ECONOMIC COMMISSION FOR LATIN AMERICA
Office for the Caribbean

CARIFTA DEVELOPMENTS IN 1973
Since the inception of CARIFTA intra-regional imports have risen from EC$95M to over EC$300M. Food items make up the largest category of goods traded between the CARIFTA countries accounting for approximately 30 per cent of intra-regional domestic exports. This is followed by petroleum and petroleum products with a share of 25 per cent, chemicals with 18 per cent, and other manufactured goods with 17 per cent. The overall picture is that in addition to general increases, a range of new items has entered this trade, the bulk of which are items of manufactures. Trinidad and Tobago is the main supplier of manufactured goods although Jamaica and Barbados have made significant increases in this sector.

2. Guyana continues to be the main food supplier in intra-area trade, these items accounting for about 70 per cent of Guyana's total exports of domestic products to the area. Trinidad and Tobago supplies mainly petroleum and petroleum products, these items amounting to some 45 per cent of its exports to other CARIFTA countries. Jamaica and Trinidad & Tobago together account for over 80 per cent of the domestic exports of chemicals traded in the area, this category of goods accounting for more than half of Jamaica's supplies to the region.

3. Parallel with the growth in intra-CARIFTA trade, there has been an increase in the significance of the CARIFTA market relative to extra-regional markets and in this regard it is important to note that by 1973 Trinidad & Tobago, Jamaica and Barbados consigned 35 per cent, 49 per cent, and 40 per cent respectively of their exports of manufactured goods to other CARIFTA countries. The reaction of the individual countries to the trade liberalization measures of CARIFTA has been uneven, with the relatively more economically

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1/ CARIFTA was established 1 May 1968. A fuller exposition of the growth of intra-CARIFTA trade is given in the article "The Impact of CARIFTA" in the Economic Bulletin for Latin America Volume XVIII No. 1-2.
developed countries better placed to utilize the increased trading opportunities. 2/ Taken together the four larger countries have doubled their CARIFTA trade since 1967; and these countries now account for two-thirds of total intra-area imports and provide approximately 95 per cent of intra-area exports.

4. Expansion in intra-CARIFTA trade has been accompanied by greater diversification not only in terms of commodities but also in terms of markets. Prior to CARIFTA, Jamaica's trade was principally oriented to Belize and the northern Caribbean, while Trinidad and Tobago traded mainly with Guyana and the East Caribbean; but this pattern by 1973 had changed substantially and trade movements had become more multiform.

5. Analysis of the composition of aggregated imports of the CARIFTA countries show an increased significance of food and beverages and light manufactures in intra-CARIFTA trade. Parallel with this there have been some changes in the composition of imports from non-CARIFTA sources which suggest that a measure of import substitution has already been achieved. Whereas in 1969 about 7 per cent of imports of food, beverages and miscellaneous manufactures originated in the region, by 1973 these approximated to more than 10 per cent. The trend since 1969 has been towards greater reliance on CARIFTA sources than formerly had been the case. It is however evident that regional import substitution has been occurring at the same time as the national import substitution policies.

6. There is not yet sufficient evidence to support a thesis that CARIFTA at 1973 had made substantial impact on production structures in the member countries. In fact such structural transformation as is evident is more attributable to the implementation of national programmes. Agriculture and mining continue to be the mainstay of

2/ The economically relatively more developed members of CARIFTA, Barbados, Guyana, Jamaica, Trinidad & Tobago, comprise 90% of the total land area, have 80% of its population, and generate over 90% of its Gross Domestic Product. They also have the highest per capita incomes ranging from $395 for Guyana to $815 for Trinidad and Tobago.
the CARIFTA countries. When the export oriented mining activities in Guyana, Jamaica and Trinidad are excluded, primary dependence is on agriculture especially in terms of employment, contribution to export earnings and inputs into the processing sub-sectors. Bearing in mind that the traditional focus in agricultural production has been for export to metropolitan markets, it is significant that the CARIFTA objective has been to stimulate domestic agriculture. For this purpose the Agricultural Marketing Protocol, and more recently the Guaranteed Marketing Scheme, have been devised to generate intra-regional trade in agricultural products, and stimulate production of these items.

7. Also, although it is evident that CARIFTA has made an impact on manufacturing activities, it has mainly been by way of assisting in maintaining the expansion of the sector. By 1973 it was more clear that in the planning of new plant capacity, the scope of operation increasingly has been geared to the CARIFTA region rather than only to the national markets as formerly. Few of the major investment plans directly stimulated by the enlarging of the market are yet in operation, and up to 1973 no integration industries had been established. Rather, the main trend has been to expand national production to serve the area market, in some cases by establishing branch activities. The pace of expansion however, has been limited by inadequacy of investment capital and it had become evident that a more integrated approach to manufacture was necessary; and that closely co-ordinated area-wide industrialization could not emerge in advance of implementation of common policies on tariffs, protection, and incentives to industry.

8. It is generally admitted that co-operation in agricultural development more than in any other field could be the determining factor for the success or failure of the entire effort at Caribbean economic integration. Apart from the Rice Agreement establishing Guyana as the sole area supplier of the rice-deficit CARIFTA countries, agricultural co-operation has developed along three major lines of activities: The Agricultural Marketing Protocol (AMP),
the Oils and Fats Protocol and research into possibilities for the Rationalization of Agriculture. 3/

9. The AMP, which regulates the trading of CARIFTA countries in the items specified, has increasingly been administered in such a way as to discriminate in favour of agricultural exports from CARIFTA's LDC's. This has been in accordance with its original conception as a special instrument to assist the less developed countries of the CARIFTA group, because of their relatively greater dependence on agriculture. On the basis of requirements for and supplies of commodities reported through the Secretariat to the Council, market allocations have been made semi-annually, and area prices negotiated. Over the period 1968 to 1970, trade in AMP products grew by 38 per cent, from EC$557,000 to EC$770,000, but exports from the LDC's did not expand as fast as had been hoped. Behind the slow response of producers from the LDC's are many difficulties; some related to traditional practices in subsistence cultivation, some connected with fragmentation of holdings and in general with the institutional aspect of the agrarian structure, some deriving from shortage of adequate institutional support, e.g. effective marketing system, agricultural credit and extension services. 4/

10. The absence of agricultural statistics hinders the formulation of regionally planned programmes with production targets. Besides, there has been the fundamental weakness in the operation of the AMP, that such trade is conditional on there being a surplus from the LDC's, concomitant to a deficit among the MDC's. As the Protocol does not include any provision for regulating production, domestic production among CARIFTA's MDC's was easier to generate because of their relatively larger farm resource base and more comprehensive

3/ The Oils and Fats and Rice Agreements in fact pre-date CARIFTA.

4/ The measures being taken at national level have not yet proved fully adequate to cope with the situation.
national agricultural diversification programmes. This means that the larger countries in order to meet their own internal demand have had to maintain and even expand production in some AMP items.

11. The procedure stipulated by the Council after the end of 1970, was that all supplies from the LDC's should be fully allocated before allocations were made from the MDC's. When allocations are made they are deemed to be obligatory. By 1972 the further efforts to stimulate the trade of the LDC's and to meet some of the operational difficulties of the AMP led to establishment of a Guaranteed Market Scheme within the AMP. This took the form of deliberately identifying certain crops which the LDC's could readily produce for trade with the MDC's. For these selected commodities the MDC's were required to commit their markets to taking specific quantities at agreed prices, the prices being determined within the machinery of the AMP. In turn the LDC's were committed to produce these crops in order to meet and satisfy their commitments. This procedure is seen as a long-term arrangement with annual increments for quantities traded, which would be adjusted as part of the regular evaluation of the programme. It would also improve the situation for co-ordinating area supplies with extra-regional supplies. Although the AMP was created to promote trade, there is the real danger that the restrictions inherent in the arrangements could inhibit the growth in intra-regional trade, in the absence of expanded outputs in the LDC's.

12. With the Oils and Fats Protocol a somewhat similar situation has developed, in that some countries are not specifying new requirements, and others are modifying requirements substantially below those of comparable previous periods. Historically however, a second aspect is also apparent, related to the extent of processing done by the producers, particularly in the less developed countries. At its inception the central issue of the oils and fats arrangements were to provide assured markets for exports. About five years ago the emphasis shifted to assuring the trade in raw oils, and presently the issue is to provide assured trade conditions for refined oil. The area is now being requested
to take up refined oil from the less developed countries before pursuing any other arrangements to meet domestic requirements.

13. Against this background and though only one example is quoted, the direct relationship of agricultural development to industrialization, and the need to arrive at a more coherent pattern of agricultural production becomes clear, and efforts towards its rationalization grow more urgent. Increasingly therefore attention is being given to the gains that may be achieved from a regional approach to the reorganization and development of the CARIFTA economies. There are encouraging signs that this hope will soon materialise with the initiation in the field in 1974 of the rationalization exercise whose financing has been definitely approved by (CIDA) the Canadian International Development Agency and the formation of an Agricultural Development Advisory Team (ADAT) to assist the LDC's governments.

14. Adoption of the common external tariff and a common protective policy will further the market integration process and facilitate the process of regional economic integration in place of the rational import substitution based on small individual country markets. But the integration of production is more difficult and so this and the CARIFTA countries with the only exception of Antigua have finally agreed to co-operate as of the beginning of 1974 under the wider arrangements of a Treaty establishing a Caribbean Common Market.

New Policies and Measures

15. The decision of the Seventh Heads of Government at Chaguaramas (October 1972) that the integration process should be advanced by the establishment of a Caribbean Community and Common Market was the basis for an intense series of negotiations during 1973. In determining the feasible technical basis for proceeding to the Community and Common Market arrangements, examination was made of the outstanding issues on harmonization of fiscal incentives, the proposed Common External Tariff, drafts of double taxation provisions, the outline for a Caribbean Investment Corporation, and various measures in favour of CARIFTA's LDC's.
16. The CARIFTA Council considered the proposals in terms of (a) the measure of benefits that can be expected to accrue to participants in the Common Market, and (b) the steps that CARIFTA member countries, particularly the LDC's, would take to bring them into the scheme. Montserrat sought a special "least developed" situation among the LDC's; but generally the LDC's argued their inability to proceed with further deepening of the integration process. The four larger countries on the other hand stressed that the further measures proposed were essential for the structural changes necessary to enhance the situation of the LDC's; more importantly they emphasized that they themselves could not afford to delay intensification of integration any longer. It was against this background that the Heads of Governments of Caribbean countries at their Eighth Conference (April 1973 - Guyana) decided that the Caribbean Community and Common Market should be established on 1 August 1973 and adopted the timetable set out in the Georgetown Accord.

17. The first step in implementing this decision was taken on 4 July 1973 when the Heads of Governments met at Chaguaramas to sign the Caribbean Community Treaty for initiating the steps stipulated in the Accord. This timetable permits the larger countries to proceed with the establishment of the Caribbean Community and Common Market at the same time incorporating transitional arrangements permitting the LDC's gradually to move to the Community and Common Market arrangements.

18. The machinery provides for the implementation of stronger measures to stimulate industrial and agricultural development, raise the level of employment, improve living standards, and incorporates further measures to provide member states opportunities for sharing equitably in the benefits of regional economic integration. Perhaps even more important, are the purposes of enhancing the bargaining power of the region in relation to third countries and groups of third countries, and to formulate and strengthen existing areas of functional co-operation.
19. It is very significant that the policy statements on the inauguration of the Caribbean Community and Common Market (CARICOM) indicated a long range objective that eventually these integration measures might embrace the entire Caribbean region. In this respect it should be noted that this was the first occasion on which Suriname participated in a CARIFTA event in its special liaison status to CARIFTA. So far Suriname is the only country that has a formal relationship to the CARIFTA group. The non-independent member countries of CARIFTA (i.e. the West Indies Associated States, Belize and Montserrat) are still constitutionally unable to act on their own behalf in various aspects of economic and external relationships which are embraced in the scope of the Caribbean Community and Common Market. Their accession to these closer integration mechanisms must therefore await derogation of further powers by the United Kingdom for them to act individually in these aspects of external affairs. Provision was therefore made in the Georgetown Accord that the Associated States and Belize could access to the Caribbean Community and the Common Market by 1 May 1976.

20. In effect the Caribbean Free Trade Association (CARIFTA) since 1 August 1973 has embraced two common markets (CARICOM, ECCM) and one national member. Accordingly three tariff systems presently operate formally under the CARIFTA umbrella relating respectively to the two common markets and Belize. Phasing arrangements for unifying the three tariff systems have already been considered by the Ministerial Councils, and these are to come into operation with the accession of the new members to CARICOM. To implement these measures an agreement establishing CARICOM's Common External Tariff was concluded, which specifies the phasing arrangements that will ensure complete uniformity of the external tariffs by 1981, the majority of commodities being harmonized by 1976.

2/ The ECCM comprised of the West Indies Associated States and Montserrat, the Caribbean Common Market (CARICOM) comprised of the four independent English-speaking countries, and Belize (British Honduras).

6/ It should be borne in mind that Antigua and Montserrat have not yet implemented the ECCM CET.
The Caribbean Community including the Caribbean Common Market is to supersede the CARIFTA on 1 May 1974.

The CARICOM Framework

21. The transitional arrangements for CARICOM's Common External Tariff and common protective policy were initiated on 1 August 1973 with introduction of the schedule of Customs duties along with the list of goods conditionally exempt from duties and the country lists of those items in respect of which the duties in the Tariff will be phased in by member states over varying periods. As regards the latter, the pattern of commodity listing and phasing is as follows:

<table>
<thead>
<tr>
<th>Member States</th>
<th>Commodity Lists</th>
<th>Annual Rate of Reduction of Difference between national tariffs on July 31, 1973 and the Common External Tariff</th>
<th>Harmonization Period (commencing not later than 1st August in each year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados</td>
<td>List A</td>
<td>1/3</td>
<td>1974 to 1976</td>
</tr>
<tr>
<td></td>
<td>List B</td>
<td>1/5</td>
<td>1974 to 1978</td>
</tr>
<tr>
<td></td>
<td>List C</td>
<td>1/8</td>
<td>1974 to 1981</td>
</tr>
<tr>
<td>Guyana</td>
<td>List D</td>
<td>1/3</td>
<td>1974 to 1976</td>
</tr>
<tr>
<td>Jamaica</td>
<td>List E</td>
<td>1/3</td>
<td>1974 to 1976</td>
</tr>
<tr>
<td></td>
<td>List F</td>
<td>1/4</td>
<td>1973 to 1976</td>
</tr>
<tr>
<td>Trinidad &amp; Tobago</td>
<td>List G</td>
<td>1/3</td>
<td>1974 to 1976</td>
</tr>
</tbody>
</table>

The Governments of Barbados, Guyana, Jamaica and Trinidad & Tobago signed and ratified the Community Treaty, so that the Caribbean Community and Caribbean Common Market was established as between these four countries on 1 August 1973. The Governments of Belize, Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia, St. Vincent and Montserrat will sign and ratify the Treaty, and become contracting parties thereto by 1 May 1974. The Government of Antigua is still considering the question of accession to CARICOM.
Three additional regional agreements already signed by the stipulated number of governments, (ten), came into effect on 1 January 1974:

(i) the Caribbean Investment Corporation Agreement to facilitate the mobilization of capital throughout the region and to support programmes of investment in the LDC's based on an agreed list of industries; 8/

(ii) the Harmonization of Fiscal Incentives to Industries Agreement which inter alia allows the LDC's longer tax holidays than the more developed countries, as well as providing that the MDC's refrain from granting income tax holidays to an agreed list of industries suitable for location in the LDC's; 9/

(iii) the Double Taxation Agreement between CARIFTA's LDC's and MDC's which in addition to providing for the avoidance of double taxation includes tax sparing measures.

The studies and negotiations on intra-regional double taxation accepted as a prime concept that the instrument should encourage greater mobility of investment capital within the region. As a result of examination of prior commitments to third countries it was concluded that a single double taxation agreement was not immediately practicable. Instead, three agreements on double taxation would be concluded: the one between the LDC's and MDC's

8/ Financed jointly by the Governments and the private sector, the Caribbean Investment Corporation (CIC) will be a source of investment funds for private entrepreneurs.

9/ The tax holiday concessions that emerged from the negotiations are substantially greater than what had been recommended by ECLA in the "Report of the UN Expert Team on the Harmonization of Fiscal Incentives to Industries" (E/CN.12/845), and the "Report of the Commonwealth Caribbean Regional Workshop on Harmonization of Fiscal Incentives to Industries" (E/CN.12/844). Considering that for most industries the capital is recovered within six years, longer income tax holidays are largely superfluous.
already mentioned above, an intra-LDC double taxation agreement to be implemented in early 1974, and an intra-MDC double taxation agreement which is still in process of negotiation.

23. Aside from these formal arrangements covered by legislative instruments, further regional measures under study include a scheme for the rationalization of agriculture in the region which it is hoped would be introduced by mid-1975; the preparation of a regional perspective plan designed to maximise use of the region's resources and achieve specific development targets in all the countries of the region; regional co-operation in price control particularly as regards commodities that influence the cost of living and the prices of machinery and equipment, through measures being considered which include possible economies from bulk purchases on a joint basis by countries of the region; and the establishment of a regional commission on standards, quality and prices of goods with a view to safeguarding the interests of consumers in all the countries of the region. In addition, there are a wide range of functional matters, some inherited from the now defunct West Indies Federation, on which joint action has been intensified.

24. A most important feature of the new integration measures is the high level of collaboration in external relations that has been brought into operation. The first significant step was the establishment of full diplomatic relations by the four independent countries, simultaneously, with Cuba. The co-ordinated CARICOM approach is also being adopted for renegotiation with Canada of the West Indies/Canada Trade Agreement of 1925, and the mounting of joint trade missions to explore the opportunities for mutual trade with various countries. The four independent CARICOM countries are also considering the possibility of future joint approaches to establishment of diplomatic missions abroad with the view that such missions would serve the needs of the group of countries.

25. A similar collective approach is being adopted towards the establishment of a Joint Caribbean Community/Mexico Commission and the draft of an agreement for this purpose is already in process of negotiation. This Joint Commission would have the task of promoting
closer relationships between the Caribbean Community and Mexico in economic, cultural and technological fields; and primary examination is being given to the trade expansion possibilities, areas for mutual technical assistance, Mexico's membership in the Caribbean Development Bank and joint development of tourist projects.

26. Also, there is no doubt the timing of CARICOM's establishment was in large part influenced by the time-table for negotiation with the enlarged EEC and the decision of the CARIFTA countries to negotiate as a group. A primary consideration was that while the four independent countries could negotiate individually on their own behalf or could opt to negotiate as a group, the non-independent countries legally speaking, have no negotiating status unless they are either (a) attached to the United Kingdom delegation on the EEC side of the table, or (b) attached to the CARICOM group. Account also has to be taken of the fact that the West Indies Associated States (LDC's of CARIFTA) were already listed as Part IV Associates to the EEC, consistent with the terms of the Treaty of Accession of the United Kingdom to the EEC. A group relationship of the CARIFTA/CARICOM countries with the enlarged EEC therefore has to be without prejudice to the right of the West Indies Associated States to choose their own form of relationship with the enlarged EEC, and should provide for them nothing less advantageous than they already have under Part IV status.

Some Problems and Obstacles

27. Special efforts have been made to facilitate a smooth transition from the CARIFTA to the CARICOM; however, various problems and obstacles are still to be overcome, some of which were already evident in the CARIFTA setting. First, it is to be noted that at December 1973 there is still the question whether the CARICOM will embrace all the CARIFTA countries on 1 May 1974 when CARICOM supersedes CARIFTA. Mention was made at paragraph 14 that Antigua had not so far indicated an intention to accede to CARICOM. In fact the position is very much the reverse, but it is still hoped that Antigua will find it possible to participate in CARICOM.
28. In addition, there are some problems relating to the harmonization of the ECCM sub-group with the wider integration effort. The principle was adopted that within CARIFTA, the Associated States and Montserrat, through the East Caribbean Common Market, would be more closely integrated. It was envisaged that with the ECCM group at a higher level of integration, the way would be easier for moving to the wider Common Market and the Caribbean Community. Slow progress in the ECCM therefore acts as a limiting factor on the pace of Caribbean integration.

29. The East Caribbean Common Market (ECCM) Common External Tariff (CET) was the first major step taken by the West Indies Associated States and Montserrat since the promulgation of the ECCM Agreement in 1968. The ECCM Tariff, originally formulated by ECLA, is based on the Brussels Tariff Nomenclature (BTN) and utilizes the Chapter Headings and the Rules of Interpretation of the BTN. There are a limited number of items specified in the Tariff for which special rates of duty apply in the case of individual countries. Both the "Common" and "Special" duties are divided into "preferential" and "general"; preferential rates applicable mainly to British Commonwealth countries. It may be pointed out that goods in intra-ECCM trade, meeting the Area of Origin criteria, have been duty-free since the inauguration of the ECCM in July 1968.

30. This CET was implemented by all the ECCM countries except Antigua and Montserrat during October 1972. As of December 1973, both Antigua and Montserrat were only committed in principle to acceding to the ECCM CET. \(^{10/}\) The effectiveness of the CET as an instrument of tariff and general development policy in the ECCM region is undoubtedly affected by the absence of Antigua and

\(^{10/}\) The ECCM Secretariat is the co-ordinating body in ECCM Tariff matters and convenes meetings of the national Comptrollers of Customs annually, or more frequently, if required. Much of the technical work over the last five years concerned with the CET has been done by ECLA Port of Spain. Assessment of the effects of the tariff and related technical analyses need to be urgently undertaken by the Secretariat and the Governments with continuing ECLA support.
Montserrat. The non-accession of these two countries seem related to the political status of Montserrat (essentially a Crown Colony of the UK) and some uncertainty with regard to the Caribbean Community (CARICOM) which is scheduled to replace CARIFTA during 1974. Another underlying factor stated, is the choice of association to be made with the European Common Market now that the UK is a member of that organization.

31. Many problems derive from the different levels of constitutional status, aside from those already mentioned. The international monetary situation of the past two years has brought into sharp focus some aspects of the inability of the CARIFTA LDC's to act independently of the metropolitan country in line with the CARIFTA MDC's in the regional interest. During the period of acute monetary instability, the Central Banks of the four independent countries were able to make assessments of their national situations and after consulting each other to propose solutions to their respective governments. The LDC's however, had no option but to go along with Sterling. Primary attention is therefore being given to restructuring of the East Caribbean Currency Authority and the Belize Monetary Authority, and to introducing legislative changes so as to provide for independent exchange rate adjustments in place of the automatic convertibility of these currencies with Sterling. These steps would facilitate also the move to greater uniformity in the Exchange Control regulations and practices applied throughout the region.

32. Transportation services present another area of difficulty. Because of the geographical isolation of the member states from each other, being scattered over nearly two thousand miles of sea, transport, particularly surface water transport, assumes major significance. Efforts over the last four years to improve the transport services commenced with reorganization of the jointly owned shipping service and extended to include various aspects of extra-regional transport services and their impact on the countries of the group. This involved the Regional Shipping Council in giving thought to consultation with the Conference Lines on freight rates and charges, and in examination of some possibilities
for establishing CARIFTA extra-regional carrier services. However, the Regional Shipping Council of which some CARIFTA countries are not members, has never been fully formalized; and steps need to be taken for the institutionalization of transport in the Caribbean Community.

33. The Regional Shipping Council has developed over the last four years to be an ad hoc ministerial body with not clearly defined functions for implementing the decision of the Fourth Heads of Governments Conference, termed by that Conference as rationalization of shipping, both regional and overseas. The current areas of action on which the Council has been asked for decisions or recommendations are: negotiations with WITASS Conference; intra-regional freight rates; regulation of shipping in the CARIFTA area; extra-regional shipping; rationalization of CARIFTA shipping and WISCO Draft Agreement.

34. In the Chaguaramas Treaty the Regional Shipping Council has been designated as one of the Associate Institutions of the Community. This status is distinct from that of the Institutions of the Community which are Ministerial bodies on which all the Member States are obligatorily represented. Accordingly, the Community Institutions are standing committees of Ministers concerned with policies and with supervision, direction or guidance as the case may be, of specialised organizations and agencies either created by, or brought into relationship with the Community. The Associate Institutions are operational agencies and do not have the status of policy-making bodies of the Community, though they may set policy guidance to the respective bodies they operate.

35. As a result the Regional Shipping Council will be competent only to arrange for shipping within the Community region, primarily through the operations of the West Indies Shipping Corporation.

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11/ Article 14 of the Treaty establishing the Caribbean Community.

12/ Articles 10, 11 and 12 of the Treaty.
However, Article 18 and the Schedule of the Treaty taken together, prescribe that Governments should make every effort to co-operate in shipping and air transport as a matter of priority. It would seem that the wider problems of transport can be dealt with only on the assumption that the Treaty clause on establishing other institutions of the Community (Article 10) will be applied later. That is, a permanent Ministerial Committee on transport will be established at a suitable stage, once the Conference of Heads of Governments is convinced of its necessity and is unanimous that a Standing Committee of Ministers can be set up as a policy-making body, with responsibility for Community transport development.

36. In that event the Associate Institutions which would report to the Community might then be: (a) the Regional Shipping Council in the first place; and (b) an operational body competent for extra-regional shipping including negotiation with Shipping Conferences (alternatively, this body could be either autonomous or could be merged with the Regional Shipping Council for inter-regional shipping). Then there could be: (c) regional association of port authorities which also might be given some competence in respect of land transport for inter-modal transport units through the area of influence of the individual ports. Finally, there would be (d) a Civil Aviation Council comprising an air fares committee, and perhaps also a body to deal with regional air carriers. The above institutionalization would have combined secretarial services, in that the Community Secretariat would service both levels of these institutions - the Committee of Ministers and the Associate Institutions.

37. The above outline is the institution-building concept which appears to reflect fully the provisions of the Community Treaty and the binding decisions taken by the Heads of Governments. At the same time, it is a more advanced formula than those previously discussed under measures for functional co-operation. The actual institution-building will require a substantial effort and could be only accomplished through the decision of the Conference, when the Governments are unanimous that they can advance the development of
the transport sector through a joint effort and adherence to common policies.

38. On the operational side, decision-making is greatly impeded by the absence of adequate information. While this is generally true for all the economic sectors, it is even more acute in the transport sector where the requirement is for data reflecting the needs and adequacy of a regional service. The system for collecting and processing ports and shipping statistics that was inaugurated by CARIFTA, at the beginning of 1970, assisted by ECLA Port of Spain, has not produced information that is useful to any of the sectors involved in ocean shipping. The system provided that each of the eleven member countries of CARIFTA would send a monthly report to the Secretariat. The reports elicited most of the essential information required for making useful analyses of ship-movement and cargo-flow, except for the origin/destination of cargo data which was not sought.

39. Response by the member governments was inadequate. Only one of the four larger countries has sent all reports consistently. Among the other seven countries, the extent of reports response varied over a wide range as to numbers of documents submitted and as to the amount of information omitted on the report forms. It is estimated that the information collected during 1970, 1971 and 1972 represents no more than 18 per cent of the sea-borne cargo handled through CARIFTA ports of those eleven countries during that period, excluding petroleum. Neither ECLA nor the CARIFTA Secretariat has yet produced ship-movements or cargo-movements analyses; and it is obvious that none could have resulted from the totally inadequate data available. The need for such analyses continues to be unfulfilled. ECLA Port of Spain is currently in process of preparing recommendations intended to provide a data collection system, that could be made absolute through governmental action, and that could provide rapid and effective dissemination of ports and shipping analyses.
40. Finally, there are those problems relating to relationships with third countries and groups of third countries. In this category the greatest urgency attaches to the negotiations with the enlarged EEC. Unless a single formula applying to the whole CARIFTA/CARICOM group can be worked out, separate treatment by the EEC for the semi-independent CARIFTA/CARICOM States as against those that are fully independent could be divisive in its effect and work against the cause of Caribbean integration. Consequently great care is being taken in defining the parameters of what would be regarded as a desirable CARICOM relationship to the EEC.