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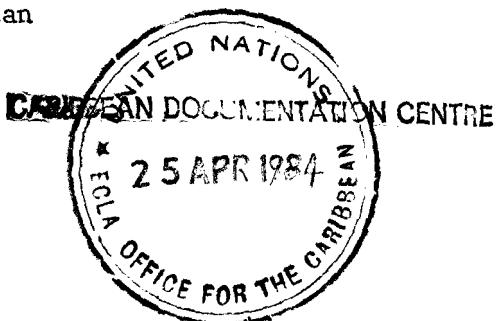
CARIB/INT/82/13 N

26 November 1982

Distribution: Restricted

ORIGINAL: ENGLISH

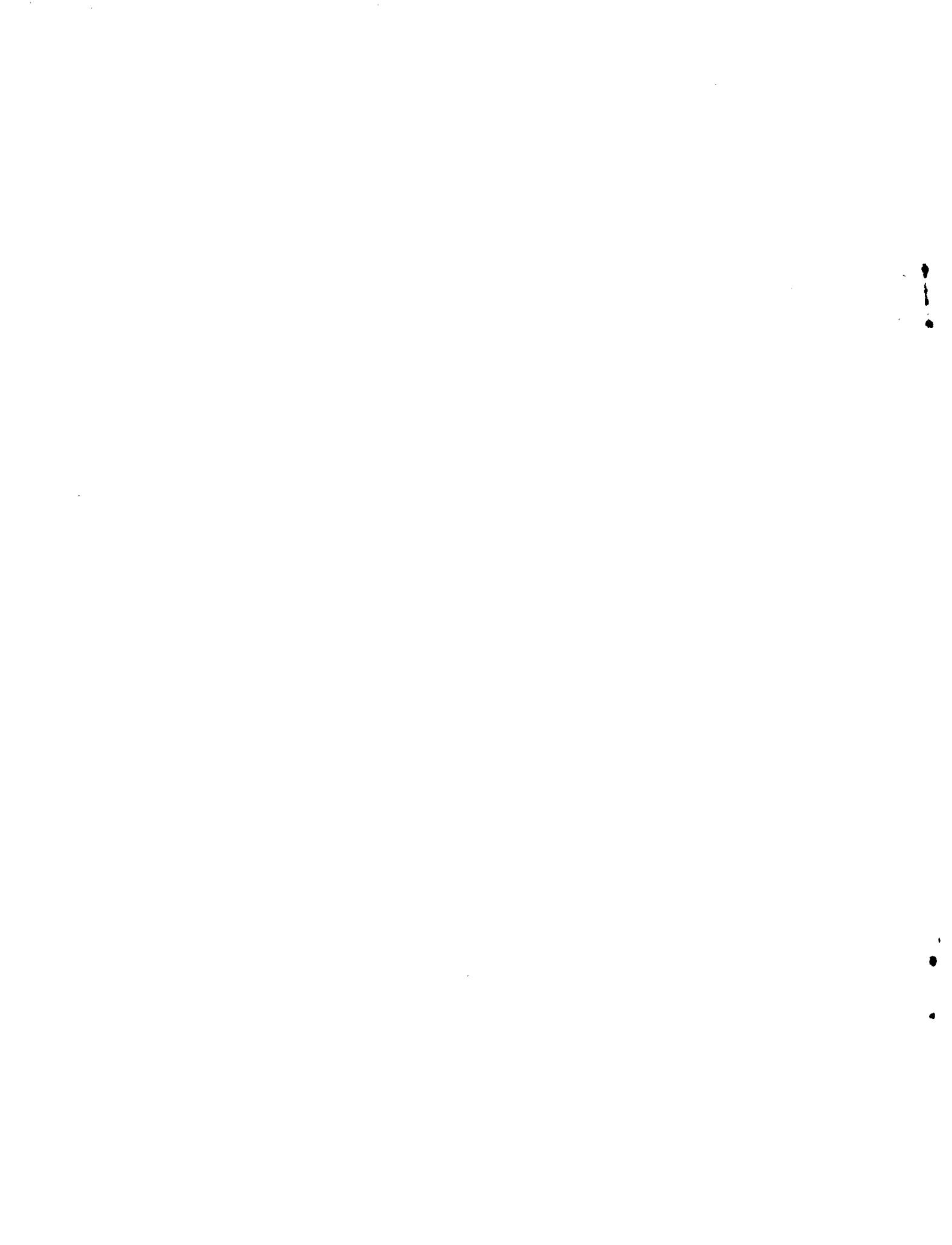
ECONOMIC COMMISSION FOR LATIN AMERICA
Subregional Office for the Caribbean



RECENT DEVELOPMENTS AND PROGRESS ACHIEVED IN THE CARIBBEAN INTEGRATION PROCESS

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RECENT DEVELOPMENTS AND PROGRESS ACHIEVED
IN THE CARIBBEAN INTEGRATION PROCESS

A. Recent Main Developments

1. CARICOM has continued to implement its provisions and trade liberalization programmes. CARICOM applies a Common External Tariff (CET). In 1982, the Third CARICOM Heads of Government Conference took place^{1/} amid growing concern over disruptive forces within the integration movement stemming both from the increased polarization of regional governments and the preference for bilateralism shown by the main aid donors to the region. While "recognizing that the emergence of ideological pluralism in the community responds to internal processes and is an irreversible trend within the international system", the Heads of Government of CARICOM declared their commitment "to ensuring that it will not inhibit the process of integration".^{2/} Consequently, and in the face of the U.S. sponsored Caribbean Basin Initiative, the Heads of Government requested "the United States Government, in addition to its evolving bilateral aid programmes, to give consideration to contributing on a grant basis"^{3/} to a unified special development fund set in the Caribbean Development Bank (CDB); and further agreed to negotiate foreign investment co-operation agreements as a group, and even when done individually, to do so within a set of guidelines laid down by the Community. There was also a call for a joint strategy to be prepared for the negotiations for a successor arrangement to the current ACP-EEC Lomé Convention.

1/ The previous CARICOM Heads of Government Conference was held in 1976. After 6 years, the CARICOM Leaders met - many for the first time - in Ocho Rios, Jamaica, from 17-19 November 1982. In an effort to maintain the momentum reached in the discussions, agreement was reached on having another Heads of Government Meeting in July 1983, to be held in Chaguaramas, Trinidad, on the occasion of the tenth anniversary of the signing of the CARICOM Treaty.

2/ Declaration of Ocho Rios contained in Annex 1.

3/ Declaration of Ocho Rios contained in Annex 1.

2. The CARICOM Heads of Government committed themselves to maintaining and strengthening the Caribbean Community and deepening the integration process. Four main areas emerged as receiving priority attention:

- (a) Transportation - both air and maritime. To this effect a high level committee was appointed to prepare an intergovernmental agreement on co-operation in air transport and make recommendations on all aspects of the rationalization of passenger and freight transportation in the region.^{4/} This committee will also be expected to advise on mechanisms, including tour operation companies, for improving the flow of tourist traffic to the region, taking into consideration the particular need to provide support to the LDCs.
- (b) Food and Agriculture. It was agreed to give high priority to the implementation of the proposals made in the Regional Food and Nutrition Strategy.
- (c) Energy. Noting the current global surpluses of petroleum refining capacity and the regional capability of supplying the Caribbean demand for petroleum products, the CARICOM Heads of Government agreed, as a matter of the utmost priority, on a regional energy plan of action to: (i) promote security of intra-regional supplies and markets for petroleum products, and; (ii) develop feasible alternate sources of energy within the region.
- (d) Trade and Finance. Noting the present instances of quantitative restrictions and alleged violations of rules of origin in intraregional trade as well as the continued adverse foreign exchange situation and its

^{4/} The Government of Trinidad and Tobago considers that its national airline should become the official regional carrier. There are at least three other national airlines among CARICOM countries: Jamaica, Guyana and Barbados.

effect on the operation of the CARICOM Multilateral Clearing Facility, the Heads of Government emphasized the need to expand intraregional trade as a means of stimulating economic growth. Consequently they:

- (i) requested the Standing Committee of Ministers responsible for finance to re-examine the need for joint measures... to deal with the general problem of trade imbalances and balance-of-payments difficulties;
- (ii) urged the complete removal by the end of 1983 of all quantitative restrictions imposed on intraregional trade;^{5/}
- (iii) agreed to the provision by member states of information on the operations of state trading enterprises towards an assessment of their role in the expansion of intraregional trade; and
- (iv) agreed to ensure that industrial development, particularly in the LDCs, was not constrained by the unavailability of venture capital. The Heads of Government of CARICOM decided to instruct their members on the Board of Directors of CDB to seek funds from within and outside the Common Market for financing productive sector projects. Consideration was given to the improvement of proced-

^{5/} Special consideration was given to the garment industry, due to its importance within the region, in terms of employment and as one of the main "industrial" activities, and the competition it faces from goods of similar quality imported from third countries.

ures to accelerate the flow of financing for productive sector projects in general and private sector ones in particular. Additionally, it was agreed to seek the creation of a special fund to provide venture capital for the countries in the region - paying special attention to the needs of the LDCs.

B. Deepening and Expansion of Caribbean Integration

3. The CARICOM Heads of Government discussed the question of widening the membership of the Community and, in that context, considered the applications of Haiti and Suriname for closer relations. While Ministers of Foreign Affairs recommended that they be given limited observer status, the Heads of Government identified certain formal arrangements on which further discussions were to be held. Agreement was reached on granting Haiti observer status on four of the Ministerial Standing Committees (Agriculture, Health, Education and Labour), and Suriname, which already attends sessions of the Agriculture and Education Committees, would be admitted to the other two.

4. This development is to be appraised in the context of the Declaration of the Heads of CARICOM, "mindful of the fact that external strategic perception by the region can present both special opportunities and difficult problems for the development of ... states ... reaffirm ... strong conviction that the maintenance and deepening of the Caribbean Community ... provides the only certain way for the survival of ... states ..." ^{6/} Note must be taken of the cautious, deliberate manner in which CARICOM addresses any initiative to widen the 12-member grouping and the residual fear that its expansion would undermine the integration process.

5. Since 1967 the Eastern Caribbean States ^{7/} have operated an integration and co-ordination system, based on the East Caribbean Common Market (ECCM) and the West Indies Associated States (WISA), and supplemented by

6/ Declaration of Ocho Rios contained in Annex I.

7/ Antigua, Dominica, Grenada, Montserrat, St.Kitts/Nevis, Saint Lucia and St.Vincent and the Grenadines.

other functional co-operation arrangements such as the East Caribbean Currency Authority, the Supreme Court of the West Indies Associated States, the Civil Aviation Directorate and the Joint Diplomatic Commissions (in London and Montreal). The origin of all these arrangements can be traced to the defunct West Indies Federation (1957-1962). In 1981 this complex of institutions was subject to a new, deepening process, based on the continued accession to independence of the majority of the former Associated States. With the creation of the Organization of Eastern Caribbean States (OECS) both WISA and the ECCM were subsumed. The supreme authority of the OECS is the Heads of Government of the Eastern Caribbean States with three committees functioning at the Ministerial level in the areas of Foreign Affairs, Defence and Security and Economic Affairs. The whole structure became operational in the second quarter of 1982 when the Central Secretariat, of which the former ECCM Secretariat became the Economic Affairs Division, was assigned its first Director General (Mr. Vaughn Lewis).^{8/}

C. Progress Achieved in Main Areas

Co-ordination and Co-operation

6. Common positions, and co-ordination among CARICOM countries regarding negotiations in international fora and negotiations with third countries are usually effected informally. Caribbean participation in international fora is, however, limited. The wide range of trade integration and co-operation activities face problems in the Caribbean due to political as well as technical constraints. There is wide agreement on the need to reduce the present level of barriers to trade among developing countries through the setting up of mutually preferential trade arrangements;^{9/} progress has been slow, however, in linking the Caribbean subregion to the rest of Latin America. Within CARICOM a further revision of the rules of origin has been started, as well as the re-examination of the role and place of the Common External Tariff within the

8/ The CDCC requested ECLA to increase its support to Eastern Caribbean countries (Resolution 11(VI)).

9/ See document UNCTAD/ST/ECDC/17, 27 April 1982, Measures for strengthening economic integration and co-operation among developing countries at the subregional, regional and interregional level. Also Report of the Secretary General of the Caribbean Community, 1980.

framework of the Common Market's trade incentive and protection policy.^{10/} Notwithstanding the fact that the co-ordination of positions regarding international trade policy is a priority concern, this objective has often been limited to the pursuit of intra-group consensus.^{11/} The opportunities available indicate that there is fruitful ground for the strengthening of co-operation between groupings both within the wider Caribbean Basin and with the rest of the Latin American continent. For example, possibilities for greater interregional co-operation may exist with regard to the co-ordinated and systematic exchange of trade information.^{12/}

7. At the subregional level, the newly created OECS is an innovative effort in co-ordination and co-operation among the LDCs in the Caribbean in the fields of external political relations and representation, external economic relations (including international trade agreements, marketing of goods, tourism, transport and communications among other areas), external financing and technical assistance, and economic integration. To this effect, co-ordination, harmonization and the pursuit of joint policies are envisaged in a wide range of functional areas.^{13/} It is implicit in the OECS framework

^{10/} The 21st. Council of Ministers urged national support for the review of the Common Market's New Rules of Origin that entered into operation on 1 June 1981, and agreed to the undertaking of a comprehensive and in-depth review of the regional external tariff.

^{11/} In response to the U.S. sponsored Caribbean Basin Initiative a technical committee was set up whose report was accepted by CARICOM Governments after bilateral consultations between the U.S. and national governments. The 21st. Common Market Council agreed that the initiative should seek to strengthen regional efforts at economic co-operation and development and urged governments to defer concluding bilateral agreements with the U.S. until a fuller analysis of the implications of investment and double taxation arrangements had been undertaken and a regional position had emerged on the broad issues.

^{12/} ECLA's regional subsidiary body, the CDCC, has specific mandates in this area.

^{13/} Paragraph 2 of Article 3 of the OECS Treaty includes: overseas representation, trade agreements, assistance from external sources, marketing of goods and services, tourism, transportation and communications, the judiciary, currency and central banking, audit, statistics, income tax administration, tertiary and university education, administration and management training, scientific, technical and cultural co-operation and mutual defence and security.

that common services will emerge in a number of these areas. Some are already in existence (the currency authority, the judiciary, the Civil Aviation Directorate, common foreign representation) but need consolidation and rationalization. Others are to be established and administered under the new OECS. It is evident that the majority of the tasks that would be performed under the common services schemes are within the normal administrative and executive functions of the central government of any independent country and it would seem that the establishment of such permanent and continuing functions would be an area in which the governments should be cautious about external involvement.

Industrial Programming

8. The Eastern Caribbean Common Market (ECCM), now an integral part of the Organization of Eastern Caribbean States (OECS), has allocated 31 industries among its member countries. Of these projects, 7 have come on stream. CARICOM has been less successful in the promotion of new industries through allocation of activities. The allocation of new industrial activities on the basis of a regional planning exercise gives rise to doubts and concerns of member countries and it is still not widely accepted what should be the approach and what should constitute a regional industrial programme; what are the criteria to define a regional industrial project; what should be the nature of such projects; and how to reconcile the regional industrial programme with the respective national development programmes.

Agricultural Integration

9. The objectives of agricultural development are shifting towards satisfaction of the basic food and nutrition needs of the population of Caribbean countries. These objectives are embodied in a number of activities. In recent years, the major development in the field of agricultural co-operation within CARICOM has been the evolution of the original Regional Food Plan towards a Caribbean Food and Nutrition Strategy. This development derives from a change in emphasis towards the satisfaction of nutritional needs in the region as a whole, these needs being defined in the light of the nutritional value of the various food items. The Regional Food Plan is implemented through specific agricultural projects. The principal implementing

agency is the Caribbean Food Corporation (CFC), which was established in 1976 but has only recently became operational.

10. The CARICOM instruments already established, namely, the Agricultural Marketing Protocol and the Protocol related to Marketing of Oils and Fats products, have continued to cover only a relatively small share of overall trade in agricultural products of the Community and to concentrate on a few items. Recent initiatives in CARICOM have focused on direct action in the field of production through the adoption of a Regional Food Plan and the establishment of the Caribbean Food Corporation to assist in the implementation of the Plan through action at all stages of agricultural production and distribution.

Joint Enterprises and Multinational Marketing

11. Co-operation through specific project activities has entailed the establishment of joint enterprises. These have been of two types: multinational marketing enterprises, such as the recently created Caribbean Food Trading Company (CFTC) established by the CFC designed to trade food and food-related products such as inputs for production. The other type is the association of producers and exporters established for particular commodities. Caribbean countries are part of the Group of Latin American and Caribbean Sugar Exporting Countries (GEPLACEA) and the Union of Banana Exporting Countries (UPEB). As is the case of some of the producers/exporters associations of developing countries that are major driving forces in the establishment of multinational marketing companies, in 1977 UPEB established one such company - COMUNBANA - for marketing bananas produced in its member countries; several Caribbean countries are members of UPEB. CARICOM countries' participation in these associations and enterprises has been very limited mainly due to the residual links of their trading patterns and the established marketing arrangements that exist in the case of bananas and sugar within the British Commonwealth. The same can be said of the Latin American Multinational Marketing Enterprise for Fertilizers (MULTIFERT), established in November 1979 as the result of preparatory work undertaken by the Latin American Economic System (SELA) under its Action Committees mechanism that is open to Caribbean countries and to which some of these have adhered in recent years.

12. Proposals and recommendations have also been made for setting up multinational marketing enterprises for particular products or on a multi-commodity, regional basis. A Group of Caribbean Experts^{14/} recommended the setting up of a shipowning, purchasing and marketing enterprise for fish and fish products as one of several community projects to be implemented on a priority basis. The creation of a joint company for the purchasing and marketing of fertilizers is also envisaged and, within the CDCC, a proposal has been made for such an enterprise on books and other audio-visual materials. It appears that multinational marketing enterprises (MMEs) are now increasingly moving from the project stages into the area of actual implementation, particularly with respect to actions initiated on a sectoral or commodity basis. The beginnings of any such undertaking are seldom easy, and these enterprises have already confronted a number of difficulties in their operations. Since MMEs are concerned with particular commodities, some of the problems associated with them could best be dealt with by a sectoral rather than a regional approach. There are cases where chances for the success of existing or prospective MMEs would be strengthened if the integration groupings, when planning to undertake actions in relation to specific commodities, were to co-ordinate such action with other countries or groupings outside the region, or to provide for outside participation in this action. Parallel to the progress made with joint ventures there has been increased interest in the introduction of a common legal framework for joint regional ventures. The introduction of the CARICOM Enterprise Regime has been recommended by the Group of Caribbean Experts.

13. Evolving from the original proposition of co-operation among State-Trading Organizations (STOs) and preferential government procurement at subregional and regional levels, consideration is being given to the creation of a Regional

^{14/} CARICOM Secretariat, The Caribbean Community in the 1980s, report by a Group of Caribbean Experts appointed by the Caribbean Common Market Council of Ministers, 1981.

Trading Company (RETCO). Co-operation in the importation of pharmaceuticals and cereals is also under study.^{15/}

Monetary and Financial Co-operation

14. Subregional and regional monetary and financial co-operation have now advanced substantially: the CARICOM Multilateral Clearing Facility has been operational for some time. There is, nevertheless, the perspective of balance-of-payments deficits of member countries that could reach such a magnitude that the subregional mechanism established would not be able to meet their needs for short-term financial resources.

15. Discussions have taken place on the possibility of establishing a privately/publicly owned financial corporation as a vehicle for participation in enterprises involving more than one CARICOM country and raising additional development funds, gearing them primarily towards the less-developed member countries.

16. The increasing orientation of economic integration and co-operation groupings towards specific development projects, the establishment of community institutions or enterprises and the launching of large-scale community investment programmes in recent years have substantially raised the financial requirements of such groupings. While the subregional development bank and other sources of funds can to some extent provide instruments for mobilizing additional external and internal resources, their own financial base is becoming more and more insufficient to cope with the development finance needs of their groupings. To an increasing degree the financing of their investment programmes, and sometimes even of the operating capital of community institutions, needs to be assured from external sources of financing. The strengthening of the role of international and regional development finance institutions - such as the CGCED - in the financing of integration projects and economic co-operation projects

^{15/} A Working Party has been established to look at the feasibility of such a company. On the other hand, a consultant's study has been completed on regional marketing agencies which is to be the basis for a project document for which financing will be sought. The latest Common Market Council of Ministers (21st. Meeting, 20-30 July 1982) accepted a proposal for a joint procurement system - for wheat - that aims at gradual integration and the final establishment of a joint grain procurement office.

could help to alleviate both the problems of investment financing and those arising during the project identification and pre-investment stages. However, full realization of the potential Caribbean development requires that subregional banks and funds be effective catalysts, attracting additional domestic and outside resources. This implies, on the one hand, recognition by multinational financial institutions and aid donors of the integration schemes and their financial institutions as direct partners in loan agreements; and on the other, the "localization" of domestic savings - detracting capital outflows and consumption in non-essential imported luxury commodities.

Co-operation in the Transfer and Development of Technology

17. Co-operation between subregional and regional groupings in technological developments and information appear to offer promising potential, and certain projects now pursued by individual institutions could be of substantial interest to other institutions with similar activities within the Caribbean. In view of the high cost of many of these projects, ways and means must be explored for mutual information, consultations, and eventually, the joint conduct or the distribution of project activities among participating institutions. The ECLA/CDCC supported Caribbean Council for Science and Technology (CCST) is a positive step in this direction. The CARICOM project for the establishment of the Caribbean Pharmaceutical Centre is another activity worth noting in this field.

18. In this area the CARICOM Heads of Government agreed on the necessity of incorporating the development of science and technology in their development strategies and called upon the international community to assist them in this effort.

Co-operation in Transport and Communications

19. Increasing emphasis has been placed on the need to develop the services sector. There is particular emphasis on co-operation in increasing control of international shipping and in interregional trade. The Caribbean Shipping Association is an expression of that emphasis. There are two multinational shipping lines in operation in the Caribbean: The Naviera Multinacional del

Caribe S.A. (NAMUCAR), and the West Indies Shipping Corporation (WISCO). Co-operation in air transport has resulted in the establishment of LIAT, which comprises 11 CARICOM countries since 1974 and CARICARGO, which is a joint venture air cargo company between the Governments of Barbados and Trinidad and Tobago, but is open to other members of the Community. Other efforts include: the establishment of a CARICOM air carrier; the search for appropriate mechanisms for its collective involvement in the Europe-Caribbean liner trade; concerted activities within the CDCC to establish transport development policies and guidelines for improved safety in navigation; and the development of information systems for cargo and vessel movements within the region. All these areas appear to hold good possibilities for meaningful co-operation through the extension of intraregional to interregional activities.

20. In communications CARICOM aims at the progressive establishment of a Caribbean Postal Union, which will eventually include the CDCC membership, and also intends to provide regional air radio services and undertake specialized training programmes.

Co-operation in Energy

21. Under the Energy Co-operation Programme for Central American and Caribbean countries, Mexico and Venezuela have jointly undertaken to supply the net oil import requirements of initially nine countries of that area up to 160,000 bbl./day. The two countries will assure concessional financing for 30 percent of the cost of these oil deliveries for a five-year period^{16/} at an annual interest rate of 4 percent. These loans are convertible into long-term loans of up to 20 years at an interest rate of 2 percent if the funds derived from the petroleum export loans are invested in priority development projects, especially in the energy sector. Other aspects of these transactions will be subject to normal commercial conditions and international prices and quality standards. Bilateral agreements are now being concluded between the respective governments for the implementation of this programme.

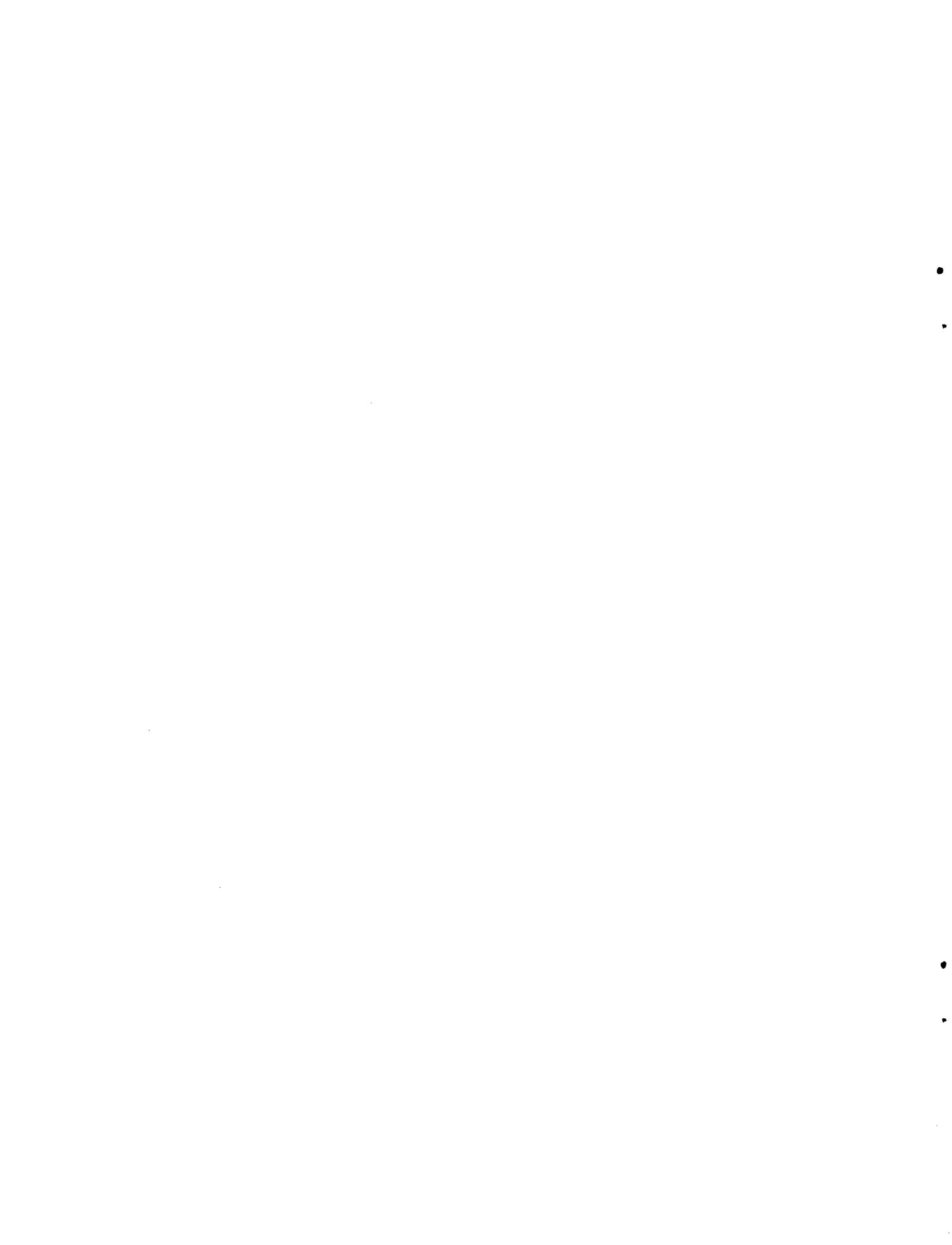
^{16/} Estimated disbursements under the programme are of US\$700 million for its duration.

22. During the CARICOM Heads of Government Meeting, Trinidad and Tobago stated that, despite growing economic problems, it would continue its present facility beyond the expiration date of December 1982. Since 1979 the "Facility for financing Oil, Fertilizer and Asphalt purchases by CARICOM from Trinidad and Tobago" has provided financing for the incremental cost of those products. The base period for determining incremental costs is 1 January 1979. The loans are concessionary with a maturity of 15 years including a three-year moratorium on both capital and interest payments. The rate of interest payable is 3 percent in respect of more developed CARICOM countries and 2 percent for the LDCs. In 1980 requests for funding under this facility amounted to US\$101,292,000 of which more than \$57 million were approved and disbursed. Applications received up to October 1981 totalled US\$63.2 million and US\$8.8 million were approved and disbursed.^{17/}

23. In addition to the Energy Co-operation Programme sponsored by Mexico and Venezuela and the similar undertaking by Trinidad and Tobago for the benefit of CARICOM LDCs, the energy programme currently in progress in the Caribbean Community covers national demand and supply surveys, the identification of appropriate methods of energy conservation, research and development of alternative energy technologies, training, and the development of a comprehensive regional energy development policy. Some of these activities have received backstopping from the Latin American Energy Organization (OLADE).

24. In the field of energy development, the common emphasis on devising methods of conservation and programmes of research and development with regard to alternative sources of energy - including the establishment of new institutional structures - present opportunities for co-operation in which the direct benefits from the exchange of information and research results and from joint participation in research and development activities appear to be substantial. ECLA/CDCC has a role to play in this area as a catalytic point for the wider Caribbean as well as in relation to the rest of the Latin American continent.

^{17/} These figures from the Ministry of Finance and Planning appear in the Trinidad and Tobago Review of the Economy 1981 produced by the Central Statistical Office, January 1982.



DECLARATION OF OCHO RIOS

Ocho Rios, Jamaica, 17 - 19 November 1982

Following is the text of the Ocho Rios Declaration issued by the leaders of the 12-nation Caribbean Community (CARICOM), and the Bahamas at the end of their three-day Summit here today.

"We the Heads of Government of member states of the Caribbean Community and the Bahamas here assembled,

- Deeply aware of our situation as small states, for the most part newly independent, island-developing, prone to natural disasters, and with small open economies particularly vulnerable to turbulence and pressure from within the international economic system,
 - Concerned about the global trend towards the use of force as a means of settling disputes and the assertions of spheres of interests and the hazards to which in consequence small states are increasingly exposed,
 - Mindful of the fact that external strategic perceptions of the region can present both special opportunities and difficult problems for the development of our states,
 - Deeply aware of our common identity and of the need to consolidate and strengthen the bonds which have historically existed among our people,
 - Recognizing nevertheless the reality of the growing heterogeneity in the social, economic and political systems of our states;
1. REAFFIRM our strong conviction that the maintenance and deepening of the Caribbean Community established by Treaty of Chaguaramas provides the only certain way for the survival of our states as independent, free and developing societies,
 2. DECLARE our belief that the regional integration movement is the only viable option available for the optimal development of all the human and natural resources of the region in the contemporary economic and political circumstances in the region as well as in the world as a whole,

3. AFFIRM our commitment to the principle of political, civil, economic, social and cultural rights of the peoples of the region in accordance with the Universal Declaration of Human Rights, the International Convention on Civil and Political Rights and the International Convention on Economic, Social and Cultural Rights,
4. ASSERT that well recognizing that the emergence of ideological pluralism in the community responds to internal processes and is an irreversible trend within the international system, we are committed to ensuring that it will not inhibit the process of integration,
5. ACCORDINGLY AFFIRM our commitment to the interests of the community as one of the main determinants in the formulation of foreign policy goals in response to regional and global issues,
6. REAFFIRM further that member states will aim at the fullest possible co-ordination of their foreign policies and should seek to adopt as far as possible common positions on major international issues,
7. EXPRESS our profound concern at the heightening of tensions in the region resulting from the recent increase in military activities in the Caribbean area,
8. REAFFIRM and call on all states to respect the principles on non-interference and non-intervention in the internal affairs of other countries,
9. REITERATE the right of self-determination of all peoples including the right to choose their path of social, political and economic development and insist that there can be no justification for any external interference with the exercise of that right,
10. ASSERT our commitment to the maintenance of absolute respect for defined borders and demarcated and traditional zones of jurisdiction of states of the region,
11. INSIST that while the member states have an urgent and pressing need for external economic assistance to achieve the goals of rapid social and economic development, the principles of international social justice require that such assistance be given in consultation with and with the fullest respect for the sovereign wishes of the recipient countries,

12. CONSIDER that aid programmes for the region should therefore be truly reflective of national goals and priority areas of development,
13. AFFIRM that programmes of aid channelled through regional institutions should be supportive of the integrity of such institutions and that their autonomous character should utilise indigenous resources and expertise; and

Attach the highest importance to the principle and objectives asserted herein, declare our common resolve to work together towards their maintenance and fulfilment".

ANNEX II

-17-

FINAL COMMUNIQUE OF CARICOM HEADS OF GOVERNMENT MEETING

Following is the text of the final communique issued by Caribbean Community (CARICOM) leaders:

"The third meeting of the conference of Heads of Government of the Caribbean Community met in Ocho Rios, Jamaica, from 16-18 November 1982.

The meeting was declared open by the Prime Minister of Jamaica, the Rt. Hon. Edward Seaga. In his address of welcome, Mr. Seaga emphasize that "in CARICOM our community has the vehicle through which we can work to make our future fulfil the hope and aspirations of our peoples".

Addresses were given in response to Prime Minister's Seaga's opening address by Mr. Vere Bird, Prime Minister of Antigua and Barbuda, Mr. George Chambers, Prime Minister of Trinidad and Tobago, Ms. Mary Eugenia Charles, Prime Minister of Dominica and Cde. L.F.S. Burnham, President of the Co-operative Republic of Guyana.

SEAGA CHAIRMAN

The Heads of Government conference elected as its Chairman the Prime Minister of Jamaica. The conference conducted its business through plenary sessions, a causus of Heads of Government and an economic and general committee.

Prior to the conference, the eighth meeting of the Standing Committee of Ministers responsible for Foreign Affairs was held on 15 November to consider and make recommendations to the conference on foreign policy issues.

Heads of Government noted with particular satisfaction that since they had last met, Dominica, Saint Lucia, St.Vincent and the Grenadines, Belize and Antigua and Barbuda had achieved independence and that St.Kitts/Nevis is now taking steps towards the achievement of independence.

In reviewing international political developments, the conference of Heads of Government expressed deep concern that the situation was one in which

small states were increasingly subject to stresses and unbearable pressures.

The major objectives of the international community to create better levels of living for all the world's peoples and to maintain peace and security have suffered grave reverses in recent years.

The failure to agree on global negotiations, despite prolonged and wide-ranging negotiating efforts culminating in the CANCUN summit, has been the result of the sharp deterioration in international relations.

In the case of the maintenance of peace, the period has been characterized by increasing resort to violence, devastating regional wars and threats, pressures and aggression against small states.

PEACEFUL MEANS

The conference considered that the international system was increasingly characterized by the use of force, either directly through military means, or economic aggression, or by subtle and indirect measures of coercion, the endless rapidly escalating arms race which increasingly involves countries of the developing world and by the assertion by the great powers of spheres of interest.

As on previous occasions, the conference affirmed the inadmissibility to the use of force in international relations, and of interference in the internal affairs of states, and stressed the need to resolve conflicts by peaceful means based on respect for sovereignty, independence and territorial integrity.

ARMAMENTS

The Heads of Government in noting that the second United Nations special session on disarmament had earlier this year ended without significant agreement, expressed their deep dismay that a

vast and increasing portion of the world's resources is devoted to the procurement of sophisticated armaments at the expense of social and economic development of the world's peoples.

The Heads of Government were deeply disturbed at the eruption of regional conflicts in a number of areas.

SOUTH AFRICA

In examining the situation in southern Africa, the conference deplored the abhorrent apartheid policies of the government of South Africa and expressed the gravest concern that the people of Namibia were still being prevented from exercising their right to independence.

The conference also deplored the continued acts of aggression perpetrated by South Africa against neighbouring African states.

LEBANON

The conference of Heads of Government condemned the recent massacre in Lebanon.

They affirmed their support for the right of the Palestinian people to self-determination and to a homeland and for the right of all States in the Middle East to exist within secure internationally recognized borders.

IRAN-IRAQ

The Heads of Government viewed with particular concern the protracted conflict between Iraq and Iran, both members of the non-Aligned Movement.

They called upon these States as a matter of urgency to cease hostilities, to observe the relevant resolutions adopted by the United Nations, and to adopt the peaceful procedures available for the settlement of disputes.

In this context, the Heads of Government commended the mediation efforts of the Organization of African Unity, Conference of Islamic States, and the non-Aligned Movement to bring about a settlement of this and other international disputes.

CENTRAL AMERICA

The Heads of Government noted that the conflicts in Central America were in large part due to past failure to correct deep-seated social and economic wrongs and expressed the hope that advantage would be taken of the various peace proposals to bring these conflicts to an end.

REGIONAL THREATS

In considering the threats to peace and security to member States in recent years, the Heads of Government paid particular attention to the threats of direct aggression which had been made against certain member States in pursuit of territorial claims, the threat of incursions by mercenaries and intensified military activities of major powers in the region.

They identified the need for coordinated action at the national, regional and international levels on the question of mercenaries and intensified military activities of major powers in the region.

They identified the need for coordinated action at the national, regional and international levels on the question of mercenaries.

They also decided that the Community would adopt a unified approach in dealing with the phenomenon of economic aggression and called on all States to refrain from interference and/or intervention by economic means in the internal or external affairs of another State thereby preventing people from determining freely their own path of political, economic and social development.

BELIZE

In this context, the conference adopted a resolution which:

- "Welcomed the fact that Belize's independence was supported by the overwhelming majority of States - members of the United Nations.
- Reaffirmed its support for the territorial integrity of Belize.
- Regretted that Guatemala has reneged on its agreement to abandon its claim to all the territory of Belize and refuses to accept the status of Belize as an independent State.

- Agreed that efforts should be intensified bilaterally and multilaterally to guarantee the security of Belize.
- Noted that, where any member State considers that its nationals are being trained without its consent for the purpose of pursuing acts of aggression or destabilization against it, it may consult with other member States with a view to deciding what coordinated diplomatic action may be taken by them".

GUYANA

Concerning their resolution passed at the eighth meeting of the Heads of Government held in Georgetown in April 1973, which, in dealing with mutual assistance against external aggression, declared inter alia that political independence and territorial integrity of member States are essential prerequisites for the achievement of the economic objectives of the Community, the conference discussed developments in the relations between Guyana and Venezuela in the light of the controversy which had arisen as a result of the Venezuelan contention that the 1889 arbitral award, on the basis of which the boundary between Guyana and Venezuela was settled, was null and void.

Recalling its concern for the sanctity of treaties and for defined and demarcated boundaries, the conference noted the grave effect that this controversy is having on the relations between CARICOM States and Venezuela and took note of the unqualified undertaking given by the Venezuelan Government to eschew the use of force as a means of settling the controversy.

The conference also called upon Venezuela to desist from further action or threats of action likely to affect the economic development of Guyana.

The conference urged Guyana and Venezuela to continue their pursuit of a peaceful settlement of the controversy in accordance with the terms of the Geneva Agreement of 1966 so as to arrive at a final decision as promptly as possible.

LAW OF THE SEA

The Heads of Government took particular note of recent developments in connection with the Law of the Sea Convention and their importance for the Caribbean.

They urged all member States to sign the Convention when it is opened for signature at the signing session in Montego Bay on 10 December 1982, and work for its early ratification so that it may come into force as early as possible.

Adequate resources should be provided for the effective operations of the preparatory commission for the International Seabed Authority which is scheduled to meet in Jamaica next March, and for the very early establishment of the secretariat of the preparatory commission in Jamaica.

WORLD CRISIS

Heads of Government expressed deep concern over the current world economic crisis which is reminiscent of the era of the depressed conditions of the 1930's. They noted that the economic policies being pursued by the industrialized countries, including the resort of protectionism are the main causes of the present economic malaise.

In reviewing the situation of the developing countries, the Heads of Government noted the deleterious effects of declining terms of trade, high interest rates, dwindling official development assistance and private investment flows.

Heads of Government exhorted the international community, in particular the developed countries, to desist from the practice of protectionism and to institute new measures to stimulate financial flows as a means of restoring global economic activity and to ensure that the pace of economic and social development becomes more consistent with the objective of international peace and security.

TECHNOLOGY

They noted further the need for CARICOM countries to take full cognizance of ongoing developments in science and technology and their impact on development prospects.

They agreed that it was necessary to incorporate this in their development strategies and called upon the international community, to assist them in this effort.

THE C.B.I.

Heads of Government considered the various developments which have taken place in the context of the Caribbean Basin Initiative.

In respect of the U.S. proposals, they expressed the hope that the legislative processes would soon be completed. In this connection, they also requested the United States Government, in addition to its evolving bilateral aid programmes, to give consideration to contributing on a grant basis to the unified special development fund of the Caribbean Development Bank.

CARICOM

The Heads of Government reaffirmed their commitment to maintaining and strengthening the Caribbean Community and to the deepening of the integration process. They reiterated their conviction that the community is a symbol of hope and a practical mechanism for the improvement of the quality of life for all their peoples.

They noted, in respect of trade, that instances of quantitative restrictions and alleged violations of rules of origin have emerged.

They also noted the continued adverse foreign exchange situation facing the Governments of the region and the effect this was having on the operations of the CARICOM Multilateral Clearing Facility (CMCF). They commended the new initiatives taken by the Board of the CMCF to strengthen the facility with a view to revitalising the flow of intraregional trade.

They emphasised the need to expand intraregional trade as a means of stimulating economic growth in member States and:

- (1) Requested the Standing Committee of Ministers responsible for Finance to re-examine the need for joint measures to deal with the general problem of trade imbalances and balance-of-payments difficulties.

- (2) Urged member States to remove completely by the end of 1983, quantitative restrictions imposed on intraregional trade, since the establishment of the Common Market (except those introduced under article 56 of the annex to the treaty).
- (3) Urged the Common Market Council to discharge its responsibilities as required under the provisions of article 28(2) in cases where resort is made thereto by member States.
- (4) Agreed to the provision by member States of information on the operations of State trading enterprises towards an assessment of the role of these enterprises in the expansion of intraregional trade.

GARMENT INDUSTRY

- (5) Agreed to support the present initiatives of the CMCF to seek additional resources to permit expansion of its operation.
- (6) Agreed to support the maintenance and viability of the garment industry.
- (7) Urged that member States should strictly observe the provisions of the Rules of Origin of the Caribbean Common Market.
- (8) Urged member States to give priority to regionally produced goods of comparable quality over similar goods from third countries.

CIC

The Heads of Government agreed to instruct public sector representatives on the Boards of Governors of the Caribbean Investment Corporation (CIC) to pursue expeditiously the winding-up of CIC.

To ensure that industrial development, particularly in the LDCs is not constrained by the unavailability of venture capital, Heads of Government decided to instruct the CARICOM members on the Board of Directors of CDB to:

- (1) Seek funds from within and outside the Caribbean Common Market for the financing of productive sector projects.
- (2) Further improve its procedures to accelerate the flow of financing for productive sector projects generally and private sector projects in particular.
- (3) Seek to create a special fund to provide venture capital for the countries of the region, paying special regard to the needs of the LDCs.

AIR SERVICES

Having regard to the important role of reliable and adequate air services in the promotion of economic development and the clear need to improve the efficiency and enhance the viability of air transportation services owned by countries of the region, Heads of Government decided that an intergovernmental agreement on co-operation in air transportation be concluded and to that end, to appoint a high-level committee to prepare a draft agreement, and in addition, to examine and make recommendations to governments on all aspects of rationalisation of passenger and freight air transportation in the region.

The committee will also be expected to advise on mechanisms, including tour operation companies for improving the flow of tourist traffic to the region, taking into consideration in particular, the need to provide adequate support to the LDCs. The committee will be required to submit its report within the next six months.

WISCO AND LIAT

The operations of the West Indies Shipping Corporation (WISCO) and LIAT (1974)Ltd., were reviewed by the Heads of Government.

With regard to WISCO, Heads of Government agreed to support the regional shipping line in its efforts to strengthen and develop its operations against competition from extraregional shipping lines. Note was also taken of the accession of Belize to WISCO thereby making WISCO a corporation owned by all member States of CARICOM.

Heads of Government also noted the improvements in the financial performance of LIAT since the mid-1970's and reaffirmed their commitment to the airline's development.

On the question of joint efforts in industrial development, the conference of Heads of Government reaffirmed the continued importance of, and urgency of agreeing on, a co-ordinated programme for industrial development in the Common Market to attain the objectives set out in Article 46 of the annex to the treaty.

In this connection, note was taken of the efforts to resolve the problems identified by certain governments with respect to industrial programming.

FOOD STRATEGY

Heads of Government also agreed to accord high priority to the implementation of the proposals under the Regional Food and Nutrition Strategy (RFNS), and that a special meeting of the Standing Committee of Ministers responsible for Agriculture be convened to examine the operations of the Caribbean Food Corporation (CFC) and the Caribbean Research and Development Institute (CARDI).

OIL

Heads of Government noted:

- (i) The current global surpluses of petroleum refining capacity, the movement towards restructuring of the world petroleum refining industry and the potentially adverse impact on the petroleum refining industry in the Caribbean, in particular the small refineries based on imported crude.

- (ii) The present crude oil production and refining capacity in the region is capable of supplying the regional demand for petroleum products.
- (iii) The need for a mutually agreed arrangement between the petroleum importing countries and the petroleum supplying country of the region which would protect the long-term interest of both groups.

The conference agreed that Ministers of Energy should, on the basis of adequate and expeditious preparation involving both the CARICOM Secretariat and energy officials within the region, and as a matter of the utmost priority, meet with a view to agreeing on a comprehensive regional energy plan of action to:

- (i) Promote security of intraregional supplies and markets for petroleum products; and
- (ii) Develop feasible alternate sources of energy within the region.

NEW MEMBERS

The conference discussed the question of widening the membership of the Community and in that context, considered applications from Haiti and Suriname for closer relations with the Community. The conference identified certain formal arrangements towards this end which will be further discussed.

ACP-EEC

In discussing relations with other countries, the Heads of Government observed that negotiations for a successor arrangement to the current ACP-EEC Convention were imminent and therefore requested the Common Market Council of Ministers to urgently devise a joint strategy for those negotiations.

DECLARATION

At the conclusion of their deliberations, the Heads of Government adopted the Ocho Rios Declaration, the text of which is at Annex 1.

NEXT MEETING

At the invitation of the Prime Minister of Trinidad and Tobago, the conference agreed to hold its fourth meeting at Chaguaramas, Trinidad and Tobago on the tenth anniversary of the Caribbean Community, 4 July 1983.

