

SOME SALIENT ISSUES FOR RESOLUTION IN CARICOM

by

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INTRODUCTION

In 1973, the Caribbean Community (CARICOM) was established under and by virtue of the Treaty of Chaguaramas; in 2001, the juridical framework for a Caribbean Single Market and Economy (CSME) was formally elaborated in the Revised Treaty of Chaguaramas.

Although several aspects of the Revised Treaty in respect of the Single Market have been put in place, the Single Economy is yet to be operationalised as envisaged. It is not that some progress has not been made, but the CARICOM Single Economy is still to be achieved.

To be sure, we have witnessed solid progress in trade facilitation, freedom of movement of CARICOM nationals, the establishment and functioning of the supra-national Caribbean Court of Justice (CCJ) in its original jurisdiction, and the enhancement of functional cooperation in education, health, security, and the coordination of foreign policy. Still, in each of the areas of progress, there is much that is yet to be accomplished. But more than all this, the core features of the CARICOM Single Economy are yet to be realized.

Although the recently-published (March 2017) Report of the Commission to Review Jamaica's Relations within the CARICOM and CARIFORUM Frameworks ["the Golding Report" called after its Chairman, former Prime Minister of Jamaica, Bruce Golding], has proffered an highly stylized and somewhat overblown critique of the lack of progress in the implementation the CSME, there is much truth in its lamentation that:

“---Something cannot be said to have failed unless it has been tried. The Single Market and Economy that we so often declare is not working cannot, in reality, be expected to work because it has not yet been functionally established. ---- So much time has elapsed and so much that should have been done has not been done that we are in danger of succumbing to ‘integration fatigue’ without having actually integrated and we are having difficulty sustaining or renewing our commitment to the process.”

In the upshot, the Golding Report has staked out, not surprisingly, a Jamaican-centered perspective from which flows a bundle of thirty-three recommendations with suggested timelines for implementation. Many of these recommendations are relatively run-of-the-mill, sensible correctives to specific challenges or initiatives which have been canvassed repeatedly by this or that review, internal and external, of CARICOM. Some, though, are plain unworkable

under the extant governance arrangements in CARICOM; and altered governance has been enduringly problematic.

However, the Golding Report's telling recommendation with undoubted far-reaching consequences for Jamaica and CARICOM is this:

“There needs to be a clear, definitive commitment Now from each Member State to a specific time-bound, measurable and verifiable programme of action to fulfill all its obligations and complete all the requirements for the single market and economy to be fully established and operational within the next five years. In the absence of such a commitment and its diligent execution, it is our recommendation that Jamaica should withdraw from the single market and economy but seek to retain its position as a member of CARICOM in a status similar to that held by the Bahamas. It would then consider what form

of trading arrangement it would wish to pursue with other CARICOM Member States”.

This recommendation is central to the Golding Report’s menu of recommendations; its no-nonsense, take-it-or-leave-it “litmus test”, in this regard, infuses and sprinkles, hither and thither, the tenor of much of the Report’s analysis and its gaze into the future of the regional integration movement. Under the rubric of this central recommendation, the Golding Report lists twenty-two “must do” items for the CSME over the next five years, or else withdrawal by Jamaica!

The Golding Report has been laid in the Parliament of Jamaica; the matter is in the public domain for consideration. We do not as yet know the position of the Jamaican government on the array of the Golding Report’s recommendations, especially that which occupies centrality. I suspect, though, that rightly or wrongly, a large body of Jamaican opinion may applaud, even if from the side lines

given CARICOM's marginality to Jamaican political and economic discourses.

My purpose today is not to review the Golding Report although its ideas are an influential prod on the current working agenda of CARICOM and on the prospective way forward, strategically, for the regional integration enterprise. Accordingly, I consider it opportune, on the eve of the 29th Inter-Sessional Conference of Heads of Government of CARICOM scheduled for early next week in Haiti, to mark out some relevant territory on the salient issues at hand from the perspective of the Member States of the Organisation of Eastern Caribbean States (OECS), particularly that of St. Vincent and the Grenadines.

WHAT CARICOM IS AND WHAT IT IS NOT

CARICOM is designed as a "Community of Sovereign States" without any authoritative institutional arrangement of supra-nationality, save and except the Caribbean Court of Justice (CCJ) as exemplified in the Shanique Myrie case, among

others, over the recent years. CARICOM's central mode of operation is by way of inter-governmental unanimity, profoundly respectful of each Member State's sovereignty and independence.

Accordingly, there is no executive governance structure akin to the European Commission, a supra-national executive mechanism, which is mandated to compel obedience, through targeted sanctions of Member States should they fail and/or refuse to comply with their solemnly-agreed obligations. In CARICOM, only the CCJ, in its original jurisdiction, possesses a rule-enforcing authority available to nationals, companies, and governments of CARICOM Member States. Interestingly, no CARICOM government, as yet, has taken another to the CCJ for any alleged breach of relevant provisions of the Revised Treaty of Chaguaramas or decisions of a Heads of Government Conference, or a material aspect of community law. Governments still seek to resolve problems the old-fashioned way, through dialogue and consensus in their intergovernmental arrangements.

So, CARICOM is seeking to implement the CSME but with a ramshackle governance and administrative apparatus. The much-maligned CARICOM Secretariat can hardly do more than what it is empowered to do by the Treaty and the decisions of Conference of Heads of Government or meetings of the various Ministerial Councils or other organs of CARICOM. And on the basis of the underwhelming results of CARICOM's initiatives to alter its governance arrangements in accord with an efficacious "fit-for-the-purpose" principle, I am doubtful that an appropriate supra-national executive mechanism, an effective CARICOM Commission focused on CSME implementation, is likely to evolve in the foreseeable future. "Islandness" and an addiction to the doctrine of the pristine Westphalian nation-state, inclusive of its adornments of sovereignty, in intra-CARICOM relations are likely to doom the realization of any executive CARICOM Commission.

In 2003, as a first-term Prime Minister, I was made Chairman of a Sub-Committee of the Conference of Heads of Government

on the “Governance” issue with the mandate to reform the governance arrangements in CARICOM in order to give effect to the potentially transformative “Rose Hall Declaration” which emerged out of the Conference of Heads of Government held in Jamaica on the occasion of the 30th anniversary of the establishment of CARICOM. Prime Minister P.J. Patterson of Jamaica, Patrick Manning of Trinidad and Tobago, Owen Arthur of Barbados, President Bharrat Jagdeo of Guyana and I worked diligently on this exercise. Our work was supported by three Technical Committees on “Governance”, “the Assembly of Caribbean Community Parliamentarians”, and “Financing CARICOM” headed respectively by Sir Shridath Ramphal, Professor Denis Benn, and Professor Compton Bourne. Our Committee duly reported to the Conference of Heads of Government. A major recommendation was for the establishment of an Executive CARICOM Commission to push for, and superintend, the CSME; a similar, but not identical, body to the European Commission.

The Conference of Heads of Government respectfully received our report but kicked the decision-making can further down the road by appointing a Technical Review Group under the Chairmanship of Professor Vaughn Lewis to advise further on our Report. The Lewis Technical Group in due course, submitted its review; but the funeral rites on “the Rose Hall Declaration” and its attendant body of literature were by then summarily administered, without fanfare. Every now and again, thereafter, CARICOM is roused by one of its “governance fits” and administrative reviews. In their wake, the business continues as usual in CARICOM; important “ad hoc” work is being done but it inches ever so glacially, particularly in respect of the CSME.

The Golding Report is correct in its assessment that there is no appetite in CARICOM currently, and in the foreseeable future, for a political union. I do not share its view, however, that the Report’s proposals regarding: declaratory provisions in the Treaty on the paramountcy of community law on certain matters; a corresponding articulation of sanctions for the

certain willful non-compliance or flagrant breaches; a more effective functioning of the Quasi-Cabinet in CARICOM and the Permanent Committee of Ambassadors; a better functioning of the Ministerial Councils including the Council of Ministers for Finance and Planning; and an improved functioning of the CARICOM Secretariat will, in their composite performance, be able to oversee, and drive, adequately or at all, the full functioning of the CSME, particularly the Single Economy. My friend, Bruce Golding, the principal author of the Report, is unrealistically optimistic that these bits-and-pieces measures would cure the central “governance” limitations in respect of the CSME.

Only a well-constructed, authoritative executive CARICOM Commission will be able to push and manage the CSME as a lived reality. And I do not think, too, that there is a political market for such an executive CARICOM Commission. I observe, only in passing, that many current enthusiasts for a centralised executive driver of CSME, were lukewarm to the idea when they were in office. Then, the sacrosance of their

respective national Cabinets and their vainglorious declarations of a vaunted sovereignty, restrained them from crossing the proverbial Rubicon of an executive authority in CARICOM. The ghost of the failed federal venture in the West Indies is yet to be exorcised, not only in Jamaica but elsewhere too.

The existing governance arrangements in CARICOM are only able, partially, to deliver achievements on its four pillars: Trade and Economic Integration, Functional Cooperation, Foreign Policy Coordination, and Security Linkages. Useful, productive work is being done on trade and single market activities and on functional cooperation; deliverables in foreign policy coordination and security are patchy at best; but there is hardly any credible advance on the single economy limb of the CSME.

A SINGLE ECONOMY FOR CARICOM?

It is doubtful given the current context of globalisation, the condition of the regional economies, the unequal yoking of the Member States of CARICOM, and the highly unlikely attainment of an executive CARICOM Commission, that a single economy can be fashioned in CARICOM now or in the foreseeable future. If this assessment is correct, we ought reasonably to spend our time more usefully on the attainment of the goals resident in the other pillars of CARICOM's design. In this way our focus is likely to yield substantial results even on modest objectives, than to be in thrall of a permanent condition of dissatisfaction because of the elusive single economy, and its essential pre-condition, an authoritative executive governance apparatus.

From the standpoint of the OECS, including St. Vincent and the Grenadines, a Single Economy is a non-starter unless there is a special carve-out for the OECS Member States within CARICOM. Thus far, at least three larger CARICOM

Member States are opposed to such a carve-out. I note that the Golding Report is recommending the elimination of the differentiation between the More Developed Countries (MDCs) and the Less Developed Counties (LDCs) in CARICOM, but the Report calls for the retention of the provision in the Revised Treaty for special treatment of disadvantaged countries, regions, and sectors. Jamaica is defined as a MDC which denies it certain preferential treatment; but there are regions and sectors in Jamaica which may qualify as “disadvantaged”, and thus be eligible for “special treatment” under Chapter 7 of the Revised Treaty.

Undoubtedly, in the OECS member states of CARICOM, the small size of their domestic markets, the underdeveloped manufacturing sector, the absence of oil and mineral resources, the relatively weak condition of the financial sector, and the paucity of certain vital skill sets, place them at a marked disadvantage compared to the traditionally more developed countries in CARICOM (Barbados, Guyana, Jamaica, and Trinidad and Tobago) — the recognised MDCs

in the CSME. Further, in this era of debilitating climate change, the vulnerability and lack of resilience to natural disasters of the Member Countries of the OECS place them in an even more disadvantaged or precarious state than the other CARICOM Member States. For us in the OECS there is an undoubted case for a designation which accommodates the notion of “Small Island Exceptionalism” on account of their structural weaknesses or deficiencies in their economies and the unfamiliarity, unprecedentedness and urgency of the on-rushing natural disasters. To be sure, the larger CARICOM countries are also subject to climate change and debilitating natural disasters, but the consequential damage and destruction has not been to the same extent as in the OECS Member States. The veritable “wipe-out” of Grenada in 2004 and Dominica in 2017 attests to this fact.

The six OECS Member States which are in the CSME, namely, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines ___ designated in the Revised Treaty as Less Developed Countries (CDCs) ___

have a total land area of 2,811 square kilometres and a population of 625,334. These six countries constitute 25.57 percent of the land area and 22.5 percent of the population of Jamaica; the six OECS countries have a land area which is 54.8 percent of that of Trinidad and Tobago and 45.8 percent of that country's population. Huge disparities between the land area of the OECS Member States and that of Guyana (214,970 square kilometres), of Suriname (163,820 square kilometres), and of Belize (22,966 square kilometres); but the population sizes do not represent the same disparities: Guyana's population is 770,749; Suriname's is 547,546 and Belize's is 366,971; each of the latter two has less than the OECS Member States' total population. Barbados' land mass of 431 square kilometres is 15.3 percent of that of the OECS countries, and its population of 284,977 represents 45.6 percent of that of the OECS countries in the aggregate.

The per capita Gross Domestic Product (GDP) of the CSME countries in United States Dollars in 2014 is as follows: Antigua and Barbuda, \$13,277; Barbados, \$15,454; Belize,

\$4,617; Dominica, \$7,002; Grenada, \$7,778; Guyana, \$3,628; Jamaica, \$5,203; St. Kitts and Nevis, \$14,123; St. Lucia, \$7,291; St. Vincent and the Grenadines, \$7,203; Suriname, \$9,120; Trinidad and Tobago, \$18,798.

It is to be noted that Antigua and Barbuda and St. Kitts and Nevis of the OECS member countries of CARICOM have a comparatively high per capita GDP figure; and it is true, too, that all six OECS member countries of CARICOM have much higher per capita GDP figures than those for Jamaica, Guyana, and Belize. But the small size and extreme vulnerability of all the OECS Member States of CARICOM demand especial protection and treatment within the CARICOM arrangements; thus, the demand for a special carve-out for these six CSME countries from the OECS plus Montserrat (size: 103 square kilometres; population: 5,179; GDP per capita: \$9,455).

The unequally yoked nature of the six OECS member countries of the CSME, plus Montserrat and Anguilla (all

members of the Eastern Caribbean Currency Union - ECCU), is further emphasized in their trade in goods (visible trade) with Trinidad and Tobago. In 2008, the year of the onset of the global economic depression, Trinidad and Tobago exported to the OECS-ECCU countries EC \$1.3 billion and imported EC \$56.7 million from them, thus occasioning for Trinidad and Tobago a hefty trade surplus in relation to these countries of EC \$1.27 billion; in 2016, Trinidad and Tobago exported EC \$869.97 million to these OECS-ECCU countries and imported EC \$42.57 million from them, thus giving rise to a large trade surplus of EC \$827.38 million in favour of Trinidad and Tobago. In the case of St. Vincent and the Grenadines, in 2015, our country imported EC \$158.8 million from Trinidad and Tobago and exported to that country EC \$21.0 million, thus according to Trinidad and Tobago a lopsided trade surplus of EC \$137.78 million.

Further, the veritable subsidy which producers of goods and services in Trinidad and Tobago receive, places producers in the OECS member countries in a marked disadvantageous

position relative to their counterparts in Trinidad and Tobago. It is well-established that the consumers and producers in Trinidad and Tobago pay far less for energy than those in St. Vincent and the Grenadines and the rest of the OECS-ECCU. Additionally, “energy” is one of the commodities which attracts the payment of the Common External Tariff (CET) when imported from a non-CARICOM source unless, as is the case of energy products under the Petro Caribe arrangement with Venezuela, a blanket exemption from the CET is accorded by the Council for Trade and Economic Development (COTED); this means, in effect, that CARICOM importers of “energy” cannot easily shop around for supplies from cheaper non-Trinidadian sources. Clearly, this is unfair and wrong since the “energy” industry in Trinidad and Tobago is a modern, highly competitive one; it ought not to be accorded this CET protection. And I reiterate the fundamental point that producers elsewhere in CARICOM, especially manufacturers, find it challenging to compete with their Trinidadian counterparts because of that country’s cheaper energy. It is for this reason that many Jamaican manufacturers are

seeking to relocate to Trinidad. Manufacturers from the OECS have no such heft to enable them to so act; in any event, jobs are sucked from elsewhere and are thus aggregated in Trinidad. The pricing of “Energy” contributes immensely to “the unequal yoking” of CARICOM Member States.

The OECS Member States were reluctant, originally, to sign on to the CSME precisely because the nature of their economies, small size, and a highly competitive disadvantage. Indeed, the OECS had caused a technical study to be conducted to assess the impact of CARICOM’s trading regime on our countries’ manufacturing sector; the study concluded that it had been adverse to the interest of OECS manufacturers. The settled view, too, was that the CSME, particularly its Single Economy component, would create additional competitive challenges for us in the OECS.

Nevertheless, we in the OECS signed on the CSME because of our reasonable expectation that Chapter 7 of the Revised Treaty on “Disadvantaged Countries, Regions and Sectors”

would be compensatory. This has turned out not to be the case; it is largely a mirage; it is for this reason, among others, that we in the OECS now seek a special carve-out in the Revised Treaty of Chaguaramas consequent particularly on the inauguration in 2010 of the Revised Treaty of Basseterre Establishing the Organisation of Eastern Caribbean Economic Union. But we are being blocked in our quest by at least three larger and more resourced-endowed CARICOM Member States.

Article 142 of Chapter 7 of the Revised Treaty of Chaguaramas stipulates that:

“The provisions of this Chapter shall have effect for the purpose of establishing a regime for disadvantaged countries, regions or sectors within the framework of the Treaty as well as a special regime for the Less Developed Countries in order to enhance their prospects for successful competition within the Community and redress to the extent

possible, any negative impact of the establishment of the CSME.” [My Emphasis].

Chapter 7 of the Revised Treaty of Chaguaramas has three parts: Part One: Preliminary; Part Two: Regime for Disadvantaged Countries, Regions and Sectors; and Part Three: Special Regime for Less Developed Countries. Among other things, this Chapter addresses Measures to Redress Disadvantage Arising from Economic Dislocation; Promotion of Investment; Measures Relating to the Services Sector and Relating to the Right of Establishment; Support for Sensitive Industries; Technical and Financial Assistance; the CARICOM Development Fund; and the Promotion of Industrial Development.

Of especial significance for St. Vincent and the Grenadines have been the CARICOM Development Fund (CDF) and the Promotion of Industrial Development under Article 164 of the Revised Treaty. The CDF commenced later than we all anticipated, and although the first cycle of funding was

somewhat helpful to us, it was underfunded. The second cycle is likely to be no more than 60 percent of the first cycle's funding. Article 164 has assisted, for example, our production and intra-regional export of flour and animal feed in St. Vincent and the Grenadines.

Article 164 (1) states that:

“Upon application made in that behalf by the less developed countries, COTED may, if necessary, as a temporary measure in order to promote the development of an industry in any of these states, authorise such states to suspend community origin treatment to any description of imports eligible therefore on grounds of production in one or more less developed countries.”

Securing Article 164 protection is already problematic; now the Golding Report recommends the elimination of the distinction between MDCs and LDCs. In effect, this would

remove completely the “Special Regime for Less Developed Countries” detailed in Part Three of Chapter 7 of the Revised Treaty of Chaguaramas which includes Article 164 and embraces, too, protective measures in respect of Import Duties, Community Origin issues, Incentive Regimes, the Common External Tariff, certain protections in relation to Public Undertakings, and the Use of Technological and Research Facilities of MDCs by LDCs.

The Golding Report’s recommendation for the establishment and operation of the CSME within five years, failing which Jamaica’s withdrawal, is problematic for the CSME and Jamaica. But I cannot speak for Jamaica; so, I will address the issue further, more broadly, and from the vantage point of the OECS.

Two central matters for the CSME, and more particularly for the Single Economy, as correctly identified by the Golding Report are: (i) Macro-Economic Convergence, including a Fiscal Responsibility Framework, Debt Management Strategy,

Abolition of Exchange Controls, and Full Currency Convertibility; and (ii) Full Free Movement of People throughout the Community subject only to Exclusions for Security and Public Health Reasons.

The issue of the Abolition of Exchange Controls is not a particularly compelling one since only two countries, Barbados and Belize, currently operate them across the board; but it would still be helpful to secure this abolition in these two countries. So, let us turn to the other matters of relevance here.

It is difficult for me to envisage, in practical terms, an effective fiscal responsibility framework, an efficacious debt management strategy, and full currency convertibility in the absence of a central authoritative monetary mechanism and in a context of individual Central Banks, economies at various levels of development and possessed of varied structural features, currencies with wildly different real effective

exchange rates to the US dollar, and individual monetary policies which are hugely divergent.

Even within the Eastern Caribbean Currency Union (ECCU) there are immense challenges in fashioning and implementing a common fiscal responsibility framework and debt management strategy beyond the setting of targets. The problems attendant on achieving these in the wider CARICOM are mind-boggling.

I am open to be educated as to how this would work practically in the context of CARICOM, but I remain not only “agnostic” but “atheistic” on it. I simply cannot see effective macroeconomic convergence between the economies of the ECCU and Barbados on one hand and those of Jamaica, Guyana, Suriname, Belize, and Haiti, on the other. I cannot see, too, such an effective macroeconomic convergence between Trinidad and Tobago, on the one hand, and the later five-named economies, on the other hand. I can envisage, though, the possibility of such a convergence between the

economies of Trinidad and Tobago, Barbados, and the ECCU. Undoubtedly, it is possible to draw up a list of guiding principles on macro-economic convergence within a CSME but they are most unlikely to go beyond declaratory good intentions, with absolutely no sanctions possible. In any event it is the market and the real world of trade and production which determine full currency convertibility. I am sure that large numbers of consultants and agencies are enthused at the prospect of juicy fees for their possible engagement on unworkable “full currency convertibility” in the extant circumstances.

In the ECCU, its member countries have one central bank with a common currency. The Eastern Caribbean Central Bank (ECCB) has regulatory oversight of all on-shore commercial banks. The ECCB is thus responsible, in the first and last instances, for monetary stability and financial sector stability by way of the regulatory regime of the monetary system and the commercial banks. Individual governments in the ECCU are at liberty to divine and massage its fiscal frameworks but

within an increasingly consensual fiscal responsibility covenant, inclusive of a coordinated debt management strategy. We in the ECCU have recognised that monetary and financial sector stability cannot be divorced from the fiscal and debt management frameworks. And both of these are linked inextricably to the issues of growth, competitiveness, job creation, and equity.

In the ECCU, pursuant to Article 24 (2) of the Eastern Caribbean Central Bank Agreement Act 1983, the ECCB is required to “at all times maintain the External Reserve in an amount not less than sixty percent of the value of the currency issued or deemed by the Bank to have been issued by it and in circulation and other demand liabilities but excluding coins issued for commemoration purposes”. Faced with increasing global economic uncertainties, we in the ECCU decided in June 2001 to maintain an operational level of hard currency backing for the EC dollar, of 80 percent. This operational backing ratio goes beyond the sound practice of 60 percent; it indicates the resilience of our currency arrangement and

continues to support the demand for international reserves particularly in a context of our current fixed exchange range regime. For over 30 years, the ECCU’s exchange rate has been fixed at EC \$2.70 to US \$1.00; and it has never been altered.

At the end of 2017, a summary of the Status of ECCB Reserves is as follows:-

STATUS OF ECCB RESERVES AT END OF 2017		
INDICATORS	BENCHMARKS	ECCB RESERVE LEVEL
Backing Ratio	60 percent/80 percent	97.1 percent
Import Cover (conventional)	3 months	10.5 months
Import Cover (ECCB Reserves only)	3 months	5.3 months
Reserves/Money Supply	20 percent	29.3 per cent
Reserves to External Debt	The higher the better	0.66

The level of reserves at the ECCB has consistently surpassed the 60 percent legislative minimum and the operational level of 80 percent; at the end of 2017 the hard currency backing of the EC dollar stood at 97.1 percent. We in the ECCU have chosen this safe, secure, and stable monetary policy because in our context we consider it to be to the overall benefit and future sustainability of our economies even though we

recognise that it probably curtails our economic growth by around 1 percent annually. We seek to make up that deficiency, creatively, on the fiscal, investment, and competitiveness sides. So, a query is in order: Would the effective macroeconomic convergence inclusive of full currency convertibility and a common enforceable fiscal responsibility framework presumably required for the CSME, undermine or diminish in any practicable way the ECCU's monetary policy, its fixed exchange status, monetary and financial sector stability?

The currency of the ECCU, the EC dollar, is already fully convertible to the US dollar. Would the rest of the CSME approach the ECCU level as the veritable "benchmark" or would the ECCU be required to move towards other more liberal or unsustainable currency arrangements?

From March 29, 2001, until November 20, 2017, I have been a member of the Monetary Council of the ECCU; indeed, I have been advised that I have been the longest serving member

continuously since the founding of the ECCU. In that capacity, and as St. Vincent and the Grenadines' longest serving Minister of Finance, I have learnt not to trifle with monetary and financial sector stability. I know the attendant challenges in small economies in these respects. I know, too, the creativity required to survive and thrive. So, I will not rush into effective full macroeconomic convergence in CSME just yet! I believe that my colleagues in the OECS share a similar viewpoint.

On the matter of the Golding Report's urgent call for "full free movement of people throughout the Community" as vital for the 5-year time-table for the operation of the CSME, I observe first that in 1961, fifty-six years ago, his Jamaica Labour Party (JLP) (admittedly my friend Bruce Golding was only 13 or so years old at that time) led Jamaica out of the West Indies Federation, in part, on the fear that tens of thousands of "small islanders" were poised to swamp Jamaica and suckle its proverbial milk which was held to be the exclusive

birthright of Jamaicans only. What goes around, comes around!

I agree that an effective CSME demands a “full free movement of people throughout the Community.” The reality, though, is that this is most unlikely to happen. Comparisons with the European Union in this regard are purely academic. Let us be realistic: Other than Trinidad and Tobago, with a 5 percent unemployment rate, the Member States of the CSME have unemployment rates ranging between 12 percent and 25 percent of the labour force; youth employment is even higher. Jamaica’s labour force is approximately 1.38 million, 14 percent of whom or nearly 200,000 persons are unemployed. This number is more than twice the entire population of Antigua and Barbuda, over three times the population of St. Kitts and Nevis, almost three times the population of Dominica, almost twice the populations of Grenada and St. Vincent and the Grenadines, slightly more than the population of St. Lucia, 70 percent of the total population of Barbados, and 15 percent of the population of Trinidad and Tobago. The

per capita GDP of Jamaica is US \$5,203; the per capita GDP of the OECS Member States range from US \$7,002 to US \$14,123; the per capita GDP of Barbados is US \$15,454; and the per capita GDP of Trinidad and Tobago is US \$18,798. Similar statistics are pointed in the case of Guyana, which has a total population of 770,749 and a per capita GDP of US \$4,490. The question is this: Would “full free movement of people” in the CSME not prompt a flood of migrants to the OECS Member States particularly countries with nominally higher per capita income such as in the Leeward Islands, and to Barbados, and Trinidad and Tobago? Would the domestic populations in these potential host countries permit their governments to allow this “full, free” influx? By setting up this “full free movement of people” as a sine qua non for the CSME’s attainment within 5 years, has the Golding Report not advanced an unachievable goal which it insists is a condition for Jamaica to remain in the CSME? Is the more measured approach to this matter as envisaged by the Revised Treaty [Articles 45 and 46] and expanded by the Heads of Government not more realistic in all the circumstances? I think so!

In the same way that the political market cannot bear a political union of CARICOM Member States, I consider that the economic and political circumstances are not propitious for effective macroeconomic convergence and “full free movement of people” within the foreseeable future; but the non-attainment of the maximalist CSME goal in five years, or foreseeably, does not mean that we ought to embrace only a minimalist agenda focused merely on basic functional cooperation, security linkages, and foreign policy coordination. Indeed, in these three areas there is much to be done; so, too, in the area of trade and the single market. More optimal work is possible and achievable in these areas for the benefit of all our people.

Thus, the immediate efforts of the OECS, including St. Vincent and the Grenadines, in CARICOM ought to be focused on the following:

1. Push for an amendment to the Revised Treaty of Chaguaramas for a special carve-out for the OECS to accommodate the Economic Union of the OECS established in 2010 by the Revised Treaty of Basseterre.

2. Strengthen operationally Chapter 7 of the Revised Treaty of Chaguaramas to protect better the interests of Disadvantaged Countries, Regions, and Sectors.

3. Consolidate and extend the efficacious operation of functional cooperation, security arrangements, foreign policy coordination, and the trade/single market activities.

4. Revamp CARICOM's governance structures to accommodate, in a measured way, supranational initiatives in targeted areas of integration, including trade and economic integration.

5. Upgrade and enhance the structure and functioning of the Secretariat.

6. Improve intra-CARICOM air and sea travel in every material particular.

7. Settle a bundle of outstanding matters. Among the major ones of immediate concern for St. Vincent and the Grenadines are: The pricing and trade in energy supplies; the unfair and wrong denial of, or restriction on, the availability of foreign exchange to small traders who sell their commodities in Trinidad and Tobago; the failure and/or the refusal of the government of Trinidad and Tobago to pay in part or in whole the outstanding sum of US \$64 million, solemnly agreed at CARICOM, for BAICO policyholders in the OECS member countries; the need for transparency, accountability, and proper representation for the OECS and Barbados in respect of the Caribbean Air Navigation Advisory Services (CANAS); the signing, and ratification of the revised Multilateral Air

Services Agreement (MASA); and the enhancement of popular oversight of West Indies Cricket as a “public good”.

ST. VINCENT AND THE GRENADINES IN THE REGIONAL INTEGRATION MOVEMENT

St. Vincent and the Grenadines, over several administrations before and after independence in 1979, has been committed to the deepening of the process of regional integration. During the life of successive governments continuously under my leadership since March 29, 2001, this practical commitment to regional integration has deepened profoundly.

Today, St. Vincent and the Grenadines is an activist leader in the many overarching regional entities to which it belongs, including the Caribbean Community (CARICOM), the OECS, the Association of Caribbean States (ACS), the Community of States of Latin America and the Caribbean (CELAC), the Bolivarian Alternative for Latin America (ALBA), and Petro Caribe. Under the umbrella of our primary regional

integration mechanisms ___ CARICOM and the OECS ___ there are numerous regional bodies in which St. Vincent and the Grenadines has membership. Additionally, St. Vincent and the Grenadines is a Member State of a number of associate, allied or connected regional entities which themselves are not necessarily formal institutions of CARICOM or the OECS.

Among the principal of these regional bodies or entities are the following: The Eastern Caribbean Central Bank (ECCB); the University of the West Indies (UWI); the Caribbean Development Bank (CDB); the Regional Security System (RSS); the Eastern Caribbean Civil Aviation Authority (ECCAA); the Eastern Caribbean Telecommunications Authority (ECTEL); the CARICOM Development Fund (CDF); the Eastern Caribbean Supreme Court (ECSC); the Caribbean Court of Justice (CCJ); Caribbean Tourism Organisation (CTO); the Caribbean Institute of Hydrology and Meteorology; the Caribbean Disaster Emergency Management Agency (CDEMA); the Caribbean Agricultural Research and Development Institute (CARDI); the Caribbean Regional Technical

Assistance Centre (CARTAC); CARICOM Implementation Agency on Crime and Security (IMPACS); Caribbean Regional Fisheries Mechanism (CRFM); the Caribbean Examination Council (CXC); the Seismic Research Centre; the Caribbean Public Health Agency (CARPHA); Caribbean Telecommunications Union (CTU); Leeward Islands Air Transport (LIAT); and the Office of the Trade Negotiator.

There are some forty (40) regional bodies and entities to which St. Vincent and the Grenadines belongs; these can be seen in one of the Appendices of the Estimates of Revenue and Expenditure for the year 2018. The annual grants, contributions, subscriptions cost the Treasury in excess of EC \$15 million for year. The main annual contributions are to: UWI EC \$6.5 million; OECS, EC \$2.5 million; ECSC, EC \$2.5 million; Regional Security System, EC \$2.0 million; Caribbean Development Bank, EC \$2.5 million; ECCAA, EC \$0.85 million; CARICOM Secretariat, EC \$0.7 million; and CARTAC, EC \$0.543 million.

St. Vincent and the Grenadines benefits immensely from all of these regional organisations. For example, LIAT is the major intra-regional airline; the UWI is our premier tertiary educational institution; the Caribbean Development Bank is our country's major developmental financial entity which is currently owed EC \$334.1 million by the public sector in St. Vincent and the Grenadines to facilitate socio-economic and infrastructural developments; ECCAA is the single regulatory body for civil aviation in the independent member countries of the OECS; the ECCB is the regulator for our sub-region's monetary and banking systems; the ECSC is our sub-region's common judiciary; CXC is the examinations body for our students exiting the primary, secondary, and post-secondary educational levels; the RSS and IMPACS are our major regional security agencies; CDEMA is our regional response agency for natural disasters; and so forth. It is to be reiterated that CARICOM and the OECS are the major umbrella bodies for regional integration.

The salience of these regional integration mechanisms to St. Vincent and the Grenadines has been repeatedly emphasized by my government. Thus, I find quite troubling and unacceptable the recommendation made by the Golding Report to “establish within the Treaty a body of sanctions for willful non-compliance or flagrant breaches that would include ----- restricted access to policy-based loans or grants from the Caribbean Development Bank.”

Clearly, this is an egregious example of over-reach by the Golding Report; it is plain wrong; and it has no chance of happening. The CDB has its own charter, rules, and legal personality separate and distinct from CARICOM; in fact, the CDB is NOT an institution of CARICOM; in Article 22 of the Revised Treaty it is listed merely as an Associate Institution of the Community in the same way the OECS, UWI, the University of Guyana, and the Caribbean Law Institute are named as Associate Institutions. The CDB has borrowing members which are in CARICOM but also has several non-borrowing members including Canada, China, United

Kingdom, Germany, Mexico, and Venezuela. CARICOM has absolutely no control over the CDB and cannot thus create some far-fetched sanction through the medium of the CDB for some “willful non-compliance or flagrant breaches” in CARICOM.

In any event, the CDB’s policy loans and limited grants are already possessed of their own restrictions and conditions entirely unconnected to CARICOM. For St. Vincent and the Grenadines, the CDB as our premier regional development finance institution is sacrosanct, and immune from interference by CARICOM.

St. Vincent and the Grenadines does not have a large visible export trade, particularly since the demise of the banana industry consequent upon the diminution, leading to a virtual cessation, of market preferences for its bananas in the United Kingdom subsequent to the 1992 entry of that country into the European Single Market. In 2010, St. Vincent and the Grenadines’ visible exports amounted to US \$41.08 million

rising to US \$45.11 million in 2014. By far, the bulk of St. Vincent and the Grenadines' visible export trade is within CARICOM, mainly to other OECS countries, Barbados, and Trinidad and Tobago. In 2010, St. Vincent and the Grenadines' intra-regional exports amounted to US \$32.42 million or 79 percent of total export trade; in 2014, St. Vincent and the Grenadines' intra-regional exports amounted to US \$38.82 million or 86 percent of its total export trade. Most of the exports have been agricultural products and manufacturing commodities such as flour, animal feed, and beer.

Only St. Lucia, in the OECS has a higher level of intra-regional export trade than St. Vincent and Grenadines. In 2010, St. Lucia's intra-regional exports amounted to US \$69.53 million, more than twice the comparable figure for St. Vincent and the Grenadines; in 2014, St. Lucia's intra-regional exports had fallen to US \$41.86 million, a mere US \$3.04 million over the comparable number for St. Vincent and the Grenadines.

The intra-regional exports in 2014 for the other OECS countries in CARICOM were: Antigua and Barbuda, US \$5.15 million; Dominica, US \$38.7 million; Grenada, US \$7.12 million; St. Kitts and Nevis, US \$7.70 million; and Montserrat, US \$1.22 million. In 2014, the total intra-regional exports from these OECS member countries amounted to US \$101.87 million. In 2014, the other LDC, Belize, and the five MDCs in the CSME (Barbados, Guyana, Jamaica, Suriname, Trinidad and Tobago) had a total intra-regional export trade of US \$2.6 billion of which Trinidad and Tobago accounted for a whopping US \$1.93 billion or 74.2 percent thereof; Barbados, US \$167.02 million; Guyana, US \$124.32 million; Jamaica, US \$89.82 million; and Suriname US \$290.75 million.

The statistics on CARICOM's intra-regional imports for 2014 are instructive: The five MDCs imported, intra-regionally, goods amounting to US \$2.36 billion, of which Trinidad and Tobago accounted for only US \$190.2 million, a far smaller level of imports than any of the other four MDCs in the CSME. Jamaica, intra-regional importer, accounted for US \$763.87

million or 27 percent of total intra-regional CSME import trade. The six independent OECS countries plus Montserrat imported intra-regionally US \$487.50 million in goods. Thus, these OECS member countries had an intra-regional visible trade deficit of US \$385.63 million.

The visible balance on intra-regional trade in 2014 for the five MDCs in the CSME are as follows: Deficits for Barbados (US \$327.35 million), Guyana (US \$420.15 million); Jamaica (US \$674.05 million); Suriname (US \$81.34 million); and a surplus for Trinidad and Tobago of US \$1.74 million).

St. Vincent and the Grenadines' deficit in its intra-regional CARICOM trade in 2014 amounted to: US \$45.14 million [Intra-regional imports of US \$83.96 million and intra-regional exports of US \$38.82 million]. The bulk of St. Vincent and the Grenadines' imports, intra-regionally, was from Trinidad and Tobago, predominantly petroleum products.

For completeness, we must note that in 2014, the six independent OECS countries and Montserrat had an overall deficit on the combined intra-regional and extra-regional trade of US \$2.086 billion. [Total imports of US \$2.45 billion; and exports of US \$363.71 million].

A more detailed interrogation of the statistics relating to St. Vincent and the Grenadines' intra-regional trade is of practical interest to policy-makers, exports, and importers. Let us accordingly examine the 2016 intra-regional trade data for St. Vincent and the Grenadines. For my specifically OECS audience I am utilizing the data in EC dollars [EC \$2.70 = US \$1.00].

In 2016, St. Vincent and the Grenadines' intra-regional imports amounted to EC \$212.9 million; its intra-regional exports valued \$100.5 million, giving rise to a visible trade deficit of EC \$112.4 million. The principal sources of St. Vincent and the Grenadines' intra-regional imports in 2016 were: Trinidad and Tobago, EC \$146.4 million; Barbados, EC

\$26.6 million; Guyana, EC \$16.87 million; Jamaica, EC \$10.94 million and St. Lucia, EC \$5.5 million. The main intra-regional destinations for St. Vincent and the Grenadines' exports in 2016 were: St. Lucia, EC \$19.95 million; Barbados, EC \$19.40 million; Trinidad and Tobago, EC \$17.20 million; Antigua and Barbuda, EC \$16.97 million; Dominica, EC \$9.36 million; St. Kitts and Nevis, EC \$7.88 million; Grenada, EC \$3.99 million; Belize, EC \$3.68 million; Jamaica, EC \$0.841 million; Suriname, EC \$0.407 million; and Guyana, EC \$0.182 million.

St. Vincent and the Grenadines thus imported from four of the MDCs (Barbados, Guyana, Jamaica, Trinidad and Tobago) in 2016, goods to the value of EC \$200.81 million or 94 percent of its intra-regional imports. To these same MDCs, St. Vincent and the Grenadines exported, in 2016, goods to the value of EC \$37.60 million or 37.4 percent of its intra-regional exports. At the same time, St. Vincent and the Grenadines' exports to the OECS countries, in 2016, amounted to EC \$58.84 million or 58 percent of its total intra-regional exports. St. Vincent

and the Grenadines' imports from the OECS member countries in 2016 amounted to EC \$10.13 million.

In short, the OECS, as a whole, is, by far, a more important export market for St. Vincent and the Grenadines than the MDCs; and in 2016, St. Vincent and the Grenadines had a trade surplus with the OECS member countries of EC \$48 million. On the other hand, St. Vincent and the Grenadines had a trade deficit in 2016 with these four MDCs (Barbados, Guyana, Jamaica, Trinidad and Tobago) of EC \$163.21 million dollars. Barbados is the MDC with which St. Vincent and the Grenadines had the most equitable trade in 2016: Imports of EC \$26.6 million; and Exports of EC \$19.4 million. Clearly, St. Vincent and the Grenadines' trade nexus with the OECS and Barbados is advantageous to it.

Given the importance to St. Vincent and the Grenadines of its export trade to the OECS member countries, the protection accorded it as a LDC under Article 164 of the Revised Treaty of Chaguaramas looms significantly. For example, the protection

offered to St. Vincent and the Grenadines' flour and animal feed ___ a protection which expires in December 2018 unless COTED renews it ___ is closely monitored by my government. In effect, this market protection mandates the payment of the Common External Tariff of 15 percent on exports of flour and animal feed from a CARICOM MDC to a CARICOM LDC. The evidence indicates that exports of flour from a specific CARICOM MDC to a particular CARICOM LDC has occurred in breach of Article 164; that is, without payment of the CET.

This breach of Article 164 by the MDC exporter and LDC importer has occasioned a significant drop in St. Vincent and the Grenadines' exports of flour to that CARICOM LDC: A fall of 64 metric tons between 2014 and 2015 and 322 metric tons between 2015 and 2016. It appears as though a similar situation obtains in respect of animal feed but involving another MDC exporter and another LDC importer.

In the case of the trade between St. Vincent and the Grenadines and Trinidad and Tobago there is a serious

problem of non-availability of foreign exchange for traders from St. Vincent and the Grenadines who sell agricultural produce. It is wrong and unconscionable that the relevant authorities in Trinidad and Tobago have failed and/or refused to address satisfactorily or at all this burning issue which affects our small farmers adversely. I have raised this matter at the last two Heads of Government Conferences in Guyana and Grenada; the ECCB has sought to resolve the matter with the Central Bank of Trinidad and Tobago; I have made direct representations on the issue with the government of Trinidad and Tobago. All of this has been to no avail; the matter remains unresolved. I will raise the issue, forcefully, again in Haiti next week.

The fact of the matter is that Trinidad and Tobago sells approximately EC \$150 million annually to St. Vincent and the Grenadines; the bulk of these purchases is made up of petroleum products. St. Vincent and the Grenadines has been selling on an average annually over the past five years some EC \$18 million in export goods. St. Vincent and the

Grenadines pays in hard currency for our imports from Trinidad and Tobago, but our traders are paid in TT (Trinidad and Tobago) dollars for their exports. Our traders are starved of foreign exchange. All we ask is for Trinidad and Tobago to set aside some EC \$20 million in foreign exchange (US \$8 million approximately) out of the huge trade surplus that it has with St. Vincent and the Grenadines. Surely, this is reasonable. How can the single market function properly in such an unfair environment?

It is evident that this foreign exchange problem has affected adversely the volume and value of exports from St. Vincent and the Grenadines to Trinidad and Tobago. In 2015, St. Vincent and the Grenadines exported to Trinidad and Tobago, 13.24 million kilograms (net weight) of goods valued at EC \$21 million; in 2016, these numbers fell to 11.08 million kilograms of goods with a value of EC \$17.19 million; in 2017, the numbers further fell to 6.8 million kilograms of goods with a value of \$11 million. This is an urgent matter of huge

importance to be solved permanently! I shall continue to push aggressively for a solution.

The OECS member-countries, including St. Vincent and the Grenadines, make up their deficit in visible trade by their trade in services, particularly tourism from extra-regional source markets. Antigua and Barbuda, Grenada, St. Kitts-Nevis, and St. Lucia are largely service-oriented economies. St. Vincent and the Grenadines itself has made the transition from a goods-based economy to a service-based one to such an extent that 80 percent of its economy's output is in services. And Dominica is not too far behind. Still, the importance of agriculture, forestry, and fisheries can hardly be overstated both for domestic consumption and intra-regional trade. Medicinal cannabis is emerging as a possible growth sector, linking agriculture and industry for extra-regional exports. St. Vincent and the Grenadines has much to learn from Jamaica which has a head-start on us in this regard.

A major take-away story from these statistics for St. Vincent and the Grenadines is that although, commendably, the bulk of its export trade in goods has been intra-regional, the actual export performance needs to be markedly strengthened. There are well-known constraints and bottle-necks to competitiveness for export production of goods; and clearly emphasis ought to be on enhancing intra-regional export trade while seeking extra-regional niche markets. It is for this reason that we must arrive at the optimal trading regime in CARICOM through an effective Single Market, but this does not mean a rush to the Single Economy in the light of all the extant circumstances.

It is to be noted that St. Vincent and the Grenadines encourages intra-regional trade through its fiscal policies. Thus, for example, an exporter's chargeable income on exports to the OECS markets attracts corporate taxation of 15 percent; on the exporter's chargeable income on exports to the wider CARICOM markets, the tax rate is 20 percent. The normal rate of corporate taxation at the top end is 30 percent.

A LIKELY FUTURE OF INTEGRATION IN THE CARIBBEAN

When upon invitation, I appeared before the Golding Commission, I submitted, among other things, a perspective on the prospective future of regional integration in the Caribbean. The essence of my thesis in this regard, which I had hitherto articulated, elsewhere, was that given the impact of globalisation in all its dimensions, the nature of the regional economy, and the limitations of the trade and economic aspects of CARICOM, at least two poles of regional integration are likely to emerge in concert with the CARICOM construct itself.

A northern Caribbean pole of integration based on enhanced trade and economic integration is likely to be fashioned including Jamaica, Haiti, Dominican Republic, Cuba, the Bahamas, and in due course, possibly Puerto Rico.

A second pole of deepened socio-economic integration centred in the OECS member countries, Barbados, Trinidad and Tobago, Guyana, and possibly Suriname, is likely to be consolidated. Belize's economic and trading fortunes, regionally, are inextricably linked to the Central American Integration System (SICA) which includes Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, and the Dominican Republic.

Within this second pole, the economic union and confederal political arrangement in the OECS will retain its distinctiveness and uniqueness. In time, Barbados may seek entry to the OECS or some formal associate relationship with it, as Martinique and Guadeloupe have done.

Criss-crossing these two central poles of integration is likely to be Trinidad and Tobago, given its petroleum and natural gas resources; and Guyana, too, given its abundant natural resources, geographic size, and its recent entry into potentially lucrative oil exploration and production, commercially.

CARICOM will continue to evolve and consolidate but with different tracks for different countries, a kind of flexible or variable integration geometry. Already, Bahamas is within CARICOM but has not signed on to the trading and economic arrangements of the CSME. Jamaica is possibly on track in precisely the same direction. Belize is probably headed that way, too. And depending on what happens in the prospective northern pole of integration, Haiti may do the same while remaining anchored in CARICOM in its functional cooperation, foreign policy coordination, and security connections. CARICOM, in any event, is likely to remain a central political expression of our Caribbean civilisation.

The Golding Report is spot-on with its analytic insight that:

“Globalisation is continuously reshaping the geography of production and consumption and thereby the patterns of trade across the world and it threatens to marginalise small countries that have

not yet developed the capacity and resilience to withstand the intensity and competitiveness of that new paradigm. This provides even more urgent and compelling reasons for regional integration among a group of neighbouring countries whose people already share much in common in terms of history, culture and experiences.”

This perspective is quite consistent with a two-pole integration process, an OECS carve-out in CARICOM, criss-crossing energy-based economies, and an evolving CARICOM which anchors our Caribbean civilisation, short of a Single Economy but consolidating its gains in the Single Market, functional cooperation, foreign policy coordination, and security collaboration. There is in fact a packed, and meaningful, agenda in each of these areas of CARICOM.

The data on trade point to realistic reassessments of the kind proposed. In 2014, CARICOM member countries as a whole chalked up an aggregate trade deficit of US \$5.63 billion. The

MDCs trade deficit was US \$3.054 billion; but without the trade surplus of US \$3.11 billion of Trinidad and Tobago, the MDCs overall trade deficit would have been in excess of US \$6 billion; of this Jamaica's deficit was a whopping US \$4.39 billion. Clearly, Jamaica's trade problems are not resident in CARICOM's arrangements "per se", but in its lack of competitiveness, among other things. There is modest intra-regional trade but it pales in comparison with extra-regional trade; and the huge visible trade deficit extra-regionally points to the profound integration of CARICOM in the global economy of monopoly capitalism. The region's trade in services, especially in tourism, from source markets extra-regionally redress the extent of the visible trade deficit.

The top ten countries from which CARICOM member countries imported their commodities in 2014 are the following: USA (29 percent); Gabon (8.8 percent); Trinidad and Tobago (7.1 percent); China (6.1 percent); Colombia (5.0 percent); Russian Federation (4.3 percent); Venezuela (3.7 percent); Brazil (2.9 percent); Japan (2.4 percent); and the United Kingdom (2.3

percent). CARICOM's Imports from these top ten countries amounted to US \$18.5 billion or 71.6 percent of its total imports of US \$25.83 billion.

The top ten countries to which CARICOM Member States exported goods in 2014 are the following: USA (29.2 percent); Canada (3.0 percent); Brazil (2.8 percent); Jamaica (2.7 percent); Puerto Rico (2.5 percent); United Arab Emirates (2.2 percent); Spain (2.1 percent); Guyana (2.0 percent); Netherlands (1.9 percent); and United Kingdom (1.9 percent). CARICOM's exports to these top ten countries amounted in 2014 to US \$13.01 billion or 64.4 percent of total exports of US \$20.2 billion.

It is to be noted that total CARICOM's intra-regional imports in 2014 amounted to US \$2.89 billion but overall imports from all countries to CARICOM stood at US \$25.83 billion. And total CARICOM's intra-regional exports in 2014 realised US \$2.74 billion while the region's total exports to all countries

amounted to US \$20.2 billion of which Trinidad and Tobago alone accounted for US \$14.53 billion.

These are telling numbers with profound lessons for our region and the reconfiguration of our regional integration enterprise. This is a matter of the highest importance for governments, the domestic private sector, the foreign direct investors, labour, and all social sectors in our Caribbean.

FINAL COMMENT

The integration process in the Caribbean has always been marked by distinct but connected circles of integration. The most tightly-drawn integration mechanism is the OECS; more loosely is CARICOM; then there is the ACS which links the English, French, Dutch, and Spanish-speaking countries washed by the Caribbean Sea and has as its functional emphases trade, technology, tourism, transport, and the management of natural disasters; CELAC, a hemispheric political body which includes all Caribbean and Latin

American countries but which excludes the USA and Canada; and the political and economic ALBA-Petro Caribe nexus which includes several Caribbean and Latin American countries in close tandem with Venezuela and Cuba. Each integration circle has its points of contact and relevance with others, all of which are designed to advance the interests of their member countries in solidarity with each other. None of these integration circles undermines the integrity and efficacy of another; indeed, they are all supplementary and complementary to each other in a dynamic integration process.

At the same time CARICOM has negotiated trade agreements with several countries including Canada, Cuba, the Dominican Republic, and a trade and development agreement with the European Union. CARICOM, too, has a non-reciprocal agreement with the USA on a limited range of commodities through the Caribbean Basin Initiative.

Our Caribbean history teaches that the regional integration enterprise assumes various forms and varied content. We must not be so dogmatic as to ignore realities in our quest for the most appropriate integration mechanisms, ranging from minimalist to maximalist, consonant with all the practical circumstances. Yet, we ought never to allow a pragmatic attachment to a flexible or variable geometry of integration to still the longest, deepest yearnings of our Caribbean civilisation to fashion an institutional expression of regional integration which accords with our shared expressions and sense of existential belonging to our magnificent landscape and seascape.

All this represents my nature understanding of where we are, generally, in the regional integration enterprise, and specifically, in relation to CARICOM. St. Vincent and the Grenadines is thus committed to deepening and broadening, in all practical circumstances, the process of regional integration in the collective interest of our people's further development.

So, I go next week to Haiti with these composite messages of relevance and to seek, amicably, the best outcomes possible.

Thank you.