

CARICOM – CARIBBEAN COMMUNITY AND COMMON MARKET

The history of the Caribbean shows several examples of attempts at cooperation. The West Indian Federation (1958-1962) has already been dealt with. In 1968, several Caribbean countries came together to form the Caribbean Free Trade Area (CARIFTA). CARIFTA aimed to encourage more trade among member states by introducing free trade. This led to the cheaper cost of goods imported by one member state from another. Benefits gained by member states were significant. Efforts were therefore made to widen regional cooperation by forming CARICOM in 1973.

The agreement which gave birth to the Caribbean Community and Common Market (CARICOM) was signed on July 4th, 1973 at Chaguaramas in Trinidad and Tobago. At this stage, four countries (Trinidad and Tobago, Barbados, Jamaica and Guyana) were signatories to the Treaty of Chaguaramas. Effective operation of CARICOM began on August 1st, 1973. With the passage of time, other countries joined CARICOM.



Caricom Standard

The Standard of the Caribbean Community features a blue background - the upper part being of a light blue, representing the sky, and the lower part of a dark blue, representing the Caribbean Sea. The yellow circle in the centre of the Standard represents the sun on which is printed, in black, the logo of the Caribbean Community – two interlocking C's. The two C's are in the form of broken links in a chain, symbolising both unity and the break with our colonial past. The narrow ring of green around the sun represents the vegetation of the Region.



Signing of the Treaty of Chaguaramas

Member States

Since 1973, there has been a growing interest in Caricom by Caribbean states. To date, members include:

- Antigua
- Bahamas
- Barbados
- Belize
- Dominica
- Grenada
- Guyana
- Haiti
- Jamaica
- Montserrat
- St. Kitts/Nevis
- St. Lucia
- St. Vincent and the Grenadines
- Surinam
- Trinidad and Tobago

Other Caribbean states will continue to seek membership in Caricom. The student is therefore advised to keep informed of any such developments.

FACTORS PROMOTING REGIONAL INTEGRATION

The various efforts at regional integration in the Caribbean have been facilitated due to several common characteristics among member states.

COMMON CHARACTERISTICS SHARED BY CARIBBEAN COUNTRIES

1. Caribbean countries are in close proximity to each other. Travel by air or sea from one country to the next can be done in a relatively short space of time.
2. Caribbean countries share a common history. Most of the inhabitants of these states are descendants of people who had been subjected to slavery or indentureship. This common thread connecting the people of the Caribbean is a powerful unifying force.



Slavery and indentureship were common to Caribbean countries.

3. Particularly because of a common history, the people share a common culture in terms of language, dress, cuisine, music and general lifestyle. These common features enhance integration.



A typical market scene of Caribbean countries



Caribbean countries share a common cuisine.

4. Caribbean countries are all small island states which consequently face certain common challenges. As small island states with a high birth rate, there is competition for limited land to be devoted to agriculture, housing, infrastructural development and for the establishment of industries. This limits the amount of land that can be devoted to agriculture. With the small size of businesses, it is difficult to achieve economies of scale in agriculture.

Finally, Caribbean territories share similar economic, political and social problems. Unemployment, lack of a wide variety of physical resources, poor housing and inadequate health facilities are some common problems being faced by countries of the region.

Common problems call for common solutions. Thus, the integration of the countries is inevitable.

5. Globalization is a recent phenomenon which is characterised by:

- **Trade links being established around the globe.** A country will therefore purchase its goods and services from the cheapest source. The cost of producing goods and services in the Caribbean is relatively high.
- **Countries trying to create jobs by the inflow of direct foreign investment.** The Caribbean offers few prospects in competing for foreign investors because of its lack of a variety of physical resources.
- **Technological development in the production of goods and services which demands a skilled labour force.** The Caribbean countries are behind developed countries in educating and training their nationals for these highly skilled positions.
- **Migration of skilled labour to whatever part of the world they are wanted.** This leads to 'brain drain' from Caribbean countries to the developed countries of the world.

As a consequence of globalization, small, developing countries must unite in order to survive.

Summary of the major challenges facing the Caribbean region which necessitate regional integration

Following is a summary of the major challenges facing Caribbean countries which were previously discussed.

- The disadvantages of being small in size
- High levels of unemployment
- A lack of modern technology leading to low levels of production
- High levels of foreign debt
- The influence of transnational corporations
- Unfavourable balance of trade
- 'Brain drain' leading to shortage of skilled workers
- Susceptibility to natural disasters

MAIN OBJECTIVES OF CARICOM

1. To improve the economic development of member states through the introduction of free trade. This is referred to as economic cooperation, whereby barriers to trade such as customs duties, quotas and licensing impositions are removed. With the resulting trade liberalization, a greater volume of trade is possible.
2. Functional cooperation in the following areas:
 - shipping
 - air transport
 - meteorological services
 - health
 - intra-regional technical assistance
 - education and training
 - culture
 - broadcasting
3. Common policies in dealing with non-member states and transnational corporations. Caricom member states will therefore effect the following:
 - a common external tariff
 - a common policy when importing goods and services from outside the region



Functional cooperation in shipping. An inter-island ship unloading goods in Castries, St. Lucia



The Caricom wharf in Trinidad was built to facilitate trade liberalization among Caricom states.

- a common policy when attracting foreign investors to the region. This is referred to as the 'Harmonization of Fiscal Incentives'.
- a common policy on tourism

Caricom member states depend heavily on foreign investments for the purposes of job creation, maximization of the use of physical resources, taxation and royalties. It is not surprising therefore, that transnational corporations operate invariably in most countries. A common policy for attracting foreign investment is therefore necessary to prevent one country from offering greater incentives (tax-free holidays, preferential rates on energy etc.) than another.

BENEFITS OF REGIONAL COOPERATION

Benefits of Free Trade



The removal of duties, taxes, quotas and licensing arrangements results in cheaper goods. A greater volume of trade is therefore generated. This leads to higher levels of demand for goods and services. With increased production, more employment is created for nationals.

Benefits of common policies in dealing with non-member states and trans-national corporations

1. A united voice among member states can result in better prices for extra-regional exports and cheaper prices of imports to the region from other international sources.
2. Preferential rates and special quotas can be arranged for Caribbean goods entering economic blocs such as the European Union and the United States of America. This is particularly so for agricultural products such as bananas, sugar and rum.
3. With the reduction in competition among member states in attracting foreign investment, host countries can negotiate better bargains when attracting foreign investors.

Study the following extract which shows how CARICOM member states present a united voice with non-member states.

The Caribbean Regional Negotiating Machinery (CRNM)

The CRNM is an organization formed to negotiate trading agreements with foreign countries on behalf of CARICOM member states. This body is at present headed by its Director General, and comprises other officials from the Caribbean region. The strength of the CRNM lies in the fact that it represents the united voice of its members and is thereby able to secure agreements that are most beneficial to them.



The Economic Partnership Agreement (EPA)

The CRNM is at present negotiating an arrangement with the European Union, known as the Economic Partnership Agreement (EPA) for preferential entry of goods and services from Caribbean countries into the European Union.

Under the arrangement, goods from Caribbean countries such as bananas, cocoa, coffee, lobsters, prawns and fish will have reduced tariffs and preferential entry into European markets. Without this agreement, these goods will face competition from other exporters to the European Union whose prices are much less than Caribbean producers.

Apart from the trade in goods, the EPA also covers trade in services. As such, service providers in the Caribbean will enjoy guaranteed market access into the European Union. Providers of services from the Caribbean can take advantage of this opportunity by becoming innovative and expanding the base of services they provide.



Lobsters from CARICOM countries are given preferential rates on entering the European Union.

SECRETARIAT

INSTITUTION
OF MINISTERS



COMMON MARKET
COUNCIL

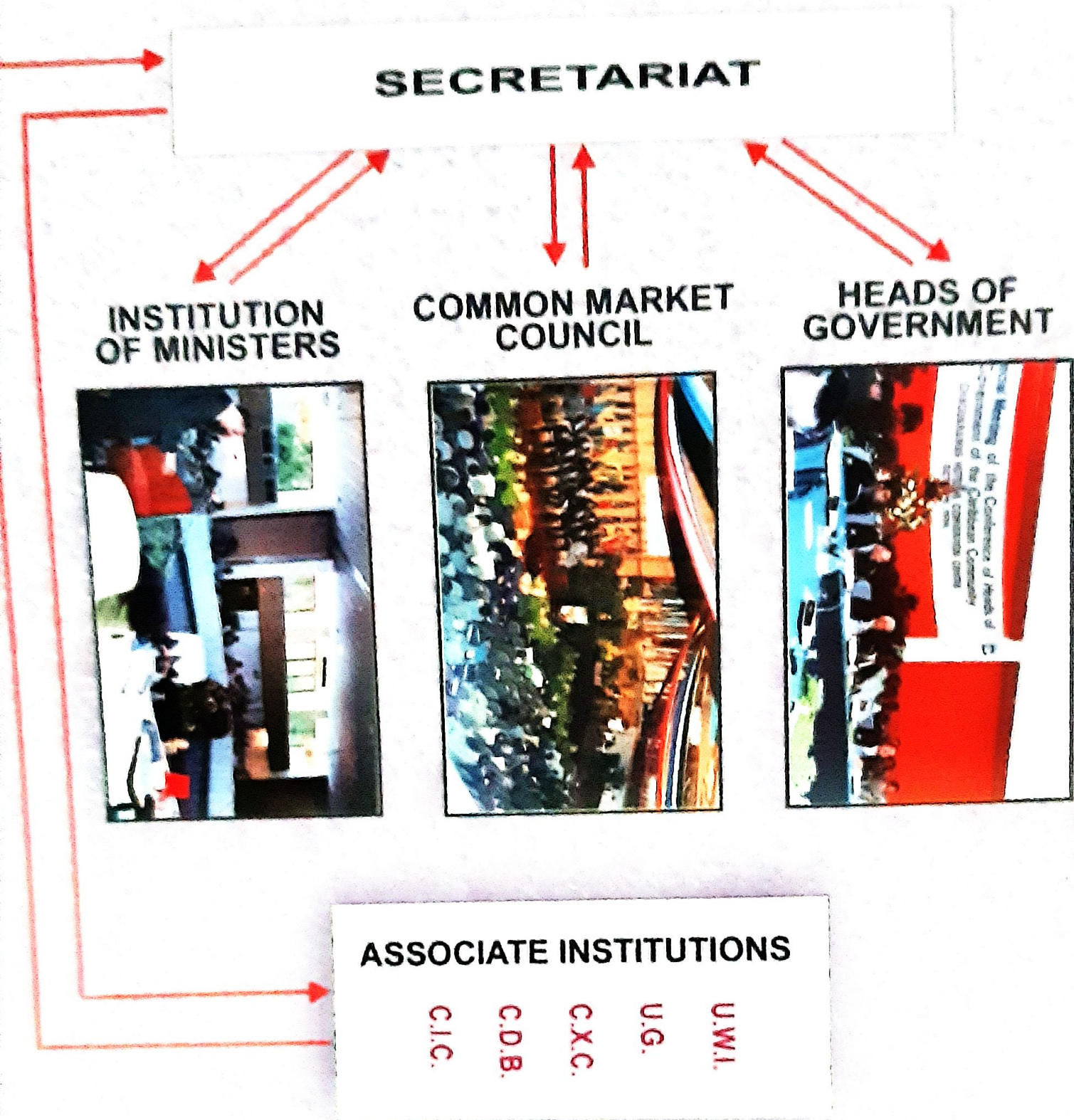


HEADS OF
GOVERNMENT



ASSOCIATE INSTITUTIONS

U.W.I.
U.G.
C.X.C.
C.D.B.
C.I.C.





HEADS OF GOVERNMENT

This body consists of the Heads of Government or Prime Ministers of each member state. The Heads of Governments are expected to meet at least once a year to decide on:

-
-
-

COMMON MARKET COUNCIL

Responsibilities of the Common Market Council include:

overseeing the effective operation of free trade among member states;

ensuring that trade barriers such as taxes, duties, quotas and licensing arrangements are not applied in trading between member states;

securing the application of a Common External Tariff (C.E.T) among member states;

operation of free movement of citizens from one member state to establish business in another member state;

application of a common policy in dealing with non-member states and transnational corporations.

INSTITUTION OF MINISTERS

This body is subdivided into specialized units. For example, the Ministers of Education from each member state will form the Institution of the Ministers of Education. Similarly, there are Institutions of the Ministers of Health, Finance, Agriculture, Foreign Affairs etc. The Institution of Ministers is responsible for:

- formulation and adoption of common policies for their respective Ministries;
- resolving of problems arising within their respective Ministries.

For example, the Institution of the Ministers of Health will be responsible for the formulation and adopting of a common policy to deal with AIDS in the Caribbean.

CARICOM SECRETARIAT



The Caricom Secretariat is the headquarters of Caricom and is located in Georgetown, Guyana. The Secretary General heads this organization. The functions include:






- making arrangements to facilitate meetings of any Caricom body;
- implementing decisions taken by any Caricom body;
- undertaking research on issues relating to economic integration;
- preparing estimates of expenditure for any project relating to Caricom objectives.







Headquarters of the Caricom Secretariat



CARICOM MEMBER STATE	FLAG OF MEMBER STATE	RESOURCES
Antigua and Barbuda		Tourism, Agriculture, Processing of Agricultural Products, Assembling of Light Goods.
Bahamas		Tourism, Petroleum Refining, Offshore Banking.
Barbados		Tourism, Sugar Production, Rum and Light Manufacturing.

CARICOM MEMBER STATE	FLAG OF MEMBER STATE	RESOURCES
Belize		Agriculture (mainly forestry, sugar, citrus, beef), Tourism, Manufacturing.
Dominica		Agriculture (bananas, citrus, coconuts), Soap, Coconut oil, Tourism.
Grenada		Agriculture (nutmegs, cocoa, bananas), Tourism, Light Manufacturing (garments).
Guyana		Bauxite, Sugar, Rum, Rice, Gold, Forestry.
Haiti		Agriculture (cocoa, coffee, mangoes), Rum, Tourism, Handicraft.
Jamaica		Tourism, Bauxite, Agriculture (coffee, cocoa), Sugar, Rum.
Montserrat		Tourism, Agriculture (mainly cotton), Assembly of Electrical Items.
St. Kitts/ Nevis		Sugar, Tourism.

CARICOM MEMBER STATE	FLAG OF MEMBER STATE	RESOURCES
St. Lucia		Agriculture (bananas, coconuts), Tourism, Light Manufacturing.
St. Vincent and the Grenadines		Agriculture (bananas, coconuts, arrowroots, ground provisions), Tourism, Light Manufacturing.
Surinam		Bauxite, Gold, Petroleum, Agriculture (rice, bananas), Fishing.
Trinidad and Tobago		Petroleum, Manufacture of Petrochemicals, Production of Methanol, Urea and Manufactured Goods.

The main resources of Caricom member states give an indication of the types of goods and services which can be traded regionally.






Refer to the table showing the main resources of CARICOM states, then identify the following:

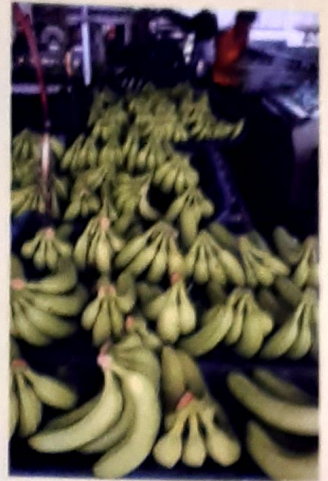
- (a) products your country exports to other CARICOM states
- (b) products your country imports from other CARICOM states.

To complete this activity, students may find it helpful to bring labels of CARICOM products which they use at home.



Caricom Unites Voice in Windward Islands Banana Dispute

In 1997, the World Trade Organization (WTO) moved to cut banana imports into European countries from the Windward Islands (mainly Dominica, St. Vincent, St. Lucia and Grenada). The United States of America also was in favour of the ruling of the W.T.O. to cut preferential access from the West Indian colonies into Europe. Caricom countries vehemently resisted and opposed the measures imposed by the WTO and the USA.



Caricom Assists in Guyana Elections Crisis – 1998

In 1998, the PPP/Civic party led by Janet Jagan won the general elections in Guyana. The PNC led by Desmond Hoyte refused to recognize the result of the December 15th general elections which Hoyte claimed was rigged. Violent and destructive demonstrations resulted. Caricom mediated in this crisis and five (5) Caricom Prime Ministers audited the results of the election and helped to restore peace.



Caricom Enters Surinam/Guyana Border Dispute

A major point on the agenda of the 20th Summit of the Caribbean Heads of Government was the border dispute between Surinam and Guyana. The probability of the existence of petroleum near their borders brought both countries at loggerheads, each claiming the right to explore for petroleum. Caricom heads were sensitive to the issue and placed it as a major topic for discussion at the 20th summit in the year 2000.



CARICOM COUNTRIES ASSIST EACH OTHER WHEN NATURAL DISASTERS OCCUR

The Caribbean, unfortunately, is subject to devastations caused by natural disasters. The region lies on the margin of tectonic plates which makes it prone to seismic activity and resultant earthquakes. The origin of the islands is due to volcanic activity. As such, violent volcanic eruptions have occurred in the past. The threat of disastrous hurricanes becomes a reality every year during the months of June to November.

Fortunately, Caribbean countries have come to the assistance of each other when such disasters strike. Apart from donating cash to aid in recovery efforts, specialized teams converge to restore the damaged infrastructure – electricity, water, schools, hospitals and roads. Generous donations of essential supplies – food, blankets, tents and medical supplies have also been forthcoming from Caribbean neighbours.

To formalize the assistance provided by individual countries, the Caribbean Disaster Emergency Response Agency was formed and began operations in 1991. This agency is now called the Caribbean Disaster Emergency Management Agency (CDEMA)



Disaster training coordinated by CDEMA

CARICOM OBSERVERS MONITOR GENERAL ELECTIONS

A team of experts from CARICOM countries have been monitoring the processes of general elections in member states. This ensures that free and fair elections are conducted to preserve democracy and prevent any instability which usually results from questionable election procedures.



National elections of member states are monitored by CARICOM.

FAILURES OF CARICOM

Many areas of active cooperation among Caricom member states were identified earlier. However, there are a number of pressing issues which have remained unresolved.

1. There is competition among member states in air transport. Air Jamaica, Guyana Airways and Caribbean Airlines are owned and operated by Jamaica, Guyana and Trinidad and Tobago respectively. There is a failure to agree on a common air carrier for the region. However, in a recent development, Trinidad and Tobago and Jamaica began negotiating a merger between Caribbean Airlines and Air Jamaica
2. Trinidad and Tobago has immense natural gas and crude oil to provide energy for manufacturing. Jamaica, Guyana and Surinam have vast bauxite resources. Yet, an aluminium smelter plant using energy from Trinidad and Tobago and bauxite from the other countries is far from a reality.
3. The West Indies Shipping Corporation (WISCO) which was formed to facilitate trade among the Caricom member states has been plagued with problems since its inception. There were several instances when this Corporation had to cease operations which adversely affected intra-regional trade.
4. Conflict has arisen on several occasions because member states fail to cooperate in exploring common resources. So, when Barbados fishermen were arrested and fined for fishing in Trinidad and Tobago waters, cooperation in Caricom became questionable.
5. Over the years there have been accusations that Caricom member states contravened the free trade agreement and enacted trade barriers for goods produced within the region. In July 1996, Trinidad and Tobago accused Jamaica of putting barriers to its exports of food and drink to Jamaica. Tension also arose between Trinidad and Tobago and Barbados in 1996 over the accusation that Barbados was imposing trade restrictions on pasta and milk originating in Trinidad and Tobago.



There is no common air carrier for the region.

6. Some Caricom member states have not yet passed legislation to replace the Privy Council with the Caribbean Court of Justice.



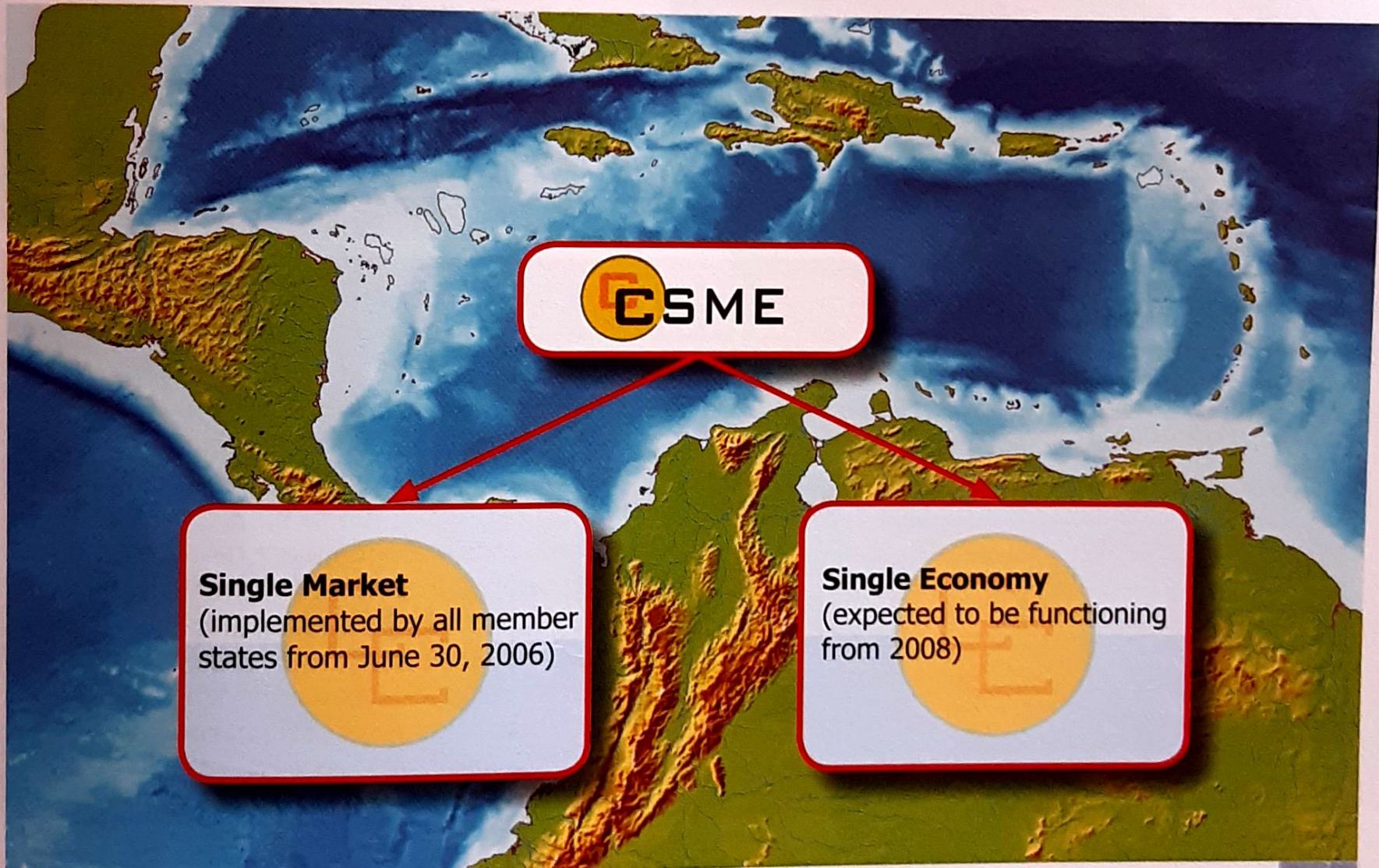
Some CARICOM states have the Privy Council in London as their final court of appeal.

CARICOM SINGLE MARKET AND ECONOMY (CSME)

The Treaty of Chaguaramas was revised in 1989 when the Heads of Government decided to establish the CSME. The purpose of the CSME is to establish a single economy system among the member states of CARICOM. This is to be achieved

by pooling the region's financial, human and natural resources to build an economic capacity to respond to globalization and mega-trading blocs.

The CSME is made up of two main parts.



The CARICOM Single Market



Free movement of CARICOM nationals to any member state



1

Free movement of goods

(goods produced in any member state can enter another member state without customs duties, quotas or licensing requirements)



2

Free movement of capital

(a CARICOM national can move to any member state with his machinery, equipment and finances to set up a business).



3

Single Market involves ...

Free movement of CARICOM nationals

CARICOM nationals in the following categories have the right to work in any member state without obtaining a work permit. Those not in any of the following categories must obtain a work permit from the country in which they wish to work.

1. university graduates
2. artistes
3. musicians
4. sportspersons
5. media workers
6. nurses and teachers
7. a self-employed person or staff of an established business/firm

The Heads of Government have agreed to expand the above categories with the passage of time. CARICOM nationals who do not fall into any of the aforementioned categories are afforded hassle-free travel to any member state as a visitor/tourist. The introduction of the CARICOM passport facilitates this process.



A CARICOM passport from a member state, Trinidad and Tobago

Skilled persons such as university graduates, artistes, musicians, sportspersons and media workers wishing to take advantage of the freedom of movement must, however, obtain a CARICOM Skills Certificate from the relevant authority in the home or host country.

A self-employed person can exercise the right of free movement to any member state in the following ways:

1. The right of establishment gives CARICOM nationals the freedom to:
 - a) be self-employed in any member state in ventures relating to commercial, industrial, agricultural, professional or artisanal activities. For example, a roti maker from Trinidad can set up this business in Antigua.
 - b) establish a business to produce or trade in goods, or provide a service to any enterprise within CARICOM
2. Provision of services. This right allows self-employed CARICOM nationals to supply services to consumers existing within CARICOM by moving to the territory where the service is needed. For example, a Haitian national can establish a barber saloon in St. Lucia or a consultant on tourism from Jamaica can move to Trinidad to provide consultancy services related to the development of tourism.

Alternatively, the consumer can move to the member state where the service is provided. For example, a resident from St. Kitts can come to Trinidad to obtain education/certification from the Trinidad and Tobago Hospitality and Tourism Institute.

Potential Benefits of the CSME

The creation of the CSME has provided CARICOM countries with opportunities to positively respond to the challenges of globalization. These include:

- The creation of an economic bloc within the Caribbean. This provides a secure market for goods and services produced within the region.
- A large market with its consequential increase in the demand for goods and services provides much needed jobs for nationals.



Patties, made in Jamaica, are sold throughout the Caribbean.

- The pooling of human resources within Caribbean countries results in the provision of a wider variety of goods and services, thus reducing reliance on foreign sources.