Caribbean Community (caricom) Summit, July 1-4: Summary Of Developments

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Caribbean Community (CARICOM) heads of state convened in Basseterre, St. Kitts-Nevis, on July 1-4 for the organization's 12th summit meeting. CARICOM member-nations include Antigua-Barbuda, Bahamas, Barbados, St. Kitts-Nevis, Jamaica, Guayana, Trinidad & Tobago, Grenada, St. Lucia, Belize, San Martin, St. Vincent, and Montserrat. The Dominican Republic, Haiti, Mexico, Puerto Rico, Suriname and Venezuela have observer status. CARICOM was created in 1973 to promote economic integration in the region. Major agenda items included decisions on whether all barriers to intra-regional trade should be lifted by Dec. 31. CARICOM leaders had called for a free trade regime by July 1991. The Council has adopted the recommendation of an official group of experts which suggested that member-nations modify respective licensing for common market goods. July 1: Haitian Foreign Minister Denise Fabien Jean-Louis submitted a request from President Jean-Bertrand Aristides for CARICOM support in its protest against the Dominican Republic's deportation of Haitians. In the past two weeks, the number increased to 270. The minister said the Haitian government was also discussing the issue with the United Nations and the Organization of American States. The Dominican Republic began expelling Haitian nationals June 13 following criticisms by foreign organizations about the treatment of Haitians working illegally in the country's sugarcane fields. Dominican Republic President Joaquin Balaguer ordered the deportation of illegal Haitian workers and Haitians under 16 years old or over 60. Jean-Louis said that Haitians' greatest fear was that the Tonton Macoutes would be among those deported. July 2: According to a report released by the CARICOM secretariat, in 1990 intra-regional trade increased 6.7%, compared to 24.7% the previous year. Intra-regional exports rose 9.6% compared to 22.8% in 1989. The report said, "This rate of growth...indicates a continuation of the upward movement in intra-regional trade which commenced in 1987." Import value was 1.309 billion East Caribbean dollars (US$483.59 million) against 1.227 billion EC dollars ($453.99 million) in 1989. Export value came to 1.167 billion EC dollars ($432.05 million) compared to 1.279 billion EC dollars ($473.37 million) in 1989. Of the 13 CARICOM states, Barbados registered the largest hike in intra-regional imports 18.8% or 746.9 million EC dollars ($276.35 million) accounting for 57% of the overall increase. Antigua-Barbuda, Guyana, Jamaica, and St. Kitts-Nevis all registered a decline, with Antigua's imports falling 17.3% or 20.3 million dollars (EC). Addressing the summit opening session, Bahamas Prime Minister Lynden Pindling called for the removal of customs duties, tariffs and other trade barriers. The Bahamas is not a member of the Caribbean common market, comprised of the other 12 island-nations pertaining to CARICOM. Consequently, the Bahamas is not directly affected by mechanisms being put in place by the 12 to encourage intra-CARICOM trade. Pindling also proposed an overhaul of corporate taxes and said that domestic business should be given the same incentives as those designed to attract foreign investment. The Bahamas relies on tax incentives and vastly more developed financial services than CARICOM partners use to attract offshore banking and insurance institutions. A decline in financial services saw the Bahamas plunge from the third largest banking center in the world in 1983 to the twelfth in 1989. Pindling said, "One of the greatest miscalculations of our time is the notion that tax breaks and investment incentives
are good for stimulating foreign investment, but not good for domestic business...Using this logic, governments have repeatedly increased the corporate tax rate on domestic businesses to the point that, for local businessmen and entrepreneurs, expanding existing companies is just not worth it." According to the prime minister, corporate income tax should be reduced to no more than 20% for the next 20 years. He also urged the overhaul of personal income tax structures throughout the CARICOM nations to help boost production. For instance, in Jamaica an average of one-third of wage-earners' income goes to the central government treasury. Jamaican Prime Minister and outgoing CARICOM chairperson Michael Manley told counterparts that instead of competing with each other as separate tourist destinations, Caribbean nations should seek to promote the region as a vacation center. Manley said this is the focus of a proposed Caribbean summit on tourism which Jamaica intends to host in late 1991 or early 1992. Airlines and private companies, he added, will be invited to the proposed meeting. The Caribbean Association of Industry and Commerce, which met July 2 with CARICOM heads of state, expressed full support the tourism summit idea. Tourism in the Caribbean declined in 1990 due mainly to the adverse effects of the Gulf crisis. According to the CARICOM secretariat, for the first time in 10 years, agriculture has outpaced tourism as the main foreign exchange earner in Community nations. According to the Caribbean Development Bank's 1990 report, tourism's performance was the result of declining economic conditions in major tourist markets like the US, and reduced competitiveness vis-a-vis other destinations. For instance, some Caribbean officials have been apprehensive about the development of the tourism industry in Cuba, which has a greater variety of scenic, cultural and historical attractions to offer than most other Caribbean countries. Moreover, visiting Cuba is generally less expensive. Manley said there are tremendous benefits to be gained from working together such as in sharing overhead costs. Caribbean nations could offer packages offering the individual tourist vacations split up among different nations in the region. Manley was echoing an idea that has gained increasing popularity in the past year. The Jamaican prime minister also urged counterparts to reduce travel restrictions among Community nations, and called for an end to harassment of Caribbean nationals by governments in the area. While CARICOM nationals need no visas to travel within the sub-region as visitors and as prospective residents, they are often subjected to red tape, long delays and other problems, including deportation. Manley said tourists are not "hassled," and there is no reason why Caribbean nationals should be. John Osborne, chief minister of Montserrat, said clearly the time has come to dispense with such attitudes. Osborne added that his government no longer requires nationals of neighboring Antigua-Barbuda and St. Kitts-Nevis to obtain work permits when seeking employment in Montserrat. According to Osborne, in the past four years no one has been deported from the British dependent territory unless s/he was involved in serious criminal activities. (Montserrat is the only non-independent territory within CARICOM.) Venezuelan President Carlos Andres Perez told CARICOM heads of state that stable air and sea connections and direct telecommunication (telephone, telex and telefax) links are key tools for increased trade and investment between Venezuela and the Caribbean. While Caribbean nations have direct communication links with North America, telecommunication lines between the English-speaking Caribbean and Latin America pass through the US, adversely affecting convenience and costs. Perez said participation by shipping companies in projected bilateral trade with Venezuela could lead to the creation of small joint venture shipping lines which would operate as Caribbean multinational ventures. CARICOM finance ministers accepted in principle a proposal by Jamaica for the payment of intra-regional commercial transactions in local currency. The new arrangement was the result of difficulties under the central bank system, and prior Jamaican insistence that intra-regional trade be paid for in US dollars. July 3: Venezuelan President Perez told CARICOM heads of state that the
trade balance between Venezuela and their nations is "unjust." The overall trade balance is heavily in Venezuela's favor, largely the result of Venezuelan oil exports to the island-nations. The bulk of the latter's exports go to the US market. Perez reiterated his offer to open up the Venezuelan market to CARICOM nation products for a five-year period. (See Chronicle, 07/02/91.) Venezuela's membership in CARICOM is considered a fait accompli by summit participants. Also seeking membership are Suriname and the Virgin Islands. Cuban Foreign Minister Ramon Sanchez Parodi requested that CARICOM nation governments "systematic and permanent relations" with Cuba. Relations have been complicated by Havana's refusal to recognize the Grenadian government. Cuba was one of Grenada's principal allies during the regime of Maurice Bishop. Prior to the invasion by US troops in 1983, Bishop was assassinated during a military coup. CARICOM heads of state approved a draft agreement on US President Bush's Initiative for the Americas, introduced in June 1990. CARICOM secretariat chief of economics Byron Blake told the Inter Press Service (IPS) that the agreement will likely be signed before July 31, and the CARICOM section of the proposed council should meet within three months of the final agreement. Sixteen Latin American governments have already signed bilateral framework agreements with the US which provide for creation of trade and investment councils. Unidentified US sources cited by IPS said that the councils will consult on trade and investment relations and work towards liberalizing and expanding trade and investment opportunities. [On July 2, Jamaican Prime Minister Michael Manley told reporters that his government could benefit under the Initiative from up to a 50% reduction in its approximately $800 million debt to Washington.] (Basic data from Inter Press Service, Agence France-Presse, 07/02/91, 07/03/91; Notimex, 07/03/91)