

# WHAT CAN BE LEARNED FROM CARIBBEAN (CARICOM) SINGLE MARKET AND ECONOMY?

Shamir A. Ally  
Professor of Management, William Loveland College/ILM, MBA Program  
Professor, Greenleaf University  
Adjunct Professor, DeSales University, MBA, Program  
Adjunct Professor, Central Penn College  
External Ed.D. Examiner George Washington University  
Visiting Professor at Qatar University; Romanian-American U; and University of Guyana  
CEO & President, International Consulting Services  
[shamirally@outlook.com](mailto:shamirally@outlook.com)

## ABSTRACT

*There have been several attempts to achieve single market economic unions outside of Europe—including the Association of South East Asian Nations (ASEAN), African Union (AU), Gulf Cooperation Council (GCC), Mercosur in South America, Union of South American Nations (UNASUR)( Latin America) CARICOM (Caribbean) and ECOWAS ( Africa) —but they have all failed to achieve anything resembling the progress of the EU and ASEAN is the most advanced of these efforts. The author of this paper was involved or followed the details of the CARICOM's formation from the inception of a single market economic union in the Caribbean (more than 45 years ago). This paper shares and provides some historic details, but more importantly indicates what countries can learn about economic unions from CARICOM that can help accelerate the efforts to form a strong economic union for its members – in other words why reinvent the wheel?*

*Keywords:* CARICOM, Caribbean market, economic advantage, economic unions

## INTRODUCTION

### Background

There have been several attempts to achieve regional economic integration outside of Europe—including the Association of South East Asian Nations (ASEAN), African Union (AU), Gulf Cooperation Council (GCC), Mercosur in South America, CARICOM (Caribbean) and ECOWAS (Africa) —but they have all failed to achieve anything resembling the progress of the EU and ASEAN is the most advanced of these efforts. The larger, more prominent are the three regional economic organizations, the European Union (EU) , North American Free Trade Association ( NAFTA) and Asia Pacific Economic Cooperation (APEC).








The Gulf Cooperation Council (GCC) currently consists of 6 member countries, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates; these countries are working towards an economic union for their finance and planning, foreign and community relations, human and social development, trade and economic development, one currency, one passport, and relationships with other similar Associations and Unions, for all their governmental management items that relates to a sovereign nation country, and the CARICOM's experiences and established organizations, can be a valuable resource.

CARICOM started in 1973 and currently has 15 full members, 5 associate members and 8 observers. All of the associate members are British overseas territories, and currently it has not established what the role of the associate members will have. The observers are states which engage in at least one of CARICOM's technical committees. (Wikipedia, 2013)

CARICOM's main purposes are to promote economic integration and cooperation among its members, to ensure that the benefits of integration are equitably shared, and to coordinate foreign policy. Its major activities involve coordinating economic policies and development planning; devising and instituting special projects for the less-developed countries within its jurisdiction; operating as a regional single market for many of its members (CARICOM Single Market); and handling regional trade disputes. The secretariat headquarters is based in Georgetown, Guyana, South America.

In 2001, the heads of government signed a revised treaty of Chaguaramas thus clearing the way for the transformation of the idea for a Common Market aspect a Caribbean Single Market and Economy. Part of the revised treaty includes the establishment and implementation of the Caribbean Court of Justice. Since 2013 the CARICOM-bloc along with the Dominican Republic is tied to the European Commission via an Economic Partnership Agreements known as CARIFORUM. The treaty grants all members of the European Union and CARIFORUM equal rights in terms of trade and investment. Within the agreement under Article 234, the European Court of Justice also carries dispute resolution mechanisms between CARIFORUM and the European Union States. Refer to Table 1, CARICOM Members.

Table 1. *CARICOM Initial Members.*

Status	Name	Join date	Notes
	 Antigua and Barbuda	4 July 1974	
	 Bahamas	4 July 1983	Not part of customs union
	 Barbados	1 August 1973	
Full member	 Belize	1 May 1974	
	 Dominica	1 May 1974	
	 Grenada	1 May 1974	
	 Guyana	1 August 1973	

Status	Name	Join date	Notes
	 Haiti	2 July 2002	Provisional membership on 4 July 1998
	 Jamaica	1 August 1973	

## CARICOM HISTORY

The Caribbean Community (CARICOM), originally the Caribbean Community and Common Market, was established by the Treaty of Chaguaramas, which came into effect on 1 August 1973. The first four signatories were Barbados, Jamaica, Guyana and Trinidad with Tobago. CARICOM superseded the 1965–1972 Caribbean Free Trade Association (CARIFTA), which had been organized to provide a continued economic linkage between the English-speaking countries of the Caribbean following the dissolution of the West Indies Federation which lasted from 3 January 1958 to 31 May 1962. A Revised Treaty of Chaguaramas, establishing the Caribbean Community including the CARICOM Single Market and Economy (CSME) was signed by the CARICOM Heads of Government of the Caribbean Community on 5 July 2001. As a result of this treaty Table 2 shows the additional full, associate and observer members (Wikipedia, Country Information, 2013).

Table 2. *Additional Full, Associate and Observer Members of CARICOM*

Membership	Flag	Country	Entry Date	Territory
Full		<a href="#">Montserrat</a>	1-May-74	<a href="#">British overseas territory</a>
		<a href="#">Saint Kitts and Nevis</a>	26-Jul-74	<a href="#">Joined as Saint Christopher-Nevis-Anguilla</a>
		<a href="#">Saint Lucia</a>	1-May-74	
		<a href="#">Saint Vincent and the Grenadines</a>	1-May-74	
		<a href="#">Suriname</a>	4-Jul-95	
		<a href="#">Trinidad and Tobago</a>	1-Aug-73	
Associate		<a href="#">Anguilla</a>	Jul-99	<a href="#">British overseas territory</a>
		<a href="#">Bermuda</a>	2-Jul-03	<a href="#">British overseas territory</a>
		<a href="#">British Virgin Islands</a>	Jul-91	<a href="#">British overseas territory</a>
		<a href="#">Cayman Islands</a>	16-May-02	<a href="#">British overseas territory</a>
		<a href="#">Turks and Caicos Islands</a>	Jul-91	<a href="#">British overseas territory</a>

Membership	Flag	Country	Entry Date	Territory
Observer		<a href="#">Aruba</a>		<a href="#">Country of the Kingdom of the Netherlands</a>
		<a href="#">Colombia</a>		
		<a href="#">Curaçao</a>		<a href="#">Country of the Kingdom of the Netherlands</a>
		<a href="#">Dominican Republic</a>		
		<a href="#">Mexico</a>		
		<a href="#">Puerto Rico</a>		Commonwealth of the USA
		<a href="#">Saint Maarten</a>		<a href="#">Country of the Kingdom of the Netherlands</a>
		<a href="#">Venezuela</a>		

## WHAT CAN BE LEARNED ABOUT ECONOMIC UNIONS FROM CARICOM?

Economic unions can bring prosperity, lower border conflicts and encourage fair trade among members. The Gulf Cooperation Council (GCC) currently consists of six members: Qatar, Saudi Arabia, United Arab Emirates, Kuwait and Oman. These countries are some of the World's richest. As noted earlier, there have been several attempts to achieve regional integration outside of Europe—including the Association of South East Asian Nations (ASEAN), African Union (AU), Gulf Cooperation Council (GCC), Mercosur in South America, CARICOM (Caribbean) and ECOWAS (Africa) —but they have all failed to achieve anything resembling the progress of the EU and ASEAN is the most advanced of these efforts. To learn from CARICOM we need to look at some of their decisions involving handling economic, language and population diversity, structure, free trade, money exchanges, passports, travel, management of disputes and shared leadership. First decision is based on population and economies of member nations.

### Management of Diverse Economic Groups

To understand population and economics statistics the key terms Gross National Product (GPD) and Human Development Index (HDI) have are defined as follows:














1. Gross domestic product (GDP) is the market value of all officially recognized final goods and services produced within a country in a given period of time.
  - a. GPD (PPP). Purchasing power parity (PPP) is an economic theory that states residents of one country should be able to buy the goods and services at the same price as residents of any other country over time.
  - b. GPD per capita. A measure of the total output of a country that takes the gross domestic product (GDP) and divides it by the number of people in the country. The

per capita GDP is especially useful when comparing one country to another because it shows the relative performance of the countries.

- c. GNI per capita. Is the Gross National Income divided by mid-year population. GNI: Gross National Income comprises the total value of goods and services produced within a country (i.e. its Gross Domestic Product), together with its income received from other countries (notably interest and dividends) less similar payments made to other countries.
2. The Human Development Index (HDI) is a composite statistic of life expectancy, education, and income indices used to rank countries into four tiers of human development. It was created by the Pakistani economist Mahbub ul Haq and the Indian economist Amartya Sen in 1990 and was published by the United Nations Development Programme (UNDP).

Tables 3 through 5 show the 2012 population and economic statistics of CARICOM members, which are very diverse. For full members values range from: (a) 5,000 to nearly 10,000,000 people (2000 times larger); (b) \$1,300 to \$31,300 for GDP per Capita in USD; (c) the smallest island with a land mass of approximately 100 km to nearly 200,000 km; and (d) 0.64 to 0.82 for the HDI. Associate and Observer members also vary greatly. There is no HDI data available for these members. The information provided in these tables is composited from Wikipedia (CARICOM Statistics; Human Development Index, 2013) and CIA World Factbook (2013).

Table 3. *Population and Economic Statistics of Full Members*

Member States	Land area (km)	Population	GDP (PPP) in Millions USD	GDP Per Capita USD (2012)	HDI (2012)
 CARICOM					
Totals	432,510	16,743,693	107,815	6,439	0.719
 Antigua & Barbuda	442.6	89,018	1,535	17,500	0.760
 Bahamas	10,010	316,182	11,040	31,300	0.794
 Barbados	430	287,733	7,091	25,500	0.825
 Belize	22,806	327,719	2,896	8,400	0.702
 Dominica	751	73,126	1,035	14,600	0.745
 Grenada	344	109,011	1,471	14,100	0.770
 Guyana	196,849	741,908	6,164	8,000	0.636
 Haiti	27,560	9,801,664	13,130	1,300	0.456
 Jamaica	10,831	2,889,187	25,180	9,100	0.730
 Montserrat	102	5,164	0.043	8,500	n/d
 Saint Kitts and Nevis	261	50,726	0.890	15,500	0.745
 Saint Lucia	606	162,178	2,234	13,200	0.725




Member States	Land area (km)	Population	GDP (PPP) in Millions USD	GDP Per Capita USD (2012)	HDI (2012)
 Saint Vincent and the Grenadines	389	103,537	1,301	11,900	0.733
 Suriname	156,000	560,157	6,685	12,300	0.684
 Trinidad and Tobago	5,128	1,226,383	27,120	20,400	0.760

Table 4. *Population and Economic Statistics of Associate Members*














Member	Land area (km)	Population	GDP (PPP) in Millions USD	GDP Per Capita USD
 Anguilla	91	13,477	0.108	8,800
 Bermuda	54	67,837	5,085	91,477
 British Virgin Islands	151	24,000	0.840	38,500
 Cayman Islands	264	56,000	1,939	43,800
 Turks and Caicos Islands	948	36,600	0.845	6,400

Table 5. *Population and Economic Statistics of Observers*

Member	Land area (km)	Population	GDP (PPP) in Millions USD	GDP Per Capita USD
 Aruba	180	106,000	2,400	21,800
 Colombia	1,109,104	44,928,970	396,579	8,400
 Curaçao	444	142,180	2,914	20,567
 Dominican Republic	48,320	9,523,209	76,304	8,570
 Mexico	1,943,945	111,211,789	1,548,007	14,560
 Puerto Rico (2010)	8,870	3,791,913	96.300	24,229
 Saint Maarten	34	37,429	0.400	11,400
 Venezuela	882,050	28,199,825	358,623	12,785

In order to maintain economic union stability with divergent economies CARICOM determined that under Article 4 to break its 15 member states into two economic groups: Less Developed Countries (LDCs) and More Developed Countries (MDCs). What can be learned here is unions need to develop a strategy for managing diverse populations and economies among its members.

This data should be used to make choices about the type of membership (full, associate, or observer). Without a plan for managing divergent populations and economies the unions risk disparate treatment and greater potential for failure.

The nine countries of CARICOM which are designated as Less Developed Countries (LDCs) are countries which, according to the United Nations, exhibits the lowest indicators of socioeconomic development, with the lowest Human Development Index (HDI) ratings of all countries in the world. The concept of LDCs originated in the late 1960s and the first group of LDCs was listed by the UN in its resolution 2768 (XXVI) of 18 November 1971(1 UNITAR) A country is classified as a Least Developed Country if it meets three criteria (2 and 3)

1. Poverty (changeable criterion: three-year average Gross National Income GNI per capita of less than US \$992, which must exceed \$1,190 to leave the list as of 2012).
2. Human resource weakness (based on indicators of nutrition, health, education and adult literacy).
3. Economic vulnerability (based on instability of agricultural production, instability of exports of goods and services, economic importance of non-traditional activities, merchandise export concentration, handicap of economic smallness, and the percentage of population displaced by natural disasters).

The nine countries that are currently designed as LDC are listed below:

1. Antigua & Barbuda
2. Belize
3. Commonwealth of Dominica
4. Grenada
5. Republic of Haiti
6. Montserrat
7. Federation of St. Kitts & Nevis
8. St. Lucia
9. St. Vincent & the Grenadines

Six countries of CARICOM which are designated as More Developed Countries (MDCs) are:

1. Commonwealth of the Bahamas
2. Barbados
3. Co-operative Republic of Guyana
4. Jamaica
5. Republic of Suriname
6. Republic of Trinidad & Tobago

A developed country or "more developed country" (MDC), is a sovereign state that has a highly developed economy and advanced technological infrastructure relative to other less developed

nations. Most commonly, the criteria for evaluating the degree of economic development are gross domestic product (GDP), the per capita income (GPI?), level of industrialization, amount of widespread infrastructure and general standard of living.

### **Dealing with language barriers**

Since the establishment of the Caribbean Community (CARICOM) by the mainly English-speaking parts of the Caribbean region, CARICOM has become multilingual in practice with the addition of Dutch speaking-Suriname on 4 July 1995 and French- (and Haitian Kreyòl-) speaking Haiti on 2 July 2002. Furthermore, it was suggested that Spanish should also become a working language. In July 2012, CARICOM announced that they were considering making French and Dutch official languages. It is important that cultural differences such as language diversity are embraced

### **Organizational structure**

There is one important element of structure that makes any union between diverse organizations successful—participative leadership (Lewin, Lippit & White, 1939). There are many different terms for this concept including participative leadership (Lewin, Lippit & White, 1939) servant leadership (Greenleaf, 1970), representation, teamwork, etc. The overall Caribbean Community (CARICOM) structure may be considered typical except that they made several key decisions about leadership and decision-making organs and bodies and the institutions they employed to ensure member representation and participation. Also key is the Court of Justice a body responsible for handling disputes. The first is the Chairmanship.

#### ***Chairmanship.***

The post of Chairman (Head of CARICOM) is held in *rotation* by the regional Heads of State (for the republics) and Heads of Government (for the realms) of CARICOM's 15 member states. This element of shared leadership is one key to building successful partnerships. All economic unions should strive to allow rotations by Heads of State. The other key decision in regards to structure was based organs, bodies, institutions and the Court of Justice.

### **Caribbean Community Organs and Bodies**

The CARICOM had to decide what bodies and organs were needed to make the single market union effective. Below is a list of these bodies and how these are staffed.



Table 6. *The Key Deciding Organs*

<b>Organ</b>	<b>Description</b>
CARICOM Heads of Government	Consisting of the various heads of Government from each member state
Standing Committee of Ministers	Ministerial responsibilities for specific areas, for example the Standing Committee of Ministers responsible for Health will consist of Ministers of Health from each member state

***Community Council.***

The Council consists of Ministers responsible for Community Affairs and any other Minister designated by the Member States in their absolute discretion. It is one of the principal organs (the other being the Conference of the Heads of Government) and is supported by four other organs and three bodies. The four Secondary Organs (Table 7) and three Bodies (Table 8), are active working groups to arrive at recommendations to the Standing Committee of Ministers and CARICOM Heads of Government.

Table 7. *Secondary Organs Found to be Important*

Secondary Organs	Abbrev.
Council for Finance and Planning	COFAP
Council for Foreign and Community Relations	COFCOR
Council for Human and Social Development	COHSOD
Council for Trade and Economic Development	COTED

Note: These councils discuss in full details issues of concern of the single market economic union and make recommendations to the CARICOM Heads of Government for their use in decisions, legal legislations, and to guide implementations.

Table 8. *Other Important Bodies*

Bodies	Description
Legal Affairs Committee	Provides legal advice to the organs and bodies of the Community
Budget Committee	Examines the draft budget and work program of the Secretariat and submits recommendations to the Community Council.
Committee of the Central Bank Governors	Provides recommendations to the COFAP on monetary and financial matters.

### *Caribbean community institutions.*

The soul of any good economic union is its ability to help its members be successful. Table 9 shows that CARICOM designated 23 institutions. To ensure representation all Caribbean Countries are members of each of these institutions. These were determined to be important and should be considered when forming economic unions. Table 10 shows an additional six institutions. The institutions titles indicate the function of the group.

Table 9. *Twenty-Three Key Institutions*

Institutions	Abbreviation
Caribbean Disaster Emergency Response Agency	CDERA
Caribbean Meteorological Institute	CMI
Caribbean Meteorological Organization	CMO
Caribbean Food Corporation	CFC
Caribbean Environment Health Institute	CEHI
Caribbean Agriculture Research and Development Institute	CARDI
Caribbean Regional Centre for the Education and training of Animal Health and Veterinary Public Health Assistants	REPAHA
Assembly of Caribbean Community Parliamentarians	ACCP
Caribbean Centre for Development Administration	CARICAD
Caribbean Food and Nutrition Institute	CFNI
CARICOM Implementation Agency for Crime and Security	IMPACS
Caribbean Examinations Council	CXC
CARICOM Single Market and Economy	CSME
Caribbean Court of Justice	CCJ
CARICOM Competition Commission	CCC
Caribbean Regional Fisheries Mechanism	CRFM
Caribbean Regional Organization for Standards and Quality	CROSQ
Caribbean Telecommunications Union	CTU
Caribbean Community Climate Change Centre	CCCCC
Caribbean Organization of Tax Administrators	COTA
Council of Legal Education	CLE
Caribbean Aviation Safety and Securing Oversight System	CASSOS
Caribbean Regional Information and Translation Institute	CRITI

Table 10 *Six Associate Institutions*

Associate institution	Abbreviation
Caribbean Development Bank	CDB
University of Guyana	UG
University of the West Indies	UWI
Caribbean Law Institute / Caribbean Law Institute Centre	CLI / CLIC
Organization of Eastern Caribbean States	OECS
West Indies Cricket Board	WICB

Note: Leadership is by elections every 4 years from CARICOM countries representatives' votes.

### **The Caribbean Court of Justice**

It is important to have some way to handle disputes among members. CARICOM formed the Caribbean Court of Justice (CCJ) that will act in its "original jurisdiction", as settlement unit for disputes on the functioning of the Caribbean (CARICOM) Single Market and Economy (CSME). Additionally the states of CARICOM voted to supplement original jurisdiction with "appellate jurisdiction" under this the former colonies of the United Kingdom will have been effectively replaced the Privy Council in London, United Kingdom with the CCJ. It is important to forge new dispute systems that members will recognize as having the authority to settle disputes among its members. The CCJ is based in Port of Spain, Trinidad and Tobago. The location is purposely different from that Secretariat (Guyana) so as to locate key institutions in member countries. The majority of member states continue to utilize the Privy Council as their final appellate court. Three member states do not use the CCJ for either its original jurisdiction or its appellate jurisdiction because they have either not signed the Revised Treaty of Chaguaramas (the Bahamas and Haiti) or are a current British colony (Montserrat).

### **Trade in Goods**

All goods which meet the CARICOM rules of origin are traded duty free throughout the region (except The Bahamas), therefore can be traded without restrictions. In addition, most member states apply a Common External Tariff (CET) on goods originating from non-CARICOM countries. There are, however, some areas still to be developed that other economic unions will need to consider:

1. Treatment of products made in Free Zones – there is need for regional agreement on how these goods are to be treated since they are usually manufactured at reduced tariff by foreign companies.
2. The removal of some specific non-tariff barriers in various member-states.

Another key element in relations to goods is Free Circulation. This provision allows for the free movement of goods imported from extra regional sources which would require collection of taxes

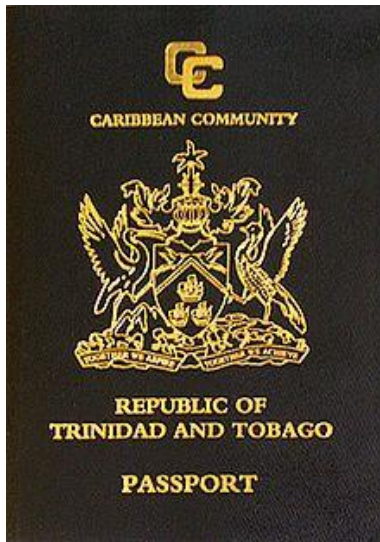
at first point of entry into the Caribbean Single Market and Economy (CSME) and for the sharing of collected customs revenue.

### **Harmonization of Standards**

Complementary to the free movement of goods will be the guarantee of acceptable standards of these goods and services. To accomplish this, CARICOM members have established the Caribbean Regional Organization on Standards and Quality (CROSQ). The CROSQ will be responsible for establishing regional standards in the manufacture and trade of goods, which all member States have agreed to adhere to. This organization was established by a separate agreement from the Caribbean Single Market and Economy (CSME) and is a critical component to successful exchanges between member countries.

### **COMMON PASSPORT**

Equally important to trade and development is the movement of members throughout the region, therefore a common passport and travel cards. Figure 2, a common passport, for member States is another critical component of free trade. As of early 2012 twelve Member States have introduced CARICOM passports. These states are Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago. CARICOM members yet to issue the common passports are Bahamas, Montserrat and Haiti. Citizens of Montserrat are citizens of the United Kingdom, so it is unlikely that the common passport will be introduced there. The CARICOM passport creates awareness that CARICOM nationals are nationals of the Community, as well as a specific country. Figure 3 displays the 2007 acceptance of the common passport in the Caribbean region. They are working on a new machine readable Caribbean Community Passport.



*Figure 1.* The Caribbean Community Common Passport.



*Figure 2.* Coverage of a Trinidad and Tobago Machine Readable (and CARICOM) Passports Issued in 2007.

## **Travel Card**

At the 28th CARICOM Heads of Government Conference in Barbados it was agreed to implement a CARICOM travel card that will be issued to every CARICOM national except those on the Community's watch list. An implementation plan for the document will be put together and submitted to the Heads at the next inter-sessional meeting to be held in September Year. The card will virtually maintain the 'single domestic space' and holders will not need a passport, during inter-community travel. The card will also allow a CARICOM national an automatic six-month stay in any territory within the bloc. It is not expected to affect the security of the member countries, as any holder will be deported if he or she breaks the law.

Similar to the "Pass Cards" available in other parts of the world, the new card would be the size of a credit card and will feature facial and fingerprinting biometrics – so upon arrival at an airport,

travelers can swipe the card in the machine which will open the barrier allowing them to walk through. In addition, the card would be available to expatriates who have legal status in a member country. Their card would be time-bound in a way that is linked exclusively to the time of their legal status. The cost of acquiring the card is to yet be determined, but the country leaders have agreed that the proceeds would go towards offsetting the cost of enhanced security at the ports.

### **Special Visa and the Single Domestic Space in 2006-07**

During the July 2006 CARICOM Summit, the various leaders reached an agreement on measures to ensure hassle-free movement for visitors to the 2007 Cricket World Cup, as well intelligence sharing and cooperation for the security of the event. People were originally to be able to travel amongst the nine host countries and Dominica between 15 January 2007 and 15 May 2007 using a single CARICOM visa. However, during a meeting in Trinidad and Tobago on 29 December 2006, the Heads of Government decided to push back the creation of the Single Domestic Space to 1 February 2007 in response to representation from tourism ministers and others involved in the tourism industry.

When the single domestic space came to an end on 15 May 2007 nearly 45,000 visas had been issued. In February 2007 the CARICOM Heads of Government agreed to set up a Task Force to recommend a revised CARICOM Special Visa for the future, making any changes necessary from the experiences of the 3 month Single Domestic Space. In February 2013, the Caribbean Tourism Organization (CTO) Aviation Task Force (a committee established to facilitate air transportation into and throughout the Caribbean and to enhance airlift) recommended a review of visa regimes in member countries in order to improve the visitor experience following a recent meeting held in Antigua to review issues affecting intra-regional travel and make recommendations for increasing consumer demand. The task force also recommended to its membership a system similar to the Europe's Schengen visa program where visitors who are cleared at the initial port of entry can continue travelling seamlessly throughout most of the European Union.

In addition to a single visa regime, the Task Force recommended a standardized entry and exit card— otherwise called immigration or ED card - across the Caribbean. This it is said would help reduce airlines' costs and improve customer service at Caribbean airports. Again, the OECS, which is expected to introduce the use of one common ED card, will be used as a model.

Other recommendations include an analysis of the impact of taxes and fees on the cost of regional air travel and a more holistic approach towards air travel revenue; including a possible ticket tax rebate when a traveler starts and ends the journey in another destination of the same domestic space. The task force also identified an urgent need to end secondary screening for intra-regional passengers who are in transit since the current practice diminishes the overall travelers' experience. These alternatives are designed with building partnerships across diverse groups to enhance trade, travel and tourism for its member's benefit.

## **CARIBBEAN EXCHANGE NETWORK (CXN) (STOCK EXCHANGE)**

The proposal for a regional trading platform or *Stock Exchange* was initially raised in 1989, and then again in the 1990s during ongoing discussions for the Caribbean Single Market and Economy, but it never materialized. In 2006 the idea was again brought up in a regional stock market conference. At the conference it was noted that at the time the region contained several small separate Caribbean stock exchanges including that of Bahamas, Barbados, the Eastern Caribbean (itself a regional securities exchange), Guyana, Jamaica, Suriname, and Trinidad & Tobago, each with relatively high transaction costs, low liquidity, a relatively small number of listed companies, and a few securities dominating trading on an exchange, while legislation and trading rules varied across the region. At the time these differences seemed insurmountable.

Work continued on the establishment of the system, now dubbed the *Caribbean Exchange Network (CXN)* with initial hopes that it could be implemented by late 2007 with approximately 120 listed securities. However that timetable was dependent on how quickly securities regulators in Jamaica, Trinidad and Barbados could sign off on the enabling documents and agreements on which they have asked for clarifications. It took another four years to resolve all outstanding issues, finally in January 2011 and the CXN got the approval of the various regional regulators and made its operational debut. The CXN trading platform and support infrastructure had been in place since late 2007 with improvements to facilitate trading on the platform beginning in 2012. The CXN will allow brokers in each jurisdiction to access all the stock within the region from their desks, irrespective of where they are. But in the absence of a monetary union for Caricom they must transact the business in the currency of the home market of the listed security — for example, a Jamaican buying a Trinidad & Tobago stock from CXN would have to settle in Trinidad & Tobago dollars, with the security being held in the Trinidad & Tobago central securities depository.

## **CARICOM'S FUTURE PROPOSALS**

There is still work to be done despite over a 40 year history of development of CARICOM. Some items CARICOM needs to address in better detail are: (a) airlines amalgamations; (b) civil society charters; (c) currency union; (d) freedom of member movement throughout the union; (e) political unions; (f) regionalized stock exchange; (g) expansion of single tourist visas; (h) expansions of single domestic space and (1) work visas? If you are considering a successful economic union the preceding items will need to be addressed.

### **CARICOM's free trade agreements**

From around the year 2000, the Caribbean Community (CARICOM) states have placed a new focus and emphasis on establishing Free Trade Agreements (FTAs) with local and international

trading partners. In the past this was done in collaboration with the Caribbean Regional Negotiating Machinery (CRNM), however in 2009 the CARICOM Heads of Government voted for the CRNM to be moved to the Caribbean Community organization where it would become renamed the CARICOM Office of Trade Negotiations (OTN) similar to the OCTA of the Pacific Islands forum. Although progress was being made, the Pacific Islands forum was believed to be more effective based on the successes of the Asian Economic Union.

Currently there are two preferential agreements between CARICOM with Venezuela (1993) and Columbia (1995), and four free trade agreements with Cuba (2000), Dominican Republic (2001), Costa Rica (2004) and European Union (2008), which is considered as Economic Partnership Agreement (EPA). In addition, CARICOM is proposing free trade agreements with Canada, Mercosur (started in 2005) and the United States by potentially entering into an agreement with North America Free Trade Agreement (NAFTA).

### **CARICOM'S NATIONAL TALKS ON REFORM**

On June 5, 2013, the 15-nation Caribbean Community (CARICOM) started region-wide consultations on identifying priorities and overhauling the Guyana-based regional headquarters, the Secretariat, in Georgetown, Guyana. The pilot of national consultations on a Five-Year Strategic Plan for CARICOM, regarded as a critical aspect of reforming the regional integration movement, was held in Barbados from June 5 to 7, 2013. The consultations will be conducted by the Change Facilitation Team based at the CARICOM's headquarters in conjunction with Ambassador Robert Morris, its Barbados's Ambassador.

The 5-year strategic plan for the CARICOM COMMUNITY (CC) (see Figure 4 logo) will, among other things, identify the priority areas of focus for the Community and guide the restructuring of the Secretariat. Even while awaiting the completion of the Strategic Plan, the Secretary-General has begun some corporate reforms within the Secretariat.



**Figure 3. CARICOM Community Logo**

The recruitment of a Change Facilitation Team emanated from the discussions of region leaders in Suriname in 2012 after receiving a report on the Review of the Secretariat. The Heads agreed that it was necessary to re-examine the future direction of the Community and the arrangements for carrying this forward which would include the role and function of the CARICOM Secretariat.



CARICOM leaders approved the outline of the Strategic Plan at their Inter Sessional Meeting held in Haiti, last February 2012 and agreed to appoint *change drivers* in each Member State with overall responsibility for coordinating and facilitating the change process at the national level. In the first instance, the change drivers will coordinate the national consultations on the Strategic Plan. Ambassador Morris has been designated as his Barbados' change driver.

The facilitation team which has a three-year mandate is being assisted with resources from the Government of the United Kingdom through the Department for International Development (DFID) and began work in the CARICOM Secretariat last November 2012.

### **CARICOM'S STRENGTH, WEAKNESS, OPPORTUNITIES & THREATS (SWOT):**

No analysis of an economic union would be complete without a SWOT analysis. Below you can see an independent analysis of the strengths and weaknesses of CARICOM. This is based on the authors' extensive involvement and experience over the 40 year development period. Any single market economic union strategy must include this type of analysis. The strengths and weaknesses can be internally managed, whereas, the threats and opportunities are externally influenced. This analysis is not intended to be all inclusive but rather a sample of some of the issues CARICOM managed well and some areas that need improvement.

#### **Strengths**

A population of 16.7 million with a common past British Colonial Rule, with British Parliamentary System, Rule of Law, Governance, Systems, Procedures and Practices, to enable maximum participation, in Global Economic Development, with a Strong Bond of Friendship among the 15 Member Countries. Below is a list of strengths individual States bring to CARICOM:

1. Trinidad & Tobago's exported products are petroleum and petroleum products, liquefied natural gas, methanol, ammonia, urea, steel products, beverages, cereal and cereal products, sugar, cocoa, coffee, citrus fruit, vegetables, flowers.
2. Jamaican exported products are bauxite, sugarcane, coffee, bananas, citrus fruits, pimento, ginger, cocoa, tobacco, and clothing products.
3. Guyana's exported products are gold, rice, bauxite, sugar, diamonds. Guyana is actively pursuing the installation of a Hydro Power Plant from its abundant water sources to heavily reduce the price of power and greatly reduce greenhouse gas emission to help with climate change, and to stimulate its economic transformation with a deep water port, Ethanol production from sugar cane and the exploration of oil. Globally cheap and reliable energy can be the base for economic development since it will greatly facilitate added value large, medium and small sizes enterprises, and attracting local and foreign investments and entrepreneurs for jobs creation and the expansion of a Country's tax revenues. Guyana with is 83,000 square miles of land, water and location in South America is working with Trinidad & Tobago to plant new acreage of sugar with mechanization for ethanol production; rice, fruits and vegetables production, and cattle production with added value production for the

entire CARICOM area. To establish wind farms on land, water and mountains to assist in less carbon emissions. These will all hugely benefit the full economic integration and economic transformation, with massive job and tax revenues creation, with a higher quality of life for citizens in the CARICOM area.

4. Suriname exported products are dependent on extractive industries bauxite and oil and the extraction sector accounts for 95 percent of total exports of goods. Dubai-based Kaloti Jewelry Group has signed an agreement with the Government of Suriname to establish a government-owned mint in 2012. The Mint will process the gold to a purity of 99.9 percent. United Arab Emirates-based DP World is finalizing the acquisition of a 51 percent stake in two port operating companies in Suriname. Dubai-based metals and mining company Gulf Pacific has expressed interest in investing up to US \$2 billion in Suriname's extractive industries. Hong Kong-based Greenheart Group Ltd. plans to invest in two giant saw mills in Suriname's interior. In addition, Suriname is an active member in the Organization of Islamic Cooperation (OIC), since 1996.
5. Barbados and Bahamas are primarily vacation countries with all classes of services, amenities and facilities.
6. CARICOM has developed an inclusive structure, a common passport, a means of managing disputes and institutions to grow economies and develop human potentials.

## **Weaknesses**

Varying sizes of economies, financial strength and human capital for developmental projects such as hydro power, can result in the smaller countries feeling a sense of marginalization. Herculean efforts are needed from the six More Developed Countries (MDC) in CARICOM, Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad & Tobago to pool their collective resources to enable the nine Less Developed Countries (LDCs), Antigua & Barbuda, Belize, Commonwealth of Dominica, Grenada, Republic of Haiti, Montserrat, Federation of St. Kitts & Nevis, St. Lucia and St. Vincent & the Grenadines, with economic transformation, with the location of assembly plants, small and medium size enterprises (SME's), and agricultural products processing.

## **Opportunities**

With the pooling of financial, human and educational resources, economies of scale can be achieved to enable successful regional projects especially in agriculture, natural resources and education. With Trinidad & Tobago's wealth from hydro carbons exports and Guyana's 83,000 square miles land and water for agricultural production, Guyana, can become the food basket of CARICOM and The Americas. Guyana's has 33 minerals, oil exploration and production of gold, diamonds, bauxite, manganese, laterite, glass sand, ceramic clay, columbite, tantalite, mica, chromium, tungsten, haematite, kyanite, magnetite, copper, nickel, molybdenite, merumite, potant, cassiterite, zinc, magnesite, topaz, agate, jasper, amethyst, feldspar, niobium, peat, phosphates and rare earths that can be extracted to create economic transformation for Guyana,

CARICOM and the Americas. Guyana possesses an abundance of water and known as, “*land of many waters.*” On March 22, 2013, on World Water Day, US Secretary of State His Excellency John Kerry, Washington, DC, said “Global growth and climate change are placing ever greater stress on our planet’s most precious shared resource: Water over the next 10 years many countries will experience water problems - shortages, poor water quality, or floods.” Guyana is a member in the Organization of Islamic Cooperation (OIC) since 1998, and its OIC’s membership can be a major source for the production of the finished products for the Global markets, and a source of major employment, tax revenues, and economic value added activities.

## **Threats**

Political disagreements on policies, procedures and practices, from Each Country’s relationships with the USA, Europe, China, Cuba and the Middle East, can cause disharmony and noncooperation, at times, which can affect the whole CARICOM structure. American investments have been small in CARICOM, but China is actively involved in all CARICOM countries and in all areas of activities including construction of major projects, with the consequential political risks, that were applicable during the Cold War era.

## **CONCLUSIONS**

Why should GCC Economic Integration Union care about CARICOM ? Below is a list of reasons one should consider CARICOM as a starting model for the development of single market economic unions:

1. The Gulf Cooperation Council (GCC) consisting of six members’ countries of Qatar, Saudi Arabia, United Arab Emirates, Kuwait, Bahrain and Oman, are the World's richest countries with heavy exports of oil and gas and with a very youthful population. There is urgent need for agreement on the location of small and medium size enterprises, entrepreneurship programs and quality of life programs to satisfy national employment needs for peace, tranquility and successes.
2. CARICOM ‘s rotation of Chairmanships for Heads of Government and all the other agencies, do assist in the feeling of equality irrespective of countries’ financial or economic strength, and will be beneficial for GCC Economic Integration Union to adopt this practice.
3. GCC Economic Integration Union through its Secretariat will speak with one voice for the World’s six richest countries, on all items, especially on foreign affairs, defense, economies, finances, central banks, currencies, education, social programs, developmental strategies, economic transformation, and climate control programs. The author believes that a GCC Economic Integration Union will earn greater respect and cooperation in the Global Financial, Investment and Global community, with the pooling of all its resources in the GCC Economic Integration Union.

4. When Global conflict becomes evident the ideas, will, and suggestion for conflicts' resolutions, will have outstanding great weight from a GCC Economic Integration Union, with its financial collective strength.
5. GCC Economic Integration Union will facilitate One Currency for greater mobility for citizens, trade, investments, massive jobs creation, and improved quality of live for citizens.
6. GCC Economic Integration Union, will facilitate , the enrollment of its travelling citizens in the USA U.S. Customs and Border Protection, "GOES" Global Online Enrollment System, where each applicant will complete an online application on GOES Registration website, with each person's details on Name, Address, Phone Numbers, Employment, Education and Residence, to be followed by an in person 15 minutes interview with a U.S. Customs and Border Protection Agent, for the final decision on the GOES Trusted Traveler Card's issuance. Finger prints and picture when taken of the applicant will be the clue that a GOES card was approved and will be mailed to each approved application. An application fee of US \$100: to be paid via the website when registration is being completed and issued GOES Trusted Traveler Card will be valid for 5 years from date of issue.
7. GCC Economic Integration Union will facilitate closer working relationships with other Global organizations and unions.

While CARICOM has not yet achieved all components needed to make an effective economic union between diverse territories, there is a lot that can be learned from what they have done on issues such as foreign affairs, dealing with language diversity, how to effectively manage diverse populations and economies, issues surrounding logistics and development of common currency, enhancing defense, education, and social programs, conflict resolution in the form of independent Judicial Court system to handle disputes, the development of strategic strategies such as diversifying leadership among State members and the rotation of chairmanships among member states, how to create economic transformation, and climate control programs, and how various organizations can facilitate oneness.

References available upon request from Shamir Ally at [shamirally@outlook.com](mailto:shamirally@outlook.com).