



Management

AN EXPLORATORY STUDY ON CARICOM (CARIBBEAN COMMUNITY)- A CASE OF REGIONAL TRADE BLOC

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Abstract

The study throws light on the regional bloc CARICOM and the issues faced by the same. Secondary data has been used from journals, newspaper articles and books for analyzing the current scenario. From this paper we have learned that there are still many issues among the member countries and to resolve these issues disputes settlement mechanism similar to WTO should be followed for resolving dispute among member countries.

Keywords: CARICOM; Trade; Regional Relations; Mutual Benefit and Development.

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1. Introduction

CARICOM (Caribbean community) was established in 1973. It has 15 members namely; Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago. Not only this CARICOM also consists of 5 associate members and 8 observers. It's headquarters is in Georgetown, Guyana. CARICOM is the official observer of the United Nations.

STATUS	NAME
FULL MEMBER	Antigua and Barbuda
	Bahamas
	Barbados
	Belize
	Dominica
	Grenada

	Guyana
	Haiti
	Jamaica
	Montserrat
	Saint Kitts and Nevis
	Saint Vincent and the Grenadines
	Suriname
	Trinidad and Tobago
	Saint Lucia
ASSOCIATE	Anguilla
	Bermuda
	British Virgin Islands
	Cayman Islands
	Turks and Caicos Islands
OBSERVER	Aruba
	Colombia
	Curaçao
	Dominican Republic
	Mexico
	Puerto Rico
	Venezuela
	Sint Maarten

2. Background Information of Caribbean Community

History

CARICOM treaty of Chaguaramas was signed on 4 July 1973. It is one the longest on-going surviving integration moments. It was in the honour of Norman Washington Manley, a leading advocate of the West Indies Federation and Jamaica’s national hero. The treaty came into effect on 1 August 1973 and on the very same date the common market agreements also came into being.

Membership

There are 15 full members and 5 associate members and 7 observers. Observers are those who surely engage in one (at least) of the CARICOM’S technical committees. The role of associate members isn’t yet established.

Barbados and CARICOM

The Nation of Barbados has been an avid supporter of the Caribbean Community (CARICOM). Barbados was one of the four founding members in 1973 which then along with Guyana, Jamaica and Trinidad & Tobago moved to establish the organisation then known as the Caribbean community and common market. The new organisation became a successor to the Caribbean Free Trade Association (CARIFTA) of which Barbados was also a member. With the CARICOM quasi-cabinet, the Barbadian head of government’s responsibility is as the head of government for the Caribbean Single Market and Economy (CSME) in CARICOM.

3. The Key Problem

There are internal and external problems being faced by the Caribbean communities. Some of the problems being faced are chronic energy crisis, narcotics, human trafficking, weapon trafficking and immigration related strains like the banishing thousands of Caribbean nationals to their homelands from big countries like the U.S., U.K. and Canada.

3.1. OECS CONCERNS

CARICOM seeks to adjust to free trade and globalization and is also aiming to implement a Single Market Economy which will affect the working of the private sector and the government working and operation. The large states like Barbados, Jamaica and Trinidad and Tobago support this concept but faces varying level of opposition from the smaller states like those in the Organization of Eastern Caribbean States (OECS). OECS concerns include elimination of traditional sources government revenues. Looming as the biggest problem is the mounting of cost. Only T&T is rich in gas and oil while other member are dependent on Venezuela for the same.

3.2. Relation Between US and VENEZUELA

In the CARICOM summit in St Lucia, Venezuela president said he would supply states joining the program with petroleum products. The relation between United States and Venezuela is also a factor which is complicating the position of the CARICOM states.

3.3. Political Quarrel

The disagreement between the government and Opposition about the Caribbean Court of Justice (CCJ) isn't just a political quarrel but a symptom of a deeper divide about the community.

3.4. Stagnant Growth

The economic growth of the community remained stagnant for a period that is 1982-1985. Although the main reason behind the same was the external environment for example, this was the time of falling incomes and unemployment trends.

3.5. External Front

Improving the region's performance is a big task as post-colonial era posed a problem for the smaller countries with respect to European Union market. Caribbean nations will experience heavy demands on their trade regimes in the upcoming years.

4. Summarising the Key Problems

CARICOM's collective position has been hijacked by Venezuela and Cuba. Not only this the relation of United States and Venezuela is posing a threat to the members of Caribbean community. Smaller states for example in the OECS are posing a problem in implementing the free trade and globalization. Venezuela has said to supply petroleum products to the states. Stagnant growth trend

are also noticed whose main reason is the external environment. There might be some problems when it comes to trading with European Union.

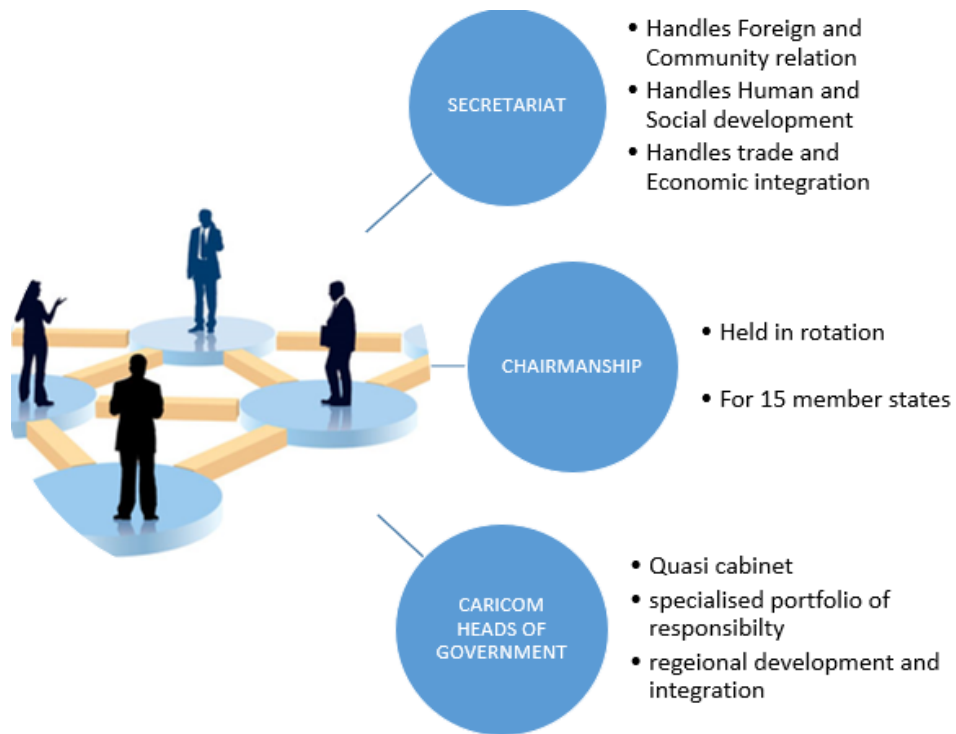
5. Alternatives

- 1) CARICOM is a highly trade-dependent region undergoing major changes to its economic relationships with the world and hence its primary development challenge.
- 2) The Caribbean Basin has been a long-standing strategic interest of the United States.
- 3) The success of CARICOM, as well as the continued stability of the region, have important implications for U.S. trade, investment, immigration, drug interdiction, and national security policies. Their relation with US may become more prominent
- 4) CARIMCOM must complete its intraregional integration scheme, including tightening a loose common external tariff and intraregional trade policy, integrating more fully labour and capital markets, and deepening functional cooperation.
- 5) Implementing the EU economic partnership agreement.
- 6) To achieve higher growth, from the point of view of higher and more sustainable growth and not neglecting individuals adjustment programmes, improved export performance and the creation of attractive conditions for private investment are the key.
- 7) Gradual erosion of trade preferences in their principal export markets.
- 8) They must confront a number of social problems as well.
- 9) Things which impact the region's future development plans and potentials should be handled first.
- 10) Issues such as deficiencies in national education system, high unemployment levels, poverty, drug related issues etc should be looked into.

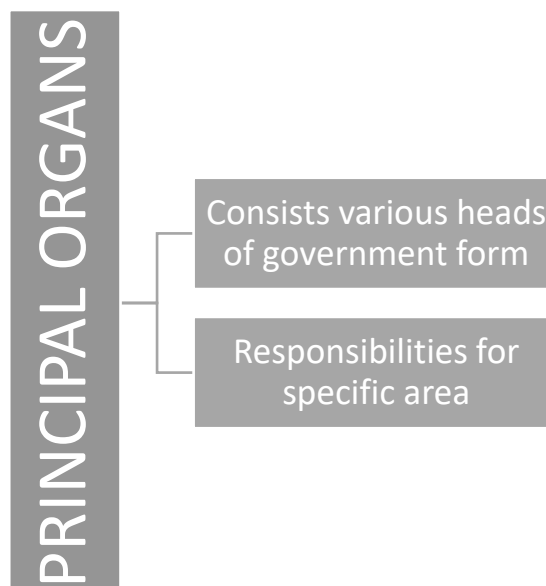
6. Summarising the Alternatives

The Caribbean nations have to strengthen and amend their policies in order to keep up with the economic relations with the world for example the US. There stands a chance to strengthen their relation with the US by working on the social aspects like educations, reduce drug consumptions etc. they also have to implement EU economic partnership agreement.

7. Organizational Structure



• CARRIBEAN Community Organs and Bodies





8. CARICOM'S Foreign Policy

8.1. International Problem

It is very obvious that smaller states are better heard on the international or the big platform when they their voices are united. Keeping this in mind, CARICOM mandated the Council for Foreign and Community Relations (COFCOR) to coordinate the Foreign policies of member states.

8.2. Advance Interest Within the Global Governance

The community has long exercised its special brand of small state diplomacy to advance its interest within the global governance structure. It has successfully leveraged the collective voice of its sovereign states, to garner credibility and influence.

8.3. COFCOR'S Support

COFCOR is supported by the network of diplomatic mission in foreign capitals including New York and Washington in the United states of America, London in United Kingdom, Brussels in Belgium and Geneva in Switzerland.

8.4. Community and CARICOM

The community engages its development partners on issue of political and socio economic import with a view of sensitising them on CARICOM perspectives and concerns and ensuring political understanding and development cooperation and resources to the mutual benefit of both the parties.

9. Increased Trade Among CARICOM States

9.1. Funding for Intra Regional Growth

The Board of Directors of the Caribbean Development Bank (CDB) has approved USD 750,000 for a programme which will assist the CARICOM with strengthening intra-regional trade. At least five countries are benefited from the same, namely, Antigua and Barbuda, Grenada, Guyana, Saint Lucia and Suriname.

9.2. Benefits

This programme will help the producers and also assist them to overcome the challenges faced when trying to export the product. This will enhance their skills to penetrate in the new market, increase market share and integrate global value chains.

Well-functioning quality infrastructure can open doors for CARICOM countries to regional and international markets.

9.3. Key Constraints

The key constraints manufacturers, exporters and service provider face are caused by non-tariff trade barriers, otherwise known as Technical Barriers to Trade.

10. Conclusion

This study after doing in depth analysis of CARICOM concludes that CARICOM seeks to adjust to free trade and globalization and is also aiming to implement a single market economy which will affect the working of private and government sector.

By the trend it is seen that there will be high demands on the trade regimes in the upcoming years, so all the member nations have to plan their production accordingly to manage the demand and supply. There was a period of stagnant growth in the community during 1982-1985. The main reason found behind the same was unemployment and hence the fall in the income. To rectify the same the countries had to work on the employment area for a rising growth. Politics played a dividing role. This came up as the disagreement between the government and the opposition about the Caribbean court of justice. In a CARICOM summit, the president of Venezuela said he would supply the states associated with the programme with petroleum products. But the relation between the US and Venezuela complicated the position of CARICOM. To be on a safer side, CARICOM needs strengthen the relations between the three.

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