

# **EVOLUTION OF THE COMMONWEALTH CARIBBEAN INTEGRATION PROCESS**

**Dissertation submitted to the Jawaharlal Nehru University  
in partial fulfilment of the requirements  
for the award of the Degree of  
MASTER OF PHILOSOPHY**

**G. JAYAKUMAR**

**CENTRE FOR AMERICAN AND WEST EUROPEAN STUDIES  
SCHOOL OF INTERNATIONAL STUDIES  
JAWAHARLAL NEHRU UNIVERSITY  
NEW DELHI-110067**

**1992**



जवाहरलाल नेहरू विश्वविद्यालय  
JAWAHARLAL NEHRU UNIVERSITY  
NEW DELHI - 110067

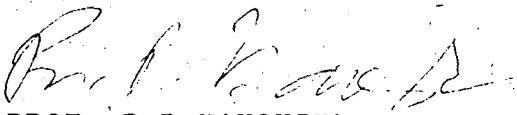
CENTRE FOR AMERICAN AND WEST EUROPEAN STUDIES,  
SCHOOL OF INTERNATIONAL STUDIES.


22 June 1992

CERTIFICATE

This dissertation titled EVOLUTION OF THE COMMONWEALTH CARIBBEAN INTEGRATION PROCESS submitted by G.JAYAKUMAR for the award of the degree of MASTER OF PHILOSOPHY is an original work. This dissertation has not been previously submitted for any other degree of this or any other university.

We recommend that this dissertation be placed before the examiners for evaluation.

  
(PROF. R.P. KAUSHIK)  
Chairperson

  
(DR. ABDUL NAFEY)  
Supervisor

## PREFACE

Regional integration, predominantly economic in content, has acquired considerable importance in contemporary world system. Most countries of the world have either structured themselves into regional or functional cooperative units or, at least moving towards such a process. With the only exception of a regional organization, viz. Council of Mutual Economic Assistance (COMECON) which has recently been dismantled, most others are, in fact, currently engaged in further intensifying and expanding the integration process. In some instances, initiatives are afoot even to promote and expand trade and economic cooperation between regional blocs.

A commonly offered explanation for the contemporary prominence of regional cooperation is that most nation states, if not all, are too small to be effective and viable economic units in the contemporary world. Hardly any nation state, however well-endowed in human and natural resources, it is argued, have within their frontiers all the means needed for well-rounded development. Besides, the much-needed modern technology too is so expensive to be beyond the reach of any one country. But it is not the economic imperatives alone that have led to the contemporary regional cooperative systems, some of which contain states that are not even geographically contiguous. Among others, tradition, common historical legacies and shared community of interests are

factors which have greatly influenced and played vital roles in the regional integration process.

One such instance of regional system currently evolving is the Caribbean Community (CARICOM) consisting of thirteen English-speaking countries/territories of the Caribbean basin--Antigua, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St.Kitts-Nevis, St.Lucia, St.Vincent and Trinidad and Tobago--all with a population of around five million. In many respects, the constituents of the CARICOM are disparate such as importantly in resource endowments, size and population as well as in political status. What is more, they are not even geographically contiguous. A past history of shared common colonial rule, to some extent, seem to have facilitated and given some direction to the integration process among them.

Although the antecedents of these so called Commonwealth Caribbean integration is traced to the West Indies Federation of 1958 when these very British territories were united by a colonial fiat, the CARICOM is, in fact, an outgrowth and an extension of the Caribbean Free Trade Association (CARIFTA) which came into being in its embryonic form in 1965. The initial free trade movement was slow and somewhat modest; yet the members of CARIFTA, in less than a decade, chose to convert themselves into Caribbean Community and Common Market

(CARICOM) with accent on economic aid, functional cooperative schemes and instrumentalities. Besides, CARICOM also seeks to coordinate foreign policies of member countries so as to enable them to unite on international issues of vital interest to the region. Beset with an array of problems--both economic and political, some of which internally generated and others externally triggered--the future course of the Caribbean Community movement seems somewhat uncertain.

It is against this background that a modest attempt is made in the present study to describe the integration process in the Commonwealth Caribbean with special emphasis on the conception and performance of CARIFTA and CARICOM. It is the endeavour of the study to highlight the causes and motivations that led to these integration initiatives. It, in the process, brings to focus the centrifugal forces be they of narrow nationalism, ideological and political rivalries which have hindered the movement. It also discusses and describes the formation of CARICOM and the aims and objectives it has sought to achieve. To the extent required, the study also takes into account the external forces that have assisted or hampered the progress of CARICOM. Using the data available in both secondary and primary source materials such as the Inter-American Development Bank (IDB) reports, the study also assesses the success or otherwise of CARICOM in meeting its

major objectives viz. industrial programming and agricultural complementarity in a common market framework.

Against this broad framework, the analysis is treated in five major Chapters. The introductory Chapter I presents a brief background of the political and economic dynamics of the Commonwealth Caribbean region. The Chapter further describes the factors leading to the formation of the West Indies Federation in 1958 and its eventual dissolution in the context of the beginning of the process of decolonization. Chapter II endeavours to trace the developments leading to the establishment of the Caribbean Free Trade Association (CARIFTA) in 1968. The performance of CARIFTA is assessed on the basis of the rising level of trade, changing composition of intra-regional trade and the level of agricultural complementarity attained. A separate section deals with the impact of CARIFTA on the less developed countries (LDCs) of the region. The transition from a free trade association to the setting up of the Caribbean Community and Common Market (CARICOM) is dealt with in Chapter III. The Chapter describes the aims and objectives and various instrumentalities established by CARICOM. It seeks to assess the performance of CARICOM in terms of level and composition of intra-regional trade as well as the various functional cooperative schemes. Many of the domestic and regional factors that have constrained the functioning of CARICOM are also dealt with

briefly. The focus of study in Chapter IV is on the role of externalities--the United States, United Kingdom and European Economic Community (EEC) and some of the Latin American countries. After a brief discussion of the foreign policy coordination as envisaged by the CARICOM Treaty, the Chapter focuses on the role of the US especially the Caribbean Basin Initiative (CBI) of the 1980s and its impact on the member countries of CARICOM. The role of the UK and the special trade relationship CARICOM has with the EEC are assessed separately. The Chapter also discusses between CARICOM and a select number of Latin American countries.

The final Chapter takes an overview of the evolution of the integration process in the Commonwealth Caribbean bringing into focus the centrifugal forces--be they of narrow nationalism, ideological and political rivalries--which have hindered as well as factors contributing towards the strengthening of the integration process.

## ACKNOWLEDGMENTS

In the completion of the monograph and the final drafting, I acknowledge my deep, personal and intellectual debt to my supervisor, Dr. Abdul Nafey of the Latin American Studies Division, School of International Studies, Jawaharlal Nehru University for the earnest and painstaking interest he displayed in instilling confidence in me. Also, my deepest appreciation goes to his wife, Dr. Vishnu Priya for her warm hospitality and encouragement.

Special thanks are also due to my teachers, Dr. R. Narayanan and Dr. Jose Leal Ferreira for their comments and suggestions.

Besides, the assistance provided by the Acting High Commissioner of Trinidad and Tobago to India, His Excellency Mr. Chandradath Singh and members of his staff in making available important documents was immense.

I am also grateful for the facilities provided by the staff of the libraries of Jawaharlal Nehru University, Indian Institute of Foreign Trade, Indian Council of World Affairs, Research and Information System for Non-Aligned and other Developing Countries, United Nations and the World Bank.

My sense of gratitude goes to Dr. R. L. Chawla, Consultant, Indian Council for Research on International Economic Relations, Dr. K. Ramachandran Nair, Head of the Department of



Economics, Kerala University, Ms.Mridul Eapen, Associate Fellow, Centre for Development Studies, Trivandrum and Mr.P.Mani, Assistant Registrar, M.G.University, Kottayam for their invaluable assistance.

Further, I express my indebtedness to my friends-- V.Anil Kumar, S.M.Abdul Khader, R.Anantha Subramoni, Anup Kumar Biswas, Avijit Bannerjee, R.Girish Kumar, V.Nagarajan Naidu, Rana Kurian, A.K.Raman, Sunny K.George, K.P.Sunny, Suresh Chandran and Pramod P.Suthan--who helped in different ways in crossing the final hurdles.

Thanks are also due to Mr.T.M.Varghese for his invaluable assistance in typing the monograph meticulously.

Last but not the least, I express my sincere feelings of gratitude to my parents without whose constant encouragement and inspiration, it would not have been possible for me to complete the present work.



G. JAYAKUMAR

## CONTENTS

	<u>Pages</u>
PREFACE	i-v
ACKNOWLEDGMENTS	vi-vii
CHAPTER I INTRODUCTION	1-18
Social and Economic Background of the Commonwealth Caribbean West Indies Federation Decolonization Process	
CHAPTER II CARIBBEAN FREE TRADE ASSOCIATION	19-64
Formation of the Caribbean Free Trade Association Aims and Objectives Achievements Eastern Caribbean Common Market	
CHAPTER III CARIBBEAN COMMUNITY AND COMMON MARKET	65-113
Aims, Objectives and Organizational Set-up Economic Achievements Constraints Functional Cooperation	
CHAPTER IV ROLE OF EXTERNALITIES	114-165
Foreign Policy Coordination United States Caribbean Basin Initiative Role of UK and the EEC Relations with Latin America	
CHAPTER V SUMMARY AND CONCLUSIONS	166-180
BIBLIOGRAPHY	181-189

## CHAPTER I

### INTRODUCTION

Diverse factors of geography, historical legacies of colonialism, economic dependence, nationalist aspirations and political goals of the masses and the leaders have pulled and pressured the Commonwealth Caribbean countries alternately, at times simultaneously in the direction of integration and disintegration. State of under-development and the very goal of political survival while made these countries search for various integration mechanisms at different points of time after their independence, geographical distances, societal structures, a strong sense of nationalism and political ambitions of the leaders have worked constantly to weaken, if not undermine, the integration process.

No gainsaying, Commonwealth Caribbean countries were able to form the Caribbean Free Trade Association (CARIFTA) in 1968 and upgrade it into the Caribbean Community and Common Market (CARICOM) in 1973, the results of these integration efforts have remained modest. No denying the fact that limited resource endowment, structural deficiencies, and the socio-economic distortions caused by colonialism are some of the factors that restrict the gains of an integration movement. At the same time, however, given the geo-political importance of the region, outside powers and forces have maintained stakes in the domestic and intra-regional affairs of these

countries, and impinge heavily on the process of integration. Other factors that have limited the scope of integration are the geographical isolation and distances among these countries, persistence of colonial economic structures, nationalism and egoistic leadership. As the subsequent discussion reveals, some of these factors had come to the fore in the abortive attempt at federation in the 1950s which incensed feelings of narrow nationalism and rivalries for federal leadership. The prospects of early independence and the onset of decolonization process hastened dissolution of federation.

Social and Economic Background  
of the Commonwealth Caribbean

Covering about 2,500 miles from the southern tip of Florida in the north to the coast of Venezuela in the south, facing Central America in the west and the Atlantic Ocean to the east, the archipelago constituting the Commonwealth Caribbean comprises two groups of islands--the Greater and Lesser Antilles. While Jamaica is in the former, the latter includes the Virgin Islands in the north, Barbados, Trinidad and Tobago in the south and the Leeward and Windward Islands of Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St.Kitts-Nevis, St.Lucia, and St.Vincent and the

Grenadines.<sup>1</sup> The mainland Guyana is on the north-east coast of South America and Belize is in Central America. The region encompasses an area of 271856 square kilometres, most of which is accounted for by the Bahamas, Belize and Guyana.<sup>2</sup> The size of the population in the region is estimated at 5581000 in 1988, distributed unevenly from two million persons in Jamaica to below eight thousand in Anguilla.<sup>3</sup> The small size of most of the countries, demographic patterns and variations and their geographic location have created a set of problems unique to the region. Admittedly, these factors make some sort of integration among these countries extremely difficult but at the same time inevitable. Being colonies, the Caribbean countries were relegated to the position of mere centres of production appended to the British economy. Based on the exploitation of the slave labour, the local economy consisted of mainly the sugar producing plantation sector, exporting the crop to outside markets in largely unprocessed form. Such a plantation system linked the territory with the wider world economy through its export orientation and foreign ownership. The economies that evolved in the British

---

<sup>1</sup> The Leeward Islands include Anguilla, Antigua and Barbuda, Montserrat and St.Kitts-Nevis and the Windward Islands consists of Dominica, Grenada, St.Lucia and St.Vincent and the Grenadines.

<sup>2</sup> W.Marvin Will, "A Nation Divided: The Quest for Caribbean Integration", Latin American Research Review (New Mexico), vol.26, no.2, 1991, p.6.

<sup>3</sup> *ibid.*

Caribbean were plantation economies in which "the internal and external dimensions of the plantation system dominated the country's economic, social and political structure and its relations with the rest of the world".<sup>4</sup> The abolition of the slavery in the mid-nineteenth century did not lead to any displacement of the mode of production but rather accentuated problems of population growth by transplanting people from some of the Asian countries to under-populated territories of Guyana and Trinidad and Tobago. Thus these countries were populated with people whose social structure was defined by the requirements of the plantation economy.<sup>5</sup>

The nature of under-development in the region was directly related to its situation of dependence. Being mono-culture economies--heavily dependent on few primary products viz., sugar, bananas, bauxite and oil--their pattern of production and consumption was deeply oriented to the metropolitan countries. Such an orientation, among others, led to a wide economic gap between the rich and the poor and growing levels of disparity between the larger and smaller countries of the Commonwealth Caribbean.

---

<sup>4</sup> Angus Maddison, ed., Latin America, the Caribbean and the OECD: A Dialogue on Economic Reality and Policy Options (Paris, 1986), p.103.

<sup>5</sup> W.Andrew Axline, Caribbean Integration: The Politics of Regionalism (London, 1979), pp.68-69.

Since the countries were closely attached to the British market, their economic and political welfare depended on conditions prevailing in the metropolis. Thus the "great depression" of the 1930s, for instance, had severe repercussions on the Caribbean economies. It resulted in severe contractions in demand, prices and production of the primary commodities upon which the economies depended.

The world-wide depression of the 1930s had its impact on the British colonies in the Caribbean region. Prices for the region's principal export commodities fell, wages were reduced, taxes raised and unemployment situation worsened. The economic distress became intolerable and led to widespread riots in the region. The first outbreak occurred in St. Kitts in 1935 when unemployed sugar workers occupied estates owned by absentee white proprietors.<sup>6</sup> The wave of protest soon spread to Barbados, British Guiana, Jamaica, St. Lucia, St. Vincent and Trinidad and Tobago. Series of such disturbances reflected a general political awakening among the people of the West Indies culminating in the emergence of trade unionism in the region.<sup>7</sup> Such a situation of economic decline caused widespread social and political upheavals raising in the

---

<sup>6</sup> John Mordecai, The West Indies: The Federal Negotiations (London, 1968), p.26.

<sup>7</sup> ibid, p.29.

process demands for economic betterment and political autonomy.<sup>8</sup>

### West Indies Federation

In the wake of the disturbances, the British government was compelled to review its colonial policy in the region. To this end a Royal Commission under Lord Moyne was appointed in 1938 to chalk out programmes for the development of the region. The report of the Commission, among others, emphasized the need for greater integration among the colonies. As a first step, the Commission recommended a federation of the Windward and Leeward Islands for reasons of economy of administration.<sup>9</sup>

On the part of these territories also, there was a growing realization that there was little chance of the islands gaining independence except as part of a federation. A conference held in Roseau, Dominica in October 1932 which was attended by representatives from eight territories demanded the establishment of a federation. The leaders opposed the recommendations of an earlier Closer Union Commission of 1932 for it did not contain provisions for self-government.

---

<sup>8</sup> *ibid*, p.21.

<sup>9</sup> *ibid*, p.29.



Following its economic decline, British policy in the post-World War II period was directed towards creating a federation before granting independence to these colonies. This was reflected in the Montego Bay Conference held in Jamaica in September 1947, which endorsed the idea of a closer association and proposed, among others, the setting up of a Regional Economic Committee to look into matters relating to the formation of a customs union. For this purpose a Standing Closer Association Committee (SCAC) under Hubert Rance, then Governor of Trinidad, was appointed to work out a federal constitution. Except for British Guiana and British Honduras, the legislatures of the remaining territories accepted the Rance Committee's recommendations.<sup>10</sup> However progress was slow and further conferences were held in London in 1953, 1955 and 1956 to settle questions such as the powers of the federal government, the sources of federal revenue, and migration between islands. After much discussions following the rival claims of Barbados, Grenada and Jamaica, it was

---

<sup>10</sup> It was feared in British Guiana that the India-descended section of the population which was then half of the colony would be overwhelmed by the preponderant African-descended population of the Federation. As for British Honduras, the Federation may lead to large-scale immigration from the over-populated islands and further the future of the country lay in a closer association with the Central American republics rather than with the West Indies. For further details, see Alan Burns, History of the British West Indies (London, 1965), p.271.

decided to site the capital of the proposed federation in Trinidad and Tobago.

As a follow-up, the British Parliament passed the British Caribbean Federal Act in 1956 and an Order-in-Council in 1957 setting up the West Indies Federation. The Federation which came into being on 3 January 1958 was accorded a large measure of internal self-government but matters relating to defence, external relations and maintenance of financial stability and credit continued to be retained by Her Majesty's Government (HMG). The federal government structure was envisaged with a House of Representatives of 45 members elected by adult suffrage. There was to be a Council of State presided over by the Governor General and consisting of a prime minister and ten other ministers. With official blessings, a two-party system was created: the Federal Labour Party (FLP) led by Norman Manley of Jamaica and supported by Grantley Adams of Barbados and Eric Williams of Trinidad and Tobago as deputy leaders; and the Federal Democratic Labour Party (FDLP) under the leadership of Alexander Bustamante of Jamaica and supported by the anti-Eric Williams opposition elements in Trinidad and Tobago. In the federal elections held in March 1958, the FLP emerged victorious with Grantley Adams as the first prime minister of the West Indies.

In 1960 by an Order-in-Council, the British Government replaced the Council of State by a cabinet presided over by the prime minister. But this measure did not strengthen the Federation for it had no power to levy income tax or customs duties and was dependent for its revenue on a levy in each of the territories.

Not long before, differences began to surface between the most important units of the Federation--Jamaica and Trinidad and Tobago--containing between them 77 per cent of the population and 83 per cent of the total land area.<sup>11</sup> While Trinidad and Tobago favoured a strong federal government with considerable authority and control over the entire area, Jamaica preferred a loose union in which the territories retained the maximum of responsibility. It was Jamaica's fear that if the federal government had control over taxation policies and raising of loans, it would affect Jamaican development programmes with disastrous consequences to its economy. Such opposing viewpoints reflected serious differences about the very purposes of federation. While for Jamaica the Federation was to be merely the delegated agent within defined boundaries of unit interests; to Trinidad and Tobago, it was a means to bridge the gap between the relatively better-off and poorer territories within the Federation. The

---

<sup>11</sup> *ibid*, p.723.

position of Trinidad and Tobago was endorsed by the other smaller territories who feared that the Federation could result in their becoming a dependent consumer market for the expanding industries of the major territories.

Finally, the Jamaican viewpoint prevailed at the Inter-Governmental Conference of 1961 held in London when matters pertaining to income tax and industrial development were transferred from the purview of the Federal government to a reserve list. As for financial support for the Federation, the Jamaican contention that the Federal government should draw its revenue from customs duties was accepted, with Barbados, St.Kitts-Nevis and St.Lucia voting against the recommendation.

Within Jamaica too, divergent perceptions on the question of Federation emerged in the early 1960s. The pro-Federation stand taken by Manley and the FLP was opposed by the opposition DLP led by Bustamante. This was followed by a referendum on 19 September 1961 which showed 55 per cent of the total 60 per cent electorate which participated in the referendum voting against the Federation. The mandate was accepted by the Manley government and Jamaica withdrew from the Federation.

Trinidad and Tobago, the other major territory was unwilling to remain in the Federation following Jamaica's

secession and the Federation was formally dissolved on 23 May 1962 leaving other units to fend for themselves and decide their own political future.

The reasons for the premature end of the Federation have been many and varied ranging from geographical to political and parochial behaviour on the part of some of the leaders. The geographical separation of the most-populated Jamaica from the rest of the countries contributed to the "psychological isolationism of the Jamaican national temper" and the future integration efforts were to contend with a strong nationalist Jamaica.<sup>12</sup> Such isolationism or nationalism became true of other Caribbean countries too and is now the accepted "part of the traditional Caribbean outlook".<sup>13</sup> This is borne out by the fact that the people of the Eastern Caribbean had a different outlook from that of Jamaica on the question of Federation. They shared more in common with Trinidad and Tobago. Even before the Federation came into being, an agreement could not be reached on the location of its capital. In 1957 the Colonial Office had recommended that the site of the capital be in Barbados, Jamaica or Trinidad and Tobago.

---

<sup>12</sup> Gordon K. Lewis, The Growth of the Modern West Indies (New York, 1968), p.371.

<sup>13</sup> Gisbert H. Flanz, "West Indian Federation", in Thomas M. Franck, ed., Why Federations Fail: An Inquiry into the Requisites for Successful Federation (New York, 1968), p.106.

Sharp differences among the regional leaders led to acrimonious exchanges and eventually Port-of-Spain, Trinidad was selected.<sup>14</sup>

As noted earlier, other than nationalist and political differences as on the Federal set-up, Jamaica primarily feared that its industries would be affected by the manufactures from Trinidad and Tobago and that it may have to subsidize the smaller islands. Such apprehensions reinforced by the swelling number of unemployed in Jamaica and problems of immigration in Trinidad and Tobago also became an important cause of the break-up of the Federation.<sup>15</sup> When Eric Williams suggested that along with freedom in the movement of goods there should be corresponding freedom of movement of persons within the region, Jamaica refused to accept it.

Apart from whatever geographic, political and economic reasons, it was the highly personalised style of functioning of the leaders which contributed to the failure of the Federation. Neither did the leaders possess a spirit of compromise nor an understanding of the principles of social intercourse. Numerous instances of erratic and arbitrary actions can be pointed out--from the location of the capital of the Federation in Trinidad to Alexander Bustamante's early

---

<sup>14</sup> For a detailed account of the arguments and counter-arguments, see Mordecai, n.6, pp.66-71; Flanz, n.13, p.106; and Will, n.2, p.10.

<sup>15</sup> W.Arthur Lewis, "Epilogue" in Mordecai, n.6, pp.459-60; and Flanz, n.13, pp.107-8.

call for an end of the Federation. Even leaders like Adams, Manley and Williams though "men of the highest quality" were first and foremost provincial nationalists who were not prepared for compromises.<sup>16</sup>

Such uncompromising qualities of the leaders only increased insular outlook and narrow nationalist feelings in these countries. In the context of the failure of the federal experiment, machinations of the colonial country also cannot be denied. UK had kept the islands fragmented for its own political reasons but then expected them to come together in less than fifteen years. In the first place, the very idea of association or some form of integration had originated during the colonial period. The primary motive behind the idea of a federation was to "reduce the cost and complications of administering a large number of tiny islands with an ailing economy".<sup>17</sup> Britain, in the post-World War II period, was anxious to use Federation as a means of giving up its responsibilities "after extracting for centuries all that can be got out of a colony".<sup>18</sup> In short, British interests were to perpetuate metropolitan colonial goals by creating for the

---

<sup>16</sup> Lewis, n.15, p.457.

<sup>17</sup> Harold Mitchell, Europe in the Caribbean (London, 1963), p.45.

<sup>18</sup> Lewis, n.12, p.385.

sake of the mercantile and planting interests in the region a central administrative unit.

To sum up, the setting up of the West Indies Federation though attributed to West Indians, in reality was imposed from above, for much of the impetus came from the Colonial Office. The official policy had viewed federation "not as a vehicle for West Indian self-government, but, overwhelmingly as a problem of colonial administrative convenience".<sup>19</sup> Further the federal venture depended excessively on British guidance. Both, as an idea and as a set of institutions, it was British inspired throughout with the colonies lured or forced to accept its terms. This is true of the constitution also that was finally produced which omitted important West Indian suggestions such as a unicameral system and complete excision of any reserve powers for governors at either unit or federal level.<sup>20</sup>

In short, the dissolution of the West Indies Federation though speeded up the process of decolonization as countries began increasingly opting for unilateral independence. However, it made the task of any future integration extremely difficult. Geographical insularity--reinforced by parochialism and narrow nationalism--combined with the larger than

---

<sup>19</sup> *ibid*, p.345.

<sup>20</sup> *ibid*, p.354.



life-size ego of leaders made other attempts at federation abort prematurely. The consequences of unilateral course however soon proved to be disastrous as countries found themselves confronted with stark realities of economic stagnation, unemployment and social dislocations.

### Decolonization Process

As noted earlier, the social upheavals since the 1930s gave rise to nationalist feelings and demands for self-government in the Commonwealth Caribbean. The 1930s also witnessed, among others, the emergence of trade unionism and political leaders who attempted to identify themselves with the working class. For instance, in Barbados, Grantley Adams founded the Barbados Progressive League which was later converted into the Barbados Labour Party. In Jamaica, Alexander Buntamante formed the Bustamante Industrial Trade Union (BITU) and Norman Manley formed the People's National Party (PNP) both demanding the dominion status for Jamaica. Thus, party politics and labour movement were intertwined in Jamaica and some other countries.

Most of the Caribbean leaders spearheading the nationalist movements were middle class professionals and intellectuals who had been exposed to the ideas of social democracy in the form of Fabianism. They provided ideological and political leadership for the workers, the peasants and a small group of

the trading and manufacturing interests in their struggle against planters and the colonial system.<sup>21</sup> The goal of these social democrats was labour welfare and political democracy in the form of universal adult suffrage which was achieved in Jamaica in 1944, Trinidad and Tobago in 1946 and Barbados in 1951. In Guyana, elections to the Legislative Council had been permitted since 1943.

Following the precedent of Barbados and Jamaica, union-party alliances began to appear in the smaller Leeward and Windward Islands--Eric Gairy in Grenada, Robert Bradshaw in St.Kitts-Nevis, Vere Bird in Antigua and Barbuda and Ebenezer Joshua in St.Vincent and the Grenadines--all of them making their mark in the elections of 1951, the first to be conducted under universal suffrage in these islands.

By the mid-1950s the Commonwealth Caribbean countries seemed to be gradually moving towards self-government as a first step to political independence. It was in the late-1950s that the idea of a federation had begun to gain significance and credence as part of the achievement of the ultimate goal of independence for the whole of West Indies. But before the Federation was established, member countries had already moved further along the path of decolonization.

---

<sup>21</sup> Richard Bernal, Mark Figueroa and Michael Witter, "Caribbean Economic Thought: The Critical Tradition", Social and Economic Studies (Mona), vol.33, no.2, 1984, p.14.

In the first phase of decolonization which began in the 1960s, Barbados, Guyana, Jamaica and Trinidad and Tobago gained political independence. In 1967 the Leeward and Windward Islands were granted "associated statehood" with "provisions for the right of termination at the instigation of the government concerned".<sup>22</sup> The second phase of decolonization began in the region with the Bahamas achieving independence in 1973, followed by Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines; and later by Antigua and Barbuda, St. Kitts-Nevis and Belize in the early 1980s.

Thus, in the post-World War II period, UK was more eager in divesting itself of obligations in the Commonwealth Caribbean. This was largely due to the demolished infrastructure and economic collapse of the country.

In short, given the monoculture and dependent nature and size of their economies, the Commonwealth Caribbean countries made unsuccessful attempts to federate themselves in order to attain some level of complementarity and economic viability as a self-governing entity. But the Federation failed for a myriad of reasons ranging from geographical to economic and personal-political reasons. Further, the

---

<sup>22</sup> Anthony Payne and Paul Sulton, eds., Dependency Under Challenge: The Political Economy of the Commonwealth Caribbean (Manchester, 1984), p.16.

colonial government only hastened the process of dissolution as it began granting independence at the same time to individual countries. In spite of the centrifugal tendencies and forces which prevailed during the years of federal experiment, the leaders of the region, confronted by harsh economic and geo-political realities, continued further attempts at forming at least some sort of economic integration organization.

## CHAPTER II

### CARIBBEAN FREE TRADE ASSOCIATION

As has been discussed previously, nationalist sentiments and personal-political rivalries brought an end to the West Indies Federation. Moreover, in their zeal to gain independence, colonies had relegated the goal of unity to the background. Once independent, however, they began again to search ways and means of coming closer first at the political level and subsequently at the economic level.

The present Chapter, therefore, makes an attempt to trace important developments which had a bearing on the process of integration in the Commonwealth Caribbean region. Divided into four sections, the first section deals briefly with the background to the formation of the Caribbean Free Trade Association (CARIFTA) in 1968. The section deals with various attempts at federation following the dissolution of the West Indies Federation in 1962. The section focuses in particular on the events culminating in the establishment of CARIFTA. The second section describes the aims and objectives of CARIFTA. As against the background, an attempt is made to analyse the performance of CARIFTA in a separate section. Of some interest in this context are the achievements of CARIFTA particularly in terms of increased intra-regional trade and the changing character and composition of trade. CARIFTA generated very wide and varied reactions among member

countries. Relatively larger and more industrialised countries benefited more than the smaller and less developed countries. The implications of the region-wide free trade for the less developed countries of the region were therefore of considerable importance. The last section deals with peculiar problems, the less developed countries faced within CARIFTA and the initiative they took in forming the Eastern Caribbean Common Market (ECCM).

#### Formation of the Caribbean Free Trade Association

As was discussed in the previous Chapter, the decision of Jamaica, the most populated and developed country in the Commonwealth Caribbean, to secede from the West Indies Federation became one of the principal reasons for the failure of the federal experiment. With Jamaica opting out, Trinidad and Tobago, the other dominant country in the region, showed its unwillingness to shoulder the financial burden connected with the administration of the Federation, and it too withdrew. The eventual abandonment of the Federation however did not dissuade other countries of the region from making further attempts at some form of unity. The first such attempt was made by Trinidad and Tobago itself. While announcing its intention to withdraw from the Federation, Trinidad and Tobago had put forward two proposals in 1962: an offer of unitary statehood consisting of Trinidad and Tobago and the other



TH-4003

eight islands of the Eastern Caribbean who had all been members of the erstwhile Federation; and secondly, the desirability of creating an economic community.<sup>1</sup> The first proposal was however unacceptable to Barbados whose Prime Minister Errol Barrow instead went ahead with the formation of a federation consisting of Barbados and the other seven islands of the Eastern Caribbean which were still colonies of the United Kingdom. Evidently, it was with the political support of the British colonial administration and Vere Bird, the emerging leader from Antigua and Barbuda, that the federation of the 'little eight' was eventually formed. But this effort also, like the 1958 experiment, failed to fructify for the assured financial assistance from UK was not forthcoming.<sup>2</sup> Ostensibly, it was in order to reduce its financial obligations within the region that UK had instead begun resorting to granting independence to the individual countries of the Eastern Caribbean. With the independence of Barbados in 1966, the federation of the 'little eight' came to a

---

<sup>1</sup> Caribbean Community Secretariat, The Caribbean Community: A Guide (Georgetown, 1973), pp.18-19.

<sup>2</sup> The lukewarm response of UK to the economic development of the region was an important reason for the failure of the attempt. For instance, as against an amount of 66 million pounds recommended by a British Commission the Government was prepared to fund only one-sixth of the amount; further not to extend the assistance beyond five years. See Marvin W. Will, "A Nation Divided: The Quest for Caribbean Integration", Latin American Research Review (New Mexico), vol.26, no.2, 1991, pp.13-15.

X.70 = N 104-N 50

premature end. One more attempt was made by the remaining seven members of the 'little eight' towards a political unity among themselves. But this was in vain for all of them, except Montserrat, had by then accepted the idea of becoming separate self-governing entities associated with UK. As was the case with the West Indies Federation, in subsequent attempts also "goals of personal survival seemed to take precedence over those of federations".<sup>3</sup> For whatever be the other reasons such as narrow nationalistic divisions, personality clashes among leaders, an overbearing sense of national pride and sovereignty and the political considerations and machinations of the colonial country, by the end of 1967, all discussions on new forms of political unity were given up.

Having become independent or semi-independent entities, however the countries of the region were soon beset with numerous problems related to self-governance. Of importance in this context were problems related to appropriate development strategies and policies. Dependent on UK, they could, in the past, experience relative prosperity only if the conditions in the colonial country itself were favourable. As mentioned in the previous Chapter, being producers of primary products, they were heavily dependent on agriculture for their export earnings. Besides, the narrow range of

---

<sup>3</sup> *ibid*, p.15.



natural resources- and limited extent of the market arising from their small populations and size further constrained their economic independence. The situation was further compounded by high levels of unemployment, which had assumed serious proportions in the 1960s. Up to a point of time, immigration out of the region had served as a safety valve in mitigating the problem.<sup>4</sup> Unemployment rates in the region varied on an average between 10 and 20 per cent throughout the post-World War II period.<sup>5</sup> Further, the countries faced the prospect of distortions in their trading arrangements as a result of UK's application for membership of the European Economic Community (EEC) in the late 1960s. Perforce, the countries had to make joint efforts to negotiate with the EEC in order to retain the preferential trading arrangements they had so far maintained with UK.

Faced with these and similar other problems, many of the countries began to question the basic premise of the economic policies pursued since the 1950s and 1960s. Based, to a large extent, on the ideas of the noted St.Lucian

---

<sup>4</sup> For instance, Jamaica experienced its lowest rate of unemployment, that is 13 per cent, in the post-World War II period at the height of emigration in 1960.

<sup>5</sup> Desmond Thomas, "Prospects for Economic Development", Conflict Studies (London), no.222, p.7.

economist W. Arthur Lewis, these policies had relied on foreign investment as the vehicle of development. Lewis had argued for "industrialization by invitation". He stated that the

West Indies could escape from economic underdevelopment by devising a range of investment incentives which would encourage metropolitan industrialists, possessing technical skills and capital in commanding markets for their products, actually to locate their plants in the region.

Lewis had made a case for industrialization in order to generate full employment in the area. To him, the need for industrialization arose out of an unfavourable land-population endowment.

The case for rapid industrialization in the West Indies rests chiefly on over population. The islands carry a large population than agriculture can absorb, and populations are growing at rates 1.5 to 2.0 per cent per annum. It is therefore, urgent to create<sup>7</sup> new opportunities for employment off the land.

For a while such a strategy of development worked well for adequate foreign capital flowed into the region. Together with the export of agricultural products from most countries; bauxite from Jamaica and Guyana; and oil from Trinidad and Tobago to Europe and the United States, the semblance of

---

<sup>6</sup> Quoted in Anthony Payne, "The Rise and Fall of Caribbean Regionalisation", Journal of Common Market Studies (Oxford), vol.19, no.3, March 1981, p.268.

<sup>7</sup> Quoted in Norman Girvan, "The Development of Dependency Economics in the Caribbean and Latin America: Review and Comparison", Social and Economic Studies (Mona), vol.22, no.1, March 1973, p.193.

economic development was maintained. By the mid-1960s, however, it became evident that such a strategy instead of alleviating had in fact aggravated the existing socio-economic problems. The unemployment situation in particular had worsened for most of the imported technology tended to be highly capital-intensive. Investments in the mineral and manufacturing sectors had facilitated the creation of high wage enclaves, the consequence of which was migration of people from rural to urban areas, thereby increasing the number of urban unemployed. Moreover, the use of local resources in the process of growth was minimal. Foreign investors "preferred to locate within the region no more of the production process than was necessary to be awarded the tax incentives".<sup>8</sup> Thus, the industries set up in the region were mostly only final assembly operations producing consumer goods. The case of the mining sector and tourism were no different. In the former, the value-added locally to the raw material exports was meagre; and in the latter case, the tourist industry did not have linkage with the local culture which caused financial drain on imports of foodstuffs.

It was in this context that feasibility of economic integration started being debated. William G. Demas, a leading

---

<sup>8</sup> Payne, n.6, p.267.

West Indian economist, provided the outlines of a development strategy advocating economic integration as a way out of the state of under-development. Though not discarding completely the views of Lewis, he maintained that the strategy of import-substitution industrialization could succeed only with the creation of an economic region. In his words,

...it improves the bargaining power of the integrated group of small countries with respect to trade, aid and private foreign investment in their relations with powerful extra-regional entities, including powerful metropolitan countries, powerful metropolitan trading blocs and powerful<sup>9</sup> metropolitan-based multi-national corporations.

In short, economic integration was sought for widening the small national markets, for ensuring self-sustained growth and for enhancing their bargaining position vis-a-vis non-member countries.

As these ideas spread in the latter part of the 1960s, they were to become the basis of various integration movements in the region. Discussions centred around essentially, whether to adopt a laissez faire approach, that is based on free trade or integration proceed with state playing a central role in the development process. Such a perspective on the integration question however called for changing the

---

<sup>9</sup> William G. Demas, "How to be Independent", Caribbean Review (Florida), vol.6, no.4, October-November-December 1974, p.10.

structures and integrating specific sectors of the Caribbean economies.<sup>10</sup> Moreover, it called for a break with the policies of the 1960s based on the liberalization of trade.<sup>11</sup> Barbados and Guyana took the lead as early as 1965 in forging some sort of cooperation between them.<sup>12</sup> Subsequently Antigua and Barbuda was also included in the talks and a limited form of economic cooperation through the establishment of a free

---

<sup>10</sup> Hans Joerg Geiser, "Regional Integration in the Commonwealth Caribbean", Journal of World Trade Law (Twickenham), vol.10, no.6, November-December 1976, p.552.

<sup>11</sup> The economists at the University of the West Indies had suggested integrating the production structures of the countries through a regionally planned approach. This was however, rejected in the initial stages of the discussion at governmental level.

<sup>12</sup> A number of analysts attribute Guyana's consistent interest and early lead in the Caribbean integration movement to the domestic ethnic situation. The predominantly black government of the People's National Congress (PNC) headed by Forbes Burnham feared that parliamentary electoral system could any day lead to the victory of the predominantly ethnic Indian-based People's Progressive Party (PPP) of Cheddi Jagan, adding support to the idea of regional integration. Leaders of PNC hoped that a united Caribbean with eventual free movement of persons would settle for the basis of immigration and settlement in Guyana from the other predominantly black Caribbean countries and thereby reduce the percentage of the fast growing Indian population which on the eve of national independence in 1966 constituted a clear ethnic majority. For further details see Andrew W.Axline, Caribbean Integration: The Politics of Regionalism (London, 1979), pp.93-95; and Will, n.2, p.16.

trade area was worked out by the three countries.<sup>13</sup> To be known as the Caribbean Free Trade Association (CARIFTA), the agreement signed in Dickenson Bay, Antigua in 1965 envisioned the "creation of a customs union and a viable economic community for all the Caribbean territories who so desire".<sup>14</sup> The avowed goal of CARIFTA was to promote the expansion and diversification of trade in the area of the Association.<sup>15</sup> In order to facilitate the entry of the other Commonwealth Caribbean countries of the region, the actual operation of the Association was however delayed for a while.

In the meantime, the economists at the University of the West Indies (UWI) submitted in early 1967 at the request of all the governments of the Commonwealth Caribbean countries, a number of studies on effective economic integration. In August 1967, a meeting of government officials and the private sector looked into these proposals that included significantly widening the bases of CARIFTA in terms of including other

---

<sup>13</sup> "Antigua's participation in the original free trade area with Barbados and Guyana was motivated principally by the creation of a protected market for petroleum products from an oil refinery which had been attracted to Antigua in 1961 through a concession agreement with the government including a 25-year holiday on income taxes and duty free imports of crude oil as well as a total monopoly in the Antigua market including jet fuel and bunkering." See Axline, n.12, p.99.

<sup>14</sup> Will, n.2, p.15.

<sup>15</sup> Miguel S.Wionczek, ed., Economic Cooperation in Latin America, Africa and Asia: A Handbook of Documents (London, 1969), p.127.

countries too and besides, setting up of a regional development bank. In October 1967, in Bridgetown, Barbados, the Heads of Government Conference (HGC) resolved to discuss the setting up of a widened free trade association based on the Dickenson Bay Agreement of December 1965. A meeting of the Ministers of Trade of the region held in Georgetown, Guyana in February 1968 which was attended by all the countries of the region except Jamaica approved with certain modifications the aforesaid agreement. Thus came into being the enlarged CARIFTA which became functional on 1 May 1968.

Antigua and Barbuda, Barbados and Guyana were already members of the Association. They signed the revised agreement along with Trinidad and Tobago in April 1968. Jamaica signed the agreement in late June 1968.<sup>16</sup> There was however, some delay on the part of the Eastern Caribbean countries which included Dominica, Grenada, Montserrat, St.Kitts-Nevis-Anguilla, St.Lucia and St.Vincent and the Grenadines. Still colonies of UK or at best enjoying the status of "associated states", the Eastern Caribbean countries sought to develop a common approach to take advantage of various provisions of the agreement as well as to evolve a common stance vis-a-vis

---

<sup>16</sup> Jamaica had refused to sign the CARIFTA Agreement along with Antigua, Barbados, Guyana and Trinidad and Tobago because the Caribbean Development Bank (CDB) was being established in Barbados. See New York Times, 1 May 1968.

the more developed member countries of CARIFTA.<sup>17</sup> They were apprehensive that the free trade in the region would benefit more the relatively larger and developed countries such as Jamaica, Trinidad and Tobago, Guyana and Barbados in that order. So, they formed the Eastern Caribbean Common Market (ECCM) in July 1968, which was to work as a sub-system within CARIFTA.

The administration of CARIFTA was to be conducted by a Council of Ministers composed of one ministerial representative from each country. A two thirds vote was required for most purposes. The main administrative organ was the Commonwealth Caribbean Regional Secretariat headed by a Secretary-General with headquarters in Georgetown.<sup>18</sup> It was also decided to establish the Caribbean Development Bank (CDB) which was to work as the financial institution of CARIFTA.

To sum up, the process of integration in the Commonwealth Caribbean evolved gradually. The West Indies Federation established in 1958 ostensibly to reduce the administrative

---

<sup>17</sup> At the time of establishment of CARIFTA, the countries of the region were on different levels of constitutional status. Jamaica and Trinidad and Tobago acquired independence in 1962 followed by Barbados and Guyana in 1966; the others were either "associated states" or still colonies of UK. In either case, UK retained the responsibility for external affairs and defence. While the "associated states" enjoyed internal self-government; in the colonies, internal as well as external sovereignty was vested with the colonial country. The ECCM countries, comprising the "associated states" and colonies joined CARIFTA individually in July and August 1968.

<sup>18</sup> Robert D. Crassweller, The Caribbean Community: Changing Societies and U.S. Policy (New York, 1972), p.211.



expenses of UK did not succeed. Perceived as a device imposed from above, the abortive federal experiment only sharpened nationalist cleavages, personality clashes among various leaders, and brought to fore the narrow political considerations. Not surprisingly therefore, subsequent attempts at political unity also did not succeed. Whatever, be the other considerations, economic and social compulsions such as growing levels of unemployment throughout the region and the limitations that the small size and mono-culture economies created for the adoption of viable development policies made invariably all the countries search for new avenues of cooperation. Outcome of long deliberations, CARIFTA intended to turn the region into a viable economic entity. As was envisaged, free trade among the countries would give a fillip to the industrialization process, activate the agricultural sector and in general help integrate the domestic economies of these countries. Such aspirations were amply reflected in the aims and objectives set out for CARIFTA. It was expected that regional free trade would enable the optimum use of human and material resources of the region. Admittedly, therefore, a detailed description of the aims and objectives is necessary before preparing the balance sheet of the achievements and shortcomings of CARIFTA.

### Aims and Objectives

Notwithstanding the various unsuccessful attempts at political unity, including the experiment of a federation, the Commonwealth Caribbean countries nevertheless could successfully establish a regional free trade mechanism in the form of CARIFTA. It was admittedly the realization that only through some form of economic unity and coordination at the regional level, the developmental objectives could be attained that made them subscribe to CARIFTA. As has been discussed earlier, the strategy of "industrialization by invitation" had very obvious limitations, even negative consequences. In its place arose a regionalist perception of import substitution industrialization.

As mentioned in the Preamble, the purpose of the CARIFTA Agreement was to create conditions for full employment and improved living standards "by the optimum use of available human and other resources and by accelerated, coordinated and sustained economic development".<sup>19</sup> Article 2 of the Agreement further elaborated these goals which were:

---

<sup>19</sup> K.R.Simmonds, "International Economic Organizations in Central and Latin America and the Caribbean: Regionalism and Sub-regionalism in the Integration Process", International and Comparative Law Quarterly (London), vol.19, 1970, p.390.

to promote the expansion and diversification of trade between member countries takes place in conditions of fair competition; to encourage the balanced and progressive development of the economies of the region; to foster the harmonious development of Caribbean trade and its liberalization by the removal of barriers to it; and to ensure that the benefits of free trade are<sup>20</sup> equitably distributed among the member countries.

As was the case with the 1965 agreement, CARIFTA was designed essentially to stimulate production in member countries by accelerating and increasing trade links among them. This was to be attained by the immediate removal of all trade barriers--both tariff and non-tariff--in the region. Freedom in trading with non-member countries was admitted and kept intact. To allay the apprehensions of the less developed countries (LDCs), the Agreement included a number of measures providing protection to them. These included importantly a 'reserve list' which ensured phased elimination of duties on a range of products; the Agricultural Marketing Protocol (AMP) which provided for protected regional trade in twenty-two selected commodities produced in the region; and the acceleration of industrial programmes and the harmonization of fiscal incentives.

Except for the commodities on the 'reserve list', all tariffs among the member countries were removed the moment the Agreement came into force. Regarding the 'reserve list'

---

<sup>20</sup> Wionczek, n.15, p.131.

customs duties were to be abolished over a five year period in the case of the more developed countries (MDCs) of Barbados, Guyana, Jamaica and Trinidad and Tobago, and over a ten year period for the LDCs. Later, the phased elimination of tariffs was extended by a period of another five years for LDCs.<sup>21</sup>

The 'reserve list' further sought to avoid possible dislocations in production resulting from abolition of tariffs and loss of revenue owing to reduction of import duties.<sup>22</sup> The LDCs were given a longer transition period as regards items in the list precisely because of their greater economic vulnerability and state of under-development.

The 'list' was an exception to the general rule of removal of all kinds of tariff restrictions. To qualify for duty-free treatment, it was clearly stated that at least 50 per cent of the value added of products exported from one member country to another must have originated in the CARIFTA region. Many of the raw materials and intermediate inputs were not produced in the region. A "basic materials list" comprising about 200 items was therefore drawn up and then

---

<sup>21</sup> Sidney E. Chernick, The Commonwealth Caribbean: The Integration Experience (Baltimore, 1978), p.28.

<sup>22</sup> In some cases revenue from import duties accounted for as much as 47 per cent of fiscal income of these countries.

products were to be considered as of regional origin when used in the manufacture of products to be exported. Given their special position, the value added for items from the LDCs was later reduced to 40 per cent.<sup>23</sup>

Likewise, Article 13 of the Agreement pertaining to AMP required member countries not to apply "any quantitative restrictions on imports of goods from any other part of the Area".<sup>24</sup> The members were not to import certain stipulated products from non-member countries until they had exhausted the supplies available within the CARIFTA region. What was envisaged was to coordinate agricultural production among the member countries. It was only under exceptional circumstances that the countries were permitted to develop domestic agriculture through quantitative restrictions on imports, government subsidies and support prices.

Special arrangements in regard to phasing out the "effective protective" element in revenue duties were also incorporated. It was done to ensure that similar goods received the same tax treatment at the end of the transition period. Defined as the difference between the import duty and the excise duty, the products were divided into different

---

<sup>23</sup> Chernick, n.21, p.28.

<sup>24</sup> Wionczek, n.15, p.137.

groups depending on whether phasing out was to take place within five years or not for all the countries.<sup>25</sup> The duties to be eliminated over a five year period were to be reduced annually by 20 per cent beginning May 1969; those to be removed over a ten year period were to be phased out by 50 per cent by May 1973 and completely by 1 May 1978.<sup>26</sup>

Measures for the harmonization of fiscal incentives that were included in the Agreement required that newly introduced incentives be not more than those already existing in member countries. Exports within the region were not to benefit from direct tax concessions or subsidies or discrimination in internal indirect taxation.<sup>27</sup>

To provide further concession to LDCs, the 'reserve list' of products was not applicable to intra-LDCs' trade. These countries were permitted to impose protective tariffs against imports from MDCs. The ECCM which came into being a month after the formation of CARIFTA had committed the Eastern Caribbean countries to the introduction of a common external tariff (CET) by 1972 as well as free movement of capital and labour within the common market.

---

<sup>25</sup> United Nations Economic Commission for Latin America, Economic Bulletin for Latin America (New York), vol.14, no.2, second half of 1969, p.125.

<sup>26</sup> *ibid.*

<sup>27</sup> Chernick, n.21, p.28.

The principal instrument for achieving the development objectives of CARIFTA was the CDB. The Bank was set up to provide funds particularly for the development of the LDCs. To further accommodate the developmental aspirations of the LDCs, the MDCs had voluntarily offered to forgo their claims over the 'soft loans', that is, loans offered on easy terms so that necessary funds could be channelled into the industrialization programmes of the LDCs.<sup>28</sup>

In sum, CARIFTA Agreement left little doubt or contained any ambiguity as to the intent and purpose of the free trade among the member countries. It attempted to strike a balance between the status enjoyed by the MDCs and the relatively weak economic position of the LDCs. Irrespective of the political character of the regimes or their professed economic policies, CARIFTA sought to stimulate the process of development through increased production at the domestic levels and greater trading at the regional level. This was to be achieved through a policy of liberalization by the removal of all tariff and non-tariff barriers to trade on the

---

<sup>28</sup> The Bank was funded besides the members the non-member countries of the Caribbean including the British Virgin Islands, the Cayman Islands and the Turks and Caicos Islands. Canada and UK were also non-regional members of the Bank. Venezuela joined the Bank in April 1973. The US, while not a member contributed substantially by way of 'soft loans' as had Canada and UK, in addition to their contribution of equity capital. The basic principle was that at all times the control of the Bank shall be vested with the Heads of Governments of the Commonwealth Caribbean.

one hand and in view of the special position of the LDCs, through certain "escape clauses". The 'reserve list' and the AMP were provided not only as an economic stimulus to the LDCs but also to equitably distribute the expected benefits of a liberalized intra-regional trade.

Whether CARIFTA attained these objectives and if so, to what extent, is the focus of the study in the next section. To properly assess the achievements of CARIFTA, the section deals briefly with aspects such as the expansion of trade, pattern of intra-regional trade and the level of industrialization and agricultural complementarity attained.

### Achievements

CARIFTA was a major step forward in boosting the level of production and trade among the countries of the region. Besides, it had enabled these countries to diversify their economic relations within the region and thereby attain some modicum of independence in the formation of policies. While political unity was not easy to attain, these countries, some of whom had already gained while others were still in the process of attaining independence, nevertheless continued to search for some sort of economic unity at the regional level. Political independence had made these countries realize the enormity of problems which were either the legacies of colonialism or emanated from the small monoculture nature of



their economies. CARIFTA was an attempt to group together countries which, in general, lacked resources and infrastructure for any meaningful development and which, moreover, were extremely vulnerable to outside forces and processes. Overall development, more specifically the industrial development, was admittedly possible only if regional resources were pooled together. As the present section indicates, achievement of a modicum of industrialization was the primordial objective of CARIFTA. And, no gainsaying, CARIFTA in a short span of six years expanded intra-regional trade, increasing the exchange of manufactures as an important component in intra-regional trade and enhancing though only to a limited extent complementarity both within the industrial and agricultural sectors.

Since bulk of the provisions of CARIFTA related to the liberalization of trade, more than 90 per cent of customs duties were immediately abolished.<sup>29</sup> Intra-regional trade therefore increased significantly after 1968. For instance, between 1967 and 1974, intra-CARIFTA exports rose from Eastern Caribbean (EC) \$86 million to EC \$451 million.<sup>30</sup> In 1967, while the intra-regional imports were less than five per cent of total imports during 1967-1972, these increased from EC \$95

---

<sup>29</sup> Inter-American Development Bank, Economic and Social Progress in Latin America (Washington, D.C., 1972), p.75.

<sup>30</sup> United Nations Economic Commission for Latin America, Economic Bulletin for Latin America (New York), vol.18, nos.1 and 2, 1973, p.139.

million to an estimated EC \$260 million, representing a rise of 174 per cent over the period.<sup>31</sup> This was in contrast to the level of 1964 when trade between these countries was worth only EC \$2.8 million, representing less than one per cent of their total trade.<sup>32</sup>

The increasing replacement of imports from outside the region with goods produced within CARIFTA served as an impetus for the expansion of intra-regional trade. Besides the AMP, increase in the regional trade in hydrocarbons and chemicals in the early 1970s might also have contributed towards the expansion of intra-regional trade. That most of the countries of the region experienced increases in their intra-regional trade is evident from Table I listed at the end of this Chapter.

As the aforementioned data indicates, the MDCs as a whole accounted for 96.3 per cent of the total intra-regional exports during the period while exports from the LDCs constituted only 3.7 per cent. As far as imports were concerned, the MDCs accounted for 89.9 per cent by 1974 while the share of the LDCs during the same year was 10.1 per cent. The trade balance reveals that intra-regional trade was substantially in favour of the MDCs. In contrast, there was a marked

---

<sup>31</sup> *ibid.*

<sup>32</sup> *ibid.*

deterioration in the trade balance of the LDCs. It is further discernible from the data that Trinidad and Tobago was the only country which became a net exporter by 1974. It had a surplus in its trade with the other countries of the region. By 1974, Trinidad and Tobago had achieved the largest absolute increase in exports amounting to EC \$279,147 which was nearly 62 per cent of the total intra-CARIFTA trade. It should be noted in this context that fastest growth rate on the export side was, however, achieved by Jamaica. In sum, the relatively larger and more developed countries were able to take advantage of the existing trading arrangements. Also it is evident that imports into the LDCs as a group were increasing much faster than their exports to the regional market.

While trade among the member countries expanded rapidly with countries sharing inequitably the benefits of the free trade ties, trading in manufactures also significantly increased. Prior to the establishment of CARIFTA, intra-regional trade consisted mainly of petroleum products, fertilizers, chemicals, cement, rice and root crops. Petroleum and rice constituted more than three quarters of the trade among the countries. After 1967 there was a decline in the trade in traditional items, giving way to an expansion in the trade of manufactured goods.<sup>33</sup> Intra-regional trade in

---

<sup>33</sup> Coming under the Standard International Trade Classification (SITC) sections 6 and 8, clothing, plastic articles, paper bags and other paper or card-board containers, a variety of household appliances; agricultural items traded under AMP; and coffee, cocoa, processed preparations and other food products and animal feeds were deemed manufactured goods.

manufactured goods increased between 1967 and 1971 at nearly twice the average rate of growth for all other items. By 1972, Trinidad and Tobago was exporting 34 per cent of its manufactured goods to other CARIFTA countries, while the figures for Barbados were 40 per cent, Guyana 66 per cent and for Jamaica, 49 per cent.<sup>34</sup>

As was to be, the increase in the trade in manufactured items was disproportionate with most of it concentrated in the MDCs. Significantly, consumer goods were the rapidly growing category of this trade. Table II, at the end of the Chapter shows the product composition of the MDCs' intra-CARIFTA exports for 1967, 1971 and 1973. While in 1967, exports were almost equally apportioned between the three groups viz. food and beverages, raw materials and manufactured, in 1973, the manufacturing sector accounted for 47 per cent of the total exports, food and beverages for 26 per cent and raw materials for 25.7 per cent. The manufacturing sector though had been showing a rising trend even before the formation of the Association, it undoubtedly accelerated once CARIFTA came into being. The abolition of regional barriers to trade in manufactured products assisted in the expansion of intra-regional trade. Further growth perhaps could have

---

<sup>34</sup> UN Economic Commission for Latin America, n.30, p.144.

been possible but for the built-in time lags involved in the re-adjustment and re-arrangement of trade patterns.<sup>35</sup> Also, production of similar products by different member countries slightly dampened the intra-regional trade in manufactures.

Not only trade had expanded, equally significant was the rise of manufactures in intra-regional trade. However, as has been noted, the benefits of a regional free trade went more to the MDCs than to the LDCs. Therefore, it is worthwhile to examine the operation of the AMP, its adverse effects on the LDCs, and further whether CARIFTA was able to attain complementarity in agricultural production? AMP which came into force along with the other provisions of CARIFTA in 1968 provided for protected regional trade in a list of agricultural commodities in which some countries of the region had an export capacity. The basic aim of AMP was to control trade in foodstuffs by allocating production at the regional level according to surpluses and deficits and by prohibiting imports from outside when supplies were available within the region. AMP was provided specifically to assist the LDCs since agricultural exports contributed a larger share to their

---

<sup>35</sup> Sidney Chernick points out that further growth could have been possible but for two factors: "a built-in time lag before entrepreneurs adjust to new trading arrangements and distances which dampens the initial impact of the establishment of any free trade area". Moreover, since all the countries of the region produce similar goods, "free trade cannot therefore be expected to foster the development of many products based on new combinations of factors of production". See Chernick, n.21, p.31.

gross national income.<sup>36</sup> Contrary to expectations, AMP however did not stimulate the flow of intra-regional trade in foodstuffs from the LDCs to the MDCs. Instead, it led to another polarization between the MDCs and LDCs. The procedures of AMP in the first place proved to be quite complex in practice. For instance, CARIFTA countries were permitted to expand agricultural production in any of the listed commodities in response to an increase in domestic demand or higher domestic prices. The AMP prices tended to be usually higher than the existing domestic prices. As a consequence, those countries with a larger resource base were able to increase production rather than import foodstuffs from other member countries especially the LDCs. The LDCs did not gain much for they were neither industrialised nor competitive in agricultural production. As producers of traditional commodities, they continued to export as before a large part of their agricultural produce to non-CARIFTA countries. What all these countries had desired was a share in regional development by evolving an industrial base of their own. Given their infrastructural deficiencies and lack of manufacturing facilities, the LDCs could however neither expand

---

<sup>36</sup> Anthony Payne and Paul Sutton, eds., Dependency Under Challenge: The Political Economy of the Commonwealth Caribbean (Manchester, 1984), pp.155-7; and Axline, n.12, pp.112-13.

nor diversify their intra-regional exports under CARIFTA.

The limited impact of AMP could be observed further in terms of expansion in production of domestic agriculture, that is the section of agriculture consisting of products meant primarily for domestic consumption. All products such as root crops, vegetables and livestock, were covered by the marketing arrangement under AMP. But as shown in Table III--given at the end of the Chapter--the rate of expansion of domestic agricultural output also was lower in the LDCs than in the MDCs. The MDCs had introduced several subsidies and support schemes to boost domestic agricultural output in order mainly to cut down the import of foodstuffs. Their main intention was to reduce the large food import bill which for the four MDCs was estimated at US \$270 million in 1967, and \$330 million in 1972.<sup>37</sup> Most of the imported foodstuffs had been included in the marketing protocol of AMP. Since the major objective of most MDCs was to reduce the level of imported foodstuffs, they had resorted to the introduction of agricultural subsidies etc. Such policies directly affected the LDCs, constraining their ability to export food items of domestic consumption to the MDCs. As a result, very little expansion in terms of area trade could be attributed to the AMP.

---

<sup>37</sup> UN Economic Commission for Latin America, n.30, p.149.

In short, CARIFTA did not succeed in bringing about the desired complementarity in the agricultural sector of the member countries. Until mid-1973, no coordinated approach to develop the agricultural sector had, in fact, evolved within the region. Policies tended to be geared at satisfying national rather than regional goals. In brief, the scope of AMP remained limited in actual practice and tended to be biased against the LDCs.

On all the three counts viz., expansion of intra-regional trade, growth of manufactured products in intra-CARIFTA trade and complementing agricultural production through AMP, benefits of regional free trade tended to go more to the MDCs. CARIFTA had only partial success to its credit and left the LDCs by and large dissatisfied with the arrangement. Still either colonies of UK or enjoying some internal autonomy under the "associated statehood", LDCs had also organised themselves separately into ECCM. It would therefore be pertinent to examine separately the impact of CARIFTA on the economies of the LDCs and assess the position of the ECCM as a sub-system within CARIFTA.

#### Eastern Caribbean Common Market

The formation of ECCM prior to their joining the CARIFTA testified on the one hand to the essential economic unity among the LDCs and on the other, the reservations they



had about regional free trade arrangement in the form of CARIFTA. The ECCM was a sub-regional pact intended to offset the polarization effects of CARIFTA. In the early stages of the formation of CARIFTA the Eastern Caribbean countries were aware of the problems of unequal gains. They feared polarization on the lines of the more developed and the less developed countries and their subordinate status as primary producing countries within CARIFTA. For instance, C.S.Paul Southwell, the then Deputy Prime Minister of St.Kitts-Nevis had questioned the utility of CARIFTA unless it provided certain incentives and preferences for the industrialization of LDCs.<sup>38</sup> These apprehensions were heightened by the near absence of any distributive measures in the CARIFTA Agreement. Even the CDB which was conceived as a regional counter-part of the International Bank for Reconstruction and Development (IBRD) was in their estimation supposed to benefit the MDCs as much if not more than the LDCs. Therefore, ECCM as a sub-regional pact was an attempt to present a common approach towards CARIFTA in as much as to develop a common market among themselves.

Also to be taken into account is the geo-political thinking and the nationalist aspirations of these countries. The smallness of their size and resources had made them

---

<sup>38</sup> Axline, n.12, p.99.

receptive to the ideas of regional economic unity "provided that no tiny surrender of sovereignty is involved, and provided also that no serious shock to their endemic insularity of viewpoint is encountered".<sup>39</sup>

The stated objectives of ECCM were all encompassing and included among others the elimination of customs duties and similar restrictions between members; a common tariff; free movement of services and capital; phased removal of obstacles to the free movement of persons; progressive harmonization of investment and developmental policies; coordination of currency and financial policies; the progressive harmonization of taxation and incentive measures; cooperation in developing infrastructure, and a common policy on agricultural development.<sup>40</sup> Many of these objectives were scheduled to be achieved by 1 July 1970, that is within a very short span.

Pressure thus built up by the LDCs through ECCM had delayed the finalisation of CARIFTA and resulted eventually in a series of compromises and concessions granted to them. It began with the 'reserve list' which had given a major concession to the LDCs by allowing them to have more products on the list than the MDCs. Also, as has been noted earlier,

---

<sup>39</sup> Crassweller, n.18, p.269.

<sup>40</sup> UN Economic Commission for Latin America, n.25, p.126.

they were given a longer transitional period for phasing various protective elements out of their economies. Yet another concession pertained to the introduction of tariffs in order to protect those infant industries in LDCs which were competing with industries already existing in the MDCs of the region. The objective of these concessions was to enable the LDCs develop ultimately some industrial base. The impact of CARIFTA on the process of industrialization in the LDCs however remained limited. Though the LDCs had been allowed to retain their modest external tariffs, the extent of trade diversion within the region continued to remain restricted. This was due to the tariff levels and rules of origin as well as the non-introduction of quantitative restrictions such as non-tariff barriers that could have limited the import of manufactures by these countries. On the contrary, the extensive quota system pursued by the MDCs tended to support trade diversion in the regional trade.

As has been mentioned earlier, the LDCs had established the ECCM ostensibly to approach the MDCs as a unit. Given the minuscule nature of their economies, the formation of such a common market meant the creation of an enlarged market. The ECCM had provided for internal free trade as well as the introduction of CET and free movement of capital and labour among the member countries. Introduced on 1 October 1972, the CET was modest, giving rates of protection in the range of

20 to 40 per cent ad valorem to products being produced locally, those that would be produced in the future, and to all types of luxury items.<sup>41</sup>

The operation of the ECCM agreement was confined in the first place, by the absence of a common quantitative restriction policy which had served as the impetus for industrialization elsewhere in the region. Secondly, the rules of origin severely restricted the amount of light manufacturing that could qualify for area treatment. And lastly, the LDCs had contractual obligations under the provisions of Article 39 of the CARIFTA Agreement to extend free trade treatment to products originating in the MDCs.<sup>42</sup>

Table IV--given at the end of the Chapter--indicates the level of trade among the ECCM countries as well as of ECCM with other CARIFTA countries for the years 1967-1971. In the first four years of CARIFTA and the first three years of ECCM, the trade of the LDCs was characterized by growing overall deficit; a declining share in total trade; a larger

---

<sup>41</sup> Chernick, n.21, p.204.

<sup>42</sup> Article 39 relates to the promotion of industrial development in LDCs for which the "Council may... authorise by majority decision such Territories to suspend Area tariff treatment of any description of imports eligible therefore on grounds of production in the other Member Territories, any of whom may, during the period for which such authorisation is in force, suspend Area tariff treatment of the like description of imports eligible therefore on ground of production in the less developed Territories." See Wionczek, n.15, p.150.

share of MDC manufactured goods in LDC imports; a nominal increase in exports to MDCs; and a fast growing trade deficit with the MDCs. In sum the figures do not suggest that CARIFTA had made any positive impact on LDC trade.<sup>43</sup>

The share of LDC members in total imports from MDCs, which was about 30 per cent in 1967, rose to almost 45 per cent in 1971.<sup>44</sup> This was probably due to the differential effects of the liberalization of trade in manufactures that generally had higher tariff levels and raw materials that had relatively lower tariffs.<sup>45</sup> Evidently, a mild degree of trade diversion affecting only roughly three per cent of the total LDC import bill was accompanied by marginally higher import prices.

Table V--given at the end of the Chapter-- depicting a marked and steady increase in imports and exports of manufactured goods within the CARIFTA region further corroborates the distortions in the pattern of LDCs' trade. A highly skewed pattern in trade in manufactures can be discerned from the Table. It is to be noted that the MDCs accounted for 86 per cent of the population, 91 per cent of total gross national product (GNP) and 94 per cent of manufacturing gross

---

<sup>43</sup> Chernick, n.21, p.205.

<sup>44</sup> *ibid.*

<sup>45</sup> *ibid.*

domestic product (GDP) of the region, and the LDCs together accounted for only 14 per cent of the population and six per cent of CARIFTA's manufacturing GDP. While manufacturing accounted for an average of more than 12 per cent of GDP in the MDCs in 1970, in the LDCs it was only about eight per cent.<sup>46</sup> The relatively small size of these countries in terms of area, population and size of the domestic market reflected in the nature of trade in manufactured products. While the exports of the LDCs were not so prominent, almost one-third of the total imports were accounted for by them.

As shown in Table VI, the intra-CARIFTA trade balance for various years indicates the effects of changes in trade patterns of the LDCs and MDCs. While the trade balance ratios did not change much in the case of the MDCs, it had increased as far as the LDCs were concerned before the establishment of CARIFTA but then declined subsequently. The negative intra-regional trade balance of LDCs worsened as imports increased more than exports, more so in relation to the output of manufactures.

It needs however be stressed that the MDCs had a better placing and penetration in the LDCs market even prior to the formation of CARIFTA. Later developments were only a continuation of the process. From the early 1960s, the MDCs

---

<sup>46</sup> *ibid*, p.180.

were undergoing some industrialization taking advantage of various Commonwealth preferences and their own distinct advantageous geographical location in supplying to LDCs' markets.

On the whole CARIFTA nevertheless served as an impetus to intra-regional trade. As a result of its operation, the share of regional imports in CARIFTA's manufacturing output grew from 7.9 per cent in 1963 to 9.1 per cent in 1973.<sup>47</sup> CARIFTA was able to stimulate the industrialization process much more than the agricultural production at the regional level. However goods traded at the regional level continued to have high imported input from outside the region. Moreover, the goods traded at the regional level lacked linkages in terms of local value-added. The industries that were set up under CARIFTA programmes were mostly more of the final assembly operations and depended largely on foreign capital and inputs. The capital-intensive nature of these industries also made linkage with other sectors of national economy difficult. The Commonwealth Caribbean Regional Secretariat in its 1972 report admitted that the manufacturing sector had failed to create adequate linkage between the industrial sector and other sectors of the economy, particularly agriculture.<sup>48</sup> Moreover, drainage of profits abroad impoverished

---

<sup>47</sup> *ibid*, p.187.

<sup>48</sup> Payne and Sutton, n.36, p.138.

regional initiatives of necessary capital. Further, exports of manufactures to countries outside the region remained insignificant making local industries inefficient and non-competitive. This particularly affected the LDCs which, besides primary products, had begun to rely on the exports of manufactures as a source of national income.

Many of the objectives of CARIFTA such as the setting up of integrated industries, the creation of linkages between the different sectors of the economy and the attainment of complementarities especially in agricultural production therefore remained unfulfilled. As a consequence, member countries could not agree upon the establishment of CET which had been incorporated in the 1967 Georgetown Accord. The LDCs opposed the proposed new tariff measure, for the CET could have aggravated their socio-economic problems.<sup>49</sup> The LDCs apprehended the decline in national incomes as they were highly dependent on customs revenue. In order to mitigate the hardships faced by them, a Location of Industry Task Force was constituted in 1972 to consider matters relating to the location of industries, the CET, harmonization of fiscal incentives to industry, and to evolve a regional

---

<sup>49</sup> The LDCs opposed the introduction of the CET at the tenth Council of Ministers meeting at Roseau, Dominica on 9 July 1972.



approach to negotiations with European Economic Community (EEC) on question of preferential export markets.<sup>50</sup> Given the low level of industrialization, complemented by infrastructural deficiencies, the LDCs pressed for the allocation of industries within the region as a precondition for their participation in future CARIFTA arrangements. The recommendations of the Location of Industry Task Force were presented to the various governments of the region in October 1972 and they formed the basis for the transition from a free trade association to an avowedly strengthened Caribbean Economic Community and Common Market (CARICOM).<sup>51</sup>

In short, the countries of the Commonwealth Caribbean well before the attainment of political independence had started considering the feasibility of some sort of regional economic integration. Notwithstanding the premature end of the West Indies Federation, successive attempts were made at regional and sub-regional political unification. The process of political independence beginning with Jamaica's independence in 1962 had ostensibly sharpened narrow nationalistic

---

<sup>50</sup> The decision of UK to join EEC in 1972 was presupposed to lead to a breach in the historically established preferential trade ties.

<sup>51</sup> The recommendations of the Location of Industry Task Force included: ECCM and CARIFTA CETs and protective policy; scheme for the harmonization of fiscal incentives to industry; establishment of double taxation agreements and lower value-added requirement for products from LDCs to qualify for area treatment.

divisions and personality clashes of leaders which gave a setback to the process of political unity. Significantly other factors such as geographical insularity and an overbearing sense of national pride and sovereignty characterizing most of these countries, particularly the small island countries of the Eastern Caribbean, further impeded the process. However, over and above these considerations, economic and social realities in practically all the countries made them aware of the need for viable economic development programmes and policies. There was a near unanimity of view that only through an import substitution industrialization process, these countries could overcome problems such as unemployment, food shortages, high import bills and lack of linkages between various sectors of the economy. To make the industrialization process viable, it was admittedly imperative that a mechanism be devised at the regional level to coordinate policies, to supplement production, and make optimum use of the available human and material resources. Outcome of long deliberations, CARIFTA since its inception in 1968 was intended to turn the region into a viable economic entity. It was envisaged that free trade would give a fillip to the industrialization process, activate the agricultural sector and in general provide necessary economic linkages both at the domestic and regional level. To overcome the existing economic disparities and the apprehensions of the LDCs,

CARIFTA also attempted to strike a balance between them and the MDCs by granting a series of concessions and preferential treatment to the former. Also, the aims and objectives of CARIFTA were delineated very clearly so as not to influence or be influenced by the political complexion of member countries.

Since the objective of CARIFTA was to stimulate the process of development through the liberalization of trade, it had modest success to its credit. In a short span of six years, which CARIFTA lasted, intra-regional trade grew, manufactures as component of intra-regional trade increased; however, it could not succeed in enhancing either the agricultural production at the regional level or boosting agricultural exports from the LDCs to the MDCs. The MDCs expectedly gained more out of the liberalized trading at the regional level causing resentment among the LDCs. Even among the MDCs, relatively more industrialized and well endowed with oil, Trinidad and Tobago gained substantially more.

The LDCs located in the Eastern Caribbean region had, before any of them did attain political independence, organized themselves into ECCM. Formed on the eve of the establishment of CARIFTA, ECCM presented a united front of the LDCs against the MDCs within CARIFTA. Lofty in its objectives of a common market, ECCM nevertheless continued to

maintain a discordant note within CARIFTA. Not denying the achievements of CARIFTA, by 1973 it was increasingly realised that CARIFTA region as a whole had become even more dependent on outside sources for capital, technology and exports. Problems such as high levels of unemployment had accentuated due to the inability of the capital-intensive industries to create new jobs and provide adequate linkage between the industrial sector and the other sectors of the economy. It was a complex permutation and combination of domestic, regional and extra-regional factors that made the member countries not to abandon CARIFTA; rather it led to strengthening of integration process through the establishment of the CARICOM.

TABLE I  
INTRA-REGIONAL TRADE, 1967-1974

(thousands of EC dollars)

Category	1967		1972		1973		1974	
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent
<u>Domestic exports</u>								
Barbados	5,593	6.5	17,709	8.0	21,847	8.2	30,141	6.7
Guyana	19,903	23.0	34,722	15.6	39,128	14.7	60,909	13.5
Jamaica	10,598	12.3	41,179	18.6	47,241	17.7	64,002	14.2
Trinidad & Tobago	44,631	51.6	111,356	51.5	143,384	53.8	279,147	61.9
Sub Total	80,725	93.4	207,966	93.7	251,600	94.5	434,199	96.3
LDCs	5,755	6.6	14,022	6.3	14,691	5.5	16,608	3.7
Total	86,480	100.0	221,988	100.0	266,291	100.0	450,807	100.0
<u>Imports</u>								
Barbados	13,414	14.0	36,501	15.1	42,863	15.0	72,292	15.6
Guyana	25,741	26.9	47,337	19.6	75,987	26.5	138,013	29.7
Jamaica	8,895	9.3	63,864	26.4	68,943	24.1	145,861	31.4
Trinidad & Tobago	15,982	16.7	41,167	17.0	41,153	14.4	61,261	13.2
Sub Total	64,032	66.9	188,869	78.1	228,946	80.0	417,427	89.9
LDCs	31,652	33.1	52,953	21.9	57,457	20.0	46,863	10.1
Total	95,684	100.0	241,822	100.0	286,403	100.0	464,290	100.0
<u>Trade Balance</u>								
Barbados	-7,821		-18,792		-21,016		-42,151	
Guyana	-5,838		-12,615		-36,859		-77,104	
Jamaica	1,703		-22,685		-21,700		-81,859	
Trinidad & Tobago	28,649		73,189		102,231		217,886	
Sub Total	16,693		19,097		22,654		16,772	
LDCs	-25,897		-38,931		-42,766		-30,255	
Total	-9,204		-19,834		-29,112		-13,483	

Source: Sidney E. Chernick, The Commonwealth Caribbean: The Integration Experience (Baltimore, 1978), p.30.

TABLE II  
COMPOSITION OF INTRA-CARIFTA EXPORTS OF THE MDCs BY  
COMMODITY GROUP, 1967-73  
(Percentages)

SITC	Commodity Group	Year			1967-1973
		1967	1971	1973	Average annual growth rate
0	Food	30.8	25.4	22.9	15.0
1	Beverages and tobacco	2.8	2.9	3.4	25.4
	Sub Total	33.6	28.3	26.3	16.0
2	Crude materials	1.7	2.9	0.8	7.5
3	Fuels	28.2	23.1	24.7	18.2
4	Oils and fats	0.4	0.2	0.2	11.0
	Sub Total	30.3	26.2	25.7	17.6
5	Chemicals	17.2	14.7	15.3	18.5
6	Wood, textile, metals	12.1	13.5	13.1	22.5
7	Machinery and transportation equipment	0.3	1.2	2.7	74.4
8	Clothing, foot- wear, and similar items	6.4	16.0	16.8	42.0
	Sub Total	36.0	45.4	47.9	26.8
9	Miscellaneous	0.1	0.1	0.1	7.9
	Total	100.0	100.0	100.0	20.9

Source: Sidney E. Chernick, The Commonwealth Caribbean: The Integration Experience (Baltimore, 1978), p.33.

TABLE III  
 INCREASE IN DOMESTIC AGRICULTURE AND TOTAL AGRICULTURE TO GDP  
 (in percentages)

	1968	1969	1970	1971	1972
<u>Total agriculture</u>					
Barbados	-12.8	-10.6	8.0	-5.7	n.a
Guyana	-0.8	12.0	1.6	12.7	1.8
Jamaica	-0.5	-0.6	2.3	25.1	-5.9
Trinidad & Tobago	13.8	-0.1	1.3	1.2	3.5
Sub Total	1.8	0.9	2.4	13.0	n.a
ECCM Group	6.4	5.0	-5.3	-0.5	n.a
Total	2.3	1.4	1.4	11.4	n.a
<u>Domestic agriculture</u>					
Barbados	0.0	4.7	-0.8	6.1	n.a
Guyana	8.1	5.0	1.2	5.8	5.0
Jamaica	-0.7	9.1	12.4	30.7	6.0
Trinidad & Tobago	15.0	-1.7	n.a	n.a	n.a
Sub Total	5.6	4.4	n.a	n.a	n.a*
ECCM Group	4.3	2.9	6.0	1.5	n.a
Total	5.5	4.3	n.a	n.a	n.a

Source: United Nations Economic Commission for Latin America, Economic Bulletin for Latin America (New York), vol.18, nos.1 and 2, 1973, p.147.

TABLE IV  
 TRADE OF SELECTED ECCM COUNTRIES, 1967 AND 1971\*  
 (thousands of EC dollars)

Category	1967		1971	
	Amount	Per cent	Amount	Per cent
<u>Imports</u>				
From ECCM	0.9	1.0	1.1	0.6
From other CARIFTA	16.5	17.5	36.6	19.6
Total	94.1	100.0	186.7	100.0
<u>Exports</u>				
To ECCM	0.7	1.8	0.6	1.6
To other CARIFTA	2.6	6.7	3.1	8.1
Total	38.7	100.0	38.2	100.0

\*Dominica, Grenada, St.Lucia, Montserrat and St.Kitts-Nevis.

Source: Sidney E.Chernick, The Commonwealth Caribbean: The Integration Experience (Baltimore, 1978), p.205.



TABLE V  
SHARES IN REGIONAL TRADE IN MANUFACTURES, 1971\*  
(Percentages)

Country	Imports	Exports	Share of regional exports to LDCs	Share of exports to region
LDCs	31	1	29	14
Barbados	18	6	59	35
Guyana	16	8	22	96
Jamaica	18	23	14	35
Trinidad & Tobago	17	62	35	76
Total	100	100	31	56

\*SITC 5-8.

Source: Sidney E. Chernick, The Commonwealth Caribbean: The Integration Experience (Baltimore, 1978), p.186.

TABLE VI  
 INTRA-CARIFTA TRADE BALANCE, 1963, 1967 AND 1973  
 (Percentage of manufacturing GDP)

	1963	1967	1973
ECCM	-100	-176	-156
Barbados	-14	-17	-14
Guyana	-14	-20	-18
Jamaica	0	+2	0
Trinidad and Tobago	+18	+17	+14

Source: Sidney E. Chernick, The Commonwealth Caribbean: The Integration Experience (Baltimore, 1978), p.186.

## CHAPTER III

### CARIBBEAN COMMUNITY AND COMMON MARKET

As has been discussed in the previous Chapters, the demise of the West Indies Federation put limits to the goal of political union of the Commonwealth Caribbean countries. It however did not stop a number of countries from searching for some meaningful interaction at the economic level. Formed in 1965, the Caribbean Free Trade Association (CARIFTA), which initially had Antigua and Barbuda, Barbados and Guyana as its members, delayed its functioning until 1968 when as many as 12 countries agreed to the liberalization of trade among themselves. CARIFTA had proposed among others, setting up of integrated regional industries, attaining complementarity in agricultural output besides providing special concessions to the less developed countries (LDCs) of the region. As has been discussed in the previous Chapter, intra-regional trade did expand under CARIFTA but at the same time created a highly skewed pattern of intra-regional trade with benefits going mainly to the more developed countries (MDCs). The LDCs which were mainly primary commodity exporters found the arrangement dissatisfactory as CARIFTA provisions had by and large undermined their attempts at industrialization. Besides, causing concern among the LDCs was the fact that under the scheme of trade liberalization, their share in the volume of intra-regional trade had actually declined from 1.9 per

cent in 1967 to 1.4 per cent in 1971 whereas trade among the MDCs which accounted for over 60 per cent in 1967 had risen to 69 per cent in 1971.<sup>1</sup> The LDCs were moreover dissatisfied with the instrumentalities of CARIFTA particularly the way the Caribbean Development Bank (CDB) distributed developmental policies and projects among the member countries. The LDCs did not even succeed in enhancing their agricultural production and exports since, due to lack of industrial infrastructure, they were unable to compete with the MDCs. The Agricultural Marketing Protocol (AMP) which had provided protected market to a select list of commodities produced within the region had, contrary to their expectations, increased production in the MDCs.

Not that LDCs had not foreseen these drawbacks. Before CARIFTA came into being, they had grouped themselves into the Eastern Caribbean Common Market (ECCM) which ironically caused more fissures within CARIFTA. By the early 1970s, the LDCs therefore expressed reservations about the establishment of a common external tariff (CET) and harmonization of fiscal incentives. They argued that since they depend largely on customs revenues, introduction of CET would deprive them of

---

<sup>1</sup> Andrew W. Axline, Caribbean Integration: The Politics of Regionalism (London, 1979), p.111.

whatever little national incomes they had and exacerbate their socio-economic problems. They feared that the "deepening" of the integration process, i.e., transforming CARIFTA into an economic community and a common market would have further detrimental effect on their economic well-being. Extraneous factors also contributed to the growing rift between the LDCs and the MDCs. About the same time, the European Economic Community (EEC) was to take up the issue of maintaining the preferential trade ties which implied not only better remuneration for the primary product exports of the Commonwealth Caribbean countries but also establishment of mainly assembly plants by way of their industrialization process. Understandably therefore, the LDCs made their acceptance of the CET contingent upon the industrialization of these countries. Without going into the merit of such developmental goals and policies, the LDCs were by September 1972 able to persuade the MDCs agree on the setting up of a regional investment company to provide equity capital for the establishment of industries in the LDCs.

It is in the light of this background that the present Chapter makes an attempt to assess and analyse the establishment of the Caribbean Community and Common Market (CARICOM)-- its aims and objectives; organs for implementing and coordinating policies and activities within the Community; areas

where CARICOM had some success to its credit; and finally, the factors which made CARICOM fall short of its goals. Divided into four sections, the Chapter seeks to examine issues and questions such as what made and motivated these countries move from CARIFTA to CARICOM? Was CARICOM a higher stage of integration as has been claimed by the official pronouncements or it, in reality, undermined even the modest goals of CARIFTA? No gainsaying, it was the dissatisfaction of the LDCs with CARIFTA that made the countries agree on CARICOM. However, if it were the relatively low level of industrialization in the region combined with lack of agricultural complementarity that proved the undoing of CARIFTA, how CARICOM would deal with these two issues? Also, it was pointed out, again mainly by the LDCs, that CARIFTA lacked a viable implementing machinery and its various organs such as CDB were charged of frustrating the developmental aspirations of the LDCs mainly on account of the Bank's strict lending criteria, then how CARICOM has dealt with the situation and provided for an appropriate implementing machinery? Finally, in assessing the performance of CARICOM the Chapter attempts an evaluation of the broad areas of the activity of the Community. In highlighting the performance of CARICOM, both external and internal factors are taken into account before preparing a balance sheet of its achievements and shortcomings.

### Aims, Objectives and Organizational Set-up

The LDCs had in general expressed dissatisfaction with the pattern and consequences of trade liberalization under CARIFTA. Given the low level of industrialization in the region and the absence of a coordinated approach at creating agricultural complementarity, it had admittedly become imperative to move beyond the free trade association. Therefore when the issue of establishing a CET came up, the LDCs as a group opposed it fearing greater polarization of benefits and made their acceptance of CET contingent upon the granting of various concessions.

The Seventh Heads of Government Conference (HGC) meeting in Chaguaramas, Trinidad and Tobago on 14 October 1972 recommended among others, the need for coordinating the ECCM and CARIFTA CETs and a common protective policy; harmonization of fiscal incentives to industry; establishment of double-taxation agreements; and lower value-added criterion for products from LDCs to qualify for area treatment. It was mainly an attempt to alleviate the apprehensions of the LDCs. The Heads of Government also reached consensus on the need to have a common approach for maintaining their preferential trade ties with the EEC. With new confidence, these countries thus agreed to sign the Georgetown Accord which had provided for the establishment of CARICOM. The CARICOM Treaty

establishing the Community was finally signed at Chaguaramas on 4 July 1974 and came into force on 1 August 1973.<sup>2</sup>

The objectives of the Community as stated in Article 4 of the CARICOM Treaty are the economic integration of the member countries by the establishment of a common market regime; the coordination of foreign policies of member countries; and functional cooperation.<sup>3</sup> Evidently, the Treaty differed from the CARIFTA Agreement for it stressed the need for not only intensifying economic integration but broadening areas of cooperation so as to include functional cooperation and coordination of foreign policies.

Economic integration was to be achieved through the establishment of a common market based on the principles of strengthening, coordination and regulation of trade relations among the member states in order to promote their accelerated and harmonious development; equitable sharing of benefits of integration; and the achievement of greater economic independence in dealing with outside states or groups.<sup>4</sup>

For the realization of the above-mentioned economic objectives, several provisions relating to the liberalization

---

<sup>2</sup> While Barbados, Guyana, Jamaica and Trinidad and Tobago signed the Treaty on 4 July 1973, Belize, Dominica, Grenada, Montserrat, and St. Vincent and the Grenadines acceded to the Treaty in April 1974, followed by Antigua and Barbuda and St. Kitts-Nevis in July 1974.

<sup>3</sup> International Organization and Integration, Directory II E. 5.a (The Hague, 1983), p.2.

<sup>4</sup> *ibid*, p.3.



of trade and freedom of movement of labour, capital and service in the region are provided in the Treaty.<sup>5</sup> Further, a special regime was drawn up for the LDCs, abandoning the principle of formal reciprocity in favour of preferential treatment. In principle, the LDCs are to be given preferential development and financial and technical assistance. The LDCs are also allowed to impose tariffs and quantitative restrictions to protect their existing industries. The Caribbean Investment Corporation (CIC) which was set up in 1973 is to provide monetary assistance to stimulate industrial development in LDCs.<sup>6</sup> Schemes of technical assistance were also to be drawn up.

The Common Market, established by the Annex to the Treaty, is founded on the establishment of a CET, a common protective policy and the gradual coordination of commercial policies; harmonization of fiscal incentives to industry; elimination of double taxation; coordination of economic

---

<sup>5</sup> Free movement of capital and labour has not been accepted in the Caribbean Common Market for it might lead to outflow of capital from LDCs and also attract massive unskilled labour into MDCs, thereby aggravating unemployment problems. For further details see Axline, n.1, p.73.

<sup>6</sup> The CIC supplements the CDB's activities by promoting private sector ventures in the manufacturing and agro-industrial sectors of member countries through equity subscriptions or loans.

policies and development planning; and the setting up of a special regime for LDCs.<sup>7</sup>

A distinctive feature of CARICOM Treaty was to extend cooperation beyond economic integration into the foreign policy realm. The importance of foreign policy coordination was determined by the need to maximise the bargaining capacity vis-a-vis outside countries in the promotion of trading interests and the sources and amounts of aid, investment and technical assistance for development. For this purpose, the Seventh HGC had decided that a Standing Committee of Ministers responsible for Foreign Affairs be constituted to coordinate a regional approach to foreign policy matters.<sup>8</sup>

Similarly, in the area of functional cooperation, the CARICOM Treaty proposed the setting up of ministerial committees to work out regional policies and services in various fields listed in the Schedule to the CARICOM Treaty.<sup>9</sup>

---

<sup>7</sup> Giuseppe Schiavone, International Organisations (London, 1983), p.42.

<sup>8</sup> The Committee has since been institutionalized under the CARICOM Treaty. The members of the Committee are to meet periodically and elaborate common position on issues such as the law of the sea, common approach to EEC and relations with extra regional countries and organizations, besides evolving a unified stand on boundary disputes involving a member country.

<sup>9</sup> The areas mentioned in the Schedule are shipping, air transport, meteorological services and hurricane insurance, health, intra-regional technical assistance and training, broadcasting and information, culture, harmonization of the law and legal systems, position of women, regional travel, labour administration and industrial relations, technological and scientific research, social security, and other common services. For details see, Directory, n.3, p.7.

While the arrangements of cooperation under CARIFTA were confined largely to trade and commercial matters, under CARICOM, the areas of functional cooperation were sought to be institutionalized and made part of the integration process.

The CARICOM Treaty, as noted earlier, falls into two distinct parts--one dealing with the main Community instrument covering the areas of foreign policy coordination and functional cooperation, and the other, the Common Market Annex relating to the economic aspects of integration.<sup>10</sup> This was so because the three main objectives did not have equal importance for all the member countries in the negotiations of the Treaty. As such, each part contains separate provisions conferring legal personality, implying thereby that membership in the two parts is not fully identical.<sup>11</sup> For instance, the Bahamas is a party to the Community instrument but not to the Common Market Annex. Although, theoretically, separate membership of the Community and Common Market is possible, this does not warrant the conclusion that two distinct organizations have been created.<sup>12</sup>

---

<sup>10</sup> Hans Joerg Geiser, "Regional Integration in the Commonwealth Caribbean", Journal of World Trade Law (Twickenham), vol.10, no.6, November-December 1979, p.557.

<sup>11</sup> *ibid.*

<sup>12</sup> *Directory*, n.3, p.2.

Both the Community and Common Market are inter-governmental in nature with the HGC as the supreme decision-making organ. The Conference is represented by the respective heads of government or their designated alternates.<sup>13</sup> It meets several times a year; though the Treaty does not stipulate the frequency of meeting. Each member has one vote and a unanimous vote is required to take decisions and make recommendations. The primary task of the Conference is to formulate and determine the policy of the Community in the areas of economic integration, foreign policy coordination and functional cooperation. The HGC decides upon the admission of new members and settling of disputes among member countries. It is also empowered to conclude treaties with outside countries and international organizations on behalf of the Community.<sup>14</sup>

In the case of the Common Market, the Council of Ministers is the principal organ. It consists of one minister of government or an alternate from each member country. The primary function of the Council of Ministers is to ensure the

---

<sup>13</sup> *ibid.*

<sup>14</sup> "When the Lome Convention between the EEC and the Africa, Caribbean and Pacific (ACP) countries were concluded CARICOM was not a party to it and countries had to accept membership as individual states. This was because the European Community would not accept other regional organizations namely the CARICOM as a signatory party to the Convention." Director, n.3, p.3.

efficient operation and development of the Common Market. Decisions are usually taken by the affirmative vote of not less than three-fourth of Council members including at least two MDCs.<sup>15</sup> Though the Council follows the general directions given by the HGC, it can make proposals to the Conference aiming at the progressive development of the Common Market including the establishment of closer economic links with non-member countries and external economic groupings.<sup>16</sup> The meetings of the Council are often preceded by a meeting with the Joint Consultative Group (JCG). Established in 1971, JCG is to provide information about and maintain communications with the other integration movements and economic groups in the Western Hemisphere.<sup>17</sup> The Council also has the competence to settle disputes within the Common Market.

The Caribbean Community Secretariat is the principal administrative organ of the Community.<sup>18</sup> Of considerable importance are its functions to service the meetings of the institutions and committees of CARICOM, implement all its decisions, carry out studies relating to regional integration and cooperation, provide member countries services that

---

<sup>15</sup> *ibid*, p.4.

<sup>16</sup> Geiser, n.10, p.559.

<sup>17</sup> Axline, n.1, pp.77-78.

<sup>18</sup> Formerly known as the Commonwealth Caribbean Regional Secretariat.

they may require in achieving the objectives of the Community, and such other tasks as may be assigned by the HGC or other organs of the Community.<sup>19</sup> Acting on behalf of the member countries and various inter-governmental organs of the Community and the Common Market, the Secretariat, in reality, is the vanguard of the integration movement attempting to build a regional consensus on all matters pertaining to the development of the region.

In addition to the afore-mentioned HGC, Council of Ministers and the Secretariat, there exists seven ministerial level standing committees responsible for specific sectors--health, education, labour, foreign affairs, finance, agriculture and mines. The CARICOM Treaty also provides for the establishment of different types of associate institutions which come broadly within the realm of the aims and objectives of the Community.<sup>20</sup> Much of the functional cooperation in the region is realized within and through these institutions which, besides, play a major part in achieving further economic integration.

---

<sup>19</sup> Axline, n.1, p.78.

<sup>20</sup> Some of these associate institutions include the CDB, CIC, West Indies Associated States' Council of Ministers (WIAS), ECCM Council of Ministers, Caribbean Examinations Council (CXC), Council of Legal Education (CLE), University of the West Indies (UWI), Caribbean Meteorological Council (CMC), Caribbean Food Corporation (CFC) and the Regional Shipping Council (RSC).

The purpose of such an elaborate organizational network was to follow scrupulously the principle of sovereign national equality in all important matters so as to allay the apprehensions of the LDCs. Moreover, a permanent institutional system was deemed essential to evolve a unified stand on all regional and international issues affecting the CARICOM countries. Not least important were the very goals of a common market and community that necessitated a series of permanent organs and bodies. But whether CARICOM has been able to achieve its essential objectives? Admittedly small-sized, resource-constrained economies have been working in a global economic milieu over which they have no control; rather, conversely, outside forces impinge heavily on these countries and can make or mar their attempts at a common market and community. Moreover, goals have become more remote and difficult to realize since almost from its inception CARICOM got bogged down by economic difficulties and national rivalries.

#### Economic Achievements

Of the three principal objectives of CARICOM, attainment of economic integration remains admittedly most significant. The other objectives viz. the functional cooperation and coordination of foreign policies are in reality meant to complement the goal of economic integration. The CARICOM Treaty had envisaged that economic integration will be based

on the principle of "strengthening, coordination and regulation of trade relations" among the member countries with a view to promoting "their accelerated and harmonious development, equitable sharing of benefits of integration, and the achievement of greater economic independence vis-a-vis member countries".<sup>21</sup>

Subsuming the goal of economic integration is the continued liberalization of trade among the member countries. Gaining from the experience under CARIFTA, it was felt that CARICOM must work towards the establishment of a CET. The MDCs had agreed as early as 1973 to a CET, the LDCs have taken their own time so that at present only eight of the thirteen member countries have agreed to subscribe to a CET.<sup>22</sup>

On other issues, CARICOM countries however, have over the years reached agreement. In the initial stages a number of agreements were concluded pertaining to the harmonization of fiscal incentives to industries and avoidance of double taxation and fiscal evasion. Integration was to be promoted further through the harmonization of economic policies and

---

<sup>21</sup> Directory, n.3, p.3.

<sup>22</sup> Antigua and Barbuda, Montserrat, St.Kitts-Nevis and St. Lucia are yet to implement the CET. Further details, see Foreign Broadcast Information Service, Latin America-Daily Report (Virginia), FBIS-LAT-92-034, 20 February 1992, p.9.



the establishment and operation of regional industrial and agricultural projects. To accelerate the process of integration, CARICOM has, besides the hierarchy of institutions described earlier, established a number of associate institutions such as the CDB.<sup>23</sup> Also, the creation of the Caribbean Multilateral Clearing Facility (CMCF) in 1977 was a major step forward providing for settlement on a multilateral basis transactions by countries facing acute balance of payments crisis. Originally transactions were effected on a bilateral basis at quarterly intervals; since 1978 CMCF has permitted the settlement of multilateral transactions on a semi-annual basis.<sup>24</sup>

Notwithstanding various agreements that have been concluded since 1973 and a hierarchy of organs and instrumentalities established, the question of the performance of CARICOM remains important. It is therefore pertinent to assess and analyse the achievements of CARICOM in terms of expansion of intra-regional trade; its changing composition;

---

<sup>23</sup> Some of these institutions include: the Caribbean Agricultural Research and Development Institute (CARDI), the Regional Monetary Studies Programme (RMSP), the Caribbean Tourism Research and Development (CTRDC) and the Caribbean Association of Industry and Commerce (CAIC).

<sup>24</sup> Managed by the Central Bank of Trinidad and Tobago which acts as its agent, the CMCF permits a member country to defer settlement of up to 50 per cent of its net debtor position to the next settlement period.

and the level of economic complementarity particularly in the field of agriculture attained.

Given the wide-ranging activities of CARICOM, it was expected to effect economic and social transformation of the region. The introduction of CET undoubtedly gave a boost to intra-regional trade. By 1974, intra-regional trade had accounted for 22 per cent as compared to 13 per cent in 1970 of the net imports by the region. Table I at the end of this Chapter shows the share of intra-regional trade of the member countries during the period 1973-1978.

It is evident from Table I given at the end of this Chapter that all the LDCs except St.Lucia and Montserrat did not perform well on the export front in the 1970s. Among the MDCs, the share of Barbados and Jamaica improved only after 1975 while that of Guyana and Trinidad and Tobago actually declined. Trinidad and Tobago however continued to be the only country with a sizable proportion of domestic exports.

In terms of imports, the share of Trinidad and Tobago rose while that of all other countries showed a fluctuating trend. Among the LDCs, the share of imports by St.Lucia alone showed an increase after 1975. As the data further indicates, only those countries which had a large and diverse resource base could perform well on both the export and import fronts. As has been discussed subsequently in the Chapter,

the erratic movement of both the imports and exports in the case of most of the countries was on account of their worsening balance of payments situation and their resort to unilateral remedial measures. It is to be noted from Table II which is given at the end of this Chapter that except for Trinidad and Tobago all the other countries suffered severe balance of trade deficit during the period. The surpluses enjoyed by Trinidad and Tobago were due to oil and natural gas receipts. The structure of exports of Trinidad and Tobago as compared with the other countries bears further testimony of such a trend and indicate certain built-in limitations to intra-regional trade.

As observed in Table III, food items constituted a sizable proportion of total exports of Guyana and the Eastern Caribbean countries. Manufactures dominated the exports from Jamaica. From 1975 onwards, a similar trend began in Barbados too. The chief exports of Trinidad and Tobago continued to be oil and natural gas during the period under review.

Not very dissimilar processes continued in the 1980s as far as intra-regional trade is concerned. The value of Community trade continued to fluctuate in the 1980s. Intra-regional exports though increased from US \$500 million in 1980 to US \$530 million in 1981; the share of intra-CARICOM

imports, which accounted for 9.3 per cent of imports in 1981 dropped to 6 per cent in 1983.<sup>25</sup> In value terms, CARICOM trade declined from US \$555 million in 1982 to US \$433 million in 1984 and further to US \$290 million in 1986. Such declines in intra-regional trade have been again mainly on account of the deteriorating balance of payments situation, the independent economic policies pursued by some of the member countries and moreover, the increasing external debt burden in the 1980s. In the later part of the 1980s, intra-regional trade however briefly showed some growth signs reflecting thereby an improvement in the economic situation particularly of the LDCs. For instance, from US \$317 million in 1987, CARICOM trade rose to US \$436 million in 1989, representing a 20 per cent increase over the previous year.

As was the case with the composition of intra-regional trade under CARIFTA, the value of regional trade in manufactures has continued to rise; for instance, it arose from US \$290 million in 1973 to US \$869 million in 1983.<sup>26</sup> The import of manufactures by the MDCs from within the region during the

---

<sup>25</sup> For details, see, Europa World Year Book (London), 1985-1989.

<sup>26</sup> R.O.Olaniyan, "Caribbean Community: Basic Issues in the Integration of Mini States", Development and Peace (Budapest), vol.17, no.1, Spring 1986, p.146.

same period increased from US \$116.3 million to US \$386.3 million.<sup>27</sup> In the case of the LDCs, the corresponding figures were US \$29.5 million and US \$51.2 million.<sup>28</sup> As far as the export of manufactures within the region is concerned, it arose from US \$135.9 million in 1973 to US \$367.8 million in 1983 in the case of the MDCs and from US \$9.1 million to US \$46.2 million for the LDCs during the same period.<sup>29</sup> It is evident from the sectoral composition of GDP that in most of these countries, the share of the industrial sector had indeed outpaced that of agriculture by 1989.

Attaining self-sufficiency in food production has been the main objective CARICOM had set for itself, for the high food import bills have threatened to undermine all the developmental goals and projects of CARICOM. For instance, while facing acute balance of payments crisis, CARICOM countries paid US \$600 million in 1980 as compared to US \$450 million in 1978 for importing foodstuffs.<sup>30</sup> Understandably therefore during the 1980s various steps were taken to effect structural transformation of the sector by creating among others a regional public corporation dealing with the

---

27 *ibid.*

28 *ibid.*

29 *ibid.*

30 W. Andrew Axline, "Agricultural Co-operation in CARICOM", in Anthony Payne and Paul Sutton, eds., Dependency Under Challenge: The Political Economy of the Commonwealth Caribbean (Manchester, 1984), pp.154-9.

production, trade and other activities related to agricultural development. The CDB also accorded a high priority with about a third of its financing going to the agricultural sector in 1979. Between 1970 and 1979 a total of US \$4.4 million were disbursed by the CDB through its Farm Improvement (FIC) scheme.<sup>31</sup>

Yet another significant measure to promote agricultural development has been the setting up of the Caribbean Agricultural Research and Development Institute (CARDI). It serves the research and development needs of CARICOM countries. CARDI covers the entire spectrum of agricultural production emphasizing more on the production of food items of local consumption by assisting the small farmers.<sup>32</sup> Funded by the United Nations Development Programme (UNDP) and executed by the Food and Agricultural Organization (FAO) of the UN, the Caribbean Agricultural and Rural Development Advisory and Training Service (CARDATS) also works to promote an integrated rural development programme providing direct services to small farmers relating to all aspects of farming. Thus both CARDI

---

<sup>31</sup> A financial intermediary of CDB, the FIC scheme loans are aimed at upgrading agricultural production. For further details on loan disbursements, see Olaniyan, n.26, p.145.

<sup>32</sup> CARDI also has a small Farm Multiple Cropping Programme under which research is carried out on a small number of farms; the results of which are integrated into a separate agricultural extension programme for the Eastern Caribbean countries.

and CARDATS, different from the market-oriented AMP of CARIFTA, represent regional efforts at bringing about agricultural development and food self-sufficiency through direct action at the local level. Aimed at drawing up a Regional Food Plan (RFP), these efforts were subsequently consummated into a Regional Food and Nutrition Strategy for the Caribbean and the creation of a Caribbean Food Corporation (CFC) in 1976. The RFP and CFC emphasized the need for maximising food production for local consumption by mobilising unused and under-utilized agricultural and other resources especially in the LDCs. In August 1980, a multi-dimensional basic needs programme for the satisfaction of food and nutrition requirements was drawn up fixing targets of achieving sufficient calorie-intake by 1990.<sup>33</sup> The CFC has been identified as the major implementing agency for this purpose and is supposed to give the region the most far-reaching and ambitious programme for agricultural development.

Other than agriculture and manufacturing, the sector which has gained extreme significance since the 1970s in most of the Commonwealth Caribbean countries is the service sector, particularly tourism. The region as a whole experienced a

---

<sup>33</sup> The main focus of this multi-sectoral plan covering agriculture, health, education and communications is to re-structure regional supply to meet current and anticipated demand and the adjustment of regional consumption patterns to meet possible or potential supply.

phenomenal growth in tourism after 1983 necessitating greater regional cooperation. Between 1983 and 1988, tourism grew on an average of 10 per cent per annum with the highest, i.e., 17 per cent recorded in 1987.<sup>34</sup> However, it has been declining since the so-called "October crash" of 1988 when the US stock exchange market faced an unusual panic and US dollar dipped to very low levels against West German and Japanese currencies. Subsequently, on account of recessionary conditions in US economy, the number of US tourists has continued to decline.

Going by the sectoral composition of GDP, it is evident from Table IV which is given at the end of this Chapter that the share of tourism industry has increased both in terms of revenue receipts and employment opportunities since the mid-1970s. In the 1980s, the contribution of the tourism sector towards the GDP of each country remained proportionately greater.<sup>35</sup>

### Constraints

At the time of formation of CARICOM, signatory states had expressed the confidence that regional integration would

---

<sup>34</sup> Trevor Harker, "Sustained Development for the Caribbean", CEPAL Review (Santiago), no.41, August 1990, p.62.

<sup>35</sup> By 1987 tourist receipts contributed 89 per cent of the total exports of Antigua and Barbuda, 61 per cent of that for Grenada; 40 per cent for Barbados, 35 per cent for Jamaica and 49 per cent for St.Vincent and the Grenadines. Further details see, Auliana Poon, "The Future of Tourism: A Perspective for the Caribbean - Part I", CARICOM Perspective (Georgetown), nos.44 and 45, January-June 1989, p.51.



"consolidate and strengthen the bonds which have historically existed among their people".<sup>36</sup> Two decades after, member countries themselves however appear much less confident if not sceptical about the performance and the future prospects of CARICOM. CARICOM came into being at a time when a combination of factors were soon to emerge and erode substantially the bases of regional integration. Foremost among these factors was the four fold increase in the international price of petroleum which seriously undermined the credit-worthiness of the member countries. The impact of the oil crisis was so severe that except Trinidad and Tobago, all the other countries were confronted with severe balance of payments problem. The resulting economic hardships were compounded further by rapid depletions of their foreign exchange revenues, high interest rates on loans, inflation and unemployment. The employment situation in particular continued to worsen throughout the 1970s so much so that by 1981 unemployment rates had reached 40 per cent for the region as a whole. The impact of the crisis of 1970s was poignantly summed up by the then Secretary-General of CARICOM, Dr. Kurleigh King: "...the ink was hardly dry on the signatures of the Treaty

---

<sup>36</sup> Caribbean Community Secretariat, The Caribbean Community in the 1980s--Report of a Group of Caribbean Experts (Georgetown), 1981, p.1.

when the full force of the international economic crisis struck the bottom out of everything we had hoped to accomplish".<sup>37</sup>

Besides the oil producing Trinidad and Tobago, other countries also braced themselves for the situation and kept CARICOM working in the direction of its stated objectives. High prices of sugar in the international market in the mid-1970s helped Barbados to a point while Guyana and Jamaica tried to cope up with the crisis by imposing extra levies on the exports of bauxite and alumina. The additional revenue yields were however meagre and the low international prices of bauxite combined with the general domestic economic crisis situation forced both the countries by 1977 to restrict imports even from CARICOM countries. Such unilateral restrictive measures soon invited retaliation by other countries undermining, in the process, seriously the very basis of CARICOM.

It all appeared beyond redemption as external factors and forces continued to pin the regional economy down. In 1978, the two major CARICOM countries viz. Guyana and Jamaica had to draw on the facilities of the International Monetary

---

<sup>37</sup> Anthony Payne, "Rise and Fall of Caribbean Regionalisation" Journal of Common Market Studies (Oxford), vol.19, no.3, March 1981, p.259.

Fund (IMF) on account of the increasing external public debt and in the process made necessary structural changes in their development programmes and external trade policies. No different was the situation in the LDCs which had worsened by 1974. The CDB had to establish an emergency fund of EC \$10 million, making grants and providing intermediate loans for the support of essential national programmes in the LDCs.<sup>38</sup>

The economic crisis of the 1970s continued to remain serious in the 1980s with the major countries of the Community facing economic hardships in the form of escalating external debt.<sup>39</sup> Even Trinidad and Tobago which had fared relatively well in the 1970s, was faced with the mounting external debt as a result of decline in the international prices of oil and high interest rates charged by the international creditors in the 1980s.<sup>40</sup> As has been discussed subsequently CARICOM

---

<sup>38</sup> *ibid*, p.260.

<sup>39</sup> Major debtors include Barbados, Guyana, Jamaica, Trinidad and Tobago. Debts of Antigua and Barbados increased rapidly as much as four fold since 1980. For details, see United Nations Economic Commission for Latin America and the Caribbean, Economic Survey of Latin America and the Caribbean (Santiago, 1989), p.117.

<sup>40</sup> The economic boom of the 1970s in the case of Trinidad and Tobago came to an end in 1980s with the admission by the government in 1986 that the treasury was empty. The loans contracted with the IMF compelled the government to adopt severe austerity measures. This is true of the case with Barbados also. Further details see, W.Marvin Will, "A Nation Divided: The Quest for Caribbean Integration", Latin American Research Review (New Mexico), vol.26, no.2, 1991, p.26.

countries in reacting to the crisis of the 1980s were forced to adopt unilateral measures that were a direct contradiction of the principles of CARICOM.

The external debt of all the 13 English-speaking Caribbean countries was estimated at approximately US \$8.9 billion at the end of 1988--more than double the 1980 figure.<sup>41</sup> The ratio of external debt to exports of goods and tourism services remained very high for all the countries; for instance, it is as much as 320 per cent in the cases of Guyana and Jamaica.<sup>42</sup> Though the ratio appear to be lower, as seen in Tables V and VI, given at the end of the Chapter, the overall debt situation of these countries has worsened since 1988. The debt service reached very high levels at a time when growth rates and export earnings were declining and international interest rates were on the rise.

Beside external factors, member countries also have from the beginning not acquitted themselves creditably as many of the instruments of integration could not be implemented on account of political differences, narrow economic outlooks and personality clashes among the leaders. Of foremost significance is the question of CET and a quantitative

---

<sup>41</sup> UN Economic Commission for Latin America and the Caribbean, n.39, p.117.

<sup>42</sup> *ibid.*

protective policy over which there is still no regional consensus. Though the MDCs had agreed as early as 1973 to a CET, the LDCs have continued to drag their feet so much so that at present, besides the four MDCs, only four LDCs have agreed to a CET. Another issue which continues to bedevil CARICOM is the role of the private business in regional integration schemes. Private business in general has resisted the idea of equitable distribution of industrial plants and projects. Moreover, private business in countries such as Barbados and Trinidad and Tobago though acceded to the idea of a CET, nevertheless disagreed on the question of regional protective policy on quantitative restrictions since it purportedly limits the profit margins in intra-regional trade. While high tariffs increase the revenue receipts, quantitative restrictions would not only limit the volume of trade but revenues as well. Thus an important measure that could strengthen CETs and facilitate industrial development in the region has been set aside.

As noted, trade in manufacturers constitute an important activity in the region. But over the years, it is found that manufacturing activities account for a relatively small proportion of GDP in most of the countries of Commonwealth Caribbean. In 1986 the performance of Barbados, Montserrat and Trinidad and Tobago in manufacturing activities

declined due to trading difficulties in the region and rising input costs. As seen in Table IV except for Jamaica; the share of total value-added to GDP has remained relatively small. While the share of total value-added of Jamaica was around 20-per-cent, that of Guyana and Trinidad and Tobago remained below 10 per cent. Among the Eastern Caribbean countries, only in St.Kitts-Nevis did the share of manufacturing exceed 10 per cent. A feature of Caribbean manufacturing has been its concentration in a limited range of products or areas: agro-based industries, garments and footwear; furniture and assembly-type industries. In the case of the Eastern Caribbean countries, who had grouped themselves into the Organization of East Caribbean States (OECS) in 1981, the range of activities and scale of operations have remained severely constrained on account of the less developed base of their industrial sector. Such dependence on a limited number of products makes these countries vulnerable to the external pressures since their trade links remain more with the non-member countries.

Moreover, the growth in the volume of intra-regional trade in manufactures has not mitigated the problems of polarization of gains within the region. As was the case under CARIFTA, increases in the value of intra-CARICOM trade in manufactures remain greater in the MDCs than in the LDCs.

Not only all the countries, except Trinidad and Tobago, continue to suffer from the persistent balance of payments difficulties; the LDCs were also the hardest hit on another count, that is food prices increased four fold during 1973-1983 period.

Balance of payments difficulties arising out of the international economic crisis of the early 1970s and continuing thereafter, has reflected upon the flow of intra-regional trade. Countries like Guyana and Jamaica were compelled to restrict imports from member countries in 1975 and thereafter. Though Article 28 of the Treaty of Chaguaramas permitted member countries to impose quantitative restrictions under such circumstances, this was later to undermine the basic premise of CARICOM, viz. trade liberalization as member countries began resorting increasingly to various restrictive policies.<sup>43</sup> Restrictive measures by Guyana and Jamaica led to nationalistic reservations and retaliation by other member countries. For instance, on account of mounting levels of unemployment, Trinidad and Tobago announced in 1977 its decision to introduce import-licensing on some regional products. Also, in the same year, Antigua and Barbuda attempted to invoke Article 28. The consequences of such

---

<sup>43</sup> Payne, n.37, p.261.

retaliatory measures have been the decline in the share of intra-regional trade leading finally to a stagnant position in the 1980s. Worse was to follow when the Caribbean Multilateral Clearing Facility (CMCF) was suspended in 1983 since Guyana had defaulted on the loans contracted within the region. This has weakened the Community considerably. No wonder in the 1980s regional trade suffered declining by 33 per cent in 1986.<sup>44</sup>

Moreover, except for the much publicized cement plant in Barbados which was completed in 1984, no other integrated industrial complex has been established in the region. As was candidly admitted by the Group of Experts--appointed by the CARICOM Council of Ministers--in its 1981 report, progress has not been made in the area of production integration.<sup>45</sup> The proposed setting up of the joint aluminium and bauxite plants in the region have long been abandoned since some of the countries decided rather to enter into bilateral agreements with extra-regional countries including some Latin American countries. For instance the proposed joint aluminium project which was considered a high water-mark of Caribbean integration process did not materialize when Jamaica opted for a larger stake and decided instead to enter into a

---

<sup>44</sup> Will, n.40, p.26.

<sup>45</sup> Caribbean Community Secretariat, n.36, p.20.



bilateral agreement with Venezuela. Thus a major CARICOM objective was shelved in favour of an avowed particular national interest.

Also, the institutional arrangements for promoting industrial development have proved to be highly inadequate. The disbursement of funds under the FIC and SIC schemes are far below the requirements of the region. Moreover, the high interest rates charged by the CDB--which ranges from five to nine per cent--aggravate the situation.<sup>46</sup> The role of CIC too is limited in the sense that contributions from the private sector have not been forthcoming. Ironically, private business in the MDCs is required to provide funds to capitalize industries in the LDCs which would in the end be in direct competition with the industries of MDCs.

On the agricultural front, the CFC which was established for implementing the Regional Food Plan did not succeed in bringing about complementarity in agricultural production. From the beginning, the private sector in the region was opposed to the CFC, for it believed that market norms should prevail over political principles of equitable distribution of benefits. The private business went to the extent of describing CFC as "a monstrous bureaucratic undertaking

---

<sup>46</sup> Olaniyan, n.26, p.145.

designed by businessmen".<sup>47</sup> The Caribbean Association of Industry and Commerce (CAIC) expressed its concern over the entire CARICOM being subjected to state control. So, the conflict between the supposed technical requirements of economic efficiency--as private business put it--and the political requirements of equitable distribution of benefits among the member countries has stalled the functioning of CFC in creating the necessary linkages for integrated regional planning in the agricultural sectors of the countries.

The lack of distributive measures, as described above, have hindered the progress of the Community in bringing about industrial development and agricultural complementarity. Yet another instance of absence of a coordinated approach relates to the issue of foreign investment within the region. A Draft Agreement on Foreign Investment and Development of Technology which called for the regulation of foreign investment in the region had come up for discussion at the time of the establishment of CARICOM.<sup>48</sup> The Draft Agreement was finally rejected owing to the strong opposition by member countries especially the LDCs who were in receipt of generous foreign investment incentives.

---

<sup>47</sup> Axline, n.1, p.168.

<sup>48</sup> *ibid*, p.145.

Thus in the 1980s the national economies of the MDCs and the LDCs were posing major uncertainties and threats to the very goals of political survival and the Community was to make compromises on its original free trade standards.<sup>49</sup> The level of regional trade in 1986, as noted earlier, had declined to less than half of its 1981 level.

Even tourism which was projected as the new engine of growth, declined after 1988. Not only there is a decline in the number of US tourists but the overall productivity and competitiveness of tourism industry has left much to be desired. "The spectre of inadequate regional competitiveness and productivity rears its ugly head even in tourism, which is also showing some rigidity in adjusting to changing leisure patterns".<sup>50</sup>

#### Functional Cooperation

Lack of coordination among the member countries has also affected their cooperation in areas beyond economic integration. The much heralded functional cooperation--the

---

<sup>49</sup> The economic decline in the countries of the region resulted in wide scale rioting and removal of governments from power. In Trinidad and Tobago the People's National Movement (PNM) which had been in power since independence in 1962 was defeated in 1986. The government of A.N.R. Robinson faced rioting in 1989 as the rate of unemployment compounded by high levels of inflation grew. Further the Prime Minister and some of his Cabinet were held captive in a coup attempt in 1990. Such economic issues were faced by Barbados as well. For details, see Will, n.40; pp.25-26.

<sup>50</sup> Harker, n.34, p.63.

other main objective of CARICOM--has only mixed results to its credit. In fact, some sort of a cooperation in areas other than economy was admittedly inevitable given the commonality of problems and a perceived shared prospects faced by the countries of the region. Despite the failure of the West Indies Federation the countries--all still British colonies--had resolved in 1962 at the Common Services Conference to maintain services of common interest such as the University of the West Indies (UWI) the Regional Shipping Services (RSS) and the Caribbean Meteorological Services (CMS).<sup>51</sup>

Established in 1948, UWI is perhaps the oldest of the bodies concerned with cooperation in the field of education and culture in the Commonwealth Caribbean. The University with its three campuses spread across Barbados, Jamaica, Trinidad and Tobago suffered a sort of set back when the other major Caribbean country, viz. Guyana chose to create its own University of Guyana. The purpose of the UWI has been to supplement the developmental objectives by producing competent and trained manpower. Besides it has made its own contribution by taking up feasibility studies and appointing expert groups to look into various aspects of integration. The HGC meeting in Nassau in 1984 took note of the fact and

---

<sup>51</sup> Caribbean Community Secretariat, History of CARICOM (Georgetown, April 1987).

called for restructuring of the UWI so as to maintain its international standing as an apex institution.<sup>52</sup>

Yet another instance of cooperation relates to health. Guided by the Council of Ministers responsible for Health, the work in this area, among other things, includes assistance to each member country in the development of a health policy, strengthening of health information systems, health manpower development, environmental strategy, food and nutrition strategy, regional drug policy and disease control. The HGC meeting in St. George's Grenada, in 1989, reiterated the commitment of the countries of the region to cooperate against drug abuse and trafficking within the region. The Conference also underlined the need for the setting up of a Caribbean court of appeal to replace the continuing colonial practice of referral to the judicial committee of the Privy Council in London. Further measures initiated in the 1980s relate to the introduction of a limited "Caribbean citizenship" status for leading CARICOM personalities, promotion of the Caribbean bi-annual festival of arts (CARIFEST) and sharing of representation in international organizations such as the organs of the United Nations. It was also decided to operate

---

<sup>52</sup> Caribbean Community Secretariat, The NASSAU Understanding: Structural Adjustment and Closer Integration For Accelerated Development in the Caribbean Community (Nassau, 7 July 1984).

a regional air transport system, besides improving the functioning of the Leeward Islands Air Transport (LIAT) and the West Indies Shipping Corporation (WISCO).

Notwithstanding intra-regional cooperation in varied fields, lack of coordinated approach continue to hamper the process of functional cooperation. For instance, their inability to establish a single air carrier system continues to lead to wasteful expenditures and inhibit the uniform growth of tourism in all the countries.<sup>53</sup> Likewise, on the question of joint representation in international organizations there has not been much success. As the subsequent Chapter discusses in detail these countries have not been able to coordinate their foreign policies and stance on many a vital international issue. The case in point is the failure even the opposition from some of the member countries in 1988 to support the candidacy of Dame Nina Barrow of Barbados for presidency of the UN General Assembly.<sup>54</sup> Even at the regional level conflicting goals and objectives and personality clashes continue to undermine many of the CARICOM organs as all the member countries either do not

---

<sup>53</sup> Mahindra Naraine, "The Caribbean Community's Tenth Anniversary", The Round Table (London), no.288, October 1983, p.44.

<sup>54</sup> Will, n.40, p.20.

attend or choose to send low level delegations to various ministerial level meetings.<sup>55</sup>

As the present Chapter indicates, CARICOM has from its inception been beset with a myriad of problems both international and regional in nature. In retrospect, CARIFTA was a more meaningful though a limited step towards regional integration. Be that as it may, the inequitable distribution of benefits of intra-regional trade finally led to polarization between the MDCs and the LDCs. As Chapter II has indicated there were also rivalries and reservations among the MDCs themselves on account of diverse regime perceptions, preferred economic policies, and personality clashes among the leaders but what finally brought CARIFTA to a standstill was the refusal of the LDCs to subscribe to a CET. For whatever reasons, the LDCs continued to insist on preference in the allocation of industrial projects and funds. Moreover, their association into ECCM even before CARIFTA had come into being and even prior to these countries gaining political independence, was sufficient to limit the scope of integration. The formation of CARICOM was necessitated

---

<sup>55</sup> Jacqueline A.Braveboy-Wagner, "Changes in the Regional Foreign Policies of the English-Speaking Caribbean", in Elizabeth G.Ferris and Jennie K.Lincoln, eds., Latin American Foreign Policies: Global and Regional Dimensions (Colorado, 1981), p.228.

evidently by the desire and feasibility of a more intensified level of cooperation among the Commonwealth Caribbean countries. However, CARICOM was formed without first resolving the problems that had apparently marred the functioning of CARIFTA. No gainsaying, CARICOM tried to accommodate the perceived interests of the LDCs by giving them preferential treatment in the areas of industrial development, and financial and technical assistance. CARICOM also made exceptions by allowing the LDCs to impose tariffs and quantitative restrictions to protect their existing industries. Likewise, being essentially primary product exporters, many of the countries including the MDCs continued to express reservations on the issue of agricultural complementarity. This is not to suggest that the ideals of a Community and Common market were prematurely introduced in the region. But what cannot be denied is the fact that the member countries have followed scrupulously the principle of sovereign national equality and exhibited lack of will to go together on most matters pertaining to regional economic integration. A complex institutionalized set up of consultation and decision-making which was apparently evolved to make a united regional response possible on all international and regional issues finally turned into a fora of political debates and mutual acrimony. Over and above these factors were international forces and situation that have a decisive



influence on the performance of CARICOM.

As has been mentioned previously international factors such as the oil price hike and increasing cost of imported foodstuffs in the first half of the 1970s severely limited intra-regional trade. The acute balance of payment crisis further put all regional efforts at industrial planning and projects into disarray. One therefore notices an erratic movement of the intra-regional imports and exports during the 1970s and the 1980s.

The increasing external debt burden particularly during the 1980s further made countries move away from the goals of CARICOM. Intra-regional trade though registered relative growth during the 1970s and 1980s, it marked a decline in value terms. Interestingly the latter part of the 1980s remains an exception as intra-regional trade registered growth in absolute terms. This was mainly due to the rapid expansion of tourism mostly in the LDCs. Aside from this, one notices a continuous increase of trade in manufactured goods within the Community. The major drawback of CARICOM remains its inability to attain either self-sufficiency or create necessary linkages between the agricultural sectors and not the least, maintain complementarity between agriculture and industry at the regional level.

Regional factors and unilateral approaches--some of which have been mentioned in the Chapter--are generally held responsible for the stagnation of CARICOM. However, it is undeniable that external factors have had perhaps a more profound impact on the region and its prospects of economic integration. Acutely dependent on external trade, aid and investment, CARICOM countries have more often than not to adjust and accept policies of other countries importantly US, UK, and organizations such as the EEC. It is therefore necessary to take into account the external factors which have had a bearing on the performance and prospects of CARICOM.

TABLE I

SHARE OF DOMESTIC EXPORTS AND IMPORTS TO TOTAL INTRA-CARICOM TRADE BY COUNTRY, 1973-1978  
(Per cent)

Country	1973	1974	1975	1976	1977	1978
<u>Domestic Exports</u>						
Antigua & Barbuda	1.17 (-0.14)	1.03 (-0.4)	0.63	n.a	n.a	n.a
Barbados	8.11 (-1.56)	6.55 (-1.24)	5.31 (+1.57)	6.88 (-0.09)	6.79 (+1.95)	8.74
Belize	1.39 (-0.59)	0.80 (-0.15)	0.65 (-0.02)	0.63 (-0.14)	0.49	n.a
Dominica	0.61 (-0.09)	0.52 (-0.1)	0.42 (+0.26)	0.68 (+0.18)	0.86 (+0.15)	1.01
Grenada	0.42 (-0.21)	0.21 (+0.01)	0.22	n.a	n.a	n.a
Guyana	14.5 (-0.9)	13.6 (+3.1)	16.7 (-1.7)	15.0 (-0.8)	14.2 (+1.5)	15.7
Jamaica	17.5 (-3.6)	13.9 (-1.3)	12.6 (+2.3)	14.9 (+2.4)	17.3 (-0.8)	16.5
Montserrat	0.03 (-0.01)	0.02 (+0.02)	0.04 (+0.01)	0.05 (+0.03)	0.08 (-0.05)	0.03
St.Kitts-Nevis	0.31 (-0.06)	0.25 (+0.06)	0.31 (-0.59)	0.90 (+0.17)	1.07 (+0.11)	1.18
St.Lucia	1.37 (+0.32)	1.69 (+0.44)	2.13 (+0.82)	2.95 (+0.67)	3.62 (+0.23)	3.85
St.Vincent & the Grenadines	1.11 (-0.32)	0.79 (-0.23)	0.56 (+0.09)	0.65 (+0.1)	0.75 (+1.39)	2.14
Trinidad and Tobago	53.2 (+7.4)	60.6 (-1.5)	59.1 (-2.8)	56.3 (-2.7)	53.6 (-3.1)	50.5

Note: Figures in brackets denote yearly changes in exports and imports;  
'+' indicates an increase and '-' a decrease.

TABLE I (Contd...)

Country	1973	1974	1975	1976	1977	1978
<u>Imports</u>						
Antigua and Barbuda	2.69 (-0.46)	2.23 (+1.42)	3.65	n.a	n.a	n.a
Barbados	14.4 (-0.3)	14.1 (-2.1)	12.0 (+2.9)	14.9 (+2.2)	17.1 (-1.0)	16.1
Belize	2.28 (-0.8)	1.48 (-0.44)	1.04 (-0.28)	0.79 (-0.03)	0.79	n.a
Dominica	2.14 (-0.24)	1.90 (+0.31)	2.20 (+0.25)	2.45 (+0.16)	2.61 (+0.11)	2.72
Grenada	3.89 (-1.41)	2.48 (+0.34)	2.82	n.a	n.a	n.a
Guyana	25.6 (+1.4)	27.0 (-2.2)	24.8 (+4.8)	29.6 (+1.6)	31.2 (-2.0)	29.2
Jamaica	23.4 (+5.2)	28.6 (+3.4)	32.0 (-8.9)	23.1 (-6.8)	16.3 (+1.8)	18.1
Montserrat	0.98 (-0.2)	0.78 (-0.1)	0.68 (+0.2)	0.70 (-0.09)	0.61 (+0.11)	0.72
St.Kitts-Nevis	1.91 (-0.4)	1.51 (-0.14)	1.37 (+0.15)	1.52		n.a
St.Lucia	5.44 (-0.75)	4.69 (-1.2)	3.49 (+0.67)	4.16 (+0.75)	4.91 (+0.03)	4.91
St.Vincent & the Grenadines	3.41 (-0.52)	2.89 (-1.22)	1.67 (+1.52)	3.19 (+0.81)	4.00 (-0.47)	3.53
Trinidad and Tobago	13.8 (-1.7)	12.1 (+2.0)	14.1 (+5.4)	19.5 (+2.81)	22.3 (+2.1)	24.4

Note: Figures in brackets denote yearly changes in imports;  
'+' indicates an increase and '-' a decrease.

Source: Compiled from Caribbean Community Secretariat, The Caribbean Community in the 1980s (Georgetown, 1981), pp.146-8.

TABLE II  
BALANCE OF TRADE  
(US dollar million)

Year	Barbados	Guyana	Jamaica	Trinidad & Tobago	Sub Total MDCs	Grenada	Belize	Other LDCs	Sub Total LDCs	Total CARICOM
1970	-5.2	-6.3	4.5	32.3	25.3	-4.9	-1.6	-14.6	-21.1	4.2
1971	-5.1	-3.6	2.4	38.7	32.4	-5.6	-1.8	-16.8	-24.2	8.2
1972	-6.9	-6.5	-10.3	41.6	17.9	-5.6	-	-17.1	-22.7	4.80
1973	-7.4	-18.6	10.8	56.4	19.6	-5.3	-1.5	-13.8	-20.6	-1.0
1974	-16.8	-37.6	-39.2	110.7	17.1	-5.3	0.7	-22.2	-28.2	-11.1
1975	-15.8	-29.6	-61.4	117.6	10.8	-	-1.6	-	-	-
1976	-18.2	-19.5	-20.6	107.8	50.5	-	-	-	-	-
1977	-21.1	-53.5	29.0	88.9	17.2	-8.3	-0.5	-23.6	-32.4	-15.2
1978	-13.9	-38.9	-13.6	68.8	2.4	-1.0	-0.1	-35.5	-36.6	-34.2
1979	-28.2	-37.7	-9.1	106.9	31.9	-10.3	5.5	-34.9	-39.7	-7.8
1980	-91.0	-50.9	-37.7	163.4	-16.2	-13.2	6.8	-66.8	-73.2	-89.4
1981	42.6	-74.5	-50.6	162.5	94.8	-29.8	3.7	-22.2	-58.3	36.5
1982	-19.5	-90.4	-16.7	153.8	96.9	-12.4	7.7	-20.3	-24.0	72.9
1983	-27.5	-51.6	4.7	53.9	-18.5	-9.4	7.8	-20.9	-22.5	-41.0

Source: R.O.Olaniyan, "The Caribbean Community: Basic Issues in the Integration of Mini States", Development and Peace (Budapest), vol.7, Spring 1986, p.149.

TABLE III

## EXPORT AND IMPORT STRUCTURE BY MAIN CATEGORIES OF CARICOM COUNTRIES

(Per cent)

## EXPORTS

## IMPORTS

Country	Year	EXPORTS				Year	IMPORTS			
		Total value (million US dollar)	All food items	Fuels	Manu- factured goods		Total value (million US dollar)	All food items	Fuels	Manu- factured goods
Barbados	1970	30.5	73.0	1.3	25.4	1970	117.3	24.5	5.5	63.6
	1975	87.7	69.1	1.2	28.8	1975	216.4	25.3	16.9	52.1
	1980	149.5	47.0	0.3	52.5	1980	517.1	17.9	15.4	61.5
	1985	214.9	15.7	-	83.8	1984	665.2	14.5	13.6	67.8
	1986	209.1	18.9	-	80.3	1985	601.9	15.0	17.5	62.7
	1987	156.0	26.9	18.6	52.1	1986	593.2	15.6	10.2	68.6
	1988	176.1	26.9	16.0	53.4					
	Guyana	1970	130.2	42.0	-	3.2	1970	134.1	15.9	8.6
1975		356.7	63.7	-	2.6	1975	343.9	13.0	16.7	68.3
1980		388.9	47.6	-	11.0	1979	290.2	17.9	21.8	57.4
1986		218.0	59.1	-	12.8	1980	326.2	13.7	26.6	47.4
Jamaica	1970	334.9	23.0	2.6	46.2	1970	525.4	18.0	6.4	72.1
	1975	769.4	28.3	1.5	54.4	1975	1122.5	20.2	19.2	56.4
	1980	942.4	13.7	1.9	62.7	1980	1177.7	20.3	37.6	38.8
	1985	535.1	26.1	5.2	53.2	1982	1373.3	19.2	29.0	46.8
	1986	567.2	28.0	3.1	51.9	1985	1143.4	17.8	32.1	46.2
	1987	692.3	26.6	2.0	54.1	1988	1434.3	19.1	13.6	62.1
	1988	811.6	25.4	2.3	58.4					
	Trinidad & Tobago	1970	481.5	8.9	72.2	12.8	1970	543.4	11.3	52.9
1975		1772.7	6.4	87.1	6.2	1975	1488.4	10.1	50.6	38.1
1980		4077.0	2.1	93.7	4.1	1980	3177.7	11.1	37.7	48.6
1985		2160.9	2.1	79.1	18.2	1985	1533.0	22.9	3.3	68.8
1987		1462.4	4.5	71.2	23.4	1987	1218.7	21.7	4.3	68.2
1988		1412.0	6.0	60.5	32.7	1988	1127.0	19.7	11.9	63.4
1989		1578.1	6.6	61.0	31.5	1989	1222.4	20.7	6.1	66.6

TABLE III (contd...)

## EXPORTS

Country	Year	Total value (million US dollar)	All food items	Fuels	Manufac- tured goods
Belize	1970	14.0	82.2	-	7.2
	1975	67.2	77.4	1.6	18.1
	1980	82.5	79.4	-	17.6
	1985	64.4	73.9	-	24.9
	1986	74.0	79.9	-	18.5
	1987	99.4	69.3	-	17.7
	1988	119.7	76.9	-	18.0
Dominica	1971	6.1	87.3	-	12.2
	1980	9.3	45.6	-	54.3
	1985	28.4	59.9	-	39.8
	1988	56.0	68.7	-	29.9
	1989	43.6	65.8	-	33.5
Grenada	1970	6.0	99.5	-	-
	1980	16.9	92.2	-	7.8
	1985	21.8	95.5	-	4.5
	1986	26.6	97.0	-	2.9
	1987	31.5	83.5	-	16.2
	1988	27.9	73.5	-	25.4
St. Kitts- Nevis	1970	4.1	77.7	0.4	19.4
	1985	24.0	23.3	17.5	49.2
	1986	31.0	29.4	4.5	57.7
	1987	31.1	42.8	5.1	46.6

## IMPORTS

Year	Total value (million US dollar)	All food items	Fuels	Manufac- tured goods
1970	33.4	31.5	5.0	61.7
1975	88.5	28.1	8.3	62.7
1980	148.2	24.8	18.4	55.3
1984	130.1	24.3	16.7	57.9
1985	128.1	26.9	17.1	55.0
1986	122.0	27.2	13.9	57.4
1970	15.8	28.4	2.7	65.9
1975	20.8	35.3	6.1	55.6
1980	47.7	27.3	8.8	58.8
1985	55.3	26.4	10.9	60.7
1987	66.4	26.8	6.6	64.7
1988	87.5	25.7	5.6	66.8
1989	107.1	22.7	5.3	69.9
1970	22.3	28.4	4.6	61.6
1980	50.2	32.9	12.8	50.3
1984	56.0	30.6	11.6	53.9
1985	69.0	27.3	9.7	59.4
1986	83.6	25.1	7.7	62.6
1970	11.7	31.6	3.0	61.2
1979	32.1	23.9	8.4	64.9
1981	47.7	22.8	11.0	63.6
1983	51.9	23.3	10.0	62.9
1986	62.9	22.9	5.9	68.5
1987	78.9	19.2	6.2	72.4
1988	93.3	19.2	5.5	72.7

TABLE III (contd...)

## EXPORTS

Country	Year	Total value (million US dollar)	All food items	Fuels	Manu- factured goods
St. Lucia	1970	4.4	93.2	-	6.5
	1975	14.8	77.0	-	22.6
	1980	33.7	57.0	-	42.3
	1985	53.0	67.5	-	31.7
	1986	83.0	74.3	-	24.8
St. Vincent and the Grenadines	1971	2.7	99.2	-	0.4
	1980	15.7	84.2	1.6	14.1
	1985	34.0	95.0	-	5.0
	1986	39.0	93.8	-	6.2
	1987	39.3	87.5	-	12.2

## IMPORTS

Year	Total value (million US dollar)	All food items	Fuels	Manu- factured goods
1970	27.3	24.0	3.5	69.0
1975	46.4	30.4	7.6	60.0
1979	100.6	22.1	10.0	65.2
1980	123.8	21.0	10.0	65.8
1981	129.2	24.4	9.7	63.8
1970	15.3	29.4	2.9	62.8
1974	26.1	33.3	5.8	56.4
1976	23.8	37.3	7.0	52.2
1977	30.3	33.2	6.9	56.2
1980	57.1	35.2	8.9	52.5

Source: United Nations Conference on Trade and Development, Handbook of International Trade and Development Statistics, 1990 (New York, N.Y.: United Nations, 1991), pp.138-59.



TABLE IV  
 SELECTED VALUE-ADDED SHARES OF GDP IN CARICOM COUNTRIES,  
 1983-85  
 (Percentage)

Country	Agri- culture	Mining	Value-added in		
			Manu- facturing	Construc- tion	Tertiary Sector & Others
Antigua & Barbuda	5.1	0.5	6.5	5.3	82.6
Barbados	7.0	1.4	11.8	6.1	73.7
Belize	22.1	0.2	13.8	5.3	58.6
Dominica	29.7	0.8	7.7	7.5	54.3
Grenada	17.6	1.1	6.0	7.6	67.7
Guyana	25.2	3.0	3.5	7.6	60.7
Jamaica	6.0	5.3	19.3	8.8	60.6
Montserrat	4.6	1.2	6.4	7.6	80.2
St. Kitts- Nevis	12.3	0.3	13.8	9.5	64.1
St. Lucia	14.2	0.7	8.8	6.5	69.8
St. Vincent and the Grenadines	17.4	0.3	9.3	10.7	62.3
Trinidad & Tobago	4.4	24.6	7.2	12.0	51.8

Source: United Nations Industrial Development Organization,  
Industrial Development Series - The Caribbean Region  
 (United Nations, March 1987), p.11.

TABLE V  
TOTAL EXTERNAL DEBT  
(Million dollar)

Country	1980	1986	1987	1988
Antigua & Barbuda	45.5	180.7	245.4	239.0
Bahamas	98.0	211.2	207.1	147.4
Barbados	81.9	291.3	372.1	384.0
Belize	49.2	97.7	118.9	123.8
Dominica	17.7	56.6	66.0	n.a
Grenada	14.4	54.2	48.4	48.7
Guyana	448.7	1477.4	n.a	1700.0
Jamaica	1734.0	3590.3	4013.6	4320.0
Montserrat	1.5	3.0	2.1	n.a
St.Kitts-Nevis	10.0	19.3	23.6	29.6
St.Lucia	18.2	31.5	37.2	n.a..
St.Vincent and the Grenadines	17.0	29.6	35.2	n.a
Trinidad & Tobago	911.2	1691.0	1737.8	1761.4

Source: United Nations Economic Commission for Latin America and the Caribbean, Economic Survey of Latin America and the Caribbean (Santiago, 1989), p.119.

TABLE VI  
 CARIBBEAN REGION'S RATIO OF INTEREST ON THE EXTERNAL DEBT  
 TO EXPORTS OF GOODS AND SERVICES  
 (Million dollar)

	1980	1986	1987	1988
<u>Interest payments</u>				
Bahamas	5.6	20.2	26.5	31.9
Jamaica	153.0	258.0	299.2	258.1
Trinidad & Tobago	34.8	92.1	89.4	92.8
<u>Exports of goods and services</u>				
Barbados	589.4	783.6	710.3	602.6
Jamaica	1421.6	1418.0	1631.1	1989.3
Trinidad & Tobago	3403.5	1692.3	1648.5	1652.7
<u>Interest payments as percentage of exports of goods and services</u>				
Barbados	1.0	2.6	3.7	5.3
Jamaica	10.8	18.2	18.3	13.0
Trinidad & Tobago	1.0	5.4	5.4	5.6

Source: United Nations Economic Commission for Latin America and the Caribbean, Economic Survey of Latin America and the Caribbean (Santiago, 1989), p.118.

## CHAPTER IV

### ROLE OF EXTERNALITIES

As has been discussed in the previous Chapter, unfortuitous circumstances beyond the control of the member countries severely restricted the functioning of CARICOM from the very beginning. Faced with manifold crises including hike in petroleum prices and the rising cost of imported foodstuffs in the 1970s, the countries in order to tackle the balance of payments crisis resorted to unilateral restrictive trade measures against each other. Conditions worsened further in the 1980s when most Commonwealth Caribbean countries burdened with heavy external debt resorted to measures that further undermined the integration process.

In addition, unilaterally prescribed programmes by the United States such as the Caribbean Basin Initiative (CBI) with its focus on bilateralism and private investment has the effect of at least changing the direction of Commonwealth Caribbean integration process. Preferential trading arrangements and aid-based policies of the European Economic Community (EEC) though sustained the CARICOM process but has created a great deal of uncertainties about the future continuation of these arrangements. Commonwealth Caribbean countries since the 1980s have looked increasingly towards Latin American countries particularly Mexico and Venezuela. Here too, problems are complex as both Mexico and Venezuela pursued

policies that are not certainly altruistic. Nevertheless, growing relations with Latin American countries have opened new opportunities and better prospects for mutually beneficial relations in the future.

Focusing on the role of externalities, the present Chapter begins with an assessment of the coordination of foreign policies as envisaged by the CARICOM Treaty. Periods of coordination are interspersed with serious conflicts when member countries in pursuit of their perceived national goals have on many occasions sacrificed the ideals of regional economic integration. In a separate section, an assessment is made of the role of US particularly the impact of the CBI on the integration process in the region. Though members of the British Commonwealth, the economic role of UK precipitously declined after Caribbean countries gained independence. Since the mid-1970s, it is rather the EEC that under the Lome Convention has provided much-needed economic relief through aid and trade privileges to CARICOM countries. Appropriately therefore, the role of UK and the EEC is dealt separately in the present Chapter. Finally, the CARICOM's relation with a select number of Latin American countries importantly Mexico and Venezuela who have evinced interest in the region since the mid-1970s have been analysed towards the end of the Chapter.

### Foreign Policy Coordination

The CARICOM Treaty has envisaged coordination and not unity in the foreign policies of the member countries implying thereby that while cooperation remains desirable, in reality, perceived national interests would continue to override regional interests. Emanating from the experiences of the West Indies Federation in 1962, the Commonwealth Caribbean countries have since preferred to pursue their separate ways in dealing with other countries uniting only occasionally on issues which are either of common interest or which affect them uniformly. The reasons for the unilateral course, each one of them has followed in conducting its foreign relations, are not far to seek. Apart from the bitterness that the failure of the federal experiment caused, other factors accentuating differences among them include insularity i.e., the assertion that each country is a distinct historical and cultural entity creating in the process an overbearing sense of nationalism and national sovereignty; political and ideological differences and diverse characters of regimes particularly in the 1970s, e.g., a "socialist" Guyana under Forbes Burnham versus a moderate regime spurred by growing oil wealth in Trinidad and Tobago and a radical Grenada under the New Jewel Movement (NJM) of Maurice Bishop after 1979;

and, not the least, their inability--perhaps the incapacity--to resolve conflicts at the regional level.

Be that as it may, instances however abound when CARICOM countries have successfully cooperated. In fact, the first attempt at coordination of foreign policies was made in 1973 itself when Commonwealth Caribbean countries recognized Cuba. It has been suggested that the inclusion of the provision relating to the coordination of foreign policies in the CARICOM Treaty was prompted by and "reflected the euphoria caused at the time by the rare collective agreement of the independent states to establish diplomatic relations with Cuba in defiance of the United States".<sup>1</sup> Since then, the CARICOM Foreign Ministers Council, meeting periodically, has expressed agreement on several issues including independence of the states in southern Africa, apartheid, independence for Caribbean countries still under the colonial rule, support for the Sandinista National Liberation Front (FSLN) in its struggle against the regime of Anastasio Somoza Debayle and subsequently for FSLN regime in Nicaragua, for the Arab states against Israel, etc.

---

<sup>1</sup> Jacqueline A.Braveboy-Wagner, "Changes in the Regional Foreign Policies of the English-Speaking Caribbean" in Elizabeth G.Ferris and Jennie K.Lincoln, eds., Latin American Foreign Policies: Global and Regional Dimensions (Colorado, 1981), p.226.

Of particular interest is their identification with the Third World and active participation in the Non-Aligned Movement (NAM). Significantly, the participation of the Commonwealth Caribbean countries in the NAM either as full members or observers or with guest status has since the First Non-Aligned Summit held in Belgrade in 1961, continued to increase.<sup>2</sup> Unlike other Latin American countries which came to NAM searching for ways of South-South economic cooperation and enhancing their own economic clout by espousing the idea of a New International Economic Order (NIEO), the Commonwealth Caribbean countries, very much like the Afro-Asian countries, championed Non-Alignment more for political reasons. The history of colonial exploitation, anti-colonial freedom movements, racialism, presence of great powers and the perceived threats that the Cold War and the super-power rivalries represented for their nascent sovereignties and newly-gained freedom made these countries share a common perception with the Non-Aligned countries of Africa and Asia. In this respect, the Commonwealth Caribbean countries have remained more genuinely non-aligned and committed to the movement than perhaps some of the Latin American countries.

---

<sup>2</sup> At present the Non-Aligned members from the CARICOM countries include the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St.Lucia and Trinidad and Tobago.



In a sense, ...Caribbean countries sought admission in the NAM because they shared, in many respects, the colonial legacies and convictions of the newly-independent Afro-Asian countries. Ever since too, for the very same reasons, as and when European colonies of the Caribbean region became independent, they invariably joined as members the non-aligned movement.

However, there are any number of issues when the regional unity floundered and the member countries chose bilateral rather than a multilateral course in dealing with outside countries and organizations. As has been discussed in the previous Chapter, balance of payments crisis since the 1970s coupled with the increasing external debt burden especially in the 1980s made these countries opt for bilateral negotiations and unilateral restrictive measures within the Community. Beginning with the Guyanese decision in 1978, a number of countries unilaterally imposed restrictions on imports from other CARICOM countries adversely affecting the process of economic integration as well as foreign policy coordination. Some countries entered into bilateral agreements with European and Latin American countries with a view to enhancing their own economic prospects, as for instance, the decision of Jamaica to pull out of the proposed aluminium smelter plant and instead enter into a bilateral agreement with Venezuela; the unsuccessful attempt

---

<sup>3</sup> R.Narayanan, "The 'Old States' of Latin America and Non-alignment", The Non-Aligned World (New Delhi), vol.1, no.2, April-June 1983, p.205.

--due to opposition from other CARICOM countries--of Trinidad and Tobago to form the Caribbean Group within the Economic Commission for Latin America (ECLA). Similarly, CARICOM countries differed on the question of supporting Cuban involvement in Africa during the 1970s. While countries generally were supporting the cause of independence of the states in Southern Africa, they differed among themselves on the question of Cuban involvement in Angola and other places. Only Guyana went to the extent of providing refueling facilities to Cuban planes destined for Angola. Moreover, the countries differed sharply among themselves on supporting different factions fighting for power in Angola.

It was, however, the Grenadian crisis of 1980 which brought to fore and sharpened the political-ideological divisions among the countries. The crisis had set in with the overthrow of the government of Eric Gairy by the opposition, the New Jewel Movement (NJM). The insurrection of 13 March 1979 by some 200 armed men belonging to the People's Revolutionary Army brought the NJM leader Maurice Bishop to power. The NJM embarked on a series of radical policies at home and established closer relations with Cuba and the Socialist bloc countries. It identified itself with the NAM besides seeking economic assistance and aid from diverse sources such as the EEC, Canada, Mexico, Venezuela and the Arab states. In an effort to protect

itself from the perceived threats of counter-coup from the supporters of the deposed prime minister, the Bishop government had sought initially the support of US, UK and Canada which were turned down and only then the NJM government turned towards Cuba, Soviet Union and other socialist countries.

TH-4003

A radical Grenada had created fierce ideological-political differences not only within CARICOM but also within the Organization of East Caribbean States (OECS). Formed in 1981 by the Eastern Caribbean states of Antigua and Barbuda, Dominica, Grenada, Montserrat, St.Kitts-Nevis, St.Lucia and St.Vincent and the Grenadines, the primary purpose of OECS "originally was to pool economic resources; a peripheral goal, and a voluntary one at that, was to coordinate foreign affairs and defense arrangements".<sup>4</sup> It played a dubious role in Grenada when US "persuaded the OECS to request its military assistance".<sup>5</sup> When, as a result of factional struggle within NJM, the more radical group led by the deputy prime minister, Bernard Coard staged a coup

---

<sup>4</sup> G.Pope Atkins, Latin America in the International Political System (Boulder, 1989), p.192.

<sup>5</sup> US which is not a signatory to the OECS Charter chose a minor provision of the Charter as legal justification for the intervention in total disregard of the Rio Treaty and the OAS Charter.

leading to the assassination of prime minister, Maurice Bishop and widespread violence and chaos in the island. The subsequent invasion of Grenada by US and some OECS members in October 1983 split the CARICOM, raised doubts about the real interest of the formation of OECS and US objectives in floating the CBI.

The events in Grenada had split the CARICOM countries with many countries especially those in the Eastern Caribbean calling for its ostracization on account of the allegedly de-stabilization factor that Grenada had become in the region. The perceived source of threat was the construction of an airport at Point Saline allegedly with Cuban and Soviet assistance which, it was argued, would be used for military purposes by these countries.

There are many more instances of frictions and even mutual recriminations among the CARICOM member countries. CARICOM countries remained sharply divided at the heads of government meeting in St. John's, Antigua and Barbuda in July 1988 over the question of maintaining the observer status for Haiti, following a military coup in that country which replaced the civilian government of Leslie Manigat. While Antigua and Barbuda and St. Lucia favoured a conciliatory approach, the Barbados prime minister called for the suspension of Haiti from certain CARICOM ministerial committees.

However, the military coup of September 1991 that overthrew the elected government of prime minister Jean-Bertrand Aristide invited sharp retribution from CARICOM countries who have together endorsed the OAS decision to impose trade embargo till the restoration of democracy in Haiti. In sum, "the policy of the... Caribbean states has been characterized by a great deal of rhetoric about closer cooperation, but in reality, conflict is interspersed with a low level of cooperation".<sup>6</sup>

The principal reason is that the process of coordination of foreign policy remains informal without any permanent institution. Member countries often prefer to pursue bilateral policies; the Foreign Ministers Committee for instance, met only four times in the first six years of CARICOM's existence. Aware of these drawbacks, the foreign ministers of CARICOM countries meeting in February 1979 had recommended that mutual consultations should take place prior to their participation in various international fora; delegations in foreign capitals must institutionalize their informal consultations; and finally, the Committee should be given more documentary support by all the countries.

Low level of cooperation and conflicting positions these countries take at the foreign policy level is often

---

<sup>6</sup> Braveboy-Wagner, n.1, p.228.

intensified by outside countries and organizations. As the subsequent section delineates, the role of US both in the economic sphere and political-security aspects of the region remains of paramount importance.

#### United States Caribbean Basin Initiative

Addressing the Latin American diplomatic corps on 27 June 1990, US President George Bush announced the Enterprise for the America's Initiative (EAI) calling for the establishment of a "new partnership" between the US and Latin American and Caribbean countries.<sup>7</sup> Built upon the pillars of trade, investment and debt, EAI represents the economic thinking and perception of the Bush administration towards the region. The main features of EAI are the expansion of trade and creation of a Hemisphere-wide free trade zone; increase in the private investments in the region; and partially easing the debt burden of the countries of Latin America and the Caribbean. A three-point plan to expand trade within the region is proposed which includes close cooperation with the Latin American and Caribbean countries in the final stages of the Uruguay Round trade talks; seeking

---

<sup>7</sup> Xu Shicheng, "Enterprise for the America's Initiative", Foreign Affairs Journal (Beijing), no.20, June 1991, p.45.

greater tariff reductions on products of interest to Latin America and the Caribbean; and free trade agreements with countries or groups of countries leading eventually to the establishment of a continent-wide free trade zone.

In order to boost private investments, the countries of the region are to reduce regulatory and bureaucratic barriers. It is also proposed to set up an investment fund administered by the IDB to provide up to US \$300 million a year in grants in response to market-oriented investment reforms and privatization.<sup>8</sup> Apart from contributing \$100 million itself, US is to seek matching contributions from Europe and Japan.

As regards the debt burden, it is proposed that IDB would add its resources to those of the IMF and World Bank and urge commercial banks to reduce the debts owed to them by Latin American and Caribbean countries. It is further proposed to reduce by \$ 7 billion the official debt owed the countries of the region to the US Government.<sup>9</sup> Besides, the US administration called for converting \$5 billion part of the region's debt to US Government into an investment fund to aid environmental protection projects in debtor countries.<sup>10</sup>

---

<sup>8</sup> *ibid*, p.46.

<sup>9</sup> *ibid*.

<sup>10</sup> *ibid*.

After some initial resistance, CARICOM signed a framework agreement with US on 22 July 1991 establishing a bilateral trade and investment council. To promote the ideas and precepts of EAI, CARICOM would henceforth subscribe to the policy of free trade. The objectives of the said council are to encourage free trade between US and CARICOM; monitor trade and investment relations; and negotiate terms for an eventual free trade agreement which would integrate their economies.<sup>11</sup> The council further aims to improve cooperation between the parties concerned on issues under negotiations in the Uruguay Round.

In short, EAI has laid the groundwork for future US-Latin American and Caribbean relations in three areas viz., trade, investment and debt restructuring and reduction. The initiative deals with the Western Hemisphere as an integrated whole besides providing a forum in which groups of countries can negotiate trade matters, and further, signals a specific mandate to the IDB as one of the key facilitators for its implementation.

CARICOM countries have been quick to grasp the thrust of the declaration for it does not differ much from the Caribbean Basin Initiative (CBI) announced by President

---

<sup>11</sup> Commonwealth Secretariat, International Development Policies: Review of the Activities of International Organizations (London), no.42, April-July 1991, p.17.



Ronald Reagan in 1982. Designed in the context of revolutionary turmoil in the Central American-Caribbean region in the 1980s, the CBI was a unilateral policy promoting US perceived interests in the region by providing duty-free entry to select number of products into the US market. Focusing on bilateralism and promotion of private investments, the CBI has admittedly proved detrimental to the regional integration movement. CARICOM countries therefore initially received the announcement of EAI without any enthusiasm for reasons of its excessive focus on bilateralism and moreover the apprehension that a continent-wide free trade zone--as and when established--would deprive them of whatever trade benefits they have with US under the CBI. Added to this is the perceived negative impact and uncertainty arising out of the European Economic Community's (EEC) decision to establish a Single European Market (SEM) by December 1992, which to the CARICOM countries means a possible further deprivation in terms of preferential trading arrangements. Besides, the EAI stresses more on private initiative and trade rather than on aid while the countries of the region have always been insisting on concessional aid for developing the much needed infrastructural facilities.

Ever since the process of decolonization set in and the countries began gaining independence in the 1960s, the countries have looked towards UK, the EEC and US for some

economic succour. While maintaining some modicum of independence in their foreign policies by identifying themselves with the Non-Aligned Movement (NAM) and the Third World, Caribbean countries nevertheless sought to build meaningful economic relations with US. Following the Cuban revolution of 1959, US had begun to assert itself as the dominant power by influencing and even intervening both covertly and overtly in the Caribbean region. Among others, the case in point is the covert role played by US and UK in dislodging the elected government of Cheddi Jagan in Guyana in 1963-64. The character of the regimes in Commonwealth Caribbean countries of Barbados, Guyana, Jamaica and Trinidad and Tobago, which became independent in the 1960s, was also not anti-US; on the contrary these countries from the beginning were inclined to follow the US lead on all major regional issues. "In the countries of the Eastern Caribbean, the status of 'associated statehood' was designed by UK and US to permit intervention in the event of any local disorder."<sup>12</sup> Thus, the US policy toward the Commonwealth Caribbean region in the 1960s aimed at containing Cuban influence and prevent social explosions.

---

<sup>12</sup> Karl Polanyi-Levitt, "The Origins and Implications of the Caribbean Basin Initiative: Mortgaging Sovereignty?", International Journal (Toronto), vol.40, no.2, Spring 1985, p.238.

As more and more countries opted for independence in the 1970s, and strong currents of nationalism swept much of the Commonwealth Caribbean countries--with many of them being ruled by left-leaning regimes--the need for a concerted policy addressing itself purportedly to the socio-economic problems and perceived security objectives of US in the region was recognized. Except for a brief interlude in the latter part of the 1960s and early years of the 1970s, when President Richard Nixon pursued a "low profile" policy towards the entire Latin American and Caribbean region and the tenure of President Gerald Ford (1974-1977), US has maintained a watchful and active posture towards the region.

Both during the administrations of presidents Jimmy Carter (1977-1980) and Ronald Reagan (1981-1988), the Commonwealth Caribbean had been perceived as "an area where volatility and the propensity for collective unrest are constant"<sup>13</sup> because of socio-economic factors. The initial approaches of the two administrations differed. Carter administration in its first two years had accorded a high priority to increasing economic assistance to ensure social stability in the region. For instance, the official development

---

<sup>13</sup> Anthony P. Maingot, "American Foreign Policy in the Caribbean: Continuities, Changes and Contingencies", International Journal (Toronto), vol.40, no.1, Spring 1985, p.314.

assistance and food aid increased from \$70 million in 1976 to \$130 million in 1979.<sup>14</sup> The centre-piece of the economic strategy during the period was the US' initiative in constituting under the aegis of the World Bank, the Caribbean Group for Cooperation in Economic Development (CGCED) in 1977 which intended to channel increased aid to the Caribbean from willing donor countries and the various lending agencies. Further, the Carter administration attached importance to increased US economic aid, both bilateral and through the CDB. However, during the last two years of Carter's term, the aid-based policy started undergoing change. With civil war conditions prevailing in the Central America region and radical regimes coming to power in some of the Commonwealth Caribbean countries including in Grenada, the region had become the focus of more militarist postures in the last years of Carter administration. As in the 1960s, issues of perceived national security had begun to dominate US foreign policy. The emergence of socialist and left-wing governments in Grenada, Guyana, Jamaica and Surinam in the late 1970s compelled US government to increase its military presence in the Commonwealth Caribbean region since 1979.

Added to this was the economic crisis confronting the Jamaican economy, which became the point of political

---

<sup>14</sup> Anthony Payne, The International Crisis in the Caribbean (Baltimore, 1984), p.46.

confrontation between the major opposition party, namely Jamaican Labour Party (JLP) led by Edward Seaga and the pro-Cuban government of Michael Manley. Seaga accused Manley government of pursuing the Cuban model of development "where regimentation rather than personal incentive governed production and personal and civil rights and freedoms were greatly restricted" and further that Kingston "had become the subversion capital of the Caribbean".<sup>15</sup> As a means to mitigate the economic crisis facing the region and containing the alleged spread of 'communism', Seaga proposed what has been described a mini-Marshall plan for the region in October 1979, which among others, prescribed investment incentives and free market access to US and a larger role for the businessmen of the region.

The ideas put forward by Seaga found much favour with the Reagan administration. Pre-occupied with revolutionary movements in Central America and the alleged growing influence of "Cuba-Soviet axis" in the region, the Reagan administration considered both the Caribbean and Central American regions as constituent parts of the concept, the Caribbean basin. In an effort to isolate Cuba diplomatically, the US government pressed Jamaica, following the defeat of

---

<sup>15</sup> Polanyi-Levitt, n.12, p.242.

Manley in October 1980, to sever relations with Havana. Similar attempts were made to pressurize and undermine the government of Maurice Bishop in Grenada. The Reagan administration tried in vain to prevent the EEC from providing aid for Grenada's new airport in Point Saline; and again, without success attempted to persuade other CARICOM member countries to exclude Grenada from a proposed US \$4 million grant through the CDB.<sup>16</sup>

Besides endorsing the views of the Seaga government for the economic development and political stability of the region, the Reagan administration considered Jamaica and the Eastern Caribbean as of great interest to US objectives in the region, and therefore deserving economic assistance in US foreign assistance programmes. The then US Secretary of State Alexander Haig met with the foreign ministers of Canada, Mexico and Venezuela in Nassau in the Bahamas in July 1981 and had even tried to persuade them to agree to some sort of a mini-Marshall plan for the region based on a multilateral approach. In the meantime, the CARICOM countries, none of whom had been invited to the Nassau meeting, proposed in September 1981 an alternative programme calling for large volume of aid to develop infrastructural facilities in their

---

<sup>16</sup> Payne, n.14, p.55.

countries so that they could take advantage of preferential market access. The Nassau plan eventually did not materialize for want of support from the government of Canada, Mexico and Venezuela which sought to distance themselves from the plan as its over-riding objectives were admittedly military-political; and moreover, it excluded Cuba and Grenada. Thus when the CBI was finally announced in February 1982, it was a unilateral US programme. The idea of a Marshall plan was abandoned and CBI emphasized more on trade and investment and not so much on official aid.

Officially designated as the Caribbean Basin Economic Recovery Act (CBERA), the CBI which went into effect on 1 January 1984 is an integrated package of trade, investment and aid. The principal features of CBI were the granting of a "one-way free trade" for the exports from the Caribbean countries for a period of twelve years; the allocation of \$350 million in emergency aid for some countries in addition to \$474.6 million aid already granted for the fiscal year 1982; and the provision of tax incentives on US investments in the region.<sup>17</sup>

The creation of a one-way free trade constitutes the centre-piece of the CBI. The US administration sought to

---

<sup>17</sup> Emilio Pantojas-Garcia, "The U.S. Caribbean Basin Initiative and the the Puerto Rican Experience: Some Parallels and Lessons", Latin American Perspectives (California), vol.12, no.4, Fall 1985, p.106.

grant the beneficiaries of CBI duty-free treatment for twelve years on the exports of all products except textiles and apparels. Sugar received a limited duty-free treatment under CBI as US insisted on protecting the existing US domestic sugar price support programme. It is stipulated that to be eligible for duty-free treatment, the goods contain a minimum of 25 per cent of local value-added. This could be attained cumulatively by all the Caribbean basin countries. Above all, it is for the US president to designate a country as beneficiary or not. Certain safeguard mechanisms are also incorporated to protect US domestic industry from Caribbean imports.

The tax provisions of CBI are aimed to encourage US private investment in the region. New equity investors are to be provided with a 10 per cent domestic tax credit. There is also an indication to negotiate bilateral investment treaties with interested basin countries to provide an agreed legal framework for investment. References are also made of the services provided by the Overseas Private Investment Corporation (OPIC)--a US-based corporation which provides political risk insurance for US investors abroad. These measures are meant to increase the economic incentives to US investors and to reduce political risks attached with such investments.



To increase the concessional assistance to the region, the Reagan administration requested a supplemental grant of \$350 million above the \$475 million already budgeted in the fiscal year 1982. These funds were to be used primarily to finance private sector imports. Bulk of this planned increase in assistance is contained in the Economic Support Fund (ESF) programme. This is to overcome the balance of payments difficulties of the countries of the region and further to facilitate domestic production and employment. The ESF operates on the suggestions of international financial institutions such as the International Monetary Fund (IMF) and World Bank.

Two other programmes drawn up as part of CBI are the Development Assistance Programme (DAP) and a food aid plan through PL-480. In fiscal year 1983 the DAP was given as US \$217.6 million compared to US \$211.3 million budgeted for 1982; the total economic assistance including food aid proposed for 1983 was around US \$644 million.<sup>18</sup> It was also proposed to assist the countries of the region to modernize their agricultural sectors with emphasis on the private sector to play a significant part in the economic development of the region.

---

<sup>18</sup> Ramesh F. Ramsaran, "Issues in Commonwealth Caribbean-United States Relations", in Anthony Payne and Paul Sutton, eds., Dependency Under Challenge: The Political Economy of the Commonwealth Caribbean (Manchester, 1984), p.197.

Apart from whatever be the economic objectives, CBI has political-military aspects too designed to serve the perceived US objectives in the region. Under CBI began the programme of military training and supplies of weapons to countries which had until then no well-established military. Many CARICOM countries especially the LDCs expressed reservations and apprehensions over the military aspect of CBI, for the newly-created and strengthened armed forces in many of these countries were perceived to be potentially de-stabilizing factors besides being a drain on scarce national resources. In fiscal year 1981 alone the US provided military assistance worth \$50.5 million to the countries of the region.<sup>19</sup> It was proposed to increase the amount to \$112.1 million in 1982, and further by \$60 million.<sup>20</sup> In 1983, military assistance was estimated at \$101.3 million.<sup>21</sup>

The CBI also included provisions of technical assistance and training to assist the private sector in the basin countries. The assistance is confined to the promotion of investment, export marketing and transfer of technology.

---

<sup>19</sup> Payne, n.14, p.58.

<sup>20</sup> *ibid.*

<sup>21</sup> *ibid.*

In short, the CBI was drawn up as an economic and military assistance programme in that it offers to increase economic aid, investment incentives, trade concessions, technical and military assistance to select countries and US possessions in the Caribbean basin. The assistance under the programme is focused largely on strengthening the private sector. Both capital and technical assistance are provided to ameliorate infrastructure and removal of credit, institutional, and technical constraints to trade and investment expansion throughout the region. Further, the international financial institutions such as the IMF, World Bank, and the IDB and their regional affiliates such as the CGCED and Central American Group remain instrumental in the coordination and management structure of the assistance programmes under the CBI.

How CBI has benefited the CARICOM countries? What has been its impact on the economy of individual countries and how it has affected CARICOM as a regional integration movement? An assessment of the impact of CBI reveals disproportionate pattern of flows both in terms of trade and aid, as shown in Tables I and II given at the end of this Chapter. Starting with a surplus of over US \$600 million, the trade figures dropped to less than US \$100 million by the end of 1987. This is evident in the case of aid disbursements too which declined over a period of time. The decline

in aid flow is significant in the case of the Eastern Caribbean countries. These countries have sought larger assistance for developing their infrastructural facilities. The total flow of aid declined from US \$214 million in 1984 to US \$127 million in 1987. In 1988, the total amount of aid was only US \$140 million.

In general, the CBI stimulated neither the expansion nor the diversification of Caribbean exports. The impact of the programme is likely to be minimal. It has been suggested that the increase in foreign exchange earnings for all the beneficiary countries will be less than US \$100 million per annum.<sup>22</sup> The thrust of CBI to replace the existing mixed economy approach with reliance on the private sector may aggravate social tensions; while the role of the State in the productive system in the Caribbean "was not the result of any deliberate philosophy but because no development was being undertaken by the private sector".<sup>23</sup> Added to this is the fact that regional institutions such as the CDB were never involved in the Initiative. Further, the decline in US investments over a period of time and an unprecedented rate of US divestment overshadows CBI's developmental goals. It should also be noted that ever since

---

<sup>22</sup> Polanyi-Levitt, n.12, p. 230.

<sup>23</sup> *ibid*, p.265.

the inception of CBI, the prices of traditional exports have been on the decline. The consequence of which has been a fall in exports from the region. More importantly, CBI has contributed to the weakening of CARICOM for its overtly bilateral character in dealing with countries rather than treating the whole CARICOM as a unit.

In the light of the distortions caused by CBI in the economic structure of Commonwealth Caribbean countries, the US Congress enacted CBI II in 1990 with certain modifications. Some of the major changes included are the extension of duty-free trade by another 12 years, i.e., up to 2007 AD; access for some more products to US market; relaxed terms for TS US 806.30/807 products; a quota on duty-free imports on goods presently excluded; a 10 per cent local value-added for goods originating in the Eastern Caribbean countries; and restoration of US sugar quotas.<sup>24</sup> Though the present changes do contain some elements of consolidating the gains from CBI, these measures are seen by CARICOM countries as inadequate since these countries continue to complain of protectionism existing in the US economy and inhibitions in their trade with US.

---

<sup>24</sup> Anthony P. Gonzales, "Recent Trends in International Economic Relations of CARICOM States", Journal of Inter-American Studies and World Affairs (Miami), vol.31, no.3, Fall 1989, p.71.

In short,

the CBI as initially conceived fitted the Reagan administration's geo-political views of the Caribbean basin sketched in terms of East-West conflict. It blended opposition to Soviet expansionism with regional developmentalism and the president's free enterprise philosophy... In sum, the view predominating in the Reagan administration was that a major border of the United States threatened to consist of hostile states. The United States, therefore, had a vital interest in preventing economic collapse or the creation of Marxist-Leninist<sup>25</sup> regimes in these poor neighbouring countries.

As noted earlier, the impact of CBI has remained limited, even somewhat negative. It only exacerbated differences among Commonwealth Caribbean countries and has attempted to change the pattern of integration process in the region. US attempts to include other countries such as Mexico, Venezuela, Colombia and Canada so as to make CBI a multi-lateral programme did not succeed. Much of the effort on the part of the countries in economic programmes remained distinct and national. As has been discussed subsequently, it is rather the EEC with its preference on providing multi-lateral assistance that has given much economic relief to the Commonwealth Caribbean countries in times of economic difficulties and distress.

---

<sup>25</sup> Pope, n.4, p.269.

Role of UK and the EEC

The United Kingdom from being one of the dominant powers in the Caribbean region has retreated to a position where its political commitments now are confined to only Anguilla and Montserrat. In the case of Belize, which became independent in 1981, UK still maintains defence responsibilities in the wake of Guatemalan claims on its territory. The basic tenet of British foreign policy since the 1960s has been to limit its interests to trade, aid and investment in the Commonwealth Caribbean.

Apart from the US, UK continues to be an important trading partner of the Commonwealth Caribbean. Until 1965, the value of its imports from the region exceeded the value of exports. Since then, with exports rising and imports fluctuating, the balance of trade has swung increasingly in favour of UK. In 1978, the surplus in its trade with CARICOM was £59.4 million, and in 1979, it was £64.0 million.<sup>26</sup> Though it constitutes only a small percentage of the total trade of UK--0.3 per cent of imports and 0.5 per cent of exports in 1979--for the Commonwealth Caribbean, Britain still remains the main market for its major export crops--sugar, bananas and citrus fruits.<sup>27</sup> UK had all along provided

---

<sup>26</sup> Payne, n.14, p.90.

<sup>27</sup> *ibid.*

guaranteed markets for these products. The most important agreement in this context was the Commonwealth Sugar Agreement (CSA) of 1951, under which the colonial country provided a long-term guarantee of access and price for more than two-thirds of the region's sugar exports. With Britain's accession to the European Economic Community (EEC), the CSA came to an end in 1974. Since then the region's agricultural trading arrangements with UK have been subsumed within the EEC framework and are conducted according to the terms of the Lome Convention signed in 1975, whereby Commonwealth members from Third World negotiate quotas between the EEC and the grouping known as the African, Caribbean and Pacific (ACP) countries. The end of special trading relationship with the Caribbean reflects the minimal importance of such trade for UK.

UK has also been one of the main sources of foreign private investment entering the Caribbean. Agriculture has generally been the focus of this investment but since the last decade, investments have grown in tourism, real estate, engineering, communications, etc. Overall British private investment is not of much significance when compared to that of Canada and US. For instance, the net earnings of British companies in the whole of the Caribbean, Central and South America in 1978 amounted to only £143.5 million, which



represented just over 6 per cent of the economy's total earnings from direct investment overseas.<sup>28</sup>

In respect of aid too, there has been a decline in the total amount disbursed to the former colonies in the Caribbean. For instance, bilateral aid which was £26.2 million in 1971 increased only marginally in 1979 to £28.9 million; and in 1980, the amount fell to £23.7 million.<sup>29</sup>

At the political level too, the policy has been to minimise its commitments in the region. The more developed countries (MDCs) of Barbados, Guyana, Jamaica and Trinidad and Tobago were given independence between 1962 and 1966; the concept of "associated statehood" was evolved in 1967 because the islands of the Eastern Caribbean region were considered too small to be viable as independent entities. With the independence of Grenada in 1972, the British policy changed and small islands began gaining independence.

Since then its policy and perception has generally been in consonance with that of US. For instance, after the 'revolution' in Grenada in 1979, the British government excluded the country from further financial assistance. It further demonstrated support to US policy by prevailing

---

<sup>28</sup> *ibid*, p.91.

<sup>29</sup> *ibid*, p.92.

upon the EEC governments to abandon assistance for the new airport at Point Saline in Grenada. Similar postures are observed in regard to Belize also. It has been reported that in order to curb the escalating military expenditure in the region, UK might forgo its responsibilities following talks with US on the question of establishing an air base in that country.<sup>30</sup>

In an official report submitted by the foreign secretary, Francis Pym to the British parliament in 1983, it was admitted that the region occupies a negligible position in terms of overall British aid and technical assistance to other countries.<sup>31</sup> Significantly, the report made no mention of the CBI launched in the same year. The report stated further that more importance be attached to political, industrial and commercial considerations with regard to the disbursement of aid to the Caribbean region. A further indication of alignment with US policy is observed in military postures. UK had decided to jointly take part in military manoeuvres with US in the region in 1983, just prior to the Falkland/Malvinas war.

With its accession to the EEC in 1973, the former and existing colonies of UK in the Caribbean became associated

---

<sup>30</sup> *ibid*, pp.95-96.

<sup>31</sup> *ibid*, pp.97-98.

with EEC for economic purposes in a very complex arrangement covering African, Caribbean and Pacific (ACP) countries. Of the 68 ACP countries, 12 are from the Commonwealth Caribbean. Anguilla and Montserrat have been accorded Overseas Countries and Territories (OCT) status as these are non-independent states. Both the categories--ACP and OCT--have the same relationship with EEC. They receive financial and technical assistance from the European Development Fund (EDF); are eligible for loans from the European Investment Bank (EIB); benefit from the stabilization of export earnings (STABEX); and possess the right to tariff-free access to the EEC market for most of their goods. For some of the countries, the Sugar Protocol of the EEC was of importance since it provided them with guaranteed prices and export quotas to the Community market.<sup>32</sup>

As mentioned earlier, the abrogation of CSA under which sugar was exported to UK necessitated the Commonwealth Caribbean countries to negotiate quotas for sugar with the EEC under its Sugar Protocol. Likewise, Article 115 of the EEC treaty makes special arrangements to preserve traditional markets for bananas, under its Banana Protocol.<sup>33</sup> Almost half

<sup>32</sup> The Commonwealth Caribbean countries of Barbados, Belize, Guyana, Jamaica, St.Kitts-Nevis and Trinidad and Tobago have a quota under the EEC-ACP Sugar Protocol.

<sup>33</sup> Christopher Stevens, "The Caribbean and Europe 1992: End-game?", Development Policy Review (London), vol.9, no.3, September 1991, p.271.

of the EEC's consumption of bananas is at present supplied by the ACP states. Such special arrangements for sugar and bananas and other products are contained in the Lome Convention, first signed in 1975, which confers on the Caribbean countries and their African and Pacific partners the most liberal set of non-reciprocal trade preferences.

The EEC, besides the above said arrangements, has a scheme to provide aid for natural calamities in the Commonwealth Caribbean region. For instance, in 1980, the EEC provided US \$16.35 million of emergency assistance to Barbados, Dominica, Grenada, Jamaica, Montserrat, St.Lucia and St. Vincent and the Grenadines.<sup>34</sup>

The EEC also supports regional projects. During the period 1975-1979, approximately 25 per cent of the total amount under the EDF provisions was allocated to the Commonwealth Caribbean countries.<sup>35</sup> Under the scheme, the University of the West Indies (UWI), the Leeward Islands Air Transport Company (LIAT) and the West Indies Shipping Corporation (WISCO) have all benefited.

The EEC has provided the much-needed economic assistance to the countries of the region in managing their economic

---

<sup>34</sup> Payne, n.14, p.109.

<sup>35</sup> *ibid.*

affairs. Between 1975 and 1979, approximately US \$190 million was provided under EDF provisions; a further US \$48 million were given by way of exceptional aid, food aid and STABEX; and a further US \$28 million was granted through the EIB mainly to CARICOM.<sup>36</sup>

Unlike the CBI which has political-military overtones and focuses on individual countries for various concessions, the economic assistance programmes of EEC do not seem to favour or discriminate against particular countries or territories in providing aid. During the US invasion of Grenada, the EEC maintained its commitment to fund the airport project in that country and agreed to give assistance. While CBI is by and large discriminatory on grounds of political considerations, the EEC policy appears to be non-discriminatory and concentrate on balance of payments support to governments rather than assistance to the private sector.

Ever since the first Lome Convention which came into effect on 1 April 1976, so far four other conventions have been concluded between the EEC and ACP countries. The approach of the Commonwealth Caribbean countries has been to focus on preserving and advancing the special arrangements as per the protocols on sugar, bananas and rum besides

---

<sup>36</sup> *ibid*, p.110.

facilitating for diversification of its exports particularly in the fields of manufactured goods, tourism, and non-traditional agricultural products.

The financial commitments under the Lome Convention has increased from ECUs 3,052.4 million under Lome I to ECUs 8,500 million under Lome III and further to ECUs 12,165 million under Lome IV. The Caribbean group of countries have been successful since 1975 in ensuring a guaranteed price for sugar as per the Sugar Protocol; the Banana Protocol drawn up in Lome I protects the British market for Caribbean bananas. The STABEX scheme introduced during the same period compensates for the losses in export earnings, with minimal conditionality. Provisions were also made in Lome I to finance projects in ACP countries through grants and loans from the EDF and EIB.

Lome II which came into force on 1 January 1981 drew up a scheme to safeguard exports of mineral products (SYSMIN). Other features of Lome II included new rules on investment protection, migrant labour, fishing, sea transport, cooperation in energy policy and agricultural development and procedures to speed up the administration of aid.

As between Lome I and II, CARICOM countries were able to expand their exports to the EEC. The main beneficiaries have been Dominica, St.Lucia, St.Vincent and the Grenadines,

and Trinidad and Tobago.<sup>37</sup> As regards the different protocols drawn up, the Sugar Protocol stabilized sugar export earnings and produced sugar revenues greater than those on the world market. But the Caribbean countries complained of the prevailing arrangements, particularly the inadequacy of STABEX funds and the presence of non-tariff barriers in European countries.

To provide relief, Lome III signed in December 1984, among others, contained provisions for the development and expansion of agriculture and fisheries; improvements in the existing STABEX and SYSMIN; simplification of the rules of origin of products exported to EEC; cooperation in transportation and communications particularly shipping; and restructuring of emergency aid. The amount of STABEX and SYSMIN under Lome III were ECUs 925 million and ECUs 415 million respectively.<sup>38</sup>

Lome IV, signed on 15 December 1989, unlike the earlier Conventions is concluded for a ten-year period. The financial provisions of the Convention will have a validity for five years. The new Convention provides for ECUs 1.5 billion for STABEX and ECUs 825 million for SYSMIN, besides

---

<sup>37</sup> Gonzales, n.24, p.72.

<sup>38</sup> Jean Tanguy, "The Fourth Lome Convention", Review of International Affairs (Belgrade), vol.41, no.959, p.26.

earmarking ECUs 1.1 billion for economic recovery or structural adjustment programmes and another ECUs 1.2 billion in the form of loans from the EIB.<sup>39</sup> Apart from STABEX and SYSMIN, the assistance for economic recovery of the region is the most distinctive feature of Lome IV.

In short, the Lome Convention emphasizes on four areas: trade cooperation; export earnings stabilization and maintenance of production of minerals; industrial and agricultural cooperation; and financial and technical assistance.

The impact of the Convention over the years suggest a fall in traditional exports to the EEC. The Sugar Protocol has lowered the CARICOM quota to 31 per cent. Previously, around 80 per cent of the sugar from CARICOM countries used to be exported to UK.<sup>40</sup> This has also been true of bananas. As regards stabilization of export earnings, STABEX transfers have been substantial in relation to EDF project disbursements. Most of the EDF aid flows went to Belize, St.Kitts-Nevis, St.Lucia and St.Vincent and the Grenadines providing for basic needs in agriculture, rural development, health, transportation and education.

---

<sup>39</sup> Tanguy, n.38, p.25.

<sup>40</sup> DeLisle Worrell, Small Island Economies: Structure and Performance in the English-Speaking Caribbean Since 1970 (New York, 1987), p.30.



In order to consolidate the gains from such trading and aid arrangements, CARICOM countries in the 1980s devised projects and proposals that would assist in the diversification of their exports to EEC. Several reform measures such as a relaxation in the rules of origin, trade promotion, establishment of intra-regional trade mechanisms, removal of non-tariff barriers, increase in EDF disbursements, and debt relief measures were proposed.

In the wake of the EEC's decision to create a Single European Market (SEM) by December 1992, CARICOM countries however fear that they may lose many of the privileges which they have been enjoying. It has already been stated that Article 115 pertaining to the Banana Protocol will become inoperative after 1992 as it is deemed to be incompatible with SEM. Moreover, the EC rules of origin are becoming more stringent. For instance, while it is possible for Jamaica to export both knitted and woven clothing to US under the CBI, only the former is allowed to enter the European market.<sup>41</sup>

In short, CARICOM countries though benefited to an extent by the concessions offered in the Lome Convention, have not been able to consolidate the gains. The Lome Convention did not lead to diversification of Caribbean exports in terms

---

<sup>41</sup> Stevens, n.33, p.271.

of non-traditional items while the tendency to seek more and more aid and trading privileges persists. As Europe moves to a single market by the end of 1992, uncertainties have mounted in the Commonwealth Caribbean about the continuation of many of the privileges. CARICOM countries may have to look for alternative sources, if not aid then of trade principally within the region. The process of establishing closer ties with Latin American countries, as the next section points out, had begun with the attainment of independence by these countries and the formation of CARIFTA. However, it was only in the later part of the 1970s that a select number of Latin American countries importantly Mexico and Venezuela evince interest in the region and established long-term economic relations with a number of CARICOM member countries.

#### Relations with Latin America

Cooperation tempered by conflict in the economic arena remains the hallmark of CARICOM's interaction with Latin American countries and organizations. Evidently there is much that separates the Commonwealth Caribbean from other Caribbean and Latin American countries in terms of history, colonial legacy, political traditions and orientations and ethnic mix. However, as these countries became independent they evinced interest in Latin America for both economic

reasons such as trade and new markets and for political compulsions seeking solidarity in their struggle to safeguard the newly-acquired freedom and the danger the presence of the great powers in the region presented to the sovereignties. In fact, the initiation of the Caribbean Free Trade Association (CARIFTA) around the time when Latin American countries themselves were attempting varied types of economic integration through the Latin American Free Trade Association (LAFTA), the Central American Common Market (CACM) and the Andean Common Market (ANCOM) created possibilities of closer economic cooperation between the Commonwealth Caribbean and Latin America. Though it remained far from realization, the Commonwealth Caribbean countries had at one stage envisaged merging CARIFTA with LAFTA by 1985 thereby opening opportunities of large-scale trade between the sub-regions.

It is largely within and through the Organization of American States (OAS) that initially the economic relationship between the Commonwealth Caribbean and Latin America were facilitated.<sup>42</sup> The principal reasons for entry into the OAS,

---

<sup>42</sup> Except for Grenada and Montserrat, all other CARICOM countries are members of OAS. Belize and Guyana became respectively the 34th and 35th permanent members of OAS on 8 January 1991. For further details see, Keesing's Record of World Events (Harlow), vol.37, no.1, January 1991, p.37957.

it has been argued,

are economic: the availability of capital and technical assistance from OAS agencies; possible participation in existent or planned regional marketing and trading associations; and the need for diversification of these nations' trade links in view of the uncertainty of traditional British markets and Caribbean relationships with the European Economic Community.<sup>43</sup>

Other inter-American agencies and organizations have also been used for increasing interaction with Latin America. Mention has already been made of the Caribbean Development Bank (CDB) which has countries such as Colombia and Venezuela as non-borrowing members and donors of soft loans.

In 1973, CARICOM countries successfully pressed the OAS to include as its members the small Caribbean countries as and when they became independent and granting of OAS membership to Guyana which had been excluded on account of its border dispute with Venezuela. In the same way, CARICOM countries insisted in 1974 that membership of OAS should not be a condition for admission to the IDB. The idea was that the economic institutions connected with the inter-American system remained free from political considerations and their developmental activities should reach even the non-OAS members which included at that time Guyana and the Bahamas.

---

<sup>43</sup> Anthony T. Bryan, "Commonwealth Caribbean-Latin American Relations: Emerging Patterns of Cooperation and Conflict", in Basil A. Ince, ed., Contemporary International Relations of the Caribbean (St. Augustine, 1979), p.60.

The same year they succeeded in persuading the IDB to lend funds to the CDB for disbursements as loans to the non-members of the IDB.

As described earlier, the joint decision to establish diplomatic and commercial relations with Cuba in December 1972 was not only an example of coordination of foreign policies but also demonstrated the ability of CARICOM countries to impress upon OAS the need for lifting of economic sanctions against Cuba. Many other Latin American countries such as Argentina, Colombia, Panama and Venezuela followed CARICOM decision and established diplomatic relations with Cuba. In this way, the CARICOM countries were partly responsible for the 1975 OAS resolution admitting "ideological pluralism" in the region.

Since then CARICOM countries have come a long way in establishing mutually advantageous economic relationship with a select number of Latin American countries including importantly Colombia, Mexico and Venezuela and to an extent with Brazil. The underlying impulse behind the increasing interaction is their desire to expand trade ties, reducing and diversifying thereby their dependence on the industrialized countries of Europe and the United States. On their part, countries such as Venezuela and Mexico with their new-found oil wealth searched in the 1970s for a regional leadership

role for themselves besides securing export outlets for their products in the CARICOM countries. Hard hit by the rising oil prices and the worsening balance of payments situation, CARICOM countries looked towards Venezuela both for oil and easy credit. By the end of 1975, all the heads of government of CARICOM countries with the exception of Eric Williams of Trinidad and Tobago had visited Caracas seeking lines of easy credit and cheap oil.<sup>44</sup> Of importance was the Venezuelan-Mexican 1980 decision to supply oil to the energy hit Caribbean and Central American countries on easy credit.<sup>45</sup>

The programme continued throughout the 1980s regardless of the volatility in the price of oil, the economic difficulties

---

<sup>44</sup> Venezuela had extended lines of credit to Barbados, Guyana and Jamaica in the 1970s. Agreements for varied forms of economic and technical assistance were negotiated with Antigua and Barbuda, St. Kitts-Nevis, and Grenada, in addition to joint ventures in port development, cement and sugar industries and carton manufacture in St. Lucia and St. Vincent and the Grenadines. Besides a special fund was created for providing short-term finances to the LDCs to support the Leeward Islands Air Transport System. Further it was agreed to provide Jamaica crude petroleum at the pre-1973 price. For further details, see *ibid*, pp.67-68.

<sup>45</sup> In August 1980, Venezuela and Mexico signed an Energy Cooperation Agreement for Central American and Caribbean countries in San Jose, Costa Rica, providing for the permanent supply of 130,000 barrels of crude oil under special credit conditions to some countries of Central America besides Barbados, Belize, Jamaica, and the Dominican Republic, in the Caribbean region.

of Mexico and Venezuela and the fact that some beneficiary countries were repeatedly in arrears in their payments. In 1990 Mexico and Venezuela agreed to renew and, further, expand the programme now including refined petroleum products and extended it to some other countries too such as Haiti in a gesture "supporting its government and democracy".<sup>46</sup>

Venezuela has after some hesitation agreed to refer its border dispute with Guyana to the office of the United Nations Secretary General paving the way for the entry of Guyana into the OAS.<sup>47</sup> In the same year the border dispute between Belize and Guatemala on which CARICOM unanimously supported the Belize position was referred to a joint commission.

Notwithstanding the economic vicissitudes that two countries underwent during the 1980s, both Venezuela and Mexico have not reduced their economic involvement and stakes

---

<sup>46</sup> Andres Serbin, "The CARICOM States and the Group of Three: A New Partnership Between Latin America and the Non-Hispanic Caribbean?", Journal of Inter-American Studies and World Affairs, (Miami), vol.33, no.2, Summer 1991, p.69.

<sup>47</sup> Guyana was too long denied OAS membership in the wake of persistent opposition from Venezuela and some other Latin American countries. CARICOM has unitedly supported Guyanese claims over the disputed Essequibo region and the rights of Guyana to be an OAS member. As a result Guyana was granted the status of permanent observer in OAS in and full membership in January 1991.

in the Caribbean region. At the CARICOM Summit which was held in Grand Anse, Grenada on 4 July 1989, it was resolved to strengthen ties with Latin American countries especially the two leading Caribbean basin countries. Following the Summit, the Venezuelan president met the heads of government of CARICOM countries in August 1989 in Tobago. Out of this meeting came a declaration emphasizing cooperation between CARICOM and Latin America to improve their respective situations in view of the changing international economic and political situation. The declaration

urged that the region's integration movements be strengthened and that greater efforts be made towards regional collective self-reliance to respond more effectively to changes occurring in the international economic sphere and, in particular, to globalization of the world economy; the new directions of development assistance and investment flows to the detriment of Latin American and Caribbean countries, which are faced with the pressures of the external debt burden; and the trend<sup>48</sup> towards the formation of mega-economic groups.

To realize the above objectives a working group comprising of representatives of CARICOM, Venezuela and other Latin American countries was set up to assess possibilities of attaining regional self-reliance in foodstuffs, joint exploration of the region's mineral resources, technology sharing, development and exploitation of exports in selected areas, and development of capacity for joint markets, etc.

---

<sup>48</sup> Serbin, n.46, p.60.



Other issues of common interest such as the need to take coordinated action against drug trafficking and preservation of the environment have brought CARICOM closer to Latin America. Also, the CARICOM countries showing increasing interest in Latin American affairs have welcomed the emergence of democratic regimes throughout the continent; had, in the recent past, welcomed various peace plans and proposals for a negotiated settlement of crises in Central America and expressed concern over developments in Panama and Haiti during 1989.

The upshot of all these instances of growing interaction between Commonwealth Caribbean and Latin America was the granting of observer status in CARICOM to Mexico, Puerto Rico and Venezuela by the CARICOM Summit held in July-August 1990 in Kingston, Jamaica. In return, the Rio Group consisting of ten Latin American countries has agreed to expand membership so as to include a representative from CARICOM--a position which is presently held by Jamaica.<sup>49</sup>

---

<sup>49</sup> Jamaica attended the Rio Group meeting held in Caracas in November 1990 to assess the fall out of the Gulf crisis for Latin America and the Caribbean. To coordinate their own position, heads of governments of CARICOM countries also met separately to discuss the implications of Iraq's invasion on Kuwait and the subsequent build-up of US-led multinational military alliance against Iraq.

Although the Mexican interest in the Commonwealth Caribbean region dates back to the 1970s, when on account of two factors viz. an activist Third World foreign policy pursued by President Luis Echeverria Alvarez (1970-76) and the huge deficit in the balance of payments position made Mexico search for a more meaningful economic and political role in the region. The location of Mexico's huge oil reserves in the Gulf of Mexico and revolutionary turmoil in the Central American region during the 1980s made Caribbean an area of security interest too to Mexico. It is in this context that Mexico's participation in CARICOM assumes significance.

CARICOM countries wholeheartedly supported the 1973 Mexican proposal at the UN General Assembly for the establishment of a New International Economic Order (NIEO). One major consequence of Echeverria's Third World-oriented foreign policy was the establishment of a joint Mexican-CARICOM commission. Signed in July 1974 by the then Secretary-General of CARICOM and the Mexican Foreign Minister, the joint commission was to concentrate on cooperation in the fields of economy, technology and culture. The joint commission remained somewhat inactive and ineffectual over all these years. However, the conclusion of various bilateral and multilateral agreements during the visit of President Carlos

Salinas de Gortari to Jamaica where he attended the CARICOM Summit in 1990 has rekindled Mexican interest in the region.<sup>50</sup>

Brazil's relationship with CARICOM has been mostly confined to Guyana. Developed more in reference to the position of Venezuela, Brazil has been concerned lest a country adjoining its borders come under the influence of Venezuela which, particularly in the 1970s, was perceived to be a challenger to Brazil's claims of continental leadership. This has been the reason why Brazil has consistently given diplomatic support to Guyana in its dispute with Venezuela over the Essequibo region. Besides, there have also been high-level exchanges between Brazil and Guyana since 1968 in political, technological, academic and military matters. In 1971, the two countries agreed to the establishment of a joint commission on economic cooperation. Further, Brazil has also been involved with the development of Guyana's oil potential. In sum, Brazil's relationship with Guyana "represents a greater opportunity for political and economic development than active participation within Caribbean regional institutions".<sup>51</sup>

---

<sup>50</sup> During the meeting, Mexico signed an Agreement on Technical Cooperation and Trade Promotion with CARICOM.

<sup>51</sup> Payne, n.14, p.135.

To sum up, the foregoing discussion has focused on the role of externalities--US, UK and EEC and Latin America--in influencing the regional integration movement within the Commonwealth Caribbean. UK which was pre-occupied with the process of decolonization in the region in the 1960s later became an important partner of CARICOM first on its own and from the mid-1970s within the EEC framework. Under various Lome Conventions, CARICOM countries since the mid-1970s have benefited in areas of trade, stabilization of export earnings and mineral production programmes of the EEC. They have been provided various trade benefits besides aid programmes for the development of industries, agriculture and socio-economic infrastructure. The future of continuous flow of aid and trade concessions has however raised serious doubts and uncertainties among CARICOM countries. As has been discussed, the creation of SEM by December 1992 may prove detrimental to the interests of CARICOM as preferences given to it by the Lome Convention could be gradually removed. The Banana Protocol which has been terminated is a case in point.

With US, the dominant power in the region, these countries have had only a little elbowroom. The implementation of CBI in 1984 undoubtedly weakened the integration process. In the first place, CBI is a unilaterally prescribed

programme combining perceived military and political objectives and preferred economic development strategy of US for the region. CBI II though rectifies some of the shortcomings of CBI I, the impact of the programme has remained limited and not without negative consequences. For instance, CBI has stimulated neither the expansion nor diversification of CARICOM exports. On the contrary, given the low international prices of Caribbean agricultural exports in the last one decade, the foreign exchange earnings of these countries have not shown any appreciable rise. Designed in the context of the Central American crisis during the 1980s, CBI had moreover focused on Central American countries importantly El Salvador, Honduras, Guatemala and Costa Rica. Despite CBI II extending duty-free trade by another 12 years and enlarging the quotas and number of products that can be exported to US, CARICOM countries continue to highlight the inadequacies of the programme particularly protectionism in US market.

In view of the uncertainties surrounding the economic relations with EEC and the inadequacies of the trading arrangements with US, CARICOM countries have been seeking more economic interaction with a select number of Latin American countries importantly Mexico and Venezuela. The relations though limited and dictated by the perceived

national considerations of the two countries, nevertheless provide some scope for CARICOM to explore economic cooperation with some other Latin American countries including significantly Brazil and Colombia. As has been discussed earlier, enlargement of CARICOM by including non-English-speaking Caribbean countries such as Haiti and the Dominican Republic may expand intra-Caribbean trade to whatever extent but in the process may lessen their dependence on external aid and externally-prescribed trade and economic policies. The entire process of economic integration in the Commonwealth Caribbean underlines the need of economic integration to proceed and lessening of national economic rivalries, political-ideological disputes and personal animosities of the leaders.

TABLE I  
US IMPORTS AND EXPORTS FROM CARICOM CBI DESIGNATED COUNTRIES

	1984	1985	1986	1987
US Imports	2193	1930	1397	1453
US Exports	1560	1307	1385	1363
Deficit(-) or Surplus (+)	633	613	12	90

Source: Anthony P.Gonzales, "Recent Trends in International Economic Relations of CARICOM States", Journal of Inter-American Studies and World Affairs (Miami), vol.31, no.3, Fall 1989, p.69.

TABLE II  
US AID FLOWS TO CARICOM STATES

	1984	1985	1986	1987	1988*
Eastern Caribbean	106	54	49	49	46
Jamaica	108	155	119	78	95
Total	214	209	168	127	140

Note: \*Proposed by US administration

Source: Anthony P.Gonzales, "Recent Trends in International Economic Relations of the CARICOM States", Journal of Inter-American Studies and World Affairs (Miami), vol.31, no.3, Fall 1989, p.69.

## CHAPTER V

### SUMMARY AND CONCLUSIONS

Since the 1960s, the Commonwealth Caribbean countries have moved though somewhat slowly but inexorably towards integration covering economic, foreign policy and functional areas. This has happened notwithstanding the failure of the attempt at political unity in the form of the West Indies Federation in the 1960s. In retrospect, the West Indies Federation was destined to be a failure. Apart from factors such as the geographical insularity especially the separation of the most populated Jamaica from the rest of the territories and personality clashes of leaders, it was mainly the colonial policies of United Kingdom that contributed to the failure of the Federation. In fact, the West Indies Federation appeared essentially as a colonial device whereby UK had in the 1950s wanted to divest itself of the responsibilities of administering and financing the distant colonies in the Caribbean. Moreover, the introduction of the Federation at a time when nationalist sentiments and demands for political independence were sweeping the colonies contributed to its failure. There were many other factors that brought an end to the Federation. Some of these factors and forces have continued to hamper the functioning of subsequent movements at integration.



As has been noted earlier, the ideas of economic integration pre-dated the attainment of political independence. In the 1950s and 1960s, W.Arthur Lewis had argued for "industrialization by invitation" which implied that the increasing flow of foreign capital would create an industrial infrastructure and mitigate in the process the problems of unemployment, agricultural backwardness and the unfavourable land-population ratio. Such economic ideas once put into practice however created their own problems. Whatever industrialization that did take place was highly capital-intensive while the problems of unemployment and the heavy concentration of population on land continued to nullify the gains of development. In such a situation, William G. Demas, another leading West Indian economist, suggested economic integration as a way out of the state of underdevelopment. William G.Demas argued for a regional level development strategy based on import substitution industrialization (ISI). The ISI at the regional level not only makes industrialization feasible but also would enable the region as a whole to safeguard its economic interests and resist outside pressures. Consistent with his ideas, William G.Demas also advocated the central role the nascent Caribbean states were to play in the development process. No gainsaying the formation of the Caribbean Free Trade Association (CARIFTA) in 1968 was influenced by the ideas of William G.Demas.

Outcome of long deliberations, CARIFTA was intended to turn the region into a viable economic entity. Promoting free trade in the region among the member countries, CARIFTA had certain positive gains to its credit. For instance, intra-regional trade in terms of volume increased modestly. Manufacturing as a component of the intra-regional trade increased to a sizable level. However the intra-regional trade remained highly skewed with the more developed countries (MDCs) not only increasing but diversifying their exports with manufacturing constituting an ever-increasing portion of their exports. Such a skewed pattern of intra-regional trade soon led to protests from the less developed countries (LDCs) who had become net importers of products from the MDCs without experiencing any tangible industrial development of their own. In fact, whatever light industries existed in the LDCs faced threats of closure in the wake of their inability to compete with the manufacturers from the MDCs. Further, the inability of CARIFTA to integrate agricultural production at the regional level; on the contrary, the rise in agricultural production in the MDCs as a result of the operation of the Agricultural Marketing Protocol (AMP) led to even more vociferous protests from the LDCs. Not that the LDCs had not foreseen drawbacks of such a free-trade arrangement; their initiative in the form of the formation of the Eastern Caribbean Common Market (ECCM)--even before they had associated

themselves with CARIFTA--was an attempt to strengthen their own mutual economic bonds and further to present a united front within CARIFTA. By 1971 the share of the LDCs in the intra-regional trade had declined to 1.4 per cent from the meagre high of 1.9 per cent in 1967. Therefore, when the question of establishing a Common External Tariff (CET) and harmonization of fiscal incentives came up, the LDCs expressed their opposition to such a move fearing that CET would further weaken their position within the regional integration scheme and affect adversely their economic well-being. They complained that whatever concessions CARIFTA Agreement had envisaged such as those under the AMP and allocation of developmental projects and finances by the Caribbean Development Bank (CDB) have in reality not materialized. Other considerations such as the future of preferential trade ties with the European Economic Community (EEC)--an issue that was debated with great hopes and uncertainties by all the Commonwealth Caribbean countries in the early 1970s--further hardened the position of the LDCs. Therefore, when the question of CET came up, the LDCs made their acceptance of the CET contingent upon the allocation of industrial projects.

Aside from the inequitable distribution of whatever the modest gains, there were many other problems that continued to impinge on the working of CARIFTA. No gainsaying, CARIFTA alone cannot be held responsible for problems such as the

persisting high levels of unemployment, the capital-intensive nature of industrialization and the inadequate linkage between the industrial and agricultural sectors of the economy. In retrospect, CARIFTA, on the other hand, proved a more meaningful though a limited step towards regional integration. Evidently, the "deepening" of the integration process in 1973, when CARIFTA was upgraded into the Caribbean Community and Common Market (CARICOM), has not led to the resolution of these problems either. It is true that CARICOM with its goal of establishing a CET came into being only after the LDCs had successfully bargained for concessions in terms of the allocation of industrial projects. Other problems beyond the control of all these countries have however continued to constrain and hamper the realization of the goals of CARICOM. Rising international price of oil and high import bills for foodstuffs in the early 1970s were soon to throw the newly established common market regime into disarray. Faced with acute balance of payments crisis, most of the member countries soon began resorting to unilateral measures such as restrictions on imports from the other member countries and subsidizing their agricultural production. Such policies only invited retaliatory measures from other members and caused sufficient acrimony within the Community. The situation aggravated further in the 1980s since most of the countries had also incurred heavy external debts resulting in the stagnation of

intra-regional trade. Not only many of them had to introduce changes in their development strategies keeping in view with the measures prescribed by the international lending agencies such as the International Monetary Fund (IMF) and World Bank but also divert their economic relations from members towards non-member countries.

This is however not to deny the achievements of CARICOM on intra-regional front. Apart from an elaborate network of institutions and mechanisms for mutual consultation, CARICOM has also created a series of associated institutions such as the CDB. Even in terms of intra-regional trade, the data indicates fluctuations which is mainly on account of the persisting balance of payments crisis since the 1970s; nevertheless, the large-sized and more diversified economies have performed better on both the export and import fronts. Also, these countries have been able to raise the quantum of manufactures in their exports to the other member countries. External debt burden has further aggravated the problems involved in the intra-regional trade. The decline in the intra-regional trade in value terms is again on account of the fact that countries faced with heavy external debt burden are preferring unilateral rather than multilateral economic policies. Overall the position of the LDCs has also continued to decline in the Community. Their economies are seriously affected by the external factors while their role in intra-

regional trade has continued to decline. A series of measures that have been taken since the 1970s to effect structural transformation of the agricultural sector have succeeded neither in boosting agricultural production nor integrating agriculture with other sectors. Not surprisingly therefore, the idea of a CET continues to remain unrealized with only eight of the 13 member countries agreeing to a CET policy. The remaining four still expressing reservations on a CET are all LDCs. Another issue that has remained unresolved pertains to the role of the private sector in the integration process. The ideas that brought CARICOM into being had significantly expected the State to play an important role in the integration process especially--in maintaining a balance between the MDCs and the LDCs in terms of allocation of industrial projects, finances and various agricultural policies. Private business has in general opposed these measures arguing that many of the CARICOM policies are motivated by political considerations and not by their economic rationale. Likewise, private business is also opposed to the idea of a CET as well as policy of quantitative restrictions since these measures do tend to limit the profit margins of the private sector in any intra-regional trade. For similar reasons the rural private sector is also opposed to the role that has been assigned to the Caribbean Food Corporation (CFC) which was established in 1976 with the objective of raising of food production for

local needs instead of meeting the food requirements of the emerging tourist industry. Also, it strongly opposed the CFC programme of allocating national quotas for producing staple crops by mobilizing unused and under-utilized agricultural and other resources especially in the LDCs.

Thus both on industrial and agricultural front, CARICOM has faced tremendous difficulties emanating from within the region and outside. Notwithstanding some relative gains in intra-regional trade and the rise of manufacturing component therein, manufacturing continues to constitute a small proportion of the gross domestic product (GDP) indicating lack of sufficient industrialization in most of the member countries. Besides the capital-intensive nature of whatever little industrialization that has taken place, manufacturing remains limited to few products and areas importantly agro-based industries and assembly plants. The position of the LDCs, who had replaced ECCM and grouped themselves into the Organization of Eastern Caribbean States (OECS) in 1981, has not improved either. In the first place, OECS was intended to promote economic cooperation but soon expanded its activities so as to include the political and security aspects of the LDCs. Thereby these countries have wittingly or unwittingly opened themselves to the regional role of external forces.

As has been noted earlier, the working of external factors and forces have from the beginning adversely affected

the working of CARICOM; in the process, making of any long-range policies and programmes has become nearly impossible as member countries so often resort to unilateral actions violating the basic norms of integration and multilateral commitments. Mention has already been made of certain key regional projects such as the aluminium and bauxite plants which were abandoned as the main partners went their own way.

By late 1980s, CARICOM had reached a crossroad caught between the commitment to multilateral policies and regional economic programmes and the perceived national interest and narrow economic outlook. External conditions and countries have not either helped CARICOM in realizing its objectives.

Be that as it may CARICOM has still been able to give a positive direction and instil some level of cooperation in areas other than economics and trade. It is in the field of education, health, communication, weather-related data-processing and information and evolving a food and nutrition strategy that CARICOM has some success to its credit. The recent efforts made at the regional level to combat drug trafficking and prevent the use of Caribbean islands as point of trans-shipment of drugs are also noteworthy in this connection.

Likewise, CARICOM has also succeeded though only occasionally in bringing about coordination at the foreign



policy level. Only on issues of common interest such as colonialism, support for anti-colonial movements, apartheid, etc., the member countries have come together. Otherwise, quite often the perceived national interests has continued to guide the foreign policy outlook of these countries. At times the unilateral economic measures and counter-measures against each other has also made coordination of foreign policies extremely difficult.

The role of outside agencies and organizations has also not helped the process of cooperation and integration in the region. Foremost in this context is the role of United States and the launching of the Caribbean Basin Initiative (CBI) by President Ronald Reagan in 1982. A unilaterally prescribed programme CBI it is argued, reflected Reagan administration's political perceptions of the crisis engulfing Central American-Caribbean region during the 1980s. Whatever be the objectives of CBI, it has enabled certain products of CARICOM countries a duty-free access to US market for a period of 12 years. Such a limited and narrow economic thrust of the CBI evidently could not have stabilized the economic situation in the Commonwealth Caribbean countries. Moreover, by focusing on trade concessions on bilateral basis and promoting US private investment, CBI has admittedly weakened the process of regional economic integration. Not only has there been a decline of exports from the Commonwealth Caribbean

countries to the US but also the CBI provisions relating to the disbursement of aid have proved very meagre. Importantly by 1988 the total amount of US aid disbursed to all these countries had declined to US \$140 million. Likewise, the US investments have also been declining in the region. The CBI II, enacted by the US Congress in 1990, though takes into account some of the drawbacks of the previous programme and gives easier access to still a larger number of products to the US market, CARICOM countries continued to complain of protectionist policies and discriminatory treatment meted out to their products by the US.

As has been discussed earlier, the question of maintaining preferential trade ties with the United Kingdom once it had applied for membership of the EEC had created a great deal of uncertainty among the Commonwealth Caribbean countries at the time of the formation of CARICOM. Though the British trade with CARICOM countries is very small and moreover has been declining it remains important for CARICOM countries for two reasons: balance of trade remains biased against these countries necessitating the need for an ever-increasing exports to UK and secondly because the British market remains the principal and a guaranteed market for major export crops i.e. sugar, bananas and citrus fruits. However, since 1975 CARICOM's preferential trading advantages have come under the Lome Conventions and are drawn from the entire

EEC. In a complex arrangement covering the African, Caribbean and Pacific (ACP) countries EEC has provided not only non-reciprocal trade privileges but also the much needed financial aid and technical assistance to these countries. Moreover, unlike the CBI, the EEC's economic assistance programmes are multilateral, non-discriminatory and independent of political-security considerations. Such trading arrangements have enabled CARICOM countries not only an assured export-quota for their agricultural products but also stabilized to some extent their foreign exchange earnings and the balance of payments situation. Subsequently, the EEC has also extended export guarantees to mineral products of the region and stabilization of the export earnings besides providing the much needed financial and technical assistance. However, CARICOM countries have not been able to consolidate the gains of this special trade relationship as many of the projects and proposals devised by CARICOM remain at the rudimentary level. Moreover, relationship with EEC has further reinforced the regional tendency to rely on external aid and assistance programmes. As a result, CARICOM countries are faced with a great deal of uncertainty about the continuation of these trade ties with EEC beyond 1992 in a Europe with a single market and common import policies as has been envisaged.

The active role of outside countries in the region and the Commonwealth Caribbean countries' dependence on external

aid and trade privileges has however not deterred these countries from looking for equitable relationship with other countries in the region. These countries have looked towards regional organizations such as the Organization of American States (OAS) more in terms of improving their economic conditions and finding new outlets for their exports among the Latin American countries. But it has been more with a select number of Latin American countries including importantly Mexico and Venezuela that increasing bilateral and multilateral cooperation has been effected.

In short, as the entire Western Hemisphere moves in the direction of establishing sub-regional trading blocs as has been evident from initiatives such as the North American Free Trade Area comprising US, Mexico and Canada, the MERCOSUR comprising Argentina, Brazil, Paraguay and Uruguay and the strengthening of Grupo Andino (GRAN) and the Central American Common Market (CACM), the continued importance of CARICOM can hardly be denied.<sup>1</sup> Not only CARICOM has in recent years expanded with Dominican Republic, Haiti, Mexico, Surinam and Venezuela having been accorded the observer status, it has moved further closer to the ideal of a common market. The CARICOM Heads of Government Conference (HGC) held in Kingston,

---

<sup>1</sup> Financial Express (New Delhi), 17 February 1992.

Jamaica in July 1990 constitutes a landmark in the integration process in the region. The Conference decided among others elimination of all internal trade barriers by July 1991, establishment of a common market by 1993 and introduction of a single currency by 1995. However, the continued reluctance of the remaining four LDCs viz. Antigua and Barbuda, Montserrat, St.Kitts-Nevis and St.Lucia to subscribe to a CET and thereby establish a customs union combined with recent US pressures to lower if not remove the regional trade barriers constitute a major challenge to the creation of a common market. CARICOM has argued that the CET is needed to protect the economies of member countries and the eventual creation of a common market would give it the necessary strength to compete in the international market. The CET seeks to protect the economies of the member countries by imposing the highest of 45 per cent duty on imported goods which are also produced within the Community and the lowest of five per cent on imported products and inputs needed for regional development.<sup>2</sup> The US economic policy towards the region as reflected in the CBI and now the CBI II which is intended to link more closely the Commonwealth Caribbean economy with the US market and the announcement of the Enterprise for the America's Initiative (EAI) by President George Bush envisaging a continent-wide free trade zone

---

<sup>2</sup> Financial Times (London), 30 April 1992.

combined with domestic and regional factors such as the heavy external debt burden, balance of payments crisis, etc. remain the major challenge to the establishment of a common market. Expectedly the influence of outside countries and factors has enabled the Commonwealth Caribbean countries make a more realistic appraisal of the integration process. In the late-1980s there has been a noticeable decline in the so-called political-ideological conflicts, the dementing of narrow nationalistic perceptions and the rise of a more pragmatic leadership at the regional level which augurs well for the integration movement in the region. All in all CARICOM remains despite all its shortcomings a prime example of lateral cooperation among developing countries that has withstood all pressures and tests of time.

## BIBLIOGRAPHY

### Primary Sources

Commonwealth Secretariat, International Development Policies: Review of the Activities of International Organizations (London: Pall Mall Press), no.42, April-July 1991.

Caribbean Community Secretariat, The Caribbean Community: A Guide (Georgetown: Caribbean Community Secretariat, 1973).

\_\_\_\_\_, The Caribbean Community in the 1980s: Report by a Group of Experts (Georgetown: CARICOM Secretariat, 1981).

\_\_\_\_\_, The NASSAU Understanding: Structural Adjustment and Closer Integration for Accelerated Development in the Caribbean Community (Nassau, 7 July 1984).

\_\_\_\_\_, History of CARICOM (Georgetown: Caribbean Community Secretariat, April 1987).

Inter-American Development Bank, Economic and Social Progress in Latin America: 1972 Report (Washington, D.C.: Inter-American Development Bank, 1972).

\_\_\_\_\_, Economic and Social Progress in Latin America: 1983 Report (Washington, D.C.: Inter-American Development Bank, n.d.).

United Nations Economic Commission for Latin America, Economic Bulletin for Latin America (New York, N.Y.: United Nations, 1970), vol.14, no.2, second half of 1969.

\_\_\_\_\_, Economic Bulletin for Latin America (New York, N.Y.: United Nations, 1973), vol.18, nos.1 and 2, 1973.

United Nations Economic Commission for Latin America and the Caribbean, Economic Survey of Latin America and the Caribbean 1988 (Santiago: United Nations, 1989).

United Nations Industrial Development Organization, Industrial Development Series - The Caribbean Region (New York, N.Y.: United Nations, March 1987).

United Nations Conference on Trade and Development, Handbook of International Trade and Development Statistics: 1990 (New York, N.Y.: United Nations, 1991).

## Secondary Sources

### Books

- Adamson, Alan H., Sugar Without Slaves: The Political Economy of British Guiana, 1838-1904 (London: Yale University Press, 1972).
- Albertini, Rudolf von, Decolonization: The Administration and Future of the Colonies, 1919-1960 (New York: Doubleday and Company Inc., 1971).
- Atkins, Pope G., Latin America in the International Political System (Boulder: Westview Press, 1989).
- Augier, F.R. and others, The Making of the West Indies (London: Longman Group Limited, 1970).
- Axline, Andrew W., Caribbean Integration: The Politics of Regionalism (London: Francis Pinter Ltd., 1979).
- Balassa, Bela, Theory of Economic Integration (London: George Allen and Unwin, 1965).
- Beckford, George L., Persistent Poverty: Underdevelopment in Plantation Economies of the Third World (New Delhi: Select Books, 1984).
- Burns, Alan, History of the British West Indies (London: George Allen and Unwin Ltd., 1965).
- Carl, Beverly May, Economic Integration Among Developing Nations: Law and Policy (New York, N.Y.: Praeger Publishers, 1986).
- Chernick, Sydney E., The Commonwealth Caribbean: The Integration Experience (Baltimore: The Johns Hopkins University Press, 1978).
- Connolly, Michael and McDermott, John, eds., The Economics of the Caribbean Basin (New York, N.Y.: Praeger Publishers, 1985).
- Crassweller, Robert D., The Caribbean Community: Changing Societies and U.S. Policy (New York, N.Y.: Praeger Publishers, 1972).



- de Kadt, Emmanuel, ed., Patterns of Foreign Influence in the Caribbean (London: Oxford University Press, 1972).
- Demas, William G., The Economics of Development in Small Countries with Special Reference to the Caribbean (Montreal: McGill University Press, 1965).
- El-Agraa, Ali M., ed., International Economic Integration (London: The Macmillan Press Ltd., 1989).
- Fagen, Richard R., ed., Capitalism and the State in U.S.-Latin American Relations (California: Stanford University Press, 1979).
- Farley, Rawle, The Economics of Latin America: Development Problems in Perspective (New York, N.Y.: Harper and Row, 1972).
- Feld, Werner J. and Boyd, Gavin, eds., Comparative Regional Systems: West and East Europe, North America, The Middle East and Developing Countries (New York, N.Y.: Pergamon Press, 1980).
- Ferris, Elizabeth G. and Lincoln, Jennie K., eds., Latin American Foreign Policies: Global and Regional Dimensions (Colorado: Westview Press, 1981).
- Franck, Thomas, M., ed., Why Federations Fail: An Inquiry into the Requisites for Successful Federation (New York: 1968).
- Goldhammer, Herbert, The Foreign Powers in Latin America (Princeton, New Jersey: The Princeton University Press, 1972).
- Grimal, Henri, Decolonization: The British, French, Dutch and Belgian Empires 1919-1963 (London: Routledge and Kegan Paul, 1978).
- Heine, Jorge and Manigat, Leslie, eds., The Caribbean and World Politics (New York, N.Y.: Holmes and Meier, 1988).
- Hellman, Ronald G. and Rosenbaum, H.J., eds., Latin America: The Search for a New International Role (New York, N.Y.: John Wiley and Sons, 1975).
- Hirschman, Albert O., A Bias for Hope (New Haven and London: Yale University Press, 1971).

- Ince, Basil A., ed., Contemporary International Relations of the Caribbean (St. Augustine, Trinidad: Institute of International Relations, 1979).
- International Organization and Integration, "Organizations and Arrangements in the Western Hemisphere" (The Hague: Martinus Nijhoff, 1983), vol.II.B-II.J.
- Irvin, George and Gorostiaga, Xavier, eds., Towards an Alternative for Central America and the Caribbean (London: George Allen and Unwin Ltd., 1985).
- Jagan, Cheddi, The Caribbean Revolution (Prague: Orbis Press Agency, 1979).
- \_\_\_\_\_, The West on Trial: My Fight for Guyana's Freedom (London: Michael Joseph Ltd., 1966).
- Lewis, Arthur W., Development Planning: The Essentials of Economic Policy (London: George Allen and Unwin Ltd., 1966).
- Lewis, Gordon K., The Growth of the Modern West Indies (New York, N.Y.: Monthly Review Press, 1968).
- Maddison, Angus, ed., Latin America, the Caribbean and the OECD: A Dialogue on Economic Reality and Policy Options (Paris: Development Centre of the Organization for Economic Cooperation and Development, 1986).
- Maritano, Nino, A Latin American Economic Community: History, Policies and Problems (London: University of Notre Dame Press, 1970).
- Millett, Richard and Will, Marvin W., The Restless Caribbean: Changing Patterns of International Relations (New York, N.Y.: Praeger Publishers, 1979).
- Mitchell, Harold, Europe in the Caribbean (London: Stanford University Press, 1963).
- Mordecai, John, The West Indies: The Federal Negotiations (London: Allen and Unwin, 1968).
- Mtewa, Mekki, Perspectives in International Development (New Delhi: Allied Publishers Pvt.Ltd., 1986).
- Nisbet, Charles T., Latin America: Problems in Economic Development (New York: The Free Press, 1969).

- Payne, Anthony, International Crisis in the Caribbean (Baltimore: The Johns Hopkins University Press, 1984).
- \_\_\_\_\_, and Sutton, Paul, eds., Dependency Under Challenge: The Political Economy of the Commonwealth Caribbean (Manchester: Manchester University Press, 1984).
- Ramcharan, B.G. and Francis, L.B., eds., Caribbean Perspectives on International Law and Organizations (Dordrecht: Martinus Nijhoff Publishers, 1989).
- Ritter, Archibald R.M. and Pollock, David H., eds., Latin American Prospects for the 1980s: Equity, Democratization, and Development (New York, N.Y.: Praeger Publishers, 1983).
- Schiavone, Giuseppe, International Organizations (London: The Macmillan Press Ltd., 1983).
- Seers, Dudley, ed., Dependency Theory: A Critical Reassessment (London: Frances Pinter Ltd., 1981).
- Segal, Aaron and others, Learning by Doing: Science and Technology in the Developing World (Boulder: Westview Press, 1987).
- Singer, H.W. and others, eds., Trade Liberalization in the 1990s (New Delhi: Indus Publishing Company, 1990).
- Tardanico, Richard, ed., Crisis in the Caribbean Basin (London: Sage Publications, Inc., 1987).
- Wesson, Robert, Politics, Policies and Economic Development in Latin America (California: Hoover Institution Press, 1984).
- Williams, Eric, Capitalism and Slavery (London: Andre Deutsch Ltd., 1964).
- \_\_\_\_\_, From Columbus to Castro: The History of the Caribbean 1492-1969 (London: Andre Deutsch Ltd., 1970).
- Wionczek, Miguel S., ed., Latin American Economic Integration: Experiences and Prospects (New York: Frederick A. Praeger Publishers, 1966).
- \_\_\_\_\_, Economic Cooperation in Latin America, Africa and Asia: A Handbook of Documents (London: The MIT Press, 1969).

Worrell, DeLisle, Small Island Economies: Structure and Performance in the English-Speaking Caribbean Since 1970 (New York, N.Y.: Praeger Publishers, 1987).

### Articles in Periodicals

Bernal, Richard and others, "Caribbean Economic Thought: The Critical Tradition", Social and Economic Studies (Mona) vol.33, no.2, 1984, pp.5-95.

Broderick, Margaret, "Associated Statehood - A New Form of Decolonisation", International and Comparative Law Quarterly (London), vol.17, April 1986, pp.368-403.

Clark, Don P., "Regulations of International Trade: The U.S. Caribbean Basin Economic Recovery Act", Development Economies (Tokyo), vol.27, no.1, March 1989, pp.75-82.

Demas, William G., "How to be Independent", Caribbean Review (Florida), vol.6, no.4, October-November-December 1974, pp.9-16.

Erisman, Michael H., "The CARICOM States and US Foreign Policy: The Danger of Central Americanization", Journal of Inter-American Studies and World Affairs (Miami), vol.31, no. , Fall 1989, pp.141-82.

Garten, Jeffrey, E., "Trading Blocs and the Evolving World Economy", Current History (Philadelphia, Pa), vol.88, no.534, January 1989, pp.15-16, 54-56.

Geiser, Hans Joerg, "Regional Integration in the Commonwealth Caribbean", Journal of World Trade Law (Twickenham), vol.10, no.6, November-December 1976, pp.546-65.

Girvan, Norman, "The Development of Dependency Economics in the Caribbean and Latin America: Review and Comparison", Social and Economic Studies, vol.22, no.1, March 1973, pp.1-33.

Gonzales, Anthony P., "Recent Trends in International Economic Relations of the CARICOM States", Journal of Inter-American Studies and World Affairs, vol.31, no.3, Fall 1989, pp.63-95.

- Griffith, Winston H., "Can CARICOM Countries Replicate the Singapore Experience", Journal of Development Studies (London), vol.24, no.1, October 1987, pp.60-82.
- \_\_\_\_\_, "Caribbean Countries and the Caribbean Basin Initiative", Latin American Perspectives (London), vol.17, no.1, Winter 1990, pp.33-54.
- Harker, Trevor, "Sustained Development for the Caribbean", CEPAL Review (Santiago), no.41, August 1990, pp.55-72.
- Jacoby, David, "Anticipating the Birth of the American Economic Area (AEA)", Multinational Business (London), no.2, Spring 1992, pp.37-43.
- Knight, Franklin W., "The Caribbean in the 1980s: The Choices and the Challenges", Towson State Journal of International Affairs (Maryland), vol.60, no.1, Fall 1981, pp.1-14.
- Lewis, Vaughan A., "Political Integration Revisited", CARICOM Perspective (Georgetown), nos.44 and 45, January-June 1989, pp.3-4.
- Naraine, Mahindra V., "The Caribbean Community's Tenth Anniversary", The Round Table (London), no.288, October 1983, pp.433-42.
- Olaniyan, R.O., "The Caribbean Community: Basic Issues in the Integration of Mini States", Development and Peace (Budapest), vol.7, Spring 1986, pp.135-55.
- Pastor, Robert and Fletcher, Richard, "The Caribbean in the 21st Century", Foreign Affairs (New York, N.Y.), vol.70 no.3, Summer 1991, pp.98-114.
- Payne, Anthony, "The Rise and Fall of Caribbean Regionalisation", Journal of Common Market Studies (Oxford), vol.19, no.3, March 1981, pp.255-80.
- \_\_\_\_\_, "Whither CARICOM? The Performance and Prospects of Caribbean Integration in the 1980s", International Journal (Toronto), vol.40, no.2, Spring 1985, pp.207-28
- Polanyi-Levitt, Karl, "The Origins and Implications of the Caribbean Basin Initiative: Mortgaging Sovereignty?", International Journal, vol.40, no.2, Spring 1985, pp.229-81.

- Poon, Auliana Dr, "The Future of Tourism: A Perspective for the Caribbean - Part I", CARICOM Perspective, nos.44 and 45, January-June 1989, pp.51-52.
- Ramsaran, Ramesh, "Commonwealth Caribbean Integration: Progress, Problems and Prospects", Inter-American Economic Affairs (Washington,D.C.), vol.28, no.2, Autumn 1974, pp.39-50.
- Segal, Aaron, "Economic Integration and Preferential Trade: The Caribbean Experience", The World Today (London), vol.25, no.10, October 1969, pp.415-27.
- \_\_\_\_\_, "Caribbean Realities", Current History, vol.84, no.500, March 1985, pp.127-30.
- Serbin, Andres, "The CARICOM States and the Group of Three: A New Partnership Between Latin America and the Non-Hispanic Caribbean?", Journal of Inter-American Studies and World Affairs, vol.33, no.2, Summer 1991, pp.53-80.
- Shicheng, Xu, "Enterprise for the American Initiative", Foreign Affairs Journal (Beijing), no.20, June 1991, pp.45-54.
- Simmonds, K.R., "International Economic Organizations in Central and Latin America and the Caribbean: Regionalism and Sub-Regionalism in the Integration Process", International and Comparative Law Quarterly, vol.19, 1970, pp.376-97.
- Stevens, Christopher, "The Caribbean and Europe 1992: End-game?", Development Policy Review (London), vol.9,no.3, September 1991, pp.265-83.
- Tanguy, Jean, "The Fourth Lome Convention", Review of International Affairs (Belgrade), vol.41, no.959, 20 March 1990, pp.24-28.
- Thomas, Desmond, "Prospects for Economic Development", Conflict Studies (London), no.222, pp.1-17.
- Thoumi, Francisco E., "Bilateral Trade Flows and Economic Integration in Latin America and the Caribbean", World Development (Oxford), vol.17, no.3, March 1989, pp.421-9.

Uchegbu, P.E.A., "The CDB: Implications for Integration", Journal of World Trade Law, vol.7, no.5, September-October 1973, pp.568-86.

Valenta, Jiri and Valenta, Virginia, "Leninism in Grenada", Problems of Communism (Washington, D.C.), vol.33, no.4, July-August 1984, pp.1-23.

Will, Marvin W., "A Nation Divided: The Quest for Caribbean Integration", Latin American Research Review (New Mexico), vol.26, no.2, 1991, pp.3-37.

Williams, Marion, "Analysis of Regional Trade and Payments Arrangements in CARICOM, 1971-1983", Social and Economic Studies, vol.34, no.4, December 1985, pp.3-34.

#### Newspapers

Financial Express (New Delhi)

Financial Times (London)

New York Times

Trinidad Guardian (Chaguaramas, Trinidad).

Almanac, Yearbooks, etc.

Europa World Year Book

Foreign Broadcast Information Service

Keesings Record of World Events

The Annual Register: A Record of World Events

1665