

# Production Integration: A Critical Perspective

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This paper discusses the meaning and limitations of the concept of production integration in Caricom as represented by the CSME. It is organised in five parts. Part I proposes that the traditional approach focused on production integration in goods. On the basis of an examination of trade and macroeconomic trends in Caricom economies, it argues that little production integration has actually been taking place. Part II questions how far this kind of production integration is likely to take place under the conditions of Open Regionalism and market integration that underlie the CSME. Part III suggests an expanded meaning of production integration in the context of the CSME; this is linked to the concepts of policy integration and policy space. Part IV points to the limitations of the economic approach embodied in the CSME, of which production integration, however defined, is one element. It argues that the incorporation of the social and environmental dimensions is essential to the success of the Caricom integration project. Part V presents conclusions and suggested phasing.

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## **I. Production integration in Caricom**

We understand the original formulation of regional production integration to mean the organisation of integrated regional industrial complexes from raw materials to finished products. In the UWI Integration Studies of 1967-1968, Brewster and Thomas had advanced the 'integration of trade and production' as an alternative (or complement) to market-driven integration; and proposed the setting up of several such complexes. Beckford and Girvan wrote respectively of the rationalisation of the regional banana and bauxite industries in which these would generate forward and backward linkage activities regionally. These proposals were a logical outgrowth of Demas's idea of 'structural transformation' as lying at the core of economic development, in which the growth of inter-industry linkages was a key element; and McIntyre's ideas of 'resource combination' and 'export substitution' in Caribbean economic integration. This approach called for a form of industrial programming and an active role of the state; with much of the new activity being oriented to the regional market. It was reflected in several provisions of the original Treaty of Chaguaramas and resultant projects<sup>2</sup>.

This notion of production integration focuses on goods and, to a somewhat lesser extent, on services. One could therefore measure the degree to which it exists by reference to inter-industry relations among Caricom economies. Ideally, inter-industry matrices would be constructed for each member state, disaggregating imported inputs into Caricom and extra-regional sources. Caricom input coefficients would be computed for each industry in each member state and for the Community as a whole. In this way the extent and trend over time of intra-regional production integration would be identified by industry and country.

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<sup>2</sup> For example the Caribbean Food Plan and the Caribbean Industrial Programming Scheme.

However, the data necessary for such an exercise are not presently available and it is doubtful whether the results of such an analysis would be worth the time and effort involved. The reason is that we can already infer from the trade data that the extent of production integration in Caricom is relatively limited, and is growing only in the specific area of supply of energy-based products from Trinidad and Tobago to its Caricom partners. Reference is made here to the analysis of trends in intra-regional trade from 1993-2003 conducted by INTAL (2005)<sup>3</sup>. The main findings are that:

- Caricom's intra-regional trade grew faster than its total trade, both on the import side, where it grew from 9 to 11 percent; and the export side, where it grew from 15 to 17 percent.
- Much of this was due to the growth of Trinidad and Tobago's trade with the rest of Caricom. Excluding this country, the intra-regional share in Caricom's exports falls to 12 percent.
- Fuels alone account for one-third of T&T's exports to Caricom and resource-based manufactures—i.e. products of the energy industries—as a whole are two-thirds of the total.
- The fastest growth in intra-regional trade was recorded for products with the lowest levels of protection via the Common External Tariff (CET). It is

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<sup>3</sup> See also summary data in Tables 1 & 2 in the Statistical Annex.

doubtful that intra-regional trade liberalisation is responsible for most of the growth that took place.

- There is very little intra-regional trade in medium and high-technology products. There is no evidence that intra-regional trade liberalisation has stimulated technological upgrading and product innovation in Caricom economies.
- Apart from Trinidad and Tobago, few Caricom countries increased their market share in other Caricom countries and two other MDCs—Barbados and Jamaica—lost market share in Caricom.

One might also consider the implications for production integration of the shift of Caricom economies into services. According to ECLAC estimates, services were responsible for 59 percent of economic growth in Caricom as a whole in the 1970s, 74 percent of growth in the 1980s and 66 percent of growth in the 1990s. By 2000 services exceeded merchandise in export value in eight out of 12 Caricom countries, up from three countries in 1980. Tourism is responsible for most of this change and this is geared principally to extra-regional markets.

Another factor to examine is the extent of economic convergence of Caricom economies. The reasoning behind this is that growing production integration among the economies might be manifested, *inter alia*, in a narrowing of intra-regional disparities. However over the period 1990-2003 there were wide divergences in the growth rates of Caricom economies over the period. Divergence narrowed in 1998-2003, but this was mainly due to a generalised

slowdown in growth. In fact, per capita income differentials within the Community have widened significantly since 1990<sup>4</sup>. There has in fact been some convergence in exchange rate variation, inflation and interest rates. However, this was associated mainly with currency stabilisation in countries with floating exchange rate regimes in the latter part of the period, following the steep devaluations of the first part of the 1990s; a consequence of deliberate policy action by national authorities.

## **II. Production Integration vs. Open Regionalism**

Given the above trends, the question arises: how far is production integration in goods and services likely to take place in the CSME? Indeed, is this even a goal of the CSME? The CSME is founded on the principles of Open Regionalism and market integration. The first is embodied in the steep cuts made in the CET since the early 1990s, and in the Community's on-going multilateral and bilateral negotiations for reciprocal trade liberalisation. The second is represented in the priority given to completing the single market in goods, services, and factors of production. One casualty of this was the virtual abandonment of earlier schemes of state-led economic complementation and production integration in civilities like agriculture, agro-industry, mining and manufacturing that came out of the earlier thinking on production integration.

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<sup>4</sup> See Tables 3 & 4 and Figures 1 & 2 in the Statistical Annex.

The Revised Treaty makes it clear in the Preamble that the principal objective of the CSME is to achieve international competitiveness in response to globalisation and liberalisation and to expand exports to extra-regional markets (Preamble paras. 2,3,5,6). Linked to this is increasing the attractiveness of the region to foreign investment. Since the combined regional market is small by international standards, this implies using the region as an international export platform. Market integration and policy harmonisation are meant to facilitate market-driven and private sector-led growth thereby promoting structural diversification (Preamble paras. 6, 9). The presumption here is that this will lead to the growth of exports of high-value goods and services with dynamic potential, and enhanced flexibility and resilience in the regional economies.

In other words, the goal of the CSME is increased production integration of goods, services and capital *with the world economy*. One of the criteria of its success would be increased linkages with the rest of the world in production, trade and investment. Note that such increased extra-regional linkages could as easily result in heightened intra-regional disparities in levels of development, as in their narrowing. There is no inherent reason why greater integration with the world economy should result in income convergence within Caricom; quite the contrary. The widening differentials within the Community that have accompanied export specialisation in services by many of its smaller members is testimony to this.

What the Revised Treaty does is to revise the notion of production integration to one that has meaning in the context of Open Regionalism and market integration. Para. 7 of the Preamble states that “the optimal production by economic enterprises in the Community requires the *structured integration of production* in the Region, and particularly, the unrestricted movement of capital, labour and technology” (emphasis added). In effect, this extends production integration from

the realm of inter-industry relation in productive activities to that of free movement of factors of production in the service of enterprise efficiency. In other words production integration now refers to the movement of finance, entrepreneurship, management and labour across the regional space to engage in, and to organise, production. A key aspect of this would be the formation of regional firms operating in the region as a single economic space for investment and production decisions. We are thinking, then, of *integrated private decision-making in investment and production in the context of integrated markets for goods, services and factors of production, and integrated public policies*. This brings us to the policy dimension.

### **III. Policy coordination, policy integration and policy space**

The Revised Treaty of Chaguaramas calls for coordinated fiscal, monetary and exchange rate policies, a Caribbean Monetary Union, and coordinated policies in industry, agriculture, transport and services. It is these, together with the harmonisation of taxation and company laws, and a community investment policy, and Common Support Measures, that constitute the cornerstone of the Single Economy (as distinct from the Single Market). The rationale for policy coordination is to complement to market-led growth, by reducing the risk and uncertainty and the transaction costs of operating across the regional space. Nonetheless, the wording of the Treaty permits considerable latitude in the interpretation regarding the role of governments, individually and collectively, in promoting productive transformation (see in particular Articles 52-61).

The need for productive diversification has been a recurring theme in Caribbean economic literature and official reports over the years. Reference is made to a review was commissioned of major documents on Caricom's economic future

prepared in the past two decades (Hosein 2005). The review covered five reports on the economic future of the region as a whole<sup>5</sup> and four sub-regional or national policy documents<sup>6</sup>. All agree that the changes commonly encapsulated by the term globalisation—technological change, structural shifts in the world economy, policy liberalisation and consequential preference erosion—constitute a set of inter-related challenges to which Caribbean economies are required to respond. One may, however, question the frequently made assumption that the only feasible response to globalisation is across-the-board trade and financial liberalisation, deregulation, privatisation, and relatively passive role of the state in promoting the development of new activities. Notably, there are significant differences in emphasis on this point between the reports sponsored by the Washington-based institutions and those originating with local initiative.

The Washington-based institutions emphasise the need to establish an appropriate policy environment for opening the economies to the rest of the world and for market-led growth. Preferred policies are reduction of tariffs, subsidies and direct and business taxation; elimination of industry-specific tax incentives; privatizing the provision of public goods; improved public finances; better macro-economic stability; improved human and physical infrastructure; improved governance, transparency and accountability and measures to reduce corruption; simplification of customs procedures; improved investment climate and harmonisation of tax rates across the region.

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<sup>5</sup> This begins with the Report commissioned by the Commonwealth Secretariat/Caricom Secretariat in 1986 (the 'Bourne Report') and ending with the recent World Bank Report, *Time to Choose*, of 2005. In between there was the report on Production Integration by Girvan *et. Al* of 1993; the CGCED Report of 2000 commissioned by the World Bank (the 'Bonnick Report', which was revisited by the author in 2005) and the Report of the Caribbean Trade and Adjustment Group of 2001 (the 'CTAG' Report).

<sup>6</sup> Those of the OECS, Barbados, Jamaica and Trinidad and Tobago

The locally initiated reports coincide with many of these policies; notably those relating to education and skill training; macro-economic stability and sound public finances; and promoting cost competitiveness through productivity and incomes policies. Furthermore virtually all regional governments have, since the 1980s, revamped their policies in line with the Washington Consensus. In general, however, the locally initiated reports favour a more active government role in support of selected industries and groups of enterprises and functional areas. For instance, the Bourne Report of 1988 called for a deliberate process of intervention to improve export competitiveness by seeking out new export items in the upswing of the international product cycle and providing a variety of support measures for these activities. Similarly, a more interventionist stance was proposed by Girvan et. Al in their 1993 report, in the OECS development strategy of 2000, in the recent national strategies of three of the MDCs, and also by the Consultation on the Social Dimensions of Globalisation in 2003.

The lesson, we would argue, is that the policies developed to give shape to the Caricom Single Economy should not be confined to ensuring that market forces operate freely; and governments should be prepared to intervene to promote clusters of productive activities by means of credit, research and development, technical assistance, investment subsidies, infrastructure, and the phasing of market liberalisation. Further, Caricom should seek to ensure that its 'policy space' to deploy such policies within the framework of the CSME is not unduly constricted by commitments made within the framework of external trade and economic cooperation agreements. In other words, external negotiation policies and strategies will need to be closely aligned to regional Single Economy policies.

This is clearly shown when we consider the kinds of activities recommended for productive diversification in the various studies. Expansion of services exports is usually identified as key strategic goal. At the top of the list is tourism; here there is general agreement on the need for a strategy of moving out of 'commodity tourism' and into 'niche' or 'specialty' tourism studies. Policies should aim at improving the quality, branding, human resources, linkages, environmental sustainability and diversity of the tourist product. All these involve government support in the context of strong public-private sector partnerships in the industry. Strong government leadership is also necessary in linking this strategy to the services negotiations in the WTO.

Other service activities with export potential that have been identified are law, medicine, higher education, health services, engineering, construction, information services, cultural and entertainment services and international financial services. Effective completion of the Single Market in these service activities, as well as a common legal, taxation, and regulatory environment will be a big step towards stimulating their growth and competitiveness. At the same time, realisation of international market potential would be significantly boosted by government provision of technical studies, planning, personnel training, and institutional support for research and development and international marketing. A precondition is Caricom-wide consensus on the direction and content of strategies for the future, which would serve as the template for policy coordination.

Similar considerations apply when one turns to diversification in the goods producing sectors. The reports all call for the adjustment and rationalization of preference-dependent export industries, in particular bananas, sugar and rice. The CTAG report of 2001 recommended a Caricom Common Sugar Policy, a Caricom Common Rice Policy, a regional rum upgrading and diversification

programme and a banana adjustment programme. The World Bank 2005 report calls for a 'negotiated' and 'orderly dismantlement' of preferences (notably, recent EU actions for preference dismantlement have been neither negotiated nor orderly). This matter has been a subject in Caribbean economic literature at least since McIntyre's path breaking article of 1964. Discussion of the diversification imperative goes further back, to Lewis's industrialisation essays of 1950. One is therefore moved to ask why there has been such a gap between ideas and implementation in this area.

To this question we offer several possible answers as discussion points. First is the absence of institutional machinery by which regional strategies can be put into operation. Only since 2002, when the Revised Treaty of Chaguaramas was provisionally adopted, has there been an over-arching legal framework for the adoption of common domestic and external policies; and these await the actual completion of the Single Economy. Second, there are the difficulties that arise out of the differentiation among member states with respect resource endowment, level of development, and the product and market composition of exports. This complicates the task of securing agreement on domestic macro-economic and sectoral policies and on external trading policies. Notably, the Revised Treaty preserves the character of Caricom as a Community of Sovereign States. Sovereignty is not easy to negotiate where national interests stand to be adversely affected by agreement on regional policies, which usually involve trade-offs of one kind or another.

Third, there has been a notable absence of "buy-in" by regional stakeholders in the proposed strategies. Few people outside of a small circle of cognoscenti even know of their existence. The policy dialogue has been mostly confined to a small group of political decision-makers and technocrats from national, regional

and international agencies. In other words, it has been largely an elite-centered process. Attempts have been made in recent years to broaden participation, but these have been largely fragmentary and unfocused and hence limited in their effectiveness. Some spill-over is evident in the form of increased public awareness of the CSME. But information is not always presented in a manner that assists informed debate and reasoned decision-making. Even now, with preference erosion a reality rather than a distant prospect, the sense of urgency regarding adjustment and regional policy cooperation is lacking.

Fourth, in the absence of arrangements for regional-level implementation, adjustment policies have been the province of national initiative. At this level, several issues arise. Adjustment of traditional activities is economically and politically costly in the short-term; constrained by resource scarcities and by the short decision time-horizon associated with the electoral cycle. Long-term policy consistency is also undermined by vulnerability to external shocks-- changes in conditions governing export marketing, international political events and natural disasters—that give rise to reactive, ad hoc policies. Government policies are also to a significant degree externally driven; and policy agendas differ among donors and trading partners and also in one partner over time. Governments are caught up in the daily challenge of meeting the varied and changing demands of external agencies as well as of domestic interests.

None of these possible reasons for the implementation gap offer comfort in the light of the urgency of present challenges. The speed with which external events impacting on regional sugar and bananas occurred in 2005 is a wake-up call to the region. It is a reminder that the timing of external changes is outside of its control and that those taking these decisions pay scant regard to the economic and political difficulties of effecting a smooth transition within the region.

#### **IV. The non-economic dimension**

Even in the expanded sense proposed above, production integration is one element in the economic dimension of integration; and it with the economic dimension that this paper has been so far concerned. In this section we make the case for the non-economic dimension. We suggest, first, that the economic approach to integration that is associated with the CSME project has severe limitations that are no longer safe to ignore. Caricom is being sold to the people of the region primarily in economic terms, but economic transactions within the Community are relatively insignificant to the economies of its member states and to its people's livelihoods. There is an important sense in which Caricom economies are marginal to the economies of Caricom.

To the extent that the CSME succeeds in stimulating greater intra-Community flows of goods, services, labour and capital; the economic relevance of the Community to the regional population will be more effectively demonstrated. But even if these flows occur on a substantial scale, one may question whether intra-regional transactions will ever be as significant to the livelihoods of the population as their dealings with the rest of the world. It is difficult to imagine a scenario where intra-Caricom exports of goods and services are more than fifty percent of all exports of goods and services; and even less so if this condition is expressed as an average across all member states. The new dynamic export activities--present and prospective--are oriented towards extra-regional markets; and we have argued that the principles upon which the CSME is constructed privileges integration of Caricom economies with the world economy as a whole.

One is minded, therefore, to re-visit the argument that the justification for Caricom is to be found primarily in the non-economic sphere, a view that was advanced by Brewster as long as 10 years ago. At the very least, while not

gainsaying the potential economic benefits of integration in the new dispensation; one may consider whether the non-economic aspect of integration may not be equally important in providing its justification and rationale. Caricom integration does address the non-economic dimension, but attention to this appears to have been muted in the drive to establish the CSME.

Rather than to start with the existing integration agenda in health, education etc. however, it may be more useful to consider the bigger picture. Here a rather impressionistic summary is proposed, based on the content and emphases of recent public discourse in the region. For example, security is obviously a major concern, given the steep increase in criminal violence in several countries and the penetration of transnational organised crime. Economic uncertainty has been heightened by the speed of preference dismantlement, the consolidation of economic mega-blocs, and multilateral trade liberalisation, all of which have left Caribbean states feeling relatively marginalised and vulnerable. There are major social concerns arising out of the spread of HIV/AIDS, the persistence of poverty and the growth of inequality; youth alienation, male educational under-performance and loss of skilled manpower from emigration. The effects of global climate change add to the general sense that the region is at the mercy of forces outside of its immediate control. What is notable is that these concerns are present throughout the region irrespective of the level of development of individual member states. In this sense the disparities in per capita income may not be as significant as the shared sense of vulnerability.

It is here, perhaps, that we have a fundamental challenge to the relevance of the Community: that of serving as a means of enhancing the regional population's sense of individual and collective security in the contemporary world. That world is subject not only to the processes of economic globalisation but also to considerable instability and unpredictability in the political, economic, social and

environmental spheres. Central to this is Caricom's character as an authentic 'Community', in the sense of becoming integral to its people's sense of identity and of place in the global community and of their ability, as small societies, to cope with global change.

In this perspective, it becomes vital for the Community to be an instrument for the fulfillment of the basic human and social rights of the regional population, and that this parallels the economic aspects of integration. Regional consultations with key stakeholders show a broad consensus that the social aspects of development are as important as the economic, and that the two are closely inter-connected (Duncan 2003, Thomas 2003, Girvan 1995). In this regard much of the spadework has been done in the form of the Caricom Charter of Civil Society. The Charter is a bold and far-reaching document covering the fundamental rights and responsibilities of citizens and states of the Community and the role of social partners in governance. Its 27 Articles speak to human, civil, political, religious and cultural rights; the rights of indigenous peoples, women, children, workers, the family and people with disabilities; rights to good governance, participation in the economy, health, education and basic necessities; environmental rights; the role of social partners and awareness and the responsibilities of the people.

The Charter was a significant step in providing a social dimension to the integration process; but it would appear to have been sidelined since its adoption by the Heads of Government in 1997. The 2001 deadline for the first report on its implementation appears to have been missed. The national committees for monitoring and implementation have not been established (p. 235). Indeed a recent a computer search on the CCS website (on December 5, 2005) failed to

locate the text of the Charter or any item directly related to it<sup>7</sup>. Responsibility for this lacuna must rest equally with the CCS, governments and civil society. Governments need to fulfill their commitments under the Charter, but civil society needs to constantly remind them of these commitments and to bring public pressure on them when these are not fulfilled. The price of implementation, like that of freedom, is eternal vigilance. The activation of the National Committees and the preparation of the first regional report on implementation by the CCS, should therefore, be an immediate priority. Other steps that could be undertaken are:

- An agreed schedule for national status reports; at a minimum triennially
- Incorporation, into the coverage of national and regional status reports, of progress in implementing commitments within the framework of United Nations conferences and other multilateral fora.
- Entrusting to the National Committees or to civil society, the responsibility of preparation and publication of these reports; thereby strengthening their role in monitoring and implementation and enhancing the credibility and independence of the reporting function.
- Amending the Charter to give it the same legal status as the Revised Treaty of Chaguaramas and to bring it within the jurisdiction of the Caribbean Court of Justice, making alleged breaches of the Charter

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<sup>7</sup> The Charter was sourced from the ILO website at <http://www.itcilo.it/english/actrav/telearn/global/ilo/blokkit/caricha.htm#PREAMBLE>

actionable to the CCJ. Court. This would be a signal that the Community gives equal standing to the social dimension of integration as to the economic.

The other dimension of integration to which we wish to refer here is the environmental. Caricom states are among the most vulnerable to the effects of global climate change; but other, less well-publicised environmental issues have equally important implications for economic viability and livelihoods. The recently concluded Caribbean Sea assessment, part of a wider global exercise on the planetary ecosystem, notes that “The ...Sea has been critically assessed and ranked by expert consensus as having the highest priority for conservation of any marine eco-region in the whole of Latin America and the Caribbean” (Agard and Cropper 2005: 15)<sup>8</sup>. Among the main findings are steep declines in the condition of the coral reefs, which are essential to sustainable tourism<sup>9</sup>, and on the amount and quality of fishery resources<sup>10</sup>, which underpin the livelihoods of tens of thousands of the region’s people. Other major concerns are water availability, from the point of view of medium-term adequacy and security; disposal of solid and toxic waste and atmospheric pollution.

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<sup>8</sup> Other data from the same source, page nos. in parentheses.

<sup>9</sup> Caribbean coral reefs have lost “80% of living coral over the last 20 years, an unprecedented rate of degradation” (24-25); which in turn is a possible contributor to beach erosion, which affects 70% of Caribbean beaches “at rates of 0.25 to 9 metres a year” (22).

<sup>10</sup> “many species...are under stress from over-exploitation and/or habitat degradation and are not making optimum contribution to our socio-economic development” (42). Data from four eastern Caribbean countries show a steep decline in the catch per unit of effort in 1980-1999<sup>10</sup> (47). That is, physical returns have only been maintained at the cost of greater expenditure of time, equipment and energy and by resource depletion.

Given the wide range of ecosystem services provided by the natural environment to Caribbean economic processes, it is hardly possible to conceptualise the Caricom Single Market and Economy without an integral environmental dimension. Caribbean countries have been in the forefront of projecting the interests of small island developing states in addressing global environmental issues: A wide variety of international, regional and national instruments needed for environmental conservation and management have been put in place<sup>11</sup>. Implementation, however, has been hampered by inadequate resources in monitoring and enforcement agencies; political pressures to defer long-term needs in favour of short-term economic benefits; and even lack of judicial awareness and understanding.

Three key areas may be considered for priority action:

- Effective adoption of common environmental standards throughout the Community related to the marine environment, the utilisation of other natural resources, and the disposal of solid, liquid and atmospheric wastes and effluents. These would take as their starting point the implementation of international commitments and of national laws and regulations derived there from.

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<sup>11</sup> Internationally, there are the United Nations Convention on the Law of the Sea (UNCLOS, 1982), two agreements for the protection and management of the region's fishery resources the MARPOL Agreements on controlling ship-originating and land-based sources of pollution, the United Nations conventions on climate change and on biological diversity, and the Basel Convention on the movement and disposal of hazardous wastes. Regionally, there is the ACS Convention on the Establishment of the Sustainable Tourism Zone of the Caribbean and the ACS Environmental Agreement. Nationally, many Caricom countries have established and updated their environmental legislation and established environmental regulatory agencies in the past 20 years.

- Adoption of national environmental accounting; that factors in the costs of resource depletion and other environmental externalities into estimates of net national product; and captures the value of the services provided by the ecosystem to the human economy.
- State of the Caricom Environment reports should be prepared and published, at a minimum triennially. These should cover progress made in implementing international and regional undertakings and national laws related to the environment; and should contribute towards the creation of a supportive political and public opinion environment for providing an environmental dimension to the integration process.

## **V. Conclusion**

The thrust of this paper suggests the need for some stocktaking with regard to the approach to production integration and to CSME implementation. An updated perspective sees production integration as meaning integrated private decision-making in investment and production in the context of integrated markets and public policies. Regional policy integration to facilitate production integration is vital. Sufficient policy space must be negotiated to allow an active government role in fomenting industrial and service clusters. Priorities will be derived from the rationalisation of preference-dependent industries and identified possibilities for new dynamic and internationally competitive activities. And the social and environmental dimensions need to be integrated into integration (the political dimension is also important, but is outside the scope of this paper).

There are certain implications for the priorities and content of the CSME project. We have proposed a two-phased sequencing for the 2006-2015 period, along the following lines.

**Phase I: 2006-2010**

1. Caricom Charter of Civil Society: juridical status; implementation; status reports;
2. State of Caricom Environment: implementation of agreements and laws; status reports.
3. Common Agricultural Policy: rationalisation of sugar, bananas, and rice industries.
4. Movement of labour: extension of to additional categories; administrative streamlining
5. Sustainable tourism: regional development policy
6. Financial services: finalisation and implementation.
7. Services regime
8. Investment regime
9. Intellectual property regime
10. Government procurement regime
11. Technical studies and agreement on Phase II priorities:

**Phase II: 2011-2115**

1. Fiscal policy harmonisation
2. Monetary policy harmonisation
3. Coordination of exchange rate policy/Caribbean monetary union
4. Company law harmonisation
5. Tax laws and incentives harmonisation
6. Labour law harmonisation

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## STATISTICAL ANNEX<sup>12</sup>

**Table 1: Share of Intra-Regional Exports in Total Exports (as a %)**

Country / Region	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>OECS</b>	26.2	28.8	28.7	30.2	32.7	34.4	35.7	31.3	35.0	36.6	40.5
Barbados	39.2	35.7	38.2	36.9	36.0	43.2	47.4	44.3	42.9	47.4	41.2
Belize	3.9	3.5	3.7	3.0	4.5	7.4	5.7	4.5	6.6	6.7	8.9
Guyana	8.5	8.6	10.5	9.1	8.7	9.1	11.7	15.3	15.1	18.3	19.2
Jamaica	5.8	5.1	4.4	4.1	3.5	3.5	3.6	4.0	4.4	4.7	5.3
Suriname	2.5	1.9	2.5	4.8	5.2	5.2	4.1	4.2	5.0	6.9	6.8
Trinidad and Tobago	22.3	20.2	22.2	24.8	25.8	30.5	26.9	23.9	21.1	21.4	20.2
<b>CARICOM sub-set</b>	<b>15.3</b>	<b>13.6</b>	<b>15.3</b>	<b>16.6</b>	<b>16.9</b>	<b>19.4</b>	<b>18.9</b>	<b>18.9</b>	<b>17.9</b>	<b>18.2</b>	<b>17.9</b>

*Notes:* OECS excludes Antigua & Barbuda and Montserrat; Caricom sub-set excludes Antigua & Barbuda, The Bahamas and Montserrat

*Data Source:* CARICOM-INTAL Report No. 2, as sourced from other data.

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<sup>12</sup> This statistical annex has been prepared with research assistance from Denyse Dookie.

**Table 2: Intra-Regional Trade (Imports and Exports) as a % of GDP,  
By CARICOM Country subset**

Country / Region	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>OECS Total</b>	<b>18.0</b>	<b>17.1</b>	<b>17.3</b>	<b>16.8</b>	<b>17.4</b>	<b>17.3</b>	<b>16.9</b>	<b>16.8</b>	<b>16.0</b>	<b>15.5</b>	<b>16.6</b>
<i>OECS Average</i>	3.6	3.4	3.5	3.4	3.5	3.5	3.4	3.4	3.2	3.1	3.3
Barbados	10.9	10.4	11.4	11.4	10.2	11.6	11.4	13.5	12.8	10.0	
Belize	3.0	2.9	3.2	2.6	3.1	3.7	3.3	3.0	4.1	3.1	
Guyana	20.4	19.8	23.5	21.9	19.0	16.8	19.1	21.1	21.5		
Jamaica	3.8	4.5	5.3	5.4	5.0	4.8	5.5	5.9	6.3		
Suriname	1.3	16.1	12.1	12.4	12.1	8.9					
Trinidad and Tobago	9.4	9.0	11.4	12.5	13.2	13.2	13.0	14.1	13.6	9.6	10.7
<b>CARICOM sub-set</b>	<b>8.2</b>	<b>8.5</b>	<b>10.3</b>	<b>9.4</b>	<b>13.2</b>	<b>12.3</b>	...	...	...	...	...
<i>Caricom sub-set Average</i>	6.4	7.6	8.0	7.9	7.6	7.2	7.3	7.8	7.7	5.2	5.1

Notes: OECS excludes Antigua & Barbuda and Montserrat; Caricom sub-set excludes Antigua & Barbuda, The Bahamas and Montserrat

Averages are the means for all the countries for which values are available and/or shown.

Trade Data Source: CARICOM-INTAL Report No. 2, as sourced from other data.

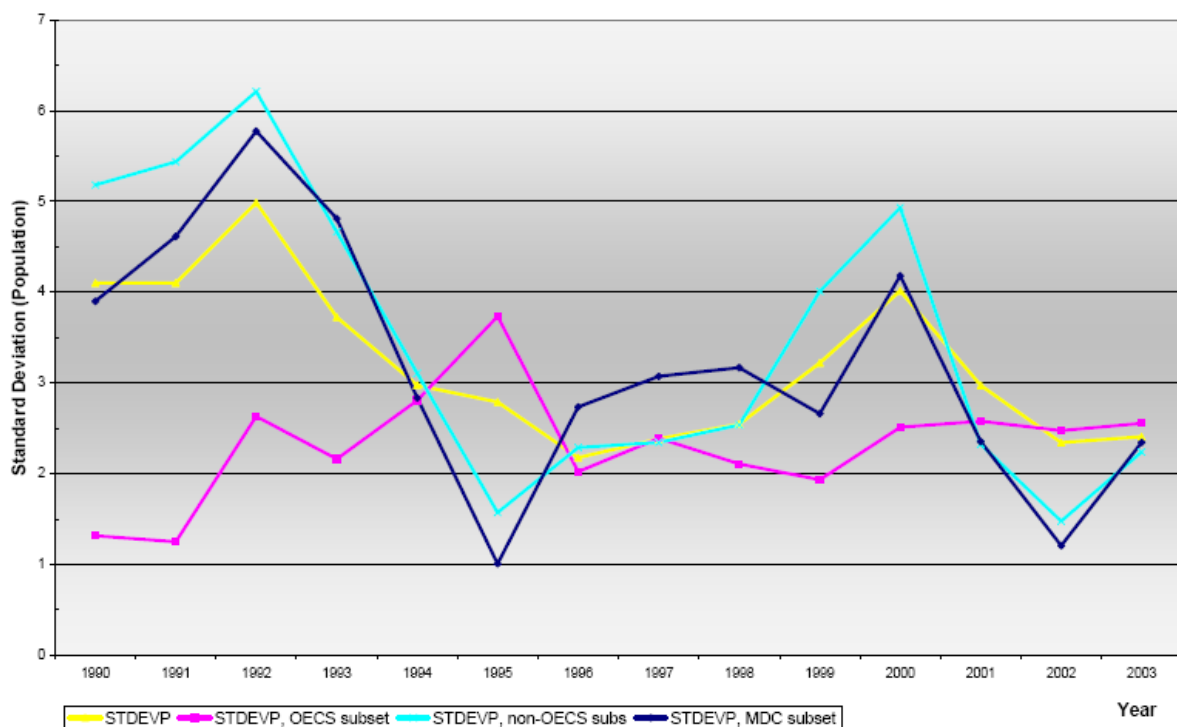
GDP Data Source: ECLAC Statistical Yearbook 2004, Online:  
[http://www.eclac.cl/badestat/anuario\\_2004/eng.htm](http://www.eclac.cl/badestat/anuario_2004/eng.htm)

**Table 3: Average Annual GDP Growth Rates (at constant 1995 prices)**

Country / Region	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Antigua and Barbuda	3.77	2.72	0.94	4.95	6.18	-4.83	5.97	5.51	4.97	4.86	2.56	1.58	1.22	2.14
Dominica	5.94	2.07	2.33	1.88	1.94	1.24	2.86	2.23	3.08	1.26	1.32	-3.33	-5.79	2.53
Grenada	5.16	3.73	1.04	-1.11	3.35	3.10	2.99	4.27	7.56	7.54	7.33	-3.85	-1.13	7.98
St. Kitts and Nevis	3.09	2.46	3.16	5.25	5.50	3.19	5.84	7.20	1.10	3.50	5.62	2.05	0.85	0.62
St. Lucia	3.17	-0.32	7.49	1.60	1.61	2.07	0.82	-0.33	3.03	2.89	0.17	-4.15	0.21	0.35
St. Vincent and Grenadines	6.41	1.51	6.92	2.01	-2.32	7.82	1.16	3.54	5.79	3.60	1.83	0.04	1.25	3.91
<b>OECS</b>														
The Bahamas		-4.00	-2.00	1.70	0.90	0.30	4.20	3.30	3.00	6.00	4.90			
Barbados	-3.04	-3.77	-6.77	1.06	4.44	1.87	2.55	2.61	4.04	2.96	3.13	-2.21	-0.36	2.97
Belize	10.39	11.41	12.08	6.06	0.38	0.46	1.72	3.77	3.73	8.83	12.12	5.00	4.21	4.88
Guyana	-3.72	8.92	9.12	11.44	9.41	3.83	7.41	6.76	-2.25	5.00	-2.29	2.27	1.49	-2.01
Jamaica	6.09	0.54	2.70	2.19	1.57	2.15	-0.10	-1.75	-0.79	0.60	0.99	1.82	0.94	2.29
Suriname	-2.07	3.47	-1.96	-4.08	-0.13	-0.04	5.29	3.34	2.91	-3.54	-1.24	1.30	1.20	3.50
Trinidad and Tobago	0.82	3.48	-1.03	-1.18	4.15	4.18	4.41	3.96	5.30	7.84	9.18	4.28	3.00	4.24
<b>Total CARICOM Group</b>														

Data Source: ECLAC Statistical Yearbook 2004, Online:  
[http://www.eclac.cl/badestat/anuario\\_2004/eng.htm](http://www.eclac.cl/badestat/anuario_2004/eng.htm)

**Figure 1: Standard Deviations of Growth Rates for Caricom Subsets, 1990-2003**



**Table 4: GDP per capita (based on constant 1995 prices)**

Country / Region	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Antigua and Barbuda	5,987	6,075	6,057	6,280	6,586	6,191	6,467	6,726	6,959	7,193	7,272	7,346	7,395	7,512
Dominica	2,754	2,788	2,830	2,860	2,892	2,904	2,963	3,006	3,074	3,089	3,105	2,994	2,813	2,877
Grenada	2,485	2,590	2,629	2,612	2,713	2,810	2,908	3,047	3,294	3,559	3,839	3,700	3,668	3,970
St. Kitts and Nevis	3,915	3,955	4,023	4,175	4,343	4,419	4,720	5,108	5,212	5,445	5,805	5,924	5,974	6,012
St. Lucia	2,482	2,441	2,589	2,596	2,603	2,622	2,621	2,591	2,647	2,700	2,682	2,550	2,535	2,524
St. Vincent/Grenadines	1,741	1,755	1,863	1,887	1,830	1,959	1,969	2,024	2,127	2,188	2,213	2,203	2,219	2,294
<b>OECS</b>														
The Bahamas														
Barbados	6,404	6,134	5,692	5,726	5,953	6,036	6,171	6,313	6,549	6,722	6,912	6,734	6,685	6,858
Belize	2,497	2,707	2,953	3,048	2,978	2,912	2,892	2,930	2,968	3,153	3,452	3,551	3,625	3,725
Guyana	434	471	513	570	622	644	688	731	711	743	723	738	747	730
Jamaica	2,020	2,014	2,051	2,078	2,093	2,120	2,099	2,045	2,012	2,007	2,009	2,027	2,027	2,055
Suriname	1,330	1,372	1,340	1,281	1,275	1,270	1,327	1,361	1,390	1,330	1,304	1,310	1,316	1,351
Trinidad and Tobago	4,009	4,118	4,045	3,968	4,102	4,242	4,409	4,564	4,785	5,137	5,584	5,803	5,958	6,189
<b>CARICOM</b>														

Notes: Figures rounded to nearest whole number

Data Source: ECLAC Statistical Yearbook 2004, Online:

[http://www.eclac.cl/badestat/anuario\\_2004/eng.htm](http://www.eclac.cl/badestat/anuario_2004/eng.htm)

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**Figure 2: Standard Deviations in GDP Per Capita** (*based on Table 6*) - 1990-2003

