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POS/INT. 73/1

Distribution: Limited

Date: 5 May 1973

ECONOMIC COMMISSION FOR LATIN AMERICA  
Office for the Caribbean



REPORT ON CARIFTA MEETINGS

2-13 April 1973 - Guyana



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2-3 April: Meeting of Senior Officials of Governments  
4-7 April: CARIFTA Council of Ministers Meeting  
9-13 April: Heads of Governments Conference

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This series of meetings was follow-up to the decisions at the Heads of Governments at Chaguaramas (October 1972), that the Caribbean Common Market and Community should be brought into being. The Officials had the task of formulating recommendations on the operational and technical aspects. The CARIFTA Council in its turn, based on the findings and recommendations of the Officials and taking into account the political aspects, had to finalise the proposals for submission to the Heads of Governments.

2. There was not great difficulty at the level of the Officials in determining the feasible technical basis for proceeding to the common market and community arrangements. They examined the outstanding issues on Harmonization of fiscal incentives, the proposed common external tariff, the Double Taxation proposals, the outline for a Caribbean Investment Corporation, and the various measures in favour of the LDC's.

3. At the level of the CARIFTA Ministers, these various proposals were examined in terms of (i) the measure of benefits that could be expected to accrue to participants in the Common Market, and (ii) the steps that CARIFTA member countries, particularly the LDC's, would take to bring them into the scheme. An immediate difficulty was that Montserrat sought to obtain a special "least developed" situation among the LDC's. While not opposing the Montserrat initiative, the other LDC's used it as an opportunity for arguing their inability to proceed with further deepening of the integration process as few discernable benefits had so far accrued to them as the result of CARIFTA.

4. The four larger territories for their part made it clear that without introduction of the further measures proposed, they did not see how structural changes could be brought about that would enhance

the situation of the LDC's. More important however, the MDC's stressed that they could not afford to any longer delay the further steps for improving the integration scheme.

5. The upshot of the deliberations was that the machinery and time-table should permit the larger territories to proceed with the establishment of the Common Market and the Community, at the same time incorporating transitional arrangements permitting the LDC's gradually to move to the Common Market arrangements. It was in these terms that a time-table was worked out for implementation of the measures introducing the Common Market and Community mechanisms. The objectives and time-table were set down in an Accord which was signed by all the CARIFTA countries excepting Antigua and Montserrat. Copy of the Accord is Annexed to this report.

6. The decisions of the Heads of Governments regarding establishment of the Caribbean Common Market and Community are summarised below.

7. Objectives: To fulfil, within the shortest possible time, industrial and agricultural development, full employment and improved living standards through deepening the integration process already established within the Caribbean Free Trade Association. Special measures would aim at providing all Member States opportunities for sharing equitably in the benefits of regional economic integration. Also, stress would be placed on the vital necessity of enhancing the bargaining power of the Region in relation to third countries, groups of third countries and extra-regional entities providing goods, services, technical assistance and funds to the countries of the region. In addition, the Community Treaty would formalise and strengthen existing areas of functional co-operation.

#### Steps to Community

8. The Heads of Governments agreed to the following steps for establishment of the Caribbean Community and Common Market:

- (i) The Caribbean Community, including the Caribbean Common Market, will be established on the basis of an agreed Treaty (which will supersede the Caribbean Free Trade Association, on 1 May 1974).

- (ii) The Governments of Barbados, Guyana, Jamaica and Trinidad and Tobago will sign and ratify the Community Treaty, so as to enable the Caribbean Community and Caribbean Common Market to be established as between these four countries on 1 August 1973. <sup>1/</sup>The signing ceremony will be held at Chaguaramas, Trinidad and Tobago, on 4 July 1973<sup>1/</sup>.
- (iii) The Governments of Belize, Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent will sign and ratify the Treaty, and become contracting parties thereto by 1 May 1974.
- (iv) The Governments of Antigua and Montserrat will give urgent consideration to the signing of the Accord, with a view to acceding to the Community and the Common Market. <sup>2/</sup>

#### A. THE ECONOMIC INTEGRATION INSTRUMENTS

(i) The Caribbean Investment Corporation: The Heads of Governments agreed to sign an Agreement establishing, on 1 June 1973, the Caribbean Investment Corporation. The Corporation will be required to proceed expeditiously with supporting programmes of investment in the Less Developed Countries based on an agreed list of industries.

(ii) Intra-Regional Double Taxation: A Double Taxation Agreement between the More Developed and the Less Developed Countries would be brought into effect on 1 June 1973 in order to encourage a greater flow of investment capital within the Region, paying special attention to the Development needs of the Less Developed Countries.

(iii) Harmonization of Fiscal Incentives to Industry: An Agreement on the Harmonization of Fiscal Incentives to Industry among the CARIFTA countries will be signed to come into effect on 1 August 1973. This

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<sup>1/</sup> To mark this advance in the Regional Movement, the Heads of Governments decided that, beginning from 1974, the first Monday in July will be designated Caribbean Day. It was suggested that this day be declared a Public Holiday throughout the Region and that special Caribbean Community Honours might be awarded each year on that day.

<sup>2/</sup> A team of Ministers from the More Developed Countries accompanied by the Secretary-General of the Regional Secretariat, will visit Montserrat on 3 and 4 May 1973, for the purpose of working out special development measures for that territory.

Agreement pays special attention to the needs of the Less Developed Countries by, inter alia, allowing them to grant a greater maximum number of years tax holidays than the More Developed Countries as well as providing that More Developed Countries will refrain from granting income tax holidays to an agreed list of industries suitable for location in the Less Developed Countries.

(iv) Common External Tariff and Common protective policy: The machinery for the common external tariff and the common protective policy will come into operation on 1 August 1973, with initiation of the transitional arrangements.

(v) Rationalization of Agriculture: A scheme for the Rationalization of Agriculture in the Region is to be worked out to be introduced by 1 July 1975 and which will contain special provisions for the benefit of the Less Developed Countries.

(vi) Regional Perspective Plan: Immediate steps will be taken to commence the technical work on a Regional Perspective Plan designed to make the fullest use of the Region's resources. It will aim at achieving specific development targets in all countries of the Region, including the Less Developed Countries.

(vii) Regional Co-operation in Price Control: To counteract the problem of rising prices in the countries of the Region, Governments would exchange information at regular intervals on the prices of imported goods. Such information would relate to a selection of commodities that influence the cost of living and the prices of machinery and equipment. Other measures for consideration include possible economies from bulk purchase on a joint basis by countries of the Region.

(viii) Regional Commission on Standards, Quality and Prices: The Heads of Governments also decided to establish no later than 1 May 1974 under the Caribbean Common Market arrangements, a Commission on standards, quality and prices of goods with a view to safeguarding the interest of consumers in all countries of the Region.

(ix) External Relations

(a) Relations with the EEC: The Heads of Governments re-affirmed the decision of the Seventh Heads of Government Conference that the CARIFTA countries should seek to achieve a group relationship with the enlarged EEC, without prejudice to the right of the non-independent countries to choose their own form of relationship with the enlarged EEC.

(b) Relations with Canada: The Heads of Governments decided to seek an early opportunity for discussions with Canada on the West Indies/Canada Agreement of 1925.

(c) Relations with Cuba: The four independent Commonwealth Caribbean Countries agreed to send a joint Trade Mission to Cuba in May 1973 to discuss opportunities for mutual trade.

(d) Relations with Japan: The four independent countries in considering the possibility of future joint approaches to establishment of Diplomatic Missions abroad, noted that Jamaica intended to establish a Diplomatic Mission in Tokyo this year and are to decide on the possibility of this Mission serving the needs of the Region.

(e) Action Programme for Economic Co-operation adopted by the Georgetown Conference of Non-Aligned Countries in August 1972: The Heads of Governments agreed to support the request of the Guyana Government and the Commonwealth Caribbean Regional Secretariat for assistance by ECLA in the formulation of an inter-regional project which would seek to implement the provisions of the Action Programme for Economic Co-operation in the fields of Trade, Industry and Transport.

B. FUNCTIONAL CO-OPERATION

(i) Regional Management of the Institute of International Relations (U.W.I. - St. Augustine): The Heads of Governments agreed that Commonwealth Caribbean Governments should participate in the management of the Institute. The Government of Trinidad and Tobago pledged continuing support for the Institute.

(ii) Budget of Manpower Survey: The Heads of Governments approved the budget for a Manpower Survey of the entire Region. The Survey, which would be conducted by a Technical Committee, is intended to provide a firm basis for determining the expansion of University and general post-secondary facilities, through the assessment of the requirements for trained manpower at the professional, administrative, managerial and sub-professional levels in both the public and private sectors.

(iii) Emergency Relief in the Eastern Caribbean: The Heads of Governments agreed that a Regional Conference should be held in July 1973 to discuss and formulate an overall plan for "Search and Rescue Operations".

(iii) Training in Banking: The Heads of Governments decided that training at the middle and lower levels of banking might be examined by a meeting of Managers of nationally owned and controlled banking institutions and Regional Monetary Authorities with a view to co-ordinating training and making such training available to personnel from all territories. With regard to training at higher management levels, it was agreed that the regional Universities (U.W.I. and U.G.) should be invited to co-operate with Managers of nationally owned and controlled banking institutions and Monetary Authorities in examining the possibility of providing facilities for such training in the first instance by short courses.

(iv) UNESCO Mass Communications project in the West Indies Associated States: The Heads of Governments strongly endorsed the proposed project designed to raise the level of mass communications development in the Less Developed Countries. The project, which will cost approximately 1.3 million dollars (US) - to be met by the UNDP - will upgrade and expand mass communication facilities in the interest of overall national development and will provide for the training of personnel in those countries.

(v) The Bahamas: The Heads of Governments strongly welcomed the forthcoming achievement, in July, of Independence by the Commonwealth of the Bahamas and looked forward to its participation in the Caribbean Community.

S. St. A. Clarke

THE GEORGETOWN ACCORD

THE GOVERNMENTS OF THE COMMONWEALTH CARIBBEAN COUNTRIES  
THROUGH THEIR HEADS OF DELEGATIONS TO THE EIGHTH CONFERENCE OF HEADS  
OF GOVERNMENT OF COMMONWEALTH CARIBBEAN COUNTRIES ASSEMBLED IN  
GEORGETOWN, GUYANA, FROM 9TH TO 12TH APRIL, 1973 -

DETERMINED to consolidate and strengthen the bonds of unity  
which have historically existed among their peoples;

SHARING a common determination to fulfil within the shortest  
possible time the hopes and aspirations of the people of the Caribbean  
Territories for industrial and agricultural development, full employment  
and improved living standards;

CONSCIOUS that these goals can most rapidly be attained by  
the optimum use of available human and natural resources of the Region  
and by accelerated, co-ordinated and sustained economic development;

RECOGNISING that over the past five years the Caribbean Free  
Trade Association has laid the foundation for further progress in  
regional integration;

COMMITTED to ever-widening programmes of functional  
co-operation and common services;

AWARE of the vital necessity of enhancing the bargaining  
power of the Region in relation to third countries, groups of third  
countries and extra-regional entities providing goods, services and  
funds to the countries of the Region;

MINDFUL of their different levels of development and of the  
need to enable all Member States to share equitably in the benefits  
of regional economic integration;

CONVINCED that closer economic integration among Member  
States will contribute to the creation of a viable economic community  
of the Commonwealth Caribbean Countries;

ACKNOWLEDGING that it is the intention to establish a Common  
External Tariff as an integral feature of the Caribbean Common Market;

COGNISANT of the need to elaborate an effective regime by establishing and utilising institutions designed to enhance the economic, social and cultural development of their peoples;

RE-AFFIRMING the commitment progressively to advance the self-determination of all the peoples of the Caribbean:

HAVE AGREED as follows:

1.(1) The Caribbean Community, including the Caribbean Common Market, shall be established on the basis of the Draft Treaty set out <sup>where</sup> in Annex I hereto, hereinafter referred to as 'the Community Treaty'.

(2) The Treaty will be open for signature not later than 1st July, 1973.

(3) The Governments of Barbados, Guyana, Jamaica and Trinidad and Tobago agree and undertake to sign and ratify the Treaty subject to and in accordance with their constitutional procedures so as to enable the Caribbean Community and Caribbean Common Market to be established on 1st August, 1973 with these countries as Founder Members.

(4) The Governments of Belize, Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent agree and undertake to sign and ratify the Community Treaty subject to and in accordance with their constitutional procedures so as to become contracting parties thereto on 1st May, 1974.

(5) All Signatory Governments note the declared intention of the Governments of Antigua and Montserrat to give urgent consideration to joining in this Accord, signature of which by either Government at any time prior to 1st May, 1974, will constitute agreement and undertaking to sign and ratify the Community Treaty subject to and in accordance with its constitutional procedures so as to become a Contracting Party thereto on 1st May, 1974.

(6) The Governments mentioned in sub-paragraphs (4) and (5) hereof who sign and ratify the Community Treaty pursuant to this Accord shall be deemed to be Founder Members of the Caribbean Community.

2.(1) The Caribbean Community and the Caribbean Common Market shall replace the Caribbean Free Trade Association which shall cease to exist on 1st May, 1974 and which, prior thereto, shall cease to apply as between States who shall have become Contracting Parties to the Community Treaty.

(2) On and after 1st August, 1973, the Commonwealth Caribbean Regional Secretariat shall continue to be the administrative organ of the Caribbean Free Trade Association; but the Secretariat shall, in addition, become the principal administrative organ of the Community and thereupon shall be known as the Caribbean Community Secretariat.

(3) The Secretariat shall establish administrative procedures designed to facilitate the transitional arrangements for the continued operation of the Caribbean Free Trade Association until 1st May, 1974, and for the enlargement of the Caribbean Common Market on that date.

(4) States, parties to this Accord, shall take all appropriate steps to achieve these objectives.

3.(1) A Caribbean Investment Corporation shall be established by 1st June, 1973, on the basis of the Agreement for the establishment of the said Corporation considered at the Eighth Conference of Heads of Government of Commonwealth Caribbean Countries.

(2) The Corporation shall be required to proceed expeditiously with a programme for the promotion and establishment in the Less Developed Countries of industries based on, but not limited to, the list set out in Annex II hereto.

(3) Enterprises entitled to benefit from the Caribbean Investment Corporation shall be enterprises located in Less Developed Countries who are Member States of the Caribbean Common Market and, prior to 1st May, 1974, in Less Developed Countries parties to this Accord.

4.(1) The Agreement for the Harmonization of Fiscal Incentives considered at the Eighth Conference of Heads of Government of Commonwealth Caribbean Countries shall be applied with effect from 1st June, 1973, among all States parties to this Accord:

Provided that such Agreement shall cease to have application to any Less Developed Country, who, after 1st May, 1974, is not a Member State of the Caribbean Common Market.

(2) It shall be a feature of the Scheme established by the Agreement that no enterprise within the industries listed in Annex II hereto shall be eligible for the receipt of new or extended fiscal incentives in the form of income tax holidays or tax free dividends from the Governments of the More Developed Countries for a period of five years in the first instance:

Provided that, after 1st May, 1974, such obligations shall only apply in relation to Less Developed Countries who are Member States of the Caribbean Common Market.

5.(1) For the purpose of promoting industrial development in the Less Developed Countries industries which answer to the following criteria are approved for treatment under the provisions of Article 56 of the Common Market Annex to the Community Treaty and, prior to 1st May, 1974, under Article 39 of the CARIFTA Agreement:

- (a) an industry identified in the Report of the Economist Intelligence Unit Team on Industrial Development in Less Developed Countries as requiring a substantial part of the market of the Less Developed Countries for viability;
- (b) an industry already established in a Less Developed Country which requires a substantial part of the market of the Less Developed Countries for expansion; and
- (c) an industry requiring a substantial part of the market of the Less Developed Countries for viability and in respect of which negotiations for its establishment in a Less Developed Country are in an advanced stage.

(2) Nothing in this paragraph shall be deemed to derogate from the rights of Less Developed Countries under, or the procedures established by, the provisions of Article 56 of the Common Market Annex to the Community Treaty or, prior to 1st May, 1974, of Article 39 of the CARIFTA Agreement.

6. With a view to facilitating the flow of investment capital from the More Developed Countries to the Less Developed Countries, parties to this Accord, a Double Taxation treaty with tax-sparing facilities shall be concluded between the former and the latter by 1st June, 1973:

Provided that such Treaty shall cease to have application to any Less Developed Country, who, after 1st May, 1974, is not a Member State of the Caribbean Common Market.

7. For the purpose of safeguarding the rights of Caribbean consumers with regard to standards and prices there shall be established not later than 1st May, 1974, a Regional Commission constituted under the provisions of the Common Market Annex to the Community Treaty.

8. Special arrangements or mechanisms shall be adopted to meet the particular position of Montserrat.

9. With a view to safeguarding the special interests of the Less Developed Countries, the Common Market Annex to the Community Treaty shall provide as follows:-

(a) In so far as the Less Developed Countries, except Belize and Montserrat, are concerned, their existing ECCM Tariffs shall be deemed as fulfilling their initial obligations in relation to the Common External Tariff of the Caribbean Common Market.

(b) Wherever the Plan and Schedule of rates in the existing ECCM, Common External Tariff differ from those in the Common External Tariff of the Caribbean Common Market, the Plans and Schedule of rates in both the ECCM and the Caribbean Common Market Tariffs will be subject to annual review in the light of the prevailing economic situation of the Less Developed Countries for the purpose of determining the appropriate Plan and

Schedule that will be introduced; provided that the introduction of such a Plan and Schedule will commence not later than 1st August, 1977, and the phasing period will end not later than 1st August, 1981.

- (c) In so far as Belize and Montserrat are concerned, their existing Tariffs on 1st May, 1974, shall be deemed as fulfilling their initial obligations in relation to the Common External Tariff of the Caribbean Common Market. They shall progressively phase their tariffs in accordance with the annual reviews mentioned in (b) above; provided that, in the case of Montserrat, the introduction of the Plan and Schedule will commence not later than 1st August, 1981, and the phasing period will end not later than 1st August, 1985.

- (d) There shall be an annual review by the Heads of Government Conference of the need for strengthening existing mechanisms or introducing new ones to provide greater benefits to the Less Developed Countries.

10. A Scheme for the Rationalisation of Agriculture in the Region, containing special provisions for the Less Developed Countries, shall be introduced not later than 1st July, 1975, and adequate protection afforded thereunder for intra-regional trade in agricultural products.

11. Immediate steps shall be taken to commence the technical work on a Regional Perspective Plan designed to make the fullest use of the Region's resources, paying special regard to the need to achieve specific development targets in the Less Developed Countries.

12. Notwithstanding the commitment herein re-affirmed of all Member States to seek a group relationship with the European Economic Community, the right of the Less Developed Countries to choose their form of Association with the European Economic Community is re-affirmed

and provision made to ensure that nothing in the Treaty establishing the Caribbean Community qualifies or in any way derogates from the exercise of this right by the Less Developed Countries.

13. Consistent with the principles and understandings concerning the Membership of Belize in the Caribbean Free Trade Association, nothing in this Accord or in the Community Treaty shall impair the right of Belize to enter into arrangements for closer economic relations with other economic groupings of the Western Hemisphere; provided that no more favourable treatment is accorded under these arrangements to other regional economic groupings than is accorded to Member Countries of the Caribbean Common Market.

14. In this Accord, references to "More Developed Countries" and "Less Developed Countries" have the meanings assigned to them under the Community Treaty.

Reached at Georgetown, Guyana, this 12th day of April, 1973.

(Sgd. George C.R. Moe)  
Government of Barbados

(Sgd. Robert L. Bradshaw)  
Government of St. Kitts-Nevis-Anguilla

(Sgd. George Price)  
Government of Belize

(Sgd. John Compton)  
Government of St. Lucia

(Sgd. Ronald O.P. Armour)  
Government of Dominica

(Sgd. James F. Mitchell)  
Government of St. Vincent

(Sgd. George Hosten)  
Government of Grenada

(Sgd. F.C. Prevatt)  
Government of Trinidad & Tobago

(Sgd. L.F.S. Burnham)  
Government of Guyana

Government of Antigua

(Sgd. Michael Manley)  
Government of Jamaica

Government of Montserrat

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