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**THE NETHERLANDS ANTILLES:  
TRADE AND INTEGRATION WITH CARICOM**

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## Table of contents

A: INTRODUCTION	1
B: TRENDS AND COMPOSITION OF TRADE	5
B.1: Nature of trade flows.....	5
B.2 Export structures in the Netherlands Antilles and CARICOM .....	6
C: NATURE OF THE TRADE REGIMES	7
C.1: The trade regime in the Netherlands Antilles.....	7
C.2: Comparison with the CARICOM CET .....	8
D: BARRIERS TO NETHERLANDS ANTILLES TRADE WITH CARICOM	10
E: COSTS AND BENEFITS OF INTEGRATION	11
E.1: Assessment of welfare gains .....	11
E.1.1: Potential static gains from trade.....	11
E.1.2: Dynamic gains from integration .....	12
E.1.2.1: Potential for economies of scale and .....	12
greater competition .....	12
E.1.2.2: Corporate integration and investment .....	12
E.1.2.3: Customs administration .....	13
E.1.3: Conclusion on welfare costs and benefits .....	13
E.2: Fiscal costs of adjustment.....	14
E.3: Costs and benefits in capacity sharing.....	14
E.3.1: Policy areas .....	15
E.3.1.1: Free movement of capital .....	15
E.3.1.2: Freedom of movement of persons .....	16
E.3.1.3: Macro-economic policy harmonization and coordination .....	16
E.3.1.4: Harmonization of regulatory frameworks .....	17
E.3.2: Functional cooperation .....	18
E.3.2.1: Governance and administrative efficiency .....	18
E.3.2.2: Risk management .....	19
E.3.3: International negotiation and external policy coordination .....	19
E.4: Brief overview of possibilities in integration and cooperation in trade in services between the Netherlands Antilles and CARICOM.....	21
F: FACTORS GOVERNING ACCESSION	26
F.1: Accession possibilities in CARICOM.....	26
F.2: Constitutional framework for association with CARICOM.....	28
G: CRITERIA AND CHOICE OF INTEGRATION OPTION	30
H: SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS	32
Annex 1: Terms of reference for study on Netherlands Antilles - CARICOM trade .....	33
Annex 2: Institutions of the community (extract from Protocol 1).....	56
Annex 3: List of institutions visited and persons interviewed .....	57

## **List of appendices and tables**

Table 1: Imports and exports by SITC section. 1998. Curacao and Bonaire.....	34
Table 2: Curacao free zone - Exports by commodity .....	35
Table 3: Curacao free zone – Exports by country, geographical and economic area.....	36
Table 4: Average and maximum tariff in CARICOM.....	38
Table 5: Summary of trade restrictions and arrangements in Caribbean countries .....	40
Table 6: CARICOM tariffs on imports from Curacao and Bonaire .....	42

## A. INTRODUCTION

The Netherlands Antilles is an autonomous entity within the Kingdom of the Netherlands and comprises a federation of five Caribbean islands: Bonaire and Curacao (the Leeward islands) which comprise 80 per cent of the population of 211,000 and Saba, St. Eustatius and the southern part of St. Maarten (the Windward islands). Like the other countries in the Kingdom, it enjoys full autonomy in internal matters as, for example, education, public health, justice and customs. It has a per capita income of about US\$ 12,000.

The Leeward Islands and the Windward Islands account for about 75 per cent (Curacao (70 per cent) and Bonaire (5 per cent)) and 25 percent respectively of the economy of the Netherlands Antilles. The Netherlands Antilles has its own currency, the Netherlands guilder, which is pegged to the United States dollar at a fixed rate since 1971. The economy has some unique features that stem from its close relations with the Netherlands, its undiversified nature and heavy dependence on tourism, offshore finance, oil refining and shipping, the high share of trade (exports of goods and services of about 75 per cent of GDP), its geographical characteristics, its common border with the French Republic on St. Maarten, its duty-free access for imports from Aruba, its *de facto* free trade zone (FTZ), partial dollarization, especially for the Windward Islands, and its highly regulated labor market<sup>1</sup>.

Adverse economic shocks in the last two decades affected particularly the offshore financial sector and the oil refinery and, to a lesser extent, tourism. The repeal of withholding taxes in the United States in the 1980s indirectly caused the collapse of a number of highly profitable offshore financial activities in Curacao, leading to significant drops in government revenue and contributions to foreign exchange earnings.

The withdrawal of Shell from Curacao in 1986 and the (temporary) closure of the oil refinery which had been a mainstay of the Curacao economy for almost three quarters of a century was the second major shock. It was subsequently leased to the Venezuelan State Company, Petroleos de Venezuela Sociedad Anonima (PDVSA), which resumed operations and preserved employment.

In the 1990s, the Windward Islands were bit by several devastating hurricanes, which destroyed much of the economic infrastructure on the islands, including about half of the number of available hotel rooms in St Maarten. Further negative shocks were related to the discontinuation of certain trade privileges on European markets for Overseas Countries and Territories (OCTs), the withdrawal by the Netherlands of certain tax privileges for Dutch pensioners residing in the Netherlands Antilles and disruptions in the availability of Solidarity Fund resources for the smaller islands.

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<sup>1</sup> Netherlands Antilles: Elements of a Strategy for Economic Recovery and Sustainable Growth. Interim Report of the World Bank Mission, 5-20 December 2000.

National income has been on the decline since 1997. GDP declined by about 6 per cent between 1997 and 1999. Underlying fiscal imbalances and structural weaknesses have also impacted negatively on the economy. In recent years, with recession high unemployment and migration have been experienced<sup>2</sup>.

The Netherlands Antilles has been able to survive thanks to additional aid from the Netherlands, large-scale spontaneous emigration (mostly to the Netherlands), some drop in international reserves, an increase in domestic debt and arrears and reduced outlays for the maintenance of public assets.

From 1986 onwards, successive efforts at restoring macroeconomic balance, particularly with regard to public finance, were made, but were unsuccessful. Adjustment was also attempted in 1996 and 1997, but failed to meet the desired targets. In 1999, the government launched a new "National Recovery Plan" (NRP). The NRP contains important medium-term structural adjustment measures aimed at restoring macroeconomic balance and conditions for revitalizing the economy. The NRP subsequently served as an important input into a comprehensive adjustment plan drawn up with the assistance of the International Monetary Fund (IMF) and reflected in the government's Memorandum of Economic Policies dated 15 September 2000. Beyond restoring macroeconomic balance and reforming the economic incentive framework, the government aims at establishing a Comprehensive Development Framework (CDF) for the formulation and implementation of a sustainable long-term growth strategy.

It is against the above background that this study is undertaken. Its main objective is to assess the integration options facing the Netherlands Antilles<sup>3</sup> vis-a-vis the Caribbean Community (CARICOM). A secondary objective is to examine the above taking into account, inter alia, the level of trade between the Netherlands Antilles and CARICOM, the barriers to trade between the two groups of countries and the requirements for increasing trade between the two groups of countries.

The Consultant was given an initial Draft Terms of Reference (Annex 1) with the intention of modifying it in the course of the interviews with all the stakeholders. The main idea that emerged from these interviews was a concern with some possible form of association with CARICOM. The Consultant was asked to exam the costs and benefits of various forms of association and to recommend an option. This adjustment of the Terms of Reference (TOR) was substantial and involved the Consultant having to do some interviews and collect documentation in CARICOM.

The study essentially revolves around the search for a road map for the Netherlands Antilles. It is tackled in the first instance by describing the existing system of trade of the Netherlands Antilles with a view to determining the import and export structures and the specific

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<sup>2</sup> IMF, IMF Country Report No. 01/73 Kingdom of the Netherlands-Netherlands Antilles-Recent Development, Selected Issues and Statistical Appendix. May 2001

<sup>3</sup> The Netherlands Antilles is a country within the Kingdom of the Netherlands. It contains five islands. Curacao and Bonaire (Leewards) and St Eustatius, Saba and St Maarten (The Windwards)

nature and extent of trade in goods and services between the Netherlands Antilles and CARICOM.

The tariff and non-tariff structure of the Netherlands Antilles were also examined and compared to that of CARICOM. This was accompanied by a brief look at the barriers affecting trade between the Netherlands Antilles and CARICOM.

In light of the above, the different options facing the Netherlands Antilles in terms of associating with CARICOM were analyzed using criteria, such as welfare benefits, lower transactions cost, administrative and institutional economies, negotiation power, etc. The approach adopted was one that took account of both the economic and non-economic gains from integration and the non-traditional as well as the traditional (welfare trade gains and losses) costs and benefits of trade integration. This is particularly relevant in the context of microstates<sup>4</sup> where trade integration itself might only bring minuscule benefits, given the narrow range and the similarity of goods produced. Such integration among small countries whose terms of trade are given exogenously can in fact generate welfare losses<sup>5</sup>.

There are however other benefits of integration among microstates that are likely to come from the savings in negotiation costs and the enhanced bargaining power as well as the reduction of administrative costs and better coverage of risk management. Small Caribbean nations, for example, have enhanced their bargaining power through the establishment of CARICOM under which they have pooled their negotiation resources and have formulated and harmonized relevant policy areas.

The Netherlands Antilles shares many characteristics of the small States of CARICOM which tend to push them in the direction of regional cooperation and integration. These are mainly severe external dependence, limited administrative and managerial capacity, costly provision of infrastructure and services due to unfavorable economies of scale and the indivisibility in the provision of these services, acute vulnerability to natural disasters and adverse economic shocks, constraints imposed by small market size and limited productive resources, and extreme vulnerability to security threats. Regional integration has, thus, long been considered an essential instrument in the strategies for survival and development of these countries.

It has not been possible to gather all the data needed for this exercise<sup>6</sup>. The examination therefore contains certain deficiencies in this regard. Its main aim however, is to focus on an integration scenario for the Netherlands Antilles and give some insight into gains and losses. The lack of data would have an impact on the results especially in the comparison of trade protection

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<sup>4</sup> According to the definition of the United Nations, the term “microstate” refers to a State with a population numbering one million or less. In this paper, it covers broadly very small countries.

<sup>5</sup> Panagaryia (1995)

<sup>6</sup> Trade data for 5-10 years and up to 2000 would have given a better picture of foreign trade but this is not available in any consistent format. Meaningful trade data for the Netherlands Antilles Windwards is also not attainable. Tariff schedules in a workable and comparable formats such as HS and Excel are also non-existent.

levels between the Netherlands Antilles and CARICOM and in the description and analysis of trade between the two groups of countries. The latter, however, would have been confined mainly to trade gains and losses and not affected many of the other aspects of integration discussed.



## B. TRENDS AND COMPOSITION OF TRADE

### B.1. Nature of trade flows

The Netherlands Antilles exported 749m. Naf<sup>7</sup> in 1999 in non-oil merchandise goods. The Leewards accounted for 509m. and the Windwards 240m. In non-factor services (tourism, oil refining, transportation and offshore services), total exports were 2,621 m. Imports of non-oil merchandise goods were 2,459m. with 721m. going to the Windwards and 1,738m. to the Leewards. The total imports of non-factor services were 1,282m.

The bulk of non-oil imports into the Leewards come from North America (35 per cent), Europe (30 per cent) and Latin America and the Caribbean (30 per cent). The share of the Caribbean is about 5 per cent. Non-oil exports go mainly to Europe (53 per cent) and Latin America and the Caribbean (28 per cent). The share of the Caribbean is around 14 per cent.

Netherlands Antilles trade is small in relation to hemispheric and world trade. Non-oil merchandise exports for the Netherlands Antilles have grown by 15 per cent on average in the period 1997-1999 over the period 1995-1996 as compared to 3 per cent for non-factor services. Over the same two periods imports of non-oil merchandise goods have stagnated and non-factor services have just increased slightly, particularly in 1999.

In terms of composition in 1998, 60 per cent of merchandise imports (including oil) for the Leewards consists of mineral fuels. Manufactured goods, machinery and transport equipment, and food and live animals account for 11 per cent, 10 per cent and 8 per cent, respectively. On the export side, mineral fuels account for 85 per cent with manufactured goods, machinery, transport equipment and miscellaneous manufactured goods contributing 4 per cent, 3 per cent and 3 per cent respectively (Table 1).

In 1999 CARICOM countries exported goods to Curacao and Bonaire<sup>8</sup> to the tune of 5.9m. while they imported 106.7m. In percentage terms, the main exporters were Trinidad and Tobago (34 per cent), Suriname (20.1 per cent), Jamaica (11.7 per cent), and Barbados (8.3 per cent). The main CARICOM importers were The Bahamas (40 per cent), Haiti (14 per cent), Guyana (26 per cent) and Suriname (8 per cent). Exports from Curacao and Bonaire consisted mainly of oil products (over 80 per cent) while imports from CARICOM comprised fish, oil products, cereals, pharmaceuticals, diapers and motor vehicle parts. The share of exports to CARICOM in total exports was about 5 per cent as compared to the share of CARICOM imports in total imports which was around .2 per cent.

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<sup>7</sup> \$1 US =1.78 Netherlands Antilles guilders. Except otherwise stated, the currency referred to in this paper will be the Netherlands Antilles Guilder.

<sup>8</sup> The trade data for the Windwards (St Maarten, Saba and St Eustasius) do not provide for this breakdown.

## **B.2. Export structures in the Netherlands Antilles and CARICOM**

In addition to refined oil products, merchandise export activity<sup>9</sup> in the Netherlands Antilles is mainly concentrated in two free zones (port and airport) and an industrial park<sup>10</sup>. The two free zones specialize in exporting of merchandise and are mainly geared towards Latin America. The industrial park specializes in semi-processing and takes advantage mainly of preferential access to the European Union and the United States under the OCT statute and the Caribbean Basin Initiative (CBI).<sup>11</sup> (Tables 2 and 3). Outside these zones, there are 26 manufacturing companies producing 34 different product categories that enjoy official protection. Of the manufacturing companies, 24 are located in Curacao and the remaining two in Bonaire. They employ some 690 people among them, 4 of which represent about 12 percent of all manufacturing jobs. Service exports dominate, especially tourism, offshore financial services and transportation<sup>12</sup>

The CARICOM export structure is more diversified with a strong presence of agricultural and manufactured goods alongside mineral exports. Except for the Organisation of Eastern Caribbean States (OECS) and Barbados, CARICOM economies are less service oriented and depend much less on exports from free zones. There is however, a strong similarity in the goods and services produced in the Netherlands Antilles and CARICOM.

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<sup>9</sup> In 1997, Curacao's merchandise exports accounted for 90 per cent of all merchandise exports of the Netherlands Antilles. In Curacao, 75 per cent of all merchandise exports are re-exports from the free zones; local manufacturing accounts for only 5 per cent of merchandise exports.

<sup>10</sup> Companies in the free zones have to export at least 75 per cent of their output as compared to the industrial park where there are no such requirements.

<sup>11</sup> A third free trade zone for 100 per cent export processing is being planned by another public company (HADCO), and a bill was recently enacted to this effect.

<sup>12</sup> No reliable data on intra-regional service trade between Netherlands Antilles and CARICOM exists

## C. NATURE OF THE TRADE REGIMES

### C.1. The trade regime in the Netherlands Antilles

The Antillean trade regime contains essentially import tariffs, an import surcharge of 5 per cent, and economic levies. Tariffs range from 0 to 95 per cent covering 40 bands. In general the major tariffs are 5.5, 10.5, 17, 22, 27, 38 and 69. In 2000, the all-inclusive import-weighted average tariff amounted to 13.88 per cent<sup>13</sup>. An economic levy is also imposed on protected goods. It is important for the locally manufactured goods.<sup>14</sup> A 5 per cent valuation charge exists as well as a 7.5 per cent charge for non-discriminatory consumption tax (CSC).

Tariff quotas are not applicable to the Netherlands Antilles. Import prohibitions are placed on certain agricultural products and automobiles, however, cars may be imported with an important licence and agricultural products may also be imported in times of scarcity. For certain products there exist maximum prices which are controlled by the island authorities<sup>15</sup>. There are also stamp duties for in-transit goods<sup>16</sup>. Import licensing applies mainly to cars, medical supplies, milk, meat and vegetables (mainly seasonal)<sup>17</sup>. Tariff bindings in the World Trade Organization (WTO) have been at low levels which has necessitated a concern for adequate safeguard measures<sup>18</sup>.

The external trade regime of the Netherlands Antilles is quite complex. Apart from the range of bands and specific duties, there is one customs territory but for duties there are two areas. The Leeward Islands pay duties while the Windwards form a *de facto* free trade zone and pay no duties. Tax on imported fuel, however, exists in St Maarten as well as a value-added turnover tax. Imports from Aruba enter the Netherlands Antilles duty-free under a special

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<sup>13</sup> IMF, IMF Country Report No. 01/73 May 2001. P. 14 footnote 11

<sup>14</sup> Protected goods in the Netherlands Antilles are: Rice, pre-prepared dough, bread, wooden windows and doors, mattresses, kitchen cabinets, PVC furniture, tin cans, soap, bacon, milk powder margarine, lard, ham and sausage wares, animal feed, candles, printed matter, yoghurt, eatable oils, ice-cream, malt beverages, toilet paper, paper towels, paper napkins, waxed paper, wheat flour and meal, corn meal, plastic bags, galvanised wire netting, plastic wire netting, nails, reinforced concrete rods, lemon syrup, non-fermented fruit juices, non-alcoholic beverages, beer, paint, plastic cups. . (See ACS: Study of Trade Obstacles of the Association of Caribbean States OCT 1999).

<sup>15</sup> Products that fall under price controls are: Rice, coffee, tea, cornmeal, baby foods, baby milk powder, canned milk, butter, margarine, sugar, salted fish and meats, cooking oil, anti-diabetics, anti-conceptives, and all other pharmaceutical products. (See ACS: Study of Trade Obstacles of the Association of Caribbean States OCT 1999).

<sup>16</sup> As yet as in some other Caribbean countries there is no environmental tax on glass and plastic containers for bottles that do not carry a refundable fee.

<sup>17</sup> Import licences are necessary for certain agricultural products. Celery, radish, cabbage, lettuce, (sla-ui/siboyo largu) spinach (amsoy), (snijbiet), beetroot, squash, pumpkin, Curacao cucumber, (kouseband), green beans, Curacao bean, okra, cassava, sweet potato, coconut, lemon. (See ACS: Study of Trade Obstacles of the Association of Caribbean States OCT 1999).

<sup>18</sup> These tariffs were bound by Holland in 1947.

agreement. Import duties in 1998 were estimated to be 132 million Netherlands Antilles guilders and contributed 24 per cent of government revenue.<sup>19</sup> A process of trade liberalization has started. The first phase involved the abolition of production monopolies and import quotas and the gradual elimination of economic levies<sup>20</sup>. Further trade liberalization is being contemplated with possible plans to reduce the highest import tariffs and the number of tariff bands, and to phase out the import surcharge in the context of an overhaul of the tax system and the planned passage of a customs act and a new law to streamline import procedures that would facilitate trade. A liberalization schedule has already been announced that could involve the following possible annual percentage reductions (15, 30, 30, 15,10) over five years in the non-sensitive categories. The date when it will come into effect has not yet been set.<sup>21</sup>

## C.2. Comparison with the CARICOM CET<sup>22</sup>

The basic approach to tariffication is the same with low duties on capital goods and raw materials and higher rates on semi-manufactured articles with the highest on final consumer goods. Competing imports also bear higher duties. In terms of the overall picture in the region<sup>23</sup>, tariffs on agricultural goods are 40 per cent in CARICOM, and many rates are above 25 per cent<sup>24</sup>. Tariffs in the Netherlands Antilles on agriculture are lower<sup>25</sup>.

It has been estimated that the weighted average external tariff (import duties plus economic levies for the protection of locally manufactured goods) of Curacao and Bonaire is at present about 40 per cent higher than the corresponding level for CARICOM countries<sup>26</sup>. The average unweighted tariff in CARICOM ranges between 9.7 to 11.2 per cent (Table 4). Belize is

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<sup>19</sup> IMF. Staff Country Report No. 99/65 July 1999 Table 11

<sup>20</sup> Production monopolies, quotas, and economic levies protect 19 companies, directly employing 690 persons and producing several essential consumer goods, furniture and construction materials.

<sup>21</sup> According to the announced plan and an execution decree, the implementation should have started in March 2001. See World Bank. "Netherlands Antilles: Elements of a Strategy for Economic Recovery and Sustainable Growth- Interim Report World Bank Mission, December 5-20, 2000".p. 19.

<sup>22</sup> It was not possible to do a more in-depth comparison with the CARICOM CET since data was not obtained in electronic form as well as the system of trade concordances necessary to convert the prevailing tariff system (BTN) to HS which is currently used by CARICOM. Plans are afoot to convert the tariff scheme to the 1996 HS scheme. The Harmonized System will be implemented in Jan 2002 . The law has to be passed before 1<sup>st</sup> July 2000.

<sup>23</sup> Haiti has not been addressed since its tariff system is different and has historically been low (currently on average 10%). In accepting CARICOM membership, Haiti has agreed to take its tariffs up to the CARICOM level in 5 years.

<sup>24</sup> Finger, Michael, Francis Ng and Isidro Soloaga "Trade Policies in the Caribbean Countries: A Look at the Positive Agenda Caribbean Group For Cooperation on Economic Development Washington, D. C. June 8, 1998

<sup>25</sup> Agricultural tariffs on average range between 0 and 11.5% with a few specific duties at 18%, 28% and 36%.

<sup>26</sup> World Bank. "Netherlands Antilles: Elements of a Strategy for Economic Recovery and Sustainable Growth- Interim Report World Bank Mission, December 5-20, 2000". The World Bank, Latin America and Caribbean Region, January 2001.

at the top of the list followed by Guyana, Grenada, Dominica and Saint Lucia. The others are below 10 per cent.

In the reform of the Common External Tariff (CET) in 1992, CARICOM reduced the number of bands and eliminated a number of specific rates. The maximum tariff was also reduced to 40 per cent. In terms of the number of tariff items covered by the maximum tariff, Trinidad and Tobago, Jamaica, Saint Vincent and the Grenadines and Dominica stand out from the pack with about 5.6 per cent as compared to .2 per cent in the others. There is also a fair amount of variation in the maximum tariff across sectors (Table 4).

Surcharges and other discriminating taxes on imports have been generally removed in CARICOM even though some specific charges continue to exist especially in Barbados, Jamaica and Trinidad and Tobago.

CARICOM countries, like the Netherlands Antilles, do not have a track record in the use of contingent protection such as anti-dumping and countervailing duties. In addition, they have not employed safeguards<sup>27</sup> and do not have elaborate standards that are systematically enforced.

A major difference between CARICOM and the Netherlands Antilles is the use of economic levies to protect domestic industry. Such additional charges have been generally phased out in CARICOM under the structural adjustment programmes in the 1980s and 1990s.

In measuring the extent of trade liberalization, it can be noted that the quantitative restrictions and non-automatic licensing requirements are applied by many CARICOM countries<sup>28</sup> to most food products and to beverages. Imports of cosmetics, appliances, clothing and even some industrial goods are likewise controlled in these countries (Table 5).

Even within CARICOM, every member maintains restrictions on some imports from other members, or from a targeted subset of members. The OECS countries did not embrace liberalization to the same degree. The maintenance of Article 56 of the CARICOM Treaty which provides protection to OECS industry from other CARICOM countries underscores this observation as well as the firm position on non-reciprocity for the OECS in regional and international trade negotiations. The OECS is committed to the phasing-out of Article 56 in about four or five years and tariffing the current restrictions.

CARICOM bound rates in the WTO would be higher. On average 100 per cent for agriculture and 50 per cent for manufactured goods. Applied rates vary significantly in many sectors but the current reform in the Netherlands Antilles could bring rates more in line. It should also be noted that CARICOM is under pressure to lower its rates, especially in agriculture, in the current Free Trade Area of the Americas (FTAA) and built-in WTO negotiations.

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<sup>27</sup> With the exception of Barbados, CARICOM countries did not subscribe to WTO Special Safeguards in Agriculture.

<sup>28</sup> Mainly OECS Countries and Barbados.

#### D. BARRIERS TO NETHERLANDS ANTILLES TRADE WITH CARICOM

The trade policy barriers to trade in the region have been documented<sup>29</sup>. They consist of tariffs, tariff quotas, other taxes and surcharges, non-tariff measures, import quotas, import prohibitions, price control measures, safeguards, Sanitary and Phyto-Sanitary (SPS) measures, contingent protection, valuation rules, and monopoly measures. Other limitations also exist. One constraint on export development in the Netherlands Antilles is the absence of export credit and export insurance facilities<sup>30</sup>.

Antilles-based exporters also face high costs of transportation since return containers are generally empty. The FTZs that trade with the region experience this problem along with exporting on time due to the lack of frequency of ships. The problem is less acute with the oil trade since this goes through PDVSA and they handle the shipping.

Freight rates are high even though firms in the FTZ cooperate to ship in bulk which is not the case of domestic producers. The high cost of the port charges<sup>31</sup> is also another factor. In Curacao, Curacao Port Services (CPS) has 95 per cent of the non-oil trade. It gives special rates for export containers<sup>32</sup>.

The role of lower or zero tariffs in mitigating trade for the current and potential trade between Netherlands Antilles and CARICOM has been underscored. As a first exercise, CARICOM rates on imports from Curacao and Bonaire are shown in Table 6. In terms of value, the bulk of exports in oil products face duties of 5 per cent. As expected, in terms of value, mainly those items which are subjected to low tariffs are being traded. Other imports of much smaller value, and especially those that are considered processed and competing consumer items would pay a duty of between 10-40 per cent. Items such as clothes, detergents and furniture would pay a duty of 35 per cent (Table 6). More detailed in-depth work is needed, especially on potential exports and protected manufactures, to get a more precise idea of the extent of the restriction.

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<sup>29</sup>See ACS: Study of Trade Obstacles of the Association of Caribbean States OCT 1999.

<sup>30</sup> World Bank, 2000, *op. cit.* To overcome this constraint, negotiated arrangements with the Netherlands Export Credit Insurance agency to extend insurance coverage to the Netherlands Antilles were suggested.

<sup>31</sup> The World Bank Report noted this. It is probably due, inter alia, to the small market; high labour cost due to high cost of living and local labour laws and regulations; and the private monopoly. The capacity of the Port is 120,000 TEUs but it has an idle capacity of 50,000 TEUs. Such little export cargo cause rates to be much higher.

<sup>32</sup> This is linked to the shipping line and is fixed at the consignee rate. The exporters must request a discount from the shipping lines.

## E. COSTS AND BENEFITS OF INTEGRATION

### E.1. Assessment of welfare gains

#### *E.1.1. Potential static gains from trade*

Welfare benefits from free trade come from a better allocation of resources which result in lower prices for consumers. In general the static gains from a larger free trade area tend to increase in line with the pre-integration height of the tariff and the level of effective protection as a whole. Assuming that there is free trade, all protection is eliminated, and tariffs exist only with third parties, then trade can be created in so far as the demand for imports from members of the integration scheme will rise by a fraction either less, equal to or more than the percentage drop in the import price.

Trade will also be diverted from third parties as a result of the fall in the price of imports from member countries. It will be switched from more efficient third suppliers to less efficient participating countries. The substitution effect in consumer preference between the goods from member States and goods from third parties will be critical.

There are still significantly high levels of protection in CARICOM and the Netherlands Antilles which, if reduced, could stimulate some price responsiveness. The most crucial areas would be the highly sensitive manufactured and agricultural items where protection levels are still high. Since the Netherlands Antilles does not have any meaningful agricultural base, it would have to look towards manufacturing and services to benefit from integration. In terms of goods exports, the local manufacturing base<sup>33</sup> of the Netherlands Antilles, however, is extremely small. It is also not competitive and produces items similar to what exist in many CARICOM countries.

In facing competition from CARICOM countries, many of the local industries could be forced to close unless they are re-engineered within a short time-span under some transitional arrangement. New capital and technology investments would be needed as well as learning by doing, at least over a five-year period.

The uncompetitive nature of wage rates vis-a vis CARICOM rates as well as high shipping costs also seem to militate against any static welfare gains. Only miniscule increases in manufactured exports to CARICOM, if any, could be expected in that situation. Some adjustment costs will be incurred as job losses increase in the short-medium term and the fall in output is not compensated by expansion in new or existing areas.

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<sup>33</sup> The Free Trade Zones are not included since they are not part of the customs territory and not recognized by CARICOM for preferential treatment. In trade negotiations, so far, CARICOM has had reservations about the inclusion of Free Trade and Export Processing Zones that are regarded as outside the customs territory. This position is consistent with that in the CARICOM Treaty.

### *E.1.2. Dynamic gains from integration*

#### E.1.2.1. Potential for economies of scale and greater competition

An open question remains as to the extent to which a CARICOM market<sup>34</sup> of an additional 14 million people could provide the competition required for large specialized firms to emerge that could face up to international competition as regards production and marketing economies of scale. The use of regional integration as a launching pad into extraregional markets is usually considered a benefit in so far as export skills and technological learning could be acquired better and faster on a wider regional market. The evidence in CARICOM would suggest that not much could be expected in this regard. Firms in the Netherlands Antilles, unless oriented to international markets at an early stage, would scarcely be able to effectively benefit from the CARICOM market incrementally over a long period of time to become internationally competitive. At the margin, however, the CARICOM market could be of some help in an early quest for competitiveness.

#### E.1.2.2. Corporate integration and investment

Increased investment is usually considered to be a dynamic result of regional integration. Opportunities created by the wider market serve to channel additional domestic and foreign investment into new areas, as well as in expanding existing enterprises through the rationalization of production plans and the search for more efficiency. Foreign investment is attracted since the wider area is now more conducive for investment than one single market.

In general, in the new market situation, firm behaviour includes investment in the least cost location within the market to service the entire area; mergers and acquisitions in order to increase size to hold on to market share and withstand added foreign competition; and divestment and product concentration to better withstand the increase in competition. Such investment strategies are, however, typical of very large protected markets in which foreign and local firms seek to occupy strategic positions. The relatively small extension of the market would not have such a strong impact.

Some new foreign investment based on competitive advantage and export-orientation will respond to the trade and investment reform policies that are geared to reduce protection and make the productive environment more efficient. In small economies, this seems to occur especially if adequate market access is readily available in foreign markets.

Due to its small size, CARICOM was never very attractive to inward-looking foreign investment. In the light of present hemispheric trade liberalization programmes, it is even more doubtful that this is occurring on any meaningful scale. Larger and more competitive plants enjoying economies of scale outside the common market in a least cost location are better poised to enter and compete in this integrated market.

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<sup>34</sup> CARICOM including Haiti.



### E.1.2.3. Customs administration

In a Free Trade Area (FTA) or Customs Union, tariff preferences are underpinned by more favourable rules of origin that include value-added criteria and cumulation. The existence of one customs territory with two areas, one of which is an FTZ in the Netherlands Antilles, would require an additional effort in administration of the rules of origin in an FTA. Different access conditions for the free trade zone of the Netherlands Antilles Windwards would require tighter border controls and rules of origin within the CARICOM customs region, to avoid non-CARICOM intermediate inputs paying no duty in the Free Zone and entering into final goods, which are then exported into the customs territory either directly or via that part of the Netherlands Antilles that is in the customs territory. Hypothetically, if the Leewards enter CARICOM and accept the CET, then, the Windwards, similar to a FTZ in Curacao for example, would be considered outside the customs territory, and its exports will not enjoy any tariff preferences. Harmonization with CARICOM would require new customs regulations and monitoring to avoid goods manufactured in the Windwards passing through the Leewards en route to CARICOM. Strict border controls with the Windwards will be necessary to ensure that this part of the country remains outside the customs territory. CARICOM will want these assurances to avoid the Windwards and other FTZs becoming a conduit for all types of footloose foreign investments that could displace local investment and disrupt the regional market.

There would therefore be some additional costs to customs administration for the Netherlands Antilles but this may be offset from the gains from harmonization.

### ***E. 1.3. Conclusion on welfare costs and benefits***

Earlier it was noted that essentially the countries with existing export capacity and already exporting into the markets of their potential partners would be the ones who would gain in the short-to-medium term from a reallocation of resources. The net benefits for the Netherlands Antilles would most likely be inconsequential.

Dynamic gains in the form of economies of scale, lower unit costs, learning-by-doing, specialization and efficiency, and industrial diversification are usually associated with States that enjoy an industrial base. Higher wages and/or lower productivity as well as small market size and a narrow industrial base are causing most of the OECS countries and Barbados to shift more to service economies and abandon low-wage manufacturing. The islands of the Netherlands Antilles are quite similar to the OECS and Barbados in this regard.

Dynamic production gains and losses are difficult to assess. They critically depend on the assumptions about the relocation of industry and the patterns of new investment. As a general rule, it is known that the economics of agglomeration would suggest that industry feeds on industry. According to this view therefore, the more industrialized centres in CARICOM would benefit from the new division of labour likely to emerge from a larger free trade area. Investment diversion could occur therefore towards these centres. The Netherlands Antilles is not an industrialized centre and cannot anticipate the reaping of significant dynamic benefits.

In a broad sense, consumer gains could emerge for all members through lower prices and better quality as a result of the reduction of monopoly profits and improved efficiency from greater competition.

The calculation of potential job losses would depend on the outcome of the present restructuring process and the transitions and safeguards provided to industry to facilitate the building of competitiveness. More precise calculations would be required to make a better judgement on this matter.

In conclusion, the net welfare gains appear rather marginal and elusive. There are some dynamic ones most likely in the longer term but it is not clear to what extent they would offset the costs in the short term. The latter, of course, can be minimized through a gradual and prudent trade policy.

## **E.2. Fiscal costs of adjustment**

In so far as trade with CARICOM is not significant, there will not be any major revenue losses from abolishing taxes and customs duties on imports as a result of free trade. Governments are generally concerned with the rate at which these imports may grow and the revenue losses that that growth would imply. But even in that regard it is not expected that CARICOM exports would expand that drastically. As noted above, import duties currently account for 24 per cent of revenue in the Netherlands Antilles.

The dependence on import duties, however, is significantly much higher for CARICOM, countries especially the OECS countries. Since a significant part of CARICOM trade with the Netherlands Antilles is in a product like oil on which some substantial revenue is raised in some countries, there may be a concern on the CARICOM side for abolishing duties on this product. It is, however, done for oil products from Trinidad and Tobago.

## **E.3. Costs and benefits in capacity sharing**

Increasing international competition along with pressure from global integration and regionalization have forced CARICOM to globally reposition itself and restructure itself internally. The creation of a CARICOM Single Market and Economy (CSME) has become necessary in the light of the need to increase international competitiveness. It aims to do so by freeing the factors of production to enable them to be most productive in locations where they have their comparative advantage.

The 1973 Treaty of Chaguaramas, which established the Caribbean Community, had to be adjusted to take account of this development and lay the basis for the Single Market and Economy. The CARICOM Single Market and Economy programme, inter alia, involved the adoption of nine Protocols amending the Treaty of Chaguaramas. Protocol I, which addresses the procedures of the Community as well as new institutional structures and decision-making arrangements; Protocol II on Services, Rights of Establishment and the Movement of Capital;

Protocol III on Community Industrial Policy, Protocol IV on Trade Policy; Protocol V on Agricultural Policy; Protocol VI on Community Transport Policy; Protocol VII on Disadvantaged Countries, Regions and Sectors; Protocol VIII on Dispute Settlement and Protocol IX on Rules of Competition.

The Single Market and Economy also requires greater emphasis on macroeconomic convergence and harmonization. New institutional arrangements had to be put in place to monitor national economic policies to ensure a better coordination of these policies. A harmonized policy on foreign investment, the establishment and integration of capital markets in the Community, financial and monetary integration, and the free movement of managerial and skilled personnel and service providers also generated new tasks and work programmes.

The formulation and implementation of these harmonized policies have not met the deadlines set for their completion. In addition, in many areas, progress has been thin. Since 1989 the policy decision was taken to create the Single Market and Economy and the process of implementation is still ongoing. The implications of harmonizing these policy and functional areas for the Netherlands Antilles are tentatively discussed below.

### ***E.3.1. Policy areas***

#### ***E.3.1.1. Free movement of capital***

CARICOM is committed to the development of a Regional Capital Market. To this end, a first phase was started with the institution of cross-listing and cross-border trading of securities on the existing three Stock Exchanges in CARICOM (Jamaica, Barbados and Trinidad and Tobago), the creation of a Regional Stock Exchange being the final objective. From January 1991, the conditions for the cross-listing of securities on the three stock exchanges were put in place and the cross-trading started so far has been very minimal. It is of interest, however, to note that the terms and conditions for the listing of securities have been harmonized and any incorporated CARICOM company can list its securities, provided it meets the conditions. CARICOM nationals would have to be given the same treatment as nationals in the ownership of enterprises including those reserved for nationals under the foreign investment laws. CARICOM is still to give effect to this idea of national treatment.

The private sector is responding positively to the creation of the Single Market and Economy. There are a number of companies which are now listed on all three active Stock Exchanges in the Single Market. There are also a growing number of firms with operations in several of the member States. Progress has not been as fast as anticipated due to the relatively small size of many of the firms in the region and the weakness of national and regional private sector organizations.

The participation of the Netherlands Antilles in building a regional capital market would require that national treatment be given eventually to CARICOM producers as well as the harmonization of the terms and conditions for the cross-listing. The financial sector in the Netherlands Antilles has some interest in investing in the CARICOM region. It is not known,

however, to what extent its participation in this process would be beneficial. Further study of foreign investment laws and other regulations would have to be undertaken.

#### E.3.1.2. Freedom of movement of persons

In 1989, CARICOM agreed to eliminate the requirement for passports and abolish the need for work permits for CARICOM nationals. The idea was to begin with personnel in the visual and performing arts, sports and the media travelling for specific regional events as well as establish conditions for the free movement of skilled and professional personnel and contract workers on a seasonal basis.

The response of individual CARICOM countries to the above is not yet uniform to the point that will allow a fully harmonized policy to be adopted. Some countries are reluctant to grant these concessions to all or even a subset of these categories of personnel. As such, except in minor ways, practical measures are yet to emerge that would facilitate the movement of the targeted persons.

The presence of the Netherlands Antilles within the CARICOM Single Market and Economy would further complicate this question of free movement of persons. In view of its high per capita income, it would be an attractive pole for migrants and would be reluctant to adopt the present facilitating measures.

#### E.3.1.3. Macroeconomic policy harmonization and coordination

Macroeconomic stability as a basis for sustained growth has not yet been clinched in CARICOM although significant strides have been made. Fiscal deficits have been drastically reduced but public finances in some cases are still very vulnerable to destabilization. External balance also remains precarious since it is not being attained by a significant expansion in exports.

Although CARICOM countries have been in the process of institutional and structural adjustment, they still have quite some distance to go in achieving liberalized and deregulated markets. The extent to which these economies will make this adjustment is still undetermined.

The inability to make this macroeconomic adjustment has hindered the integration process. Greater coordination of macroeconomic policies would facilitate greater trade and investment in the region since investors will operate in the same macroeconomic conditions which is the aim of the single market.

Even though the Treaty commits member States to seek harmonization of monetary, exchange rate and payment policies, macroeconomic policies at the national level are established with little concern for their consequences at the regional level. Recently, improved

monitoring of macroeconomic conditions in the region was instituted by CARICOM along with a stronger process of consultation.

Full membership of CARICOM by the Netherlands Antilles would require some commitment to this idea of single market and economy. At present, like in individual CARICOM member States, some consultation is done with international financial agencies, especially the IMF and the World Bank, on macroeconomic affairs. The additional benefit that would come from coordination with CARICOM would only be derived in the context of wider benefits of participating in a single market and economy.

#### E.3.1.4. Harmonization of regulatory frameworks

The convergence of Caribbean regulatory frameworks towards best-practice ones would create a more competitive environment for investment. A major advantage of this convergence is that a more level playing field with developed-country trading partners will be created for investors, allowing CARICOM's competitive advantages to be more easily perceived.

Harmonization would reduce transaction costs and thus stimulate regional integration. Foreign investment regulations need to be modernized.<sup>35</sup> Institutional and legal frameworks affecting the financial system and regional capital markets in facilitating investment and trade financing need to be tackled along with effective prudential supervision. The upgrading of technical, labor, environmental and sanitary standards to be applied to products and production processes is also a necessity for establishing an integrated labor and product market.

Under Protocol II relating to services there is a fair amount of harmonization to be undertaken in terms of the recognition of professional and technical qualifications, as well as mechanisms for all workers to carry over social security entitlements. Tax systems also need to be reviewed. In competition policy some progress has been made but it needs to be deepened, especially at the national levels.

The gains from such harmonization would have to be carefully calculated in the case of the Netherlands Antilles. With a different legal and institutional background, the perception of benefits might not be automatic as in the case of CARICOM countries, most of which have had a long and similar legal and administrative tradition.

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<sup>35</sup> In 1973 the harmonization of fiscal incentives for investment was established to encourage foreign investment, minimize competition among member States for foreign investment, promote investment with high local value added and serve as a measure of equitable distribution of benefits by allowing the LDCs to give more incentives. CARICOM LDCs are Belize, Grenada, Saint. Lucia, St. Vincent and the Grenadines, Dominica, Antigua and Barbuda, St. Kitts/Nevis, and Montserrat

### *E.3.2. Functional cooperation*

#### *E.3.2.1. Governance and administrative efficiency*

In view of the trends in good governance, CARICOM governments have committed themselves to increase transparency, participation and accountability. Lowering administrative costs in a region with such high costs is also a priority in that regard as well as providing better and more efficiency in the delivery of public services to the private sector.

CARICOM has developed a Charter of Civil Society which establishes standards and expectations for all members. Even though there is wide recognition of it by civil society, it is still to be accepted by all CARICOM members. Under Protocol I the Community has also restructured its own system of governance by creating Ministerial Councils which promote consultation and coordination at the national and regional levels among governments, business, labour and non-governmental organizations.

The creation of an Association of Caribbean Community Parliamentarians as a deliberative (rather than legislative) body to bring together government and opposition representatives to discuss regional matters is also another step in this direction. Similar to the Caribbean Court of Justice, which, in addition to serving as the final appellate court for the various jurisdictions, will, if finally adopted, have exclusive and original jurisdiction in respect of disputes concerning the interpretation and application of the Treaty of Chaguaramas.

Cooperation to reduce administration costs through joint or shared action in areas such as foreign representation and customs administration has been in effect for some time. The former area has had its fair share of problems but efforts are ongoing. National Customs Administrations like the National Bureaux of Standards have also cooperated to improve efficiency. The Community recently decided to create the Caribbean Regional Organization for Standards and Quality (CROSQ), which would assist member States of the region externally on all standards matters<sup>36</sup>.

The relevance of the above instruments for enhancing governance in the Netherlands Antilles is not quite clear and would require more in-depth analysis. It may well be that within the Kingdom adequate safeguards exist for good governance and these CARICOM arrangements may be redundant. There could, however, be important gains from cooperation in customs administration and standards.

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<sup>36</sup> The Caribbean Regional Organization for Standards and Quality (CROSQ) was provided for in Protocol III on Industrial Policy. It grew out of the need to restructure the Caribbean Common Market Standards Council (CCMSC) into a more independent body in order to respond more effectively to existing and emerging demands nationally, regionally and internationally. It is now being established and it has been agreed that Barbados would be the Headquarters for CROSQ. See Working Document for the Second Special Consultation on the CARICOM Single Market And Economy. St. Philip, Barbados, 20-21 November 2000

### E.3.2.2. Risk management

Natural disasters are posing challenges to regional cooperation. The increasing frequency and intensity of shocks from natural phenomena - hurricanes, volcanoes and earthquakes - are forcing a review of the current arrangements for disaster planning and management. A more comprehensive approach which deals with planning, monitoring, forecasting, prevention, response, rehabilitation and reconstruction has been adopted by the Council of the Caribbean Disaster Emergency Response Agency (CDERA). Efforts are already underway to elaborate, for further policy consideration, the institutional arrangements and strategic framework necessary to facilitate this. The CARICOM countries have also been collaborating to mitigate the impact of disasters through the adoption of measures such as a Caribbean Uniform Building Code (CUBIC).

The use of the Caribbean Sea by international criminal organizations for the transshipment of drugs and the transport of nuclear materials and waste, and by cruise ships for the discharge of wastes is also calling for fundamental changes in the approach to regional cooperation. Similarly, the destruction of coral reefs by local populations and visitors, over-fishing and pollution from coastal settlements and industrial, agricultural and tourism activities also require different responses.

In the area of human resource development, in particular tertiary level training and scientific research and testing, the cooperation experience has also been deepened. The most important demonstrations have been in university education through the University of the West Indies (UWI) and the Caribbean Examinations Council (CXC). Cooperation in areas relating to health has also been positive. This has involved training of health professionals, research, policies, the management of health systems and the new preventive programme in HIV. The work of the Caribbean Epidemiology Research Centre (CAREC) and the experience of the Caribbean Basic Health Management Project should be underscored in this regard.

Capacity building and sharing through regional cooperation and integration has been enhanced through a network of intergovernmental, private and non-governmental institutions. The Netherlands Antilles is familiar with regional cooperation. It participates in some regional organizations and programmes. There are some additional benefits from a wider participation in some of the current regional programmes, especially in health and education.

### ***E.3.3. International negotiation and external policy coordination***

“Microstates”<sup>37</sup> face severe disadvantages in their dealing with the rest of the world due to low bargaining power and high fixed costs of negotiation. Due to their small size, microstates do not usually possess the needed human and physical capacities to unilaterally conduct the various bilateral and multilateral negotiations that are typical for developing nations. Forming a regional grouping or joining with neighboring nations may help a country share its fixed

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<sup>37</sup> The term “microstate”, according to the definition of the United Nations, denotes a state with a population numbering one million or less. In this paper, the term is broadly used to denote very small countries.

negotiation costs and increase its bargaining power. As the world has become increasingly more integrated and the number of issues to be dealt with in the international arena has grown, the need for microstates to integrate with their neighbors has grown as well.

CARICOM States, by acting together in articulating their shared interests and sharing the fixed costs of international negotiation, have been able to increase their collective strength and obtain more negotiation power.

CARICOM has often served as an effective political instrument in joint negotiations on trade and investment with larger countries or regional trade blocs. In a fundamental sense, the real gains in CARICOM came from external collaboration in negotiating market access and financial assistance.

The relatively high per capita concessionary inflows as well as the wide range of non-reciprocal market access under the Generalized System of Preferences (GSP) and into the United States, Canada and the European Union serve to buttress this argument.<sup>38</sup> In addition, CARICOM coordinated positions in multilateral institutions as regards, among others, debt, the needs of small States and commodity prices. The concerns of the regional States on the issues of environmental and territorial security have also been well articulated. CARICOM is active as well in various commissions or joint councils with Cuba, Canada, Japan, Mexico, the United States, the FTAA, the Organization of American States (OAS), the G3 (Mexico, Venezuela, Colombia) and the Latin American Economic System (SELA). Within CARICOM itself, the OECS countries have also enhanced their individual administrative capabilities and their collective bargaining weight, both within CARICOM and internationally.

In view of the number and nature of the issues to be dealt with, an individual CARICOM State would hardly have sufficient human, physical or financial capacities to unilaterally conduct fruitful negotiations in so many areas. Becoming part of CARICOM can be attractive for the Netherlands Antilles if it has international negotiations that require substantial financial resources, time and expert knowledge that are limited and could be used more efficiently in other areas. It is clear that at present some such sharing now takes place within the Kingdom of the Netherlands. The question is therefore whether there are residual issues on which the Netherlands Antilles would wish to negotiate outside the Kingdom, but which could benefit from cost sharing and enhanced negotiating power.

Within its constitutional competence<sup>39</sup> the Netherlands Antilles negotiates with many international and regional agencies on different issues on its own. It sets its own negotiating positions and unilaterally negotiates with all these foreign agencies. The use of some regional negotiating mechanism to defend the common economic or political interests could be of some help.

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<sup>38</sup> Gonzales, A. "The Future of CARICOM: Collective Self-Reliance on the Decline?" *Caribbean Review*, Vol. XII, No. 4, 1984.

<sup>39</sup> As discussed in section F2.



It is likely that, as a small country in the Caribbean, the Netherlands Antilles will have similar preferences with CARICOM. This should reduce the cost of reaching a joint negotiating position which should not be greater than the savings from international negotiation. There are several areas of negotiation where the Netherlands Antilles can increase bargaining power and lower negotiation cost. One such area could be on Offshore Financial Services. The recent success of CARICOM in the negotiations with the Organization for Economic Cooperation and Development (OECD) on harmful tax competition bears testimony to the advantages of a regional approach.<sup>40</sup> In its June 2000 Report<sup>41</sup>, the OECD placed the Netherlands Antilles in Group 111 which included jurisdictions with weaker legal, regulatory and supervisory infrastructure and practices. There may be some common interest with CARICOM in this regard.

The Netherlands Antilles recently decided to apply for independent WTO membership as a separate customs union. In addition, current and future FTAA and post-Cotonou negotiations would be of interest to the Netherlands Antilles. Successful participation in these negotiations will depend on a capacity for effective independent representation, preparation and negotiation. CARICOM through the Regional Negotiating Machinery (RNM) could be of assistance in this respect. The RNM has been established to provide the technical base and coordinate the negotiations. It has been designed to allow for the pooling of limited technical resources in the various member States.

In conclusion, there seems to be a net benefit to the Netherlands Antilles from participating in a limited number of negotiating areas. Due to the similarity of issues and common interests, the overall fixed costs per issue could only be reduced from such participation which would rebound to the benefit of CARICOM, as a whole, not to mention its enhanced negotiating strength.

#### **E.4. Brief overview of possibilities in integration and cooperation in trade in services between the Netherlands Antilles and CARICOM**

In CARICOM the services sector has been increasing its contribution to national output. The services sector share of Gross Domestic Product (GDP) for CARICOM countries in 1996-1997 averaged 73 per cent, ranging from Antigua and Barbuda with 88 per cent to Guyana at 28 per cent. Such a large contribution of services to the GDP makes most CARICOM countries service economies with a major stake in international trade.

Caribbean exports involve essentially travel, transport, communication and financial services. The largest exporters are the Bahamas \$1,517 million, Barbados \$995 million (US\$712 million in tourism) and Jamaica \$1,712 million (of which \$1,197 million is in tourism). Caribbean imports are mainly in transport, travel, other business services and construction. Trinidad and Tobago is the lowest importer of services with \$235 million as compared to Jamaica with \$1,232 million in transport, travel and other business services. Bahamas and

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<sup>40</sup> The present interest of Bermuda in associate membership may, to some extent, be related to the recent achievements of CARICOM in the negotiations with the OECD.

<sup>41</sup> OECD Towards Global Tax Cooperation. June 2000

Barbados have \$939 and \$409 million, respectively<sup>42</sup>. With the exception of Guyana, Suriname, and Haiti, all CARICOM countries are net exporters of services. Some like Saint Lucia, Barbados, Bahamas and Antigua and Barbuda are doing well. Jamaica's performance is modest bearing in mind that service exports have to cover the large deficit on the merchandise account in most of the CARICOM countries. The emerging trade surplus in Trinidad and Tobago seems to reflect a larger domestic production of producer services and at the margin some expansion in exports, particularly transport and travel. On average, export growth rates in the region are small in terms of development needs (between 3-5 per cent) as compared to Thailand and Malaysia (10-15 per cent).

Diversification in non-tourism exports is slow and not in keeping with faster world trends. CARICOM countries are net importers of non-tourism services. Growing dependence on tourism in some cases has emerged. In Jamaica, for instance, tourism exports accounted for 30 per cent of total exports of goods and services in 1980 as compared to 53 per cent in 1994 in spite of the fact that tourism growth is generally stagnant in the English-speaking Caribbean.

Export diversification is at the margin greater in Jamaica and Barbados. In Jamaica, non-tourism services are mainly in transport, communication and computer services. In Barbados, it is in banking, insurance, other business services, computer and information services and transport. In the region, as a whole, product diversification in non-tourism essentially is in financial services in Barbados and the OECS; information services in Barbados and Jamaica; and entertainment services mainly in Jamaica.

Skill intensity and technology are not the features of Caribbean exports. In information industries, CARICOM countries are struggling to move away from data entry and climb the ladder to software development. Similarly, in financial services, CARICOM countries are still booking Offshore Financial Centres which register transactions arranged and managed in other jurisdictions, the exception being the Bahamas which is in investment banking. These offshore entities have little or no presence in the region and do not engage in any meaningful financial intermediation.

The dependence on consumption abroad is relatively high. The other modes of supply such as foreign investment, cross-border and movement of natural persons are insufficiently employed. The interdependence and combination of the four modes along with the identification of the lead mode need to be more exploited to penetrate foreign markets.

One key issue for trade policy is whether the required liberalization of all the factors of production (land, labour, capital, technology) is necessary for services growth. There are definitely some problems with direct foreign investment. These are related to work permits, uncertainty, length of time, alien landholding acts involving high taxes and fees, complaints about licensing and accreditation problems, labour market inflexibility and bureaucracy. Supply constraints in telecommunications, infrastructure (water, lights and transport, in particular) and human capital also frustrate services development. Weak regulatory frameworks also cause supply problems.

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<sup>42</sup> Data on intraregional trade flows in services is non-existent at present.

Most studies point to competitive potential in financial services, information industries, and entertainment and professional services. The presence of small firms, however, without adequate clustering has been a restraining factor. Another consideration is that world trade barriers on mode 4 are unlikely to come down. CARICOM potential in professional and entertainment services may not be realizable unless these can be delivered by e-commerce.

Although the data does not exist, intraregional trade in services is expected to be low as compared to extraregional trade in services. There are still many obstacles to intraregional trade and investment in services. The scope for integration in trade in services in CARICOM is now constrained by the fact that CARICOM is still developing a services regime. Protocol II, which entered into provisional application in July 1998, allows the granting of the right of establishment, the right to provide services and the right to move capital in the community to Community nationals. These are general obligations to which member States subscribe. They may not introduce any new restrictions affecting these three basic rights. The right of establishment according to Protocol II includes the right to engage in any non-wage earning activities, that is, activities undertaken by self-employed persons, of a commercial, industrial, professional or artisanal nature; and the right to create and manage economic enterprises.

Protocol II contains the following liberalising principles: (i) market access, (ii) national treatment, and (iii) recognition of diplomas, certificates and qualifications. The acceptance by other member States of diplomas, certificates and other evidence of qualification issued by a member State is a required condition to give full effect to the free movement of natural persons. The free movement of university graduates was already agreed in 1995 eliminating the need for work permits, and the categories of services providers were extended further in 1996 incorporating artists, media workers, musicians and sports persons.

A programme was established for the removal of restrictions within one year. However, this timetable had to be modified as the process of identifying restrictions under the Protocol and verifying and notifying them took much more time. Liberalisation of trade in services within CARICOM will be completed when restrictions incompatible with the rights envisaged under the Protocol are eliminated. Based on a CARICOM inventory of restrictions, in which countries have notified what they can remove and when, 350 restrictions were identified.

The majority of restrictions affect the right of establishment, followed by the movement of natural persons, and cross border trade and consumer movement to supplier in that order. Three hundred and fifty eight subcategories or activities in services to which all the restrictions are applied were identified. Fourteen horizontal restrictions were also identified. Categories of restrictions along with their time-frames for elimination have now been established. The first category (short-term) consists of non-essential restrictions which should be removed by 31 December 2003 and contains 41 per cent that can be dealt with in the short-run. The second category (medium-term) consists of 45 per cent of the restrictions which should be removed by 31 December 2004. The last category (long-term) contains the more essential restrictions which are carded to be removed by 31 December 2005. Nine per cent can be removed in the long run. The remaining 5 per cent is considered necessary and did not need to be removed.

Some countries have agreed to move faster than the above timetable and special provisions have been made for the Less Developed Countries (LDCs). According to the Decision on Freer Movement of Skills, by 2003 all restrictions on work permits will be removed bearing in mind the rights of LDCs. By 2005 all provisions affecting rights of establishment, provision of services and movement of capital should be removed

A number of issues arise in relation to the projected liberalization schedule. In spite of the voluminous and time-consuming work, there is still the challenge of ensuring that the restrictions identified are comprehensive and accurate. For instance, it is known that the inventory does not take account of certain restrictions with the rest of the world, for instance, in bilateral investment agreements with the United States. Another issue is that the special provisions with LDCs Article 38c will reduce the pace of liberalization internally and especially with third countries.

Article 37(c) offers safeguards not longer than 18 months but there is no time limit to special safeguard action under Article 38a. Some observers see this as a loophole. It is not known how it will be implemented.

Major challenges lie ahead as regards implementation. Member States need to introduce the necessary arrangements to ensure compliance with obligations of Protocol II and the relevant provisions of other Protocols. Several policy initiatives, constitutional and legal action as well as administrative measures are required to ensure full application and non-discrimination regarding the rights of establishment, provision of services and movement of capital; acceptance of diplomas, certificates and other evidence of qualifications; and policies to remove restrictions.

The design and implementation of a regional services regime, consistent with the General Agreement on Trade in Services (GATS), is now a priority in light of the goals of the single market and economy. Such a regime would provide for the right of establishment and national treatment, government procurement, greater transparency of rules, dispute settlement, temporary and other types of movement of persons, social security obligations and entitlements and other subjects<sup>43</sup>.

The Netherlands Antilles integration in trade in services would require full CARICOM membership, including the adoption of the provisions on the single market and economy. The gains from trade in services at this point are not clear. In the Netherlands Antilles long-term comparative advantage is seen to lie in service export industries, particularly tourism and financial services, e-commerce, transshipment and distribution services and other niche service industries<sup>44</sup>. Intraregional trade competitiveness in services is not known so it is difficult to estimate gains and losses. In addition, sector-by-sector assessments which go beyond the scope of this work would be required to determine potential for expanding trade in services.

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<sup>43</sup> CARICOM Report of the Workshop on Trade in Services, Kingston, Jamaica, 11-12 July 1997. Gill, Henry, "The Services Sector in CARICOM: The State of Work and Suggestions for an Agenda". April 1997

<sup>44</sup> Netherlands Antilles: Elements of a Strategy for Economic Recovery and Sustainable Growth. Interim Report of the World Bank Mission, December 5-20, 2000

Traditionally the services traded in the region largely consist of banking and insurance, tourism, construction, professional services and entertainment. Historically, the CARICOM Treaty did not offer any special incentives to CARICOM traders and producers of services to facilitate this trade in services. Recently, under Protocol II in such areas as the movement of skilled persons and capital as well as the right of establishment, there are some incentives for regional service exporters. These, however, would hardly be a disincentive to Netherlands Antilles investors and traders with strong competitiveness in tourism, banking and insurance since providers from third countries have shown and continue to enter the CARICOM market and compete.

The advantages of integration would therefore have to await more in-depth sectoral work as well as the completion of the CARICOM regime in services. The readiness of the regulatory and institutional framework in the Netherlands Antilles for openness in services would also have to be carefully examined.

The scope for cooperation in services, however, should continue to bear fruit. The Netherlands Antilles already cooperates with CARICOM in the Caribbean Tourism Organization (CTO). In offshore financial services, the Caribbean Financial Action Task Force (CFATF) has been a primary body in transnational regulatory affairs. In addition, there is the CARICOM Bank Supervision and Harmonization Project (CBSHP), which is aimed at enhancing regulation of offshore banks in the Caribbean region. It recognizes that offshore banks require an adequate legal framework, licensing policy, effective supervision and cooperation with other supervisory agencies. It establishes guidelines for legislation to specify application criteria, minimum required levels of capital and reserves, supervision by central banks, and external audits. The combined action of all these entities and projects has resulted in broad international improvement and standardization of financial services regulations. As discussed later, the recent success of CARICOM in the negotiations with the OECD on harmful tax competition bears testimony to the advantages of a regional negotiating approach in offshore financial services

Cooperation in the above and other areas could be further enhanced through associate membership where specific areas of cooperation can be determined and more fully explored.

## F. FACTORS GOVERNING ACCESSION

### F.1. Accession possibilities in CARICOM

CARICOM was established incrementally. The original Treaty establishing CARICOM was signed in 1973 by Barbados, Guyana, Jamaica and Trinidad and Tobago. By mid-1974, seven more countries (Belize, Dominica, Grenada, Saint Lucia, Saint Vincent and the Grenadines and Montserrat) joined. The Bahamas was accepted as a new member in 1983. In 1991, the British Virgin Islands and the Turks and Caicos Islands were granted associate membership. Suriname acceded to membership in 1995 and Haiti was made a provisional member in 1997<sup>45</sup>.

In the Treaty Establishing the Caribbean Community, Article 2, paragraph 1(a) clearly outlines the membership of the Community.<sup>46</sup> In addition, Article 2 paragraph 1(b) states that membership is open to “any other State of the Caribbean Region that is in the opinion of the Conference able and willing to exercise the rights and assume the obligations of membership in accordance with Article 29 of this Treaty.” Article 29 on accession to the Community provided that “any State or Territory of the Caribbean Region may apply to the Conference to become a member of the Community and may, if the Conference so decides, be admitted to membership in accordance with paragraph 2 of this Article”. Paragraph 2 stated that “admission to membership shall be upon such terms and conditions as the Conference may decide and shall take effect from the date on which an appropriate instrument of accession is deposited with the Secretariat.”

In the Treaty establishing the Common Market, membership of the Common Market was open to all the States defined above in Article 2 paragraph 1(a) except the Bahamas. In addition Article 2 paragraph 1(b) allowed “any other state of the Caribbean region that is in the opinion of the Conference of Heads of Government (hereinafter referred to as the 'Conference') mentioned in Article 6 of the Treaty establishing the Caribbean Community, able and willing to exercise the rights and assume the obligations of membership in accordance with Article 65 of this Annex.”

Furthermore, Article 2 paragraph 2 included “States listed in paragraph 1(a) of this Article the Governments of which are parties to the Treaty establishing the Caribbean Community (hereinafter referred to as the 'Treaty') shall become members of the Common Market.” Article 65 dealing with accession to the Common Market further states that, “A State, mentioned in paragraph 1(b) of Article 2 (above) of this Annex may become a Member of the Common Market on such terms and conditions as the Conference may determine”. Finally according to Article 31, “Member States that are not also members of the Common Market shall not be entitled to participate in the decisions taken under the Treaty relating to the Common Market”.

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<sup>45</sup> Haiti’s full membership awaits the ratification of the accession agreement by Parliament. A resolution of the current political discord concerning the legitimacy of the Parliament is awaited before ratification is attempted.

<sup>46</sup> These were Antigua, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts-Nevis-Anguilla, Saint Lucia, Saint Vincent and the Grenadines and Trinidad and Tobago.

By defining membership of the Caribbean Community to exclude membership of the Common Market, a clear separation between membership in the Community and membership in the Common Market was made. Membership in the Common Market was, however, made conditional on membership of the Community as stated in Article 2 paragraph 2 of the Treaty establishing the Common market but not vice-versa. This arrangement allowed the Bahamas to become a member of the Community and not accede to the Common Market.

In accordance with Article 1 of the recently adopted Protocol No.1, the term "Community" now includes the CSME to be established by the Protocols amending or replacing the Caribbean Common Market Annex to the Treaty; "member State" means a member State of the Community excluding an associate member within the meaning of Article 30 of the Treaty;

At present the CSME is now an integral part of the Community. It is not possible to become a member of the Community without being a member of the common market. To facilitate The Bahamas, on signing Protocol No I, a reservation of the CSME had to be entered by the Bahamas. This exception was made to accommodate the Bahamas as historically it was a member of CARICOM. Its case however is regarded as *sui generis* and not likely to re-occur.

Another historical *sui generis* case is Montserrat which is part of both the Common Market and Community. Instruments of entrustment from the United Kingdom allowed them to come in to be members of both as they were not independent. They are an exception in that they take no part in foreign policy. What happened for Montserrat will not happen again. Only independent countries are now allowed to come on board with full status. Otherwise, the choice is to be an associate as the British Virgin Islands and Anguilla.

Associate members pay a nominal fee (much less than that of a full member). They cannot vote but they can participate in the discussions and in all organs up to the conference. To the extent that countries do not vote and seek a consensus, this is good for the associate States as they can influence the consensus. The fact that one cannot vote seems to have no practical significance for CARICOM. The situation is also quite flexible for associate members which can choose what organs as associate members they want to participate in. The British Virgin Islands, Anguilla, and the Turks and Caicos participate in the Conference of Heads of Government of the Caribbean Community, the highest decision-making body, and in functional relationships such as Health and Education.

Protocol I provides for the institutional structure of the Community, Under this Protocol the Organs and Institutions of CARICOM were restructured in 1997. The Conference of Heads of Government is the Supreme Organ of the Community. It consists of the Heads of Government of the Member States and is the final authority of the Community. The primary responsibility of the Conference is to determine and to provide the policy direction for the Community. The Community Council of Ministers is the second highest organ. It consists of ministers responsible for community affairs and any other minister designated by member States in their absolute discretion. The Council is responsible for the development of Community strategic planning and coordination in the areas of economic, integration, social and functional cooperation and external relations.

The above principal organs of the Community are assisted in the performance of their functions by the following four Ministers' Councils:

(a) The Council for Trade and Economic Development (COTED), which manages the internal and external trade regime, the policies relating to movements of factors and the sectoral programmes of cooperation. The COTED promotes trade and economic development of the Community and oversees the operations of the CARICOM Single Market and Economy;

(b) The Council for Foreign and Community Relations (COFCOR) determines relations with international organizations and third States;

(c) The Council for Human and Social Development (COHSOD) promotes human and social development; and

(d) The Council for Finance and Planning (COFAP) coordinates economic policy and financial and monetary integration of member States.

Other key supportive mechanisms that were instituted were a Bureau of the Conference to take decisions on behalf of the Conference between meetings and the designation of particular Heads of Government with responsibility for the promotion and implementation of agreed areas of the integration process on the basis of agreement of the Conference of Heads of Government.

Since the adoption of Protocol I, observer status has changed. The new Councils do not have observers as permanent members. Countries can now be observers as invited on certain issues. Such a status can also depend on practical areas with its own rules determining observer status.

## **F.2. Constitutional framework for association with CARICOM.**

The question has been raised as to whether the Netherlands Antilles possesses sufficient autonomy to allow it to be like Montserrat in CARICOM. The Charter of the Kingdom defines the autonomy of the participating countries, The Netherlands, Aruba and the Netherlands Antilles. Under the Charter, the countries will "conduct their internal affairs autonomously and in their common interest on a basis of equality and will accord each other reciprocal assistance"<sup>47</sup>. Thus the Kingdom, while remaining one sovereign entity under international law, consists of three co-equal partners, which have distinct identities and are fully autonomous in their internal affairs.

The Netherlands Antilles is an autonomous customs territory. The duties performed by the Customs Authority of the Netherlands Antilles fall under the responsibility of the Minister of Finance of the Netherlands Antilles. All decisions on customs duties, which result from national as well as international regulations, are taken autonomously.

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<sup>47</sup> Preamble of the Charter for The Kingdom of The Netherlands



The Charter of the Kingdom also makes provision for the Netherlands Antilles to conclude an economic or financial treaty, which will solely bind the Netherlands Antilles. The cooperation of the Government of the Kingdom is, however, needed here. It must agree that this treaty does not conflict with the aims and objectives of the Government of the Kingdom. It is on this basis that the Netherlands Antilles recently joined the Association of Caribbean States (ACS) as an associate member and has a separate status in the WTO under Article 28.

Together the three countries form one sovereign entity and must administer common matters ("Kingdom affairs"), through the institutions of the Kingdom. Such include the maintenance of independence, defense, foreign relations, the safeguarding of fundamental human rights and freedoms, legal stability and proper administration.

Since foreign relations fall under "Kingdom affairs", only the Kingdom of the Netherlands can conclude treaties. It can do so for the entire Kingdom, as a whole, but it can also conclude a treaty in respect to one country of the Kingdom. For example, the Kingdom of the Netherlands, in respect of the Netherlands Antilles, has signed the Convention establishing the ACS on 27 November 1997. The Kingdom of the Netherlands and the ACS have concluded a Relationship Agreement defining the modalities of participation of the Netherlands Antilles as an associate member. As a result, it seems clear that as occurred with the case of Montserrat when the United Kingdom signed the letters of entrustment, the Kingdom of the Netherlands Antilles can approve some form of participation of the Netherlands Antilles in CARICOM similar to that of Montserrat or an associate member.

## G. CRITERIA AND CHOICE OF INTEGRATION OPTION

According to the revised Treaty of Chaguaramas, the options that are open to the Netherlands Antilles are as follows:

- (a) Full membership in the Community including the CSME;
- (b) Associate membership of the Community;

These integration choices facing the Netherlands Antilles must be considered within the specific objectives of raising national welfare, respecting the current constitutional status, and conforming with the goals of the CARICOM Treaty. The proper choice must allow the country to raise its per capita output growth rate by maximizing efficiency gains through trade and administrative reforms, improving risk management, enhancing bargaining power and reducing vulnerability. The factors that lead to an optimal choice are indeed complex. It would appear however, that if the static and dynamic gains as argued earlier seem to be marginal and much more in the longer term, then a focus on pooling managerial resources, negotiation strength in some limited areas and sharing common services would be more appropriate.

Trade efficiency gains can possibly be best obtained while minimizing adjustment cost through a partial scope trade agreement<sup>48</sup> with CARICOM and confined to the relevant specific areas where the Netherlands Antilles is seeking market access. The reciprocal price for such access could be affordable and controllable if access is provided on a phased basis and clearly offered in specific areas where the Netherlands Antilles is not competing but the market is attractive for CARICOM producers in terms of the competitive edge it will give them over third producers<sup>49</sup>.

Realistically full membership implies that the Netherlands Antilles would have to tie its external trade policy to that of CARICOM according to Protocol IV<sup>50</sup>. No autonomy would exist to change its Most Favoured Nation (MFN) rate with other partners without the approval of CARICOM. A full commitment to the adoption of the CET would create problems particularly since trade reform in the Netherlands Antilles is still in its infancy. The Netherlands Antilles would need the flexibility to guide the process according to events that emerge. The safeguards that would be needed may not mesh with obligations under a CARICOM CET schedule.

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<sup>48</sup> A Partial Scope Agreement is generally a reciprocal exchange of limited tariff concessions on specific products presented by both sides under two positive lists. It can also be extended to include some other matters as the promotion and protection of investment, services, etc.

<sup>49</sup> It may also be possible to do this within the context of the Caribbean Preferential Tariff negotiations in the Association of Caribbean States

<sup>50</sup> Suriname has had reservations as regards the aim of this Protocol to restrict the right to pursue bilateral trade negotiations. Belize in conformity with its entry conditions under the Treaty of Chaguaramas was given a derogation.

A major implication of full membership is that the costs and benefits must be shared across the entire spectrum of rights and obligations. Full members are asked to adopt an entry position that would facilitate the continuous deepening as well as widening of CARICOM; hence, the unease with the positions of the Bahamas and Montserrat, since if countries are left to just pick the areas where they can only benefit without sharing in all the consequences, then this would have negative effects for cohesion and solidarity in building CARICOM, and especially the CSME.

There are also some practical limitations to full membership. The “two customs territories”, unless secure administrative arrangements are made, would cause some concern to CARICOM and not be compatible with strengthening the CSME.

Lack of autonomy to participate in foreign policy coordination on a day-to-day basis and minor net welfare benefits, if any, would suggest that participation in capacity sharing in some well-defined functional areas and limited involvement in relevant areas of international negotiation where autonomy permits would be the best option.<sup>51</sup> Associate membership would also allow participation in the Councils, including COHSOD and the Conference of Heads of Government. In addition, it would constitute a procedure that allows familiarization with the Community before the rights and obligations of full membership, if needed, are assumed at some later date.

At a later stage of its liberalization process, the Netherlands Antilles may wish to consider entering Free Trade Arrangements in view of the impending creation of the FTAA and the need to get a first shot at the regional market. It is not clear how this would tally with associate membership. For independent countries, this combination is frowned upon. For dependent countries and territories, there may be some scope for accommodating this, especially if the overall net benefit to CARICOM is clear.

The above conclusions abstract from any consideration of the costs and benefits of trade in services which presently constitute the mainstay of the economy of the Netherlands Antilles and whose importance will grow in the future. Apart from the time and resources needed to do the research, the arrangements in CARICOM for trade in services are now being put in place. In addition, most of the current services trade is dependent on non-CARICOM markets. More systematic work however, must be done in this domain if a better appreciation of options is to be promoted.

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<sup>51</sup> In Annex 2, a list of Community institutions is attached for reference.

## H. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

- The study recommends at this stage the participation of the Netherlands Antilles in CARICOM as an associate member mainly in areas of functional cooperation, international trade negotiations and common services.
- The above can be complimented with the negotiation of a Partial Scope Trade Agreement.
- At a later stage of its liberalization process, the Netherlands Antilles may wish, on the basis of a review of its trade reform programme, to consider entering a Free Trade Arrangement with CARICOM in view of the impending creation of the FTAA and the need to get a first shot at the regional market;
- The Netherlands Antilles may wish in collaboration with the other existing and potential associate States to enter into a dialogue with CARICOM with respect to a more meaningful participation of associates that could include free trade arrangements in the future;
- In preparation for future engagement in free trade arrangements, some major obstacles to trade with CARICOM, such as transportation, high port charges, export credit and insurance, should be tackled with urgency. The reduction of specific tariff (and other trade) barriers with CARICOM could be negotiated in the context of a Partial Scope Agreement;
- Customs arrangements need to be put in place to ensure adequate administration of rules of origin and harmonized tariff systems. Cooperation with CARICOM even at this stage could be productive;
- Research is needed on the costs and benefits for the Netherlands Antilles of trade in services with CARICOM as well as to determine the precise areas in functional cooperation that should be targeted.

Annex 1**TERMS OF REFERENCE FOR STUDY ON  
NETHERLANDS ANTILLES - CARICOM TRADE**

The consultant will undertake a study on trade between the Netherlands Antilles and CARICOM under the supervision of the Head of the Economics Unit, paying attention to the following:

Objective of Study

To determine:

1. The level of trade between the Netherlands Antilles and CARICOM;
2. The barriers to trade between the two groups of countries; and
3. The requirements for increasing trade between the two groups of countries.

Terms of Reference

1. Describe the existing system of trade of the Netherlands Antilles and its historical antecedents.
2. Determine the import and export structures of the economies of the Netherlands Antilles and the extent to which they have changed over the past decade.
3. Determine the nature and extent of trade in goods and services between the Netherlands Antilles and CARICOM, especially the OECS countries, over the past decade.
4. Describe the tariff and non-tariff structure of the Netherlands Antilles.
5. Identify and assess the barriers - including tariff, non-tariff and transportation barriers - to trade between the Netherlands Antilles and CARICOM.
6. Assess the role of trade policy and practice in determining the direction of trade in the Netherlands Antilles.
7. Describe and evaluate the trade infrastructure of the Netherlands Antilles for facilitating trade in goods and services.
8. Determine the effectiveness of the institutional framework in the Netherlands Antilles for facilitating trade in goods and services.
9. Consider the implications of the above and make recommendations for increasing trade between the Netherlands Antilles and CARICOM.

<b>TABLE 1</b>					
<b>IMPORTS AND EXPORTS BY SITC SECTION. 1998.</b>					
<b>CURACAO AND BONAIRE</b>					
		<b>Imports 1998</b>		<b>Exports 1998</b>	
	<b>SITC Sections</b>	<b>Value Nafl (1000)</b>		<b>Value Nafl (1000)</b>	
0	Food and live animals	273,630	8%	70,048	0.03
1	Beverages and Tobacco	26,586	1%	10,416	1%
2	Crude materials, inedible, except fuels	8,052	0%	10,948	1%
3	Mineral Fuels, Lubricants and related materials	2,158,917	60%	1,775,185	85%
4	Animal Oils and Fats	10,263	0%	200	0%
5	Chemicals	157,370	4%	16,665	1%
6	Manufactured Goods Classified Chiefly by Material	385,146	11%	78,332	4%
7	Machinery and Transport Equipment	355,136	10%	52,314	3%
8	Miscellaneous manufactured goods	232,762	6%	63,697	3%
9	Commodities and Transactions Not Classified	900	0%	191	0%
	<b>Total</b>	<b>3,618,762</b>	<b>100%</b>	<b>2,077,996</b>	<b>100%</b>

Source: Statistical Yearbook. Netherlands Antilles 1999. Central Bureau of Statistics. Willemstad, Dec. 1999

**TABLE 2**  
**CURACAO FREE ZONE - EXPORTS BY COMMODITY**

SITC - Section 1	1994	1995	1996	1997	1998
			x 1000 NAf.		
Food	205	68	14	236	69
Beverages and tobacco	78	526	26898	22716	11513
Crude materials, inedible, except fuels	11	8	2	11	1
Mineral fuels and related materials	22	0	0	0	0
Animal and vegetable oils and fats	0	0	0	0	0
Chemical products	23168	44567	49567	38558	30312
Manufactured goods	21464	17654	22314	21218	12038
Machinery and transport equipment	20704	10794	7792	6618	50615
Miscellaneous and other articles	167598	155662	177906	202027	199204
<b>Total</b>	<b>233250</b>	<b>229279</b>	<b>284493</b>	<b>291384</b>	<b>303752</b>
Standard International Trade Classification - Revised					

Source: Statistical Yearbook. Netherlands Antilles 1999. Central Bureau of Statistics. Willemstad, Dec. 1999

<b>TABLE 3</b>					
<b>CURACAO FREE ZONE –</b>					
<b>EXPORTS BY COUNTRY, GEOGRAPHICAL AND ECONOMIC AREA</b>					
<b>Countries and areas of destination</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1998</b>
			x 1000 NAf.		
Africa	5	0	31	30	2213
North America	15838	21582	13633	13395	16768
of which U.S.A.	15813	21549	13616	13378	16734
Central America	12923	10424	9401	9237	14376
of which Panama	5123	4366	4823	4738	7150
South America	43354	120712	98827	97099	134120
of which Venezuela	19395	91707	77869	76507	108164
Caribbean	131753	124916	111894	109938	70550
of which Curacao	29679	40666	36496	35858	24286
Aruba	34458	13592	17382	17078	11530
Asia	562	273	988	970	3173
of which Hong Kong	119	69	194	191	1047
Thailand	3	7	204	201	42
Taiwan	2	47			22
India	64	45	51	50	43
Formosa			91	89	
Europe	4380	3017	2626	2580	46084
of which E.E.C.	4053	3011	2496	2453	2252
Rest	0	0	0	0	16466
<b>Total</b>	<b>308815</b>	<b>280924</b>	<b>237400</b>	<b>233250</b>	<b>303750</b>

Source: Statistical Yearbook. Netherlands Antilles 1999. Central Bureau of Statistics. Willemstad, Dec. 1999





**TABLE 4**  
**AVERAGE AND MAXIMUM TARIFF IN CARICOM**

		AVERAGE TARIFF												MAXIMUM TARIFF											
<u>Section/Desc.</u> Harmonized System 1996		Anguilla	T&T	Antigua	St Lucia	Suriname	St Vincent	Jamaica	Guyana	Grenada	Dominica	Belize	Barbados	Anguilla	T&T	Antigua	St Lucia	Suriname	ST Vincent	Jamaica	Guyana	Grenada	Dominica	Belize	Barbados
IX	Wood/ Wood Articles	15.8	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	9.5	8.6	20	10.0	9.9	9.9	10.0	9.9	10.0	10.0	9.9	9.9	5.8	10.0
X	Paper/ Cellulose Material	16.8	6.8	6.8	6.9	6.8	6.9	6.8	6.8	6.8	6.7	6.7	6.8	20	21.2	0.6	1.2	21.2	0.6	21.8	21.2	0.6	21.2	20.6	21.2
XI	Textiles	17.4	9.9	8.3	12.7	9.9	10.7	9.9	9.9	12.7	8.3	8.5	9.9	20	41.5	26.0	16.3	41.5	3.0	41.5	41.5	16.3	25.8	1.5	41.5
XII	Footwear/ Misc. Articles	16.3	15.8	16.2	18.2	15.8	16.4	15.8	15.8	18.2	16.0	14.5	15.8	20	69.7	71.2	8.2	69.7	1.4	69.7	69.7	8.2	68.5	41.1	69.7
XIII	Stone/ Glass.	18.0	8.6	8.6	9.0	7.9	8.6	8.5	7.8	8.8	8.3	8.0	7.8	25	22.8	22.3	3.1	15.5	1.0	21.2	15.5	3.1	20.2	1.6	15.5
XIV	Precious/ Semiprec Mat.	0.0	2.2	17.0	17.0	22.4	14.4	17.0	29.7	19.6	2.2	29.7	29.7	0	40.3	51.6	51.6	51.6	51.6	51.6	19.4	50.0	40.3	19.4	19.4
XV	Base Metals	16.0	5.5	5.6	5.7	5.5	5.5	5.5	5.5	5.6	5.4	5.5	5.5	20	11.6	12.4	0.1	11.1	0.3	11.1	11.1	0.1	10.9	1.0	11.1
XVI	Mach./ Electrical Equip.	23.3	5.7	6.4	6.2	5.3	5.9	5.6	5.6	6.2	5.6	5.7	5.6	25	0.7	4.0	0.4	15.2	0.7	0.9	1.0	2.1	0.9	1.4	1.0

**TABLE 4**  
**AVERAGE AND MAXIMUM TARIFF IN CARICOM**

		AVERAGE TARIFF												MAXIMUM TARIFF											
<u>Section/Desc.</u> Harmonized System 1996		Anguilla	T&T	Antigua	St Lucia	Suriname	St Vincent	Jamaica	Guyana	Grenada	Dominica	Belize	Barbados	Anguilla	T&T	Antigua	St Lucia	Suriname	ST Vincent	Jamaica	Guyana	Grenada	Dominica	Belize	Barbados
XVII	Motor Vehicles/ Vessels	18.4	4.9	6.9	9.7	4.6	8.3	6.2	6.7	8.3	8.5	6.7	6.7	25	9.7	7.7	9.7	8.2	5.6	5.6	7.7	0.5	5.6	7.7	7.7
XVIII	Precision Instr.	15.6	6.7	6.7	9.5	7.9	10.2	9.1	12.4	10.2	9.8	12.2	12.1	25	12.1	12.1	1.2	3.2	13.3	9.7	12.1	13.3	12.9	0.4	0.4
XIX	Arms/ Munition	25.0	12.8	41.4	41.4	12.8	23.9	21.4	41.4	23.9	12.8	41.4	41.4	25	30.0	50.0	50.0	30.0	50.0	50.0	50.0	50.0	30.0	50.0	50.0
XX	Misc. Manuf. Articles	20.0	14.9	15.1	15.2	14.9	14.8	14.9	14.9	15.2	14.6	14.8	14.9	20	60.2	0.6	1.1	60.2	58.9	60.2	60.2	1.1	54.3	55.4	60.2
XXI	Art/ Antiques	20.0	20.0	17.5	20.6	20.0	20.0	20.0	20.0	20.6	20.0	20.0	20.0	20	100	87.5	12.5	100	100	100	100	12.5	87.5	87.5	100
	Overall	16.2	9.8	9.7	10.4	9.7	9.8	9.7	10.6	10.5	10.1	11.2	9.8	30	5.7	0.2	0.2	0.6	5.6	5.9	0.5	5.6	5.6	0.2	0.2

Source: IDB Hemispheric Trade Database: Tariffs, 1998

TABLE 5						
SUMMARY OF TRADE RESTRICTIONS AND ARRANGEMENTS IN CARIBBEAN COUNTRIES*						
Country	Tariff Structure %	Additional Surcharge /a (%)	QRs and Import License (ML) Required	Other NTBs (State Trading)	Foreign Exchange Transaction	Export Tax & License (XL)
<b>Antigua and Barbuda</b>	0-35% for all 40% for prim agr	CS=5% CT=10-15%	ML for agric goods and other special goods	STE for rice & sugar	1% tax application	none
<b>Bahamas</b>	0-42% for all 30-62% durable	ST=2-7%	ML for agric goods	few other NTBs no imp monopoly	prior approval	with some export taxes
<b>Barbados</b>	5-25% for all 40% for prim agr	CS=75%, ET VAT=15%	ML & QR for food & other sp. goods	STE for chicken wine, sugar, milk	1% tax application	XL for some food products
<b>Belize</b>	0-30% for all 40% for prim agr	VAT=15% OT	ML for agric goods, many gds banned	STE for rice	1.25% tax prior approval	XL & tax 2-5% for agric prod
<b>Dominica</b>	0-30% for all 40% for prim agr	CS=15-16% CT=25%	ML for manuf gds QR for beverages	STEs for rice & sugar	prior approval	some XLs req. and 1% tax for banana
<b>Dominican Rep</b>	5-35% for all 5-80% lux. gds	CS=5-20% ST=3% CT=6%	no ML many gds banned	STEs for petro. resale	dual exch rates applied	XL for sugar
<b>Grenada</b>	0-25% for all 40% for prim agr	CS=5% CT=25%, OT	ML for agric goods QR for cars	STEs for rice, sugar, milk prod	5% tax	XL for sp. goods

<b>Guyana</b>	5-25% for all 40% for prim agr	CT=0-85% OT (envir tax)	ML for petro. & agr, many gds banned	STEs for papers & agric goods	adv. deposit	XL for gold and tax for rice & sugar
<b>Haiti</b>	5-15% for all 25% for gasoline	OC=4% ET=1-5%	ML for agric gds & others some banned	STEs for agric & machinery	application	XL for agric and exp QR for textiles exp QR for textiles
<b>Jamaica</b>	0-50% for all 40% for prim agr	ST=65-90% CT=15%	ML for agric goods; many gds banned		auction sys.	sp. goods
<b>St. Kitts &amp; Nevis</b>	0-30% for all 40% for prim agr	CS=3% CT=15%	ML for some manuf goods	STEs for chicken, sugar, flour, wheat, eggs	adv. payment	few XL and tax
<b>St. Lucia</b>	0-30% for all 40% for prim agr	CS=4%, ET CT=3-45%	ML for food & other sp. goods	STEs for rice, sugar, flour, fish	2% tax	XL for sp. gds and 2.5% tax for banana
<b>St. Vincent</b>	0-25% for all 40% for prim agr	CT=0-65% CS=2.5%, ET	ML for food & other gds; some banned	STEs for oils & fat, sugar, Dairy prod	2% tax	XL for agric and 2% tax for banana
<b>Suriname</b>	5-30% for all 40% for prim agr	CS=2% ET=5-18%	ML for all imports; some QRs & ban	STEs for some food items	prior approval	XL for agric and tax for sp. gds
<b>Trinidad and Tobago</b>	5-25% for all 40% for prim agr 20-30% durable	CS=5-103% VAT=15% ET	ML for consumer gds and many gds banned or with QR	STEs for rice, wheat, fats & oils; petro	only for some goods	XL for food and petro gds

Notes: /a CS=Customs surcharges; ST=Stamp tax; CT=Consumption tax; ET=Excise tax; VAT=Value Added Tax; and OC=Other charges

Sources: UNCTAD, Handbook of Trade Control Measures of LDCs 1987; IMF Exchange Arrangements & Restrictions, 1997; and Caribbean Export Development Agency, Country Reports on Import Regimes, 1997.

\*Adapted from the following source: "Trade Policies in the Caribbean Countries: A Look at the Positive Agenda" by J. Michael Finger, Francis Ng and Isidro Soloaga Caribbean Group For Cooperation on Economic Development Washington, D. C. June 8, 1998. With all the recent changes, some of this data may not be up-to-date.

**TABLE 6**  
**CARICOM TARIFFS ON IMPORTS**  
**FROM CURACAO AND BONAIRE**

<b>Commodity Description</b>	<b>SITC. Revv.1</b>	<b>Tariff</b>
Distilled drinks; liquor and other alcohol beverages	22079000	100
Pocket watches, wristwatches and others, including stopwatches	91010000	50
Greens and vegetables, whether or not cooked, frozen	7020000	40
Other dried, dehydrated or canned greens and vegetables	7049000	40
Other meat prepared and preserved	16019000	35
Perfumes, toilet articles and cosmetic products	33999999	35
Washing and cleansing preparations except industrial washing and cleansing preparations	34010004	35
Furniture, bed parts and such	94999999	35
Clothes and clothing accessories of textile	61999999	35
Other electrical machines, apparatus and appliances	85109000	25
Electrical or electronic measuring, controlling, regulating instruments	90088000	25
Toy wagons and such, dolls, scale models for leisure	97010000	25
Different works and goods not mentioned or classified elsewhere	99999999	25
Household articles of wood	44010000	20
Other motorcars for carrying passengers	87021900	10
Other parts for motor vehicles	87049900	10
Musical instruments, not stated or classified elsewhere, under heading 92; birdcalls, whistles etc	92049000	10
Petroleum products and mineral waxes	27999999	5
Distilled products from crude oil, other mineral fuels and prod.	27019000	5
Mixtures of two or more natural or synthetic odoriferous substances	33020000	5
Different products for the chemical industry not stated or classified elsewhere	38010000	5
Closet paper on rolls	48030002	5
Paper hand towels on rolls	48030003	5
Paper napkins including the use of dispensers	48030005	5
Other glassware	70032900	5
Glass and glassware not stated or classified elsewhere	70060000	5
Aluminium articles	76020000	5
Space heaters, fireplaces, radiators for domestic use made of iron or steel	73049000	5
Other propelling motors for ships	84023900	5
Sowing machines and furniture there for	84093000	5
Machines, mechanical equipment, parts	84999999	5
Electrical motors, dynamos, transformers, sparks and such	85010000	5

Isolated electronic parts for electrical parts for electrical articles, not stated or classified elsewhere	85110000	5
Telecommunications equipment	85081100	5
Portable receivers	85081310	5
Electrical appliances for domestic use	85059000	5
Vehicles for traffic on land; parts there from	87999999	5
Parts for aircraft other than pleasure aircraft	88039000	5
Overalls	61011000	5
Microscopes, optical instruments not stated under these headings	90050000	5
Baptismal, Easter, decorating and figure candles	34031001	5
Pharmaceutical products (medicine for people and animals)	30010000	0
Floating structures such as: tanks, caissons, landing stages	89050000	0
Printed books, also if illustrated	49011000	0

Sources: Central Bureau of Statistics: Quarterly Trade Report of Curacao and Bonaire. 7<sup>th</sup> Edition Nr. 2, 1999. Curacao and CARICOM: Common External Tariff Schedule. 2001. Compiled by author.

<b>TABLE 7</b>					
<b>CURACAO'S EXPORTS TO CARICOM 1999.</b>					
<b>Units:1000 kg, 1000 NafI</b>					
<b>Commodity Description</b>	<b>Code</b>	<b>SITC Tariff</b>	<b>Destination</b>	<b>Weight/ Quantity</b>	<b>Value</b>
Other meat prepared and preserved	16019000	35	Surinam		1
Others	10010009	5	Haiti	139	192
			Trinidad	113	58
Others	19022009	35	Surinam	1	8
Greens and vegetables, whether or not cooked, frozen	7020000	40	Trinidad		1
Other dried, dehydrated or canned greens and vegetables	7049000	40	Surinam		1
Others	23020009	0	Surinam	19	3
Distilled drinks; liquor and other alcohol beverages	22079000	100	Jamaica	Liters- 1	28
			Antigua	20160	302
			St. Lucia	1	51
Others	25019009	5	Trinidad	2598	99
			Surinam	1500	57
			Guyana	7200	786
Petroleum products and mineral waxes	27999999	5	Barbados	4	6
Distilled products from crude oil, other mineral fuels and prod.	27019000	5	Haiti	76800	14601
			Bahamas	165310	42212



			Barbados	13144	3363
			Antigua	8115	3749
			Trinidad	1745	3085
			Grenada	131	17
			Surinam	34840	9380
			Guyana	113562	27147
Pharmaceutical products (medicine for people and animals)	30010000	0	Surinam		28
Mixtures of two or more natural or synthetic odoriferous substances	33020000	5	Guyana	1	13
Others	33039009	35	Barbados	1	156
Perfumes, toilet articles and cosmetic products	33999999	35	Surinam	1	22
Washing and cleansing preparations except industrial washing and cleansing preparations	34010004	35	Haiti	22	36
			Bahamas	40	102
			Barbados	48	94
			Antigua	116	277
			St. Kitts	20	44
			Dominica	22	45
			St. Lucia	13	26
Different products for the chemical industry not stated or classified elsewhere	38010000	5	Jamaica		2
Household articles of wood	44010000	20	Haiti		3
			Jamaica		1

Closet paper on rolls	48030002	5	Trinidad	Rolls- 1	15
Paper hand towels on rolls	48030003	5	Trinidad	1	18
Paper napkins including the use of dispensers	48030005	5	Trinidad	1	20
Other glassware	70032900	5	St. Vincent	17	7
Glass and glassware not stated or classified elsewhere	70060000	5	Surinam		2
Aluminium articles	76020000	5	St. Vincent		3
Kitchen stoves in cabinet form	73041000	5	Jamaica		3
Space heaters, fireplaces, radiators for domestic use made of iron or steel	73049000	5	Haiti		1
Others	73020009	5	Trinidad	4	21
Other propelling motors for ships	84023900	5	Jamaica		2
Sowing machines and furniture there for	84093000	5	Jamaica		1
Other machines and equipment not stated or classified elsewhere	84099000	5	Guyana	27	55
Machines, mechanical equipment, parts	84999999	5	Trinidad		1
Electrical motors, dynamos, transformers, sparks and such	85010000	5	Haiti		1
			Trinidad		14
Isolated electronic parts for electrical parts for electrical articles, not stated or classified elsewhere	85110000	5	Jamaica		3
			Trinidad		3
			Guyana	30	4
Telecommunications equipment	85081100	5	Trinidad		35

Portable receivers	85081310	5	Haiti		6
Others	85089900	5	Surinam		2
Electrical appliances for domestic use	85059000	5	Jamaica		1
			Trinidad		1
Other electrical machines, apparatus and appliances	85109000	25	Surinam		1
Other motorcars for carrying passengers	87021900	10	Barbados	3	73
Other parts for motor vehicles	87049900	10	Jamaica		2
			Surinam		1
Vehicles for traffic on land; parts there from	87999999	5	Surinam	1	15
Parts for aircraft other than pleasure aircraft	88039000	5	Trinidad		10
Floating structures such as: tanks, caissons, landing stages	89050000	0	Trinidad		3
Furniture, bed parts and such	94999999	35	Barbados	9	52
			Trinidad	3	47
			St. Vincent		2
			Surinam	2	16
			Guyana	5	25
Overalls	61011000	5	Jamaica		23
Other	61019009	5	Haiti	1	6
			Bahamas	1	15
			Jamaica	3	19
			St. Lucia		2

			St. Vincent		2
			Surinam		3
			Guyana		1
Clothes and clothing accessories of textile	61999999	35	St. Vincent		2
			Surinam	1	4
Microscopes, optical instruments not stated under these headings	90050000	5	Jamaica		1
Others	90081009	5	Barbados		3
Electrical or electronic measuring, controlling, regulating instruments	90088000	25	Haiti		18
Pocketwatches, wristwatches and others, including stopwatches	91010000	50	Haiti		6
Musical instruments, not stated or classified elsewhere, under heading 92; birdcalls, whistles etc	92049000	10	St. Lucia		1
Printed books, also if illustrated	49011000	0	Surinam	1	0
Other	49059009	0	Trinidad		1
			Surinam		2
Others	39029009	5	Trinidad	11	26
			Surinam	14	49
Toy wagons and such, dolls, scale models for leisure	97010000	25	Jamaica		1
Baptismal, Easter, decorating and figure candles	34031001	5	Bahamas	11	38
			Antigua	4	6
			Trinidad	10	18

Different works and goods not mentioned or classified elsewhere	99999999	25	Barbados		1
			St. Vincent		1
			Surinam	1	28
			Guyana	30	3

Source: Central Bureau of Statistics: Quarterly Trade Report of Curacao and Bonaire. 7<sup>th</sup> Edition Nr.2, 1999.  
Curacao

<b>TABLE 8</b>				
<b>CURACAO IMPORTS FROM CARICOM 1999</b>				
<b>Units:1000 kg, 1000 Nafl</b>				
<b>Commodity Description</b>	<b>SITC Code</b>	<b>Destination</b>	<b>Weight/ Quantity</b>	<b>Value</b>
Bacon, streaked, fresh, cooled, frozen, salted etc	2010001	Jamaica	14	65
Other types of sausage	16012003	Trinidad	1	2
Packed milk powder	4020002	Trinidad	5	18
Other dairy types	4020009	Trinidad	40	242
Fish, fresh, alive (alive or dead) cooled or frozen	3010000	Trinidad	1	20
		Surinam	10	28
		Guyana	4	31
Salted, pickled, dried or smoked fish	3020000	Surinam	1	6
Fresh, cooled, frozen, dried, salted, or pickled crabs	3032000	Haiti	2	31
Fresh, cooled, frozen, dried, salted or pickled snails and whelks	3033000	Jamaica	167	516
Other fresh, cooled, frozen crustaceans, shellfish and molluscs	3039000	Haiti		2
		Surinam	11	182
		Guyana	1	13
Other meals preparations containing or made of fish	16049009	Jamaica		3
Cereals and cereal preparations-wheat	10010009	Surinam	1390	825
Rice, polished or parboiled	10010001	Surinam	40	24
Flour, starch and malt extracts preparations made for child nutrition	19021000	Trinidad	4	15

Guava marmalade and guava jelly	20039100	Jamaica		1
Others	2003990	Jamaica		1
Greens and vegetables, whether or not cooked, frozen	7020000	Surinam	5	23
Roots and tubers with a high percentage of starch or inulin	7050000	Surinam		1
Other	17050009	Jamaica		1
Other coffee, coffee husks and shells, coffee surrogate	9019000	Trinidad	1	10
Chocolate milk, coconut milk	22029100	Jamaica		1
Tea and mate	9020000	Trinidad	5	113
Spices	9030000	Jamaica	1	6
		Trinidad	1	6
Residue and waste from the food industry not stated or classified elsewhere	23010000	Trinidad	21	7
Roasted coffee surrogates and coffee extracts, coffee surrogates	21010000	Trinidad	1	38
Other products for human consumption not stated or classified elsewhere	21029009	Jamaica	2	13
		Trinidad	18	51
Old clothing and such; rags and scrap cordages	63010000	Surinam		2
Cut off flowers, blossoms and flower buds, for flower pieces	6030000	Jamaica		12
		Trinidad		6
Distilled products from crude oil, other mineral fuels and prod.	27019000	Trinidad	382	606

Anorganic chemical elements and other anorganic chemical products	28010000	Trinidad	21	8
Other types of paint	32019000	Barbados	2	12
Pharmaceutical products (medicine for people and animals)	30010000	Barbados	9	315
		Trinidad		264
Others	33032009	Bahamas	1	144
Cosmetic articles for babies	33033001	Trinidad	6	30
Others	33033009	Bahamas		66
		Trinidad	5	74
		Dominica		6
Others	33039009	Trinidad	10	71
Washing and cleansing preparations except industrial washing and cleansing preparations	34010004	Barbados	9	14
		Trinidad	86	229
Others	34010009	Bahamas	1	6
Casein and other starches; gelatin; dextrin; glues	35010000	Jamaica		1
		Trinidad		1
Artificial plastic materials; hare protein; natural, artificial	39010000	Trinidad	13	45
Other wood and woodware	44030009	Trinidad		3
		Surinam	60	58
Other paper and paperboard	48019000	Trinidad	1	7
		St. Lucia	31	66



Others	48030009	Barbados		1
		Trinidad	30	114
Woven synthetic of artificial bulk fibre	56030000	Trinidad		6
Covers, ship sails, blinds, tents and camping articles	62030000	Trinidad		1
Velvet, plush, tape, woven labels and others, such version	58030000	Trinidad		7
Nails (iron wire nails)sizes 1" up to and including 4 3/4, various wire nails	73020003	Trinidad	21	17
Tools, such as sharpeners, glass cutters tools, knives and cutting sheets	82010000	Jamaica	4	20
		Surinam	6	1
Cutlery, household articles made of iron, pig iron or steel	73051200	Bahamas		2
		Jamaica	2	13
Others	73020009	Haiti		3
		Trinidad	545	267
Illuminating articles, parts thereof of base metal	83059000	Trinidad	1	4
Articles of base metal not falling under 83.01.00.00 until 83	83069000	Jamaica		2
Office equipment	84070000	Jamaica	3	15
		Trinidad		12
Parts of the machines stated under heading 84.07.00.00	84101000	Jamaica		8
		Trinidad		10
Isolated electronic parts for electrical articles, not stated or classified elsewhere	85110000	Trinidad		1

Combined transmitting and receiving equipment	85081200	Jamaica		1
Portable receivers	85081310	Trinidad		12
Other receivers	85081390	Trinidad		2
Machines and equipment for filtering, purifying, washing, cleaning, drying	84069000	Trinidad	1	21
Portable electric lamps with batteries	85040000	Jamaica	1	7
Other equipment	84089000	Bahamas		6
Other motor cars for carrying passengers	87021900	Surinam	2	8
Other parts for motor vehicles	87049900	Bahamas	1	6
		Barbados		1
Motor vehicles for carrying or maintaining goods; parts	87050000	Trinidad	8	187
Other furniture for sitting	94019009	Barbados		2
Other furniture and parts thereof	94030009	Trinidad		1
Furniture, bed parts and such	94999999	Jamaica	1	27
		Surinam	7	53
Other	61019002	Jamaica		10
		Trinidad		29
		Dominica		9
Others	64010001	Trinidad		12
Densi-, aero, thermo-, pyro-, baro-, hygro, psychrometers	90087000	Trinidad		5
Exposed and developed cinematographic films, ribbon width 30mm or more	37011000	Jamaica	26	30
Pocketwatches, wristwatches and others, including stopwatches	91010000	Jamaica		2
		Trinidad		5

Printed books, also if illustrated	49011000	Jamaica	1	8
Receipts and receipt books, bar/questcheques/posters, annual reports	49059001	Trinidad		5
Others	49059009	Barbados		4
		Trinidad	9	164
		Surinam		1
Other sacks	39029002	Trinidad		2
Others	39029009	Barbados	36	142
		Jamaica	3	14
		Trinidad	2	17
		Dominica	1	10
Disposable diapers or panty shields	48030007	Trinidad	Pieces-416273	204
Others	59010009	Trinidad	8	38
Toy wagons and such, dolls, scale models for leisure	97010000	Jamaica	3	15
Articles for leisure, parties and Christmas tree decorations	97030000	Trinidad		1
Pencils, styles, crayons, sealing stamps, date stamps and such, black boards	98030000	Trinidad		1
Paintings, pictures and drawings executed entirely by hand	99010000	Trinidad		1
Combs, hair combs and such articles	98061000	Jamaica	1	6
		Trinidad		5

Source: Central Bureau of Statistics: Quarterly Trade Report of Curacao and Bonaire. 7<sup>th</sup> Edition Nr.2, 1999.  
Curacao

Annex 2**INSTITUTIONS OF THE COMMUNITY (EXTRACT FROM PROTOCOL I)****Institutions of the Community**

The following entities established by or under the auspices of the Community shall be recognised as Institutions of the Community:

Caribbean Disaster Emergency Response Agency (CDERA)  
Caribbean Meteorological Institute (CMI)  
Caribbean Meteorological Organization (CMO)  
Caribbean Food Corporation (CFC)  
Caribbean Environmental Health Institute (CEHI)  
Caribbean Agricultural Research and Development Institute (CARDI)  
Caribbean Regional Centre for the Education and Training of Animal Health and  
Veterinary Public Health Assistants (REPAHA)  
Association of Caribbean Community Parliamentarians (ACCP)  
Caribbean Centre For Developmental Administration (CARICAD)  
Caribbean Food and Nutrition Institute (CFNI)

and such other entities as may be designated by the Conference.

**ARTICLE 12****Associate Institutions of the Community**

The following entities with which the Community enjoys important functional relationships which contribute to the achievement of the objectives of the Community shall be recognised as Associate Institutions of the Community:

Caribbean Development Bank (CDB);  
University of Guyana (UG);  
University of the West Indies (UWI);  
Caribbean Law Institute / Caribbean Law Institute Centre (CLI/CLIC)

and such other entities as may be designated by the Conference.

Annex 3**LIST OF INSTITUTIONS VISITED AND PERSONS INTERVIEWED**

Rommel Charles, Managing Director, St Maarten Ports Authority N.V

Hon. Ramon R. Chong, Minister of Government, Curacao

Jan J. Wijenberg, H.M. Ambassador, Adviser, Foreign Relations of the Netherlands Antilles

Drs Ivar O. Asjes, Policy Adviser, Chamber of Commerce, Curacao

Evert L. Piar, Chairman, Foundation Economic Platform, Bonaire

Jelle Hanstra, Projects Coordinator, Hospitality and Trade Association, Saint Maarten

Michel Hodge, President, Chamber , Saint Maarten

Ed van Arkel, Treasurer, Association of Industrialists of the Netherlands Antilles

Michael E. J. Ellis, Manager, The Offshore Association of the Netherlands Antilles

Elmer w. Linzey, District Governor Sub-District 60B, the Bottom, Saba

Franklin Bryson, Cjhairman of the Board, Small Business Office, Phillipsburg, St Maarten

Bryan Pool, General Manager, ADM Milling Co., Curacao

Edgar J. Yzer, Curacao, Head, Section, Investment Promotion, Industrial and International Trade Development Co, N.V.

Emmanuel Gardinier, President, Saba Business Association, Saba

Diana Fleming, Sector Director, Economy and Tourism, Government of the Island of St Maarten

Lothar Duelberg, Small Business Development Foundation, SESNA Advisor, St. Maarten

Hon Minister Romer, Minister of Economic Affairs, Government of Curacao

Commissioner Louis Brown, Government of Saint Eustatius

Mr Simmonds, Government of Saint Eustatius

Glen Ferris, Tourism Development Foundation, Saint Eustatius

V. Ricardo Fortin, Fortin Enterprise, Saint Eustatius

Carty Hassen, Bank Manager, Saint Eustatius

Drs Joelle M.M. de Jong-Mercelina, Head, International Organizations Division, Foreign Relations Office of the Netherlands Antilles

Xavier C. Prens, Bureau of Foreign Relations of the Netherlands Antilles, Curacao

Drs Ersilia de Lannooy, Director of the Department of Economic Affairs, Central Government, Curacao

P. Evy van Arneman, Economic Affairs, Department of Economic and Labour Affairs, Island Territory of Bonaire

Alex Rosario, Central Government, Department of Economic Affairs, Curacao

Ir. E. A. Brussen, Director, Antilliaanse Emballagefabriek, NV.

Dr Carla Barnett, Deputy Secretary General, CARICOM Secretariat

Duke Pollard, Legal Adviser, CARICOM Secretariat.