action and regional cooperation.

The major problems have been identified as non-communicable diseases, HIV/AIDS and injuries and violence, compounded by inadequacies in the management of health service delivery. With regard to HIV/AIDS, significant progress has been made in public awareness and functional cooperation. Noncommunicable diseases generate a significant economic cost to the region, in lost production and will put increasing strain on national health budgets. CARICOM Heads have agreed that their prevention and control rest in areas that may sometimes lie outside the mandate of the Ministers of Health and a Regional Summit scheduled for

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

September 2007, will deal specifically with functional cooperation in this area. Health status statistics, however, are in need of major improvements with regard to the scope of coverage, reliability and timeliness and this problem will need to be addressed, if national management and regional cooperation are to be more effective.

Free movement of persons under the CARICOM Single Market and Economy, will pose certain challenges, as a result of wide differences in the availability and cost of public health services among Member States. The issues relate to the eligibility of CARICOM nationals to access services, the matter of contingent rights, and the potential impact on costs and availability in host countries. These will need to be addressed by the establishment of a Caribbean-wide health insurance scheme, as recommended by the Health Commission. This will be an enormous task and a first step is to be undertaken by means of a feasibility study organised by the CDB.

Security

Due to their small size and geographic location, CARICOM states have become increasingly vulnerable to the activities of transnational crime in drug-trafficking, trade in illegal arms, money-laundering and illegal migration. This has been exacerbated by the deportation of criminal aliens from metropolitan countries to the region. These have been reflected in the emergence of violent gangs and posses, kidnapping for ransom and contract murder, and steep increases in homicides, with resulting significant negative impacts on the retention of skilled manpower, business costs, levels of investment, tourist arrivals, and the quality of life of the general population. Terrorist activity that could target tourism, foreign investment and the security of the state, has also become a major concern.

Highlighting of security as a key area of functional cooperation, reflects recognition of this vulnerability and of the imperative of mutual support and assistance among CARICOM states and also, of maintaining a common front in arrangements made with international partners. CARICOM has already established the foundation of a system of functional cooperation in this area in the form of the Regional Security System (RSS) and police cooperation in a number of areas. A Regional Task Force on Crime and Violence was set up in 2001 and made a number of recommendations that were approved by the Heads of Government in 2002. Cooperation in intelligence sharing

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

and border controls, among Member States and with international partners, was significantly strengthened in response to the exigencies of Cricket World Cup 2007.

Existing elements will, therefore, be consolidated into a full-fledged **Caribbean Security Cooperation System (CSCS)**. This will have two components. Firstly, consideration will be given to the establishment of a regional or sub-regional response mechanism to combat regional security threats arising out of natural disasters, terrorism, insurrection or invasion. The long-term objective is the creation of a new Caribbean Security System based on regional resources. In the short to medium term, the options are for any one, or a combination of (i) expansion of the Regional Security System (RSS), (ii) establishment of sub-regional systems based on the creation of geographic zones within CARICOM with subregional coordinating centres in identified Member States, and (iii) the establishment of sub-regional systems based on strategic cooperation with the wider Caribbean.

The second main component of the CSCS will be a Caribbean Police System. To this end, a decision has already been taken to establish a Caribbean Regional Information and Intelligence Sharing System (CARISIS) and enhance border security as priorities; and to establish a Coordinating Information Management Authority to oversee its implementation. CARISIS will begin as a 'virtual system' but will be managed and owned by a regional entity to develop trust and optimum use of its facilities. The system can also serve to manage regional border security and provide such services like a Regional Inspectorate and regional witness protection programmes, to assist in the development of the smaller and weaker police services within the Region and enhance the integrity of the justice system.

Research and Development

CARICOM will require both a regional policy on Research and Development (R&D) to encourage the development, adaptation and diffusion of technology in production, and a regional institutional mechanism to drive the process. The relationship between investment in research and development and the rate of economic growth is now clearly established empirically; but CARICOM spends only 0.016 percent of its GDP on R&D, compared to 23 percent for the developed countries. In the Caribbean, industries in which R&D can

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

play a significant role, include domestic and export agriculture, agro-processing, energy, information services and telecommunications. Product innovation is a key strategy in winning market niches in export agricultural products such as sugar, rum, exotic products such as tropical fruit extracts and spices, and ethnic food products for supply to the tourism sector and the Caribbean Diaspora. Process innovation can increase the capacity of firms, including SMEs, to process indigenous products. Adaptation and diffusion of technology, whether locally generated or imported, is an integral part of maximising productive efficiency and maintaining international competitiveness. Consideration will therefore be given to the feasibility of establishing a Caribbean Research and Competitiveness Funding Agency, based on the proposal recently prepared by UWI for the CARICOM Secretariat[4].

R&D is an area where close collaboration between the public and private sectors is highly relevant. Governments need to provide incentives to private firms, for example, tax write-offs for approved R&D activities. Governments and the financial sector need to work out mechanisms of venture capital financing, to support the development and commercialisation of new technologies, including SMEs. Regional cooperation in R&D also has potential synergies, by allowing critical mass to be attained in the development of new technologies, avoiding costly duplication of effort and promoting technology sharing. For example, regional technology networks in product clusters can be a mechanism of R&D collaboration and diffusion of new technologies. The regional universities and local research institutes should be encouraged to work closely with industry in science and technology. Intellectual Property policy, for example, vis-à-vis patents and industrial designs, will need to be modernised with these goals in mind, and adequately implemented. The proposed Caribbean Research and Competitiveness Funding Agency (CRCA) is specifically designed to achieve these synergies and outcomes. External donor agencies should be asked to support the regional policy by providing direct subventions to approved R&D by regional and national R&D institutes and/ or by supporting the establishment and operation of the proposed Agency, if this option is pursued.

Details of the regional policy for R&D and of the proposed CRCA will be developed by a Task Force comprised of the UWI, regional and national R&D institutes, representatives of the private

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

sector and the scientific community. The Task Force will complete its report with recommendations by mid-2007.

Small and Medium Enterprises

Small And Medium Enterprises (SMEs) will play an integral role in the regional development strategy and CARICOM policy will be to encourage cross-border activity by this sector. SMEs can be important sources of growth, innovation and competitiveness, income and employment generation, and foreign exchange earnings and savings particularly in the smaller CARICOM economies. The Single Market, in the wider context of globalisation, will create new opportunities for SMEs to grow through the building of regional production networks based on productivity and cultural adaptation, niche marketing and electronic commerce. SMEs are well suited to utilise the Caribbean's unique cultural assets, its links with the Caribbean Diaspora in developed countries, and its cultural and geographic connections to the major emerging markets of China, India and Brazil. Industries in which SMEs have a strong potential, include agro-industry, tourism and hotel services, furniture, food services, printing and packaging, and a wide range of services including accounting, engineering consultancy, information services and information technology.

CARICOM regional policy will focus on providing key resource inputs for SMEs that facilitate their taking advantage of the enhanced opportunities available from market integration. In summary this will consist of:

Co-ordination of technical assistance

Technical assistance organisations will be encouraged to co-ordinate technical assistance on a regional basis, following the example of CDE/Proinvest and the CDB. One organisation is already planning to source and supply technical assistance to SMEs in the Southern and Eastern Caribbean, in collaboration with agencies such as the Inter-American Institute for Cooperation in Agriculture (IICA) and the Caribbean Industrial Research Institute (CARIRI).

Application of quality systems and standards and industry benchmarks

The competitiveness of Small and medium-sized enterprises (SMEs) of identified sectors will be enhanced by their involvement in region-wide standardisation efforts, to facilitate trade in goods and services and promote regional, hemispheric and global integration.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The SMEs should be specifically targeted, to ensure an understanding of strategic importance of standards in trade facilitation and sustainability.

Sectors such as agro-industry, furniture manufacturing, food service businesses, printing and packaging, and services sectors such as the Caribbean tourism sector and the finance sector will be encouraged to build quality management practices into their industry practices. Although the measurement of SME productivity presents difficult challenges, a start will be made with the larger regional industries such as airlines, banking, cement distribution and educational facilities.

Wider availability of services

Firms providing key services to SMEs, such as advertising agencies and legal service firms, will be encouraged to regionalise their business. The CARICOM Financial Services Agreement is especially important as a means of facilitating the availability of capital to SMEs. Policy will also encourage specialised regional financing organisations in Small Enterprise Lending.

Facilitating Equity Investment in SMEs.

Increasing equity investment in SMEs will be a significant factor in their expansion and this will be facilitated in several ways. It is important to encourage more enlightened views on equity investment among owners and managers of SMEs themselves. SMEs need strategic partners who will help build the business, by bringing added value to the firm and cross- border activity will widen the pool of strategic investors.

It is also proposed that a Charter for Small and Medium Business Enterprises, including a Strategic Development Plan be prepared and given official recognition.

Corporate Governance

CARICOM will support the establishment of a strong Corporate Governance Framework (CGF), based on existing initiatives by major regional stakeholders. A strong CGF facilitates economic development by strengthening market discipline, improving business transparency, enhancing disclosure, facilitating effective regulation and encouraging Corporate Social Responsibility. Policy-makers and regulators are better able to monitor markets, identify risks and develop regulations that encourage growth and fair competition. It is integral to the development of sound and properly functioning money and capital

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

markets. Global trends calling for enhanced transparency and accountability in the public and private sectors; the emergence of international CG standards; and the demand for improved governance by institutional investors and stakeholders, underline the importance of having a CGF as part of the CSME

The absence of legislation to protect the interests of minority shareholders' interests is a major obstacle to development that needs to be addressed. Adoption of the new International Financial Reporting Standard IFRS 7, will provide minority shareholders with a great deal of information and analysis; enabling them to ask questions that directors should be obliged by company law to answer in the presence of the auditors at the General Meeting. For example, the return on capital to one particular set of shareholders should not be disguised as payment for services, and majority shareholders in control of the Board should be accountable for declaring income in cash and in kind that is above what they could otherwise earn in similar employment.

Improved *corporate governance* must be seen as a crucial enabling factor in development. Major private sector organisations will be encouraged to take the lead in securing agreement on basic principles and best practices suitable to the Caribbean, which can then be written into regulations by Central Banks and Stock Exchanges. Steps should also be taken to strengthen the role and effectiveness of audit committees, working with the Caribbean Association of Audit Committee members.

Accounting and auditing standards are recognised as public issues and the goal will be to adopt International Financial Reporting Standards, making use of the approved exemptions. Auditors should be free to operate in any Member States country without unnecessary, country-specific restrictions imposed by the industry or by governments. Implementation of standards will begin with the adoption of common requirements and procedures for incorporating new companies within the Community, including the removal of disincentives, such as stamp duty on equity issues.

CARICOM supports and endorses the initiative to establish a CARICOM Corporate Governance Framework through the activities of the Caribbean Corporate Governance Forum (CCGF). The Forum was launched in 2003, as a joint initiative of the East Caribbean Stock Exchange Ltd. and the East Caribbean Central Bank; as a pan-Caribbean forum for the promotion of good CG standards in the region. Regional meetings involving hundreds of stakeholder

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

representatives, and the work of several task forces, have resulted in agreement on Draft Principles of Corporate Governance for the Caribbean. These focus on six areas:

I. *Overall Objective*. The development of transparent and efficient markets, based in the rule of law and high ethical standards.
II. *Shareholder rights*. The framework should protect and facilitate the exercise of shareholders rights.
III. *Equal Treatment*: Ensure the equitable treatment of all shareholders, including minority and foreign shareholders.
IV. *Rights of other Stakeholders*. Recognition of the legal or other rights of other stakeholders. Addresses family owned businesses and state-owned/controlled enterprises.
V. *Disclosure and Transparency*. Timely and accurate disclosure of all material issues.
VI. *Board Responsibilities*. Strategic guidance of the entity and in effectively monitoring management, as well as the Board's accountability to the entity and to stakeholders.

The Principles are consistent with international standards, while being appropriate to the developmental context of the Caribbean and supportive of the integration process and should be extended to include corporate social responsibilities. They are seen as non-binding and non-prescriptive and are intended to serve as a reference tool in the development of national and/or sector specific codes and in the further development of national legal and regulatory frameworks. A complementary activity is the Eastern Caribbean Securities Exchange (ECSE)/Eastern Caribbean Central Bank (ECCB) programme of training interventions, aimed at raising awareness of corporate governance issues and principles among the region's pool of Directors.

Competition Policy

CARICOM's competition policy will seek to balance the objective of fostering internationally competitive regional enterprises, with the need to protect the interests of consumers and ensure equity. Cross-border investment, mergers and acquisitions can lead to market concentration in key sectors, with ownership concentrated in firms based in larger Member States. The possible negative consequences of this, include anti-competitive behaviour, retrenchment of employees and displacement of small firms in key sectors; as well as inequitable

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

distribution among Member States of the gains from integration. These issues will be addressed by the Community competition policy.

The policy will be developed and administered through the regional Competition Commission whose functions are set out in Article 173 of the Revised Treaty.

The Commission would need to take special note of the following:

- *Surveillance*: identifying anti-competitive conduct with cross border effects: e.g., dividing up markets, barriers to entry and predation;
- *Ensure compliance*: Assess complaints and select those that merit investigation; issue judgments and enforce rules;
- *Issue guidelines and interpretation of rules* to foster confidence and certainty in the private sector;
- *Need to tailor rules to local conditions*;
- *Research*: sponsor and undertake studies to monitor structure of production and distribution and assess the impact of concentrations on competition;
- *Public education and advocacy*: educate the consumer and promote the development of consumer organizations; encourage the business sector to monitor and report anti-competitive conduct of other businesses; encourage competition legislation and compliance programmes; educate the press, labour unions, NGOs; advocate competition in governments of Member States; provide opinions on. Laws and regulations that stifle competition; monitor the conduct of state owned enterprises; and interface with authorities in regulated sectors to the extent that cross border trade is affected;
- *Facilitate new entry into Caribbean Markets*; and
- *Cooperation* with competition authorities within and outside of the CSM:

  The Commission will be endowed with the legal powers, staff, and financial resources necessary to carry out these functions and to have sufficient financial and political independence to establish credibility with businesses, consumers and Member States.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Regional Quality Infrastructure

Establishing a recognised regional quality infrastructure (RQI) is an essential process for gaining access to foreign markets and securing strategic advantages in international trade. The model for establishing the RQI recognises that small economies of the Region may not all have the resources to establish, in their national jurisdictions, the infrastructure required to ensure that the demands of international treaties and trade rules are met.

The process ensures that there is continuing maintenance and continuous upgrading of standards in keeping with international practices.

The RQI is based on

a. the establishment of a metrology infrastructure that is traceable to international primary standards;
b. a regional system of accredited testing laboratories,
c. an internationally recognised standards development framework based on the WTO Code of Good Practice for the development of standards; and
d. a regional mechanism for assuring quality and international recognition of the goods and services traded within and outside the region.

The success of the model is based on leveraging the identified national strengths of the region through harmonised standards and procedures to support the entire region, provide technical support and ensure the mutual recognition of the region's accreditation and certification systems. The recognition of this harmonised regional model by the international community should be a goal of the Caribbean Community.

Development of a Regional Quality Infrastructure (RQI) will thus be a key element of the CSME. The hub of the RQI is already in place in the form of the Caribbean Regional Organisation for Standards and Quality (CROSQ), established in 2002. The CROSQ RQI model has two aspects: (i) an Interdependent State Partnership Model, with interaction with governments, the private sector and civil society; and (ii) an Interdependent Resource Sharing Model, comprising a Regional Quality Assurance Mechanism; a Testing Infrastructure consisting of Caribbean testing laboratories in collaboration; and a Metrology Infrastructure and a Standards Infrastructure at national levels.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CROSQ will also be designated as a single regional point of contact between the Member States of CARICOM and the WTO for communication on standards, under the obligations of the WTO agreement.

Transport

The Revised Treaty calls for a Community Transport Policy whose goal will be the provision of adequate, safe and internationally competitive transport services for the development and consolidation of the CSME. The policy will embrace air and maritime transport, both in their regional and international dimensions. It will address functional cooperation, common negotiations with third parties, tariff regimes, market access, competitive practices, taxes, air navigation charges, regional aviation authority, safety and security.

Maritime Transport

Adequate and efficient maritime transport is required to facilitate the expansion of intraregional trade and the competitive positioning of the region's producers in international markets. Intra-regional trade in perishable agricultural products, of small scale manufactures and handicraft products is adversely affected by the inadequate nature of the regional stock of ocean going vessels. The containerisation revolution that had occurred in international shipping (containers now carry approximately 90 percent of world trade in goods) has impacted unevenly on the region. Some regional ports have become major and secondary transhipment points for container traffic[5], with feeder services to smaller and less well-equipped locations. For the countries with these ports, extra-regional and intra-regional trade and the needs of large exporters are reasonably well served by existing facilities and by international shipping lines. Port productivity, customs and trade facilitation remain issues in these locations. Other locations—principally the mainland countries and several Organisation of Eastern Caribbean States (OECS) states—face higher shipping costs; as do SMEs in all states that ship in less-than-container loads (LCL) quantities. Hence, availability of low-cost maritime transport to these countries and to small firms is crucial to ensuring their equitable participation in the benefits of integration and help counter regional disparities.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Consultations with industry stakeholders, complemented by further technical work as necessary, will be undertaken to formulate a regional maritime transport policy that addresses the following:

- Scope for increasing facilities and lowering costs for regional locations other than major and secondary transhipment ports.
- Facilities and cost-reduction measures for SMEs shipping in LCL quantities.
- Measures to address the problem of minimum size of refrigerated shipments for SMEs.
- Measures to enable new exporting firms to have easy access to information on shipping services and rates and to improve coordination between production and shipping, through better use of information systems, shipping agents and shipping associations.
- Measures to reduce the high cost of loading and discharging containers at Caribbean ports by improving labour and management productivity.

Air Transport

90 percent of tourism earnings in the CARICOM region derive from visitors arriving by air and for some countries in the Eastern Caribbean, the Caribbean itself, is the largest Caribbean market. Adequate, efficient and affordable international and intra-regional air transportation, including air freight capacity, will be an integral component of the CSME economic infrastructure and a key instrument in the regional development strategy. The main steps to be taken in the immediate future are:

- CARICOM will continue to negotiate air transport agreements with third parties with the aim of attracting additional service to the region and increasing access of regional airlines to extra-regional markets.
- Caribbean airlines, whether in government or private ownership, will be encouraged to aggressively pursue functional cooperation, in order to respond to the transportation needs of the people of the region. The aims of functional cooperation are to create synergies, reduce costs, improve the range and quality of services, avoid wasteful competition, and improve profitability.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

- CARICOM governments will be willing to consider private investment and even control of regional carriers on terms that ensure the investor operates within the context of the Community's strategic direction and its socio-economic goals.
- CARICOM will develop and implement a Community Air Transport and Aviation Policy that addresses the needs of the sector in a comprehensive manner.

CARICOM Development Fund and Regional Development Agency

CARICOM has agreed to establish a CARICOM Development Fund (CDF) and a Regional Development Agency (RDA) to provide financial or technical assistance to disadvantaged countries, regions and sectors; as called for by Chapter 7 of the Revised Treaty of Chaguaramas. The CDF and the RDA will be two important instruments in enabling the smooth adjustment of the Community's disadvantaged countries, regions and sectors to the establishment of the CSME and assisting their transformation in line with the regional development strategy.

The CDF will be established and governed as a separate legal entity, but will be housed in the Caribbean Development Bank to minimise its overhead costs. It will be capitalised at US$250 million, with $120 million contributed from Member States[6] and the remainder sought from the region's development partners, the regional private sector, and other sources. It will provide both loans and grants to eligible recipients, and possibly, interest subsidies on loans from other institutions.

Eligibility criteria for CDF assistance are set out in the Revised Treaty of Chaguaramas. The underlying rationale is that cohesion of the integration movement requires the minimisation of adjustment costs to weaker partners and equitable participation in the economic benefits. Accordingly, CDF financing will be used for the purpose of providing financial or technical assistance to disadvantaged countries, regions and sectors, to offset costs of fiscal and economic adjustment, and to support activities related to economic transformation.

The Regional Development Agency will operate as a source of technical assistance to the same categories of recipients accessing the CDF, and with the same purposes and objectives. The policy will be to

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

ensure maximum synergies between the activities of the CDF and RDA, for example, in the preparation of funding requests to the Fund and in the implementation of projects financed by it.

Conclusion

WHY, THEN, A NEW REPORT AT THIS TIME? One reason is that the need for a regional development vision and plan has now assumed considerable urgency. The dismantling of preferential arrangements is now a reality. Secondly, the governments are politically and legally committed to completing the CARICOM Single Market and Economy, and this requires a high degree of policy harmonisation. This only makes sense within a framework of agreed objectives and policies.

Thirdly, there is external pressure: the region is engaged, collectively, in negotiations with the European Union (EU) for an Economic Partnership Agreement (EPA) which is supposed to be a tool of development. It must have an agreed developmental framework to guide the negotiations on trade and development assistance.

Finally, a Single Development Vision gives us a framework to get more buy-in from regional stakeholders, to get a dialogue going on the shared values and objectives of the Community public, and to monitor the progress of integration in serving the agreed objectives.

When the present exercise started about THREE years ago, a number of suggestions were made. One such suggestion was that due account be taken of the studies that had already been done and of the strategic policy documents that have been adopted by countries in the region by the OECS. There was no need to reinvent the wheel; and further, we could only build on what was already on the ground, so to speak. A large number of these studies were mined for what they could tell us, going as far back as the Compton Bourne report of 1988.

Another suggestion was that the economic integration aspect should be carefully sequenced to give priority to areas where an 'early harvest' can be reaped. Citizens should see the benefits of the CSME in as short a time as possible. We need to bear in mind that market integration under the CSME, in and of itself, will probably make little difference to the economic lives of people of the Community in the immediate future. With some notable exceptions, the economies do not trade much with one another and have little to trade with one another. The latest data we have (1998) is that intra-CARICOM

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

trade—exports and imports added together—is about 12 percent of the CARICOM GDP.

To put it another way, CARICOM economies are marginal to the economies of CARICOM. This is because CARICOM economies are oriented mainly towards the export of goods and services to extra-regional markets. Most people are unaware that the expected benefits of the CSME do not stem from expanded intra-regional trade. Rather, they are expected to come from intra-regional movement of capital, business enterprise and skilled labour; so that exports to extra-regional markets can be more competitive and local firms will be better able to withstand competition from imported goods.

There are limits, however, to the benefits that can be yielded by economic integration that is purely market-driven. That is why the matter of sequencing becomes important in the political economy of the integration process.

A third suggestion made was that as much emphasis should be placed on the noneconomic aspects of integration as to the economic aspects. The reason for this is that, if a development vision and plan were to stand a reasonable chance of implementation, it must engage the regional public and key stakeholders. And for this to happen, it must speak to matters that impact on the quality of life of ordinary citizens in the community—in areas like crime and violence and security, health, education, and the environment. Citizens must perceive some added value from the existence of the Community, both in economic and non-economic matters. We could say that "if the CSME is to succeed, there has to be more to integration than the CSME".

This means that the functional cooperation aspect of CARICOM integration is as important as economic integration under the CSME. Let us also remember that most of the development effort of Member States will continue to be made nationally and sub-regionally; indeed, implementation of the CSME takes place through national action: so that CSME does not substitute for national strategies, but complements them by facilitating economic activity that would otherwise be out of the reach of individual Member States.

The single development vision, is holistic and multi-dimensional. It has economic, social, environmental and governance dimensions. The six basic elements known to everyone are:

i. Self-sustaining growth;
ii. A full-employment economy and elimination of poverty;

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

iii. Spatially equitable growth to reduce intra-regional disparities;
iv. Social equity, social justice, social cohesion and personal security;
v. Environmental protection; and
vi. Democratic, transparent and participatory governance.

No surprises here: but it serves as a reminder that economic growth is not to be pursued as an end in itself; or at the cost of widening social inequality and environmental degradation. The Report in its entirety has been published, so it is not necessary to go further into details.

Reflections

So now we have a Vision. It would be useful to stand back a bit and reflect on what happens next. Lloyd Best of blessed memory used to say that the main problem with CARICOM is the "absence of regional politics". To put it another way, we are trying to build regional integration on the basis of national and insular politics. This is practically a contradiction in terms. The Assembly of Caribbean Community Parliamentarians is not the solution because it is a delegated assembly of national parliaments and it is purely consultative. In fact it has fallen into disuse. I don't know what the solution is, but until we have the emergence of a genuine regional public, a regional media, regional peoples-based organisations and genuine regional public opinion, then the integration movement will really continue to be weak.

The second matter is the issue of disparities. They are very wide in CARICOM: 40 to 1 if the Bahamas and Haiti are included, but still 11 to 1 if you look just at the 12 CSME countries. It is clearly putting a strain on the integration movement in areas such as movement of labour and the adoption of common economic policies and the monetary union. The Treaty speaks to the question and the Regional Development Fund is being set up. Let us not fool ourselves that by itself this will suffice. The truth of the matter is that there is no economic integration arrangement anywhere in the world that has attempted or is attempting to do what we are trying to do: construct an economic union out of small eternally oriented economies with wide and growing disparities. We do not have any models, certainly not the EU, to use. *It is going to require political statesmanship of the highest order if we are going to bring it off.* I do not know if this will be forthcoming but I do

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

believe that the academic community can help by means of a critical but constructive engagement with the process.

The other matter is that of sovereignty. There is an organic linkage between this report and the report of the Technical Working Group (TWG) on Governance, chaired by Prof Vaughan Lewis with members including Dennis Benn, Ralph Carnegie, Cuthbert Joseph and Angela Cropper. The TWG proposed changes in the form of a Single CARICOM Act that would give teeth to CARICOM decisions by making them legally binding in Member States in certain defined areas. It involves the exercise of collective sovereignty by all the members acting together.

This is the crux of the matter, more so than the appointment of CARICOM Commissioners. This recommendation has been considered, and approved in principle, by the governments at the July 2007 Summit. However, the devil will be in the detail. One senses considerable reluctance to make firm commitments on the question; perhaps because it touches on sensitive questions of national sovereignty, or because of the imminence of elections in several of the larger states.

There is no doubt however, that we will need to move in that direction, the direction of supranationality, if the implementation of the Single Development Vision and the Role of the Single Economy is to become a reality. Otherwise there is risk, as we say in the region of 'spinning top in mud'.

****The foregoing is an adaptation of the edited versions of the Report entitled "Towards a Single Economy and A Single Development Vision" and a Paper entitled " Reflections on the Vision" both written by Professor Norman N. Girvan.***

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Notes

1. The entrepreneurial state is here distinguished from the interventionist state, which involves detailed government regulation and direction of private sector activity.
2. Common policies and support measures are provisions of the Revised Treaty of Chaguaramas.
3. Most of these are also called for under the terms of the Revised Treaty.
4. Concept Paper on the Establishment of a Caribbean Research and Competitiveness Funding Agency available on request.
5. The paper by Roland Malins-Smith lists Kingston and Freeport as major transhipment ports and Point Lisas, Port of Spain and Vieux Fort as secondary transhipment ports.
6. Of the $120 million, $20 million will be in the form of a one-time contribution from the Petroleum Stabilisation Fund of Trinidad and Tobago and $100 million from all Member States.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 9

The Caribbean Single Market and Economy: The Way Forward

Owen Arthur

Those of us who are in any way involved with charting the destiny of the people of the Caribbean must feel both chastened and challenged by the verdict of C.L.R. James in The Birth of a Nation. 'Nobody knows what the Caribbean population is capable of. Nobody has even attempted to find out'.

The creation of a Caribbean Single Market and Economy (CSME) is an endeavour that will test to the full the validity of James's judgement. Put as simply as possible, it is an exercise which will entail our taking the 15 participating economies, stretching from Belize in the West to Suriname in the East, which have existed hitherto as separate, distinct economies, and reconstituting them as a single market and a single economy, in the same sense in which, Barbados for example, is one national rather than 11 parish economies.

It is an initiative that will change, in very profound and fundamental ways, the structure of each of the economies involved, the trajectory of their development, their relationship with each other and with economic systems in the rest of the world.

The creation of a Caribbean Single Market and Economy will unquestionably be the most complex, the most ambitious and the most difficult enterprise ever contemplated in our region. And in a region which, as Philip Sherlock has observed, division is the heritage, contrast is the keynote, and competition is the dominant theme, economic integration requiring cooperation on the scale and of the depth envisioned by the CSME will be substantially more difficult to attain than integration on the political plane.

To the popular imagination, the creation of the CSME is increasingly being represented as the meeting of a set of elusive deadlines, the putting in place of a number of economic institutions, the management of a number of discreet economic events involving the removal of barriers, and the prescription of legal frameworks

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

within which economic activity can be given new regional definitions and dimensions.

We would however, do well to appreciate that it is impossible to conceive of an economy, whether national or regional, as a stand-alone entity. It embodies and represents a way of life. Its functioning requires the deployment and reliance on political and power relations. It draws its purposes and its dynamics from social and cultural norms and values. Its foundations and building blocks consist not only of its physical and financial resources, but more integrally so, of a number of social assets, including a sense of community, a shared identity and other bonds that inspire individuals to cooperate in the design and workings of the instruments to promote their mutual well being.

Judged within such a broad context, the socio-economic climate within which a Caribbean Single Market and Economy is being conceived and is to be implemented, can hardly be deemed to be propitious.

At the political level, the creation of the CSME is taking place in the shadow of the failure of the previous attempt at political federation. One of the lingering consequences of that failure is the strongly held conviction that any venture to forge deep political integration in the region is both inappropriate and impractical. It is a view expressed graphically in the West Indies Commission Report 'A Time for Action' in these terms:

> *"The goal of a general West Indian unity at the political level remains for our people; it is clear, a sort of Holy Grail shining on the edge of a distance too far away to matter for the time being."*

In such a political context, a false pragmatism in the Caribbean continually asserts itself. It is the false pragmatism that holds that economic and political affairs can be compartmentalized. The Caribbean is therefore expected to achieve the very highest form of economic union known to mankind, to achieve at the economic level that which, it is claimed, cannot be achieved at the political, and to do so without major political readjustments.

I may graphically illustrate the enormity of the implications of this political choice, by way of drawing reference to the fact that the CSME is intended to achieve a depth and scope of economic integration akin to that sought by the various instruments of integration deployed by the European Union.

Europe, however, seeks for itself a Single Market and Economy within the context of a European Union at the political level. We seek

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

merely a CSME per se. This is not to suggest that the process of economic integration in the Caribbean is intended to be undertaken in an environment free of political dimensions.

Quite to the contrary, our Caribbean Community (CARICOM) has been conceived to be a Community of Sovereign States. Each sovereign state, in such an arrangement, retains exclusive powers in relation to the implementation of community decisions. There is also no provision for the transfer of sovereignty to any supranational regional institutions and there is no body of community law that takes precedence over domestic legislation, nor is automatically applied in domestic jurisdictions.

The Caribbean has therefore chosen the most difficult political form of integration by which to implement something that is as complex as a single market and economy.

The creation of a CSME and its possibilities should also not be addressed outside the appropriate historical context. An accurate appreciation of our common history leads to the conclusion that all Caribbean economies have been participants in a prior and a predominant form of economic integration that is more powerful and pervasive than that of the CSME. From their very inception and up to today, the typical Caribbean economy has been structurally and functionally integrated into wider metropolitan economies. All of our productive sectors—sugar, bananas, tourism, international business and financial services, petroleum, manufacturing—depend on extra regional rather than regional or domestic markets for their survival and viability.

In consequence, only a tiny fraction of our societies' economic activities depend upon the regional market. In Jamaica, it is estimated to be 1.8%; Trinidad and Tobago, 7.4%; and Barbados, 9.1%. By contrast, in Europe, between 60%–90% of export transactions involving goods and services originate from demand within Europe itself. Economic integration schemes are most effective when participating firms and national economies suffer major loss of profits and national economic welfare from not participating in production to meet regional demand, or from being irresponsive to regional initiatives. In addition, compliance in the implementation of community decisions is never a major problem if such decisions are central to the interests of member states and their enterprises.

Such is however hardly ever the case when national economies and major enterprises can look to extra regional relationships for the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

achievement of their principal goals. It is in this sense and for this reason that we must be conscious of the fact that the mere proposal to constitute a Caribbean Single Market and Single Economy cannot in and of itself erase nor efface 400 years of economic acculturation.

We have now to make the Caribbean matter as a major source of our capital, skills, technology, entrepreneurship and markets, and important in the decision making process of Governments, enterprises and individuals.

Failing this, the CSME will be no more than the fifth wheel of a coach; not much of hindrance to progress, nor not much of an aid. At the social and cultural levels, we are attempting, as a region, to build an integration movement that is distinctive and entirely different from that known to or practiced by any other region.

The CSME rests on the notion of the Caribbean becoming a community of nations – a community which draws its vitality and purpose from the shared and common desire to rise above the debilitating aspects of a tortured past.

It is intended to be a community whose building blocks are the bonds of shared and common values, a sense of kith and kin, and the anticipation of a common destiny that derives from our being one people with a unique and common culture. A community thus conceived must, of course, depend for much of its formal structure on the legal provisions embodied in its Treaties and Agreements, and the formal arrangements devised to support its systems of governance. It can only, however, have vitality and meaning if there are, at work, instruments of communications to enable a Caribbean rather than insular personality and identity to emerge and predominate, and to cause insular nationalism to give way to the pride of regional nationhood.

This, however, is in the realm of things hoped for rather than things already or about to be achieved. The effort to create a CSME will continue to fly up against a retarding head wind until we deal with the fact that it is impossible to build a community without effective means of communication. In an age that will come to be exemplified by the revolution in information and communication technology, it is amazing that we believe that we can create a single market in the region without first making the simple act of travel, or the movement of goods less difficult, less expensive and less time consuming.

Markets depend upon the availability and relevance of information. It is therefore astonishing that we should believe that we

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

can make the Caribbean one Single Market, in circumstances where the ordinary Caribbean citizen has access instantly to information and developments taking place in every other corner of the world - except the Caribbean.

The absence or underdevelopment of the appropriate instruments of communication to bring the Caribbean together, as one, has deprived the endeavour to create a Single Caribbean market and economy of the sturdy foundation on which ideally it ought to rest. It must be rectified as a precondition for further progress.

The effort to integrate the Caribbean to a level as complex and comprehensive as that of a single economy also runs up against new socioeconomic tendencies, perspectives and developments across the region that are not creating a climate that is conducive to progress.

Less than 50 years after the attainment of political independence, underachievement, a loss of confidence, cynicism and the willingness to accept the second best across a wide field of social, economic, cultural and political activity are fast becoming attributes that enjoy widespread currency in our region.

Buffeted by economic crisis after economic crisis, some domestic economies are relatively less prosperous than they were 30 years ago. Others, faced with the loss of trade preferences, teeter on the brink of collapse. Many are compelled to deal with basic, urgent issues relating to economic survival and solvency; attention therefore turns inward and to the immediate. Issues pertaining to regional restructuring take second place in such a context, especially if they bring with them new financial obligations that cash-strapped Governments are in no position to assume. Ironically, and as a consequence, the very set of economies that more urgently need to be integrated than any other set in the world, often find themselves unable to devote the energy and the resources to that task.

In addition, few new icons of Caribbean excellence are emerging in any field. In cricket, it is as if our days of greatness and glory are behind us. There have been no Barbadian novelists or poets of late on the same plane of achievement as Lamming, Clarke or Brathwaite; no Caribbean economists of the ilk of Lewis or Beckford; no new cultural artistes of the vintage of Sparrow or Marley; in the regional public service no new legends of the status of Arthur Browne, Ramphal, Demas, McIntyre, Oliver Jackman, Steve Emtage.

Our regional political leaders and politicians in general, appear to be modest in scope and accomplishment as compared to the titans

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

of the past. Journalism has seen better days. Less than 50 years after the West Indies Federal Court was an outstanding success, a substantial cross section of the contemporary Caribbean citizenry still entertain grave doubts about the introduction of a Caribbean Court of Justice. Many even now believe that the gaining of political independence was not worth the while. More depressing, there is the growing acceptance that institutional failure is an option. As such, many of other regional institutions—the Leeward Islands Air Transport Ltd. (LIAT), the Caribbean Congress of Labour (CCL), the Caribbean Agricultural and Research Development Institute (CARDI), the Caribbean Broadcasting Union (CBU)/Caribbean News Agency (CANA, sometimes even the University of the West Indies (UWI)—are forced to eke out a precarious existence, always in a state of permanent financial contingency.

To set very high national goals, such as the attainment of full employment or full development, is to incur the risk of being lampooned. Furthermore, across the region, many citizens whose foreparents were in the vanguard of the struggle for social upliftment, and helped to make significant history by helping to build political institutions and contribute to the fight for independence, wear, as a badge of honour, their apolitical nature, and their lack of knowledge and interest in anything regional.

When, as happened in a recent survey, only 78% of respondents recognized the West Indies Cricket Team as being associated with regional integration, and an even far greater proportion professed to be unaware of the CARICOM Secretariat and the CSME itself, it can truly be said that ignorance of regional affairs has become fashionable. Shridath Ramphal captured it well in a piece in the mid 1990s 'Remembering to Score'. Revisiting the occasion in 1972 when the region was preparing to advance from the Caribbean Free Trade Association (CARIFTA) to CARICOM, he opined:

> *"The first thing to note about those times were our relative freshness and confidence. There was a mood of hope at large. We may have lacked experience in the world, but we did not lack boldness or energy. Now the prevailing sense in Caribbean capitals, certainly on matters of trade and economic policy generally, but on other matters as well, is one of powerlessness, of constraints, of limitations, of incapacities. It was a different time and, for us, a better time."*

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The CSME will be but one part of a wider integration movement in the Caribbean. It will essentially mirror the state of Caribbean society and psyche: It tests our capacity to conceive of that which simply must be done in pursuit of a higher level of development, and our will to see things through. It cannot be implemented by a region that doubts itself. For, as Norman Manley observed in 1947, in contemplating the future of a united region, 'Great causes cannot be won by doubtful men'.

I again offer the perspective that the creation of a Caribbean Single Market and Economy is an urgent, inescapable and historic necessity that must be satisfactorily and successfully met, no matter how massive the task appears, no matter how meagre the immediate returns may be, or how numerous may be the obstacles and pitfalls that must be overcome.

For a region in which most of the potential for economic development of the constituent members has been stifled throughout our history by their imposition on themselves, of a formidable array of barriers and constraints on the movement of skills, capital, goods, services, entrepreneurship, and by their historical inability to cooperate in the rational and coordinated use of such resources; a CSME represents a necessary, though not sufficient option, by which the sustainable development of the societies of the region, individually and collectively, can be pursued and attained.

The Caribbean also looks to a future in which it cannot envision continued reliance on the traditional trade preferences which in the past provided stability and market assuredness for its traditional industries. Economic policies and instruments to confer on domestic industries high levels of protection in an open and highly competitive global economy, cannot also be relied upon to be successful or feasible tools of economic transformation.

The programme of economic liberalization encapsulated in the designs of the CSME is therefore a vitally important aspect of the economic imperative to evolve a new class of Caribbean enterprise that is built to world standards, which can compete successfully within the region, can be the spearhead of our regional effort to hold our own and succeed in the new Economy of the Americas which is on the point of being constructed, and in the global economy which is now emerging as a fully liberalized entity.

In that sense, it represents the most effective means, save and except for the negotiation of the most generous regime of special and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

differential trade terms for small economies, by which the individual economies of the region can be successfully integrated into the evolving global economic system on terms that minimize the cost and disruptions ensuing from that integration, while making the most of any new opportunities.

The CSME also offers each participating economy the prospect of being able to plan their development somewhat freer of the debilitating shackles that have historically been imposed on them by the miniature size of population, market and land area. In so doing, it offers a wider field of opportunity than is currently made available by any individual economy for the growth and expansion of businesses of all descriptions, across all sectors.

In addition, it offers the prospects of enabling new forms of strategic alliances and business restructuring to be contemplated to directly address longstanding problems of uncompetitiveness which have been induced largely by small scale.

The CSME also has the capability and holds the promise of unleashing a new and an unprecedented economic energy in the Caribbean. By facilitating entirely new relationships between the ordinary Caribbean man and woman to the regional economic system, in the form of the unprecedented right to establish enterprises wherever they chose to in the region, greater mobility and wider choice, for the first time the Caribbean has within its reach, the realistic opportunity of being able to mount its development on the industry, ingenuity, enterprise and the creative imagination of its people.

Those attributes are our region's richest resources. For 400 years, failure to optimize their use has been the gravest deficiencies in the enterprise to conduce Caribbean development.

The opportunity that the CSME offers is best understood by reference to the limitations of the attempts at Caribbean economic integration which preceded it. The contemporary endeavours to integrate the economies of the Caribbean go back to 1968 with the establishment of the Caribbean Free Trade Area (CARIFTA). That had as its principal feature the removal of tariffs and other barriers to the intra-regional trade in goods that were produced within the region.

Any economic integration process in the Caribbean that limits itself to the liberalization of the trade in goods only, will yield very modest results. Not surprisingly, CARIFTA made hardly a difference, leading to a small boost in intra-regional trade which came to represent

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

approximately 10% of all the trade carried on by the economies of the region.

Five years later, the integration process was deepened, through the Treaty of Chaguaramas, by the provisions to create a form of Common Market in the region. To the pre-existing arrangements to support the liberalisation of trade in goods was added the provision for a common external tariff, to provide some measure of protection to regional industries in the process of their competition with extra regional imports. The 1973 Treaty also contained provisions, though token in nature, relating to the removal of restrictions in respect of the establishment of businesses, provision of services, the movement of capital and the coordination of economic policies.

Again, this relatively limited approach to economic integration yielded only limited economic benefits and returns. It made hardly a difference to the volume of intra-regional trade, which continued to hover at around 10% of total trade. It was hardly a stimulus to major new investments. And by its design and intent to support regional import substitution, it scarcely served as a means by which evolving and intensely pressing issues concerning international competitiveness and export penetration could be addressed.

It bears stressing that the principal difference between CARIFTA of 1968 and the Common Market of 1973, was the allowance made for the pursuit of a common policy to protect industries in the Caribbean from competition from extra regional imports by means of a Common External Tariff (the CET).

The CET was intended to be fully in place by 1981. It was never implemented, a failure in large measure due to the fact that the Heads of Government in the Caribbean did not meet in Annual Conference between 1975 and 1982.

We are therefore left to imagine what kind of strides would have been made in the development of the regional economy had the leaders of the day, who constitute some of the titans of Caribbean politics, not left CARICOM to languish in its infancy.

In the ensuing years, some of the principal Caribbean economies, under the auspices of multilateral lending institutions, implemented structural adjustment programmes having at their core, programmes of economic, financial and trade liberalization that far exceeded their commitments as expressed in the Treaty of Chaguaramas of 1973.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

In addition, by the end of the 1980s, through the proliferation of new trading blocs, and the rapid onset of economic globalization accompanied by its legitimising ideology of economic and financial liberalization, economic systems everywhere were being reconfigured to more accommodate the working of free, private market forces, to facilitate robust capital and other factor flows, and to promote export-led growth and international competitiveness to an extent not contemplated in the 1973 design of the instruments of Caribbean economic integration.

As such, at Grande Anse, Grenada in 1989, Heads of Government, convinced of the need to expeditiously deepen and strengthen the Caribbean Community in all of its dimensions, to seek equitable and sustainable development, and respond to the challenges and opportunities presented by the global economy, decided to transform the limited Common Market, as originally conceived in 1973, into a fully fledged Single Market and Single Economy in the shortest possible time.

In relation to its design features, as are embodied in the Revised Treaty of Chaguaramas of 2001, it is intended that the respective economies of the Caribbean should be reconstituted as a Single Market by the removal of existing barriers, not only to the trade in goods, but now the trade in services, capital flows, technology, that skilled persons should freely circulate, and Caribbean citizens should enjoy new and unfettered rights of establishment of enterprise anywhere in their region.

The provisions of the Revised Treaty of Chaguaramas are also designed to reconfigure the hitherto separate domestic economies into a Single Economy through the harmonization, coordination and convergence of macro-economic policies, the implementation of a common external trade policy, the harmonized and coordinated development of the productive economic sectors, small and micro-enterprises, and collaboration in relation to the management of monetary and exchange rate affairs. The Revised Treaty also makes provision for joint regional actions in relation to the development of capital markets, standards setting and enforcement, the enforcement of a community-wide competition policy and consumer protection measures, and, of course, the creation of new regional institutions to implement regional policies in the areas concerned.

Importantly, the arrangement for the creation of the CSME, in pursuit of the objective of equitable development, makes explicit

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

allowance to accord special and differential treatment to those countries, especially the Organisation of Eastern Caribbean States (OECS) countries that enter the process as Less Developed Countries (LDCs). It also sets out the processes by which countries, regions or sectors, which experience disadvantages as a result of workings of the regional integration process can seek, and attain redress.

Finally, to bolster consumer and investor confidence in the certainty, predictability and fairness in the application of the measures relating to the CSME, new modes of mediation and dispute settlement have been embedded in the Revised Treaty. At the apex of these is the proposed creation of a Caribbean Court of Justice, vested with the compulsory and exclusive jurisdiction to hear and determine disputes concerning the interpretation and application of the Treaty which creates the CSME.

The CSME, as just described, now exists essentially as a legal entity, embodied in the provision of the Revised Treaty of Chaguaramas. The task ahead is that of transforming it into a lived reality.

I would like to reflect for a moment on the process by which we have reached the point where a legal framework exists in a Treaty to enable the respective Caribbean economics to function as a CSME in the belief that it will shed some light on the pace at which we can go, and the scope of what we can possibly achieve.

In 1989, Heads of Government of CARICOM committed the region to having a CSME in place by 1993. In so doing they accepted a timetable for action that, with the best will in the world, simply could not have been attained.

Single forms of integration such as the creation of a Free Trade Area can be brought about by very simple actions such as one piece of legislation to change the Customs Act. The task of transforming a number of economies which had hitherto freely existed as separate economies, each with its own distinctive economic policies, laws, separate and different institutions, different sectoral compositions, and wide diversity in levels of performance, into a Single Market and Economy is really a massive undertaking which simply cannot be accomplished in a short period.

It is instructive that we draw from the experience of the only other region - the European Union—which has set out to refashion itself into a Single Market and Economy, for enlightenment as to how such a process could unfold.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Europe's process was initiated by the Treaty of Rome of 1957 under which the unification or integration of its previously separated markets was planned to be achieved within a 12 year transition period, ending in 1969. Although some tariffs and quotas were abolished, the schedule was not met.

Throughout the 1970s and 1980s Europe's process in attaining a Single Market was so remarkably slow that its state of affairs came to be termed 'Eurosclerosis'.

It was left to Mario Monti in '*The Single Market and Tomorrow's Europe'* to sum up the paralysis in these graphic terms:

> *"By the mid 1980's it began to dawn on many that after nearly 30 years, the European Community still had no real common market, that many of the freedoms prescribed in the Treaty of Rome for capital, goods, services and people remained a dead letter ..."*

It was also left to the Cockfield Report on the Single Market of 1985 and the proposals that issued from it, incorporated into the single European act of 1986, to give European integration some energy.

Between 1985 and 1992 an unprecedented volume of legislation was adopted by member states to meet the deadline for the creation of a Single Market.

Even then, the process continued to evolve. In 1989, the Delores Report was adopted, prescribing an approach to the creation of a Monetary Union which came to be embodied in the Maastricht Treaty of 1991. The process of European Integration continued to evolve with the formulation of the Amsterdam Treaty of 1997. Almost 50 years after it was first conceived, it has not yet been completed and in fact, continues to evolve.

By comparison, the process in the Caribbean has been rapid. By 1992, the basic technical studies to determine exactly what needed to be done to create a CSME had been completed and adopted. The real heavy lifting followed over the next eight years. To the extent that the original Treaty of Chaguaramas did not provide a legal basis for the Caribbean Economies to be refashioned and to function as a CSME, a new Treaty effectively had to be formulated to create such a legal authority, taking into account the special characteristics of the Caribbean economies, evolving international trade law—with all of this designed to meeting the requirements and approval of each of the participating national economies.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The first exercise involved the negotiation of a Protocol to change the organs of the community, the voting arrangements and the system of regional governance prescribed in the original Treaty, since they did not meet the requirements of a CSME. The most exciting change the CSME is intended to introduce is, for the first time, to make it lawfully possible for capital, skills and people to move freely in the region, the trade-in services to be facilitated, and Caribbean citizens to be enabled to establish enterprises in their region, wherever they wish.

Rules had to be developed and agreed in each of these spheres, taking into account new international trade laws as embodied in the GATS, and the vastly differing regimes and conditions that exist in respective Caribbean economics in these fields.

The principle that was accepted as the basis for defining the rules was that no new restrictions would be introduced and the existing restrictions on the movement of capital, skills, the provision of services, and rights of establishment would be phased out in accordance with an agreed and negotiated programme.

The work to give effect to these principles set in train a region-wide survey to make a complete inventory of all existing restrictions, numbering some 450, and a detailed and comprehensive engagement with each national authority to devise a programme for their phasing out.

The removal of some of these restrictions will require only administrative actions; others such as Alien Land Holding Legislation will entail constitutional change. Major adjustments to domestic legislation will be required to remove much of the other restrictions, and to make their removal the new driving force in Caribbean economic integration.

It has also to be appreciated that while the removal of some of the restrictions may appear to require only single action, they do in fact need a multiplicity of related measures to give each full effect. For example, to facilitate the movement of skilled persons, provision also had to be made to create Accreditation and Certifying Bodies at both the national and regional level. In addition, a Treaty had to be devised to avoid the double taxation of the incomes of citizens who move from country to country. An agreement also had to be devised to permit the portability of their social security benefits.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

All of these things have now been put in place. The negotiation of the legal framework for a Single Economy also meant that new legal ground had to be broken in prescribing new rules to facilitate cooperation and coordination in the development of economic sectors and common economic policies in the Caribbean, rules relating to the manner in which our external trade relations would be managed, new measures to ensure that competition in the new Single Market is both free and fair, a new regime of special and differential treatment for the most vulnerable Caribbean economies and new rules and mechanisms for settling disputes.

An Inter-Governmental Task Force drawing upon the best expertise in the public and private sector of the region, and taking account of the recommendations of two Special Consultations on the CSME, in my judgement performed an extraordinary service in negotiating these new rules of economic engagement and liberalization over these many areas in a manner that attracted the support and signature of all of the participating Governments.

It is these major achievements that are taken lightly now. In the process, quite a considerable effort was also made not only to give the legal provisions of the CSME a distinctly Caribbean flavour, but to allow the entity, once created, to co-exist with other economic arrangements of which the Caribbean is to be a part and yet be a major force in Caribbean transformation.

The only integrating mechanism in the Western Hemisphere, including the North American Free Trade Agreement (NAFTA) and the Common Market of the South (MERCOSUR), that provides for the movement of skills is the CSME, underscoring our appreciation of the centrality of the deployment of the human resource as one of the chief mechanisms by which to induce Caribbean development.

And the provisions of the critical regimes for the liberalization of capital, services and the establishment of enterprises have been so designed to enable the Caribbean to afford its constituent economies greater, deeper and faster market access in every field than it is prepared to afford anyone else. The CSME, so designed, can therefore not only co-exist with the Free Trade Area of the Americas (FTAA), but be a more powerful force for growth in the Caribbean than the FTAA itself.

To illustrate, Barbados has been made only a united number of commitments to remove restrictions on the performance in Barbados of services by extra-regional entities. It has, however, agreed to remove

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

virtually all restrictions on the performance of services by CARICOM nationals in Barbados. Having said that, it is important to make clear that, the CSME will never appear in any one place, or time, as a finished or finite entity, with a grand finale, complete with fireworks. Rather, it will evolve. Indeed, at article 239 of the Revised Treaty, there is a built-in agenda to support the elaboration of future Protocols in areas where the region is conducting external negotiations but has no equivalent regional regime (electronic commerce and government procurement). The built-in agenda also requires that future regional regimes be formulated to deal with the treatment of goods in free zones and similar jurisdictions, the free circulation of goods, and rights, contingent on the provision of the movement of capital and the establishment of enterprises, all with a view to give certainty and completeness to the regional liberalization provisions. There are also major omissions in the design of the CSME which, early experience suggests, require an immediate and urgent response. For example, unlike the situation which pertains in the European Union, the provisions for the creation of a CSME make no allowance for a Regional Fisheries Policy and Regime.

Yet, the Caribbean Sea is arguably the most vital component of the single economic space that the CSME is intended to create. There is therefore a crucial need for rules to be devised and implemented governing access to its resources, and the management of those resources, if a dispute that has not yet subsided between two otherwise happily interdependent neighbours is anything to go by.

The incorporation of a Regional Fisheries Policy and regime, together with provisions relating to Labour Law, Property Law and a regime for Community Transnational Enterprises will help to bring fullness to the design of the CSME.

In relation to the implementation of the CSME, the most sustained effort to date, stretching back to the era of CARIFTA, has taken the form of actions to remove barriers to the trade in goods and to erect a common external tariff. There are, notwithstanding, still in existence a number of non-tariff barriers to the trade in goods, including licensing arrangements. On balance however, the remaining trade barriers are not so prevalent as to be regarded as a factor which distorts or restrains intra-regional trade. A few countries are yet to complete the final phases of the Common External Tariff, which requires the top rate of tariff on non-agricultural imports from outside

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

the region to be 20%, and for agricultural commodities 45%. This is held to be a breach of their regional obligations.

Ironically, by perpetrating this breach, the countries concerned are affording goods imported from neighbouring islands greater protection in their markets than would be the case were they fully to implement the CET. The most immediate and pressing schedule that is to be met is that of implementing the arrangements to complete the Single Market by 2005.

In specific terms, this will entail the removal of the 450 existing restrictions on capital mobility, the rights of establishment of enterprises by CARICOM nationals, the movement of skills, hassle free travel and the provision of services, as required by Chapter III of the Revised Treaty of Chaguaramas.

Member countries will be expected to complete these arrangements, fully respecting the spirit and letter of Article 7 of the Treaty which prohibits them from applying discriminating measures on grounds of nationality only, and Article 8 which prevents them from giving any entity outside the region more favourable treatment than they accord their CARICOM neighbours.

To give a flavour to what is expected of us in Barbados, it will require that those spheres of economic activity such as fast food operations, water sports, hire car businesses which have traditionally been reserved for Barbadians only, will now have to be opened up to the participation of other CARICOM nationals. In addition, special economic programmes, such as those contained in our Small Business Development Act, which have been applied in a discriminatory manner by reference to nationality, will have to be refashioned to remove that element of discrimination. And the foreign exchange controls that Barbados has maintained on current and capital transactions will have to be removed on a phased basis to bring the nation into line with its regional obligations.

The deadline of the regional programme to implement the arrangements to create a Single Market is the end of 2005. Barbados, together with Jamaica and Trinidad and Tobago have committed themselves to implementing their obligations by the end of 2004.

In the case of Barbados, it will involve the bringing on of an omnibus piece of legislation to Parliament by the end of the year and incorporating all of the measures that have to be instituted to honour its obligations.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

It will be done. Critics who carry no responsibility for implementing public policy have created an industry of complaining in the region by bewailing the slow pace at which some of these seemingly simple measures have been implemented. They ignore the fact that as simple as they may appear, the changes proposed will alter the employment prospects of a wide cross section of people. Such change has therefore to be managed by way of extensive consultation and consensus building.

In some CARICOM countries, the implementation of the programme to create a Single Market will require Constitutional Amendments to change things such as Alien Landholding Legislation and to create the Caribbean Court of Justice.

It is therefore not as easy as some will make it appear, and the effort requires the support of the entire community. Beyond the implementation of the programme to create the Single Market by 2005, is the programme to build the Single Economy. This will be an ongoing effort for which there cannot be a fixed deadline. In this regard, Chapter IV of the Revised Treaty of Chaguaramas set out an ambitious Agenda for cooperation in the articulation and implementation of policies and programmes for sectoral development. It prescribes a regional programme of cooperation for all of the main sectors, setting as its goal their market-led, internationally competitive and sustainable production of goods and services. It contains a regional charter for micro and small Economic Enterprise Development, a common agricultural policy, a framework for regional human resource development, a regional technological development programme, a community investment policy, a policy for environmental and Intellectual Property Protection, for the development of the social infrastructure, the harmonization of Investment Incentives, macroeconomic policies, industrial relations and comprehensive development of the financial system.

The satisfactory implementation of such arrangements for economic and financial harmonization and cooperation, as specified in Chapter IV, would give a tremendous boost to the growth prospects of all Caribbean economies. It would especially be a spur to the creation of competitive enterprises and would open up new opportunities for investment and for the rationalization of the use of existing productive capacities on a scale never before contemplated in the region.

In compliance with its terms, already, a common regional fisheries regime has been tabled for consideration. Within the context

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

of its provisions, there is the possibility for the pursuit of a common approach to the rationalization of traditional export production, in the face of the loss of preferences. Equally, we are at a place and time when the programme, based on respect for the National Treatment and Most Favoured Nation Treatment precepts, as enshrined in Articles seven and eight of the Treaty, must be carried through in relation to energy products produced and sold within the region.

The implementation of the provisions set out in Chapter IV of the Revised Treaty concerning sectoral development, also lends itself to the fostering of an entirely new partnership relationship among the regional private sector, the labour movement, the institutions of the civil society, our University and tertiary training institutions and respective regional governments.

The definition of the manner in which such a partnership should be structured and should take effect is urgent and must engage us immediately in order for us to move forward the process of embedding the workings of the CSME in the sectors' performance and in the functioning of the economy at the level of the enterprise.

To bring the Single Economy fully into operation, important future work must also be undertaken at the domestic and regional level to implement the measures relating to competition policy and the regional policy in relation to subsidies and dumping. Trade and economic activities in the regions must not only be free, but must also be fair.

Of equal significance is the task to complete the programme for the establishment of regional institutions and institutional arrangements that would allow the single, unified economic space to be occupied on fair and equal terms by all. Important in this respect will be the creation of a Regional Competition Commission, the Caribbean Regional Organisation for Standards and Quality, the Regional Accreditation Unit, the Regional Development Fund, and the list of Regional Conciliators and Arbitrators to settle disputes that need not go to the Court of Justice.

The initiative to create the Single Caribbean Economy will also require that a considerable effort be expended to develop model harmonized legislation covering areas such as Customs, Taxation, Companies, Competition Policy, Incentives to Industry and the like.

These requirements place an enormous strain on the institutional capabilities of member states which have very limited human and financial resources by which to support legal drafting over

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

such a wide and complex field. It is therefore important that while we seek to make haste as quickly as possible, we do not set for ourselves impossible deadlines by which to accomplish what can only be described as a major exercise in economic reengineering, re-positioning and ultimately economic fusion in the region. In such a context it is a very happy thing to be able to report that the institutional arrangements to facilitate the one crucial element of a Single Economy, the conduct of a common external trade policy, have been put into effect in the form of the Regional Negotiating Machinery. This is marshalling the region's external trade negotiations in the multiplicity of theatres in which new trade agreements affecting the region are being considered. No other region has attained such cohesion in a field that lends itself to the supremacy of cutthroat competition.

Also, all of the agreements and other institutional arrangements to support the operation of a Caribbean Court of Justice and to support and sustain its juridical and financial independence and integrity are in place, and the Court is to be inaugurated in the very near future.

Full implementation of the CSME will allow any Caribbean national to undertake economic activities in any jurisdiction without restrictions, and in an environment in which transactions take place seamlessly between the various locations, and face essentially the same rules, procedures and reporting requirements.

It will be difficult to achieve, but will be worth pursuing. To achieve it, we have to think and act more strategically than has been the case in the history of the Caribbean. For, at the end of the day, whether it is developing a national or a regional economy, success depends upon mastering those key, few strategic things that simply make the difference.

We begin by knowing what those key, few strategic things are. It is now up to us to do them.

The first is to make the CSME matter; to prevent it from being the fifth wheel to the coach, to make its very existence and functioning vital to the development of the mainstream productive sectors which generate our income, our employment and our wealth.

No longer should we operate in a region where the activities in our main productive sectors are largely unaffected by our integration regimes.

As such, the new Economic Commission which we need to create is one that brings together the leaders of the private sector, the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

labour movement, the leaders of the financial sector, key public officials, our leading academics and leaders of our non-Governmental organizations to oversee the full and speedy implementation of that ambitious programme for sectoral development and economic harmonisation set out at Chapter IV of the Revised Treaty.

Such a Commission should have as part of its terms of reference the devising of a framework for the deliberate creation of a number of Pan Caribbean Companies that are owned by a broad cross section of the Caribbean public and are regional and indeed global in their orientation and function. Such Pan Caribbean Companies are needed to enable the region to establish a meaningful presence in the Cruise Tourism Industry, to create new economic activity stretching from Belize to Suriname, to produce premium products to service the demand for goods and services that is generated by tourism but are largely sourced from outside the region, to commercially develop our cultural industries and the creative economy, in general, where so much of the Caribbean economic potential lies. We need a Pan Caribbean Company to enable us to make an Integrated Sea Island Cotton Industry become a reality.

The Commission so constituted, would also oversee the implementation of a programme to bring to bear a regional response to the rationalisation of those 'sunset industries' such as sugar and banana which depended hitherto on trade preferences but which, in the future, have to face the full force of market liberalization. It would also be charged with devising and overseeing the programme by which the Caribbean can fully grasp all of the opportunities created by the revolution in information technology to create more skill intensive and knowledge-based industries.

It would especially have to oversee the implementation of a programme to develop the financial and capital market of the region to equip us better to finance the emergence of new, competitive enterprises built to world standards.

Secondly, the CSME must be made to be a positive and indispensable factor in the daily lives of the ordinary man and woman to confer upon it credibility and immediate relevance.

This can be accomplished by extending and quickly implementing the provisions for the free movement of skills beyond the existing list of graduates, self-employed and the technical and managerial class to the other wage-earning and artisan groups in the Caribbean.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

A Guyanese carpenter should be made to feel that he can build the cupboards at the residence of the Prime Minister of Barbados without it being regarded as an odious and criminal act.

Thirdly, the CSME must be made to promote the purposes of equitable Caribbean development. Without deliberative affirmative action, an integration process will suffice only to widen the disparities between those countries which entered it in a more developed state and the lesser developed, at the expense of the latter group.

Europe has shown that this spectre of polarisation and inequitable development can be pre-empted by the use of social cohesion and regional development funds, and the application of special regional development programmes that have succeeded not only in harmoniously facilitating the integration of these countries, but substantially uplifting the performance of its previous lesser developed members such as Ireland, Portugal and Spain.

Our integration arrangements make provision for the creation of a Regional Development Fund to underwrite such a programme of cohesive integration in our region.

Since member states cannot from their own fiscal resources fund such a new mechanism, they have to enter an alliance with the CDB, the multilateral lending community, institutional investors of long term capital within the region, and favourably disposed economic allies to bring it into existence to give those countries, classified as our LDCs, the chance to both finance their rapid transformation and to become equal, energetic and powerful partners in regional development.

Fourthly, we have to stop treating that great gift of political independence—our sovereignty and its exercise—as the impediment it has become to the implementation of regional programmes. We have, in such a context to devolve real authority to the organs of our Community to enable them to act in our name, and to empower new supernational forms of Government with an effective capacity to devise and implement community law and other directives and regulations to give certainty and urgency to the implementation of regional decisions.

We also have to give full effect to the arrangement to devise a scheme to provide independent and automatic financing for our critical regional institutions, following the fashion, if not the modality,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

employed in making arrangements to secure the financial solvency and independence of the Caribbean Court of Justice.

We do not suggest here creating either a Federation or Unitary State. But it is within our capacity to make the Caribbean a virtual political union, replicating the features of the Economic Union we are striving to fashion.

Above all, we have to revisit, take seriously, and indeed treat as being integral, the process of nurturing and popularising symbols and other expressions of Caribbean nationhood and community. A CARICOM passport, a regional media that is designed to bridge communication deficits and to bring us together as one, the popularisation of Intra-Community vocations, and the designation and appropriate celebration of CARICOM Day as a major community holiday would be a good place to start.

The Caribbean Single Market and Economy is not a relic of our tortured and crisis-ridden past. It is an expression and an anticipation of a future that can be better and brighter for all.

It belongs especially to the young people of the Caribbean. It can become their chief instrument to make of our region that which the first generation of independent Caribbean citizens have been unable to accomplish—a successful Caribbean society.

I thank you for this platform, presented by the young people of Barbados, in the presence of tomorrow's people, to deliver myself of these remarks.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 10

Global economic crisis: CARICOM impacts and responses

Clive Thomas

Abstract

This paper reports on the global economic crisis and its economic impacts on the fifteen countries of the Caribbean Community (CARICOM) subregion to June 2009. A snapshot of CARICOM structures and objectives is first presented. This is followed by a brief review of the current economic and social situation in the subregion and recent trends in real gross domestic product (GDP) growth, tourism, employment, inflation and public finance. The third section highlights the main economic and social dimensions of CARICOM countries (GDP size, quality of life indicators, openness, Foreign Direct Investment (FDI), trade, environment, and macroeconomic policy and performance), in order to emphasize unique commonalties and significant divergences. As shown, CARICOM member States have markedly similar economic features based on their small size, yet they embrace significant asymmetries in resource endowments, economic capacities, policy orientation, and economic and social outcomes. It is against this background that the impacts of the global economic crisis and policy responses should be understood.

Careful study of the negative impacts of the global crisis reveals that it has been transmitted through ten main channels. These include exports, the terms of trade, trade credit availability, Official development assistance (ODA), FDI, remittances, the movement of temporary migrant labour from the subregion, and financial contagion. Although these are identified separately in the text, in practice, the paper argues, they interact continuously. The incidence of their impacts on individual countries through these channels varies, reflecting the economic and social differences indicated earlier.

Finally, the paper assesses responses to the negative impacts. These have been examined at two levels, namely, the national and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

subregional (CARICOM) levels. The distinction, however, between national and subregional responses is more analytical than practical. The scope and effectiveness of national responses have been limited by weak economic structures, fiscal constraints and high indebtedness. The subregional responses have focused on regulatory reform, expressing a commitment to deepen the regional integration process (finalizing the CARICOM Single Market and Economy (CSME)), advancing external trade policy changes, and supporting long-term strategic international changes to global economic regulation in such areas as climate change, food security, and reforms to the structure and management of major international financial institutions.

Introduction

This paper reports on the global crisis and its economic impacts on the Caribbean Community (CARICOM) subregion. Section I provides a brief background on the structure and objectives of CARICOM. Section II reviews its current situation and recent trends. Section III highlights its main economic characteristics. Section IV broadly describes the global crisis and identifies the main channels through which its impacts are being transmitted to the subregion. Finally, Section V examines responses, mainly at the subregional level, with brief mention of national responses. The Appendix provides two additional tables.

I. Brief Background

The Caribbean Community (CARICOM) was established a quarter-century ago in 1973, by ex-British Caribbean colonies under the Treaty of Chaguaramas. The Treaty was later widened to include Suriname (1995) and Haiti (2002). CARICOM replaced the Caribbean Free Trade Association (CARIFTA), a free trade area established in December 1965 by four countries: Antigua and Barbuda, Barbados, Guyana, and Trinidad and Tobago, and later joined by eight others. Apart from Montserrat (a full member), the remaining British Caribbean colonies are Associate CARICOM Members (Anguilla, Bermuda, British Virgin Islands, Cayman Islands and Turks and Caicos Islands). CARICOM comprises 15 countries: Antigua and Barbuda, the Commonwealth of The Bahamas, Barbados, Belize, the Commonwealth of Dominica, Grenada, Guyana, Haiti, Jamaica,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Montserrat, Saint Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

Under the founding Treaty, CARICOM is based on three pillars:

1) Establishment of a Customs Union area
2) Coordinated foreign policy
3) The promotion of "functional integration" through harmonizing policies in key sectors (transport, communication, health, education, agriculture, labour and youth).

CARICOM also cooperates in external trade policy and cultural development. The first pillar therefore, relies mainly on market-driven processes, while the third is more development-driven and relies on non-market approaches (Thomas, 2008). Faced with the challenges of intensive globalization, the decision was taken in the 1980s to deepen the integration process and develop CARICOM as a subregional platform for fruitful engagement in the global economy. This Caribbean Single Market and Economy (CSME) project began with the Grand Anse Declaration in 1989, with an original completion deadline set for 1993. However, it was later decided that the CARICOM Single Market (CSM) should be created first, and then the CARICOM Single Market and Economy.

The legal framework for this Revised Treaty of Chaguaramas (RTC) was the application of nine Protocols of Amendment to the original Treaty. Provisional application of the RTC started in 2002, with final application in 2006. In 2007, the target date for full implementation of the CSME was shifted to 2011-2015. However, this deadline is at grave risk. Girvan (2008) has identified significant lags in implementing already "agreed-to measures". Fifty-five per cent of these have been implemented, and the remaining measures are very complex. Some measures cited by Girvan as "substantially or fully implemented" (for example, free movement of labour) are, from a practical standpoint, far from effectively implemented in the subregion. Over the past three years, there has been no real advance in the integration arrangements, although in 2006 it was agreed (The Declaration of Single Market Compliance) to formally inaugurate the CARICOM Single Market that year, and later the "essential elements" of the CSME, by December 2008 (see Box 1).

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

BOX 1THE CSME PROJECT

Under the legal framework of the Revised Treaty of Chaguaramas, the CSME project is now scheduled for completion by 2015. As noted in the text, the original completion date had been scheduled for 1993. As Girvan noted:

"The process of CSME implementation has been marked by missed targets and unevenness of compliance among member countries."(Girvan 2008).

Girvan went on to state that 55% of the "agreed-to measures" that are required for the full implementation of the CSME, had not yet been implemented in 2007. The implementation deficit was principally in the second phase of the CSME project: that is, the completion of the single economy. Agreements on the single market (CSM) were substantially advanced. Thus, while most of the institutional infrastructure, tariffs, quotas and other impediments to free circulation of goods in CARICOM markets were removed, those unifying the subregion as a single economic space were lagging. These included the failure to complete a single economy for services, investment, unified sectoral and social policies, government procurement, ICT, monetary and fiscal coordination.

Two years ago, CARICOM leaders approved a Single Development Vision when they set a new target date of 2015 for completing the CSME. It is generally recognized that the root problem may lie in the governance structure of CARICOM and the difficulty it faces in translating decisions taken at its highest deliberative level, the CARICOM Conference of Heads of Government (CoHoG), into operation in national jurisdictions. A key proposal that is being considered to fill this breach is the appointment of high-level Commissioners (as in the European Union) to oversee the automatic application of decisions reached at the CoHoG in the national jurisdictions of Member States.

Apart from governance issues, critical areas in which CARICOM is languishing include: freedom of movement, the Protocol on Contingent Rights of Skilled CARICOM Nationals, the CARICOM Investment Code and CARICOM Financial Services Agreement.

Recently, concerns about terrorism, organized crime and violence have led to formal recognition of a fourth pillar to CARICOM—security (Conference of Heads of Governments, St. Vincent and the Grenadines, 2007). The areas of functional cooperation have also doubled from the original number and now include 15 areas: health, social welfare, culture, education and training,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

youth and development, labour, transportation, ICT, telecommunications, climate change, disasters, the Caribbean Sea, energy, agriculture, and crime and society.

In 2008, a Trinidad and Tobago and Eastern Caribbean Initiative was launched, aimed at speedily deepening political and economic integration between the States concerned. In recent times, this has generated controversy as the Prime Minister of Jamaica claims that, while the actions of these States may be "commendable", such actions could threaten to destabilize CARICOM in its own efforts to deepen the integration process.[lxx] He also included the Venezuelan-sponsored Bolivarian Alternative for the Americas (ALBA) to which three CARICOM countries are presently engaged.

Seven micro-States in the Eastern Caribbean (with a combined population of 810,000 persons and a geographic area of just over 29,000 square kilometres) formed a sub-grouping in 1981, the Organization of Eastern Caribbean States (OECS): Antigua and Barbuda, the Commonwealth of Dominica, Grenada, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, and Montserrat. Within CARICOM, under the inaugurating Treaty, OECS member States are classified as Least Developed Country (LDCs) and, as such, are afforded asymmetrical commitments, obligations and benefits. However, this sub-grouping has since managed closer unity than the larger body. It operates with a common currency, pooled external reserves, a common Central Bank (ECCB), its own Secretariat, Joint Foreign Missions, and an Eastern Caribbean Supreme Court. The OECS has achieved much better economic performance and quality of life indicators than several of its "more developed" counterparts in CARICOM.

II. Current Situation and Recent Trends

This section briefly reviews major indicators of recent economic performance of CARICOM countries in the subregion.

1. Growth

According to the Economic Commission for Latin America and the Caribbean (ECLAC) (2009) and official national data, the GDP growth performance of subregional economies over the five years (2003-2007) showed ten countries achieving a rate of 3% or more — above the population growth rate of 1% to 2%. In four countries, the growth rate

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

exceeded 5%, with the highest rates being recorded in Antigua and Barbuda, and Trinidad and Tobago. The median growth rate for CARICOM economies (2003-2007) was 3.2%. The range was from 0.4% (Montserrat) to 9.2% (Trinidad and Tobago). Two countries grew at more than double the median rate, while three grew by less than 2%. Provisional estimates by ECLAC for 2008 show lower growth rates than in 2007 (or for the five year average, 2003-2007) for all economies except Montserrat and Saint Kitts and Nevis (see table 1).

TABLE 1
CARICOM GDP GROWTH RATES

Country	2003	2004	2005	2006	2007	Average (2003-2007)	2008[1]p
Antigua and Barbuda	4.3	5.2	5.5	12.4	6.9	6.9	5
Bahamas (the)	5.2	1.2	2.6	3.4	3.1	3.1	1.5
Barbados	2.5	4.8	3.8	2.2	3.3	3.3	0.7
Belize	9.4	5.2	3.7	4.1	-0.3	4.4	3.8
Dominica	0.1	3.1	3.3	8.3	8.7	4.7	2.1
Grenada	7.1	-5.7	11	-2.3	4.5	2.9	1.6
Guyana	1.1	1.6	-1.9	5.1	5.4	2.3	3.1
Haiti	0.4	-3.5	1.8	2.3	3	0.8	n.a.
Jamaica	2.3	1	1.4	2.5	1.2	1.7	-0.5
Montserrat	-0.9	4.5	-0.3	-3.9	2.8	0.4	4.7
Saint Kitts and Nevis	-1.3	7.3	5.2	2.5	2.9	3.3	4.3
Saint Lucia	3.5	3.8	4.6	4.9	1.7	3.7	2.9
Saint Vincent and the Grenadines	2.8	6.8	2.6	7.6	7	5.4	2.2
Suriname[1]	n.a.	n.a.	n.a.	5.8	5.3	5.6	5
Trinidad and Tobago	14.4	7.8	6.1	12.2	5.5	9.2	3.5

[p] Provisional estimate provided by ECLAC (2009).
[1] ECLAC estimate
Sources: ECLAC, 2009 and official country data.

2. Tourism

This sector experienced an upturn after the recession of 2001-2002, with tourism arrivals rising on average about 4.7% over the past five years. The global crisis has brought the rise in tourism arrivals to a halt starting in the first quarter of 2008 as the main markets of the subregion (North America and Europe), accounting for about 90% of the market, are affected. Presently, tourist arrivals are down on average by one-third. In some jurisdictions, the decline is as high as two-thirds

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

(Caribbean Tourist Organisation (CTO), 2009). [lxxi]Flights to destinations like Nassau are down by one-third. Hotel room occupancy rates are low and in Tobago rates are reported to be as low as one in three.

As shown later, the incidence of these impacts on member States varies in relation to the share of tourism in GDP, the location of main markets, and the tourism segment catered for. Cruise ship tourism and all-inclusive packages yield less local income and employment than stay-over visitors arriving for vacation holidays. Tourists who use the islands as second or third homes also contribute relatively more to local income. Unfortunately, data on these market segments for the recent period are not available. More data on tourism are provided in the next section.

3. Employment

Owing to booming commodity prices, a buoyant tourism sector, and increased foreign direct investment (FDI) flows, unemployment rates fell in most countries for which data are available for the period 2003-2007 (see table 2). According to media reports,[lxxii] layoffs and cutbacks in employment across the subregion have increased, starting in the last quarter of 2008.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

TABLE 2
CARICOM UNEMPLOYMENT RATES
(Percentages)

Country	Unemployment Rates (Percentage)					
	2003	2004	2005	2006	2007	Average 2003-07
Antigua and Barbuda	...	...	...	...	...	...
Bahamas (.he)	10.80	10.30	...	...	...	...
Barbados	11.00	9.80	9.10	8.70	7.40	9.20
Belize	12.90	11.60	11.00	9.40	8.50	10.68
Dominica	...	...	...	...	...	...
Grenada	11.50	15.00	18.50	...	...	...
Guyana	...	...	...	...	...	...
Haiti	27.00	...	...	...	...	...
Jamaica	11.40	11.70	11.20	10.30	9.90	...
Montserrat	...	...	...	...	...	...
Saint Kitts and Nevis	...	...	...	...	...	...
Saint Lucia	21.00	22.30	18.70	15.80	...	...
Saint Vincent and the Grenadines	...	...	...	...	...	...
Trinidad and Tobago	10.50	8.30	8.00	6.20	5.50	7.70

Source: Official country data.

4. Inflation

Despite the recent low global inflation rate, the inflation rate in the subregion has averaged 4.8% during the five year period from 2003 to 2007. As table 3 shows, the inflation rate in four CARICOM countries has been above 5%, and in five countries the rate is below 3%. Provisional figures supplied by ECLAC for 2008 show that most of these rates are above the average rate for the 2003-2007 period. The reason might well be that the declines in import prices started after mid-2008 may not have worked themselves into retail markets as yet. Many factors can account for this, including abuse of market power by importers, plus inventory practices.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

TABLE 3
INFLATION RATES IN CARICOM COUNTRIES
(Percentage)

Country	Inflation rate (Percentage)						
	2003	2004	2005	2006	2007	Average 2003-2007	2008[P]
Antigua and Barbuda[1]	2.0	2.4	2.0	1.5	1.9	2.0	....
Bahamas (the)	3.0	1.2	2.0	1.8	2.3	2.1	3.9 (to Sept)
Barbados	1.6	1.4	6.2	7.9	4.7	4.4	9.9 (to Sept)
Belize	2.2	2.6	3.1	3.7	4.3	3.2	5.0
Dominica[1]	1.5	2.4	1.7	2.6	3.2	2.3	....
Grenada[1]	2.2	2.2	3.5	4.3	3.9	3.2	....
Guyana	4.9	7.2	8.3	4.2	14.0	7.7	6.4
Haiti	26.7	28.3	16 8	14.2	8.9	19.0	....
Jamaica	10.1	13.5	15.1	8.5	9.3	11.3	16.9
Montserrat[1]	1.2	3.1	2.7	1.9	2.7	2.3	....
Saint Kitts and Nevis[1]	2.2	2.3	3.4	8.5	4.5	4.2	....
Saint Lucia	1.0	1.5	3.9	2.3	3.1	2.4	....
Saint Vincent and the Grenadines[1]	0.2	3.0	3.7	3.1	6.9	3.4	
Suriname[2]	....	....	....	....	....	5.5	9.4
Trinidad and Tobago	3.8	3.7	6.9	8.3	7.9	6.1	14.5
OECS[1]	....	....	....	....	....	....	4.3

[P] Provisional estimate provided by ECLAC (2009).
[1] See OECS.
[2] 2006-2007.
Sources: ECLAC, 2009 and official country data.

5. Public Finance

Fiscal positions remain weak as the data in table 4 reveal. Significant overall fiscal deficits and very high indebtedness have prevailed. In most countries, this was associated with deficits on external current account. Figures for 2003-2007 show that nine countries had indebtedness of more than 70% of GDP, while in six countries, indebtedness exceeded 100%. For 2008, while indebtedness remained very high, several countries carried a fiscal surplus.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

TABLE 4

OVERALL FISCAL BALANCE AND (INDEBTEDNESS) AS A PERCENTAGE OF GDP

Country	2003	2004	2005	2006	2007	Average 2003-07	2008[P]
Antigua and Barbuda	-8.3 (130)	-3.0 (130)	18.0 (101)	-7.9 (82)	-6.6 (...)	-6.5 (111)	-10.0 (90)
Bahamas (the)	-3.4 (55)	-2.9 (54)	-2.9 (54)	-1.7 (56)	-2.8 (56)	-2.7 (55)	-2.5 (37)
Barbados	-2.3 (75)	-2.6 (75)	-3.0 (81)	-3.5 (77)	-2.4 (79)	-2.8 (77)	-3.4 (109)
Belize	-10.9 (82)	-6.3 (87)	-7.0 (88)	-1.9 (79)	-1.1 (89)	-5.5 (85)	0.7 (83)
Dominica	-4.1 (112)	-1.4 (95)	2.5 (105)	1.4 (105)	1.2 (101)	-0.0 (104)	2.1 (101)
Grenada	-4.5 (85)	-2.6 (101)	0.0 (96)	-6.7 (114)	-6.7 (107)	-4.0 (100)	-6.6 (111)
Guyana	-7.1 (150)	-4.8 (179)	-11.8 (174)	-13.1 (143)	-9.0 (99)	-9.2 (157)	-4.8 (95)
Haiti	-3.4 ( )	2.2 ( )	-0.4 ( )	-0.6 ( )	0.6 ( )	-0.3 ( )	n.a ( )
Jamaica	-5.9 (140)	-5.2 (141)	-3.5 (135)	-5.5 (135)	-5.7 (132)	-5.1 (136)	-2.5 (109)
Montserrat	18.6 (15)	1.5 (12)	-15.6 (11)	-3.7 (10)	-6.4 (9)	-1.1 (11)	-3.8 (7)
Saint Kitts and Nevis	-8.2 (194)	-7.9 (173)	-4.3 (173)	-3.2 (177)	-2.6 (174)	-5.2 (178)	0.8 (174)
Saint Lucia	-6.5 (60)	-4.7 (66)	-6.6 (51)	-6.3 (69)	-2.1 (68)	-5.3 (55)	1.5 (70)
Saint Vincent and the Grenadines	-3.3 (75)	-1.4 (79)	-4.2 (84)	-3.9 (82)	-3.6 (66)	-3.3 (77)	-0.3 (70)
Suriname[1]	n.a ( )	n.a ( )	n.a ( )	-1.7 ( )	-3.2 ( )		1.7 (33)
Trinidad and Tobago	1.4 (29)	2.0 (26)	4.8 (22)	1.8 (16)	1.0 (17)	2.2 (22)	6.5 (28)

[P] Provisional estimate provided by ECLAC (2009)
[1] ECLAC estimate
Sources: ECLAC, 2009 and official country data

III. Economic Dimensions

CARICOM member States have markedly similar economic features, yet embrace significant asymmetries in resource endowments, economic capacities, policy-orientation, and outcomes. It is against this vital distinguishing background that effects of the global crisis and subregional policy responses should be appreciated.

1. Size and per capita GDP

Standard comparators of size (population, market-size, and geographic area) reveal that all the economies are small and vulnerable to shocks (see Table 5). In the past, global economic downturns, crop failures, political conflicts and natural disasters have had disproportionate negative impacts on the subregion. However, the data in Table 5 also reveal considerable variations in size. Haiti is by far the poorest country but, because of the size of its population (58% of the total population of CARICOM), its market-size is the fourth largest. Owing to its

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

extremely low level of per capita income, the market power of Haiti is not commensurable with population size. Four countries have populations of below one hundred thousand, and ten countries of below half-a-million. Combining population and GDP, Trinidad and Tobago is easily the stand-out country while, in terms of geographic area, Guyana is the stand-out country.

TABLE 5
CARICOM: SIZE INDICATORS 2007

Country/Region	Total population in millions (2007)	Area in square kilometres	Population density	Total GDP (Official exchange rate) (US$ billion, 2007)
Antigua and Barbuda	0.09	442	204	1.09
Bahamas (the)	0.33	13,940	24	6.59
Barbados	0.29	431	672	3.74
Belize	0.30	22,966	13	1.27
Dominica	0.07	754	93	0.31
Grenada	0.11	344	320	0.59
Guyana	0.74	214,970	3	1.04
Haiti	9.45	27,750	341	5.44
Jamaica	2.67	10,981	243	11.21
Montserrat	0.01	102	98	0.04
Saint Kitts and Nevis	0.05	261	192	0.53
Saint Lucia	0.17	616	276	0.96
Saint Vincent and The Grenadines	0.12	389	308	0.59
Suriname	0.46	163,270	3	2.40
Trinidad and Tobago	1.33	5,128	259	20.70
CARICOM	16.21	462,344	35	56.56

Source: World Bank indicators and calculations by the author.

Despite these variations, as a rule all CARICOM States face serious diseconomies of scale, low productivity, and high operating costs, for businesses and in the provision of basic public and infrastructural services.

The average per capita GDP of CARICOM countries is just under US$3,600, which classifies the Caribbean subregion as a low- to lower-middle-income developing area. The data in Table 6, however, show that per capita GDP varies considerably, from nearly US$20,000 in The Bahamas and US$16,000 in Trinidad and Tobago, to only US$576 in Haiti. Seven countries have a per capita income at or below US$5,000, while four countries have a per capita income above US$10,000. The data further reveal that there is no significant positive

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

correlation between country size and per capita income. Thus, three of the four countries with a per capita GDP in excess of US$10,000 have populations of below half-a-million.

TABLE 6
CARICOM: LEVELS OF LIVING (2007 OR MOST RECENT YEAR)

Country/Region	Per capita GDP (US$)	HDI and (rank out of 177 countries)	Life expectancy at birth	Connectivity (per '000)
Antigua and Barbuda	12 111	0.815 (51)	75	1 130
Bahamas (the)	19 970	0.845 (49)	71	1 023
Barbados	12 897	0.892 (31)	75	1 265
Belize	4 233	0.778 (80)	71	433
Dominica	4 429	0.798 (71)	77	879
Grenada	5 364	0.777 (82)	72	719
Guyana	1 465	0.746 (97)	64	521
Haiti	576	0.529 (146)	53	54
Jamaica	4 199	0.736 (101)	70	1 146
Montserrat	....	....	79	....
Saint Kitts and Nevis	1 060	0.821 (54)	71	745
Saint Lucia	5 667	0.795 (72)	74	411
Saint Vincent and the Grenadines	4 917	0.781 (93)	72	782
Suriname	5 217	0.774 (85)	70	...
Trinidad and Tobago	15 571	0.816 (59)	70	861
CARICOM	3 595	72 – 80*	72*	782*

*median
Sources: World Bank, World Development Indicators (online); CIA Fact Book (2008)

2. Quality of life indicators

The quality of life indicators, shown in table 7, exhibit a corresponding pattern of similarity and marked country variation. Life expectancy at birth is at, or above, the middle-income country average of 70 years for most countries. For four countries, it is 75 years and above, while for two countries, Guyana (64) and Haiti (53), life expectancy at birth is significantly lower.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

TABLE 7
CARICOM MAJOR POVERTY INDICATORS

Country (in descending order of percentage of the population below the poverty line)	Survey year	Percentage of the population below the poverty line	Gini Coefficient %
Haiti	1997	65.0	n.a.
Suriname	2000	63.1	n.a.
Guyana	1999	43.0	n.a.
Dominica	2002	39.0	35
Saint Vincent and the Grenadines	1995	38.0	56
Belize	1996	33.0	51
Grenada	1998	32.1	45
Saint Kitts (Nevis)	1999/2000	30.5 (32.0)	40 (37)
Saint Lucia	2005	28.8	42
Antigua and Barbuda	2006	18.3	48
Jamaica	2001	18.0	38
Trinidad and Tobago	2005	15.4 (19.0)	43 (n.a.)
Barbados	1996	14.0	39

Sources: Country Poverty Assessments conducted by CDB; Jamaica annual SLCs; Barbados CPA (IDB); Guyana Living Conditions Survey (UNDP; Trinidad & Tobago Household Budget Surveys; Belize SLC; Bahamas Survey of Living Conditions.

In terms of connectivity (that is, fixed lines and mobile-phone subscribers per 1,000 persons), the rates range from 54 in Haiti (well below the low-income average of 113) to 1,265 in Barbados, which is above that of the United States (1,227). Four countries have ratios above 1,000. Nine countries are above the average for middle-income countries.

The data displayed in Tables 5 and 6 do not, however, capture the susceptibility of the subregion to reversals in economic performance, social conditions, infrastructure, and the preservation of its natural-resource base, on which most of its economic development depends. Further, income inequality and poverty rates remain high in the subregion. Recorded poverty rates range from 14% of the population below the poverty line (Barbados) to 65% (Haiti). The Gini coefficient also ranges from 35 to 56 (see Table 7). These data in Table 7 cover periods ranging from about a decade-and-a-half ago to three years ago. Only five countries have data for this century. This failure to provide a regular series on poverty and income inequality makes it impossible to draw intraregional comparisons between growth and these two quality of life indicators.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

3. Openness

CARICOM economies are also extremely open. Firstly, lacking large internal markets and possessing a limited range of natural resources, external trade has been essential to the sustenance of livelihoods. Secondly, small market-size has also required inflows of foreign savings to finance public- and private-sector economic activity.

Thirdly, high migration rates accentuate this openness. Over one-half of the population of the subregion is estimated to be residing outside the country of their birth.[lxxiii] Fourthly, there is also a significant transient population because of tourism, which adds to its openness. Fifthly, remittance flows are significant; Guyana[lxxiv] has the highest ratio of remittances to GDP in Latin America and the Caribbean. Sixthly, the subregion is also a source of temporary seasonal migratory labour to the United States and Canada. Finally, yet another key indicator of this extreme openness is its reliance on foreign investment (technology), as discussed next.

4. Foreign investment

External inflows and associated technology form key drivers of growth in CARICOM countries, which are unable to generate adequate savings to meet public and private investment needs. Up to the 1980s, foreign investment was chiefly provided from official sources (Governments and international financial institutions (IFIs)). However, between the early 1990s and the turn of the century, private (FDI) inflows have nearly doubled (from US$1.5 billion in 1991/1992 to US$2.8 billion in 1997-2000). Appendix table 2 provides details on FDI flows for the period 2003-2007. These are discussed in Section IV. The estimated subregional savings-investment gap is 9% (CARICOM, 2001).

Despite this rise in FDI inflows, overseas development assistance (ODA) remains quite substantial. Cumulative lending to the subregion by the World Bank and its concessional arm totalled US$3.75 billion, spread over 240 projects (World Bank, 2007). Inter-American Development Bank (IDB) assistance was substantially greater, at US$ 6.12 billion, cumulative (2001-2006).

The main sectors to which these flows have been directed are: traditional primary areas (agriculture, mining and forestry), infrastructure (airports, ports, roads, bridges, power and transport), energy and energy derivatives (natural gas, petroleum, ammonia, methane, iron and steel), travel and tourism, financial services,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

telecommunications, computer and computer-related services, and manufacturing, distribution and retail.

The survey conducted for this report identifies six key considerations behind increased FDI inflows:

(1) The subregional policy shift, away from protectionist, inwardly-focused development and towards greater openness.
(2) The declared policy choice to create a macro-economic, legal, regulatory and institutional framework that encourages FDI. During this period, the sub region has signed over 70 Bilateral Investment Treaties (BITs).
(3) Promotion of capital market unification within CSME.
(4) Strategic location advantages.
(5) Comparatively stable political and social systems.
(6) Close cultural links to Europe, Africa, Asia and North America.

In general, all governments have operated on the principle that FDI is superior in its productivity to domestic investment, but the gap is closing. The main factor explaining the difference is access to superior technology and skills acquired both in the subregion and abroad.

5. *Trade dependence*

The CARICOM subregion has very high trade dependence. Exports are concentrated within a limited range of goods and services. The principal goods exports are petroleum, natural gas, and related products, mainly from Trinidad and Tobago. Other significant commodity exports are minerals (mainly bauxite-alumina), agriculture (mainly sugar, bananas, rice and spices), forest products, light manufacturing (apparel and clothing) under the Caribbean Basin Initiative (CBI), electronics, beverages, and furniture. The principal services exports are tourism and travel, financial services (banking and insurance), health care, offshore education, and business-related services, which are growing.

Furthermore, the ratio of the total value of merchandise trade to GDP is around 0.70. In two countries, this ratio exceeds unity (Guyana, and Trinidad and Tobago). For the subregion as a whole, the merchandise-trade-to-GDP ratio exceeds that of the broader Latin American and the Caribbean region. The CARICOM total trade (goods and services)-to-GDP ratio exceeds unity for all countries, except Haiti.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CARICOM external trade is mainly with the United States of America (42%). Next in importance is a miscellaneous grouping classified as "Other Countries" (33%). These include a number of Asian (India, China, Japan) and Latin American (Brazil, Venezuela, Mexico) countries. Intra-regional trade remains non-dynamic, at only 14% of the total; the remainder is with the European Union (EU) (12%).

Trinidad and Tobago dominates merchandise trade in the subregion, with its exports of energy products accounting for 60% of the total. Their largest market is the United States (47 %). Exports to the CARICOM market account for only 12%, and to the EU, 9%.

The Herfindahl-Hirschman index of trade concentration is high, averaging 0.44 and ranging from 0.27 and 0.30 in Barbados and Guyana respectively, to 0.67 in Antigua and Barbuda (United States International Trade Commission (USITC), 2008). The export concentration of the subregion is higher than that for countries at similar levels of per capita income and the Human Development Index (HDI).

Exports of the sub-region to the main trading partner (the United States) are dominated by energy products from Trinidad and Tobago (ammonia, and ethanol). Imports from the United States are mainly to the markets of the Bahamas, Jamaica, and Trinidad and Tobago. The main items are mineral fuels (refined petroleum products), machinery, equipment, computer and related products, telecommunication equipment, consumer durables, clothing, and grains and other food products. While exports to the EU are only 12% overall, for five countries in the subregion, this trade accounts for at least one-quarter of their merchandise exports. The main exports to the EU are food products (41%), crude materials (20%), chemicals and related products (16%), beverages and tobacco (15%), and fish and fish products. The import data reveal that, other than crude materials, mineral fuels, and lubricants (whose imports were minimal), imports from the European Union (EU) were widely distributed over all other SITC Sections. In general therefore, exports were far more concentrated than imports.

In CARICOM, the share of intraregional trade to total trade (imports and exports) is only 14%. The share of intraregional exports to total exports is 18%. For some countries, however, particularly the smaller OECS States and Barbados (40%), intraregional trade is far more significant. Asymmetrically, for Trinidad and Tobago, the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

dominant country, intraregional trade is relatively insignificant (1%). The key commodities in this trade are fuels, lubricants and related products, paper products and containers, agricultural products, mainly from Guyana (rice, sugar, fruit, fish and related products), and light manufactures (processed foods, beverages, tobacco and furniture).

Altogether, exports and general economic activity are closely tied to the natural resources endowment of the subregion: agriculture (land, water, soils, and weather), energy and energy related products, minerals, and services such as tourism which are based on the appeal of "sun, sand and sea and islandness." Generally, this natural-resources-based- production is still at the primary stage, but efforts are afoot to promote higher value-added activities.

6. *Environment*

Such high dependence on natural resource-based output has increased susceptibility to environmental degradation. Coral reef destruction, beach erosion, the threat of oil spills from tankers traversing the Caribbean Sea, waste disposal, climate change, deforestation and the likely sea-level rise, pose immense threats to the fastest growing sectors of the subregion. Deteriorating ecosystems now present systemic challenges.

On the plus side, CARICOM has always been poised to leverage its exceptional location advantages of:

(1) Proximity to the Eastern seaboard of the United States of America (one of the world's most important transport and communications channels).
(2) Pleasant climate for recreational and rehabilitation activities.
(3) Common official language with the United States.
(4) Well-positioned "bridge" between North America and its Latin neighbours in Central and South America.

CARICOM also has a large diaspora residing in almost all the major industrial centres of the United States, and this cultural affinity reinforces its leverage potential. In a quarter of a century, CARICOM has not adequately leveraged these location advantages. Some progress is being made in the service- and energy-related sectors. However, in general, there are not enough competitively produced, high-value-added products to service potential markets.

There are downsides to this location advantage. The United States is a dominant attraction for CARICOM skilled labour. Brain-

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

drain from the subregion is very high, and it is not clear that reverse flows from remittances and subregional investments by its diaspora compensate for the continuous haemorrhage of skills and talent. The United States is also the world's largest market for narcotics and this deeply entraps the subregion in the organized drug trade, money-laundering, capital flight, tax evasion, trafficking in arms and persons, organized prostitution, and political terrorism. As a consequence, the irregular, special underground economy of the subregion is large, ranging from less than 2% to over 50% (Vuletin, 2008; Carolina and Pau, 2007).

7. *Macroeconomic and policy orientation*

Although almost all the countries have faced the constraints of high deficits, high indebtedness and weakening external current accounts over the past two decades, macroeconomic performance and Government policies reveal striking differences. Thus, all the CARICOM currencies are pegged to the United States dollar, but different past inflation and productivity growth rates have produced wide variations in exchange rates, ranging from The Bahamas $1 and Barbados $2 to Guyana $200 and Jamaica $90 for one United States dollar. Similarly, while all the countries proclaim an "open policy stance" towards trade and foreign investment inflows, in practice there is considerable variation. OECS, with a common currency, pooled reserves and a common Central Bank (ECCB), is much further advanced than the parent CARICOM in macroeconomic policy coordination.

The operation of pegged exchange rates and open capital accounts, in the context of undeveloped credit- and capital markets in the subregion, has made monetary-fiscal policy coordination extremely difficult, as there is such little scope for the former.

8. *Concluding observations*

At the time of Independence and the formation of CARIFTA/CARICOM, the subregion relied principally on agricultural exports to Europe and the United States under preferential arrangements. There was a later shift to light manufacturing (mainly apparel), stimulated by the United States CBI programme. Haiti and Jamaica dominated this trade, although other products like electronics were also being promoted. Two key developments have changed this.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

One has been the growing energy crisis worldwide, which has stimulated the production of petroleum, natural gas and related products from Trinidad and Tobago. Success in this has led to an exceptional boom. The second development has been the diversification of economies (in particular the smaller ones), into services, mainly travel and tourism. Other services have developed later, chiefly offshore banking, other financial services, offshore medical and teaching institutions, and retirement and/or winter homes for residents from Europe and North America. The shift in the axis of subregional trade produced by these two developments, decisively favoured economic ties with the United States.

This shifting economic structure paralleled the shifting pattern of external trade and economic relations in the subregion. The United States and the emerging markets have, firstly, replaced traditional ex-colonial trade and economic relations with Europe; secondly, reduced the importance of merchandise trade in primary products; and thirdly, expanded the role of services.

IV. Global Crisis and Transmission Channels

There is wide consensus that at the centre of the global crisis lies the bursting of the United States subprime private housing market bubble. The spillover of this to wider United States financial markets has now engulfed the global financial system. Further, economic history suggests that there is an ever present threat of financial crisis inherent to the operations of market-driven economies. While, in the past, these have been triggered by a variety of events, at this stage of intense globalization, such crises uniformly have quickly become global in scope.

Fuelling the present crisis are the wealth and income effects on consumption spending in the United States caused by collapsed private housing values. Moreover, mortgage assets acquired during the bubble have become toxic, as a result of their poorly-regulated securitization. The balance sheets of many financial firms are impaired, especially deposit-taking firms. In turn, this has precipitated a global credit squeeze (crunch), as lenders lack confidence in potential borrowers.

The financial crisis, credit crunch, loss of confidence, and other psychological and market factors have been compounded by an expanding and deepening global economic recession. There remain, however, three key elements—financial crisis, credit crunch, and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

economic recession—to the global economic crisis. While, in practice, these elements coalesce, they need to be appreciated separately for analytical purposes.

In addition, the present global economic crisis has followed almost immediately on the crisis produced by the inflationary increases in the prices of food items and fuel (2007-2008). This has compounded the pressures on CARICOM economies.

Careful study of the negative impacts of the global crisis shows that the crisis has been transmitted to the subregion through ten major channels. Although these channels are identified separately below, in practice they interact continuously. In addition, based on the data presented in the previous section (III), the incidence of the impacts through these channels varies, reflecting the different economic structures, capacities, performances, and outcomes among CARICOM member States.

1. Exports of goods and services

The principal commodity groups whose exports have been negatively impacted are:

(1) Energy and energy-related exports (mainly from Trinidad and Tobago).
(2) Minerals (mainly bauxite/alumina from Guyana, Jamaica and Suriname).
(3) Agriculture and forestry (mainly from Belize, Guyana, Jamaica, Suriname and several OECS States)
(4) Light manufactures (chiefly from Barbados, Jamaica, and Trinidad and Tobago).

All this has been reflected, not only in cutbacks in production but, in some instances, in temporary closure of operations (steel in Trinidad and Tobago, bauxite in Jamaica and Guyana), and losses for once very profitable firms (such as Petrotrin, the State-owned oil company in Trinidad and Tobago). It is reported that all major expansions by foreign investors for bauxite/alumina in Jamaica have been put on hold. The principal services exports affected are tourism and travel (and their associated local transportation, entertainment and handicraft production), financial, business, health, and education.

While all CARICOM member States are export-services-dependent, this dependence varies considerably. Tourist arrivals and hotel occupancy rates are down substantially, although this is the peak

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

period (CTO, 2009).[lxxv] Airline flights to the Caribbean are also down (IATA, 2009).[lxxvi] In addition, hotel workers are being laid off because business is poor. Some hotels have also closed temporarily. CARICOM exports of offshore financial services through its Offshore Financial Centres (OFCs) have come under great stress because the global financial crisis has raised concerns about OFCs and tax havens. The G20 Summit has committed countries to avoid protectionism at all costs. If this is not heeded, the damaging effects on CARICOM exports are expected to grow exponentially.

2. Terms of trade

Due to the crisis, there have been significant declines in export commodity prices important to the subregion. Additionally, former preferential price arrangements for commodities such as sugar and bananas are in transition to market-based regimes. The decline in energy prices since mid-2008 has been so severe (about 70%) that the most buoyant economy of the subregion, Trinidad and Tobago, has suffered significant terms of trade reversal. Bauxite prices are down from their peak of mid-2007. Moreover, the expectations of food exporters like Guyana were raised because of record food prices up to mid-2008. These have since been dashed. Also, under pressure from declining tourist arrivals, the tourism and travel sectors have resorted to price cuts to maintain sales. Although import prices are expected to decline as global demand falls, the evidence so far is that this may not be as steep as the decline in export prices, for several reasons, including lags between importation and retail sale, and the abuse of market power by importers. Rising commodity prices have been a two-edged sword—benefiting rice exporters like Guyana and energy exporters like Trinidad and Tobago, but punishing net food and/or fuel importers.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

3. Exchange rate

All countries operate fixed or flexible exchange rate regimes for their local currencies pegged to the United States dollar. This has exposed them to exchange rate variations in relation to third currencies such as the Euro, pound sterling, Japanese yen and Canadian dollar, with which they have significant trade. Such changes have not been guided by the demands of either their local macroeconomic environment or export/import strategies. Countries operating flexible pegs (Guyana, Jamaica and Trinidad and Tobago) have experienced pressure on their foreign exchange markets, particularly in Jamaica and Trinidad and Tobago. The Jamaican dollar is depreciating significantly, while in Trinidad and Tobago, the Central Bank has had to release nearly US$300 million in cash onto the market to meet a spike in demand.

4. Trade Credit

The financial crisis and credit squeeze have posed considerable difficulties for the exporting firms of the subregion. However, the same is also true for those large subregional enterprises which finance their operations, particularly short-term operations, in offshore financial locations. In addition, several subregional conglomerates have developed specialized financing arms that find it cheaper to borrow from external rather than local (subregional) markets. This is especially true in Jamaica and Trinidad and Tobago and, to a lesser extent, in Barbados. In addition, non-bank financial firms and wealthy individuals operating in OECD financial markets would have been caught up in the financial crisis and credit squeeze in these markets. The Eastern Caribbean Common Market (ECCM) has conducted a Credit Market (CM) Survey, which has indicated a tightening of credit standards and costs of borrowing in reaction to the global financial crisis and credit squeeze. Letters of credit have become harder or more expensive to get, putting a further damper on trade.

5. Official development assistance (ODA)

OECD countries, facing severe budgetary pressures due to the negative revenue effects of the recession and to increased expenditure on stimulus packages, have announced the temporary reprioritization of public outlays away from official development assistance. To meet the existing gap, consideration is being given to having the IFIs take up their shortfalls. At the time of writing, this substitution has not yet

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

occurred, and the G20, at its April Summit proposed a US$ 1,100 billion line of credit to the IMF-World Bank Group. Notably, at this time, Canada and the United Kingdom are engaged in the reorganization of ODA to the Caribbean. This is giving rise to some anxiety in CARICOM circles. The incidence of reduced ODA flows varies as, because of their per capita GDP, several CARICOM member States no longer qualify for concessionary rates in IFI borrowing.

6. Foreign direct investment (FDI)

Data on FDI flows to the subregion (2003-2007) are shown in appendix table 2. The variation is striking. As a percentage of GDP, FDI flows are 10% and above for five of the OECS States. In Montserrat, FDI flows are 4.5% of GDP; Suriname recorded net FDI outflows during this period. The prospects for FDI have suffered because of the recession, loss of confidence, and worsening business outlook. Major expansion plans in the tourist sector have been put on hold. For example, investments in a US$20 billion tourism development programme in the Bahamas for the next 5 years have been stalled. In Jamaica, the planned divestment of the sugar industry to Brazilian investors has been called off for the time being, because of the economic crisis. Investments in bauxite, wood, and major construction have been put on hold in various territories.

An important recent development in relation to FDI has been the increasing role being played by the diaspora. Unofficial estimates suggest that the diaspora account for a significant share of FDI in subregional economies. This type of FDI focuses on small- to medium-sized operations, mainly in the retail, accommodation, and professional services sectors.

7. Remittances

Measured against GDP, the importance of remittances varies across subregional economies, ranging from 23.3% in Guyana (2003-2007 average), to less than 1.0% in four countries. For nine countries, the rate is less than 5%. This includes all the OECS States (see appendix table 2). The World Bank estimates remittance flows to the Caribbean of about US$ 3 billion for 2008. This figure is 1.4% above that obtained for 2007. It is, however, about one-tenth of the rate of growth of remittances obtained in recent years (15%). IDB estimates show considerable variance. IDB reported (March, 2009) that data

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

collected by International Monetary Fund (IMF) indicate a decline in remittances for this year. This confirms expectations resulting from the economic recession in North America and Europe. As indicated above, Guyana has the highest ratio of remittances to GDP for those countries listed by IDB for the Latin American and Caribbean region. Jamaica has recently reported that remittances received in the last two months of 2008 are down from that received in 2007.

8. Migratory labour

A few subregional economies, mainly Jamaica, have Government-regulated schemes to provide temporary contract labour to United States firms or to individuals operating farms. The uncertain economic outlook has put pressure on these arrangements for the present year, impacting on remittances, employment, and mobilization of funds for small business ventures by returning workers.

9. Financial Contagion

Together with the disastrous effects on subregional exports of goods and services, financial contagion has been the most damaging consequence of the global crisis. This has centred on the collapse of both the CL Financial Group of Trinidad and Tobago, and the Stanford Financial Group based in Antigua. The Stanford Group has been accused by United States authorities of operating a Ponzi-type scheme involving over US$8 billion. The CL Financial Group is the largest trans-regional financial enterprise in CARICOM. It has hundreds of thousands of policyholders, depositors, investors, creditors, suppliers and employees across the subregion. Local assets of the CL Financial Group approximate one-quarter of the GDP of Trinidad and Tobago. The Group is a holding company with over 70 subsidiary companies located in 32 countries, principally in the Caribbean, North America, Europe, and the Middle East. It holds a wide range of assets including finance (insurance, banking, and brokerage), real estate, energy, manufacturing, forestry, communications and various services. Its CARICOM subsidiaries are located in The Bahamas, Barbados, Belize, Guyana, Suriname and the OECS States. The largest subregional subsidiary is in Barbados (US$ 500 million). In OECS, it operates the British American Insurance Company.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The Trinidad and Tobago Government, through its Central Bank, is engaged in a bailout of the CL Financial Group. Estimates of its contingent liability range from between 15% to 20% of the country's national budget. In the other countries, except for OECS, the subsidiaries have either had to have Government standby support (Barbados and Suriname), are in the process of liquidation (The Bahamas), or have been put under judicial management (Belize and Guyana).

Both the CL Financial Group and the Stanford Group have been fatally impaired by the global financial crisis and credit crunch. In the case of the CL Financial Group, this has been aggravated by its reliance on a business model based on highly-leveraged intra-group activities, and acquiring funds through the offer of unusually high interest rates by its financial subsidiaries. The evidence suggests that the Group has also practiced regulatory arbitrage across CARICOM member States, and within States, exploiting loopholes in the regulatory structure between banks and non-bank financial institutions, and between regulatory structures across the subregion.

It appears also that, for some time now, both Groups have had elements of Ponzi-type schemes attached to their operations. Always inherent to the demise of such schemes is the tapering off of inflows of new funds. The global financial crisis and credit crunch induced such a slowdown in the inflow of funds, precipitating their collapse and forcing intervention by Governments of the subregion. The existing regulatory authorities failed. They did not detect, and on their own could not resolve, the fallout in the subregion from the difficulties facing the two Groups.

The commercial deposit-banking sector is considered to be strong, and its exposure to the global financial crisis and credit crunch, moderate. Although several branches of external banks operate in the various national economies of CARICOM, these have traditionally been given considerable autonomy. Credit provided locally is financed from local depositors, rather than from overseas lines of credit.

There have been minimal price—and volatility effects on CARICOM stock exchanges (Barbados Stock Exchange, Jamaica Stock Exchange and Trinidad and Tobago Stock Exchange) from trading operations on stock exchanges in Canada, the United Kingdom and the United States (ECLAC 2009). Macroeconomic policy and expectations perhaps provide the basis for some co-movement in these various stock markets, but the impacts on subregional stock markets from

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

changes occurring in developed countries are not particularly significant. This low observed integration minimizes the contagion effects of the global crisis on subregional stock exchanges.

10. The irregular economy

The irregular economy is significant in the subregion. It is principally located in Guyana, Jamaica and Trinidad and Tobago. This irregular economy involves a mixture of legal and illegal activities. It includes the underground economy, money laundering, capital flight, tax evasion, corruption, and the generation and distribution of proceeds of organized crime, mainly the narcotics trade and its related areas (trafficking in arms, persons, and high-priced items, and corruption). Although there is no reliable estimate, the crisis in the global banking system would certainly have compromised the movement and storage of large sums of illegal funds. Official GDP in the subregion does not take account of the illegal irregular economy. However, changes in the irregular economy have considerable impacts on some official sectors, especially consumption, certain types of investment, employment of wage labour, and sales tax revenues.

11. Concluding observations

The impacts of the global crisis on CARICOM economies transmitted through these ten channels have already been considerable. The prolongation of the crisis into 2010 would be a disastrous prospect: so too, would a resorting to protectionist and inward-looking strategies by the major developed economies and emerging-market economies. Job losses, the reversal of social gains, and exhaustion of the limited capacities of Governments burdened by high indebtedness and revenue challenges, have disproportionately affected the more vulnerable groups. This asymmetric incidence within countries mirrors the asymmetric incidence across countries. Together, these threaten social stability, political harmony, and the pursuit of CARICOM integration, so necessary as a platform for subregional engagement in a highly intensive phase of globalization. National concerns threaten to rise to the fore in CARICOM, thereby forcing inward-looking responses. The next section presents a brief assessment of responses to date.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

V. Responses to the Global Crisis

The responses to the global crisis can be looked at on two levels. First, there are subregionally-defined responses, which are the main concerns of this paper. Second, there are responses at the national level that are not truly independent of the subregional responses, but for the sake of analytical clarity do have a different authorship for the purposes of this paper. The subregional responses are considered next in this subsection, followed by brief attention to the individual country national responses.

1. Responses at the subregional level

The transmission of the global crisis to CARICOM economies has produced job losses, reduced income and wealth, and falling consumption, export earnings and Government revenues, thereby reversing social gains, particularly for the more vulnerable sections of the population of the subregion. The present business outlook has deteriorated badly, and external and domestic private and public investment has faltered, if not stalled. Responses to these at the subregional level seem slow, since, apart from the establishment of a Regional Task Force by the Council for Finance and Planning (COFAP) in January 2009, to monitor the financial crisis and make recommendation for action, six months passed before the Conference of Heads of Government, the highest deliberative forum of CARICOM, met at its Twentieth Inter-Sessional Meeting in Belize in March 2009. At that gathering, the subregional responses have focused on four broad areas, namely:

(1) Regulatory reform;
(2) Intensification of efforts to promote the CSME;
(3) Advancement of regional external trade policy changes;
(4) Maintenance of strategic emphasis on longer-term development issues, which run the risk of falling off the global agenda as priority items.

In the last instance, challenges in the present global environment have been examined for opportunities to take the subregion forward. The recommended stepped-up efforts pertain to issues centering on climate change, food security and strategic engagement of the subregion in the global effort to reform the international financial architecture. This section highlights these responses.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

There has been no announced formal agreement to coordinate fiscal and monetary policy responses at the CARICOM level. Public assurances, however, have been given at the Conference that member States would seek to help the most vulnerable. In the case of the OECS sub-group, the ECCB has provided a framework for coordinated fiscal and monetary responses.

(a) ***Regulatory reform***

Next to the damaging effects on the exports of goods and services of the subregion, financial contagion has had severe effects. As seen in section IV, the collapse of the CL Financial and Stanford Financial Groups has threatened the subregion with financial meltdown. In the face of this, three key actions have been taken. The first is the formation of a College of Regional Regulators, responsible for "identifying the full scope and location of the assets and liabilities of the CL Financial Group." The second is the proposal to put in place a regional regulatory framework to oversight non-bank financial institutions and rule out the scope for regulatory arbitrage. The third is that cross-border financial transactions among member States are to be placed under appropriate regulation with the main aim of closing regulatory loopholes.

As noted in the previous section (IV), the commercial deposit-banking sector has had minimal exposure to financial contagion and, as a result, the present arrangements governing the subregional operations of the CARICOM Committee of Central Bank Governors (CCoCBG) were not disturbed. The Committee was, however, given the task of preparing contingency plans to deal with any eventuality. Issues such as reserve pooling and the creation of a subregional Stabilization Fund are also to be assessed.

Additionally, CCoCBG is a member of the CARICOM Regional Task Force set up by the Council for Finance and Planning (COFAP) at the end of January this year. The Conference of Heads of Government plans to meet immediately after the presentation of the report by the College of Regulators to make decisions on an appropriate subregional regulatory framework. These actions, as indicated later, would be expected to be supported by the official international and subregional financial institutions and other relevant organizations.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

In order to cope with the meltdown arising from the collapse of the Stanford Financial Group, OECS, under the coordination and guidance of the ECCB, took over the operation of the local branch of the Stanford International Bank, based in Antigua. The Eastern Caribbean Amalgamated Financial (ECAF) Company was established, with Antigua holding 40% of the firm, and the other 60% equally divided between four OECS financial firms.

(b) ***Intensification of CSME efforts***

As shown in section 1 and Box 1, the present target date for bringing the CSME into full operation is 2011-2015. An audit of the already "agreed-to measures" still to be implemented for the CSME to come into full effect, shows a deficit of 45% of these measures. However, it is not only that the remaining measures are very complex to implement, but also that some of those categorized as implemented can be challenged.

In the light of the crisis, a renewed commitment has been expressed to move forward expeditiously with the CSME project, with priority focus given to the completion of the CARICOM Regional Financial Services Agreement (RFSA). Agreement was also reached to expedite the CARICOM Regional ICT Policy and Plan of Action (ICT4D). Efforts at stepped-up joint subregional policy in five areas, namely, youth, interregional travel, crime prevention, justice, and security, were also prioritized. Additional member States agreed to join the CARICOM Court of Justice (CCJ). At a time of crisis, these initiatives are heartening as it suggests that, although the subregion is being seriously affected, its highest level of political leadership is maintaining focus on longer-term strategies for subregional development.

(c) ***External trade policy reform***

The Conference has also agreed to continue its long-term trade policy reform measures. With the formal signing of the CARIFORUM-EC Economic Partnership Agreement (EPA) (October 2008), an EPA Implementation Unit has been formally established within the CARICOM Secretariat. This is to be supported by national units. For future trade policy negotiations, the Caribbean Regional Negotiation Machinery (CRNM) is no longer to operate as an autonomous arm, but is to be placed within the framework of the CARICOM Secretariat

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

whose responsibility it is to coordinate the CARICOM integration process (see Box 2).

Agreement was also reached to start negotiations for a CARICOM-Canada Trade and Development Agreement. Further, with the influential support of the United States International Trade Commission (USITC), the CARICOM Secretariat has recently (2008) indicated the broad areas of agreement CARICOM would like to secure with the new United States administration.

These areas include:

(1) Locking-in Caribbean Basin Trade Partnership Act (CBTPA) preferences permanently;
(2) Extending these preferences to all Caribbean Basin Economic Recovery Act (CBERA) beneficiaries;
(3) Broadening the list of eligible products, particularly to include the services sector, which is now a leading export sector for the subregion;
(4) Revising the rules of origin presently in operation for subregional exports to the United States of America;
(5) Extending the applicable cumulation principle
(6) More generally, for the United States to be supportive of non-reciprocity as the principle to govern CARICOM-United States economic relations, given the size and vulnerability of CARICOM economies.

Alongside this, CARICOM member States have agreed to continue pursuing bilateral trade and development agreements with the major emerging-market economies of Brazil, Russia, India and China (BRIC). The States involved at this stage are The Bahamas, Guyana, Haiti, Jamaica and Suriname with China; and Guyana and Suriname with their geographical neighbour, Brazil, and cultural neighbour, India.

(d) *Global agenda priority items*

Seeking to seize opportunities arising from the present challenges and from the need to respond in a coordinated way, the following responses were also agreed:

(i) Climate change

Guyana, because of its extensive forest coverage, has taken the lead in promoting carbon credits and a global framework to provide compensation for standing forests that are providing environmental

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

services. This is linked to the promotion of alternative energy supplies in the subregion to reduce global emissions. The Conference has committed the subregion to participate vigorously in the forthcoming United Nations National Framework Convention on Climate Change, scheduled for December 2009.

(ii) **Food security**

The Conference of Heads of Government has agreed to develop the "transformative" potential of the CARICOM agricultural economy, in the context of combating poverty, hunger, poor nutrition, and in providing protection against price shocks for net food-importing Member States. The Conference has agreed to coordinate its activities under the auspices of the proposed World Food Summit, scheduled for November 2009.

Recent impetus for this focus on food security as a means of promoting subregional integration has been provided by the unprecedented explosion of food prices during the first half of 2008. Out of that experience, the subregion is working towards an early warning mechanism and improved governance of world food supplies and distribution. In 2009, the July Summit, under the Chairmanship of President Bharrat Jagdeo of Guyana, issued the Liliendaal Declaration on Agriculture and Food Security, which locates this issue at the highest priority.

(iii) **Reform of the international financial architecture**

With the present financial meltdown, the Conference has concluded that the present global architecture is inadequate for the task of a global turnaround. It has agreed to engage fully in efforts at global reform, beginning with agreeing on common positions to take to the G20. The Conference is studying proposals put to it by the CARICOM Secretariat for adoption in forums aimed at global financial reform. These proposals focus on both governance and operations issues. In this regard, the Conference has also pledged to insist on greater support from the IFIs to cope with the present regional shocks and challenges arising from the global crisis.

(iv) ***Safety nets and stimulus spending***

There is no agreement to coordinate subregional fiscal stimulus packages or monetary policy to deal with the global economic recession. The principal reason may well be that none of the Governments is in a strong enough fiscal position to spend their way out of the recession. Most CARICOM Governments face very high levels of indebtedness and revenue stresses. These obviously limit the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

size and scope of expenditure on safety nets and/or tax reduction. Indeed, the current Chair of CARICOM, at a press conference held on the conclusion of the Twentieth Inter-Sessional Summit, indicated that a confidential report had been received by the Conference on efforts at stimulus packages. He declared, however, that "what has been done is not enough." From discussions with regional officials, the author has learnt that the IFIs are being lobbied to fill this slack.

BOX 2: THE ECONOMIC PARTNERSHIP AGREEMENT

Particular attention needs to be given to the signing of a North-South regional trade arrangement (RTA) with the European Commission. The EC required the Dominican Republic and CARICOM as joint parties to the RTA, under the umbrella of the Caribbean Forum (CARIFORUM).

The CARIFORUM-EC Economic Partnership Agreement (EPA) replaces the trade arrangements of the Cotonou Agreement of 2000, which governs development, trade, and financial relations between the African Caribbean Pacific group (ACP) of European ex-colonies and the European Union (EU). The EPA was initialled by CARICOM Governments in December 2007. This controversial Agreement was not formally signed until October 2008, after the EC threatened to withdraw preferences afforded to CARICOM. CARICOM is one of six ACP regional groupings that separately negotiated EPAs with the EC. CARICOM is the only regional grouping to have signed a full EPA with the EC to date. Other groupings have signed arrangements pertaining to "trade in goods only".

The EPA is a World Trade Organization-plus (WTO-plus) RTA. It covers not only trade in goods, but also services agreements covering: non-tariff barriers (NTBs), Customs and Trade Facilitation, agriculture, fisheries, technical barriers to trade (TBTs), sanitary and phytosanitary (SPS) measures, innovation and investment, e-commerce, trade-related aspects of intellectual property rights (TRIPS), government procurement, current payments and capital movements, environment, social issues and other trade-related issues. It also includes safeguards and dispute settlement mechanisms.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Controversy over the EPA has involved academia, the business community, trade specialists, economic analysts and even Governments, within the subregion and further afield in Europe and other ACP countries.

Again, after careful study, five key arguments by proponents and opponents are briefly indicated below:

Proponents:

The EPA represents a paradigm shift in favour of liberalization as key to the future growth and development of the subregion.

The Agreement provides the basis for improved competitiveness of local firms in non-traditional areas.

There is adequate security in the EU pledge to provide support to cover expected trade adjustment costs.

The Agreement has adequate safeguards and a staggered implementation schedule over 25 years.

The negotiation process between the EC and CARIFORUM was harmonious and represented a true "partnership of equals".

Opponents:

The Agreement was not preceded by a socio-economic impact assessment, or the customary Computable General Equilibrium (CGE) modelling of the effects of proposed trade policy shifts.

The CARICOM preferred paradigm is to promote its own integration first, so as to sequence this as a platform for engagement with the global economy.

Challenge the principle of reciprocity embedded in the EPA as a replacement for non-reciprocal arrangements in the Cotonou Agreement.

All the areas of WTO-plus Agreement in the EPA are presently the subject of ongoing subregional harmonization, which will now be effectively stalled as preference has been given to the EPA formulation based on rich/poor subregional asymmetries.

CARIFORUM is an EU administration preference. This is unacceptable, as not even a Customs Union Area between the Dominican Republic and CARICOM has been negotiated prior to the signing of the EPA. Individual Member States signed on to the EPA, not CARICOM as a whole.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

There are, of course, many other important arrangements on both sides of the debate (see Thomas, 2008). The Agreement provides for an initial three-year moratorium. Substantially, the trade-in-goods liberalization schedule for the CARIFORUM subregion takes 15 years to reach 82%. Based of the W120 list, there is: (1) immediate sectoral coverage of 50%-62%; (2) tariff-line coverage of 75% for the more developed CARICOM countries and 65% for the lesser developed.

2. Responses at the national level

There are indications that the likely damaging effects of the financial crisis and credit crunch, and its spill-over into the real economy, were not initially appreciated by the various authorities at both national and subregional levels. Responses did not begin in earnest until midway into the final quarter of 2008. All Governments faced important fiscal and indebtedness constraints (see section III), although this varied in intensity among member States. This variation contributed in part, to the configuration of national responses.

(a) Automatic stabilizers, stimulus packages, sectoral and social (safety net) policy

Moreover, all countries have been constrained by their weak automatic stabilizers. Operating exchange rates pegged to the United States dollar, with limited flexibility (excepting possibly Jamaica) and open capital accounts, have reduced the effectiveness of monetary, as against fiscal, responses. There has been very little real scope for monetary-fiscal coordination in these countries, because credit and capital markets are so undeveloped.

ECLAC (2009), has audited the responses of several Member States at the individual country level. These have been categorized into three broad areas: fiscal (stimulus packages), sectoral, and social policies. A summary of the findings is contained in Appendix Table 1: fiscal policy is considered "the main plank in dealing with the global slowdown." This, however, varied across the subregion but, generally, the responses by OECS States and Suriname have been the weakest, and the response in the Bahamas, Barbados and Jamaica, perhaps the strongest. Indeed, in Trinidad and Tobago, due to the drastic decline in public revenue, public spending has been scaled back. Box 3 comments on proposed moves to provide funding for individual country

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

packages. Box 4 provides data on the OECS Liquidity Support Fund (LSF).

Sectoral policies have been directed mainly at key economic sectors: tourism (most countries) and agriculture, primarily Barbados, Belize, Guyana and some of the OECS States. Because of worsening social conditions, increased unemployment and stresses on social welfare and safety-nets, governments have put in several measures to cushion the negative social effects of the crisis.

BOX 3: SELECTED NATIONAL STIMULUS PACKAGES

Based on data reported to CARICOM Secretariat, the following is a brief summary of financing proposed for stimulus packages in selected CARICOM member States:

(1) Antigua and Barbuda: US$ 82 million — to be provided through a CDB facility.
(2) The Bahamas: US$ 200 million — to be provided through loans from a consortium of banks and ODA from China.
(3) Barbados: US$ 80 to US$ 120 million (1% to 1.5% of GDP) — for a "Short and Medium Term Action Plan."
(4) Belize: US$ 100 million — to be funded from regional and international organizations.
(5) Jamaica: US$ 338 million — to be provided through facilities from World Bank, CDB, China ODA and other unspecified sources.
(6) Montserrat: US$ 5 million to US$ 6.5 million — to be provided through United Kingdom Government support.
(7) Trinidad and Tobago: No definite sum in the light of oil price decline and budgetary cuts (March 2008). Assurances, however, of no cuts in wages and salaries, and ongoing funding for safety net and welfare programmes.

(b) Concluding observations

Previous episodes of external economic shocks have been responded to with IFI-driven standard macroeconomic and monetary policies. These policies have emphasized efforts designed to encourage countries in the subregion to "live within their means." Austerity, public sector contraction, cutbacks, wage compression, and restrictive monetary policies have been relied on to achieve balance in the public accounts and the external current accounts, and "affordable" wages/income policies. However, this time around, this has not been

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

the only policy orientation of subregional Governments in the face of challenging economic circumstances. Governments are now more oriented towards expansion than contraction, much to the concern of some, but not all, IFIs. This shift in emphasis reflects, in part, firstly, the reduced influence of IFI conditionalities, and secondly, the remarkable examples of fiscal expansion as a response to the global crisis in several OECD and emerging BRIC countries. This, more accommodative posture in relation to stimulus packages and tax cuts, while bringing some risk of added inflationary pressures down the line, seem better attuned at this juncture to the development needs and integration priorities of the Caribbean subregion. They are counter-cyclical in intent rather than pro-cyclical.

BOX 4: OECS FINANCING FACILITY FOR THE FINANCIAL SECTOR

OECS is in the process of putting together a Liquidity Support Fund (LSF) for the sub-group in the light of the contagion effects of the global financial crisis and its impact on the CL Financial and Stanford Financial Groups. One concern is ensuring the viability of the British American Insurance Coy (a CLICO subsidiary) and any other associated institutions of these two groups operating in OECS.

It is intended that the LSF would be initially financed as follows:

(1) US$ 10 million from Governments of OECS
(2) US$ 50 million from the Government of Trinidad and Tobago (to be diverted from the pre-existing CARICOM Petroleum Fund provided by that country
(3) US$ 5 million from the Government of Barbados
(4) US$ 15 million from subregional and international organizations.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

BIBLIOGRAPHY

CARICOM, (2001), Trade and Investment Report, Guyana.

CARICOM Secretariat website: http://www.caricom.org

Carolina, M. and Pau, L. (2007), "The shadowy economy in the Netherlands economy", BNA/WP/07/01

CDB (Caribbean Development Bank), (2009), "Economic Development Trends and Challenges", Barbados, mimeo.

CRNM Website: http://new.crnm.org

Girvan, Norman (2008) "Caribbean integration and global Europe: implications of the EPA for the CSME", mimeo, http://normangirvan.info. See Alfredo Guerra – Borges (Ed). Cincuenta anos de Integracion en America Latina y el Caribe, forthcoming.

Thomas, Clive (2009), "The Political Economy of the CARIFORUM-EC EPA", forthcoming.

_____2008a) "CARICOM Perspectives on the CARIFORUM-EC, EPA", mimeo.

_____(2008b) "The Urgency of Functional Cooperation: Priority Interventions in Disaster Preparedness, Health, Education, and Security" in *The Caribbean Community in Transition* (eds.), Kenneth. Hall & M. Chuck-a-Sang, Ian Randle Publishers, Jamaica, pp 359-382

ECLAC (Economic Commission for Latin America and the Caribbean) (2009), *Preliminary Overview of the Caribbean 2008-2009*, (LC/CAR/L.216), Port-of-Spain, Trinidad.

USITC (United States International Trade Commission) (2008), "Caribbean Region: Review of Economic Growth and Development", Publication 4000, May.

Vuletin, G. (2008), "Measuring the informal economy in Latin America and the Caribbean", IMF Working Paper WP/08/102.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

APPENDIX

TABLE A.1
SUMMARY OF MEASURES IMPLEMENTED BY CARIBBEAN COUNTRIES TO TACKLE THE INTERNATIONAL ECONOMIC CRISIS

	Fiscal policy	Sectoral policies	Social policies
Bahamas (the)	Government has implemented a fiscal stimulus package to dampen the fallout in growth and employment. Key infrastructure projects have been fast-forwarded and the borrowing requirement has been increased to maintain employment and aggregate demand. This would lead to an above-trend expansion in the fiscal deficit, and higher, but sustainable, debt levels.	An aggressive tourism marketing campaign is being undertaken to maintain leading hubs and to create new ones in the United States.	Excess funds in the Medical Benefit Branch of the National Insurance Board (NIB) have been used to provide unemployment relief for workers who have lost their jobs or have been placed on reduced work-weeks.
Barbados	Tax exemptions for essential consumption items. Increased capital transfers and subsidies for educational institutions and public infrastructure agencies.	Establishment of leasing and credit programmes for farmers. Increased marketing for the tourism sector.	Temporary subsidies for basic food items, like flour. Expansion of welfare grants and pensions. Establishment of tax exemptions for low income workers. Establishment of conditional transfers programme under consideration.
Belize	Belize did not implement any fiscal measure targeted at mitigating the impact of the global crisis. Taxes on fuel were cut to dampen the high cost of living. This should lead to deterioration in the fiscal position.	A revitalised national financial institution has been mandated to provide credit to small farmers to maintain production and productivity levels, in the wake of the intensified shortage of credit to the sector.	A World Bank-supported programme of conditional cash transfers has been put in place to provide relief for vulnerable segments of the population badly affected by the global economic crisis.
Guyana	Reduction of excise tax on fuel products and establishment of a zero rate of the value-added tax for a list of basic consumption goods. Increase of the threshold for the personal income tax. Renewed efforts to secure and conclude debt relief agreements and keep external lines of credit open.	Cash subsidies and capital transfers to the electricity sector. "Grow more" campaign in the agricultural sector.	Direct intervention in the flour, rice and sugar markets through cash transfers to producers and suppliers and the introduction of subsidies. Adjustments in wages and salaries of public workers and pensioners to compensate for the increased cost of living.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

	Fiscal policy	Sectoral policies	Social policies
Jamaica	New loans contracted with multilateral agencies for social and economic development purposes. Implementation of an economic stimulus package that includes tax cuts and low-cost loans for business, manufacturing and tourism activities.	Marketing in main tourism markets and promotion of alternative new tourism areas like sport and community tourism. Establishment of promotional programmes and subsidies to boost agricultural output.	Salary increases for public servants. Subsidies for basic food items. Adjustment of the national minimum wage.
Suriname	No official policy response as yet	No official policy response as yet	No official policy response as yet
Trinidad and Tobago	In the face of a shortfall in projected revenues given the decline in energy prices, the Government has cut current spending and postponed some non-essential investment projects, but still allowing for a fiscal deficit of 1.3% of GDP for the fiscal year 2008/2009 to sustain economic activity (originally it was a balanced budget).	Bailout of CLICO to prevent contagion to other financial institutions; improvement of regulation and supervision of the financial sector.	Maintain key social programmes to provide employment to the poor.
ECCU	Engage in targeted Public Sector Investment programmes to stimulate economic activity; maintain the level of ongoing economic activity by supporting the tourism industry in their cost reduction and marketing strategies.	Strengthen oversight of domestic bank; complete the regulatory framework for the entire financial system and construct money- and capital- market arrangements to facilitate the provision of liquidity and investment finance.	Provide efficient and effective social safety net programmes to address the needs of the poor, indigent and vulnerable.
Antigua and Barbuda	Approached the Caribbean Development Bank with a view toward accessing a policy-based loan of EC$ 82 million to augment Government revenues.		Creation of an Unemployment Fund to provide income for persons who have lost their jobs. Eligible persons will receive 60% of their basic weekly earnings. This will be administered by the existing Social Security Scheme.

Source: ECLAC based on official information.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

TABLE A.2
REMITTANCES AND FDI FLOWS (PERCENTAGE OF GDP 2003-2009)

Country	Remittance (%GDP)	FDI (% GDP)
Antigua and Barbuda	1.2	25.4
Bahamas (the)	1.5	8.1
Barbados	1.6	1.4
Belize	4.2	7.6
Dominica	1.4	10.0
Grenada	4.8	16.6
Guyana	23.3	8.4
Jamaica	15.6	6.4
Montserrat	1.4	4.5
Saint Kitts and Nevis	0.7	20.7
Saint Lucia	0.3	6.6
Saint Vincent and the Grenadines	1.1	15.6
Suriname	0.5	(-5.9)
Trinidad and Tobago	0.6	4.7

Source: ECLAC (2009), from data cited in tables 10 and 11.

NOTES

i. See Jamaica Observer, June 10, 2009
ii. CTO Statistics, 2009, www.onecaribbean.org
iii. See Caricomnews at www.inboxrobot.com/news/caricom and www.caribbeannews.com/news
iv. See CARICOM Statistics/Population and housing data at www.caricom.org
v. See IDB Annual Reports 2007/2008 at www.iadb.org/reports and World Bank, July 2009, "Outlook for Remittance Flows 2009-2011."
vi. CTO Statistics, 2009 at www.onecaribbean.org
vii. IATA, CEO Briefs (quarterly), 2009 at www.iata.org

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 11

The CARICOM Development Fund: Economic Sense or Political Expediency?

Havelock Brewster

Rationale for the CARICOM Development Fund

The Preamble to the Revised Treaty of Chaguaramas states that:

1. The establishment of the Caribbean Community (CARICOM) Single Market and Economy (CSME) is intended to achieve sustained economic development based on international competitiveness, coordinated economic and foreign policies, functional cooperation, and enhanced trade and economic relations with third states;
2. There is a need to achieve the highest levels of production efficiency in order to improve the level of living in Caribbean economies through maximizing foreign exchange earnings on the basis of international competitiveness; and
3. Member states accept that optimal production by economic enterprises in the Caribbean Community requires the structured integration of production in the Region, and particularly the unrestricted movement of capital, labour and technology.

The Revised Treaty also recognized that Community Member-States exhibit differences in income levels and economic performance; and that some Member States, reflecting differences in resource endowments and in levels of development of physical and institutional infrastructure, will be less able than others to take advantage of the opportunities offered by integration, and may even be disadvantaged by the process. The Revised Treaty, therefore, provided for a regime for disadvantaged countries, regions and sectors. This, in effect, provides for special and differential treatment of Member States that

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

are regarded as being less developed, providing for such treatment, on a transitional and temporary basis, to address dislocation in countries, regions and sectors caused by the operation of the CSME.

The CARICOM Development Fund (CDF) forms part of the special regime for disadvantaged countries, regions and sectors. Its purpose, as set out in Articles 158 of the Revised Treaty, is to provide financial or technical assistance to such disadvantaged countries, regions and sectors. As stated in the Revised Treaty, the beneficiaries on whose behalf the Development Fund may be used include:

(a) Disadvantaged countries as defined in Article 4 of the Revised Treaty (currently the six independent countries of the Organisation of Eastern Caribbean States (OECS), Belize, and Montserrat);
(b) Countries, regions and sectors experiencing dislocation arising out of the operation of the CSME, or which are adversely affected by CSME operations;
(c) Countries or regions experiencing temporary low levels of economic development;
(d) Countries or regions where resources are impaired as a result of natural disaster, or sectors which require special support measures as a result of social and economic disorder, resulting from natural disaster damage; and
(e) Countries designated as Highly Indebted Poor Countries (HIPCs).

Economic Sense?

The CDF evidently was patterned in concept after the Structural Funds of the European Union (EU). In practice, the comparison makes little sense for several reasons. The more developed EU States have sufficient resources at their disposal to ensure that the objective of narrowing the income gap between themselves and the lesser-developed EU States is pursued; although the extent to which those funds, as such, have actually realized their objective is a matter that is itself in doubt. In the context of CARICOM, the burden for doing so would fall only on Trinidad and Tobago, Barbados and Jamaica. These three States simply do not have the means to provide the level of resources, on a sustained basis, that would be needed by the twelve disadvantaged States to make a significant difference to their structural transformation, and thus to narrowing the development gap—

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

notwithstanding the relatively higher per capita incomes of Trinidad and Tobago and Barbados, while Jamaica struggles to make ends meet. Moreover, it is unrealistic to expect that grants of any significance, additional to existing commitments, will be forthcoming from the international community for the purpose of supporting countries that already have per capita incomes, on average ten to twenty times that of deserving aid recipients.

The anomalous situation whereby the per capita income levels of several of the OECS States rivals or exceeds those of the prospective CARICOM donor countries (Table 1), hardly strengthens popular, if not political, confidence that there is a lot of economic sense in CDF, unlike the situation in the EU where an income means test is used.

Table 1: CARICOM Member-States Gross Domestic Product (GDP) Per Capita

Countries	***Per Capita Income – US$ (2003)***	***Relative Levels***
Antigua & Barbuda	11,124	14.14
The Bahamas	16,691	21.22
Barbados	9,651	12.27
Belize	3,891	4.95
Dominica	3,554	4.52
Grenada	4,103	5.22
Guyana	911	1.16
Haiti	460	0.58
Jamaica	2,962	3.77
St. Kitts & Nevis	7,641	9.72
Saint Lucia	4,048	5.15
St. Vincent & the Grenadines	3,329	4.23
Suriname	2,470	3.14
Trinidad & Tobago	7,836	9.96
TOTALS	**78,671**	**100**

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Notes: GDP at market prices, converted to US$ at year-average exchange rates. Data source: Economic Commission for Latin America and the Caribbean (ECLAC).

Then too, the premise behind the CDF that development-narrowing structural transformation/production diversification is possible, to make up for the damages inflicted by regional and international trade liberalization, the loss of traditional trade preferences, and oil and food price increases, is largely unfounded. It is apparent that the only viable course of development open to the Eastern Caribbean States is a competitive tourism-based industry, with some domestic agriculture in one or two of them. There is no real future for these States in other services, including financial and information technology services, as they have either been pre-empted or lack the necessary skills and competitiveness.

Political Expediency?

The Eastern Caribbean States (ECS) in particular, have been insistent that the CDF, already provided for in the Revised Treaty, should be implemented. Their participation in the CSME became virtually conditional on the activation of the Fund, on their own terms.

Apart from the basic Treaty rationale for the Fund, as noted above, much has been made of the proposition that the ECS have not benefited from the CARICOM integration process—indeed have actually incurred net losses—and thus CDF resources are urgently needed to set in motion their structural transformation/diversification, thereby to put them in a position to make use of the opportunities opened up by that process.

Several reservations may be entered in respect of this proposition. To begin with, to date, there has not been a proper accounting of the benefits and costs of CARICOM integration. While it is true that the ECS have gained little, and may even have lost, by way of exports of goods to the rest of CARICOM (ROC), while increasing their imports from that source, this does not account for benefits that may have come from trade in services, employment of labour, private capital provided by the ROC, Official Development Assistance (ODA), especially from Trinidad and Tobago, CARICOM functional cooperation, and from the disproportionate access these States have had to investment and technical cooperation from the Caribbean Development Bank, much of it on heavily concessional

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

terms. These have certainly contributed, in particular, to the progress they have made in tourism services provided to the rest of the world (ROW), and to ROC. The gains from integration need not come only from increased exports of goods and services to the ROC. Moreover, increased imports from the ROC are a cost only if they represent a diversion of imports from cheaper sources, an unlikely occurrence in this case.

Secondly, such structural transformation that would make it possible to realize export opportunities to the ROC is, as noted above, unlikely. There is little prospect that the ECS will become a major exporter to the ROC. The ECS' benefits will continue to come mainly from the export of labour to, and import of private capital from the ROC, from the Caribbean Development Bank (CDB) investments, and the Trinidad and Tobago petroleum stabilization funds, and thus from the impact these will have on tourism and related services sold mainly to the ROW.

The ECS have also made much of the point that the CDF needs to support them by way of grants—rather than loans—as governments are already excessively mortgaged, and have virtually no capacity for additional debt. These assertions are also questionable. With the possible exception of St. Kitts and Nevis, public debt and debt servicing are within sustainable levels (Table 2). They are in fact much better than those of Jamaica (and Guyana and Belize). Indeed, the ECS continue to borrow from the CDB, while some have been graduated out of access to World Bank lending.

Table 2: OECS Countries' Public Debt over the years 1999 – 2004

Total Public Debt as % of GDP						
OECS Countries	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
Antigua and Barbuda	72.1	70.5	69.8	71.7	63.2	63.8
Dominica	53.1	65.6	60.7	73.2	75.3	73.7
Grenada	36.2	40.6	45.3	71.8	71.6	83.5
Montserrat	22.6	19.0	17.3	11.3	9.3	8.3
St. Kitts and Nevis	72.5	76.1	90.8	105.0	116.9	110.1
Saint Lucia	29.5	26.4	25.1	39.2	47.4	48.5
St. Vincent and Grenadines	53.9	55.7	57.1	55.9	53.9	51.4

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The magnitude, sources of funding, and modalities of the CDF thus became the major issue in respect of its operationalisation (other important issues not discussed here relate to the formula for contributions, purposes of the fund, and eligibility criteria). After two fruitless special sessions of the Council for Finance and Planning (COFAP), in February 2006, the Conference of Heads of Government decided *inter alia*:

(a) to establish the CDF as a capital fund with contributions by member states totalling US$120 million, of which US$100 million would be based on a contribution formula and US$20 million would come as a one-off contribution from the Petroleum Fund established by the Government of Trinidad and Tobago;
(b) that an ultimate target of US$250 million be set for the CDF, with the difference between member states contributions and the ultimate target being sought from international financial institutions and other donor countries;
(c) that a capitalization system should be the main, but not necessarily exclusive, basis for the disbursement and operation of the CDF;
(d) that the procedures and operational modalities for the management of the CDF be separate and apart from those pertaining to the normal functioning of those of the CDB.

To date, initial grant contributions to the CDF amount to US$37 million-US$2.0 million from Barbados, US$5.0 million from Jamaica, US$10.0 million from Trinidad and Tobago, and US$20.0 million from the Petroleum Fund established by the Government of Trinidad and Tobago. US$63 million thus remains to be contributed by member states and the projected US$130 million of grant contributions to be made by international financial institutions and donor countries (that is, additional to their current Development Assistance) is at the present time, pie in the sky.

The following consequences of this decision may be expected:

- The CDF would be depleted in three to four years, if project approvals were to be at the expected rate - the US$120 million targeted, if realized, would have to be shared among twelve countries. This would then give rise to a new round of political pressures for replenishments from three principal ROC donors.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

- The resources envisaged (whether US$120 million or US$250 million), would be a drop in the bucket of what would be required for any really effective program of structural transformation/production restructuring in the twelve beneficiary countries, if any such program were in reality possible.
- As a grant program, given the fungibility of resources, it would be very difficult to ensure accountability for the dedicated use of the resources, and for discipline in their effective deployment.
- As an institution separate and apart from, albeit housed on the CDB premises, managing financial resources of such a small size, and serving twelve beneficiary countries, its transactions' cost as ratio of its annual business operations, would be wastefully high.

Evidently then, CARICOM Heads of Government have determined that the economic cost of arrangements along these lines is out-weighed by their political benefits, especially the prospect of the OECS's defection from the CSME, an institution for which the Prime Minister of Barbados currently has responsibility; and possible damage to the close relationship that exists between the ECS and Barbados and Trinidad and Tobago. For the OECS itself, the apparent short-term benefit of grants from the CDF would be weighed against the possible pre-emption of longer-term development effectiveness, especially given doubts about the grant-related issues of fungibility and discipline, and of course of the sustainability of, and dependence on, support of this kind.

Is there an Alternative?

It would help to clear the air, and remove the brush from the way forward, if the rhetoric of production re-structuring/structural transformation were converted to more realistic, pragmatic tasks. For the ECS and Belize, this would mean essentially a government directed program of support to the private sector to upgrade, technologically modernize, and expand the tourism sector and tourist-related products and services, that are now hopelessly uncompetitive vis-à-vis the Hispanic Caribbean; and in some areas infrastructural and marketing support to agriculture. In Guyana, it would mean support of a

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

comprehensive kind to get agriculture going as a regionally oriented enterprise. Much of the support therefore, to the beneficiary countries would need to be directed to the private sector. While grants generally, would not be appropriate for such cases, a good case could be made for sufficiently subsidized loans and the kind of modalities that would make the use of CDF resources more than competitive with those obtainable, if they are at all, from private financial institutions.

Thus, the CDF as a capital fund, that is, one that would use its capital endowment to finance grants mainly, and loans, would greatly limit the extent to which it could carry out the task described above. Its resources would shortly be depleted, and in respect of profit-earning activities, grant support would amount to a wasteful subsidy from regional public resources.

Alternative approaches to a CDF were advanced by the CDB (2005), similar to ideas earlier developed by Brewster (2005), by which CDB resources, obtained through AAA borrowing on the international capital market, would be used to finance CDF-approved loans, while contributions to the CDF would be used to subsidize the interest rate on those loans. The CDF would thus be an interest rate subsidization fund for loans to the potential beneficiaries from the Ordinary Capital (OC) resources of the CDB; for grants, in certain cases, to needy, mostly public sector beneficiaries; and for technical assistance, especially through the proposed Regional Development Agency. This arrangement would enable a given volume of interest payments by countries to leverage a larger volume of capital borrowing for investment, thus also satisfying the requirement of additionality of available resources.

Since CDF resources would finance only the interest rate subsidization element, and to a lesser extent, grants, where appropriate, the Fund's resources would be sustainable over a much longer period of time than if its capital were used to finance loans/grants, while modest infusions of capital over time (and possibly small contributions from CDB's net income) it would not require capital replenishments as such. As loans, albeit with a heavily subsidized interest rate, this would help to minimize the moral hazard issues of fungibility and indiscipline.

The CDB presented several scenarios along these lines. By way of an example, extending those scenarios to the present decision to establish the CDF as a capital fund, endowed with capital resources contributed by CARICOM governments of US$120 million, we arrive at the following results. Whereas those resources would be depleted by

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

the twelve beneficiary countries in, say, four years, as an interest subsidization fund, offering a subsidy of 50 percent on normal OC terms, a Fund initially endowed with US$120 million could support subsidized lending of US$31 million each year for sixteen years, making a total loan volume of US$496, each loan carrying a 25-year maturity with a 5-year grace period on principal repayment. (The current CDB OC interest rate is 6.0 percent). Additional annual lending of this magnitude to eligible countries would in fact be an impressive achievement, representing an increment of some 30 to 40 percent over CDB's current average annual approvals to them. Indeed it could worsen the problem of absorptive capacity in those countries. While a time span as long as sixteen years should be adequate for the task as stated above to have been sufficiently achieved, and to permit exit from the arrangement.

Other important advantages of this approach include that it would not require a new organization, separate and apart with its own management, professional and administrative staff. That advantage, together with the use of common services in CDB, could represent a considerable saving for a small Fund. However, since CDB also has non-CARICOM membership, arrangements would be needed for a separate Board of Directors or Special Advisory Committee for the CDF which itself would also need to have its own Rules or Guidelines of Operation. These arrangements, including their governing instruments, bear some similarity to existing facilities in CDB such as the Special Development Fund (SDF), and to arrangements in other Multilateral Development Banks, such as the Fund for Special Operations (FSO), the Intermediate Financing Facility (IFF), and Multilateral Investment Fund (MIF) in the Inter-American Development Bank (IDB).

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

BIBLIOGRAPHY

La Corbiniere, B. P*roposed CARICOM Development Fund for Disadvantaged Countries: Feasibility Assessment and Recommendations.* Caribbean Development Bank, Wildey, Barbados, May 2005.

Brewster, H.R. *Sketch of a Proposal for a CARICOM Regional Development Fund.* Washington D.C., December 2005.

Caribbean Development Bank. *Technical Team: Recommendations to the Council for Finance and Planning for Operationalising the Development Fund.* Wildey, Barbados, January 2006.

Caribbean Community Secretariat. *Conclusions from the Second Special Meeting of the Council for Finance and Planning.* Kingston, Jamaica, January 2006.

Caribbean Development Bank. *Recommendations to the Third Special Meeting of the Council for Finance and Planning on the Operationalising of the Development Fund.* Wildey, Barbados, April 2006.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 12

Nano-Firms, Regional Integration and International Competitiveness: The Experience and Dilemma of the CSME

Richard Bernal*

Globalisation and International Competitiveness

Globalization has reached the point where there is only one reality that matters and that is the global economy. While it is not yet seamless, the global economy is well on the way to being a single economic space. In these circumstances, international trade in its widest connotation dominates domestic production, investment and trade. The key to survival and growth in this context is to be competitive in the production of goods and services, both for the world market and the national market. It is firms, not countries, that carry out international trade and investment, and therefore international competitiveness is that of firms not countries, though the two are interrelated. Krugman declares: "competitiveness is a meaningless word when applied to national economies".[1]

Kogut emphasizes the fact that "globalization is less and less about national competition around sectoral dominance but about the location of the value-added activities that compose the global community chains. From this perspective, firm strategies matter more, since comparative advantage and firm advantage are more delinked today than they have been before."[2] Poor competitiveness at the macroeconomic level can even retard firm level competitiveness and contribute to a divergence between national and firm competitiveness. For example, The Global Competitiveness Report of 2005 reveals that Jamaica was ranked at 53rd in the business competitiveness index, but only 70th in the growth-competitiveness index.[3]

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Development, Competitiveness and CARICOM

As globalization and multilateral trade liberalization proceed, the small developing economies of the Caribbean Community (CARICOM) will face an intensification of international competition. The continued economic development of CARICOM countries will require them to increase the international competitiveness of their exports of goods and services, in both existing production and future export activities. International competitiveness[4] encompasses price and quality relative to that of other producers in the world economy.

The challenge of economic development is creating the capacity for sustaining a process of continuous upgrading and renewal of internationally competitive production for both export and domestic consumption. It has long been a tenet of Caribbean economic thought that regional economic integration is an indispensable mechanism for improving international competitiveness. It is this conviction that prompted CARICOM to make the enhancement of the international competitiveness of the economies of CARICOM, one of the objectives of the CARICOM Single Market and Economy (CSME).

Differences in Size

It is firms that trade and invest, not countries. Therefore the issue of differences in size and small size has two dimensions: differences in size among countries; and differences in size among firms. The former aspect of the issue has been the subject of a voluminous literature, which has established that small size is an additional constraint for developing countries and that differences in size among countries are disadvantageous to those countries which are smaller. The latter aspect of the question of differences in size among firms has not received sufficient attention.

In the global economy there are enormous differences in size among corporate entities. The important implication of this for the international competitiveness of CARICOM firms is the reality that in general, small firms are at a disadvantage *vis-à-vis* their larger counterparts. Naturally there are exceptions to every rule and the successful operation of small firms in activities where economies of scale are not applicable is not in dispute, but this type of situation is an

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

exception. The disadvantage of being a small firm is compounded when small firms are operating in small developing economies. All CARICOM firms operating in the national economies of CARICOM member states are not just small. They are minute by comparison with firms in the global marketplace. The difference in size 92 Production Integration in CARICOM of corporate entities is so gigantic that I have coined the term "nano-firms" to describe small firms in small developing economies to distinguish them from small firms in the conventional connotation.

Larger Firms Have Better Prospects for International Competitiveness

The enhancement of the international competitiveness of the CARICOM national economies must involve the enlargement of CARICOM firms because they have better prospects for achieving and maintaining international competitiveness. CARICOM must ensure that CARICOM firms can be enlarged while not jeopardizing competition in the national and CARICOM markets. An important consideration is how quickly the supposed beneficent and procreative effects of the CSME will come into play to ensure that there is a transformation of CARICOM firms in such a way as to give them an improved prospect of being sufficiently internationally competitive. This is especially pertinent since the negotiations of the Doha Development Agenda and the CARIFORUM-EU Economic Partnership Agreement could be concluded by the end of 2007, increasing the exposure of the CARICOM firms to international competition, in range and extent.

The Region must secure the type of terms in its external trade negotiations, which allows it to seize the opportunities from the liberalization of the multilateral trading system. Slowing the pace and extent of exposure to more international competition is either a coherent negotiating tactic or a viable development strategy.

Enlargement of CARICOM Firms

The instrument chosen by CARICOM governments to enhance international competitiveness is the CSME. At a minimum, therefore, it must facilitate and ideally promote improvement of the international

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

competitiveness of CARICOM firms. Though it is never explicitly stated, it can be surmised that firms will increase in size as they begin to export or expand exports or extend their operations to more than one CARICOM member state, in order to realize economies of scale and scope. In this regard it is useful to distinguish between three types of CARICOM firms: National CARICOM firms (NCF) i.e. operating in one member state of CARICOM; trans-CARICOM firms (TCF) i.e. operating in more than one CARICOM member state; and CARICOM multinational firms (CMF). The increase in the size of NCFs and TCFs is vitally important because of the differences in size among firms in the global economy.

The dilemma which confronts the member states is whether the CSME can facilitate and assist CARICOM firms to achieve international competitiveness. One way in which the CSME can enhance international competitiveness is to facilitate, and even promote, the enlargement of CARICOM firms. If the CSME does not facilitate or promote the enlargement of Caribbean firms, its relevance to international competitiveness will progressively decline. The timely completion of the CSME could contribute to firm transformation and enlargement. The enlargement of firms is most likely to take the form of transformation in one of the following ways: from a NCF to a TCF; or from a NCF to a multi-national corporation (MNC); or from NCF to TCF to MNC.

The Question

The question is, can the CSME contribute to the international competitiveness of the CARICOM countries? In order to evaluate the extent to which the CSME will contribute to the enhancement of the international competitiveness of CARICOM member states, it will be necessary to examine the provisions of the CSME to discern if they can facilitate the enlargement of CARICOM firms.

CSME and International Competitiveness

The CARICOM Heads of government in 1989, decided to deepen the regional economic integration process and strengthen the Caribbean Community by creating the CARICOM Single Market and Economy (CSME). The overall objective was to go beyond facilitating the liberalization of intra-regional trade to the creation of a single

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CARICOM economic space to facilitate regional trade, production and investment. This action, while reflecting concern about the limited level of intra-regional trade was made more urgent because of external developments, specifically globalization[5] and the growing trend towards trade liberalization.

The process of creating the CSME commenced in 1989, and after several postponements of the date of completion, the Single Market was launched in January 2006, with six member states. Barbados, Belize, Guyana, Jamaica, Suriname and Trinidad and Tobago are the initial participants, in the Single Market. The other member states will accede as soon as they feel competent to fully assume the obligations. Apart from the incomplete membership, there is a considerable amount of work that remains to be done to ensure that all member states are fully compliant with all aspects of the Single Market. The establishment of the Single Economy which is an even more challenging exercise, involving difficult steps, such as a single currency, appears to be a long-term goal.

The CSME is a regional economic arrangement, which can contribute significantly to the structural transformation and economic development of the small, developing economies of CARICOM. Owen Arthur, Prime Minister of Barbados, who has responsibility within CARICOM for overseeing the implementation of the CSME, believes this to be, "the only realistic and viable option by which to achieve sustainable development," and, "the most effective means by which the individual economies of the region can be successfully integrated into the proposed new hemispheric economy and the evolving global economic system".[6] There is a complex dialectic between the regional and national because the CSME process has to be complemented by appropriate national policies[7] and institutions.[8]

The Revised Treaty in Article 6(e) states that the objectives of the integration process include, "enhanced levels of international competitiveness," and in Article 6(f) refers to increased productivity. In addition to the effects which the regional market is envisioned as having on efficiency and international competitiveness, Article 51(c) establishes the goal of the "promotion of regional economic enterprises capable of achieving scales of production to facilitate successful competition in domestic and extra-regional markets".[9] The CSME is the mechanism which can bring these goals to fruition.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

- The CSME can offset some of the disadvantages of small size by consolidating national markets into a larger regional market. The efficiency effects include the following: an enlarged market and pool of resources, which would be available in a regional market, would mitigate some of the constraints of the small size of national markets and would permit the attainment of economies of scale in an increased number of economic activities.
- the attaining of economies of scale can occur through market driven, private sector-led activity and/or through government instigated production integration schemes.[10]
- the enlarged pool of resources and the free movement of capital and labour can facilitate the lowering of costs and improved productivity.
- the regional market, in addition to facilitating the realization of economies of scale, would promote efficiency and international competitiveness by reducing the monopoly power of firms in small national markets and this can result in reduced prices to consumers and an expanded variety of products.
- the intensification in competition, which will occur in the larger regional arena should prompt firms to achieve improved X-efficiency (efficiencies internal to the firm) and attain higher levels of productivity.[11] The result will be reduced costs of production, which can be reflected in lower prices, improving export prospects, and less expensive inputs for domestic production.
- exporters trading in the regional market can gain valuable experience, which will enable them to compete more effectively in a hemispheric market and in the global economy. Exporting exposes firms to international "best practices" and the demands of foreign buyers, which can induce learning.[12] This in turn can increase their productivity[13] through changes in both the product and in the production process.[14]

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Differences in Size of Corporate Entities

The CARICOM firms, whether they are NCFs, TCFs or CMFs, are minute compared to the larger corporate entities against whom they must compete in the global economy. A comparison of the top 20 firms in CARICOM, Canada, Europe and the United States for the year 2003 reveals the gigantic difference in size. The largest CARICOM firm, Grace Kennedy of Jamaica had revenue of $412 million compared to George Weston of Canada with $22 billion, BP Oil and Gas in Europe with $174 billion and Wal-Mart Stores in the U.S. with $244 billion. (See Appendix). Grace Kennedy's revenue was 0.17 percent of Wal-Mart's revenue. Put another way Wal-Mart is 592 times larger than Grace Kennedy.

The total assets of the largest national CARICOM firm, the National Commercial Bank of Jamaica (NCB) in 2003, was $2,431 billion, which is 4.4 percent of the assets of Petrobas of Brazil, and 0.002 percent of the $1,097,190 million of assets of Citibank of the U.S. Allianz Worldwide of Germany, with assets amounting to $796,262 million is 328 times larger than NCB of Jamaica and Citibank is 451 times larger. (*See Appendix).*

The largest employers in the CARICOM region are Neal & Massey of Trinidad and Tobago with a staff of 6,000 and Lascelles Demercado of Jamaica with 6,800 compared with General Motors and Wal-Mart of the U.S. with well over 600,000 employees.[15]

Nano-Firms

The firms in CARICOM are nano-firms because they are so small that they are not adequately described by the conventional definitions of small firms. The conventional definition of a small firm is a firm with less than 500 employees[16] but there are those who have proposed 200 employees[17] as the cut-off point. In Europe, the commonly used definition is 300 employees.[18] Even if the lower figure is accepted, the vast majority of firms in CARICOM are best described as micro-enterprises.[19] Approximately 85 percent of Jamaican firms engaged in exporting have less than 200 employees.[20] Using the figure of 500 employees, there are probably less than 50 CARICOM firms which would exceed the conventional definition of a small firm. The meaning of small is very different in developing countries where, other than in

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

capital-intensive manufacturing, a small-scale enterprise is regarded as having less than 50 workers.[21] Small firms in small developing economies are in a fundamentally different and disadvantageous position, compared to a small firm in a developed economy. Small firms in developed economies benefit from a state sector that can assist them, high quality infrastructure and a wide range of firms across the spectrum of economic activity.

The differences in size and level of development among economies are often overlooked by those who point out that growth rates and per capita income are not correlated to small size.[22] This fails to appreciate that what is distinctive about small developing economies is their acute vulnerability[23] and the related volatility of income and growth. Several vulnerability indices[24] have been used and they all reveal that small economies are more vulnerable than larger economies, whether these are developing or developed. Atkins, Mazzi and Easter found that 28 of the 30 most vulnerable economies were small developing economies.[25] Argentina, Brazil, Canada and the United States have vulnerability indices of 0.2 or less while the ten smallest countries range from 0.59 to 0.84.[26] A Commonwealth Secretariat/World Bank study has shown that of 111 developing countries, 26 of the 28 most vulnerable were small countries and the least vulnerable were all large countries.[27] Growth experiences more volatility in small developing economies even compared to other developing countries e.g. terms of trade volatility is 30 percent higher.[28]

Small developing economies are aggregations of firms that are minute by global standards. The small size of an economy is linked to the small size of firms. The Inter-American Development Bank's survey of the 25 largest companies in 62 countries at different levels of development concluded that, "the size of the economy where companies operate has a great influence on firm size. Nevertheless, the relationship is not exactly proportional: "if one economy is double the size of another it will tend to have companies 80 percent larger."[29] It revealed that large firms in Latin America were only 8 percent of those in developed countries when compared by total assets. "Some 58 percent of the differences in size is due to the fact that the economies of developed countries are larger."[30]

Small firms in small developing economies suffer disadvantages

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

which emanate from the character of the market in this type of economy. These involve those firms which emanate from the small size of the national market and the economy as a whole. This severely curtails economies of scale and scope because of the smallness of demand and the quantum and range of supply of factors of production. Then, there are those disadvantages which derive from operating in a small developing economy where markets are not competitive, and do not foster a dynamic necessary to force firms to achieve competitive advantage.[31] These small markets are characterized by the dominance of 1–3 firms,[32] barriers to entry,[33] inadequate infrastructure, higher cost of international transportation for exports, constrained capacity of government to render efficient support services, higher import costs and an absence of clusters of similar firms which constitute an industry.[34] Winters and Martins in their empirical study, document the cost disadvantages of small economies and these disadvantages are more pronounced in very small and micro-economies. They suggest that this type of firm can only export under special circumstances, or if one or more of the factors of production receive a lower return than they would earn in a larger economy.[35] Competitive advantage is much more likely to occur when the economy is sufficiently large to sustain "clusters" of firms connected through vertical and horizontal relationships. The small size of the economy makes it very unlikely that a cluster of firms or industry of firms will exist, thus compounding the difficulties of doing business in a cost effective manner.

The availability of locally based competitors and suppliers is a critical determinant of the international competitiveness of the individual firms, but is often absent in the small developing economies.[36] In this milieu, the quality of management is of paramount importance to the achievement and maintenance of international competitiveness by nano-firms.[37]

Nano-firms face supply bottlenecks, which are characteristics of small developing economies, notably the quality of infrastructure, the availability of human capital, the nature of financial intermediation and the level of government support. The support provided by governments is critical to the success of all firms, but especially so for nano-firms. The crucially important factor is not the amount of government support but the character, quality and timeliness of that support. The Asian experience illustrates the vital importance of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

government's role in assisting firms to become internationally competitive and to achieve corporate transformation through enlargement.

Nano-firms can compete in the world economy but find it more difficult because of the disadvantages of being small by global standards and being small in a small developing economy. It has often been suggested that small firms are nimble and can be innovative because they are less encumbered by organizational and management structures. However, there are costs because this depends on the ability to access information, the capacity to adapt new technology and the availability of finance and infrastructure. The prospects for niches in the value chain of production have increased with the spread of flexible specialization,[38] technologies which facilitate the disaggregation of the production process, outsourcing and systematic collaborative subcontracting.[39] Some opportunities are open to small firms because these are too small to attract the interest of very large companies[40] or where their global persona does not allow them to easily identify with the nationality or ethnicity of consumers.

The validity of the argument about the difficulties which nano-firms confront in competing in the world economy is not diminished by the fact that there are success stories of firms smaller than nano-firms. There are some instances of micro-enterprises consisting of 1 to 15 persons that have survived and even thrived in the world economy. While fully conceding the entrepreneurial brilliance involved, more often than not there have been in special circumstances e.g. personal services, unique products and in specific lines of production where economies of scale are not important.

The existence of these owner-managed economic units is based on particular segments of national markets[41] where they specialize in a single product, service or aspect of the production process. Micro-enterprises may, but generally do not, expand into nano-firms and are usually confined to sub-markets of national economies rather than participate in exporting. Naturally there are exceptions. For example, Walkerswood Caribbean Foods started as a two person cooperative which was eventually bought by a small enterprise and is now a nationally owned nano-firm employing over 100 workers and earning 85 percent of its revenues from exports.[42] Although small enterprises are much touted as an inexpensive and opportune way of creating jobs

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

in developing countries,[43] they have an extremely high mortality rate. In some forms of economic activity, firms of less than 20 employees can survive in the local market but are too small to sustain export activity,[44] except in partnership with large foreign corporations. A recent study done for UNIDO documents the types of partnerships that have developed between large corporations and small firms with total assets or sales below $15 million[45] (the definition of small and medium size enterprises used by the International Finance Corporation).

Size of Firm Matters

There are instances where despite the presence of large and dominant corporations, some small firms will find creative ways to survive,[46] but this does not mean that it is a general rule. The continued emergence and even proliferation of small enterprises[47] should not be misconstrued to be proof that they are not severely challenged and that the larger they are the better their prospects of survival, profitability and transformation. Nor is the validity of the proposition in any way brought into question by instances of the transformation of nano-firms and micro-enterprises into multinational corporations under the leadership of exceptional entrepreneurs. These instances are the exceptions to the rule. In addition, the scale that permits survival varies from one economic activity to another and changes with changes in technology, corporate organization, consumer tastes and government policy, which, at one time or another, favour expansion or contraction of the range of size that is viable. Larger firms fare better than small firms in exporting because of the costs involved and the barriers which have to be overcome to enter overseas markets. The positive relationship between firm size and exporting is extensively documented.[48]

The conclusion to be drawn is that the larger the firm the better the prospects for survival and success, both in the national and world market. Therefore, what is not contestable is the fact that size matters.

Regional integration normally leads to a significant increase in intraregional investment. For example, intra-EU investment[49] increased from an average of 30% of total outward investment during the years

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

1984-1988 to 62% during the period 1989-1993. Investment between Argentina and Brazil increased from 1.4% and 0.3% of GDP, respectively, to 2.4% and 2.2% of GDP after the establishment of MERCOSUR.[50] However the experience of integration schemes among developing countries is that they concentrate on trade liberalization rather than investment promotion.[51] This is an apt description of the CARICOM experience to date. The preoccupation with trade liberalization has caused insufficient attention to be devoted to the promotion of intra-CARICOM investment flows. Not surprisingly, to date there has been very little production integration despite several regional plans in food production, mining, transportation and industry.[52] The limited investment is unfortunate because the formation of custom unions between developing countries usually produces a limited increase in trade with an expansion in investment being the primary benefit.[53] There has been a very limited volume of intra-CARICOM investment. In the last decade there has been a significant increase in these flows involving a number of sectors, in particular tourism, banking and insurance. The major source of investment has been Trinidad and Tobago with Barbados and Jamaica also important to a lesser extent. These investments have taken the form of acquisitions, mergers, strategic alliances and joint ventures.

Farrell has identified the driving forces behind these flows as asset utilization, market diversification, the pursuit of profit making opportunities and competitive positioning.[54] In some cases, the motivating circumstances are peculiar to a particular sector, for example, the regionalization of CNFs in banking and insurance prompted by the fact that "financial services are to a large extent non-tradable."[55] Despite the recent increase, intra-CARICOM investment is small relative to total CARICOM investment and inflows of foreign investment. These flows involve the larger firms in the region including some that have become CARICOM owned multinational firms (CMF). These include the Jamaican owned Sandals and Super Clubs hotel chains, Grace Kennedy of Jamaica, Goddard's of Barbados, Prestige Holding of Trinidad and Tobago, CLICO of Trinidad and Tobago, and Sagicor of Barbados.[56] These firms evolved from nationally owned CARICOM firms to trans-CARICOM firms having gained experience in operating in their home market and then became CARICOM

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

multinational firms.[57]

There are several possible explanations for the paucity of intra-regional investment. First, the pattern and volume of intra-regional investment reveal the limited emergence of trans-CARICOM firms and even when such corporate entities have been created, they remain small by global standards.

The volume of intra-regional trade has been so low that it has not elicited private intra-regional investment. During the period 1990 to 2000, intraregional imports amounted to a paltry 9.5–11.1 percent of the region's total imports.[58] This reflects the fact that the combination of the very small national markets will not create a regional market which is sufficiently large in size to generate economies of scale in most lines of production.

Second, the symbiotic relationship between trade and investment is such that either increased trade can induce investment flows or investment can result in an expansion of trade flows. If the latter scenario is the prevailing causality, then the explanation must lie outside of the ambit of trade. Possible explanations include persistent barriers to intra-regional investment such as national restrictions on the sectors in which foreign investment is permitted, national ownership requirements and prohibitions on land ownership. All of these restrictions, inter alia, are pandemic in the member states of CARICOM. This situation will be rectified only when CARICOM member states accept some constraints on their freedom to make decisions on investment issues in return for greater investment flows.[59]

Third, firms have skipped the regional stage and moved straight from being NCF to being MNC in the case of some major exporting firms. This has been the case where the firm has been able to establish an international brand, e.g., Grace Brand of Grace Kennedy of Jamaica or an internationally famous product, e.g., Angostura bitters.

Fourth, in some instances, foreign firms, particularly multinational corporations which had already established regional networks of subsidiaries, preempted opportunities for CARICOM firms. These MNCs have not found it necessary to operate through alliances with CARICOM firms because of their size and traditional dominance of the local market. Some MNCs operate in several member states and in a manner which treats each national market separately, thereby retarding the formation of a genuine regional

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

market.[60]

Fifth, there is no genuine CARICOM-wide capital market. National capital markets are fragmented and vary in size, institutional sophistication and range of financial instruments. National stock exchanges exist in The Bahamas, Barbados, Guyana, Jamaica, Suriname, Trinidad and Tobago, and the Organization of Eastern Caribbean States (OECS). Many of the largest corporate entities, including NCFs, TCFs and CMFs as well as the subsidiaries of multinational corporations, are not listed on these stock exchanges. Cross listing and trading take place only among the exchanges of Barbados, Jamaica, and Trinidad and Tobago. The number of cross listing is extremely limited "involving only ten firms, less than 10% of the publicly listed companies in the three countries."[61]

Sixth, the integration movement has been driven by a preoccupation with trade liberalization with the consequent neglect of intra-regional investment. This emphasis is not peculiar to the CARICOM experience as it has been a feature of several economic integration schemes among developing countries. While efforts to liberalize trade in goods were persistent, albeit with little success,[62] almost nothing was done to liberalize intra-regional capital movements. Symptomatic of this malaise was the failure to even approve the CARICOM Enterprise Regime (CER) whose 102 Production Integration in CARICOM objective, was to provide "national treatment" to any CARICOM Enterprise.

A CARICOM enterprise was defined as a company owned and controlled by nationals of at least two member states. Originally mooted in 1974 and revived in 1985, the CER was established in1988 but never came into effect. The official history of CARICOM explains that the member states "did not put in place the national legislation to give effect to the CER in a timely manner and by the early 1990's when a sufficient number had done so, our Community had already taken the decision to establish a Single Market and Economy".[63]

Consolidation of CARICOM Firms

The CARICOM firms, which are internationally competitive, have identified and exploited niches in the global economy for specialized services and/or unique high-value-added products by establishing brands. An important attribute of the small firms that are successful in

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

pursuing niche opportunities is their creativity. Small firms in general are more innovative,[64] perhaps because they are more prone to be caught up in Schumpeterian "creative destruction."[65] Often the innovations of small firms or the firms themselves are bought and the product is developed and marketed by multinational corporations and other dominant larger firms. Nano-firms that pioneer a product in the world market but lack the resources to make it globally available are acquired by MNCs, for example, Estate Industries, originator of Tia Maria and Desnoes & Geddes, creators of Red Stripe beer. New technologies such as those utilized in electronic commerce can be employed to alleviate some of the disabilities of small size,[66] although this is not enough to override the dominance of larger firms.

The consolidation of nano-firms will strengthen their capital base, adding to their resilience and making them more attractive as partners in strategic alliances[67] with larger firms and even multinational corporations. Size is often a particularly severe impediment in exporting but, in many instances, an appropriate strategic alliance can provide additional resources, access to marketing networks, management expertise and new technology. Strategic alliances or networks of small firms can mitigate some of the expenses that might be too much for a single firm.[68] The larger the firm the more likely it is to be able to meet the costs of penetrating foreign markets, learning the new market environment e.g. customs procedures, phyto-sanitary regulations and negotiating with foreign government agencies. Not surprisingly, the larger firms dominate export activity whether their national economies are developed or developing. Competing internationally, either by exporting or by establishment in overseas markets, is invariably linked to foreign investment.[69] The size factor is particularly important in industrial activity[70] and small firms will seek to attain scale through alliances unless they occupy a niche in which they are large, relative to their competitors.[71]

Policy Implications

There are a number of policy implications of the foregoing analysis in terms of the need to transform CARICOM firms, mediating the pace and extent of exposure to international competition, introducing a suitable system of regulation and supervision and the adoption of best

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

practices.

Transformation of CARICOM Firms

Since what is critical to the prospects of improving international competitiveness is the enlargement of nano-firms, the CSME process must focus on facilitating and promoting the enlargement of CARICOM firms. The requisite action has to be taken at the level of the firm, national economy and region. Firm level action is the purview of the firm and the other measures are part of the public policy of national governments. At the national level, the creation of a business environment more conducive to corporate consolidation and enlargement will involve amendment and reorientation of taxation policy, modernization of the Companies Act and the regulatory environment[72] and willingness to accommodate monopolies and oligopolies.

Governments should provide support services because they have a significant role in improving the performance of small enterprises.[73] Since new technology is critical to competitiveness, governments in small developing economies must ensure that they provide an environment in which firms can easily and quickly acquire the latest technology. The small size, limited capacity and limited human and financial resources of nano-firms prevent them from spending adequate sums on R&D. They must therefore concentrate on adapting new technology, not creating new technology.[74] Larger firms are more likely to export because they are more able to identify export opportunities and have more resources to devote to the export process and can make the investment necessary to increase productivity.[75]

At the regional level, the objective must be the creation of a seamless regional economic space. This will not be accomplished until the Single Economy is established. It will require the harmonization of regulations which constitute the business environment, and complete freedom of movement for capital and labour, thereby facilitating the lowering of transaction costs. The laborious process of increasing the number of categories of professionals eligible to move within the CSME region must be brought to an immediate closure. The emergence of genuine corporate integration must be encouraged, because economies of scale cannot be realized by "a series of stand-alone entities producing the identical product in different locations

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

with a large proportion of inputs acquired from outside the region".[76]

The enlargement of nano-firms must be encouraged by the freedom of movement of capital throughout the entire CSME. This can be facilitated by the creation of a regional capital market, fully integrated financial services market[77] and the replacement of redundant national institutions by regional institutions, for example, replacing the seven national stock exchanges by a single regional stock exchange.[78]

Mediating the Pace and Extent of Exposure to International Competition, the CARICOM countries must seek to influence the pace and extent of exposure of CARICOM firms to international competition, so that they will have as much time as possible to become internationally competitive.

The regional integration process can contribute to the international competitiveness of Caribbean firms by promoting cooperation among CARICOM member states on external trade negotiations. The objective is to influence the pace, terms and extent of exposure of CARICOM firms to international competition. The rationale is explained in the Revised Treaty. Article 6 (g) and (h) establish as objectives "the achievement of a greater measure of economic leverage and effectiveness" in external relations and "enhanced coordination of Member States' foreign and (foreign) economic policies". Conducting external negotiations as a group, increases the leverage which CARICOM can exert.

The objectives of the external trade negotiations must be to open opportunities for Caribbean firms, in particular the nano-firms, to enlarge by exporting and investing in the global economy. National investment promotion agencies in small developing economies must expand their remit to include the promotion of outward investment beyond national and regional boundaries. They should also give more attention to partnerships between nano-firms and multinational corporations as a format for foreign investment. In addition, such negotiations should seek to influence the pace and extent of liberalization i.e. exposure to international competition in order to create adequate adjustment periods. An adequate adjustment period will vary from sector to sector but must be long enough to allow nano-firms to cope with international competition. Too short an adjustment period could lead to the elimination of many nano-firms. Similarly too long a period could be detrimental as it might induce complacency,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

which would only postpone being overwhelmed by imports or larger foreign corporations.

Both of these objectives will be conditioned by the state of the regional integration process. The CSME should provide the foundation for a common approach to the external trade negotiations.[79] If the CSME is not completed before the scheduled end of ongoing external trade negotiations, then CARICOM will be in the undesirable position of negotiating issues which have not yet been resolved and implemented by all member states.[80]

Alternatively, the demands of the external trade negotiations might force the pace of completion of the regional integration process when this should ideally be determined by the volition and readiness of the member states.

Regulation and Supervision

It is important to ensure that TCFs emerge and consolidate their region-wide operations. In this process, it is inevitable that national monopoly positions will be transformed into regional monopolies. The possibility of abuse of market dominance and anti-competitive business practices will have to be disciplined by competition from outside the CSME and by the supervision of regulatory mechanisms within the CSME. At present, there is no CARICOM-wide regulatory institution and the Competition Policy Commission has not yet been established. This situation requires national regulatory institutions to collaborate closely. A case in point is the financial sector where there are TCFs operating in a milieu of fragmented national financial and capital markets. It is essential that cooperation should increase between Ministries of Finance and Central Banks with a view to setting appropriate standards e.g. for capital adequacy and to reduce the risk of systemic crisis due to an intra-regional financial contagion. This needs to be complemented by the strengthening of national regulatory institutions, as the meltdown of the financial sector in Jamaica during the 1990s vividly demonstrated.

The regulatory regimes, while pursuing the decent goals of good corporate citizens such as the protection of the consumer and the environment, must avoid stifling initiative and investment. The more lightly regulated economies, usually the developed countries, deliver higher growth rates and a more equitable distribution of income than

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

those economies that are heavily regulated, invariably those of developing countries.[81] Small businesses and micro-enterprises are stymied by excessive regulation and cumbersome government bureaucracies forcing many entrepreneurs into the informal sector.[82]

Encouragement of Best Practices

Research on the theory and practice of nano-firms, i.e. firms in small developing economies, needs to proceed with urgency. This will enable governments to provide a policy environment, which is conducive to the growth, transformation and international competitiveness of nano-firms. An integral aspect of the work on nano-firms will be detailed case studies[83] of successful nano-firms to distill the best practices and to identify the strategies which have enabled small firms to export.[84] Governments in small developing economies must ensure that the support services they provide are linked to encouraging best practices. Small firms, including nano-firms, make demands on the public sector for services, information and assistance, which larger firms can provide from internal resources. While governments in small developing economies are small and therefore constrained, every effort must be made to enable nano-firms to be internationally competitive. One relatively inexpensive way to assist nano-firms is to reduce the bureaucracy that encumbers the activities of these entities. For example, 87.3 percent of the region's service suppliers have less than 20 employees and consequently find it difficult to cope with dealing with 20 different ministries and governmental bodies.[85]

One of the ways in which governments in small developing economies can assist nano-firms to attain international competitiveness is to create and promote national innovation systems.[86] Regardless of the limitations imposed by small size, all economies, especially developing countries, must make every effort to foster innovation and the adoption of innovation.

Access and adaptation can take place through importation of equipment, foreign direct investment, licensing, patents, trademarks and strategic alliances. Opening the economy is a necessary but not sufficient condition.

Nano-firms have to maintain a capacity to learn and acquire new knowledge, technologies and managerial techniques.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Conclusion

To meet the challenge of globalization and create and seize opportunities in the world economy, the CARICOM countries must improve the international competitiveness of their production and exports. The CSME is the institutional framework which the CARICOM states have decided to use in order, among other things, to enhance the international competitiveness of the region. It is envisioned that the CSME can ease the constraint of small national markets that limit the realization of economies of scale and scope in most lines of production and create a dynamic competitive regional market, which will galvanize entrepreneurship, investment and innovation.

It is anticipated that the larger regional market will generate the type of competition which is limited by oligopolistic structures, which tend to predominate in the markets of small developing economies. Competition in the regional market is expected to spur firms to enhance the international competitiveness of their production, both for domestic consumption and for export.

This scenario is not likely to materialize unless CARICOM firms in their various incarnations can attain international competitiveness because it is firms, not countries, that trade and invest. CARICOM firms—even those that have become multinational corporations—will find this challenge difficult unless they enlarge and thereby reduce or eliminate the disadvantages of being minute compared to the firms they have to compete against in the global marketplace. The CSME provisions which have become operational to date, do not give sufficient attention to this important issue.

This is evident in the paucity of intra-regional investment and the very limited number of mergers and acquisitions in the last decade. The facilitation of the enlargement and consolidation of CARICOM firms and thereby the improvement in their prospects of international competitiveness is extremely urgent. The urgency derives from the ongoing process of globalization and the imminent completion of certain external trade negotiations, both of which portend greater exposure to international competition.

This article was first published in "Production Integration", edited by Kenneth Hall and Denis Benn, 2006, Ian Randle Publishers.

** The views expressed in this paper are those of the author and not those of the Caribbean Regional Negotiating Machinery. The author acknowledges the comments of Deryck Brown, Vishnu Persuad, Lincoln Price and Alvin Wint.*

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

NOTES

1. Paul Krugman, "Competitiveness-A Dangerous Obsession", *Foreign Affairs*, Vol. 73, No. 2 (March-April, 1994), pp. 44.
2. Bruce Kogut, "Conclusions: From Regions and Firms to Multinational Highways: Knowledge and Its Diffusion as a Factor in the Globalization of Industries" in Martin Kenney with Richard Florida (eds.), *Locating Global Advantage: Industry Dynamics in the International Economy* (Stanford: Stanford University Press, 2004), p. 280.
3. World Economic Forum, *The Global Competitiveness Report 2005-2006* (London: Palgrave Macmillan, 2005), p. 338.
4. For a succinct and lucid survey of the literature on competitiveness, see Maxine Garvey, Jamaica's *International Business Performance. Managerial Mindsets and Export Outcomes* (Kingston: Arawak Publications, 2002), pp. 30-40.
5. Coping with the pressures of globalization has been one of the motives for the surge in regionalism during and since the 1990s. See Maurice Schiff and L. Alan Winters, *Regional Integration and Development* (Washington DC: World Bank, 2003), p. 6.
6. Rt. Hon. Owen Arthur, *Implementation of the CARICOM Single Market and Economy, and Its Implications for US-CARICOM Economic Relations*, address to the Special Symposium by the American Business and Consulting Group, Brooklyn, New York, April 2, 2004, pp. 2-3.
7. Alvin G. Wint, "The Economic Impact of Caribbean Regional Integration: National Policy and Intra-Regional Performance Differences" in Kenneth Hall and Denis Benn (eds.), *Caribbean Imperatives. Regional Governance and Integrated Development* (Kingston: Ian Randle Publishers, 2005), pp. 135-149.
8. Compton Bourne and Marlene Attzs, "The Role of Economic Institutions in Caribbean Economic Growth and Development: From Lewis to the Present", *Social and Economic Studies*, Vol. 54, No. 3 (September, 2005), pp. 26- 49.
9. The Revised Treaty of Chaguaramas, Article 51 (c).
10. The concept of production integration is defined in the Revised Treaty of Chaguaramas. For the intellectual precursor see Havelock Brewster and Clive Y. Thomas, *The Dynamics of West Indian Economic Integration* (Mona: Institute of Social and Economic Research, University of the West Indies, 1967).
11. Maurice Schiff and L. Alan Winters, *Regional Integration and Development* (Washington DC: World Bank, 2003), p. 51.
12. Learning does not automatically follow from exporting. See Sofronis K. Clerides, Saul Lach and James R. Tybout, "Is Learning by Exporting Important? Micro-Dynamic Evidence from Colombia, Mexico, and Morocco", *Quarterly Journal of Economics*, Vol. 113, No. 3 (August, 1998), pp. 903- 947.
13. World Bank, *World Development Report 1997* (New York: Oxford University Press, 1997).
14. Foreign buyers have been known to suggest improvements in the manufacturing process. See Gene Grossman and Elhanan Helpman, Innovation and Growth in the World Economy (Cambridge: MIT Press, 1991), p. 166.
15. Richard L Bernal, *The Integration of Small Economies into the Free Trade Area of the Americas*, CSIS Policy Paper on the Americas, Vol. IX, Study 7 (Washington

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

D.C.: Center for Strategic and International Studies, February, 1998).
16. Cliff Prattan, *The Competitiveness of Small Firms* (Cambridge: Cambridge University Press, 1991), p. 37.
17. David Goss, *Small Business and Society* (London; Routledge, 1991) page 29.
18. Zoltan J. Acs, "Introduction: Small and Medium-Sized Enterprises,Technology and Globalization" in Zoltan J. Acs and Bernard Yeoug (eds.), *Small and Medium-Sized Enterprises in the Global Economy* (Ann Arbor: University of Michigan Press, 1999), p. 4.
19. The characteristics of micro-enterprises are described in George Wadinambiaratchi, Caribbean Cases in Small Business (Mona: Institute of Social and Economic Research, University of the West Indies, 1981).
20. Donald J. Harris, Jamaica's Export Economy. *Towards a Strategy of Exported Growth, Critical Issues in Caribbean Development* (Kinston: Ian Randle Publishers, 1997) p. 50.
21. Ian M. Little, Dipak Mazumdar and John M. Page, Jr., *Small Manufacturing Enterprises. A Comparative Analysis of India and Other Economies* (London: Oxford University Press, 1987).
22. William Easterly and Aart Kraay, "Small States, Small Problems? Income, Growth and Volatility in Small States", *World Development*, Vol. 28, No. 11 (2000) pages 2013-2027, Chris Milner and T. Westway, "Country Size and the Medium term growth Process: Some Cross-Country Evidence:, *World Development*, Vol. 21, No. 2 (1993) pages 203-211 and H. W. Armstrong, Trade and Growth in Small States: Impact of Global Trade Liberalization", *World Economy,* Vol. 21, Issue 4 (June, 1998), pp. 563-585.
23. The concept of acute vulnerability is explained in Richard L. Bernal, "Special and Differential Treatment for Small Developing Economies" in Roman Grynberg (ed.), *Small States in the WTO* (Cambridge: Cambridge University Press, forthcoming).
24. Lino Briguglio, "Small Island Developing States and their Vulnerabilities", *World Development*, Vol. 23, No. 9 (1995) pp. 1615-1632; Jonathan J. Atkins, Sonia Mazzi and Christopher Easter, "Small States: A Composite Vulnerability Index" in David Peretz, Rumman Faruqi and Eliawony Kisanga (eds.) *Small States in the Global Economy* (London: Commonwealth Secretariat, 2001) pp. 53-92 and Anthony Gonzales, *Policy Implications of Smallness as a Factor in the Lome, FTAA and the WTO Negotiations*, Caribbean Regional Negotiating Machinery/Inter-American Development Bank Regional Technical Cooperation Project, September, 2000.
25. Jonathan P. Atkins, Sonia Mazzi and Christopher D. Easter, "Small States: A Composite Vulnerability Index" in David Peretz, Rumman Faruqi and Eliawoney J. Kisanga (eds.), *Small States in the Global Economy* (London: Commonwealth Secretariat, 2001), p. 63.
26. Lino Briguglio, "Small Island Developing States and their Economic Vulnerabilities", *World Development*, Vol. 23, No. 9 (1995), pp. 1615- 1632.
27. *Small States: Meeting Challenges in the Global Economy*, Report of the Commonwealth Secretariat/World Bank Joint Task Force on Small States, October, 1999, p. 13.
28. M.A. Kose and E. S. Prasad, "Thinking Big", *Finance and Development*, Vol. 39, No. 4 (December, 2002), pp 38-41.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

29. *Competitiveness. The Business of Growth. Economic and Social Progress in Latin America 2001 Report* (Washington DC: Inter-American Development Bank, 2001), p. 39.
30. *Competitiveness. The Business of Growth. Economic and Social Progress in Latin America 2001 Report* (Washington DC: Inter-American Development Bank, 2001), p. 41.
31. Michael E. Porter, *The Competitive Advantage of Nations* (New York: Free Press, 1990), p. 71-73.
32. Mahmood Ali Ayub, Made in Jamaica. *The Development of the Manufacturing Sector*, World Bank Staff Occasional Paper No. 31 (Baltimore: Johns Hopkins University Press, 1981), p. 62.
33. The importance of barriers to entry to competition is explained in Michael E. Porter, *Competitive Strategy. Techniques for Analyzing Industries and Competitors* (New York: Free Press, 1980), pp. 7-17.
34. The context in which firms operate in small developing economies is explained in Richard L. Bernal, "Globalization and Small Developing Countries: Challenges and Opportunities" in David Peretz, Rumman Faruqi and Eliawony J. Kisanga (eds.), *Small States in the Global Economy* (London: Commonwealth Secretariat, 2001), pp. 39-51.
35. L. Alan Winters and Pedro M. G. Martins, *Beautiful but Costly: Business Costs in Small Remote Economies* (London: Commonwealth Secretariat, 2004).
36. Michael Porter, *The Competitive Advantage of Nations* (New York: Free Press, 1990), p. 25.
37. Alvin G. Wint, *Managing Towards International Competitiveness. Cases and Lessons from the Caribbean* (Kingston: Ian Randle Publishers, 1997).
38. M. Piore and C. Sobel, *The Second Industrial Divide* (New York: Basic Books, 1984).
39. Gary Herrigel, "Large Firms, Small Firms and the Governance of Flexible Specialization: The Case of Baden Wurttenburg and Specialized Risk" in Bruce Kogut (ed.), *Country Competitiveness, Technology and the Organizing of Work* (Oxford: Oxford University Press, pp.15-35.
40. John D. Daniels and Marjan Svetlicic, "Competitiveness of Small Countries" in Dominick Salvatore, Marjan Svetlicic and Joze P. Damijan (eds.), *Small Countries in a Global Economy* (London: Palgrave, 2001), pp. 225.
41. Gavin C. Reid, *Small Business Enterprise. An Economic Analysis* (London; Routledge, 1993), p. 116.
42. *A Time to Choose: Caribbean Development in the 21st Century* (Washington DC: World Bank, 2005), p. 56-57.
43. Henk Thomas, Francisco Uribe-Echevarria and Henny Romijn (eds.), *Smallscale Production* (London: Intermediate Technologies Publications, 1991).
44. John D. Mittelstaedt, George N. Harben and William A. Ward, *How Big is Big Enough? Farm Size as a Barrier to Exporting in South Carolina's Manufacturing Sector*, CUCIT Working Paper No. 000701, Clemson University Canter for International Business, April, 2001.
45. *Partnerships for Small Enterprise Development* (New York: United Nations Industrial Development Organization, 2004).
46. Even where a corporation has such dominance as Wal-Mart in the United States, some small competitors survive and thrive. See Charles Fishman, *The Wal-Mart Effect. How the World's Most Powerful Company Really Works and How It's Transforming the American Economy* (New York: Penguin Press, 2006).

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

47. For example, the number of new businesses registered in Jamaica almost doubled during 1990-1999. See Delano Franklyn, *The Right Move. Corporate Leadership and Governance in Jamaica* (Kingston: Arawak, 2001), p. 22.
48. There is a voluminous literature in support of this proposition, see S. Hirsch and Z. Adar, "Firm Size and Export Performance", *World Development*, Vol. 9, No. 1 (1974) pp. 41-56; Herbert Glejser, Alexis Jacquemin and Jean Petit, "Exports in an Imperfect Competition Framework: An Analysis of 1,446 Exporters", *Quarterly Journal of Economics*, Vol. 94, No. 3 (1980) pp. 507524; Sanjaya Lall and Rajiv Kumar, "Firm Level Export Performance in an Inward Looking Economy: The Indian Engineering Industry", *World Development*, Vol. 9, No. 5 (May, 1981) pp. 452-463; C.A. Ross, "Exporters and Non-Exporters on Manufactured Product: The Case of Jamaica", *Journal of Global Marketing*, Vol. 3, No. 2 (1989) pp. 77-103; A.R. Berry, "Firm (Plant) Size in the Analysis of Trade and Development" in Gerald K. Helleiner (ed.), *Trade Policy, Industrialization and Development* (Oxford: Clarendon Press, 1992) and A. H. Moini, "An Inquiry into Successful Exporting: An Empirical Investigation: Using a Three-Stage Model", *Journal of Small Management*, Vol. 33, No. (July, 1995), pp. 9-25.
49. Howard J. Shatz and Anthony J. Venables, *The Geography of International Investment*, World Bank Working Paper No. 2338 (Washington DC: World Bank, 2000).
50. Ewe-Ghee Lim, *Determinant of, and the Relationship Between, Foreign Direct Investment and Growth: A Summary of Recent Literature*, IMF Working Paper No. 01/175 (Washington DC: International Monetary Fund, 2002).
51. Keith B. Griffin and John L. Enos, *Development Planning* (London: Addison-Wesley Publishing Company, 1970), p. 226.
52. Norman Girvan, Wendel Samuel, Ian Boxill and Judy Whitehead, *Framework, Areas and Support Measures for Production Integration*, A Study carried out for the CARICOM Secretariat (Georgetown: CARICOM Secretariat, 1994) and Byron Blake, "Production Integration Revisited in the Context of the CARICOM Single Market and Economy" in Kenneth Hall and Denis Benn (eds.), *Caribbean Imperatives. Regional Governance and Integrated Development* (Kingston: Ian Randle Publishers, 2005), pp. 171-176.
53. Peter Robson, The Economics of International Integration. (London: Unwind Hyman, 3rd ED, 1987), Chapter 11.
54. Trevor M.A. Farrell, "Caribbean Economic Integration: What is Happening Now; What Needs to be Done." in Kenneth Hall and Denis Benn (eds.), *Caribbean Imperatives: Regional Governance and Integrated Development*. (Kingston: Ian Randle Publishers, 2005), pp. 183.
55. Caribbean Trade and Investment Report 2000. *Dynamic Interface of Regionalism and Globalisation* (Kingston: Ian Randle Publishers/Georgetown: CARICOM Community Secretariat, 2000), p. 246.
56. Trevor M.A. Farrell, "Caribbean Economic Integration: What is Happening Now; What Needs to be Done." in Kenneth Hall and Denis Benn (eds.), *Caribbean Imperatives: Regional Governance and Integrated Development*. (Kingston: Ian Randle Publishers, 2005), pp. 177-205.
57. Caribbean Trade and Investment Report 2000. *Dynamic Interface of Regionalism and Globalization* (Kingston: Caribbean Community Secretariat/Ian Randle

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Publishers, 2000), p. 232.

58. *CARICOM's Intra-Regional Trade* (Georgetown: CARICOM Secretariat, 2002) Vol. 1, p. 35.
59. Stephen Vascianne, "CARICOM and International Integration: Aspects of the Investment Debate" in Kenneth Hall and Denis Benn (eds.), *Caribbean Imperatives. Regional Governance and Integrated Development* (Kingston: Ian Randle Publishers, 2005), pp. 247-267.
60. The issue of the adverse implications of the operations of multinational corporations for regional integration is not new. See Norman Girvan and Owen Jefferson, "Corporate vs Caribbean Integration" in Norman Girvan and Owen Jefferson (eds.), *Readings in the Political Economy of the Caribbean* (Kingston: New World Ltd, 1971), pp. 87-98.
61. CARICOM Report No. 2 (Washington DC: Inter-American Development Bank, August, 2005), pp. 28.
62. The limited volume and value of intra-regional trade has been described as the "weakest area of integration". See Delisle Worrell, "Economic Integration with Unequal Partners" in Kenneth Hall (ed.), *The Caribbean Community: Beyond Survival* (Kingston: Ian Randle Publishers, 2001), pp. 435.
63. Caribbean Community Secretariat. *CARICOM: Our Caribbean Community. An Introduction* (Kingston: Ian Randle Publishers, 2005), p. 67.
64. Zoltan Acs and David B. Audretsch, "Innovation in Large and Small Firms: An Empirical Analysis", *American Economic Review*, Vol. 78, No. 4 (1988) pages 678-690 and Zoltan Acs and David B. Audretsch, *Innovation and Small Firms* (Cambridge: MIT Press, 1991).
65. Joseph A. Schumpeter, *The Theory of Economic Development* (Camdridge: Harvard University Press, 1934).
66. A. Goldstein and D. O'Connor, E-Commerce for Development. *Prospects and Policy Issues* (Paris: OECD, 2000) and Eduardo da Costa, *Global E-Commerce Strategies for Small Business* (Cambridge: MIT Press, 2003).
67. The importance of strategic alliances is extensively documented. See Joseph L. Badaraco Jr., *The Knowledge Link. How Firms Compete Through Strategic Alliances* (Boston: Harvard Business School Press, 1991), Martin K. Starr, *Global Corporate Alliances and the Competitive Edge* (New York: Quorum Books, 1991), Benjamin Gomes-Casseres, *The Alliance Revolution. The New Shape of Business Rivalry* (Cambridge: Harvard University Press, 1996) and Michael Y. Yashino and U. Srinivasa Rangan, *Strategic Alliance. An Entrepreneurial Approach to Globalization* (Cambridge: Harvard Business School Press, 1995).
68. Yair Aharoni, "How Small Firms Can Achieve Competitive Advantage in an Interdependent World" in Agmon Tamir and Richard L. Drobnick (eds.), *Small Firms in Global Competition* (New York: Oxford University Press, 1994), p. 14.
69. Richard E. Caves, *Multinational Enterprise and Economic Analysis* (Cambridge: Cambridge University Press, 1982).
70. Alfred D. Chandler Jr., "The Enduring Logic of Industrial Success", *Harvard Business Review* Vol. 71, No. 2 (March-April, 1990), pages 130-140.
71. Benjamin Gomes-Casseres, "Alliance Strategies of Small firms" in Zoltan J. Acs and Bernard Yeung (eds.), *Small and Medium-Sized Enterprises in the Global Economy* (Ann Arbor: University of Michigan Press, 1999), pp. 67- 87.
72. Peter Melhado, Mergers, A, *Strategic Response to Globalization*, PNP Policy Forum,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

14 August, 2004.

73. G. Tecson, L. Valcarel and C. Nunez, *The Role of Small and Medium-Scale Industries in the Industrial Development of the Philippines* (Manila: Asian Development Bank, 1989) and Jahangir Hossain Sarder, Dipak Ghosh and Peter Rosa, "The Importance of Support Services to Small Firms in Bangladesh", *Journal of Small Business Management*, Vol. 35, No.2 (April, 1997), pp. 2636.
74. This is the case even in large developing economies. See Homi Katrak, "Imported Technology, Enterprise Size and R&D in a Newly Industrializing Country: The Indian Experience", *Oxford Bulletin of Economics and Statistics*, Vol. 47, No. 3 (August, 1985), pp. 213-229.
75. John D. Mittelstaedt and William A. Ward, *Location, Firm Size and International Trade: Simultaneous Measurement of the Effects of Internal and External Scale Economies on Exporting*, Clemson University Center for International Trade Working Paper 0030115.
76. Caribbean Trade & Investment Report 2000. *Dynamic Interface of Regionalism and Globalization* (Georgetown: Caribbean Community Secretariat/Kinston; Ian Randle Publishers, 2000), p. 247.
77. Eleanor Brown, *CSME and the Integration of Financial Services*, Paper presented at the High Level Seminar on Production Integration: From Theory to Action held at UWI, Mona, January, 2006.
78. A regional stock exchange was suggested by Prime Minister Michael Manley in 1989 but to date has not been established. See Dennise Williams, "Caribbean Stock exchange a pipe dream - Carib expert", *Financial Gleaner*, February 3, 2006.
79. Richard L. Bernal, "The CARICOM Single Market and Economy and External Trade Negotiations", *Caribbean Journal of International Relations*, Vol. 1, Issue 1 (April, 2005), pp. 33-48.
80. Richard L. Bernal, "CARICOM's External Trade Negotiations without the Completion of the CSME", November, 2005, forthcoming *INTAL/IIR-UWI*, 2006.
81. Doing Business in 2004. *Understanding Regulation* (Washington DC: World Bank, 2004) and Doing Business in 2005. Removing Obstacles to Growth (Washington DC: World Bank, 2005).
82. Hernando De Soto, *The Other Path. The Invisible Revolution in the Third World* (New York: Harper Collins, 1989) and *The Mystery of Capital. Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books, 2003).
83. Alvin G. Wint, *Managing Towards International Competitiveness. Cases and Lessons from the Caribbean* (Kingston: Ian Randle Publishers, 1997).
84. Nobuaki Namiki, "Export Strategy for Small Business", *Journal of Small Business Management*, Vol. 28 (April), 1988), pp. 32-37.
85. Dorothy I. Riddle, *Issues Regarding Small Service Suppliers*, Prepared for the Caribbean Regional Negotiating Machinery, July, 2002.
86. Productive development in open economies (Santiago: United Nations Economic Commission for Latin America and the Caribbean, 2004) pp. 197-222 and Bengt-Ake Lundvall, National Systems of Innovation (London: Pinter, 1992).

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 13

Action Plan for Telecommunications & ICT Services in CARICOM: Addressing Convergence Issues in a Single Market

(Caribbean Regional Negotiating Machinery)

Introduction

As the Caribbean Community (CARICOM) economies struggle in the international trade arena with declining competitiveness of their mainly commodity exports and the loss of preferences in their key markets they are turning to service industries to add value and to create export opportunities and employment. While tourism is the region's most successful service industry it is too dependent on this sector, as tourism and travel-related services account for about 70 percent of total CARICOM exports of services. It is necessary to diversify the services export portfolio.

Information and Communications Technologies (ICTs) and in particular, telecommunications services are key to the growth of new services activities, both online and in support of other business activities in other sectors, including manufacturing. In the World Trade Organization, "telecommunications services" are defined as the transmission and reception of signals by any electromagnetic means. There is no commonly agreed definition of Information and Communication Technologies (ICTs). However, ICTs can be considered to have two main aspects. Firstly, ICTs are the underlying infrastructure for electronic communications, making all types of applications possible. Secondly, they are the transmission media (i.e. the information highway) utilized and employed by all forms of communications equipment to deliver all types of services. The implications are that ICTs are integral to all modern communications which should thus be supplied as robustly as possible in a competitive environment and regulated as commercially traded services. ICTs encompass a wide variety of products and services including computer hardware, software, communications equipment and networks, fibre

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

optics, interactive video, satellite infrastructure and services, radio frequency identification technology and a growing number of complementary devices for work, education, health and entertainment. The list of ICTs is ever expanding and the Internet is increasingly the dominant ICT technology platform. Affordable and reliable access to the Internet is therefore now a crucial business requirement.

ICTs are playing a critical role, particularly in service economies, in helping to bridge the gaps between individuals, firms, communities, institutions, and even countries. ICTs have the potential to reduce the costs of intermediary transactions between producers and service providers and consumers. They make it easier for individuals to benefit from on-demand availability and greater personalisation of goods and services, textbook transactions, deeper relationships and multi-party interaction that enhance choice and make possible more effective decision-making based on openness, transparency and accountability.

The emergence of electronic networks as a locus of economic transactions, provides one of the most promising sources of growth and efficiency for CARICOM states. The new economy is spreading the benefits of technological innovation and price declines to all participants and facilitating trading opportunities that were once available only to specialized firms. Given the power of "network effects"—i.e., the more members the network has, the more valuable it is to each member—a regional entity such as CARICOM can play an instrumental role in increasing welfare by setting rules and regulations that encourage increased investment in, and development and utilization of these networks.

Telecommunications (telecoms) services are key inputs into domestic, regional and international trade, making it possible for goods and service providers, in virtually every sector of an economy to penetrate markets around the corner or around the globe.

Telecoms services, for instance, let companies in any sphere reach out to customers and connect to suppliers. Telecoms networks and services are also at the forefront of new and innovative ways of doing business. They are the backbone of the Internet and electronic commerce, enabling online procurement and the delivery of goods or services through electronic means. They also facilitate the growing trend towards business process outsourcing, helping companies improve productivity by focusing on core competencies and strengths. For CARICOM states that are tiny, trade dependent economies

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

separated by expanses of water and relatively far from their key markets, telecoms services will have to a play a pivotal role in their plans to increase and diversify their services trade.

Telecommunications services therefore, are key to the growth of new services activities, both online and in support of other business activities in other sectors, including manufacturing. The rapid pace of technological innovation in the provision of telecoms services is transforming businesses, economies and societies. Countries that have liberalized their telecoms services markets have seen prices fall and new services quickly made available to both business and consumers. The development and wide availability of affordable, innovative and high quality telecoms services is critical to the further development of CARICOM economies. This is particularly important as the region tries to develop its Single Market and allow the mainly small firms in the region to grow and eventually compete internationally.

Telecoms in Services Negotiations

In 1994, the World Trade Organisation (WTO) Members recognized the specificities of the telecoms services sector and, in particular, its dual role as a distinct sector of economic activity and as the underlying transport means for other economic activities and set about to establish rules for the liberalization of telecoms. In international trade negotiations there was a somewhat artificial distinction between basic and value added telecoms services as follows:

Basic Telecoms services

a. Voice telephone services
b. Packet-switched data transmission services
c. Circuit-switched data transmission services
d. Telex services
e. Telegraph services
f. Facsimile services
g. Private leased circuit services

Valued added services

h. Electronic mail
i. Voice mail
j. On-line information and data base retrieval
k. Electronic data interchange (EDI)

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

l. Enhanced/value-added facsimile services, including store and forward, store and retrieve
m. Code and protocol conversion
n. On-line information and/or data processing (including transaction processing)

The distinction between basic and value added telecoms services is largely irrelevant to the way the industry operates and it is advisable for countries to move away from this schema in their liberalization process. Countries also pick and choose in their market opening between public and non-public telecoms services and are generally very conservative with regard to non-public services, but this is counterproductive in terms of encouraging the development of the ICT sector. In CARICOM, much of the unilateral liberalization that has taken place in recent years was in voice telephony, mainly mobile services, but the majority of fixed line services remain under monopoly control. This has major implications for other ICT related services because of the need for access to the networks to reach commercial and private customers.

Telecoms became a key issue in services negotiations in the 1990's due to their critical infrastructural role which is constantly being enhanced by ongoing technological changes, three trends are making globally linked electronic networks a key feature of the world economy: the declining cost of computing power, the increasing growth of communications capacity ("bandwidth"), and the continuing expansion of Internet-based data networks. As a result of these converging trends, globally linked networks are emerging as a primary medium of economic activity - both as a place to transact business and as a vehicle for distributing electronic information and other digitized products.

The potentially important role of telecoms/ICTs in contributing to the fuller development and integration of CARICOM economies through the delivery of electronic communications services and the creation of a regional information society, has not been effectively articulated at the regional level and certainly not yet in ways that average citizens might understand. The anticipated scale economies that are a major part of the rationale for the CARICOM Single Market and Economy (CSME) have direct relevance for the telecoms industry which in turn has a key role to play in supporting regional integration and the creation and maintenance of these scale economies. In light of the ongoing process to establish the CSME, it is important that there be adaptability and compatibility of telecoms

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

systems and networks, that laws and regulations be harmonized and that there be effective coordination among policy makers and regulators responsible for the ICT sector across CARICOM.

Unfortunately, however, telecoms is not yet part of a formal liberalisation process under the CSME, since monopolies were treated separately. This is of concern, especially since most CARICOM states have opened, and are continuing to open, their markets to foreign suppliers in a unilateral manner. Given the extent to which market opening in telecoms has occurred in CARICOM in a *de jure* sense under the WTO since 1997, and in practical terms more recently, it is useful to review the results achieved so far and measure them against the objective of promoting the development of an integrated and vibrant ICT sector in an integrated CARICOM economic space.

This Green Paper proposes an Action Plan for telecoms services and convergence initiatives for development, trade and investment in CARICOM.[1] The companion main report provides a detailed analysis of the telecoms/ICT situation in CARICOM states.

The Importance of ICTs for Economic Growth

The Caribbean, and more specifically CARICOM, has many advantages that favour the development of ICT-related activities and services including relatively easy and quick access and a strong affinity to North America and to certain parts of Europe, a common language and time zones with the large North America market, a basic core of highly skilled professionals, wages which may be high with respect to other regions but are, nevertheless, lower than those in the USA, Canada and Europe and some experience in information-based industries. In addition, there is an important Caribbean Diaspora, living mainly in the USA, Canada and the United Kingdom and to a smaller extent, in France and the Netherlands, with skills and wealth which can be tapped to support the development of ICT industries in the Caribbean.

Most exports and imports (around 80%) of business services, computer and information services, originate in the Organisation for Economic Co-operation and Development (OECD) countries. The United States is the biggest outsourcer of all services, especially ICT-related ones. Although the Caribbean is in the same time zone with the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

US, similar language and other complementary qualities, it does very little outsourced ICT work for US firms, mainly because of the cost and unreliability of networks in the region (except for call centres). However, it is well known that India is the stellar performer in attracting outsourced IT work and China is fast emerging as well.[2]

There is strong empirical evidence that ICTs contribute to economic growth. The unusual combination of rapid growth and lower inflation experienced in the USA between 1995 and 2000 can be attributed largely to adoption of ICTs in the economy. During this period, total productivity in the USA grew by 2.25%, whereas in Europe during the same period, it grew by only 1.42% with the difference due mainly to the level of contribution of ICTs, which in the USA represented 86% of the total and in Europe, 63% of the total, (Table 1).

ICTs have also contributed to global and regional integration, the enhancement of public sector effectiveness and improvements in health and education.

Table 1: Productivity growth: USA and Europe 1995 – 2000 (%)[3]

Factor	USA	Europe
Total Productivity Growth	2.52	1.42
ICT Producers	0.75	0.47
ICT Users	1.42	0.42
Non ICT	0.36	0.48
Shift Effect	-0.01	0.05
Percent contribution of ICT to total	86%	63%

A 2003 study by the Organization for Economic Co-operation and Development (OECD) showed there are basically three ways in which ICTs impact economic growth[4]:

1. They help raise labour productivity through capital stock which is made available to workers; that is, the ICT tools to which workers have easier access.
2. An ICT producing sector (goods and services) supports rapid technological progress and adds to economic growth. Of the ICT-related activities listed in Box 1, those at the bottom add greater value to the goods and services that they help produce

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

and therefore have a greater impact on economic growth than those at the top. They also require greater skills. Unfortunately, in the Caribbean, ICT- producing activities have generally remained at the lower end of the value chain (top of the list) with many of these having already been lost to lower cost regions of the world[5]. There is a small but vibrant set of IT firms in several CARICOM states that produce and supply services on digital networks and that can take advantage of outsourcing opportunities in North America, but the cost of access to the Internet is a major impediment and this often results in them missing out on potentially lucrative contracts.

Box 1: Some ICT Related Business Activities

- Key data entry for magazine subscriptions, coupons, and other simple tasks;
- Manuscript conversion from paper or voice to electronic files;
- Corrections and repair of "exceptions" in highly automated systems such as airline ticket revenue accounting;
- Information entry and judgment for health care claims processing;· Conversion of data bases from old file formats to newer, easier to use systems;
- Providing voice-oriented and computer-supported call center operations for technical "help desks" or customer services;
- Telemarketing, both inbound and outbound, for efficient sales and order entry processes;
- Processing and analysis of market research data;
- Computer-aided design (CAD) services for engineering operations;
- Geographic information services (GIS) for mapping;
- Document storage and management;
- Co-location, networking
- Web development, Web hosting
- Computer graphics and animation
- Software program conversion for changes in large system computer platforms; and
- Software development for a wide range of applications, some in support of the local informatics industry, and others for use by unrelated customers.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

3. ICTs help firms enhance performance through efficiency improvements in combining labour and capital, lowering transaction costs, and increasing the pace of innovation. By using ICTs, firms are able to raise overall productivity, expand their product range, customize their service offerings, make procurement more efficient, reduce inventories and integrate activities in their value chains. The potential of ICTs in improving firm performance is particularly important for the Caribbean, given the smaller size of enterprises. ICTs can help these firms communicate directly with customers (and thereby eliminate the cost of intermediaries), offer services tailored to each customer and facilitate direct cost effective advertising through the Internet. ICTs can help these firms improve logistics and overcome distances and can support efficiency improvements in the provision of government services to these firms and also to individuals[6]. ICTs can also help them test the market with their products and services at relatively little cost. Simply put, firms that use ICTs experience faster sales and employment growth, are more profitable and have a more productive labour force than firms that do not use ICTs. (Table 2).

In addition, ICTs and telecoms services are also now particularly important to the entire range of creative or cultural industries, areas in which most CARICOM states are competitive. The convergence of media and entertainment industries is also a lasting phenomenon which makes it crucial for Caribbean entertainers and musicians to have effective and affordable access to the platforms for distributing their creative output. This is particularly true for all areas of audio–visual activities. However, most artists or creative persons in CARICOM are unable to do so because of structural impediments (high cost and low availability) in the region that stem from monopoly control of the network infrastructure and a lack of appreciation by governments of what is needed to boost the creative industries.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Table 2: Effect of ICT Use on Enterprise Performance in Developing Countries[7]

Indicator	Enterprises that do not use ICTs	Enterprises that use ICTs	Difference
Sales growth (%)	0.4	3.8	3.4
Employment growth (%)	4.5	5.6	1.2
Profitability (%)	4.2	9.3	5.1
Labour productivity (value added per worker US$)	5,288	8,712	3,423
Total factor productivity (%)	78.2	79.2	1.0

Source: World Bank

While much of the empirical research has focused on developed countries because of the availability of data, the results apply equally to countries and firms in other regions of the world as Table 2 shows. The challenge for CARICOM it seems is - as it is and has been for other countries in the developed and developing world—how most effectively to ensure the development and diffusion of ICTs in Member States for economic and social development and the advancement of regional integration.

What are the prerequisites for the development and diffusion of ICTs in an economy? Following is a list of at least the essential prerequisites:

- ICT equipment and services must be affordable and of sufficiently good quality to allow firms to compete regionally and globally.
- If private sector investment is to be encouraged there has to be a fair and effective competitive environment for the ICT sector including, inter alia, much reduced barriers for entry and simplified administrative rules.
- Entrepreneurs and governments must be able to easily obtain ICT know-how and ICT qualified people.
- Securing financing especially for small and medium enterprises must be easy and credit has to be readily available.
- There has to be a free flow of knowledge between science and industry, between academia and industry and among governments, industry and academia.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Governments must be prepared to support new ICT-based technologies and applications and make available funding for research and development in this area.

- There has to be an ICT business environment in which security, privacy and authentication can be ensured. The creation of such an enabling environment should be part of a national policy on the development and use of ICT.
- The Government must be an early adopter of ICTs to deliver services to its Citizens.
- There needs to be a concerted effort to build public awareness on the benefits and opportunities.
- There needs to be a highly trained/skilled workforce to innovate, implement and maintain ICTs and an environment of regulatory certainty. At their 2006 Meeting in St. Kitts and Nevis, CARICOM Heads of Government "recommitted to the urgency to develop ICT including telecommunications, along two priority tracks of social and human development and advancing the trade and economic agenda, particularly the CSME. "The Action Plan proposed in this Green Paper addresses these prerequisites and this commitment, mainly from the perspective of the underlying infrastructure which is essential to allow people, businesses and public institutions in CARICOM to access ICTs. The extent to which these prerequisites are being met today can be measured in terms of:
- how easy and affordable it is for people and businesses in CARICOM to access this infrastructure;
- how much they have to pay to do so;
- what regulatory, administrative and other barriers to private sector investment exist;
- the state of CARICOM's ICT policy setting environment and the need for harmonized policy and regulation.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

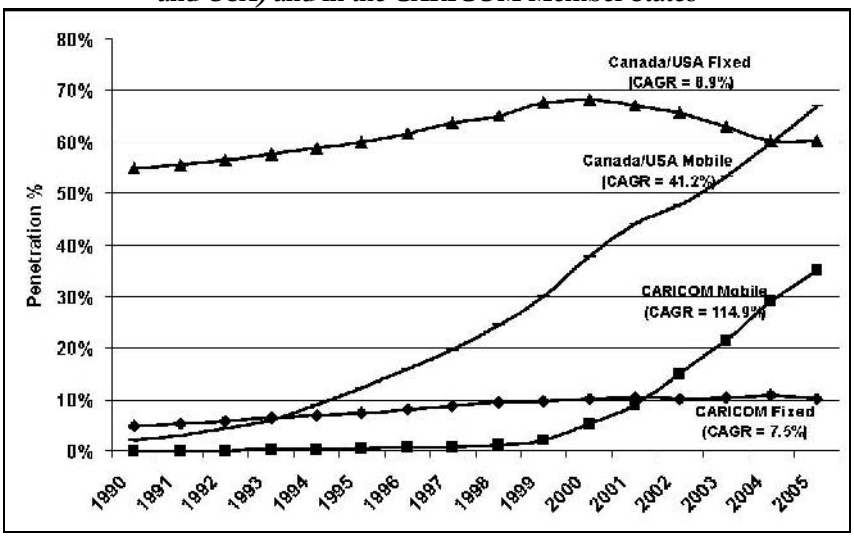
Factors Currently Impeding the Development and Diffusion of ICTs in CARICOM

Access to Infrastructure

Access, understood to be the reasonable availability of telecoms network facilities and services, in terms of geographic coverage and public access points, such that citizens and institutions, can obtain the services within their local communities, either on a private or a shared public basis, is in itself not a major problem in most CARICOM Member States. With the exception of Haiti, Guyana, Suriname and parts of Belize, cellular mobile companies' signals in these countries cover nearly the whole territory; however, they generally only offer voice and low speed data services. In addition, the Caribbean also possesses relatively good wireline infrastructure, which is, however, not equally accessible in each State and is often very expensive to use. Main line telephone penetration, an index often used to measure development of fixed telecoms infrastructure, varies between about 50% in Barbados, St. Kitts and Nevis, Antigua and Barbuda and 1.7% in Haiti, with an average of only 10% across the 15 States. The growth in cellular mobile networks, which in many parts of the world is becoming a substitute for a fixed telephone connection, has been much more spectacular, especially during the past one or two years as Figures 1 – 4 show. The combined annual growth rate of cellular mobile since 1990, has been three times that of North America. Jamaica's mobile penetration rate of 102% exceeds that of all other countries in the Western Hemisphere; however, Haiti at the other end of the CARICOM scale, has less than 5 mobile telephones per 100 population. With Haiti removed, mobile penetration across CARICOM exceeds that of North America (Figure 2). Also as Table 3 shows, there is a wide disparity in Internet usage.

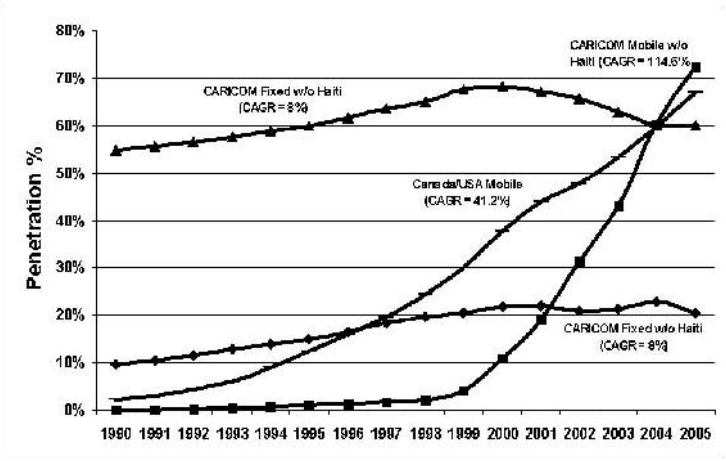
Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Figure 1: Growth of Fixed and Mobile Telephones in North America (Canada and USA) and in the CARICOM Member States



Source ITU WTI 2006

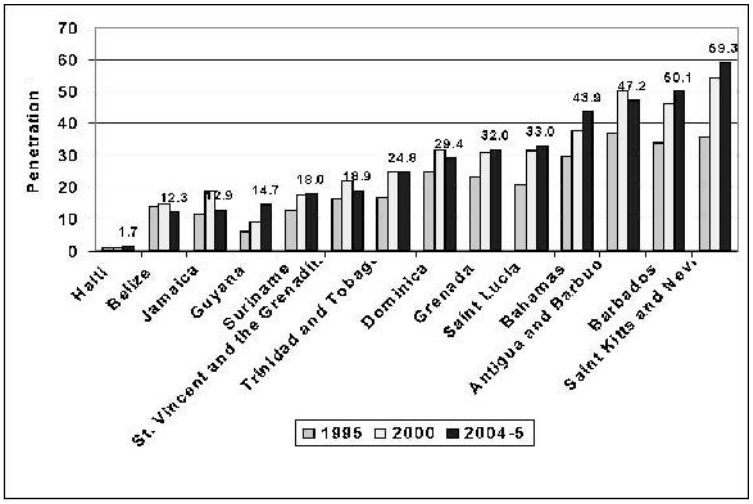
Figure 2: Growth of Fixed and Mobile Telephones in North America (Canada and USA) and in the CARICOM Member States (without Haiti)



Source ITU WTI 2006

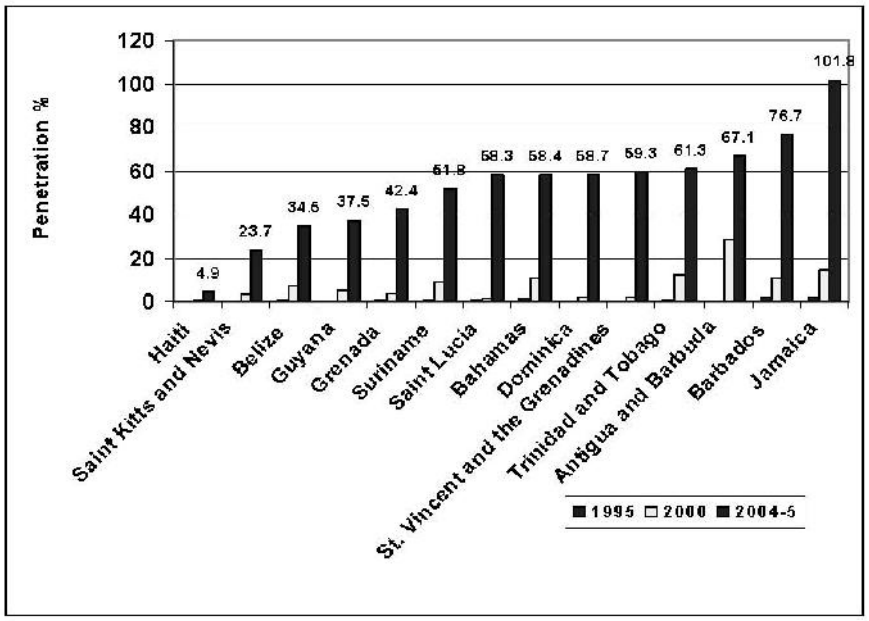
Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Figure 3: Main Line Penetration in CARICOM Member States



Source ITU WTI 2006

Figure 4: Cellular Mobile Penetration in CARICOM Member States



Source ITU WTI 2006

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Table 3: Population, Per Capita GDP, Fixed and Mobile Telephone Penetration and Internet Access in the CARICOM Member States (2005 unless otherwise indicated

*2002 ** 2003 ***2004

CARICOM Member State	Population	per capita GDP	Main Lines/100	Mobile phones/100	Internet Users/ 100
Antigua and Barbuda	81,479	$9,028 *	47.2 ***	67.1 ***	35.6
The Bahamas	323,063	$15,535 *	43.9 ***	58.4 ***	31.9
Barbados	269,000	$9,659 *	50.1	76.7	59.5
Belize	270,000	$3,968 ***	12.3	34.5	14.1
Dominica	71,300	$3,669 **	29.4 ***	58.7 ***	28.8 ***
Grenada	102,924	$4,310 **	32.0 ***	42.4 ***	18.6 **
Guyana	751,218	$1,051 ***	14.7	37.5	21.3
Haiti	8,528,000	$445 ***	1.7 ***	4.9 ***	7.0
Jamaica	2,651,000	$3,084 **	12.9	101.8	39.9 ***
Montserrat	42,696	$3,400 *			..
Saint Kitts and Nevis	42,696	$9,574 ***	59.3 ***	23.7 ***	24.3 *
Saint Lucia	160,765	$4,719 ***	33.0 ***	58.3 ***	34.5 ***
St. Vincent and the Grenadines	119,000	$3,162 **	18.9	59.3	8.4
Suriname	449,238	$2,228 **	18.0	51.8	7.1
Trinidad and Tobago	1,306,000	$8,729 ***	24.8	61.3	12.2
Total	**15,168,379**				
Average			**10.1**	**35.0**	

Source ITU WTI 2006

Broadband[8] coverage, which is required for high speed Internet connections, is so far, still quite limited in all CARICOM Member States. Rapid advances in transmission technologies are, however, making it possible to provide virtually ubiquitous access almost everywhere, using wireless technologies such as WiFi, WiMAX and CDMA 450 at affordable prices[9]. Wireline technologies such as telephone network copper local loop based Digital Subscriber Line (DSL) technology, electrical power transmission line based Power Line Communications (PLC) technology and coaxial cable based Data over Cable Service Interface Specification (DOCSIS) technology are seen as broadband wireline alternatives. Box 2 describes examples of two small community operators who have built economical WiFi mesh based networks in the USA and Bolivia and a project to connect the entire

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

central core of the city of Toronto, Canada, using a similar mesh network. The former Maple Leaf Networks built a network covering 200 km^2 (a bit more than the area of Barbuda and St. Kitts and somewhat less than the area of St. Vincent and Antigua) for US$ 20,000 and is offering 1 Mbps down /256 Kbps up Internet connection to anyone in the coverage area for US$ 30 per month. Table 4 shows the deployment of high speed access systems using cable modem and fixed wireless technologies in the Caribbean.

With respect to the allocation of licences to use the electromagnetic spectrum, CARICOM Member States have generally been slow in adopting forward-looking policies, which would facilitate the deployment of new economical wireless access technologies for local access such as WiFi, WiMAX and applications in the desirable 450 MHz band. Few States have developed the necessary spectrum management capabilities and skills to fully assume this important function which prior to liberalization, was often the responsibility of the monopoly telephone company. Jamaica, Trinidad and Tobago, and Barbados are exceptions. They are the leaders in developing their spectrum management capabilities. The recent initiative of the Caribbean Telecommunications Union (CTU) to implement a project to consider approaches to harmonize spectrum use in the Caribbean, merits strong encouragement and support from CARICOM governments.

In spite of the telecoms' sector being liberalized in all of CARICOM, except currently in Antigua and Barbuda, The Bahamas, Haiti, Montserrat, Guyana, and Suriname, *local access* continues to be provided under virtually monopoly conditions in all 15 countries. One of the reasons for this is that with a few exceptions (e.g. Jamaica), CARICOM governments have been slow in encouraging and licensing alternate local access networks, whether they are wireline or wireless. In Barbados, for example, four applications to provide domestic telecoms services including fixed wireless (FWA) and data were received on December 8, 2003, in response to a Request for Proposal. However, two years later the Government had not yet issued the promised 15-year (renewable) licences which also have a 75% foreign ownership limit and cost US$ 10,000 each.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Box 2: Examples of Deployment of Cost Effective WiFi Mesh Networks

In Minnesota, USA, a small community operator, Maple Leaf Networks (www.mleaf.net), has built a network in and around the town of Harmony covering an area of nearly 200 km2 using 12 WiFi Meshboxes, supplied by LocustWorld (www.locustworld.com), situated on top of silos and water towers in this rural region. The capital cost of the whole network, according to Maple Leaf, was less than US$ 20,000 and allows it to offer a 1 Mbps down/256 Mbps up service for US$30/month. An indoor (line-of-sight) terminal or customer premises equipment (CPE) costs US $125; an external unit costs US$ 175.

A similar network in the rural village of Sopachuy, Bolivia, covers most of this village of 1,500 people with only 3 overlapping WiFi hotspots. Each WiFi transceiver/router has an individual IP address by which it can be controlled and managed by a local operator or centrally (at a location in the UK and/or USA), by the supplier. The system supports data, soft (computer based SIP) telephony and VoIP. Each meshbox costs US$500 including the first year of ongoing technical (hardware and software) support. The cost of the whole system, including a VSAT terminal for external connectivity, was about US$ 7,500 including installation.

Other suppliers/operators have deployed and are deploying WiFi based networks which cover entire cities or towns. For example, in March 2006 in Canada, Toronto Hydro announced that it would build a city wide mesh network by putting 18,000 WiFi base stations on top of street lights and poles and connecting much of the network of base stations with its own 450 km long fibre optic cable system and offer connectivity to anyone on a commercial basis within the 630 km2 area. Its plan is to commercialize this broadband access network and compete directly with cellular mobile operators.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Table 4: Deployment of High Speed Access Systems Using Cable Modem and Fixed Wireless Technologies (December 2006)

Country	Cable modem	Fixed Wireless Access
Anguilla	*Caribbean Cable Communications (Anguilla) Limited* covers the whole island and offers Internet access.	Two service providers, *Weblinks* and *Cable & Wireless* offer high speed Internet access using a WiFi (IEEE 802.11b protocol) network.
Antigua & Barbuda	*Cable Television (CTV)* offers cable television services but not Internet. However, a new company *Karibe Cable Kelcom International* has promised to do both.	
The Bahamas	*Cable Bahamas* has a 15-year exclusive licence (until 2009) for cable TV. Its network reaches about 94 % of The Bahamas' 90,000 families. It has 64,000 cable TV and 23,000 Internet customers.	There are several operators providing fixed wireless access
Barbados	There is one cable TV operator which does not however offer Internet access.	The Government has issued 3 fixed wireless access licences (TeleBarbados, Last Mile Holdings, Wiscom) but so far none is operating. There is a TV network which has an MMDS network.
Belize	There are 29 regional cable TV operators; some like CBC and Beyman Cable in Belize City also offer cable modem access.	
Cayman Islands	Weststar TV obtained a cable TV e in October 2003. It has an Internet licence licence.	There are 9 companies that have FWA operator licences. Seven of these also have Internet Service Provider (ISP) licences.
Dominican Republic	There are two cable TV operators, Tricom S.A. and Aster, Both offer high speed Internet access via cable modem.	
Guyana	There is one small cable TV operator offering service outside of Georgetown. It does not offer Internet access.	

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Country	Cable modem	Fixed Wireless Access
Jamaica	There are 51 regional cable TV (STV) operators offering services in 176 zones which correspond to Jamaica's 176 electoral districts. Many of these zones have 2 licence holders. None offer Internet access.	Two FWA operators offer Internet access, *N5* and *Kasnet* N5 also has a nationwide STV licence.
OECS	In Saint Lucia *C&W* covers the entire island and there is a smaller operator which provides limited service south of Castries, the capital. Neither offer cable modem Internet access. In *St. Kitts & Nevis* the Cable Television Company provides a high speed cable modem Internet access service which covers 50 % of the country. In *St. Vincent and the Grenadines* Kelcom provides cable TV and high speed Internet access (via cable modem) to 50 % of the country.	
Suriname	No cable TV network	Two operators, *RPBG* and Sicon (Educons with the Post Office) offer FWA service in the Paramaribo region. Sicons is testing a WiMAX system.
Trinidad and Tobago	There are 2 cable TV operators. Columbus Communications operates on Trinidad and has about 90,000 customers. *Trico* operates only on Tobago and has about 2,500 customers. CCTT has a very limited Internet offering of less than 500 customers on a trial basis. CCTT also offers internet access to the commercial sector via cable modem and direct fibre connections	There are 5 operators with licences to provide FWA. Of these, 2 have quite extensive coverage of Trinidad and the south western part of Tobago. Two are virtually non operational. The regulator, TATT has asked for expressions of interest for various FWA systems (including subscription TV, Internet access and public telephone services)

Local wireline access networks continue to be dominated in most countries, by one company, the incumbent with its copper local loop and national microwave and fibre optic networks. An encouraging exception can be found in The Bahamas where Cable Bahamas, a subsidiary of Columbus Communications has built a fibre optic/coaxial cable television network which gives access to 97% of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

the nearly 100,000 households in the Bahamas of whom about 71,000 or 72% subscribe. Over this network, Cable Bahamas offers not only cable television, but also high speed Internet access and its rates are the cheapest in the Caribbean and among the cheapest in all of the Western Hemisphere[9] (Annex B). While officially not permitted, many Bahamians use Cable Bahamas' high speed Internet service to bypass the excessively highly priced long distance telephone service of the monopoly, Batelco, by subscribing to alternative Voice over Internet Protocol (VoIP) service providers, such as Vonage or Skype that are based outside of the country. Box 3 shows how a small family-run hotel in Cuzco, Peru, is using this type of VoIP service to substantially reduce its communications costs and make it easier for potential USA guests to make reservations by contacting the hotel directly. There is no need for any middle man. A big difference between the Caribbean and Peru is that the Peruvian telecoms regulator, OSIPTEL, not only approves of this, but encourages it.

Box 3: Reducing Communications Costs in the Hotel Industry by Use of New Telecoms Technologies

Hotel San Blas, a boutique hotel in Cuzco, Peru, (*http://www.casasanblas.com/*) subscribes to Vonage and gets a local Miami number allowing its USA customers to reach the hotel by simply making a domestic USA call (+1 303 5399300). The hotel's potential customers can also go online using their Internet connection, get all the information they need and even see live images of Cuzco taken from the hotel's web cams, then call a US number and make a reservation directly with the hotel by telephone or the Internet eliminating the need for and cost of any middlemen[10].

Recently in Jamaica, which has suffered from a very fragmented cable television market, Flow, the new entrant and subsidiary of the same Columbus Communications, acquired a local cable TV operator and is building an island-wide cable network to provide both television and high speed Internet access, mimicking that of Cable Bahamas[11]. Similarly, in Trinidad and Tobago, Columbus Communications which acquired the Cable Company of Trinidad & Tobago (CCTT) in 2005, is deploying a modern digital nation–wide fibre optic cable TV network trading under the name, Flow Trinidad & Tobago, (Table 4).

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Access to *international circuit capacity* remains a serious problem in all CARICOM Member States. Three new submarine fibre optic cables have recently been installed during the past two years and two more are planned to be completed over the next few months; however, most of the 25 Caribbean cable systems continue to be controlled by the same operator. Haiti has no cable landing on its shores and is connected with the rest of the world only via satellite, with its inherent capacity limitations and high prices, and some terrestrial links via the Dominican Republic.

Enlightened policy makers and regulators in countries with progressive and liberal telecommunications regimes, not only promote, but also facilitate the deployment of such alternative local access and international networks and make sure any unnecessary regulatory barriers are removed.

The solution for local access and international circuit capacity bottlenecks lies in reinforcing the competitive and free entry environment for anyone willing to invest in wireline and wireless telecommunications infrastructure, harmonizing spectrum use throughout the Caribbean and making available as much spectrum as possible for licence-free use and/or adopting a policy whereby the cost of spectrum use should be no higher than what it costs to administer it, facilitating and simplifying procedures for the acquisition by investors of licences required to build terrestrial or marine based telecommunications infrastructure and harmonization of licence conditions throughout CARICOM Member States. These recommendations are reflected in the Action Plan outlined at the end of this Green Paper.

Pricing Issues

The lack of effective competition and limitations on access to both local and international networks in CARICOM Member States, results in the high prices that individual and business users of telecoms networks and services must pay for everything from international calling, Internet access, international and domestic leased lines, interconnection, telephone ports to toll free numbers. Producers of goods and services in CARICOM that depend on these services pass these high communications costs on to their customers.

Whereas subscribers in North America can make *international calls* to Western Europe and Asia for only a few cents a minute, paying

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

US$ 0.25/min. in the Caribbean for a call to the USA continues to be normal. Batelco's "70% Discounted" rates for calls from The Bahamas to the USA and Canada cost over US$0.50 per min, which explains why many Bahamians are ready to risk fines up to US$ 300,000 for using the "illegal" VoIP alternative described earlier[12].

With the exception of The Bahamas and Barbados, prices for *broadband Internet access* are very high in the region (Annex). These high prices do not prevent Internet Service Providers (ISPs) from discriminating between residential and business users for essentially the same service. In Antigua and Barbuda for example, Cable and Wireless charges 44% more for its XNET 1544 service for business customers than for residential users. Telecommunications Services of Trinidad and Tobago's (TSTT) Business 6 connection (1,544 Kbps down per 256 Kbps up) costs US$ 663.35 per month, more than 20 times what the small community-based ISP charges for essentially the same service provided over its alternated WiFi based mesh network in Minnesota and about 30 times more than what Cable Bahamas charges for its 1 Mbps down per 256 Kbps up service.

Prices for *leased circuit capacity* on submarine cable systems are also orders of magnitude higher than in countries and regions with which Caribbean businesses have to compete. A lease of an E1 (2.048 Mbps) circuit, a standard benchmark used to compare leased circuit prices between a point in the Caribbean and Miami, costs in the order of US$ 10,000 a month. The lease of the same capacity circuit between New York and London is today available for about US$ 800 a month and usually with more flexible conditions of use[13]. However, the situation is slowly changing. In Jamaica where FibraLink, an alternative submarine fibre optic cable linking to the ARCOS cable system in the Dominican Republic, began offering service at the end of the first quarter of 2006, the price for Internet Transit (transport and connection to the Internet, usually in Florida or New York), has dropped from nearly US$ 7,500 a month to less than US$ 1,000 a month for a T1 (=1,544 Mbps) capacity connection, a welcome development for Jamaican Internet Service Providers and ICT producing enterprises that need such international capacity[14]. Guadeloupe Numerique (Caribbean Global Network) which connects Guadeloupe with St. Croix, Puerto Rico, St. Kitts (branch), St. Martin and St. Barthelemy and will soon be extended to Dominica, Martinique, Saint Lucia, St. Vincent, Grenada and Trinidad and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Tobago, also recently started service. It is offering shared IP Transit at US$ 500 a month.

The rest of CARICOM urgently needs similar initiatives if it is to benefit from opportunities in global business process outsourcing or offshoring, to stimulate more rapid use of ICTs by firms, and to increase the competitiveness of several service industries.

The solution for high communications costs that individuals and businesses have to pay in the Caribbean is, like for access, to unleash the market by promoting and facilitating the development of alternative and competing infrastructure. The proposed Action Plan will address this.

Regulatory, Administrative and Other Barriers to Investment

There remain many regulatory, administrative and procedural constraints to developing a strong ICT and telecoms sector in the Caribbean which make it harder for new and especially smaller local investors to enter the market and compete on an equal footing. These relate to inadequacies in licensing, interconnection and facilities sharing arrangements which are key to a properly functioning and fair competitive telecoms environment. Other such constraints result from the absence of well-defined and publicly known timetables and conditions for the transition from a monopoly to a fully liberalized market, including information about the number of licences to be awarded, conditions for awarding of licences and timeframe for decisions to be rendered. These add to the unpredictability and instability of regulatory and legal frameworks in the CARICOM Member States.

There are many examples of the impact of such constraints. Following are three of these. The liberalization process was particularly drawn out and subject to much uncertainty in Trinidad and Tobago, where the process to open the telecoms market began in 1997, but did not really become effective until April 2006, when the first competing cellular mobile operator, Digicel, started providing commercial service. In Suriname, the process to open the market has been surrounded by much uncertainty and a high degree of informality[15]. In Barbados, the failure to have all the necessary conditions and obligations of licences properly defined, resulted in an investor who obtained a licence to

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

construct and land a new submarine cable, having to wait another six months to get a licence to allow him to operate it because landing and operating required separate unrelated licences.

Inconsistencies between different laws which may govern the telecoms sector in a country, create confusion and sometimes gridlock, which is what has happened in Guyana, where key legislation has its origins in different jurisprudence, namely, British for the 1990 Telecommunications Act16 and GT&T's Licence and American for the 1999 Public Utilities Commission Act and GT&T 1990 Purchase Agreement.

In other countries, there are overlapping and sometimes conflicting mandates among the different organs (sector specific regulator, the fair trading commission and one or several government departments) responsible for regulating the sector. Operators and service providers in Jamaica, Barbados and the ECTEL member countries have complained that their licence applications or regulatory decisions have been unnecessarily delayed because of the lack of coordination among these various organs.

Also, there continue to be deficiencies in the legal structure and organisation of the newly established regulatory bodies which make it difficult to avoid conflicts of interest, ensure transparency of the regulatory process, and appeal decisions of the regulator. In many countries there is an absence of a clearly defined, well structured, and transparent process for defining policy for the sector in which there is a prominent place for public participation. Often, government policies are drafted without adequate participation or knowledge of the public and most stakeholders.

The proposal in the Action Plan addresses these deficiencies in the legal, regulatory and administrative framework for ICTs in CARICOM by proposing a more forward-looking, flexible and better planned governance structure for the sector.

CARICOM's Fragmented ICT Policy Setting Environment

In recent years, CARICOM states have accelerated efforts to create enabling environments at the regional and national levels for the growth and diffusion of ICTs and the development of knowledge-based economies (Box 4).

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Box 4: National ICT Agenda Initiatives
Antigua & Barbuda

In 2003, Antigua and Barbuda's Ministry of Education, Culture & Technology, unveiled an ICT policy to govern the introduction of digital technologies into the country's schools with a stated mission to "improve the teaching, learning and administrative processes in the education system with the use of ICT and to provide all students with the basic ICT skills that are necessary for the information age". A more recent ICT policy addresses the legal and regulatory frameworks for ICTs, financial and social incentives, affordable access to ICT services for every citizen and resident, and the promotion of Antigua and Barbuda as a Regional Centre of Information Technology Excellence that facilitates the nurturing of e-commerce, Internet marketing, Internet gaming, software development, and e-education. The policy also seeks to support the growth of small and medium-sized enterprises (SMEs) through the effective application of ICT services and technologies.

The Bahamas

In 2003, the Ministry of Finance of the Commonwealth of the Bahamas released a policy on Electronic Commerce and the Bahamian Digital Agenda with a vision of transforming the country into a centre of hemispheric excellence in e-commerce. The strategy includes the following key principles:

(i) Universal access to the Internet for all Bahamians at affordable rates; (ii) Free Internet access to all public and church-operated schools, public libraries, all public hospitals, clinics, senior citizens' homes and orphanages;

(ii) Creation of an internationally acceptablelegal and regulatory framework for commercial web-based transactions; (iv) An effective system for the protection of intellectual property rights; (v) Security, interoperability and interconnection of information systems;

(iii) The right to privacy, including protection of personal information and confidentiality for consumers; and (vii) Development of technologically competent human resources. In addition, there are: a Computer Misuse Bill 2003, a Data Protection Bill 2003, and an Electronic Communications and Transaction Bill 2003.

Barbados

For the last several years, Barbados has been systematically implementing the Education Sector Enhancement Programme (ESEP or Edutech), a comprehensive education, reform programme that uses the new digital ICTs to develop well rounded, retrainable students who are able to think creatively and critically, and problem solve effectively.

In other sectors, Barbados has made significant strides in applying ICTs to improve operational functions, particularly within the public sector. The Government has either enacted, or is in the process of enacting legislation dealing with electronic transactions, computer misuse, and data protection, is considering a draft e-government policy and has begun the process of developing a Freedom of Information/Access-style Act. Many ICT-related activities and policies have, however, been somewhat uncoordinated and therefore not as strategically effective as they might be, given the rigours of digital convergence. The Government commissioned the design of a National ICT Strategic Plan (completed in 2005) which seeks to bring some order to a fragmented sector, as well as chart the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

country's path towards realisation of the knowledge-based society and in particular, seeks to strengthen and nurture the country's ICT sector while also diffusing the new digital technologies more effectively throughout the economy and society. Also, Barbados plans to rewrite its 2000 Telecommunications Act to more effectively address issues related to digital convergence.

Belize

While Belize does not appear to have a national ICT strategic plan, the governing People's United Party of Belize has promised the creation of "a high tech Belize" that will make the computer an integral part of the economic, social and political life of the country. Furthermore, a Public Sector Reform document, Charting the Way Forward: 2000 and Beyond, outlines a strategy for the development of information technology whereby the Government will seek to modernise the Belize Public Sector through information technology, to facilitate efficient decision-making, public administration and policy implementation.

ECTEL Treaty States

ECTEL recently embarked on an extensive telecoms and ICT development project on behalf of its five member states using World Bank funding. Among the first projects to be undertaken are the design and implementation of a broadband deployment strategy and the development of guidelines for universal service implementation.

In addition, individual ECTEL member states have designed policy frameworks in various areas. Dominica has done an analysis of its IT sub-sector, and Grenada is in the process of implementing an ambitious Smart Schools project. Furthermore, Grenada also has developed an ICT Strategy and Action Plan 2001-2005, with quite detailed inputs for the nurturing of e-government.

Guyana

Guyana's ICT and telecoms sectors are in a relatively nascent form of development. The country has drafted an IT policy containing national and strategic ICT objectives, strategies for the development of e-government, ICT policies linked to support for the educational sector, and approaches to facilitating growth within the nation's information technology productive sector. The policy documents also outline a vision for the transformation of the telecoms sector. However, the 2005 document Enhancing National Competitiveness: Implementing the National Strategy points out that ICT implementation efforts have fallen short and certain structural issues have delayed creation of the country's National ICT Strategic Plan. The IADB-funded ICT project has been put on hold at least until after the telecoms market has been liberalised.

Jamaica

Jamaica is seen as a regional test case for the design and implementation of ICT policies and telecoms liberalisation. It developed a Five-Year Strategic Information Technology Plan which refers to the importance of designing networks "to allow access to government services from libraries, post offices, banks, hospitals and other public locations….The key focus is to have citizens throughout the country, even in rural areas, be able to find and receive information and services from different government organizations consistently and easily." Jamaica also has an e-readiness report, a section of which addresses e-government, and a detailed vision and policy for the development of the country's telecoms sector.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

In 2002, the IADB approved a project with four components intended to contribute to Jamaica's e-readiness and support the development of the ICT sector, in order to increase competitiveness, diversify exports and expand productive employment: (i) strengthening the Ministry of Industry, Commerce and Technology; (ii) supporting the introduction of e-government in key agencies in order to increase transparency, efficiency in the public and private sectors and effectiveness, (iii) supporting the expansion of Internet access in low income communities, and (iv) training for all project components.

Trinidad & Tobago

Trinidad & Tobago is seen as being ahead of many CARICOM countries in terms of the development of key components of the information or knowledge-based society, such as transforming of the national library system to meet digital development standards and creating metrics to assess the country readiness for e-commerce and e-government. There also is a National E-Commerce Policy Committee Report, a Government created unit in 2001, to oversee the transition to e-government, a Computer Misuse Act 2001, and a comprehensive National Information and Communication Technology Plan, Fast Forward, (http://nict.gov.tt/plan/documents/) which is ambitious in both its scale and its scope, drawing in stakeholders from every key constituency who were involved, not only in national planning, but are expected to be involved in implementation.

The Conference of Heads of Government of CARICOM, the ultimate decision-making authority over the years, authorized the creation of several institutions at the regional level, each with a mandate for some aspect of ICT and telecoms development, (Box 5). Unfortunately these mandates sometimes intersect and create a rather complex structure which has led to fragmentation and sometimes competitive approaches to policymaking for the sector. Also, the mandates that have been given to these institutions and their various committees and sub-committees are often at variance with those of the Secretariat itself and there is a widely held belief that while the CARICOM Secretariat has been empowered to take specific action in various areas on behalf of the Community as a whole, its efforts have not been as effective as they need to be, in order to properly support key aspects of the path toward regional integration. Further complicating things are mandates of other institutions which touch on policymaking for the sector.

This fragmented approach to policy making at the regional level has not made it any easier for policy makers who are trying to promote development of the ICT sector at the national level and who are also confronted with fragmentation at the national level where

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

telecoms and ICT are the responsibility of several ministries, commissions and other government authorities—ranging from Ministries of Communications, Trade, Development, and Foreign Affairs to Telecommunications Regulatory Authorities (TRAs), Anti-Monopoly Commissions and Consumer Affairs bodies.

Box 5: CARICOM Regional Institutions Involved in ICT and Telecoms Development and Policy Making

- The Conference of Heads of Government
- Institutions established by The Conference of Heads of Government
  - CARICOM Secretariat,
  - CARICOM Sub-Group on Telecommunications
  - Caribbean Telecommunications Union (CTU)
  - Caribbean Knowledge and Learning Network (CKLN)
  - CARICOM Centre for Development Administration (CARICAD).
- Other institutions not all created by the Conference of Heads of Government.
  - Eastern Caribbean Telecommunications Authority (ECTEL)
  - Organization of Caribbean Utility Regulators (OOCUR)
  - Caribbean Association of National Telecommunication Organizations (CANTO), a non-governmental trade association

Many regional observers and others involved in the development of ICTs and telecoms, believe that the meetings of regional Ministers Responsible for ICTs have not been effective in bringing order to CARICOM's fragmented policy environment. Part of this is most certainly because many Ministers do not actually attend these meetings, sending instead, people from their departments responsible for management of public information and communications entities, who may not necessarily be versed in the challenges of technological convergence and the regulatory and policy implications that such convergence presents, (Box 6). Many of these people may not be knowledgeable of the intricacies of telecoms liberalization and its critical importance to the development of the ICT sector in the region. In other instances, the government department responsible for information policy may not be the same as the one

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

responsible for telecoms. Here again, policy fragmentation at the national levels is mirrored by policy fragmentation at the regional level, which does little to move the region closer to the creation and successful implementation of policies for the development and diffusion of ICTs and telecoms aimed at national economic and social development and regional integration. The Action Plan proposes a more rational structure to deal with the problem of fragmented policy making.

While it is clear that the region has been making some progress in seeking to address the challenges being created by digital convergence and to seize the many opportunities the information revolution is making possible, it is clear that the significant levels of fragmentation at both the regional and national levels have inhibited the region's ability to create a true information society within the Caribbean. While many governments are analysing the possibilities with respect to both e-government and e-commerce, there is at least one critical area that might benefit from a regional solution but which has not yet been addressed, and that is the creation of a Public Key Infrastructure (PKI) to support secure transactions in an online environment.

Box 6: Example of the Difficulties in Setting ICT Policy in CARICOM

A typical example is the first meeting of the CARICOM Sub-Group on Telecommunications, held in Antigua in March 2005, following a recommendation from the CARICOM Working Group on Services Negotiations that the Sub-Group be formed. It is made up of experts from the region's telecoms sector and is intended to advise the Community on the most effective means to liberalise telecoms at the national and regional levels. This is in spite of the existence of the OOCUR, the Caribbean Telecommunications Union and CANTO, the latter two of which together, are key institutions for the administration of telecoms sectors in the region, and both of which were represented at the meeting. The meeting attracted telecoms/ICT services providers, including incumbent telecoms operators, cable operators and Internet Service Providers (ISPs), regional consumers and other relevant officials from regional organisations and Member States, and some policymakers and regulators from around the region; however, of the 60 delegates attending, more than half were from institutions or companies based in Antigua and Barbuda. The level of participation of the regulators, including from ECTEL, was low, and individuals representing the regional policymaking sector did not attend in large numbers. The report of the meeting does not make clear to whom the meeting's decisions are to be reported and what authority the Sub-Group has to enact final decisions on behalf of the entire Community. Yet, in terms of regional policymaking efforts, this Sub-Group adds yet another layer of complexity to an already elaborate system of management of ICT and telecoms frameworks in the region.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

A PKI framework allows users of an unsecured public network such as the Internet, to safely exchange payment and information, using public and private keys. This allows individuals to be authenticated over the network, while their messages are encrypted and decrypted. While it is true that e-commerce has grown in many countries without the existence of national PKIs, an effective national PKI can increase consumer confidence and strengthen e-commerce and e-government security in ways that are likely to support even more robust growth trends. Since this technological solution can tend to be extremely expensive, however, it is possible that a regional approach in which Governments establish a central clearing facility at the regional level, mandated to be responsible for functioning as the region's PKI, might be most efficacious.

Need for Harmonized Policies and Regulations

Digicel, the Irish cellular mobile operator, like fibre optic cable operators, Antilles Crossing, Columbus Communications, Caribbean Global Network and others, have serious regional investment plans. There is little doubt that their business decisions would be very much simplified, their transaction costs significantly reduced and the chances of their projects being successful greatly enhanced, if laws, regulations, procedures, and conditions were harmonized in the region and if there were effective coordination among authorities in the different countries and territories, to grant them the necessary concessions, licences and permits for their Caribbean-wide systems[17]. Harmonising and simplifying the licensing conditions for value-added[18], closed user group[19], and other non-basic services, so that only registration, notification or nothing at all is required in CARICOM Member States, will attract more local entrepreneurs and capital. Harmonisation of frequencies for unlicensed use such as WiFi, WiMAX and other broadband wireless access (BWA) standards, will promote the development of these new technologies, whereas harmonized regional policies on type approval will lead to reduced costs of terminal equipment. Common measures to determine dominance and a common set of requirements imposed on dominant carriers, such as the need to produce standard Reference Interconnection Offers[20] for dominant operators, would be of benefit not only to these operators

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

but also to new entrants. Investors would save in administration costs if application forms for licences, authorisations and permissions were common across the region.

Furthermore, on the trade policy front, all CARICOM governments should consider eliminating the tariffs and other duties and charges imposed on all equipment used in the ICT sector, if they are serious about developing this industry. Harmonization of laws and regulations will enhance regulatory certainty for all agents in the sector, reduce market distortions, help promote economies of scale for equipment and services and thereby contribute to the reduction in prices that consumers will have to pay for telecoms services and ICTs.

Harmonization of laws and regulations would reduce costs of market entry by simplifying licensing requirements, reduce the cost of compliance, help create economies in policy development and formulation; ensure better and more efficient implementation of best practices for the sector; reduce the cost of regulation and facilitate training and development[21]. It will also promote the creation of a seamless Caribbean ICT and telecoms space and the development of truly Caribbean-wide telecoms and ICT service providers who will benefit from the economies of serving a population base of 15 million instead of many very small markets.

Recently, the Caribbean Telecommunications Union (CTU) took an important initiative in this respect. Its Spectrum Management Policy Reform Project begun in 2006, will harmonize approaches to frequency allocations across the Caribbean, assess and recommend the adoption of common spectrum management models and the formulation of regional positions on spectrum allocations and use[22].

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Box 7: Benefits of Harmonization[23]

In terms of:

Telecoms and ICT products and services

- Reduces market distortions, help promote economies of scale for equipment and services and contribute to lower prices that consumers must pay for telecoms services and ICTs;
- Improves the functioning of internal regional markets for ICT products and services;
- Simplifies the provisioning and control of services (harmonization of the provision of services);
- Facilitates and optimizes the circulation of ICT products (technical harmonization);
- Promotes transparency.

Operators and technologies

- Supports globalization of economic and financial activity;
- Supports global and regional convergence in
  - Technology (e.g. telephone, Internet, broadcasting)
  - Services (e.g. fixed and mobile communications)
  - Global operators
  - Regulation (e.g. requirement of trade agreements)
- Supports the development of the Information Society

Economic agents

- Supports regional integration (e.g. EU);
- Generates a predictable and a more stable investment climate;
- Helps achieve more efficient costs of market entry, reduces costs of compliance; creates economies of scale and ensures more efficient implementation of best practices;
- Helps cross border agents optimize their operations and reduce costs;
- Helps operators manage their regional companies;
- Lowers costs of regulation and facilitates training and development.

Harmonisation would also benefit policymakers and regulators through a simplification of their day-to-day functions and enhance the scope for regional cooperation, including the development of common positions for the region in free trade negotiations and in international technical fora such as those dealing with the allocation of frequencies and numbers and technical standards. Harmonisation would help in preventing competitive distortions across the Caribbean and would make training of regulators' and policy makers' staff more efficient, effective and economical[24]. Users would ultimately benefit, because the services they buy would be provided more economically and having

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

common standards would make it easier for them to use their devices across the Caribbean seamlessly.

Harmonisation and liberalization directives were part of a broader policy of establishing a European single market for goods and services and more specifically, to encourage regional investments by having Member States of the European Union adopt and implement harmonised laws, regulations and procedures which these directives prescribed, (Box 8). Whether such harmonisation measures are applied in promoting economic integration, or simply regional cooperation, there are many lessons that CARICOM Members can learn from the European experience. By mutually agreeing to apply such harmonisation measures, regulators, policymakers and citizens of CARICOM will benefit. These measures will help develop and diffuse ICTs in the region. Harmonisation should extend to rules, regulations, and procedures for interconnection, treatment of dominant operators and service providers, universal service policies, conditions for leasing capacity and spectrum management. It might also extend to harmonization in universal access and universal service definitions, policies and programs.

Box 8: Harmonization Measures for ICTs in the European Union

The creation of a common market for electronic communications equipment and services in Europe (and part of the broader undertaking to create the European Union) was based on a well planned, deliberate, two pronged strategy of liberalization and harmonization. It was first presented in the 1997 Green Paper on the Development of a Common Market for Telecommunications Equipment and Services which defined clear steps toward the creation of a harmonized, transparent and non-discriminatory regulatory framework, to create an environment conducive to healthy competition in the single European market[25]. It included a harmonized framework for achieving liberalized telecoms markets within an agreed timeframe, a unified interpretation of the provisions in the various liberalization directives of the European Commission and a simplification of contentious regulations on the provision of infrastructure and public services. Other more specific harmonization measures were later adopted, including the harmonization of conditions for access to, and use of, the underlying public switched networks and leased lines, harmonization of certification procedures in the supply of equipment for satellite communications equipment, mutual recognition of licences to provide satellite services, and mutual recognition of terminal equipment. In 1992, the European Commission identified a lack of choice and high prices of leased circuit capacity as an important barrier to investment and development of the telecoms sector in Europe and by extension to regional integration. They issued a directive to harmonise conditions including tariffs (which must be cost-oriented and transparent), technical characteristics, supply and usage conditions, and licensing requirement for the provisions of leased lines in the then 12 member states of the European Union[26].

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Action Plan for Telecoms/ICT in the CSME Context

More than ten years after multilateral negotiations on telecommunications were concluded at the WTO, it is proposed that governments take a clearly regional approach to this sector, in order to address the persistent problem of inadequate connectivity and the high cost of telecommunications services in CARICOM. In particular, focused action in terms of the following policy recommendations that were endorsed by a regional meeting involving multi-stakeholder participation (regulators, incumbent providers, telecoms and trade officials and IT firms) in September 2007, should be taken:

1. Member States agree that it is critical to have the most efficient and affordable telecoms services in CARICOM so that firms, governments and citizens benefit from access to new information and communication technologies and access to networks, in order to increase the competitiveness of the region in the supply of various services.
2. CARICOM Heads of Government explicitly agree that all telecoms services (basic and value added) should be liberalized in the CARICOM Single Market, so that there is full and effective competition in these sectors.
3. Member States recognize that it is counter-productive to have different regulatory regimes and standards for telecoms services across the Single Market, since these work against the basic rationale for integration. This is especially important given the potential for telecoms and ICTs to help cement the integration process by reducing the physical time and distance among all Member States.
4. All Member States of CARICOM adopt and implement the provisions of the Reference Paper on regulatory principles for basic telecommunications. All CARICOM governments agree that the principle of technological neutrality applies in the case of the provision of telecoms networks and services in the Single Market, therefore,
5. Common market access and regulatory approaches should be implemented across CARICOM regarding new ICT technologies and applications (such as Voice over Internet Protocol, VoIP). A two pronged Action Plan is proposed to

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

address the telecoms/ICT environment. The first is to establish a more rational regional structure for policy setting and harmonizing laws, regulations and administrative rules for ICTs and telecoms. This would consist of: (1) a permanent CARICOM institutional and political structure for the sector; and (2) a permanent framework for regional collaboration among telecoms regulators. The second is to use this same structure to harmonize telecoms and ICT policies, laws, regulations and administrative rules in CARICOM, to empower private sector leadership and academia, to help shape policies on integration and trade, and design a market access legal platform for electronic commerce and cross border trade.

Regional Structure for Policy Setting and Harmonizing Laws, Regulations and Administrative Rules for ICTs and Telecoms

A more rational and efficient institutional and political structure for policy setting and harmonizing laws, regulations and administrative rules for ICTs and telecoms in CARICOM should be established.

Under the proposed structure (See Figure 5 below) the Caribbean Telecoms Union (CTU), which was established as an intergovernmental organization to harmonize sector policy and frequency usage and to coordinate regional positions on international issues, should be given the primary mandate and resources necessary to analyze and develop policies related to ICTs and telecoms for CARICOM as a whole and to develop guidelines and directives for harmonization of the policies at the Member State level. These activities would require the CTU Secretariat to engage other CARICOM institutions, CANTO, OOCUR, private operators, civil society and academia in the process of policy formulation.

In the implementation of the Single Market, the CARICOM Secretariat should ensure that the CTU (once responsible for telecoms and ICTs regionally), be given sufficient resources for research of laws, regulations and rules related to the sector and to develop the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

administrative mechanisms to support the harmonisation process. Its main functions should be to provide administrative support to the Conference of Heads of Government, the Ministers Responsible for Telecommunications and ICTs and to ensure smooth coordination of activities and working among these entities. The CTU and the CARICOM Secretariat would also be responsible for maintaining, revising, when necessary, and cataloguing all legal, regulatory and administrative documents related to the sector, within the CARICOM Secretariat. These would need approval of the CTU's General Conference of Ministers or other high level intergovernmental forum. Given the need to ensure their independence, telecoms regulators should be made part of the consultative process like the other CARICOM and non-CARICOM institutions.

Finally, the COTED and the regional ministerial body responsible for ICTs should collaborate regularly in order to have a common approach to the further liberalization and development of the telecoms/ICT sector in the CARICOM Single Market.

A permanent framework for regional collaboration among telecoms regulators should be established.

The framework which has been proposed and elaborated upon in greater detail in another report prepared for the IADB27, should be developed, organised and administered by the Organisation of Caribbean Utility Regulators (OOCUR) or a similar organization which could represent the region's telecoms regulators. This organization would: (i) facilitate interaction among the region's regulators to review, improve, revise, and harmonise policies, legal and regulatory frameworks, procedures and standards to diminish uncertainty and simplify procedures for investors; (ii) support the recently established regulatory institutions in the region to become more effective and to assert their independence from political and other influences; (iii) familiarise telecoms regulators and government officials with the principles and best practices in dispute resolution and help develop a regional capacity to jointly deal with disputes; (iv) familiarise regulators and government officials with business planning and finance practices, by enhancing their understanding of the implications of their decisions on the flow of investment into the telecoms sector; (v) provide input to telecoms policy makers, regulators, trade negotiators, other government officials and the private sector, regarding trade liberalization and negotiation issues; and (vi) provide essential input to

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

the policy setting and harmonization functions of the CTU and the CARICOM Secretariat.

Actions to be Undertaken under the New Structure

The following actions should be undertaken in support of the proposed new ICT and telecoms policy setting and harmonization structure and as an initial work plan for CARICOM in this undertaking.

Policies, laws, regulations and rules for ICT and telecoms in CARICOM Member States should be harmonized to:

- reduce market distortions, help promote economies of scale for equipment and services and contribute to lower prices that consumers must pay for telecoms services and ICTs and to address issues of disaster preparedness and mitigation;
- achieve more efficient costs of market entry, reduce costs of compliance; create
- economies of scale and ensure more efficient implementation of best practices; and
- lower costs of regulation and facilitate training and development.
- promote regulatory certainty across the Caribbean.

The private sector leadership should be empowered to shape and influence policy on regional integration and trade as it relates to ICTs and telecoms. This should be done by encouraging smaller national associations to join forces to create Caribbean-wide associations with senior interests and possibly, having some associations representing related industries join forces; and by providing technical assistance to help get these regional organizations established with centralized physical and/or virtual structure, to develop internal organizations including a strong and effective administration, funding, operational procedures, research capability, annual programmes and budgets. Public/private sector partnerships can also be useful in certain cases, to achieve certain ICT sector development objectives. Also, it is important that there be cohesion among the diverse activities in CARICOM related to training, awareness building, and research. The University of the West Indies (UWI) should, accordingly, have a key role to play in the development

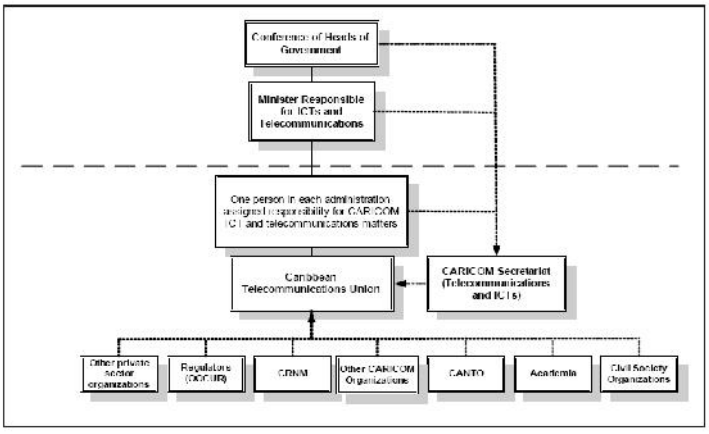
Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

of the telecoms and ICT services sectors in the CARICOM region and in helping to bridge the gaps between existing educational and awareness raising initiatives.

A market access platform should be established for local commerce and cross border trade and specifically with respect to:

- *E-Commerce*: Ensure that measures are in place so that products and services traded electronically receive no less favourable legal treatment than those for trade of goods and services;
- *Intellectual Property Rights (IPR)*: Ensure that there are IPRs for trademarks, patents, copyrights, and encrypted programmes carrying satellite signals. Introduce "digital commons" that facilitate small companies and countries utilizing information, to introduce new products and services;
- *Cross-Border Trade in Services*: Prepare and adopt policies that promote market access to electronic services across a wide regime, based on reciprocal rights, including joint ventures and exchanges of business visitors should be prepared and adopted; and
- *Banking, Securities and Related Financial Services*: Prepare and adopt policies and regulations that recognize the need for financial sovereignty and currency control, while respecting most-favoured nations treatment for financial services, joint ventures, use of mutual funds, and access to insurance sectors including marine, aviation transport and reinsurance.

Figure 5: Proposed institutional and political structure for policy setting and harmonizing laws, regulations and administrative rules for ICTs and telecommunications in CARICOM



Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Table A.1 Comparison of Monthly Charges for Entry Level Broadband Internet Access (installation and activation not included)

Country	Service Provider	Service	Techn	Speed (Kbps)		US $/ month	Features
				Down	*Up*		
Switzerland	Swisscom	Bluewin ADSL 150	ADSL	150	50	7.40	+ $ 2/hour of usage ; 5 e-mail addresses, anti virus, spam filter, etc.
Colombia	Colombia Telecom	Plan Velocidad 256	ADSL	256	128	14.00	
Argentina	Ciudad (Grupo Clarin)	Flash Cablemodem	Cable	128		14.56	Includes anti-spam, anti-virus, technical support, web space, etc.
Finland	Elisa Comm.	Elisa ADSL	ADSL	256	256	21.00	
Colombia	ETB	Banda Ancha 150	ADSL	150		21.30	
Canada	Bell Canada	Basic Lite	ADSL	128		22.40	Cheaper for the first year; certain features such as anti- virus, spam filters etc. are given free for the first 3 months; better rates can be negotiated
Canada	Rogers	Ultra lite	Cable	128	64	22.50	
Costa Rica	ICE		ADSL	128	64	24.90	
Sweden	Telia	Upp till o,25	ADSL	250	128	25.00	
Chile	Telefonic a (CTC)	Speedy 128	ADSL	128	64	26.70	1 year contract
Republica Dominicana	Verizon Dominica na	Internet Flash	ADSL	384	128	29.80	
Barbados	C&W Barbados	ADSL 256	ADSL	256	64	31.60	
Peru	Telefonic a del Peru	Speedy	ADSL	200	128	31.90	

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Country	Service Provider	Service	Techn	Speed (Kbps)		US $/ month	Features
				Down	*Up*		
Uruguay	Antel	256 Libre	ADSL	256	64	35.80	
Bolivia	COTAS		ADSL	128		39.00	
Jamaica	C&W Jamaica	Lite	ADSL	128	64	40.00	
Jamaica	C&W Jamaica	Classic	ADSL	256	128	40.00	
Cayman Islands	Cable & Wireless Cayman	ADSL 256	ADSL	256	128	48.00	
Cayman Islands	TeleCay man	256/128 unbundled	BWA	256	128	48.00	
Bolivia	AXS	Post Pago	ADSL	256		50.00	
Cayman Islands	WestTel	Speed Saver	BWA	256	256	52.80	
Saint Lucia	C&W	XNET 256	ADSL	256	128	54.70	
Grenada	C&W	XNET 256	ADSL	256	128	54.70	
Bolivia	COTAS		ADSL	256		55.00	
Jamaica	N5	Wireless	MMD S	256	128	55.00	
Republica Dominicana	Tricom	Turbo ADSL	ADSL	128	128	57.00	
Belize	Channel Broadcast ing	128K	Cable	128	56	59.00	
Belize	BTL	DSL	ADSL	128	64	60.00	
Trinidad & Tobago	TSTT	Residential High Speed Access	ADSL	256	64	70.50	
Jamaica	Kasnet	Res. Silver	MMD S	256	128	75.00	
Republica Dominicana	Tricom	Turbo ADSL	ADSL	256	256	82.50	
Antigua & Barbuda	C&W	Select	BWA	256	64	91.40	
Trinidad & Tobago	TSTT	Business 1	ADSL	128	64	184.00	

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Table A.2 Comparison of Monthly Charges for Upper Range Broadband Internet Access (installation and activation not included)

Country	Service Provider	Service	Techn	Speed (Kbps)		US $/ month	Features
				Down	*Up*		
Germany	Deutsche Telecom	T-DSL 2000	ISDN (?)	2,048	192	25.60	
USA	Verizon		ADSL	3,000	768	30.00	1 year contract
USA	Comcast		Cable	6,000	768	30.00	
Germany	Deutsche Telecom	T-DSL 6000	ISDN (?)	6,016	576	32.00	
UK	British Telecom	BT Broadband Option 1	ADSL	8,000		33.50	2 GB monthly maximum; 1 yr contract, anti phishing, anti virus, spam filter, etc. --
Spain	Jazztel	Hasta 20 M	ADSL	20,480	1,024	35.00	
Argentina	Ciudad (Grupo Clarin)	Flash ADSL	ADSL	2,500		37.60	Includes anti-spam, anti-virus, technical support, web space, etc.
Bahamas	Coralwave	Lite	Cable	2,000	512	37.70	
Canada	Bell Canada	Sympatico	ADSL	3,000	800	38.00	
Germany	Deutsche Telecom	T-DSL 16000	ISDN (?)	16,000	1,024	38.40	
Switzerland	Swisscom	Bluewin ADSL 2000	ADSL	2000	100	40.20	5 e-mail addresses, anti-virus, spam filter, etc.
Canada	Rogers	Highspeed express	Cable	5,000	384	42.30	
UK	British Telecom	BT Broadband Option 2	ADSL	8,000		42.80	6 GB monthly maximum; 1 yr contract, anti-phishing, anti-virus, spam filter, etc.
Canada	Bell Canada	High speed Ultra	ADSL	5,000		44.80	Cheaper for the first year; certain features such as anti virus, spam filters etc are given free for the first 3 months; better rates can be negotiated

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Country	Service Provider	Service	Techn	Speed (Kbps)		US $/ month	Features
				Down	*Up*		
Canada	Rogers	Highspeed extreme	Cable	6,000	800	45.00	
Jamaica	C&W Jamaica	Business Delux	ADSL	2,048	512	50.00	
Argentina	Ciudad (Grupo Clarin)	Flash ADSL	ADSL	5,000		50.40	Includes anti-spam, anti-virus, technical support, web space, etc.
Bahamas	Coralwave	Groove	Cable	3,000	768	55.70	
UK	British Telecom	BT Broadband Option 4	ADSL	8,000		55.80	40 GB monthly maximum; 1 yr contract, anti-phishing, anti-virus, spam filter, etc.
Switzerland	Swisscom	Bluewin ADSL 3500	ADSL	3500	300	56.60	5 e-mail addresses, anti-virus, spam filter, etc.
Canada	Videotron	Extreme high speed	Cable	10,000	900	58.50	1 year contract
Chile	Telefonica (CTC)	Speedy 2 Mbs	ADSL	2,048	256	69.30	1 year contract
Republica Dominicana	Verizon Dominicana	Internet Flash	ADSL	1,536	128	70.30	
Canada	Videotron	Extreme plus	Cable	16,000	1,000	72.10	1 year contract
Barbados	C&W Barbados	ADSL 256	ADSL	1,544	256	108.10	
Cayman Islands	WestTel	Gold	BWA	1,544	512	112.80	
Cayman Islands	TeleCayman	1.5/512 unbundled	BWA	1,544	512	117.60	
Cayman Islands	Cable & Wireless Cayman	ADSL 1544	ADSL	1,544	512	118.80	
Colombia	ETB	Banda Ancha 2000	ADSL	2,000		124.50	
Venezuela	CANTV	ABA	ADSL	1,536	512	163.30	Taxes not included
Dominica	C&W	XNET 1544	ADSL	1,544	512	183.10	
Costa Rica	ICE		ADSL	2,048	256	204.50	
Saint Lucia	C&W	XNET 1544	ADSL	1,544	512	219.80	
St. Vincent & The Grenadines	C&W	XNET 1544	ADSL	1,544	512	238.20	
Republica Dominicana	Tricom	Turbo ADSL	ADSL	1,536	768	244.40	
St. Kitts & Nevis	C&W	XNET 1544	ADSL	1,544	512	256.00	
Grenada	C&W	XNET 1544	ADSL	1,544	512	256.50	

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Country	Service Provider	Service	Techn	Speed (Kbps)		US $/ month	Features
				Down	*Up*		
Antigua & Barbuda	C&W	XNET 1544	ADSL	1,544	256	292.50	
Antigua & Barbuda	C&W	XNET 1544 (Business)	ADSL	1,544	256	421.70	
Grenada	C&W	XNET 1544 (Business)	ADSL	1,544	256	440.00	
Trinidad & Tobago	TSTT	Business 6	ADSL	1,544	256	663.35	

Table A.3 Comparison of Monthly Charges for Middle Range Broadband Internet Access (installation and activation not included)

Country	Service Provider	Service	Techn	Speed (Kbps)		US $/ month	Features
				Down	*Up*		
Bahamas	Coralwave	GEO	Cable	1,000	256	10.70	Limited to 10 hrs/month
USA	Verizon		ADSL	768	128	15.00	1 year contract
Bahamas	Coralwave	Jazz	Cable	1,000	256	21.70	No time limited
Germany	Deutsche Telecom	T-DSL 1000	ISDN (?)	1,024	128	21.80	
Argentina	Ciudad (Grupo Clarin)	Flash ADSL	ADSL	640		24.30	Includes anti-spam, anti-virus, technical support, web space, etc.
Canada	Videotron	Basic Internet	Cable	600	128	24.30	1 year contract; limited to 1 GB in each direction
Finland	Elisa Comm.	Elisa Adsl	ADSL	1,000	512	29.00	
France	FT	Internet 512	ADSL	512	128	30.00	
USA	Maple Leaf Networks Minnesota		WiFi Mesh	1,000	256	30.00	
Canada	Bell Canada	Basic	ADSL	1,000		31.30	Cheaper for the first year; certain features such as anti- virus, spam filters etc. are given free for the first 3 months; better rates can be negotiated
Canada	Rogers	Highspeed Lite	Cable	1,000	128	31.50	

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Country	Service Provider	Service	Techn	Speed (Kbps)		US $/ month	Features
				Down	*Up*		
Argentina	Ciudad (Grupo Clarin)	Flash Cable modem	Cable	1,000		34.20	Includes anti-spam, anti-virus, technical support, web space, etc.
El Salvador	CTE Telecom	Turbonet	ADSL	512		35.00	Does not include sales tax.
Colombia	Colombia Telecom	Plan Velocidad 1,024	ADSL	1,024	512	37.20	Includes anti spam and a number of other additional services
Venezuela	CANTV	ABA	ADSL	512	128	38.70	Taxes not included
Jamaica	C&W Jamaica	Delux	ADSL	1,024	256	40.00	
Colombia	ETB	Banda Ancha 600	ADSL	600		41.40	
Peru	Telefonica del Peru	Speedy	ADSL	600	256	45.80	
Chile	Telefonica (CTC)	Speedy 600	ADSL	600	128	46.20	1 year contract
Venezuela	CANTV	ABA	ADSL	1,024	512	47.40	Taxes not included
Republica Dominicana	Verizon Dominicana	Internet Flash	ADSL	768	512	49.80	
Chile	Telefonica (CTC)	Speedy 1 Mbs	ADSL	1.024	256	56.90	1 year contract
Colombia	ETB	Banda Ancha 1000	ADSL	1,000		58.00	
Cayman Islands	WestTel	Bronze	BWA	512	256	64.80	
Cayman Islands	TeleCayman	512/256 unbundled	BWA	512	256	69.60	
Cayman Islands	Cable & Wireless Cayman	ADSL 512	ADSL	512	256	70.80	
Costa Rica	ICE		ADSL	512	128	72.30	
Saint Lucia	C&W	XNET 512	ADSL	512	128	73.00	
Grenada	C&W	XNET 512	ADSL	512	128	73.00	
Cayman Islands	WestTel	Silver	BWA	1,024	512	76.80	
Uruguay	Antel	768 Empresariales	ADSL	768	192	78.18	
Barbados	C&W Barbados	ADSL 768	ADSL	768	128	86.30	
Bolivia	AXS	Post Pago	ADSL	512		95,00	
Costa Rica	ICE		ADSL	1,024	256	98.30	
Peru	Telefonica del Peru	Speedy	ADSL	1200	256	103.80	
Bolivia	AXS	Post Pago	ADSL	768		120.00	

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Country	Service Provider	Service	Techn	Speed (Kbps)		US $/ month	Features
				Down	*Up*		
Republica Dominicana	Tricom	Turbo ADSL	ADSL	512	512	132.00	
Grenada	C&W	XNET 768	ADSL	768	256	139.10	
Antigua & Barbuda	C&W	Premium	BWA	512	128	183.10	
Uruguay	Antel	1,024 Empresariales	ADSL	1,024	256	192.50	
Bolivia	COTAS		ADSL	1,024		195.00	
Saint Lucia	C&W	XNET 1544	ADSL	1,544	512	219.80	
Belize	BTL	DSL	ADSL	1025	256	265.00	
Grenada	C&W	XNET 768 (Business)	ADSL	768	256	307.90	
Antigua & Barbuda	C&W	Delux	BWA	1,024	256	366.60	
Trinidad & Tobago	TSTT	Business 4	ADSL	512	128	467.72	

NOTES

1. This Green Paper is based on a companion to a larger research report funded by the IADB and prepared by consultants Peter A. Stern, Russell Pipe and Annalee Babb and the CRNM under the same project terms of reference.

2. In 2006, India exported about $25 billion in IT services and IT-enabled business services (business process outsourcing). India accounts for 65% of the global industry in offshore IT and 46% of the global BPO.

3. Jorgenson, Ho and Stiroh, *Lessons from the US Growth Resurgence*, January 17, 2003.

4. ICT and Economic Growth, Evidence from OECD Countries, Industries and Firms, Organization for Economic Co-operation and Development, Paris, 2003.

5. Improving Competitiveness and Increasing Economic Diversification in the Caribbean: The Role of ICT, InfoDev/World Bank, Washington 2005.

6. Ibid.

7. Broadband refers to a high-capacity, two-way link between an end user and access network suppliers capable of supporting applications beyond simple voice and messaging. While there is no common definition of what constitutes broadband in a data communications network, generally speaking, any speed which is higher than that which can be obtained through source encoding and modulating a common voice channel (usually 64 kilobits per second or Kbps using for example pulse code modulation) can be considered to be broadband. However, for practical purposes, a minimum requirement for "high speed" that is practical for business applications and even residential use is download speed from the Internet of at least one megabit per second.

8. The theoretical cell radius of wireless systems such as CDMA operating in the 450 MHz band is nearly 50 km. (giving a cell coverage area of 7,521

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

km2) which means that theoretically at least all of Barbados (431 km2) could be covered with the signal radiation from one base station located at the middle of the island. Because of this, the commonality of design which makes it a commercially available standard (ensuring that both the terminal and network equipment are produced in large quantities, resulting in decreasing prices), the possibility of deploying broadband systems that can simultaneously transmit high speed data, voice and VoIP and good in building coverage there has been growing interest in using the 450 MHz band and, in particular, CDMA 450 technology for rural, suburban and sparsely populated areas for both mobile and fixed applications.

9. A 1 Mbps down / 256 Kbps up service with a 10 hour usage limit costs US$ 10.70 per month. The same service with no limit costs US$ 21.70.

10. http://www.casasanblas.com/.

11. Columbus Communications has controlling interests in Cable Bahamas, the Bahamian cable TV operator, New World Networks which owns 92% of the ARCOS cable system, Columbus Communications Trinidad, the cable TV operator, and Merit Communications, a Jamaican Broadband operator. Flow completed building FibraLink, a submarine fibre optic cable system between Jamaica and one of the Arcos cable stations in the Dominican Republic in March 2006. In June 2006, Flow acquired S.A.U.C.E. a cable TV operator. It plans to acquire other cable TV operators and eventually build a nation-wide cable TV/Internet access network on the island. See also Flow Press Release "Flow acquires S.A.U.C.E. Communication, Kingston, Jamaica, 9 June 2006.

12. See Section 35 of The Bahamas Telecommunications Act, 1999.

13. Not all prices on these two tables are strictly speaking comparable because: (i) the current market prices shown for routes other than in the Caribbean are for leases between points of presence (pops) and do not include the local loop (i.e. the connection to the customer's premises) which in the Caribbean at least can be quite high. For the Caribbean, some of the prices shown do include the local loop, at least on the Caribbean side, as these are generally provided by the same operator (Cable & Wireless) that also provided the international link; (ii) prices for some routes in the Caribbean do in fact include IP Transit; that is, connection to the Internet in Florida or New York. These can be offered at lower prices because capacity is shared among several customers; (iii) some of the Caribbean offerings are only for ½ circuits; that is, without the lease of the distant half which is provided by another operator. The tables do, nevertheless, indicate that there are significant price differences for leased circuit capacity in the Caribbean and elsewhere where there is competition in this area.

14. The price of Internet Transit services is usually cheaper for a given capacity of circuit because the Internet service is usually shared with other users as opposed to a dedicated circuit.

15. Call for bids for the awarding of two or three mobile and one or two fixed telephone licences was made at a press conference in August 2002. There was no formal public announcement in the Official Journal or other government document. Criteria by which the Ministry was to evaluate the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

bids were issued only after some 25 expressions of interests had been received. There was no formal process for receiving and responding to questions. These were done more on an individual than a collective basis and there was no formal process of acknowledging receipt. No decision on the award of licences had been reported by the end of 2006.

16. The provisions in the Telecommunications Act also do not deal adequately with new types of services such as Internet.

17. Today an investor who wants to build a submarine cable system connecting several points in the Caribbean has to deal with different rules and conditions in getting authorizations to construct and operate the cable in each country. For example, one investor in a submarine cable network figured he could have saved about US$ 2 million in marine costs if he would have received construction licences for all potential landing points in time. This was the additional cost of sending the cable-laying ship back to pick up the extra cable required to connect the country where the granting of the licence was delayed.

18. This refers to a service, usually other than a public telecommunications service, using a telecommunications service that modifies the form, content, code, protocol or other similar aspect of the communication, restructures, adds, or supplies information or permits users interaction with information.

19. A Telecommunications service, used by a closed user group, operated without interconnection to a public telecommunications network enabling telecommunications to persons other than the members of such group.

20. A document regularly issued usually only by dominant firms stating the terms and conditions at which they will provide access to specified services. This document must generally be approved by the regulator.

21. See also: Thomas, Michele, The Benefits of Regional Harmonization in Spectrum Management, and De Freitas, Donnie, The Case for Regional Harmonization, both presented at the 10th CTU Policy Seminar, Port-of-Spain, 18–19 October 2005.

22. This project is structured around a programme of training, fieldwork (audits and monitoring exercises), face to face consultations and the development of a policy framework for regional harmonization. In addition, the project will establish a common data base for spectrum and frequency allocations for the region. The long term goal will be to harmonize procedures and to cooperate on spectrum monitoring whereby it would be possible to share equipment, staff, and data. The CTU proposes to deal comprehensively with one significant policy area each year through training programs, fieldwork and consultations.

23. Adopted from Ceferino Namuncurá, Convergencia y armonización para la inclusion digital, IX Cumbre, Regulatel/AHCIET, Sonsonate, El Salvador, July 2006.

24. See: Michele Thomas, "The Benefits of regional harmonisation in Spectrum Management", presented at the 10th CTU Policy Seminar, Port-of-Spain, 18-19 October 2005.`

25. Green Paper on the Development of a Common Market for Telecommunications Equipment and Services, COM (87) 290.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

26. Council Directive 92/44/EEC of 5 June 1992, on the application of open network provision to leased lines.

27. Peter A. Stern, Promoting Investment in Information and Communication Technologies in the Caribbean, Economic and Sector Studies, RE3-06-001, Inter-American Development Bank, Washington, May 2006,
http:// www.iadb.org/publications/index.cfm? language=English

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 14

Rationalising Air Transportation in CARICOM: Opportunities and Challenges

Jean Holder

In 2006, British West Indian Airways (BWIA) West Indies Ltd will be 65 years old, Leeward Islands Air Transport (LIAT) Airline 50 years and Air Jamaica 37 years old. As West Indian institutions they share with the University of the West Indies (UWI), West Indies Cricket and the Caribbean Community (CARICOM), a claim to longevity and survival in the face of major challenges, which must say something about their socio-cultural and economic importance and the emotional attachment of Caribbean people to these entities.

More recently, as the airlines' debts have escalated significantly and claims continue to be made by them on the public purse for financial support, either in the form of provision of letters of comfort, guaranteeing commercial loans, guaranteeing other transactions or infusion of additional equity, there have been strident calls for drastic action to put an end to what is seen as a perpetual haemorrhaging of government funds. These calls have ranged from the need for governments to privatize the carriers once again, (which of course, historically, did not result in the cessation of government financial support), to cutting the financial life line altogether by closing them down and depending entirely on foreign carriers or to restructuring the three government-owned carriers into one regional carrier. For some, this latter course of action is seen, mistakenly, as an easy and obvious solution to the problems of regional air transportation. This we will discuss later.

This chapter seeks to locate the discussion in the context of the financial performance of both the global air transportation sector and the Caribbean airlines. It discusses the role which transportation of every kind plays in socio-cultural and economic development, including that of this region, and the importance of regional carriers in that mix. It addresses some of the threats and opportunities facing the regional carriers and attempts by management to stabilise, restructure

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

and grow the airlines as individual and separate carriers. It argues that these individual efforts are unlikely to bear any fruit unless they pursue a radical change of business model from what they have used until now. The paper also examines a number of abortive efforts in the region to form a single airline and concludes that, provided certain conditions are met, regional carriers have a far better chance of survival and profitability, if the three government-owned carriers pursue some kind of consolidation and cooperation with each other.

Global Air Transportation Financial Performance

In assessing the financial performance of the three Caribbean carriers being discussed here, it is easy to discern an almost knee-jerk reaction, especially by Caribbean people and Caribbean media, to ascribe their losses either to bad management, resulting directly from government ownership or to some alleged infelicitous practices by former private sector owners. The terms "loss-making" and "cash strapped", while true, are adjectives that automatically attach to these carriers in every news item, while totally absent when the media speaks of the global legacy carriers which have lost billions of United States (US) dollars. In fact, the state of the global airline industry and the reasons for their poor financial state is treated as an irrelevance to the situation of Caribbean carriers.

In 2005, according to Giovanni Bisignani, Director General of the International Air Transport Association (IATA), the Global airline industry faced a loss of US$6 billion in 2005, its fifth successive year of net losses. The fuel bill which he said accounts for 22 per cent of the industry's total costs, (and in fact is a much higher percentage in the Caribbean) has jumped by US$39 billion in two years. Global airline accumulative net losses were forecast to reach US$42 billion in the five years, 2001-2005. US carriers had net losses of US$9.1 billion in 2004 and they were unable to hedge their fuel requirements significantly because of their weak finances and low credit rating. Efficiency gains could not make up for structural problems in the US, where labour costs remained high and low cost competition had continued to drive down yields or average fares at leading hub airports. In Latin America, the majority of carriers were technically bankrupt. In Europe where airlines in 2005 saw a profit of US$1.4 billion, consolidation had helped

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

capacity management, while Asia Pacific carriers saw a profit of US$2.6 billion by having the competitive advantage of low labour costs, and strong growth fuelled by China.

In September 2005, Delta Airlines and North West Airlines joined a long list of US carriers that have sought sanctuary from creditors under the US system of Chapter 11 bankruptcy protection.

United Airlines, America's second largest carrier is there already. Its new strategy is to shift more capacity into international routes and is becoming a serious player in Caribbean air services.

US Airways which went into bankruptcy in 2001, soon after 9/11, came out in March 2003 and returned in September 2004. Internal costs have weighed them down. Massive wage bills and commitments to pension funds are proving difficult to meet.

North West, which was losing about US$3.9 million per day, sought to reduce its costs by asking employees to give back some US$1.3 billion in compensation and benefits. Chapter 11 permits these companies to pay a fraction of their debts, while they keep trading and restructuring and convincing unions and employees of the need for severe pay cuts, layoffs and scaling back commitments to pension funds. It should be noted that the only country in CARICOM which currently has this Bankruptcy legislation under which companies could obtain such protection is Barbados and it has only been used once.

More than 50 per cent of American carriers, by seat capacity, are now legally bankrupt. 9/11 has often been blamed for the financial disaster which American Legacy carriers, operating the Hub and Spoke model, have become. It is probably truer that the over-capacity created by the US government's deregulation of the sector in 1978 has been at the root of the problem, while creating the environment in which Low Cost Carriers (LCCs) could rise and flourish. But more of this later.

"Hedging", or "buying forward", has traditionally been the mechanism used by prudent airlines to protect themselves against future fuel price hikes. In June 2005, however, British Airways News reported as follows: "The cost of hedging jet fuel for next year is near record levels in Europe, threatening more pain for airlines in 2006. It is currently more expensive for airlines to buy jet fuel for delivery in 2006, than it is to buy fuel for use now. Prices for transport fuels are being driven by rising global demand, led by China, and by a lack of spare refining capacity for distillation products - diesel, heating oil and jet fuel".

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Fuel for the first quarter of 2006 was estimated at US$67 per barrel. In August 2005, Jim Rodgers, US commodities guru, was predicting that fuel would eventually soar to more than US$100 dollars a barrel, although he was not sure when it would reach there. No one, including Goldman Sachs, one of the biggest financial traders in the commodities market, believes that the price of a barrel of oil will fall below US$60 in the next five years. In January 2006, analysts were predicting that if the present nuclear dispute between the West and Iran dragged on, raising the possibility of Iran cutting production, oil prices could top US$70.00 per barrel.

There is some speculation that the situation could become better for the US airline industry in 2006 than it has been in recent years. Labour costs are now being driven down by the precarious situation of the airline industry and excess capacity is gradually being brought under control. It is a matter of interest that US Airways which has become increasingly important to the Caribbean, emerged from bankruptcy on September 27, 2005 in a merged partnership with America West. It was able to raise US$866 million immediately in a stock sale and since then the stock has doubled in value. It is this and other recent mergers that may point a way to the future viability of Caribbean Carriers.

The Performance of Caribbean Carriers

Air Jamaica

Having examined the performance of the world's airlines in general, I now turn to the Regional carriers.

This chapter does not seek to explain the poor financial performance of Caribbean airlines over the years, simply by pointing to all the losses currently being sustained by almost 90 per cent of the world's airlines. In fact, in reviewing the long history of Caribbean airlines, some explanation is needed of their poor financial performance and no attempt will be made to avoid doing this. But common sense would suggest, especially in recent years, that they are victims of some of the same circumstances negatively affecting global air transportation and that, as is the case with human health, weak constitutions are unlikely to easily resist attacks by virulent viruses, unless strong remedies can be found.

In 1994 Air Jamaica which was owned by the government of Jamaica and which had accumulated debt of US$131.8 million, was

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

privatized. It was taken over by Air Jamaica Acquisition Group (AJAG), Comprising 70 per cent Jamaican, Gordon "Butch" Stewart's business interests, 25 per cent government and 5 per cent employees of the airline.

Between 1994 and 2004 under the ownership of AJAG it had amassed debt of some US$700 million, which, when added to the original debt, gave it a total debt of US$832.9 million. Throughout the period of privatization the government of Jamaica had found it necessary to provide financial support to the tune of US$394 million in cash and US$134 million in guarantees, to ensure the survival of an airline which, in its considered judgment, had become critical to the growth and success of its tourism industry.

In my opinion, Air Jamaica was caught between an expansionist policy dictated by the tourism needs of Jamaica and a cost structure that could not be sustained by the revenue earnings of the airline alone. It was suffering from a malady being widely experienced by legacy carriers at this time; high fixed costs representing some forty per cent of operating costs for fuel, maintenance, aircraft leases and staff costs; intense competition in the market place and increased expenditures for insurance, regulatory and safety requirements which had become mandatory since 9/11.

By the end of 2004, when losses were estimated at US$99 million for the year, AJAG recognized that it could not inject the capital needed and the government of Jamaica saw its only practical course as the retaking of ownership of the national carrier. In December 2005, the Sunday Observer of Jamaica projected that Air Jamaica's losses under government ownership in 2005 would amount to US$130 million.

BWIA West Indies Limited

BWIA was started by a New Zealander Lowell Yerex, in 1940 and taken over by British South American Airways (BSAA) in 1947. In 1949 BSAA merged with BOAC and BWIA became a subsidiary of BOAC.

In 1961 the Government of Trinidad and Tobago acquired most of the shares in BWIA from BOAC and in 1967 owned the airline outright. In 1980 the airline merged with Trinidad and Tobago Air Services and became BWIA International. In 1995, BWIA International was privatized and the majority control turned over to a

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

private group of US and Caribbean investors. At the beginning of 2000, BWIA was renamed BWIA West Indies Limited.

The number of times that BWIA has turned a profit in its 65 years can be counted on the fingers of one hand. In 2003 it made a loss of US$28 million and in 2004, US$140 million. It is to be noted that it sustained these persistent financial losses under both private and public sector, local and foreign ownership and frequently had to be bailed out by repeated injection of funds from government. By the end of 2004, like Air Jamaica, it was taken over by the Government of Trinidad and Tobago in an effort to ensure its survival.

LIAT (1974) Limited

LIAT began life as a small private airline in 1956, flying between Antigua and Montserrat. In 1957, 75 per cent of its ownership was taken over by BWIA. At the beginning of the nineteen seventies LIAT was sold by BWIA to the UK company, Court Line, which itself went bankrupt in 1974. The current company was reborn as LIAT (1974) Ltd, when Caribbean countries took over ownership to preserve what had become an essential air transportation service in the Eastern Caribbean. LIAT became in a real sense, a Caribbean airline, not only owned by Caribbean shareholders, but flying on a daily basis to some 20 Caribbean destinations.

Like Air Jamaica and BWIA, majority ownership changed from public to private ownership and back, depending on the financial fortunes of the carrier. Public ownership went from 30 per cent in 1996, to 44 per cent in 2002, to 65 per cent in 2004, to 73 per cent in 2005. It is interesting that BWIA has always featured among the private shareholders of LIAT, from the largest individual public or private shareholding of 29 percent in 1996, to the present 11 per cent in 2005.

What all three of these government-majority owned airlines have in common is the large size of their accumulated debt. By 2004, LIAT had an accumulated debt of US$85.1 million (EC$230 million) and was losing money at the rate of about US$1.1 million (EC$3 million) a month. In 2004, it lost US$18.3 million (EC$49,483,000) and in 2005 US$9.95 million (EC$25,912,000). Fortunately LIAT's losses in 2005 were half of what they were in 2004 and seem to be moving in the right direction. We will explain why this is so later.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Global Losses

The almost universal nature of financial losses that are currently affecting the global airline industry should provoke a number of questions; why are the economics of air transportation apparently defeating some of the most powerful companies and the financial minds of those who run them? Do those who own and operate the Low Cost Carriers (LCCs) which are coming into the market and apparently making profits know something legacy carriers do not know and have minds far more brilliant than all the others? Are the LCCs required to provide the same level of air transportation service across the board as the legacy carriers? It is a matter of some interest that one of the best known LCCs, JetBlue, lost US$42 million in the last quarter of 2005, pushing it into the red some US$20 million for all of 2005. Is this a trend? It also expects to lose money in 2006.

Some of the answers might be found in a wider examination of the role of transportation in socio-cultural and economic development and by extension, of the role of global and regional air transportation.

The Role of Air Transportation in Socio-cultural and Economic Development

Let me begin by asking a number of other questions as follows:

1. What are our expectations of any type of transport system?
2. How should we calculate Return on Investment (ROI) of funds invested in any kind of public transportation system, whether it is provided by the public or private sector?
3. Why do both public and private investors keep pouring money into the loss-making air transportation industry?
4. Should making a profit be a necessary condition of a public transportation system being allowed to operate?
5. What are the advantages of owning some portion of your own transport system?

These questions all relate to the role of transportation in the socio-cultural and economic development of a country.

In any functioning economy in any part of the world, there is an expectation that arrangements will be made for those who live and work in that society to travel to and from work and to move around for other societal purposes. The critical role of transportation is demonstrated by the following practices: in the case of ground

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

transportation, quite ordinary private persons invest perhaps the largest amount of their money, other than buying a home, in purchasing a car, often through a loan, at high rates of interest. They then pay ever increasing amounts of money to keep it full of gas and for its maintenance, repairs, licensing, insurance and parking. In nearly all cases where governments introduce punitive fiscal measures to reduce the number of cars imported, private citizens decide that no sacrifice is too great to keep their cars and continue to buy more and sometimes bigger cars. What governments lose in foreign exchange they gain in tax revenues.

For all the others for whom private transport is either unaffordable or inconvenient, there is an expectation that public transportation by road or rail will be provided not only at an affordable cost to the poorest passenger, but often on routes to places where the operator could not possibly make a profit. Transportation is a "public good" and the citizens, residents and even visitors, expect it as a right. As they go to school or work, transaction of business, and other legitimate and even illegitimate pursuits, the least of their concerns is whether or not the bus, coach or train is making a profit. It is an essential service. Their expectation therefore is that it will always be available and the state of a country's transportation is one of the key indices of its level of social development.

The "Return on Investment" in a public transport system which operates a network comprising a mixture of commercially viable and socially desirable, but economically unprofitable, routes, according to a fixed schedule, can never be fairly assessed simply in terms of the profit and loss analysis o the company itself. Moreover, comparisons with privately owned transport vehicles which operate a number of point to point "gravy" routes at times of their own choosing, are quite inappropriate.

The validity of none of these points suffers in any way when we speak of international and regional air transport and when we make the comparison between the performance of the Legacy carriers and that of the Low Cost Carriers.

Legacy Carriers which are locked into a number of contractual obligations with Unions staff and airports operate a costly and a complicated network of Hub and Spoke routes according to fixed schedules. There are also certain expectations of the customers about levels of services, which run from different Cabin classes, to things like food, pillows etc. American Airlines found, for example, that if, after

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

flying a full Jet service from major American Gateways into Puerto Rico, it had to take an almost empty scheduled Jet service on to small Caribbean islands, it was bound to incur serious losses. Hence the uncomfortable turbo-prop Eagle service of two and a half hours replaced the onward Jet service. But now those Caribbean people flying to and from Puerto Rico especially to shop, had a difficulty with baggage allowance and, speaking of linkages, shopping in Puerto Rico took a beating as a result.

The LCC model, in contrast to the Legacy model, has the following attributes:

- A single passenger class.
- A single type of aircraft which facilitates and lessens the cost of both training and maintenance (Boeing 737s and Airbus A320s are popular with large LCCs).
- A simple fare scheme – typically fares increase as planes fill up, which rewards early reservations by customers. These fares are paid in cash to the airline which under the old fashioned distribution system received its payments from anything like 30 to sixty days late.
- Short flights with fast turnarounds – allowing maximum utilization of aircraft.
- Emphasis on direct sales of tickets, especially via the internet (avoiding fees and commissions paid to travel agents and global distribution systems (GDS) like Sabre, Amadeus and Galileo) which are very expensive.
- Simplified route structures that emphasize "point to point" transit more than "Hub and Spoke". Point to point travel, incidentally also lessens the chances of losing baggage.

LCCs have discovered that as they go and try to copy some of the practices of the Legacy carriers which they seek to replace, they begin to lose money. They are discovering that low price is not the panacea that they thought it was and that when they run into difficulties for any reason, technical or otherwise, they have no fat to trim.

Return on Investment of Caribbean Carriers

This brings us back to the ROI of Caribbean Carriers. In 2005, the Massachusetts Institute of Technology (MIT) International Centre for

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Air Transportation conducted a counter-factual analysis, by determining the value of air transport to Jamaica in a circumstance where there is no Air Jamaica, and then subtracting the value of the economic contribution in the case where Air Jamaica exists.

The study led by Dr. John-Paul Clarke, associate professor of aeronautics and astronautics, determined that at the lower end, total direct and indirect contribution of the airline to the economy of Jamaica between 1994 and 2004 was US$3.937 billion. At the top end, it was approximately US$7 billion.

This work done by MIT, suggests that study of the impact of regional air transportation on the socio-cultural and economic life of the Caribbean Community could be a useful area of concentration for UWI researchers. One needs to factor into the equation the fact that the Caribbean is economically four times more dependent on tourism, of which air transportation is an essential component, than any other region of the world.

Investing in Loss-Making Carriers

This brings us back to the question "why do people continue to invest in these loss-making carriers, which is the very last thing they really want to do"?

If this were only done by governments it would be easy to blame this on their perceived lack of good sense and financial irresponsibility. But none of the USA Legacy carriers are owned or managed by governments.

The simple answer to those who wonder why public and private sector entities keep pouring money into all kinds of loss-making transportation systems, both ground, air and sea, is to keep them operating. Where the operation cannot be sustained by making a net or even an operating profit, common sense dictates that the service must be subsidized. The answer is how and by whom.

When we cease to be able to move people, cargo and mail from one place to another and from one country to another, that is the day when life as we know it in the 21st century ceases to exist. Where no such traffic of people and goods which is vital to commerce, negotiations and social intercourse exists between members of an economic Community, it is difficult to see how the Community principle could work. For the provision of this critical bridge, therefore, there is a cost. Who then in the Caribbean Single Market

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

and Economy (CSME) should bear it, if it proves an onerous responsibility? Who should have ownership of so critical a service?

Close down the Caribbean Carriers and let the market decide

For some, the answer is, to close down the Caribbean carriers and "Let the market decide", probably the four most ominous words ever heard by a developing or under-developed country … the same market that decided that millions of African slaves were needed to make sugar profitable and which recently dictated a significant cut in the price to be paid by Europe for our sugar and bananas in the European Market.

I hear it said all the time: "if there is an air transportation opportunity, foreign carriers will fly the Caribbean routes and the tax payers of other countries will meet the costs". Who says so? "An opportunity in whose opinion"?

This kind of thinking is encouraged by the fact that recently the number of airlines flying to the region has increased significantly and fares are possibly at an all-time low. But according to a recent IATA study, there are more airlines currently flying to the Caribbean, but fewer seats in 2005, than in 2004.

The cheap fares will, in my opinion, lead to a shakeout in the near future, because the economics of international air transportation were not intended to work with US$60.00 to US$70.00 dollars a barrel oil, but with a cost closer to US$26.00.

The decisions of foreign carriers by air or sea are made in the Board rooms of those enterprises according to their best interests as they perceive it. We see this every day with the decisions made by the foreign owned Cruise Lines about their itineraries. Since 9/11, many ships have been repositioned, for security reasons, at US ports to which passengers can drive, instead of at Caribbean ports, to which they would have to fly and the number of shorter cruises has increased also because of increased fuel costs. As a result, the number of cruise ship passengers to places like Belize, Panama and Mexico in the Northern and North Western Caribbean, which are nearer to the US ports, has increased exponentially, while that to places in the Southern Caribbean, like Barbados and beyond has decreased. These decisions are made for us, not by us.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Similarly, without underestimating the role of effective marketing or clever negotiations by any country, the increased number of airlines flying to the Caribbean is not necessarily dictated by circumstances driven by the Caribbean. When the global conditions outside of the Caribbean are hostile to carriers, they come here in droves. And if they have some spare equipment and some Caribbean country is going to give them financial support to fly, why not? But if, after a while the flight does not seem to be making a profit, the arrangements are quickly brought to an end. We see it all the time. Foreign carriers enter agreements with Caribbean countries to provide a service, and to provide it, at a cost to the country for a specified period of time, and often, with little or no notice, they withdraw it. Right now the major legacy carriers are concentrating on more profitable long-haul international flights with less competition from the LCCs. But, as we have seen, the LCCs are beginning to follow them into the Caribbean, with JetBlue in the North and Spirit in the South as leaders.

One thing other region should never do, if it can be at all avoided, is to provide a private company, with a monopoly in delivering an essential service. Further, it is unreasonable to expect a private company, especially a foreign one, to deliver a social service at a loss.

In 2005, the World Bank joined the chorus of those who advised that Caribbean governments should consider ending funding to loss-making regional airlines such as BWIA, LIAT and Air Jamaica and allow them to fly or fall as the market dictates. This is the same World Bank which in the 1980s closed down its tourism division and argued that tourism was not a sustainable sector of economic development. However, in its report on the region in June 2005, with the clarity of some 25 years of hindsight, it wrote as follows "preferences have diverted energy and attention from sectors that could have been more competitive … on the other hand, tourism which for many countries has been the mainstay of exports and growth, has not relied on any preferences from other countries". It was reprimanding the Caribbean for not relying more on tourism.

The view that Caribbean countries should get out of the air transportation business and leave it to the legacy American carriers was a view often expounded to me by senior management of certain American carriers while I was Secretary General of the Caribbean Tourism Organisation (CTO). What is interesting is that the US

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

government prevents foreign companies from owning airlines in the USA, protects many routes in the USA under existing bilateral agreements, subsidizes loss-making private sector carriers from the US Treasury from time to time, and permits carriers described as "walking dead" to restructure themselves under Chapter 11 of the US Bankruptcy Act, while sheltering from their financial obligations to creditors, banks and staff.

On the other hand, the Caribbean which has an Open Skies policy with the USA that encourages stiff competition, even from Charter airlines, does not have the same access to Bankruptcy protection, and no Treasury with deep pockets like that of the USA.

US Air transportation deregulation in 1978, removed protection from certain domestic American routes which led to "dog eat dog" competition between the carriers and began their financial instability from which they have never recovered. While this provided many consumers with low fares provided by many Low Cost Carriers, it also threatened to cut off a number of people in small USA communities from air transportation services. To prevent this happening, subsidies had to be put in place to keep planes flying. Such subsidies still exist. European airlines are subsidized indirectly to the extent of 9 billion Euros a year by not having to pay aviation fuel taxes and the direct subsidies to the railways run into some 39 billion Euros.

Why is the provision of subsidies where they are thought critical to the preservation of a service, right for the USA and Europe but wrong for the Caribbean?

Another point that is often ignored is that international airlines services are regulated by Bilateral Air Agreements between countries. Air routes and air lines are property and countries which have locally owned airlines have bargaining chips to use not only in negotiating with foreign commercial companies, but also with foreign governments.

It needs to be said also that the option for Caribbean "cash-strapped" countries to close down Caribbean "cash-strapped" carriers is not as simple as it seems. Apart from any considerations of added-value they bring to the economy, these carriers have many financial obligations, including those to staff (3000 at Air Jamaica), (2588 at BWIA), (782 at LIAT), to banks, to suppliers, to lessors, to Bond holders, to governments, etc., which, on closure of the carrier, would have to be settled by the shareholders. A recent exercise at BWIA demonstrated that while it would cost US$250 million to restructure

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

BWIA, it would have cost US$350 million to close it down. It is also likely that if LIAT were liquidated, pursuant to any statutory provision (such as a bankruptcy or a winding-up order), there would be a shortfall to unsecured creditors of at least EC$200 million.

In view of all the above, it is being strongly recommended that Caribbean countries do whatever they can to ensure that ownership of a significant portion of air transportation services operating in and to this region, remain under Caribbean control, whether private or public sector. To do otherwise is to make themselves vulnerable in an area of critical importance to their socio-economic development and to their security in many interpretations of that word.

So where are we now and how are we to achieve this limited, but important objective?

Diagnosing the Problems, Stabilizing the Companies, Restructuring both the Finances And the Operations and Restoring them to Some form of Profitability

It is hoped that the facts, as presented so far, explain why Caribbean governments at the end of 2004 have once more been forced to become major shareholders in Air Jamaica, BWIA and LIAT. Those who believe that they did so willingly or for frivolous reasons, insult their intelligence and fly in the face of the facts.

Whatever the logic for such ownership, however, there comes a point at which Caribbean governments simply cannot afford any longer to meet the costs of keeping the carriers afloat with large injections of cash from the public purse. The end of 2004 was a make or break period and Caribbean governments were at the end of their tether.

At the end of 2004 privatization was not an option that could be taken seriously. It had been tried several times before, without a great deal of success and, in any case, private shareholders at the end of 2004, were not exactly tripping over themselves to put equity into companies that were, by any accounting standards, insolvent. In brief, their liabilities far outweighed their assets.

Merging them immediately into a single airline was not an option, since, as is explained below, this was more difficult than many

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

people realized, and also because as one minister said of BWIA and LIAT, marrying two dead horses would not make one live and kicking horse. Closing them down was not a simple option, for all the reasons giving above.

Caribbean government shareholders, faced with this dilemma, decided that the focus in 2005 would be to diagnose the airlines' problems and take whatever radical steps were needed to stabilize the companies, including injecting more equity, restructuring their management, finances and operations and seeking to restore their operations to a break-even level, if not a level of profitability, at which point they might become once more attractive to private investment.

With the dawn of the year 2006, the government shareholders of the three carriers, Air Jamaica, BWIA and LIAT have to address with brutal honesty, the question of whether or not these three airlines can be made viable either individually or in some form of cooperative arrangement with each other. The rest of this paper is dedicated to indicating why there is a need for an immediate restructuring of the individual carriers, analyzing why individual long-term viability is still difficult and pointing to some solutions in the direction of cooperation.

I have decided to choose LIAT as a case study, since it is the carrier with which I am most familiar. But I am sure that its situation will have some relevance to the other two carriers.

The LIAT Case Study

Diagnosis

There is something called Airline Distressed Syndrome (ADS) and LIAT has, from time to time, suffered from some, if not all, of its symptoms, namely, under-capitalization leading to serious losses; over-politicization; strong unions which can delay change; over staffing and low productivity; no clear development strategy, resulting in an overextended historical network; inappropriate and aging fleet and too many aircraft types; bureaucratic management, with a pyramidical management structure and a reluctance to take decisions; and poor quality service.

In spite of the often repeated statements that LIAT has received and spent large sums of money badly, the truth is that LIAT has never received the amount of money it needed to do the things it

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

needed to do and, moreover, never received it at the time when the money was required.

In 2000, for example, LIAT made a case to its shareholders that it needed an injection of equity capital of US$31.4 million, (EC$85 million) by that summer, to put a recovery plan in place. Five years later, between 2000 and 2005, only US$26.9 million (EC$72.7) of the amount required was actually received from shareholders and it will be remembered that only one year after 2000, 11 September 2001 to be exact, the airline industry descended into total chaos as fuel, security and insurance costs skyrocketed as a result of terrorism. These developments were also accompanied by a trebling of LIAT's competition when in 2000 Caribbean Star came to Antigua as a direct competitor, the schedule of which matched LIAT's everywhere, by route and time of departure. This competition was also increased from American Eagle, Caribbean Sun and BWIA.

Poor service is not only about communication and staff attitudes. It is also about not having the capital to buy or lease the number of air planes needed to fly the agreed route structure and to do so every day, seven days a week, at the times agreed. It is about multi-stop schedules and intricate networks which incur high costs and easily lead to loss of baggage.

In addition, in 2000, LIAT had a staff of over 1000, which must have been one of the largest ratios of staff to seats in the world. It was suggested that the staff complement was padded by political intervention as a means of securing employment for some. Fortunately, by 2001, under new management, LIAT's staff was reduced by some 30 per cent and today stands at slightly over 700 persons.

In 2000, LIAT had articulated a two phase restructuring process; phase one to stabilize and restructure the airline with shareholder support; and phase two to take to the market an airline which had been restored to solvency and profitability and to seek equity investment from the private sector for growth and sustainability. A new Board of Directors which took office on 27 August 2004 found instead a massive accumulated debt and unsustainable levels of monthly losses and decided on a course of drastic change, even if high risks were involved. It had to find more bearable arrangements for dealing with the large debt that could not be written off, a means of cutting its losses, increasing its revenue and establishing a business

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

model that would permanently reduce the cost base of the airline. The task it set itself therefore was to seek to do the following:

- Renegotiate a large debt with a foreign country.
- Reschedule its debts with major creditors for spare parts, plane leases, etc.
- Reschedule its debts with banks and governments.
- Negotiate with governments for the provision of Reserve Maintenance Guarantees, which would remove from LIAT the need to pay large amounts of cash every month to be held in the escrow accounts of lessors against the proper maintenance of leased planes.
- Negotiate with staff and some eight unions which involved increased productivity incentives;
- Drastically reduce the cost of sales by introducing an entirely new Distribution system, called Navitaire and replacing the far more expensive Global Distribution System (GSA), Sabre. This system brought new ways of dealing with reservations, check-in, on-line bookings, revenue management and flight operations systems.
- Introduce ticket-less travel.
- Introduce a new low tariff system.
- Expand the fleet by increasing both the size of plane and the number of aircraft, from 11 Dash 8s comprising 7-300s and 4-100s to 13 Dash 8-300s by the end of 2005 and 15 by the end of 2006.
- Upgrade Marketing and Public Relations operations by creating a new commercial department headed by a Chief Commercial Officer (CCO).
- Introduce more Non-Stop and One-Stop flights.
- Cut unprofitable routes.
- Introduce an extensive staff culture change programme.
- Adopt a hybrid Low-Cost business model, modified to incorporate the fact that it operates smaller turbo prop equipment and also has a substantial "hub feed" market.

LIAT sought to reach an operating break-even point by the end of 2005 and a small operating profit by 2006. Its business plan was thrown seriously off-track as a result of a number of factors, as follows:

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

- It was starting the restructuring process at the beginning of 2005 with less capital than it indicated in 2000, that it needed then, to get the job done.
- There were some unforeseen expenses of and technical glitches in, the change over from Sabre to Navitaire in October 2005.
- LIAT encountered some resistance to change from partners who saw themselves losing revenue from those changes.
- The difficulties facing the LIAT staff in seeking to effect the change-over of systems in a very short space of time were also underestimated.
- Business was lost by having two planes go out of service for maintenance in November and December 2005, resulting in passengers actually being transferred to the competition.
- LIAT's communications machine did not work as efficiently as it should have when it was most needed.
- There were cases where the stresses and strains caused by change proved too much for inexperienced staff to maintain the expected level of good service to which the public has a right.
- There was a serious drain on cash reserves due to LIAT having to pay large amounts of cash to Lessors in cases where government guarantees could not be put in place by the time demanded by those Lessors.

Although some comfort can be taken by the fact that LIAT's losses were cut in half in 2005 and 90,000 more passengers flew LIAT than in 2004, the restructuring process has some way yet to go. At the end of December 2005, LIAT calculated that it still needed an additional US$10 million to complete phase 1 of the restructuring process.

At a meeting of two shareholder Prime Ministers with the Chairman of the Board of LIAT on New Year's Day 2006, it was made clear that any further financial support for LIAT would be given on the strictest of terms as follows: that a revised technical business plan met the approval of those investing in the company; and that both the financial and operating decisions were in future to meet only the highest commercial business standards.

This requirement has serious implications for the routing and scheduling of LIAT's flights and will require a second look at a number

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

of aspects of the company, including commercially unprofitable, yet socially desirable routes and the geographical location of some of its operations.

One may judge from various press reports that both Air Jamaica and BWIA are, in their own way, taking the steps necessary to restore their airlines to good health. There is currently no public information on how radical are the changes they are proposing to take with respect to their individual business models, but it is clear that the competitive environment in which they will have to operate will intensify and the entry into this region by LCCs, like Jet Blue and Spirit, is likely to make the competitive environment worse, rather than better, for the regional airlines.

So far, there is no policy statement from the Heads of Government of the Caribbean Community on the issue of One Regional Carrier and for the remainder of this chapter I will seek to make the case for it.

The Case for a Regional Carrier

Across the world, carriers and aviation authorities are adapting and changing in order to deal with the transition of their industry as this is presenting great challenges, particularly in small less developed niche markets. Governments are involved both in opening up their markets to encourage further traffic growth, while they are also investing in their national carriers to ensure that they become competitive and in many instances prepare them for privatization. An excellent example of the kind of change we are speaking about, is the Air France and KLM merger in 2004. In November 2005 they were able report exceptional growth in sales, profits and costs containment, especially in fuel, related to the synergies of the merger. The merger between US Airways and America West last September almost certainly saved US Airways from going under and has been welcomed by the market in a tangible manner.

Here in the region, we have seen some of these developments in other areas, for example, banking and insurance. What we have not seen with respect to our airlines, are the mergers, take-overs and strategic alliances in which the airlines of the world are engaged in seeking for example, economies of scale in their efforts to reduce unit cost; and the exploitation of the combined marketing strengths and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

advantages that are possible with a regional, if not global, position of dominance.

The creation of a single regional carrier is, of course, not a new idea. In April 1969, at a time when BWIA still owned 75 per cent of LIAT, the Hon. Kamaluddin Mohammed, Minister of West Indian Affairs of Trinidad and Tobago wrote:

> "*the integration process has for many years been hampered by the lack of fast, cheap and reliable inter-island transport* …" He continued, "*efforts are now being made to have BWIA designated the regional Air Carrier with participation by the other regional governments*".

We are all aware that this never happened. BWIA sold LIAT to a British company, Court Line, at the beginning of the nineteen seventies and in that same month in 1969 when Minister Mohamed was calling for a regional carrier, Air Jamaica was launched by the government of Jamaica with non-stop flights from Kingston and Montego Bay to New York and Miami. Its minority partner was Air Canada, not BWIA.

By 1972, the CARICOM Secretariat was totally frustrated with the region's failure in the area of regional air transportation. In that year it stated in a Report "there has been no progress whatever in developing a regional approach to Air Transportation. In this area, fragmentation, divisiveness and disintegration continue apace. Three member countries now have their own individual international airlines and the number of inter-regional airlines is multiplying daily".

In 1992, the West Indian Commission advocated a Single CARICOM Airline. Nothing happened.

In June 1993, the Caribbean Tourism Organisation, under my leadership, had a study done jointly by El Perial Management Services of Trinidad and Tobago and Aviation Management Services of Miami, Florida, on Functional Cooperation between Caribbean Airlines and presented it as a blue print to Caribbean governments. It identified about 33 possible areas of cooperation which were projected to lead to US$34 million of cost containment and US$31 million of revenue enhancement. The Miami firm had been involved in a similar study for TACA in Central America, which had been implemented with great success. Caribbean governments were then too busy privatizing their individual airlines to pay attention to CTO's recommendations, in the false hope that this would end the haemorrhaging of public sector cash used for airline bale-outs.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

By the mid nineties, each privatized airline had gone its own way developing completely different airline brands, until the end of 2004 when the governments were once again forced to retake ownership of the carriers in order to keep them flying. Perhaps, however, this government ownership of the three carriers offers the best and possibly the last change of exploring the One-Airline concept which has never really been tried.

The carriers seeking to be viable as individual units face many serious challenges:

- They operate in a capital intensive industry with small margins, a perishable product and a high level of fixed costs, some 40 per cent, over which the airline has little control. These fixed costs include fuel, maintenance, insurance and other security costs, leases of planes and payment for spare parts, and significant sums as Reserve Maintenance payments, unless shareholder governments are willing and able to provide the Lessors with guarantees which, in the case of companies with the financial profile of our carriers, are needed for every plane leased.
- There continues to be great uncertainty about how high the cost of some of the fixed inputs like fuel will go. There are clear advantages in buying in bulk.
- The smaller the airline, the higher the premium it pays for everything, which means that they pay more for the same product than large airlines do.
- A small niche carrier can only succeed if it has special features and lower unit costs than its competition. Hence the creation and success of carriers like Southwest, JetBlue, Ryanair and GOL. LIAT has introduced a hybrid version of the LCC model and it may be that this is the direction in which other Caribbean carriers may have to go to reduce their cost base. It is interesting that in Brazil, GOL has been able to operate very successfully in an environment in which unreasonable competition is controlled by the Government of Brazil.
- In the Caribbean where there is an Open Skies policy with the USA, the competition of all kinds, from legacy, LCC and charter airlines, is multiplying, exponentially. When the shake-out comes, as it will, it would, in my opinion, be tragic if no Caribbean carrier is left standing. LIAT is already competing

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

with a private operation which suffers equally high losses as itself, but has far deeper pockets which enables it to increase its capacity nevertheless.

- The regional carriers already have large accumulated debt to be repaid with interest, even when, and if, they reduce or get rid of their annual losses.
- There are major contractual obligations to staff, including Provident funds.
- As individual carriers, there is access to a narrower pool of management and other specialist skills needed in the airline industry, than if they were operating as a single carrier in a larger regional space.
- Government shareholders themselves are already carrying, generally speaking, too high a level of public debt in relation to Gross Domestic product. Calls upon the public purse by airlines need to be reduced, if possible, not increased.

It is therefore being strongly recommended that the Caribbean explores the Cooperation Option, not because it is fail safe, but because it brings to the table the critical mass which each carrier currently lacks and at least allows it to exploit a diversity of markets required by its tourism industry. There are a number of ways to go.

Strait Merger

The route of the straight merger is not being recommended here. In the Caribbean proposals for straight mergers, as for federations or unitary governments, often seem to run counter to the culture of the place and when tried, take a long time to settle down because of "the levels and dimensions of authority, leadership, power distribution, hidden special relationships and political interests."

A merger of Air Jamaica, BWIA West Indies Ltd., and LIAT faces the following challenges:

- The three airlines are owned by different countries, have different creditors and currently are differently branded, that is, they perform different roles as airlines.

Air Jamaica has for the past decade been branded as a major tool of the Jamaica tourism industry. Its marketing and promotion and its fare and route structure have been determined by this factor. It carries large numbers of ethnic traffic, but tourism has driven its

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

policy. It connects Jamaica and some Caribbean states to the tourist markets.

BWIA has largely been an ethnic and business carrier for Trinidad and Tobago, even though it also serves as a tourism carrier for the Eastern Caribbean, including Barbados. Of course, this could change as Trinidad, like Tobago, gets more into tourism. It too serves international routes.

LIAT is a Caribbean carrier, in the sense that it flies to 20 Caribbean destinations every day connecting all the states of the Caribbean Community and more. Of the 750,000 passengers who fly LIAT every year, only 30 per cent are classified as tourists. The others are Caribbean people going about their business every day from one country to another in the region. LIAT may be seen as the Community's bridge or even its bus service. The ratios of types of passengers could change and no one underestimates the importance of connecting visitors to flights departing to or arriving from the tourist markets, especially countries like St. Vincent and the Grenadines which to date have no international airport. But every community needs a bus service. Also, hopefully, a deepening of the Community relationships should foster the development of intra-Caribbean tourism in which more members of the Community learn to enjoy the wonderful leisure facilities of the region.

- The three airlines currently have different types of aircraft equipment, which has implications for training and maintenance. Air Jamaica has Airbuses, BWIA a mixed fleet and LIAT Dash 8s. In the days of leasing, however, this need not be an insuperable difficulty.
- Until recently, Jamaica had Category 1 status and Trinidad and Tobago and the Organisation of Eastern Caribbean States (OECS) Category 2 status. Recently Trinidad and Tobago achieved Category 1 status and there is an expectation that the OECS states will have it soon. Airlines operating under different rankings given by International Civil Aviation Organisation (ICAO) and the US Federal Aviation Administration (FAA) are not able to cooperate in many ways with one another or with airlines of the USA. Category 2 carriers, for example, are not permitted to code share with Category 1 carriers or to develop new routes in the USA.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Functional Cooperation

Functional cooperation seems to be the mechanism with which Caribbean states seem most comfortable and there are many examples of successful functional cooperation at both the public and private sector level, extending for long periods of the past century in the areas of religion, sports, unions, trade and industry, politics, etc. As was stated earlier, the CTO 1993 study on functional cooperation in air transportation demonstrated several possibilities for cost containment and revenue enhancement and there is much to commend these alliances.

Under this arrangement however, the airlines are not connected in any corporate structural sense and the arrangements which are purely commercial relationships entered into willingly by both parties, could be honoured more in the breach than the observance, if the parties are so inclined. But, even so, there is no reason why the commercial relationships that already exist to some extent between BWIA and LIAT, at the level, for example of interlining and code sharing, cannot be extended to all there carries immediately, and further extended when they are all in Category One to include other areas of cooperation. This does not need any political policy decisions.

Caribbean International Airways (Holding) Co Ltd.

The creation of a Caribbean International Airways (Holding) Company Ltd., (CIAH) is the third option and takes functional cooperation a step further by creating a formal relationship between the carriers, that nevertheless preserves important aspects of each company's identity. It is by no means a new idea, but was proposed for BWIA and LIAT and secured a high level of consensus, before the idea was suddenly dropped. It is an idea long promoted by people like John Gilmore and Ian Bertrand of El Perial Management Services who was a consultant for the project when it was first launched in 2003. This is therefore merely a call for it to be dusted off and re-examined and if possible, improved. The current CEO of LIAT, Garry Cullen, made a great deal of technical input into the discussion on CIAH at the time and much of what was said by him is drawn upon here.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

In May 2003, the governments of Antigua and Barbuda, Barbados, St. Vincent and the Grenadines and Trinidad and Tobago agreed to the creation of a Holding Company to include the operations of BWIA and LIAT. The company was actually registered in Port-of-Spain, Trinidad, but the government of Trinidad and Tobago withdrew from the process, for reasons of which I am not aware. Below I have set out how the Caribbean Holding Company (CIAH), which includes the three government-owned airlines, Air Jamaica, BWIA West Indies Ltd., and LIAT could be structured.

Corporate Structure and Ownership

A new corporate structure would now have to be created to take over the day to day management of the operations and businesses of Air Jamaica, BWIA and LIAT. The three existing airlines would maintain their legal entities, assets, route structures, operations and employees, but will become one combined operation under the direction of CIAH. CIAH would combine all revenues and pay all bills.

Corporate Fit

A good corporate fit requires that the three airlines satisfy the following criteria: sharing some common competition; a common equity base between at least two of the three airlines; a common cultural and organizational fit; the agreement of any external shareholders; complementary strategic objectives leading to a combined synergy; and complementary operations with two fleet types of Jets and Turbo Props.

Commercial Vision

A comprehensive integrated market-driven schedule would be introduced to meet the needs of the Caribbean ethnic market, the tourism industry and regional and international business and government travellers and shippers. In tourism, BWIA has had a long experience of Europe and Air Jamaica of the United States of America and it may be best to expand and exploit these strengths in the two market areas. LIAT has a dual responsibility, as the bridge connecting all the member states of the Community and as a feeder connecting service to the other two carriers serving the long haul markets.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Management, Staffing and Operations

There would be one senior management team and structure to run the network and integrated business.

Freedom of Movement

Employees of the three airlines would be included in the category of workers entitled to freedom of movement and employment in all the territories of the CSME; and Air Jamaica, BWIA and LIAT will be seen as one entity for purposes of aviation-handling, landing fees, operating licenses, route authorities, etc.

Airline Culture and Work and Rest Rules

Existing work and rest rules of the three carriers would be revisited to ensure that they are all consistent with today's competitive airline industry practices, while making sure that they meet the regulatory requirements and labour laws of the countries where the employees are located. As with the University of the West Indies, pay and benefits of staff located in different territories would have to be adjusted to suit the differences in the cost of living, foreign exchange, etc. These matters would however, occupy the attention of the various workers' representatives concerned.

New Investment and Partnerships

New investment would be invited into CIAH to finance its rationalization and growth with respect to fleet, airport facilities, route development, livery, employees' training and systems, etc. Current shareholders of the three founder carriers would have first call on the allocation of new shares in CIAH.

Making it Happen

Making all this happen is not simply a commercial arrangement. Much needs to be done at the level of policy. There is the need, for example, to take a close look at what are the transportation needs of the Community, taken as an integrated single market and economy and functioning as such and what role a single Caribbean owned carrier must play in it.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

If it is correct to conclude that the future economic development of the Community will depend largely on a robust and expanding tourism industry, then not only must this reality be factored into the mix in deciding what are the air transportation needs of the region that are related to tourism market development, but decisions have to be made to make a regional carrier viable, if not profitable.

And just as we need to decide, in terms of our visible exports, how much foreign competition is bearable and what level of protection is needed to protect an important infant industry, we also need to decide how much competition is enough in the area of air transportation.

GOL, Brazil's successful LCC, has been able to take advantage of Brazil's scaling back o its deregulation process. Brazil's department of Civil Aviation (DCA) has sought to control what it came to believe was excess capacity and too much competition. It now requires airlines to seek approval to add new aircraft, routes or additional frequencies on existing routes.

It is here being recommended that there should be a Common Air Transportation and Aviation Policy for the CSME and where necessary, a regulatory policy should be put in place to protect the vital air transportation assets of the region. It had been argued by this writer since the mid-nineties, that the wholesale US1978 air transportation deregulation, while it lowered the cost of travel to the consumer, would also create major problems for the airline industry. Well, it has.

From the perspective of financial support, if tourism and travel are the main plank of Caribbean development, then government and private sector financial policy should support air transportation, and regional development institutions like the Caribbean Development Bank (CDB) should see it as a prime focus of its funding. Government already subsidizes every aspect of land-based tourism on the grounds that it is critical export industry earning foreign exchange. If hotel rooms are one leg of tourism, then air transportation is the second leg without which it cannot stand.

At the level of the airlines themselves, they must have the courage to make radical changes to their existing business models. They need to demonstrate a great deal of creativity in the area of route management, pricing, human resource development, use of new technologies for purposes of distribution and yield management, selection of appropriate airline equipment, marketing and promotion,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

etc. If they continue to do business as they did it before, they will get the same result, that is, failure.

The airlines are challenged to seize the initiative and present Community governments with a workable blue print of what the ideal single regional carrier would look like and what it could achieve.

My impression is that Heads of Government do not wish to be involved in another round of institutional altercations and be asked to choose between them. We have had all that before in the area of Caribbean tourism.

It is however, more than likely that they will sign off on a well conceived air transportation plan for a single regional carrier, the essentials of which are already agreed at the level of the boards of Directors of Air Jamaica, BWIA West Indies Ltd. and LIAT.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Section III

The Caribbean Integration Process:
A People Centred Approach

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 15

The Urgency of Functional Cooperation: Priority Interventions In Selected Areas[1] (Disaster Preparedness, Health, Education, And Security)

Clive Thomas

Introduction

At the 28th Regular Meeting of the Conference of Heads of Government of CARICOM, (1-4 July 2007), in Barbados, the Needham Point Declaration on Functional Cooperation was made. That Declaration reaffirmed Article 6 (1) of the Revised Treaty of Chaguaramas and recalled the "Immense contribution that functional cooperation has made so far to the regional integration movement". In its Preamble it supported the perspective of:

"Functional cooperation conceived as the body of actions and activities that integrate the community's political, scientific, technological and environmental objectives".

Five critical decisions were announced in the Declaration:

i. To make functional cooperation both a priority and one of the principal means of distributing benefits among Community Members;
ii. To strengthen the capacity of the CARICOM Secretariat in support of functional cooperation;
iii. To commit to action in favour of national measures as complementary mechanisms to regional ones;
iv. To require the Task Force already established to review the status of functional cooperation, establish broad agreement on it, recommend specific priority areas, and report back through the Community Council at the next Conference of Heads of Government;
v. To provide in the review mentioned at (iv) above the rationalization of functions, funding and structures of regional

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

institutions that provide community services and coordinate national policies and programmes, and ensure equitable distribution of benefits.

The Declaration identifies 15 areas, namely: Health, Social Welfare, Culture, Education and Training, Labour, Youth and Development, Transportations, ICT, Telecommunication, Crime and Security, Climate Change, Disasters, the Caribbean Sea, Energy and Agriculture.

About a year ago, prior to the Needham Point Declaration, the Inter-American Development Bank (IADB) commissioned a report that would identify priority areas for its intervention in four sectors of functional cooperation, namely Disaster Preparedness, Health, Education, and Security. This Paper constitutes the main body of that Report. Its timeliness and importance have been underlined by the recent Declaration, and as we shall see, many of the issues raised below have renewed salience in view of the mandate given to the Task Force.

Meaning, Context and Theory

This Section provides a brief review of the meaning of functional cooperation as used in this study, the context of its evolution in CARICOM, and some theoretical issues, which my approach raises.

As the phrase connotes when taken literally, functional cooperation between states can literally range from minimal, narrow, perfunctory and irregular actions to those that are close, deep, and systematic over a complex range of matters. One key theoretical observation of such cooperation is that it is always ***policy-based***.

In a complex economic integration arrangement like CARICOM, such cooperation occurs over very wide areas. However, CARICOM through its agreement to create a Single Market and Economy (CSME), has embarked on establishing systematic ***market-based*** mechanisms to put this into effect. For example, trade promotion, tariff reduction, removal of quotas, and other non-tariff measures, that impede the formation of a single regional market, on which a single regional economy could be forged. These policy-based measures are also fundamentally market-based, as they coordinate market mechanisms.

In an integration arrangement, policy-based cooperation that is ***not directed*** at market-based measures and arrangements among states, can properly be termed as functional cooperation, when these

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

are directed at areas, sectors, industries, and institutions with deliberate developmental goals in mind. Here, market-based approaches would not, in the context of the Region, work efficaciously. This to my mind, is the basic distinction between two paradigms of cooperation in an integration movement. The two paradigms are however, merged: 1) policy based cooperation utilizing market-based measures to promote economic integration (and growth); and 2) policy based cooperation, which utilizes a nonmarket, but essentially ***developmental approach***. The latter would be more meaningfully classed as functional cooperation leading to deeper forms of functional integration. A developmental approach would include matters in respect of developmental equity, reduction of poverty, sustainability, and so forth. It should not be forgotten that with an Economic Partnership Agreement (EPA) that is not only WTO-compatible, but WTO-plus, market-based approaches to trade and their effect on development will be considerable. Functional cooperation, if perceived as policy-based and developmental biased, would be an important corrective, given the smallness, vulnerability, and poverty in the Region.

As one of the three pillars of the regional integration movement (the others being the CSME and foreign policy coordination), functional integration has been reputed to be the area where the benefits are most visible. Article 6 of the Revised Treaty of Chaguaramas calls for enhanced functional integration, which includes the provision of common services and activities for the benefit of the peoples of the region emphasizing their social, cultural, and technological development with a focus on health, education, transport, and communications. Chapter 2 spells out the institutional framework for these efforts and identifies institutions and associate institutions *(Articles 21 and 22)*, of CARICOM. Chapters that deal with sectoral policies *(Chapter 4)* and transport policy *(Chapter 6)*, also apply. In sum, this is the legislative and institutional framework to secure value-added from regional cooperation and to underpin its insertion in the global economy based on enhanced international competitiveness.

To date, the success of functional integration has only been intuitively established as there has never been a cost-benefit (with/without) evaluation of this area of regional integration. Several reasons however, have been attributed for its success. One is that it involves "cooperation in areas not directly linked to economic integration", which therefore makes it "easier" to accomplish. Another is that it involves minimal intrusions into "national sovereignty", which

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

is highly prized in small vulnerable and recently independent states. And yet a third is that the institutional framework for this cooperation is fairly well developed, certainly when compared to the CSME.

Underlying all these reasons is the presumption that this area "yields a perception of both equal benefit and cost" (IADB, 2005). And from this perception, the IADB has suggested some indicators which would help promote successful functional integration namely that: the activity is perceived as necessary and valuable; it is provided efficiently and located in a management structure that avoids duplication and is indeed harmonized within existing organisational arrangements; and finally, it enjoys strong local and external support from the bodies which fund it.

At present, COHSOD which has responsibility for human and social development is the principal Ministerial body in the area of functional integration along with COTED which has overall responsibility for trade and development.

It should be noted that the claims made above are not as strong as they might first appear. Functional cooperation includes many areas pertaining to regional/national physical, economic, and social infrastructure, that is, the operations of public utilities (for example, telecommunications and transport); and/or the governmental provision of basic services (for example, health, education and security of person and property). Since these areas are ***directly and closely linked*** to the functioning of economic integration, they contradict the supposition stated above. Similarly, the supposed non-intrusion of areas of functional integration into areas of national sovereignty is not accurate, as the provision of any of the above-named services on an agreed regional basis must impinge on "national policy space". They are therefore not "neutral" in their effects on national sovereignty. Finally, the institutional framework, if relatively more developed than other areas of regional integration, still remains far from satisfactory.

The latter less than satisfactory state is due to the fact that functional integration has developed in an ***ad hoc***, non-systematic, and largely serendipitous manner. To a significant extent (as we shall below), it has responded both to "external" initiatives driven by donors as well as inter-governmental bodies, international agreements, and actions arising from global and trans-continental conferences/ summits/and other such fora. As a consequence, while a range of institutions fall within the ambit of functional cooperation, generally these lack a clear unambiguous legal/administrative structure with

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

which to guide their operations in promoting the goals of CARICOM, particularly consequent to the formation of the CSME. As a derivative concern they also raise questions of sustainability, as we shall encounter in what follows. One shall see most, if not all, of the programmes and projects provided through forms of functional cooperation receive strong donor support and/or assistance through intergovernmental bodies. This is particularly true for the four sectors under consideration. This raises justifiable concerns over the sustainability of these, as they are threatened with collapse when this support is withdrawn and this may be for reasons that have nothing to do with the success or otherwise of the activity, as for example, when funds dry up or donor priorities shift.

These and other weaknesses are partly recognised in the IADB 2005 CARICOM Report 2, when it drew attention to the distinction between the institutional framework for functional cooperation and the actual mechanisms for cooperation that are in place. This disjuncture has also been recognised by the CARICOM authorities and currently there is a CARICOM initiative underway to address this issue. A workshop has been proposed and a report is being prepared to consider among other things:

1) Rules of procedure to regulate the relationship between the Secretariat and the various institutions;
2) Criteria for the designation of other institutions (and associate institutions) and,
3) Governance modalities for both the institutions and the Secretariat and the Ministerial Councils concerned.

Thus, key CARICOM institutions, including the CRNM and CROSQ are not included under Article 21 of the Revised Treaty, while REPAHA is still listed although it is now defunct. This institutional "harmonization" is essential if CARICOM is to focus on the common goal of regional development on a balanced basis in the context of the CSME.

Two other general observations are pertinent at this stage. One is because, as a rule, the benefits of functional cooperation are more concrete and focused, it is felt that it can play an enhanced role in ensuring greater equity in the distribution of the costs and benefits of regional integration especially at this juncture of the CSME. The other is that, it is imperative, if functional cooperation is to proceed smoothly, that it should not be hampered by bureaucratic intervention from the CARICOM Secretariat into its institutions. By their very

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

nature, these already run the risk of a heavy overlay of bureaucracy, such as would occur under a traditional regional public service form of administration.

In conclusion it should be noted that where feasible, the ***basic format*** for the four sectors reviewed would include four steps of analysis or some combination thereof 1) a discussion of antecedents; 2) a review of the current situation and institutions (2006); 3) identification of deficiencies and gaps; and 4) suggested priority interventions.

Disaster Preparedness

For this area, we follow the standard format indicated in the Introduction 1) briefly look at the antecedents to present day cooperation in disaster-preparedness; 2) introduce the main institutions involved; 3) identify their principal deficiencies and gaps; then 4) indicate the priority areas for intervention.

Functional integration in the area of disaster preparedness is linked to a number of contemporary cutting-edge global scientific concerns. Together, these place a high premium on the availability of up-to-date professional skills, scientific supplies and information, as well as capacity for forward planning. Such concerns relate to broad issues like global warming and sea-level rise, the safe disposal of hazardous wastes, and biological, nuclear and other "man-made" means of spreading terror through mass destruction. ***Disaster preparedness is therefore a multi-disciplinary science-based activity. Successful functional cooperation in this area should have as its strategic perspective improvement in scientific capacity as the cornerstone of preparedness. Here is where value-added is more likely to be created at the regional level in contradiction to the national level given the need for achievement of "critical mass" and avoidance of dis-economies of small size.***

Regional cooperation in disaster preparedness started two and a half decades ago and although no "with-without" or counterfactual analysis has been undertaken of it, it is felt by many to be one of the most vital and perhaps successful areas of functional cooperation within CARICOM. Although noted for its beauty (as captured in its "sun, sand, and sea" tourism for which the region is famous), CARICOM is extremely vulnerable to disasters as its past history readily shows. Income losses due to these have been high and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

estimated in excess of US$5 billion for the 1980s and 1990s. These vulnerabilities include an array of potentially catastrophic natural disasters that can (and do) occur at any time; tropical weather systems (leading up to hurricanes); earthquakes and seismic activity; floods; landslides; volcanoes and tsunamis; as well as man-made or technological ones. The latter would include industrial accidents that release hazardous materials into the environment; trade in the disposal of especially hazardous materials which pass through the Caribbean Sea; and, terrorism. It is this high vulnerability to disasters that has played a major role in securing regional support for efforts to anticipate, cope and mitigate them. This regional support has also been strongly backed by external support as it is believed the region on its own cannot finance its own "preparedness".

Antecedent

In 1981, a Pan Caribbean Disaster Preparedness Prevention Project (PCDPPP) was started. This was followed by the 1989 Port-of-Spain Accord on the Management and Conservation of the Caribbean Environment. This Accord had 14 priority areas of action of which disaster preparedness was listed as one. The others however, were all directly or indirectly related to disaster preparedness, thereby revealing the comprehensive range of issues that concern this area of functional integration.[2] A noticeable omission, in light of subsequent developments was climate. The Port-of-Spain Accord led to the establishment of the Caribbean Disaster Emergency Response Agency (CDERA), which replaced the PCDPPP established in 1981. ***CDERA has since emerged as by far the most pivotal institution for cooperation in disaster preparedness.***

There are two striking features of this sequence of events, both of which are critical to an appreciation of functional integration in this area. One is that the development of functional cooperation closely mirrors developments within the international community, particularly as environmental issues raised there, became more and more prominent in the region. Thus, the First World Conference on the Environment and Development was held in 1972 and the "Earth Summit" in 1992. CARICOM initiatives were designed to be pro-active (given the importance of the subject areas to the region) and this it seems, led to much of its success in attracting significant donor

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

support for its initiatives ***without which those programmes would not have emerged***. The second feature is that the focus on disaster preparedness evolved out of the broader consideration of not only the environment and development but sustainable human development as championed by the UNDP in its Annual Human Development Reports. External, as much as internal considerations, have propelled functional cooperation in this area.

Caribbean Disaster Emergency Response Agency (CDERA)

CDERA, located in Barbados, is a regional inter-governmental agency established through the aegis of CARICOM, whose main function is "to make an immediate and coordinated response to any disastrous event affecting any Participating State, once the state requests such assistance". To ensure this, the agency stresses preparedness and therefore its related functions of information gathering, processing and dissemination; establishing and sustainably maintaining an adequate response capability, capable of mitigating the effects of disaster anywhere in the region; and, mobilizing/coordinating the disaster relief effort. It does not contribute in a significant manner, fairness for the relief effort, but coordinates it.

CDERA embraces its Secretariat (which is the Coordinating Unit) as well as National Disaster Organisations located in each participating state. These latter are grouped into four sub-regions, headed by Sub-Regional Focal Points (Antigua, Barbados, Jamaica, Trinidad and Tobago). The Heads of these national bodies make up the Board of Directors. The Heads of Government form the Council, which is its supreme policymaking body. Although a CARICOM institution, membership is not restricted to CARICOM.

Over time, the functions of CDERA have broadened, as it came to recognise that, as is the case in other parts of the world, disaster management requires a comprehensive multidisciplinary scientific approach. It now focuses on all phases of a hazard, its impact on all sectors of society, as well as deals with all possible/known hazards. To be successful, such an approach requires high levels of public awareness, government support, and the cooperation of all social partners within the society. Not surprisingly therefore, CDERA's work plan emphasises appropriate training, along with the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

development of adequate material for same; institutional strengthening; legislative changes; policy reform and appropriate guidelines; contingency planning; resource mobilisation; up-to-date technology for early-warning and other emergency communications, and, appropriate databases and access to electronic information.

Other Institutions

While CDERA is the centre of functional cooperation in disaster preparedness in CARICOM, a number of other donor supported and international agency financed/ supported programmes have complemented it. Chief among these are:

- The Caribbean Hazard Mitigation Capacity Building Programme (CHAMP). This is a joint CIDA/OAS/CDERA project which focuses on hazard vulnerability assessment and mapping; policy and planning changes; and "safer building" training and certification programmes.
- The Adaptation Policy Framework (APF) of the UNDP, which seeks to link climate change adaptation to disaster preparedness, sustainable development, and the environment. This complements the United Nations Environment Programme and the Inter-Governmental Panel on Climate Change. This project focuses on training, technical analysis and information dissemination.
- Mainstreaming Adaptation to Climate Change is the follow-on to the Caribbean Project for Adaptation to Climate Change, which ended in 2001. Financed by the Global Environmental Facility, Canadian, US and CARICOM grants, the goal is to create capacity and the environment for measures designed to adapt

CARICOM societies to the impact of impending climate change. The Caribbean Community Climate Change Centre (CCCCC) was established in Belize four years ago (2003). It builds on the earlier projects aimed at stressing the importance of pro-active adaptation to the negative effects of global climate change within a broad environmentally sustainable approach. While developing capacity at the regional level, it also supports national responses. It is supported by resources provided from the United Nations Framework Convention on Climate Change.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The projects listed in the last bullet item, emphasise the dangers the region faces from climate change. This area is a surprising omission from the 1989 Port-of-Spain Accord, particularly as the Caribbean Meteorological Organisation (CMO) came into existence in 1973, as the continuation of the British Caribbean Meteorological Service established since 1951. The CMO, along with the Caribbean Institute for Meteorology and Hydrology (CIMH) is governed by a Ministerial body: the Caribbean Meteorology Council. It is involved in training, research, scientific support and providing advice for regional and national bodies.

Deficiencies and Gaps

Given the long-standing activities in the area of disaster preparedness and comparative success, we may ask the question: what deficiencies and gaps have been identified in the current arrangements, and practices? Firstly, it should be observed that the region's vulnerability to disaster remains very high. This is partly a reflection of the fact that many countries are small (and in several cases poor) island societies and in other instances they are located in low coastal zones or in the path of hurricanes and/or major geological fault lines in the earth. This circumstance has given rise, at times, to feelings of incapacity to cope with disaster on a large scale and/or the practice of moral hazard. Secondly, while the pro-active engagement of CARICOM has helped it to secure international support, this has been for, at best, medium-term efforts so that issues of sustainability continually arise as projects come to an end and with them, the activities the project supported.

Thirdly, there has been, time and again, despite the region's pro-active engagement of these issues, a tendency for important policy decisions to be made only after disaster has struck or in the period of retrospective analysis after the event. Fourthly, disaster preparedness in the region is still not truly integrated or mainstreamed into public economic policy. Nowhere is this more evident than in land use allocation and the systemic failure of enforcement. Moreover, encouragement for this integration has not been very noticeable on the part of the IFIs, whose influence in the region is considerable. Not surprisingly, in several countries appropriate legislation and regulations simply do not exist to mitigate/prevent disasters nor are the personnel adequately trained for the regulatory tasks required.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

All this does not mean that there has been no progress. To the contrary, for example, we find that as a rule, public awareness of the damaging effects of extreme weather events, has grown. The institutional and other response capability of the region has similarly developed, even if it remains not fully adequate. Public education has been successfully directed at cultural norms and practices, which are unhelpful (if not dangerous) at times when natural disasters occur. Some observers feel political commitment to be pro-active has improved, although still falling well-short of what is required.

Internal analyses and surveys conducted by experts have identified a number of other critical areas where weaknesses exist and effort is therefore required to improve institutional capacity. Overall, these weaknesses reflect the consideration that the single biggest constraint facing functional cooperation in this area is financial resources. Thus, a recent UNDP Needs Assessment (2004) has stressed: "The major contributing factor to the problem of capacity development, as reflected in the assessment reports, in both the national and regional institutions, is the limited financial resources available". *(**ibid**, Page 56)* The same report has identified opportunities for capacity building efforts in the areas of disasters, risk management and response as well as risk management associated with climate change. It has also identified key areas for cooperation and collaboration which informants have confirmed as timely. These suggestions focus on two broad areas and four more technical (narrowly based ones) namely:

"Broad" Areas

1. Sustainable Development Planning and Integrated Policy Formulation at the Macro-level.
2. An Integrated Approach to Climate Risk Management.

"Technical" Areas

3. Public Awareness and Education
4. Disaster Mitigation
5. Risk Identification and Forecasting
6. Disaster Preparedness

Thus, the Report found that only Cuba and Grenada from a list of five countries surveyed had any "significant, organized programme of capacity development in the area of disaster management".

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Priority Interventions: Disaster Preparedness

Arising from the above, a number of regional priority actions emerge. One is the need to consolidate the institutional structure on which capacity for disaster preparedness is to be founded. The obvious gap, as the UNDP report (2004) recognizes is the lack of integration of the University (tertiary) education system into the structure. This was greatly lamented at the time of coping with the "great flood" in Guyana (2005), when its national University's role was, at best, extremely minimal; even the regional university (UWI) played a very limited role at the time. Significantly, the UWI has recently established a School of Environment and Development.

Because disaster-preparedness is a multidisciplinary scientific-based activity, Universities in CARICOM are natural sites to work alongside and in collaboration with CDERA and the Caribbean Community Climate Change Centre (CCCCC). They could provide the conduit for best-practices into the region as well as ensuring that there is regional and national "ownership" of the design, prioritisation, provision of personnel, and the continuous monitoring, review and evaluation of its disaster preparedness mechanism and modalities. Such a development would also remove the concern that the present process is far too externally-driven and perhaps not well targeted. In addition, it appears to observers to be utilising too many short-cuts and varying levels of effort in the training presently provided. Furthermore, while continuous local provision of training would not prevent the scourge of professionals migrating from the region, it might offer a better prospect for minimizing this outflow. There is, therefore, great merit in the idea of consolidating the regional university in the process; this, however, should be extended to include the several national universities across CARICOM as well.

A second priority is to ensure that there is a similar catch-up for the programmes on climate change at the CCCCC. This fits in with the second broad area listed above.

Thirdly, the lack of financial resources has been clearly identified as the most important constraint at both the regional and national levels. This is not surprising, given the high ratio of 1) the cost of adequately preparing for adverse impacts of disastrous events relative to the capacity of national treasuries in the region and 2) the disproportionate burden of the effects on small, poor countries of disaster events when compared to rich ones, even though the absolute

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

value of the damage to rich ones is often considerably higher. A "chicken and egg situation" exists as lack of resources to ensure comprehensive preparedness results in greater eventual losses when disasters occur. Financial resources are therefore needed for a slew of projects which have already been recommended including, at the ***regional*** level:

1. Improved data gathering and monitoring capacity, as the present level frustrates effective implementation;
2. Improved coordination of national bodies in response to climate change challenges;
3. Support for required regional actions agreed to in the Mauritius Strategy (2005) for SIDS.

   And at the ***national*** level:
4. Upgrading of the state of preparedness of National Disaster Offices through fuller utilisation of "available disaster loss reduction tools" (vulnerability assessments, hazard and digital mapping);
5. Improved coordination within national bodies in response to climate change challenges;
6. Support for required national actions agreed to in the Mauritius Strategy (2005) for SIDS.

Health

In the Health Sector, we follow a similar format and refer to the antecedents of present regional cooperation; indicate the main features of the health status of the CARICOM population; identify the critical CARICOM health institutions (and associate institutions); review CARICOM cooperation in health initiatives (which have so far encountered three major phases); and, then address the question of priority interventions.

Antecedent

Functional cooperation in health (along with education), constitutes the major planks of CARICOM efforts at human resource development. This is the cross-cutting element behind functional integration as declared by the CARICOM authorities. In the case of health, functional cooperation was established and has operated since the CARIFTA phase of regional integration before the Treaty of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Chaguaramas came into force. Regional Ministers of Health first met in 1969 and began a process of cooperation that has, over the years, evolved substantially in scope, coverage, and depth, as compared to their initial concerns which focused on training, the cooperative purchase of pharmaceuticals, and the establishment of a Health Desk (1971) at the Secretariat. To guide the process, a Policy Declaration on Health was made as far back as three decades ago (1977). This was later revised in 1982 to support the WHO worldwide (Alma Ata) goal of "Health for All by Year 2000".

Over the years, CARICOM cooperation in health has encompassed a large number of projects and activities. There have been two broad approaches. One has been tasked activities allotted to the CARICOM Institutions and Associate Institutions in health referred to in paras 33-35 below. And, the other has been the promotion of what is known as the Caribbean Cooperation in Health Initiatives (CCH). Two phases have been completed (CCH I and CCH II) while the third (CCH III) is in process of institutionalization at the relevant CARICOM bodies, mainly the Secretariat, COHSOD and the Heads of Government.

Health Status

Before examining the institutional arrangements it would be useful to appraise the main features of the health status of the region as these reveal both past achievements and future challenges. The data show that both demographic and health transitions are well underway. Life expectancy averages 74 years and in some countries it is as high as 79 years. Infant mortality has fallen considerably for several countries, reaching levels comparable to those in developed economies. The total fertility rate is now only 2.3 children per woman. Reinforcing the benefits from regional cooperation is the fact that a lot of these achievements have occurred during the lifetime of CARICOM. Thus, life expectancy has grown, on average, by 5 years over the past two decades. As the Report of the Caribbean Commission on Health and Development (CCHD 2005) has noted however, the performance across the region has been somewhat uneven.

The mortality analysis in the CCHD report shows that in 2000, non-communicable diseases (NCDs) were the principal cause of death, mainly due to heart diseases, cancers, cerebro-vascular diseases and diabetes mellitus. Significantly, these four share common risk factors

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

derived from unhealthy life-styles and behaviours. The major threat from communicable diseases is HIV/AIDS, which became the 5th leading cause of death in 2000 (after the four NCDs listed above) and is up from the 8th position it held five years earlier (1995). Injuries and violence have become increasingly significant areas of concern.

The Report also notes that health services utilization/coverage in the region is very good as can be seen by its very high immunization coverage, the adequate provision of maternal and child health care, safe water availability, good sanitation, and relatively insignificant pockets of malnutrition compared to other developing areas.

Despite these achievements, which promote the benefits of past cooperation, major challenges exist and the health systems have been coming under increasing stress, indicating lines for future possible cooperation. Thus, information and data collection systems are proving to be weak. Migration has seriously affected the availability of health and health-related professionals. Areas of significant under-provision have emerged, for example, mental health and environmental health. Undoubtedly, however, the major challenge has come from the growing threat of HIV-AIDS. As a result, overall it is no exaggeration to state that the health challenges which the region faces, are severe enough to undermine the impressive gains indicated above.

Health Institutions

The key CARICOM institutions in health include: The Caribbean Epidemiology Centre (CAREC) 1975; the Caribbean Food and Nutrition Institute (CFNI) 1967; the Caribbean Environmental Health Institute (CEHI) 1989; the Caribbean Health Research Council (CHRC) 1955; the Caribbean Regional Drug Testing Laboratory (CRDTL) 1975; the Faculty of Health at UWI, other health facilities in national universities and health-related Departments/Units/Centres at the various campuses. All these have received significant external support over the years.

CAREC is the longest serving institution and the premier source of epidemiological information in the region. It is the product of a Pan American Health Organisation/World Health Organisation (PAHO/WHO) Multilateral Agreement and Bilateral Agreement with the Government of Trinidad and Tobago. Its mission is to improve health status through working with and advancing the capability of its

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

members in epidemiology, laboratory, technology and related public health discipline. It operates with both prevention and control programmes as well as functional programmes.

The CFNI is also the leading institution on nutrition matters in the region. It is mandated to furnish technical assistance, training, and research in both meeting and developing satisfactory guidelines for food and nutrition intake in the region. The CEHI provides technical and advisory services in the areas of environmental management in the broad sense of encompassing impact assessment, waste management, natural resources management and environmental quality monitoring. The CHRC focuses on medical, as well as health-related research. It organises capacity building training and disseminates research findings as part of its functions. There is an on-going initiative to establish a Caribbean Regional Network for Policy and Health System. This hopes to broaden the research agenda to include bridging the gap between research and policy-formulation and involving non-traditional areas of health research.

The CRDTL, as its name suggests, tests pharmaceuticals distributed in the region to ensure quality and safety. The centralization of efforts in these institutions avoids unnecessary duplication of their capacities at the national level in every Member State. Indeed, given the resource shortage at the national level, these facilities might not have existed otherwise.

These institutions have, in part, been inherited from working arrangements that preceded CARICOM or reflect programmes of cooperation with and through WHO/PAHO which have used them as major entry points for providing regional assistance in health. Without these, some of the regional programmes might never have come on stream. From the standpoint of functional integration there are some concerns which we should note. Firstly, there are those issues addressed in the general introduction to these Sector Notes (paras 5-7), particularly the need for the re-structuring of relations between the Secretariat and CARICOM Institutions (and Associated Institutions).

Secondly, the ***modus operandi*** and indeed, original mandates of these health institutions need to be re-visited in light of the evolving nature of CARICOM's health strategy as reflected in its development and evolution from CCH I to CCH III. It should be noted that as part of the process of developing CCH III, a review of the core mandates of these institutions is in progress as part of a broader review of their "roles, responsibilities, functions and capacities".

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Thirdly, some of these institutions are in effect, as much institutions of PAHO/WHO as they are of CARICOM. This is reflected in their funding. This unclarity has not so far produced any known conflicts over objectives and/or desirable programmes, but I cannot be sure whether these might have been "avoided" rather than resolved through direct engagement, and formal institutional exchanges.

Fourthly, capacity issues among these institutions have been identified in reviews of their operations but the larger problem one encounters is whether these will be further weakened if major donor support is withdrawn on account of such reviews. Finally, what is also of key importance is the effective networking of these institutions. This can best be addressed as part of the broader coordination and management of the CCH under the leadership of the Secretariat, which is referred to later.

CARICOM Cooperation in Health I-III

The institutional rubric under which the health situation of the region has evolved and the various specialised CARICOM institutions (and associate institutions) functioned, have been the CCH I and CCH II. These arrangements are of the umbrella-type, providing both the broad framework under which cooperation takes place, as well as delineating the main lines of strategic intervention. They had been endorsed by all the relevant CARICOM bodies and reflect the coordination effort of the Secretariat, national Ministries of Health, COHSOD, the Heads of Government in collaboration with the donor community and inter-governmental bodies.

Arising out of the developments listed above, CCH I was formally agreed to in 1986. The 1977 Policy Declaration on Health referred to above and which was revised in 1982, led to the launching of CCH I in 1986, with the collaboration of PAHO. It took on board the WHO/Alma Ata goal and identified six priorities for the region; namely:

- Environmental Protection
- Chronic Disease and Injury Protection
- Strengthening of Health Systems
- Maternal and Child Health
- Human and Social Development

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

- Food and Nutrition

At that time, HIV/AIDS was emerging as the single greatest threat towards reversing the many gains the region had made in health. This development led to a number of other initiatives in this area that overlapped with CCH I and later CCH II, which was started a decade after CCH I in 1997. Indeed, in 1988, HIV/AIDS was added as a seventh priority to the list above for CCH I. HIV/AIDS has been a major contributor to increasing morbidity and mortality in the region. There are about 110,000 persons living with the disease in the English-speaking Caribbean and it has been responsible already for about 21-25 thousand deaths. Because it threatens to undermine, not only the region's health, but its development as its incidence increases, a major regional programme has been developed in response under the Pan Caribbean Partnership (PANCAP) against HIV/AIDS 2001. Projects, donor support and government contributions are organized under this rubric. The Secretariat has been the lead agency. Cooperation has also spread beyond CARICOM and governments to include Non-Governmental Organisations (NGOs), the private business' sector, universities, religious organisations and other groups within civil society. By all accounts, PANCAP appears to be a success that is unfolding, which means that the HIV/AIDS threat has resulted in a good regional response. PAHO's collaboration as well as the IADB's was instrumental in the starting of CCH II by CARICOM. CCH II identified 8 priorities, namely:

- Health System Development
- Human Resource Development
- Family Health
- Food and Nutrition
- Non-Communicable Diseases Communicable Diseases (including HIV AIDS)
- Mental Health
- Environmental Health

There are a total of 40 indicators for measuring progress towards these goals. COSHOD has since mandated a review of CCH II, with a view to laying the basis for CCH III. An intensive series of consultations has already taken place and priority and subpriority areas preliminarily identified. Proposals have also been made to address the issues arising from weaknesses in the earlier management of CCH II, as well as those related to the mandate, functions and operations of the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

relevant health and health-related institutions. While no formal decision has been taken on these proposals, they represent, at this stage, the best indication of needs based on the collective judgement and wisdom of the major stakeholders (other than governments and the broader electorate). Concurrent with this effort, the CCHD Report has been made public and has informed deliberations on CCH III. Based on this, it would seem that the best available statement concerning what the health priorities are, lie in this documentation, presented below. In summary, 10 priority areas and 36 sub priority areas have been identified as the Table below shows.

Table 1:
CCH III Priority and Sub-Priority Areas

Priority	Sub-Priority	Priority	Sub-Priority
I **Health Systems Development**	1) Re-organisation of the Health Systems 2) Financing Health Services Insurance 3) Information Systems 4) Disaster Management/ Disaster & Pandemic Preparedness 5) Drug Management	VI **Communicable Diseases**	1) Food-Borne, Air-Borne, Water-Borne and Vector-Borne Diseases 2) Vaccine Preventable Diseases (Include Hepatitis B and Meningitis) 3) STDs, HIV/AIDS, and Tuberculosis 4) International Health Regulations 5) Health care associated with infectious and microbial resistance diseases
II **Human Resource Management**	1) Human Resource Management 2) Human Resource Training & Development 3) Human Resource Recruitment & Retention 4) Registration & Performance Monitoring	VII **Mental Health**	1) Policy, Planning & Reform of Mental Health Services 2) Public Information & Education 3) Mental Health Promotion 4) Community-based Mental Health Services
III **Family Health**	1) Reproductive Health 2) Child Health & Development 3) Adolescent Health	VIII **Environmental Health**	1) Vector Control 2) Liquid Waste & Excreta Disposal 3) Solid Waste Management 4) Water Quality 5) Workers' Health 6) Environmental Management (development, protection and sustainability)
IV **Food & Nutrition**	1) Nutrition related Diseases 2) Nutrition Promotion & Information Dissemination 3) Food Security		
V **Chronic Non-Communicable Diseases**	1) Policy & Planning 2) Risk Factor prevention & Control 3) Quality of Care	IX **Behaviour Change in Support of Healthy Lifestyles**	1) Healthy Diet, Physical Activity & Health 2) Prevention & Control of Smoking 3) Injuries & Violence (includes traffic accidents, accidents /suicides)

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The proposed management structure for CCH III makes the central role of COHSOD in policy formulation clear, as it forms the apex of the structure. A Steering Committee is made the responsible body for implementing CCH III at both the regional and country levels. It also guides the funding process. This Committee comprises Chief Medical Officers (CMOs) of Member States, CARICOM, PAHO/WHO; Heads of regional health institutions and others. It is supported by a technical and administrative management secretariat drawn from PAHO and CARICOM. In each country there will be national health teams headed by the CMOs, as well as regional and national focal points for all priority areas.

Priority Interventions

Given the process of consultations and deliberations that have already gone into the preparation of CCH III, priority interventions are pretty well established. From the review above, there are two broad types of fruitful interventions, which might be considered. One should be aimed at those areas which affect the health status of the population directly, that is, health care provision. The other would be to support the proposed organisational rearrangements and implementation modalities to be introduced by CCH III. With regard to the former (area 1), HIV/AIDS has been receiving significant donor support and programmes/ projects are well established in this area. NCDs however, are still the leading cause of deaths in the region. They, therefore, pose considerable risks to the health status of its population. As we have indicated, many of the interventions require life-style and behavioural changes which call for public education, training, and awareness building, much as in fact is being done in combating HIV/AIDS. Resources for these efforts are however, far from adequately available. Indeed, from discussions in preparation of this Note, it appears to some observers/stakeholders as if a form of "reverse discrimination" has emerged, that is a situation in which the threat of HIV/AIDS blinds donors to the need for support in other critical areas of health. Given the shortage of government's resources, governments then follow this lead!

Concerning the latter area of intervention (area 2), a wide range of options exist, including support for the several CARICOM health and health-related institutions and the Secretariat itself. As was noted, the latter's role under CCH III is to be considerably advanced. In

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

addition, the IADB has in the past, worked closely with some of the CARICOM lead institutions and is aware of their deficiencies and needs. The Secretariat's new responsibilities under CCH III would however, pose enormous capacity challenges and these need to be addressed urgently before CCH III is finalized. This would therefore be an appropriate area for IADB to consider intervention.

Secondly, the national universities (non-UWI) in CARICOM suffer from severe under-provision of resources for health and health related programmes, much as we noted for disaster preparedness. Yet, it is expected that the universities will increasingly be required to play a leading role in the provision of training, research and technical assistance to the health Ministries and industries of the region. This demand is particularly strong in territories where a UWI campus does not exist.

In sum therefore, we suggest interventions at the ***regional*** level in:

1. Dealing with NCDs, particularly programmes directed at lifestyle and behavioural changes across the region.
2. Support for CARICOM health and health-related institutions, based both on CCH III's proposals and IADB's experience.
3. Support for capacity building within the Secretariat to provide for its additional responsibilities under CCH III; and, at the ***national*** level.
4. Support for health and health-related programmes in the national universities, with priority given to those countries where a UWI Campus does not exist.

Education

Education is the flagship area of functional integration. This reputation can be attributed to two factors. One is that cooperation in higher education through the University of the West Indies and secondary education through the Caribbean Examinations Council has been, possibly, the most outstanding successes of functional integration. Here, the reputed benefits of functional cooperation are widely perceived, both from the lowering of costs (through avoiding costly duplication) and from achieving synergies because "critical mass" becomes possible. The second is that the cornerstone of the functional integration programme has been articulated by CARICOM as the promotion of human resource development. Like health which was

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

just considered, education, it is claimed: "is fundamental to [the] effort to develop an economically viable and socially viable Caribbean Community" (CARICOM Secretariat 2005). The second factor reinforces the centrality of the Ministerial Council (COHSOD) in functional integration arrangements as it had adopted as its integrating theme in 2001 "Investing in Human Resources With Equity" (ibid). CARICOM's focus on human resource development is based on their view that the development of the region is both a "people-driven" process and one in which the measurement of its development should use "people-based" outcomes as its indicators.

Article 63 (Part 3) of the Revised Treaty, identifies human resource development as the first of the "common supportive measures" listed in the Treaty followed by research and development. It calls on COTED and COHSOD to develop the Community's human resources to support its thrust toward international competitiveness and that these should be designed in a way to address the economic, social and cultural aspects. It then goes on to highlight the importance of: the development of attitudes and competencies to be effective; entrepreneurial development; instructional and curricula reform; and language proficiency. It also singles out for special mention the services and agricultural sectors. In the area of research and development, the Revised Treaty recognises its role as key to productivity enhancement and competitiveness and thus emphasis was placed on training, scientific exchanges, and other forms of cooperation in research and the transfer of appropriate technology from overseas. For this area, we shall only examine the antecedents to present day cooperation in education and then proceed to identify the proposed priority interventions.

Antecedent

Throughout the region's history, education has enjoyed an extraordinary standing. Access to it has always been perceived as the surest guarantee of a person or household's economic and social mobility and with suitable content, education has also been viewed traditionally, as the best means of empowerment for the broad mass of Caribbean peoples. The promotion of cooperation in education has a long history, which pre-dates the start of the formal integration movement. Seven decades ago (1935), the first Conference of the Caribbean Union of Teachers was held. Its main purposes were to

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

promote the development of a "West Indies" based education system, which would then address the issues of curricula and access as indicated above. This gathering and its efforts were to be the forerunner of the Caribbean Examinations Council, which was established in 1972 and which addressed both issues (curricula and access) at the secondary level. This cooperation led to the replacement of the British-based educational institutions which up till then had provided certification at the secondary level. Thus, common regional curricula were designed, which helped to provide the "West Indian" content to secondary education that the previous arrangements lacked. Other innovations were also introduced, like the school-based assessments for which the previous arrangements did not allow. ***At the outset, educational cooperation was therefore driven by cultural identity concerns as part of nation-building as well as opportunities for innovation and change. This has always coexisted with the desire to seek economies of scale and to avoid the disadvantages of small size and the absence of "critical mass"***.

Even earlier than that however, in 1948, the University College of the West Indies was established in Jamaica to provide regional higher education as an affiliate to the University of London. A similar process was also evolving in other colonial and ex-colonial countries of Britain, in Africa and Asia where it was believed this broadened the opportunity for education in the colonies. By 1962, this became the autonomous UWI that is, a genuine fully-fledged regional university. Two additional campuses were later established in Trinidad and Tobago (1960) and Barbados (1963). As the only regional university, the UWI remains the preeminent university in CARICOM. While it operates from three main campuses, it has developed both University Centres in the non-campus territories as well as a distance education arm (UWIDITE). Extra Mural departments were started in 1947 and these were later replaced with the more comprehensive Centres. Distance Education began in 1972 (initially from the Faculty of Social Sciences) but by 1984, this expanded to the University of the West Indies Distance Teaching Experiment (UWIDITE), which broadened and deepened the range of offerings, while providing University certification.

Not unexpectedly, other national universities have emerged alongside UWI in non-Campus countries: The Bahamas, Belize, Guyana, Haiti, and Suriname. A similar development took place in the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Campus territories of the UWI as national governments and populations sought more rapid growth in the opportunities for tertiary education than UWI could make possible. More recently, off-shore universities have also entered the region, starting with St. Georges University in 1981. While the latter initially concentrated on the training of doctors from abroad, they have been venturing out into allied health fields (veterinary studies and nursing), as well as into other university faculties especially in the humanities, liberal arts, business studies, and social sciences. Alongside these developments there have been the establishment of a number of community colleges that also provide tertiary education in the region up to the first degree level, for example Barbados, Bahamas, Saint Lucia and Trinidad and Tobago.

An umbrella organisation was formed (Association of Tertiary Institutions) in 1990. This provides for regional cooperation in critical areas like standards, quality assurance, equivalence, accreditation, and also to ensure the complementarity of campus offerings. Many conferences, workshops, seminars and symposia have been organised by the Association and members are served with electronic notification on almost a daily basis, of activities relevant to scholars, teachers and students within the region. Here, the benefits from regional cooperation were immediately perceived as they were highly visible.

Cooperation in education has spread to a number of other areas than those referred to so far. While some of these other areas are directly linked to tertiary education (like accreditation), some are engaging other levels of education: primary, post-primary and post-secondary education where similar benefits are anticipated. In these latter areas, the focus has also been on curricula as well as access, but in addition, equal attention is being placed on equipping CARICOM students with the skills for productive work in an increasingly globalised knowledge-intensive global system. One major example of this is cooperation in technical and vocational education and training (TVET).

There is a Regional Strategy for TVET agreed to in 1990. This addresses both the national and regional levels in a number of areas, including life-long learning, standardisation of training, and areas of informal and non-formal learning. The aim is to have common curricula, training systems, and examinations across the region, thereby achieving significant gains over national duplication.

In 1993 a regional Education Policy was agreed to by CARICOM. This encompasses several fundamental areas of education

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

and training at all levels, from pre-primary to university. The subject areas include:

Policy Formulation
Relevance
Regional Coherence
Financing
Management and Administration
Curricula Development
Access
Training of Teachers and Other Trainees
Language and Communication
Standards and Quality Assurance

The objective is that when this is combined with the Regional Strategy for TVET, it would form the core of human resource development initiatives in the region. Other issues were later added including, lifelong learning; entrepreneurial development; coping with youth, particularly the "at risk" categories; critical/strategic/problem-solving skills; high levels of technological capability especially ICT; and language skills, given the location of the CARICOM region. Also, the goals were later defined in terms of measureable targets such as: universal secondary education; 15 percent of all post-secondary youth to receive tertiary level education/training; and, equality of gender access and opportunity.

Priority Interventions

Under the theme: Investing in Human Resources with Equity" COHSOD, the Secretariat, and other stakeholders in education across the region have identified certain priority areas for continuing and further action including:

a. At the ***overall level***, to review and assess the performance of the educational system in light of targets earlier set, with a view to determining the human resource requirements for priority sectors arriving out of the CSME. This will accompany continuous efforts to generate resources for human resource development.
b. At the ***tertiary level***, emphasis has been placed on:
   i. Quality assurance.
   ii. Accreditation/equivalence.
   iii. Rationalization of delivery.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

iv. Improvement in methods of instruction and assessment.
v. Substantial expansion of distance education.
vi. "Other" priorities, including specific programmes related to other areas of functional integration (for example disaster preparedness and health).

c. At the ***secondary level*** there is emphasis on:
i. Enhanced training in technology and greater use of Information and Communication Technology (ICT) in schools.
ii. Enhanced physical education.
iii. Enhanced language teaching
iv. CXC.
v. Health and Family life education.

d. At the ***TVET level*** proposals include:
i. A regional coordination mechanism to effectively deliver same.
ii. Adoption at the regional level of additional occupational standards for TVET.'
iii. Issue of certification of skills and/or training.

e. At the ***primary level:***
i. Multilingual teaching.
ii. Physical education.
iii. Health and family-life training

f. At the ***early childhood*** level:
i. The creation of a regional programme and the preparation of an Action Plan.

g. For ***teacher training*** emphasis has been placed on:
i. Rapidly increasing the output of teachers, which puts pressures on the University system.
ii. Researching and developing priority areas for teacher training.
iii. Needs assessments in particular areas such as TVET, technology, physical education and early childhood.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

These priority areas are geared towards ***four*** major outcomes, namely:

h. Facilitation of the CSME and the free movement of skills.
i. To improve the relevance and quality of educational output.
j. To facilitate improvement in healthy life styles and behaviours of the regional population.
k. To facilitate attainment of the MDGs and protection of the marginalized parts of the population.

It is from these ***four*** broad priority areas that interventions should be based. To reinforce this it may well be that we should also give priority to the review and assessment (Item 1) above, as the results of these would be an indispensable input for effective decision-making.

There is one additional area that stands out and is an omission from the present focus on education in the region, which is also recommended. Notably, when other Sector notes were considered, it was observed that there is a considerable disparity in university capacity across the region. This adversely affects countries, particularly where there are no UWI campuses nor University Centres and only national universities. Whether it is through interventions in particular project areas as I have recommended or, more generally, an urgent priority is the need to upgrade these institutions to an effective minimal standard. Some of this can be achieved with the help of UWI as would be the case if UWI accepted into their doctoral programmes, faculty of the national universities and a scheme is put in place to finance the cost. Appropriate "workback" obligations would be incurred from the beneficiaries.[3]

Security

Security is a "hot button" issue in the international community and it has become so in the region particularly since the hosting of the Cricket World Cup. At the international level, threats to global security have multiplied at an unprecedented rate requiring the utmost cooperation in all regions of the world as a crucial element of the global response to the challenges these pose, as well as to concerns of a more home grown nature. The CARICOM region has become a part of this globally induced regional response, even though it might be argued that the forces of international terrorism have limited

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

connections within the region (given its historical as well as present geo-political profile). On the other hand, the same cannot be said for those areas of global security involving the narcotics trade, money laundering, the organized trafficking-in persons, prostitution, and other similar criminal endeavours. The region is today, a major player in the transnationalized structure of these criminal operations. It is not only a "transshipment-area" as is widely believed and reported, but evidence suggests that some of these activities were originally home-grown, and others have become so in recent times.

As these developments have occurred, domestic consumption of narcotics has increased to the point where local and regional responses have become imperative. Within Member States local "narco-bosses" have been spawned with links to their own criminal gangs (posse) in North America and Europe. We may say therefore, that in the region, issues of security have become multi-dimensional, multilayered and dense, posing grave threats to its stability and nowhere is this more evident than in the narcotics trade.

Individual CARICOM states with their highly penetrable borders and relatively weak security forces are no match for these global developments. Functional cooperation in this is clearly of national strategic self-interest. The other option that exists "theoretically" is for individual states to develop a "big power patron" for security support. This, however, is not a practicable option because all the evidence suggests that even "big power patrons" for both geo-strategic and economic reasons would find it preferable to treat the region as a unit. This has the additional benefit of reducing the likelihood of accusations of incursion into the national sovereignty of recently independent states, for both individual Member States and any potential "big power patron".

In this area we briefly review the status of the security threats to the region, examine the antecedents to present day cooperation (both for the narcotics trade and otherwise) and based on this, identify the main priority intervention areas.

Status

Data on crime and security are hard to come by in the region, but moreso, data related to the illicit drugs trade. At the end of the last decade, the trade was estimated at about US$3.5 billion, or just over 3 percent of the region's GDP. Since then the trade has, from all reports,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

grown substantially and its distribution among countries has changed considerably. Thus in 2000, Guyana was not a major focal point for this trade, now, according to the most recent US Narcotics Control Report, the trade has reached alarming and dangerous proportions.

Initially, the trade was based on marijuana, which still remains the only natural product the region produces for the drug trade. At present however, it is reported that cocaine accounts for 90 percent or more of this trade. As a result, the region has become a major transshipment area with the main destination being the USA, Canada and the EU. The source of most of this cocaine is from Colombia, but Venezuela is also a significant source with Panama and Brazil to a far lesser extent.

Although deeply embedded in global transnationalized crime, it is believed that CARICOM-wide cartels have not emerged. The domestic drug consumption across the Caribbean is estimated to have a prevalence rate of 3.7 percent, which is fewer than the global average (4.2 percent). Marijuana is supposed to be the "drug of choice" for CARICOM consumers, but the consumption of cocaine, from all accounts, is on the rise. Domestic treatment/rehabilitation programmes are weak and there is a strong social stigma against drug use.

Antecedent (Narcotics)

Over the years, the region has entered into the proverbial "spaghetti bowl" of global and hemispheric commitments to deal with these security threats. These commitments reflect the view that the region should play a "responsible" role in international and hemispheric efforts to contain these illegalities, which by their nature cannot be tackled on a national basis alone, even for the most powerful countries. Before CARIFTA, and as far back as 1961, some countries had become parties to the Single Convention on Narcotic Drugs and later, the 1972 Protocol that amended it. A year earlier, the Convention on Psychotropic Substances was agreed, and this was followed a decade-and-a-half later by the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988). By the end of the 1990s, Member States had become parties to the Hemispheric Anti-Drug Strategy (1996), called for by the Summit of the Americas. In 1997, they also became parties to the EU-Latin America and Caribbean Cooperation/Coordination Plan on Drugs.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

In addition, Member States belong to the International Convention for the Suppression of the Financing of Terrorism; the United Nations Convention Against Transnational Organised Crime (UNCATOC), the OAS Convention Against Terrorism; the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children (which supplements the UNCATOC); the Protocol Against the Illicit Manufacturing and Trafficking in Firearms, their Parts, Components and Ammunition (which supplements the UNCATOC); and the Protocol Against the Smuggling of Migrants (which also supplements the UNCATOC).

These agreements focus on a variety of matters: intelligence gathering, interdiction procedures, education and training of personnel to remove the scourge of the narcotics trade and other illegal substances, as well as money-laundering. As these arrangements have multiplied within the region there has been growing concern over the impact of illicit activities on their domestic economies and societies. Commissions of Inquiry and Task Forces have been established and a number of surveys were also undertaken. All these pointed to the undermining of the region's socio-political stability by the narcotics trade, the high costs incurred from efforts aimed at interdiction and rehabilitation of drug offenders, and the spread of these activities to other areas like money-laundering, smuggling, and trafficking-in-persons.

In some economies like Guyana and Jamaica the estimated underground economy is large in comparison to the official economy and increasingly, this underground economy has been dominated by these security-related activities linked to organised crime, rather than the outgrowth of the informal sector seeking to by-pass governmental regulation or customs and excise duties, as it was in the earlier period. Thus, in Guyana, although the underground economy was estimated as averaging about 70 percent of the official economy, in the 1980s it was then based on the growth of the "informal sector". In the 1990s it was still 47 percent of the official economy, but now principally based on the outgrowth of organised crime. Reports suggest the drug-trade and related activities have led to a serious misdirection and misallocation of scarce human and financial resources. As the CARICOM 2005 publication has put it, they:

> *"Undermine social and political stability and economic development of our societies as they lead to addiction, depletion of*

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

our human resources, crime, corruption, and arms trafficking" (CARICOM, 2005).

Young people were identified as the main victims and the situation therefore brought forth regional efforts at cooperation in this area.

Two decades ago, a Regional Programme on Drug Abuse, Abatement and Control (1986), was agreed to by Member States. This was a natural outgrowth of working together in an integration framework. Its focus was on the reduction of regional demand for illicit drugs and proposals were aimed at prevention through education and awareness and the treatment and rehabilitation of drug abusers. For these purposes, regional cooperation aimed to coordinate efforts at both prevention (education, and public awareness) and cure (treatment and rehabilitation). Alongside this development two important organisations/associations came into existence; namely, "The Association of Caribbean Commissioners of Police (ACCP) and the Caribbean Customs Law Enforcement Council (CCLEC)". These were official bodies geared to law enforcement and therefore offered regional cooperation in the effort to control, prevent, and interdict these illicit activities. In addition to this development, Member States promoted the formation of National Drug Councils with which to coordinate training programmes in the area of preventive education, rehabilitation, and demand reduction.

Another major step was taken a decade later when CARICOM appointed an Inter-Governmental Task Force on Drugs (1996). The objective was to broaden and deepen the strategy against drugs as it was felt that, like most other countries in the world, the region was not "winning the war on drugs". In that same year the Barbados Plan of Action was launched as part of the broader United Nations Drug Control Programme. This Plan of Action covered the period 1998-2002. Like other areas of functional cooperation this effort embraced non-CARICOM countries as well. The objectives of the Plan included:

1) the improvement of the capacities of the relevant regional bodies in all relevant areas;
2) communications;
3) forensic capability;
4) witness protection;
5) the passage of facilitating legislation;
6) improved information gathering and exchange; and
7) emphasis on training, cooperation in maritime activities and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

8) also continuing with the earlier emphasis on demand reduction.

The Barbados Plan of Action located the problems of crime and security firmly in a global context, thereby making the case for regional cooperation self-evident. It emphasised the vulnerability of small, open societies and their necessary reliance on collective international/hemispheric/regional security as the primary line of defence, as well as the focal point of offence against these criminal endeavours. CARICOM societies, it was felt, just simply could not "afford" the costs of protection, while at the same time they could not "afford" to remain un-protected.

The Barbados Plan was reviewed in 2001 on the eve of its expiry and COHSOD identified several other priorities. These priorities sought to forge a close linkage between drugs, governance, social concerns, and development. They included among other recommendations: a more integrated emphasis on supply as well as demand; the linkage between drug trafficking challenges to the social and health status of the population as well as social behaviour; its linkage to other serious crimes and terrorism; and, its increasing resort to the exploitation of the new electronic technologies.

Demand reduction however, still remained a priority and COHSOD announced a strategy aimed at this, to cover the period 2002-2007. This strategy was intended to be a more experience-based and state-of-the-art one capable of coping with the issues of drug control policies, education, communication, public awareness and advocacy, treatment and rehabilitation, as well as research and development in this area. The strategy is still underway.

Antecedent (Other Concerns)

While the focus on narcotics has been the major security concern, others have emerged as very significant and often times are directly and/or indirectly connected to the narcotics trade. One such area is money laundering. Apprehensions over the region's off-shore financial sector becoming a haven for narcotics-based funds and tax evasion, led the OECD countries to take unilateral action, which threatened to disrupt this sector in the region in a serious way. Despite strong initial concerns about the way in which the OECD had proceeded, the region has come around to support greater vigilance over off-shore funds. The risks of money-laundering being linked to the financing of terrorism, particularly after "9/11" have become a central part

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

therefore, of the effort at cooperation in this sector, which takes place principally through the Caribbean Financial Action Task Force (established in 1994) and supportive reforms to the domestic legislation in Member States on money laundering activity.

Another such area is the broader concern over crime and security. A Regional Task Force was established in 2001, which reported the following year (2002). The Task Force reported in detail on four areas: research, collaboration, strategic intervention, and a financing strategy for CARICOM. The first aimed at ensuring an evidence-based approach to all matters within its portfolio; the second sought to broaden cooperation by including nongovernment and community based/oriented agencies; the third focused on building partnerships for an anti-crime culture while addressing issues of capacity training, information and legislation; the last stressed that although the governments of the region were cash-strapped, investment in their recommendation was required to provide an "unambiguous demonstration of commitment, which will invite support from regional and international partners". Based on these, 113 specific recommendations were made in the following categories:

l. Causes and Sources of crime
m. Illegal Drugs
n. Illegal Firearms (national, regional and international link)
o. Terrorism – Counter Terrorist Plan of Action
p. The Impact of Deportees on Crime and Security
q. Crime Reduction Strategy (planning, institutional strengthening, use of technology, training, management, police-citizen relations)
r. Structural and Legal Framework
s. Regional Rapid Response Unit
t. High Security Prisons
u. Administration of Justice
v. Capacity Building (Maritime Cooperation)

The recommendations of the Task Force were accepted by the Heads of Government (2002) and seven initiatives were indicated as priority (See Schedule 1 below).

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Schedule 1:
Crime and Security: 7 Initiatives for Priority

1. Establish National Commission on Law and Order
2. Preparation and implementation of National Anti-Crime Master Plans
3. Strengthen border control (particularly at airports and seaports)
4. Information and Intelligence Gathering and Exchange
5. Removing "drugs from the streets"
6. Formation of a Regional legal Assistance Body
7. Continued international cooperation for mutual crime control measures

The third area of significant regional cooperation is the Regional Security System (RSS). As far back as 1982 Barbados and the OECS had created a regional security response system. This was later framed as a Treaty in 1996, with its headquarters in Barbados. As the name suggests, it provides mutual assistance for participating countries when threats to national security and the stability of the state arise. It also facilitates cooperation in the counter-narcotics effort, search and rescue, maritime policing, protection of off-shore installations and disaster preparedness. This Treaty is central to the security of Barbados and the OECS states.

Because of the island nature of CARICOM states, a substantial portion of trade in illicit substances is by sea, and some by air. Cooperation here takes place through the Regional Agreement for Cooperation in Suppressing Illicit Maritime and Aeronautical Trafficking in Narcotic Drugs and Psychotropic Substances in the Caribbean Sea (1998). This latter also includes membership from the wider Caribbean Basin, signifying its emphasis on functionality.

Priority Interventions (Security)

Cooperation for security is indispensable for CARICOM states if they are simultaneously to fulfill their international and hemispheric obligations as well as fulfill their roles as responsible countries in the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

international environment. The threats posed by the international narcotics trade and trade-related activities, together with those of "global terrorism" and "weapons of mass destruction" make this a ***sine qua non*** for the maintenance of the most rudimentary elements of national independence. Cooperation therefore brings the benefits of "public goods", which go well beyond those entertained in traditional cost/benefit evaluation of the more traditional areas of functional integration. CARICOM's survival as a credible geo-strategic construct depends on such regional cooperation. ***Because of the nature of the subject matters under consideration it is therefore strongly advised that those priorities already identified by the stakeholders*** should form the basis for interventions. As we saw above, various Task Forces have been created and considerable consultation has preceded the proposals they have put forward to the relevant CARICOM Ministerial Councils and the Heads of Government. Taking a cue therefore from these proposals, the following are indicated as the author's recommended areas for priority interventions.

The proposed Management Structure for functional cooperation in crime and security has recently been agreed to by the Ministers responsible for Security and Law Enforcement. This structure includes seven major components, namely:

1) The Committee of Ministers (responsible for National Security and Law Enforcement);
2) Sub-Committees of this body;
3) A Security Advisory Committee (comprised of Permanent Secretaries, Heads of Law Enforcement/Security Agencies and the Regional Security System (OECS);
4) an Implementation Agency for Crime and Security (IMPACS);
5) The Coordinating Information Management Authority (CIMA);
6) Five Sub-Committees of Heads of the following agencies: Police, Customs, Immigration, Intelligence and Financial Investigations, the Military; and
7) the CARICOM Secretariat. The IMPACS is the operational "nerve centre" of this structure.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Given the Management Structure as outlined, three areas of support would seem advisable:

1) CIMA (number 5)
2) CARICOM Secretariat (number 7) and
3) The Security Advisory Committee (number 3).

In all these areas, capacity concerns are of paramount importance if the proposed Management Structure is to be made effective. Further, I believe that intervention in these areas does not raise "sensitive" considerations for outside agencies. In the case of the Security Advisory Committee, where this is most likely to be an issue, support could be targetted to selected areas, such as facilitating the participation of the Regional Security System (RSS) in the work of the Sub-Committee.

A second priority area for intervention follows from the massive undertaking the region has committed to, which is to host the Cricket World Cup in 2007. This venture has required massive economic investments and the region is anticipating substantial returns on these. A major risk however, surrounds the security of the event.[4]

A third priority follows from the proposal to establish the Caribbean Institute of Security and Law Enforcement Studies, which would coordinate regional training. The activities of this proposed Institute will have to be harmonised with relevant offerings already in place in the tertiary educational system of the region. Identification of these, as well as support for the Institute itself is also recommended.

Because of the recommendation of the Task Force on Crime and Security concerning the ***need for evidence-based research as the basis for planned interventions, a number of areas for further study emerge as a fourth priority area of intervention***. ***Among these I would include***:

The Impact of Deportees;
Border Trade (for states with land borders);
The Size, Nature and Economic Impacts of Organised Crime;
Trafficking in Persons;
The Scope and Possibilities for a Justice Protection System.

In some of the areas listed, at best only preliminary research work has been done and there is therefore considerable scope for more definitive (and hence useful) studies.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

A fifth priority intervention area arises from the recent call by the Government of Trinidad and Tobago for a Mutual Assistance Treaty as a pivotal element of regional cooperation. A number of possible "models" of such cooperation exist. One is the Commonwealth Model. nother is to extend the RSS model to include non-RSS states. *Recommendations in this regard as well as start-up financing would seem to be an area suited to intervention.*

Finally, the programme of functional cooperation rests on the effective functioning of the National Commissions on Law and Order, which the Task Force had identified as a priority. The slow progress in this area reflects, in large measure, the pressures on public resources. This therefore, might well constitute a ***priority area for intervention. The focus could be on organisation and capacity-building measures at the national, as distinct from the regional level***.

NOTES

1. The sectors are: disaster preparedness, health, education and security.
2. The 14 priorities are: 1) orderly land use planning and coordination; 2) housing and human settlements; 3) protection of the coastal and marine environment; 4) prevention and mitigation of the effects of oil spills; 5) solid and liquid waste management; 6) management of toxic and hazardous substances including the control of agri-chemical residues; 7) dumping of extra-regional, hazardous and toxic wastes in the Region; 8) water quality and supply; 9) forest and watershed management; 10) preservation of genetic resources; 11) vector control; 12) disaster preparedness; 13) preservation of cultural, archaeological and historical resources; and, 14) air and noise pollution.
3. This has recently been initiated with the University of Guyana (July 2007).
4. By all accounts from a security standpoint, the hosting of the Cricket World Cup was very successful.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 16

The Caribbean's Creative Diversity: The Defining Point Of The Region's History

Rex Nettleford

Delivered at the University of Guyana, Guyana, March 21, 2003

An appreciation of the history of this region is critical to a fuller understanding of contemporary realities and future challenges. For the Caribbean shares in the great drama of the Americas of which it is an integral part, whereby new societies are shaped, new and delicately tuned sensibilities are honed, and appropriate designs for social living are crafted through the cross-fertilisation of disparate elements. The process has resulted in a distinguishable and distinctive entity called '*Caribbean*'. The process is intensely *cultural*.

The encounter of Africa and Europe on foreign soil and these in turn with the indigenous Native Americans on their long-tenanted estates and all in turn with latter-day arrivants from Asia and the Middle East, has resulted in a culture of texture and diversity held together by a dynamic creativity severally described as creative chaos, stable disequilibrium or cultural pluralism. An apt description of the typical Caribbean person is that he or she is part-African, part-European, part-Asian, part-Native American but totally Caribbean. To perceive this is to understand creative diversity and many of us do understand the phenomenon. I regard as an aberration all evidence of a lack of understanding by those of us who tenant these lands of the Caribbean Community.

This understanding comes through in the interesting orientations one finds in the region among those who are not yet existing in the Independence mode. French Caribbean, from St. Martin to Guyana, which constitutionally is metropolitan France overseas (despite the cultural differences between Paris and Point-a-Pitre), the Netherlands Antilles, the British dependencies of Anguilla, Montserrat, British Virgin Islands, Cayman Islands and Turks and Caicos all recently 'elevated' to Overseas Territories, the American dependencies

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

of American Virgin Islands and Puerto Rico (despite the latter's '*Commonwealth*' status) and Bermuda (a very special case) are none of them willing to risk the agony of choice in becoming Independent at this time. None wishes to be '*oil-poor or debt-rich*', as some would deem post-Independent Trinidad and Jamaica respectively to be. But what they all seem to have in common is a full grasp of the power of cultural action in affording a sense of place and of purpose to the inhabitants of their territories. They therefore tend to identify with the Independent Caribbean in this area, despite the differences in political systems.

The 'differences in political systems' are in fact part of the overall dilemma of difference which is a manifestation of the complex process of diversity demanding of all in the region the capacity to build bridges not only between classes and races of people within countries of the region, but also between zones of former imperial influences among countries and between continents of the world, themselves represented in the region through centuries of migration and continuing interaction via tourism, commercial transactions, and professional contacts.

The Caribbean, itself the expression of such diversity and of its survival and beyond, has struggled for all of five centuries with mastering the management of the complexity of such diversity. Such have been the phenomenon and challenges, that today it is possible to say with a fair degree of certainty that we have by and large learnt to live together, rather than simply side by side. It has been the easy solution of peoples of different origins (ethnic or religious) who find themselves in close encounters to live side by side rather than together. But the communications technology revolution and the tremendous improvement in travel facilities have dictated the urgent need for people to learn to live together, to deal with the dilemma of difference in ways that will serve the enhancement of the quality of life for human beings and to ensure positive human development well into the third millennium.

The Europeans have come around to what the Caribbean has long understood to be *a sine qua non* of civil society. 'The world is our village', says Jacques DeLors, the French intellectual. 'If one house catches fire, the roofs over all heads are immediately at risk. If anyone of us tries to start rebuilding, his efforts will be purely symbolic. Solidarity has to be the order of the day: each of us must bear his own

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

share of the general responsibility'. We are our brothers' keepers, and our sisters' too!

My claim on behalf of the Caribbean may seem strange against the background of a failed attempt on the part of the Anglophone segment to federate some three decades ago and the on-going difficulties we have been trying to achieve effective modalities of closer cooperation between people who have shared a common history of slavery and indentureship, the plantation and colonialism.

The important thing is that the fight has not been given up; no more than it was in Europe after centuries of similar failures or continuing tension, as the war on Iraq is even now engendering. The region at a subliminal level, understands and trades on the unity which underlie the differences. That unity is *submarine* according to West Indian poet Kamau Brathwaite; and in a region of largely limestone and volcanic rocks, separated by divisive seawater, one can understand the metaphor and grasp the difficulties in transforming the creative diversity of floating island spaces, colonial historical experiences and language differences into an integrated whole expressed in a common humanity. Both continental Guyana and Belize are themselves separated from their fellow West Indians by such divisive sea-water also.

Admittedly, the eloquence of the differences is powerful. We continue to speak of this region of some 30 million people as Hispanic Caribbean, the Anglophone Caribbean, the Francophone Caribbean, the Dutch-speaking Caribbean and so on. Such hyphenated fragmentation emphasizes the legacy of a heritage of separation and shattered identities. Yet, none of this deprived us in our separate dispensations of that awesome process of *becoming*. Our people were able to survive the traumas of separation from ancestral hearths as part of the transatlantic slave trade and the indignity of dehumanisation in slavery for the vast majority by the exercise of their creative imagination. What results from this has been the germ of a culture which shares more in common than many like to believe. The products may differ one from another but the region shares a similar process of becoming.

Culture, as a point of power, and the recognition of this by these Caribbean dependencies, catapult them into the twenty-first century precisely because they are in possession of that new sensibility forged over 500 years of encounters, making them fully *au fait* with relationships, with texture, with contradictions, with unity in diversity.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The old Spanish empire hankered after this as did the Romans before them with their '*e pluribus unum*' motto. But you can still declare the motto and not realise the '*unum*' out of the 'pluribus'. Some would even now insist that Jamaica's '*Out of Many One People*' and Guyana's 'One *People, One Nation, One Destiny*,' like Trinidad's national anthem which claims a place where '*every race shall have an equal place*,' are all still challenging aspirations rather than established achievements.

Today there are parts of the world, and especially of this hemisphere, that celebrate their new-found perception in something called 'multiculturalism'. But this piece of jargon can be very misleading. The 'multi' could well speak to a pluralism which secures for each ingredient in the mix an unassailable corner of exclusivity. So, you stay in your small corner and I in mine. This is no way of building bridges between differences either within or between societies. Instead, it is one of the surest ways of maintaining a status quo of gaping gulfs of difference between people whose forebears might have come from a variety of places.

It is the insightful grasp of this phenomenon which no doubt drove Edouard Glissant, the Martinican writer, to the view that the Caribbean has no myth of origin, it has only a myth of relation.

Such is the reality of the twenty-first century which is already with us. As was the experience of all of the Americas, of which the Caribbean is an integral and iconic part, the world's inhabitants, certainly in the Western world to begin with, must stand on sea shores or on mountaintops, look across oceans and sing 'Goodbye Motherland' knowing that where one is, one must call home. Demographic spaces must now co-exist along with nations or countries, despite the sanctity of flags, anthems and other national symbols. Unity and diversity are not mutually exclusive. In fact the idea of '*nation*' entails diversity. Derek Walcott's full grasp of this is expressed by his Shabinemulatto character, as the new Trinidadian President (himself a hybrid of a Caribbean man) reminded us recently;

I'm just a red nigger who loves the sea
I had a sound colonial education
I have Dutch, nigger and English in me
And either I'm nobody, or I'm [a] nation.

This is the sort of challenge to the exaggerated claims made by this or that civilisation or culture with respect to the greatness of their creative achievements over all others, especially over the formerly colonised and enslaved, but also over those who used to be regarded as

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

the 'lesser races', until the performance of such persons in the hallowed field of science and technology proves otherwise. The case of the Japanese here comes to mind. But Western Europe has also had to abandon notions of having a hotline to God in the form of Judaism and the Christian religion, leaving all others as heathens. Ecumenism has virtually won the day with Hinduism, Buddhism, Islam being rated as major religious expressions embracing the sympathy, faith and formal allegiance of hundreds of millions of people on Planet Earth who are not likely to burn in hell for being pagans or for not being Jehovah's Chosen people.

Outside of religion, exaggerated claims continue to be made in the realm of aesthetic discourse. What is 'classical' is, for many, clearly European in this narrow view while all else is 'popular' or 'ethnic'. The Caribbean and the Americas, in general, by their sheer output of artistic innovation have long challenged this.

Furthermore, as in the case of physical migration of peoples from the developing to the developed world, there is, as Jamaican folklorist Louise Bennett puts it, 'colonization in reverse' in all of Western Europe in a deeply cultural sense. France and the Netherlands are hooked on zouk (they are unfortunately hooked as well on other things which shall be nameless). British and German youths cannot do without reggae and dance-hall and the calypso of the Southern Caribbean has long taken root in the North Atlantic. American pop music coming out of multi-racial, multi-cultural USA belongs to the world; and the cinema, this great twentieth century art form, serves to link continents.

American Jazz is easily the classical music of the twentieth century as the Europeans would aver, and Europe is wisely revitalising its own great musical traditions by reaching out to the musics of Asia, the pygmies and South Africa to produce what they now call 'world music'. This is, indeed, an example of the bridge between cultures being built and traversed.

The entire world is gone 'creole'—in the Caribbean sense of forging from the disparate elements of a 'village-world' new expressions challenging us all to a new ontology, a new cosmology and, by extension, a new epistemology.

The UNESCO-sponsored Commission on Culture and Development recognized this in its declaration that with our futures being increasingly shaped by the 'interdependence of the world's peoples it is essential to promote cultural conviviality'. The truth, is the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

futures of people like us in the Caribbean were always shaped by the interdependence of those who found themselves in encounters of differing kinds. The slave-master was highly dependent on the slave and vice versa. In fact, the emancipation of the slaves was the liberation of both masters and slaves since to quote myself, 'the jailers and the jailed are after all both in jail'. That interdependence gave rise to the awesome process of 'creolisation' with differing elements now coalescing, now separating, now being assimilated, now resisting, now counter-resisting in a dynamic contradictory relationship that produced agony but also new life.

Derek Walcott, the 1993 West Indian Nobel Laureate for Literature, put it beautifully and graphically:

> *"The tribe in bondage learned to fortify itself by the cunning assimilation of the religion of the Old World. What seemed to be surrender was redemption. What seemed the loss of tradition was its renewal. What seemed the death of faith was its rebirth."*

Such paradoxes of 'being' the world of the twenty-first century must understand as we in the Caribbean throughout the past half a millennium have been forced to do. Any attempt to produce a new cultural hierarchy that will keep out hordes of humanity from the state of 'being' human is likely to fail. We are already getting signals which should be heeded. The so-called 'globalisation' in economic terms has its counterparts in the cultural field. But here is where it is likely to fail as that earlier globalisation, otherwise known as imperialism, did. For the natural antidote to the poison of homogenisation, which is what cultural globalisation threatens, is the retreat to areas of specificity where people feel secure because they control the processes that make them viable. I refer to such areas as religion, the arts and private philosophies about self and society. Caribbean society retreated to these areas with rich results in religious expressions and the creative arts (visual and performing) as well as home-spun philosophy, to be found in their oral literature which houses the collective wisdom of the ordinary people. They are not likely to abandon such ancestral cradles of independence. Nor have the people in Bosnia and old Yugoslavia, Rwanda and Zaire or in Eastern Europe where the homogenising power of an all embracing political ideology and the coercive energy of the omnipotent State could not stifle the attachment to religion and the urgings of the creative spirit. In God's house there are many mansions indeed! In a world which ignores the fact of plurality, of texture in the human makeup, of the multi-faceted nature of all living beings and the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

systems and structures they create for their survival, is not a world that is fit for human habitation. It is Alpha Oumar Konare, President of Mali who reminded the world in 1993 that 'as long as any civilization applies political, intellectual and moral coercion on others on the basis of the endowments nature and history have bequeathed to it, there can be no hope of peace for humanity: the negation of the cultural specificities of any people is tantamount to the negation of its dignity'. This strikes a responsive chord in the ears of many Caribbean people whose cultural specificities turn on the result of the meeting of Africa and other cultures which preceded and followed it on American soil, and have been denigrated for that reason. That this is unacceptable for human development is beyond debate.

A basic understanding of this is a primary ingredient in the bridges that have to be built between peoples tenanting different continents and who are expected to manage the complex process of diversity.

In the academy, linear approaches to learning, whether in teaching or research, will have to give place to the multi-disciplinary and inter-disciplinary approach to the investigation, discovery, delivery and diffusion of knowledge to cope with the intertextuality of the phenomena being observed and analysed. In everyday living, mutual respect and a commitment to the idea of the rights of one entailing the rights of all will have to be taken on board in the normal way of going about one's business from day to day. In dealing with the wider social environment (local and global), one must be prepared to code-switch at a moment's notice, so as to be able to deal with the different modes of relating that confronts one within a matter of minutes, if not seconds. How can a child relate to the multiple images that will assault his consciousness on the television screen if he/she is to make sense of what he/she is viewing and of the world?

Educating the young for survival in the twenty-first century is to be able to cross that bridge, not so much the one spanning centuries as the one spanning sensibilities which are forced to engage each other in new and now accessible landscapes. The microcosmic Caribbean has some centuries of practice in much of this. But bridges built can collapse and the stresses and strains on the structure could scare away even those of us accustomed to traversing the structure as a matter of course.

Racism, religious bigotry, xenophobia, apocalyptic rationalism parading as science, neo-liberal bottomline economics which

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

marginalise the very people who are the true producers of wealth, the commitment to a culture of violent conflict rather than of peaceful engagement—all these obscenities continue to afflict humankind and threaten to thwart all attempts to span differences—real or imagined.

It was such danger signals which led UNESCO to the setting up of a World Commission on Culture and Development. By moving culture to centre stage in the development process, UNESCO genuinely felt that it could help in finding one of the 'exceptional solutions' needed at this time to the world's exceptional problems. For 'the world as we [indeed] know it, all the relationships we took as given, are undergoing profound rethinking and reconstruction. Imagination, innovation, vision and creativity are required', concluded Javier Perez de Cuellar, Chairman of the Commission.

The Report which flowed from extensive deliberations for some two or so years dealt with key areas of cultural practice in the building of bridges across continents given to emphasise differences, rather than to promote similarities. Issues of pluralism, empowerment, media influence, gender rights, youth, cultural heritage, the environment, education and research are all addressed in terms of cultural diversity and the creative management of such diversity. The aim of a new international cultural order is here implied—an order predicated on cultural diversity and the creative response to the challenge of difference, the long-held dream of many people including the late Leopold Senghor of Senegal.

The discourse continues with the Report as a point of departure. A framework for a series of bridges to span the river that flows between the cultural divide that separates segments of humanity one from another has been presented. Other material to reinforce the framework or even to build more bridges suggest themselves, and the Educational system may wish to place on its own agenda a challenge to itself to help build some of these.

I refer first to Popular Culture, beginning with urban mass culture which through radio, television recordings and the mass concerts in the performing arts, have brought young people of different continents together in mutual understanding. But, allied to this are the traditional indigenous cultural expressions through the Festival arts which have seen a resurgence since the 1970s throughout the world. Closely allied to both is Sports (which I see as a branch of the performing arts) gaining international exposure and attention through the media, as in the case of World Cup Football, Basketball

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

throughout the Americas and the Caribbean, Cricket throughout the Commonwealth, and Track and Field and other sports through the Olympics. They reflect part of both the globalising phenomenon of present and future life as well as the countervailing retreat into the specificity of individual and group experience and existential reality. We may well wish to discuss this further so as to speak to the concerns of millions of young people and of the developing world which is still led to believe that it is relegated to the base of a rigid cultural hierarchy.

We also need to address the question of multiculturalism at the core of the discourse on the contentious issue of perception of civil society tenanted by persons from different cultures, whether as a result of ancient migration (the Americas e.g.) or the more recent movements of peoples especially in Western Europe (countries that were once colonial Powers) and multiracial communities in the South East Asia, the Caribbean and Africa. Multiculturalism as a policy option in countries like Canada and the United States is losing/has lost ground. 'Nation-building' as an antidote to the poison of ethnic exclusivity within discrete geographical boundaries does not, in practice, always serve as an effective cure for the poison.

Then there is the matter of Culture and Education. Culture in its broadest sense undergirds the educational system; but as an expression of creative intellect and creative imagination, it needs greater focused attention in educational development.

Conscious relating to the DeLors findings in another UNESCO report is here recommended. For learning to live together, learning to be, learning to know (creative artistic activity is a valid route to cognition) and learning throughout life are all highly dependent on a cultural sense, making the arts a vital variable in the education equation.

Heritage Tourism is of special interest in this region, but not only here. Hopefully, we will have by now moved from the sort of cultural tourism thrust of the early 1970s to something that will not deteriorate into 'touristic culture'. Distinctions need to be made, re-definitions crafted, and the commitment to respect for a people's heritage reinforced.

Our job, then, is cut out for us well into the next century; and I make bold to assume that CARICOM and all constituent Member States are on board the journey that must speak to the Two Thirds World as well as to the dominant One Third and address all the major forces that are even now helping to shape consciousness and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

perceptions. The shifting paradigms, the textured sense and sensibility of end-of-century youth bombarded with myriad images of self and society via the media or through personal contact with persons of different backgrounds, races and cultural origin, are all challenges to humankind's creative diversity which must be managed with sensitivity and daring. For the underlying regulative principles that make us all members of the same human family, despite the diversity, must also be acknowledged and recognized.

Such are the contradictions in the architectural designs and construction work that attend both the building of bridges across continents in the interest of human development, and the imperative of creative management of the complexities resulting. The investment in the human resource demands no less! And to this the next 30 years of CARICOM must be committed.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 17

Strengthening the Caribbean Community: A Comment on the Role of Functional Cooperation

Rudolph A. Collins

There is need to agree on the principles for moving forward with implementing an agenda for functional cooperation … the areas that fall under the umbrella of functional cooperation should lend themselves to making the Community more dynamic by taking advantage of flexibilities that push the frontiers of the Community's activities to connect directly and continuously with the aspirations of the Caribbean peoples.[1]

The period that witnessed the evolution of a Caribbean Community (CARICOM) from the emotional and psychological melt down occasioned by a failed federal experiment, th3rough the process of revitalization and hope that led to the setting up of the Caribbean Free Trade Association (CARIFTA) and ending with the Treaty of Chaguaramas, is instructive. It defines, in significant measure, the thinking, and indeed the bias as well, of our Caribbean leaders towards the concept of and the increasing imperative for regional integration. The "*Federation*" debates for example, had focused on forms and inevitably, on fears. The record of the various Constitutional Commissions that paved the way for the Federation (1958-1962) reflected a growing hunger, primarily among the elite within the colonies, for more power to govern and for constitutional changes to be granted by the Mother country for greater autonomy to complement the increased power. Thus it was that much of the debates on Federation were directed towards constitutional arrangements that should be put in place to accord this autonomy, to preserve as far as possible the right of each Member State to develop its national economy and to preserve as well, the power of the ruling elites within their respective territories.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The fears were that Federation's downside would be a further diminution of these newly acquired constitutional rights and, worse yet, a swamping of the richer, more prosperous among the colonies, by the poor and dispossessed of the others. Among the ruling elite therefore, the fears were about loss of autonomy, the effects of the free movement of people on national economies and their economic and social development, and on their capacity to develop their separate island states. In societies that embrace the cult of leadership, the masses become heavily influenced by the directions taken (and given) by the ruling elite.

Given the fears and the focus on the constitutional arrangements, it is hardly surprising that in the debates and discussion on the rationale for Federation, and on its merits and demerits, issues relating to the strengthening of the region in community terms, failed in their competition for attention with the wider concerns about the political implications and ramifications of a Federation of Caribbean States. While this assertion can, with justification, be dismissed as a rather facile interpretation of the failed federal experiment, what is clear is that Federation was not, in its practical application, contemplated as an experiment in community building, one in which the peoples of the region were made to consider themselves an integral part.

The period also witnessed a number of significant events taking place globally. The winds of change were touching the far flung shores of the British Empire. Demands for independence and attendant anti-colonial struggles in support of these demands filled the air. The Cold War was having its impact globally, creating tensions within the colonies and newly independent states. Independence and freedom were accompanied by the cry for a new world order to adjust the international economic system and the various trading regimes being created to fuel and drive it.

The Caribbean was not immune to these changes and their impact and its newly independent leaders were becoming increasingly concerned at the likelihood of being marginalised in a global economy. Various measures were considered for unifying groups of States into more potent economic entities or to set in train economic arrangements that would guarantee markets for their products. It was a period when political considerations were to join with economic determinants to influence further attempts at regional integration. Once again however, it needs to be pointed out that the fashioning of a

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

strong and viable community—a Community for All—was not the principal objective of those who were seeking better opportunities for their respective Member States, either separately or, in some form of union.

Many today will not recall or ever know about the Declaration of Grenada. This was a draft proposal, of 1970, for the creation of a political and economic union of the territories now comprising the Organisation of Eastern Caribbean States (OECS), with Guyana as the designated leader of the union. The proposal had its metaphorical dawn but it never saw the light of day nor played any significant part in the creation of a strong and viable Caribbean Community. There were others that were more successful, like CARIFTA for example. But each and every one of them, however well intentioned, reflected the bias of the day—a bias which today permeates our thinking, even at the global level in a paradigm of development that focuses on the creation of wealth and a leadership cadre that would ensure the fair and just distribution of that wealth. Development from the ground up was not yet considered a viable partner; nor for that matter was people partnership considered as a serious option. Yet, a strong and viable Community can hardly be said to exist without such involvement, however institutionalized. This is the essence of community building in its broadest sense and the foundation upon which a strong, cohesive Caribbean Community must be built.

It is in this context that the Treaty of Chaguaramas remains distinguished for its formal recognition of the seminal importance of community building to any successful regional integration process. The Treaty, as well as its revised version, is a holistic document that has fully captured the meaning and spirit of a regional integration movement in all its dimensions. It addresses politics and economics. It addresses the external relations of the geopolitical area that is to become a strong and viable community. Furthermore, it has set in train the dedicated search for and application of measures that are designed to contribute to the building and strengthening of a viable Caribbean Community.

Article 4 of the Treaty of Chaguaramas[2] is quite specific about the relevance of what it terms "*functional cooperation*" which includes the efficient operation of certain services and activities for the benefit of the people of the Caribbean Community. It calls for the promotion of greater understanding among the peoples of the Community and the advancement of their social, cultural and technological development.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

It goes further and identifies specific activities which it lists in a Schedule to the Treaty. It was clearly, as the Mills Report concludes, a vision for bringing the peoples of the region together. It is perhaps apposite here to dilate a little on the Mills Report, (Report of a Comprehensive Review of the Programmes, Institutions and Organisations of the Caribbean Community). In 1988, Professor Gladstone Mills (Jamaica), Sir Carlisle Burton (Barbados), Dr. J. O'Neil Lewis (Trinidad and Tobago) and the Hon. Crispin Sorhaindo Dominica), were charged by the CARICOM Heads of Government to review the regional programmes and organizations of the Caribbean Community. In the preface to their Report (1990) they noted that:

> *"Two messages have come through to us – one from the politician who, with only a few bold exceptions, state their conviction that we must hasten slowly, very slowly, on the road to the goals of the integration movement for, they say, the people are not yet ready; and the other from the people, that it is their desire to be unified but only the politicians keep them back although they have not consulted the people they profess to lead."*[3]

The Mills Report went on to note that "the Caribbean Community, within the context of its West Indian identity, is bound together by a cultural history and a common experience of feeling which goes deeper than our negotiations concerning trade. To preserve and strengthen these bonds, however, there was urgent need—

(i) for more varied CARICOM produced and disseminated educational, cultural and general information programmes assigned to sensitise, inform and educate the people of the Community;

(ii) to widen the scope both geographically and in the range of participation, for greater personal contact among the peoples of the Caribbean Community through cultural, social, educational, sporting, business and professional activities;

(iii) for increased information flows among Member States and between the CARICOM Secretariat and the Member States".[4]

What the Mills Report did, in essence, was to recognize and place on record the importance of community building to any successful regional integration process. What it also did, without doing so specifically, was to indicate that the language of the Treaty in respect of community building through functional cooperation had not been

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

translated into any definable sense of reality that was visible to them, or made known to members of the Mills team.

Their view on community building through functional cooperation had already been acknowledged by the Community leadership. In 1989, at Grande Anse in Grenada, the Heads of Government of the Caribbean Community had declared themselves to be:

> "*inspired by the spirit of cooperation and solidarity among us, are moved by the need to work expeditiously together to deepen the integration process and strengthen the Caribbean Community in all its dimensions to respond to the challenges and opportunities presented by the changes in the global economy".*

As with the Mills team, the regional leadership in this landmark Declaration was recognizing the importance of community building in all its dimensions. The Grand Anse Declaration[5] and the actions and activities it encouraged however, for the most part, were to reflect a seemingly inevitable focus on issues relating to economic integration and economic development.

A dominant issue of the 1980's and 1990's was the question of deepening versus the widening of the Caribbean Community and how best to strengthen the Community, in all its dimensions, for it to survive. The solution was for the most part, limited to a consideration of the political and economic dimensions. The formation of the Association of Caribbean States (ACS) and the admission of Suriname and Haiti have been regarded by many observers as a political/economic response to the question of deepening versus widening—the former by creating another entity to which aspirants to membership of the Caribbean Community (both Venezuela and Colombia for example, had shown an interest in such membership) could legitimately and effectively join. The latter, in the view of the author of this Paper, continues to defy rational analysis in the context of responding to the question of deepening versus widening. Neither the former nor the latter can be said to have resulted in a stronger more viable Caribbean Community.

The Ramphal Commission[6] tackled this question head on and did so in a way that Professor Mills and his team would have applauded. The route the Ramphal Commission took was that of in-depth consultations directly with the people of the region. What emerged at the level of subsequent public political discussion however, was not a debate on the people's views regarding regional integration

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

and community building. Instead, there was undue focus on the political and economic dimensions of the problems of strengthening the Community and what institutional measures would be best suited to achieve this objective.

As indicated earlier, there is built into the Treaty of Chaguaramas and its Revised version as well, very clear guidelines concerning what needs to be done to create a strong and viable Caribbean Community. In many respects the Treaty does appear to have benefited from the lessons of the failed federal experiment for it has incorporated into its provisions the concept of functional federalism. Hence, the emphasis it has placed on cooperation in areas of common community interest, particularly where the question of national sovereignty—and its possible erosion—is of little importance and relevance as a significant issue in a Member State's development.

The ongoing interpretation of the term "*Functional Cooperation"* as described in the Preamble of the Treaty of Chaguaramas (and the revised Treaty) has resulted in a fundamental and continuing misunderstanding of its meaning and hence its relevance to the regional integration process. First of all, functional cooperation is usually described in terms of what it is not. Thus, for many, its usage has evolved within the Community as being synonymous with respect to those core programmes that reside in the non-economic areas of the integration process. The success of functional cooperation is attributed to the fact that being "non-economic", it is easier to find acceptance; and also for the same reason, that it impinges less on national sovereignty and hence, is viewed with less suspicion by the region's Leaders.

Another commonplace interpretation of functional cooperation is that it is seen as a parallel development to Trade and Economic Cooperation in contributing to the regional integration process; and further, that it would serve to increase the welfare of citizens in areas such as poverty reduction, health and education, social protection and human resource development. This interpretation makes two basic errors. Firstly, functional cooperation should not be a parallel development but a process that is integrated with all other actions leading to a common objective. Secondly, by focusing on the "welfare of citizens", it conditions the mind to pursuing the erroneous belief that welfare and development are synonymous. Health, Education and Social Protection should no longer be regarded as welfare institutions but as important developmental inputs in the regional integration

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

process in much the same way as the Single Market is accepted as a developmental input.

There is an even more important aspect to the regional integration movement which largely has been ignored over the past several decades. Because of the mindset referred to above, functional cooperation has taken second place in the regional integration process. Yet, any reasonable analysis will show that what has served to keep the Community together, enabling it to pursue its economic integration agenda over the years, has been the historical sense of a common identity which still persists, despite the many failed federal experiments and other regional integration initiatives.

Professor Thomas, in an article entitled *"The Urgency of Functional Cooperation: Priority Interventions in Selected Areas"* and appearing in Section III of this issue, examined in considerable detail a number of programmes and activities traditionally associated with functional cooperation. One of his objectives was to determine whether they have been as successful as is commonly assumed and by inference, what contributions have they made to the regional integration movement. It is an illuminating analysis which certainly calls for renewed thinking in putting forward programmes for cooperation.

Similarly, a few years ago, President Bharrat Jagdeo of Guyana called for a review of all the programmes of functional cooperation to put an end to the proliferation of such programmes without due regard to any cost/benefit analysis for the Community. He also called for a review of existing programmes to determine which were still viable, relevant and performing a qualitative Community service.

Both President Jagdeo's and Professor Thomas' positions are pertinent and valid, and their respective recommendations should be given serious consideration. Their perspectives, however are different from what this Paper is advancing. For what is being asserted here is that it does not matter what the programme of functional cooperation is, it derives its validity only to the extent that it serves the purpose of strengthening and deepening the regional integration process through strong community building.

It is common place, in economic terms, to mention what is happening in Asia as an example of how developing countries can prosper and to recommend that the Asian experience should be studied and emulated where possible. Within recent years, the Association of South East Nation States (ASEAN) has been engaged in an ongoing debate on how to make the ASEAN stronger and more

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

viable. They are doing so, unlike within the Caribbean Community, against the background of a history of cultural diversity, differing economic levels and dissimilar political regimes. And what has been their conclusion? That community building through programmes of functional cooperation is the preferred starting point in the creation of a viable and strong ASEAN community. In their preparations for the Sixth ASEAN People's Assembly (October 2007), under the theme "Realizing the People's Expectation" they are determined:

> *"to bring together representatives from various civil society groups, academic and think tank institutions and key policymakers in South East Asia and other regions that have an interest in promoting people centered development in the process of ASEAN community building".*

The Caribbean Community is years ahead of the ASEAN in its recognition of functional cooperation relationship to community building. Our focus in pursuing this, has far too often been diverted as other channels are vigorously pursued.

At the recently concluded Conference of Heads of State and Government of the Caribbean Community (Barbados, July 2007), the leaders went out of their way to issue a special Declaration on Functional Cooperation in the context of "a Community for All", which in part reads:

> *"Fully convinced that functional cooperation, concerned as a body of actions and activities that integrate the Community's political, economic, security and social policy goals with its cultural, scientific, technological and environmental objectives, offers great opportunities for the future and therefore must permeate the work of every council and institution of the Community and in this respect contribute to the increase in the welfare and security of the Community's citizens."*

The language of the Declaration, given the example above, portrays the usual mixture of ideas that typifies *"negotiated"* Communiqués. But, for the first time since the Treaty of Chaguaramas, the true meaning, the essence of functional cooperation, has been captured. No longer is the focus to be on *"non-economic"* issues. No longer are we to be confined to the "safe and successful" areas of cooperation—a concept so thoughtfully disposed of by Prof. Thomas. It will be no longer appropriate to set up a special Directorate to deal with issues and subjects of Functional Cooperation as ends in themselves.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

What we have instead, is a clear recognition that functional cooperation, as defined in the Declaration, is a cross-cutting issue that must permeate all the actions and activities of the Community and must do so for a very specific purpose. That purpose is to ensure the creation of a Community for All. The validity of every collective action and every collective activity rests on the extent to which each has sought to involve the Community in its conceptualization and its implementation as well as the extent to which it has brought benefit to the Community as a whole and the citizens who comprise it.

A few years ago, the author of this article had to make an emergency visit to an Optometrist in one of the Community's Member States. He had no appointment. When it was discovered that both he and the goodly doctor were graduates of the University of the West Indies, not only was an appointment immediately made but during the visit a conversation ensued as though they had known each other for some time. There are within the Community, literally thousands of the University of the West Indies (UWI) graduates functioning in almost every sphere of activity creating a potential mini-community of activists for a strong and viable Caribbean Community. Unfortunately this is just not happening.

From 1948, when the University first opened its doors to this day, (based on an interpretation of the recently released Strategic Plan of the University), the major emphasis has been on attaining the quite laudable but traditional outputs: the training of our nationals in a variety of professions, skills and related pursuits both as an end it itself and to meet the demands of developing economies. By any standard of judgement the achievements of the University of the West Indies has been exceptional and exemplary. In fact, so good has been the University over the years in this regard that it has been accused of training our nationals for overseas employment!

The point here—and the anecdote about the encounter with the optometrist is instructive as well—is that an examination of the curricula of the University fails to find either as a dedicated subject or as a cross-cutting theme with any specific clear cut dedicated emphasis—indoctrination if you will—on the relevance of community building, the relevance of one community and the imperative for a Community for All. It is almost as if we are ashamed to be seen to be doctrinal in matters relating to the collective instilling of an imperative for community cohesion in ways other than through declaratory statements, political posturing or occasional academic analysis.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

This is not intended as a criticism of the University. Far from it. It is an inherited thought process that permeates our society. By any objective analysis, for example, the sterling role which education has played and continues to play in equipping the Caribbean national to be a better person wherever he or she might reside, has to be readily acknowledged. The role and function of the Caribbean Examinations Council (CXC), both as an end in itself and as a cross-cutting theme in the development of the Community is standing testimony of this. What is still to be fully appreciated however, within, and among the individual Member States of the Community is the far-reaching relevance of the CXC to the creation of a Community for All. For far too many people—students and parents—the CXC is a means to an end and that end is either a Certificate to replace the one formerly issued by the United Kingdom or a better opportunity for personal advancement wherever—within or outside the Community.

When Dr. Slinger Francisco sang, during the 1960s about "*Dan is the Man in the Van"* he was making not just a poignant commentary about our "*imported"* educational system. He was at the same time, addressing the psychological impact which such a system was continuing to have on our belief and pride in being a Caribbean person. Both the UWI and our collective primary and secondary institutions have addressed the need for raising and maintaining high educational standards among our people. There now exists within the Community a significant mass of people who have been regionally trained and increasingly from a Caribbean perspective. Had this critical mass which now exists been oriented during their academic studies to an appreciation of the ideals and values of a Caribbean Community there surely would be less talk about Community building, as it would have been an even more accepted norm than it is today.

As with their economic development models which we so admire, the ASEAN approach to functional cooperation needs to be looked at carefully. What are the institutional arrangements which exist and what others can be put in place to strengthen the Community? The Task Force called for in the Declaration on Functional Cooperation needs to be guided by factors such as the extent to which the people, through their representative civil society and community organizations, for example, can become involved in programmes and activities that are intended for their benefit. The Task Force needs to take on board the recommendations of the Mills Report, or the example of the Ramphal Commission for the education of the people in community

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

building which is a *sine qua non* for the development of a strong and viable community. In the final analysis, what one wants is a stronger, more integrated Community. The basic instruments are all there and new ones will come on stream to meet changing and evolving demands, as for example, those changes and demands that are a consequence of the current Information Revolution. More effort needs to be directed towards making the citizens of the Community aware and more appreciative of these instruments which are daily making a contribution towards creating for us a better way of life and helping us to enjoy an ever improving standard of living.

NOTES

1. Working Document of the Twenty-Eighth Meeting of the Conference of Heads of Government of the Caribbean Community, Barbados, July 2007).
2. Caribbean Community Secretariat. *Treaty Establishing the Caribbean Community, Chaguaramas, 4th July 1973*, Georgetown: Caribbean Community Secretariat, 1978, p.4.
3. Gladstone Mills, C. Burton, J. Lewis and C Sorhaindo, Report of a Comprehensive Review of the Programmes, Institutions and Organisations of the Caribbean Community. Georgetown: Caribbean Community Secretariat, 2002, p.ii.
4. Ibid., p. iv.
5. Grand Anse Declaration and Work Programme for the Advancement of the Integration Movement, Grand Anse, Grenada, July 1989.
6. West Indian Commission. Time for Action: Report of the West Indian Commission. Kingston: University of the West Indies Press, 1993.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 18

Some Implications of the Caribbean Single Market and Economy with Special Reference to Education and Gender

Elsa Leo-Rhynie

The Caribbean Single Market and Economy (CSME) can be listed with several other regional organizations worldwide that have been established to promote regional cooperation on political, economic and social issues. It is the outcome of several years of discussion and negotiation among the member states of the Caribbean. Subsequent to the failure of the West Indies Federation, and the granting of independence to some of the Anglophone Caribbean countries in the 1960s, there was recognition of the need for some agreement among the newly independent countries of the Caribbean to work together towards the achievement of common goals. The Caribbean Community and Common Market (CARICOM) was established by the Treaty of Chaguaramas in 1973. This treaty did not, however, provide for the full integration of the region. Globalization and new demands in a variety of areas, but particularly in trade, made this greater collaboration increasingly important. In 1989, therefore, 13 of the now 15 members of CARICOM met at Grand Anse in Grenada to decide on an integrated development strategy to chart their way into the 21st century. The key features of the Grand Anse declaration in 1989 were:

- Deepening economic integration by advancing beyond a common market towards a single market and economy.
- Widening the membership and thereby expanding the economic mass of the Caribbean community - thus Suriname and Haiti were admitted as full members in 1995 and 2002 respectively.
- Progressive insertion of the region into the global trading and economic system by strengthening trade links with non-traditional partners.

Clearly, the primary purpose of this declaration was the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

establishment of a single market and economy. The actual concept of the CSME was framed in the Revised Treaty of Chaguaramas that came into effect at the 22nd Heads of Government Conference in The Bahamas on July 5, 2001. The CSME is designed to represent a single economic space within which people, goods, services and capital can move freely, and as such it will require the harmonisation and coordination of social, economic, and trade policies among the participating member states.

The strengthening of CARICOM's participation in the global trading arena has been achieved through a series of bilateral trade agreements with Latin American countries—Venezuela, Colombia, Dominican Republic, Cuba and most recently, Costa Rica—as well as through full and effective participation in multilateral and other major trade negotiations such as those of the World Trade Organisation, the renegotiation of the Lomé and Cotonou arrangements with the European Union and the Free Trade Area of the Americas (FTAA).

Achieving the consensus of 15 governments on the terms of the CSME has not been easy, and CARICOM Heads of Government agreed to launch the CSME in two phases. Accordingly, the Caribbean Single Market (CSM) was launched on Monday, January 30, 2006, in Jamaica. Six countries: Trinidad and Tobago, Barbados, Guyana, Belize, Suriname and Jamaica signed a declaration recognising the existence of the CSM. There were, in addition, six member states of the Organisation of Eastern Caribbean States (OECS)—Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines—which signed a declaration of intent and announced that they should be ready to join the CSM by the end of June 2006.

The Bahamas, Haiti and Montserrat are the other three CARICOM member states that complete the 15-member community and as at the time of writing (November 2006) these have not yet signed on to the CSM nor have they signalled their intention to do so.

On the occasion of the launch, the Prime Minister of St. Vincent and the Grenadines, the Hon Ralph Gonsalves, spoke emotionally of the milestone that the CSM represents in Caribbean history. He said:

> *'Today January 30, 2006, we reach and pass a milestone of historic proportions as the maturation process of our Caribbean civilisation continues. This civilisation acknowledges the disparity*

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

of our roots, yet speaks clearly to the intimacy of our knowledge and understanding of each other, of our feelings of brotherhood and sisterhood, of our sense of ourselves as a unique people embarked on an extraordinary journey through life, with determination and commitment as we seek to mould our Caribbean community in our own image, likeness and interest.

(Hon Ralph Gonsalves PM of St Vincent and the Grenadines)'

This statement acknowledges the men and women of the Caribbean and the intention communicated is that both groups will work together and be equal partners in the implementation of the CSME. As with many policy statements and agreements, however, the assumption is that the impact of the initiative will be similar for men and women, and the resultant gender neutral prognosis very often ignores the possibility of a differential gender impact that has been neither fully considered nor planned for.

It is this recognition of differential impact that has created a strong demand for gender analyses of policies, plans, programmes and projects in every area. Such analyses involve assessments to determine how any particular measure or set of measures will exert an impact on the particular situation, and to determine the extent to which the special needs of each gender group have been considered, planned for, and dealt with. Gender analysis focuses on the pursuit of gender equity and where, as in the case of the CSME, a developmental initiative is seen as an attempt to raise the quality of life of all people, it is crucial to ensure that the special needs of women *vis a vis* those of men, are met.

Gender analysis is usually reflective of specific theoretical perspectives and analytical frameworks

The collection of gender disaggregated data that can provide the quantitative evidence of gender ratios as they relate to specific activities and events, points to gender inequalities and pinpoints areas for attention. The data imperative is a major tenet of the Harvard gender planning method developed by Overholt *et al* (1985) and reflects a liberal feminist theoretical base.

The Moser Method, which is also called the Practical and Strategic needs, or Triple Roles Framework, is based on Molyneux

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

(1985) and Moser (1989) and identifies women's roles as reproductive, productive and community based. Their needs as they carry out these roles fall into two categories: immediate and practical, and long term and strategic. Meeting the long term strategic needs requires policy intervention such as legislation to promote gender equity, while the short term practical needs are those that need to be addressed at the local level to assist women in their reproductive as well as their productive and community work. Dismantling the traditional sexual division of labour and the sharing of reproductive roles with men is an important component of this framework.

The Women's Empowerment Framework, described by Longwe and Clarke (1994), also focuses on the strategic role and needs of women and emphasizes the importance of women's participation in decision-making and development planning. The assumption is that this will give women some measure of control over their lives and so they will be empowered to effect change that will lead to greater gender equity.

All three analytical frameworks are important in a consideration of the CSME and its gender impact.

The CARICOM single market and economy (CSME) is the platform from which the Anglophone Caribbean and associated states plan to face the onslaught of globalization. It creates a framework for increased competitiveness of the region's goods and services and it is expected to offer a bulwark for protection against the full force of the winds of the global market. The extent to which this protection will apply differentially to women and men must be taken into consideration.

Opportunities of the CSME

The CSME offers a host of opportunities for men and women of the Caribbean, as the agreement is not restricted to goods and financial capital, but also includes human capita—persons who are qualified to offer services in various fields. In the revised Treaty of Chaguaramas, which provides the legal basis for the operation of the CSME, there are several provisions dealing with persons. None, however, is more critical in a genuine single market and economy than the provisions relating to the free movement of persons. Article 45 of the revised

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Treaty declares that member states commit themselves to the goal of free movement of their nationals within the community.

1.1 Free Movement of Skills and Labour

The policy of free movement of skills and labour basically defines the right of a CARICOM national to seek work or engage in gainful employment in any CARICOM member state, whether as a wage earner or a non-wage earner, without the need to obtain a work permit in the member state in which he/she desires to work. A CARICOM national is, according to Article 32.5: (a) of the revised treaty, a person who is regarded as a national of a member state. This is the case if such a person:

- is a citizen of that state;
- has a connection with that state of a kind that entitles him/her to be regarded as belonging to or, if it be so expressed, as being a native or resident of the state for the purpose of the laws thereof relating to immigration.

Persons who are eligible for the free movement of skills/labour must be engaged in some kind of legitimate economic activity in the CARICOM single market and economy. There are currently no rights regarding free movement solely for purposes of residency or permanent naturalisation or citizenship. If a person just wishes to migrate from one CARICOM state to live in another, he/she must still apply for residency or citizenship, in accordance with the laws of that country.

As a first step towards achieving full free movement of skills/labour, the following categories of wage earners are entitled to move and work freely in the community:

CARICOM nationals who are:

1. Graduates from all recognised universities in the world
2. Artistes
3. Musicians
4. Sportspersons
5. Media workers
6. Managers, technical and supervisory staff attached to a company, or self-employed persons.

The Education Imperative

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Category 1 identifies university graduates as a group of persons eligible for free movement among CARICOM states. An educated workforce will be crucial to the development of the region in an era where a vibrant knowledge economy is the success indicator for countries worldwide. Several factors prevent young people from entering tertiary education and this has implications for the educational level of the workforce and the migration of skills from one country to another. In Jamaica, the most populous country in the Anglophone Caribbean, for example, gross enrolment rates decline as students move from pre-primary to tertiary level, with the sharpest decline being observed between secondary and tertiary (see Table 1).

Table 1: Gross Enrolment Rates of Jamaican Students 20042005

Level	Enrolment Rate
Pre-primary	97.7%
Primary	95.9%
Secondary	84.8%
Tertiary	21.2%

Source: Economic and Social Survey of Jamaica (ESSJ) May 2006.

Performance in the 2006 Caribbean Examinations Council (CXC) Caribbean Secondary Examination Certificate (CSEC), the terminal examination for secondary education and the basic requirement for pursuit of tertiary education, reveals that Jamaica's students (35,428 sitting mathematics and 37,408 sitting English Language) underperformed in relation to the Caribbean average. Data from the Gleaner of September 15, 2006 are presented below in Table 2.

Table 2: Performance of Jamaican Students in CXC CSEC Mathematics and English Language Examinations 2006

Year	Mathematics	English Language
2006	32 percent (3 percentage points below the regional average)	46 percent (5 percentage points below the regional average)
2005	36 percent	54 percent
2004	25 percent	39 percent

The regional averages of 35% in Mathematics and 51% in English Language point to Caribbean-wide underperformance at secondary level. These two subjects are major prerequisites for entry to

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

almost all tertiary institutions. Failure to achieve success at this level thus denies students the opportunity to graduate from an institution of tertiary education. There is thus no access to the opportunities presented by the free movement of labour provision applicable to graduates. The productivity of these students as workers in the labour force in their own countries, which must strive to be competitive with the rest of the world, will also be impaired.

In 1997, the Heads of Government of CARICOM set a target for tertiary level enrolment by the year 2005. This target required the doubling of tertiary level capacity and output in seven years—from 7 percent of school graduates at that time to 15 percent. It was a clear mandate to existing tertiary level institutions to increase access and enrolment, and it presented an opening for other institutions to seize an opportunity to offer tertiary level education.

The opportunity has been seized by a number of local private and foreign based institutions operating within the region, independently or in collaboration with public local institutions. There has been an explosion of tertiary education programme offerings for Caribbean students over the past ten years. This growth has been fuelled by the new information and communication technologies, the increased demand for higher education, and the thrust towards the 'commoditization' of education. Anticipation of the implementation of the General Agreement on Trade in Services (GATS) which has been developed to promote freer trade in services worldwide has also been an important factor. The GATS is to be administered by the World Trade Organization (WTO), and education has been included as one of the twelve for-profit service sectors covered by the Agreement.

The demand in the Caribbean for higher education exceeds the existing regional capacity to supply this education. The demand will only grow as the CSME becomes a reality particularly given the potential for social mobility and career advancement through the free movement of skilled and qualified people. Transnational education is seen as one solution to the problem of increasing demand for tertiary education faced by the countries of the Caribbean: it offers choices to students, and because the state is not involved, the students pay the full fee for their education.

Beckles (2000), however, has warned against transnational education in the face of globalization, stating that:

> *"Globalization…is effectively, a highly organized, ideologically shaped political agenda that is conceived and determined by power*

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

> *entities such as governments and corporate organizations. These agencies have as objectives the control and domination of targeted spaces for the explicit purpose of achieving influence, maximizing self interest, and establishing lines or polarities of authority and power…now cantered around the knowledge revolution and as such it has converted and mobilized science, technology and educational pedagogies into tools of global penetration and conquest." (p.16)*

The impending GATS has strengthened Beckles' view and in 2004, he noted that already, over 100 extra-regional universities were operating actually or virtually in the Caribbean, and cautioned that the Caribbean has to be:

> *'Concerned with protecting past gains and present achievements from the subversive and corrosive potential of trade liberalization in the higher education sector.'*

The proponents of the CSME expect that higher education will generate graduates who are oriented towards providing the knowledge base for the development of the Caribbean region. They will be graduates who understand and are prepared to offer solutions to the unique problems of the region, to address its special challenges, and to provide leadership in the region, even though the provision for the free movement of graduates allows for the involvement of graduates from recognised universities worldwide. Ongoing research pertaining to the CSME must be undertaken to assess its progress and achievements, and to consider its impact, including the impact on gender issues. Such research demands that Caribbean tertiary and higher education institutions serve as reliable resources for national and regional problem solving.

Of concern is the possibility of deterioration in the quality of tertiary and higher education. Increased access, however, must go hand in hand with maintenance of the highest quality. The increase in international for-profit trade in education makes it urgent that regulatory strategies be developed and implemented to assess and monitor the quality of the diverse educational services being offered and the varied methods of delivery of these services. It is essential, therefore, that quality assurance, accreditation and regulation be accepted as national and regional responsibilities. These responsibilities should be under the purview of educators and stakeholders rather than of trade officials.

The regional accreditation of tertiary and higher education

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

institutions and programmes is a priority, as there will need to be mechanisms to establish common standards and measures for accreditation and equivalency and to facilitate acceptance of degrees, diplomas and certificates across the region. CARICOM has recently agreed to the establishment of a regional accrediting agency and it is hoped that it will have the necessary capacity to handle the registration, accreditation and monitoring demands of the expected influx of extra regional providers.

The target of 15 per cent of the age cohort being registered in tertiary education, which is low compared to expectations in several other countries, has been surpassed in some Caribbean countries given the significant increase in provision of educational services in the region; but there are gender implications in relation to graduates of the University of the West Indies (UWI), the largest supplier of graduates in the region, where female graduates far outnumber their male counterparts each year. Table 3 presents the data for 2004- 2005.

Table 3: UWI Graduate Output 2004-2005

Country of Origin	No. of Graduates: all Campuses		
	Total	**Male**	**Female**
Anguilla	8	3	5
Antigua & Barbuda	67	22	45
Bahamas	38	11	27
Barbados	980	300	680
Belize	32	11	21
British Virgin Islands	23	8	15
Cayman Islands	0	0	0
Dominica	37	10	27
Grenada	36	10	26
Guyana	20	7	13
Jamaica	2790	657	2133
Montserrat	10	1	9
St. Kitts & Nevis	61	21	40
Saint Lucia	144	44	100
St. Vincent & the Grenadines	88	27	61
Trinidad & Tobago	2362	806	1556
Turks & Caicos	8	2	6
Non-Caribbean	43	24	19
Total	**6747**	**1964 (29.1%)**	**4783 (70.9%)**

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Source: The University of the West Indies. Official Statistics 2004/2005.

Men constitute less than one-third of the UWI graduate class and so the opportunity for free movement in the CSME will present a barrier to those men who would seek entry based on educational qualifications. If CARICOM nationals do not fall into any of the approved categories for migrant labour, then they will require work permits in order to be able to work in another member state. It will be interesting to observe, and important to document, the movement patterns of male and female graduates to determine whether, as occurs in the labour market, the higher qualifications of women do not provide them with the same career opportunities as less qualified men. Also, men may be able to access the single market in greater numbers than women because of their skills in the other approved categories, and the possibilities for work in those capacities.

The systematic collection of accurate gender disaggregated data on applications for entry of men and women to the labour market in another country as well as data on actual entry and the issuance of work permits, is crucial for determining the impact of this CSME provision. Of importance also, is the extent to which women's higher levels of education do in fact allow them to be more economically, socially and politically empowered as the CSME becomes operational. This has not been the case for the more than twenty years during which there have been more women than men graduating from the UWI.

At a special meeting of the Heads of Government in November 2004, it was decided that other categories must be added to the list of wage earners, and work has begun towards developing recommendations to broaden the eligible categories to other wage earners. A database also needs to be established: to record the establishment of new jobs; to identify how many of these jobs are filled by men and by women; to determine the extent to which the jobs match the job holders' qualifications; and to assess the salaries that ought to be awarded to persons with those qualifications. This is particularly important in the cases of women who sometimes accept jobs that underutilize their knowledge, skills and expertise, so that they will be able to meet the immediate and practical needs to pay their bills and maintain their families.

Even though an individual may fall into one of the already approved categories, that graduate, artiste, musician, sportsperson or media worker who wishes to work in another member state, must first

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

obtain a Certificate of Recognition of CARICOM Skills Qualification (CARICOM Skills Certificate) from the designated Minister of Government, in either his/her home country or the host country. The procedure to obtain a Skills Certificate is outlined in the domestic legislation of member states. Such legislation was enacted for the specific purpose of implementing the regime for the free movement of skills. These Acts are generally known as the Caribbean Community Skilled Nationals Acts. The Certificate serves the purpose of providing immigration officials with proof that the person who is seeking to enter another member state belongs to one of the approved categories. A CARICOM national holding a certificate of recognition of CARICOM skills qualification will not be subjected to:

- Any restriction on freedom of movement including the freedom to leave and re-enter his or her host country;
- Any restriction on the right to engage in gainful employment or other occupation;
- Discriminatory selection in filling vacancies;
- Any restriction of freedom to acquire property for use in that person's business;
- Any restriction on spouses and immediate dependent family members to move with the holder.

A CARICOM national who is seeking to enter another member state will be granted entry for a definite duration or indefinite duration in the member states, depending on the origin of the presented certificate of recognition of CARICOM skills qualification. When the certificate is issued by the designated Minister of the home country or by another member state, CARICOM nationals will be granted entry for six months, during which period they must have their qualifications verified by the designated Minister of the host country. They will only be allowed indefinite entry when the certificate is issued by the designated Minister of the host country or when the designated Minister otherwise indicates, after verification of the qualifications, that the person is indeed a skilled CARICOM national.

It is important that the database relating to the free movement of persons includes information about the gender distribution of the issuance of the CARICOM Skills Certificates, and about the granting of entry for definite or indefinite periods.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Education and Leadership

It is expected that improved education of women will empower them to assume leadership and be significant contributors to decision-making and policy determination. This is seen as a strategic imperative for women that is to be achieved through leadership of governance structures and institutions, by consultation or by reviews of policies. It is a central tenet of the Empowerment Gender Analysis framework (Longwe and Clarke, 1994) and is also an important strategic need embodied in the Practical and Strategic Needs analysis (Moser, 1989).

A Report prepared by the United Nations Development Fund in 2000 on women's political participation points to the fact that gender equality has been included in the political agenda of most of the world. The Beijing Platform for Action has set the goal as 30% for women in decision-making positions, with the ultimate aim being 50% representation in these positions. The Report notes that, despite this, five years after Beijing, the level of women in parliaments in the world has increased from an average of 10% to only 12%, with considerable regional variations exemplified by 37.6% in Nordic countries and only 3.3% in Arab States.

Throughout the Caribbean, women are under-represented in the decision-making bodies of their countries. Research on the Caribbean indicates that men dominate all areas of socio-political participation in the country's institutions. Vassell, (2006) reports that the percentage of women in Parliament in selected Caribbean countries in 2004 ranged from 9.5 per cent in Belize through 11 percent in Antigua and Barbuda to 30.7 percent in Guyana and 32 percent in Grenada. The overall average was 20.8 percent. The appointment of a woman as Prime Minister of Jamaica in 2006 was hailed as a victory for women; but this merely masks the lack of gender parity and the under-representation of women in decision-making positions in that country, where in 2002 the percentage of women who were parliamentarians was 12.3 percent (Vassell, 2006).

Challenges to the Free Movement of Labour

The entry of CARICOM nationals into other Caribbean countries to work is fraught with difficulties. The fear of large numbers of persons moving from countries with limited job opportunities and low salaries to those with higher salaries and better job prospects, has restricted

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

progress by the Caribbean Congress of Labour (CCL) in expediting implementation of the free movement protocol. It is expected that by December 31, 2008, when the CSME will have been fully implemented, there will be no need for CARICOM nationals to have permits or skills certificates to work in member states, since by then every category of the workforce will be eligible to move freely. There is much concern about this expectation. Barbadians have complained about Guyanese taking jobs in their country, and the Bahamas, despite its very strict work permit arrangements, is having to counter the effects of Haitians who enter the country illegally and who are working in that country.

The concern becomes greater when it is recognised that, because traditionally women are among the lowest paid individuals and the ones who suffer from the effects of poverty the most, they tend to be the ones who have begun moving between the countries. More women would probably plan to migrate once the barriers that now exist are lifted. They would also be motivated by the need to obtain employment, as in most countries of the Caribbean unemployment is higher among women than men. In Jamaica, for example, in October 2005, the overall unemployment rate was 10.9 per cent, comprising 7.4 per cent for men and 15.3 per cent for women. Approximately 80 per cent of unemployed women were in the age range 20 - 44 years. *(STATIN, 2005*).

The desperation of some women to satisfy their practical short-term need to provide for their families often leads them to accept jobs that can endanger their health. These are the jobs mainly available to them, and their disease patterns are often linked to these areas of activity. Examples of this circumstance are constant exposure of:

- Garment/textile workers: to dust, dyes, and machine noise;
- Hairdressers: to hours of standing, and exposure to hair dyes, solvents and other chemicals;
- Agricultural workers: to chemical pesticides and herbicides, and to poor personal hygiene facilities;
- Food service workers: to food allergens, temperature extremes, and ergonomic stresses;
- Street food vendors: to the dust and fumes of exhaust emissions;
- Workers in bauxite areas: to dust and caustic wastes; and
- Commercial sex workers: to risk of sexually transmitted

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

infections including HIV/AIDS.

Many of the dangerous factors to which women are exposed in the work environment can also affect the health of their unborn children, thus generating long-term deleterious effects; and contaminants carried home on clothing can affect the other members of the household.

Free Movement of Capital and Right of Establishment

There is no doubt that the CSME will provide opportunities for employment in a variety of areas. This will be facilitated by policies relating to the Free Movement of Capital; through measures such as eliminating foreign exchange controls, convertibility of currencies (or a common currency) and integrated capital market, such as a regional stock exchange. These provisions facilitate the establishment of new businesses and expansion of existing businesses, thus creating increased employment opportunities in a significantly expanded market. The opportunity is also there for entrepreneurial activity and the development of niche services and products which can appeal to the regional, rather than just a national market. The Right of Establishment permits the setting up of CARICOM-owned business in any member state without restrictions, and the geographical distribution of the CARICOM states encourages collaboration in business development and the emergence of regional business entities.

One of the gender concerns related to the Right of Establishment and the use of this facility by women is the fact that although self employed persons are included among the persons approved for free movement, there is no specific mention of small scale traders. It has been estimated that over 70 per cent of the businesses owned and operated by women belong to this category which has been excluded by the CSME, despite the fact that it accounts for approximately 40 percent of the economic activity in the region (Thompson, 2006). The exclusion of small scale traders from the approved group of persons allowed free movement, restricts their ability to extend the means by which practical short term needs are met and convert them to strategic long term initiatives through expansion of the scope of their businesses and the seizing of opportunities for better credit provisions, improved training, and larger markets. The

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

exclusion therefore affects women disproportionately.

Marginalisation of Some Countries

A general concern about the CSME relates to the possible marginalisation of some countries if capital and labour become concentrated in one or two countries, leaving others with a deficit in these areas. This possibility has been considered and in addition to there being a commitment to sustain the sovereignty of individual states, there have been specific portfolio responsibilities assigned to different member states, thus providing in each country areas of increased employment for qualified and certified workers. So, for example, Grenada has the science and technology responsibility; Guyana has agriculture and food security; Saint Lucia has justice and governance; St. Kitts and Nevis has health including HIV/AIDS and human resource development; and Dominica has labour including intra-community movement of skills. Jamaica has external trade negotiations; and Trinidad and Tobago has security as this relates to drugs and illicit arms, as well as energy. Belize has responsibility for sustainable development, including environment, disaster management and water; Antigua and Barbuda has responsibility for services including information technology and telecommunications; and Suriname has responsibility for community development and cultural cooperation including culture, gender, youth and sport. Barbados has the lead responsibility for the CSME including the area of monetary union.

Once these arrangements have been made operational, they may result in nationals of specific countries becoming resentful of other CARICOM citizens taking jobs which they feel ought to be held by them. The opening of borders which the CSME allows, means that nationals have to prepare themselves to have high levels of training and skills development to compete effectively in job markets. As Robert Gregory, executive director of the Human Employment and Resource Training Trust/National Training Agency (HEART Trust/NTA) has pointed out to Jamaican workers and employees who may feel threatened:

> *'This is the nature of life in the 21st century… countries compete, economies compete, individuals compete, therefore it behoves them to be lifelong learners and be at the cutting edge.'*

In 2005, recognising the significance of this requirement, the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

HEART Trust/NTA in Jamaica increased enrolment in HEART-financed training in a new national qualification framework for employment. Those trained in the Skilled and Semi-Skilled category increased by 22.0 per cent (ESSJ, 2005).

Another threat stems from a possible lack of unity and collaboration. There could be too great an emphasis placed on internal competition rather than on cooperation and collaboration, focused on competition with other trading blocks. This possibility has been addressed through the device of the common external tariff (CET). The CET is a rate of duty applied by all members of the market to a product imported from a country that is not a member of the market. Free circulation within the Region allows for the free movement of goods imported from extra regional sources, and requires collection of taxes at the first point of entry into the region and a mechanism for sharing of collected customs revenue. These arrangements emphasize the importance of member states acting as a single unit in dealings with countries and economies external to the region. All of these arrangements have implications for increased investment opportunities and continued and improved levels of employment within countries of the region. They can reduce the likelihood of increased poverty that adversely affects so many women and children.

Free Movement of Crime and Violence?

Other concerns centre on the free movement of crime and violence that could possibly accompany the free movement of people. Countries with high crime rates are considered to be potential exporters of crime, and there is an understandable reluctance to permit free passage of persons who may be practitioners as well as exporters. The full-fledged members of CARICOM need to avoid the kind of relationship that arose in 2005 and in 2006 between the Cayman Islands and Jamaica.

In 2005, the Cayman Islands *(a non-member of CARICOM and therefore not currently a candidate for inclusion in the CSME though they have an informal kind of associate status)* imposed visa restrictions for Jamaicans. In 2006, they revoked work permits of, and expelled, several Jamaicans who had been part of the labour force for several years. The reason given for the imposition of the visa restrictions, for the revocation of work permits, and for the expulsion of Jamaicans was the increased incidence of crime in the Cayman Islands. Women have been most

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

affected by these measures as several had been able to secure steady employment there in order to provide for their families in Jamaica. Men and women are being treated equally but not equitably as the majority of the criminal offenders have been men.

Provision of Social Services

Once most obstacles to intra-regional travel and the movement of labour and skills have been removed, there arises the need for the harmonisation of social services such as education and health, and for the transfer of social security benefits. CARICOM nationals who are wage earners must be insured in the member state where they are employed and must therefore make contributions to the relevant social security agency. They are entitled to the same benefits as nationals of the host country. The CARICOM Agreement on Social Security came into effect on 1st April, 1997. It protects all entitlements to long-term benefits by providing for the totalling of all the contributions which were paid to the respective social security agency in member states where a national previously worked. Suriname is the exception, since it does not have a comparable social security system.

The issue of the provision of adequate social support services is an important one. Its importance derives from the need for satisfactory health care to deal with emergencies, chronic diseases, and afflictions such as HIV/AIDS that require special provisions for treatment. Health policies need to be developed to address the special provisions that the CSME will require; and these policies must take account of the dimensions of gender. Certain diseases and conditions affect women exclusively, or are more prevalent in women than in men, or affect women differently than they do men. These include:

- Hypertension—a major risk factor in cardiovascular disease—that is 2 to 3 times more common in women than in men.
- Depression, which afflicts twice as many women as men.
- A woman's reproductive function, which often determines her life choices.
- Sexually transmitted infections, to which women are more susceptible and are less likely to experience symptoms. *(Women also tend to suffer more frequent and severe long-term consequences than men, such as urinary tract infections, pelvic*

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

inflammatory disease, and sterility.)

- Osteoporosis—a debilitating disease characterized by loss of bone mass. It is more common in women than in men.

In addition, health services are predominantly staffed by women and are most often used by women. When these services fail, or are unsatisfactory, the situation places additional stress on women who are often the sole emotional support for their families. Good, reliable health care is both a practical and a strategic need for women as their health is very often reflected in the health of their children and of their families.

Social support services are also important in the reduction of poverty among the citizens of the Caribbean. Special provisions for credit and facilitating access to such credit, training in the setting up and management of small scale business, access to land for agriculture, and social development programmes, must all form part of the social support network. The services must target the general population, but must have a specific focus on women who have to rely on these special provisions to establish the operations that they use for generating income for themselves and their families.

What has been the degree of involvement of women, and the use of gender analysis, in the drafting of the CSME Agreement and its operational guidelines is not clear; but the need for a gender focus to be integrated into considerations of the way forward is crucial.

Recommendations

1. The general concerns expressed in relation to the CSME and the specific considerations of education and gender, point to areas where recommendations need to be framed. Article 17 of the Treaty of Chaguaramas outlines the mandate of the Council for Human and Social Development (COHSOD). That mandate addresses the promotion of human and social development in the community. It encompasses improvement of health, development of education, improvement of living and working conditions of workers, and the establishment of policies and programmes to promote the development of youth and women. COHSOD is therefore the vehicle through which the specific concerns expressed should be channelled to ensure that the policies and programmes focus on improvements.

   One very practical as well as strategic need is the region-wide

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

improvement of the education process, including performance among both girls and boys. This is vital as the CSME has to compete with other countries and trading blocks. The competition takes place in a world in which technological advance and global forces have highlighted the value of human capital. Superior educational levels of the population constitute a major competitive advantage for nations. Thus, the need to ensure an increase in the percentage of young men accessing tertiary education is a powerful and urgent need. Its satisfaction may require long-term strategic measures for sustainable improvement.

Some already existing data point to some of the reasons why Caribbean young men are abandoning school (Bailey and Brown, 1995; Parry, 1996; Evans, 1998). The Centre for Gender and Development Studies of the University of the West Indies is conducting a research study on gender differentials in educational achievement. This new study should provide valuable additional data to guide the strategic planning process.

2. In keeping with the requirements of the Harvard method in gender analysis and planning, it is very important to establish a database that is truly comprehensive and that will facilitate comparative analyses according to gender, age, educational and occupational levels, across all countries.

   The International Labour Organization (ILO) and the United States Department of Labour (USDOL) will be providing technical assistance and funding for the Caribbean Labour Market Information System (CLMIS) project. This project aims at building and enhancing the capacity for the production and use of labour market information in countries of the English-speaking Caribbean and Suriname.

   The project is a major development in this regard. It is envisaged that the project will make available reliable labour market information, in a timely manner. This availability will permit international comparisons and analyses for use at national, regional and international levels. It will thus allow the countries to develop policies based on reliable data, thereby facilitating more effective decision-making and action in response to regional and global challenges and issues.

   Strategic and empowering involvement of women in policy

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

making is of major importance. The Practical and Strategic gender analysis framework, and the Empowerment framework, both emphasise the vital importance of this in ensuring that the special needs of women and men are met, and that social justice and gender equity become a permanent part of the thrust towards sustainable human development in the region.

Establishing the CSME is a bold step for the Caribbean. It is one that is necessary in the face of global change and an emerging new world order. The success of these major economic, social and cultural changes in the Caribbean will depend on the extent to which the planning, the policies, and the structures take account of important and sensitive national and cultural issues. Success will depend also on the effectiveness of public education in communicating the provisions and expectations to the human resources of the region.

REFERENCES

Bailey, Barbara (2003). The search for gender equity and empowerment of Caribbean women. In Gemma Tang Nain & Barbara Bailey (Eds) *Gender equality in the Caribbean: reality or illusion. Kingston,* Jamaica: Ian Randle Publishers.

Bailey, Barbara and Brown, Monica (1999) *Schooling and Masculinity: boys' perceptions of the school experience.* Paper presented at the Fifth Biennial Cross Campus Conference on Education, UWI St. Augustine Campus. April 1999

Beckles, Hilary (2000) Global penetration of the Caribbean tertiary sector.

YouWeQ Quality Education Forum, UWI Number 5. Beckles, Hilary (2004) *UWI at Risk!*

GATS/WTO and higher education liberalization in the Caribbean. Paper presented to the April Council Meeting of the University of the West Indies. Economic and Social Survey Jamaica (ESSJ) (2006)

Evans, Hyacinth (1998) *Gender differences in participation, opportunities to learn and achievement in education in Jamaica.* Institute of Education, Faculty of Arts and Education, The University of the West Indies, Mona.

International Labour Organization: CINTERFOR (Cinterfor/ILO) Inter-American Research and Documentation Centre on Vocational Training. *The ILO/US-DOL Caribbean Labour Market Information System (CLMIS) Project: enhancing labour market information for effective planning and monitoring.* Retrieved November 22, 2006

Longwe, S and Clarke, R (1994) *Women in Development, Culture and Youth: Workshop Preparatory Readings 1-3.* Longwe Clarke and Associates, Lusaka, Zambia.

Molyneux, Maxine (1985) *Mobilization without emancipation? Women's interests, state and revolution in Nicaragua.* Feminist Studies, 11, 2.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Moser, Caroline (1989) Gender planning in the Third World: meeting practical and strategic needs, *World Development*, 17, 11.

Overholt, C., Anderson, M., Cloud, K., and Austin, J. (1985) Women in development: a framework for project analysis. In C. Overholt et al (Eds.) *Gender roles in development projects.* Connecticut: Kumarian Press.

Parry, Odette (1996) *The educational underachievement of Caribbean males in Jamaica, Barbados and St. Vincent and the Grenadines: a qualitative study of high school education.* The Institute of Social and Economic Research, UWI, Mona.

Statistical Institute of Jamaica (STATIN) (2005) *The Labour Force 2005*.

Thompson, Sherril A. (2006) *The Caribbean Single Market and Economy (CSME): the case for tracking impacts on women and men.* Report prepared for the Canadian Foundation for the Americas (FOCAL)

United Nations Development Programme. 2000. *Women's Political Participation and Good Governance: 21st Century Challenges.*

Vassell, L. 2000. Power, Governance and the structure of Opportunity for Women in Decision-making in Jamaica. In: Mohammed, P. (Ed) *The Construction of Gender Development Indicators in Jamaica.* PIOJ/UNDP/CIDA. Kingston, Jamaica.

Vassell, Linnett (2006) Bringing the broader context home: gender, human rights and governance in the Caribbean. In Taitu Heron and Hilary Nicholson (Eds) *Caribbean Quarterly: Unraveling Gender, Development and Civil Society in the Caribbean* Vol.52, Nos. 2 & 3 June–Sept.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 19

Labour and the CSME

Joseph Goddard

"I think that the present vision of CSME lacks any people dimension. It lacks a sense of a culture of history and motivation. It is just like about buying and selling goods and we waste a lot of our powers in just getting and spending. We are not focusing on what really is the ultimate goal of the process."[1]

Introduction

The Caribbean Community (CARICOM) Single Market and Economy (CSME) integration process is premised on three essential pillars: economic integration, particularly through a common market and common trade policies; functional cooperation which entails the pooling of resources and the sharing of services, mostly so in the areas of security, human and social development and environmental protection; and coordination of foreign policies, that is, presenting a unified position in our relations with countries external to the group.

Functional co-operation and the sharing of common services, of necessity, is a broad and somewhat amorphous area which, in the case of the CSME, involves among other elements, education and training, health, the environment and sustainable development, regional security, disaster preparedness and mitigation, human resource especially gender development, culture, youth, sports, transportation, information and communication. This article concentrates on the functional cooperation component (and to a lesser extent to the sharing of common services) of the integration process, focusing almost exclusively on issues of economic growth, social development and of course, narrower human resource and labour matters. Let me hasten to add, lest persons are mistaken about the ability of organised labour to participate meaningfully and productively in discussions on matters other than labour and industrial relations, that the reason for restricting the contents of this article to these couple of areas is solely because they alone will take up all the space allotted by the requesting authority.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The invitation is most timely, as it affords me the rare opportunity to set out in an additional and impressive forum some pressing concerns and fears of the labour movement and its constituents with whom I have had the deep honour to be closely associated and to serve in leadership positions for over three decades. In addition, I am afforded the opportunity to set down insights and proffer, for the careful consideration of a wide distinguished readership of this influential and important publication, possible solutions to some of the Region's myriad challenges. This is achieved by sharing portions of a document recently developed by the regional labour movement titled ***Labour's Platform for the Caribbean***. Like the ***Platform,*** this article is not only critical of our political leadership, but contains a number of observations and, more importantly, offers proposals and suggestions which constitute organised labour's alternative socio-economic model of development. The people of the Region are understanding and tolerant; however empathy, tolerance and time are quickly dissipating.

Why Integrate

There are sound reasons for the Region integrating. A few of them that readily come to mind are: to create a critical mass for pooling resources and expanding various markets (e.g. trade, and labour markets); to gain leverage, for example, in relation to diplomacy and foreign economic policies; to fulfil an innate urge of the people to construct a more meaningful nation; and, to perpetuate a long legacy of regional travel, trade and interaction. Article 6 of the Revised Treaty of Chaguaramas (RTC) more elaborately sets out the objectives of the Community: improved standards of living and work; full employment of labour and other factors of production; accelerated, co-ordinated and sustained economic development and convergence; expansion of trade and economic relations with third States; enhanced levels of international competitiveness; organisation for increased production and productivity; the achievement of a greater measure of economic leverage and effectiveness of Member States in dealing with third States, groups of States, etc; enhanced co-ordination of the foreign and foreign economic policies of Member States; and enhanced functional co-operation…

For more than a century the people of the Region have aspired to be a prosperous people, enjoying good health, sound education and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

comfortable housing. For approximately three generations the leaders of organized labour, personifying the ordinary Caribbean man and woman, have not only given voice to these needs, expectations and hopes, but have been the architects of strategies for their fulfilment. Dutifully, they fashioned a composite social, economic and political agenda which crystallized and faithfully reflected the needs, expectations and aspirations of the people. Out of this agenda decisions were made at the inaugural meeting of the Region's industrial labour leaders in Georgetown, in the then British Guiana, in October 1926. A similarly inspired meeting of the heads of the Region's Civil Service associations was held in January 1944, in Kingston, Jamaica.

Failure to Deliver and To Progress

After all these years, many creative, relevant, feasible and important recommendations made by the Independent West Indian Commission established by the Heads of Government at the 1989 conference as well as other reports and studies have been accepted but remain un-implemented, partially implemented, or indifferently implemented. Declarations solemnly pledged at the highest levels remain un-honoured. Crucial sections of work programmes remain outstanding. After all this time and tomes of material—reports, studies, resolutions, declarations and speeches—the pace of implementation, even when there is agreement, leaves much to be desired.

Sir Shridath Ramphal, Chairman of the West Indian Commission, in 1991, impassionately averred to the Twelfth Meeting of the Heads of Government:

> *"The point is we [members of the Commission] have reached out to the people and they have come forward to meet us in large numbers and with unreluctant voices; but, more important, with hearts open to West Indian unity…West Indians want to improve the quality of their regional lives, by which they mean both the quality of life within their separate territories and the quality of their lives as West Indians living in their wider regional community."*[2]

The Commissioners subsequently asserted that the *Achilles heel* of the integration efforts was the lack of effective and timely implementation of decisions and went on to recommend, *inter alia*, the establishment of a number of mechanisms aimed at, hopefully, remedying the related ills of non-implementation and tardy

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

implementation. The Heads also confirmed an earlier decision taken by them in 1987, to establish an Assembly of Caribbean Community Parliamentarians (ACCP), an institution aimed at bringing "our integration movement …closer to the people …where regional issues would be discussed."[3] While the inaugural session of this potentially useful deliberative and advisory body was held in 1996 in Barbados, it has been able to convene only a couple more sessions (1999 in Grenada and 2000 in Belize). This obvious state of inertia among some regional institutions is one of the principal causes of disillusionment and despair among Caribbean nationals.

In 1993, the West Indian Commission was constrained to report that Caribbean people were bitter about the lack of meaningful progress. In 2005, Professor C.Y Thomas made the unflattering observation that: "*Given the critical juncture at which the Region finds itself, it is not altogether surprising that harsh comments and severe doubts have been expressed in many quarters about the readiness, fitness, seriousness, and even purposefulness of the contemporary leadership elites in moving the Caribbean forward."*[4]

The Single Market was inaugurated eventually in January 2006, but with only three members—Barbados, Jamaica and Trinidad and Tobago—a disappointing development that was to be paralleled subsequently when the Caribbean Court of Justice (CCJ) was inaugurated.

In 2007, one of the questions in relation to implementation of the CSME has to be: What is the collective level of disappointment, cynicism, resentment and bitterness being shouldered by the people of the Region? What is the extent of alienation being felt by them??

Growth, Development and People

The progress which has been made towards fulfilling the goals of integration, with which the vast majority of the people identify, in many respects has been painfully slow at best and at worst profoundly disappointing. Whereas, given the limited resources at their disposal and the undeveloped state of information and communication technology, one can readily appreciate and empathise with the likes of Errol Barrow of Barbados, Vere Bird Sr. of Antigua and Barbuda, Eric Williams of Trinidad and Tobago, Forbes Burnham of Guyana, Robert Bradshaw of St. Kitts, Nevis and Anguilla and the Manleys of Jamaica, the same compassion and tolerance should not be extended to the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

existing crop of political leaders…except to the present Barbadian leader.

Development is about improving the wellbeing of citizens; it is about enhancing the quality of their lives. Development entails eradicating poverty, promoting human dignity and equality, and achieving peace, democracy and environmental sustainability. It's about the universal provision of quality health care, quality education, decent housing and decent employment on a sustained basis. This was synonymously stated by Demas:

> "*Ultimately all economic development, whether of individual countries or groups of countries (irrespective of size), must be inward looking in the sense of being self-reliant, internationally competitive, flexible, resilient and quick to innovate or to shift resources to other activities.*"[5]

Integration is a means, a vehicle, for pooling resources with a view to speeding up the pace of economic, social, political and cultural development. Our leaders have correctly opted for regional integration as the principal instrument for realising the twin objectives of economic growth and social development. For many years the Region's labour movement led by the Caribbean Congress of Labour has consistently defended the lack of satisfactory progress with the integration process; the labour leadership has suffered with great tolerance the inaction and indecisiveness of our political leaders; the labour leadership has rationalised bravely in public, the enigmatic decisions and actions of our decision-makers; and in the face of all this, the labour movement has faithfully and ardently proclaimed and promoted the goals and potential of integration. During all this, the constituents of the labour movement—the ordinary Caribbean man and woman—continue to be deprived of the fulfilment of their needs and denied the realisation of their legitimate expectations and goals. Since the departure of the political patriarchs mentioned above—the 'fathers' of our respective nation—with rare exceptions, sustained and fruitful effort has not been made to conceptualise and conceive imaginative policies to harness the resources of the Region. In brief, the rate and sustainability of economic growth potential has not been realised. Without the maximum exploitation of our resources and the achievement of an acceptable rate of economic growth, the desired level of social development and quality of life aspired to by CARICOM citizens and which the Region is capable of producing, will be illusionary.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The Region is not a poverty-stricken one. As far back as 1990, William Demas was good enough to set out for us in an Occasional Paper,[6] prepared for the West Indian Commission, a fairly comprehensive but admittedly incomplete list of regional achievers in selected fields, including: cricket, writing novels, short stories and plays, stage acting, poetry, literary criticism, creative dancing, painting, sculpture, calypso, steel pan, reggae, history, social sciences, public service economics, private sector economics, diplomacy, in international organisations, media, in the world of ideas, law and medicine, science and technology, business. Demas went on, in the said essay, to assert that the Region has available, large amounts of useable land and good endowment of natural resources for export agriculture: for food, livestock and fisheries, products for local and regional markets; for timber; for minerals such as gold, diamonds, bauxite, oil and natural gas; as well as sea, sun and sand; flora, fauna and water; shrimp and fish and last but not least, being well located geographically. In 1997, Demas advised and encouraged us that "For the West Indies all is not doom and gloom. We should look at the present world situation positively and become proactive rather than reactive."[7]

Similar conclusions were drawn by C.Y Thomas: "*Many persons are not aware…that although the Region comprises a significant number of small and mini-states, taken as a whole it is blessed with a rich and diversified resource endowment, this is impressive by global standards. Examples of the Region's outstanding natural resource endowments include:*

- *More bio-diversity per 1000 km2 than any other region worldwide*
- *Abundant potential energy resources: natural gas, solar energy, hydro-power, not to mention the potential for renewable energy from plant sources*
- *Forest and wood products*
- *Bauxite and other minerals*
- *Good agricultural soils*
- *Precious metals…*
- *Excellent recreational climate (sea, sun and sand) which is vital in an age when travel tourism has become the world's largest and fastest growing economic sector*
- *...excellent geographical location in terms of existing and likely networks of global communications and transport.*[8]

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Professor Clive Thomas, like Demas, also cited our distinguished human and institutional resources to which were added "considerable inventiveness and innovativeness." All the above sentiments are widely shared across the Region and beyond.

It has been widely accepted (See Benn, Demas, Thomas, *et al*) that the Community possesses, not only sufficient resources, but an abundance of resources—particularly human and natural—to succeed as a Caribbean nation. Just as important, there is irrefutable evidence of a keen desire among Caribbean nationals to construct a model nation. What is needed are: firstly, the will by our political leaders to disabuse themselves of an obsessive personal concern about the political survival of themselves and their parties; secondly, the permanent jettisoning of the "economic insularity" that has taken some of us hostage and prevents us from taking decisive steps, for instance, to develop the empty spaces in Guyana, Belize, Suriname, the Dominican Republic, Jamaica and Trinidad, or to have a truly regional airline or to resuscitate an efficient maritime transportation system; and thirdly, the people need to be taken into the confidence of the decision-makers. Lip service is paid time and time again to the quality and critical nature of our human resources but consistently civil society organisations are shut out from the decision-making process. Similarly, we hear a great deal about transparency and good governance but those in whose names important decisions are made on a daily basis are not only debarred from the various forums, but there is hardly ever any meaningful reporting done, hence they are not privy to implications of those same decisions made in the collective name of the people.

Our leaders continue to fail the people without just and sufficient cause. The impression is at times given that they are being asked to make bricks without straw; that the Region is without resources and they are helpless. This is far from the case. People's welfare, wellbeing and progress depend to a large extent on a judicious mixture of economic and social policies and programmes. Notwithstanding the heartfelt pleas coming from many sources across our region and further afield for greater transparency, urgency and ingenuity in the management of the affairs of Member States, the state of affairs—notably in the areas of the economy, health and education/training, housing, agriculture, transportation, freedom of movement, foreign policy, finance—remain, with few exceptions, unacceptable. In terms of the Caribbean it could be convincingly argued that its human resources are the most critical asset not only

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

because "*people, rather than institutions, are the creators and producers of development*" but because of our comparatively limited other natural resources. In any case, the most sophisticated technology or piece of equipment is of little use in itself without the involvement of the human factor, hence the Region's labour movement is convinced that there can be, there must be, a feasible alternative—a realistic economic, social, political and cultural development agenda—which places people at its core.

Economic Objectives, Sustainable Development and Full Employment

An entire range of factors impact on the functioning of our institutions and enterprises as well as on the manner in which capital and labour are regarded and treated. And there is more than a suspicion with respect to the esteem and less-than-fair and equitable treatment of ordinary people—the working class. These factors include, but are not limited to: health, education and training, quality of employment, income distribution and taxation, transparency and governance, social provision, competitiveness, reward and recognition, food and nutrition. In turn, these same factors have a direct bearing, whether positive or negative, on productivity. A range of commentators suggest that, in general, there has been economic development in the Region based on universally accepted indicators but that this development has been "very unevenly distributed, both across and within countries. Also, many gaps and deficits remain, and some of these are huge."[9]

It has been posited also that solidarity is the noblest human sentiment in the struggle against inequality, because it opens doors to new opportunities for education, employment and the fight against poverty and hunger. Solidarity, rather than cowardice and insular parochial economic policies rooted in insecurity, is the antidote for the Community's economic and social ills. Accordingly, this writer is confident that Organised Labour is persuaded that in order to successfully address the vincible problems being faced by the people of the Caribbean, a novel approach to national development, and by extension, to the management of the regional economy, is needed; one that promotes sustainable development and places decent jobs and full employment at its heart, while acknowledging a pivotal role for the state.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The Region's labour movement and its civil society partners have been asserting that a platform of people-centred development policies, having at their core the twin goals of decent jobs and full employment, should meet the conditions set out below. Prime Minister Owen Arthur has been one of the few prominent political leaders to have acknowledged publicly the decency of and commonsense in embracing and promoting a process which seeks to decrease the decent work deficit (i.e. an absence of sufficient employment opportunities, inadequate social protection, the denial of rights at work and shortcomings in social dialogue) wherever it exists, and which maintains a commitment to the respect for workers' rights and the fair treatment of workers without regard for nationality, socio-economic background or race." [10/11]

Our governments, after careful review of the measures outlined in the Revised Treaty (e.g. see Part Two Articles 56- 65) which are yet to be fleshed-out, and after consulting with the social partners and agreeing on priority development policy areas, must implement, in a timely manner, appropriate programmes which have as their goal the attainment of enduring improvement in the quality and number of jobs for Caribbean nationals, and as a consequence, enhancement in the quality of the people's lives. Some economic drivers have already been identified (e.g. energy, agriculture, sustainable tourism, export services, and innovation).[12]

As correctly pointed out, up-stream and downstream industries would be expected to spring from most, if not all of these drivers. There are also niche markets that can be developed or further developed as appropriate (e.g. rum, Sea Island cotton, sugar, shrimps and prize fish, nutmeg, arrowroot, black belly lamb, hardwoods).

The main proposals contained in the **Jagdeo Initiative,**[13] within the context of the CARICOM Agricultural Policy (which replaces the Regional Transformation Plan), resonate with Organised Labour in the Caribbean, identifying as it has, principles that need to be enunciated, feasible economic possibilities for agriculture, forestry, fishery and complimentary industries, as well as promoting food security and the desirability of strengthening agriculture on a whole for sustainable growth and development. Every effort should be made to critically review and incorporate into the CARICOM Agricultural Policy, the best aspects of the Summit of the Americas AgroPlan 2015, as well as the Strategic Plan for Agro-Tourism recently developed by the Barbados office of the Inter–American Institute for Cooperation in

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Agriculture (IICA) with a view to improving and implementing it without further unwarranted procrastination.

(a) Investment and Economic Priorities

The provisions of Article 70 of the Revised Treaty that seeks to have proposals formulated and measures adopted to promote a sound economic environment, as well as economic development in Member States, must be supported at least in principle; so too the observations and recommendations at Subsections 1.3 and Sections III & IV of the Girvan Report.[14] However a responsible and vigilant labour movement would prefer to have seen at the same time, specific provisions to deal with the fair and transparent distribution of the value added/wealth created. In due course, the Caribbean Congress of Labour, along with its partners, will be in the vanguard promoting, drafting and submitting a framework for the transparent calculation and equitable distribution of the gains accruing from value added and/or wealth created by workers in the enterprise.

Caribbean nationals must extract from Governments a policy of insisting that foreign investors respect labour rights, obey national (and regional) laws and submit to the authority of our judicial systems. In these circumstances action needs to be taken on the proposed Declaration of Labour and Industrial Relations Principles, the Charter of Civil Society, and related proposals put out by the Community, with the view to imbuing them with legal force. Governments must also seek the reinvestment of profits, so as to enhance genuine economic development, penalising "social dumping" and capital flight.

(b) Fiscal Policy and Progressive Taxation

It is accepted that fiscal policies (in which progressive taxation is an integral part) are urgently needed to improve income distribution, strengthen the industrial sector, provide incentives for research and development and hence, technological and scientific innovation and their applications, as well as to reinforce co-operatives, small and micro enterprises and family farming. No doubt, our governments are mindful that cooperatives and small and micro businesses form the nucleus of meaningful labour-intensive employment across the Community. It is therefore desirable that steps be taken to support the sustainable development of these enterprises, with a view to substantially reducing, if not eliminating, their tax burden and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

facilitating financing. With a similar approach, and bearing in mind particular national conditions, governments must meet the needs of family and cooperative farming and promote their development. In this regard, the Caribbean Development Bank (CDB), the Regional Development Fund (RDF) and the Regional Development Agency (RDA) should play appropriate and necessary roles.

It is being respectfully suggested that the pursuit of fiscal responsibility and monetary stability is useful only to the extent that it serves the social goals identified immediately above. Furthermore, taxation must be based on fairness, while tax evasion must be seriously penalised.

(c) Foreign Capital, Large Companies and Multinational Corporations

Companies must fulfil their social responsibility and their commitment to social development by adhering strictly and obligatorily to standards no less than those set out in the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the United Nations Global Compact, the Tripartite International Labour Organisation (ILO) Declaration on Multinational Enterprises and the International Framework Agreements in force. They must take an active role in tripartite and multipartite stakeholder dialogues at national, regional and international levels as appropriate and organize their labour relations on the basis of national and international collective bargaining, while ensuring that branch plants and sub-contractors also fulfil their social responsibilities. Foreign investments must be subjected to strict review procedures to determine the benefits to the national/regional economy, of their operations. This latter condition is particularly necessary in the case of foreign investment in, and exploitation of, non-renewable national resources.

(d) Sectoral Policies

Over and over again it has been advanced by technocrats and advisors that an integrated approach to development is the preferred option. It is observed that it has been recommended that the Community's regional plan for sustainable development and complementary production be pursued via clusters of goods and services industries centred on the energy sector, agriculture, forestry and fishing, sustainable tourism, and other export services and that common

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

sectoral policies, once adopted, "will be complemented by common regimes or harmonised policies in human resource utilisation; fiscal, monetary and incentives policies; transport; investment; financial services; capital market integration; competition; regional quality infrastructure; small and medium enterprises; and corporate governance". This approach is supported in principle and no doubt the labour movement will look forward to participating in the formulation of these macro and inter-sectoral plans and special programmes and does not expect to be invited to come on board in *fait accompli* situations.

(e) Labour Mobility

In Article 45 of Chapter Three of the Revised Treaty of Chaguaramas (RTC) Member States recommit themselves (since they had already agreed in 1992) to the goal of free movement of their nationals within the Community. As a first step towards achieving this goal, five categories of workers were accorded the right to *seek* employment in the jurisdictions other than their own: university graduates, artistes, media workers, musicians, and sportspersons.

Over the years, there has been a great deal of talk (see communiqués following Heads of Government meetings), as well as false hopes on the part of Community nationals about the list of eligible workers or skills being extended to include nurses, teachers, agricultural workers, construction workers, and hospitality workers. Little has formally been done to cater to these and other would-be migrants; it has only been a lot of 'ole talk' and 'mock sport' resulting in dashed hopes. The development and effectiveness of the Single Market and Economy is being severely retarded by the inability of skills to move freely, or at least in an orderly fashion. In the best of regional traditions, well-earned and established, Caribbean people, buoyed by legacy, inspired by instinct, facilitated by determination, resourcefulness and ingenuity, have augmented the grossly inadequate and unrealistic categories of permitted workers which now unofficially include not only agricultural and construction workers but higglers, artisans, semiprofessionals, domestics and others.

When it comes to the integration process, Caribbean nationals are ahead of the political directorates in many worthwhile respects such as in self-confidence, enthusiasm, and action. For decades, their fertile minds, Caribbean nurtured imagination and innate self-confidence

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

have both propelled them to travel across the Region to obtain work while their industriousness and ingenuity have allowed them to nurture small enterprises. Every opportunity is taken by the people of the Region to meet and interact (e.g. each year public workers particularly in the areas of Customs, Postal Services, and Water, and the public sector generally, meet in different Member States). Over the decades, there have been inter-island marriages and steady liaisons and the establishment of homes. In times of natural disasters there are always exemplary demonstrations of empathy and solidarity by way of tangible forms of assistance resulting time and time again in outstanding recovery being made in record time.

Notwithstanding the persistence of Community nationals to extend the frontiers of regional travel, their inability to travel and work freely within the Community, remains one of the most irksome aspects of the integration process. This is particularly galling, when it is remembered that under colonial rule, the people moved with hardly any restriction. With Cricket World Cup and the putting in place, despite being temporary, of one economic space, Community nationals optimistically expected the arrangements to continue. True to form that was not to be the case.

Whereas at May 2007, CARICOM Member States had taken most of the steps necessary to effect the free movement of capital, goods and the free movement of services, only five categories of CARICOM citizens were able to seek employment in only twelve Member States. Furthermore, no Member State had enacted the necessary legislation and effected the administrative arrangements to give effect to the free movement of self employed service providers, entrepreneurs, technical, managerial and supervisory staff, spouses and immediate family members as well as persons consuming services abroad.

It is hoped that this aspect of the integration process can be advanced by Member States drawing on the various ILO instruments, the Protocols of the Barbados Social Partnership as well as on the Protocol for Managed Migration being developed by the Government of Barbados.

It needs to be reiterated and emphasized that in order for employment-promotion, macro-economic, employment creation, trade, investment, and competitiveness policies to be operational, expertise, skills and labour must be allowed to be fully mobile across the Region. To do otherwise would be to treat skills and labour as a second class

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

factor, while elevating and according preferential advantage to capital. If such were to be perpetuated over an extended period, no doubt further frustration and alienation of the citizens of the Region would occur and with it, a higher risk of unnecessarily fomenting social discord, impeding productivity and competitiveness and bringing into ill-repute the Region's reputation. Opportunities for education, training, research and innovation have to be increased substantially. As Girvan advises: The Region's approach to human resource development and utilisation requires a paradigm shift.

(f) Privatisation

Our leaders should be mindful also that developed countries extensively used a wide array of public services (for example: roads, waterways, light-houses, harbours, docks; defence and security; water supply and sanitation; trains, buses and airlines; gas, electricity, telecommunication, postal services and radio wavelengths; the arts; health, education, welfare and pensions; parks and forests; public order, justice and prisons). By the 19th century public ownership and public provision was common policy and practice continued until Thatcherism, Reaganomics and the Washington Consensus and other neoliberal "reforms" burst onto the scene. The combined weight of these doctrines on those countries which faithfully followed them, led to the rapid unravelling of carefully crafted economic and social policies, the pauperization of the country and the undermining and removal of social cohesion.

Public services are organised to meet the needs of community and nation building. Even today, many such services remain in public hands in advanced societies while those same developed countries and their agents and cronies cajole and pressure developing states, precariously on the rungs of sustainable development, to liberalise and privatise similar services.

Regional officials will recall that in 2004, the World Bank admitted that privatization has a low credibility in many developing countries with disapproval rates at over 80 percent in surveys conducted in Argentina and Peru. The World Bank proceeded to place the blame for this state of affairs on what it euphemistically called 'regulatory weaknesses'.

Jeffrey Sachs, writing recently in the Shanghai Daily, where he was participating in meetings of the African Development Bank held in

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Shanghai, China, asserted that the World Bank's failures began in the early 1980s under the ideological sway of Ronald Reagan and Margaret Thatcher when, for over an extended period, the Bank pushed for privatisation of national health systems, water utilities, road and power networks while grossly under-financing these critical sectors. Sachs went on: "Practical development strategy recognises that public investments—in agriculture, health, education, and infrastructure—are necessary complements to private investments."[15] Right now, the European Trade Union Confederation (ETUC) has a petition going that calls on the European Commission to enact legislation designed to:

- Give priority to the general interest embodied in public services;
- Ensure that everyone has access to public services;
- Strengthen public services in order to guarantee citizens' fundamental rights;
- Guarantee more legal security so as to mallow the development of sustainable public service missions; and
- Give public services a firm legal basis and thus immunity from ideological motivated free market attacks.[16]

There is ample evidence to satisfy even the most purblind and weak-kneed of the Region's political leaders and senior technocrats that a good number of officials from international financial institutions, as well as senior officials of developed countries have little interest in the welfare and well-being of our countries.

In light of the above, the Caribbean Development Bank should be asked to review all the privatizations that Member States have undertaken so that impartial evaluations can be conducted on their economic and social impact and their contribution to the formation of oligopolies and private monopolies. These reviews would uncover any corruption that may have occurred so that corrective action can take place. As part of the terms of reference of the Caribbean Development Bank, governments should instruct the CDB to conduct a meticulous analysis of the social and economic impact of the privatisation projects in which they (regional governments) have been involved.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

(g) Foreign Debt

The high level of foreign debt, itself an impeding factor in socio-economic development, has been alluded to elsewhere in this Paper. It needs to be reiterated for emphasis that indebtedness must not undermine the fight against poverty, or restrict the path to sustainable development. For the majority of our countries, the foreign debt constitutes one of the primary obstacles to eradicating poverty and generating sustainable development.

The Region's trade union organizations have spoken out repeatedly on the doubtful necessity, efficacy and nature of much of that debt ("odious debt") and on the barriers which prevent our people learning where the money came from and the full accounting for it. Vigorous and persistent efforts must be made for such debts that are owed by the least developed Member States to be cancelled, consistent with priority being accorded to the fight against poverty and to the development of the Region.

The Member States of the Inter-American Development Bank, as shareholders, have the obligation to reform that institution so that approval by national legislatures of recipient countries is required before loan projects can be considered by the IDB's Board of Directors. National legislatures ought, as well, to have the authority to convene hearings on proposed IDB-funded projects and policies, including the power to subpoena Bank officials. The IDB must also adopt a safeguard policy in accordance with labour standards of the ILO, applicable to all projects and policies, including follow-up, and applicable as well to Bank personnel. The active participation of national trade unions in all phases of loan negotiation and project financing is essential to monitor the social and labour impact of programmes implemented and to ensure transparency and participation in the entire process.

Bearing in mind the potential debilitating effect of uncontrollable debt it may be useful, in certain cases, to have instituted Constitutional ceilings on foreign and domestic debt.

(h) National Income Distribution

One cannot help but notice the severe disparity in the level of development among Member States and territories; as a consequence, the labour movement and its constituents rooted as they are in a profound sense of solidarity and based on sound judgement, must

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

support the proposed improvement measures and compensatory mechanisms (e.g. Article 49, the Regional Development Fund and the Regional Development Agency) whereby special attention is to be paid to and special opportunities provided Less Developed Countries (LDCs) in need, with a view to working towards achieving a greater measure of economic independence and effectiveness of Member States in their dealings with other states and groups of states.[17]

However, it is recognised that, though a great deal remains to be done in this particular regard, policy-makers would move swiftly to deliver, in timely fashion, with a view to producing "quick hits", thereby vindicating the expectations of those Member States that qualify and by so doing inspire confidence in nationals of those affected States.

(i) Infrastructure Integration

No doubt the labour movement will accept the provisions set out in Chapter Six (Transport Policy)[18] in the Revised Treaty, but it should be pointed out hastily that special measures to enhance general infrastructure (for instance, in relation to adequate and reliable water and sewage systems, internal transportation, energy systems, quality health care and appropriate human resource development)—all with a view to promoting sustainable development, full employment and improved communication among people and businesses - are scant and not specific (e.g. Article 54 .3 (a) of the Revised Treaty).

It is against this background that ***Labour's Platform for the Caribbean*** is being commended to our leaders. And it is against this same background that it should be analysed, evaluated and embraced, for in relation to the Region's development, 'Business as usual' can no longer be tolerated.

Promotion and Fulfilment of Social and Labour Rights

The International Labour Organisation[19] has defined decent work as follows:

> "*Decent work means productive work in which rights are protected, which generates an adequate income, with adequate social protection. It also means sufficient work, in the sense that all should have full access to income-earning opportunities. It*

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

marks the high road to economic and social development, a road in which employment, income and social protection can be achieved without compromising workers' rights and social standards."

Since the free market model was intensified in the Americas and the Caribbean, every indicator of social well-being and decent working conditions in most countries have deteriorated noticeably: employment, job stability, quality of life, social mobility rates, and levels of equality. The scarcity and sustainability of decent jobs has frayed the social safety net, reducing labour rights in many instances to mere declarations, reducing the tremendous potential of social dialogue between the social partners and in the process, undermining employers' implicit commitment to their social responsibility and the Region's competitiveness.

In light of the above, it is incumbent on the Region's trade union movement to do all it can, preferably in collaboration with others, to ensure that national economies (and by extension the regional economy) are structured and managed in such a way as to deliver these important needs to our people. In this regard, every Caribbean should be heartened by the support of the Barbadian Prime Minister:

"The creation of a single economic space in the Caribbean, must therefore embrace a process which seeks to decrease the "decent work deficit" wherever it exists, and which maintains a commitment to the respect for workers' right and the fair treatment of workers without regard for nationality, socio-economic background or race."[20]

At the core of any successful alternative development policy initiative must be *Decent Work for Sustainable Development*.

As stated above, bringing about economic growth and prosperity requires a challenging array of policies, synchronised to some degree, implemented in a sensible sequence and sustained. However, there is a discernible trend in the Region to favour capital over labour conveniently forgetting that a person's existence neither begins at the door of the workplace nor ends there. Therefore, effectively catering to the needs of a citizen is a comprehensive exercise that entails, in addition to the above cited factors, meaningful engagement of the social partners as well as other considerations (some of which are set out below) if the Region is to seriously confront and achieve the Millennium Development Goals.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

(a) Food Security

Like other matters of concern to organized labour, food security overlaps the economic, social and governance spheres. Our political leaders are committed *"…to effect[ing] a fundamental transformation of the agricultural sector of the Community by diversifying agricultural production, intensifying agro-industrial development, expanding agri-business, strengthening the linkages between the agricultural sector and other sectors of the CSME and generally conducting agricultural production on a market oriented, internationally competitive and environmentally sound basis."*[21]

In addition to the observations made above, the Region's governments, in ways appropriate to each national circumstance, must support the development of farming, including family farms and cooperatives, via policies to guarantee domestic food supply and food sovereignty. Governments must support an approach to agriculture which protects the environment, guarantees nutritious food to all the people and respect the relationship between communities and their natural environments. Creativity and effort should be employed to create sustainable jobs in an expanded agricultural regime, aimed at increasing the availability of fresh and healthy products, reduce dependency on foreign food imports, contribute to the export sector, save foreign exchange, provide sustainable jobs and spawn spin-off industries and products while facilitating new expertise. The massive food import bill (in excess of US$3 billion), in the context of huge unexploited open spaces and high unemployment is an affront to all Caribbean people.

(b) Full Employment

Achieving full employment on a sustained basis, given the ever-changing global environment in which we live and function, will require that all relevant policies be oriented toward the goals of creating decent jobs and achieving international competitiveness. The realisation of this twin goal will involve macroeconomic (i.e. Community-wide) policies on investment, technological innovation, infrastructure, national use of natural resources and the environment, trade, production, migration, human resource development, social responsibility for domestic and reproductive work, social services, and social security.

Governments should spurn social policies oriented exclusively toward adjusting the demand for labour and which consider

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

unemployment to be a temporary problem due to difficulties of "employability".

The Region's existing political and ideological templates that unquestionably and universally accept capitalism as the foundation of national and international economic policies, as well as globalisation and liberalisation in their present forms need to be challenged resolutely and consistently. There is enough evidence of wrongdoing on the part of some developed countries and their surrogate international mouthpieces and many of the international financial institutions (IFIs), for the Region's governments to jettison the present in-many-ways unsuitable economic orthodoxy being preached and promoted[22] that involves double standards (e.g. WTO case Antigua v USA and the OECD allegation of harmful tax havens), disrespect and opaqueness and to supplant it by embracing an indigenous alternative model of development.

(c) Gender Issues

> *"The most persistent of these [rising disparities* ***within*** *and* ***between*** *nations] has been gender disparity, despite a relentless struggle to equalize opportunities between women and men. The unfinished agenda for change is still considerable. In many legal systems, they are still unequal. They often work longer hours than men, but much of their work remains unvalued, unrecognized and unappreciated. And the threat of violence stalks their lives from cradle to grave."*[23]

More than a decade later, and despite the adoption in 2001 of an ***Action Plan for Mainstreaming Gender in Key CARICOM Programmes,*** a great deal is yet to be achieved in order for the above condemnation to be rendered untrue and unrepresentative of our societies. The new developmental path forward, being advocated for the Caribbean, as envisaged by Organised Labour and its NGO community partners, will not be realized without fully embracing genuine democracy, a gender perspective, and human rights. The people of the Community fervently aspire to, urgently seek, and greatly deserve a new consensus based on the following objectives:

- Strengthening democracy and achieving full respect for human rights;
- Broadening the channels for citizen participation in national, regional and international decision-making;

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

- Achieving social justice;
- Integrating a gender perspective into all policies;
- Eliminating all forms of discrimination on the basis of class, race, ethnicity, religion and sexual orientation;
- Establishing full employment as the basis for sustainable development;
- Ensuring no man, woman, or child is excluded from our societies; and
- Rebuilding the capacity of governments to take proactive measures.

It is being respectfully suggested that a multilateral and multicultural Community based on institutions open to real participation by the citizenry will constitute a sound basis for achieving freedom and social justice. Constructing a democratic society requires the permanent integration of gender perspectives into all public policies, because all aspects of production, reproduction and caring are relevant to addressing the disparities between men and women.

All institutions and programmes, all policies and laws, all agreements and decisions, be they national, sub-regional or regional, should contain mechanisms which allow for bringing a gender perspective to bear and which guarantee women's active participation and respect their rights as Community nationals and as workers. In addition, public policy should seek to prevent violence against women, guarantee sexual and reproductive rights and take into account women's unpaid labour in the home.

Adopting a gender perspective implies not only designing and delivering programmes for women, but creating programmes that transform the system of gender relations thereby encouraging men and women to make positive changes that place women and men in a position of equality. Women's condition will only be effectively transformed if such changes are encouraged through innovative social policies which modify not only economic structures, but also the structures of power and authority so that women's rightful role as active agents of social change is fully acknowledged.

The contents of the Charter for Civil Liberties, the Declaration of Labour and Industrial Relations Principles, and the broad intentions outlined in Articles 17 and 63 of the Revised Treaty are not potent enough to satisfy Community nationals. Certainly the treatment of

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

female workers in particular, and labour matters in general, are not accorded the specificity and comprehensiveness accorded to capital.

Additional specific programmes for women must be created to further improve their access to the labour market and to promote equality of opportunity and treatment, especially regarding wages, working conditions, labour rights, family responsibilities and public child care policy. By now, CARICOM's Council for Human and Social Development (COHSOD) would have received the Tripartite Declaration and Plan of Action from the ILO's Tripartite Caribbean Employment Forum which in part, calls for the adoption of at least ten strategies aimed at creating greater opportunities for women and men to secure decent employment and incomes.

It would be reasonable to hold the view that in addition to the forgoing, specific steps must be taken to objectively evaluate particular work being performed by men and women so as to establish what is work of equal value and, as a consequence, bring to an end forthwith, the unequal levels of remuneration between men and women.

(d) Jobs for Youth

The Revised Treaty of Chaguaramas in Article 63, addresses Human Resource Development in exhortatory language. References are made also about human resources development in the Rose Hall Declaration (2003), the ILO's Tripartite Caribbean Employment Forum [24] (2006) and other documents. There is also a Regional Strategy on Youth Development that was conceived around 2000 and seeks to address, in thematic fashion, research, institutional strengthening, human resource development, empowerment and participation, youth poverty, and adolescent health.

If the importance of young persons and the need for their effective and rounded development is to be accepted as a genuine position, then appropriate policies conceptualised with their participation, should be introduced in support of youth employment, guaranteeing all rights for our young women and men, paying particular attention to ILO Convention 138 on Minimum Working Age and Convention 182 on the Worst Forms of Child Labour. These policies would be aimed at contributing to the eradication of rotating minimum wage jobs and precarious working conditions. New, decent, sustainable jobs should be created for young workers, instead of youth displacing adult workers who also need employment.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

In addition to the new and apposite education and skills fields—"self-confident, innovation-oriented, multi skilled, IT-literate, foreign language competent, entrepreneurial…critical and creative thinking"—and the desirability of "appropriate education and training in order to improve the overall wellbeing of the people" already identified by Community officials, the new generation of Caribbean citizens should be educated about their human, civil, social and labour rights.[25] This will assist their successful entry to the world of work and will guarantee them opportunities to gain much-needed social and professional skills and encourage community participation.

(e) Access to Knowledge

Notwithstanding the mentions in the Revised Treaty of Chaguaramas, the Charter of Civil Liberties (Preamble), the Regional Strategy for Technical and Vocational Training (1990), and the Regional Education Policy (1993) (amalgamated in 1997, and expanded to form the Human Development Strategy), as well as the Rose Hall Declaration, the Declaration of Labour and Industrial Relations Principles and the Girvan Report, in the Caribbean, unfettered access to scientific and technological knowledge must be guaranteed in all areas that affect living organisms, biodiversity and the traditional knowledge of our people. Technology transfer to lesser developed Member States must be facilitated. Wealthy countries ought to provide adequate compensation for socio-economic losses caused by deliberately encouraging the migration of highly trained professionals, via the so-called self-sponsorship and other sponsorship plans, thus contributing to the "brain drain".

(f) Education and Professional Training

Bearing in mind the provisions in Article 63 of the Revised Treaty of Chaguaramas, the generalities in the Preamble to the Declaration of Labour and Industrial Relations Principles, and along the generally agreed lines, [26] Member States must guarantee access to free quality public education and ensure continuation through to graduation so that Community citizens can fully exercise their rights. Programmes which provide general education, childcare from birth, and professional training, must be broadened to integrate a gender perspective, and must provide life-long support, so workers can acquire the necessary skills to be integrated successfully in the workforce.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

(g) Elimination of Child Labour

The Revised Treaty of Chaguaramas (RTC) will have to be amended as soon as practicable to include, *inter alia*, legal measures to underpin national policies to eliminate all forms of child exploitation. This is particularly needed when it is recalled that six of the eight Millennium Development Goals have at their core the well-being and welfare of children. The complete elimination of child labour must be undertaken through an integrated approach which guarantees girls and boys free quality, public education from pre-school age, while ensuring employment for adults in the family.

(h) Balancing Work and Family

The Social Charter at Article XVI requires Member States to endeavour to ensure that the necessary conditions for the promotion of family life and effective parenting skills exist and that every effort is made to ensure full employment and protection of the family, including the extended family. In light of this mandate, the countries of the Caribbean must undertake a serious effort to introduce policies that seek to balance the needs of family and those of the workplace, so that work is compatible with family life and caring for children, the sick, the disabled, and the elderly.

In discharging this responsibility, governments and regional institutions must actively pay attention to this need to balance work and family life and well-being in three principal areas:

a. Within companies, consider a reduced workweek without loss of pay, so that the rights of working men and women to attend to their families' needs become part of companies' social responsibility.
b. Within society, strengthen public systems, that are accessible to all men and women, and which support caring for children, the sick, the disabled, and the elderly.
c. Within male-dominated cultures, bestow social value on reproductive work and promote the desirability of domestic duties being distributed equitably between men and women.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

(i) Discrimination

To guarantee equality of opportunity and treatment in the workplace, public antidiscrimination polices should be promoted and strictly enforced by new tripartite boards, which should pay particular attention to discrimination by gender, race, sexual orientation, national origin and culture. The rights and labour of all workers must be respected. Policies regarding equality of opportunity and treatment should be coordinated, should include affirmative action where appropriate and should set indicators to allow for periodic accounting of progress, or lack thereof. Notwithstanding the provisions of the Charter of Civil Society, the governments in the Caribbean must take specific steps to protect and preserve cultures and indigenous rights.

(j) Social Safety Nets and Universal Access

The Region must adopt a new approach to economic, social and labour policies if Community citizens are to realise the prosperity, standard of living, comfort and peace for which they yearn. There is an extremely serious predicament facing the Region because:

1) Social security is a human right which seems not to be recognised;
2) The exclusion of thousands of workers from quality health care[27] and social security undermines productivity, denudes purchasing power and ultimately depresses the level of employment;
3) Some of these systems are experiencing managerial and financial troubles;
4) It is not in the national interest to await job creation through economic growth before putting new social policies into effect;
5) As long as the economies are not generating enough formal jobs, governments must guarantee social benefits to working men and women, whether they are formally or informally employed, or unemployed;
6) It is practically impossible to imagine an equitable and sustainable system of social security without improving employment levels and increasing formal employment and family incomes.

Given the above, the Region's governments are encouraged to adopt new approaches to economic, social and labour policies. Social

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

security systems should be reformed, not only because many were designed to address only those in the formal employment sector and did not envision the drastic social, economic, technological and political changes that have taken place, not to mention the new forms of employment, increased insecurity in a global economy, a growing informal sector and changes to gender relations and family structures.

Additionally, the principle of universal access to services and to coverage, must be a deliberate policy including provision for children, the elderly, and the disabled, by making progress towards the indivisibility of services and by achieving sustainable financing with social justice, while at the same time doing away with approaches based on profit, where such exists.

To fight poverty effectively, universal access to quality social services and adequate social security should be coordinated with job creation and labour and income policies, so as not to split society into those who have jobs and those who receive assistance.

There should be a review of those policies and programmes that takes into consideration balancing the need for an efficient labour market with effective protection, as well as the provision of social protection and employment relief programmes to respond effectively to emergencies arising from natural disasters. The relevant systems in Barbados as well as the Nordic Model[28] should be studied with a view to the introduction of progressive and socially-just schemes by Member States and, as a consequence, the establishment of efficient, effective and truly regional social security and health care systems.

(k) Unionization and Collective Bargaining

To significantly enhance competitiveness, achieve a real and lasting improvement in the living conditions of the working men and women of the Caribbean, as well as a deepening of democracy, labour rights must be promoted and respected and mechanisms for collective bargaining established and strengthened, as the case may be, at all levels. The organizations of working men and women must be protagonists in the design and implementation of such mechanisms.

In this regard, the relevant provisions of the Declaration of Labour and Industrial Relations Principles (Articles 3 and 4: respectively Right to Organise and to Membership; and Right to Regulate Internal Arrangements), must be rigorously adhered to, as intended by ILO Conventions Nos. 87 and 98. Genuine efforts must

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

be made, not only to ratify the several other essential Conventions outstanding, but Member States must honour the obligations flowing there from. As required by the October 2006 Declaration and Plan of Action of the ILO Tripartite Caribbean Employment Forum, there should be, *inter alia*, a thorough review of national legislation and policies, including in the context of on-going labour reform, in order to ensure that it is in accordance with fundamental principles and rights at work and relevant ILO Conventions; collaboration in efforts to harmonise labour legislation with the support of the ILO to the extent possible and within the established national legislative framework; and improve compliance with national legislation, regulations and codes by strengthening monitoring and enforcement mechanisms, through education and raising awareness.

Organised Labour should not regard itself as being treated as a genuine Social Partner if the environment in which it is required to function is littered with these double standards, deficiencies and impediments.

(l) Formal Employment

There is an urgent need to substantially increase the number of decent jobs, even in Member States with relatively low unemployment. To this end, governments must enact an aggressive enforcement policy to ensure compliance with and full respect for national labour legislation, as well as improvements in said laws.

(m) Labour Boards, Tribunals, etc.

In those Member States where they exist, labour courts are slow to resolve disputes and thus, not only violate the individual and collective rights of working men and women but, in the process, fail spectacularly to promote themselves. Accordingly, a complete review of these mechanisms, including their structure, resources and efficacy, should be undertaken at an early stage.

(n) Safety and Health and Labour Inspection

Governments need to strengthen and streamline all Public Sector inspection and enforcement mechanisms with a view to promoting a culture of safety and accident prevention and so that employers comply effectively with labour laws. All Member States must adopt the core

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

conventions of the International Labour Organization and monitor companies' compliance.

Additionally, it is being suggested to Governments that they should move earnestly and resolutely to strengthen labour administrations and develop sound labour market information systems (i.e. labour statistics, and electronic labour exchanges) to inform policy design and monitor implementation, while reviewing legislation relating to occupational safety and health, to ensure that the causes of accidents and illnesses are covered through the regulatory mechanisms.

(o) Workers' Freedom of Movement

One of the principles of the labour movement of the Caribbean is that restrictions impeding the free movement of Community persons should be elimination. In the Caribbean, thousands of working men and women and their families are obliged to migrate, pushed out by inadequate opportunities and by poverty and, in some instances, the enormous and unconscionable gulf between rich and poor. For those workers and their families who have emigrated, no matter their migratory status, the authorities should at least honour the floor of rights guaranteed by the International Convention on the Protection of all Rights of Migrant Workers and their Families as well as ILO Conventions Nos. 97 and 143 on Migrant Workers. Governments should also acknowledge the principle that no one should be sent back to where their rights have been violated. In addition, in those instances where such arrangements do not exist, ways must be found to link pension systems more effectively so that the upheaval caused by migration is not aggravated by the loss of benefits.

Bearing the above in mind, a transparent and proactive labour migration policy should be formulated, in conformity with national employment and labour market strategies to optimize gains and minimise losses from migration, help manage intra-regional migration, enhance the regulatory mechanisms and protect migrant workers being guided by the ILO Non-binding Multilateral Framework on Labour Migration *(2005). [See also (e) above]*.

Improving Governance

One of the responsibilities entrusted to a government is that of managing the affairs of state on behalf of the people of that state. In basic fashion, this is done in such a manner as to meet the expectations

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

of the citizens, dispense power, and confirm performance. One noted Regional commentator characterised good governance as **"**Ultimately, good governance refers to no more and no less than the fundamental character of the relations between citizen and state being".[29]

Good governance also entails and relies on civic engagement or public participation, for among other things, it lends legitimacy to policy decisions. Accordingly, decision-making in the Community should be improved so that it becomes more effective and representative of the needs and desires of Community citizens.

The Technical Working Group set up by the Heads tells us in their Report that:

> *"Given the length of time already spent on the consideration of regional governance in the Caribbean, it is recommended that a decision on the subject be adopted with due sense of urgency. This is especially so in the context of achieving the objectives envisaged in the Revised Treaty of Chaguaramas which remain central to the survival and prosperity of the Region."*[30]

As part of the thrust being advocated, the Charter of Civil Liberties, the Declaration of Labour and Industrial Relations Principles and other relevant provisions should be reviewed and updated, before being cloaked in the force of law. Measures should be taken to include the other social partners in the Assembly of Caribbean Community Parliamentarians. The following are measures which could be worthy of favourable consideration:

a) Create decision-making procedures for tripartite and multipartite labour consultations, under the auspices of the International Labour Organization (ILO).
b) Continue to link the regional integration processes to sub-regional (e.g. OECS) integration processes while respecting their autonomy.
c) Establish affirmative action measures which guarantee that at least one-third of all representative and consultative positions be filled by women.
d) Strengthen the Community's Council for Human and Social Development (COHSOD).
e) Submit fundamental international decisions to citizen ratification and organize a system for democratic citizen appeal of the same.
f) Incorporate a gender perspective into the policy formulation and budgets.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

g) Guarantee financing for the Caribbean Human Rights Commission and Court so that they can implement, monitor and follow up on their decisions.

h) Review the CARICOM Charter for Civil Society to bring it in line with the Social Charter of the Americas submitted to the OAS in 2005, thereby making it consistent with the current hemispheric system for human, civil and political, social and cultural rights and the system's protective mechanisms and institutions.

The above could be buttressed in significant and telling ways, if our political directorates would:

- Devolve at least small amounts of responsibility and authority to the long mooted CARICOM Commission. It is not to the credit of Heads of Government to appear preoccupied with seeking meaningful integration while at the same time individual states insist on maintaining full and absolute sovereignty.
- Accord "Associate Organs of the Community" status to Labour, the Business Community, and the Nongovernmental Organisations (including the Church).
- Resuscitate the Assembly of Caribbean Community Parliamentarians and induct into it, the social partners as well as representatives of the youth and women.
- Engage the social partners to assist in formulating and participating in an extensive public education programme, highlighting the need for regional integration to succeed in a timely manner, bearing in mind that it has been widely accepted as the best prospect and means for the Region's prosperity, while at the same time underscoring the nonpartisan nature of the integration exercise.
- Identify a short prioritised list of those areas that can be safely and promptly exploited, thereby immediately providing jobs, saving/earning foreign exchange, exhibiting best practices, resonating with the people of the region and more strongly attracting their goodwill.

If such were acted upon with vigour and alacrity, not only would the pace of the integration exercise be quickened but its quality would be deepened in meaningful ways.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Conclusions

The Caribbean is, for the most part, characterized by a large grouping of extremely vulnerable micro-economic entities in the context of fragile democratic systems recently emerged from decades of colonial rule and exploitation which stunted the development of these societies. In many jurisdictions, the State is the largest single employer and as such, the public sector pay rates and industrial relations policies and practices exert substantial influence on private sector policies including remunerations.

The economies of the Caribbean are further characterized by a large informal/parallel sector where workers enjoy little or no social protection in this under-reported sector, where wages are generally quite below the minimum necessary to sustain life. In this sector, conditions can be quite appalling. Here, trade unionism is largely absent and labour enforcement extremely weak, if at all.

Taken as a whole, the Region is well endowed with natural resources of all types and human resources capable of fostering development in all spheres of activity. Notwithstanding all this potential wealth, there are unacceptable levels of poverty and deprivation in each and every Member State. There is an unemployment, under-employment and gender imbalance with the consequential inability of our economies to provide adequate health care, quality education and training opportunities, and social provision for the citizens of the Community.

In addition, there is rampant crime and violence, a flourishing narcotics industry, and possibly money laundering, tax evasion, and other forms of white collar crime.

Because of the heavy influence of the tourism sector, the economies, in many instances, are dominated by the services sector, comprising small and middling enterprises related to tourism. Small enterprises and the off-shore financial services sector do not always facilitate unionization of labour.

Another important feature of Caribbean industrial relations is not only that regional governments are usually the largest single employer, but they are also responsible for the institutions established to promote the social welfare and protection of workers. A number of Regional governments are not strongly sympathetic to the workers' cause and it often becomes unavoidable to struggle, not only against private sector employers, but also against the governments themselves.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

This is particularly evident with regard to the ratification and honouring of ILO conventions. Too many governments have neither ratified important Conventions, nor passed enabling domestic legislation for those Conventions that have been ratified. Too often, Conventions are observed in the breach. However, since Member States are duty-bound, by virtue of membership of the International Labour Organization, to honour all Conventions, Caribbean trade unions must demonstrate a readiness to prosecute their claims at the level of the International Labour Office.

One of the most important challenges facing Caribbean people and in particular, the working class, is whether the present economic arrangements are adequate to create the quality and quantity of jobs needed to provide a reasonable and secure standard of living, so as to act as a barrier to them sliding into poverty, crime and other social ills associated with an inappropriate, encumbered and ailing economic and social system. This paramount pressing issue needs to be addressed courageously, promptly, and resolutely.

Whereas the Revised Treaty of Chaguaramas, as well as reports and studies, constitute a clear and relatively reliable road map on which the Community's political directorate and technocrats can initiate development policies and programmes in a meaningful manner, the failure to entrench people at the very centre of the Community's integration and development efforts, both as participants and as beneficiaries, on a foundation of decent jobs and sustainable full employment, is a glaring oversight. In this regard, the Caribbean Congress of Labour's **Labour Platform of the Caribbean** is unreservedly commended to our leaders—both in politics as well as in business. Given the track record of our political leaders after decades of meandering, false starts, and outright refusal to implement agreed decisions, the people of the Community should not, normally, expect any positive behavioural changes on their part. However, for a plethora of good reasons, time is of the essence and there should be no further procrastination and prevarication.

At the time of writing, it was noted that the Girvan Report has suggested that more technical work and political approval were required, among other things, on the proposed "broad outline and thrust of the Development Vision and Regional Development Strategy" identified in the said report. It is expected that in carrying out this work, the CARICOM Secretariat and/or the Consultant will recognize that there must be policy coherence if decent jobs, full

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

employment and sustained prosperity are to be realised. This includes macroeconomic policies as well as policies on investment, technological innovation, infrastructure, rational use of natural resources and the environment, trade, production, education, social services and social security, and migration.

It cannot be business as usual if we are to take integration and use it as a facilitator to quicker, equitable, comprehensive and sustainable development. The Region's people deserve and expect marked improvements in their working and living conditions. They have been patient; very patient. The Labour Movement is insisting, in the name of the people of the Community, on a development agenda based on quality governance, sound decision-making and alacritous action, grounded in political will and eschewing a culture of paramountcy of personal political survival and insular economic policy, while paying full attention to the Region's well-being as a whole, rather than on the next national election.

An abundance of evidence exists that confirms the deceitfulness of the Developed Countries and their allies.[31] There is also ample evidence that socio-economic policies designed in and for developed countries are quite often ill-suited to small, fragile economies such as those of the Region. To demonstrate that they mean business, that they are prepared to adopt an alternative and radical approach to the Region's economic and social development and governance, as well as to the welfare of the governed, our political heads need to sit down and discuss with those for whom they are supposed to be working, the potential of an indigenously conceived and articulated comprehensive socio-economic development policy.

The people are convinced that the Region possesses the necessary human resources with the knowledge, expertise, experience, wisdom and commitment to meaningfully accelerate its development and integration in a relatively short period. Organised labour is persuaded that there is more than enough goodwill and enthusiasm residing within and among the people to astonishingly propel the integration process and make our forefathers proud of all of us. What is required on the part of the regional political directorate is matching courage and commitment, thereby demonstrating to the people of the Community that meaningful regional integration and sustainable development are both necessary and achievable in our generation. Our leaders must lead from the front displaying principle, political will,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

testicular fortitude and steadfastness. This would be the antidote to their collective *Achilles Heel.*

REFERENCES

List of reports, books, and other documents consulted for this Paper on *Labour's Platform for the Caribbean: Labour's Perspective for Sustainable Peopled- Centred-Development in the context of the Caribbean Economy and Single Market.*

Arthur, Owen Rt. Hon. **The Role of Labour in Promoting the Caribbean Single Market and Economy** Lecture to the 15th Triennial Delegates' Conference of the Caribbean Congress of Labour (CCL) Paramaribo, Suriname, October 2004.

Benn, D. Human **Capital Development for Global Competitiveness Defining Priorities and Articulating Strategies** Paper presented at the Caribbean Forum for Development (Barbados May 2005).

Caribbean Development Bank **Annual Report 2005** CDB (Wildey, St. Michael, Barbados 2006).

CARICOM Secretariat, **Grand Anse Declaration and Work Programme for the Advancement of the Integration Movement** Caribbean Community (CARICOM) Grand Anse, Grenada, July1989.

CARICOM Secretariat, **Towards a CARICOM Single Market and Economy** Caribbean Community (CARICOM) Secretariat 1991.

CARICOM Secretariat, **Charter of Civil Society for the Caribbean Community** Caribbean Community (CARICOM) 1997.

CARICOM Secretariat, **CARICOM Declaration of Labour and Industrial Relations Principles** Caribbean Community (CARICOM) 1999.

CARICOM Secretariat, **Revised Treaty of Chaguaramas Establishing the Caribbean Community Including the CARICOM Single Market & Economy** Caribbean Community (CARICOM) 2002.

CARICOM Secretariat, **The Rose Hall Declaration** Adopted on the Occasion of the Thirtieth Anniversary of the Caribbean Community (CARICOM) at the Twenty-fourth Meeting of the Conference of Heads of Governments of CARICOM (Montego Bay, Jamaica, July 2003).

CARICOM Secretariat, **Report of the Technical Sub- Group on the Assembly of Caribbean Community Parliamentarians (ACCP)** July 2004.

CARICOM Secretariat, **CARICOM Our Caribbean Community** Caribbean Community 2005 and Ian Randle Publishers New York 2005.

CARICOM Secretariat, **Communiqué issued on the conclusion of the Meeting of Heads of Government Caribbean Community** (CARICOM) (Gros Islet, Saint Lucia, July 2005).

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CIOSL-ICFTU ORIT **Labour's Platform for the Americas: Decent Work for Sustainable Development in the Americas** (August 2005).

Daily Nation newspaper Barbados Tuesday October 4, 2005.

Demas, William G. **West Indian Development and the Deepening & Widening of the Caribbean Community.**

De Peana, George **CSME: Labour's Contribution and Concerns** Address to the Conference on CSME and its Legal Implications: What Does it Mean for Me and You (Port-of-Spain, March 2007).

Girvan, Norman **Towards a Single Economy and A Single Market: Development Vision,** Report for the Special Meeting of the Heads of Government (October 2006).

Gonsalves, Ralph The Hon**. Ensuring Our Tomorrows** Address to the 56th Annual Conference of the National Union of Public Workers (St. Michael, Barbados, March 2000).

ILO **Tripartite Declaration and Plan of Action for Realizing the Decent Work Agenda in the Caribbean** Tripartite Employment Forum (Barbados, October 10-12, 2006).

Lewis, Vaughan **Managing Mature Regionalism: Regional Governance in the Caribbean Community**, Report of the Technical Working Group on Governance Appointed by CARICOM Heads of Government (October 2006).

Stiglitz, Joseph **Globalization and its Discontents** Penguin Books 2002.

Thomas, C.Y. **A State of Disarray: Public Policy in the Caribbean** Bulletin of Eastern Caribbean Affairs 1996 Vol. 21, No. 2, pp 46-56 Inaugural Lecture, Bank of Nova Scotia Public Lecture Series, ISER, UWI (Barbados, March 1996).

Thomas, C.Y. **The Development Glass: Half Empty or Half Full: Perspectives on Caribbean Development** Sixth William G. Demas Memorial Lecture, Caribbean Development Bank, (Georgetown, Guyana May 2005).

UNDP Human Development Report 1995 United Nations Development Programme (New York, 1995).

West Indian Commission **Time for Action** Report of the West Indian Commission (Bridgetown, Barbados 1992).

West Indian Commission **To be a Canoe** Occasional Paper No. 3 West Indian Commission (St. Michael, Barbados 1991).

World Bank A **Time to Choose: Caribbean Development in the 21st Century** World Bank (Washington, DC April 2005).

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

NOTES

1. Professor Clive Thomas, **Daily Nation** (Barbados), Tuesday October 4, 2005).
2. To be a Canoe (An interim report of the West Indian Commission) July 1991, Ian Randle 2005) P. 61.
3. CARICOM Our Caribbean Community An Introduction (Ian Randle 2005) P .237.
4. Thomas, C.Y The Development Glass: Half Empty or Half Full: Perspectives on Caribbean Development Sixth William G. Demas Memorial Lecture (Georgetown, Guyana; May, 2005).
5. Demas, William G. West Indian Development and the Deepening & Widening of the Caribbean Community, Ian Randle Publishers & ISER, University of the West Indies 1997.
6. ———. Towards West Indian Survival West Indian Commission (St. James, Barbados November, 1990) (See also CARICOM Our Caribbean Community: An Introduction pp 10-31).
7. Demas, William G op.cit 5.
8. Thomas C.Y. op.cit (May 2005).
9. Thomas C.Y The Development Glass: Half Empty or Half Full: Perspectives on Caribbean Development (Sixth William G. Demas Memorial Lecture) (Guyana May, 2005).
10. Arthur, O.S. The Role of Labour in Promoting the Caribbean Single Market and Economy Lecture by Rt. Hon. Owen Arthur, Prime Minister of Barbados, October, 2004.
11. Report of the Director General: Decent Work ILO June 1999 defines decent work as follows: "Decent work means productive work, in which rights are protected, which generates an adequate income, with adequate social protection. It also means sufficient work, in the sense that all should have full access to income earning opportunities. It marks the high roads to economic and social development, a road in which employment, income, and social protection can be achieved without compromising workers' rights and social standards."
12. See Towards A Single Economy and a Single Development Vision Report by Norman Girvan, October 2006.
13. The Jagdeo Initiative is a framework tabled at the 25th Heads of Government Conference in Grenada (July 4-7,2004) by the President of Guyana who has Lead Responsibility for Agriculture, Agricultural Diversification and Food Security that identifies a number of critical elements necessary for agriculture to be a vibrant economic sector: agriculture as a business; agriculture as holistic, spanning the entire agri product chain and productive sectors; the need to recognize the increasing importance of value added food products and non-food products along with sub-regional and regional activities which add value to national initiatives.
14. Op.cit. Section 13 suggests, *inter alia,* a goal of accelerated economic growth through adjustment and transformation of regional economies; greatly improved international competitiveness, sustained innovation and

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

productivity growth. . . growth with some movement towards income convergence in mind; utilization of dynamic, sustainable development-oriented social partnership. Section III recommends *inter alia* economic policy harmonization involving investment, including attracting FDI; harmonization of tax regimes; the establishment of a seamless financial services market; integration of the capital market; enhanced monetary cooperation/ monetary union. Section IV deals with social and institutional structures as part of the enabling environment and places great store on quality human resources and its development as well as on the existence of a solid social partnership; emphasizes the crucial role of research and development; stresses the importance of small and medium enterprises; promotes the desirability for strong corporate governance; cites the need for an effective competition policy as well as a regional quality infrastructure; repeats the need for adequate and efficient maritime and air transportation; and supports the need for both a CARICOM Development Fund and a Regional Development Agency.

15. Sachs J. *Shanghai Daily* May 28, 2007. Sachs, a 2001 Nobel laureate of economics, is a professor of economics and director of the Earth Institute at Columbia University.
16. See http://www.etuc.org/r/5.
17. CARICOM Secretariat *CARICOM Our Caribbean Community: An Introduct*ion (op.cit. P 61).
18. Article 134 states that the goal of the Community Transport Policy shall be the provision of adequate, safe and internationally competitive transport services for the development and consolidation of the CSME and proceeds to set out the following objectives:
    - **a)** The organization of efficient, reliable, affordable transport services throughout the Community;
    - **b)** The development and expansion of air and maritime transport and capacities in the Community;
    - **c)** The promotion of cooperative arrangements for the provision of transport services;
    - **d)** The development of efficient, internationally competitive ancillary transport services;
    - **e)** the development of human efficient resources for employment in all areas and at all levels of the transport sector;
    - **f)** the implementation of standards for the development of safe road, riverine, sea and air transport services
19. International Labour Organisation Report of the Director-General: Decent Work 1999. The strategic objectives of the Decent Work Agenda are: Promoting and realizing standards; Creating greater opportunities for women and men to secure decent employment and incomes; Enhancing the coverage and effectiveness of social protection for all; and strengthening tripartism and social dialogue.
20. Arthur, O. ibid 2004. The Role of Labour in Promoting the Caribbean Single Market and Economy Lecture by Rt. Hon. Owen Arthur, Prime Minister of Barbados, October 2004.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

21. Preamble to Revised Treaty of Chaguaramas page 2.
22. For instance, while the EU and the USA, and one of their mouthpieces the WTO have been insisting that developing and transitional economies open their markets massive sums in subsidies are provided their own farmers. Only recently the IMF chastised the government of Barbados for providing incentives to attract investors especially from overseas while the said IMF is absolutely mum, for instance, on the huge agricultural subsidies being provided by the USA and the EU to their farmers. See also Stiglitz J. 2006 Dissent: Unconventional Economic Wisdom and Sachs J. op. ed. In *Shanghai Daily* of May 28, 2007.
23. UNDP Human Development Report 1995.
24. ILO 2006 Tripartite Declaration and Plan of Action for Realising the Decent Work Agenda in the Caribbean.
25. See also *Our Caribbean Community*: Introduction pp 145-146.
26. Ibid. Girvan 2006 Towards a Single Economy and Single Development Vision Report by Norman Girvan, October 2006.
27. The Tripartite Declaration and Plan of Action calls for the development of national programmes designed to protect and maintain the health of the population recognizing the prevalence of lifestyle diseases.
28. Under both Models there are extensive benefits, relatively low levels of unemployment, low inflation and comparatively high standards of living.
29. Thomas, C.Y. Ibid 1996 (p. 56).
30. Managing Mature Regionalism: Regional Governance in the Caribbean Community Report of the Technical Working Group on Governance, October 2006.
31. For examples see: Budhoo Davison L. Enough is Enough New Horizon Press New York (1990); Dubro, Alec and Konopacki, Mike The World Bank: A Tale of Power, Plunder and Resistance PSI (ND); Perkins, John Confessions of an Economic Hit Man; Elbury Press, Random House (2006); UNDP Human Development Report (1997) p. 87.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 20

Quality of Education and the Caribbean Single Market and Economy (CSME) in an Increasingly Competitive and Rapidly Changing Global Environment

Compton Bourne

I. Introduction

I have been asked to speak on the subject of Quality Education in the context of Caribbean Integration and the global environment. I propose to do so by first profiling the development situation of the Caribbean, then proceeding to highlight some features of the global environment and the basis for international competitiveness before addressing the topic of how the CSME or regional integration may be expected to better prepare Caribbean economies to compete. In the final part of my address, I spell out some implications for education quality contained in the earlier sections of the address.

II. The Development Situation of The Caribbean

Caribbean countries are small demographically, geographically and economically. The combined population of the Commonwealth Caribbean in 2005 was 6.3 million of which Jamaica had 42%, Trinidad and Tobago 20% and Guyana 12%. Eight countries have miniscule populations i.e., between 5,000 and 100,000 persons. The total land area of the 17 countries is 272,253 square kilometres of which Guyana has 79%, Belize 8% and the Bahamas 5%. Ten of the countries are smaller than 500 km^2. Population density is greater in the countries with smaller land mass. The countries with large land mass have very low population density: Guyana 3 persons per km^2, Belize 13 persons and the Bahamas 23 persons.

In many countries, space constraints are a real problem forcing a choice between different uses of land such as agriculture, residential

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

settlement, and commercial and industrial settlement. Even in countries where there are not severely competing choices, such as Belize, Dominica and Guyana, there are environmental considerations impinging upon land use. The capacity to make sensible decisions either in the land-scarce or land-abundant countries will depend upon the existence of both good information systems and the availability of requisite analytical and managerial capacity which are themselves dependent on the quality and capacity of national and regional education and training institutions.

Small geographical size has also limited endowment of natural resources, with a few exceptions. Trinidad and Tobago has petroleum and natural gas; Jamaica has bauxite; and Guyana has bauxite, gold, diamonds and other yet unexploited valuable minerals, as well as abundant timber resources. However, for most Caribbean countries, the major natural resources other than agricultural land are coastal resources, mainly fisheries and beaches. The management challenges and knowledge requirements are no less important here than in the case of land.

The single most adequate indicator of economic size is national income. The Commonwealth Caribbean's total gross domestic product in current prices in 2005 was US$42.6 billion, considerably less than the annual turnover of many international companies and less than the gross domestic product of many countries in the world. Trinidad and Tobago accounted for 33% of the region's gross domestic product (GDP), Jamaica for 23% and the Bahamas for 14%. Barbados had 7% and the Cayman Islands 5%. The other 12 countries accounted for the remaining 18%. It is obvious that national income is very skewed across the Caribbean.

Despite their small size, Caribbean countries are not among the worse off in the world in terms of economic and social conditions. Indeed, most of them are classified in the middle income or upper middle income categories on the basis of their GDP per capita. Taking 2005 as an example, the per capita GDP (purchasing power parity) of High Human Development countries was $23,986. For Medium Human Development Countries it was $4,876 and for Low Human Development countries it was $1,112. The United Nations does not list the British dependencies in its Human Development Index but of the 12 Caribbean countries listed, six were in the High Human Development group with per capita incomes between $12,500 (Antigua and Barbuda) and $18,380 (the Bahamas). Trinidad and Tobago's per

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

capita GDP was $14,603. Seven countries were in the Medium Human Development group with per capita GDP between $4,291 and $7,843. Caribbean countries are not among those listed as Low Human Development. The unlisted British dependencies would all be in the high per capita GDP group if they were listed.

Furthermore, the annual growth rates of GDP per capita of Caribbean countries, while not spectacular, are certainly respectable. Between 1990 and 2005, Trinidad and Tobago's annual growth rate averaged 4.3%. Four other countries averaged between 2.3% and 3.2%. Another three countries were between 1.3% and 1.6%. Only three countries fell below 1%. Growth rates in the British dependencies exceeded Trinidad and Tobago's. Compare the Caribbean's performance with the OECD average growth rate of 1.8% and the Medium Human Development group of 85 countries whose average growth rate was 4.0% and the Low Human Development group with 0.6% and it immediately becomes obvious that the economic fortunes of the Caribbean have not been dismal.

Nonetheless, there should not be full satisfaction with the current development situation. Poverty levels remain unacceptably high in almost all the countries. Ten of 15 countries have more than 20% of their population living below the poverty line; four countries have 10-19% below; and one country has 9% below. Other social indicators, such as percentage of the population with access to piped water, improved sanitation and electricity, point to scope for improvement. Furthermore, the economies are highly vulnerable to external economic shocks which can occasion precipitate downturns in economic activity. They are also exposed to natural hazard events which can cause major social and economic damage.

III. The Global Environment

It is important to recognise always that the global environment is not alien to the Caribbean. The Caribbean is part of the global environment. The nature of its participation has changed over time; the strength of the linkage has not diminished but instead has increased. In the early days, the linkage was trade in agricultural staples and geo-political and military convenience. For the past 20 years when the Caribbean lost geo-political strategic value as a consequence of the end of the Cold War, the relationship has been based more on economic interests.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The merchandise foreign trade of the Caribbean is predominant extra-regional, with intra-regional trade comprising only 13% of total trade in 2004. Likewise, trade in services, which is dominated by tourism services, is mainly extra-regional. Barbados, a major tourism economy, gets about 20% of its landed visitors from the Caribbean but this is by far the largest regional share among destinations. In commodity export markets, trade preferences have served to shield the Caribbean from competition for many years, but the end of preferences is nigh with the several defeats of European Union trade preferences at the World Trade Organisation (WTO) and the specification of terminal dates for bananas, sugar, rice and rum in the CARIFORUM-European Union Economic Partnership Agreement. In future, Caribbean exporters will have to compete for market share in these agriculture-based industries. Even in the mineral and energy industries, there should be consideration of potential competition. In petroleum and natural gas for instance, industry developments in Eastern Europe, the Middle East and West Africa are likely to impinge, not only upon supply-demand imbalances but on market shares and distribution costs. In the tourism industry, there has always been international competition in the broad sense that there is a choice between Caribbean destinations and others in tropical and temperate regions. The element making for enhanced competition now is the development of other geographical segments of the Caribbean market such as the Dominican Republic and Cuba which provide products with similar sun and sand qualities but offer culturally distinct alternative experiences at generally lower prices.

On the issue of foreign trade, one should also not lose sight of the fact that trade is two-way: the Caribbean exports to the rest of the world and the rest of the world exports to the Caribbean. World markets are open to the Caribbean and Caribbean markets are open to the world. From time to time there is much discussion about tariff protection of Caribbean suppliers in domestic and regional markets. Tariff protection, which has been rapidly becoming fiction, has dubious "protectionist" value in a region where, in many cases, local products cannot be effectively substituted for imported products. Tariffs have instead served to artificially boost profits and increase tax revenues at the expense of consumer welfare.

The Caribbean domestic market has had a measure of defense from international competition because of its small economic size and purchasing power which made it unattractive to foreign suppliers. This

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

factor does not have as much force now. Economic growth and its correlated higher levels of per capita investment, savings and consumption expenditures are attracting the attention of foreign providers of a wide range of goods and services. Even government procurement may ultimately be open to international competition.

The Caribbean is very much present in global financial markets as well but here too the situation has changed significantly. Unlike the first post-independence decades, the Caribbean has become less successful in obtaining bilateral official finance. This trend is the consequence of several factors among which are the following:

1. The loss of geo-political significance. There is no need to financially induce the Caribbean to remain faithful to Western industrial countries. The Caribbean is left to plead Commonwealth traditional ties and hemispheric friendship as a basis for special consideration.
2. The substantial increase in per capita national income to the point where many Caribbean countries have been "graduated" from foreign aid. It matters not, or at least not much, that poverty levels are considerably high. The fact of the matter is that improved patterns of income distribution – a domestic policy issue – can substantially lower those poverty rates.
3. By comparison, there are many countries economically worse off and by this standard more deserving of foreign aid than the Caribbean.
4. The diversion of Western official finance to war and rehabilitation of war ravaged countries.

Caribbean countries, to some extent, have had to substitute private market debt and loans from international financial institutions for international development assistance. A few countries have been active in the international bond market. Barbados raised $325 million in 2005 and $150 million in 2006. Jamaica raised $814 million in 2004, $1,050 million in 2005 and $730 million in 2006, and was active in five of the seven previous years. Trinidad and Tobago raised $100 million in 2005 and $500 million in 2006 after being absent from the market for four years. These four countries are reported to have engaged in additional bond transactions in 2007 and 2008. The extent of foreign debt mobilisation is revealed by the ratio of external debt to gross domestic product. Expressed in percentage terms, the external debt to GDP ratio ranged between 26% and 143% in 2005, placing some

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Caribbean countries among the most heavily indebted in the world. The challenge for many of them is how to bring their debt down from fiscally unsustainable levels without further compromising their social and economic development. International debt relief has been a favourable option only for Guyana thus far.

Foreign direct investment is another line of engagement with the global economy. In relation to their gross domestic product, all Caribbean countries, except Barbados, have been fairly successful in attracting foreign direct investment in the energy sector, in banking, in manufacturing, in minerals and forest resources and in the tourism sector. Direct foreign investment always involves interactions between foreign labour and local labour in quite different ways from what obtains in a domestic industry producing for the local and regional markets or for export. Issues of teamwork and management-worker relations come to the fore in a culturally and sometimes linguistically mixed context and moreover are inevitably influenced by the global corporate ethos, policies and practices of the enterprise. Related issues arise in the context of relations between foreign enterprises and national governments.

Other salient characteristics of globalisation are the seemingly exponential growth in the flow of information and the transference of knowledge almost instantaneously. The explosion of information and knowledge is a direct consequence of the revolution in information and communication technology. Acquisition of knowledge and information is now less costly and less protracted. Furthermore, knowledge and information barriers need no longer be formidable obstacles to international competition inside and outside national markets.

Globalisation in its recent phase is also characterised by the voluminous, almost incessant movement of people. Advances in transportation and relaxation of border controls made international travel easier and less costly. There have been setbacks associated with (i) the response to international terrorism; (ii) unexpected large scale migration to Mediterranean Europe and the United Kingdom from Eastern and Southern Europe and from Africa; and (iii) global surges in petroleum prices. Nonetheless, high levels of international travel seem a permanent feature of the changed global environment. Together with the knowledge revolution, the growth of international travel is contributing to a gradual homogenisation of cultures, values and approaches to the requirements of work and social life.

The final feature of globalisation germane to this discussion is

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

its riskiness. The riskiness of finance requires little elaboration at this moment, given the collapse of major global financial institutions or heavy balance sheet losses over the past year. Risk implications for equity shareholders and holders of deposits and other financial assets are enormous on a global scale. Several aspects of the financial crisis are especially noteworthy. First, the crisis rapidly spills across national borders into global financial markets. Second, because of the magnitude of the resulting falls in personal wealth and personal incomes, the crisis will generate negative effects in markets for goods and services around the world, including tourism, energy and food. Third, with the resultant curbing of the appetite for risk by major portfolio capital investors, international loans and bond finance will be more difficult to obtain and will be more costly, especially to developing countries.

There is another element of global risk of which Caribbean countries should be mindful, namely, the risk of loss of markets or disruption of supply or even of reduced access to financial assets in foreign countries, as a result of political shifts and policy shifts in the global environment. One ought not to be unfamiliar with the ways in which the political realignment of Latin America post-Chavez is influencing markets for finance, petroleum and construction services in the Caribbean. As another example, developments in Europe, post-Putin and in the United States and Western Europe, post-George W. Bush, have impeded access to financial wealth by persons and countries on the wrong side of the political fence, generated supply shortages of essential commodities like energy and grain, and influenced strategic investments, e.g. the European Union's offer to develop a trans-Saharan pipeline to take natural gas from Nigeria to Europe in order to lessen dependence on Russian supplies.

IV. Competitiveness

In the global environment, competitiveness is profoundly determined by a few central factors. One is technology. Technology drives productivity and production costs, even though labour practices can modify actual productivity above or below the optimal level. Technologically stagnant enterprises tend to lose market share either because they cannot compete on price or because their capital is eroded by continuous operating losses.

A second factor is the scale of operations of enterprises.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Larger enterprises are better able to absorb many of the advanced technologies and to derive economies of scale and economies of scope. The influence of size on unit costs used to be illustrated by production costs and prices for grain produced in a predominantly large scale US agriculture. Now the prime example may be Brazilian agriculture which because of the scale of enterprises, is said to out-compete every other country of the world in grain, livestock and poultry. The essential conclusion is that small countries, because of their small size are at a competitive disadvantage with respect to commodities which are susceptible to large scale production. They should therefore concentrate their efforts on commodities (goods and services) which are not subject to increasing returns to scale, or on niche markets where price is not a decisive influence on demand, or on goods in which they have a monopoly or quasi-monopoly.

Quality and uniqueness are important for differentiating one product from others in more or less homogenous groups. These attributes are what underline market niches in manufactured goods, agricultural commodities and in services. They are therefore quite critical to the international competitiveness of small country exporters. Of no lesser importance among the determinants of international competitiveness is knowledge and expertise reflected in the overall quality of a country's human resources as well as in the company specific labour force. Numerous empirical studies have concluded that differences in human resource quantity and quality account substantially for differences in factor productivity and relative economic growth in the global economy.

V. Caribbean Single Market And Economy (CSME)

The Revised Treaty of Chaguaramas contains an economic model for regional development motivated by a keen appreciation of the challenges presented by the new global environment. Its central tenets are that Caribbean economies have to be outward-oriented and must be internationally competitive if they are to deliver substantial social and economic benefits to their residents. The essential strategy for achieving international competitiveness is unification of both product markets and factor markets. It is intended that by creating a single market, enterprises will have the possibility of larger scale production and associated lower unit costs. The key point here is that enterprises will not be restricted to their national markets as their "home" base

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

and can plan for larger production runs. If productivity gains do accrue from the larger scale of operations, then export competitiveness might be improved. Import competitiveness might also be improved, especially since transportation costs may favour regional distribution. With respect to factor markets, the CSME will provide for the removal of non-market impediments, i.e., government restrictions and other barriers, to the movement of labour and capital. The idea here, is that full capital and labour mobility will tend to improve the efficiency of resource use within the common economic space and at the enterprise level with beneficial effects on production costs and price competitiveness.

The Caribbean integration movement, in addition to the strictly economic provisions described a moment ago, envisages a greater degree of what is termed "functional cooperation." The areas of joint action and collaboration envisaged are transportation, health, education, environment, natural disaster prevention and management, and security. All of these have a bearing upon the conditions under which business is conducted and affect the quality of life of Caribbean residents.

The CSME is a hugely ambitious venture which has been subject to much sceptical commentary and several setbacks. The difficulties of its realisation are many but are not insurmountable. Three of them will be highlighted here. The first is the challenge of intergovernmental decision-making and implementation. There are enormous decision lags i.e., the intervals of time between tabling of an issue and making decisions on how to deal with it. There are even longer lags in implementing decisions made. Decision and implementation lags in CARICOM reflect several things. One is the consideration of national versus regional interests and the balance that governments strive to achieve between them. In the competitive political environment in which all Caribbean governments operate, it takes time to achieve national consensus or even to find the right moment to make the decision. Another influence is the difference in human resource capacity, particularly in the public services, of the partner countries. This makes it extremely difficult for all to reach a point of common information and common understanding which are essential for unanimous decisions as is the CARICOM principle. Human resource capacity limitations also partly explain implementation lags, especially when legislative changes are required to give effect to decisions made.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

The second problem in CARICOM is the paradox of the outwardly mobile but inwardly restrictive stance that countries adopt more often than not on the movement of CARICOM nationals. Every country supports, encourages and lobbies for the emigration of its nationals and boasts of their achievements outside of the Caribbean. Emigration is a good thing, it would seem, yielding migrant remittances, relieving unemployment, widening and enhancing lifetime prospects of migrants and occasionally conferring prestige on the sending country. Immigration, especially intra-Caribbean migration, on the other hand, is almost universally resisted and probably resented in the Caribbean. Immigration is a bad thing, it would seem, making unwarranted claims on the social services, displacing national workers or depressing wages, transferring labour income, and occasionally giving a bad name to the host country. People from the same country as emigrants to the wider world are assumed to embody a different set of attributes than they embody as emigrants to their neighbouring CARICOM countries. Perhaps, a case of schizophrenia among migrants or is it among their critics? What is lacking is a balanced, well-informed perspective on intra-Caribbean migration. A perspective which also recognises that integration has three main pillars from which benefits derive, namely trade, capital movement, and movement of labour. One cannot choose two and not the other.

The third problem besetting the CSME is non-uniformity of national policies, rules, regulations and practices. Non-uniformity raises the costs of transacting business by individuals and enterprises. Recognition of the benefits to be derived from harmonisation is acknowledged but then again, the pace of decision and implementation is slow.

VI. Quality Education

There are many points in the preceding discussion of economic development within the framework of regional integration and the global environment at which it should be clear that human resource quality is a critical enabler. The quality of human resources has a strong influence on the ability of societies, enterprises, and governments to properly identify and analyse problems, to realistically and imaginatively envisage the future and to craft plans for achieving goals and objectives. The ingredients of high quality human resources are expert knowledge and skills, capacity for knowledge acquisition,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

analytical capacity, ability to communicate, and creative adaptive response capabilities. All of these are necessary in the evolving socio-economic development situation of Caribbean countries. All impinge upon the ability of the Caribbean to remain internationally competitive or to develop new areas of competitiveness, and to operate within the highly risky milieu of private capital markets and the shifting realities of international geo-politics. Progress in regional integration itself requires a stronger human resource base than currently exists.

It is through education and training that human beings acquire knowledge and enterprise, develop their mental capacities and analytical skills, refine and extend their communication skills and gain valuable skills in socialisation. It should be evident, therefore, that the test of quality education is how appropriate are the curricula of educational institutions, how adequately capitalised they are in terms of library resources, capital stock and equipment, how modern is their educational technology, how good are their academic instructors, and how high are the academic standards they set.

Financial resource constraints and relative scarcity of academic personnel make the pursuit of high quality education and training very difficult especially in the smaller Caribbean countries. However, this does not mean that quality education should be shirked. It is not expendable for countries wishing to do well in the global community of nations. Integration provides a way of reconciling constraints of budget and small size in the production of quality education. It provides a framework for rationalisation of providers of education services through deliberate policies of avoiding duplication and fragmentation, encouraging complementary curricula, enabling geographical mobility of students and creating or maintaining regional education and training institutions. Even at the national level, similar possibilities should be pursued.

One of the consequences of the international opening up of the tertiary education sector in the Caribbean is the growing number of a somewhat variegated range of education providers. Some are offshoots or "virtual" branches of non-regional universities, some are local institutions in partnership with overseas universities and colleges, and some are stand-alone locally created entities. Several of the entities are highly reputable and there is assurance about the quality of their offerings. In some cases, however, there is room for doubts about education quality. In this evolving context of higher education there is a clear need for a quality assurance mechanism such as the

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Accreditation Council of Trinidad and Tobago and the similar body in Jamaica. The work of such entities is vital to ensuring quality education which is instrumental to the social and economic progress of the Caribbean.

Valuable as they are proving to be, the role of the accreditation bodies could be further strengthened. In my final remarks, I would like to identify three areas of attention.

Firstly, the accreditation bodies have national mandates usually restricted to the tertiary sector. Other components of the education sector are typically excluded from their purview. However, the quality of the products of the primary and secondary components, as well as those of post-secondary but non-tertiary institutions must be of interest to the bodies responsible for tertiary accreditation. The reason is simple, namely that the quality of graduate output from the other parts of the system fundamentally determines the quality of student inputs into the tertiary system. If the quality of the input is poor, tertiary institutions would experience great difficulty in transforming those inputs into high quality tertiary level graduates. Despite the constraints placed by their mandates, the tertiary level accreditation bodies must find a way to interface with the other components of the education and training system so as to improve the quality of education and training in the system as a whole.

Secondly, the accreditation entities should similarly interface with those university-level institutions which pre-date the establishment of national accreditation councils by many decades. The councils have a unique purview that spans many and quite varied education and training providers which allows it to have a good appreciation of strengths and weaknesses in the tertiary sector. Furthermore, the universities are expanding their programme offerings into areas and at levels more typical of the non-university tertiary sub-sector, through options such as numerous under graduate diploma and certificate courses and the myriad non-academic offerings of their schools of continuing studies and lifelong learning. The long established international peer review system for maintenance of academic standards among universities is not applied, and indeed can hardly be applied, to the expanded range of offerings. This means that there is a quality assurance gap to be filled with respect to the non-traditional curricula of universities. This implies a possible, valuable role for the national accreditation bodies. At the very least, there should be dialogue on this matter.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Thirdly, consideration should be given to effectively networking the national accreditation entities into *de facto* or *de juris* regional bodies. It is highly desirable that there be uniformity of standards and commonality of approaches across the Caribbean. Otherwise, non-uniformity in quality of education and training will be a serious impediment to the regional integration of labour markets. Employers would find it too costly to acquire information that allows them to effectively compare the education and training of labour originating from different countries and no less costly if they erred in their assessment of labour quality without such information. These costs would work against cross-border recruitment and employment of labour. Non-uniformity of education and training standards would also militate against efforts of expanding the export of services to the rest of the world for similar reasons of information costs and implicit costs of recruitment errors.

I hope that I have said enough to convey the nature and scope of the development challenges of the Caribbean in the global environment and of the way in which Caribbean integration, if advanced sufficiently, can assist in successfully meeting those challenges. I do hope as well that there is appreciation of the enormous importance of quality education and training and of the instrumental role of accreditation bodies in ensuring quality education.

I thank you for the kind courtesy of your attention.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

CHAPTER 21

CARICOM Commission on Youth Development Report to the Council for Human and Social Development (COHSOD), CARICOM Secretariat October 10-12, 2007

Barry Chevannes

Part B

Literature Review - Highlights

A preliminary Literature Review prepared by Commissioner Lincoln Williams reveals little surprise at the status of youths throughout the Caribbean, their place and role in society, and their aspirations.

Constants. Beginning with the landmark Report of the West Indian Commission, *Time for Action*, and referencing over sixty other published works of scholars, multilateral agencies and statutory bodies, the Review reveals a number of concerns that are constants:

- The problems associated with risky sexual behaviours
- Severe unemployment
- Inequality of educational opportunity
- Crime and violence
- Exclusion from power and decision-making

Shaping society: Youths played a significant role in the shaping of post-colonial Caribbean society. They were among the chief players in the labour revolts of the 1930s and the black power movement that in reaction "to the residue of racism still embedded in the social structures of the region and at the same time a call for a development strategy that put the needs, and interests of the Caribbean peoples first", swept through virtually all the islands and Guyana from the late 1960s into the 1970s.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Social exclusion: What obtained in Grenada, namely, that more than two-thirds of Grenadian youths felt that their society offered them no opportunity, was also characteristic of the wider Caribbean, the main underlying cause here, being capital-intensive rather than people-focused models of development. According to Deosoran, "[t]oday the story remains one of broken expectations. The issues facing youth then and today are opportunities, dignity and identity".

The theme of social exclusion is picked up by the "most comprehensive analysis of youth in the Caribbean in the 1990s", namely the study for the Commonwealth Secretariat by Graham Danns, B. Henry and R. LaFleur titled *Tomorrow's Adults: A Situational Analysis of Youth in the Commonwealth Caribbean*. This Report based its analysis on country studies of the Bahamas, Barbados and Trinidad and Tobago, a commissioned study on rural youth and a survey of youths attending the 1994 Commonwealth Youth Exchange in Guyana. "The exclusion of youth from the mainstream of Caribbean societies and the powerlessness that youth feel are identified. Youth are only recognised seriously in the area of sport, entertainment and crime". In Barbados, one of the strongest economies of the region, "the sense of hopelessness, despair and powerlessness" emerge as the most significant indicator of where Barbadian youth were up to the mid-1990s.

In *Tomorrow's Adults* the problems affecting urban youth are the same affecting rural youth. The study identified a number of issues deriving from the social exclusion of youth:

- Moral panic—concern by adults about the rise of anti-social behaviour by youths, particularly violence;
- Perceived generation gap—"perceived" because the reality did not show youths rejecting wholesale the values of their parents;
- Failure of and aversion to the education system, with a consequent turn by males in particular to the informal economy;
- Sexual promiscuity.

Counterculture versus Hegemony: The Review highlights the opinion of some writers that, due to "youth being excluded from

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

the mainstream of society", they have constructed their own counterculture, influenced by North America, to which their minds are oriented and where they believe their future lies. The embrace of American culture and with it, the hope of migration, are seen as responses to the structural problem of unemployment and blocked opportunities. "The message for many Caribbean youth is that they will have to migrate if they are to achieve their personal and material goals".

Not all authors, however, agree with this explanation. To the late Carl Stone the struggle for independence undermined the old British-oriented hegemonic value system, leaving in its wake a moral vacuum. What is taking place, therefore, is a struggle for cultural hegemony by an emergent black entrepreneurial class with an acquisitive materialistic ethic, not unlike that of North America. Others share this point of view.

Adolescence: The Review singles out for special treatment the period called adolescence, where the problems associated with youth, in particular, risk-related learning, begin. It emphasises that risky behaviour should be seen as not necessarily pathological but functional, in that it serves to give adolescents a sense of independence and personhood, in their acquisition of coping skills, peer group validation, sexual identity and maturity. The majority of adolescents in societies all over the world do manage to pass into adulthood without extreme crisis, notwithstanding the risk-taking characteristic of the stage.

In the Caribbean, the overwhelming majority of adolescents have a positive self-image, share the same values as their parents and are respectful of them, are very patriotic and not materialistic in their outlook, and reject violence. "This is contrary to the dominant perception of adolescents in the Caribbean. This alerts us to the fact that the vast majority of adolescents and youth are not alienated from the system and can be readily 'inserted' into the system provided the appropriate societal structures exist to enable this to happen in a reasonably smooth way".

Clearly then, the problems associated with adolescents and youth are concentrated in the minority whom the social structure is unable to integrate, but by treating this group as the whole the literature has been able to make strategic advances in lobbying for

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

resources to be directed to youth. There is more to it, however. If Governments "want a more socially cohesive society that is characterised by less violence and a greater rate of human and social capital accumulation, then they are advised to go 'further upstream' and deal with the underlying structural problems that create the 20% of young people that 'cause' 80% of youth problems."

The factors creating this 20% are the well-known structural ones—poverty, lack of education, unemployment, sexual abuse, which require long-term strategic response. In this regard, UNICEF's recently conducted Situation Analysis of the status of children and youth in twelve Caribbean countries, in which the percentage of people living below the poverty line ranges among the twelve countries between 12% and 60%, found increasing evidence of poverty and vulnerability among children and youth, but at the same time no change in expenditure and investment in basic social services that could alleviate the problem. Not surprisingly, some countries have begun to experience marked increases in anaemia among lactating mothers, infant mortality and poor nutrition among school children.

To break the cycle of intergenerational poverty requires sustained attention to children, so argues a UNICEF study of child poverty in Jamaica, starting from the earliest years of their life. This means addressing the disruptive processes that handicap children and their families. In effect, these 'disruptive processes' are the macro-level economic adjustments adopted by countries facing economic crises, but adopted without a "human face"; without the cushions to mitigate their impact on vulnerable populations, they undermine social capital, reduce social solidarity and cohesion, and stymie economic growth.

The young people at risk, without the safety-nets or access to recovery routes, are identified by the UNICEF study as predominantly out-of-school and-on-the-street males, adolescents exposed to careless sex, drugs and violence, sexually exploited adolescent females, socially marginalised minority groups, disabled children, parentless children, and imprisoned youth.

To this list we could add the following, with increasing concern during the first decade of the millennium:

- Adolescent fathers
- Adolescents with HIV/AIDS
- Adolescent criminals
- Adolescent gun 'boys'

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

"UNICEF (2000) describes the context of this growing social deficit in Jamaica, evidenced in the level of crime and violence, generalised distrust, corruption and difficulty getting communities organised. Almost 40% of households report feeling dissatisfied with life; 56% feel unsure about the future; and almost 30% have emotional difficulties. Crime and violence are described as 'stable features' of Jamaican life".

Jamaica represents the extreme of a continuum of countries, which, according to UNICEF, "have not been immune to the economic reverberations of the 'lost decade' of the 1980s", and which, therefore, are at risk of the deterioration of social capital. In Trinidad and Tobago the 17-21 year old age group accounts for the largest percentage increase in the prison population. As elsewhere throughout the region, "the young person in prison is predominantly male".

Thus the problems of crime, unemployment, violence and low educational achievement are all inter-related, although data from Jamaica of the late 1990s were showing that the highest rates of employment were among those with fewest years of schooling.

Of tremendous concern is the HIV/AIDS crisis. Countries of the Greater Antilles, Barbados and Trinidad and Tobago are experiencing the ravages of an epidemic in which the rate of infection is greatest among youth, particularly female adolescents. In Jamaica, the reported cases of infection have been doubling each year since 1995. For the Caribbean as a whole, the World Bank calculates the total cost to the region at 6% of GDP.

The experiences of Thailand and South Africa show how to and how not to treat with the crisis. In the former, decisive leadership treated HIV/AIDS as a developmental issue with potentially negative impact on the economy, and thus brought it under holistic and national management; in the latter, the country became divided over the issue, wasted valuable time and energy and is now threatened with the economic impact of the pandemic.

Universal consensus: Some of the recommendations of the West Indian Commission have begun to be implemented, among them, legislative reform to tackle sexual abuse of minors and the setting up of National Youth Councils. Others, being more general, remain as on-going, long-term solutions that reappear in the later literature. Among

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

these are improvement in the education system, vocational training and greater demonstration of parental, especially paternal, responsibility.

However, there is universal consensus that the strategic approach to dealing with the at-risk youth population must identify and focus on the two critical issues of education and employment, but to do so in a holistic, multidisciplinary, multi-agency, collaborative, participatory and consultative framework that aims at strengthening social capital, in particular, of the family and community. This, it goes without saying, will require significant resources, not only to effect the culture shift required to make schools attractive and interesting spaces, but to tackle the high unemployment, targeting young males.

Preliminary Survey – Highlights

Carried out by CARICOM Secretariat, using focus group discussions, this study interviewed under three hundred youths and community leaders drawn from communities in Suriname, Belize, Jamaica, the Bahamas and Trinidad and Tobago.

Overall, the findings suggest that many young people, including tertiary level graduates, are unaware of the CSME, let alone its benefits and that youth governance structures do not play any significant role in this regard; that alienation, marginalisation, hopelessness and lack of security are among the reasons youths seek to migrate; that there is widespread apathy, but at the same time impatience, at the lack of consultation in governance.

Macro-environmental Factors: According to the group participants, adolescents and youths generally were apathetic about national, regional and global affairs. More needs to be done to institutionalise links between youths in the Caribbean and the Diaspora.

In their vision, a sustainable developed Caribbean must have a good quality of life for all, in which there is 100% literacy, the young and the marginalised are brought into the mainstream, and political decisions are reached by consensus buttressed by science rather than by ideology.

They identified several concerns impacting on governance. These include insularity and cultural intolerance, distrust of politicians, lawlessness and corruption, high unemployment, and social inequality and injustice.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Although one-half of the discussants had heard of "the CARICOM Single Market and Economy (CSME)", most were uncertain of its benefits. The kinds of questions they asked about the CSME are revealing of the information gaps that need to be closed, and for this reason are appended to this Report. Except for the UWI students in the survey, most participants who knew of the CSME were fearful of job-displacement, the influx of undesirable elements and the spread of HIV/AIDS. The UWI students, on the other hand, lauded the CSME for its promise of regional integration, cultural diversity and socio-economic development—"the best thing to ever happen to the Caribbean".

In their vision for themselves and their societies, two things figured prominently—financial and social stability and personal security. Strong family life, youth empowerment and strong culture are also included.

The ideal Caribbean youth is therefore one with a strong Caribbean sense of identity, built on knowledge of county and region and on cultural immersion, well educated and qualified, multilingual, embracing diversity and respectful to and caring of others.

Micro-environmental Factors: Crime and violence, dysfunctional families and communities, low and ineffective quality of education, and in-school violence emerged as issues of deep concern to the youth and adolescents in the study. Though mainly urban, these problems are increasingly but gradually becoming part of rural reality.

They describe high-crime communities as:

- judging their strength on the basis of the number and calibre of illegal guns available;
- organised along para-statal lines, even with their own ministerial portfolios;
- governed by Dons, who wield enormous power;
- mired in poverty, which is strongly correlated with gang violence, drug trafficking and sex;
- distrusting of the police, for whom they have little respect;
- stigmatised by the rest of the society;
- poorly endowed with recreational facilities;
- de-sensitised to death, grief, loss.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Children thus grow up in these communities traumatised, unable to express their feelings. Their families, also, are dysfunctional—absent fathers, female single-parent households, teenaged mothers, incest, rape, sexual molestation, physical abuse, lack of supervision, low school enrollment.

As for the schools, "garbage education" is what they offer. They are subject to low rates of attendance and completion, low quality, high costs of transportation, uniforms, books and miscellaneous charges, and the invasion of the culture of violence, indiscipline and gangs that prevails outside.

Conclusion: The study paints a gloomy picture of apathy, alienation and low self esteem among adolescents and youths, within a context of disintegrating families and communities, poverty and the drug trade. "This situation, if unchecked, poses a serious threat to social stability, good governance and, by extension, the sustainability of the CARICOM Single Market and Economy."

Building on the enabling environment that includes a regional collaborative youth development agenda for youth participation in governance, a youth vision of the ideal community and the ideal Caribbean youth, and a national youth policy in most countries, the study draws up five pertinent recommendations:

1. Utilise the new communication technologies to facilitate participation in development and integration processes, and for building Caribbean identity.
2. Mount a regional campaign to promote the CARICOM youth agenda and the Regional Strategy for Youth Development.
3. Launch innovative intervention strategies to empower youths and communities to address youth development priorities.
4. Develop a youth governance paradigm that positions the Departments of Youth Affairs to clarify the role of the National Youth Council/Youth Parliament, to coordinate youth development initiatives, especially around HIV/AIDS, CSME, crime and violence, and to link the national and regional levels.
5. Forge a partnership with the youths to develop and promote a CSME multi-media marketing campaign that addresses fears and scepticism, balancing national and regional perspectives, and highlights the opportunities the CSME offers.

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Critical Issues for COHSOD

Understanding Adolescence: There is no universally accepted age definition of youth. As pointed out in the Literature Review (but not summarised here), we know when it begins—puberty, but not when it ends, and saying we know when it starts does not specify what age. For United Nations agencies, youth is defined from age 14 to age 24; for many countries the cut off age is 25, while some go up to thirty. The conundrum arises because of differences in culture and personal physiology. It arises also because, again as the Literature Review noted, it is a creation of the modern, mainly Western, world. This is quite true. Traditional societies did not have a problem, because they had ritualised mechanisms to mark the boundaries between childhood and adulthood and to engineer to transition from the former to the latter. These were the puberty rituals—rituals lasting days or weeks, and in some societies months, at the end of which children were bestowed the status of adults. Simple. This was what that well-known Bible story of the twelve-year old Jesus being "lost" in the temple was all about. After the puberty ritual of several days, his parents were looking for him among his peers but found him instead among the adults.

In his autobiography Nelson Mandela describes when and how he became an adult. As part of an age set or peer group of boys, he was put under the care and tutelage of chosen elders who took them to the bush, where they received instructions, were circumcised and given hazardous tasks to perform, which they had to pass, like passing an examination, by displaying fortitude and courage. Several days later, when the scars had begun to heal, they were dressed up in formal attire and led back to the village they had left as boys but to which they were returning amidst much celebration as full-fledged men. They were now eligible to marry and to undertake adult tasks. As a member of the royal family, the young Nelson was sent to serve at the royal court as an advisor to the king.

Except among the twice-born castes among people of Indian descent who keep their tradition, puberty rituals are not practiced in the Caribbean. Among the peoples of African descent, the traumatic break of family, lineage and community traditions by the Atlantic slave trade and their replacement by plantation slavery erased the need for reproducing adults. It was not until after Emancipation that through free-hold settlement and squatting, through economic production,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

kinship relations and family bonds, the rebuilding of communities could take place with some level of freedom.

Under the Negro Education Acts of the 1940s, which provided for elementary education, some recognition was given to the status of childhood. Immediately on leaving school at age 15, children entered the labour force as apprentices, young farmers/cultivators or cane cutters and casual labourers. Thus, the formal education system served as the marker between childhood and adulthood.

With the advent of Independence, however, has come universal secondary education, which thus extends the period of childhood up to age 18, when one is deemed adult. This, in a context in which the onset of puberty has been falling (twelve years for girls, thirteen or fourteen for boys). The demands of nature are thus at odds with the imperatives of society, and the contradiction is getting more acute with the increasing need for post-secondary qualification to exercise independence and social maturity as adults.

In effect, the status of adolescence as a state of transition is a long period of stress and danger. To return to the puberty rituals, anthropologists accept that there are three stages. First is the separation stage, which carries its own trauma of bereavement from the structured security of family and village life. This is followed by the liminal stage in the wild, away from civilisation and order. The word "liminal" derives from the Latin word for "threshold", a transitional space in-between the outside and the inside, neither in nor out. The third stage of reintegration marks the change of status.

But, it is the liminal stage that is apropos here. It is fraught with risk and danger, in that there is nothing automatic about enduring the trials with success. Had Nelson Mandela flinched or cried during the excision of the foreskin, he would have failed and his life marred. Adolescence is one long stage of liminality, in which the person has no defined identity, is neither child nor adult, but is both child and adult insofar as he or she has the naturally endowed markers of adulthood, for example, reproductive power, but not the socially approved ones, for example, independence and social responsibility. Adolescence is not a state of being, but of becoming.

In this way of looking at the problem, all adolescents are at risk. Most make the transition successfully, but a minority do not. As the Literature Review points out, there is adequate knowledge of the causes for success or failure—family, school, environment. While it is not particularly helpful to determine which is the most important, it is

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

clear that the school is the most open to intervention, because of the controlled environment it offers. In any given day, the school affords more hours of contact with many adolescents than their families. It is to the school as a socialising agent, then, on which most hopes are pinned. However, its ability to make any significant inroads among the minority of adolescents that are in danger of not making the transition safely rests on two things.

The first is a shift in the philosophy of education from seeing education only as an instrument, as a means of equipping children and adolescents with the technical skills they will need to make a living "when they grow up", to education as also an end in itself, as an exercise in the practice of being human. In this latter sense, then, teachers are like the elders to whom Mandela and his peers were entrusted. Their role is thus twofold—transmitting the technical skills, but also helping in the formation of human beings with the right values and the right attitudes without which they cannot live as well-adjusted members of society.

The second is applying methods of engaging students by addressing their interests. A project founded by former Vice-Chancellor of the University of the West Indies, the late Sir Philip Sherlock, has been doing exactly that, and with dramatic improvements in academic and social behaviour. Called "Change From Within", it encourages as its most critical element the development of an innovative, risk-taking kind of leadership that can embrace the interests of the students, whatever they be—sports, the performing arts, agricultural production, and use them as platforms for learning and for behavioural change. Once progress becomes visible, parents join in as complementary and supporting agents. School attendance rises, in-school violence declines, self-esteem improves, teacher morale is strengthened, illiteracy disappears and the school begins to record passes where there were none before. Projects like this need to be generalised.

Criminal Violence: The statistics on homicides are staggering. With a world average rate of 8, CARICOM countries are experiencing virtual pandemics of the results of violent aggression—homicide rates of over twenty for St Vincent and the Grenadines and Saint Lucia, in the case of Jamaica 65 in 2005, battery and assault,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

felonious wounding. Forty per cent of the budget allocation for hospitals is consumed in addressing trauma.

The problem is essentially a male one. Not that women are immune to violent behaviour, but the scale and intensity of violence and its oft irreversible outcome are distinctly characteristic of males. In Jamaica 80% of homicides are committed by youths between fifteen and thirty years old, and 80% of their victims fall within the same age range.

There is no single cause for this. The drug trade is clearly one factor, and it explains why comparatively speaking, Latin America and the Caribbean would have the highest rates among all regions of the world. The proliferation of illegal guns is also a factor. A number of social factors that could be grouped under social exclusion are also cited. These include poverty, poor education, unemployment, dysfunctional families and various forms of disrespect. But, the one constant among all of these is the profile of the perpetrators—young and male, suggesting problems with the conceptualisation, achievement and maintenance of masculinity among the marginalised.

Careful thought needs to be put into understanding and coming to grips with this. A longitudinal study by a team of researchers in the Faculty of Medicine at the University of the West Indies at Mona, led by Dr Maureen Samms-Vaughn tracked a large sample of a birth cohort over a period of sixteen years. It found that a stable family in which the biological father was present and active was the most statistically significant factor accounting for positive social outcomes. Children, especially boys, were academically better and more socially adjusted than those whose fathers were absent or not active. Another factor was structured activity for children, such as church and clubs. The suggestion here is that societies that are undergoing abnormally high rates of homicide are reaping the whirlwind of a grossly defective socialisation of boys, now turned or turning men.

If, then, men as fathers are critical to the social outcome of their male children, from the point of view of social policy, attention needs to be given to the reduction of dysfunctional families. This mainly translates as stabilising the role of men as fathers. Social policy up to the present time has been to buttress the ability of female single-parent households to cope, through social welfare and legislative measures. But little thought is given to fathers, except to punish for delinquency and neglect. Since the various forms of social exclusion are known to be risk factors, and these are generally spatially concentrated,

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

it should not be impossible to direct remedial and social welfare measures to limit the dysfunction of families. Such measures would have to include what is often called parenting skills, as well as training in gender equity and respect.

Migration: Throughout the region there is great concern that we are losing our most talented youths to migration. Their outward-orientation is well documented. As the Literature Review correctly points out, migration has been a fact of Caribbean life in the era of freedom, and has not been altogether negative when the money remitted by the migrants is taken into account. In any case most migrants never leave for good; the intention is always to return, though most never do.

The reaction to migration generally tends to be negative. But even if all our economies were at first-world levels, there would still be some orientation outward by our youths. If exploration of the wider environment is instinctual among children, and a necessary part of the learning process, why must it be assumed that it should die by the time they reach adolescence and youth? There is need, then, to distinguish in the outward movement of our youth the pull factor of economic opportunity, on the one hand, and the lure of the unknown, on the other. On the basis of such a distinction how could the CSME prepare, foster and embrace a Caribbean Diaspora? And how could the CSME promote an intra-regional youth tourism?

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional

Created with nitroPDF professional
download the free trial online at nitropdf.com/professional