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# Latin American Economic Integration

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## LATIN AMERICAN ECONOMIC INTEGRATION

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### LATIN AMERICAN FREE TRADE ASSOCIATION (LAFTA)

*Plan of Action Studies.* Since 1972, LAFTA's Secretariat has been conducting a series of studies on the topics contained in the Plan of Action of the Association for the 1970-1980 decade. The Plan was approved by Resolution 262 (IX) of the Conference of the Contracting Parties and all studies will serve as a basis for the negotiations which, during 1974, will define LAFTA's new economic integration phase. A Spanish version of the list of documents prepared by the Secretariat is available and may be obtained through the *Lawyer of the Americas*.

*LAFTA Countries Trade Statistics.* The 1972 trade figures submitted by LAFTA's Executive Committee indicate that member countries exported a total of \$13,968 million and imported \$15,872 million. Eleven percent of the total exports corresponded to sales within LAFTA. The principal world-wide exporter was Brazil, with \$3,991 million; the main exporter within LAFTA was Argentina, with \$468 million. Moreover, Argentina, with purchases amounting to \$414 million, was the first buyer with LAFTA. A table of the 1972 trade transactions follows:

ESTIMATES OF LAFTA COUNTRIES FOREIGN TRADE IN 1972  
(in million dollars)

COUNTRIES	LAFTA		REST OF THE WORLD		TOTAL		LAFTA	REST OF THE WORLD	TOTAL
	Exp. (FOB)	Imp. (CIF)	Exp. (FOB)	Imp. (CIF)	Exp. (FOB)	Imp. (CIF)			
Argentina <sup>3</sup>	468	414	1,328	1,611	1,796	2,025	+54	-203	-229
Bolivia <sup>3</sup>	28	30	212	144	240	174	-2	+68	+66
Brazil <sup>1</sup>	408	392	3,583	4,397	3,991	4,789	+16	-814	-798
Colombia <sup>3</sup>	104 <sup>1</sup>	105 <sup>1</sup>	66	870	772	975	-1	-202	-203
Chile <sup>3</sup>	157	233	986	885	1,143	1,068	-76	+151	+75
Ecuador <sup>3</sup>	37	49	179	270	216	319	-12	-91	-103
México <sup>1</sup>	141	120	1,440	2,815	1,581	2,935	+21	-1,375	-1,354
Paraguay <sup>1</sup>	21	26	65	57	86	83	-5	+8	+3
Perú <sup>1</sup>	74	128	870	689	944	797	-54	+201	+147
Uruguay <sup>3</sup>	47	70 <sup>2</sup>	192	1,302	239	2,002	-23	+62	+39
Venezuela <sup>3</sup>	158	99	2,802	2,408	2,960	2,507	+59	+394	+453
TOTAL <sup>3</sup>	1,643	1,666	12,325	14,206	13,968	15,872	-23	-1,881	-1,904
RATIO									
	1972	1971	1972	1971	1972	1971			
	+18,9%	+13,4%	+12,6%	+18,1%	+13,3%	+17,6%			
RATIO									
	+236,7%	+183,8%	+81,8%	+110,6%	+92,2%	+116,4%			

Source: Basic information furnished by the Official Services of the Contracting Parties up to 6/30/73.

1. Provisional data furnished by the reporting country.
2. Data obtained from *Banco Central del Uruguay's* listing, Department of Economic Investigations.
3. Estimates prepared by LAFTA's Statistics and Data Processing Service based on partial information furnished by member countries.

In addition, LAFTA's Statistics and Data Processing Service has recently furnished trade figures for the period 1961-1972, that is, since the implementation of the Montevideo Treaty. According to those figures, intrazone export trade has increased 236.7%, i.e., from \$487.6 million in 1961 to \$1,642.7 million in 1972. Imports within the zone increased 163.8%, or from \$588.6 million in 1961 to \$1,665.8 million in 1972. During this twelve-year period, Venezuela shows the most favorable balance with \$1,203.4 million and Chile the most unfavorable with \$950.3 million.

Following are the twelve-year balances:

Argentina	\$94.8 million
Bolivia	\$68 million
Brazil	\$764.5 million
Colombia	\$163 million
Chile	\$950.3 million
Ecuador	\$86.5 million
Mexico	\$271.5 million
Paraguay	\$18.5 million
Peru	\$379.5 million
Uruguay	\$284.4 million
Venezuela	\$1,203.4 million

Intrazone Trade, 1961 - 1972.

TABLE 1  
LAFTA Countries Intrazone Foreign Trade — 1961-1972

COUNTRIES	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
EXPORTS (in millions dollars FOB)												
Argentina	112.3	154.6	197.7	235.2	246.6	254.5	283.7	338.1	364.3	365.8	365.6	468.0a
Bolivia	5.5	3.0	3.0	2.2	3.5	7.7	9.9	13.9	17.5	20.2	24.7	28.0a
Brazil	97.2	77.0	80.5	138.4	201.7	187.7	161.2	193.1	254.2	303.0	354.7	407.8
Colombia	7.4	8.4	7.0	12.8	20.0	31.9	23.1	34.2	54.7	83.4	71.2	104.3
Chile	37.8	42.5	51.2	56.5	56.4	60.0	84.3	91.8	114.1	137.9	135.1	157.0a
Ecuador	7.5	6.1	8.1	11.3	13.5	13.9	14.5	16.4	15.9	20.1	28.2a	37.0a
México	10.9	21.1	31.9	45.7	44.0	64.2	57.2	62.2	86.7	92.6	117.2	141.1
Paraguay	9.9	10.9	10.7	14.8	17.6	19.9	15.6	16.2	18.9	24.7	23.8	20.7
Perú	33.0	50.2	52.9	70.9	61.8	60.1	38.9	45.2	57.4	64.6	75.9	74.0
Uruguay	6.0	8.2	15.1	15.2	15.9	26.9	17.1	18.9	30.6	29.2	44.0	47.0a
Venezuela	160.1	165.0	125.5	113.4	160.8	149.5	145.1	165.1	168.3	136.7	141.3	157.8
TOTAL	487.6	547.0	583.6	716.4	841.8	876.3	850.6	995.1	1,182.6	1,278.2	1,382.2	1,642.7
IMPORTS (in millions dollars CIF) <sup>1</sup>												
Argentina	196.4	153.2	125.9	201.2	289.4	252.2	253.6	275.3	365.9	374.3	390.2	414.0a
Bolivia	12.2	15.2	9.5	8.9	14.0	15.2	17.6	18.9	26.1	25.0	27.1	30.0a
Brazil	145.6	236.8	261.6	260.1	273.0	238.0	226.5	276.7	291.4	309.8	309.1	392.4
Colombia	12.1	14.1	22.5	34.9	39.3	57.9	38.1	48.0	76.4	78.6	94.8	104.7
Chile	101.4	91.1	106.6	135.4	137.5	166.5	185.6	178.2	217.1	188.5	234.0	233.0a
Ecuador	4.2	3.9	17.1	9.4	19.5	11.5	28.9	20.6	31.0	35.5	48.4a	49.0a
México	4.5	6.3	11.4	19.4	30.0	34.9	38.6	42.9	51.9	63.9	79.7	119.8
Paraguay	11.4	7.6	10.1	11.8	13.9	15.1	17.4	16.6	17.1	17.6	20.8	25.8
Perú	34.9	48.7	65.7	63.8	88.1	100.2	116.1	96.3	106.2	109.0	107.8	127.6
Uruguay	45.6	44.6	40.4	59.0	45.1	57.3	47.0	42.0	58.2	72.4	75.9	70.0
Venezuela	19.3	17.8	26.6	38.1	35.7	35.0	38.7	47.1	61.4	74.5	82.0	99.5
TOTAL	583.6	639.3	697.4	842.0	983.5	983.8	1,008.1	1,062.6	1,302.7	1,349.1	1,469.8	1,665.8

Note: Includes traded and non-traded products.

<sup>1</sup>Argentina: "C and F values" up to and including 1965.

<sup>a</sup>Based on estimates.

Source: LAFTA's Statistics and Data Processing Service.

TABLE 2  
LAFIA Countries Total Foreign Trade — 1961-1972

COUNTRIES	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
<b>EXPORTS (in millions of dollars FOB)</b>												
Argentina	964.1	1,216.0	1,365.1	1,410.3	1,493.4	1,593.2	1,464.5	1,367.9	1,612.1	1,773.2	1,740.3	1,796.0a
Bolivia	76.1	76.1	86.4	113.8	131.8	150.4	166.3	170.6	198.2	228.3	212.3	240.0a
Brazil	1,402.4	1,214.1	1,406.5	1,429.8	1,595.5	1,741.4	1,654.0	1,881.3	2,311.2	2,739.0	2,903.9	3,991.2
Colombia	434.5	463.4	548.1	539.1	539.1	507.6	509.9	558.3	607.5	731.6	719.5a	772.0a
Chile	508.2	532.1	542.0	625.8	687.9	880.8	914.1	941.0	1,075.6	1,234.5	962.4	1,143.0a
Ecuador	87.2	117.4	128.4	130.4	132.3	139.7	158.0	195.2	152.5	189.9	217.0a	216.0a
Mexico	684.6	773.1	829.2	904.0	999.2	1,036.8	1,030.3	1,037.0	1,209.4	1,174.9	1,290.4	1,581.4
Paraguay	30.7	33.4	40.2	49.9	57.2	49.3	48.2	47.5	50.9	64.0	65.2	86.2
Peru	494.3	542.9	539.7	666.2	666.5	763.3	760.2	774.5	865.5	1,048.3	892.7	944.4
Uruguay	174.7	153.4	165.2	178.9	191.2	185.8	158.7	179.2	200.3	232.7	205.7	239.0a
Venezuela	2,413.1	2,593.6	2,628.9	2,053.6	2,901.3	2,861.2	3,113.0	3,082.8	3,118.0	3,198.4	3,116.1	2,959.8
TOTAL	7,269.9	7,715.5	8,178.3	8,110.8	9,395.4	9,909.5	9,977.2	10,235.3	11,401.2	12,614.8	12,325.5	13,969.0
<b>IMPORTS (in millions of dollars CIF)<sup>1</sup></b>												
Argentina	1,460.4	1,365.5	980.7	1,077.2	1,198.6	1,124.3	1,095.5	1,169.2	1,576.1	1,695.4	1,869.4	2,025.0a
Bolivia	77.7	96.9	103.3	102.7	133.8	138.4	150.9	152.8	165.0	158.5	171.3	174.0a
Brazil	1,459.3	1,474.7	1,486.8	1,263.5	1,096.4	1,496.2	1,667.4	2,131.9	2,264.7	2,849.2	3,701.3	4,788.8
Colombia	557.4	540.3	506.0	586.3	453.6	674.2	496.9	643.3	687.6	830.3	876.2a	975.0a
Chile	588.2	512.0	558.1	608.8	604.2	750.6	722.5	743.6	908.2	930.8	980.0	1,068.0a
Ecuador	106.4	97.9	128.9	151.5	165.4	177.2	214.2	255.5	241.7	277.8	303.9a	319.0a
Mexico	1,137.7	1,142.2	1,238.7	1,491.8	1,559.6	1,605.1	1,748.2	1,960.0	2,077.9	2,460.8	2,407.3	2,935.1
Paraguay	40.9	40.7	38.2	39.3	54.9	57.5	70.8	72.2	82.3	76.2	83.3	82.6
Peru	469.3	542.3	556.9	579.7	729.6	816.6	913.1	561.6	600.2	622.2	752.6	796.4
Uruguay	209.1	230.3	176.9	198.4	150.7	164.2	171.4	159.3	197.3	230.9	222.1	200.0a
Venezuela	1,299.5	1,057.5	939.0	1,267.0	1,456.8	1,340.0	1,478.9	1,712.1	1,754.4	1,914.5	2,133.3	2,507.4
TOTAL	7,335.9	7,091.5	6,712.5	7,366.2	7,603.6	8,344.3	8,729.8	9,561.5	10,555.4	12,046.6	13,500.7	15,871.3

<sup>1</sup>Argentina: "C and F" values up to 1965.

<sup>a</sup>Based on Estimates.

Source: LAFIA's Statistics and Data Processing Service.

*Other LAFTA activities.* The sectorial meetings of entrepreneurs have maintained an active pace within LAFTA. In this connection it is interesting to note that various entrepreneurial associations are sponsoring sectorial meetings in the different fields of the respective sector. In point, this has been the case of the *Asociación Latinoamericana de Industriales de Conservas (ALICA)* (Latin American Association of Canners) and the *Asociación Latinoamericana de la Industria Eléctrica y Electrónica (ALAINEE)*, (Latin American Association of the Electrical and Electronic Industry), which have sponsored several sectorial meetings in their respective areas.

LAFTA's Advisory Commission on Monetary Matters has approved a "Draft Agreement of Uniform Guarantees of Availability and Transferability for Latin American Banker's Acceptances within LAFTA," which shall be presented soon to the Council on Financial and Monetary Policy.

#### SUBREGIONAL INTEGRATION AGREEMENT

As of December 31, 1973 exports of Bolivian and Ecuadorean products have been totally exempt of tariffs in Colombian, Chilean and Peruvian markets. With this liberalization, one of the main objectives of the Cartagena Agreement—preferential treatment for these two countries of relatively less economic development—has been accomplished. At the same time, Colombia, Chile and Peru reduced their tariffs an additional 10% for their reciprocal trade, thus bringing reductions close to 30% since the Automatic Liberalization Program was first applied on December 31, 1971. Total exemption will be achieved by December 31, 1980.

Also on December 31, 1973, Venezuela finally adhered to the Andean Group, a process initiated on February 13, 1973 by the signing of the "Additional Instrument to the Cartagena Agreement for the Adherence of Venezuela" and approval of Decision 70 of the Commission. On September 26, 1973 Venezuela promulgated the law which ratified those instruments. The new member must fulfill its tariff exemption obligations within a period of 120 days.

On October 27, 1973 the Minister of Labor of the Andean Group signed the "Simón Rodríguez Agreement of Socio-Labor Integration," which established governmental priorities in this field, among them, harmonization of labor and social security legislation, coordination of policies

on human resources, improvement of the professional training systems, and others. The organs of the Agreement are the Conference of Ministers of Labor, the Delegates' Commission and the Coordination Secretariat.

In December 1973 the first meeting of the Technical Labor Group on Physical Integration was held in Lima, where special consideration was given to the problems of the Andean Main Highways System. Two more meetings took place during the month of December: the second meeting of Government Experts of the Automotive Sector, and the ninth meeting of the Board of Directors of the Andean Development Corporation. At the latter, loans close to \$20 million were approved for various projects in the member countries.

The Economic and Social Advisory Committee of the Andean Group held its first regular meeting in October 1973 and approved various recommendations on the participation of the private sector in the negotiations and relations with third countries.

Another interesting development in the Andean Group has been the establishment of the first bi-national enterprise within the Program of Industrial Development of the Metal-Mechanical Sector, approved by Decision 57 of the Commission. The company, whose main objective is the production of steel products for the entire Andean market, has been constituted with Ecuadorean and Peruvian capital amounting to more than \$1 million.

## CENTRAL AMERICAN COMMON MARKET

In October 1973, the High Level Committee for the Reorganization of the Common Market held its first meeting and took over the task of examining the different problems facing the Common Market. The meeting was of particular importance since, with the technical assistance of SIECA and other regional organizations, the five countries initiated the systematization of the obstacles to overcome and the possibilities to re-establish the Common Market, as well as the setting of more ambitious goals.

Perhaps what is more important were the desires expressed by the representatives to face the possibility of establishing the Central American Economic and Social Community, taking as a basis for studies and decisions, the project prepared by SIECA. As will be remembered, the



Community shall have—within the concept of SIECA's project—sophisticated capabilities similar to those of the European Economic Community, but relating to the specific problems of the area, especially underdevelopment and the need to impart a social meaning to the concept of economic integration.

Another factor which serves to regard the possibility of establishing the Community with optimism, is the interest generated by SIECA's project in many intellectual circles, especially in the universities of the area. The transformation of the national economies into a community integrated economy will undoubtedly require a permanent and untiring effort.

Special note should be taken of the Symposium on Institutional Aspects of Central American Integration held in Antigua, Guatemala in November 1973. More than one hundred participants attended the symposium, representing other integration processes, universities and international cooperation organizations such as CEPAL, OAS, and IDB. At that meeting, the exchange of ideas on the institutional aspects of SIECA's Project were the basis of an in depth discussion of different subjects which, although not new to the region, were, nevertheless, examined for the first time in connection with a concrete and extremely advanced project. This concurrence of official aspirations and knowledge, coming from all sectors of opinion and education as well as from the production sector, constitutes the principal basis for the optimism with which the governments are studying the SIECA proposal.

#### CARIFTA-CARICOM

The Caribbean Community (CARICOM) held a special meeting of Heads of Government on January 26-27, 1974 in Barbados, at which the four Member States of the Community—Barbados, Guyana, Jamaica and Trinidad and Tobago—were present.

The meeting was preceded on January 25 by a meeting of Attorneys General, convened to make recommendations to the Conference regarding the entry of non-independent countries of CARIFTA into the Caribbean Community. The Attorneys General recommendations were accepted by the Conference, thus clearing the way for the entry into the Caribbean Community, on May 1, 1974, of those non-independent countries of CARIFTA which were signatories to the Georgetown Accord of April 1973.

Among others, some of the topics included in the Conference's agenda were: the severe impact of the world-wide energy crisis on the balance of payments of the countries of the region; formulation and implementation of coordinated regional and national agricultural programs in an effort to meet the immediate crisis, and to assist in the long-term restructuring and strengthening of the regional economies; regional transportation; conclusion of an agreement between Mexico and the Caribbean Community on economic, technical and cultural cooperation, and sugar export earnings.

*Editor's Note:* Developments in 1973 relative to the Caribbean Regional Integration Movement are summarized in the following report received from the Secretariat of the Caribbean Community.

## PROGRESS IN CARIBBEAN INTEGRATION — 1973

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### I. *ESTABLISHMENT OF THE CARIBBEAN COMMUNITY*

The significance of the year 1973 is that it saw the establishment of the Caribbean Community.

*What is the Caribbean Community?*

2. The Caribbean Community involves three areas of activity. These are: economic integration, as represented by the Caribbean Common Market; the operation of common services such as the Caribbean Examinations Council and the pursuit of functional co-operation in non-economic

areas such as Health and Education; and the co-ordination of the foreign policies of the independent countries.

3. The Caribbean Common Market represents a great stride forward towards closer economic integration. It goes considerably beyond CARIFTA. This is illustrated by the fact that the Common Market not only provides for a Common External Tariff but also envisages the implementation of a Common Protective Policy in respect of quantitative restrictions; the Co-ordination progressively over time of External Trade Policies; the Co-ordination of Economic Policies and Development Planning; and a Special Regime for the Less Developed Countries.

#### *Georgetown Accord Signed*

4. A significant step towards the establishment of the Community took place in Georgetown, Guyana in April, 1973, at the Eighth Conference of Heads of Government of Commonwealth Caribbean Countries. There all the Heads of Delegations present (with the exception of those of Antigua and Montserrat) signed a document—the Georgetown Accord—which embodied the areas of agreement and the timetable for the establishment of the Caribbean Community (including the Common Market), and thereby reaffirmed their common determination to create closer economic integration among Member States, consolidate and strengthen the bonds of unity among the peoples of the Region and advance the self-determination of all peoples of the Caribbean within the shortest possible time. The Accord also sought to improve living standards for all peoples of the Region, increase and improve agricultural and industrial development and formalise and strengthen existing areas of functional co-operation. The Accord committed the four More Developed Countries to join the Community on 1st August, 1973, and the Less Developed Countries which signed to join on 1st May, 1974.

#### *Treaty of Chaguaramas Signed*

5. On the 4th July, 1973—the anniversary of the birth of the late Norman Washington Manley of Jamaica—a Special Conference of the Heads of Government of Barbados, Guyana, Jamaica and Trinidad and Tobago was convened at Chaguaramas, Trinidad, for the purpose of signing the Treaty establishing the Caribbean Community. The Treaty, referred to as “The Treaty of Chaguaramas” came into effect on 1st August, 1973 as between the four signatory governments and, in accordance with the terms of the Georgetown Accord, the name of the Commonwealth

Caribbean Regional Secretariat was changed to the Caribbean Community Secretariat.

*Montserrat Subscribes to Georgetown Accord*

6. The Government of Montserrat did not sign the Georgetown Accord because, as it argued, the country's very small size (13,000 people) and its lack of productive capacity in both Agriculture and Industry prevented it from assuming the obligations of the Caribbean Common Market, in the absence of special measures—over and above those provided for the other LDCs in the Common Market provisions of the Treaty of Chaguaramas. Accordingly, a Team of Ministers from the MDCs, accompanied by the Secretary-General, visited Montserrat in May 1973 to work out with the Government of that country special measures to enable Montserrat to join the Community and Common Market. In December, 1973, the Government of Montserrat became a signatory to the Georgetown Accord, thus indicating its agreement to accede to the Treaty of Chaguaramas and to become a member of the Caribbean Community by 1st May, 1974.

*End of Year Position Regarding Signature of Treaty of Chaguaramas*

7. The position at the close of the year was that all of the Less Developed Countries of CARIFTA, with the exception of Antigua, were expected to become members of the Caribbean Community by 1st May, 1974. It is also expected that the independent Commonwealth of the Bahama Islands, not now a member of CARIFTA but participating in several programmes of non-economic cooperation, will join the Community—but not the Common Market—on 1st May, 1974.

*The Transition from the Caribbean Free Trade Area to the Caribbean Community*

8. On 1st August, 1973, when the four countries, Barbados, Guyana, Jamaica and Trinidad and Tobago, established among themselves the Caribbean Community, this was done in accordance with the requirements of international law, particularly The Vienna Convention on the Law of Treaties. These countries had before the end of April, 1973, given notice of withdrawal from the Caribbean Free Trade Area in accordance with Article 33 of the CARIFTA Agreement. Later on in the year other countries party to the Georgetown Accord also served notice of withdrawal from CARIFTA. Article 33 of the CARIFTA Agreement provides that a

Member Country wishing to withdraw from the Agreement must give twelve months' notice of such withdrawal.

9. Accordingly, since 1st August, 1973, the Caribbean Community (including the Common Market) has been existing side by side with CARIFTA for a transitional period, which will end when the other signatories to the Georgetown Accord enter into the Community. This dual arrangement has worked satisfactorily and has not created any practical problems.

*Signature of Agreement Establishing the Common External Tariff of the Caribbean Common Market*

10. Simultaneously with the signing of the Treaty of Chaguaramas on 4th July, the four More Developed Countries signed the Agreement Establishing the Common External Tariff of the Caribbean Common Market.

11. The Common External Tariff (CET) of the Caribbean Common Market represents an undertaking to apply a common level of tariffs (import duties) to imports entering the Common Market from third countries. Its main purpose is to create an efficiently and adequately protected regional market for encouraging the industrial and agricultural development of the countries of the Region.

12. The CET came into effect on 1st August, 1973 among the four MDCs. Because of differences between the rates of duty in Customs tariffs of Member Countries and those of the CET, provision has been made for a progressive elimination of these differences. In this respect the MDCs are allowed a period of 3 years for such phasing from the 1st August, 1973 to 1st August, 1976. In the case of the LDCs, except Belize and Montserrat, their existing tariffs under the ECCM Agreement shall be accepted as their initial obligations towards the CET of the Caribbean Common Market. The LDCs (including Belize) are allowed to apply their existing tariffs until 31st July, 1977 and thereafter will be required to phase their duties to the Common External Tariff to end not later than 1st August, 1981.

13. Montserrat, however, will apply her present rate of duties until 31st July, 1981, and will begin her phasing period to end not later than 1st August, 1985.

14. The CETs of the Caribbean Common Market and the East Caribbean Common Market (ECCM) (a sub-grouping comprising the

Leeward and Windward Islands—all LDCs) are very similar; in fact 55% of the items of both Tariffs have identical rates. It is therefore left for approximately 40% of the difference in rates to be negotiated in due course, the other 5% of the difference representing rates in the ECCM CET which are higher than those of the CARICOM CET.

*Signing of the Agreement for the Harmonisation of Fiscal Incentives to Industry*

15. The Agreement for the Harmonisation of Fiscal Incentives to Industry was signed during 1973 by *all* the Parties to the Georgetown Accord, that is, all the Member Countries of CARIFTA, **except Antigua**. The Agreement relates the number of years of income tax holiday granted to any particular manufacturing enterprise to the contribution it makes to the national economy and so will represent a definite improvement over previous practice. Moreover the LDCs are permitted to grant longer tax holidays for any given level of contribution of an enterprise than the MDCs as one of a vast package of measures to promote industrial development in the LDCs. Fundamentally, the Harmonisation Agreement seeks to prevent one country from being played off against another by foreign and local investors.

16. The Agreement comes into effect on 1st January, 1974, once all signatories have passed national legislation on the new Scheme.

*Signing of the Agreement for the Avoidance of Double Taxation between the MDCs and the LDCs*

17. During 1973 an Agreement for the Avoidance of Double Taxation between the MDCs as a group and the LDCs as a group (except Antigua) was signed. It comes into effect on 1st January, 1974, once all signatory countries have introduced the necessary national legislation in the form of Orders issued by the respective Ministers of Finance. The Agreement seeks to encourage MDC investment in the LDCs in the form of the establishment of joint ventures between persons in the MDCs and persons in the LDCs.

18. During the year a Double Taxation Agreement *among the LDCs* was drawn up and will come into effect early in 1974. Work was also started during 1973 on a Double Taxation Agreement *among the MDCs*. This will be finalised and thereafter come into effect in the course of 1974.



*Signing of Agreement Establishing the Caribbean Investment Corporation*

19. During 1973 an Agreement establishing the Caribbean Investment Corporation was signed by all CARIFTA Countries except Antigua and came into effect at the end of August. The Board of Governors, Board of Directors and General Manager were appointed. The Corporation will become fully functional in February 1974 once all the signatory Governments have passed the necessary domestic legislation and appropriated their subscriptions to the share capital of the Corporation.

20. The Caribbean Investment Corporation is a joint-venture between the public and private sectors of the countries of the Region, with the public sector subscribing 60% of the initial paid-up share capital of EC \$5 Million and the private sector the remainder. The aim of the Corporation is to promote the development of industries in the LDCs by the provision of supplementary *equity* capital to enterprises located there; the bulk of the *loan* capital for such enterprises is expected to come from the Caribbean Development Bank. The Corporation is also required to provide Technical Assistance for small industries in the LDCs.

*Inaugural Meetings of Regional Institutions*

21. The year 1973 under review also saw the holding of Inaugural Meetings of a number of Regional Institutions, namely:

- i. The Caribbean Examinations Council, inaugurated in January, 1973, in Bridgetown, Barbados;
- ii. Standing Committee of Finance Ministers of the Caribbean Community, CARIFTA Countries and Bahamas, inaugurated in September, 1973, in Trinidad and Tobago;
- iii. Caribbean Common Market Council, inaugurated in October, 1973, in Kingston, Jamaica; and
- iv. Standing Committee of Ministers responsible for Foreign Affairs, inaugurated in November, 1973, in Georgetown, Guyana.

Ministerial Meetings which dealt with matters relating to Education, Facilitation of Travel within the Region, Meteorology, Health and general CARICOM/CARIFTA issues were also held during the year.

## II. OTHER ASPECTS OF ECONOMIC INTEGRATION

### *Agriculture*

22. The view that any real and soundly-based economic development in both the More Developed and Less Developed Countries of the Region requires placing the utmost emphasis on agricultural development continued to gain support from the Governments of the Region.

23. During the year the Secretariat continued its efforts to pursue the goal of the Rationalisation of Agriculture in the Region, a deadline for the introduction of which project was under the Georgetown Accord set for 1st July, 1975. The Standing Committee of Ministers of Agriculture of Member Governments held one meeting during the year, and the Agricultural Planners of Member Governments (a group which advises the Ministerial Committee) also held a Meeting. As a result, the institutional and administrative framework for the Rationalisation of Agriculture has now been firmly established.

24. The Canadian International Development Agency (CIDA) agreed to provide Technical Assistance in the form of financial assistance for a three-man Team of Agricultural Experts (all West Indians) to assist the Less Developed Countries of the Region in improving their agricultural production for intra-regional trade, particularly under the Agricultural Marketing Protocol and the recently initiated scheme of "Identification of Products and Guaranteed Markets."

25. During the year the Secretariat made efforts (in the end successful) to arrange through the United Nations Development Programme (UNDP) the services of a Team of Experts in Agriculture and Related Fields to assist the LDCs with their long-term programme of Agricultural Development and Rationalisation. The Team will be set up and become operational during 1974 and will advise the Governments of the LDCs on the formulation and implementation of integrated programmes of Agricultural and Rural Development. The CIDA-financed Team of West Indian Agricultural Experts (dealing more with the immediate production problems of the LDCs) will work closely with the UNDP Team.

26. Member Countries continued to illustrate their desire to diversify the agricultural sector. In November the Secretariat, in conjunction with the International Trade Centre of UNCTAD/GATT, started a project involving the selection and development of a group of non-traditional

processed and unprocessed regionally-produced agricultural products for export promotion to various extra-regional markets.

#### *Oils and Fats Agreement*

27. The Region is in overall deficit in oils and fats products and is likely to remain so for at least another 3 - 5 years. In the light of sharply rising world market prices and in an attempt to induce coconut growers to improve production, substantial increases were granted in the prices of copra and coconut oil. During 1973, the f.o.b. price of raw coconut oil was first increased from E.C.\$2.97 per imperial gallon to E.C.\$3.17 per imperial gallon; at the end of the year the f.o.b. price was further increased to E.C.\$4.06. Correspondingly, the f.o.b. price of refined oil was increased from E.C.\$3.75 per imperial gallon to E.C.\$3.85 and later to E.C.\$4.77 per imperial gallon. The f.o.b. price of copra was increased from E.C.\$430 per ton to E.C.\$550 per ton.

#### *Agricultural Marketing Protocol*

28. The need to increase regional agricultural output was of increasing concern to officials attending meetings on the Agricultural Marketing Protocol. While it was generally recognized that increasing agricultural production is a very complex problem, it was felt that greater emphasis should be placed on the price mechanism as an incentive to farmers. Consequently, f.o.b. prices for a number of commodities were increased significantly. For example, during 1973, the price of Grade I fresh pork was increased from 80 cents (EC) per pound to EC\$1.75 per pound; Grade A table eggs from EC\$1.15 per doz to EC\$1.45 per doz; whole chicken from 84 cents (EC) to EC\$1.25 per pound; cinnamon from EC\$1.44 to EC\$4.75 per pound; onions from 16 cents (EC) to 35 cents per pound; peanuts from 40 cents to 65 cents per pound and carrots from 30 cents to 36 cents per pound. It was also agreed that with these increases in prices greater attention must be paid to the grading of the commodities traded under the Protocol.

#### *Industrial Development*

29. During the year continuing efforts were made to expand and integrate the manufacturing sectors of Member Countries. In this connection a Senior Industrial Officer from UNIDC commenced an attachment

to the Secretariat in October. He is expected, *inter alia* to assist in the preparation of a long-term Perspective Plan for Industrial Development of the Region and to elaborate an approach which will enable all Member Countries to participate in the implementation of regional industrial projects, taking special account of the interests of the Less Developed Countries.

30. The Caribbean Investment Corporation, which will provide equity capital for the Less Developed Countries, and The Agreement for the Avoidance of Double Taxation and The Prevention of Fiscal Evasion with respect to Taxes and Income and for The Encouragement of International Trade and Investment were also designed (among several other measures) to assist the industrial development of the latter countries.

31. Under the Common Market Annex to the Treaty of Chaguaramas Member States are committed to promoting a process of industrial programming aimed at achieving, *inter alia*, the greater utilisation of raw materials of the Common Market; the creation of production linkages, both within and between the national economies; and an equitable distribution of the benefits of industrialisation, paying particular attention to the need to locate more industries in the Less Developed Countries.

#### *The Process List*

32. The CARIFTA Agreement and CARICOM Treaty, in promoting the development and liberalisation of intraregional trade among the Member Territories, provides basic criteria which must be fulfilled for products consigned from one Member Territory to another to qualify for duty free entry. The value-added criterion along with the Basic Materials List has been the one in operation since the inception of CARIFTA. Positive steps were taken in 1973 by the Secretariat (with the assistance of UNIDO) to commence the formulation of a Process List, which is the other alternative criterion open to manufacturers to take advantage of duty free entry into other Member Territories' markets.

#### *Tourism*

33. A Caribbean Tourism Centre was established in Barbados to conduct research into all aspects of tourism development as it relates to the Caribbean. The Centre is supported by Governments of the English-speaking, French-speaking and Spanish-speaking Caribbean.

34. During the year, too, the Secretariat began to undertake studies aimed at improving, on a joint regional basis, the tourist industries of Member Countries. The programme of Tourism studies aims not only at securing bigger returns to the countries of the Region from gross earnings from Tourism but also at reducing the unfavourable social and cultural impact on the peoples of the Region of many of the features of Tourism, as it is at present organised in the countries of the Region.

*Co-ordination of National Development Planning*

35. In November 1972 the First Meeting of Heads of National Planning Agencies was held. The second meeting of Heads of National Planning Agencies, which is now formally constituted under the Common Market Annex of the Treaty was held in 1973. The main aim of this Committee of Officials is to promote the coordination of national development planning in the several Member Countries. It is now expected that in the preparation of their National Development Plans, Member Countries will take account much more fully than previously of the regional dimension.

36. Towards the end of the year a World Bank Mission commenced an Economy Survey of the CARIFTA/CARICOM Region as a whole. The purpose of the Mission is to collect the maximum information (of both a statistical and non-statistical nature) on the constituent economies of the Region; to identify opportunities for complementary development in Agriculture, Industry, Minerals and Tourism; and to make broad sectoral and overall economic projections of the possible evolution of the regional economy up to the year 1980. The Report of the World Bank Mission, which is due to be submitted by the middle of 1974, could at the very least provide the basis for the formulation of a long-term Regional Perspective Plan, as required by the Common Market Annex of the Treaty of Chaguaramas.

*Ownership and Control of Regional Resources (or Common Policy on Foreign Investment)*

37. The question of ownership and control of regional resources continued to occupy the attention of the countries in the Region. In keeping with a Resolution passed by the Eighth Heads of Government Conference, a Working Party of Officials held its first meeting in November to consider proposals relating to a regional approach to foreign and local private investment. The Common Market Annex of the Treaty of

Chaguaramas now places an obligation on Member Countries to seek to increase the extent of national participation in their economic development and to work out as early as possible a common policy on foreign investment.

#### *Financial and Monetary Co-operation*

38. The unprecedented international instability, world inflation, shortages and rising prices of many imported commodities particularly food, and interest rates and a progress of efforts at a reform of the International Monetary System were several of the important topics discussed by Ministers of Finance at the Inaugural Meeting of Finance Ministers of the Caribbean Community and of CARIFTA Countries held in Trinidad in September. At the regional level, the subjects considered included measures for facilitating the use of national currencies by travellers within the Region; a review of the efforts on the part of regional governments to mobilise more local financial resources for development; the training of regional personnel in commercial banking; the establishment of an Export Credit Insurance Scheme to facilitate the exports of the Less Developed Countries of the Region; and steps towards the formulation of a Prices and Incomes Policy for the Countries of the Region.

#### *Allocation of Scarce Commodities*

39. During the year, Member Countries were affected by severe shortages of some commodities produced within and without the Region. The problem of shortages of regionally-produced goods received the attention of the CARIFTA Council of Ministers which agreed that the Secretariat should examine the possibilities of devising some mechanism in order to ensure that there is a rational and efficient allocation among Member Countries of certain sensitive commodities during periods of shortages.

#### *Bulk Purchasing Arrangements for the Region*

40. The Region has in recent times been plagued by problems of price increases and shortages of essential commodities. These problems are due largely to circumstances beyond the control of Caribbean Governments.

41. One thing that can be done to cushion the effects of these circumstances is to import for the Region as a whole, certain basic and

essential commodities. This 'bulk-importation' would have to be done by some centralised body, and for maximum efficiency would have to be confined to these few essential items of greatest importance to the Region.

42. At the 16th CARIFTA Council Meeting held in Georgetown in January, 1974 it was decided that a committee of experts be established to examine the feasibility of bulk-purchasing for the Region and to report back to the next meeting of the CARIFTA Council of Ministers in April (of this year).

### *The Sugar Industry*

42(a) Drought and in some instances excessive rainfall as well as rising costs of production throughout the Region resulted in a fall in regional production of sugar in 1973. The United States quota, which was approximately 200,000 short tons in 1972, was cut to 61,000 short tons by the United States Department of Agriculture. This figure of 61,000 short tons was obtained for the Region only after considerable and intense joint diplomatic activity by the Governments of the Region when it was learnt that the entire West Indian U.S. Quota might have been lost.

42(b) The rapidly increasing costs of inputs imported from the metropolitan developed countries combined with the effects of the international energy crisis resulted in increased costs of production of sugar in the Region during 1973. At the beginning of 1974 an approach was made to the United Kingdom Government by the Governments of the Region for the renegotiation of the Commonwealth Sugar Agreement Price from £61 per long ton to a more remunerative price. It should be noted that in 1973 the World price rose to more than £150 per long ton.

42(c) In October 1973 a Working Party of Officials was set up to make medium- and long-term projections of output of the sugar industry and to put forward on a regional coordinated basis proposals for the medium- and long-term development and marketing of the commodity. One of the objectives of the exercise was to give the Governments of the sugar-producing countries of the Region greater decision-making powers regarding the intra and extra-regional marketing of sugar. The recommendations of the Working Party were considered and found broadly acceptable by a Ministerial Committee which met in January 1974.

*The Banana Industry*

42(d) The year 1973 saw an attempt by the Windward Islands and Jamaica to re-develop the Banana industry which had been severely hit in 1971-72 by drought throughout the Region and by hurricanes in Dominica and St. Lucia. The average Green Market Price for Bananas moved from £89 in 1972 to approximately £108 in 1973. However, the Region was unable to take full advantage of this price due to shortfalls in production.

42(e) In October 1973 a Working Party of Officials was set up to make medium and long-term projections of output of the regional banana industry and to put forward on a regional coordinated basis, proposals for the medium and long-term development and marketing of the commodity. The recommendations of the Working Party were considered and found broadly acceptable by a Ministerial Committee which met in January 1974.

*Introduction of the Metric System*

42(f) A few Governments have already taken steps in their countries towards the introduction of the metric system by way of public education and the appointment of National Metrication Committees. Assistance to those countries who have not as yet done so is being offered by a Senior Lecturer in Engineering at the University of the West Indies who is also the Chairman of the Metrication Board of Trinidad and Tobago. In April of this year the CARIFTA Council of Ministers will set a target date and a timetable for the introduction of the system in all the countries of the Region.

*Establishment of Regional Commissions on Prices and Standards*

43. At the Eighth Heads of Government Conference, it was decided that a Regional Commission on Prices, Standards and Quality of Goods be established by mid-1974. In fact the *Georgetown Accord* provides for the establishment of this Regional Commission "for the purpose of safeguarding the rights of Caribbean consumers . . ."

44. This matter was taken one stage further at the Sixteenth CARIFTA Council of Ministers held in Guyana in January, 1974. It was then decided that arrangements to deal with Prices and Standards would be greatly facilitated if there were not one but two Regional Commissions, one to deal with Prices, the other to deal with Standards and Quality of Goods.



45. It is hoped that before long the needs of Caribbean consumers for protection as far as prices and standards of quality of goods are concerned, will soon find positive satisfaction in the establishment of these Commissions.

#### *Statistics*

46. The Statistical Committee of the Commonwealth Caribbean, a permanent body, was established. This Committee will assist the Secretariat in providing technical advice relating to the Statistical Services within the Region.

#### *Energy Crisis*

47. One of the greatest challenges to the social and economic well-being of the countries of the Region had to be faced towards the end of 1973, as a result of the cut-back in supplies of crude oil from the Middle East exporting countries to importing countries, the embargo placed on oil supplies from that part of the world to the United States of America and Holland and, finally, the subsequent dramatic increase in the price of crude oil. Consultations on the energy crisis and its effects on the economy of the Member States in the Region took place in Georgetown in November, 1973 both at the Official and Ministerial levels. Following on these consultations, the Government of Trinidad and Tobago took certain successful initiatives in order to ensure that refineries operating in that country maintained the pre-crisis levels of supplies of petroleum products to its CARICOM/CARIFTA partners. The Government of Trinidad and Tobago also committed itself to seeking to meet shortfalls in the supply of petroleum products from non-Trinidad and Tobago supplies to CARIFTA/CARICOM countries. Intensive and coordinated diplomatic activity on the part of the independent countries has been under way since October, 1973 in an effort to alleviate the impact of the Energy Crisis on the regional economies.

#### *The Harmonisation of Company Law*

48. During 1973 the work of the Research Project on the Harmonisation of the Company Law of the Members of the Caribbean Community, the Bahamas and the West Indies Associated States has made progress. Pursuant to a decision taken by the Working Party at its Inaugural Meeting on Monday, 23rd October, 1972 a legal expert has

been appointed to organise and co-ordinate the work of the Project. Collection of the wide variety of documentary material necessary for the purpose has almost been completed. These documents are in the process of being classified and reviewed. The next meeting of the Working Party is scheduled for a date early in 1974.

*Meeting between CARIFTA Council and Joint Consultative Group*

49. The Joint Consultative Group, comprising members of the Caribbean Consumers Council, the Caribbean Association of Industry and Commerce and the Caribbean Congress of Labour, met with the CARIFTA Council of Ministers in April 1973. This Meeting, which followed a decision of the Seventh Heads of Government Conference, was the culmination of a series of efforts by non-governmental regional organisations to participate in a definite and meaningful way in the regional integration movement. At this Meeting there was a very interesting exchange of views on the problems and prospects of the regional economic integration movement.

*Transport*

*(a) Shipping*

50. The West Indies Shipping Corporation continued to provide the Region with a cargo/passenger service with the "FEDERAL MAPLE". This was supplemented during most of the year by two chartered vessels. One of the chartered vessels is a small container ship which plies between the major ports with occasional calls at some smaller ports. Despite all-round increases in world freight rates, the Corporation during the year was able, through Government subsidies, to maintain the previous low level of freight rates applicable among CARIFTA/CARICOM countries.

51. Two notable breakthroughs during the year were:

- a) A meeting between the Management of the Corporation and the Managers of the Marketing Boards of all the Member Countries at which they arranged for the exchange of information on the level and frequency of service offered by the Corporation and the allocation of commodities made to the different Marketing Boards under the Agricultural Marketing Protocol; and
- b) the inauguration of a regular cargo service to link Guyana with her CARIFTA/CARICOM partners.

52. The Regional Shipping Council has also authorised the Corporation to purchase a new container ship to operate throughout the Region. The financing of this vessel is being negotiated.

53. Commodities from and to extra-regional sources continued to be plagued with increases in freight rates during the year. These freight rates were increased without the consent or concurrence of Regional Governments as efforts at consultation between the major Shipping Conference lines and the Consultative Committee set up by Governments broke down during the year. The breakdown in the consultative machinery is due to the failure of the Shipping Conference to provide the Consultative Committee with meaningful information in support of requests for freight rate increases.

*(b) Air Transport*

54. The Committee on Air Fares which was appointed by the Conference of Heads of Government towards the end of 1972 had several meetings including one with representatives of IATA (International Air Transport Association) and did a great deal of technical work on fares and rates proposals during 1973. The recommendations of the Committee were generally accepted and acted upon by Governments.

55. A Special Committee was established by the First Meeting of CARICOM to consider the measures to facilitate the movement of air freight within the Region. The Committee met and reported to Governments on short-term and long-term measures to achieve this objective. The recommendations have been accepted by Governments.

56. The decision of the Conference of Heads of Government held in October 1972 to have joint representation on ICAO (International Civil Aviation Organisation) was implemented in 1973 when a representative of Trinidad and Tobago was successfully sponsored by all the regional Governments for a seat on the ICAO Council.

57. Governments have agreed in principle to the setting up of a Regional Transport Council to consider and make decisions on all aspects of regional transportation-including Shipping and Air Transport for both passengers and freight and the development of both Harbour and Airport facilities.

### III. CARIBBEAN DEVELOPMENT BANK

58. The Caribbean Development Bank, established in 1970 under its own Charter, remained very active in 1973. Numerous loans were approved for agricultural credit, agricultural development, infra-structural development, transport and communications, water supply, tourism and education. During the year the Bank continued to concentrate on the provision of soft loans to the Less Developed Countries of the Region, who by the end of 1973 had received most of the Bank's loans. Venezuela, admitted to membership of the Bank at the 3rd Annual Meeting of Board of Governors in April 1973, in Kingston, Jamaica, has subscribed its capital and appointed its Governor and Director. Colombia, also admitted to membership at the same time, had not yet taken these steps by the end of the year. During the year the Bank continued to receive contributions to Special Funds by donor countries, including both members and non-members of the Bank.

### IV. EXTERNAL ECONOMIC RELATIONS

#### *The Widening of the Caribbean Economic Integration Movement*

59. During the Seventh Conference of the Heads of Government it was agreed that the Secretariat should undertake an in-depth study of the possibilities for extending the integration movement to include *all* the islands in the Caribbean Sea and Surinam. Work has started on this project and the Caribbean office of the Economic Commission for Latin America (ECLA) is assisting the Secretariat. The Governments of Surinam and the Netherlands Antilles were granted "Liaison Status" with the CARIFTA Council of Ministers during the year.

#### *Negotiations with the E.E.C.*

60. Significant and important discussions were held in connection with the CARICOM/CARIFTA countries' relationship with the Enlarged European Economic Community. Firstly, in March 1973 the Regional Secretariat hosted in Georgetown a high-level Meeting between a Commonwealth African Ministerial Mission and CARIFTA Ministerial representatives to discuss the nature of the planned relations of both sets of countries with the EEC. One month later, in April, 1973, three top ranking officials of the Development Aid Division of the European Commission in Brussels in the course of a tour of CARIFTA countries,

visited the Secretariat and met with the Secretary-General and senior officials to discuss the possible relationship between the CARIFTA group of countries and the Enlarged EEC, while in September 1973, Mr. Claude Cheysson, the Commissioner for Development Aid, visited the Secretariat for high-level discussions in the course of a similar tour of CARIFTA Countries.

61. These meetings culminated with a visit to Brussels in July, 1973 by a CARICOM/CARIFTA Ministerial Team to participate in Preliminary Ministerial discussions between the EEC and the Associated and Associable Countries. The single delegation, speaking through a single spokesman, the Foreign Minister of Guyana elaborated the position which the CARICOM/CARIFTA countries proposed to adopt on the future relationship between the Enlarged EEC and the Caribbean Community. The commencement of the detailed negotiations was preceded by a similar Meeting at Ministerial level in Brussels in October 1973, in the course of which the African, Caribbean and Pacific Associates and Associables voiced their position to the European Community through a single Ministerial spokesman. The Associates and Associables (including the Caribbean Group) called for a "comprehensive contractual" five-year Agreement, including provisions for both Trade and Aid between the European Community on the one hand and the African, Caribbean and Pacific countries on the other hand.

62. The detailed negotiations continued in Brussels at (official) Diplomatic level until mid-December 1973 and resumed around mid-January 1974 after a one-month adjournment. In order to provide the flow of information to all Member States, the CARICOM/CARIFTA Member Governments jointly established a "CARIFTA/CARICOM Presence" at Minister/Counsellor level in Brussels. The Independent Member States of Guyana, Jamaica and Trinidad and Tobago also agreed to rotate their chief diplomatic representatives in Brussels for periods of six months to serve as CARIFTA/CARICOM Ambassador to the European Community.

#### *Co-operation with Mexico*

63. In mid-June, a seven-man Mexican delegation visited the Secretariat and opened preliminary discussions with the Secretary-General and senior officials intending to establish closer economic technical and cultural cooperation between that Republic and the Caribbean Community. A draft Agreement providing for such cooperation was considered

by Member Governments of the integration movement and the final Agreement has now been prepared. The Conference of Heads of Government of the Caribbean Community has delegated the conclusion of this Agreement on behalf of the Caribbean Community to the Secretary-General of the Caribbean Community Secretariat. Accordingly, the Foreign Minister of Mexico and the Secretary-General will sign the Agreement in Georgetown in March 1974.

#### *Relations with Cuba*

64. In keeping with a decision of the Eighth Heads of Government Conference the four independent countries of the Caribbean Community sent a Joint Trade Mission to Cuba to explore possibilities for trade. The Caribbean Community Secretariat was represented on the Mission by a Senior Agricultural Economist. The independent countries established diplomatic relations with Cuba in late 1972, as a result of an agreement reached in the course of the Seventh Heads of Government Conference held in October 1972.

#### *Action Programme for Economic Cooperation among Non-Aligned Countries*

65. During 1973 both the Governments of the four independent countries of CARICOM and the Secretariat were engaged in giving shape to the Action Programme for Economic Cooperation among Non-Aligned and other Third World Countries. The Government of Guyana was entrusted with follow-up action in the fields of Industry, Trade and Transport among such countries. Assistance was sought from the United Nations Development Programme (UNDP) in carrying out a Project in these fields. The Secretary-General chaired Meetings of an Expert Group commissioned to prepare the Project for submission to the United Nations and other senior staff members of the Secretariat also participated in the Expert Group. The UNDP Project was finally approved at the Summit Meeting of the Non-Aligned countries held in Algiers in August 1973.

### V. FUNCTIONAL COOPERATION

66. In the area of functional (or non-economic) cooperation, several significant steps were taken in 1973.

*Facilitation of Travel of West Indians throughout the Region*

67. A Meeting of Ministers responsible for Immigration on the Facilitation of Travel in the Region was held. Recommendations from this Meeting included proposals for the simplification of travel within the Region and for the standardisation of travel documentation for Member Countries. The Report of the Meeting will be submitted to the Conference of Heads of Government for decision later in 1974.

*Meteorology*

68. An Agreement for the establishment of a Caribbean Meteorological Organisation, including the operation of the Caribbean Meteorological Institute in Barbados as a Regional Organisation and the establishment of a Caribbean Meteorological Foundation was finalised in 1973 and will come into effect early in 1974.

*Health*

69. A Plan for Caribbean Epidemiological Surveillance was prepared by an Expert Committee in Jamaica in October, 1973 for implementation in 1974.

70. Plans for the establishment of a Regional Drug Testing Laboratory in Jamaica were finalised. A study on reducing the cost of drugs to the West Indian consumer was initiated in 1973 and will be concluded in 1974.

71. The Regional Nursing Body agreed on a five-year Action Plan.

*Social Security*

72. A Meeting of Regional Officials, which examined the possibility of establishing reciprocal arrangements for Social Security between Member Governments, was held during the year. A Final Meeting at official level will be held in late March 1974 and a Report will be submitted to the Conference of Heads of Government for decision later in 1974.

*Regional Hurricane Insurance Scheme*

73. A Meeting of Regional officials and representatives of international institutions was held in Trinidad in September 1973 to discuss a project proposed for the establishment of a Regional Hurricane Insur-

ance Scheme. This Meeting identified the scope and limitations of the proposed Hurricane cover which should be considered by Governments of the Region.

#### *Labour and Industrial Relations*

74. The Second Annual Meeting of Ministers of Labour was held in April 1973. The Agenda dealt with matters such as Social Security and the preparation of a Commonwealth Caribbean position for the July Annual Meeting of the International Labour Office (I.L.O.) in Geneva. At the end of 1973, an Industrial Relations Adviser was appointed to the staff of the Secretariat.

#### *Commonwealth Caribbean Technical Assistance Programme*

75. In 1973 Member Governments' confidence in the Commonwealth Caribbean Technical Assistance Programme was demonstrated by the increased number of requests which were made for assistance under the programme. These requests covered many areas of cooperation, including Agriculture, Planning and Education. A number of these requests have met with success. A Commonwealth Caribbean Technical Assistance Fund of TT\$50,000, contributed by the Government of Trinidad and Tobago, was made extensive use of in connection with the 1973 intra-regional programme of Technical Assistance.

#### *Regional Cooperation in Tax Administration*

76. In keeping with previous Commitments to the improvement of tax administration in the Region, the Trinidad and Tobago Government allotted places in its training programmes to Tax Officials from St. Lucia, Antigua and Dominica. The Caribbean Organisation of Tax Administration (COTA) formally became a subsidiary body of the Standing Committee of Ministers of Finance, and a Tax Administration Adviser was appointed to the staff of the Secretariat, who is also Executive Secretary of COTA. The Fourth Conference of COTA was held in Barbados in August 1973 and two Resolutions passed at that meeting concerning the improvement of the efficiency of Regional Tax Administration by training and technical cooperation were endorsed by the Inaugural Meeting of the Standing Committee of Ministers of Finance.

#### *Education*

77. A Meeting of the Standing Committee of Ministers of Education in the Region was held in January 1973. A programme of coopera-



tion in Education including areas such as Curriculum Development and Regional Textbooks was drawn up for 1973, with the Education Desk of the Secretariat providing the machinery for coordination. A UNESCO sponsored Seminar on the establishment of Publishing Facilities in the Region was also held in the course of the year.

#### *Caribbean Examinations Council*

78. The Inaugural Meeting of the Caribbean Examinations Council was held in Barbados in January 1973. At that Meeting the Council elected its first Chairman and Deputy Chairman and appointed an Administrative and Finance Committee. During the year a Registrar was also appointed.

#### *UNESCO Project for Mass Media Development*

79. During the year 1973 a UNESCO Regional Project for Mass Communications Development in the Region was carried out. The Project was run by a three-man Team of Experts under the leadership of a West Indian. During the year work was completed on the first-ever Regional Workshop on Communications and National Development, and a booklet was published indicating the observations and thoughts of the forty-odd Caribbean participants drawn from Government, Industry and Communications-related fields. A direct result of these deliberations has been the assistance which the project is providing to the Barbados Government in the formulation of that island's National Communications Policy. (This is the first Caribbean country to proceed in this direction). A more advanced Workshop, bringing together regional technicians, is planned for the middle of 1974 in order to carry this work forward.

80. The UNESCO Project assisted in the institutionalising of regular programme and feature exchange between the Region's radio and television stations and newspapers. Staff drawn from regional media and under the direction of the Project produced the first regional feature film on the Caribbean Community timed to mark its inauguration. The film was shown in Trinidad and Tobago, Barbados and Jamaica. At the same time, a 24-page newspaper supplement on the Caribbean Community was produced for all newspapers in the English-speaking Caribbean, including the Bahamas.

81. Throughout the year, the Project's three-man Team held seminars, workshops and training courses in Radio, Television and Print-Media in

eight of the English speaking countries of the area, for well over seven hundred persons working in mass media and related communications fields, including Agricultural Extension and Community Development.

*Establishment of Caribbean News Agency (CANA)*

82. The studies on the feasibility of establishing a Caribbean News Agency proceeded through 1973 with maximum cooperation of regional media systems under the umbrella of the Caribbean Publishers and Broadcasters Association and the Caribbean Broadcasting Union. It is expected that a three-man Team drawn from the media, will shortly commence a marketing visit to all countries of the area, in order to estimate information needs of Governments and other private agencies, in an effort to determine whether CANA could fill these needs. It is expected that the training of journalists for the prospective agency will also begin shortly. The regional media systems are being assisted in the carrying out of this work by the UNDP/UNESCO Communications Project.

*Training in Mass Communications*

83. The Communications Training Centre at the University of the West Indies, Jamaica, which has been under study for the past 18 months, is shortly expected to become reality through the cooperation of the Federich Ebert Stiftung, the University, and the UNDP/UNESCO Communications Project. The FES has agreed to assist to the extent of some J\$  $\frac{3}{4}$  million while the University will provide the building. It is proposed to begin training during October 1974, with the first one-year course for experienced journalists and graduates of the University. The course is expected to be expanded later into a three-year degree one.

## VI COORDINATION OF FOREIGN POLICY

84. The Standing Committee of Ministers Responsible for Foreign Affairs, which is constituted under Article 17 of the Treaty establishing the Caribbean Community, first met in November 1973.

85. This Committee is mandated to make recommendations to Governments with a view to achieving the fullest coordination of foreign policies of Member States of the Caribbean Community.

86. At its Inaugural Meeting the Committee noted the joint approaches already being made by the four independent countries to inter-

national issues, particularly the negotiations with the EEC for a general Trade and Economic Cooperation Agreement and with the U.S. Government on the specific issue of sugar quotas. It expressed the view that a unified approach to common issues reflected deep maturity, self-confidence and mutual respect within the Region which augured well for its future development. It noted that already there was active cooperation among the four countries in the General Assembly of the United Nations, the Non-Aligned Movement, Hemispheric Meetings and the Commonwealth Prime Ministers' Conference. The Committee was of the view that in the area of diplomatic representation abroad much could be achieved by more effective coordination and cooperation between independent Member States of the Caribbean Community, particularly by reducing areas of duplication in representation abroad. The Committee also examined the Region's position regarding the forthcoming 1974 United Nations Conference on the Law of the Sea and decided to seek the maximum coordination of the positions of the various Member States.

87. The Committee also examined the question of the continuing Metropolitan presence in the Region as it related to the interests vital to the Commonwealth Caribbean as a whole.

88. The Committee took note of the Region's efforts in the struggle against Racism and Apartheid and its continued commitment to assist the Liberation Movements in Africa.

89. The Committee also discussed the present crisis in the Middle East and took note of the serious problems it posed for international peace and security. The Foreign Ministers recognised that their Meeting coincided with the Sixth Anniversary of the U.N. Security Council's Resolution 242 (1967) on the Middle East and re-affirmed the support of the Governments of the Region for a settlement of the problem on the basis specified in the Resolution. They expressed their support for and their readiness to assist in the continuing role of the United Nations in securing a just and lasting peace in the Middle East.

90. Finally, the Foreign Ministers recognised the urgent need for coordinating approaches of Member States of the Region with a view to ensuring a continuing supply of crude oil to regional refineries and the maintenance of essential petroleum supplies throughout the Region.

## VII. SECRETARIAT'S PUBLICITY DURING 1973

*Publications*

91. In 1973, the Caribbean Community Secretariat prepared and published the booklet *The Caribbean Community—A Guide* which presents the background to the formation of the Caribbean Community and explains the provisions of the Treaty of Chaguaramas including the Common Market Annex.

92. In November 1973, the Secretariat also published the Official Texts of the Treaty establishing the Caribbean Community, the Final Act of the Treaty and the Agreement establishing the Common External Tariff, as signed by the Prime Ministers of Barbados, Guyana, Jamaica and Trinidad and Tobago on 4th July, 1973 at Chaguaramas.

*Secretariat Mission to the Leeward and Windward Islands*

93. In September 1973, a Team of Secretariat Officials, led by the Secretary-General, visited Dominica, Grenada, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent for the purpose of disseminating information about the new Caribbean Community. Discussions were held with Heads of Government and Cabinet Ministers, Senior Civil Servants, the Trade Union Movement, the Private Sector, Consumer Groups, Youth Groups and Fifth and Sixth-formers of Secondary Schools. In each country visited, Public Lectures were also given and Press Conferences held.

*Regional Competitions*

94. In April 1973, the-Eighth Conference of Heads of Government approved the sponsoring by the Secretariat of an Essay Competition on the topic: *How can the Caribbean Community help to overcome the economic and social problems of the countries of the Region?* and a competition for an Emblem for the Caribbean Community. The deadline dates for the submission of entries to both competitions were extended by the CARIFTA Council of Ministers to 31st January, 1974, in respect of the Essay Competition and February 28, 1974 in respect of the Emblem Competition.

*Other Aspects of Information and Publicity*

95. The Secretary-General and Senior Staff members were active in other areas of Information and Publicity. Talks and addresses were given to a wide range of groups throughout the Caribbean, including

Martinique and Surinam; there was participation in Radio and Television discussions, and in Seminars sponsored by various groups; and interviews with journalists and scholars were given.

### VIII. *FOCUS DURING 1974*

96. The Secretariat forecasts an interesting and challenging period in 1974. The focus of attention will obviously be on the signature of the Treaty of Chaguaramas by the Less Developed Countries and Bahamas and their membership by 1st May, 1974, and the implementation of the provisions of the Treaty. Special emphasis will be given during the year to the Rationalisation of Agriculture and of Sea and Air Transport in the Region. The formulation and implementation of an Incomes and Prices Policy for the countries of the Region will also receive attention. However, the negotiations with the EEC and the effects of the International Energy Crisis on the economies of the Region will occupy very prominent places in the roster of events in the New Year as the Region will have to seek ways and means of closing ranks against the unfavourable external environment which threatens the social and economic survival of its people. Already Coordinated Emergency National and Regional Development Programmes in Agriculture and Industry are being finalised for implementation during the year and intensive coordinated diplomatic activity is being undertaken by the independent countries in relation to the international energy crisis.

97. One final point. The austerity economic measures of a defensive nature, such as curbs on conspicuous consumption, restrictions on non-regional imports and controls on invisible expenditures outside of CARICOM, as well as the positive coordinated Emergency Programmes for increasing national and regional production of agricultural and industrial products will in the end re-structure and strengthen and more effectively integrate the national economies of the Region. Out of evil cometh good.