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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

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. The signing ceremony will be held at Chaguaramas, Trinidad and Tobago, on 4 July 1973. 1/
- (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. 2/

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

1/ 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.

2/ 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



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