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Meeting of Associate Member Countries (AMCs) of the CDCC  
Port of Spain, Trinidad and Tobago  
23 August 2007

**REPORT OF THE MEETING OF THE WORKING GROUP  
OF ASSOCIATE MEMBER COUNTRIES (AMCS) OF THE  
CARIBBEAN DEVELOPMENT AND COOPERATION COMMITTEE (CDCC)**

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## **DRAFT REPORT**

### **Place and date of the meeting**

The Economic Commission for Latin America and the Caribbean (ECLAC) as secretariat of the Caribbean Development and Cooperation Committee (CDCC) convened a meeting of the Working Group of Associate Member Countries (AMCs) of the CDCC on 23 August 2007 at its headquarters in Port of Spain, Trinidad and Tobago.

### **Attendance**

The meeting was attended by representatives of the Netherlands Antilles and the United States Virgin Islands. The Cayman Islands, as an acceding associate member, was present in the capacity of observer. The list of participants is annexed to this report.

### **Agenda item 1 – Opening remarks**

The meeting was opened with welcoming remarks by Mr. Radcliffe Dookie, Associate Programme Officer, ECLAC Subregional Headquarters for the Caribbean, and Dr. Carlyle Corbin, ECLAC Consultant. They informed participants that in preparation for the thirteenth Meeting of the Monitoring Committee of the CDCC, to be held on 24 August 2007, the work programme activities of the subregional headquarters would be presented and the guidance of the Working Group would be sought on the way forward for the secretariat's work in further support of its associate member countries. In this regard, two documents would be presented that would: (a) identify the challenges and opportunities faced by the AMCs amid globalization; and (b) provide information on support provided by the ECLAC subregional headquarters to the AMCs during the 2006-2007 biennium. Additionally, an examination of the role and functioning of the Working Group of the AMCs would be undertaken.

### **Agenda item 2 - Selection of Chair and Rapporteur**

It was decided that due to the small number of associate members present, the representative of the secretariat would chair the session. The Netherlands Antilles was selected as Rapporteur of the meeting.

### **Agenda Item 3 - Adoption of the agenda**

The participants adopted the following agenda:

1. Opening remarks
2. Selection of Chair and Rapporteur
3. Adoption of agenda
4. Presentations and discussions:
  - (a) The AMCs: Meeting challenges and new opportunities from globalization
  - (b) Report on support provided to the AMCs of the CDCC
5. Role and functioning of the Working Group of AMCs of the CDCC
6. Conclusions and recommendations
7. Any other business: AMC representation in the RCM
8. Closure of meeting

### **Agenda item 4 - Presentations and discussions**

#### **(a) The AMCs: Meeting challenges and new opportunities from globalization**

The presentation, *The AMCs: Meeting challenges and new opportunities from globalization*, delivered by the secretariat, opened with a description of the composition of the AMCs identified by the United Nations General Assembly in the categories of non self-governing and self-governing, respectively. This was followed by a general overview of the vulnerabilities of the AMCs amid the intensification of globalization since the 1990s. Factors such as small size, limited resources, inability to benefit from economies of scale and vulnerability to natural disasters were identified as constraints to the economic sustainability of the AMCs, recognizing that these conditions were also shared with other Small Island Developing States (SIDS).

It was noted, therefore, that the AMCs were forced to strategically position themselves to meet the challenges and seize economic opportunities of globalization by undertaking four major tasks amid an increasing globalized and competitive world economy. The first task was to accelerate the process of constitutional modernization; the second task, to begin the adjustment and transformation of their economies; the third, to facilitate the integration into multinational processes; and the fourth, to accomplish these measures in the context of an ever-increasing globalized and competitive world economy.

The presentation further examined the common features of the AMCs, including their small size, the openness of their economies, the narrow export base, environmental challenges, and declining inflows of overseas development assistance. In the case of smallness, reference was made to the inability of the AMC micro-economies to produce or grow industries that could compete in international trade because of costs that tended to be structurally higher. It was noted that openness to trade rendered many AMC economies extremely vulnerable to external shocks, such as fluctuations in international commodity prices or policy changes abroad. In the context of the narrow export base, it was emphasized that there was little significant diversification away from tourism in most AMCs with the notable exceptions of financial services, petroleum refining and premium rum production in selected countries.

With respect to common environmental challenges, the impact of climate change; environmental degradation due to tourism-related construction; water pollution as a result of often improper waste management; air pollution from petroleum refining; and the need for effective sustainable development plans were all highlighted. The final common feature addressed was the declining flow of overseas development assistance often resulting from administrative delays in drawing down resources.

It was noted that national income in several AMC economies continued to depend heavily on earnings from tourism and offshore financial services, and that these sectors were vulnerable to an overall decline in Caribbean tourism, according to World Tourism Organization (WTO) statistics. The offshore sector was equally vulnerable due to external pressures related to international tax competition.

In assessing the extent to which the AMCs could benefit from trade liberalization and regional integration, the presentation revealed that a number of these countries faced the challenge of lack of sufficient autonomy necessary to independently enter into trade and other international agreements, as well as the deficiency of capacity for adjustment and transformation of their economies. It was also pointed out that the possible erosion of trade preferences was a real threat to these economies, as was the resulting increase in social problems, in particular crime, which negatively impacted the tourism sector on which so many of their economies relied.

The presentation highlighted a number of other issues emerging from these challenges, in particular, the impact of trade liberalization and regional integration on the AMCs. In this connection, the creation of the CARIFORUM-EU Economic Partnership Agreements (EPAs) was cited as an important factor in isolating AMCs from the rest of the Caribbean, especially given the exclusion of the AMCs from the benefits of trade liberalization in the EPAs. A related factor identified was the potential erosion resulting from the new trading system on present trade preferences of the Overseas Countries and Territories (OCTs), affecting Caribbean as well as Pacific OCTs. In this vein, it was recommended that CARIFORUM and the European Union (EU) should commit to engaging the OCTs/AMCs on trade matters outside the existing EPAs by way of subsidiary agreement to ensure that the AMCs were not marginalized.

With respect to regional integration arrangements, the presentation expressed a need to examine the benefits and costs to the AMCs of deepening economic integration with the wider region through the CARICOM Single Market and Economy (CSME). To date, it was pointed out that only Montserrat had seriously considered joining the CSME. Accordingly, functional cooperation between AMCs and the Organisation of Eastern Caribbean Countries (OECS) was

recommended, since three of the seven AMCs (Anguilla, British Virgin Islands and Montserrat) enjoyed associate member status of the OECS, and the largest AMC (Puerto Rico) maintained a functional cooperation agreement with the OECS.

The presentation acknowledged that while offshore financial centres in some AMCs had assisted in economic diversification, this sector also faced its share of challenges, most notably the negative listing of such centres by the Organization for Economic Cooperation and Development (OECD) and the Financial Action Task Force (FATF). It was noted that in terms of level of taxation, exchange of information and transparency, several European Union States, as well as the United States, Singapore and others were not held to the same standard.

The presentation included several recommendations for the AMCs to strengthen their competitive position in the global arena including:

- Enhancing AMC capability in the services-related components of GDP, such as tourism, telecommunications, systems and drafting, financial, environmental and business;
- Focusing attention on developing human resources, reducing the costs of telecommunications services and maintaining international standards in the financial sector.

Additionally, the presentation recommended that ECLAC establish a programme of collaboration with the Overseas Countries and Territories Association (OCTA) Secretariat in furtherance of AMC development issues, and that modalities be established to intensify and expand AMC participation in various programmes of regional organizations. The presentation also concluded that a study should be undertaken to assist the AMCs in assessing the costs and benefits of integration with the CSME, and that an analysis should be undertaken on the modalities for technical cooperation between the AMCs and the wider Caribbean subregion in the areas of health, human resource development, security, communications, foreign trade policies and research and development.

### ***Discussion and comments***

The representatives of the AMCs felt that the paper presented an accurate reflection of their concerns with respect to globalization, and recognized the need for a clearly defined strategy for the way forward in implementing any of the proposed recommendations. In spite of the varying levels of political autonomy among AMCs to engage the international system, and the often lack of awareness within the international community of the role of the AMCs in global processes, the AMCs were nevertheless poised to utilize their considerable economic expertise in the areas of tourism and other services to positively impact the sustainable development of the region. Further, due to their small size, the AMCs were concerned about joining the CSME, seeking first to establish how they could access the benefits of the arrangement, and to assess the potential implications to their societies, due to their small size and other factors.

It was stressed that the challenges faced by the AMCs in dealing with the issues of globalization focused attention on the need to be competitive, although the playing field was not

always necessarily even. It was noted that globalization often provided scope for the AMCs to work together with their neighbours to create a larger economic space.

Concerns were expressed for the general perceptions of globalization, with emphasis on the need for AMCs to take a more proactive approach by capitalizing on the opportunities presented, especially in the area of information technology. It was noted that such opportunities offered a chance for the Caribbean as a whole to look at developing strategic, as opposed to reactionary, approaches to dealing with globalization. In this regard, it was emphasized that the ECLAC Subregional Headquarters for the Caribbean should continue its efforts, and expand its initiatives, as appropriate, with the aim of further integrating the AMCs in the regional and hemispheric economy as a means to counter the negative effects of globalization, while also taking advantage of the economic opportunities which globalization presented.

**(b) Report on support provided to the AMCs of the CDCC**

The presentation delivered by the secretariat on *Participation of the Associate Member Countries in the work of ECLAC/CDCC 2006–2007* examined the strategic framework developed by ECLAC to carry out its work for the 2006–2007 biennium. It was noted, at the outset, that the ECLAC/CDCC secretariat was committed to development and integration among Caribbean countries, and to further promote cooperation between these countries and Latin America. In this regard, ECLAC paid particular attention to helping Caribbean countries improve their policy-making capacity through training initiatives, access to reliable data and information, and reporting and monitoring systems.

In order to accomplish these tasks, it was recalled that ECLAC Port of Spain was organized around three strategies: an inter-disciplinary approach within the ECLAC system; teamwork within the ECLAC Subregional Headquarters for the Caribbean and partnership building with other United Nations regional organizations. Some of the key concerns identified were the difficulty accessing data from member and associate member countries; restrictions on staff and financing available to the Port of Spain office; and measurement of the impact of its work to the development needs of the subregion. Four main areas of activity within ECLAC/CDCC were identified: economic development; knowledge and information management; statistics and social development and sustainable development.

In relation to programme implementation, it was noted that 57 per cent of the outputs of the 2006–2007 work programme had been implemented, 34 per cent was in progress and 9 per cent had not yet been initiated. It was recalled that since the ECLAC/CDCC secretariat work programme was always prepared three years in advance, the secretariat was often hard-pressed to quickly change into new areas of work to respond to requests by member and associate member countries.

With respect to specific assistance to AMCs, the presentation cited the various technical assistance activities to the AMCs over the 2006–2007 biennium, including 17 technical missions in a variety of areas, mainly at the request of the countries. It was further pointed out that participation at meetings by all seven associate member countries (Anguilla, Aruba, the British Virgin Islands, Montserrat, the Netherlands Antilles, Puerto Rico and the United States Virgin Islands) was also supported. In the framework of further integration of the AMCs into the ECLAC work programme,

it was noted that the AMCs were included in various documents and studies undertaken by the secretariat. In this connection, Aruba, Netherlands Antilles, Puerto Rico, and the Turks and Caicos Islands were included in the recently launched *Economic Survey of the Caribbean 2005–2006*; all the AMCs were represented in the annual *Selected Statistical Indicators of Caribbean Countries* and all, except Puerto Rico and the United States Virgin Islands, were represented in the biennial *Major Statistical Publications – Abstracts*.

The presentation also highlighted areas of specific collaboration with the AMCs over the biennium including:

#### **Aruba**

- Study on the impact of trade liberalization and integration;
- National workshop on migration and integration;
- Data collection activities in the area of migration.

#### **British Virgin Islands**

- Economic data analysis, forecasting and modelling techniques to assist in the Economic Development Plan.

#### **Netherlands Antilles**

- Second International Trade Conference;
- Study on the impact of trade liberalization and integration;
- Trade and trade negotiations proposals;
- Seminar on building capacity to manage migration.

#### **Montserrat**

- Pre-feasibility study on renewable energy. The study had now gone beyond this phase to assist with developing the island's energy policy.

#### **Turks and Caicos Islands**

- Workshop on disaster assessment;
- Seminar on development banking;
- Workshop on gender-sensitive national planning and budgeting.

A number of key issues emerging from the last two ministerial sessions of CDCC in 2004 and 2006 were identified in the presentation, including specific areas of collaboration with ECLAC in:

1. Accessing programmes and activities of the United Nations system;
2. Promoting stability, diversification and strengthening of the economies of the AMCs;
3. Extending work in disaster assessment;
4. Conducting socio-economic analysis, policy recommendations, evidence-based policy formulation;
5. Undertaking impact assessments of the regional trade integration processes;
6. Analyzing the economic and financial implications of EPAs;



7. Studying impacts of intraregional migration in the Caribbean and its impact on social and economic institutions of receiving countries; and
8. Determining the importance of remittances.

In conclusion, the importance of utilizing the website of the ECLAC Subregional Headquarters was emphasized ([www.eclac.org](http://www.eclac.org)), including the information contained in the profiles of the AMCs available via the Caribbean Knowledge Management Centre (CKMC) at [www.eclacpos.org/KMC/default.asp](http://www.eclacpos.org/KMC/default.asp).

### ***Discussion and comments***

The meeting expressed satisfaction with the level of support provided to the AMCs by the ECLAC Subregional Headquarters for the Caribbean. Delegates were encouraged by the commitment of ECLAC to respond to requests by the AMCs for technical or other assistance, and looked forward to future and expanded collaboration.

The importance of enhancing the breadth and depth of statistics emanating from the AMC statistical mechanisms, and of retaining competent technical staff in the field of statistics, was highlighted during the discussion. In this area, the representative of the Netherlands Antilles explained that her country faced challenges in compiling data from all five islands comprising the Netherlands Antilles to one central repository, since data were produced by the central government as well as by the individual island governments. It was noted that ECLAC was in a position to offer technical support in helping the countries to strengthen their statistical capacity.

### **Agenda Item 5 - Role and function of the Working Group of the AMCs**

The secretariat provided the meeting with an historical overview of resolutions adopted by the CDCC in furtherance of the development process of the AMCs. In this connection, it was recalled that the mandate for accelerated activity related to the Non-Independent Caribbean Countries (NICCs) emanated from resolution 21(X) of the tenth Session of the CDCC in 1987, and resolution 24(XI) of the eleventh Session of the CDCC in 1988. These resolutions directed the CDCC to examine the access of the NICCs to programmes and activities of the United Nations system with the aim of identifying areas within the system which could provide technical and other assistance in the furtherance of their development process.

Subsequently, at the twelfth Session of the CDCC in 1990, resolution 27(XII) was adopted which created the *Working Group of Non-Independent Caribbean Countries (NICCs)*. At the thirteenth Session of the CDCC in 1991, resolution 33(XIII) was approved on *Support for the Access of NICCs to the United Nations System*.

At the fourteenth Session of the CDCC in 1992, resolution 37(XIV) requested that the secretariat seek the resources to assist the Working Group in carrying out its analysis of the criteria for NICCs participation in the United Nations system, and in initiating contacts with the governing councils of the United Nations specialized agencies/technical organs to determine the modalities for the inclusion of NICCs in their respective work programmes. The resolution also supported the inclusion of provisions extending observer status to associate members of regional economic

commissions in the terms of reference of the “relevant meetings, programmes, and activities authorized by the United Nations General Assembly, the Economic and Social Council, and other organisations of the UN system.”

At the fifteenth Session of the CDCC in 1994, resolution 44(XV) was adopted which took note of matters of particular interest to associate member countries, as referred to in the CDCC work programme of 1994-1995, including an analysis of rules of procedure of United Nations world conferences and eligibility criteria for participation in voluntary funds, and an overview of the North American Free Trade Agreement (NAFTA) as related to NICCs. In this connection, two papers were subsequently published by the ECLAC Subregional Headquarters for the Caribbean, *The Participation of Associate Member Countries in United Nations World Conferences (LC/CAR/R.76), 21 June 2004*; and *Priorities of Associate Member Countries of ECLAC in relevant aspects of the Summit of the Americas Process and Free Trade Area of the Americas, 1 March 2004*.

At the sixteenth Session of the CDCC in 1996, Anguilla was admitted as an associate member. At the seventeenth Session of the CDCC in 1998, resolution 47(XVII) of 1998 was adopted which expressed appreciation to the Government of the Netherlands for its financial contribution in support of the integration of ECLAC associate member countries in programmes and activities of the United Nations system, and called for continued efforts to this effect.

Most recently, at the twenty-first Session of CDCC in 2006, resolution 62(XXI) was adopted which expressed appreciation for completion of important aspects of the mandate on assistance to the AMCs, and which created the *Working Group of Associate Member Countries (AMCs)* to replace the *Working Group of Non-Independent Caribbean Countries*. This resolution also requested ECLAC to seek the necessary resources to fully implement the mandate on assistance to the AMCs contained in the relevant resolutions of the CDCC. The resolution also requested a report to the Monitoring Committee at its 2007 session on the implementation of the mandate. The report presented under agenda item 4(b) of the present meeting provided the information requested in the resolution.

The secretariat also provided the meeting with an overview of three resolutions adopted by ECLAC in furtherance of the participation of AMCs in the wider United Nations system. In this connection, at the twenty-fifth Session of ECLAC in 1994, resolution 543(XXV) was adopted which expressed support for AMC participation in United Nations world conferences. In this connection, the secretariat made reference to its 2004 report which outlined the level of AMC participation in these United Nations sessions.

At the twenty-seventh Session of ECLAC in 1998, resolution 574(XXVII) was adopted which expressed support for the participation of the AMCs in the follow-up to United Nations world conferences. At the thirtieth Session of ECLAC in 2004, resolution 598(XXX) was adopted which expressed support for an examination of other areas within the United Nations system, in the economic and social sphere, which could assist the AMCs in their sustainable development process.

The meeting expressed appreciation for the historical information on the evolution of the Working Group of AMCs, and on the various initiatives undertaken. The meeting commended the secretariat for its sustained efforts in providing the AMCs with a window of access to the relevant United Nations programmes and activities in the economic and social sphere. The meeting further commended the secretariat for its responsiveness to the needs of the AMCs, as expressed in the relevant CDCC and ECLAC resolutions, and pointed out that work done by ECLAC/CDCC in this

area had also benefited the associate members of the Economic and Social Commission for Asia and the Pacific (ESCAP). In this connection, the meeting recognized that there was scope for collaboration between the two economic commissions.

The meeting emphasized the importance of the maintenance and further enhancement of initiatives identified by the AMCs, with assistance from ECLAC/CDCC, and expressed support for the continuation of the Working Group of AMCs as an important vehicle unique within the United Nations system to foster the sustainable development of AMCs in the context of the region as well as the wider hemisphere.

### **Agenda Item 6 – Conclusions and recommendations**

The working Group of AMCs approved the following conclusions and recommendations:

- With respect to the issue of globalization and the competitiveness of the AMCs, the role of the AMCs needed to be defined more clearly within the wider Caribbean region. In spite of lack of autonomy often faced by the AMCs preventing them from proceeding on certain matters, their expertise in services and tourism became important to the wider development of the Caribbean subregion.
- Due to their small size, the AMCs needed to find effective ways of integrating within the wider Caribbean community in order to benefit as much from globalization as the larger countries.
- It was highlighted that in order for the AMCs to reap the benefits of globalization, it might become necessary for them to collaborate as a larger grouping of economic space. Although the playing field was not necessarily even, globalization had forced the active dismantling of current conditionalities and preferential arrangements toward more efficient/competitive structures.
- It was felt that a more proactive (as opposed to reactionary) approach to globalization was needed, using real opportunities presented by technology. This approach – to embrace technological change – would invalidate some of the traditionally perceived disadvantages of their small size.
- The AMCs were encouraged to make greater use of ECLAC Port of Spain's services. The secretariat was in a position to tap into various other resources to undertake the requests by its member and associate member countries.
- The AMCs were urged to pay particular attention to their statistical data collection and database maintenance efforts as a way of enhancing the secretariat's support. Where requested, ECLAC would provide assistance to member and associate member countries in need of strengthening their national statistical capacity.
- The AMCs expressed their interest in receiving information on modalities for more fully accessing the services offered by ECLAC.

- With respect to the Working Group of the AMCs, it was necessary to review the current rules of procedure, structural arrangements and legislative bases of the Group in order to better position the AMCs to participate in programmes of the wider United Nations system including its specialized agencies.

#### **Agenda Item 7 – Any other business: Update on the Regional Coordinating Mechanism**

Reference was made to the document “*Meeting of Expanded Core Group for the Establishment of a Regional Coordinating Mechanism for the Implementation of the Mauritius Strategy*, (LC/CAR/L.90/Rev. 1) in which a Technical Advisory Committee (TAC) would be created with representation from four CDCC governments, four intergovernmental institutions, one representative of civil society, three development partners, and three regional agencies comprising 15 members in total. In this connection, it was noted that there was provision for one AMC government to serve on the TAC. Accordingly, the meeting decided that further consultations among the AMCs were necessary before the designation of the AMC representation to the TAC could be made, and that the AMCs would subsequently inform the secretariat to this effect.

#### **Closure of meeting**

The secretariat expressed its appreciation to the AMC governments present for their participation in the meeting, and brought the meeting to a close.

Annex**LIST OF PARTICIPANTS****Associate Member Countries****NETHERLANDS ANTILLES**

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