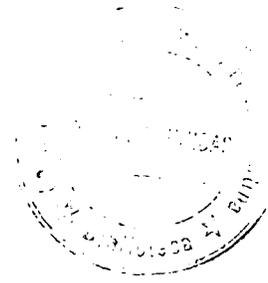


ECLA/POS 70/21

Distribution: Restricted

Date: 16 December 1970



ECONOMIC COMMISSION FOR LATIN AMERICA
Office for the Caribbean

DEVELOPMENTS IN
THE PROCESS OF INTEGRATION
AMONG THE
CARIFTA COUNTRIES

The Caribbean Free Trade Association (CARIFTA) completes three years of existence on 1 May 1971. During this period considerable progress has been achieved in the consolidation of its institutional framework, and important increments have been registered in intra-CARIFTA trade as well as in the capacity of its member countries to attend to the needs of the region by substituting regional products for imports from outside the area. Some progress has also been achieved in the reorganization of the shipping services among CARIFTA countries, in the formulation of common policies for international trade, harmonization of incentives to industrial development, and in some social fields. Negotiations have been completed for the incorporation of Belize to CARIFTA. At the request of the Government of the Dominican Republic studies have been initiated to determine possibilities of that country's participation in the integration movement in the Caribbean.

Within CARIFTA, the seven countries comprising the East Caribbean Common Market (ECCM) ^{1/} have successfully completed negotiations for the formulation of their common external tariff and for unification of their external trade policies. The ECCM is thus in a better position to negotiate as a unit within CARIFTA with the four larger member states of the Association. ^{2/}

In the field of financing, the Caribbean Development Bank has been established and started operations in the middle of 1970. And beyond this, a series of special agreements have been concluded, to promote co-operation among CARIFTA countries in the social and administrative fields.

^{1/} Antigua, Dominica, Grenada, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent, also designated the relatively less developed territories in CARIFTA.

^{2/} Barbados, Guyana, Jamaica and Trinidad & Tobago.

PROGRESS IN CARIFTA

Implementation of CARIFTA Commitments

The establishment of the Caribbean Free Trade Association (CARIFTA) on 1 May 1968 marked the first concerted effort by countries in the Caribbean to put into effect a programme of economic co-operation. Under the Agreement, participants undertook to remove all the barriers to intra-regional trade in goods originating in the member countries.

2. Except for those reserved commodities which are specially listed and accorded transitional arrangements, all customs duties were abolished among the participants immediately the agreement came into operation. Customs duties in respect of items on the Reserved List are to be phased out by 1 May 1973 by the larger CARIFTA countries, and by 1 May 1978 by the relatively less developed territories. ^{1/} Where the transition is to be effected over a five-year period, 20% reductions are to be made annually commencing on 1 May 1969; and where the permitted period is ten years, the reduction must be so phased as to total not less than 50% on 1 May 1973 and 100% by 1 May 1978.

Accordingly, the larger countries effected 20% reductions on 1 May 1969 and on 1 May 1970, so that these duties are now at 60% of the basic rates in existence on 1 May 1968. Except for Montserrat that accelerated the process by dispensing entirely with the transitional arrangements, the relatively less developed territories have so far exercised the option to defer the reductions of customs duties on the reserved items.

3. In addition, transitional arrangements are also provided for phasing out the "effective protective element" in revenue duties. ^{2/} In this case, the larger territories are required to reduce the protective element by 60% on 1 May 1969 and thereafter in four equal stages annually. However, the less developed territories are not obliged to make any reductions before 1 May 1973. The larger territories have introduced the reductions prescribed, so that the level of protective element in revenue duty since 1 May 1970 has been 30% of the level that had been in effect on 1 May 1968, and a further 10% reduction is scheduled for 1 May 1971.

^{1/} Annex B of the CARIFTA Agreement.

^{2/} Annex D of the CARIFTA Agreement.

4. Since some CARIFTA countries also impose export duties for revenue purposes, the Governments adopted a prohibition on the levying of export duties on products exported to other CARIFTA countries. Beyond the general prohibition, Article 9 of the Agreement requires participants to notify any export duties on the items listed at Annex E, with the proviso that increases are not permitted, and where such duties operate, they are to be terminated within ten years. For the larger countries this prohibition took effect immediately but the less developed territories are permitted to phase out such duties gradually over a ten-year period. In the majority of cases, the participating states have already enacted national legislation exempting exports not listed in Annex E from export duties when consigned to CARIFTA countries.

5. The considerable importance of customs duties in the revenue of most of these countries led the Governments to adopt certain provisions to safeguard the revenue position of participants. These include in particular the right of any participating country to levy taxes for purely revenue purposes, on the condition that such internal taxes would be imposed equally on products imported from other CARIFTA countries and on similar products of domestic production.

It should be noted that there have been no complaints of any member territory refusing to accept goods as eligible for area tariff treatment because of non-observance of CARIFTA commitments. Neither have any complaints been lodged of any member territory refusing freedom of transit to goods of area origin.

6. Consistent with decisions on the abolition of duties, the agreement prohibits the retention of non-tariff barriers between participants, notably the use of quantitative restrictions, whether they are applied on imports or on exports. However certain specific exceptions to the use of non-tariff restrictions are permitted under: (a) the specific arrangements outlined in the Agricultural Marketing Protocol; (b) national regulations imposed by the necessity to protect health; and (c) permissive provisions that may be invoked against CARIFTA products where a country is faced with balance of payments difficulties or where reduction of duties leads to a significant decline in domestic production and employment.

7. Except as permitted for the items stipulated under the Agricultural Marketing Protocol, all measures of quantitative restrictions against goods certified as originating in the area have been removed. Such restrictions therefore now only apply in respect of goods of non-area origin.

8. The Agricultural Marketing Protocol, establishes arrangements for marketing twenty-two commodities produced in the CARIFTA countries, with a view to stimulating regional import substitution in agriculture. The Protocol provides for the fixing of minimum export prices and for sales under a quota system. The relatively less developed territories whose exports to other CARIFTA countries consist almost entirely of agricultural produce are given special consideration. Only after the surpluses of these countries, taken as a group, have been allocated to the importing countries are export supplies available from other territories taken into account.

9. At all stages in implementing the CARIFTA commitments, care is taken to observe the particular concessions to the less developed territories. The main concessions in the trading arrangements are: longer phasing periods for elimination of tariffs; provisions permitting these territories to accelerate the removal of tariffs among themselves; special provisions for protection of industry. It is within the scope of these concessions that the less developed territories concluded the agreement for the East Caribbean Common Market (ECCM), which came into effect July 1968, and operates within the wider framework of CARIFTA, thus advancing the process of integration more rapidly among themselves. The ECCM arrangements include the establishment of a uniform tariff, common policies for trade progressive harmonization of investment and developmental policies, co-ordination of currency and financial policies and co-operative approach to infra-structure development particularly in the fields of transport and communication.

The Impact on Intra-Area Trade

10. The official data presently available on intra-CARIFTA trade does not allow a comprehensive appraisal of the results that trade liberalization has so far achieved. Detailed annual trade reports have been issued only up to 1968 by some Governments. What follows is an attempt

Table I (a)

Intra-CARIFTA Trade - Imports in \$000(EC)

	1967	1968	1969
Barbados	13,214	16,826	21,099
Guyana	25,633	29,416	32,378
Jamaica	7,668	7,581	11,673
Trinidad & Tobago	16,390	16,038	23,230
Sub-total	62,905	69,861	88,380
ECCM Group (LDC's)	26,781	..	..
Total	89,686	..	..

Table I (b)

Intra-CARIFTA Trade - Domestic Exports in \$000(EC)

	1967	1968	1969
Barbados	5,538	6,603	8,649 ^{1/}
Guyana	26,861	26,777	28,133
Jamaica	8,162	12,679 ^{2/}	17,507 ^{2/}
Trinidad & Tobago	43,103	54,536	72,610
Sub-total	83,664	100,595	126,899
ECCM Group (LDC's)	2,408 ^{3/}	..	..
Total	86,072	..	..

^{1/} Provisional Estimate.

^{2/} Includes 'Other Caribbean Commonwealth Countries'.

^{3/} St. Vincent not available.

.. No estimate available.

to provide a preliminary evaluation based on the provisional estimates that have been made available, mainly by the four larger countries of CARIFTA.

11. Total intra-regional imports stood at EC\$89.2 million in 1967, an increase of less than 6% over 1966. The increase in 1968 is estimated at nearly 11% and provisional figures for 1969 indicate a further increase of about 20%. Data for Trinidad and Tobago in the first half of 1970 show that imports from CARIFTA countries increased by over 20% above the level of imports for the first half of 1969; for Guyana, the figures relating to the first quarter of 1970 also show an increase of 20% over the first quarter of 1969.

12. The impact of CARIFTA in stimulating intra-regional trade can be looked at in another way. Taking data for the big four territories only, which together have accounted for over 70% of total imports in recent years, show that their imports from the rest of CARIFTA from July 1968 to June 1969 (first year of operation of CARIFTA) increased by 27%; these same countries increased their CARIFTA imports by an additional 13% in the second half of 1969.

13. Initial levels of intra-area trade were low in comparison to total trade of the participating countries. In 1967 before the establishment of CARIFTA the ratio of intra-CARIFTA imports was estimated at less than five percent of total imports. Recent trends indicate an improvement in this situation, with the ratio of intra-regional imports to total imports increasing on the average by upwards of 3.5%.

The Pattern of Trade in CARIFTA

14. Since the end of 1967 nearly all CARIFTA countries have experienced increases in their intra-regional trade. In value terms, Barbados had the largest absolute increment in intra-regional trade, with WI\$8 million, followed by Guyana with WI\$7 million. Together, the four bigger territories increased their CARIFTA imports by WI\$25 million between 1967 and 1969; an increase of 40% in relative terms. These four territories accounted for more than 70% of total intra-area imports in 1968 and 1969; and in intra-area exports these four have a still greater dominance accounting for approximately 95% of the total.

15. Patterns of trade movements in the region were as follows, in 1967: 64.3% between the four larger territories; 27.9% from the larger to the smaller territories; 5.6% from the smaller to the larger territories, and 2.2% between the seven smaller countries. The major movements of goods were therefore between areas where productive activity was more advanced and diverse, and where complementarities exist.

While trade between the four larger territories increased in recent years, their imports from the smaller seven into the larger four actually decreased between 1968 and 1969. On the other hand, the smaller territories have greatly increased their imports from the larger four countries since 1967.

16. Food is the largest category of goods traded between these countries accounting for over 31% of domestic exports. This is followed by petroleum and petroleum products with a share of 24%, chemicals with 18% and other manufactured goods with 17%.

Guyana is the major contributor to the dominance of the food sector in intra-area trade, with exports of food accounting for about 70% of its total exports of domestic produce to the area, consisting almost exclusively of rice and molasses. Trinidad and Tobago is predominant in exports of petroleum and petroleum products, which items amount to 45% of its exports to CARIFTA countries. Jamaica and Trinidad & Tobago account for over 80% of domestic exports of chemicals in the area - this item being 54% of Jamaica's exports to the region. Trinidad and Tobago is also overwhelmingly predominant in manufactured goods, although Jamaica and Barbados are making rapid increases in this sector.

17. Progress in trade in the region is affected by the relative lack of diversity in production, and a few commodities still account for a large proportion of total trade. Among these major commodities are mineral fuels and lubricants, rice, fertilizers, cement, perfumes, cosmetics and dentifrices, copra and coconut oil. There is however an increasing range of commodities being traded in growing quantities. Information for Guyana and Trinidad & Tobago, for example, show that trade in commodities such as clothing, plastic articles, coffee, cocoa and chocolate preparations, paper bags and other paper or cardboard containers have increased significantly since 1967.

Table II
Sectoral Contribution to GDP

	\$M(EC)					
	Total Agriculture			Domestic Agriculture		
	1967	1968	1969	1967	1968	1969
Barbados	47.8	41.7	39.0	12.7	13.1	13.7
Guyana	83.8	85.5	92.0	45.4	48.5	51.5 ^E
Jamaica	187.0	186.0	179.5	111.0	110.3	115.1
Trinidad & Tobago	111.6	127.0	126.9	75.2	86.5	85.0 ^E
Sub-total	430.2	440.2	437.4	244.3	258.4	265.3
ECCM Group (LDC's)	56.7	..	..	21.4	..	..
Total	486.9	..	..	265.7	..	..

E - Provisional estimate.

.. - No estimate available.

Table III
Sectoral Contribution to GDP
Manufacturing

	\$M(EC)		
	1967	1968	1969
Barbados	18.6	21.0	25.0
Guyana	46.6	50.0	53.7
Jamaica	247.9	276.7	290.6
Trinidad & Tobago	218.6	269.9	293.0
Sub-total	531.7	617.6	662.3
ECCM Group (LDC's)	9.8	..	..
Total	541.5	..	..

.. Estimate not available.

CARIFTA and the Main Production Sectors

18. The agriculture and mining sectors, because of their traditional orientation to Metropolitan markets, have to be treated distinctly as between production for export to third countries and production for use within the CARIFTA sub-region.

19. Taking agriculture as a whole, it should be noted that the four relatively more developed countries accounted for 88% of total agriculture GDP in 1967 when agriculture's contribution to the area GDP was 12½%. The bulk of this however is for export outside the region, and is hardly affected by the CARIFTA arrangements. Of more relevance to CARIFTA is the domestic sub-sector of agriculture, producing root crops, vegetables and livestock products mainly for area consumption. Existing data do not permit precise delineation between the agriculture sub-sectors, but the information suggests that relatively, domestic agriculture is now expanding, faster than export agriculture. Also it does appear that in the smaller territories domestic agriculture output is expanding more slowly than in the larger territories.

20. The Agricultural Marketing Protocol to the CARIFTA agreement was devised to stimulate domestic agriculture production and trade. As a first step towards the implementation of the Agricultural Marketing Protocol, the CARIFTA Secretariat has organized a system for the effective flow of information between member countries regarding expected supply and demand of individual commodities covered by the Protocol. This is aimed at ensuring the allocation of supplies within the area at predetermined area prices. The provision of adequate transport facilities at competitive rates is also being given attention, as an essential element in the rapid and economical movement of perishable goods between the territories comprising the Association.

21. Negotiations carried out during 1970 have resulted in the incorporation of the Oils and Fats Agreement to the CARIFTA Agreement. This Oils and Fats Protocol reserves the regional market for area production of these materials.

22. The main activities of the mining sector are directed to foreign markets, and include the extraction and refining of crude petroleum, and the mining of bauxite and production of alumina. For the present

the bauxite and alumina industry is not of any importance to CARIFTA trade. The large importation by CARIFTA countries of aluminium products fabricated outside the region, has stimulated studies into the possibilities of smelting mineral ores in the area, but absence of cheap energy has so far been a major deterrent.

23. The petroleum industry is at this time more directly relevant to the CARIFTA trade, inasmuch as refining of crude petroleum and production of petroleum products is done in varying degrees by four of the member countries (Antigua, Barbados, Jamaica, Trinidad & Tobago). In addition to import replacement from third countries, there is substantial intra-area trade in petroleum products - some 24% of intra-CARIFTA imports. So far however, CARIFTA has had no significant impact on the area's petroleum industry, partly because the scale of the industry, particularly in Trinidad & Tobago, was already quite substantial. It is to be expected however that in time the growth in other sectors will stimulate further expansion through the spin-off of subsidiary industries.

24. As with agriculture and mining, the manufacturing activities of CARIFTA are located mainly in the larger territories. Prior to CARIFTA these activities were geared primarily to meeting individual national requirements. Consolidation of the CARIFTA market has served not only to stimulate trade in these commodities, but also to set in motion an expansion in production. The available data is not yet sufficient to highlight the main trends in production activities resulting from the existence of CARIFTA. In fact, the short duration of its existence has not been sufficient for the implementation of major investment plans directly influenced by the larger market. But the trade figures do show a wider range and larger volume of these goods being traded than had been the case before, in many instances resulting from the fuller use of productive capacity. To this extent CARIFTA has had a positive effect.

25. However, it may be stated that in the main production sectors, few discernable direct benefits have yet accrued to the smaller states. Such benefits would require the stimulation of production of agricultural and other raw materials and the location of new plants in their territories. Efforts are being made to formulate specific plans of action in this direction, for which the assistance of international agencies is being sought; and the Caribbean Development Bank is also expected to play an important role in these developments.

The Realization of Objectives

26. Although CARIFTA is not yet three years old, and it is still too early to speak definitively about the extent to which particular objectives may have been achieved, nevertheless some preliminary assessments can be made in terms of the broad objectives of the agreement.

27. Already a great deal of liberalization has been achieved, and it is evident that there is notable success towards the expansion and diversification of CARIFTA trade. There has been both a rapid growth in the volume of intra-area trade, and a widening in the range of products that pass in trade. For manufactures and semi-manufacturers, particularly, the process up to now has been mainly one of regional import replacement though this is still gathering pace. For agricultural products, where formerly there was little or no intra-CARIFTA trade, the main effect has been to stimulate such trade. A primary consideration for all the CARIFTA countries, is the fact that although they have all been large producers of food items the main agricultural effort has not been geared to satisfy domestic consumption - consequently they all have been large importers of food. Any progress made in stimulating trade in agricultural products would represent a significant saving of export earnings for the countries both individually and as a group.

28. Much attention has been devoted to efforts to ensure that trade between the participants take place in conditions of fair competition. The establishment of uniform rules for all the parties to the Agreement has set a framework enabling scrutiny which otherwise would not have existed. Careful watch has been maintained by the Governments and the Regional Secretariat to detect evasions from the rules of competition and irregular business practices; and although machinery for investigation of breaches of the Agreement exists, there have not yet been any specific cases submitted for examination.

29. Taking into account the differences in levels of development of the countries participating in the Agreement, it has been evident since the outset that special measures would be needed to be introduced to induce a balanced and progressive process of development. The various concessions to the relatively less developed territories were formulated

with this particular objective in mind. Not unexpectedly, the larger and relatively more industrialised countries have been better placed initially to take advantage of opportunities offered by the consolidated market. In terms of increments to trade, the larger territories show more gains, and so the particular provisions for the relatively less developed territories have been aimed at creating opportunities for raising the levels of production and of facilitating their avenues for trade. The basic principle must be that each participant should achieve more growth within the collective arrangements, than would have otherwise have been possible individually; and it is in these terms that comparisons ultimately will need to be made.

Balanced Development

30. CARIFTA may well be described as a grouping of four independent countries and seven semi-independent territories with the distribution of area, population, resources and productive capacity heavily biased in favour of the first group. As a result, the larger countries have a dominance in intra-area trade which is merely a reflection of their dominance in resource endowment and productive capacity. These facts are well acknowledged in the CARIFTA Agreement itself which provides for preferential treatment in favour of the less developed territories which together comprise the ECCM. The Charter of the Caribbean Development Bank also includes special provisions in favour of the less developed countries.

31. Aside from the special trading concessions embodied in the CARIFTA Agreement in favour of the less developed territories i.e. longer transition periods for phasing out import tariffs on goods; and the ability to accelerate the removal of tariffs among themselves, while at the same time maintaining against imports from the more developed territories the levels of tariffs outlined in the phasing out arrangements, other steps were contemplated to stimulate their development. These would include special provisions for the promotion of industries in the less developed territories, and that the harmonization of incentives should be so devised as to include special inducements for the location of industries in those territories. In addition, the less developed territories can request the CARIFTA Council to extend the phasing out period for a commodity in the Reserved List; they can, with Council authority, impose

tariffs against the more developed countries for protecting establishment of infant industries; and for industrial projects, CARIFTA countries envisage the possibility of preferentially locating some plants in the less developed territories.

32. Nevertheless there has been general concern at the relative inability of the less developed territories to take advantage of the improved trading possibilities in the consolidated CARIFTA market. As a result, investigations have been initiated by the Regional Secretariat and at the request of the Governments, into further measures that may be instituted to ensure that the less developed territories obtain a more equitable share of the benefits of the Association. In doing this, thought is being given not only to the specific framework of the Agreement providing for free trade, but also to all other aspects of the programme for regional co-operation including the Caribbean Development Bank, arrangements for mutual technical assistance between CARIFTA countries, the reorganization of transport facilities, and the introduction of regional industrial and agricultural development policies.

33. From the point of view of trading arrangements alone, the less developed territories have so far derived little benefit from the establishment of CARIFTA not so much because the Agreement is not sufficiently weighted in their favour, but because these countries do not have enough industrial or agricultural productive capacity at a level and of a kind which would immediately enable them to export significant amounts of produce to each other and to the more developed countries within CARIFTA.

Thus the improvement of the position of the less developed territories must involve measures for increasing their productive capacity in the medium and long term.

II

Further Steps Towards Economic Integration

Trade Policy

34. The greatest advance towards further measures of integration has been in the formulation of common external tariffs and trade policy. The member countries of the East Caribbean Common Market (ECCM) have agreed that the common schedule of customs tariffs which has been drafted with the assistance of the Port of Spain ECLA Office should become effective on 1 April 1971. ^{1/} In arriving at a uniform tariff, the governments have at the same time converted the commodity classifications of their previous tariffs to the Brussels Tariff Nomenclature.

35. The ECCM common tariff has been framed with the purposes of promoting closer integration, giving a measure of protection to encourage local production, and at the same time avoiding undue increases in the cost of living. Attention has also been paid to goods that have special social implications for the population. The developmental nature of the tariff is reflected in low or no duties on machinery, equipment and raw materials, and higher duties for final products of a type produced within the area and even higher duties for luxury items. To compensate for losses of revenue, a system of internal consumption taxes has been adopted.

36. In addition, it was also necessary to take into account various implications of the introduction of this common external tariff in the light of previous trade policy commitments with the United Kingdom and Canada as well as with other members of the Commonwealth; and to consider also obligations vis-a-vis the GATT.

Thus apart from the advantages it offers for encouraging the development of the region, the tariff creates a common basis for trade policy relations with foreign countries. The importance of being prepared for such negotiations is already evident, as it will be necessary to re-negotiate a range of preferential arrangements as a

^{1/} ECLA/POS 70/8 and Vol. II - Considerations concerning the Introduction of the ECCM Tariff.

result of the United Kingdom negotiations with the European Economic Community.

37. In approving the common tariff, the member countries of the ECCM were of the view that the unification of their tariffs would strengthen the individuality of their group and give them a stronger position within CARIFTA. They also felt it necessary to introduce their tariff early, as the establishment of a common external tariff for the CARIFTA area would require much more time to bring into force.

38. This progress towards customs union arrangements in the ECCM is very useful to CARIFTA because:

- the situation in the ECCM countries is different in many ways from the situation in the bigger countries and therefore calls for special provisions;
- while the ECCM countries must establish a trade policy, each country is too small to do this individually;
- even at the time when a common external CARIFTA tariff will englobe the whole CARIFTA area (and thus absorb the ECCM tariff) there will be a necessity for the ECCM countries to have a trade policy instrument of their own since it can hardly be expected that the larger CARIFTA countries (which are already active in the field of trade policy) would give up their individual trade policy simultaneously with the introduction of the tariff;
- finally, it has in the future to be considered that the tactical situation within the CARIFTA may be easier as decisions would not necessarily require discussions between eleven countries, but could as required be carried out between the four bigger countries and the ECCM sub-group.

39. As regards CARIFTA, studies have been initiated for the formulation of the wider common external tariff also based on the Brussels Nomenclature.^{1/} This would result from merging into a new schedule the present tariffs of Barbados, Guyana, Jamaica, Trinidad & Tobago and the ECCM common tariff. In the formulation of CARIFTA's cet, the same guiding principles are being considered: protection for area production, increments to intra-CARIFTA trade, minimising the revenue effects, avoiding undue increases in prices, as well as favourable treatment for articles of significance from the

^{1/} ECLA/POS 70/3.

social point of view. Also, consideration would be given to any needs for incorporating special measures or provisions to accommodate the weaker position of the less developed countries which form the East Caribbean Common Market. It is expected that negotiations on the draft will commence in 1971.

40. During 1970, CARIFTA countries, collectively, devoted a considerable amount of time and effort to clarifying their situation in the light of probable accession of the United Kingdom to the European Economic Community. The CARIFTA countries benefit from preferences in their trade with the United Kingdom, particularly for the traditional export commodities; and it is evident that cessation of those arrangements would cause very serious dislocations in their economies. Various alternative solutions have been suggested for obtaining some special arrangements with an enlarged European Economic Community; but what is of particular importance is the stress placed on the need for a solution that would comprise all CARIFTA countries. This unified stand is a significant step towards a uniform trade policy for the CARIFTA countries.

Co-ordination in Fiscal Matters

41. The Governments have been giving detailed consideration to the recommendations presented in the ECLA reports on Harmonization of Fiscal Incentives, ^{1/} and have been able to reach agreement on almost all the proposals as they would affect industries within the CARIFTA area.

42. The general rule has been accepted that a scheme for harmonization should be adopted under which individual governments might be left free to be more restrictive, if they wish, but they could not be more liberal than the scope of the arrangements would provide. It has also been agreed that the scheme for incentives will allow the less developed territories to offer more attractive incentives.

^{1/} Report of the Commonwealth Caribbean Regional Workshop on Harmonization of Fiscal Incentives to Industries: E/CN.12/844; and Report of the United Nations Expert Team on Harmonization of Fiscal Incentives to Industries in the Caribbean Free Trade Area: E/CN.12/845. Also ECLA/POS 70/2.

Such harmonization will not only eliminate unnecessary revenue losses arising out of intra-regional competition for foreign investment funds, but will also be a basis for working towards the formulation of a CARIFTA policy for balanced industrial development.

43. An important basic principle on which the governments are in agreement is that greater emphasis must be given to performance, and for this purpose provision is being made for appraisal and evaluation of the effectiveness of any incentives granted. In this regard, the objectives of incentives policy have been defined as being to promote greater employment, wider use of local materials, and increased exports outside of the region with a view to securing efficient production through maximum possible economies of scale.

44. To achieve the first two objectives it is necessary to maximise local value added within CARIFTA, to ensure maximum processing within the region, and to maximise the use of manpower and material resources. As for promotion of exports, the scheme is taking into account devices for encouraging the widest range of industries to manufacture increasingly for exports. Therefore, it becomes necessary that incentives should be tied to value added and to export performance.

45. At the present stage, the scope of the harmonized incentives scheme would be limited to income tax concessions and import duty concessions, although it is evident that there are other related areas that would require harmonization at the regional level within the policies for encouraging balanced development. These would include for example, some rationalization and harmonization of corporate tax structures, the harmonization of protective policies, and the harmonization of non-tax incentives to industry.

46. As regards harmonization of income tax concessions and import duty concessions, a prior consideration is whether the industry is already established in the area and has achieved a designated level of production, or whether it is a new industry. Beyond this the eligibility for incentives would be based on the percentage of local value added, with the scale of concessions apportioned according to various percentage ranges, and depending on whether or not the plant is located in one of the relatively less developed territories. Also, import tax exemptions

may be granted on the basis of similar criteria for raw materials not being produced in the area, and for plant, equipment and spare parts. Detailed examination has also been given to uniformity of treatment for depreciation, carry forward of losses, dividends and interests paid outside the CARIFTA area, and local and property taxes. ^{1/}

47. During the transitional period of the introduction of the regional scheme, enterprises already operating and enjoying incentives under the old incentives legislations would continue to enjoy the unexpired benefits, or may opt to take advantage of the new scheme. New enterprises would however be governed by the new scheme, which would be administered by each government and co-ordinated by the Regional Secretariat.

48. Quite separately, the CARIFTA Governments have been giving specific attention to double taxation measures within the CARIFTA area, and it is expected that when the final decisions are taken implementation will not be long delayed. ^{2/}

Financial and Monetary Aspects

49. A most important development in the financial aspects of integration has been the establishment of the Caribbean Development Bank which was inaugurated in January 1970, after ratification of the Charter by the Governments. All CARIFTA countries are regional members of the Bank, together with Belize, the Bahamas, the Turks and Caicos Islands and the Cayman Islands. The United Kingdom and Canada are non-regional members enjoying no borrowing rights, and the Government of the United States has announced its intention to financially assist the Bank, without asking for formal membership. Membership in the Bank is open to all states and territories in the Caribbean sub-region, as well as to states outside the region, members of the United Nations, or any of its specialized agencies. ^{3/}

^{1/} ECLA/POS 70/16.

^{2/} ECLA/POS 70/13.

^{3/} A recent application has been made by Colombia for membership with a subscription of (US) \$10 million of capital.

50. The authorised capital of the Bank is the equivalent of fifty million (US) dollars, half of which would be paid up, with the remainder payable on call. The United Kingdom and Canada are contributing (US) \$10 million each to the share capital. In addition, a soft loan fund is being set up with initial resources over a five-year period totalling about (US) \$16 million, being financed by the United States, Canada and the United Kingdom. ^{1/}

51. The prime purpose of the Bank will be to contribute to the harmonious economic growth and development of the member countries in the Caribbean and to assist economic co-operation and integration among them, having special and urgent regard to the needs of the less developed members of the region. ^{2/} Its functions include the:

- (a) mobilization of additional financial resources from within and outside the region;
- (b) financing of projects and programmes contributing to the development of the region or any of the regional members;
- (c) provision of appropriate technical assistance to its regional members, particularly the less developed members;
- (d) promotion of public and private investment in development projects by, among other means, aiding financial institutions in the region and supporting the establishment of consortia;
- (e) stimulation of capital markets in the region.

52. The acute problem of allocating the Bank's resources effectively between regional and national projects during the initial period of the Bank's operations, has been met by a specific decision of the Governments. In a Memorandum of Understanding it has been laid down that during the first five years, the Bank should not lend more than approximately 20% of its total resources for projects of a multi-national nature unless specifically authorized to do so. ^{3/}

^{1/} Priority is to be given to the less developed members in the disbursement of soft loan funds.

^{2/} Agreement Establishing the Caribbean Development Bank.

^{3/} Final Act of the Conference of Plenipotentiaries on the Caribbean Development Bank.

For this purpose "multi-national project" is defined as one for which application is made by two or more members in the region. There are however two provisos. First, that any project involving a loan or investment by the Bank of less than the equivalent of \$250,000 (US), where the only applicants are two or more less developed countries, shall not be regarded as a multi-national project. Secondly, that any Special Funds specifically made available for multi-national projects, should be excluded from total resources in making the percentage computations.

53. It should be noted that the operations of financial institutions in Guyana, Jamaica, Trinidad & Tobago ^{1/} are regulated through national Central Banks, and that the West Indies Associated States is served by the East Caribbean Currency Authority. So far there is no specific policy for harmonizing the operations of these institutions, although gradually there has been the development of some informal working arrangements; for example, in the administration of currency exchange controls, specific treatment is given to matters that would facilitate transactions in the CARIFTA area.

54. A further point worthy of note is that so far formalised payments arrangements have not been found to be a pressing necessity in the CARIFTA area. This is partly due to the previous existence of commercial links serving the large re-export trades between Trinidad & Tobago, and Barbados and the other parts of the Eastern Caribbean, and in part to the fairly general acceptability of the various currencies in the area which have retained a fixed parity to each other.

Industrialization

55. The CARIFTA Governments have accepted the principle that certain industries may require for their economic operation the whole or a large part of the entire regional market protected by a common external tariff or other suitable instrument. Within this the further principle has been accepted that special efforts should be made to establish more industries in the less developed territories, and that special measures should be devised for securing their establishment in those territories.

^{1/} Barbados is currently planning the establishment of its own Central Bank.

In addition, the CARIFTA Agreement ^{1/} contains specific provisions for suspension of area tariff treatment on items of imports into the less developed territories, in order to promote the development of an industry in any of those territories.

56. At the request of area governments reports had been prepared by ECLA and UNIDO, and these reports are under current consideration. Also, a special Working Group on industrial location has been entrusted the task of formulating specific proposals for dealing with the peculiar problems of location of industries and the criteria that should be applied in implementing the principles that the governments have adopted. The Working Group is also to examine specific possibilities for establishing regional integration industries, taking as their starting point those identified in the United Nations reports.

57. It is already accepted by the CARIFTA Council of Ministers, that the criteria for location of regional industries must entail some positive measures for industry allocation. Without some such provision, it is more than probable that all the new industries would continue to gravitate to the larger CARIFTA countries resulting in a worsening of the balance of benefits among the CARIFTA countries. However, it is also recognised that economic efficiency in new industries would be significantly affected depending on the extent to which industry linkages can be achieved in one location as against another.

58. An important element in the industrialization process will be the balancing of the composition of trade between less developed territories and their CARIFTA partners. It may prove necessary to take action for the facilitation of imports into the relatively more advanced countries of the group, from the less developed countries that have a potential to export some industrial products, even if such or similar products are already produced in the more advanced countries. In the absence of some positive measures, the relatively less developed countries may find they are not in a position to export any manufactures, but only basic commodities to their relatively more advanced partners in exchange for the latter countries' manufactures.

^{1/} Article 39 of the Agreement.

III

Problems and Approaches

59. Among the many problems faced by the Caribbean integration movement, two stand out as requiring paramount attention: (a) transport and communications, and (b) improvement in the situation of the less developed territories.

60. In the particular circumstances of the Caribbean, where the land masses are not contiguous, surface water transport has to serve most of the purposes that in other parts of the world are provided by combinations of various forms of transport. The most urgent attention therefore has to be given to providing efficient transport operations within CARIFTA. This is a condition sine qua non if an increased movement of cargo and persons is to be assured as a result of efforts to free trade, increase production, rationalize agriculture and harmonize customs, taxes, industrial and other policies.

61. As regards the less developed territories, it is very clear that unless means is found that will enable them to benefit more greatly from CARIFTA, there will inevitably be less enthusiasm for making further commitments to advance the integration process. But the pace of development is limited by their existing production capacities, and the adequacy of the underlying national infrastructure.

Transport and Infrastructure

62. The segment of infrastructure most immediately relevant to CARIFTA is in maritime transport, particularly inter-island shipping. There are two main aspects to be considered: an appropriate number of economic and efficient boats, and adequate ports and equipment for handling of cargo. The CARIFTA countries lack both.

63. Cargo is at present transported between these countries by several types of ships. First, there is the West Indies Shipping Service, owned collectively by the CARIFTA Governments, operating a bi-weekly schedule of passenger and freight services, and calling at all the member countries except Guyana. Second, there are a number of small owner-operated vessels serving various islands, which move a considerable

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- ii) Establishment of a Regional Shipping Council consisting of Ministers of the participating Governments and based on a treaty in the form of a Protocol to the CARIFTA Agreement. The Council would have a dual function - one on policy questions relating to intra-regional and inter-regional shipping licences, agreements, tariffs, etc., and the other in relation to the activities of the WISCO.
- iii) The establishment of a new Shipping Corporation by virtue of a separate Treaty incorporating all provisions necessary to enable it to function as a regional organization with regional juridical status, etc. The capital of the Corporation would be subscribed by the participating countries on an agreed proportion, and provision may be made for private sector participation while ensuring that control and management is in the hands of national investors and regional Governments.

66. The situation as regards ports and installations for handling cargo in the various countries is not very satisfactory either. Only two or three ports may be considered as being adequately equipped, so there is a need to ensure a basic minimum of facilities through the area. Most ports are also in great need of administrative reorganization and streamlining, which could, with little cost, result in tremendous improvements in efficiency and solve much of the existing cargo congestion.

67. Considering the very large investments that would be required to modernise the infrastructure in CARIFTA countries, and given the high degree of 'balkanization' in the area, it would appear that the best course for long term action would be a regional approach, on the basis of area programmes and regional priorities rather than on the traditional project by project approach at national level. As things stand now each country has to deal separately with each financial agency for each individual project - an approach which cannot fully take into account the aims of regional co-operation. A more co-ordinated approach to infrastructure development programmes may improve the chances of obtaining more financial assistance and on better terms.

68. Stress has been laid on the need to strengthen productive capacity, agricultural and industrial, in the seven smaller territories of CARIFTA. This will require energetic measures to increase the output in the smaller territories, of food and agricultural raw materials still being imported from abroad, and to establish a range of small scale industries,

pending the longer-term possibilities of locating regional plants in these territories. But there is also the immediate need to assist with improving their economic and social infrastructure so they may be able to meet the demands for skills, energy, and supporting services for a more comprehensive production effort.

69. The urgency of this situation will be seen when it is appreciated that before the establishment of CARIFTA the stimulation of production at the national level was an important development objective in the region. There is some danger therefore that the uncoordinated pursuit of this objective by individual members could lead to the contraction and possible disappearance of potential markets within the region for other members, particularly for exporters in the relatively less developed territories. A regional programme for specialization and complementation is one solution foreseen by the area governments for dealing with the latter problem. This must however take into account the relative lack of infrastructure in the smaller territories.

Important Social Aspects

70. Parallel to their economic problems, CARIFTA countries face a complex variety of social problems, most of them common to all developing countries, but with specific connotations reflecting the particular characteristics of the Caribbean. The nature of this report and space available permit but a mere enumeration of the main social problems in CARIFTA. But it must be understood that they form the essential background, and create serious pressures for the integration process.

71. Inherited from more than three hundred years of foreign domination, slavery and plantation economy, there is a bias against agriculture among the rural population, a phenomenon termed "agricultural communities that do not like agriculture", caught in a labyrinth of adverse circumstances like poor living conditions, low levels of earnings and lack of social mobility. Also, the large importation of indentured labour introduced a situation of "cultural plurality" in a nascent political community. Thus the variety of ethnographic groups results in different reactions from various cultural groups to social situations, a factor that cannot be ignored when dealing with social problems.

72. The plantation economy has also been responsible for a dichotomy between the plantation and the peasant farming system, and for the absence of self sufficient, self contained rural communities. As a result, in the Caribbean, the village is not normally a true community but rather a heterogeneous collection of sectors of the various communities that border upon it. A further effect is a vagueness of identity of the rural people with their localities, which has its own impact on the evolution of strong local organizations conducive to development and in the absence of popular participation.

Another characteristic inherited from the colonial system is the large degree of isolationism between the Caribbean territories and from the neighbouring Latin American countries.

73. Exposure to foreign influence over a long period has created a tendency to readily accept and adopt value systems, expectations, orientation and consumer patterns of the affluent nations, without regard to their suitability to the Caribbean conditions and environment. Added to this is the consideration that the small size of most CARIFTA countries militates against effective solutions to their social problems that could best be tackled on a larger scale.

74. Pressure of increasing population poses a formidable challenge to development in these countries. The density of population is over 350 per square mile in 9 of the 11 members of CARIFTA; in four of them it exceeds 500, and Barbados has a staggering density of 1,482 persons per square mile. The young population is large and increasing, with the effects of dependency rates, the necessity for many children of schoolage to enter the labour force, overcrowding of educational facilities, heavily burdening of health and other social services, inadequacy of housing and of recreational activities, etc.

75. Migration to developed countries, although apparently easing demographic pressures, results at the end, in a heavy drainage of professionals and skilled workers, with the balance in total being negative. Caribbean countries have thus been sustaining extensive losses of expensively trained personnel, since those not emigrating are unskilled and improperly equipped to suit the needs of their economies. This phenomenon also adversely affect the age composition and produces

what is called the "female bias" as many families are left entirely in the hands of the mother while the father goes to work abroad.

76. Unemployment is perhaps the most serious problem the Caribbean countries face. It ranges, according to official figures, from 14% to 20% of the labour force and is not diminishing. The rates are particularly high among the younger members of the working force.

The presence of a modern economic sector employing high technology and with low labour content that pays higher wage rates than average, has had the effect of pulling upwards the earning expectations of the population with the result that efforts to reduce employment through labour intensive public work programmes or industries become much more expensive and difficult to implement.

77. Consumption patterns copied from highly developed countries and stimulated by the widespread influence of modern information media, particularly television, are also a negative phenomenon as they tend to frustrate development efforts based on savings and on strengthening industrial and agricultural production within plans for import substitution.

78. In spite of considerable efforts to expand educational facilities, Governments are facing an increasing situation of inadequacy of those facilities. The need is also felt to modify the content of the curriculum transplanted in the past from the metropolitan country, and which turns out graduates not necessarily equipped for the actual development needs of the countries.

Situations similar to those prevailing in education obtain also for the health and housing sectors where needs are growing at a rate that easily exceeds capacity of the Governments to devote funds to their solution.

79. In the face of this staggering list of social problems, all the CARIFTA countries have been working in one way or another to alleviate the situation of their population. Programmes have been introduced for operation of youth camps, improvement of educational and health facilities, family planning and provision of recreational activities. And the growing awareness of the inadequacy of their individual efforts to cope with all these problems has brought about an interest on concerted action at the regional level, within a concept of integrated

development. Through a series of regional meetings, agreement has been achieved on a set of principles aimed at the formulation of social development policies and programmes in which all countries are to co-operate so as to ensure the most effective utilization of existing resources and to avoid the wastage or inefficiency of piece-meal operation.

80. Action is already being taken, for example, in the establishment and operation of youth camps, some at the national level, and some to serve various countries on a sub-regional basis. Beyond this, a series of agreements have been signed by the CARIFTA Governments. In some instances the aim is to provide solutions to some social problem; and in others through collective action, to strengthen their administrative ability to deal with various situations.

The result has been to add a new dimension to the integration process, that lay outside the scope of the CARIFTA Agreement.

81. Perhaps the Agreement on a Commonwealth Caribbean Technical Assistance Programme is the most significant. It provides that the CARIFTA countries shall render technical assistance to one another, subject to the availability of the necessary resources. Acting on the basis of requests, channelled through the Regional Secretariat, the Governments acting jointly or separately will arrange the programmes of operations of the technical assistance activities.

82. The Governments have also concluded an Agreement of Understanding on the Public Service in Commonwealth Caribbean Countries, which will facilitate the transfer of Officers from the Public Service of one CARIFTA country to the Public Service of another.

83. In the field of education, two agreements have been concluded - The Agreement Establishing the Caribbean Examinations Council, and the Agreement Establishing the Council of Legal Education. Concerted action is also being contemplated on matters like the production of textbooks of a regional nature, the establishment of regional general education examinations, co-ordination of action in various aspects of health, a regional programme of integrated rural development, which includes strengthening of institutions at the level of local government, community development activities, popular participation and reorganization of administrative elements of social policy and action.

Some Wider Regional Aspects

84. In the broader context, one could say that many serious problems being faced by CARIFTA derive from the small size of individual units and the limited size of the total market of the Association. Even if full integration were achieved among all its members and the specific economic and social problems were completely solved, still CARIFTA could hardly be expected to be in a position to undertake major investment programmes in large plants in fields like heavy industry, petrochemicals, mechanical industries, pulp and paper. Areas of activity that are possible of achievement only on a large scale would be outside the scope of CARIFTA. Such further steps would require a widening of participation to include more countries, or that the CARIFTA group enter into negotiations with other countries or groups of countries; in a process of convergence. Such arrangements would provide for new avenues of trade and for possible agreements on complementation which could be a basis for further advancement.

85. There are already evidences of the development of contacts of various types between the CARIFTA countries and other countries of the Latin American region. As regards geographical widening of the sub-group, it should be noted that formal negotiations for the accession of Belize are virtually completed. It should be noted too, that studies are in progress regarding the possibilities for developing trade relationships between the Dominican Republic and the CARIFTA countries, perhaps through formal association in the group.

86. The initiatives for developing closer contacts between CARIFTA members and other countries of the Latin American region are, however, not limited to negotiations and enquiry at the CARIFTA level. In some cases Governments have (i) bilaterally established joint working arrangements, (ii) had direct discussions with private sector interests, and (iii) encouraged co-operation between private sector interests.

87. A Joint Venezuela-Trinidad & Tobago Commission has been established to explore the avenues for co-operation between these two countries. Among other things it is already agreed that there should be a detailed study on the subject of fishing in the waters of the two countries with a view to ensuring rational exploitation of the resources in constructive

and co-ordinated effort. Scientific investigation and management of these resources and the possibility of joint investment by the nationals of both countries in fishing enterprises have also been under discussion. In September 1970 agreements reached between Venezuela and Trinidad & Tobago relating to cultural exchanges, agricultural technology, and fishing, were signed.

88. In the second category there is the decision by the Governments of the four Windward Islands ^{1/} that a plant for the manufacture of corrugated cartons for packaging bananas should be established. To meet the purpose a company is being established in St. Lucia, capitalized jointly by the four Governments and Papelera Industrial S.A. of Venezuela. The scope of operations will include the packaging requirements of the Windward Islands in particular and the CARIFTA area in general; and the feasibility is being examined for a range of ancillary industries with the plants allocated to various islands.

89. In the third category, there is for example the merger agreement approved and put into operation between COLTEJER, the largest Colombian textile manufacturer and ARIGUANABO, largest Jamaican and CARIFTA textile producer. COLTEJER has bought a substantial amount of ARIGUANABO equity, and has been given a place in the Board of Directors of the Jamaican firm. The intentions both of ARIGUANABO and COLTEJER are to establish some degree of vertical integration, between the two plants. These mechanisms immediately provide through Colombia and Jamaica a linkage between the CARIFTA group and the Andean Group.

90. The first priority for CARIFTA countries inevitably must be to get the integration process operating more smoothly and effectively, and to consolidate the gains that have been made in promoting co-operation. Nevertheless it is not premature for the countries of the region to give thought to aspects of the process of convergence in the Latin American region.

^{1/} Dominica, Grenada, St. Lucia, St. Vincent.

S U P P L E M E N T A R Y

S T A T I S T I C S

Table 1

VALUE OF INTRA-CARIFTA IMPORTS BY SOURCES, 1967

	\$'000							
Exporter Importer	B'dos	Guyana	Jamaica	T & T	LDC's	Total by Big 4	Grand Total	
Antigua	613.7	503.2	459.2	3,763.2	251.7	5,339.3	5,591.0	
Dominica	500.1	257.0	182.6	1,725.0	443.3	2,664.7	3,108.0	
Grenada	540.1	552.6	188.6	2,662.3	495.4	3,943.6	4,439.0	
Montserrat	202.8	94.2	325.3	577.6	157.1	1,199.9	1,357.0	
St. Kitts	500.1	477.3	384.7	1,336.9	355.0	2,699.0	3,054.0	
St. Lucia	1,147.3	553.4	298.0	3,188.0	161.3	5,186.7	5,348.0	
St. Vincent	670.7	517.9	120.0	2,490.8	129.6	3,799.4	3,929.0	
TOTAL LDC'S	4,174.8	2,955.6	1,958.4	15,743.8	1,993.4	24,832.6	26,826.0	
Barbados	-	3,007.4	1,057.8	7,350.4	1,798.4	11,415.6	13,214.0	
Guyana	810.6	-	1,916.4	21,971.4	955.6	24,698.4	25,654.0	
Jamaica	39.8	4,150.9	-	3,402.2	75.1	7,592.9	7,668.0	
T & T	1,484.5	10,044.7	2,110.4	-	2,132.4	13,639.6	15,772.0	
TOTAL BIG 4	2,334.9	17,203.0	5,084.6	32,724.0	4,961.5	57,346.5	62,308.0	
GRAND TOTAL	6,509.7	20,158.6	7,043.0	48,467.8	6,954.9	82,179.1	89,134.0	

Table 2
INTRA-CARIFTA TRADE

(a) Imports of Barbados from CARIFTA Area (\$EC'000)

<u>From</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Guyana	3,007.4	2,993.4	3,493.9
Jamaica	1,057.8	2,204.5	2,887.0
Trinidad & Tobago	7,350.4	9,875.1	13,296.4
Sub-total	11,415.6	15,073.0	19,677.3
Antigua	12.5	47.5	76.4
Dominica	256.9	339.6	211.3
Grenada	18.5	5.7	17.5
Montserrat	1.1	9.5	10.9
St. Kitts/Nevis/Anguilla	28.0	37.5	9.0
St. Lucia	915.3	906.7	551.6
St. Vincent	403.4	403.5	544.8
Sub-total	1,635.7	1,750.0	1,421.5
Total all CARIFTA Countries	13,051.3	16,823.0	21,098.8

(b) Domestic Exports of Barbados to CARIFTA Area (\$EC'000)

Guyana	571.2	699.2	n. a.
Jamaica	40.0	65.8	n. a.
Trinidad & Tobago	1,250.6	1,132.8	n. a.
Sub-total	1,861.8	1,897.8	n. a.
Antigua	562.6	824.5	n. a.
Dominica	433.2	521.6	n. a.
Grenada	608.9	777.4	n. a.
Montserrat	152.0	232.9	n. a.
St. Kitts/Nevis/Anguilla	355.6	456.0	n. a.
St. Lucia	998.9	1,238.0	n. a.
St. Vincent	565.2	654.6	n. a.
Sub-total	3,676.4	4,705.0	n. a.
Total all CARIFTA Countries	5,538.2	6,602.8	8,922.0

Table 3
INTRA-CARIFTA TRADE

(a) Imports of Guyana from CARIFTA Area (\$EC'000)

<u>From</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Jamaica	1,916.4	2,604.7	3,286.2
Barbados	810.6	793.1	946.7
Trinidad & Tobago	<u>21,971.4</u>	<u>25,679.0</u>	<u>28,009.5</u>
Sub-total	24,698.4	29,076.8	32,242.4
Antigua	1.8	2.5	26.8
Dominica	625.7	27.2	22.7
Grenada	32.6	19.6	31.1
Montserrat	0.1	neg.	...
St. Kitts/Nevis/Anguilla	0.9	neg.	0.4 ^{1/}
St. Lucia	120.0	132.4	2.1
St. Vincent	<u>154.2</u>	<u>156.9</u>	<u>53.3</u>
Sub-total	935.3	338.6	136.4
All CARIFTA Countries	<u>25,633.7</u>	<u>29,415.4</u>	<u>32,378.8</u>

(b) Domestic Exports from Guyana to CARIFTA Area (\$EC'000)

Jamaica	4,245.3	5,079.6	4,830.3
Barbados	3,133.2	2,946.1	3,106.2
Trinidad & Tobago	<u>11,632.5</u>	<u>12,091.0</u>	<u>12,522.2</u>
Sub-total	19,011.0	20,116.7	20,458.7
Antigua	586.9	620.7	809.0
Dominica	277.4	318.4	327.6
Grenada	659.8	543.0	791.8
Montserrat	123.7	... ^{1/}	... ^{1/}
St. Kitts/Nevis/Anguilla	428.8	620.8 ^{1/}	719.4 ^{1/}
St. Lucia	469.4	555.2	698.1
St. Vincent	<u>514.4</u>	<u>590.3</u>	<u>719.5</u>
Sub-total	3,060.4	3,248.4	4,065.4
All CARIFTA Countries	<u>22,071.4</u>	<u>23,365.1</u>	<u>24,524.1</u>

^{1/} Montserrat and St. Kitts/Nevis/Anguilla combined.

Notation: Neg. = negligible, less than \$EC 100.

... = not available.

Table 4
INTRA-CARIFTA TRADE

(a) Imports of Jamaica from CARIFTA area (\$EC'000)

<u>From</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Barbados	39.8	39.4	229.3
Guyana	4,152.0	2,606.9	3,060.5
Trinidad & Tobago	3,402.2	4,693.4	8,309.2
Sub-total	7,594.0	7,339.7	11,599.0
Antigua	-	241.9 ^{1/}	13.4
Dominica	9.1		14.2
Grenada	-		30.8
Montserrat	-		-
St. Kitts/Nevis/Anguilla	-		0.2
St. Lucia	-		4.2
St. Vincent	1.9		11.5
Sub-total	11.0	241.9	74.3
All CARIFTA Countries	7,605.0	7,581.6	11,673.3

(b) Domestic Exports from Jamaica to CARIFTA Area (\$EC'000)

Barbados	1,152.5	1,783.0	2,936.1
Guyana	2,215.7	3,028.5	3,724.9
Trinidad & Tobago	3,051.8	4,088.5	7,250.5
Sub-total	6,420.0	8,900.0	13,911.5
Antigua	484.3	3,778.8 ^{1/}	838.4
Dominica	135.4		454.4
Grenada	142.1		503.0
Montserrat	301.0		177.4
St. Kitts/Nevis/Anguilla	339.4		401.1
St. Lucia	259.7		820.2
St. Vincent	84.0		400.9
Sub-total	1,745.9	3,778.8	3,595.4
All CARIFTA Countries	8,165.9	12,678.8	17,506.9

^{1/} Includes other British Commonwealth Territories.

Notation: - = Nil.

Table 5
INTRA-CARIFTA TRADE

(a) Imports of Trinidad & Tobago from CARIFTA Area (\$EC'000)

<u>From</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Barbados	1,484.5	1,336.6	1,970.0
Guyana	10,044.7	9,810.9	11,073.1
Jamaica	2,110.4	2,690.8	6,061.7
Sub-total	13,639.6	13,838.3	19,104.8
Antigua	8.9	35.0	110.1
Dominica	104.5	146.7	350.2
Grenada	182.6	359.4	293.8
Montserrat	0.8	2.0	4.3
St. Kitts/Nevis/Anguilla	211.4	207.9	183.6
St. Lucia	827.3	552.9	761.7
St. Vincent	997.7	750.2	1,199.1
Sub-total	2,333.2	2,054.1	2,902.8
All CARIFTA Countries	15,972.8	15,892.4	22,007.6

(b) Domestic Exports of Trinidad & Tobago to CARIFTA Area (\$EC'000)

Barbados	7,207.3	8,783.8	12,414.5
Guyana	18,406.1	22,536.3	28,755.5
Jamaica	2,611.5	5,375.7	9,705.8
Sub-total	28,224.9	36,695.8	50,875.8
Antigua	3,715.8	3,668.5	3,815.2
Dominica	1,476.8	1,986.7	2,540.3
Grenada	2,932.1	3,899.4	5,222.2
Montserrat	360.4	501.6	603.3
St. Kitts/Nevis/Anguilla	1,426.3	1,819.4	1,993.5
St. Lucia	2,789.7	3,308.7	4,367.1
St. Vincent	2,176.8	2,655.8	3,192.2
Sub-total	14,877.9	17,840.1	21,733.8
All CARIFTA Countries	43,102.8	54,535.9	72,609.6



Table 6
GUYANA - SELECTED IMPORTS FROM CARIFTA SOURCES
(\$EC'000)

Description	1967	1968	1969
<u>Commodities related to the Agri-cultural Marketing Protocol</u>			
Oranges, tangerines	0.7	1.1	6.1
Peanuts	3.9	18.2	34.3
Orange juice, canned	335.5	351.3	266.2
Other vegetable products	3.1	4.8	5.5
Groundnuts, unshelled	0.1	-	neg.
<u>Other Commodities</u>			
Maize, unmilled	0.2	102.2	186.8
Sugar confectioneries	-	79.7	204.8
Coffee, roasted, ground	-	55.3	186.5
Margarine	24.2	135.3	308.7
Lard and other edible fat	30.2	43.7	35.6
Mineral fuels	16,224.5	14,711.7	17,446.5
Coconut oil, refined	113.4	128.7	1,010.5
Other animal and vegetable oils	186.3	70.1	1.2
Paints, varnishes and lacquers	278.7	384.4	404.0
Medicinals and pharmaceuticals	204.4	201.8	431.3
Perfumes, cosmetics and dentifrices	379.3	502.0	594.6
Toilet soap in cakes	345.5	450.7	463.4
Amonium sulphate	1,683.9	1,565.7	1,415.7
Other nitrogenous fertilizers	324.8	393.5	455.2
Tyres for cars, trucks and buses	-	23.3	164.5
Paper bags	19.7	115.7	204.5
Limestone for agriculture	337.4	479.2	374.5
Other cement	1,739.1	2,223.1	2,057.8
Bottles	271.0	411.1	342.9
Metal containers for transport and storage	60.6	85.6	95.8
Oil, gas and other stoves	25.2	32.7	255.0
Clothing, excluding furs	219.4	378.7	769.2
Bottle corks	305.9	334.6	487.4
Total of above	23,117.0	23,284.2	28,208.5

Notation: - = Nil;

neg. = negligible, less than \$EC'100.

Table 7
TRINIDAD & TOBAGO - SELECTED IMPORTS FROM CARIFTA SOURCES
(\$EC'000)

Description	1967	1968	1969
<u>Commodities related to the Agricultural Marketing Protocol</u>			
Pork and pork products	0.1	1.9	-
Plantains	13.7	neg.	6.0
Potatoes, not sweet	202.3	-	neg.
Dry beans, peas	0.2	neg.	-
Peas and beans, canned	-	-	-
Pepper and pimento	neg.	0.5	21.7
Cinnamon	-	2.8	1.4
Spices, n.e.s.	2.8	7.3	13.7
Groundnuts	1.0	-	6.0
Tomatoes	neg.	1.2	3.5
Sweet potatoes	257.9	249.1	331.5
Vegetables, n.e.s.	21.6	36.1	35.2
<u>Other Commodities</u>			
Fish, fresh, chilled, etc.	106.9	19.8	50.9
Rice	8,937.1	8,570.1	8,814.3
Animal feeding stuff	98.7	183.1	165.1
Copra	1,004.5	793.9	1,151.4
Wood in the round	149.8	287.9	282.3
Petroleum products	153.7	265.0	436.9
Coconut oil, refined	-	26.0	672.7
Coconut oil, unrefined	346.5	236.1	415.7
Coffee, cocoa and chocolate preparations	12.7	56.3	203.6
Paints, varnishes, lacquers, etc.	363.6	580.5	545.4
Medicinal products	468.0	453.6	517.1
Perfumes, cosmetics and dentifrices	913.1	904.9	1,373.7
Paper bags & other paper or cardboard containers	2.6	42.8	241.0
Imitation jewellery	16.2	53.2	21.6
Clothing	1.3	252.0	877.4
Phonograph records, tapes, etc.	132.9	218.2	497.2
Plastic articles	0.4	48.6	200.0
Total of above	13,811.1	13,323.1	16,885.3

Notation: - = Nil; Neg. = negligible, less than \$EC 100.

Table 8
BARBADOS - SELECTED IMPORTS FROM CARIFTA SOURCES
(\$EC'000)

Description	1967	1968	1969
<u>Commodities related to the Agri-cultural Marketing Protocol</u>			
Oranges, tangerines and manderines	234.4	302.0	151.2
Orange and grapefruit juice	374.2	469.1	...
Other fresh fruit, including pineapples	87.2	91.8	...
Garlic	0.2	0.3	0.3
Onions	0.2	0.9	0.2
Vegetables, fresh, n.e.s.	34.2	31.7	...
Pepper, cinnamon and cloves	1.4	2.8	5.9
Bananas, plantains	20.9	20.7	41.3
Tomatoes	22.8	15.5	2.9
Vegetables preserved & preparations	48.8	39.2	...
<u>Other Commodities</u>			
Mineral fuels and oils	1,217.9	2,801.4	...
Coconut oil	347.0	551.3	...
Fertilizers	597.1	505.0	...
Paints	97.4	89.5	...
Pharmaceutical goods	306.4	358.4	...
Toilet soap	167.7	249.5	...
Cardboard boxes	165.3	212.6	...
Glass bottles	237.2	433.5	...
Iron, steel domestic stoves	61.4	283.1	...
Clothing	315.8	468.9	...
Furniture	130.4	139.3	...
Phonograph records, sound recording tapes	59.0	86.4	...
Plastic articles	14.3	45.5	...
Total of above	4,541.2	7,198.4	...

Notation: ... = not available.

Table 9
CONTRIBUTIONS TO GDP OF MAIN PRODUCTION SECTORS

	(\$EC M)											
	1 9 6 7				1 9 6 8				1 9 6 9			
	Agric	Mining	Manuf.	Total GDP	Agric	Mining	Manuf.	Total GDP	Agric	Mining	Manuf.	Total GDP
Barbados ^{1/}	47.8	- ^{2/}	18.6 ^{2/}	189.2	41.7	^{2/}	21.0 ^{2/}	216.7	39.1 ^E	^{2/}	22.8 ^E	233.6 ^E
Guyana	83.8	66.4	46.6	378.5	85.5	79.7	50.0	406.8	92.0	91.4	53.7	446.3
Jamaica ^{3/}	187.0	156.0	247.9	1,645.5	186.0	173.8	276.7	1,816.6	179.5	230.2	290.6	1,987.8
T & T ^{4/} ^{5/}	111.6	350.4	218.6	1,377.9	127.0	379.0	269.9	1,543.2	126.9	373.0	293.0	1,586.4
Sub-total	430.2	572.8	531.7	3,591.1	440.2	632.5	617.6	3,983.3	437.5	694.6	660.1	4,254.1
LDC's	56.7	^{2/}	9.8	219.1	...	...	...	...	...	...	...	...
Total CARIFTA	486.9	572.8	541.5	3,810.2	...	...	...	...	...	...	...	...

... Estimates not available

^{1/} Sugar Manufacturing is included with agriculture.

^{2/} Mining and quarrying included with manufacturing.

^{3/} Alumina processing and petroleum refining are included with mining.

^{4/} Quarrying is included in agriculture.

^{5/} Petroleum refining is included with mining.

E OAS Secretariat estimates.

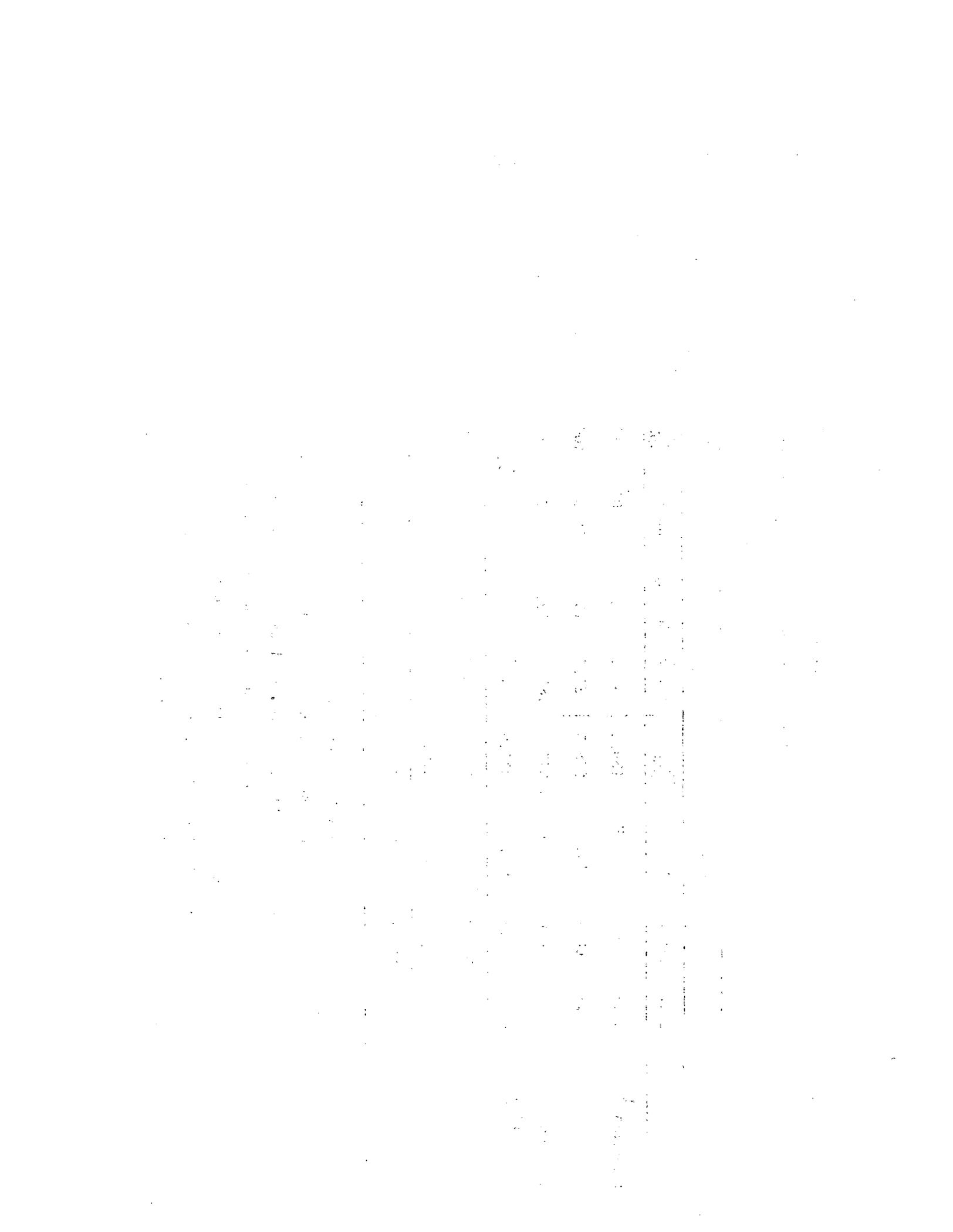


Table 10

PERCENTAGE CONTRIBUTION TO GDP AND GROWTH OF SECTORS

1967 - 69

	Agric.	Mining	Manuf.
Share of sectors all territories 1967	12.7	15.1	14.2
Share of sectors, Big 4 1967	12.0	16.0	14.8
Share of sectors, Big 4 1968	11.1	16.0	15.6
% change, Big 4 1967-1968	2.3	10.4	16.2
% change, Big 4 1968-1969 ^{1/}	- 0.6	9.8	7.2

1/ 1969 partially estimated.

Source: Derived mainly from Table VII

