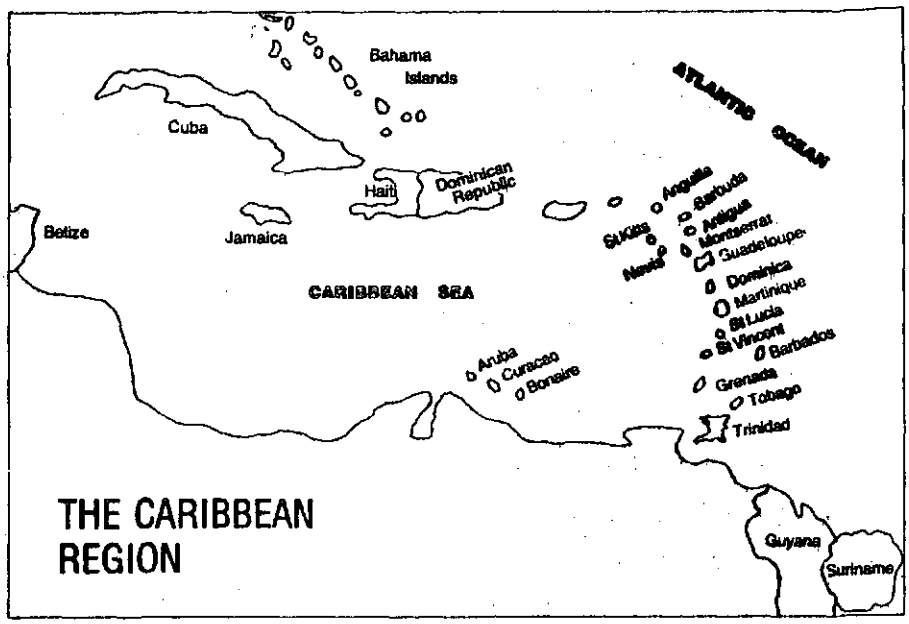
CARIBBEAN DEVELOPMENT AND CO-OPERATION COMMITTEE



THE CARIBBEAN REGION

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CARIBBEAN DEVELOPMENT AND CO-OPERATION COMMITTEE

Seventh Session
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19-25 January 1983

CO-ORDINATION IN PLANNING

UNITED NATIONS

ECONOMIC COMMISSION FOR LATIN AMERICA Office for the Caribbean

CO-ORDINATION IN PLANNING

The basic work programme in planning was defined at the Second Meeting of Planning Officials and approved by the Fifth Session of the Caribbean Development and Co-operation Committee (CDCC) which met in Kingston, Jamaica from 4-10 June 1980. At that time six subject areas were defined as priorities - Agriculture, Energy, Manpower Planning, Physical and Regional Planning, Training and Transportation.

A report on the activities carried out in the areas of Physical and Regional Planning, Manpower Planning and Training was presented to the Sixth Session of the CDCC, under cover of document E/CEPAL/CDCC/77/Add.1.

This report will therefore continue the reporting process with respect to the remaining subject areas.

Energy

The mandate for the Energy Planning Group emphasized the need to "formulate a methodological approach to determining energy balances in planning, including procedures for data collection". Emphasis was also placed on the need to collaborate with other agencies working in the field.

Activities on which there was no progress

Preliminary investigation showed that a comprehensive energy programme is being funded by USAID in the Caribbean, various elements of which are being administered by the CDB and CARICOM. Contact with the regional institutions was established with a view to ascertaining the level of activities in the sector and to identifying areas in which the Energy Working Group might perform a useful service.

In the report to the Sixth Session, Ministers were advised that difficulty was being experienced with mandates for the Energy Working Group, which duplicated work being carried out by CARICOM in the areas of energy institutions and the formulation of energy balance methodologies. In view of the standing CDCC mandate that overlap and duplication in the activities of regional institutions should be eliminated, no further action beyond

monitoring the progress of the CARICOM project has been taken. It might be possible for the Working Group of Energy Planners to provide assistance to the CARICOM/CDB initiatives at a later stage where implementation is concerned; and contact will be maintained with these institutions to ascertain if and when any further action in this area will be useful.

Activities accomplished

In the interim, and after consultations with some governments, the question of Energy price structure has been identified as an area requiring further investigation.

(a) It has been observed that various Caribbean states, particularly the OECS, have not benefited from falling world prices of petroleum products because of the lack of transparency of the price structure of these products and the complex marketing structures through which distribution takes place.

(b) Governments are therefore not in a strong bargaining position when faced with demands for price increases by the various marketing authorities and are not in a position to select their options so as to minimize the impact of petroleum purchases on their balance-of-payments. This is often exacerbated by the fact that a company might provide a series of services, i.e. crude purchasing, refining, transport, distribution, without a clear indication of the cost of each service.

(c) Some work has already been done on a national basis to collect this information, but some countries have not been able to spare the resources to have a full evaluation carried out.

> Moreover, the full benefit of the exercise will only be realized when the comparative costs for the various stages of the chain can be evaluated, and negotiated separately.

A consultant familiar with the subject was contracted, with the assistance of UNDP/UNDTCD, to prepare a working paper for the information of CDCC countries on the structure of petroleum prices obtaining in the region. It was recognized that special emphasis would need to be placed on the needs of the OECS states since least work had so far been done in this area. It was therefore decided that a close working relationship would need to be maintained with the OECS energy officer.

Proposed Activities for the next period

The paper is now complete with comprehensive data from OECS as well as returns from other CDCC states. A complementary work prepared by the CDB for CARICOM, and which deals with some aspects of price, has also been prepared and it is hoped that the Ad Hoc Working Group of Energy Planners can be convened together with CARICOM/CDB to evaluate both studies with a view to better understanding the components of petroleum prices and perhaps identifying areas in which costs may be reduced.

Transportation

Activities accomplished

The Working Group of Transportation Planners met in Port of Spain from 15-16 November 1982. The basic working document entitled "An Agenda for Transportation Planning in the Caribbean" was commissioned and prepared by a transport economist formerly employed in the Department of Economics, University of the West Indies, St.Augustine. The central theme of the document was that transportation planning should be integrated and multi-modal. Within this context it identified a number of issues needing further study if transportation planning was to have the level of precision that was necessary to make it effective.

The Consultant suggested that institutional mechanisms would need to be created to satisfy the need for ongoing research and investigation as the problems and issues of Transportation Planning changed over time. Whatever institution was created would need to incorporate the following elements:

(a) It should have a multimodal approach. It should be able to evaluate the ways in which the modes interrelate, as one mode might be competitive with, or complementary to the other;

(b) Within the modes there would be the need for complementarity and harmonization, for instance, between private and public transport systems;

(c) It would need to focus on aspects of public policy to narrow the distance between the planners and policy makers. This gap was seen to be particularly wide in the realm of transportation planning, because of the high capital costs involved as well as the high recurrent costs, such as upkeep and maintenance. As a result, there was often a tendency to forego expenditure without a full evaluation of the future cost of such a decision. Only by careful planning could such costs be identified.

(d) There was also the need to evaluate the question of scale economies and the regional allocation of investment. The difficulty in arriving at policy decisions in these areas presented in turn a serious constraint for the planner.

In the general discussions following the presentation, a number of points emerged.

It was noted that some blend of the structuralist as well as the market philosophies was necessary in Transportation Policy Planning. Regional shipping was a case in point where surplus extra-regional shipping was

entering the region in competition with WISCO. This has had an immediate impact on the viability of WISCO and could have longer term implications for shipping in the region as a whole, once these carriers returned to their traditional trade routes.

The issue of the level of infrastructure being put into place was also discussed. It was noted that many small territories were investing in international air and seaport facilities with scant resources for their maintenance, since they were not prepared to forego the glamout of these facilities. It was sometimes not fully recognized that they would probably be underutilized and therefore non-viable once constructed.

Numerous examples from the discussion placed emphasis on the need for integrated planning and recognition of linkages between the various factors. The relationships between land use policy, industrial development strategy, and transportation policy were highlighted, as well as the social demand for transportation. It was concluded that transportation should be seen as one element in the input-output analysis and not as an end product itself.

Proposed activities for the next period

The following topics were identified as priorities for future action and work will proceed in the next time period on the first three of the subject areas outlined below:

i. Road maintenance versus capital expansion, an evaluation of investment priorities and institutional mechanisms.

ii. Traffic management techniques as a cost-effective tool for reducing traffic congestion in Caribbean Urban Centres - an evaluation of some existing techniques.

iii. An evaluation of Alternative Public Transportation Policies in selected Urban Centres in the Caribbean.

iv. Transporting Indigenous farm produce from the farm to the regional market - an exploration of future options.

The study might be in two parts, the first focusing on the stage from the farm to the local market or port, with the second focusing on the movement from the port via the schooner fleet to the regional destination. For the purposes of the study the Windward and Leeward Islands chain and perhaps Guyana could be regarded as one integral production/marketing unit. The study would therefore evaluate the transportation possibilities available within that context.

v. Cost effective container repair in the Eastern Caribbean - an evaluation of the preconditions and necessary facilities.

vi. It was agreed that as a CARICOM study group had been appointed to look into the outstanding issues relating to the regional airlines and report to governments, further action by the Transportation Planners Working Group should await this report.

vii. The question of the environmental impact of airports was one of interest not only to transportation planners but of the physical and regional planning working group as well. It was considered worthwhile to prepare a joint project in conjunction with both working groups.

Agriculture

In accordance with one of the priorities identified in the Agricultural sector, that CDCC countries so plan their agricultural development to feed themselves and bearing in mind the fact that the balance of trade deficit of Caribbean countries is almost identical with the food import bill (in 1981 the figure was almost exactly US$700 million in both cases), the argument for food self-sufficiency would seem to be compelling.

Yet, the economic developmental path being pursued by many Caribbean states is one of Export-led growth. Bearing in mind the fact that the focus of the non-subsistence agricultural sector has traditionally been

on the production of export-oriented agricultural production, Agricultural Planners now tend to be faced with the dilemma as to whether agricultural resources should be focused on traditional export-oriented activities or on the development, modernization and expansion of output for domestic consumption.

Proposed activities for the next period

Faced with this conundrum it was judged to be timely to raise the issue for discussion among Agricultural Planners. A study entitled "Production of Food for Consumption and Export: the need to achieve the Optimum", has therefore been commissioned and will form the main input into the first Ad Hoc Meeting of Agricultural Planners. It is hoped to convene this meeting in the second quarter of 1983.

Third Meeting of Heads of Planning of Caribbean Countries

Preparations are now complete for the Third Meeting of Heads of Planning of Caribbean Countries, and consultations are currently underway regarding the site and date of the meeting.

The draft Agenda is annexed.

It will be noted that the meeting will review all the activities which have been carried out since the last meeting of Heads of Planning, and provide guidelines for future action.

Specific authority, endorsement, support etc., requested from CDCC

The Secretariat hereby requests members to ask their Governments to support this Meeting and to encourage the participation of the Heads of their planning organizations.

Annex

THIRD MEETING OF HEADS OF PLANNING IN THE CARIBBEAN

Port of Spain, Trinidad and Tobago (tentative)
24-28 February 1983

PROVISIONAL AGENDA (CDCC/PO/3/WP.1)

1. Election of Officers
   (a) Chairman
   (b) Two vice Chairmen
   (c) Rapporteur

2. Opening Statements
   (a) Director, CEPAL Port of Spain
   (b) Representative of ILPES
   (c) Minister of Planning of Host Country
   (d) Reply to Minister on behalf of delegations

3. Fourth Meeting of Ministers and Heads of Planning of Latin America, Buenos Aires, Argentina, 11-12 April 1983.
   (a) State of Planning in Latin America
   (b) ILPES questionnaire
   (c) Evaluation of ILPES paper "Planning and Development in the Caribbean Area - Background and Prospects".

4. Report and Evaluation of CDCC Work Programme in Planning
   (a) Training Activities
   (b) Manpower Planning
   (c) Physical and Regional Planning
   (d) Transportation Planning
   (e) Energy Planning
   (f) Agricultural Planning

5. Discussion of new issues requested by Governments
   (a) Economic Planning and Social Policies
   (b) National Planning and Regional Integration with special emphasis on very small states

6. Other Matters

7. Consideration and Evaluation of the Report