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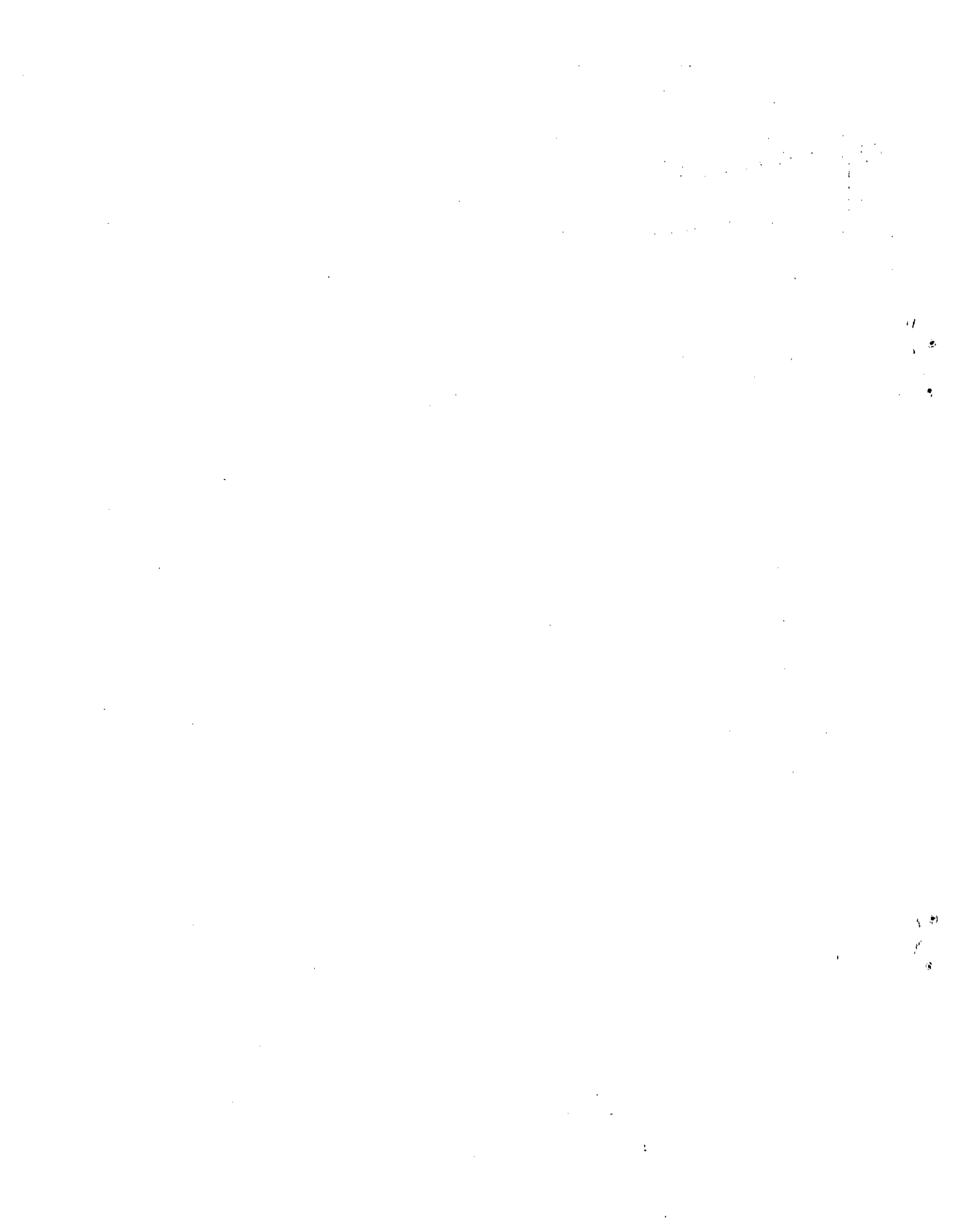


MATTERS REFERRED TO GOVERNMENTS FOR THEIR
 OBSERVATION AND FOR THE SEVENTH SESSION



UNITED NATIONS

ECONOMIC COMMISSION FOR LATIN AMERICA Office for the Caribbean



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A. Application of the Government of the British Virgin Islands for Observer Status to the Caribbean Development and Co-operation Committee (CDCC)

1. The Caribbean Development and Co-operation Committee (CDCC) considered the above application at its Sixth Session held in St. George's, Grenada and New York on 4-10 November 1981 and 3-4 February 1982 respectively.
2. In its consideration, the Committee took into account the provisions of resolution 358(XVI) of the Economic Commission for Latin America (CEPAL) adopted on 11 May 1975 on "Establishment of a Caribbean Development and Co-operation Committee", by which the Governments of the countries within the scope of the CEPAL Subregional Office for the Caribbean, and the Governments of Cuba, Haiti and the Dominican Republic and other Caribbean countries as they achieve independence, were invited to form a Committee on development and co-operation composed of Ministers of Economic Affairs or persons appointed by them, to act as a co-ordinating body for development and co-operation activities and as a Consultative Organ of the Executive Secretary of CEPAL.
3. The Committee also took into account resolution 1(I) of the Caribbean Development and Co-operation Committee on participation in meetings of the Committee adopted on 4 November 1975, as well as the Committee's decision taken at its Fifth Session to defer consideration to the Sixth Session.^{1/}
4. At the Sixth Session the Committee decided without objection, to give considerations to the application of the British Virgin Islands at its next session.
5. During the period under review, the Secretariat drew to the attention of the Government of the British Virgin Islands the decision of the Committee and the relevant provisions of the Terms of Reference of the Economic Commission for Latin America, regarding membership of, and participa-

^{1/} E/CEPAL/CARIB/81/3

tion in, the work of the Commission and its subsidiary organs including the CDCC.

6. Subsequently, the Governor of the British Virgin Islands, informed the Secretariat that in accordance with paragraph 3 of The Terms of Reference of CEPAL, his Government had requested the Government of the United Kingdom as Administering Power, to "approach ECLA earliest on its behalf with application for Associate Membership under paragraph 3 of the Terms of Reference of ECLA".

B. Co-ordination between CDCC and the Caribbean Group for Co-operation in Economic Development (CGCED)

7. The Committee considered the question of co-ordination between CDCC and the CGCED at its Sixth Session. During consideration of the item the Committee was informed inter alia that CDCC priority projects had been formerly presented to the Technical Assistance Steering Committee (TASC) of the Group, to which the CDCC Secretariat was a member. One of its projects on transportation, was accepted for funding by the Group, as the St. Lucia Shipping Project. However, the Technical Assistance Steering Committee (TASC) was replaced by the Ad Hoc Advisory Committee, at the Governmental level, and the CDCC Secretariat was excluded. The Secretariat in response to a query, stated that it considered the Secretariat's participation in the Ad Hoc Advisory Committee to be fundamental in order for projects developed within the CDCC Work Programme to be presented to CGCED for financing.

8. The Secretariat further reminded the CDCC, that a mandate had been given at an earlier session for the Secretariat to convene a consultative meeting of its members prior to the CGCED Meeting in June of each year, to consider the agenda and documentation of CGCED Meeting and to submit a report to Governments.

9. Following discussions on the matter, the Committee decided without objection,

- (a) to consider at its Seventh Session the question of the participation of the CDCC Secretariat in the work of the Ad Hoc Advisory Committee; and

- (b) that the mandate to convene a Consultative Meeting of CDCQ Member Countries prior to the annual CGCED Meeting remained valid.

10. In accordance with the above decision, the Secretariat convened the Fourth CDCC (pre-CGCED) Consultative Meeting at New York on 11 June 1982, to discuss regional programmes to be considered at the Fifth Meeting of the Caribbean Group for Co-operation and Development. In its consideration of the item, the Committee had before it, a report prepared by the Secretariat, as well as the CGCED document entitled "Caribbean Group - Current Situation and Prospects". The Secretariat's report on the meeting is at Annex 1 of this document.

11. The Secretariat was represented at the Fifth Meeting of CGCED held at Washington on 14-18 June 1982. The Secretariat's report on this meeting is at Annex II of this document. The Secretariat also presented a report on behalf of UNDP, reviewing the current status of the CGCED Regional Programme in Transportation, which was formulated by the Technical Assistance Steering Committee.

REPORT ON
FOURTH CDCC PRE-CGCED CONSULTATIVE MEETING
(New York, 11 June 1982)

The meeting was convened under the Chairmanship of Minister Lyden Ramdhanny (Grenada), to consider the matters tabled for the Fifth Meeting of the Caribbean Group for Co-operation in Economic Development (CGCED), Washington, 14-18 June 1982.

General Remarks

2. The Chairman pointed out that while the primary concern was to achieve closer co-ordination between CDCC activities and CGCED regional projects, it was necessary to give thought to the range of related matters in the document "Caribbean Group: Current Situation and Prospects". He drew to attention that, in addition to the information on the matters going before the CGCED, participants had been provided with a summary of the CDCC work programme 1982-1983, and with the report on the Sixth Session of the CDCC. In his remarks on ongoing work in the CDCC, he stressed the need for further stimulation from the side of the Governments; and suggested that this could be aided by more frequent contact to deal with specific items and sectoral Ministerial meetings to give direction to the sector projects. He emphasized the importance of continually keeping policy and strategy under review, these being essential elements in achieving the co-ordination of activities in the different fora, and of keeping a desirable balance in the thrust of development activity, especially where it concerned mobilization of resources.

3. The Special Aide to the Director, on behalf of the CDCC Secretariat made the main presentation. He outlined the background to the regional projects before the CGCED, the related CDCC activities, and identified the specific regional projects, where co-ordination was necessary. Attention was drawn to the fact that the main subjects for consideration at CGCED, would be private sector development, export promotion, incentives to investment and trade, and establishment of the Inter-Agency Resident Mission. It

was noted that several regional projects that had been before previous CGCED meetings for financing had not received donor support, and that there were others which had been only partially financed. In particular, the projects on agricultural research and on trade information, both of which overlapped with CDCC activities, had not so far received adequate donor support.

4. Several delegations spoke regretting inability to deal with in depth with the main paper because it had been received too late.^{1/} Some others felt there needed to be better machinery to enable their Governments to make more concrete inputs to the CGCED on particular projects. Most delegations felt there was need to reinforce the co-ordination process to allow freer flow of information at the project formulation stage, so that CDCC inputs could be taken more fully into account. They considered the Technical Assistance Steering Committee had served a good purpose and should be re-established, or at least some equivalent of it. Concerning the pre-CGCED Consultative Meetings, there was also the view that more effective results might be achieved if they were held in Washington.^{2/}

5. The views were also put forward that the CDCC needed to have better and fuller information on the CGCED on a regular basis. It was noted that several preparatory meetings normally precede the CGCED, and that not even all the CGCED-participating countries were invited to those preparatory meetings. As a result, the views of the non-invited countries were not incorporated into the preparation of the CGCED document. The CDCC Secretariat should, therefore, endeavour to establish the views of

^{1/} The main paper was in the hands of the Missions two or three days prior to the meeting, depending on when they were collected from the UN Regional Commissions Section.

^{2/} From separate information provided, it was learnt that if the CDCC Consultative Meetings at Washington were organized sufficiently well in advance, then there would not be impediment on any of the CDCC Governments being represented.

those countries and their reactions, as part of the process of determining what CDCC action should be.

6. Some consideration was given to the question of types of relationships that could develop between ongoing Caribbean activities and other initiatives, for example, the Caribbean Basin Initiative (CBI). There was the view that some initiatives could be detrimental to Caribbean regional activities.

Comments on Regional Projects before CGCED

7. Concerning the document "CGCED - Situation and Prospects", there was general acceptance for the programmes, and more especially for those in the public sector, which could be supportive of CDCC programmes. The delegations were of the view that to the greatest extent possible, funding should be channelled through CDB, CARICOM or other regional body as appropriate.

8. The delegations felt that the efforts to strengthen the Caribbean information systems should be accelerated, and should embrace all the countries of the area. There was concern that the establishment of trade information services had not progressed as rapidly as had been hoped.

9. As regards the Caribbean Project Development Facility (CPDF) for stimulating development of the private sector, many delegations were concerned about the minimum for size of projects, which at US\$400,000 was considered to be too high for the small countries. It was argued that it would rule out many useful projects. In addition, the point was made that it could serve to increase the existing polarization of industry, rather than reduce it, by favouring the location of new projects in the larger countries.

10. Some concern was expressed about what seemed to be too much stress on export promotion at the expense of import substitution which the delegations felt was most important particularly in the food sector, and in the face of foreign exchange shortages. It was stated that if a good balance was not achieved between export promotion and import substitution, one result would be to leave the CARICOM LDC's at a further disadvantage. It was stated too, that there was too much emphasis on smallness of market as a constraint on

development. The view was put forward if this is a correct analysis of the problems, then it follows that overly strong emphasis on incentives etc., are not the right solutions.

11. Regarding the Inter-Agencies Resident Mission, the delegations were of the view that there should be inclusion of Caribbean expertise; that the appointments procedure should include circulation of the CV's to the Governments to be served by the Mission; and that funding should be made available for the recruitment of local people in the Mission. It was also mentioned that liaison between IARM and the UNDP Resident Representative needed to be carefully considered.

Observations on Summaries of Country Notes

12. Several delegations commented on the country notes at Attachment I in the text of the paper "Caribbean Group: Situation and Prospects". One delegation observed it was only in the case of one country that political instability was mentioned, and the phrasing suggested a continuing or recurrent condition, so that it should be rephrased and made more neutral.

13. Another delegation pointed out that his Government, having seen the draft of that country's memorandum, had expressed disagreement with it and requested the World Bank not to publish that paper. However, the country note in the attachment is a summary of that paper, in which some of the statements with which there was disagreement still appear.

14. Still another delegation was concerned that the country note for his country seemed to highlight only negative aspects, and expressed unhappiness with the overall presentation as many important developments had not been mentioned.

15. Other delegations also stated that the country notes for their countries were unsatisfactory and the view was put forward that it would be better for the World Bank to use information provided for CDCC. In the absence of better data, reliance should be placed on what comes from the countries. It was concluded that a suitable approach might be to ask the CDCC Secretariat to study the problem, and at the next session to come up with suggestions for improvement.

Annex II

REPORT ON FIFTH MEETING OF THE
CARIBBEAN GROUP FOR CO-OPERATION IN
ECONOMIC DEVELOPMENT (CGCED)

(Washington, 14-18 June 1982)

The main objectives of the meeting were: to review the activities under the aegis of the Caribbean Group during the year July 1981-June 1982, and to consider the developmental prospects and requirements of the Caribbean countries at both the national and regional levels. The external funding requirements to be examined included: financing within the context of the Caribbean Development Facility; financing of investments in the countries' project lists; financing of regional and subregional programmes; and technical assistance at the national and regional levels.

2. The plenary meeting was supplemented by country sub-group meetings, and a sub-group meeting on the LDC's. A new innovation in the Group was a meeting of commercial banks, convened and chaired by Jamaica.

Situation and Policies

3. As customary, the proceedings commenced with a statement by the Chairman, Mr. Nicholas Ardito-Barletta, the World Bank's Vice-President for the Latin American and the Caribbean region. He recalled the fundamental objectives of the Group when it was formed in 1977,^{1/} and pointed out that the deterioration in external markets for the region's traditional exports had dissipated the expectations that the countries of the region would be in a

1/ The objectives were:

- to help the Caribbean countries through the Caribbean Development Facility (CDF) to cope with the balance-of-payments difficulties which emerged in the mid-1970's;
- to assist them in their individual development efforts over the longer term;
- to facilitate regional co-operation efforts.

position to carry out adjustments in their economies in the near term. This reduced the possibility for them to move towards balance-of-payments viability in the foreseeable future. The poor export earnings performance in 1981 not only worsened an already serious balance-of-payments situation, but also substantially increased their external assistance requirements. As a consequence, there was the need to undertake comprehensive programmes to deal with the immediate financial problems and with the longer term development requirements. Foremost was the imperative need to increase export earnings. However, the short term focus on impending balance-of-payments difficulties should not preclude some greater attention to project financing and technical assistance requirements over the near to medium term which complement and support the urgent adjustments of the Caribbean economies.

4. The background to the Chairman's comments was that the world-wide recession continued to decrease the demand and prices for the Caribbean countries' key sources of foreign exchange - tourism, sugar, bauxite/ alumina and bananas, in some cases raising questions as to the future viability of the affected industry. Added to this, the growth of non-traditional exports, which had been quite fast during previous years in several countries, slowed down substantially in 1981.

5. The prescriptions put before the Group were:

- stimulation of private sector activity, so that the private sector would play an increasingly important role in promoting output and generating export earnings;
- introduction of basic changes in the structure of incentives (including less quantitative restrictions, low effective production rates, and greater export incentives);
- increase of non-traditional exports, including suitable arrangements to ensure access to external markets as well as complementary investments in related infrastructure and training facilities; and

- adoption of export promotion in an outward-looking economic strategy not only nationally, but also in CARICOM regional arrangements.

6. While there was broad acceptance in principle, the general consensus was that the Caribbean countries would need to study the proposals, especially those for modifying national incentives and regional arrangements. Their concern was that new strategies should not be disruptive of the integration and co-operation processes, but rather should so work as to strengthen them. Further, it was accepted that new policies must be seen in the perspective of the vulnerability of Caribbean countries to adverse economic developments in the developed countries.

7. Stress was also laid on the precarious reliance of many countries on one or two crops for economic survival; and the difficulties that occur because of the vagaries of international markets and weather conditions - especially in the cases of bananas and sugar. In this context, the banana industry problems of the Windward Islands were reviewed in depth. In addition, several delegations (including those of the Dominican Republic, St. Kitts-Nevis and Barbados) noted the serious problems affecting the sugar industry particularly in connection with the world market situation.

Regional Projects

8. Private Sector Development was the focus around which the various policy proposals were structured, and to a large extent dictated the way in which regional activities were viewed. Commencement of operations of the Caribbean Project Development Facility (CPDF) in October 1981 was therefore seen as the most significant initiative that had been undertaken. The purpose of CPDF was to identify and to prepare pre-feasibility studies for private sector investment projects. It was reported that the CPDF had completed its first project,^{2/} and had a pipeline of approximately twenty-four active projects. But to assure

^{2/} For a plant to produce industrial detergent in Antigua.

the CPDF's funding over a period of three-and-a-half years, an additional US\$1.5m was required. Parallel with the CPDF initiative, the Caribbean Association of Industry and Commerce (CAIC) had been strengthened, and efforts were being made to recapitalize and revitalize the Caribbean Investment Corporation (CIC).

9. For Export Promotion (also presented as a regional project) the objective was seen as the establishment in individual Caribbean countries of efficient export promotion systems. The component parts of this project were that:

- the International Trade Centre (ITC) would undertake institution building and training in various aspects of export promotion;
- reforms of the export incentives systems would be carried out jointly by the World Bank and other international institutions, particularly at the CARICOM level. Accordingly, a joint study^{3/} was to cover export incentives for industry and agriculture, a review of the CARICOM tax harmonization system, and an analysis of relevant experiences within and outside the Caribbean region.

10. Concerning Energy, the UNDP financed report on Caribbean Energy Policy was being updated to indicate the important problems in energy conservation, improvement of existing energy generation systems, the development of indigenous energy sources, and identification of alternative energy sources. This project, estimated to cost US\$3.5m. had not received the required support, the only commitment had been the US\$0.5m. from UNDP. During the deliberations, the Canadian delegation announced Petrocanada International's intention to finance the remaining gap in the regional technical assistance programme for petroleum exploration.

^{3/} By the World Bank and CARICOM, with the participation of OAS, and with financing by those institutions as well as by UNDP and USAID.

11. A detailed report on the Transportation programme was presented, which indicated the progress achieved in the implementation of the St. Lucia-based Shipping Project, and actions that had been taken on the priority capital and technical assistance needs identified in the Caribbean Airport Maintenance and Operations Study (CAMOS), which had been prepared by ICAO.^{4/} The basis for the disbursement of funds pledged by Canada for CAMOS was being worked out, and active disbursements could be expected in 1983/84 budget year.

12. In Agriculture the main CGCED thrust had been towards a project for co-ordinated agricultural research, but there had been no progress on it.^{5/} The new development was the project document submitted by UNDP, for the establishment of a Management Services Delivery Unit within the Caribbean Food Corporation (CFC) for financing by the OPEC Fund (as follow-up to the Caribbean Regional Food Plan project which also had OPEC Fund financing). The Group endorsed an IDB proposal to establish a Task Force to co-ordinate technical efforts for promoting agricultural exports to countries outside the Caribbean. UNDP, OAS and IICA indicated their willingness to participate in the Task Force.

13. In Tourism, the EEC had agreed to finance a European Promotion Programme and to lay the basis for a multi-island tourism package. Also, the IDB-funded study of North American demand for tourism had highlighted the inadequacy of resources for Eastern Caribbean tourism marketing programmes. The necessary total expenditures for these programmes was estimated at US\$15m. over five years and some US\$8m. was still needed.

14. The regional project Special Problems of the LDC's of the Eastern Caribbean was being addressed initially by establishment of an Inter-Agency Resident Mission (IARM). Its purpose would be to assist those countries

^{4/} Reference should be made to CARIB/INT.82/3 and CARIB/INT.82/4.

^{5/} In the meantime UNDP had proceeded with its assistance to the CARDATS project for developing appropriate agricultural techniques suitable for small-scale farming in the Eastern Caribbean.

to overcome management deficiencies in their public sectors that constrain their absorptive capacity for investment. The IARM's task would include preparation of, and assistance in the execution of investment programmes and development policies, as well as the identification of needs and sources of external technical and financial assistance for specific projects. Separately the EEC had placed at the disposal of the OECS funds for the hiring of short-term experts. In addition, the CPDF would actively pursue measures for activating the private sector in a number of Eastern Caribbean states; and USAID had contracted consultants to identify private investment opportunities in those countries, and to engage in an investor-search by means of their international network of accounting and management services.

15. The recipient and donor countries endorsed the terms of reference for the establishment of the IARM; and noted that subject to completion of the arrangements for financing the mission, it could commence operations in August 1982.

Sub-Group Meetings

16. Country sub-group meetings were held for Jamaica, Barbados, Haiti, Suriname, Montserrat, St.Kitts-Nevis, Guyana, St.Lucia, St.Vincent and the Grenadines, Antigua and Barbuda, Dominica, Belize and Grenada. In these meetings, each country outlined its economic programmes and presented its list of national projects for which financing was sought.

17. The total pledges at sub-group meetings for CDF-type financing available for disbursement during the July 1982-June 1983 period approximated to some US\$800m. Although this figure was substantially above the commitments of CDF-type financing made in any previous year, it was still below the US\$1.1b. that was estimated to be required by the region for balance-of-payments assistance over the twelve-month period. However, it was expected that a substantial part of the remaining gap should be covered in the special sub-group meetings to take place later in 1982 or early in 1983. These special meetings would be for Barbados, Dominican Republic, Haiti, Grenada and Guyana.

18. In the sub-group on Jamaica, the turn-around of the economic situation was noted; and pledges of CDF-type assistance for Jamaica's current fiscal year reached a total close to estimated requirements. In the related meeting of commercial banks, Jamaica outlined the economic recovery programme and indicated the commercial banks' role as providing some US\$50-70m. annually in loans, and expanded trade credits.

19. The Barbados sub-group noted that in the short-term, priority had to be accorded to a stabilization plan to arrest further deterioration in the balance-of-payments and public finances. About US\$50m. would be needed for CDF-type financing in 1982/83 in addition to about US\$100m. in new project financing over the next five years. While donors generally expressed support for the programme, it was indicated that further consideration would be given in the special sub-group meeting to be convened.

20. The sub-group meeting for Haiti was the first held in CGCED for that country. Donors expressed understanding and support for the policies being implemented to alleviate the current situation and to deal with long-term structural problems. They also indicated that at a special sub-group meeting to be held in late 1982 they would consider the basis of progress achieved, an expanded assistance programme to Haiti, as well as ways of promoting private investment.

21. In the Suriname sub-group, projects for the mining and agricultural sectors were presented for consideration by donors to complement the Dutch aid remaining for public sector programmes. The donors outlined their on-going programmes and stressed the need to complement external funds with expanded public sector savings.

22. The Montserrat sub-group noted the steps taken by Government to improve the efficiency of financial institutions, public corporations and marketing services, also the planned three-year rolling public sector investment programme. Donors expressed interest in several projects, notably tourism and water facilities.

23. Attention of the St. Kitts-Nevis sub-group was drawn to efforts to mobilize the country's resources, and critical problems of the sugar industry with its urgent need for financial support, a matter of grave importance given the

dominance of sugar in the economy. The donors expressed their concern on the sugar industry crisis and indicated support for several diversification projects.

24. The serious difficulties facing Guyana and the rapidly deteriorating balance-of-payments situation were outlined to that sub-group. They noted the policy changes for restraining public sector expenditures, the debt re-scheduling arranged with commercial banks, and the additional financing of US\$95m. that was needed in 1982. Several donors indicated the likelihood of additional financial support provided that progress was made with implementation of the announced policies and that a stabilization programme was agreed with the IMF. The World Bank announced that subject to there being an increase in the domestic interest rate, the second tranche (US\$5m) in the Structural Adjustment Loan would be released. The IDB announced that the first tranche (US\$7m.) of its Agricultural Sector Loan was being released. And the EEC indicated that a mission would visit Guyana to prepare proposals for assistance under EEC's stabilization programme for mineral products. A special sub-group meeting is to be convened late 1982 after the Guyana IMF negotiations to consider support.

25. It was impressed on the St. Lucia sub-group that there was urgent need to rehabilitate the banana industry which dominates the economy, in addition to the infrastructural and diversification projects that are necessary to underpin production activities. The donors gave endorsement to the Government's priorities for stimulating agriculture and tourism, and expressed interest in financing most of the important projects.

26. The sub-group meeting on St. Vincent and the Grenadines noted the impressive recovery from the natural disasters, the urgent necessity for assisting the banana industry, the intention of the Government to encourage private investment and to increase public sector savings. Donors expressed interest in all the high-priority projects presented.

27. In the Antigua and Barbuda sub-group it was noted that the growth achieved had been in the face of insufficient and inadequate infrastructure combined with deterioration in public finances and the balance-of-payments. The urgent priority was water development; and assistance was needed for desalination

plant, water distribution, equipment and sewerage. Donor interest was expressed in several projects which are to be examined in early programming missions.

28. The sub-group meeting on Dominica noted the efforts to restructure the economy, the improvements achieved in public sector economic management, and the necessity to repair and extend infrastructure particularly to transport facilities. The IMF announced that Dominica had greatly improved its public finances and had met all the targets under the Extended Fund Facility. Most donors expressed interest in the major productive projects including the banana industry and lime rehabilitation. In terms of new donations, France and United States were notable (the latter to contribute to the road investment programme).

29. The Belize sub-group noted that while there had been some improvement in tourism, agriculture and industry suffered setbacks which resulted in declines in public savings, domestic investments, and worsened balance-of-payments. Donors endorsed the development thrust on agriculture, with Government's basic strategy to provide economic infrastructure, leaving direct investment in productive projects to the private sector; and then also indicated there would be further discussions during the programming exercises.

30. The Grenada sub-group, after review of the progress, problems and programmes, agreed that a supplementary sub-group meeting should be convened late 1982.

Future CGCED Activities

31. Endorsement was given to a proposal to hold country sub-group meetings for the LDC's (and possibly for other countries) every other year, thereby reducing the number of meetings. It was also decided the Ad Hoc Advisory Committee to be re-activated under the Chairmanship of Prime Minister Compton of St. Lucia, would be used as a policy-making instrument during the next twelve-month period to deal with export promotion and

the related policy areas. It is expected to meet in the last quarter of 1982, and items suggested for the agenda were:

- i) The export promotion programme;
- ii) Bananas and sugar;
- iii) The Agricultural Development Task Force;
- iv) The Pools of Experts proposals.

CARIBBEAN GROUP FOR CO-OPERATION
IN ECONOMIC DEVELOPMENT

THE REGIONAL PROGRAMME IN TRANSPORTATION

Introduction

Transportation has always been given priority by Caribbean Governments because of the geographical constraints imposed on the movement of both passengers and freight.

There has been a constant series of programmes to improve the transport services in the region, stretching back over the last twenty years and financed mainly by donors. As a result, there has been massive investment in infrastructure involving the construction of deep water ports and major airports. Lately, there has been increasing investment in transport equipment including aircraft and ships.

As an integral part of these activities, the Caribbean Group initiated a number of programmes in the transport sector. Progress on these initiatives will be discussed in detail in order to illustrate the current situation. An assessment of the impact of these programmes will also be given.

It would seem logical to assume that there is an ongoing need for activities in the transport sector until the quality of passenger and freight services can be raised to an acceptable standard of reliability.

This assumes added importance if indeed an increased emphasis is to be placed on an export-oriented strategy based on labour intensive production in both agriculture and manufactured exports from the Caribbean region. Activities in the transport sector must therefore be seen to complement other activities. Without reliable transportation, these other activities will not succeed.

CGCED Activities in Transportation

Following a review of the transport sector by the Technical Assistance Steering Committee in 1979, seven preparatory assistance and project proposals were submitted to the Caribbean Group for funding. The following table summarizes the current position and further details of the ongoing work will be given subsequently.

Summary

1. Caribbean Regional Shipping/Small Vessels and Schooners

Ongoing.

2. Shipping Statistics for the Caribbean

Completed. Further work is being undertaken under activity 1.

3. Port Authority Legislation

Preparatory assistance completed. No further work contemplated.

4. Caribbean Airports Maintenance and Operations Study

Completed. Canada prepared to provide funding for priority one activities (those improvements needed immediately to bring the airports to a safe operating condition according to ICAO standards) for the English-speaking Caribbean countries. Funding is still required for the same work in the remainder of the region.

5. LIAT fleet requirements and routing structure

Completed. European funds being provided for aircraft purchase. Canadian funds being sought for purchase of additional aircraft and for technical assistance.

6. Caribbean Container Distribution and Load Centre Port Study

No action taken.

7. Establishment of a Caribbean Air Transport Council

This concept has been the subject of discussions at regional meetings. It is considered by some to be premature considering the current level of development of air transportation in the region. No action taken.

Detailed description and assessment

1. Regional Co-operation in the Development of Shipping including Support for Small Vessels and Schooners - UNSHIPRO

This project is now in the second year of its three-year programme and is made up of three elements. These are: (1) The upgrading of the small vessel fleet in the Eastern Caribbean; (2) The establishment of Maritime Safety Administration; and (3) The provision of an information system on ship movement and traffic statistics.

The project is being funded by UNDP and executed by UNCTAD in co-operation with IMO. ECLA and the CARICOM Secretariat are both Regional Co-operating Agencies. Only a few participating governments have so far contributed counterpart funds to the project.

The work on the vessel fleet in the Eastern Caribbean is proceeding as planned. Some activities such as the inventory of ship repair facilities have been completed.

Work on the evaluation of the existing fleet and the development of training programmes is continuing.

Work on the Maritime Safety Administrations is currently in abeyance due to the recall to the Indian Government of the Maritime Safety Adviser. This expert will be returning to the project shortly to complete his assignment.

Work on the shipping statistics is behind schedule and it now seems unrealistic to expect that the compilation of three years' statistics can be produced before the project ends. The data to be collected and the methodology to be used have been finalized. A training course for people collecting the data for the project has been completed, but it must be noted that the countries with the major traffic volumes were not represented.

There are some grounds for concern. The original concept was to produce a series of data to convince the participating governments of both the value of and the need for such data and to propose a methodology for financing the collection on an ongoing basis. Once governments are committed to this strategy, staff to collect and process the data would have been nominated and then trained.

Previous experience indicated that to produce meaningful data, the collection needed to be handled from within the project and the amount of data collected needed to be kept to a minimum to reduce collection time.

The project is attempting to collect all useful data and the sheer volume of work required might necessitate the introduction of a simpler system. The methodology selected involves asking participating countries to nominate personnel to collect, code and transfer the data on to diskettes which are to be sent to the project for analysis. Previous experience has indicated that this methodology does not provide accurate data due to control problems. If all the useful data is to be collected at this time, it will involve the provision of full time staff in the Bahamas, Jamaica and Trinidad and Tobago and these resources have not yet been committed.

As it is important that the project should produce up-to-date and reliable data so that the essential nature of the system can be demonstrated to the participating governments, leading to the establishment of the system on a permanent basis, it may be necessary to revert to the previous methodology to ensure that work is completed.

It is hoped to involve the UN Statistical Office more closely with this work for the remainder of the project.

2. Caribbean Airport Maintenance and Operations Study (CAMOS)

Following the completion of the CAMOS Study, a report was issued and circulated. At the Fourth CGCED Meeting held in Washington, 1981, Canada announced that it was prepared to contribute up to \$50 million from its bilateral aid programme to effect improvements needed to bring airports up to the required safety level for operations. This programme applies only to countries covered by the Aid Programme for CARICOM.

CIDA recently completed an evaluation of the requirements, with more accurate costing, and this will form the basis of a work programme which is due for early implementation.

It is recognized that the execution of this programme will be extremely complicated and it is anticipated that further information will be provided by the Canadian delegation.

While the CIDA initiative will cover a significant part of the region, it must be stressed that similar funding still remains to be identified for those countries included in the CAMOS Report, but excluded from this programme.

3. LIAT Fleet Requirements and Routing Structure

The final report from the consultants has now been received. On the basis of the recommendations made, the LIAT Board has taken some decisions concerning the re-equipment of the airline.

It has been agreed that efforts should be made to replace the existing large aircraft with new aircraft of the same type utilizing the 5.2 million units of account provided by the EDF.^{1/} A request has been made to CIDA for funding for Twin Otters to replace the smaller aircraft LIAT now operates, and for managerial assistance. This request is receiving active consideration by Canada.

Other Activities

The programme of work carried out under the CGCED has been complemented other work being carried out by various agencies and donors in the Caribbean. In addition there are a number of activities on which some work has been initiated but where funding sources have not yet been identified. It should be emphasized that without an established mechanism for informal and formal consultations, it is extremely difficult to identify programmes that need to be carried out as part of the logical development of transportation in the region, and to identify funding sources for these programmes.

Other activities being carried out are listed below to provide further illustration of the comprehensive transport programme that exists.

1. Facilitation Programme

Preliminary work completed by UNCTAD/FALPRO.

^{1/} During the meeting EEC indicated that this figure was for ground equipment and technical assistance. An additional 10 million units of account were reserved for aircraft purchase and further funding was still required.

2. Search and Rescue

IMCO and ECLA/CDCC working together initially on funds provided by Netherlands to implement the 1979 Convention on Maritime Search and Rescue.

3. Management Training for WISCO

CIDA has approved funding for this purpose and consultants have been appointed. It is anticipated that work will commence by September 1982.

4. Provision of Ships for WISCO

EDF has provided 5.9 million units of account for the purchase of ships. Suitable vessels are expected to be placed in service in the near future.

New activities for which funding has been identified

1. Tourism (Transport)

Following discussions between ECLA/CDCC and CTRC it has been agreed that ECLA will provide a consultant to carry out a transport-related tourism research project during 1982. A suitable project is being formulated by CTRC.

2. Search and Rescue

During the initial phase of implementing the 1979 IMO Maritime Search and Rescue Convention in the Caribbean funded by the Netherlands, a further programme of work was formulated. A possible source of funding has been identified to enable this programme to continue. Work will commence when IMO receives the required funds.

3. Transport Planning

ECLA/CDCC has proposed the establishment of a group of Transport Planners. At the initial meeting due to be held later this year, it is anticipated that a programme of work will be formulated to initiate studies on transportation problem areas in the Caribbean. The experts

will be representatives of governments, transport operators and universities. It is expected that the experts will study a series of policy options on selected subject areas.

New Activities for which funding has not yet been identified

1. Facilitation

UNCTAD/FALPRO has carried out a preliminary evaluation of the trade documentation used in the Caribbean. In common with other areas, the cost of documentation is significantly high and can be reduced by the adoption of the UN layout key and the elimination of unnecessary forms and procedures. Detailed costing is not yet available but this programme is important if there is to be increased emphasis on an export-oriented strategy for the region. The estimated cost for a comprehensive programme in this area is in the region of US\$500,000.

Conclusions

- The Transport Sector has always been given priority by Caribbean governments and this is expected to continue until the passenger and freight services can be raised to an acceptable level of reliability.
- The Transport Sector improvements are an essential pre-requisite if programmes in agriculture, industrial development and export promotion are to succeed.
- The projects undertaken through the CGCED mechanism have played a significant part in the ongoing transport programme for the Caribbean.
- There is a need for additional programmes in this sector, and a mechanism for assessing new proposals and for reviewing ongoing programmes.

- Due to the safety implications contained in the CAMOS Report, and the effect that a serious aviation accident would have on regional tourism, there is a pressing need in the transportation sector for donors to provide funding for those countries covered by the CAMOS Report but outside the very generous Canadian programme of assistance. It is estimated that this would cost US\$20 million.

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