



GOVERNMENT OF BARBADOS

**“THE CARIBBEAN SINGLE MARKET AND ECONOMY:  
THE WAY FORWARD”**

THIRTIETH ANNIVERSARY DISTINGUISHED LECTURE  
OF THE CARIBBEAN COMMUNITY  
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DELIVERED BY  
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Those of us who are in any way involved with charting the destiny of the people of the Caribbean must feel both chastened and challenged by the verdict of C.L.R. James in “The Birth of a Nation”:

*“Nobody knows what the Caribbean population is capable of. Nobody has even attempted to find out”.*

The creation of a Caribbean Single Market and Economy is an endeavour that will test to the full the validity of James’ judgement.

Put as simply as possible, it is an exercise which will entail our taking the 15 participating economies, stretching from Belize in the West to Suriname in the East, which have existed hitherto as separate, distinct economies, and reconstituting them as a single market and a single economy, in the same sense in which, Barbados for example, is one national rather than 11 parish economies.

It is an initiative that will change, in very profound and fundamental ways, the structure of each of the economies involved, the trajectory of their development, their relationship with each other and with economic systems in the rest of the world.

The creation of a Caribbean Single Market and Economy will unquestionably be the most complex, the most ambitious and the most difficult enterprise ever contemplated in our region. And in a region which, as Philip Sherlock has observed, division is the heritage, contrast is the keynote, and competition is the dominant theme, economic integration requiring cooperation on the scale and of

the depth envisioned by the CSME will be substantially more difficult to attain than integration on the political plane.

To the popular imagination, the creation of the CSME is increasingly being represented as the meeting of a set of elusive deadlines, the putting in place of a number of economic institutions, the management of a number of discreet economic events involving the removal of barriers, and the prescription of legal frameworks within which economic activity can be given new regional definitions and dimensions.

We would however do well to appreciate that it is impossible to conceive of an economy, whether national or regional, as a stand alone entity. It embodies and represents a way of life. Its functioning requires the deployment and reliance on political and power relations. It draws its purposes and its dynamics from social and cultural norms and values. Its foundations and building blocks consist not only of its physical and financial resources, but more integrally so of a number of social assets, including a sense of community, a shared identity and other bonds that inspire individuals to cooperate in the design and workings of the instruments to promote their mutual well being.

Judged within such a broad context, the socio-economic climate within which a Caribbean Single Market and Economy is being conceived and is to be implemented can hardly be deemed to be propitious.

At the political level, the creation of the CSME is taking place in the shadow of the failure of the previous attempt at political federation.

One of the lingering consequences of that failure is the strongly held conviction that any venture to forge deep political integration in the region is both inappropriate and impractical.

It is a view expressed graphically in the West Indies Commission Report “Time for Action” in these terms:

*“The goals of a general West Indian unity at the political level remains for our people; it is clear, a sort of Holy Grail shining on the edge of a distance too far away to matter for the time being”.*

In such a political context, a false pragmatism in the Caribbean continually asserts itself. It is the false pragmatism that holds that economic and political affairs can be compartmentalized. The Caribbean is therefore expected to achieve the very highest form of economic union known to mankind, to achieve at the economic level that which, it is claimed, cannot be achieved at the political, and to do so without major political readjustments.

I may graphically illustrate the enormity of the implications of this political choice, by way of drawing reference to the fact that the CSME is intended to achieve a depth and scope of economic integration akin to that sought by the various instruments of integration deployed by the European Union.

Europe, however, seeks for itself a Single Market and Economy within the context of a European Union at the political level. We seek merely a CSME per se.

This is not to suggest that the process of economic integration in the Caribbean is intended to be undertaken in an environment free of political dimensions.

Quite to the contrary, our Caribbean Community has been conceived to be a Community of Sovereign States. Each sovereign state, in such an arrangement, retains exclusive powers in relation to the implementation of community decisions. There is also no provision for the transfer of sovereignty to any supranational regional institutions and there is no body of community law that takes precedence over domestic legislation, nor is automatically applied in domestic jurisdictions.

The Caribbean has therefore chosen the most difficult political form of integration by which to implement something that is as complex as a single market and economy.

The creation of a CSME and its possibilities should also not be addressed outside the appropriate historical context.

An accurate appreciation of our common history leads to the conclusion that all Caribbean economies have been participants in a prior and a predominant form of economic integration that is more powerful and pervasive than that of the CSME.

>From their very inception and up to today, the typical Caribbean economy has been structurally and functionally integrated into wider metropolitan economies.

All of our productive sectors - sugar, bananas, tourism, international business and financial services, petroleum, manufacturing - depend on extra regional rather than regional or domestic markets for their survival and viability.

In consequence, only a tiny fraction of our societies' economic activities depend upon the regional market. In Jamaica it is estimated to be 1.8%; Trinidad and Tobago 7.4%; Barbados 9.1%.

By contrast, in Europe, between 60% - 90% of export transactions involving goods and services originate from demand within Europe itself.

Economic integration schemes are most effective when participating firms and national economies suffer major loss of profits and national economic welfare from not participating in production to meet regional demand or from being irresponsive to regional initiatives. In addition, compliance in the implementation of community decisions is never a major problem if such decisions are central to the interests of member states and their enterprises.

Such is however hardly ever the case when national economies and major enterprises can look to extra regional relationships for the achievement of their principal goals.

It is in this sense and for this reason that we must be conscious of the fact that the mere proposal to constitute a Caribbean Single Market and Single Economy cannot in and of itself erase nor efface 400 years of economic acculturation.

We have now to make the Caribbean matter as a major source of our capital, skills, technology, entrepreneurship and markets, and important in the decision making process of Governments, enterprises and individuals.

Failing this, the CSME will be no more than the fifth wheel of a coach; not much of hindrance to progress, nor not much of an aid.

At the social and cultural levels, we are attempting as a region to build an integration movement that is distinctive and entirely different from that known to or practised by any other region.

The CSME rests on the notion of the Caribbean becoming a community of nations; a community which draws its vitality and purpose from the shared and common desire to rise above the debilitating aspects of a tortured past. It is intended to be a community whose building blocks are the bonds of shared and common values, a sense of kith and kin, and the anticipation of a common destiny that derives from our being one people with a unique and common culture.

A community thus conceived must, of course, depend for much of its formal structure on the legal provisions embodied in its Treaties and Agreements, and the formal arrangements devised to support its systems of governance.

It can only however have vitality and meaning if there are, at work, instruments of communications to enable a Caribbean rather than insular personality and identity to emerge and predominate, and to cause insular nationalism to give way to the pride of regional nationhood.

This, however, is in the realm of things hoped for rather than things already or about to be achieved.

The effort to create a CSME will continue to fly up against a retarding head wind until we deal with the fact that it is impossible to build a community without effective means of communication. In an age that will come to be exemplified by the revolution in information and communication technology, it is amazing that we believe that we can create a single market in the region without first making the simple act of travel, or the movement of goods less difficult, less expensive and less time consuming.

Markets depend upon the availability and relevance of information.

It is therefore astonishing that we should believe that we can make the Caribbean one Single Market, in circumstances where the ordinary Caribbean citizen has access instantly to information and developments taking place in every other corner of the world - except the Caribbean.

The absence or underdevelopment of the appropriate instruments of communication to bring the Caribbean together, as one, has deprived the endeavour to create a Single Caribbean market and economy of the sturdy foundation on which ideally it ought to rest. It must be rectified as a pre-condition for further progress.

The effort to integrate the Caribbean to a level as complex and comprehensive as that of a single economy also runs up against new socio-economic tendencies, perspectives and developments across the region that are not creating a climate that is conducive to progress.

Lest that fifty years after the attainment of political independence, under-achievement, a loss of confidence, cynicism and the willingness to accept the second best across a wide field of social, economic, cultural and political activity are fast becoming attributes that enjoy widespread currency in our region.

Buffeted by economic crisis after economic crisis, some domestic economies are relatively less prosperous than they were 30 years ago. Others, faced with the loss of trade preferences teeter on the brink of collapse. Many are compelled to deal with basic, urgent issues relating to economic survival and solvency; attention therefore turns inward and to the immediate. Issues pertaining to regional restructuring take second place in such a context, especially if they bring with them new financial obligations that cash-strapped Governments are in no position to assume. Ironically, and as a consequence, the very set of economies that more urgently need to be integrated than any other set in the world, often find themselves unable to devote the energy and the resources to that task.

In addition, few new icons of Caribbean excellence are emerging in any field. In cricket, it is as if our days of greatness and glory are behind us. There have been no Barbadian novelists or poets of late on the same plane of achievement as Lamming, Clarke or Brathwaite; no Caribbean economists of the ilk of Lewis or Beckford; no new cultural artistes of the vintage of Sparrow or Marley; in the regional public service no new legends of the status of Arthur Browne, Ramphal, Demas, McIntyre, Oliver Jackman, Steve Emtage.

Our regional political leaders and politicians in general appear to be modest in scope and accomplishment as compared to the titans of the past. Journalism has

seen better days. Less than fifty years after the West Indies Federal Court was an outstanding success, a substantial cross section of the contemporary Caribbean citizenry entertain grave doubts about the introduction of a Caribbean Court of Justice. Many even now believe that the gaining of political independence was not worth the while.

More depressing, there is the growing acceptance that institutional failure is an option. As such, many of other regional institutions - LIAT, the CCL, CARDI, the CBU/CANA, sometimes even the UWI - are forced to eke out a precarious existence, always in a state of permanent financial contingency.

To set very high national goals, such as the attainment of full employment or full development is to incur the risk of being lampooned.

And across the region, many citizens whose foreparents were in the vanguard of the struggle for social upliftment, and helped to make significant history by helping to build political institutions and contribute to the fight for independence, wear, as a badge of honour, their apolitical nature, and their lack of knowledge and interest in anything regional.

When, as happened in a recent survey, only 78% of respondents recognised the West Indies Cricket Team as being associated with regional integration, and an even far greater proportion professed to be unaware of the Caricom Secretariat and the CSME itself, it can truly be said that ignorance of regional affairs has become fashionable.

Shridath Ramphal captured it well in a piece in the mid 1990's "Remembering to Score". Revisiting the occasion in 1972 when the region was preparing to advance from Carifta to Caricom, he opined:

*"The first thing to note about those times were our relative freshness and confidence. There was a mood of hope at large. We may have lacked experience in the world, but we did not lack boldness or energy.*

*Now the prevailing sense in Caribbean capitals, certainly on matters of trade and economic policy generally, but on other matters as well, is one of powerlessness, of constraints, of limitations, of incapacities.*

*It was a different time and, for us, a better time".*

The CSME will be but one part of a wider integration movement in the Caribbean. It will essentially mirror the state of Caribbean society and psyche: It tests our capacity to conceive of that which simply must be done in pursuit of a higher level of development, and our will to see things through.

It cannot be implemented by a region that doubts itself. For as Norman Manley observed in 1947, in contemplating the future of a united region, "***Great causes cannot be won by doubtful men***".

This evening I again offer the perspective that the creation of a Caribbean Single Market and Economy is an urgent, inescapable and historic necessity that must be satisfactorily and successfully met, no matter how massive the task appears, no

matter how meagre the immediate returns may be, or how numerous may be the obstacles and pitfalls that must be overcome.

For a region in which most of the potential for economic development of the constituent members has been stifled throughout our history by their imposition on themselves, of a formidable array of barriers and constraints on the movement of skills, capital, goods, services, entrepreneurship, and by their historical inability to cooperate in the rational and coordinated use of such resources; a CSME represents a necessary, though not sufficient option, by which the sustainable development of the societies of the region, individually and collectively can be pursued and attained.

The Caribbean also looks to a future in which it cannot envision continued reliance on the traditional trade preferences which in the past provided stability and market assuredness for its traditional industries. Economic policies and instruments to confer on domestic industries high levels of protection in an open and highly competitive global economy cannot also be relied upon to be successful or feasible tools of economic transformation.

The programme of economic liberalization encapsulated in the designs of the CSME is therefore a vitally important aspect of the economic imperative to evolve a new class of Caribbean enterprise that is built to world standards, which can compete successfully within the region, can be the spearhead of our regional effort to hold our own and succeed in the new Economy of the Americas which is on the point of being constructed, and in the global economy which is now emerging as a fully liberalized entity.

In that sense, it represents the most effective means, save and except for the negotiation of the most generous regime of special and differential trade terms for small economies, by which the individual economies of the region can be successfully integrated into the evolving global economic system on terms that minimise the cost and disruptions ensuing from that integration, while making the most of any new opportunities.

The CSME also offers each participating economy the prospect of being able to plan their development somewhat freer of the debilitating shackles that have historically been imposed on them by the miniature size of population, market and land area. In so doing, it offers a wider field of opportunity than is currently made available by any individual economy for the growth and expansion of businesses of all descriptions, across all sectors.

In addition, it offers the prospects of enabling new forms of strategic alliances and business restructuring to be contemplated to directly address longstanding problems of uncompetitiveness which have been induced largely by small scale.

The CSME also has the capability and holds the promise of unleashing a new and an unprecedented economic energy in the Caribbean. By facilitating entirely new relationships between the ordinary Caribbean man and woman to the regional economic system, in the form of the unprecedented right to establish enterprises wherever they chose to in the region, greater mobility and wider choice, for the first time the Caribbean has within its reach the realistic opportunity of being able

to mount its development on the industry, ingenuity, enterprise and the creative imagination of its people.

Those attributes are our region's richest resources. For 400 years, failure to optimise their use has been the gravest deficiencies in the enterprise to conduce Caribbean development.

The opportunity that the CSME offers is best understood by reference to the limitations of the attempts at Caribbean economic integration which preceded it. The contemporary endeavours to integrate the economies of the Caribbean goes back to 1968 with the establishment of the Caribbean Free Trade Area (CARIFTA). That had as its principal feature the removal of tariffs and other barriers to the intra-regional trade in goods that were produced within the region.

Any economic integration process in the Caribbean that limits itself to the liberalisation of the trade in goods only will yield very modest results. Not surprisingly, Carifta made hardly a difference, leading to a small boost in intra-regional trade which came to represent approximately 10% of all the trade carried on by the economies of the region.

Five years later, the integration process was deepened, through the Treaty of Chaguaramas, by the provisions to create a form of Common Market in the region. To the pre-existing arrangements to support the liberalisation of trade in goods was added the provision for a common external tariff, to provide some measure of protection to regional industries in the process of their competition with extra regional imports. The 1973 Treaty also contained provisions - though token in

nature - relating to the removal of restrictions in respect of the establishment of businesses, provision of services, the movement of capital and the coordination of economic policies.

Again, this relatively limited approach to economic integration yielded only limited economic benefits and returns.

It made hardly a difference to the volume of intra-regional trade, which continued to hover at around 10% of total trade. It was hardly a stimulus to major new investments. And by its design and intent to support regional import substitution, it scarcely served as a means by which evolving and intensely pressing issues concerning international competitiveness and export penetration could be addressed.

It bears stressing that the principal difference between CARIFTA of 1968 and the Common Market of 1973, was the allowance made for the pursuit of a common policy to protect industries in the Caribbean from competition from extra regional imports by means of a Common External Tariff (The CET).

The CET was intended to be fully in place by 1981. It was never implemented, a failure in large measure due to the fact that the Heads of Government in the Caribbean did not meet in Annual Conference between 1975 and 1982.

We are therefore left to imagine what kind of strides would have been made in the development of the regional economy had the leaders of the day, who constitute some of the titans of Caribbean politics, not left Caricom to languish in its infancy.

In the ensuing years, some of the principal Caribbean economies, under the auspices of multilateral lending institutions, implemented structural adjustment programmes having at their core, programmes of economic, financial and trade liberalization that far exceeded their commitments as expressed in the Treaty of Chaguaramus of 1973.

In addition, by the end of the 1980's, through the proliferation of new trading blocs, and the rapid onset of economic globalization accompanied by its legitimising ideology of economic and financial liberalization, economic systems everywhere were being reconfigured to more accommodate the working of free, private market forces, to facilitate robust capital and other factor flows, and to promote export-led growth and international competitiveness to an extent not contemplated in the 1973 design of the instruments of Caribbean economic integration.

As such, at Grande Anse, Grenada in 1989, Heads of Government, convinced of the need to expeditiously deepen and strengthen the Caribbean Community in all of its dimensions, to seek equitable and sustainable development, and respond to the challenges and opportunities presented by the global economy, decided to transform the limited Common Market, as originally conceived in 1973, into a fully fledged Single Market and Single Economy in the shortest possible time.

In relation to its design features, as are embodied in the Revised Treaty of Chaguaramas of 2001, it is intended that the respective economies of the Caribbean should be reconstituted as a Single Market by the removal of existing barriers, not

only to the trade in goods, but now the trade in services, capital flows, technology, that skilled persons should freely circulate, and Caribbean citizens should enjoy new and unfettered rights of establishment of enterprise anywhere in their region.

The provisions of the Revised Treaty of Chaguaramas are also designed to reconfigure the hitherto separate domestic economies into a Single Economy through the harmonization, coordination and convergence of macro-economic policies, the implementation of a common external trade policy, the harmonized and coordinated development of the productive economic sectors, and small and micro-enterprises, and collaboration in relation to the management of monetary and exchange rate affairs. The Revised Treaty also makes provision for joint regional actions in relation to the development of capital markets, standards setting and enforcement, the enforcement of a community-wide competition policy and consumer protection measures, and, of course, the creation of new regional institutions to implement regional policies in the areas concerned.

Importantly, the arrangement for the creation of the CSME, in pursuit of the objective of equitable development makes explicit allowance to accord special and differential treatment to those countries, specially the OECS countries, that enter the process as LDC's. It also sets out the processes by which countries, regions or sectors, which experience disadvantages as a result of workings of the regional integration process can seek, and attain redress.

Finally, to bolster consumer and investor confidence in the certainty, predictability and fairness in the application of the measures relating to the CSME, new modes of mediation and dispute settlement have been embedded in the Revised Treaty. At

the apex of these is the proposed creation of a Caribbean Court of Justice, vested with the compulsory and exclusive jurisdiction to hear and determine disputes concerning the interpretation and application of the Treaty which creates the CSME.

The CSME as just described now exists essentially as a legal entity, embodied in the provision of the Revised Treaty of Chaguaramas. The task ahead is that of transforming it into a lived reality.

I would like to reflect for a moment on the process by which we have reached the point where a legal framework exists in a Treaty to enable the respective Caribbean economics to function as a CSME in the belief that it will shed some light on the pace at which we can go, and the scope of what we can possibly achieve.

In 1989 Heads of Government of Caricom committed the region to having a CSME in place by 1993. In so doing they accepted a timetable for action, that, with the best will in the world, simply could not have been attained.

Single forms of integration such as the creation of a Free Trade Area can be brought about by very simple actions such as one piece of legislation to change the Customs Act.

The task of transforming a number of economies which had hitherto freely existed as separate economies, each with its own distinctive economic policies, laws, separate and different institutions, different sectoral compositions, and wide

diversity in levels of performance into a Single Market and Economy is really a massive undertaking which simply cannot be accomplished in a short period.

It is instructive that we draw from the experience of the only other region - the European Union - which has set out to refashion itself into a Single Market and Economy, for enlightenment as to how such a process could unfold.

Europe's process was initiated by the Treaty of Rome of 1957 under which the unification or integration of its previously separated markets was planned to be achieved within a 12 year transition period ending in 1969. Although some tariffs and quotas were abolished, the schedule was not met.

Throughout the 1970's and 1980's Europe's process in attaining a Single Market was so remarkably slow that its state of affairs came to be termed "Eurosclerosis".

It was left to Mario Monti in "The Single Market and Tomorrow's Europe" to sum up the paralysis in these graphic terms:

*"By the mid 1980's it began to dawn on many that after nearly 30 years, the European Community still had no real common market, that many of the freedoms prescribed in the Treaty of Rome for capital, goods, services and people remained a dead letter..."*

It was also left to the Cockfield Report on the Single Market of 1985 and the 282 proposals that issued from it, incorporated into the single European act of 1986, to give European integration some energy.

Between 1985 and 1992 an unprecedented volume of legislation was adopted by member states to meet the deadline for the creation of a Single Market.

Even then the process continued to evolve. In 1989 the Delors Report was adopted, prescribing an approach to the creation of a Monetary Union which came to be embodied in the Maastricht Treaty of 1991. The process of European Integration continued to evolve with the formulation of the Amsterdam Treaty of 1997. Almost fifty years after it was first conceived, it has not yet been completed and in fact continues to evolve.

By comparison, the process in the Caribbean has been rapid.

By 1992, the basic technical studies to determine exactly what needed to be done to create a CSME had been completed and adopted.

The real heavy lifting followed over the next 8 years. To the extent that the original Treaty of Chaguaramas did not provide a legal basis for the Caribbean Economies to be refashioned and to function as a CSME, a new Treaty effectively had to be formulated to create such a legal authority, taking into account the special characteristics of the Caribbean economies, evolving international trade law - with all of this designed to meeting the requirements and approval of each of the participating national economies.

The first exercise involved the negotiation of a Protocol to change the organs

of the community, the voting arrangements and the system of regional governance prescribed in the original Treaty, since they did not meet the requirements of a CSME.

The most exciting change the CSME is intended to introduce is to, for the first time, make it lawfully possible for capital, skills and people to move freely in the region, the trade-in services to be facilitated, and Caribbean citizens to be enabled to establish enterprises wherever they wish in their region.

Rules had to be developed and agreed in each of these spheres, taking into account new international trade law as embodied in the GATS, and the vastly differing regimes and conditions that exist in respective Caribbean economics in these fields.

The principle that was accepted as the basis for defining the rules was that no new restrictions would be introduced and the existing restrictions on the movement of capital, skills, the provision of services, and rights of establishment would be phased out in accordance with an agreed and negotiated programme.

The work to give effect to these principles set in train a region-wide survey to make a complete inventory of all existing restrictions, numbering some 450, and a detailed and comprehensive engagement with each national authority to devise a programme for their phasing out.

The removal of some of these restrictions will require only administrative actions; others such as Alien Land Holding Legislation will entail constitutional change. Major adjustments to domestic legislation will be required to remove much of the

other restrictions, and to make their removal the new driving force in Caribbean economic integration.

It has also to be appreciated that while the removal of some of the restrictions may appear to require only single action, they do in fact need a multiplicity of related measures to give each full effect.

For example to facilitate the movement of skilled persons, provision also had to be made to create Accreditation and Certifying Bodies at both the national and regional level. In addition a Treaty had to be devised to avoid the double taxation of the incomes of citizens who move from country to country. An agreement also had to be devised to permit the portability of their social security benefits.

All of these things have now been put in place.

The negotiation of the legal framework for a Single Economy also meant that new legal ground had to be broken in prescribing new rules to facilitate cooperation and coordination in the development of economic sectors and common economic policies in the Caribbean, rules relating to the manner in which our external trade relations would be managed, new measures to ensure that competition in the new Single Market is both free and fair, a new regime of special and differential treatment for the most vulnerable Caribbean economies and new rules and mechanisms for settling disputes.

An Inter-Governmental Task Force drawing upon the best expertise in the public and private sector of the region, and taking account of the recommendations of two

Special Consultations on the CSME, in my judgement performed an extraordinary service in negotiating these new rules of economic engagement and liberalization over these many areas in a manner that attracted the support and signature of all of the participating Governments.

It is these major achievements that we now take lightly.

In the process, quite a considerable effort was also made not only to give the legal provisions of the CSME a distinctly Caribbean flavour, but to allow the entity, once created, to co-exist with other economic arrangements of which the Caribbean is to be a part and yet be a major force in Caribbean transformation.

The only integrating mechanism in the Western Hemisphere, including NAFTA and MERCOSUR, that provides for the movement of skills is the CSME, underscoring our appreciation of the centrality of the deployment of the human resource as the one of the chief mechanisms by which to induce Caribbean development.

And the provisions of the critical regimes for the liberalisation of capital, services and the establishment of enterprises have been so designed to enable the Caribbean to afford its constituent economies greater, deeper and faster market access in every field than it is prepared to afford anyone else. The CSME, so designed, can therefore not only co-exist with the FTAA, but be a more powerful force for growth in the Caribbean than the FTAA itself.

To illustrate, Barbados has been made only a united number of commitments to remove restrictions on the performance in Barbados of services by extra-regional entities. It has however agreed to remove virtually all restrictions on the performance of services by Caricom nationals in Barbados.

Having said that, it is important to make clear that the CSME will never appear in any one place or time as a finished or finite entity, with a grand finale, complete with fireworks. Rather, it will evolve, Indeed, at article 239 of the Revised Treaty, there is a built-in agenda to support the elaboration of future Protocols in areas where the region is conducting external negotiations but has no equivalent regional regime (electronic commerce and government procurement). The built-in agenda also requires that future regional regimes be formulated to deal with the treatment of goods in free zones and similar jurisdictions, the free circulation of goods, and rights contingent on the provision of the movement of capital and the establishment of enterprises, all with a view to give certainty and completeness to the regional liberalization provisions.

There are also major omissions in the design of the CSME which early experience suggests require an immediate and urgent response. For example, unlike the situation which pertains in the European Union, the provisions for the creation of a CSME makes no allowance for a Regional Fisheries Policy and Regime.

Yet, the Caribbean Sea is arguably the most vital component of the single economic space that the CSME is intended to create. There is therefore a crucial need for rules to be devised and implemented governing access to its resources,

and the management of those resources, if a dispute that has not yet subsided between two otherwise happily interdependent neighbours is anything to go by.

The incorporation of a Regional Fisheries Policy and regime, together with provisions relating to Labour Law, Property Law and a regime for Community Transnational Enterprises will help to bring fullness to the design of the CSME.

In relation to the implementation of the CSME, the most sustained effort to date, stretching back to the era of Carifta, has taken the form of actions to remove barriers to the trade in goods and to erect a common external tariff.

There are notwithstanding still in existence a number of non-tariff barriers to the trade in goods, including licensing arrangements. On balance however the remaining trade barriers are not so prevalent as to be regarded as a factor which distorts or restrains intra-regional trade.

A few countries are yet to complete the final phases of the Common External Tariff, which requires the top rate of tariff on non-agricultural imports from outside the region to be 20%, and for agricultural commodities 45%. This is held to be a breach of their regional obligations.

Ironically, by perpetrating this breach, the countries concerned are affording goods imported from neighbouring islands greater protection in their markets than would be the case were they fully to implement the CET.

The most immediate and pressing schedule that is to be met is that of implementing the arrangements to complete the Single Market by 2005.

In specific terms, this will entail the removal of the 450 existing restrictions on capital mobility, the rights of establishment of enterprises by Caricom nationals, the movement of skills, hassle free travel and the provision of services, as required by Chapter 3 of the Revised Treaty of Chaguaramas.

Member countries will be expected to complete these arrangements, fully respecting the spirit and letter of Article 7 of the Treaty which prohibits them from applying discriminating measures on grounds of nationality only, and Article 8 which prevents them from giving any entity outside the region more favourable treatment than they accord their Caricom neighbours.

To give a flavour to what is expected of us in Barbados, it will require that those spheres of economic activity such as fast food operations, watersports, hire car businesses which have traditionally been reserved for Barbadians only, will now have to be opened up to the participation of other Caricom nationals. In addition, special economic programmes, such as those contained in our Small Business Development Act, which have been applied in a discriminatory manner by reference to nationality, will have to be refashioned to remove that element of discrimination. And the foreign exchange controls that Barbados has maintained on current and capital transactions will have to be removed on a phased basis to bring us into line with our regional obligations.

The deadline of the regional programme to implement the arrangements to create a Single Market is the end of 2005. Barbados, together with Jamaica and Trinidad and Tobago have committed themselves to implementing their obligations by the end of 2004.

In our case, it will involve the bringing on of an omnibus piece of legislation to Parliament by the end of the year and incorporating all of the measures that we have to institute to honour our obligations.

It will be done.

Critics who carry no responsibility for implementing public policy have created an industry of complaining in the region by bemoaning the slow pace at which some of these seemingly simple measures have been implemented. They ignore the fact that as simple as they may appear, the changes proposed will alter the employment prospects of a wide cross section of people. Such change has therefore to be managed by way of extensive consultation and consensus building.

In some Caricom countries, the implementation of the programme to create a Single Market will require Constitutional Amendments to change things such as Alien Landholding Legislation and to create the Caribbean Court of Justice.

It is therefore not as easy as some will make it appear, and the effort requires the support of the entire community.

Beyond the implementation of the programme to create the Single Market by 2005, is the programme to build the Single Economy. This will be an ongoing effort for which there cannot be a fixed deadline. In this regard Chapter 4 of the Revised Treaty of Chaguaramas set out an ambitious Agenda for cooperation in the articulation and implementation of policies and programmes for sectoral development. It prescribes a regional programme of cooperation for all of the main sectors, setting as its goal their market-led, internationally competitive and sustainable production of goods and services. It contains a regional charter for micro and small Economic Enterprise Development, a common agricultural policy, a framework for regional human resource development, a regional technological development programme, a community investment policy, a policy for environmental and Intellectual Property Protection, for the development of the social infrastructure, the harmonisation of Investment Incentives, macro economic policies, industrial relations and comprehensive development of the financial system.

The satisfactory implementation of such arrangements for economic and financial harmonisation and cooperation, as specified in Chapter Four, would give a tremendous boost to the growth prospects of all Caribbean economies. It would especially be a spur to the creation of competitive enterprises and would open up new opportunities for investment and for the rationalisation of the use of existing productive capacities on a scale never before contemplated in the region.

In compliance with its terms, already, a common regional fisheries regime has been tabled for consideration. Within the context of its provisions, there is the possibility for the pursuit of a common approach to the rationalisation of

traditional export production, in the face of the loss of preferences. Equally, we are at a place and time when the programme, based on respect for the National Treatment and Most Favoured Nation Treatment precepts as enshrined in Articles seven and eight of the Treaty must be carried through in relation to energy products produced and sold within the region.

The implementation of the provisions set out in Chapter 4 of the Revised Treaty concerning sectoral development also lends itself to the fostering of an entirely new partnership relationship among the regional private sector, the labour movement, the institutions of the civil society, our University and tertiary training institutions and respective regional governments.

The definition of the manner in which such a partnership should be structured and should take effect is urgent and must engage us immediately in order for us to move forward the process of embedding the workings of the CSME in the sectors' performance and in the functioning of the economy at the level of the enterprise.

To bring the Single Economy fully into operation, important future work must also be undertaken at the domestic and regional level to implement the measures relating to competition policy and the regional policy in relation to subsidies and dumping. Trade and economic activities in the regions must not only be free but must also be fair.

Of equal significance is the task force before us to complete the programme for the establishment of regional institutions and institutional arrangements that would allow the single, unified economic space to be occupied on fair and equal terms by

all. Important in this respect will be the creation of a Regional Competition Commission, the Caribbean Regional Organisation for Standards and Quality, the Regional Accreditation Unit, the Regional Development Fund, and the list of Regional Conciliators and Arbitrators to settle disputes that need not go to the Court of Justice.

The initiative to create Single Caribbean Economy will also require that a considerable effort be expended to develop model harmonised legislation covering areas such as Customs, Taxation, Companies, Competition Policy, Incentives to Industry and the like.

These requirements place an enormous strain on the institutional capabilities of member states which have very limited human and financial resources by which to support legal drafting over such a wide and complex field.

It is therefore important that while we seek to make haste as quickly as possible, we do not set for ourselves impossible deadlines by which to accomplish what can only be described as a major exercise in economic re-engineering, re-positioning and ultimately economic fusion in the region.

It is in such a context a very happy thing to be able to report that the institutional arrangements to facilitate the one crucial element of a Single Economy, the conduct of a common external trade policy, have been put into effect in the form of the Regional Negotiating Machinery. This is marshalling the region's external trade negotiations in the multiplicity of theatres in which new trade agreements

affecting the region are being considered. No other region has attained such cohesion in a field that lends itself to the supremacy of cut-throat competition.

And all of the agreements and other institutional arrangements to support the operation of a Caribbean Court of Justice and to support and sustain its juridical and financial independence and integrity are in place, and the Court is to be inaugurated in the very near future.

Full implementation of the CSME will allow any Caribbean national to undertake economic activities in any jurisdiction without restrictions, and in an environment in which transactions take place seamlessly between the various locations, and face essentially the same rules, procedures and reporting requirements.

It will be difficult to achieve, but will be worth pursuing.

To achieve it, we have to think and act more strategically than has been the case in the history of the Caribbean.

For at the end of the day, whether it is developing a national or a regional economy, success depends upon mastering those key, few strategic things that simply make the difference.

We begin by knowing what those key, few strategic things are. It is now up to us to do them.

The first is to make the CSME matter; to prevent it from being the fifth wheel to the coach, to make its very existence and functioning vital to the development of the mainstream productive sectors which generate our income, our employment and our wealth.

No longer should we operate in a region where the activities in our main productive sectors are largely unaffected by our integration regimes.

As such, the new Economic Commission which we need to create is one that brings together the leaders of the private sector, the labour movement, the leaders of the financial sector, key public officials, our leading academics and leaders of our non-Governmental organisations to oversee the full and speedy implementation of that ambitious programme for sectoral development and economic harmonisation set out at Chapter 4 of the Revised Treaty.

Such a Commission should have as part of its terms of reference the devising of a framework for the deliberate creation of a number of Pan Caribbean Companies that are owned by a broad cross section of the Caribbean public and are regional and indeed global in the orientation and function. Such Pan Caribbean Companies are needed to enable us to establish a meaningful presence in the Cruise Tourism Industry, to create new economic activity stretching from Belize to Suriname to produce premium products to service the demand for goods and services that is generated by tourism but are largely sourced from outside the region, to commercially develop our cultural industries and the creative economy, in general, where so much of the Caribbean economic potential lies. We need a Pan

Caribbean Company to enable us to make an Integrated Sea Island Cotton Industry become a reality.

The Commission so constituted would also oversee the implementation of a programme to bring to bear a regional response to the rationalisation of those “sunset industries” such as sugar and banana which depended hitherto on trade preferences but which in the future have to face the full force of market liberalisation. It would also be charged with devising and overseeing the programme by which the Caribbean can fully grasp all of the opportunities created by the revolution in information technology to create more skill intensive and knowledge-based industries.

It would especially have to oversee the implementation of a programme to develop the financial and capital market of the region to equip us better to finance the emergence of new, competitive enterprises built to world standards.

Secondly, the CSME must be made to be a positive and indispensable factor in the daily lives of the ordinary man and woman to confer upon it credibility and immediate relevance.

This can be accomplished by extending and quickly implementing the provisions for the free movement of skills beyond the existing list of graduates, self-employed and the technical and managerial class to the other wage-earning and artisan groups in the Caribbean.

A Guyanese carpenter should be made to feel that he can build the cupboards at the residence of the Prime Minister of Barbados without it being regarded as an odious and criminal act.

Third the CSME must be made to promote the purposes of equitable Caribbean development.

Without deliberative affirmative action, an integration process will suffice only to widen the disparities between those countries which entered it in a more developed state and the lesser developed, at the expense of the latter group.

Europe has shown that this spectre of polarisation and inequitable development can be pre-empted by the use of social cohesion and regional development funds, and the application of special regional development programmes that have succeeded not only in harmoniously facilitating the integration of these countries, but substantially uplifting the performance of its previous lesser developed members such as Ireland, Portugal and Spain.

Our integration arrangements makes provision for the creation of a Regional Development Fund to underwrite such a programme of cohesive integration in our region.

Since member states cannot from their own fiscal resources fund such a new mechanism, they have to enter an alliance with the CDB, the multilateral lending community, institutional investors of long term capital within the region, and favourably disposed economic allies to bring it into existence to give those

countries classified as our LDC's the chance to both finance their rapid transformation and to become equal, energetic and powerful partners in regional development.

Fourth, we have to stop treating that great gift of political independence - our sovereignty and its exercise - as the impediment it has become to the implementation of regional programmes.

We have, in such a context to devolve real authority to the organs of our Community to enable them to act in our name, and to empower new supranational forms of Government with an effective capacity to devise and implement community law and other directives and regulations to give certainty and urgency to the implementation of regional decisions.

We also have to give full effect to the arrangement to devise a scheme to provide independent and automatic financing for our critical regional institutions, following the fashion, if not the modality, employed in making arrangements to secure the financial solvency and Independence of the Caribbean Court of Justice.

We do not suggest here creating either a Federation or Unitary State. But it is within our capacity to make the Caribbean a virtual political union, replicating the features of the Economic Union we are striving to fashion.

Above all, we have to revisit, take seriously, and indeed treat as being integral, the process of nurturing and popularising symbols and other expressions of Caribbean nationhood and community. A Caricom passport, a regional media that is designed

to bridge communication deficits and to bring us together as one, the popularisation of Intra-Community vocations, and the designation and appropriate celebration of Caricom Day as a major community holiday would be a good place to start.

The Caribbean Single Market and Economy is not a relic of our tortured and crisis-ridden past. It is an expression and an anticipation of a future that can be better and brighter for all.

It belongs especially to the young people of the Caribbean. It can become their chief instrument to make of our region that which the first generation of independent Caribbean citizens have been unable to accomplish - a successful Caribbean society.

I thank you for this platform, presented by the young people of Barbados, in the presence of tomorrow's people to deliver myself of these remarks.

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