

## NOTES ON CARICOM, THE ACS, AND CARIBBEAN SURVIVAL

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### 1. NEW FORMS OF CARIBBEAN REGIONALISM

One of the significant developments of the 1990s was the expansion of certain traditional regional structures in the Anglophone Caribbean to embrace non-English speaking countries. The expansion of CARICOM's membership and the establishment of CARIFORUM and of the Association of Caribbean States (ACS) were key institutional expressions of this trend.[2] Expansion of regionalism represented one of the responses to a changing external environment. The EU's decision to bring Haiti and the Dominican Republic into the scope of the Lome Convention provided the catalyst for the establishment of CARIFORUM and probably contributed to the expansion of CARICOM. The ACS's original agenda, in which cooperation in trade and transport figured prominently, also responded to the drive for trade liberalisation in the wider hemispheric and global environment.

More specifically, the establishment of the ACS in 1994-1995 arose out of a perceived coincidence of interests of the main state-actors involved. For CARICOM, the ACS offered a means of widening the sphere of trade cooperation to embrace the entire basin while it concentrated on its primary objective of internal consolidation through the Single Market and Economy (CSME). For the larger Spanish speaking countries the ACS would provide an institutional means of pursuing their economic and security objectives in the basin, and especially of handling their relations with the island states. For Cuba, the ACS would be a key instrument in developing its regional relations in the face of the continuing U.S. campaign to effect its economic and political isolation.

### 2. THE ACS AND CARIBBEAN REGIONALISM

As far as CARICOM is concerned, participation in the ACS implied a significant quantitative and qualitative change in the nature of that group's integration and quasi-integration arrangements. First, although it comprises 50 percent of the ACS membership in number of states, CARICOM [3] is a mere 6.3 percent of the ACS population and 3.7 percent of the ACS GDP. CARICOM would therefore have to take into account the disproportion between its numerical preponderance in the association and the realities of demographic, economic and political power. [4]

On the other hand membership in the ACS could be considered to give CARICOM potential access to a huge market (220 million people, \$700 billion GDP), and political access to key hemispheric economic players. The strategies to be employed with the ACS, therefore, would of necessity have to be innovative vis-à-vis those that had served the region with more or less success in the CARICOM/CARIFORUM context.

Secondly, in contrast to the relatively cohesive character of CARICOM/CARIFORUM with respect to internal and external trading interests (centred on the CSME and the EU-ACP relationship), the ACS is a heterogeneous grouping with overlapping, contending and at times conflicting trade and integration agendas. The largest ACS member, Mexico, would logically fashion its ACS policy in the light of the obligations and policy thrust associated with its membership of NAFTA. Colombia and Venezuela were already involved in an integration scheme with the Andean Community whilst the Central American nations and CARICOM itself were pursuing integration schemes of their own. In particular, the involvement of the three largest ACS members in extra-ACS integration arrangements appeared to rule out the option of constructing an ACS "bloc" through the progressive convergence of existing sub-regional integration arrangements within the ACS membership.

In addition the diversity of extra-regional trading relationships had the effect, in certain critical instances, of pitting different ACS members against one another in the wider hemispheric and international arena. Mexico's membership of NAFTA was a case in point, insofar as this effectively eroded the relative benefits enjoyed by Central American and CARICOM countries under the CBERA (CBI) programme. On the other hand, CARICOM's preferential access to the EU market was to become a source of considerable friction with some Central American states with respect to the treatment of banana exports. There was little in the previous CARICOM/CARIFORUM integration experience on which it could draw in handling these thorny issues arising with non-English speaking countries with which it did not have a long history or tradition of close cooperation.

## **CARICOM AND THE ACS: A MISSED OPPORTUNITY?**

Besides constituting a source of tension among ACS membership, the existence of competing intra- and extra-regional relationships served to distract attention and resources from the ACS project during the critical formative period following its launch in 1995. In the case of CARICOM, the group found that it had to simultaneously prepare for and participate in negotiations on the successor to the Lome agreement, the establishment of the FTAA, and on the WTO as well as on the completion of the Single Market and Economy. Given the small size and limited personnel available to CARICOM states, there was bound to be a strain on their capacity to service the ACS process and questions about the priority to be attached to this undertaking. Similarly, Central American states were distracted by the demands of the FTAA and of a series of bilateral negotiations.

The confluence of internal divisions and competing internal and external demands probably contributed to the notable waning of CARICOM enthusiasm for the ACS in this formative period. One indicator of this is the record of attendance at ACS meetings of the Special Committees, where the programmes of cooperation are proposed and reviewed. For the period of 1998-1999, OECS member states on average attended only 12 percent of these meetings, the lowest of all the ACS groups. [5] Another group of six CARICOM countries attended on average only one-third of all Special Committee meetings, about the same as the Central American states. Only Jamaica and Trinidad and Tobago had a reasonably good average attendance record 83 percent for both. While this record partly reflects budgetary and personnel constraints on the part of the smaller states, conversations with officials confirm a perception of limited ACS relevance to their immediate concerns.

Equally significant has been CARICOM's failure to utilise the ACS as a tool of trade diplomacy in a number of instances that are vital to the Community's external interests. The most striking example of this was the dispute arising out of the US-led challenge to the EU banana import regime favouring ACP producers. This dispute had the effect of pitting several ACS members from Central and South America, [6] together with Ecuador, a member of the Andean Community, against 6 other ACS members that are also members of the ACP group.

Among the purposes of the ACS as set out in the Convention is "discussion of matters of common interest for the purpose of facilitating active and coordinated participation by the region in various multilateral for a" (Art. III.2.a). The ACS Ministerial Council set up a Special Committee on Trade and the Development of External Economic Relations. Hence, the ACS could in principle have provided a forum within which Central America and the CARIFORUM members could have engaged in dialogue and negotiations on a resolution of the dispute. However, there is no record of an initiative from either side in this direction. The failure of the ACS to play a role on the banana question must have seriously compromised the credibility of the organisation in the eyes of officials and the wider public in the region.

A second instance was the absence of an ACS role in the Working Group on Smaller Economies established for the preparation and commencement of FTAA negotiations. Most of the members of this group are drawn from ACS members in Central America and CARIFORUM. Although this group was Washington-centred, the ACS Secretariat could conceivably have served as its technical secretariat and the ACS Trade Committee could have been used as a mechanism for the coordination of technical work and discussion of its results.

A third instance was the failure of the ACS to become a forum for the discussion and negotiation of the proposal for a Strategic Alliance between the Caribbean and Central America launched by President Fernandez of the Dominican Republic in 1997.

It is also notable that a number of bilateral trade initiatives involving ACS member states have been pursued outside of the ACS institutional framework for trade cooperation. Among these the FTA agreements concluded and under negotiation involving Mexico and three Central American states, between Central America and the Dominican Republic, and also CARICOM-Colombia, CARICOM-Dominican Republic, and CARICOM-Cuba. The absence of an ACS role in these processes is curious, given the provisions of the Convention and the existence of the Committee on Trade and the Development of External Economic Relations.

Given these circumstances, it would hardly be surprising if the ACS were to be regarded as marginal to the intra-regional and external trade relations of most if not all member states. In fact, the Trade Committee was forced to abandon its early objective of establishing an ACS FTA, largely as a result of the competing agendas of its principal actors.

## **THE ACS POTENTIAL**

An alternative to an ACS FTA now under discussion is a Caribbean Preferential Tariff (CPT). Although the "value added" by the adoption of a CPT may be limited by the fact that several sub-regional trade agreements are already in force or being negotiated, it could have considerable symbolic and practical importance. First, it would provide tangible evidence of the existence of the ACS as a trade grouping and help to draw the attention of the business community to the opportunities for trade within the Caribbean basin. Secondly, the CPT now under discussion provides for asymmetrical reductions based on differential levels of development among the member states. Acceptance of asymmetry by the larger ACS states could have a "spill-over" effect on the WTO and FTAA negotiations. It would establish a precedent that the small economies of CARICOM and Central America could use in pressing for special and differential treatment for countries that are less developed, or small and vulnerable.

The ACS has also made significant progress in a number of other areas. Work is underway on the reduction of non-tariff obstacles to trade, on cooperation among trade promotion organisations in the region, and on business forums. Besides trade, cooperation now embraces the areas of transport, tourism, the environment and natural resources, the prevention and management of natural disasters, and science, technology, health, education and culture. It is generally agreed that greatest progress has been made in tourism cooperation, with the adoption of a Declaration on the Caribbean as a Zone of Sustainable Tourism—a principle that embraces community participation as well as environmental conservation. The development of an integrated maritime and air transport system for the region is envisaged under the programme for "Uniting the Caribbean by Air and Sea".

In the environment and natural resources, the efforts of the ACS resulted in passage of a United Nations General Assembly resolution calling for "integrated management" of the Caribbean Sea; and member states are pressing further for a resolution declaring the Caribbean Sea to be a "Special Area" in the context of sustainable development. An agreement on regional cooperation in the management of Natural Disasters has also been adopted and is now set for implementation.

The proliferation of activities has led to questions about the ability of the ACS to adequately service its work programme, given its small secretariat and limited budget. Work is conducted through special committees chaired by Ministers and composed by officials from the different member states, all of who have substantive full-time responsibilities at home. On the other hand, the wide scope of cooperation mandated by the Ministerial Council indicates the range of economic, environmental, and socio-cultural interests that political decision-makers believe can be pursued within the ACS framework. In some quarters, there is a tendency to be dismissive of the value of the organisation because of its limited impact in effecting trade liberalisation. This attitude, however, fails to take into account the wide range of perceived interests shared by states in the Caribbean basin, as expressed in the special committees. However, it is evident that some amount of prioritisation may be necessary in the ACS work programme, informed by a strategic vision of what the ACS is, and what it can become.

#### **TOWARDS A STRATEGIC APPROACH FOR THE ACS**

It is here suggested that CARICOM's approach to the ACS should be informed from a general recognition of what Prime Minister Arthur of Barbados has described as the need to "move away from crisis intervention to strategic planning" (Arthur 2000:18-19). It is clear that the authors of the West Indian Commission Report, in proposing formation of the ACS, saw it as part of a CARICOM strategy to widen the scope of functional cooperation to embrace the non-Anglophone countries of the Caribbean and to diversify external trade and economic relationships (WIC 1993: 447). The coordination of external negotiation positions, for instance, was specifically envisaged in the Report. What seems to be necessary is operationalisation of these general principles in the form of specific plans and actions within the ACS framework.

Some of the areas already mentioned in this paper relate to the possibilities of using the ACS Trade Committee as a forum for dialogue on the banana question, on the situation of smaller economies, on negotiating positions vis-à-vis the FTAA and the WTO, on the proposed Strategic Alliance between Central America and the island Caribbean, and on the negotiation of sub-regional and bilateral trade agreements. Furthermore every attempt could be made to take advantage of the presence in the ACS of three larger economies with extra-regional associations with NAFTA and the Andean Community. While this situation might create a "duality of commitment" on the part of these states, the same could be said with respect to CARIFORUM's membership in the ACP. A more proactive stance would seek to use these connections as channels for the furtherance of relationships with the Andean Community and as a means of pressing the position of smaller states in the FTAA and WTO negotiations.

At the recent France-CARIFORUM summit held in Guadeloupe, the CARIFORUM countries showed how the French presence in the Caribbean could be utilised to as a route to lobby France in support of their interests in the EU, in the multilateral lending agencies, and in the WTO process. France is an Associate Member of the ACS in respect of its Caribbean departments and has signalled its intention to play an active part of the ACS. It seems likely that the French Caribbean DOMs will be granted greater autonomy in their relations with other Caribbean countries in furtherance of Paris's strategy of encouraging regional cooperation in the Caribbean.

CARIFORUM states and the other smaller Caribbean basin countries could seek to use the same principle of proactive diplomacy with respect to Mexico, Colombia and Venezuela.

Another area to be highlighted is that of the protection and management of the Caribbean Sea and of the coastal and marine environment of the Caribbean basin. It could be argued that this is the transcendental common and unifying interest of ACS states; one that exists irrespective of external economic relationships, language, political orientation, or the circumstances of temporal conjuncture. It is also an area in which technical cooperation requires a framework of political commitment supported by political decisions. The contentious issue of shipments of nuclear waste through Caribbean waters is a clear example of this. ACS Heads of State and Government condemned these shipments at their summit in Santo Domingo in April 1999.

To buttress their position, ACS states have been pressing for a UN General Assembly Resolution declaring the Caribbean Sea to be a "Special Area in the context of Sustainable Development". There is scope, therefore, for concerted ACS diplomacy in international forums to advance the interests of the region with respect to its shared natural environment.

#### **THE ACS AS A COOPERATION ZONE OF THE CARIBBEAN**

Failure to clearly define its own character as a regional grouping may also have contributed to a "crisis of expectations" within the ACS public. The problem is that the ACS does not correspond to any of the familiar types of integration arrangements such as free trade area, customs union or economic community. Initial expectations that the ACS would forge a free trade area, which did not materialise, led to some degree of frustration and a credibility gap among officials and the public alike. This tended to reinforce existing cynicism regarding integration experiments, based on the well-known internal difficulties experienced not only in CARICOM but also in the Central American Integration System and in the Andean Community.

The fact is that regional intergovernmental associations come in all kinds of shapes and forms. An examination of the content of the ACS Convention, political decisions and work programme suggest that the ACS could properly be characterised, at least embryonically, as establishing a "Zone of Cooperation". For the present purposes a Zone of Cooperation might be defined as *a group of countries, which share a common geographic space and common interests derived therefrom and which agree to cooperate with each other in furtherance of their common objectives*. In this sense the ACS as a grouping has more in common with ASEAN, and the Black Sea Economic Zone, than with economic communities such as the EU, CARICOM and SICA (Central America).

It is here argued that the ACS has the characteristics of a true Cooperation Zone and that this needs to be explicitly articulated as its distinctive personality among Caribbean regional associations. Its *raison d'être* is that since the countries of the Caribbean basin share a common geographic space and have a common heritage in the form of the Caribbean Sea, they share certain common long-term interests. These common interests are reflected in the existing elements in the ACS system of cooperation. Essentially these embrace four main types of functional cooperation: (i) the economic, (ii) the environmental, (iii) the social/cultural and (iv) the political. The mission of the ACS would then be expressed as developing and implementing the **Cooperation Zone of the Caribbean**.

This formulation encapsulates a strategic vision for the organisation as well as providing a guide to short and medium term cooperative action among CARICOM and its other ACS partners. Hence, a Cooperation Zone of Caribbean could be considered to be an instrument of Caribbean survival and development in the 21<sup>st</sup> century.

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[Footnotes]

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2. The Caribbean Development and Cooperation Committee (CDCC) of ECLAC, with membership drawn mainly from the insular Caribbean, was a multilingual grouping in existence since 1975. However the CDCC never evolved into a true integration organisation.
3. Including Haiti, which now comprises over half of CARICOM's population.
4. There is no question of voting power as such, since decisions in the ministerial meetings of the ACS are always taken by consensus.
5. For this purposes the groups were divided as follows: (i) CARICOM, divided into a. the OECS states, b. a Group 2 with low to medium attendance, and c. Group 3 (Jamaica and Trinidad and Tobago) with high attendance); (ii) Central American States, (iii) "non-grouped" states (Cuba, the Dominican Republic and Panama), (iv) the G3 (Mexico, Colombia and Panama), and (v) Associate Members (Aruba, France, and the Netherlands Antilles).
6. The US-led challenge to the EU banana regime was supported by Mexico, Guatemala, Honduras, Panama, and Ecuador.

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