

BACKGROUND TO THE REGIONAL NEGOTIATING MACHINERY (RNM) INCLUDING RATIONALE FOR THE NEGOTIATING WORKING GROUPS (NWGs)

Introduction

The need for a common, coherent and coordinated external negotiating strategy for the Caribbean Community became manifest in the early 1990s as the Community sought simultaneously to deepen internal integration (Grand Anse Declaration of 1989 and the Kingston Declaration of 1990) and to integrate more substantively into the international economy through, *inter alia*, liberalization of its external trade and investment regimes. One of the first steps towards the development of a strategy was the assignment, at the Twelfth Meeting of the Conference in 1991, of a Head of Government as Coordinator for the Regional effort of “Mobilizing for International Negotiations”. This task was entrusted to the Prime Minister of Jamaica. The assignment of a Coordinator raised, almost immediately, the need for an agreed strategy which would, at a minimum, establish some objectives and priorities. Given the dynamic international economic environment of the 1990s, it was clear that the strategy would have to evolve.

Initial Effort Towards a Strategy

The first formal decision to develop an overall strategy on international economic and trade negotiations was taken by the Conference of Heads of Government in July 1992 at their Thirteenth Regular Meeting held in Trinidad and Tobago in July 1992. At that meeting, Heads of Government, *inter alia* -

“Conscious of the Trends towards globalization, the hemispheric and regional trends in the area of trade reform, the deepening of regional integration arrangements and the urgent need for the CARICOM countries to fashion timely and appropriate responses to these developments in order to strengthen their institutional competitiveness;

....

“Decided to establish a working group of experts under the aegis of the CARICOM Secretary-General that will be asked to:

....

(iii) **identify the elements of an overall strategy for the international economic and trade negotiations in which the Region must engage;**

(iv) convene on 13 July 1992 and complete its work by 25 September 1992 for submission to -

(a) a Meeting on 12-13 October 1992 of Officials and High-level Experts from the public and private sectors, labour, representatives from the OECS Secretariat, ECCB, CDB, CAIC, CCL, UWI and ECLAC

(b) a Special Meeting of the Council on 14-16 October 1992

(c) a Meeting of the Conference of Heads of Government on 28-30 October,

1992

Agreed that -

- (i) the Working Group will comprise:
 - (a) Mr. Sam Chandler (Barbados);
 - (b) Ambassador Anthony Hill (Jamaica);
 - (c) Mr. Neville Blake (Trinidad and Tobago);
 - (d) Resource persons to be made available as requested (CDB);
 - (e) Dr. Wendell Samuel (ECCB);
 - (f) A representative to be named (ECLAC);
 - (g) Mr. Gregory Renwick) OECS
Mr. Alan Paul) Secretariat
 - (h) Dr. Alvin Hilaire (Central Bank, Trinidad and Tobago);
 - (i) Team to named (UWI).
- (ii) the Working Group will be supported by high-level expertise as required;
- (iii) Member States, at the request of the Chairman of the Conference, will promptly release officials to participate in the efforts of the Working Group and meet the cost of their participation;
- (iv) regional organizations, at the request of the Chairman of the Conference, will promptly release officials to participate in the efforts of the Working Group;
- (v) international organizations would be requested to support the efforts of the Working Group on an urgent basis by contributing information and financial and technical support.”

The initial report of the Working Group was presented to the Special Meeting of the Conference held in October 1992, which agreed, *inter alia*, that

“The Working Group will continue its work with regard to Rights of Establishment, Trade in Services, **the International Trade Strategy**, legislation dealing with anti-dumping and countervailing duties and report to the Council which will make proposals to the next Inter-Sessional Meeting of the Conference of Heads of Government;”

The Working Group met in Jamaica in February 1993 and developed an overall draft strategy in which it identified, and made recommendations on the objectives which the Region should pursue in international economic and trade negotiations, the geographic areas and organizations in which the Region should concentrate its negotiating effort, the special objectives which the Region should seek in each particular negotiation and the organizational arrangements for the technical preparation and for the execution of negotiations at the technical and political levels.

These recommendations were submitted to the Council at its Fortieth Meeting in March 1993. Having reviewed the Report, the Council:

“

Agreed that the CARICOM Secretariat should refine the Draft Preliminary Report of the Working Group for submission to the next Inter-Sessional Meeting of the Conference;

Recommended that the Conference adopt the broad strategy and approach proposed by the Working Group for focussing the regional international economic and trade negotiations;”

The Draft Report of the Working Group was refined and presented to the Conference at its Fourth Inter-Sessional Meeting held in Dominica in March 1993, at which the Conference:

“**Agreed** that the report has identified most of the critical strategic issues;

Recognized -

- (a) the human resource implications of the strategy and the need to mobilize and organize the available expertise to ensure effective implementation;
- (b) that the proposals and the human resource implications needed to be analysed in greater detail at the national level;

Also agreed that Member States and the Vice-Chancellor, UWI, should review the document and submit their comments to the Secretariat within the next six weeks;

....

Further agreed that the issue would be an important item on the Agenda of individual Member States and for the Conference at its Fourteenth Meeting;

....”

Expansion of the Machinery

In July 1993 at the Fourteenth Meeting of the Conference held in The Bahamas, Heads of Government expanded the machinery by establishing the Prime Ministerial Sub-Committee on External Negotiations to advance the Region’s External Economic Relations/Interests. **The Sub-**

Committee was established against the background of:

- **the changed global environment (including the implementation of the European Single Market, the negotiation of NAFTA, developments in the GATT and the prospects for the Lomé Convention) in which CARICOM and its Member States must operate;**
- **the limited human resources available to individual CARICOM Member States and to the Community as a whole to address the range of pressing international issues;**
- **the need for a more systematic and focussed approach to these issues;**
- **the need to develop a broader diplomatic base and to coordinate positions with developing countries and groupings with similar interests.**

The Membership of the Sub-Committee was determined taking into account the responsibilities already assigned to the **Prime Minister of Barbados** for the Single Market, the **Prime Minister of Jamaica** for External Negotiations, the **Prime Minister of Trinidad and Tobago** for the Monetary Union, and the need to ensure representation of the OECS. In this latter regard, the **Prime Minister of Saint Lucia** was invited to be a Member of the Sub-Committee. In 1995 the **President of Guyana** was also invited to join the Sub-Committee. The initial membership of the Prime Ministerial Sub-Committee reflected two fundamental principles or understandings. These were the need for the synchronisation and balancing of developments in the internal and regional market and the objectives and outcomes of External Economic Negotiations as well as the need to ensure that the perspectives and requirements of the larger and smaller members of the Community were articulated and pursued as part of any strategy. The subsequent addition of Guyana brought in the continental dimension and perspective.

The Sub-Committee is supported by an **Advisory Group** comprising the **Secretary-General of the Caribbean Community**, the **Vice-Chancellor of the University of the West Indies**, the **President of the Caribbean Development Bank**, the **Director General of the Organization of Eastern Caribbean States** and the **Governor of the Eastern Caribbean Central Bank**. The composition of the Advisory Committee was designed to lend the Advisory skills of senior regional executives and the technical capacity of their organizations to the negotiating effort.

Addition of Initial Strategy

The Report of the Working Group established by Heads of Government in 1992, formed the basis of the initial deliberations of the Sub-Committee when it held its inaugural meeting in September 1993 under the Chairmanship of the Prime Minister of Jamaica. The first Meeting of the Sub-Committee developed a short term Plan of Action for priority attention as well as a longer-term overall strategy for the conduct of the Region's external economic relations both of which were tabled for consideration by Heads of Government at their Third Special Meeting held in Trinidad and Tobago in October 1993. The longer-term strategy is set out as attachment 1 to this document.

Major Developments Requiring Evolution in Strategy and Machinery

There have been three major developments since the adoption of the Strategy in 1993 which required refinement of its content and a strengthening or reinforcement of the Negotiating Machinery. Two of these developments were envisaged but not with the full gravamont of their dimensions in the strategy. These developments are:

- (i) the conclusion of the Uruguay Round of Multilateral Trade Negotiations and the resulting establishment of the World Trade Organization (WTO), with its expanded scope, powers and reach;**
- (ii) the establishment of the European Single Market, the expansion of the European Union and its changed attitude towards its external relations, including its relations with the African, Caribbean and Pacific Group of States (ACP);**
- (iii) the Summit of the Americans with its Declaration to expand cooperation in the Hemisphere in a range of areas (economic and non-economic), including the determination to launch a Free Trade Area of the Americas (FTAA) by the year 2005. It is important to note that all independent CARICOM Member States committed themselves to these agreements which were not even in contemplation at the time the Strategy was adopted.**

As a result of these developments it became clear that the Region would be challenged to participate simultaneously in:

- negotiations for the creation of a Free Trade Area of the Americas;**
- negotiation of its future relationship with the European Union. In this regard, it was recognized that the participation of the Dominican Republic and of Haiti would be crucial to the formulation of a truly Caribbean position;**
- negotiation of new Trade and economic agreements with countries and groups of countries in the Hemisphere; and**
- activities of the World Trade Organization, including negotiations on the “Built-in Agenda” and on the new issues and a possible new round of global negotiations.**

These negotiations are expected to be complex, comprehensive in their coverage, deep in the commitment and highly inter-related. With this in mind, the Secretariat tabled for the consideration of Heads of Government at their Seventeenth Meeting in Barbados in July 1996, a **suggested approach towards enhancing the coordination and execution of External Negotiations**. The proposal sought to address simultaneously several issues and realities including:

- (i) the need for dedicated resources to complement the part-time voluntary resources;
- (ii) the need to provide continuity and coordination at both the technical and negotiating levels;
- (iii) the need for a variety of technical skills and for technical studies;
- (iv) the need to involve the political and official structures at the national and regional levels as well as the range of interest groups including business, labour, non-governmental organizations and the academic/research institutions;
- (v) the limited human resources in many Member States and some regional organizations and the limited financial resources likely to be available;
- (vi) the need to mobilize external financial resources to complement the resources of Member States. (This required that the activity be projectised).

In considering the proposal, the Conference,

“Agreed the ... [it] reflected a bold attempt to address an issue which warranted urgent attention and formed a good basis for further development of a satisfactory framework;

Mandated the Secretariat to refine the proposal as early as possible, taking into account the comments made during the Meeting, in particular -

- (i) the need for a greater role for the private sector, labour and the NGOs;
- (ii) the role of The Bahamas, Belize and Suriname;
- (iii) the relationship between the Advisory Committee and the Councils of Finance and Economic Development and the Council of Foreign and Community Relations;
- (iv) the possibilities of benefitting from the work of other relevant Secretariats such as the Latin American Economic System (SELA), the Association of Caribbean States (ACS), the Economic Commission for Latin America and the Caribbean (ECLAC) and the Organization of American States (OAS);
- (v) the financing of the proposals;
- (vi) the composition of the Advisory Group;

Also agreed that the revised proposal would be circulated to Member States for consideration and comment;”.

In refining the proposal, the Secretariat recognized the need to involve the widest possible range of skills; ensure a measure of representation of and participation by all Member States in the

process; involve all major sectors of the regional economy; and draw, where relevant, on the work of other institutions especially those of the Region. Further, the proposal took account of existing structures:

- the Prime Ministerial Sub-Committee on External Negotiations;
- the Advisory Group to the Sub-Committee; and
- the Region's diplomatic representatives

and sought to provide reinforcement by the addition of new elements:

- a Chief Negotiator;
- a Chief Coordinator;
- enhancement and expansion of the Advisory Group to the Sub-Committee;
- a Technical Coordinator based in the Secretariat;
- the establishment of Negotiating Working Groups; and
- a re-organization within the Secretariat to provide an identified Technical Secretary for each Negotiating Working Group; and
- the establishment of a Technical Unit to assist with the technical studies and the development of technological positions.

A copy of this proposal is set out as attachment 2.

This refined proposal was the subject of detailed consideration by the Prime Ministerial Sub-Committee, at its Sixth Meeting held in Jamaica in September 1997, at which the Sub-Committee:

“... noted that in the foreseeable future, the Region would need to enter into negotiations in the following four broad areas -

- (i) Lomé/Europe;
- “(ii) Western Hemisphere (which would include issues related to CBI/NAFTA Parity; NAFTA; the trade and economic issues in the Summit of the Americas Process, in particular the FTAA; and the Caribbean Basin Trade Expansion initiatives);
- (iii) Summit of the Americas non-economic issues; and,
- (iv) Global Trade and Economic Issues, including the WTO issues;

Agreed that in order to have a cohesive regional position for these complex and varied negotiations, some of which have already been initiated, there needs to be established a machinery which will maximize the Region's chances of success in the negotiations, by harnessing all its talents to successfully undertake this process;

Also agreed that the machinery for the preparation and conduct of the negotiations should be so designed as to facilitate the effective execution of the negotiations at both the Ministerial and High Diplomatic Levels, bearing in mind that negotiations in different areas may be taking place concurrently;

Acknowledged the responsibility, as conferred on it by the Conference of Heads of Government, for directing the External Negotiations of the Community;

Further agreed that by virtue of his position as Chairman of the Prime Ministerial Sub-Committee on External Negotiations, the Prime Minister of Jamaica is the principal Community Spokesman on the negotiations;

Agreed that in discharging its responsibility for overseeing and coordinating the External Trade and Economic Negotiations of the Community, the Sub-Committee while retaining its present core membership, will function in an open-ended manner;

Also agreed that MINISTERS will be called upon to play an active leadership role in the negotiations;

Further noted the many useful suggestions for refining the proposed structure of the Machinery and, in this regard,

With respect to the Structure of the Machinery,

THE SUB COMMITTEE:

Agreed to the creation of the following positions to service the Machinery -

- (i) A full time CHIEF NEGOTIATOR to, *inter alia*, spearhead and manage the Region's participation in the entire process of negotiations and coordinate the sectoral negotiators, to provide advice and resolve issues.

The Chief Negotiator would:

- (a) be accorded an Ambassadorial Rank and would be a person of political stature;
 - (b) have good negotiating skills and experience as well as technical competence and an in depth appreciation of the issues involved in the negotiations;
- (ii) A full-time CHIEF COORDINATOR to assist the Chief Negotiator in the discharge

of his/her functions.

The Chief Coordinator would:

- (a) ensure coordination between the mandates, instructions and guidance of the Prime Ministerial Sub-Committee and the work of the negotiating working groups;
- (b) be the link with the Consultative Advisory Group; and
- (c) work in close collaboration with the CARICOM Secretariat Coordinator;

Recommended that the terms and conditions of the Chief Negotiator and Chief Coordinator be finalized by the Bureau, enlarged to include the Chairman of the Prime Ministerial Sub-Committee on External Negotiations;

Also agreed that -

- (i) **the proposed Technical Advisory Group would be reconstituted as follows:**
 - **a Policy Advisory Group** comprising the Heads of the CARICOM and OECS Secretariats, the CDB, the ECCB and the UWI to serve as advisor to the Prime Ministerial Sub-Committee; and
 - **a Consultative Advisory Group** comprising:
 - the Chairpersons of the Ministerial Councils;
 - a representative from the Assembly of Caribbean Community Parliamentarians;
 - the Chairpersons of the Negotiating Working Groups;
 - representatives of the Private Sector;
 - representatives of Labour;
 - representatives of the NGOs;
 - the Chief Negotiator (ex-officio member);
 - the Chief Coordinator (ex-officio member);
- (ii) the Secretariat's Coordinator and Technical Secretaries to each of the Negotiating Working Groups would attend the Meeting as advisors;
- (iii) the Consultative Advisory Group would ensure the widest possible input into the

negotiating process drawing on, where necessary, the expertise of West Indians in International and Hemispheric Institutions. The Group may be invited to interface with the Prime Ministerial Sub-Committee, as required;

- (iv) the COMMUNITY's AMBASSADORS in the concerned capitals, should be actively involved in supporting the negotiating process and, in this regard, a proper system of communicating effectively with the Ambassadors should be established;

Further agreed -

- (i) **to establish four specialized NEGOTIATING WORKING GROUPS (NWGs) in accordance with the four broad negotiating areas identified as follows:**
 - (a) **Lomé/Europe;**
 - (b) **Western Hemisphere (which would include issues related to CBI/NAFTA Parity; NAFTA; the trade and economic issues in the Summit of the Americas Process, in particular the FTAA; and the Caribbean Basin Trade Expansion initiatives);**
 - (c) **Summit of the Americas non-economic issues; and**
 - (d) **Global Trade and Economic Issues, including the WTO issues;**
- (ii) **that these Negotiating Working Groups would prepare the technical inputs for the negotiating briefs and generally support the execution of the negotiation;**
- (iii) **that the NWGs would comprise:**
 - (a) **Officials of Governments of Member States;**
 - (b) **Representatives of the CARICOM and OECS Secretariats; and**
 - (c) **A number of additional skilled personnel from regional institutions, the private sector, labour and NGOs;**

Agreed -

- (i) **to establish a small SPECIAL TECHNICAL UNIT to assist the Secretariat in servicing the work of the NWGs and generally in providing the highly specialized technical analyses and advice for which some of the negotiations will call;**
- (ii) **that apart from servicing the NWGs, the Social Technical Unit will be available for consultation with all other elements of the Negotiating Machinery;**

Mandated the Secretary-General to make the necessary amendments to the structure

**of the Machinery, taking into account the foregoing decisions, among others.
...**

The Sub-Committee also made recommendations regarding the administration and financing of the Machinery.

The effort at resource mobilization to facilitate the establishment and operation of the overall regional negotiating machinery is being coordinated by Prime Minister Owen Arthur of Barbados. Formal approaches have been made to the Member Governments, the Caribbean Development Bank (CDB), the Inter-American Development Bank (IDB) and the Commonwealth Secretariat. The initial responses have all been positive. The Member Governments have agreed to contribute based on the formula for contribution to the budget of the CARICOM Secretariat. (The Governments of The Bahamas and Barbados have already made their first contribution and approval has been given for the Government of Jamaica to make its payments in four instalments during the budget year). The CDB has approved a grant of five hundred thousand United States dollars and the IDB is considering a grant of one million United States Dollars.

Towards Implementing the Machinery and Elaborating the Strategy in the Priority Areas for Negotiation

The Working Group on the World Trade Organization (WTO) issues met in the context of the preparation for the Ministerial Meeting in Singapore and the Working Group on the Western Hemisphere Economic Issues met once in the context of preparing for the Third Hemispheric Trade Ministers Meeting. Both Working Groups developed briefs which formed the basis of the Region's position in the specific meetings. Broad-based consultations have been held in the area of Lomé/Europe relations but these were not meetings of the Working Group. The Working Group on the Summit of the Americas Non-Economic issues which covers a range of issues has not yet met. Even in the case of the Working Groups which have met, the formal structure such as composition, chairmanship and programme of work has not yet been established.

Though the Working Groups were established as four separate bodies, it has always been acknowledged that there are common elements in the four groups and that strategy would therefore need to reflect these linkages. For example, the Plan of Action of the Summit of the Americas explicitly provides that the pursuit of economic integration and free trade in the hemisphere be consistent with the provisions of the WTO; and the FTAA and Lomé successor arrangements are linked at least through the Multilateral Financial Negotiation (MFN) provision in the Lomé Convention and the approach to reciprocity in the agreements. Joint meetings and exchanges were envisaged as a part of the methodology for the continuous development and refinement of the strategy. This Joint Meeting in Kingston is the first such opportunity.

The Regional Negotiating Machinery itself was formally launched on 1 April 1997 with the assumption of duty of the Chief Negotiator, Sir Shridath Ramphal and the Chief Coordinator, Dr. Bishnodat Persaud. Dr. Maurice Odle assumed duties in Mid-April as the first member of the Special Technical Unit in the Secretariat. The Chief Negotiator has developed a Draft Strategy document entitled *Approaches to the Development of a Strategy and Position for the Caribbean* which was presented to the recently concluded Eighteenth Meeting of the Conference and will be

the main document for discussion at the first Joint Meeting of the Working Group.

Conclusion

The regional strategy for External Economic Negotiations, including the machinery for its execution, has evolved steadily. The unprecedented number of major negotiations to be pursued simultaneously over the next seven or so years and particularly in the period to the year 2000 has necessitated both a strengthening of the machinery and a refinement and deeper elaboration of the overall strategy and the strategies in respect of the four priority areas. The Meetings of the Negotiating Working Group are intended to continue the process of strategy refinement and definition.

ATTACHMENT I

DRAFT

STRATEGY FOR THE CONDUCT OF EXTERNAL ECONOMIC NEGOTIATIONS OF THE CARIBBEAN COMMUNITY AS AGREED BY THE PRIME MINISTERIAL SUB-COMMITTEE ON EXTERNAL ECONOMIC RELATIONS

BACKGROUND

This STRATEGY for International Economic and Trade Negotiations has been prepared against the background of, inter alia:

- the changing Global Environment and the increasing lack of concern for, understanding of and interest in the needs of Small Developing Countries especially the CARICOM countries which no longer hold a strategic place militarily, economically or geographically;
- a perceived loss of influence by the Region on Global Issues and in International Organizations and Forums and a real threat to its export trade and to its access to external financial and technical resources;
- the limited human resources available to the individual CARICOM States and to the Community to address the range and complexity of international issues;
- the need to take a more systematic and focused approach to major international issues;
- the need to develop a broader diplomatic base and to coordinate positions with developing countries and groupings with similar interests;
- the decision to liberalize the regional market by systematically reducing the Common External Tariff and to phase the use of quantitative restrictions as a means of protecting regional production;

- the strong link between international developments and internal (national and regional) policies.

OBJECTIVES OF AND PRE-REQUISITES FOR INTERNATIONAL ECONOMIC AND TRADE NEGOTIATIONS

A successful strategy for international negotiations should be situated within the context of the development objectives and strategies of the countries of the Region. The ultimate economic objectives of CARICOM Member States include development of strong foundations for growth with high levels of employment and low rates of inflation. In fulfilment of these objectives, the Region must embrace an increasingly open trading and investment relationship with the rest of the world.

The internal economic, fiscal and monetary policies must be consistent with and supportive of the trade liberalization policies of Member States. It would also be necessary to put in place measures which would ensure internationally competitive production, and appropriate policies for the acquisition of new technology, for human resource development and for accessing market information.

Consequently, the major objectives underpinning the future international economic negotiations to be pursued by the Region are as follows:

- appropriate production and market diversification;
- effective market access for CARICOM exports;
- access to the most advantageous source of imports;
- an environment conducive to regional and foreign investment; and
- a stronger role, as a supplier, in the international market for services.

A successful international trade strategy requires the removal of impediments to the access of the products of developing countries to the markets of developed countries. In particular, international tariff liberalization must be complemented by the removal of non-tariff barriers. This is one of the major objectives of the Region's trade strategy. In support of their development and trade objectives, CARICOM countries would seek the retention of tariff preferences for as long as possible while simultaneously gearing their producers to operate in a more competitive environment. Free intra-regional trade and competition would be an important part of the transition process.

AREAS FOR CONCENTRATION

Given the present economic relations of the Caribbean Community and its Member States, the changing realities in the global economy including marketing and investment structures and arrangements, and the limited human and financial resources available for technical analysis and for negotiations, the following countries and groupings of countries would be the main focus of the Region's international economic relations:

- North America (the NAFTA partners of United States and Canada and Mexico);
- Europe, in particular Western Europe;

- Central America;
- South America, in particular Venezuela, Colombia, Brazil and Chile;
- The Rest of the Caribbean;
- Africa
- Asia (including Japan, India, and China).

The following international organizations and institutional arrangements would also be the focus of attention:

- The International Financial Institutions (The World Bank, the International Monetary Fund (IMF) and the Inter-American Development Bank (IDB));
- The United Nations General Assembly and the UNDP Governing Council; and certain of the UN specialized agencies such as UNIDO, FAO, UNESCO and the International Telecommunication Union (ITU); the World Meteorological Organization (WMO);
- The General Agreement on Tariffs and Trade (GATT) (the proposed World Trade Organization if this emerges from the Uruguay Round) and the International Trade Centre (ITC);
- The Commonwealth;
- The formation of an Association of Caribbean States.

Whilst all the areas identified above are important in the Region's strategy, the immediate priority for action are:

- North America (United States, Canada and Mexico);
- The European Community;
- Central America;
- Venezuela, Columbia, Brazil and Chile;
- Puerto Rico and the French Overseas Departments;
- The international financial institutions, the UNDP, the GATT and UNESCO;
- The formation of the Association of Caribbean States.

PRIORITY ISSUES FOR CONCENTRATION

The issues for priority consideration within each of the groupings mentioned above are as follows:

(A) NORTH AMERICA (United States, Canada and Mexico):

The following overall objectives with respect to CARICOM's relations with North America (United States, Canada, and Mexico) would be treated with priority in the immediate future:

- effective market access for goods and services especially to the United States and Canadian markets;
- increased investment flows;
- access to technology, information and training;
- support on wider international issues such as bananas in the GATT.

In addition to these priorities, the following objectives would be pursued as necessary and when feasible:

- a reversal in the declining trend in the Region's participation in the United States and Canadian Tourist market;
- material support for the information process;
- significant debt reduction;
- support for issues of importance to the Region in the multilateral financial institutions. This would include the International Financial Institutions' (IFIs) policy towards debt reduction given that the Region owes approximately one-third of its debt to these institutions and is a net transferor of resources to them.

Among these priority issues, NAFTA related matters will be given prominence in the short-term. The priority objectives in this respect is to secure NAFTA parity for products not covered under the Caribbean Basin Initiative (CBI) and CARIBCAN or which have other limitations on market access. This objective will be pursued through a variety of steps developed in the short-term programme.

The Region will intensify its diplomatic initiatives in the United States of America, Canada and Mexico and will collaborate with other countries/regions (such as Central America) with similar interests.

Within the North American group, significant effort will be focussed on the United States in the immediate future in recognition of the following:

- (i) the fact that the new U.S. Administration is in the process of evolving its overall external policy and its policy towards the Caribbean;
- (ii) the need to maintain the momentum built up with the United States Administration after the Luncheon Meeting with President Clinton on August 30, 1993;
- (iii) the immediate schedule of activities towards developing the US legislation on NAFTA and the need to ensure that the measures to provide for NAFTA parity for CBI countries are included in this legislation or adopted simultaneously;

- (iv) the pivotal role of the United States in the Enterprise for the Americas Initiative (EAI) and the NAFTA arrangements; the relatively greater significance of the CBI, the importance of the 807 and Super 807 Programme for Garments and the relatively greater importance of the US as a source of investment;
- (v) the strong interest of the United States in CARICOM's policies, in particular trade policies;
- (vi) the role of the United States in international forums such as the GATT and hence on matters such as bananas;
- (vii) the role of the United States in hemispheric issues such as Haiti and Cuba, the Environment and Drugs; and
- (viii) the importance of the Section 936 Programme.

The situation with respect to Canada is complicated by the fact that elections are due to be held in October 1993. The timing is accordingly not opportune for a major thrust at the political level. Given the importance and urgency of the issues, the initiative should be pursued at the administrative and diplomatic levels.

In addition to the NAFTA related issue, Canada has for some time displayed a strong interest in matters related to the environment in the Caribbean. A programme of cooperation in this area would then be given emphasis especially in light of the United Nations Conference on the Sustainable Development of Small Island Developing States to be held in Barbados in 1994 and the effort to better protect migratory fish stocks.

Within the context of NAFTA, the Mexican economy is the one which is most competitive with the CARICOM economies. There is need therefore to ensure an understanding on the part of the Mexican Government of the CARICOM situation including the very small amounts of products which these countries place on the Canadian and United States markets.

The process of building that understanding commenced with the visit of the Prime Minister of Jamaica to Mexico in September 1993, during which he explained the CARICOM position. This process can be continued within the context of the relations with the Group of Three (Mexico, Venezuela and Columbia).

(B) EUROPE (in particular Western Europe):

The strategic objectives of CARICOM with respect to the European Community include:

- re-establishing the profile of the English-speaking Caribbean and the ACP generally in the policy of the European Community;
- maintenance of preferential market access for CARICOM exports especially for the

commodities covered by the special protocols, and improved treatment in the Rules of Origin for products with a higher level of processing in the Community market;

- increase in the level of investment and in the flows of financial and technical resources for strengthening the infrastructural base and for human resources development;
- increase in the flow of tourists from Europe to the Caribbean; and
- the use of Western Europe as a channel for goods to Central and Eastern Europe (including the EFTA area).

The CARICOM countries have over the last twenty years related to the European Community increasingly through the Lomé Convention. Through this negotiated arrangement, CARICOM countries have gained preferential access to the European market and have accessed technical and financial resources for the promotion and development of trade in goods and services and for the attraction of European investment into the Region. The Convention has also provided resources for the development of sectors such as agriculture, fisheries, manufacturing, mining, for strengthening infrastructure and for the development of human resources. Even though the advantageous access provisions have never been fully exploited by the CARICOM Countries either for trade, investment or tourism, these are a major promotional asset for the Region. The benefits under the Lomé Convention could be adversely affected by the unifying of the European market, by commitments demanded of the Community in the Uruguay Round of negotiations as well as by the policies of The Community towards other developing areas such as Central and Eastern Europe and Latin America.

There is a range of critical immediate issues between the Region and the European Community. These include:

- Bananas;
- Other commodities (sugar and rum);
- The Regional Programme under LOMÉ III and LOMÉ IV (First Financial Protocol);
- The Mid-term Review of the Lomé IV Convention;
- The Future of ACP/EEC Relations.

CARICOM must use every opportunity to advance its objectives. A critical element is strengthened collaboration with the ACP as well as enhancing the capacity and effectiveness of the ACP itself.

The nature of the issues and The Community's structure and decision-making arrangements suggest that the Community will have to be approached through different points. These include both the Community Institutions and the Member States. The priority points and the approach over the next year or so are identified and developed in the immediate strategy.

In pursuit of its objectives especially in the implementation of the immediate strategy, the Region will deploy the highest level political, diplomatic and technical resources in a collaborative and coordinated manner.

The future relations with The European Community brings into sharp relief the need for CARICOM and its Member States to begin to:

- (i) consider and to develop alternative strategies for a situation involving significantly changed conditions in the international environment;
- (ii) develop strategies along with the Region's private sector to sensitize the people of the Caribbean to the changed international trade and economic environment.

(C) CENTRAL AMERICA

The objectives of CARICOM in its relations with Central America were spelt out in the joint Communique issued after the First Meeting of Ministers of Foreign Affairs of CARICOM and the countries of the Central American Isthmus in San Pedro Eula, Honduras. These objectives are summarized as follows:

- the establishment of an area of strategic alliance based on mutual interest in North America;
- the creation of an effective voice in Latin America; and
- the development of economic and cultural linkages especially in such fields as communication, tourism and trade.

There is also the immediate objective of developing, understanding and thereby moderating the Central American opposition to the arrangements for continued preferential access for the export of Caribbean bananas into the Single European market.

In relation to NAFTA, the CARICOM countries and the Central American countries have a shared interest in minimizing the erosion of benefits under the CBI and in securing NAFTA parity for products not covered under the CBI. There are some areas where their interests, while not conflicting, are not as strong. For example, on the question of reciprocity, the Central American countries do not face the same constraint as the CARICOM countries have under the Lomé Convention and the Central American countries are not beneficiaries under CARIBCAN. The level of mutual interest is sufficient, however, to justify the continued collaboration and the sharing of the work which have developed especially in Washington.

The general CARICOM relations with Central America would be developed within the context of the Association of Caribbean States (ACS). The precise proposals on the form which the ACS would take as well as the timing of its establishment would have to be mutually agreed.

(D) SOUTH AMERICA

Economic and trade relations are likely to be more effective with some South American countries than with others. The South American countries with the greatest short-to-medium-term prospects and interests are Venezuela, Columbia and Brazil and Chile. These countries would be

given priority in the strategy.

The major strategic objectives of the CARICOM countries, vis-a-vis South America, in particular, the countries named above are:

- increased access for CARICOM exports of goods and services, including tourism;
- access for inputs particularly for the manufacturing of tourism sectors;
- attraction of investment especially in joint-ventures;
- development of strategic alliances in international and hemispheric negotiations, especially on issues such as debt, international trade and environment and development; and
- access to training and human resource development opportunities.

A one-way free trade agreement has been finalized between CARICOM and Venezuela for a range of products. Initiatives have begun for concluding a similar trade and investment agreement with Columbia. However, Columbia has made proposals to incorporate some measure of reciprocity in the Trade arrangements. In the light of this development as well as the known position of Mexico on reciprocity and the general international trade environment, CARICOM would need to give specific consideration to the issue of reciprocity as well as the idea of limited reciprocity based on products which do not compete with production in CARICOM.

With respect to the conclusion of Trade and Economic Agreements with Latin American countries, consideration would be given to:

- (i) negotiating a single Trade and Investment Agreement or Trade, Economic and Technical Cooperation Agreement with the Group of Three in preference to individual agreements;
- (ii) concluding trade and economic agreements with the Andean Pact, Brazil and Chile as early as possible. In the event that a single agreement is concluded with the Group of Three, the need to conclude one with the Andean Pact would become less urgent.

(E) THE REST OF THE CARIBBEAN

In light of their geographic location, existing economic ties and the greater compatibility in the size of some of the economies of The Greater Antilles and the Regional Metropolitan Territories of the Caribbean to some CARICOM economies, there will be continued focus on these areas in the immediate future.

The political and economic realities suggest that an overall strategy towards these areas must be built on a number of sub-strategies. In some cases, the sub-strategy will require a working

relationship and possible negotiations or discussions with some of the metropolitan countries with interests in the non-independent territories. The longer-term strategy would envisage some free trade and other intensified cooperation arrangements with these countries as one means of preparing them to move to the stage of associate and full members of CARICOM.

In relation to the Greater Antilles, Puerto Rico would be the area for immediate focus.

The sub-areas and strategy for the short-term are:

(i) **Puerto Rico and the US Virgin Islands -**

The relative size of Puerto Rico, the support given by CARICOM to secure the continuation of Puerto Rico's major source of investment funds - the 936 Programme - and the changed political perspective in the Puerto Rican Government towards statehood, all make Puerto Rico a major centre for intensified CARICOM attention. Given CARICOM's major interest in securing investment resources from Puerto Rico, the strategy would embody clarification and securing firm understandings with the Government of Puerto Rico on the availability of Section 936 funds for activities in CBI countries generally and in particular, CARICOM countries. More specifically, it will be necessary to ensure that access to those funds would be no less favourable than in the past.

(ii) **Cuba**

The relationship with Cuba would be developed within the context of the Joint Commission which is currently being established. CARICOM would however be alert and ready to intensify this process as developments in Cuba unfold.

(iii) **The Dominican Republic and Haiti**

CARICOM and the Dominican Republic and Haiti have Joint Trade and Economic Committees which have not functioned. Assuming the restoration of democracy in Haiti in 1993, a major effort should be made to restructure and to reactivate these Joint Commissions in early 1994.

Functional cooperation in key areas would also be actively encouraged through the functional institutions to which these countries have observer status in CARICOM.

(iv) **The French Overseas Departments**

The OECS sub-region, partly because of geographic location, has begun to intensify relations with the French Departments. In the short-term, the decision by Conference

regarding the establishment of a Joint Technical Group would be the mechanism for CARICOM to pursue cooperation with the French Overseas Departments in the Caribbean. The experience of the Joint Technical Group and of the OECS would provide the basis for future development.

(v) **British Virgin Islands and the Turks and Caicos Islands, Aruba and the Netherlands Antilles, Cayman Islands**

The British Virgin Islands, the Turks and Caicos Island, the Netherlands Antilles and Aruba are all either associate members of CARICOM or are observers in some CARICOM institutions. The form and content of the ACS would determine the approach and future relations with these countries.

(F) **AFRICA**

The political and economic landscape in Africa especially in South and Southern Africa, is changing rapidly. Reconstruction and the growth in the economy will require not only significant and material inputs but also technical and professional services and the provision of educational and training services in the short-to-medium term. In the medium to longer-term, Africa could again become a major supplier of industrial inputs. CARICOM must therefore position itself to participate especially in the provision of technical and professional services and educational and training services. For these and other historical and political reasons, Africa remains an important area of interest in CARICOM's strategy on its external economic relations.

In the short-term, however, CARICOM's relations with the countries of Africa would be effected through long distance monitoring and the building of relationships in institutions and organizations in which both sets of countries participate (e.g. the Commonwealth and the ACP). In the longer-term and with an easing of the resource constraints, a more focussed arrangement would be developed.

(G) **ASIA**

Asia is moving increasingly into the mainstream of international economic activity and contains some of the fastest growing economies. This is, however, a very-large continent.

The areas of immediate focus in Asia would be Japan, India, China, Hong Kong and the Newly Industrialized Countries (NICs) of South Korea, Singapore and Thailand.

Japan is a major exporter of capital and consumer goods to the Region and imports some very specialized items. There is a chronically large imbalance in favour of Japan. A major strategic objective of the Region is to reduce this deficit through increased exports to Japan, an increase in the flow of tourists from Japan and an increase in the flow of resources provided by Japan to the Region.

At the regional level, relations with Japan were initiated with the convening in July 1993 of the CARICOM/Japan meeting. From the discussions of this first encounter, there is scope for

further initiatives in the overall area of technical cooperation. There is also scope to access resources provided by Japan to the Inter-American Development Bank to assist countries with technical cooperation projects.

China and Hong Kong are fast growing economies. The changed political status of Hong Kong after 1997 could also result in a large number of investors willing to move abroad. India, with a rapidly growing population is a source of relatively cheap, highly trained technical professionals which are an important ingredient in organizing the competitive production of goods and services. The NICs have been accumulating significant surpluses and should in time become major sources of investment capital.

In order to minimize costs, the Region will need to utilize the national diplomatic Missions in Asia to serve the Region by giving the Member States with the Missions lead responsibilities.

(E) MULTILATERAL INSTITUTIONS: (the International Financial Institutions [IFIs]; the United Nations [UN] Specialized Bodies: the General Agreement on Tariffs and Trade [GATT])

The major multilateral financial institutions and the GATT have been playing an increasingly important role in shaping the international economic and trade relations of developing countries as well as in determining their internal economic structures. The major financial institutions - the World Bank, the IMF and the IDB - now operate with a high degree of collaboration in dealing with developing countries. The institutional arrangements emerging in the Uruguay Round anticipate much closer coordination between the International Financial Institutions and the GATT or its replacement organization - The World Trade Organization. Certain of the UN-specialized agencies, in particular, the United Nations Development Programme (UNDP), the International Telecommunication Union (ITU), and the United Nations Educational, Scientific and Cultural Organization (UNESCO) have been receiving renewed prominence given the increased role of services, including telecommunications, in production and trade and the central role of human resources and science and technology in modern production.

(i) The International Financial Institutions

The major concerns of CARICOM Member States in relation to the International Financial Institutions (IFIs) includes the following:

- the general treatment of the CARICOM Member Countries and their declining access to the resources of these institutions (the CARICOM countries as a group have been making net transfer of resources to these institutions in recent years);
- graduation or threat of graduation of CARICOM Member States from access to concessions resources at times when such resources are required to ensure the sustainability of development gains;
- the treatment of CARICOM countries' debt to these institutions. One-third of CARICOM's outstanding external debt is to the IFIs which, to date, do not have a

policy for reducing the debt or the burden of its servicing;

- the extent of the IFIs' influence on the policies of CARICOM Member States.

In dealing with the IFIs, the Region would anchor its case on a greater portion of financial assistance to support its efforts at economic restructuring and diversification and the resultant special cost of adjustment.

Efforts will be made to secure continuous dialogue between CARICOM Ministers of Finance and the management of these institutions at the highest level on regional issues and concerns.

(ii) **Specialized UN Agencies**

The specialized UN Agencies have been involved in establishing global arrangements and codes of conduct of international business in several areas. The UNDP, through its Governing Council, has also been assuming a more critical role in the allocation of the decreasing amount of financial resources being made available for the increasing demands of the global community. In this situation, new priorities and new rules are continuously being designed. CARICOM countries, because of their per capita income and relatively small scale, are receiving very little attention. One objective of the Caribbean Community will be to develop a more active profile in the work of these bodies. This will involve, inter alia, stronger support for, and information to the regional members on the Governing Council and on the Boards of the Specialized Agencies.

(iii) **GATT**

In relation to GATT or its replacement organization - The World Trade Organization, the Region's objectives include:

- ensuring that the arrangements being made for managing international trade in goods and services and trading relations do not effectively preclude meaningful participation by the small States of the Region;
- seeking to preserve the concept of special and differential as embodied in Part IV of the present GATT Treaty and in other UN decisions under which developing, and in particular small countries, could expect their peculiar circumstances to receive focussed attention.
- securing effective transitional arrangements for any reduction in preferential agreements especially for products such as bananas.

(I) **THE COMMONWEALTH**

The Commonwealth remains an important vehicle for cooperation, for technical advice and technical assistance. The Region's strategy in relation to The Commonwealth will be pursued within the context of the existing institutional arrangements. A greater effort will be made to utilize the opportunity of the Commonwealth Heads of Government Summit and other Ministerial meetings

to pursue the interests of the Region both with the more developed members and the developing countries within the Group.

(J) ASSOCIATION OF CARIBBEAN STATES

The Association of Caribbean States (ACS) is the critical institutional arrangement for effecting the Region's strategy towards the wider Caribbean, Central American and the South American countries bordering on the Caribbean Sea.

The precise proposals on the form which the Association of Caribbean States (ACS) would take as well as the timing for its activation are being developed. This is a matter of extremely high priority.

ORGANIZING FOR THE NEGOTIATIONS

(a) Role of the Prime Ministerial Committee

The Prime Ministerial team, as a Group will be responsible for promoting the strategy and programme in key centres and for establishing contacts with Heads of Government of selected countries. Each Head of Government will also have lead responsibility for identified centres and countries. The Prime Ministerial Team will enlist the assistance of other CARICOM Heads of Government as required, to ensure maximum effectiveness.

(d) Role of the CARICOM Secretariat

The Caribbean Community Secretariat will be responsible for the identification and examination of issues in relation to the Region's External Economic Relations. The Secretariat will also be responsible for providing support for the work of the Prime Ministerial Committee and the Technical Team as well as the coordination of Working Groups and Special Negotiating Teams. In addition, the Secretariat will be responsible for the mobilization of additional resources for the execution of the programme and for the dissemination of information on the Region's External Economic Relations. The Secretariat will also link directly with and provide information to the CARICOM Group of Ambassadors/High Commissioners in the various Capitals.

(e) Role of the Private Sector and Labour

The Private Sector and Labour would be expected to play an active role in the work to prepare for the negotiations which may be conducted in respect of the Region's External Economic Relations. They would also be expected to pursue aspects of the strategy with their counterpart organizations and other contacts in the centres or in relevant associations.

(f) Detailed Negotiating Briefs

Detailed negotiating briefs will be prepared under the general direction of the Prime Ministerial Committee for each area of negotiations, as required.

October 1993

ATTACHMENT II

EXTRACT FROM THE WORKING DOCUMENT FOR THE SIXTH MEETING OF THE PRIME MINISTERIAL SUB-COMMITTEE ON EXTERNAL NEGOTIATIONS

The Machinery for the Preparation and Undertaking of External Trade and Economic Negotiation by the Caribbean Community

Introduction

1. At its Seventeenth Meeting held in Barbados in July 1996, the Conference of Heads of Government of the Caribbean Community gave indepth consideration to the question of the effective regional coordination and the execution of a number of upcoming external negotiations. These negotiations related particularly to:

- (i) the Region's relations with Europe on the expiry of the Lomé IV Convention in 2000;
- (ii) the Free Trade Area of the Americas (FTAA) to which the Member States of the Region committed themselves as signatories to the 1994 Summit of the Americas Agreement; and
- (iii) the expansion of the Community's trade relations in the Caribbean Basin.

2. To assist Heads of Government in their deliberations, the Secretariat presented a proposal in document HGC 96/17/5, entitled **Measures to Enhance the Coordination and Execution of External Negotiations** a copy of which is at Attachment I to this Item.

The Mandate

3. After consideration of the proposal, Heads of Government came to the following conclusions:

“ . . .

Agreed that the proposal reflected a bold attempt to address an issue which warranted urgent attention and formed a good basis for further development of a satisfactory framework;

Mandated the Secretariat to refine the proposal as early as possible, taking into account the comments made during the Meeting, in particular -

- (i) the need for a greater role for the private sector, labour and the NGOs;
- (ii) the role of The Bahamas, Belize and Suriname;
- (iii) the relationship between the Advisory Committee and the Councils of Finance and Economic Development and the Council of Foreign and Community Relations;
- (iv) the possibilities of benefitting from the work of other relevant Secretariats such as the Latin American Economic System (SELA) , the Association of Caribbean States (ACS), the Economic Commission for Latin America and the Caribbean ((ECLAC) and the Organization of American States (OAS);
- (v) the financing of the proposals;
- (vi) the composition of the Advisory Group;

Also agreed that the revised proposal would be circulated to Member States for consideration and comments;

Further agreed that the Bureau would consider the revised proposal and make a determination on behalf of the Conference by 31 August 1996.”

4. The following revised proposal aims to take into consideration the suggestions by Heads of Government for the improvement of the proposed structure.

5. Various pressures on the Secretariat, arising mainly from permanent and temporary staff losses (the latter on holidays) and from the increasing number of demands, have served to delay this exercise somewhat beyond the date originally targeted. It is hoped that Heads of Government would view this delay with compassion.

Some Guiding Principles

6. Taking the cue from the Heads of Government the revised proposal aims to:
- (i) draw on the widest possible repertoire of skills available to the Region;
 - (ii) respond to the need to ensure a measure of representation of, and participation by all Member States in the process;
 - (iii) involve all major sectors of the regional economy;
 - (iv) draw, where relevant, on the work of other institutions, especially those designated to serve the Region.
7. In addition, the Secretariat, bearing in mind that this major endeavour is both

technical and political, proposes that this mobilisation of all regional resources for the preparation for and undertaking of these forthcoming negotiations, be approached and implemented as a virtual “regional call to arms” by and on behalf of the entire Caribbean society, in its effort to secure a viable place in the hemispheric and international environment of the early Twenty-First century. This implies not merely the participation of as wide a cross section as possible of the society, but also the involvement through the supplying of information, the stimulating of debates, etc., of the various Organs and Institutions and Groupings in the national and regional Community.

8. Given this context, the Secretariat sees three aspects as being the most critical. These

are:

- (i) the Machinery;
- (ii) the Working Procedures;
- (iii) the Resources - human and financial.

(I) THE MACHINERY

Existing Elements

9. There is already in existence a significant part of the necessary machinery. On the understanding that all the Community structures are ultimately accountable to the Supreme Authority - the Conference of Heads of Government, the specific political machinery established by that body, to direct the external negotiations of the Community is **the Prime Ministerial Sub-Committee on External Negotiations**. That body comprises the Hon. Prime Minister of Jamaica (Chairman), the President of Guyana, and the Prime Ministers of Barbados, Saint Lucia and Trinidad and Tobago.

10. By virtue of his position as Chairman of the Prime Ministerial Sub-Committee on External Negotiations, the Prime Minister of Jamaica is the principal Community spokesman on the negotiations.

(a) **The Prime Ministerial Sub-Committee on External Negotiations - Political Directorate and Supervision**

11. The original composition, which did not include Guyana, was based on the following lead responsibilities originally assigned to these Prime Ministers:

Jamaica	-	External Negotiations and Investment;
Barbados	-	Single Market and Economy;
Saint Lucia	-	Representation of the LDCs/OECS;
Trinidad and Tobago	-	Common Currency.

12. This structure, which by its composition provided for the integration of the major internal and external economic initiatives by the Community, was amended at the Sixteenth Meeting of the Conference of Heads of Government held in Guyana in July 1995 to include Guyana, in part

to reflect the continental dimension of the Community.

13. The question of the composition of the Committee did emerge at the Sixteenth Meeting of the Conference, without a definitive decision being taken. It was however agreed that the role of The Bahamas, Belize and Suriname in the entire process would need to be examined. In the view of the Secretariat, an enlargement of the present five-member Committee to include another three members would raise at least two kinds of questions:

- ◆ the capacity of such a relatively large group to function effectively as a political Sub-Committee; and
- ◆ what does a Sub-Committee which includes more than half the Heads of Government of the Community say to those who are not members.

14. One approach to ensure effective involvement of any interested Head of Government, is to establish as a **clear principle** that the Sub-Committee, while having its core members, is **open-ended** and that any Head of Government wishing to participate in any session of that body is not only free but welcome to do so. This may also have the advantage of allowing a non-core member Head of Government to attend when he/she wishes and not attend when issues being discussed do not require a particular direct concern for his/her country.

15. Heads of Government will need to definitively settle this matter.

(b) **The Technical Advisory Group - Technical Guidance and Oversight**

16. The second part of the existing structure established by the Conference is the Technical Advisory Group comprising the President of the CDB, the Vice-Chancellor of the UWI, the Director-General of the OECS, the Governor of the ECCB and the Secretary-General of CARICOM.

17. It was clear from the deliberations of the Heads of Government at their Seventeenth Session, that **for the purposes of the negotiations** this body would need to be enlarged particularly to provide for a greater role for the private sector, labour and the NOGs in the process. Also, the Heads of Government saw a clear need for a nexus between this body and the Ministerial Councils of Finance, of Trade and Economic Development, and of Foreign and Community Relations. A specific proposal on this will be made later in this paper, after looking at some of the new elements that need to be added to the existing structure.

The New Elements

18. One of the basic problems which has heightened widespread concern as regards the the Region's capacity and readiness to face the many major forthcoming negotiations in which it must participate, is the evident inadequacy of existing technical organs, in particular the CARICOM and OECS Secretariats, to provide all the required technical, legal and other negotiating inputs.

19. Any approach therefore to deal with this inadequacy must aim to draw on a wider catchment of skills available to the Region. At the same time the structure must be focussed, structured and inter-connected to ensure thrust, consistency, and cross fertilization. **Also must be affordable.**

Negotiating Working Groups (NWGs)

20. To prepare the technical and political inputs for the negotiating brief, and to support the execution of the negotiations in the various domains, it would be necessary to establish a number of specialized negotiating working groups (NWGs). The Secretariat, in view of the specific areas of upcoming negotiations, is proposing the establishment of four such NWG, one each for:

- (a) Lomé/European relations;
- (b) The Free Trade Areas of the Americas;
- (c) The Summits of the Americas issues (other than the FTAA);
- (d) The Caribbean Basin trade expansion initiatives by the Caribbean Community.

21. The membership of the NWGs in addition to officials of Governments of Member States of the Community, and the CARICOM and OECS Secretariats, will comprise a number of additional skilled personnel from regional institutions, the private sector, labour and NGOs. The opportunity of the Meeting will be taken to provide an indicative list of **some of the types** of skilled personnel in the Region, who **may** be considered for participating in such an initiative.

22. The membership of the Negotiating Working Group which should not be too large, should comprise a mixture of the various skills and competencies necessary to deal with the various issues which are likely to be confronted in that particular domain of the negotiations. In seeking to limit the size of NWGs, however, care must be taken of the need to ensure that representation is permitted to any Member State which so desires.

23. The Secretariat will provide a technical secretary to each of the NWGs who will organize the meetings of the NWG, ensure the timely availability and distribution of the technical material and the provision of the Secretarial and other support required for the effective functioning of the NWG.

24. The NWG will be charged with preparing the technical briefs which will be coordinated by the Secretariat, reviewed by the Technical Advisory Group and decided upon by the Prime Ministerial Sub-Committee on External Negotiations. Each NWG will have a Chairman. The negotiator to spearhead the negotiations for that particular domain covered by the NWG would be determined by the Prime Ministerial Sub-Committee on External Negotiations, taking into account the recommendations of the Technical Advisory Group.

Chief Negotiator

25. To spearhead the entire negotiating process, there will be need of the next two years or so for a full-time Chief Negotiator. Once the political guidelines have been set and enunciated, he would be responsible for spearheading the negotiation process, coordinating the sectoral

negotiators, providing advice, and resolving issues, etc. He/she shall regularly report on the state of the negotiations to the Prime Ministerial External Negotiating Sub-Committee. He/She shall also have the right to seek audience with the Sub-Committee on any aspect of the negotiations for which he/she needs advice and/or direction, and to hold consultations with the members of the Technical Advisory Committee and the NWGs. He/she must be someone of political stature with negotiating skill and experience, and technical competence and an indepth appreciation of the issues involved in the negotiations.

26. He/she shall also be a member of the Technical Advisory Group.

Chief Coordinator

27. To assist the Chief Negotiator in the discharge of his functions, there will be need for a full-time Chief Coordinator. He will ensure the coordination between the dictates of the Prime Ministerial Negotiating Sub-Committee, the advice of the Technical Advisory Group, the technical and political requirements of the negotiating table and the work of the Negotiating Working Groups. He will therefore work in close consultation with the Chief Negotiator on the one hand and the Secretariat's Coordinator on the other.

28. He/she must be a technocrat of wide technical and negotiating experience and will also serve as a member of the Advisory Committee.

The Secretariat's Coordinator

29. To ensure effective coordination and operation of the Negotiating Working Groups the Secretariat would be making certain adjustments to its own structure and functioning. First as indicated above, it must provide a Technical Secretary for each Negotiating Working Group. These Technical Secretaries will work under the supervision of a Coordinator who will be the Assistant Secretary-General for Regional Trade and Economic Integration. He will be charged with supervising the Secretariat's discharge of its technical and administrative responsibilities, and with generally coordinating, at the level of the Secretariat, the work of the Negotiating Working Groups. Also, he shall work closely with the Chief Coordinator and the Chief Negotiator.

Enhancement of the Technical Advisory Group

30. To ensure that there is the widest possible feed-in to the negotiating process from the various Ministerial Councils, (namely the Councils for Trade and Economic Development, for Foreign and Community Relations and for Finance and Planning, the Chairmen of these Councils would be *ex officio* members of the Technical Advisory Group.

31. Also given the total mobilization process being envisaged, it would perhaps be desirable for some measure of involvement in the process to be accorded to the Assembly of Caribbean Community Parliamentarians (ACCP). In that eventuality a representative of that body could be invited to serve on the Technical Advisory Group.

32. Finally to ensure the full involvement and participation of the Private Sector, of

labour and of the NGOs, the Chairman of CAIC/or his nominee, the President of the CCL or his nominee and a representative of the NGO community would also be members of the Advisory Committee.

The Role of the Community's Ambassadors

33. The Ambassadors represent vital links in the process of preparation and execution of the negotiations. While considerations of the cost may exclude their regular participation in the work of the Negotiating Working Groups, every effort must be made by the Secretariat and the Chairman of the Negotiation Working Group to obtain the advice, support and involvement of these key overseas personnel. For special meetings it may even be necessary to incur the cost of the physical direct participation of the Coordinators of the relevant group of Ambassadors.

The Complete Structure

34. A complete sketch of the structure proposed here is set out in Attachment II to this Item.

(II) WORKING PROCEDURES

35. The Working Procedures of the Prime Ministerial External Negotiating Sub-Committee are pretty well set and known, i.e. consensus based on technical and political argumentation leading to conclusions for action, or for recommendation to the full Conference of Heads of Government. It is expected that this approach would continue to be followed.

36. The frequency of Meetings may however need to be increased and documentation provided in between meetings to permit indepth consideration without extending excessively the duration of the actual meetings. Given the high activity period which the Region is about to enter, there may be need for frequent referrals of issues of Heads of Government for views and positions. This would necessitate active response by all Heads if the Committee is to be enabled to adequately represent all views of the Community.

37. The working modalities between the Prime Ministerial Sub-Committee, the Technical Advisory Group, the Chief Technical Negotiator, the Chief Coordinator, the Negotiating Working Groups and the Secretariat would need to be clearly agreed on to ensure the smoothest possible operation of the machinery. It is the view of the Secretariat that these procedures can best be developed during the deliberations of the Technical Advisory Group and of the Meeting of the Prime Ministerial Sub-Committee on External Negotiations, as many of those involved in these meetings have participated in similar operations for other negotiations.

(III) THE RESOURCES - HUMAN AND FINANCIAL

Quantum of Resources Required

38. One of the major hurdles to be faced by the Community in establishing any structure

to prepare for and to undertake negotiations is meeting the financial cost of the exercise.

39. The cost will depend on a number of factors including:

- duration of the negotiating process;
- the number of meetings;
- the costs to be covered.

40. As regard duration, the Secretariat sees these bodies being established generally for a period of two years in the first instance.

41. As regards the number of Meetings, it is not possible to determine at this time.

42. Finally, as regards the cost to be covered, it is evident to the Secretariat that travel for attendance at meetings, *per diem* and studies would constitute major elements. Also, for the Chief Negotiator and the Chief Coordinator substantive salaries would need to be considered and these would require full time positions.

43. The Secretariat would attempt an estimate of costs after it receives the reaction of the Conference to these proposals.

Source of Funding

44. Whatever the cost, and it is virtually certain to be significant, it is the view of the Secretariat that Member States would need to make a basic contribution. Upon that basis consideration should be given to a political initiative being launched at the highest level, to obtain donor resources to assist the Region to undertake the **technical** work to effectively participate in these negotiations. The European Union, Canada, the OAS and the Inter-American Development Bank may be productive sources. In relation to Canada, the Secretariat is already in the process of preparing proposals for a comprehensive cooperation programme in which financial resources are to be included. This dimension should presumably be incorporated therein.

45. The Secretariat intends to take advantage of the opportunity of the Monday 16 September Meeting of the Technical Advisory Group to submit the above proposals for the review, comments and suggestions of that Group.

Action Recommended of the Sub-Committee

46. The Sub-Committee is invited to approve:

- (i) the negotiating machinery as set out in the report and especially -
 - (a) the establishment of four negotiating working groups for negotiations relating to:

- (i) Caribbean Basin Trade Expansion
- (ii) Free Trade and the Americas
- (iii) Summit of the Americas (other issues)
- (iv) Lomé/Europe Relations;

(b) the creation of positions of:

- (i) 1 Chief Negotiators; and
- (ii) 1 Chief Coordinator

on terms and conditions to be agreed on by the Bureau enlarged to include the Chairman of the Prime Ministerial Sub-Committee on External Negotiations;

(ii) the enlargement of the Technical Advisory Group to include:

- (a) the Chief Negotiator;
- (b) the Chief Coordinator;
- (c) the Chairmen of the Councils of Trade and Economic Development, of Foreign and Community Relations and of Finance and Planning;
- (d) the representative of the Assembly of Caribbean Community Parliamentarians (ACCP);
- (e) the representatives (2) of the private sector;
- (f) the representative of labour;
- (g) the representative of the NGOs.

(iii) the authorization of the Technical Advisory Group, bearing in mind the need for a variety of skills as well as for national representation, to invite a number of regional experts from the public and private sectors, labour and the NGO community to participate in the work of the NWGs.

(iv) the launching under the direction of the Chairman of the Prime Ministerial External Negotiating Sub-Committee, of a major initiative to raise both from regional and extra-regional sources and from private and public sectors, the resources required to finance the undertaking of this important exercise.

ATTACHMENT I to Item II

CARIBBEAN

COMMUNITY

SECRETARIAT

**SEVENTEENTH MEETING OF THE
CONFERENCE OF HEADS OF
GOVERNMENT OF THE
CARIBBEAN COMMUNITY**

CONFIDENTIAL

HGC 96/17/5

St. Michael, Barbados

3-6 July 1996

5 July 1996

**MEASURES TO ENHANCE THE CO-ORDINATION AND
EXECUTION OF EXTERNAL NEGOTIATIONS**

**A Proposal by the Secretariat
(after Consultations)**

Background

Despite the general human and financial limitations affecting all our regional institutions,

including the CARICOM Secretariat, there have been important improvements in the implementation of decisions of the Community. The major decisions of Heads of Government to establish the Association of Caribbean States (ACS), to create an Assembly of Caribbean Community Parliamentarians (ACCP), to adopt a Charter of Civil Society, to restructure the Institutions of governance of the Community have all been either fully implemented or are very close to being so. Where the necessity for improvement is most felt is in the technical and political preparations for negotiations.

The Challenge

2. In the next few years the Region will be faced with the tasks of negotiating for the Free Trade Area of the Americas in at least eleven areas, the determination of its future relationship with the European Union, negotiating trade and economic agreements with the countries and groups of countries in the hemisphere and participation in the activities of the World Trade Organization, including a possible new round of global negotiations. The Region also has a deal with an increasing number of ad hoc problems for example the banana issue. These processes are not only comprehensive in diversity but highly interrelated and will need to be synchronized in order to maximize the benefits which the Region derives from the results of these negotiations.

Existing Technical Structures

3. Decisions have already been made with respect to the establishment of working/technical groups to address issues in individual areas as follows:

- (i) The Common Market Council established an ad hoc working group to examine issues relating to the World Trade Organization. This working group has already begun work and is also charged with the task of preparing a regional position for the WTO Ministerial Meeting in Singapore in December 1996.
- (ii) The Sixth Inter-Sessional Meeting of the Conference of Heads of Government in 1995 agreed on a strategy for the follow-up to the Summit of the Americas which included the establishment of a multi-disciplinary technical group to prepare, monitor and advise on the Region's position on the various issues for negotiation or implementation including the FTAA.
- (iii) The Sixteenth Special Meeting of the Common Market Council in June 1996 also agreed to establish a high level group to consider issues related to the FTAA.
- (iv) The Conference of Heads of Government in their Inter-Sessional Meeting in 1996 agreed to establish a high level of technical group to examine the issues related to the future relations with Europe.
- (v) There is also the High Level Advisory Group to the Prime Ministerial Sub-Committee on External Negotiations which is responsible for defining the

regional strategy, developing negotiating positions and leading the Region's negotiations on external economic and trade issues. (The Prime Ministerial Sub-Committee is structured to provide a link between the external and internal development.

- (vi) A Working Group to examine the future relations with Europe (as instructed by the Seventh Inter-Sessional Meeting of the Conference.)

The Political Negotiating Structures

4. The Prime Ministerial Sub-Committee on External Negotiations has been established by the Heads of Government Conference as the body at the **political** level to guide the negotiation processes. It is chaired by the Prime Minister of Jamaica and comprises of the Prime Ministers of Barbados, Saint Lucia, Trinidad and Tobago and the President of Guyana.

5. The Advisory Group comprises of the President of the Caribbean Development Bank, the Vice Chancellor of the University of the West Indies, the Director General of the OECS, the Governor of the Eastern Caribbean Central Bank, a representative of the Caribbean Association of Industry and the Secretary-General of the Caribbean Community. The Advisory Group has tended to operate in relation to the Sub-Committee and not with an independent agenda and schedule.

Difficulties Encountered

6. One obvious difficulty in the current approach is the compartmentalization of the issues. There is thus the potential problem of ensuring coordination, consistency and cross fertilization. The limited human and financial resources could also be constraints.

- 7. The issues now to be addressed include:
 - (i) how to achieve coordination and maximize the efficient use of resources?
 - (ii) whether to allow groups to continue parallel work? How to coordinate?
 - (iii) whether to bring together into one group? Manageability and time to be spent in the activity?
 - (iv) how to ensure that the range of interests and views - Member States, private sector, labour, NGO etc. are represented?

A Suggested Approach

- (a) **The Technical Advisory Group of the Prime Ministerial Sub-Committee**

8. One approach is to maintain the various working groups but as sub groups of the

Advisory Group. The present Advisory Group should be slightly expanded (to about eight members, not limited to representatives of institutions and including a larger number of representatives from the private sector and the other social partners.)

- (i) The Advisory Group should be more structured and be coordinated by the Secretary-General but headed by an independent full time Chairman of Ambassadorial Rank reporting to the Prime Ministerial Sub-Committee administratively through the Secretary-General. The Group could be designated as “the Advisory and Technical Negotiating Group” (In the event financial resources permit there could be one or two full-time Members of the Group for the period to the year 2005).
- (ii) The Group should have the facility to co-opt appropriate technical expertise such as from the Caribbean Group of Ambassadors in key capitals.
- (iii) The Agenda of the Group would consist of matters referred to it by the Prime Ministerial Sub-Committee, suggestions emanating from the Secretary-General, and any other issues which in its judgement should be brought to the attention of the Prime Ministerial Sub-Committee.

9. The Advisory Group would:

- (i) direct the work of the Working Groups
- (ii) benefit from national and regional consultations
- (iii) develop the negotiating briefs for the Region
- (iv) advise the Prime Ministerial Sub-Committee, including the Negotiating Teams in the discharge of their negotiations.

10. The Advisory Group would draw its technical and administrative support from the CARICOM Secretariat appropriately strengthened, the UWI, the Institute of International Relations, etc.

11. Under the direction and guidance of the Prime Ministerial Group, a core negotiating team would be established to conduct each special negotiation on behalf of the Region.

12. The Prime Ministerial Sub-committee would also have the option to appoint Special Representatives to work with the Advisory Group and the Secretary-General on particular issues.

(b) **The Secretariat**

13. At the level of the Secretariat there is need to strengthen the technical capabilities to deal with the issues. This could be done by more systematic use of consultants as well as by strengthening the core staff of the Secretariat. In the short term the Secretariat may need to draw

on the resources of persons in the Region with expertise in the various fields to facilitate the preparation of technical position papers.

14. The Conference should consider as a matter of urgency what measures should be put in place to strengthen the Secretariat's External Economic Relations Programme to allow it the capacity of:

- (i) collecting, analyzing and interpreting and disseminating information on trade, economic, investment and international business phenomena;
- (ii) researching and establishing positions and strategies on all multilateral, bilateral and international trade and economic issues of importance to the Region;
- (iii) preparing timely technical briefings and documentation for Caribbean Governments the Advisory and Technical Negotiating Groups and other negotiators.

Longer-Term Advantages

15. In the longer term it is to be hoped that these measures and mechanism would:

- (i) provide training and a learning environment in which Caribbean public servants and specialists can exchange views and opinions on international issues;
- (ii) familiarize the Region with the workings of global institutions such as the International Chamber of Commerce, the World Free Trade Organization and the International Court of Arbitration;
- (iii) provide a clearing house for proposals and documents of relevance to Member States and the technical groups in the areas of focus;
- (iv) develop a "one stop" international trade documentation and research centre;
- (v) develop a cadre of international negotiators and specialists;
- (vi) by identifying and drawing on a pool of Caribbean specialists at home and abroad who can lend technical input in international negotiations.

Financing

16. It is recognized that the issue of financing could be an inhibiting factor in the process.

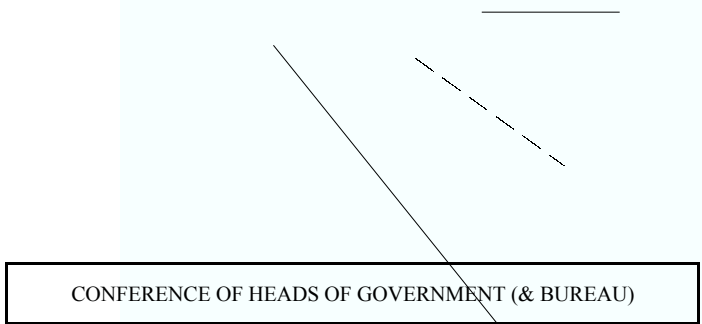
There might be need to seek additional financing to facilitate the process. In this context it may be

useful to explore the possibilities of financing from the EU under the second Lomé IV financial protocol, the IDB, CDB as well as CIDA financing.

17. A project has already been developed with a view to its submission to CIDA to assist the creation of this facility.

18. A comprehensive proposal on financing needs to be made urgently with contributions from the public and private sector. This proposal can be developed under the aegis of the Bureau for submission to Member States for their early reaction.

Prepared by the CARICOM Secretariat
July 1997



ATTACHMENT II to ITEM II

1. Membership (5)

Prime Minister of Jamaica - Chairman
President of Guyana

2. Membership (15)

Secretary-General, CARICOM - Chairman

Director-General, OECS
Governor, ECCB

Chairmen:

Trade & Economic Development Council

Foreign & Community Relations Council
Finance & Planning Council

Representative of the ACCP

Private Sector (2)

Labour

NGOs

Chief Negotiator

Chief Coordinator

NEGOTIATIONS WORKING GROUPS (NWGs)

TECHNICAL SECRETARY	TECHNICAL SECRETARY	TECHNICAL SECRETARY	TECHNICAL SECRETARY
1 CARIBBEAN BASIN* TRADE EXPANSION	2 FREE TRADE AREA OF THE AMERICAS	3 SUMMIT OF THE AMERICAS (OTHER ISSUES)	4 LOMÉ/EUROPE RELATIONS

**A Structure has already been approved by Heads of Government*

Press Release

CRNM-PR 04/03

CARIBBEAN REGIONAL NEGOTIATING MACHINERY

Jamaica House
1 Devon Road
Kingston 6, JAMAICA
04 March 2003

3rd Floor, The Mutual Building
Hastings Main Road, Hastings
Christ Church, BARBADOS

‘Re-Organized’ RNM seen as Model for Developing Countries

CHRIST CHURCH, BARBADOS - Developing countries continue to express their interest in the Caribbean Regional Negotiating Machinery (CRNM). Many developing countries that lack representation in Geneva and that face financial difficulties associated with individual country representation in negotiating meetings see the benefits of the RNM ‘model’.

The RNM ‘model’ has also attracted the attention of the European Union (EU). EU Trade commissioner, Pascal Lamy, indicated this when he met privately with Ambassador the Honorable Dr. Richard Bernal, O.J. - Director General of the RNM - on the occasion of the recently concluded ACP-EU Joint Ministerial Trade Committee (JMTC) held on March 1st in St. Lucia. The hour long meeting between the RNM Director-General and EU Trade Commissioner touched on issues arising out of the JMTC. It also encompassed an exchange of views on

the World Trade Organization (WTO) Doha Agenda which has stalled because of fundamental differences on a number of key issues and inability to reach compromises that have left issues languishing.

Separate from their discussions of beleaguered global trade talks and efforts to put them back on track, Commissioner Lamy wanted to know more about the RNM. He expressed a strong interest in the concept, structure and operations of the RNM. He said that it could serve as an “important model” for other developing countries - especially those that are not part of regional integration movements but that are obligated to negotiate Economic Partnership Agreements (EPAs) with the EU.

The RNM was created by CARICOM Governments to develop and execute an overall negotiating strategy for various external trade-related negotiations in which the Region is involved, as well as to co-ordinate its position in negotiations. The RNM assists its Member States in maximizing the benefits of participation in global trade negotiations by providing sound, high quality advice, facilitating the generation of national positions, coordinating the formulation of a unified strategy for the Region and undertaking/leading negotiations where appropriate.

The RNM was formally established on April 1, 1997. However, since December 2001 the RNM has been substantially re-organized. The RNM now has a ‘new’ culture which emphasizes transparency, accountability, consultation, teamwork, responsiveness to stakeholders, rapport with the political directorate, partnerships with international and regional donor institutions and cooperation with regional organizations. A variety of institutional changes and staffing additions have served to catalyze these changes.

A major task of the RNM is to bring a systematic and focused approach to new pressing international issues. This comes against the backdrop of a global economic environment increasingly based on free trade and moving away from the traditional preferential arrangements that have benefitted many Caribbean economies. The ultimate goal is to ensure that Caribbean development is not impeded by changes in global trade arrangements and that maximum benefit can be secured in the course of strategic global repositioning.