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ECONOMIC COMMISSION FOR LATIN AMERICA
Office for the Caribbean

NOTE ON
TWELFTH MEETING OF CARICOM COUNCIL
(17-18 July 1978)

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1. Introduction

2. Methodology



Note on
Twelfth Meeting of CARICOM Council

(17-18 July 1978)

This twelfth meeting of CARICOM Council was crucial. The Ministers last met ten months ago, and the intervening period was marked by substantial falling back in the integration process, particularly in trade. The restrictions imposed on trade since 1976, through import licensing particularly by Jamaica and Guyana, had generated serious doubts about the viability of the common market, and there had been criticisms that these measures imposed for balance-of-payments reasons were contrary to the spirit and the letter of the Treaty of Chaguaramas.

In contrast the session was marked by a significant change in attitudes and a deeper appreciation of the problems being encountered by Barbados, Guyana and Jamaica. To a large extent this greater understanding was due to the preliminary work carried out by Officials at the preparatory session in Barbados (8-11 May 1978), subsequent examination by the Governments of their proposals, and revision of those proposals in the further meeting of Officials in Kingston, 14-15 July. The significant differences are that there is now general acceptance of the concept of 'essential imports', and that the need for facilitating trade payments is seen as a medium term requirement - not a 'one shot' cure.

The nature of the meeting was unique in that most of the time was taken up by the Ministers deliberating in closed sessions and bringing only a summary of the decisions to the plenary meetings. Accordingly, there was much less oratory and more concern about decision making. A summary of the main decisions taken by the Council is attached as Annex along with the agenda considered by the Ministers.
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From the standpoint of the CEPAL and the CDCC, a significant element was the Council's agreement to insert an item titled "Report on relations with the Caribbean Development and Co-operation Committee"

which would remain a permanent item on CARICOM agendas. After the intervention by the Director of the CEPAL Office for the Caribbean, the Council gave its firm endorsement to fullest collaboration and co-ordination between the CDCC Secretariat and the CARICOM Secretariat.

MAIN DECISIONS OF COUNCIL

MATTERS AFFECTING THE OPERATION
OF THE COMMON MARKET

(Agenda Item 5)

Proposals for dealing with
Problems Identified

COUNCIL:

Noted -

- (i) that to approach the problem by considering firstly the capacity of the Clearing Facility would be inadequate since the real problem was at the levels of transactions, licensing and foreign exchange allocation;
- (ii) that the existing credit facilities under the Caribbean Multilateral Clearing Facility (CMCF) were not now being fully utilised by some countries;

Unanimously expressed the commitment of Member Governments to facilitate and increase the level of intraregional trade;

Noted in particular -

- (i) the decision of the Government of Jamaica to grant import licences for CARICOM products exclusive of oil from Trinidad and Tobago and rice from Guyana up to a value of J\$20 million for the rest of 1978;
- (ii) the strong support of the Government of Guyana of action to promote the expansion of intraregional trade and in this regard that Guyana is undertaking a study of its imports on a detailed commodity basis with a view to taking an early decision with respect to increasing its imports from the rest of the Region;

- (iii) the undertaking made by the Governments of both Guyana and Jamaica to relax, to the greatest extent possible, the licensing restrictions applied to LDC exports to these countries.

Decided that -

- (i) a Working Party of Trade Officials should be set up; that, if possible, observer representatives from the private sector should participate in the Working Party's discussions; that the Working Party should meet not later than the second half of August 1978 and that its Terms of Reference should be as follows:
 - (a) to carry out a study of the patterns of trade within the Region;
 - (b) to analyse the commodity imports (including products exported to and imported from within the Region) with a view to identifying products in which there is scope for new or expanded regional production and trade, as a basis for planned industrial development and regional import substitution;
- (ii) the Central Banks and Monetary Authorities of the Region should meet with the Working Party of Trade Officials to examine the financial requirements of any identified potential expansion in intraregional trade.

Further noted -

- (i) that Council should keep under constant review progress made by Member States in the sale of non-traditional products to extraregional markets. In this regard Member States should submit periodic reports to Council;
- (ii) that during the review of the Agreement on Fiscal Incentives to Industry due to be undertaken before May 1978, consideration be given to the provision of more generous fiscal incentives to those enterprises

engaged in the exportation of non-traditional agricultural commodities and manufactured goods to extraregional markets other than enclave industries; and that Government give full encouragement to the regional pooling of resources and production to meet more effectively export orders for extraregional markets;

- (iii) that new investment in products that would not necessarily rank high on the scale of priorities for domestic and regional consumption should be directed to extraregional markets;
- (iv) that where State trading organisations exist, they should, as far as possible, promote intraregional trade; and that a Working Party should be set up to examine the role that state trading and public sector procurement can play in maximising intraregional trade flows and to make appropriate recommendations designed to achieve this objective, taking into account:
 - (a) the experience with State trading enterprises in CARICOM and other groupings; and
 - (b) the conditions under which public sector procurement is undertaken by CARICOM countries;

Urged that in view of the potential for domestic price controls to be set at levels which limit imports from CARICOM sources, Member Governments, in fixing price controls, should pay particular attention to the implications for the growth of intra-CARICOM trade and for this purpose, should set up appropriate machinery which should include the examination of mark-ups and the related issue of high mark-ups on ex-factory prices of certain imports;

Decided in recognition of this problem, that the Working Party on Prices and Price Controls should be re-activated and should examine this problem as a matter of priority.

COUNCIL:

Further decided to -

- (i) urge Member States to adopt a more rapid implementation of the decision of the Eleventh Council on the question of outstanding payments and other aspects of intra-regional trade in agricultural trade in agricultural commodities;
- (ii) urge all Member States to seek to provide the LDCs with improved access for those agricultural products that they are in a position to export, including products not covered by the Agricultural Marketing Protocol (AMP) or the Guaranteed Market Scheme (GMS).

Further decided that given that the AMP does not provide an effective basis for the long-term planning of agricultural production, every consideration should be given to extending the AMP and the GMS in order to provide guarantees to the LDCs for products not covered by the AMP and the GMS.

Further Proposals on the
New Origin System

COUNCIL:

Decided -

- (a) to approve the adoption with effect from January 1, 1979 of a new origin system for the Common Market by the amendment of Articles 14 and 53 and Schedule II of the Annex to the Treaty as set out at Appendix II to Annex III to CCM 78/12/27 Add.1^{1/} subject to the understanding that should a question arise as regards the price or quality of a regional material which is required to be used the following treatment should apply -

^{1/} These amending texts replace the texts amending the Articles and Schedule approved by the Common Market Council at its Eleventh Meeting in September 1977.

"Whenever conditions to be complied with under Article 14 of the Annex to the Treaty pose or are likely to pose difficulty for a manufacturer in any Member State for reasons of the price or quality of a regional material, the Member State concerned shall so inform the Council which shall examine the situation with a view to devising conditions to alleviate or remove the difficulty."

- (b) to approve the amendment of Schedule III by the addition of the following new paragraph as paragraph 5 -

"Notwithstanding the foregoing, where a Less Developed Country has suffered or is likely to suffer loss of revenue as a result of the conditions regarding eligibility of goods for Common Market tariff treatment under Article 14 of the Annex to the Treaty, the Council may, on application by that Less Developed Country, authorise the suspension of Common Market tariff treatment on such goods for such time as the Council may decide."

- (c) to approve the amendment of Schedules I, III, IV, V and XI of the Annex to the Treaty replacing references to the "Brussels Nomenclature" with "Customs Co-operation Council Nomenclature" wherever such references appear in the Schedules;

- (d) to approve the further amendment of Schedule III of the Annex to the Treaty by substituting "ex 96.01" for "ex 96.02" in the Schedule; and that the Member States should ensure that Instruments of the Ratification of the foregoing amendments are deposited with the Secretariat in sufficient time to ensure that the new origin system is introduced on January 1, 1979.

Further decided -

- (a) to authorise the suspension by the Less Developed Countries with effect from January 1, 1979 of Common Market tariff treatment under the new paragraph 5 of Schedule III of the Annex to the Treaty for the following products up to 30 April 1983 subject to a review of the position by Council:

- ex 84.15 - Domestic refrigerators
- ex 85.15 - Television broadcast receivers
- ex 85.15 - Radio broadcast receivers
- ex 87.02 - Motor cars

- (b) that the current origin criteria should continue to be applied to goods exported prior to January 1, 1979 and entered for home consumption not later than 31 March 1979;
- (c) that the Secretariat should render all possible assistance to Member States, including the circulation of a model Instrument of Ratification of the aforementioned amendments to the Annex to the Treaty, towards ensuring that Member States are in a position to introduce the new origin system on January 1, 1979;
- (d) that the necessary follow-up work should be initiated with the objective of securing a deepening of the regional industrialisation process through the establishment of more appropriate conditions of eligibility for Common Market treatment and that the study of the definition of value-added should be part of this follow-up work with the aim of arriving at a more satisfactory definition for purposes of the origin rules.

TRADE, CUSTOMS AND COMMERCIAL POLICY

(Agenda Item 6)

The Common External Tariff

COUNCIL:

Agreed that -

- (a) the text of the fully integrated CET structure based on the 1978 edition of the Customs Co-operation Council Nomenclature (CCCN) approved at the Eleventh Meeting of Council in September 1977 for introduction on 1 January 1979 should be amended as set out in Paper CCM 78/12/29 in respect of Note 5(a)(iv) to Chapter 59, heading number 73.34 and heading number 92.11;

- (b) Lists A to G appearing as Annex II to the Agreement Establishing the Common External Tariff for the Common Market should not be reproduced in the new published text of the CET and paragraph 1 of the General Note in Annex I to the CET Agreement would be amended by deletion of the reference to the Lists;
- (c) since the amendment to the CET structure as approved at the Eleventh Meeting of Council (which is to be further amended as proposed at (a) and (b) above) was being made under Article 66 of the Annex to the Treaty all Member States should ratify the amendment and submit the Instruments of Ratification to the Secretariat at the earliest opportunity to enable the fully-integrated CET structure to enter into force on 1 January 1979;

Authorised the suspension by Barbados under Article 32:1 of the Annex to the Treaty of the CET rates on items subject to specific rates of duty to allow the continued application by Barbados of equivalent rates expressed on an Imperial basis during the period January to May 1979.

AGRICULTURE
(Agenda Item 7)

Progress Report on Grenada's Request for
Extension of the Guaranteed Market Scheme

COUNCIL:

Noted the criteria proposed by the Eighteenth Meeting of Officials on the Agricultural Marketing Protocol (AMP) for the addition of new crops to the Guaranteed Market Scheme (GMS);

Noted further the recommendation that a study be conducted on those crops listed in the application submitted by the Government of Grenada, which appeared to meet the criteria proposed by the AMP Officials.

Report of the Eighteenth Meeting
of Officials on the AMP

COUNCIL:

Approved the recommendations of the Meeting of Officials on the Agricultural Marketing Protocol (AMP) as set out in Paper CCM 78/12/41 and especially -

- (i) the extension of the previously accepted pricing methodology to cover corn, oranges, pork and poultry;
- (ii) the prices of AMP products for the period May to October 1978; and
- (iii) the allocation of surpluses to satisfy deficits.

Report of the Eighth Meeting of the Caribbean
Common Market Conference on Oils and Fats

COUNCIL:

Approved the following regional prices for the period July 1978 to June 1979:

| | EC\$ |
|---|----------|
| Copra (per long ton) | 1,072.50 |
| Raw oil (per Imperial gallon in buyers' drums) | 7.91 |
| Refined oil (per Imperial gallon in buyers' drums) | 9.43 |

EXTERNAL ECONOMIC RELATIONS

(Agenda Item 8)

Relations with Canada - Report on Negotiations
between Canada and CARICOM on a Successor Agree-
ment to the Canada-West Indies Agreement 1925

COUNCIL:

Agreed that -

- each Member Government should notify the CARICOM Secretariat of its position in respect of the text and the Secretariat should, in collaboration with the appropriate authorities, take steps to secure the necessary entrustment from the United Kingdom authorities in respect of those Member States requiring such entrustment to sign the Agreement;
- thereafter, an appropriate time and venue for the proposed signing ceremony should be arranged.

Report on the Sugar Price Negotiations
with the EEC

COUNCIL:

Noted in particular -

- (i) the ACP/EEC Agreement on sugar prices for the 1978/79 campaign year;
- (ii) that the ACP could expect a minimum market price of 28.22 u.s.a. per 100 kg or £231.00 per metric ton consequent on the agreement with refiners;
- (iii) that the EEC continues to refuse to enter into real negotiations with the ACP on the sugar price and openly and unilaterally dictates the new ACP/EEC price each year.

Negotiation of a Successor Agreement to the Lomé
Convention - Draft Memorandum on Renegotiations

COUNCIL:

Accepted the Draft Memorandum in principle;

Agreed to accept the Caribbean Development Bank (CDB) proposals on financial and technical co-operation;

Agreed not to seek to maintain the leadership role at the forthcoming negotiations;

Agreed that the Working Party on Relations with the EEC meet at the end of August or early September 1978 to coincide with the meeting of trade officials.

Review of EDF Projects

COUNCIL:

Noted the status of the regional projects which the EEC have agreed to finance under the EDF;

Decided that the funds now reserved for the regional fisheries project should be re-allocated to LIAT for the purchase of new equipment.

Agreed that every effort should be made in the appropriate forum to bring about the much needed improvements in the management and operations of LIAT to ensure that all countries are provided with the best possible service;

Noted the work which has already been carried out by the ECCM countries for the establishment of Common Services;

Urged that speedy action be taken in the preparation of a dossier for early submission to the EDF in order to secure commitment of the funds.

LEGAL AND TREATY MATTERS

(Agenda Item 9)

CARICOM Enterprise Regime

COUNCIL:

Urged Member States which had not yet signed the Agreement to do so;

Further urged those States which had already signed to take the necessary steps for ratification of the agreement.

EXTERNAL ECONOMIC RELATIONS

(Agenda Item 15)

Reports on the Washington Conference on
Economic Development in the Caribbean
(CCM 78/12/18 and CCM 78/12/34)

COUNCIL:

Expressed concern over the attitude of the Japanese Government towards the Caribbean and in particular the Less Developed Countries (LDCs) during the recent Washington Conference;

Recognised the need for joint action in dealing with Japan in order to promote the interest of the Caribbean;

Agreed that the matter be considered at a meeting of Foreign Ministers with a view to making appropriate recommendations.

Report on Relations with the Caribbean
Development and Co-operation Committee (CDCC)

COUNCIL:

Noted that the CDCC and CARICOM have many activities in the same areas;

Agreed that in order to ensure that the CDCC Programme is not executed in conflict with the programmes and objectives of CARICOM, the ECLA Secretariat which is responsible for the implementation of the CDCC programme should seek to co-ordinate its programme with that of CARICOM.

ANY OTHER BUSINESS

(Agenda Item 16)

Industrial Statistics Programme - Proposal
for Industrial Establishment Surveys

COUNCIL:

Endorsed the conclusions of the Workshop/Seminar on Industrial Production Statistics:

- (a) that the compilation of industrial statistics of the Territories in the Region merits high priority;
- (b) that the Region should aim at the following target dates suggested by the Workshop/Seminar -

| | | |
|-----------------------------|---|-----------------------|
| First Round (1978 data) | - | January-December 1979 |
| Second Round (1980 data) | - | January-December 1981 |
| Third Round (1981 data) | - | January-December 1982 |
- (c) that Member Governments be urged to take an early decision to hold establishment surveys according to the time schedule suggested.

AGENDA

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

PART I

MATTERS FOR DISCUSSION AND DECISION

5. MATTERS AFFECTING THE OPERATION OF THE COMMON MARKET -
 - (i) Review
 - (ii) Proposals for dealing with problems identified
/Report of the Meeting of Officials - CCM 78/12/27
(or REP. 78/12/15 00). Secretariat Working Paper -
CCM 78/12/23 Rev.1. Other relevant documents are
as follows: Report of the Third Meeting of Officials
of National Planning Agencies - CCM 77/11/45 and Add. 1;
Report of the Special Meeting of Technicians -
CCM 77/11/47; Report of the Working Party of Regional
Experts on a Strategy and Programme of Industrial
Allocation for the LDCs - CCM 78/12/2. See also
Papers CCM 78/12/24 and CCM 78/12/26 Rev. 1 presented
by Barbados/
 - (iii) Further proposals on the new origin system (CCM 78/12/30
and CCM 78/12/31)
6. TRADE, CUSTOMS AND COMMERCIAL POLICIES -
 - (i) Application for treatment of Margarine, Shortening and
Lard Compound under Article 56 of the Annex to the
Treaty of Chaguaramas (CCM 78/12/20)
 - (ii) The Common External Tariff (CCM 78/12/29)
7. AGRICULTURE
 - (i) Intraregional Trade in Sugar
 - (a) Pricing System (CCM 78/12/6 and Add. 1)
 - (b) Allocation of Supplies of Industrial Sugar
and Raw Sugar for 1978

- (ii) Progress Report on Grenada's Request for Extension of the Guaranteed Market Scheme
- (iii) Report of the Eighteenth Meeting of Officials on the AMP (CCM 78/12/28)
- (iv) Report of the Review Committee on Oils and Fats (CCM 78/12/10)
- (v) Report of the Eighth Meeting of the Caribbean Common Market Conference on Oils and Fats

8. EXTERNAL ECONOMIC RELATIONS

- (i) Relations with Canada - Report on Negotiations between Canada and CARICOM on a Successor Agreement to the Canada-West Indies Agreement 1925 (CCM 78/12/25 and Add. 1)
- (ii) Report on the Sugar Price Negotiations with the EEC (CCM 78/12/7)
- (iii) Negotiation of a Successor Agreement to the Lomé Convention - Draft Memorandum on Renegotiations (CCM 78/12/33)
- (iv) Review of EDF Projects (78/12/37)

9. LEGAL AND TREATY MATTERS -

- (i) Protocol on Immunities and Privileges
- (ii) CARICOM Enterprise Regime

10. FUNCTIONAL CO-OPERATION

Developments in connection with:

- (a) The Caribbean Volunteer Corps
- (b) The West Indian Students' Centre

11. ADMINISTRATIVE AND GENERAL MATTERS -

- (i) Appointment of Secretary-General
- (ii) Caribbean Community Secretariat Budget Estimates and Work Programme for 1978 (CCM 78/12/15 Rev. 1; CCM 78/12/17)
- (iii) Amendments to Secretariat Financial Regulations in respect of Advances (CCM 78/12/16 Rev.1)

- (iv) Amendment to Staff Rules (CCM 78/12/32)
- (v) Proposals for Improving the Functioning of the Secretariat (CCM 78/12/36)

PART II

REPORTS FOR INFORMATIONS

- 12. REPORT ON DEVELOPMENTS IN THE REGIONAL INTEGRATION MOVEMENT SINCE THE ELEVENTH MEETING OF COUNCIL (CCM 78/12/22 Rev. 1)
- 13. TRADE, CUSTOMS AND COMMERCIAL POLICIES -
 - (i) Report of Third Meeting of the Customs Committee of the Caribbean Common Market (CCM 78/12/4)
 - (ii) Report concerning the preparation of Draft Model Anti-Dumping Regulations (CCM 78/12/5)
- 14. AGRICULTURE
 - (i) Report of Second Meeting of the Working Party on Commodities (Sugar) (CCM 78/12/19)
 - (ii) Progress Report of the Food Plan
 - (iii) Progress Report on Marketing of Intraregional Agricultural Products
 - (iv) Agricultural Payments Problems under AMP:
 - (a) Progress Report
 - (b) Scope for using the CARICOM Multilateral Clearing Facility for payments in respect of intraregional trade in agricultural commodities (CCM 78/12/8)
 - (v) Report of First Meeting of Officials on Export Promotion (CCM 78/12/9)
 - (vi) Report of Seventh Meeting of Caribbean Common Market Conference on Oils and Fats (CCM 78/12/21)
- 15. EXTERNAL ECONOMIC RELATIONS -
 - (i) Report on International Sugar Agreement Negotiations (CCM 78/12/11)

- (ii) Report of the Fourteenth Session of the ACP Council of Ministers held in Lusaka, Zambia on 7-9 December 1977 (CCM 78/12/12)
 - (iii) Report of First Meeting of the Working Party on Relations with the EEC - Preparation for the Negotiation of a Successor Agreement to the Lomé Convention (CCM 78/12/13)
 - (iv) Preparation of Negotiating Brief for the Inaugural Meeting of the Mexico/CARICOM Joint Commission
 - (v) Reports on the Washington Conference on Economic Development in the Caribbean (CCM 78/12/18 and CCM 78/12/34)
 - (vi) Report on the Second Meeting of Officials of the Economic Integration Scheme and Subregional Financial Organisations of Latin America held under the auspices of SELA in Barbados on 16-18 January 1978 (CCM 78/12/14)
 - (vii) Report on Relations with the Caribbean Development and Cooperation Committee (CDCC)
16. ANY OTHER BUSINESS
- (i) Industrial Statistics Programme - Proposal for Industrial Establishment Surveys (CCM 78/12/35)
 - (ii) CARICOM Day Essay Award (CCM 78/12/38)
 - (iii) Report of the Meeting of CARICOM Law Reform Agencies (CCM 78/12/39)



