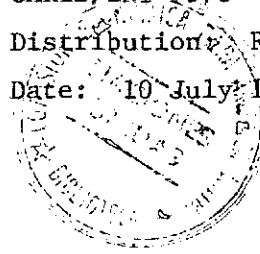


CARIB/INE 79/5

Distribution Restricted

Date: 10 July 1979

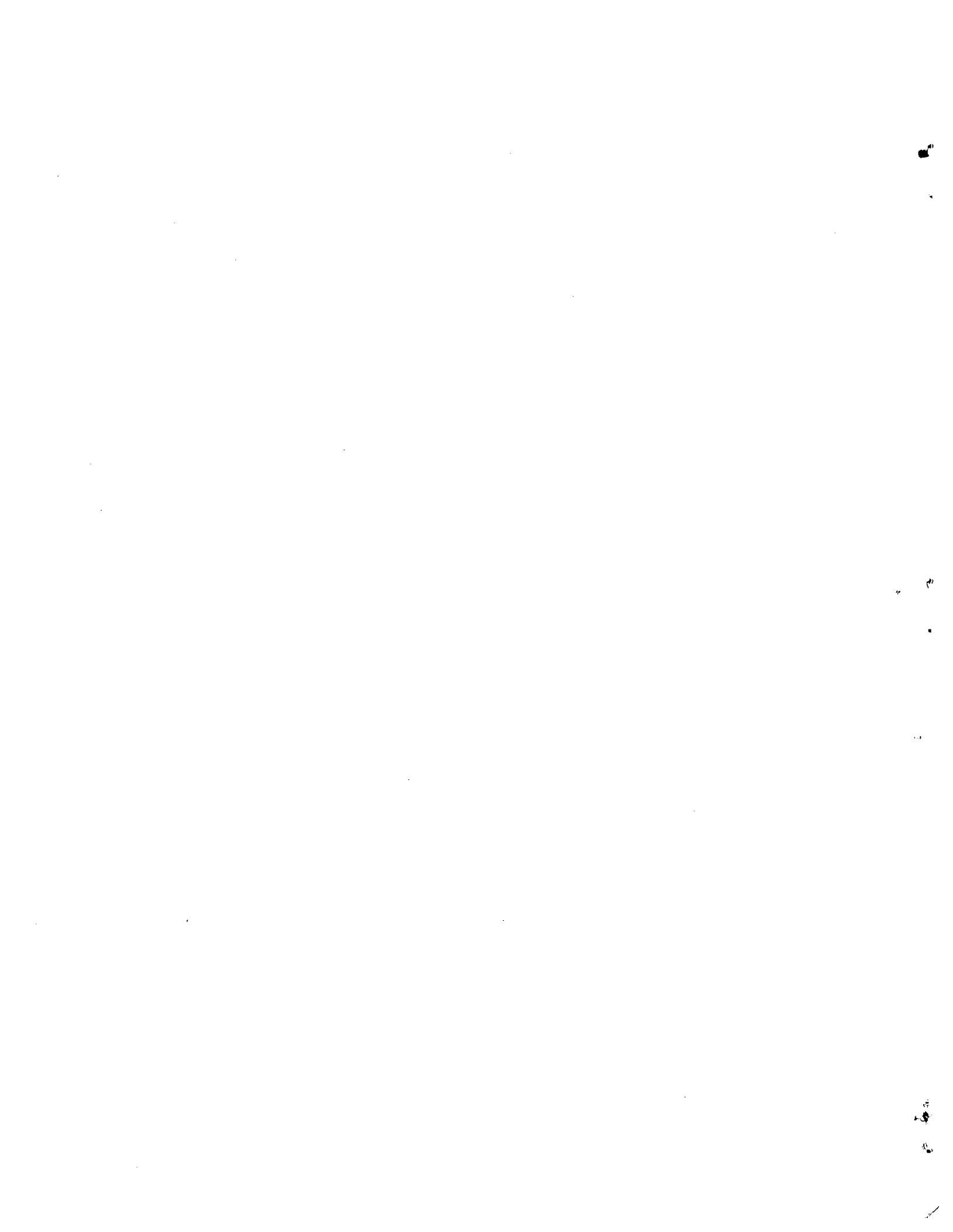


ECONOMIC COMMISSION FOR LATIN AMERICA
Office for the Caribbean

NOTE ON
FOURTEENTH MEETING OF
CARIBBEAN COMMUNITY COMMON MARKET COUNCIL OF MINISTERS
(Guyana, 20-21 June 1979)

26 MAY 1980

Prepared by
S. St. A. Clarke
Director



Note on
Fourteenth Meeting of
Caribbean Community Common Market Council of Ministers
(Guyana, 20-21 June 1979)

The Council's main concern was to recover the momentum of the integration process within the common market. Some seven months had elapsed since the thirteenth session. As it transpired Antigua, St. Vincent, Dominica and Montserrat were not represented; and only Barbados, Grenada, Guyana, Jamaica, Belize participated at ministerial level, so that juridically there was not a 2/3 quorum of ministers. The main effect was that the conclusions reached had to be checked with other governments by the CARICOM Secretary-General before being accorded the status of decisions. This procedure is not new; the general practice has been that when the draft report is circulated governments indicate by cable their concurrence or non-concurrence with the various conclusions.

The agenda that was considered is annexed to this note.

It would be seen that the emphasis was on taking stock of the situation, and setting in motion measures which had already been adopted in principle, but on which implementation had been interrupted in the face of the serious dislocations that have been experienced since 1973. The details of the particular measures were outlined in previous reports and so are not spelled out in this note.

Tariff and Trade matters

Progress on implementing the restructured single line common external tariff (CET) was reported: Barbados, Guyana, Jamaica had brought it into effect since 1 April 1979. For the ECCM group of countries, the ECCM Secretariat has not yet completed working out the transitional restructured arrangement, but this is expected to be ready by 1 January 1980. Belize reported difficulties with the U.K.

government on grounds of its competence to introduce the new tariff, but had devised national legislation that would bring the CET into operation.

Regarding introduction of the new origin system, all the countries except Belize and Trinidad and Tobago were reported as having deposited the instrument of ratification with the CARICOM Secretariat, and had prepared national legislation for implementing the new system. The meeting accepted the Secretariat's recommendation that the date for bringing the system into force would be "no sooner than one month after the twelfth member state notified that enabling legislation was ready". (The national legislative time-tables suggest that the new origin criteria could come into operation about October 1979.)

From the review of current trade and payments within CARICOM the following emerged:

(\$m - national currencies)

		IMPORTS				EXPORTS					
		CARICOM	Jam.	Barb.	Guy.	T/T	CARICOM	Jam.	Barb.	Guy.	T/T
For Barbados:	1977	-	15.8		10.4	-	-	3.6		2.9	-
	1978	9.2	15.0		9.3	-	59 (inc. 10 re-ex)	6.8		2.4	-
For Guyana:	1976	206.5	-	-			-	-	-		-
	1978	206.6	-	-			-	-	-		-
For Jamaica:	1975	-	-	-			-	-	-		-
	1977	-	-	2.2	12.6	20.1		-	-		-
	1978	-	-	5.4	26.5	34.9		-	-		-

The main concern was the limitations on imports that Guyana and Jamaica had been forced to impose for balance of payments reasons within the terms of articles 28 and 29 of the Annex to the CARICOM treaty which regulates the common market. Guyana had given a commitment to reach 80% of the 1976 level of imports from CARICOM partners by the end of 1978, and had in fact achieved 99%. Jamaica, had given a commitment to restore imports from CARICOM partners to the 1975 level by the end of 1979. The current situation was that all quota restrictions on CARICOM

imports would be removed by Jamaica as from 1 July 1979. The main conclusion was that the Working Party on the Expansion of intra-CARICOM trade should be reconvened; and that they be required also to re-examine the origin verification procedures in conjunction with Customs officials, as most countries had complaints about relabelling practices being adopted by entrepreneurs that were contrary to the origin rules, e.g. relabelling and re-export of garments produced in Taiwan.

Recommendations made by the recent CARICOM Oils and Fats Conference included, for the trading period June-May 1978/1980 a 10% overall increase in the price of refined oil, and also allocations between supplying and purchasing countries. Guyana and Trinidad and Tobago had reservations about the price increase, and Grenada requested an increase in allocation from 60 tons to a minimum of 180 tons (a maximum of 300 tons). The outcome of the discussions were that Jamaica would forego her allocation of 120 tons which should be made available to Grenada; the Secretariat would be informed directly by the countries with price reservations; and that an economic study be conducted by CARICOM consultants in the oils and fats sub-sector.

External Relations

The Council noted that although the CARICOM/Mexico Agreement entered into force on 18 September 1975 the inaugural meeting of the Joint Commission had not yet been convened. The general view, based on the progress of the Bilateral Mexico/Jamaica agreement, was that Mexico showed a tendency towards trade liberalization and closer co-operation (e.g. by removing import licences and reducing tariff rates by more than 50% in respect of some Jamaican products, and by offering exchange training in matters such as agrarian reform). The conclusion was that the inaugural meeting should be scheduled for August 20-22 1979 in Barbados, at junior ministerial level, and that the agenda should include co-operation in energy development.

Those Ministers who participated in the ACP/EEC negotiations for a successor agreement to the Lomé Convention recounted the state

of the negotiations. The CARICOM countries were most concerned about: access to markets, the new provisions affecting rum and bananas, safeguard mechanisms and anti-dumping regulations. They felt the present outlook was less favourable than obtained under the Lomé. They felt also that the industrial co-operation provisions were not adequately funded, and that the volume of aid set for the EDF was inadequate (the Lomé level plus 40% for inflation) taking into account the increase in the number of participants in the convention. The general view was that about 10% should be added for the additional territories, that STABEX should be expanded by about \$200m, and that the costs of EEC missions in ACP countries should not be chargeable against their EDF allocations. Most concern was over the rush to come to a signing of a new agreement before these matters were settled, and the conclusion was that Caribbean countries should press for settlement of the outstanding issues. The main difficulty seemed to be division of views within the ACP between the Francophiles and the Anglophiles.

All the CARICOM countries have for some years been concerned about the heavy unfavourable imbalance in Japan/CARICOM trade, and the need for redressing the imbalance. The conclusions were that the governments acting individually and collectively would send to the CARICOM Secretariat copies of bilateral agreements with Japan, take active steps to increase their exports to Japan, request Japanese financial and technical assistance in product development including investment in research, explore the possibilities for joint investment ventures, and request Japan to establish a Special Development Fund in the Caribbean Development Bank. The CARICOM Secretariat would be required to initiate approaches to Japan in collaboration with those governments that maintain diplomatic relations with Japan.

In considering the Canada/CARICOM Agreement the focus was on having implementation begin as quickly as possible. Already there had been assurances from the new Canadian administration that there would be no change in the Canadian resolve to make the agreement work. In addition there had been pressures from the private sector, both in Canada and in the CARICOM member states, for early action on the new agreement. The inaugural meeting to be hosted by Canada, at level of Officials would need to determine how the Joint Committee would work, and after this is settled the private sector would be invited to participate in its proceedings. Some governments indicated they would have advance

consultations with their private sector, before considering a consolidated CARICOM position. The mixed CARICOM team, to include representatives of the CARICOM and ECCM Secretariats, would be briefed at a preliminary meeting of CARICOM officials at which time the individual countries would indicate their positions on the various agenda items. The preliminary meeting would be held on 10 September in Jamaica, and the inaugural meeting of the Joint Economic Committee 12-13 September 1979. The talks would cover three main areas - trade, financial and technical co-operation, and industrial co-operation. New arrangements need to be worked out (as the old Commonwealth Preferences in Canada would cease), taking into account the implications of the recent multilateral trade negotiations and Canada's generalised system of preferences for developing countries.

Haiti's application for membership in the Community and Associate Membership of the Common Market had been the subject of a Secretariat study, and had also been considered by the Standing Committee of Ministers responsible for Foreign Affairs.^{1/} The two main interventions were by the Jamaica representative and the CEPAL representative. From these two statements emerged the conclusions accepted by the Council that: Bilateral contacts should be encouraged; discussions be initiated and structured so as to arrive at arrangements for progressive and mutual liberalization of trade on the basis of a positive list of identified products; that an offer be made to Haiti to discuss some special arrangement with the CARICOM Common Market for which a negotiating team (possibly at Ministerial level) should be appointed to conduct negotiations co-ordinated by the Secretariat; that there was need to work out a broad medium/long-term strategy to facilitate closer association of the Caribbean Community Common Market with non-CARICOM

^{1/} Prior to submitting the application Haiti sought and received the assistance of CEPAL Office for the Caribbean in preparing a Dossier that was submitted to CARICOM.

Caribbean countries such as the Dominican Republic and Suriname. In the particular case of Haiti, the negotiating team would be required to: identify the precise commodities in respect of which trade arrangements might be concluded, prepare the necessary instruments and identify the necessary mechanisms for implementing the measures identified. In addition the team should explore the possibilities for extending relations in areas of functional co-operation such as shipping, air transportation and meteorological services.

Based on a Secretariat report tracing the origins and development of proposals for establishing a Restricted Postal Union (RPU) for which there were both CARICOM and CDCC mandates, and interventions by the CEPAL representative, the Council agreed that: continuing action be taken towards the establishment of the RPU as soon as possible; the implications of the forthcoming Universal Postal Union (UPU) Congress for the retention of membership status by non-independent Caribbean countries should be taken into account by countries participating at the Congress; and that provision be made for possible participation in the RPU of other Caribbean countries including non-CARICOM English-speaking countries and non-CARICOM CDCC member states.

Functional Co-operation

The functional co-operation matters considered ranged over -

(i) Caribbean Regional Training project, (ii) Training course for members of the Diplomatic Service, (iii) Regional technical assistance programmes with EDF, UNDP, IADB, CIDA and USAID. The conclusions were, respectively, that - the Secretariat should work out with USAID details for a CARICOM participant training programme to up-grade managerial and technical skills of public servants and small businessmen; the CARICOM countries utilize a portion from existing EDF allocations to support the training course for members of the diplomatic services from the Caribbean and Africa; and that the balance of EDF allocation from common services be used to further the WISCO programme.

Other Legal and Treaty Matters

Perhaps the most important outstanding matter for deepening the integration process, is the subsidiary agreement establishing the CARICOM Enterprise Regime.

The objective to achieve integration at the level of firms and businesses has been accepted by all the governments for several years, but so far four countries (Grenada, Guyana, Montserrat and Trinidad and Tobago) had not signed the agreement. Similarly, there were some countries and institutions that had not yet signed the Supplemental Agreement No. 2 in relation to the Council of Legal Education. Also, the Agreement on the Harmonization of Fiscal Incentives to Industry, in force since 18 April 1974 was due for review under the terms of that agreement. The review procedure requires all participants to submit national legislation on incentives, some of which had not yet reached the Secretariat.

The Council urged that immediate actions be taken to advance all these matters, and accepted suggestions that in addition to review of the Harmonization of Incentives for Industry Regime, reviews should also be made of the Regime for Regional Quantitative Restrictions, the Agricultural Marketing Protocol and the Guaranteed Market Scheme. The Secretariat informed that the annual review of the Special Regime for the LDC's is already under way.

The items on matters relating to the internal administration of the Secretariat were dealt with by the Ministers in caucus.

Matters Relating to CDCC Priorities

Of the agenda items, the one of most immediate CDCC concern relates to the establishment of the Restricted Postal Union. The strategy adopted for the RPU follows closely the understandings arrived at between the CARICOM Secretary General and the Director of the CEPAL Caribbean Office. These are attached as Annex II. The next steps (leading up to convening the inter-governmental meeting to consider the draft statutes and the draft regulations) are to be pursued jointly by the CARICOM Secretariat and the CDCC Secretariat (CEPAL Office for the Caribbean).

Next in terms of immediate interest was the item on Haiti's application for membership in the Caribbean Community and Associate membership of the Common Market. The implications for this Office

derive from CDCC mandates to promote closer co-operation between the CARICOM group and non-CARICOM CDCC countries. The decisions of the Standing Committee of Foreign Ministers and the CARICOM Council that a strategy be worked out to facilitate co-operation, marks the starting point for a new area of joint work by the CARICOM Secretariat and the CDCC Secretariat. Already the Dominican Republic and Suriname had expressed different degrees of interest in the CARICOM.

In respect of the other items, the CDCC commitment is general in terms of assisting the integration process. In the past, specific assistance had been given to CARICOM on matters such as the common external tariff, the Agricultural Marketing Protocol, the Guaranteed Marketing Scheme, reviews of trading developments and the harmonization of incentives to industry. In fact the last item was fully a CEPAL Caribbean Office initiative. There is not yet an indication of the extent to which the CARICOM Secretariat would request CEPAL assistance on the reviews that are to be carried out. It is expected that from the reviews will emerge recommendations for amending the various instruments or replacing them, which will have implications for the wider Caribbean co-operation process. Some CEPAL involvement is therefore a necessity within the wider framework of promoting closer co-operation and harmonization among the CDCC countries.

A G E N D A

1. OPENING REMARKS
2. ELECTION OF CHAIRMAN
3. ADOPTION OF AGENDA
4. PROCEDURAL MATTERS

PART I

MATTERS REQUIRING DECISION

5. CUSTOMS AND COMMERCIAL POLICY
 - (i) Common External Tariff
Report by Member States on the Introduction of the
New Tariff Structure - Oral Report
 - (ii) New Origin System - Oral Report
 - (iii) Report by Jamaica on Negotiations on behalf of CARICOM
regarding Proposals for Tariff Concessions under the
GATT Multilateral Trade Negotiations
 - (iv) Review of current position on Trade and Payments within
CARICOM
6. AGRICULTURE
Action towards Legislation concerning International Movements
and Disease of Animals
7. REPORT ON THE TENTH CONFERENCE OF MINISTERS ON OILS AND FATS
8. EXTERNAL ECONOMIC RELATIONS
 - (i) (a) Canada/CARICOM Agreement
Proposals for the Operations of the Joint
Economic Committee - Presentation by Jamaica
 - (b) preparations for the First Meeting of the
Joint Economic Committee
 - (ii) CARICOM/Mexico Joint Commission
 - (iii) ACP/EEC Negotiations for a Successor Agreement
to the Convention of Lomé
Reports on Progress
 - (iv) Japan/CARICOM Trade: Some Proposals towards
Redressing the Present Imbalance



(v) Haiti's Application for Membership in the Community

9. FUNCTIONAL CO-OPERATION

- (i) Training Course for Members of the Diplomatic Service
- (ii) Establishment of a Restricted Postal Union in the Commonwealth Caribbean
- (iii) Caribbean Regional Training Project
- (iv) West Indian Students Centre
- (v) Developments in Technical Assistance

10. LEGAL AND TREATY MATTERS

- (i) Protocol on Privileges and Immunities
- (ii) Signing of the Agreement Establishing the CARICOM Enterprise Regime - Oral Report
- (iii) Signing of the Supplemental Agreement No. 2 in relation to Council of Legal Education - Oral Report
- (iv) Agreement on the Harmonisation of Fiscal Incentives to Industry - Oral Report
- (v) Report on Company Law Project

11. ADMINISTRATIVE MATTERS OF THE SECRETARIAT

- (i) Secretariat's Work Programme for 1979
- (ii) Report of Committee on Salaries and Allowances
- (iii) Secretary General's Salary
- (iv) Secretariat's Estimates for 1979 and Revised Estimates for 1978
- (v) Convening of Meetings of Organs and Institutions of the Caribbean Community
- (vi) Date and Venue of the Fifteenth Meeting of the Common Market Council of Ministers

PART II

MATTERS FOR INFORMATION

12. REVIEW OF DEVELOPMENTS IN THE INTEGRATION MOVEMENT

13. REPORT ON THE MEETING OF THE CARIBBEAN GROUP FOR COOPERATION IN ECONOMIC DEVELOPMENT (CGCED) RECENTLY HELD IN WASHINGTON

14. REPORT OF THE TWENTIETH MEETING OF THE AGRICULTURAL MARKETING
PROTOCOL
15. REPORT OF THE MEETING OF CHAIRMEN OF MARKETING BOARDS AND
OFFICIALS OF LICENSING AUTHORITIES
16. REPORT OF THE FIFTH MEETING OF THE REGIONAL CENSUS
CO-ORDINATING COMMITTEE
17. ANY OTHER BUSINESS

AIDE MEMOIRE

Decisions reached with Secretary General CARICOM:

1. The primary concern is to maintain the momentum of work leading up to establishment of the Restricted Postal Union. It is, therefore, imperative that the time-table of events be adhered to as closely as possible, particularly preparation of the draft legislation and regulations: arrangements for secretariat facilities in the first two years; finalisation of the agreement and ratification of membership by individual countries.
2. The mechanics to be adopted will be for the CARICOM Secretariat to circulate the draft legislation and regulations to CARICOM members and for CDCC Secretariat to circulate these drafts to non-CARICOM/CDCC member countries at the same time informing the CDCC/CARICOM countries of the action taken by the Secretary General CARICOM.
3. Regarding non-CARICOM non-CDCC English-speaking countries (Bermuda, Turks and Caicos, Caymans, British Virgin Islands) CARICOM and CDCC Secretariats would individually or jointly consult with CARICOM countries in the first instance on the question of their participation in the Restricted Postal Union.
4. The general principle is that the Restricted Postal Union will concentrate primarily on the needs of the English-speaking Caribbean countries at the same time embracing mechanisms for participation of non-English speaking Caribbean countries, especially Suriname and Netherlands Antilles. Establishment of the Union may proceed on the CDCC mandates with membership less than total CDCC, but with the possibility of widening to include all CDCC

members in some form when considered desirable by the Governments.

5. Taking into account considerations at (4) it is necessary to obtain more specific decisions from Governments on the various steps in establishing the Restricted Postal Union. Both the CDCC and the CARICOM mandates as they presently stand approve the establishment in principle. It is therefore necessary for the CDCC Secretariat to consult with all its member countries and for the CARICOM Secretariat to obtain at the next meeting of CARICOM, explicit directives from that group. It is hoped that these directives would, in addition, cover the situations of: (a) the non-CARICOM English-speaking countries; and (b) the non-independent English-speaking countries whether or not they are CARICOM members.

6. Some immediate concern must be given to the situation of non-independent Caribbean countries and the possible repercussions if they cannot participate in UPU after the September Congress. (In practice it could mean restriction of the handling of international mail). The first step is to have a Caribbean point of view prior to UPU Congress and hopefully this could be achieved at the proposed August meeting in Jamaica. The initial step, of course, is decisions at CARICOM level which should embrace non-CARICOM English-speaking countries. The alternatives for action are:
 - (a) Obtain at UPU level, sanction for maintaining the status quo regarding participation of non-independent countries even if only for a specified period.
 - (b) Failing (a) then the Caribbean countries introducing an interim mechanism to cover the situation of the non-independent countries pending legal examination of

•
•
•

•
•
•

•
•
•

the draft legislation and regulations and their ratification.

- (c) The most desirable procedure which would be early establishment of the Restricted Postal Union i.e. within the next four months. (Taking into account the procedures that need to be gone through at national level to achieve this, special priority would need to be accorded this item by all the affected Governments).

7. Accordingly an item should be inscribed in the agenda of CARICOM Council scheduled for 18-22 June at Guyana, under which a presentation will be made indicating:

- (a) the background, and presentation of prior decisions of CARICOM and CDCC;
- (b) the mechanism of co-ordinating work of the two Secretariats;
- (c) priorities for action and the suggestions being put before the Governments;
- (d) desirable time-table of activities.

