

# The Caribbean

## CARICOM – the other economic community

by Simone Higgins

The Caribbean Community ('CARICOM') was created on 4 July 1973 when the leaders of Barbados, Guyana, Jamaica and Trinidad & Tobago signed the Treaty of Chaguaramas ('the treaty'). Its objectives and institutions mirror those of the European Community created in 1957.

### MEMBERSHIP

CARICOM's membership includes Antigua & Barbuda, Barbados, Belize, Dominica, Grenada, Bahamas, Guyana, Jamaica, Montserrat, St Lucia, St Kitts-Nevis-Anguilla, St Vincent & the Grenadines and Trinidad & Tobago.

By July 1999 the joining of Suriname and Haiti increased CARICOM membership to 15 states and its market population from 6 to 13 million. Associate states include the British Virgin Islands and the Turks and Caicos Islands. Twelve other South and Central American countries have observer status.

### 'MDC'S AND 'LDC'S

As a reflection of the economic and political disparities of the region Jamaica, Trinidad & Tobago, Guyana and Barbados are described in the treaty as the 'more developed countries'. The remainder (except the Bahamas) are described as the 'less developed countries'.

### THE CARICOM TREATY

In the treaty preamble CARICOM's leaders declared a 'common determination to fulfil the hopes and aspirations of their peoples for full employment and improved standards of work and living'. This remains their overriding purpose. Similar sentiments can be found in the EC Treaty (Preamble and art. 2 and 3).

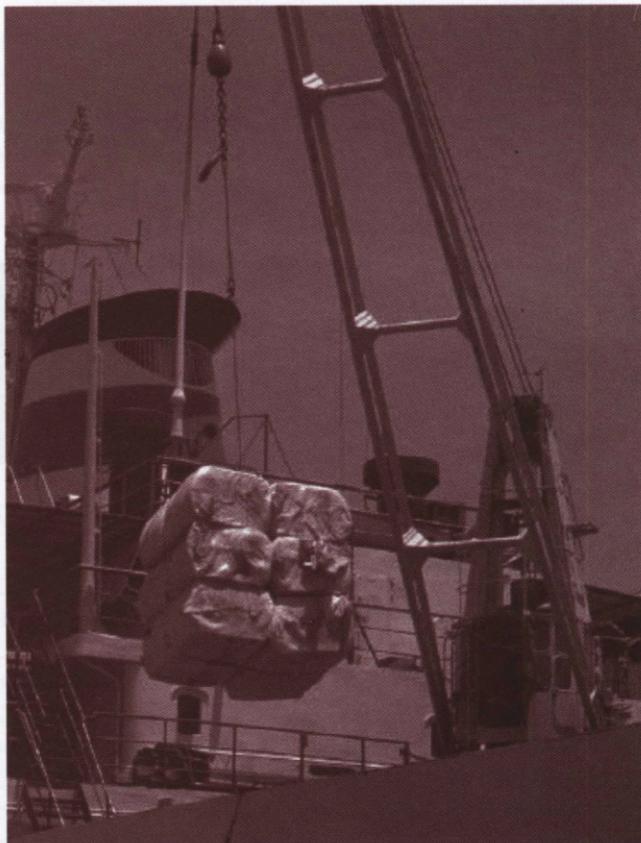
### Objectives

The treaty sets three objectives for CARICOM to achieve such hopes and aspirations. These remain a central feature of CARICOM's agenda and are heavily inspired by the objectives of the EC.

The first and perhaps most important objective is the creation of an economic zone in CARICOM within which the goods, services, workers and capital of its member states can move freely, without the burden of tariffs or other cross-border restrictions. This is to be achieved by means of trade liberalisation, a common external tariff, a common protective policy and improved production (art. 4(a) and Common Market Annex of the treaty). This is sometimes referred to as the single/common market objective and a mirror image of it can be found in art. 7(a), *Single European Act 1986*, in which the EC member states agreed to 'adopt measures with the aim of progressively establishing the internal market over a period expiring on 31 December 1992 ...'. The EC single market was defined as comprising 'an area without internal frontiers in which the free movement of goods, persons, services and capital...' (art. 14, EC Treaty).

The second objective is the creation of a common foreign policy which CARICOM states must jointly co-ordinate and implement. The EC equivalent is the common foreign and security policy of the European Union. For the uninitiated, the European Union was created by the Treaty on European Union of 1992 and consists of what are referred to as the 'three pillars'. The European Community is the first pillar; the concept of a common foreign and security policy is the second pillar and the third pillar is the area of justice and home affairs. At its simplest, the aim of the common foreign and security policy is to ensure that EC states pursue a uniform foreign policy towards third states in and out of Europe and pool their military resources as regards the defence of EC borders. The CARICOM version is virtually identical.

The third objective is commonly described as that of 'functional co-operation'. It requires CARICOM states to pool their resources so as to improve the standard and provision of 'common services and activities' in areas like education, health and transport and to promote and advance social, cultural and technological developments in the region. Some equivalence to this objective can be found in various parts of the EC Treaty. For example, art. 3 of the EC Treaty provides that the activities of the EC will include common policy in the sphere of transport, the promotion of research and technology, a contribution to the attainment of high levels of health protection, education and culture, and a policy in the sphere of development co-operation.



### Undertaking

To ensure progress in the achievement of the objectives CARICOM states undertook to fulfil their treaty obligations, carry out the decisions of CARICOM institutions and abstain from any measure which could jeopardise their attainment. A similar undertaking was given by the member states of the EC (art. 10, EC Treaty).

### INSTITUTIONS

CARICOM has four principal institutions: the Conference of the Heads of Government ('the Conference'), the Bureau of the Conference ('the Bureau'), the Community Council of Ministers ('the Council') and the Commonwealth Caribbean Secretariat ('the Secretariat').

#### Conference

The Conference is CARICOM's most important institution. Its EC equivalent is the European Council. It was created in July 1963 when the Prime Minister of Trinidad & Tobago convened the first conference meeting to discuss his government's proposal to create a community of Caribbean states. It was well attended. From then on regular meetings were held, and the Conference became a permanent institution during the existence of CARICOM's immediate predecessor, the Caribbean Free Trade Association (CARIFTA, 1965–1973).

#### OBJECTIVES

The first and perhaps most important objective is the creation of an economic zone in CARICOM within which the goods, services, workers and capital of its member states can move freely, without the burden of tariffs or other cross-border restrictions. This is to be achieved by means of trade liberalisation, a common external tariff, a common protective policy and improved production.

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The Conference consists of the leaders of each state as well the representatives of international bodies and is the final authority on matters of policy, finance, trade and foreign policy. Like its EC equivalent, leadership of the Conference is regularly rotated between state leaders.

The Conference has the power to settle legal and political differences arising from the interpretation and implementation of the treaty. This includes trade disputes within the region.

It holds annual meetings, reviews the activities of all CARICOM institutions and has the power to make decisions and recommendations. It can also issue directions to CARICOM institutions on the 'policy to be pursued' in achieving the objectives.

It has a unanimous voting system, which is applied to important issues for decision. A form of qualified majority voting (affirmative vote of no less than three-quarters of the contracting states will pass a measure) has been introduced for less important matters. However states are entitled to opt out, as long as they can show that this will not prejudice the achievement of the objectives (art. 17(4) and 19(1) of Protocol I).

#### AIMS

CARICOM's leaders declared a 'common determination to fulfil the hopes and aspirations of their peoples for full employment and improved standards of work and living'. This remains their overriding purpose. Similar sentiments can be found in the EC Treaty (Preamble and art. 2, 3).

#### Bureau

The Bureau was set up in December 1992. Run by the presiding Conference leader, his predecessor and a Chief Executive Officer, who is usually the Secretary-General of the Secretariat, its purpose is to aid the work of the Conference, by initiating policy and trade proposals for presentation to conference meetings and to ensure that conference decisions are implemented.

#### Council

The Council is mainly made up of state ministers responsible for CARICOM affairs. Its EC equivalent is the Council of Ministers and it replaces the Common Market Council, which was set up in the early days of CARICOM to implement the single market objective but was considered ineffective. Its primary purpose is the strategic planning and co-ordination of CARICOM's efforts to achieve all the objectives.

#### Secretariat

The Secretariat is another institution inherited by CARICOM from CARIFTA. It was established in May 1968 and is equivalent to EC Commission. It is run by the Secretary-General. Like the EC equivalent (the President of the Commission) the Secretary-General is appointed by the Conference for a maximum of 5 years. He/she is assisted by a Deputy, a General Counsel, and a number of administrators, who must be impartial in the performance of their duties.

The Secretariat has overall responsibility for the management and administration of CARICOM's institutions. This includes:

- servicing the meetings of CARICOM's institutions;
- taking appropriate follow-up action on decisions made at those meetings;
- conducting research and producing reports on issues relating to the achievement of the objectives;
- providing technical expertise on such things as the environment, the law, engineering and telecommunications; and
- producing annual reports on CARICOM's progress in the achieving the objectives.

The Secretary General often acts as a CARICOM spokesperson and is seen as the main drive behind the implementation of its policies.

### Secondary institutions

The Council and the Conference are assisted by a number of subsidiary councils and related bodies. Examples include:

- the Council for Trade and Economic Development (COTED), which promotes CARICOM and the trade and economic development of states in and out of the region;
- the Council for Foreign and Community Relations (COFCOR), which helps to make and implement foreign policy decisions;
- the Council for Human and Social Development (COHSOD), which covers housing and other social problems; and
- the Council for Finance and Planning (COFAP), which co-ordinates CARICOM's economic policies, including those relating to monetary union.

The subsidiary councils are supplemented by committees. These include the Legal Affairs Committee, consisting of attorney-generals from each CARICOM state, the Budget Committee and the Committee of Central Bank Governors.

Most of the remaining secondary institutions are engaged in achieving the functional co-operation objective. Examples include the Caribbean Environment Health Institute, the Caribbean Food and Nutrition Institute, the Caribbean Disaster Emergency Response Agency and the Caribbean Meteorological Institute. They initiate and help implement policies in their respective areas.

### Associated institutions

There are four institutions which are independent from CARICOM but retain strong historical and working links with it: the University of Guyana, the University of the West Indies, the Caribbean Law Institute and the Caribbean Development Bank.

The Universities of Guyana and the West Indies have become leading academic institutions and contribute much to the research services provided by the Secretariat and other CARICOM institutions. The Caribbean Law Institute has contributed a great deal of legal input to the work of the Conference, the Council, the Legal Affairs Committee and the development of legal expertise in the courts of CARICOM states.

The Committee of Central Bank Governors is linked to the Caribbean Development Bank ('the Bank'), which was created in October 1969. The EC equivalents are the European Central Bank and the European Investment Bank. Its membership includes the CARICOM states, Colombia, Mexico and Venezuela as well as Canada, France, Germany, Italy and the UK. The last five provide most of the bank's funds.

The bank provides financial advice and investment on private and public sector projects for the less developed countries (LDCs). It is divided into four departments (finance, projects, economics and programming and legal) and has a board of governors which meets annually to review its operations and make major policy decisions. The bank's board of directors, which includes the president of the bank, a vice-president of corporations and the bank secretary supervises the day-to-day operations of the bank members. They make decisions on loans,

guarantees, and investment programs, the bank's budget and accounts.

Its 1997 annual report stated that during the 27 years of its life the bank had approved \$1,459m worth of funding, of which 58.3% went on LDC projects.

### ASSEMBLY

An institution which is yet to make its mark is the Assembly of Caribbean Community Parliamentarians ('the Assembly'). It was established on 3 August 1994 following ratification of the Agreement for the Establishment of an Assembly of Caribbean Community Parliamentarians and held its inaugural meeting in May 1996 in Bridgetown, Barbados. Its EC equivalent is the European Parliament, although its structure and powers are more akin to the 'Assembly', the European Parliament's predecessor until the *Single European Act* 1986.

The idea of a Caribbean Parliament had flourished since the dissolution of the British West Indian Federation (1958–1962), an early post World War II example of Caribbean integration. At its height, the federation had 10 Caribbean member states, a federal government run by British and West Indian officials and an independent Parliament.

In 1982, the Prime Minister of Barbados introduced a resolution in his country's House of Assembly calling for the creation of a CARICOM Parliament. Similar resolutions were introduced and discussed at the conference meetings of 1987 and 1989. They were well received and eventually led to the preparation of the 1994 Agreement.

The Assembly is composed of Parliamentarians who are not chosen by direct election, but indirectly from the national Parliaments of each contracting member state. Each state is entitled to four representatives, while associate states are entitled to two. In choosing MPs each state is required to ensure the reflection of the strengths of its political parties.

The Assembly is entitled to be consulted on matters falling within the treaty by CARICOM institutions. It has the power to pass resolutions and make recommendations. It is required to meet annually, but can be convened by the Speaker with the consent of Assembly members.

### on the internet

<http://www.caricom.org>

Access this site for information on and latest news from the Caribbean Community (CARICOM).

### COURT OF JUSTICE

In July 1999 the Conference agreed to create a Caribbean Court of Justice and appointed a preparatory committee to put the proposals into effect. The EC equivalent is the European Court of Justice. Detailed proposals for the establishment and operation of the court were approved and presented to the Conference by the Attorney-Generals of each of the member states, following work carried out by the then Standing Committee on Legal Affairs. It is ultimately intended that the court should replace the Privy Council and become the final court of appeal for the national courts of each CARICOM state.

It is intended that the court will be in operation this year. Building work in Barbados is progressing, as are the necessary changes to the national courts of each CARICOM state.

### CONCLUSION

CARICOM is heavily influenced by the EC, and its founding treaty, aims and key institutions mirror those of its European model. Clearly, the fundamental EC ideal of neighbouring states achieving some form of united economic front with a view to greater harmony and prosperity is one which countries in the

West Indies and South and Central America are very willing to borrow and implement. 

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