

REINVENTING THE CSME

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Let me begin by thanking you for the great honour of inviting me to contribute to your 3rd Biennial Conference. It is not often that I have the opportunity to ‘rub shoulders’—even if by remote video conference—with senior members of the regional judiciary. It is certainly a more comfortable form of acquaintance, from a personal point of view, than meeting any of you as a litigant, a witness, or even worse!

I have been given latitude in my choice of topic. I have decided to title my remarks “Reinventing the Caricom Single Market and Economy”. It will be along three main lines:

- The crisis in regional economic integration
- The reasons for the crisis

- The way out of the crisis

1. The crisis in regional economic integration

I do not think that any useful purpose is to be served by denying that there is a major crisis in the regional economic integration movement. I stress economic because it is important to bear in mind that economic integration is one of four pillars of Caricom; the other three being foreign policy coordination; functional cooperation and security. Functional cooperation continues, and seems to be doing reasonably well. So is security. Foreign policy coordination happens in name only.

But the real problem is the stasis in the economic integration pillar; for this is seen as one of the main purposes of the Community.

Before going further let me recall some recent statements that have been made about Caricom. What is important is not only what is said but who is saying it. Also, the statements need to be taken together, for sometimes they get lost or forgotten in the midst of all the other distractions that beset us.

Two or three years ago Caricom governments commissioned a firm of management consultants to study and make recommendations on the reform of the

Caricom secretariat. Reporting in January 2012, the consultants introduced their findings with this chilling assessment¹.

Turning Around CARICOM: Proposals to Restructure the Secretariat

Executive Summary

1. CARICOM is in crisis. This is for three reasons:
 - Longstanding frustrations with its slow progress have continued to mount;
 - A serious weakening in its structure and operation over a number of years;
 - Continuing economic retrenchment since the 2008 financial crisis and the risk of a further downturn in 2012.
2. The crisis is sufficiently severe to put CARICOM's very existence in question. This is because many of its Member States are highly indebted with the result that a further downturn in 2012 could compromise their ability to fund the construct. The Secretariat and CARICOM institutions are not strong enough to cope with any major shortfall in funding. Notwithstanding the immediate dangers, there is evidence that, without fundamental change, CARICOM could expire slowly over the next few years as stakeholders begin to vote with their feet.

It may be noted that at (1) the consultants are conflating two separate, though inter-related, meanings of "Caricom": Caricom as an integration movement – the subject of the first bullet point – and the Caricom Secretariat, the subject of bullet points two and three. There is a third meaning; Caricom as a collectivity of organs

¹ The Landell Mills Report is available on the website of the Caricom Secretariat.

constituted by its member governments. In popular discourse, the three meanings of “Caricom” are often used interchangeably; which can lead to misunderstanding.

My second quote is from a letter from Dr Ralph Gonsalves, Prime Minister of St Vincent and the Grenadines, to the Secretary General of Caricom on February 29, 2012. Dr Gonsalves was so concerned about the matters that he was writing about that he broke with protocol and made his letter public². Please mark his words:

“CARICOM’s current mode of marking time, at an historical moment of overwhelmingly awesome challenges for our region which compelling demands a more profound integration, is mistaken. “pausing” is but a euphemism for standing still, which in a dynamic world is sliding backwards. That, to me, is the evidence before us in CARICOM since its leaders , including me, decided at a special conclave in Guyana about a year ago to put the “single economy” process “on pause”.

The third quote is from an address by Dr Kenny Anthony, the Prime Minister of St Lucia, to the Barbados Chamber of Commerce on October, 31, 2012, titled *Quo Vadis Caricom?*³ In his own words

“Make no mistake about it, our region is in the throes of the greatest crisis since independence. The spectre of evolving into failed societies is no longer

² The full text of the letter is available at

<http://www.normangirvan.info/wp-content/uploads/2012/02/gonsalves-letter-to-secretary-general-feb-2012.pdf>

³ Available at <http://www.normangirvan.info/wp-content/uploads/2012/11/Kenny-Anthony-Barbados-COC-address.pdf>

a subject of imagination. How our societies crawl out of this vicious vortex of persistent low growth, crippling debt, huge fiscal deficits and high unemployment is the single most important question facing us at this time.

Indeed, if CARICOM wishes to be relevant to the lives of the people of the region, then that issue should dominate its deliberations at the next summit. CARICOM cannot be seen to be impotent when societies and economies are at risk, on the brink of collapse. “

While Dr Gonsalves seems to be referring mainly to the economic integration movement, Dr Anthony’s concern is with the ‘big picture’ of the dire situation in the region and the urgent need for the Caricom collectivity to respond to it in a way that brings hope, relief and relevance to its people. As I said, I will be talking specifically about the economic aspect of Caricom integration. But it is not difficult to see that, if the economic aspect is not going well, it will ultimately affect the amount of support given to the other aspects of integration.

History of the CSME

At the heart of the economic integration pillar of Caricom lies the Caricom Single Market and Economy, the CSME. At this point I want to recall the main points in the history of this project.

The CSME was first launched by Caricom Heads of Government in 1989, in the famous Grand Anse Declaration. Mindful of the ‘Implementation Deficit’ of the Common Market experience going back to 1973; they adopted thirteen time-bound actions to create a Caricom Single Market and Economy by 1993.

By 1992 it was clear that they were going to fall short of the objective by a wide margin. They reached the conclusion that what was needed was to put in place a legal basis for the establishment of the CSME. Accordingly they agreed to negotiate among themselves a comprehensive revision of the original Treaty of Chaguaramas of 1973; replacing the Caricom Common Market with the Caricom Single Market and Economy.

It took the better part of a decade to accomplish this task. Nine Protocols of Amendment to the Treaty were eventually agreed; and incorporated in the Revised Treaty. As you know, this was signed in 2001 and Provisionally Applied shortly thereafter.

During the 1990s, some measures to establish the CSME were also adopted. A Common External Tariff was instituted; a start was made in the free movement of skilled nationals; and technical work was carried out in preparation of the Caribbean Monetary Union.

After 2001 the focus turned to implementing the Caricom Single Market. In 2006 the 12 participating countries in the CSME declared that they were ‘Single Market Compliant’⁴. Around that time they adopted an ‘indicative target’ for the effective establishment of the Single Economy by the end of 2008. A year later they adopted a schedule for the phased implementation of the Single Economy by 2015; in the ‘Single Development Vision’ document⁵.

After that there is a marked decline in information on CSME implementation in official communications. As we just heard, the Single Economy was officially put ‘on pause’ in 2011. At the 33rd Regular Summit in July 2012, the Heads reportedly agreed on a new schedule of implementation. However, this was never published. The communiqué from the 34th Summit in July 2013, makes no mention of CSME implementation..

In short, 24 years after the CSME was first launched, it is not even close to completion. More to the point, and we not know *when* it will be completed. Progress has slowed to a virtual standstill; the momentum has been lost; interest has waned. It is not yet officially dead; but it certainly appears to be comatose.

There are several other developments that do not augur well for the economic integration aspect of the Caricom.

⁴ The Bahamas and Montserrat do not participate in the CSME; while Haiti’s participation has been deferred.

⁵ Available on the Caricom website.

- Relations in public among the governments of member states are getting increasingly fractious. There are voices in Jamaica calling either for withdrawal from Caricom, or for suspension of Jamaica's obligations to the Community, or for the banning of imports from Trinidad and Tobago.
- There are continuing tensions over free movement of Community nationals; exemplified – but not restricted to -- the Shanique Myrie case
- There are issues related to LIAT and Caribbean Airlines—accusations of unfair competition to LIAT due to the fuel subsidy given by the Trinidad and Tobago government to CAL (in its recent budget, the Trinidad and Tobago government reportedly promised to remove this).
- There are issues related to the fall-from the CLICO collapse in the OECS. Policy-holders and investors in the British American Insurance Company, a CLICO affiliate operating in several OECS jurisdictions, stand to lose their investments, ultimately due to the failure of the Trinidad and Tobago authorities to regulate CLICO adequately.
- In 2008 Caricom member states signed on to an Economic Partnership Agreement (EPA) EPA with Europe. They did so as individual jurisdictions, or as members of the CARIFORUM group. Their attention is now taken up with implementing the EPA. The EPA obligations are spelt out in great detail. They are time-bound. They are subject to strict enforcement under dispute settlement rules. They cover subjects yet to be agreed under the

CSME. And implementation is being funded by the EU. Implementation of the EPA is taking precedence over implementation of the CSME.

- The Organisation of East Caribbean States, which includes six full Caricom members; is pressing ahead with establishment their own Economic Union within Caricom. The Revised Treaty of Basseterre signed in 2010

“establishes the OECS economic union, making possible the creation of a single financial and economic space within which goods, people and capital move freely, monetary and fiscal policies are harmonized and countries continue to adopt a common approach to trade, health, education and environment, as well as to the development of such critical sectors as agriculture, tourism and energy.

“the Treaty paves the way for the introduction of legislative competence at the regional level, so that Member States of the Organisation act in concert to develop and enact legislation in certain areas specified in the Treaty.”⁶

This is an advance on the Revised Treaty of Chaguaramas. The OECS has already reached a higher form of integration than Caricom; in that it has a common central bank and common currency, a common supreme court, and a common aviation authority.

⁶ Sourced from the OECS website.

- Four Caricom member states, all from the OECS, have joined the Bolivarian Alliance of the Peoples of Our America—ALBA⁷. Three others also attend ALBA meetings as Observers⁸. Although ALBA membership is not legally incompatible with Caricom, it is apparent that these countries see greater immediate economic benefits accruing from ALBA compared to Caricom.

- In the Caricom quasi-Cabinet, Barbados has responsibility for the CSME. The previous BLP Administration of Prime Minister Owen Arthur was very enthusiastic about the CSME and spent time and resources on pushing for CSME implementation. For example, a CSME implementation office was set up in Barbados; and in regional multi-stakeholder consultation was held in Barbados in 2006 and adopted the Single Development Vision for the CSME. The current DLP Administration, first under Prime Minister Thompson and now under the current Prime Minister Freundel Stuart, appears to be much less enthusiastic about the CSME. This has deprived the CSME of political leadership and drive from within member governments.

- For a regional integration grouping to thrive; the largest and most influential states must show strong leadership and political commitment. We are not seeing these from any of the Caricom MDCs. Trinidad and Tobago is financially and economically the most important Caricom state. But its commitment to Caricom is in doubt for both political and economic reasons. In domestic politics; the PNM has traditionally been the pro-Caricom Party. From the economic point of view; the Caricom market is relatively small and stagnating. There is greater interest in lucrative extra-Caricom markets

⁷ Dominica, Antigua and Barbuda, St Vincent and the Grenadines and St Lucia

⁸ Suriname, Guyana and Haiti

such as the Dominican Republic, Central and South America. Hence, Trinidad and Tobago is now pushing for Caricom to be expanded by bringing in the Dominican Republic and the French and Dutch territories. Completing the CSME is not a priority.

- Jamaica, for its part, is saddled by a heavy debt burden, a stagnant economy and a fiscally constrained government. It is too economically weak to play the kind of leadership role in Caricom that it played in the past under Prime Ministers Michael Manley and P.J. Patterson.

Reasons for standstill in the CSME project

Several reasons have been advanced for the current malaise in CSME implementation.

First, there is said to be absence of political will. But sure this is a circular argument. The absence of progress is merely a reflection of the fact that the governments have failed to live up to commitments that they themselves made. We need to drill deeper into the reasons.

Second, it is observed that the global financial and economic crisis that started in 2008 has made governments turn inward; and taken up their time with crisis management. For example, Jamaica has spent most of the past five years trying to deal with its finances, its debt and its IMF negotiations. Several other countries have been similarly preoccupied, among them Belize, Grenada, St Lucia, Antigua and Barbuda, St Vincent and the Grenadines and St Kitts and Nevis.

There is also the school of thought that lays the blame on having a Secretariat that is under-resourced and over-worked and therefore lacking in effectiveness. This was the thrust of the Landell Mills report previously mentioned. It appears to be taking some time to implement its recommendations. But this explanation also does not take us very far; as it would merely reflect the low priority assigned by member governments to the regional project.

The most substantive reasons advanced have to do with the weakness in the Caricom governance and implementation machinery. One argument is that Caricom needs an Executive Authority to oversee and ensure implementation. Such a body could be a Panel of Commissioners; for example, responsible for Trade and Integration; for Social and Human Development; and for International Relations. But Caricom Heads have consistently rejected this idea from the time it was first mooted by the West Indian Commission in 1992.

A stronger version of this argument is the need for supranationality in Caricom governance. This view attributes the root cause of the Implementation Deficit to

the fact that decisions of the Conference of Heads of Government lack legal force in member states. In effect each government decides how far, and how fast, a decision is implemented.

Caricom defines itself as a Community of Sovereign States. In the Rose Hall Declaration of 2003 the leaders actually committed themselves to some form of shared sovereignty or Caricom Act. But they have since back-tracked on this commitment.

There is merit in each of the above explanations. It is noticeable, for instance, that the Revised Treaty leaves many of the details of the CSME to be negotiated and implemented *after* the Treaty itself comes into effect. This has the advantage of flexibility; but it has the disadvantage of seeming to allow governments a wide degree of latitude in the pace and extent of implementation.

Indeed throughout the Revised Treaty one senses a tension between the objective of establishing a legal framework for deeper integration on the one hand; while paying due recognition to the constitutional sovereignties of member states of the other hand. One is struck by the curious wording of Article 240.1, Saving, which comes at the very end of the Treaty; and especially by the insertion of “legally” before “binding”.

“Decisions of competent Organs taken under this Treaty shall be subject to the relevant constitutional procedures of the Member States before creating legally binding rights and obligations for nationals of such States”.

I would, however, like to propose another explanation which, while not an alternative to those already mentioned; sets in a wider political economy context the governments’ apparent lack of enthusiasm for completing the CSME.

Quite simply, I believe that Caricom governments do not really believe that the CSME, as presently structured, offers the likelihood of generating significant economic benefits. At the same time they confront the massive task of implementation; incurring significant financial costs as well as diminished policy space nationally. For some of the smaller members; implementation may be beyond their capacity.

In other words, the governments do not believe it is worth the effort. Which leads me to the main point of my presentation: to ask the question ask whether the CSME is the right kind of economic integration at all.

A ‘borrowed model’

My argument is that the CSME is a ‘borrowed model’ of economic integration. The model of integration on which it is based is known as ‘Open Regionalism’. In

this model, internal and external liberalisation go together. Governments give maximum play to the role of market forces and of the private sector in economic life.

At the time that the CSME was launched in 1989, the Washington Consensus was triumphant; and the West's project of globalization was about to be unleashed. The CSME is constructed within the framework of the liberalisation/privatisation/deregulation paradigm of the Washington Consensus and globalisation.

This is very evident in the wording of the Preamble to the Revised Treaty of Chaguaramas⁹. The objectives are fleshed out in the provisions of the Revised Treaty, particularly those in Chapters Three, Four and Five¹⁰.

However, in so doing the governments committed themselves to a leap of several orders of magnitude by comparison with what had been in place before (i.e. with regard to the original Treaty relating the Common Market in Goods) . The requirement to establish the “fully integrated and liberalised internal market” involves a vast array of legislative, regulatory, institutional and policy measures.

⁹ Reference is made, *Inter alia*, to “Globalisation and liberalisation (having) important implications to international competitiveness”, “the unrestricted movement of capital, labour and technology”, “market driven industrial development” and “a fully integrated and liberalised internal market will create favourable conditions for sustained, market--led production of goods and services on an internationally competitive basis”.

¹⁰ Respectively Establishment, Services, Capital and Movement of Community Nationals; Policies for Sectoral Development; and Trade Policy

The implementation tasks are enormous. And they require governments to give up a large part of their national freedom of action. Let me give some examples.

Services comprise a very wide range of activities. The WTO Services Sectoral Classification List has 12 major categories and approximately 150 Services to a four-digit level of classification¹¹. The Modes of Service Delivery are Cross Border Supply, Consumption Abroad, Commercial Presence, and Movement of Natural Persons.

Strictly speaking, a Single Market in services requires that service providers from all member states are free to enter the domestic market of each member state in all sectors and in all four Modes.

There has to be National Treatment. The foreign service providers must operate within the domestic market on the same terms and conditions as nationals.

It's necessary for the regulatory environment for each category of services to be uniform across member states. So that service providers do not engage in 'regulatory arbitrage' – circumventing health and safety standards, for instance, by operating in a member states with weaker regulations or inspection machinery.

¹¹ [p://www.wto.org/english/tratop_e/serv_e/mtn_gns_w_120_e.doc](http://www.wto.org/english/tratop_e/serv_e/mtn_gns_w_120_e.doc). 3 September 2013

Summary of Scheduled Removal of Restrictions on Services, Capital and Right of Establishment

Country	Existing restrictions by Mode						Scheduled removal				
	1	2	3	4	Legal	Total	2003	2004	2005	Total	Percentage
Antigua & Barbuda	9	0	14	14	18	55	4	7	2	13	24
Barbados	37	24	41	40	30	172	31	0	3	34	20
Belize	4	0	30	28	35	97	8	2	19	29	30
Dominica	10	1	38	37	45	131	22	1	4	27	21
Grenada	3	0	52	24	53	132	5	1	15	21	16
Guyana	12	6	25	42	39	124	5	8	30	43	35
Jamaica	9	1	68	74	60	212	34	26	9	69	33
St. Kitts & Nevis	3	1	6	7	11	28	2	0	4	6	21
St. Lucia	6	0	50	20	52	128	25	12	9	46	36
St. Vincent & Gren.	3	0	14	5	16	38	5	4	2	11	29
Suriname	16	6	22	25	12	81	10	1	24	35	43
Trinidad & Tobago	10	1	13	15	19	58	2	4	4	10	17
TOTALS	122	40	373	331	390	1256	153	66	125	344	27

Mode 1: Cross Border 2: Consumption Abroad 3: Commercial Presence 4: Movement of Natural Persons

Source: Girvan, Whither CSME (2005) Table 2. Compiled from data from the Caricom Secretariat

The implementation programme involved in setting up all of this is huge (see Table above). In 2004 the Caricom programme for the removal of restrictions showed a total of 1, 256 restrictions for 12 CSME participating states. In other words, each member state had, on average, 126 restrictions to be removed whether by legislative or administrative changes. The 2003 schedule called for 27 % to be removed over three years, 2003-2005. I do not know what is the present situation. But I very much doubt that all the restrictions have been removed.

	Population, total (2010)	GDP per capita (current US\$) 2010 ¹
Bahamas	342,877	21,985
Trinidad and Tobago	1,341,465	15,359
Barbados	273,331	15,035
Antigua and Barbuda	88,710	13,655
St. Kitts and Nevis	52,402	12,437
Grenada	104,487	7,401
St. Lucia	174,000	6,884
Dominica	67,757	6,883
St. Vincent/Gren	109,333	6,446
Suriname	524,636	6,254
Jamaica	2,702,300	5,274
Belize	344,700	4,064
Guyana	754,493	2,950
Haiti	9,993,247	671

Labour. The goal of free movement of Community Nationals (Article 45) is of course extremely problematic where there are such wide differences among member states in standards of living, employment opportunities and social services provision. Even when restricted in the first instance to skilled nationals (Article 46) and to CSME participating countries, this is so.

The reality is that the more affluent members are among those with the smallest populations; as we can see from the Table on page 18. The exception is Trinidad and Tobago, but here you also have the complication of Caricom immigration as factor in domestic ethnic politics.

This is the economic reality within which stresses and strains have arisen in the movement of community nationals. As is well –known, there have been complaints of the profiling and harassment of nationals from certain member states, and arbitrary or discriminatory treatment by immigration officials at entry points.

Haitians have been excluded from the exercise of these rights; and still require visas to travel to some member states, for example Jamaica.

The skilled nationals regime is in effect and the categories have been extended to ten from the original five. But there remain problems with regard to lack of uniformity in certification practices and procedures. There is also confusion about the automatic grant of six-month stay. The waters have been further muddied by the growth of the illegal drug trade, and concerns about human trafficking.

A Protocol on the transferability of social security benefits has just been approved. But there is still no Protocol on the Contingent Rights of skilled nationals; first promised seven years ago.

People who accept employment in another member state are not certain if their spouses will be able to work, or if their children have the right to attend the government schools, or if family members have a right to public health services.

As I have said, partly in jest, Caricom by its inaction on this subject is encouraging wives to abandon their husbands, husbands their wives; and parents their children!

The free movement of capital is connected to the Right of Establishment; and to exchange controls. Here again we find a variety of treatment by member states.

Investors are not certain about being able to set up a business in different member states on the same, or similar, terms and conditions. Nor are they certain that they face the same regulations, and procedures, in getting their money in and out.

Caricom Single Economy

The examples I have given all relate to the Single Market side of the CSME. About three years ago I estimated that the Single Market was about 50 percent implemented, in terms of legislative compliance of member states.

COFAP responsibilities – Article 14

- Coordination/convergence of national macro-economic policies
- Harmonised policy on foreign investment
- Fiscal and monetary cooperation
- Fiscal discipline by member states
- Free convertibility of national currencies
- Pending establishment of a monetary union
- Integration of capital markets.

It has become customary to talk about the Single Economy side of the CSME. The Revised Treaty does not actually contain separate sections for the Single Market and the Single Economy. The relevant provisions are contained in Article 14, responsibilities of COFAP (seen above); Article 44 on Common Supportive Measures; and in Chapters Four, Six and Eight (Policies for Sectoral Development; Transport Policy; and Competition Policy).

To some extent the distinction between single market and single economy is artificial; but from the implementation point of view it is useful.

A Single Economy is a “single economic space”. Besides market integration; the idea is that companies should be able to operate anywhere under the same or

similar conditions of taxation, laws, etc. and so to take advantage of differences in labour costs and locational advantages and exploit economies of scale. So they will become more competitive and be able to export to international markets.

This means, for instance, that there is a common currency and central bank. At the very least, monetary policy and fiscal policy should be “harmonised” or “coordinated”.

In principle this includes credit policies, interest rate policy, company tax, income tax, value added tax, and tax incentives. In addition you would have harmonised company law, labour law, environmental standards; and harmonised policies for the main industries including mining, manufacturing, agriculture, telecommunications, etc.

Once you think about it you begin to realise the enormity of the task that the governments took on by committing themselves to something called the Caricom Single Market *and Economy*. Logically speaking, such an extensive degree of economic unification would be difficult to achieve without a political union of some sort or another.

It is interesting that the framers of the Revised Treaty did not follow the lead of the EU and call it a Caricom *Economic Union*. That, however, is its logical outcome.

This may have been a semantic compromise adopted to make it more politically palatable.

The other compromise, which I mentioned previously, is that the Revised Treaty is almost deliciously vague in the actual content of the Single Economy provisions that it contains. It leaves a great deal for subsequent agreement among the governments.

Example: Article 44 calls for COTED and COFAP to “ adopt appropriate measures for” inter alia;

“convergence of macro-economic performance and policies through the coordination or harmonisation of monetary and fiscal policies, including, in particular, policies relating to interest rates, exchange rates, tax structures and national budgetary deficits”.

This is typical of the language related to what we may call the Single Economy provisions.

The record since then suggests that the governments stepped back from attempting to implement the Single Economy; almost from the start.

In the 1990s, a great effort was made to bring about the degree of macro-economic convergence necessary to effect a Currency Union. Around 2000 the COFAP, on the advice of the Committee of Central Bank Governors, decided, in effect, to abandon the attempt. There was too great a divergence in currency exchange regimes; and in fiscal and monetary policies.

The Caricom Currency Union envisaged in the Revised Treaty is no longer on the agenda.

Since then there have been notable failures to achieve consensus in things like a Caricom Financial Services Agreement, a Caricom Investment Code, and a regional agreement on tax incentives (Articles 68, 69, 71).

No significant progress has reported in adopting the common sectoral policies envisaged in Four and Six of the Revised Treaty; and the Protocol on e-commerce, government procurement and free circulation (Article 239).

It is the case that there is a huge amount of technical work involved in harmonising these areas. But the problem is also structural—the wide differences in the economic circumstances of member states. This leads them to have different priorities on different policy instruments; and different views about the benefits of policy harmonisation.

We have seen that Caricom shows a sharp differentiation among the members in levels of development. Besides this, you have the economies that rely mainly on the export of services (Jamaica, Barbados, the OECS); and those that are primarily exporters of natural resource products—Trinidad and Tobago, Suriname, Guyana, Belize). There is also the major exporter of manufactures—Trinidad and Tobago.

The ‘Double Asymmetry’

The bulk of the foreign trade of these economies is with countries outside of the region—more than 80% in fact. And in the small part of their trade that takes place intra-regionally, there is a marked asymmetry.

Trinidad and Tobago consistently accounts for about 80% of all intra-regional exports, while the other Caricom members run a large deficit on their intra-regional trade, most of which is with T&T.

Yet, exports to the Caricom market are only 15% of T&T’s exports.

The unfortunate consequence of this is that neither T&T, nor the rest of Caricom, attribute a great deal of importance to the regional market. Some believe that they are net losers from Caricom trade. And the country that, on the face of it, is a net beneficiary, does not see it a priority to mend relations with its regional partners;

let alone pushing for CSME completion . It is more interested in boosting exports to extra-regional markets.

T&T SHARE IN INTRA-REGIONAL EXPORTS (%) 2011	77.3
CARICOM SHARE IN T&T EXPORTS (%) 2012	14.9
T&T'S EXPORTS TO CARICOM (US\$M) 2011	2,025,161
T&T'S IMPORTS FROM CARICOM (US\$M) 2011	140,477
T&T'S TRADE SURPLUS WITH CARICOM (US\$M) 2011	1,884,684

To sum up, I think it is highly unlikely that the CSME will be completed at any time in the foreseeable future, or even at all. However, it remains an official objective. This contributes to Caricom's credibility gap; and to the air of disconnect from reality which often attends its pronouncements.

Role of the CCJ

One issue that arises is; how will failure to complete the CSME affect the scope of work that CCJ is called upon to perform?

Does not confinement to Single Market issues imply that the body of laws, regulations and administrative decisions which might be the subject of dispute or of varying interpretation; be much more restrictive from that which was anticipated in the Revised Treaty?

Does this mean that the CCJ will have far less opportunity to create a body of Community law by means of its judicial decisions?

Towards a modified model

My argument is that the CSME has been a failure; not because it was implemented and failed to bring about the desired results; not because its failure in implementation is due to defects in governance; but because it is borrowed model of integration known as Open Regionalism, which is an imperfectly designed instrument to boost the development of Caricom economies. Hence it never developed the degree of traction among governments and other stakeholders required to sustain it.

But if this is so, why was it adopted in the first place? Were the policy-makers and decision-takers misguided, or mis-informed?

Quite possibly, given the ideological atmosphere of the times, and the influence of the Washington-based institutions and Western donors at the time.

We should also go back to our history as a colonised region. We have always been highly susceptible to borrowing—importing—our ideas and models of development from the metropolitan world.

Nearly a quarter of a century has passed. We now face the necessity of jettisoning, or seriously modifying, the failed model which we mistakenly adopted.

The alternative is the very real danger of gradual collapse of the economic integration project. I do not speak of collapse of the Caribbean Community, which as I noted before serves other important functions. But if the economic pillar is weak, it endangers the entire edifice.

One proposal on the table is the expansion of Caricom by admitting the Dominican Republic to membership.

I do not believe that this will solve the fundamental problem. What it does is to extend the model of market-led integration to a second major manufacturing economy. The Dominican Republic has much that it can sell to Caricom; but the rest of Caricom, except Trinidad and Tobago, has very little it can sell to the Dominican Republic.

Economic Caricom would simply become more polarised. You would have two industrially advanced members selling to the rest; and importing very little in return.

There are other complications with admitting the Dominican Republic to membership of Caricom. There would be even greater challenges in effecting the degree of policy coordination and legislative harmonisation envisaged by the Caricom Single Economy. There is the issue of Free Movement and the problem of Haitian migration to the Dominican Republic. There are the implications of the Regional Preference clause in the EPA; and the implications of the CAFTA-DR agreement with the United States. There are the huge practical difficulties associated with differences language and legal systems.

Reinvent the CSME

I want to put on the table here a third approach. This is to reinvent the CSME in a way that makes sense to actual conditions “on the ground’ in Caricom.

In other words, an exercise that addresses the most pressing needs of the regional economies, that is crafted to deliver tangible benefits in the not too distant future, that takes into account the actual implementation capacity of member states.

In a paper in which I collaborated a couple of years ago¹², it was suggested that such a programme would focus on the three key areas: agriculture and food sovereignty, renewable energy, and maritime transport. The idea is that these could be the subject of a regional investment programme coordinated by the Caribbean Development Bank, with donor assistance.

A second element is to address outstanding issues in the movement of skilled community nationals. There needs to be fast track completion of common certification of the ten categories that have been freed, the matter of Contingent Rights, and an agreed Code for the treatment of Community Nationals by immigration officers at the point of entry, including training and sensitisation.

¹² *Re-Energising Caricom Integration* . Paper presented by Prime Mnister Tillman Thomas of Grenada at the special Retreat of Caricom Heads held in Guyana, dated 3 April 2011. Available at <http://www.normangirvan.info/wp-content/uploads/2011/05/pms-caricom-brief-final-3-april-1011-1.pdf>

There also needs to be a Caricom Ombudsman on Immigration.

Third, special attention must be given to mobilising Civil Society and securing popular ‘buy-in’ to the integration movement. One step to this is establishment of a Permanent Forum of Non-State Actors which has formal membership of all Councils of the Community.

Another is to give legal status to the CARICOM Charter of Civil Society in each member state. The idea is that Caricom citizens should be able to exercise certain rights as Caricom citizens. The provisions of the Charter should be actionable all the way up to the Caribbean Court.

Fourth, there needs to be a resolution of the dilemma of how to reconcile national sovereignty with regionalism. It is not necessary for member states to transfer sovereignty in *all* the areas of the Caricom Single Market and Economy. This is an over-ambitious and unrealistic objective. To cling to it is to make the ideal the enemy of the feasible.

We need an agreement among governments for the selective delegation of authority by member states to Caricom organs. It should be limited to areas where tangible benefits can be obtained because of the urgency of pressing problems and the virtual impossibility of effectively addressing them as individual nation-states.

In our paper, we proposed that these could be common market and customs union, external trade policy, climate change and common environment policy, and security relating to transnational crime.

The delegation of authority would be subject to certain caveats. It would be applicable only to those member states agreeing to such an arrangement; it would be subject to periodic review; and it could be withdrawn by a member state at its discretion.

Conclusion

In closing, I must reiterate my concern that the present drift in Caricom could all too easily lead to the eventual side-lining of the Community; as the regional ship of state is either shipwrecked on the rocks of the world crisis; or becalmed in a backwater of marginalisation while the rest of the world moves on.

As a people, we have confronted crises before; and risen to the challenge. But surely, there is an individual and collective responsibility that falls to all of us.

Thank you, ladies and gentlemen, for your kind attention.

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