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Trade Barriers Within the CSME: The Reality of Under-Development

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Abstract

The issue of barriers to regional trade is a much-debated issue, especially so in the context of the CSME where there is marked sector under-development and a distinction between MDCs and LDCs. Very often the essence of the argument lies in the so-called 'size of economies and levels of development'. The reality is however that within the CSME conscious efforts are made by Member States to achieve higher levels of economic coordination and collaboration and therefore enhanced economic growth and development. In the context of small economies there is undoubtedly need for some measure of trade policy discrimination, even within the CSME where there exists an uneven distribution of resources, and a host of vulnerable sectors and sub sectors.

This paper attempts to locate the issue of barriers to regional trade within the context of the CSME. It addresses, the differences in size and levels of development of countries in the Caribbean region, resource endowments, the fragility of economic dependence on primary commodities and core sectors, and the need for trade sector support given increasing pressures to liberalize in the context of ongoing multilateral negotiations. The paper also seeks to explore in a limited context whether the revised Treaty of Chaguaramas adequately addresses issues pertaining to the sanctioning of regional trade barriers in the context of the CSME.

1. INTRODUCTION

The genesis of the West Indian Commission lies in the Grande Anse Declaration whereby leaders of the Caribbean Community (CARICOM) at their Grenada Summit Meeting in July 1989¹ recognized the urgent need for greater integration of Member States in the Community. Among its mandate was the formulation of proposals for advancing the goals of the Treaty of Chaguaramas, which established the Caribbean Community and Common Market in 1973.

When the Commission presented its Progress Report "Towards a Vision of the Future" in 1991 to CARICOM Heads of government one of the six recommendations for immediate action was 'to complete as a matter of urgency the CARICOM Single Market with its three principal instruments: the Common External Tariff, the Harmonized Scheme of Fiscal Incentives, and the Rules of Origin.

Today, almost fourteen years after the report of the West Indian Commission the establishment of the CARICOM Single Market and Economy (CSME) is still not yet fully realized. The expectation is that by December 2005 such a CSME will not only be a reality in the true sense of the word but will function in the manner it was conceptualised by the CARICOM Heads of Government and West Indian Commission.

Within this context it is to be noted that trade barriers within the CSME is today a reality. The reason for this lies not in the lack

of commitment by Member States to the implementation of the elements of the CSME, but because of the differences in the levels of development and resource endowments. It is further noted that the differences in both development and resource endowments provide the environment for individual countries to take appropriate actions to protect their fledging industries and sub-sectors from the influences of trade liberalization both from within the CSME and from third countries.

It is a fact that the concept of a 'global village' is rapidly becoming actuality. The negotiations at the multilateral level in the FTAA and WTO and the host of Bilateral Free Trade Agreements necessitates that safeguard actions be conceptualised and pursued in order to protect legitimate country interests in the manufacturing and services sectors and sub-sectors. Towards this end, it is therefore not surprising to observe that the issue of non-tariff barriers is an area, which must engage the attention of policy makers within the Region. Herein lies the concept of special and differential treatment to which the Region as a whole is actively pursuing in the multilateral negotiations.

Furthermore, the issue of Smaller Economies within the multilateral arena needs to be entrenched and taken cognisance of in the negotiations. While the proposals are still in their formative stages, it is the Region's responsibility to ensure that the provisions pertaining to Smaller Economies cater to the needs and vulnerabilities of the region.

The objective of this paper is to provide a synopsis of the barriers to regional trade in the Caribbean Community. These barriers

¹Overview of the West Indian Commission: Time for Action p. 2

are primarily non-tariff barriers given that under the Common External Tariff Regime and community Rules of Origin there is free movement of goods once the required rules are met. The paper will therefore focus on:

- What is the CSME and what is envisaged by 2005?
- Barriers to Regional Trade both in goods and services
- What is under-development with reference to some of its root causes;
- The structure of Caribbean economies
- The constraints to development of Caribbean economies and how these are addressed by the Revised Treaty of Chaguaramas; and
- Participation by Member states in multilateral and bilateral trade agreements.

2. WHAT IS THE CSME AND WHAT IS ENVISAGED BY 2005

The notion of a Caribbean region without barriers, strengthened by its collective resources and opportunities, has been a shared vision that inspired the commitment of integrationists from the early days¹. When the Heads of Government of the Caribbean Community took the decision to create a Single Market and Single Economy, it was in direct response to, and in recognition of, the

¹ CARICOM Single Market and Economy, CARICOM Secretariat, Bank of Guyana Building, Georgetown, Guyana p 1.

challenges posed by the increasingly globalized economy. Moreover, it was in recognition of the urgent need of Member States to increase their competitiveness of goods and services of the Region for the globalized economy.

In light of the decision to create the CSME the automatic response was a due cognisance by Member States to remove barriers to trade, and the encouragement of the free movement of regional goods, services and capital. It was the general understanding then and still is, that the creation of a Single Market and Economy would provide opportunities for all including producers, traders, and service providers.

If one reviews the Revised Treaty of Chaguaramas it is quite noticeable that due recognition and credit have been given by the drafters to the need for the creation of the CSME. The Revised Treaty provides specifically for the removal of trade barriers in order to ensure that the CSME is realized through the free movement of factors of production across borders of countries of the Region. It is the expectation that by removing these barriers to the trade in goods and services and the opening up of opportunities within the CSME, that greater synergy will be generated within the productive capacity of the region.

What therefore has been the success to date in the efforts to create the CSME? This can be viewed from different perspectives but more particularly from the programmes to remove barriers to regional trade in goods and services. The creation of CSME focal points and units within the Member States of the region, demonstrates the commitment of governments to pursue with vigour, the creation of the Single Market and Economy

by the stipulated deadline of December 2005. However, the capacity of the individual country in implementing and executing all measures necessary towards the achievement of the CSME objectives is the real challenge faced by Member States particularly, the less developed ones. It should be noted that capacity not only refers to financial capacity to undertake reforms to structures and institutions, but also to manpower in terms of administrative actions.

The limited capacity of Member States to implement the CSME can be viewed from their uneven implementation of the key elements for the establishment of the CSME. These elements relate to treaty revision; national administration; enforcement, regulation and supporting institutions; free movement of goods; free movement of services; free movement of persons; free movement of capital; right of establishment; common external policy; harmonization of laws; sectoral programmes and creation of enabling environment; and common support measures.

It remains to be seen whether the programmes for the removal of restrictions will be in keeping with the target dates set by the Heads of Government, namely deadlines for removal of specific restrictions to services by the end of 2003, 2004, and 2005. So far the experience has been that with technical assistance and appropriate regional direction and guidance Member States have been meeting to a large extent their obligations under the Revised Treaty.

The liberalisation initiatives by Member States in the CSME recognise that there will be countries affected due to the fact that much of their government revenues are derived from import duties. This has resulted

in flexibility in the implementation of the four phases of the Common External Tariff (CET) with appropriate derogations. In this context many critics within the Community view the CET not as common, but as uncommon, failing to realize that there is need for appropriate policy flexibility within the Community to accommodate the varied interests of Member States.

3. BARRIERS TO REGIONAL TRADE

Non Tariff Barriers

(a) Goods

The CSME contemplates that there should be the free movement of goods, principally that there should be no unauthorized import duties or trade barriers on goods of CARICOM origin. In effect tariffs and quantitative restrictions in all member states should be removed and which would pave the way for the differential treatment of intra-regional imports as opposed to imports from third countries. In facilitating this process there will be agreed regional standards for goods in the region. This became a reality in part by the creation of the Caribbean Regional Organization for Standards and Quality (CROSQ).

The free movement of goods within the CSME require the removal of unauthorized import (or equivalent) duties on goods of Community Origin; the removal of export duties on goods of Community Origin; the removal of discriminatory internal taxes and other fiscal charges; the removal of unauthorized import licences on goods of community Origin; and the removal of quantitative restrictions.

The Council for Trade and Economic Development (COTED) had established a task force to review existing non-tariff barriers against intra regional trade. This task force, which comprised of a cross section of public/private sector representatives met in May 2003 to Review a Report prepared by the Caribbean Export on the Inventory of Non-Tariff Trade restricting measures applied by Member States of the Caribbean Community. The measures that were identified as possible NTBs pertained to customs surcharges; foreign exchange tax; environmental levy; non-automatic import licensing; consumption tax; and statistics, consent and inspection fees.

For customs surcharges it is the understanding that a customs service tax is allowed under the WTO and hence under the CARICOM Agreement. However, such a tax should be equivalent to the service that is rendered. Member States of CARICOM that impose such a tax include Dominica, Antigua and Barbuda, Grenada and St. Kitts and Nevis. The rates vary from 5 percent in Dominica to as much as 10 percent in Antigua and Barbuda. What is striking is the disparity within Member States of the Region in application of different levels of tax and the methodology that informed the respective rates of application.

An Environmental Levy exists in some form or the other in every Member State with the exception of Jamaica, Montserrat, Suriname and Trinidad and Tobago. While it is recognized that within the region, Members have a civic responsibility to protect their respective environment, the application of the protective instrument should be non-discriminatory and in

accordance with the rule of national treatment. There is a lack of information on the so-called environmental programmes being funded by the application of environmental levies.

A Foreign Exchange Tax is applied by Member States in the transactions involving the purchase of foreign exchange. It is the view that this is not being uniformly applied and as such is deemed a barrier. Ideally, this tax should be fairly applied without exceptions. In reality, however, this is questionable as in some countries in the region these exceptions are governed by administrative practices.

Within the CARICOM region it was agreed at the level of trade Ministers that non-automatic licenses were permitted by the CARICOM Treaty for a specified number of agricultural and non-agricultural products. In particular, under sanitary and phytosanitary or safety reasons a non-automatic licence is permitted for products such as live animals; poultry, plants, vegetables, fruit and plant products; pesticides; controlled drugs; and arms, ammunition and explosives. Furthermore, CARICOM Member States are allowed under the Treaty of Chaguaramas to regulate the trade in oils and fats products under Schedule III that pertains to the Development of the Oils and Fats Sub-Sector.

Statistics, consent and inspection fees are imposed by member states including Suriname, Guyana, Jamaica and Trinidad and Tobago. These fees are usually represented as a percentage of the c.i.f. value of the products imported. Suriname for instance, has a statistics fee of 0.5 per cent and a consent fee of 1.5 per cent respectively of the c.i.f. value of the products

being imported. In other countries the fees charged are related to the inspection and monitoring services of the respective bureau of standards. Trinidad and Tobago charges a fee of 0.05 per cent. It is the understanding that these various fees should be applied across the board on both imports and on local products. The application of these fees exclusively on imports by Member States of the Region represents an unfair application, and as such constitutes a non-tariff barrier.

It is to be noted that a variety of non-tariff barriers exist within the region and there are a host of complaints by Member States. However, there has been great difficulty in addressing the complaints due to the fact that there is need for clarity and transparency in the documentation of such complaints.

Table I provides the elements and status for free movement of goods within the Community as of July 2004¹.

(b) Services and Programme for Removal of Restrictions

Chapter Three of the Revised Treaty of Chaguaramas provides for the applicable treatment of 'Establishment, Services, Capital and Movement of Community Nationals' within the Community. Under this Chapter of the Revised Treaty there is the prohibition of new restrictions and the removal of restrictions in the area of establishment, services capital and the movement of persons. In effect, under the CSME Member States will be required to

remove any impediments, which could restrict one's right to provide or obtain services. In this respect Member States have committed themselves to ensure that nationals from other member states have access to land, buildings and other property to on a non-discriminatory basis for the purpose directly related to the provision of services.²

The programme for the removal of restrictions to the provision of services within the CSME contemplates two major elements, the notification of restrictions, and the implementation of programmes for removal of such restrictions.

Table II provides a status of Member states removal of restrictions to the free movement of services as at July 2004.

Harmonization of legislation

The move by CARICOM to harmonise its laws and regulations to bring some uniformity to Member States legislative and administrative structures and practices is necessary if the region is to be seen as a true Single Market and Economy. This is perhaps the single most important undertaking by Member States that would demonstrate the commitment to remove discriminatory trade and non-trade barriers.

Some of the areas in which the harmonization of laws would take place include: legal regime for establishment, services and capital; competition law; consumer protection; anti-dumping and

¹ Establishment of the CARICOM Single Market and Economy: Summary of Status of Key Elements, CARICOM Secretariat, July, 2004.

² CARICOM Single Market and Economy, CARICOM Secretariat, Bank of Guyana Building, Georgetown, Guyana p 3.

countervailing measures; banking and securities legislation; intellectual property rights; labelling of foods and drugs; sanitary and phyto-sanitary measures; and subsidies.

4. THE CONCEPT OF UNDERDEVELOPMENT, WHAT IT IS, HOW IT IS MEASURED

The question of under-development and its causes is a contemporary question that has been argued time and time again by development economists the world over. The debate while not dormant is now being fuelled by the wide differences in development theories within the context of the process of globalisation. Given these ongoing debates it is imperative to note that the well-known phrase 'the rich gets richer and the poor gets poorer' is still applicable today as it was many years ago. Perhaps this is to be accounted for by the fact that while there are changes in technology and innovation there still remains a fact that much of the wealth generated goes to the developed world instead of the less developed.

If rich countries are to sustain prosperity, they must make greater efforts to address poverty in the developing world—poverty of resources and of opportunity. Trade supported by technical assistance is the most effective way of attacking the challenge.¹ In this context, the Doha Development Agenda of the WTO was conceived and began on the understanding

¹ The International Herald Tribune, Trade Barriers Perpetuate Poverty, Members of the CAIRNS Group ITH, Tuesday April 15th 2003.

that it would create the necessary condition for genuine agricultural reform. Accordingly, the primary objective is to promote substantial change on access opportunities and trade disciplines, not to perpetuate the present distortions and inequalities.

The causes of under development can in part be attributed to under-investment, lack of technological innovation, lack of education, geography and poor resource endowment². It also remains to be said that underdevelopment may be the result of countries choosing macroeconomic policies that retard growth, for instance, high fiscal deficits, price controls, public ownership or high barriers to trade and investment in both goods and services. Some economists attribute the barriers to economic development to factors such as the lack of economic freedom and stability, malnutrition, low levels of investment, population growth, dependence on child labour, and natural resource intensive production³. According to Winters 'Economic growth is the key to permanent poverty alleviation'.⁴

This however, leads to a further question as to why are there bad policies and who is to blame for the fall out from them. Many blame the institutions for the state of play whether it be a shortage of capital, mis-direction of investment, distorted incentives, corruption or weak governance.

² Institutions and Development, Mary M Shirley, May 2004.

³ Underdevelopment the Status Quo? Bolotta, A. et. al. Economics Now: analysing Current Issues. Don Mills University Press, 2002, pp 422-425.

⁴ Alan Winters: Trade and Poverty: Is there a connection, WTO, 2000/1.

Many contemporary economists continue to be of the firm conviction that the gap between the high and low incomes nations continue to show a widening trend. Given this it appears that the reality of the 80/20 rule appears to be a permanent economic fixture in the world economy¹. This rule stipulates that currently more than 80 per cent of the world's productive resources are effectively controlled by some 20 per cent of the world's people. Conversely, the remaining 80 per cent of the world's people control only 20 per cent of the resources.

To help recognize the disparities that exist between rich and poor nations, the World Bank classifies national economies into three groups based on annual per capita GDP data: high-income, middle-income, and low-income economies.

High-income economies (also known as **industrially advanced countries** or **IACs**) are nations with per capita GDPs high enough to provide a substantial majority of citizens with prosperity. In its 2000/2001 report, the World Bank set US\$9266 as the minimum GNP per capita for this group. In this report, 52 nations qualified for this distinction, representing 903 million people.

Middle-income economies are those in which a sizable minority of the population avoids living in acute poverty. In the 2000/2001 Report, 92 nations, representing 2.7 billion people, were classified as middle-income economies. Included in this group are China, Russia, the Eastern European countries formerly under Soviet domination,

several Central and South American nations, the Middle East, the extreme northern and southern regions of Africa, and the newly industrializing countries of Southeast Asia.

Low-income economies (also known as **less developed countries** or **LDCs**) include the poorest nations of the world. In the 2000/2001 report, the maximum GNP per capita was set at US\$755. Sixty-three nations were placed in this category, representing 2.5 billion people. Many of these nations share a common history as former colonies, at one time under the control of other nations. In many cases, the economies developed under colonialism were designed to benefit the (home country and exploit the colonies for their natural resources. Consequently, colonialism retarded healthy economic development in these nations.

Given the World Bank classification, in particular the colonial heritage, the question must be asked as to whether Colonialism has in fact retarded the healthy economic growth and development of the Caribbean region as a whole. The answer to this is found in reviewing the pattern of growth of the former colonies and tracing the development of their economies to the present day.

5. CARIBBEAN ECONOMIES

A review of the structure of Caribbean economies will reveal that with the exception of Trinidad and Tobago, which relies heavily on the energy sector, the majority of countries are dependent on primary production activities and declining or stagnant manufacturing sectors heavily

¹ Underdevelopment the Status Quo? Bolotta, A. et. al. Economics Now: Analysing Current Issues. Don Mills: University Press, 2002, pp.422-425.

reliant on imported inputs. Furthermore, if one examines the growth rates of these countries there is a noticeable stagnation and in some cases decline in the pattern of economic growth.

It is a fact that Caribbean economies present quite different features largely based on size and resource endowments¹. Throughout the region industrial restructuring has created a movement from agriculture to service based economies, with tourism and financial services assuming a leading position in most countries. Given this development trend and the involvement of the region in the trade negotiations both at the bilateral and multilateral levels it can be argued that countries are seeking to increase their economic growth through increasing trade. In fact the Caribbean continues its participation in these negotiations under conditions of transition and volatility.

It is to be recognized however that most if not all of the countries of the region are net importers, particularly of heavy machinery and manufactured goods. At the other end the market access penetration by regional companies into the North American, and European markets have remained dependent on preferential access under the CARIBCAN and enhanced CBI agreements. It is noteworthy to at this time see that major renewed efforts are being made to access the Latin American markets in particular, the Costa Rica, Venezuela, Columbia. The

coming into effect of the Free Trade Area of the Americas (FTAA), while still lingering, may provide opportunities for increased market access for regional products and services. However, the benefits will be based on the negotiations and what are the Regions priorities in terms of development objectives.

6. PROVISIONS FOR DISADVANTAGED COUNTRIES, REGIONS AND SECTORS IN THE REVISED TREATY OF CHAGUARAMAS.

Part two of the Revised Treaty of Chaguaramas provides a Regime for Disadvantaged Countries, Regions and Sectors. In particular, Articles 146 (Measures to redress Disadvantaged arising out of Economic Dislocation) Article 150 (Safeguard Measures), Article 151 (Support for Sensitive Industries), Article 157 (Technical and Financial Assistance), and Article 158 (The Development Fund), are articles which have been crafted with the development objectives in mind.

The Revised Treaty goes even further by the provision of a Special Regime for Less Developed Countries of the CARICOM grouping. This Special regime allows LDCs to suspend community origin treatment and allows for the imposition of import duties where a country has suffered or likely to suffer loss of revenue as a result of the importation of goods eligible for Community Treatment.

Under Article 164 of the Special Regime of the Revised Treaty of Chaguaramas the LDCs have the flexibility to use measures such as non-automatic licences and quotas in order to protect their domestic industry.

¹ Chanzo Greenidge, Caribbean Trade and Industry Profile, Association of Caribbean Economists workshop: Trade, Industry and Innovation in the Greater Caribbean, 26 October-1 November 2003.p12

Article 164 which relates to the promotion of industrial development allows for LDC countries, with the authorization of the Council for Trade and Economic Development (COTED), to suspend community origin treatment to any description of imports eligible thereof on grounds of production in one or more less developed countries.

The COTED may in taking a decision under Article 164 establish terms and conditions including a phasing-out period during which the member state in question shall provide support measures for the industry and implement the necessary programmes for achieving competitiveness. The products normally affected include curry powder, pasta products, candles, oxygen, carbon dioxide, acetylene, wheat flour, aerated beverages, solar water heaters, chairs and furniture of wood and upholstered fabric and beer.

Given the existence of barriers to trade that currently exist within CARICOM it is to be noted that most of them are unauthorized and must be removed. The treaty provisions as identified above can be invoked by due process if it is felt by any party that there is need for protection under the Treaty.

7. THE REGION'S INTEREST IN BILATERAL AND MULTILATERAL TRADE AGREEMENTS

The region is collectively involved in negotiations at the bilateral and multilateral fronts. At the bilateral front there are the negotiations with Canada, Colombia, Costa Rica, the Dominican Republic, Cuba, and Venezuela. Initiatives are also underway to

explore enhanced trading arrangements with the United States of America, and the Mercosur Group through the undertaking of Free Trade Agreements given the current stalemate in the FTAA.

At the multilateral level the stalled negotiations in the FTAA has given impetus to the conclusion of Economic Partnership Agreements under the COTONOU Agreement. Even more critical is the renewed vigour that has picked up at the WTO given the consensus on August 1, 2004 at the WTO General Council on a framework agreement to restart stalled negotiations on the Doha Development Agenda.

Given all these trading initiatives by the region and the simultaneous efforts to create an effective CSME, the question can be asked as to what is the ultimate objective of all these efforts. The contention is that the creation of the CSME will provide strength in numbers, the belief being that it is critical to grow supply capacity within the region as a first priority and to build on this by seeking market access outside. Creation of the CSME through inter alia the removal of discriminatory trade barriers within the region will allow the region to develop its capacities and strengths to overcome the tenets of underdevelopment as manifested in low GDP per capita, pockets of poverty and unequal distribution of income.

What therefore are some of the issues that the region are putting forward in these negotiations that would allow for growth while at the same time ensuring that the manufacturing and service bases are not decimated by a liberalized trading regime with third countries. The CARICOM Secretariat as well as the Regional

Negotiating Machinery (RNM) must ensure that the interests of the region are preserved while seeking opportunities for trade and investment.

The issues relate to the following that must be at the forefront in all the negotiation foras, special and differential treatment for the region in particular the LDCs; the creation of caveats for smaller economies; special safeguards; longer phase in periods for commitments made; the creation and sustaining of special funds for developmental purposes; technical assistance and capacity building initiatives; the acceptance of minimal commitments; non reciprocity in special cases; and exceptions to the rule of most favoured nation treatment.

While the issues identified above have to be negotiated and consensus arrived at, there is no guarantee that the region will get all that it wants in a world that is moving to trading arrangements based on the principle of reciprocity. Nevertheless, if the region is to move from its current state of under-development it must have a strong case for the positions taken and this must be based on empirical evidence.

It is the accepted view that increase trade will address under-development in the region and will this provide member states economies in the region with the much-needed boost required for increased standards of living and quality of life on a sustainable basis. The results of the negotiations and the positioning of countries to take advantage of the opportunities offered will be critical in the achievement of these objectives.

Given the increasing liberalisation of Caribbean economies and their integration

into the arena of world trade Member States in the Regions would need all support necessary in order to overcome the inherent challenges. Towards this end the efforts of the government of Trinidad and Tobago through its CARICOM Trade Support Programme (CTSP) to assist in overcoming the challenges is noteworthy of mention.

The CTSP is a comprehensive facility to assist sister CARICOM States to enhance their economic performance by fostering the process of diversification and improved trade capacity in their individual economies. The CTSP is supported by a fund of US\$16 million to be disbursed on an interest free basis, to procure technical assistance service for business development projects. The programme would facilitate the expansion of private sector initiatives that would foster the growth and development of current revenue streams and foreign exchange capabilities. Moreover, it is expected to encourage the revitalization of existing firms and businesses through expansion and diversification of their operations that would foster growth, improved efficiencies and export competitiveness.

CONCLUSION

It is a fact that there are trade barriers both in goods and services within CARICOM. However it to be noted that trade barriers within the CSME must, according to the Revised Treaty of Chaguaramas, be authorized. The drafters of the Treaty of Chaguaramas recognized the inequality within the Community when the distinction was made between the MDCs and the LDCs

and as such trade barriers are sanctioned govern due process. Within the Community the COTED has the responsibility for trade matters and such this body must act with a measure of responsibility recognizing the fact that delay in decisions can affect some Member States more than others.

Despite improving market access, the ability of Caribbean economies to develop supply capacities is critical. The CARICOM Single Market and Economy (CSME) involves a market structured and functioning, to a large extent as if it were within the borders of a single country¹. It follows therefore that there must be freedom of movement of goods, services, labour and capital and supporting fiscal and monetary measures and administrative arrangements.

The region has recognized that the creation of a CSME is an evolutionary process and that the full benefits will be derived when the whole package of measures is implemented. Until such a time it is anticipated that trade barriers in the region will gradually disappear when such technical and financial assistance are in fact available and the Development fund becomes a reality.

What therefore has been the experience towards the creation of the CSME to date, and has it been successful in meeting the expectations and recommendations of the West Indian Commission. This can be answered in short by reviewing the actions and efforts of Member States to implement the key elements for the creation of the CSME given the deadline of December 2005 for the full implementation. The efforts in this

regard are wide and varied not because of size but precisely because of the disparities within the community, and the differences in resource endowments and levels of development.

The Revised Treaty of Chaguaramas does justice to the recognition of differences in levels of development within the Community whereby designated areas in particular Part Two- Regime for Disadvantaged Countries, Regions and Sectors – identified specific measures to address issues relating to underdevelopment within the region. Furthermore, the Special Regime for LDCs recognises the capacity and supply constraints encountered by countries that have depended historically on access to preferential markets of North America and the European Union.

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Table I

Elements	Status
Removal of unauthorized import (or equivalent) duties on goods of community origin	Belize applies a revenue replacement duty on a specific list of goods of community origin Barbados applies a countervailing duty on dairy products imported from Trinidad and Tobago
Removal of export duties on goods of community origin	With the exception of Suriname where an export tax is applied on lumber, no other Member State applies export duties on goods of community origin
Removal of discriminatory Internal Taxes and Other fiscal charges	-Discriminatory environmental levy applied by Antigua and Barbuda, Barbados, Grenada and St. Lucia on goods of community origin. -Discriminatory environmental tax applied by Belize and Guyana on goods of community origin -Discriminatory Bottle Deposit Levy applied by St. Vincent and the Grenadines on goods of community origin -An inspection fee is applied by Trinidad and Tobago on certain goods of community origin -a consent fee is applied by Suriname on all imports of community origin -Discriminatory consumption tax applied by Antigua and Barbuda on all imports of Community origin; and by Guyana on imports of apparel of community origin -Montserrat applies a Special Produce Import Tax on wine, beer and rum of community origin
Removal of unauthorized import licences	Import licenses applied by Antigua and Barbuda, Saint Lucia and St. Vincent and the Grenadines on various goods of community origin.
Removal of quantitative restrictions	St. Vincent and the Grenadines maintains prohibitions on certain agricultural products from Grenada, Jamaica and Trinidad and Tobago.

Table II

Elements	Status
Notifications of restrictions	List of restrictions notified by all member states in 2000
Implementation of Programmes for the Removal of restrictions	<p>The 13th Inter-Sessional Meeting of the Conference of Heads of Government in February 2002 formally approved the schedules of commitments for the removal of restrictions by Member States, which took effect from March 1, 2002.</p> <p>Member States have taken action to remove restrictions relating to 2003 as follows:</p> <ul style="list-style-type: none"> (a) Jamaica has taken action towards meeting its commitment for immediate (2002) removal of restrictions; (b) Antigua and Barbuda, Barbados and Guyana have removed some of the restrictions; (c) St. Vincent and the Grenadines have removed three of the five restrictions identified for 2003; (d) Belize and Trinidad and Tobago have removed all but one restriction relating to 2003. <p>The Conference of Heads of Government has agreed that Programmes for the removal of restrictions on international maritime and air transportation would be negotiated at a later date. In addition, the two year derogation which was granted to Montserrat from its obligation to implement Programmes, expired on 28 February 2004</p>