

DRAFT – NOT TO BE QUOTED

“Regionalism and Sub-regionalism in the Caribbean: Challenges and Prospects”
Any Insights from the European Union?

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ABSTRACT

This paper examines the complexities of regional integration in the developing world and the internal and external forces which shape regional and sub-regional groupings. The main contention is, moments of uncertainty and stagnation at the regional level act as an incentive for deeper sub-regionalism. The paper argues further, given that the European Union (EU) is the most advanced regional project, despite its contradictions, it has emerged as a benchmark to be emulated by other regional schemes. The paper explores the challenges and prospects within the Caribbean Community (CARICOM) and the sub-regional Organisation of Eastern Caribbean States (OECS) and compares the extent to which the EU model has influenced regional integration in the Caribbean.

(Key words: Caribbean Community (CARICOM), European Union (EU), Organisation of Eastern Caribbean States (OECS)).

Introduction

The recent global financial and economic crisis has brought to the fore the complexities of the post Cold War capitalist order. The convergence of old and new threats continue to reconfigure the global landscape. In the face of uncertainty, corporate enterprises and sovereign states are preoccupied with competitiveness and viability as the peoples of the world search for security in their daily lives, democracy and hope. Recent uprisings in parts of Europe and the Middle East bring into question the contradictions of the global political and economic order. At the same time, potential poles of power are emerging; such as China, Russia, India and Brazil, providing alternative policy options and multiple platforms for engagement. Within this maze, regional integration continues to be necessary but problematic. The current moment is both a threat and an incentive for regional integration schemes. Sovereign states are forced to turn their attention inward as economic instability and societal disorder threaten political capital. Yet, as global forces rage, states are also forced to seek refuge in collective regional arrangements, which act as logical buffers. While this is not new, a large question is, whither regional integration in the contemporary global era?

The European Union (EU) is the most advanced regional integration project in the world. It is characterized by a unique mix of intergovernmentalism and supranationality and supported by strong networks and interests. Beginning with the creation of the European Coal and Steel Community (ECSC) in the 1950s to the current Lisbon Treaty,¹ the EU has simultaneously deepened and widened its regional project. In the process it has created a number of common institutions which have acted as a catalyst to sustain integration. In so doing, it has made advances in a number of areas including a common currency – the Euro - an internal market and the harmonization of policies in a number of issue areas.² However, while the EU may be an economic superpower it continues to be a political dwarf.³ Some of its challenges include incohesive foreign policies, monetary instability, democratic deficits and questions of legitimacy. Nonetheless, the EU remains an example of regional integration and it provides useful insights for the rest of the world.

In the Global South, as is the case within the Caribbean Community (CARICOM), regional projects also experience moments of advance and stagnation. These are often linked to the interplay between internal political, economic and socio-cultural dynamics and larger global forces. The situation is compounded particularly for post colonial countries. Despite strong incentives to integrate, the process of integration is often haunted by historical ghosts; compromised by conditions of vulnerability, poverty and insecurity; undermined by the lack of political will and popular support and stymied by the absence of common institutions. Within

¹ After a difficult ratification process, on 1 December, 2009 the Treaty of Lisbon entered into force. This marked the culmination of a process which began with the Amsterdam Treaty in 1997, followed by the Nice Treaty in 2002 and the controversial Constitutional Treaty in 2004. The Lisbon Treaty is the latest expression of the European integration process which is intended to enhance the efficiency of the Union and improve the coherence of its operations. See Treaty of Lisbon EUROPA (http://europa.eu/lisbon_treaty/index_en.htm) Accessed 18 February, 2011.

² For comprehensive accounts of the European integration process see Elizabeth Boonberg and Alexander Stubb, 2003; Desmond Dinan, 2005; Roy H. Ginsberg, 2007; John McCormick, 2002; John Van Oudenaren, 2000.

³ The EU continues to show incohesion in its foreign policy. Its latest delayed collective response to the crises in Tunisia and Egypt are cases in point (see “Ashton accused of ‘playing second violin’ on Egypt” BBC Democracy Live Wednesday 2 February, 2011. http://news.bbc.co.uk/democracylive/hi/europe/newsid_9382000/9382637.stm. Accessed 18 February, 2011.

this context the central question this paper seeks to address is, what accounts for relatively deeper levels of integration at the sub-regional level in the Caribbean? A further question is, to what extent has the EU influenced regional integration in the Caribbean?

Why the EU and the Caribbean? First, the two regions are historically entwined through colonial ties and post-colonial trade and aid arrangements. Second, European integration has direct implications for CARICOM. For example, CARICOM was established in 1973 the same year Britain joined the European Community (EC). When Spain acceded in 1986 efforts were made to include the Spanish Caribbean within the EC-EU/African Caribbean Pacific (ACP) framework. Hence the Dominican Republic is a key member of the forum of the Caribbean ACP states (CARIFORUM). In addition, as EU enlargement extended to Central and Eastern Europe, this changed the EU's pyramid of preferences and the nature of its relationship with the ACP. Also, as the EU asserts itself as a global actor, its influence has implications for Caribbean states individually and collectively. It is necessary to point out, however, that there is need for caution when comparing regional schemes in the developed and developing worlds. Regional experiences vary according to culture, history and political economy.

The paper is structured in this way. After this introduction, the paper presents a brief theoretical overview of regional integration. It then provides an overview of the current state of CARICOM and the OECS. It then uses the EU as a benchmark to compare regional integration between CARICOM and the OECS. The final section of the paper presents conclusions and suggestions for further research.

Regional Integration: A Conceptual Guide

The study of regional integration is not new. The 1950s and 1960s saw the first wave of integration theories which were used to conceptualize the early stages of European integration. One of the classical debates in the field surrounded neo-functionalism and inter-governmentalism. Neo-functionalism advances the notion that national governments are willing to cede sovereignty over certain matters to regional institutions, which can then make laws and policies that are binding upon those governments. In this respect regional integration refers to "the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities to a new center whose institutions possess or demand jurisdiction over the pre-existing national states."⁴ This perspective holds that the momentum for integration could be maintained where supranational agencies were given tasks that facilitated the upgrading of common interests. This is based on the concept of spill-over, where limited cooperation in one functional area will spill over into other areas as well.

In the wake of the empty chair crisis⁵ in Europe in the 1960s, Hoffman challenged neo-functional logic and pointed to the influence of the 'national situation' and external forces on regional integration. He argued that "[e]very international system owes its inner logic and its unfolding to the diversity of domestic determinants, geo-historical situations and outside aims among its units."⁶ This gave rise to the theory of inter-governmentalism, which draws on the realist paradigm to explain regional integration. Key assumptions include: (1) the state is the

⁴ Haas, 1958, p. 16.

⁵ French President, Charles de Gaulle was largely responsible for vetoing the British membership applications in 1963 and Gaullist objections to proposals for institutional reform lay at the heart of the so-called 'empty chair' crisis in Europe in the 1960s, when France withdrew from EU business for a portion of 1965 (Thody, 1998).

⁶ Hoffman, 1966, pp 864-65.

primary actor in international affairs; (2) the main reason for a state's existence is survival; (3) national interests are paramount; (4) the struggle for power underpins relations among states. Hence, inter-governmentalism is an approach to integration in which national governments establish institutions and procedures to pursue common interests but in which those governments retain the ultimate authority to pursue an independent policy if they desire. With this approach, although sovereignties are pooled, member states remain sovereign entities in the international arena. Proponents argue that those who expect to lose from integration will oppose it. In essence, countries tend to pursue intergovernmental integration when they want to reap the benefits of cooperation without surrendering their independence. Regional integration can therefore be understood as a series of bargains among the political leaders of the major states in a region as the result of converging preferences among these leaders. As Moravcsik observes, integration is advanced by the convergence of interests – commercial interests of powerful economic producers, macro-economic interests of ruling government coalitions and structural incentives in the global economy.⁷

Political scientists in the developing world emphasize a developmental view. As Axline⁸ indicates, while classical theories have been successfully applied to Western Europe, in the case of the developing world, an understanding of regional integration requires a different theoretical approach born out of an understanding of the world's political economy. In this context, regional integration is viewed as “collective self reliance” which provides member countries with a stronger platform with which to interact with the global political economy and pursue relations with other groups and countries. This perspective underscores the point that regional integration is not an end in itself but can be evaluated in terms of its contribution to development.

The New Regionalism Theory (NRT) goes further and seeks to explain the complexities of regionalisation in the context of the new wave of globalisation. Regional integration is conceived as “a complex process of change simultaneously involving state as well as non-state actors and occurring as a result of global, regional, national and local level forces.”⁹ The fundamental premise is that regions are emerging phenomenon, ambiguously both forming part of and driving, as well as reacting against and modifying the global order. Hettne¹⁰ also distinguishes between regional integration in the developed and developing worlds. He contends that core regions are coherent, politically strong, well organized at the supranational level, not only economically growing but leading in technological innovation. Further, core regions are ‘policy-makers’ which organize for the sake of being better able to control the rest of the world, the world outside of their own region and compete among themselves in exercising this influence. Peripheral regions, on the other hand, are ‘policy-takers’ since they are politically more turbulent and economically more stagnant. Consequently they have to organize in order to stop the threat of marginalization.

The Caribbean Community: A Brief Overview

The Caribbean Community (CARICOM) continues to face grave challenges in its quest to achieve sustainable development. High public debt; the fall-out from the global financial and economic crisis; continued vulnerability to natural disasters; the HIV/AIDS pandemic, the illicit

⁷ See Moravcsik, 1998.

⁸ Axline, 1977.

⁹ Hettne and Söderbaum, 2002, p. 33.

¹⁰ Hettne, 2001, 5.

drug trade and its attendant violence and criminality are but a few of the common threats facing the region. So grave are the security threats that CARICOM included security as its fourth pillar in 2008. On the macro-economic front, there is a mixed picture. The economies of the Bahamas, Barbados, Trinidad and Tobago, St. Kitts and Nevis and St. Lucia are performing relatively well when compared to Jamaica, Guyana and Haiti. In fact Haiti continues to be a special case in CARICOM (see Table I).

Table I: Selected Indicators for CARICOM and the OECS

Country	Population (2009) '000 persons at mid year	Per Capita GDP at Constant Market Prices						HDI Rank* 2006
		1995	2000	2004	2005	2006	2007	
**Anguilla	13,000	NA	NA	NA	NA	NA	NA	NA
Antigua & Barbuda	87,000	7,912.4	8,650.3	9,584.1	9,900.2	11,007.4	11,965.9	59
Bahamas	339,000	15,530.1	18,235.9	17,170.5	17,526.4	18,115.4	18,392.7	49
Barbados	296,000	5,232.5	6,025.1	6,087.8	6,327.7	6,516.4	6,705.8	37
Belize	300,000	2,920.0	3,400.8	3,896.5	3,925.1	4,018.9	3,982.1	88
**British Virgin Islands	23,000	NA	NA	NA	NA	NA	NA	NA
The Commonwealth of Dominica	67,000	3,584.4	3,962.2	4,001.2	4,146.6	4,373.5	4,538.9	77
Grenada	105,000	3,047.7	4,278.2	4,090.8	4,552.7	4,449.6	4,608.8	86
Guyana	734,000	700.5	806.8	836.9	820.1	862.5	910.3	110
Haiti	9,932,000	413.0	427.3	383.0	383.7	386.2	392.1	148
Jamaica	2,742,000	2,979.0	2,848.2	2,932.7	2,955.5	3,010.3	3,028.4	87
*Montserrat	6,000	NA	NA	NA	NA	NA	NA	NA
St. Kitts & Nevis	52,000	6,108.2	7,148.4	7,566.0	7,889.9	8,198.1	8,413.4	60
St. Lucia	122,000	4,149.7	4,627.3	4,757.0	4,985.7	5,127.8	5,127.4	66
St. Vincent & The Grenadines	169,000	2,543.9	2,889.4	3,245.6	3,345.3	3,647.4	3,907.6	92
Suriname	463,000	1,722.4	1,774.9	2,124.6	2,229.3	2,343.7	2,453.7	89
Trinidad & Tobago	1,343,000	4,461.3	6,269.9	8,653.8	9,309.5	10,388.6	10,915.5	57

Source: Economic Commission for Latin America and the Caribbean, 2009, pp 23 & 88.

*United Nations Human Development Report, 2006; **British Overseas Territory; NA: Data Not Available.

CARIFORUM-EC Economic Partnership Agreement – Is the EU a Friend or Foe?

One of the challenges which confront the region is the need to adjust to the new trade regime of the World Trade Organisation (WTO). One example relates to the controversial CARIFORUM-EC Economic Partnership Agreement (EPA). By way of background, there has been a long-standing relationship between Europe and the Caribbean dating back to the periods of slavery and colonialism and the post colonial North-South preferential aid and trade arrangements.¹¹ However, within the new global trading environment, Lomé IV expired in February, 2000 and the Cotonou Agreement was subsequently signed in June 2000, and entered into force on April 1 2003. The main objective of the economic and trade cooperation as outlined in Article 34 of the Agreement is to foster “the smooth and gradual integration of the ACP countries into the world economy with due regard to their political choices and development priorities, thereby promoting their sustainable development and contributing to poverty eradication in the ACP countries.”¹² The new agreement is designed to address the inadequacies of the Lomé Conventions through the inclusion of a wide range of innovative provisions for expanded cooperation, political dialogue in the areas of trade and economic cooperation, including direct assistance to the productive sectors. It was also agreed that new WTO compatible arrangements governing trade between the ACP Group and the EU would be put in place by 2008. It is necessary to note that the EPAs are negotiated between the EU and CARIFORUM, which includes all CARICOM member states in addition to the Dominican Republic (with Cuba as an observer).¹³

For the EU, ‘regional integration and the EPAs are not means in themselves but instruments to achieve the objective of sustainable development and a launching pad for effective beneficial integration into the world economy.’¹⁴ In December, 2008 the first EPA was signed between CARIFORUM and the EC.¹⁵ A fundamental difference between the EPAs and

¹¹ In 1975 the European Community (EC) and forty-six African Caribbean and Pacific (ACP) States entered into the first Lomé Convention, which provided for non-reciprocal trade concessions, development aid and institutional association with the EC. Cooperation focused on two key elements: economic cooperation and development cooperation. The aim of the Convention was to establish a new model for relations between developed and developing states compatible with the aspirations of the international community towards a more just and more balanced economic order. The Lomé Conventions was one of the North-South cooperation agreements, which was aimed to promote the development of the ACP states. ACP products included items such as bananas, sugar, rice and rum. The main financial and technical instruments of the partnership were the European Development Bank (EDF) and the resources of the European Investment Bank (EIB). The ACP States also benefited from lower prices due to the Common Agricultural Policy (CAP). This arrangement was considered essential for ACP States since tariff preferences alone did not ensure access to the EU market at viable prices. Over the years, the number of ACP countries increased from the original forty-six to seventy-nine. The EDF grew from ECU3.053,3 million in the first five-year period to ECU14.300 billion for the 1996-2000 funding cycle. This, along with bilateral assistance from the EU member states and other assistance provided from the EU budget, made the EU and its Member States by far the largest source of aid for the ACP States.

¹² ACP-EU Partnership Agreement 2000, 25, Consolidated text.

¹³ For an analysis of the Cotonou Agreements and the EPAs see Elgström and Pilegaard, 2008; Gasiorek and Winters 2004.

¹⁴ Pascal Lamy 2004, pp 3-5.

¹⁵ The EPA was signed on October 15 2008 by the European Community and the following members of CARIFORUM: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Jamaica, Saint Christopher and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago. Guyana later signed on October 20, 2008. Haiti signed the Agreement on December 11 2009. The EPA was created through an intense negotiating process which was undertaken within four (4) stages over a period of three years. Phase IV of the negotiating process or the finalization process, which led to the ultimate conclusion of the EPA negotiation in December 2007, was preceded by the critical Phase III of the negotiation process. Launched in

the Lomé Conventions is that the EPAs are based on reciprocal trade, that is, the end of preferential treatment. Another significant feature of the EPAs is that they were negotiated between the EU and a divided ACP – six ACP geographic regions. The signing of the EPA invoked intense debate in the Caribbean. On the one hand supporters of the Agreement cited its strengths. Ambassador Richard Bernal, former head of the Caribbean Regional Negotiating Machinery (CRNM)¹⁶ explains that since the Caribbean economies are highly open and export driven, access to the EU's 'vast and lucrative' market of 50 million consumers presents potential opportunities for the Caribbean. Bernal emphasizes that the EPA is a trade and not an aid agreement. In that vein he points out that given the end of preferences and the long-standing relationship with Europe and the realities of the WTO rules-based trade regime, it was necessary to sign the EPA. Bernal cautioned naysayers that small countries have 'no entitlement to aid' and as middle income developing countries the Caribbean states had to get off this habit of development assistance. He points out that Caribbean countries needed instead to become more internationally competitive. According to Bernal, 'trade liberalization will not automatically give benefits but it creates opportunities but if these have to come to fruition we have to make use of them' he said.¹⁷

Former Prime Minister of Barbados, the Right Honourable Owen Arthur, reflected on the EPA in this way:

When Caribbean Heads of Government met in Georgetown, 7th December, 2007 to give a mandate to our negotiators to conclude a new Economic Partnership Agreement (EPA) with the European Union, we did so conscious of the historical significance of the moment, but even more conscious of our obligations to this, and to future generations.

We were also in no doubt about the complexity and the sheer enormity of the task about to be undertaken.

We were well aware that a new EPA would effectively transform the character of the economic relationship between the Caribbean and Europe that had been

September 2005, Phase III of the EPA negotiations underwent a qualitative shift in focus and specificity. Building on Phase I and Phase II discussions which focused on regional integration content, processes and ambition within CARIFORUM, Phase III constituted the structuring and consolidation of negotiations, so that the points of common understanding could be channelled into elements of the EPA Agreement. This Phase continued until the later part of 2006. What follows takes stock of the background of EPA negotiations and the importance of the EPA to CARIFORUM. The negotiation of the EPA took place at three tiers, namely: Ministerial, Principal Negotiators and subject-specific negotiators. The Lead Ministerial Spokesperson for EPA for the Region was Dame Billie Miller, Senior Minister and Minister of Foreign Affairs and Foreign Trade-Barbados. The former Director General of the Caribbean Regional Negotiating Machinery (RNM), Ambassador Dr. Richard Bernal, served as the CARIFORUM Principal Negotiator. At the technical level, negotiations were conducted by members of the EPA College of Negotiators. See "CARIFORUM Economic Partnership Agreement Negotiations" (http://www.crnmm.org/index.php?option=com_content&view=article&id=276&Itemid=76&0872a8d70c6252b77261d45b4779477d=86013e6221f2460ae98b3869465636a8) Accessed 19 February 2011.

¹⁶ The CRNM has evolved into the Office of Trade Negotiations (OTN) within the CARICOM Secretariat.

¹⁷Bernal, Richard L. CARIFORUM-EU Economic Partnership Agreement Part 1 Face (<http://bl157w.blu157.mail.live.com/default.aspx?wa=wsignin1.0>) Facebook Video. Part II (<http://www.facebook.com/video/video.php?v=1424658991041>). Viewed 19 February, 2011.

embodied in Four LOME Conventions – a relationship that had come to be celebrated as the only working model of North-South Cooperation ever devised.

We would have been equally aware that notwithstanding the advantage that the LOME Conventions had been intended to confer on ACP countries because of their special preferential arrangements, the ACP's share of the European market had fallen from 6.7% in 1976 to 2.8% by 2000.

We could hardly have ignored the fact that significant aspects of the LOME regimes, which bore directly on the fortunes of important economic sectors in the Caribbean, had already been subject to successful challenge by other countries within the Dispute Resolution Mechanisms of the World Trade Organisation (WTO).

In a broader sense we could not help but be aware that the days when Europe could confer on Caribbean societies special trade benefits that it was not prepared to grant to other developing countries, without making any benefits consistent with international trade law and agreements, were over.

Having regard to the dynamics of contemporary Caribbean development, it was difficult for us to escape the conclusion that the old order which focused our relationship with Europe on the trade in goods only, and the grant of aid, bore no sensible relation to the requirements of modernizing and transforming societies.¹⁸

Former Prime Minister Owen Arthur captures the essence of the debate from the perspective of those supportive of the EPA. However, on the other side of the debate, leading Caribbean scholars and intellectuals took issue with the EPA. Professor Clive Thomas wrote relentlessly on the issue.¹⁹ Key concerns relate to market access for goods and services into the EU market, development support, rules of origin, technical barriers to trade and Sanitary and Phytosanitary Standards.' According to Professor Norman Girvan, the EPA relies 'on reciprocal trade liberalization between highly unequal partners to achieve its development objectives.'²⁰ My questions are: can an unequal global competitor be a genuine 'partner'? Is competitive cooperation possible across the North-South divide? What are the implications of the EPA for the Caribbean Single Market and the OECS Economic Union? What does it mean for future relations between CARICOM, the Dominican Republic and Cuba? The scope of this paper does

¹⁸ The Right Honourable Owen Arthur, Presentation at the Private Sector Organisation of Jamaica Chairman's Club Forum "Making the Most of the EPA" Jamaica Pegasus Hotel, February 3, 2009.

¹⁹ See Professor Clive Thomas' series Guyana and the Wider World in *Stabroek News* during 2008 posted on (<http://www.GuyanaCaribbeanpolitics.com>). For example, Thomas' articles such as, 'Putting the EPA in Context: Observations on Antecedent CARICOM-EU arrangements' posted January 27, 2008; 'Suckered: The Economic Partnership Agreement (EPA) as massive manipulation' posted January 20, 2008; 'Establishing SIDA and sabotaging it: Casualty of the EPA!' posted February 3, 2008; 'Design and architecture of the EPA: The importance of self-critique' posted February 24, 2008. The debate on the EPA was also captured on Professor Norman Girvan's website (<http://www.normangirvan.info/economic-partnership-agreement-epa/>).

²⁰ Professor Norman Girvan 'The CARIFORUM-EC EPA A Critical Evaluation - The devil is in the detail' April 27, 2008 pp 1-4.

not allow for deeper probing of such questions. However CARIFORUM-EC EPA represents a shift in the ‘partnership’ between the Caribbean and the EU.

The institutions of CARICOM and CARIFORUM have responsibility to implement the EPA. However, the controversial negotiations and eventual signing of the EPA coincided with the ousted of incumbents in a number of CARICOM countries. In fact, a ‘wind of change’ blew through the Caribbean from 2006 to 2009²¹ and those changes at the domestic level slowed down the pace of EPA implementation. To compound the matter, subsequent to the signing of the EC-CARIFORUM EPA, the global financial and economic crisis had significant implications for economies in Europe and in the Caribbean.²² Therefore, two years after coming on stream an assessment was done on the ‘bottlenecks’ and ‘benefits’ of the EPA.²³ The CARICOM Secretariat has since developed a ‘Re-worked roadmap for implementation of the CF-EC EPA’.²⁴ The general argument is, although the recent global financial and economic crisis originated in the developed countries, it has negative consequences in the developing world, such as in the ACP states. Some of the negative fall-out relate to the decline in trade and investment flows and tourism, reduced remittances, lower prices for certain commodity products, reduced employment and increased poverty. This makes it difficult to implement the EPAs. The situation is complicated further when regional integration is in flux.

CARICOM - A Long Pause?

Another major challenge in the Caribbean relates to the apparent stagnation of CARICOM, which was established in 1973 following the collapse of the West Indian Federation (WIF) and the Caribbean Free Trade Area (CARIFTA).²⁵ After thirty-eight years, an assessment of

²¹ Incumbents were defeated in general elections in the following Caribbean countries during 2006-2009: St. Lucia (11 December, 2006); The Commonwealth of the Bahamas (2 May, 2007); Jamaica (3 September, 2007); Barbados (15 January, 2008) Belize (7 February, 2008); Grenada (8 July, 2008); Trinidad and Tobago (24 May, 2010) and Suriname (25 May, 2010).

²² For further analysis in the global financial and economic crisis see Sanoussi Bilal “Implications of the Global crisis for the ACP-EU Economic Partnership Agreements (EPAs) December 7, 2009. (<http://www.thebrokeronline.eu/en/Online-discussions/Blogs/Redeveloping-finance/Implications-of-the-Global-Crisis-for-the-ACP-EU-Economic-Partnership-Agreements-EPAs>) Accessed 19 February 2011 and The Economic Commission for Latin America and the Caribbean, 2008.

²³ The Courier “All eyes on the CARIFORUM EPA Issue No. XX (NS) – November/December 2010. (<http://www.acp-eucourier.info/All-eyes-on-the-CARI.1346.0.html>) Accessed 19 February, 2011.

²⁴ See Draft Re-worked Roadmap for implementation of the CF-EC EPA” May 2009.

²⁵ Regional integration in the British West Indies has a long history which began with the Windward Islands Federation (Grenada, St. Vincent, St. Lucia and Tobago) from 1833-1958; The Leeward and Windward Island Federation (Antigua and Barbuda, Montserrat, St. Kitts, Nevis and Anguilla) from 1871 to 1962 and the most notable West Indian Federation which was established on January 3, 1958 among ten former British colonies: Antigua and Barbuda, Barbados, Dominica, Grenada, Jamaica, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia, St. Vincent and the Grenadines and Trinidad and Tobago. The seat of the federation was in Port-of-Spain, Trinidad and Tobago. This early experiment was part of a wider British project which was aimed to curtail the costs of empire for a weakened post-war Britain while seeking to minimize the impact of decolonialization on the small island economies unable to survive on their own. However, a convergence of factors led to the early demise of the Federation on May 31, 1962. Writers have cited many political, economic, socio-cultural and geographic factors for the short-lived federal venture (Lewis 1968; Williams 1970). Politically, the Federation was a British imposed project and there was little or no popular support for it (Lewis 1968, Williams 1970). There was also lack of any great commitment by local politicians to cede power to the center. In essence, there was unwillingness of insular political leaders “to have the spotlight shifted from them to the federal leaders” (Williams 1970, p. 513). Instead

CARICOM provides a mixed picture. I have argued elsewhere that whereas CARICOM has achieved relative successes in the realm of functional cooperation, it has been less successful in terms of foreign policy coordination and economic integration.²⁶ In fact, CARICOM has chosen a minimalist approach to integration as a community of sovereign independent states. It operates within an almost purely intergovernmental framework, which undermines its ability to meaningfully deepen integration. Over the almost forty years since its establishment, CARICOM has evolved into a push-pull model with moments of renewal and stagnation. Given Cold War machinations and the global crisis of the 1970s and 1980s, CARICOM Heads of Government did not meet for six years – from 1976-1981. The 1989 Grand Anse Declaration was an attempt to inject life into an ailing CARICOM with the promise of a Caribbean Single Market and Economy (CSME) in the ‘shortest possible time.’ The Report of the West Indian Commission (WIC) which followed in 1992 recommended a number of measures to resuscitate the regional project. However, many of the recommendations of the WIC (which included an EU-like Commission and other common institutions) were not readily adopted. Based on the Rose Hall Declaration in 2003 CARICOM Heads of Government agreed to the establishment of a CARICOM Executive Commission to address its ‘implementation paralysis’ and strengthen the governance arrangements. To date that debate is ongoing. The Treaty of Chaguaramas was revised in 2001 and the Caribbean Court of Justice (CCJ) was established in 2005 with the launch of the Caribbean Single Market (CSM) in 2006. However, while twelve member states of CARICOM can access the CCJ as a dispute settlement mechanism for the CSM, only Guyana, Barbados and Belize are members of the CCJ in its appellant jurisdiction.²⁷ In fact the CCJ has drawn attention to the tension between domestic politics and regional integration.²⁸

The CSM became the defining pillar of CARICOM during the last fifteen years or so. The overall purpose of the CSM is to integrate the economies of CARICOM into a unified market in which people, goods, services and capital move freely and into a single economy that functions under the same harmonized economic policies. However, the CSM is riddled with challenges, such as the free movement of people and the perceived social dislocations which can ensue. As I explained elsewhere:

what emerged in the twentieth century was a fierce sense of nationalism where political leaders had a desire for independence and not to belong to a supranational organization. This was influenced by developments in the post emancipation period which saw the rise of nationalist movements in the Caribbean. Uneven development among the territories was another factor which contributed to the demise of the Federation. A significant spin-off from colonialism was the existence of disparities in the political and economic development among British territories in the Caribbean. This arose from the fact that Britain fostered a sense of division among its colonies as a means to enhance its control. There was very little communication and trade among the colonies as each dealt directly with London. In addition, the More Developed Countries (MDCs), namely Jamaica and Trinidad and Tobago, felt they were subsidizing the Least Developed countries (LDCs). As such, the Federation was riddled with inter-island jealousies, competitive economic policies and internal disagreements among members. Socio-cultural and geographic factors also played a role in the early collapse of the federal venture. The geographic separation of Jamaica, the largest and most populous province, led to psychological isolationism and nationalism. The eventual demise of the Federation came as a result of Jamaica’s decision to withdraw following a referendum held in September 1961. In response to Jamaica’s position, Trinidad and Tobago followed suite. The dissolution of the Federation was followed by the granting of political independence to the four largest islands: Jamaica and Trinidad and Tobago in 1962 and Barbados and Guyana in 1966 and the creation of a Caribbean Free Trade Area (1965-73).

²⁶ For my earlier works on CARICOM see Grenade 2008, 2008a, 2007, 2005, 2005a, 2004.

²⁷ The CCJ has an original and appellant jurisdiction. The former is concerned with settling disputes arising out of the CSME and the later is to replace the Judicial Committee of the Privy Council.

²⁸ See David Hinds 2005.

...while integration is imperative, it is problematic. For example, deepening integration through a single market increases the size of the region's market. It also has the potential to increase the region's competitiveness and bargaining power in the global arena. It can also optimize the use of human capital and promote development. Widening expands the frontiers of a region and enhances its geo-strategic position in the world. Yet, despite these possible benefits, a single market can perpetuate uneven development, create winners and losers, engender vexing issues of identity and citizenship and breed social dislocations. Therefore, effective regional governance arrangements become critical. However, while sound regional governance is necessary to advance the pace of integration, it brings to the fore issues of sovereignty, legitimacy and democracy.²⁹

Recently CARICOM has come in for harsh criticisms, even as long-serving Secretary-General Edwin Carrington, announced his retirement at end of 2010. For eminent Caribbean journalist, Rickey Singh, 'Sick' Caricom needs a dose of 'people power'. He makes the point that "the bloodstream of our regional integration process is threatened by anaemia and need an infusion of people power to resuscitate what we know as Caricom."³⁰ Ron Sanders, a former Caribbean diplomat sums it up this way:

...What the region needs now is more not less integration. The leaders of CARICOM, therefore, should be strengthening and sharpening the regional integration process as a vital instrument in improving the conditions of their countries individually and collectively.

But the process has to start with a willingness by leaders to talk with each other frankly, openly and with empathy, and it has to be infused with an acknowledgment that they have side tracked the regional integration process, and must put it back on a main track because their countries need it. The conversation has to be underlined by a desire to reach collective decisions which take account of the circumstances of each in trying to achieve benefits of all.

The present media squabble over announcement by those in Trinidad and Tobago who own and control Caribbean Airlines Limited (CAL) that it will compete with LIAT in some Eastern Caribbean destinations, and the response of the Prime Minister of St. Vincent & the Grenadines, Ralph Gonsalves, epitomizes the absence of dialogue at appropriate levels in the region.

One would hope that if the region now had a strong Secretary-General as the chief Executive officer of the regional movement, he or she would have stepped-in long ago not only to diffuse this issue, but to steer the leaders involved to a path of cooperation that could realise mutually beneficial objectives.

²⁹ Grenade, 2008, p. 114.

³⁰ Rickey Singh, 'Sick Caricom needs a dose of 'people power' *Jamaica Observer* Sunday February 6, 2011.

But the truth is that the regional movement now needs more than a strong Secretary-general, it requires a complete overhaul of the entire CARICOM machinery, beginning with a renewed commitment to regionalism by leaders. New priorities have to be set for CARICOM and many of its dead-weight issues dropped; both sufficient financial resources and appropriate skills have to [be] employed to accomplish the priorities which must include strategic partnerships with the private sector and with international partners including China, India and Brazil to help crank –up economic growth through investment and employment.

All is not well in CARICOM. Indeed, much of it is ailing, and while the regional project weakens, all of its member countries are being left behind in the global race for betterment.³¹

Caribbean scholar Professor Norman Girvan points to the ‘original sin’ of CARICOM and argues that CARICOM is suffering from a multiple crises – a crisis of implementation, of credibility and legitimacy. Girvan refers to the ‘original sin’ as ‘a two-headed sin. One head is the absence of supranationality, or collective sovereignty, which is the underlying source of the implementation deficit of the Community and the second is called a ‘participation deficit.’ Girvan observes that, ‘[s]everal member states are pursuing external associations. Two are in UNSASUR, the Union of South American States; and three others are in ALBA. In neither case were there consideration of making a CARICOM-wide collective agreement with these configurations.’³² This is a major problem for the region. The question is, how do these multiple and overlapping configurations relate to one another? Are they unifying forces or sources of further fragmentation? Can Caribbean states afford membership in multiple fora? What are the costs and benefits? Who benefits, who loses? Those questions provide no easy answers. At the heart of the debate are questions of solidarity, sovereignty and survival.

One of the Caribbean’s eminent statesmen, Sir Shridath Ramphal, recently asked, ‘Is the West Indies West Indian?’ Ramphal laments the current state of CARICOM, which I will quote at length:

...Despite the new external compulsions, therefore, the pursuit of even economic unity, which publics largely accepted, has been a passage of attrition. It has taken us from 1965 to 2010 - 45 years – to crawl through CARIFTA and CARICOM, through the fractured promises of Chaguaramas and Grand Anse, and through innumerable pious Declarations and Affirmations and Commitments. The roll call of unfulfilled pledges and promises and unimplemented decisions is so staggering that in 2011 a cul de sac looms.

At Grand Anse in 1989 West Indian political leaders declared that “inspired by the spirit of co-operation and solidarity among us (we) are moved by the need to work expeditiously together to deepen the integration process and strengthen the Caribbean Community in all of its dimensions.” They agreed a specific work

³¹ Ronald Sanders ‘Commentary: CARICOM: Its’ leadership that’s needed’ *caribbeannewsnow.com* February 11, 2011.

³² Norman Girvan “CARICOM’s ‘Original Sin’ Paper presented at the CARICOM Regional civil Society Consultation, Port-of-Spain, Trinidad and Tobago, 10-11 February, 2011, p. 1.

programme to be implemented over the next four years with primacy given “towards the establishment, in the shortest possible time of a single market and economy”. That was 22 years ago. The West Indian Commission (also established at Grand Anse) confidently charted the way, declaring it a “Time for Action”. West Indian technicians took their leaders to the brink with the Revised Treaty of Chaguaramas. But there was no action – no political action, no political will to act. In twenty-two years, nothing decisive has happened to fulfill the dream of Grand Anse. Over those two decades the West Indies has drawn steadily away from being West Indian.

...Words alone are never enough, except to deceive. As Paul Southwell used to remind us in Shakespearian allusion: “Words, words, words; promises, promises, promises; tomorrow and tomorrow and tomorrow”. Nothing’s changed. In the acknowledged quest for survival (including political survival) the old urge for ‘local control’ by those in control has not matured to provide real space for the ‘unity’ we say we need. Like 19th century colonists we strive to keep our rocks in our pockets – despite the enhanced logic of pooling our resources, and the enlarged danger of ‘state capture’ by unelected groups and external forces while we dally.

...When the unsung benefits of regionalism are no longer available as instruments to bolster local development, and bargaining with larger countries, and coping with the destructive reach of drug trafficking – only then perhaps will Governments be forced into reconstructing those vital elements of regional support that neglect had helped to destroy. We will then, perhaps, as with CARIFTA in 1965, resume the old cycle of rebuilding what we once had, but carelessly destroyed; and so *ad infinitum*. But let us remember, a civilization cannot survive save on a curve that goes upward, whatever the blips in between; to go downward, whatever the occasional glimpses of glory, is to end ingloriously. Caribbean civilization is not an exception. It is now as it was ninety-five years ago with Marryshow: *The West Indies must be West Indian*.³³

Ramphal strikes at the heart of the problem: the absence of action and the refusal to capitalize on cultural synergies. From my perspective, CARICOM is in serious flux. This is no surprise. After almost forty years, what has emerged is a schizophrenic model. CARICOM has evolved into a 4-Ps framework: it is prime-ministerial, paper-based, piece-meal and people-less. The core of the problem lies in its insistence on intergovernmentalism. Or put correctly, just as was the case during the West Indian Federation, political leaders do not wish to share power with the center, for the greater good. However, all is not lost for the Caribbean. The sub-regional grouping of the Organisation of Eastern Caribbean States (OECS) is showing a relatively mature approach to regional integration, despite serious challenges. We will now turn to the OECS.

³³ Sir Shridath Ramphal Ramphal, “Is the West Indies West Indian?” Paper delivered at the tenth Sir Archibald Nedd Memorial Lecture, St. George’s, Grenada 28 January, 2011, pp 5-6.

The Organisation of Eastern Caribbean States (OECS): An Overview

The Organisation of Eastern Caribbean States (OECS)³⁴ was established by the signing of the Treaty of Basseterre on 18 June, 1981. Its main objectives are to promote cooperation, maintain unity and solidarity in defence of their sovereignty and territorial integrity, assist member states in realizing their obligations to the international community, seek to achieve the fullest harmonization of foreign policy and establish joint overseas representation, establish an Economic Union and establish common institutions and take common actions.

By way of background, the collapse of the West Indian Federation (WIF) in 1962 was due in part to disagreements between the leaders of Jamaica and Trinidad and Tobago. The demise of the WIF was influenced by a referendum in Jamaica and that country's eventual withdrawal from the Federation. Eric Williams, then premier of Trinidad and Tobago's, followed Jamaica and declared a new kind of mathematics – 'one from ten leaves zero'. As the larger territories disbanded the WIF, and pursued independence, the smaller territories were left on their own. Arthur Lewis analysed what he referred to as 'the Agony of the eight.'³⁵ These smaller territories, most still British colonies, had to devise alternative strategies to survive as viable territories. Therefore, in November 1966 Antigua and Barbuda, Dominica, Grenada, St. Kitts, Nevis and Anguilla and St. Lucia formed the West Indies Associated States Council of Ministers (WISA). Those islands gained internal self government from Britain in 1967. St. Vincent and the Grenadines joined WICA in 1969 and gained self government that same year. Montserrat remained as a British territory (even till today) but maintained an administrative relationship with WISA.³⁶ This group later evolved into the OECS.³⁷

³⁴ The member states of the OECS are Antigua & Barbuda, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines. Associate member countries are: Anguilla and British Virgin Islands.

³⁵ Arthur Lewis *The Agony of the Eight* (1965) reprinted by the Institute of Social and Economic Research, The University of the West Indies, 1998.

³⁶See CARICOM Secretariat 2005, pp 48-49.

³⁷ The OECS headquarters is located in St. Lucia, the Export Development Unit in Dominica, the Eastern Caribbean Civil Aviation Authority in Antigua and Barbuda, the Eastern Caribbean Central Bank in St. Kitts and Nevis and overseas Missions in Ottawa, Brussels and Geneva.

Small Size

While CARICOM countries are small states, OECS countries are micro states given their very small size (see Figures I & II).

Figure I: Land Distribution Select Western Hemisphere

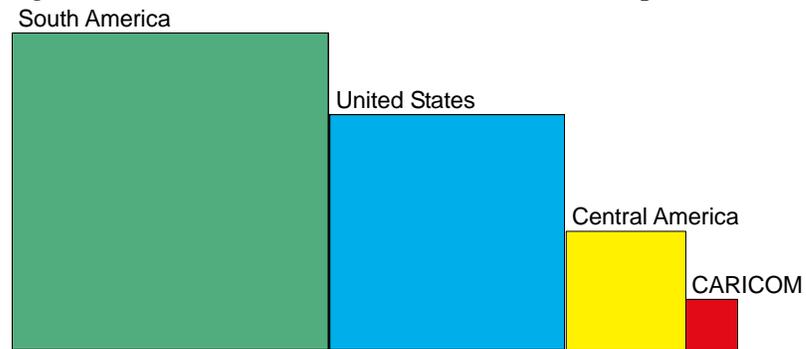
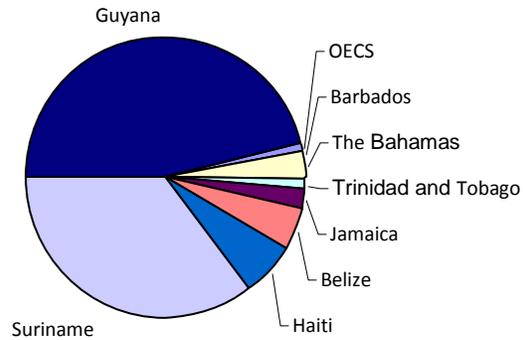


Figure2. Land Distribution – CARICOM & OECS



Source: The World Fact Book 2003-2004 cited in Grenade, 2005, pp 67-68.

OECS countries are also very small in terms of population size (see Figures III and IV).

Figure III. Population Size - Selected Western Hemisphere

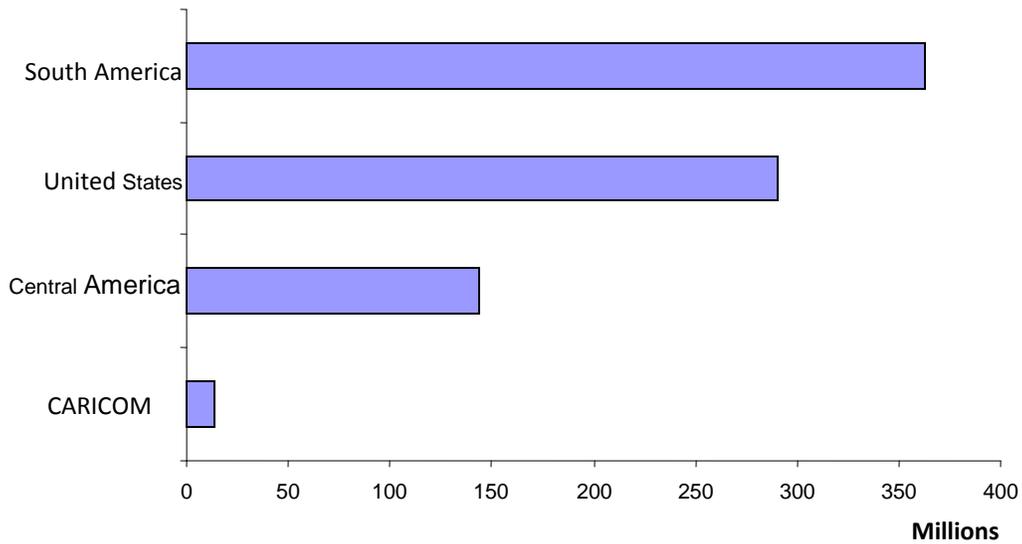
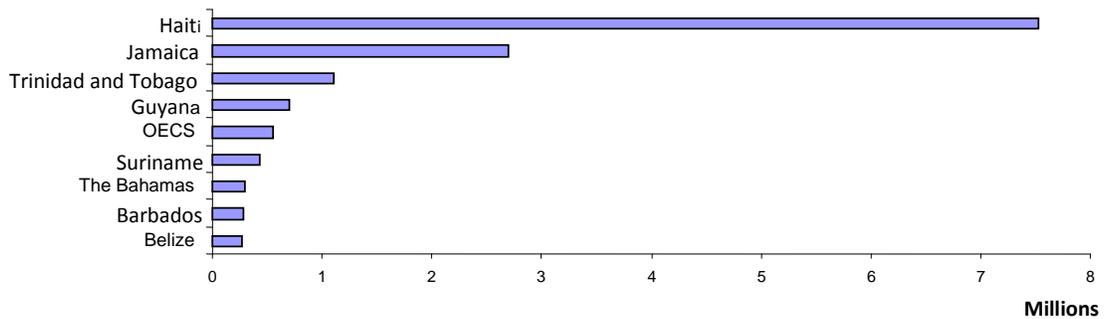


Figure IV. Population Size - CARICOM, 2003-2004



Source: The World Fact Book 2003-2004 cited in Grenade, 2005, pp 69-70.

As the above figures show, smallness is one of the key defining characteristics of the OECS (even relative to the rest of CARICOM). In addition to their small size, OECS countries are open economies which depend heavily on agriculture, tourism and other services, foreign direct investment and remittances. However, when compared to the wider CARICOM some of the OECS economies perform relatively well. As Table I depicts, Antigua and Barbuda, St. Kitts and Nevis and St. Lucia outperform countries such as Jamaica, Belize, Guyana and Haiti.

Integration in the OECS

In terms of sub-regional governance, these smaller territories inherited a number of common institutions which were established during the WIF: the Eastern Caribbean Currency Authority (1965), which emanated from the British Caribbean Currency Board (1950), later named the Eastern Caribbean Central Bank (1983); the Directorate of Civil Aviation (1957) now called the

Eastern Caribbean Civil Aviation Authority; and the Eastern Caribbean Supreme Court (1967).³⁸ The OECS capitalized on its inheritance and has achieved deep levels of integration relative to the wider CARICOM. The main institutions of the Organisation are the:

- Eastern Caribbean Supreme Court
- Eastern Caribbean Central Bank
- Eastern Caribbean Civil Aviation Authority

The revised Treaty of Basseterre (2010) makes provision for the main organs of the organisation which are the:

- Authority of Heads of Government of the Member States
- Council of Ministers
- OECS Assembly
- Economic Affairs Council
- OECS Commission

The OECS has harmonized policies in a number of areas which include energy, tourism, air transportation, health reform, education reform, judicial reform, foreign policy and trade Negotiations. OECS countries also established a Pharmaceutical Procurement Services and there is an OECS News-Link. The Eastern Caribbean Telecommunications Authority (ECTEL) – was established to oversee telecommunications deregulation. The OECS Authority gives overall direction to the organisation and the OECS Secretariat manages the day-to-day operations. Given the relative success of the OECS, both Barbados and Trinidad and Tobago, on separate occasions, have engaged the OECS on the possibility of deeper political union.³⁹

Despite its strengths, the OECS economies are riddled with challenges. High public debt is one of the challenges which face the ECCU. As the IMF reports, “Extremely high and rising regional public debt in the context of a regional currency board arrangement has exacerbated the region’s vulnerability to shocks. The regional public debt jumped to above 100 percent of GDP at end 2009, from an average of 93 percent of GDP in 2006–08, reverting earlier gains in debt reduction. At current policies, debt is either on an explosive path or stubbornly high at least in some countries.”⁴⁰

In fact, as small open economies which are vulnerable to external shocks, the global financial and economic crisis has had negative implications for the ECCU. As the International Monetary Fund (IMF) reports, “The ECCU has been hard hit by the global economic downturn and is faced with a protracted recovery. Reflecting a collapse in tourist arrivals and FDI-financed construction activity, real regional GDP contracted sharply in 2009 and growth is expected to remain subdued in 2010–11. Surging fiscal deficits, the lack of institutional arrangements for fiscal consolidation, unsustainable debt levels, and stress in the financial sector are threatening the underpinnings of the currency union and the currency board.”⁴¹ The IMF reports further that:

³⁸ IADB, 2003 p. 3.

³⁹ See Patsy Lewis 2003.

⁴⁰ IMF, 2011, p. 6.

⁴¹ International Monetary Fund, 2011, p. 1.

The ECCU is at crossroads as vulnerabilities have intensified. The ECCU consists of eight small, open, tourism-dependent island economies which share a common currency pegged to the U.S. dollar... The regional currency board arrangement, which continues to be an appropriate exchange rate regime, has provided a strong anchor for macroeconomic stability, and facilitated financial system development. However, the global financial and economic crisis has brought to the fore pockets of significant weaknesses. Surging fiscal deficits, the lack of institutional arrangements for fiscal consolidation, unsustainable debt levels, and stress in the financial sector are threatening the very underpinnings of the currency union and the currency board. The authorities have responded on a number of fronts, but remedial action has been uneven and needs to be intensified in a number of areas and countries.⁴²

What is instructive is that the OECS Authorities ‘have committed to a coordinated regional response to the economic downturn through the Eight-point Stabilization and Growth Program, signed by ECCU governments in December 2009. It focuses on the implementation of a stabilization package covering financial programs, fiscal reforms, and debt management; a stimulus package (public sector investment programs (PSIP) and social and financial safety nets); and a more structural focused package, comprising the amalgamation of some indigenous banks and reform of the insurance sector.’⁴³

The European Union, CARICOM and the OECS

Evidence suggests that the OECS model is closer to that of the EU. It is well established that the European Union is the most advanced regional experiment and it has become a reference point for other regional projects. There is evidence that the EU has experienced deep integration and relative successes. European integration has brought stability, peace and economic prosperity to Europe and it has strengthened the EU’s voice in the world. It has also achieved results which would not have been possible by individual member states acting on their own. Yet despite its achievements, the EU is accused of, among things, ‘democratic deficits’, lack of a cohesive foreign and defense policy and expansive widening. Although it is still an unfinished project, the EU has emerged as a benchmark for regional integration throughout the world. The EU’s approach to integration is a combination of inter-governmentalism and supranational governance. That is, it sought to create a unique institutional structure and adopt decision-making procedures which aim to promote the ‘common good’ of the Union, without undermining the interests of individual member states. It must be noted, however, that this is not an easy process for the EU. It has had to and will continue to confront several hurdles. Yet, the approach, though complicated, makes useful study. The common institutions of the EU play a vital role in the integration process.

The European experience suggests that a common court acts as a glue to sustain integration. In the case of CARICOM, the Caribbean Court of Justice (CCJ) was established in 2005 with two jurisdiction: an Appellant Jurisdiction (to replace the Judicial Committee of the Privy Council) to consider and determine appeals in both civil and criminal matters from common courts within the jurisdiction of member states which are parties to the Agreement

⁴² Ibid, p. 5.

⁴³ Ibid

Establishing the CCJ and an original jurisdiction to discharge the functions of an international tribunal applying rules of international law in respect of the interpretation and application of the Revised Treaty of Chaguaramas (12 member states can access this jurisdiction). To date only Barbados, Belize and Guyana have acceded to the Appellant Jurisdiction of the CCJ. However, at the sub-regional level, the Eastern Caribbean Supreme Court was established in 1967 and predates the 1981 Treaty of Basseterre. It is a superior court of record and has unlimited jurisdiction in the member states in accordance with the respective Supreme Court Acts. As is the case within the ECJ, The Eastern Caribbean Supreme Court has built up a body of community law at the sub regional level. A question arises, what is the relationship, if any, between the CCJ and the Eastern Caribbean Supreme Court? What are costs implications for the small states of the Caribbean Community to financially support both courts? These are challenges that should be addressed.

The European experience also suggests that a parliament is another critical institution to sustain integration. The European Parliament is a supranational institution which is elected by the citizens of the member states and brings together all the political parties operating in the EU member states. An Assembly of Caribbean Community Parliamentarians (ACCP) was established within CARICOM as a consultative and deliberative body for the deepening of the integration movement and its objectives are clearly set out in Article 4 of the Agreement.⁴⁴ However, the ACCP is defunct. As Girvan observes ‘...the ACCP had no decision-making powers. It was not one of the legally constituted organs of governance of the Community. It lacked an independent source of finance...The ACCP appears nowhere in the Revised Treaty of Chaguaramas.’⁴⁵ Therefore at the level of CARICOM there is a serious democratic deficiency. On the other and, the OECS leadership has decided to include an OECS Assembly in the revised treaty of Basseterre (Article 10). It shall ‘comprise Members who are representatives, as provided in this Article, of the members of the Parliament and of the members of the Legislatures of the Member States (Article 10.1). Each Parliament of an independent State which is a full Member State shall be entitled to elect five of its members to the OECS Assembly. Each Legislature of any other Member State shall be entitled to elect three of its members to the OECS Assembly (Article 10.2). It is still too early to tell the impact, if any, the OECS Assembly will have. Nonetheless this is a step in the right direction to democratise the sub-regional process.

One of the cardinal sins of CARICOM is its failure to institute a CARICOM Commission. While discussions are ongoing about an Executive Commission, there is no clear action in this regard. However OECS leaders have agreed to establish The OECS Commission (Article 12), which shall ‘be the principal Organ responsible for the general administration of the Organisation.’ The Commission shall comprise the Director-General, who shall convene and preside at meetings of the OECS Commission, and one Commissioner of Ambassadorial rank named by each Member State. A Commissioner shall, subject to Article 15.4, represent the OECS Commission in the Member State appointing that Commissioner. The decisions of the OECS Commission shall be taken by a simple majority vote. While this Commission does not perhaps go far enough, it is a step in the right direction. While the OECS Commission is not as sophisticated as the EU Commission, there is intent on the part of the OECS political leadership to go beyond the CARICOM model in this regard.

⁴⁴ CARICOM Secretariat, “Agreement for the Establishment of an Assembly of Caribbean Community Parliamentarians” (<http://www.caricom.org/archives/agreement-accp.htm>) accessed March 27 2005.

⁴⁵ Girvan, 2011, p. 4.

Monetary Union is a deep expression of regional integration. In the case of the EU, the Eurozone characterizes deep integration. The scope of the paper does not allow me to go into the intricacies of the Euro in relation to the United States dollar and other global currencies. Nonetheless, a common currency is an important imperative in regional integration processes. One of the strengths of the OECS is its common currency, which is pegged to the US dollar at \$2.7. Over the years, the Eastern Caribbean Central Bank and Currency Union (ECCB/ECCU) has played a positive role to ensure monetary stability in the ECCU. This means, in essence, that while CARICOM as a whole does not have a common currency, seven of the fifteen CARICOM countries already share a common currency, which is an indicator of deep integration. As Table II suggests, currency convertibility is one of the challenges which threaten integration at the wider CARICOM level.

Table II: Currencies: CARICOM and The OECS

Country	Currency	Equivalency to the US\$1
The Bahamas	Bahamian dollar	Bah\$1
Barbados	Barbadian dollar	Bar\$2
Belize	Belizean dollar	BZ\$2
Guyana	Guyana dollar	G\$195.34*
Haiti	Gourde	G41*
Jamaica	Jamaican dollar	J\$58.24*
Suriname	Suriname Guilder	SF\$2,540**
Trinidad and Tobago	Trinidad and Tobago dollar	TT\$6.2**
The OECS	East Caribbean dollar	EC\$2.7

*Floating (2003)

**Floating (2002)

Source: CARICOM Secretariat 2005, pp 405-433.

The EU's internal market is one of its success stories. It is noteworthy that within the EU the economic union of Benelux functions as an economic union even though its members are part of the European Union's EMU.⁴⁶ In the case of the Caribbean, the Caribbean Single Market

⁴⁶ Benelux is an Economic Union established in 1958 by Belgium, The Netherlands and Luxembourg. "The Benelux Economic Union is one of the world's oldest economic unions. Its philosophy and guiding principles operate within a democratic framework and have served as a model for other economic unions, especially the European Union. Nevertheless, the importance of the BEU has diminished over the years as the economies of its member countries have become integrated into the European Union. The BEU is an internal regional association within the European Community, which is in turn the core of the European Union. This relationship continues because the goals of the BEU and the goals of the European Community are not in conflict. Despite its lesser stature today, the Benelux Economic Union played a vital role in the decades following World War II in rebuilding and modernizing the Benelux countries." See [Benelux Economic Union \(BEU\) - duties, benefits](http://www.referenceforbusiness.com/encyclopedia/Assem-Braz/Benelux-Economic-Union-BEU.html#ixzz1EM3LssXa) <http://www.referenceforbusiness.com/encyclopedia/Assem-Braz/Benelux-Economic-Union-BEU.html#ixzz1EM3LssXa>. Accessed 18 February, 2011.

and the OECS Economic Union while offering possibilities are fraught with challenges. It is too early to assess the CSM and the OECS economic union. However, a major difference between both arrangements is that the new vision for the OECS economic union is to create an OECS supra-national arrangement and single economic space which would be an area of peace, tranquillity and harmony, where things work (utilities, infrastructure) and service (in the public and private sector) is excellent in a clean and pristine environment. The Treaty allows for the transfer of legislative powers in five specific areas from national parliaments to the OECS Authority, thereby strengthening the institutional set up of a full-fledged economic and monetary union.⁴⁷

Unlike CARICOM, the OECS has established joint diplomatic Missions in Brussels (Belgium) and Ottawa (Canada) and a Joint technical Mission to the WTO in Geneva, Switzerland. The OECS has also established an office in Puerto Rico. OECS member countries are also part of the Regional Security System (RSS) along with Barbados. On the question of security, CARICOM has established an office for the Implementation for Crime and Security (IMPACS). Research is needed to investigate the relationship between IMPACS and the RSS. There may be scope for deeper collaboration or even some merger.

On the question of foreign policy, the Revised Treaty of Basseterre makes provision for the harmonisation of foreign policy. As Article 15.1 states:

Unless objection is offered by the receiving States or international organisations and conferences concerned, Member States may establish and maintain arrangements for joint overseas diplomatic or other representation, including, where appropriate, the accreditation of one representative to one or more States, international organisations or conferences (Article 15.1).

A current challenge for the Caribbean surrounds various configurations of integration processes in the hemisphere. Currently three OECS member states are members of the Bolivarian Alternative for the Americas (ALBA) – Antigua and Barbuda, The Commonwealth of Dominica and St. Vincent and the Grenadines. Some OECS countries have relations with China and others with Taiwan. The Revised Treaty of Basseterre states:

Nothing in this Treaty shall preclude any Member State from participating in other arrangements either with other Member States or non-Member States provided that its participation in such arrangements does not derogate from the provisions of this Treaty (Article 19.1).

The rights and obligations arising from agreements concluded before the entry into force of this Treaty between Member States, or between Member States and other countries or organisations, shall not be affected by the provisions of this Treaty (19.2).

To the extent that such agreements in Article 19.2 are not compatible with this Treaty, the Member State or States concerned shall take all appropriate steps to eliminate the incompatibilities established. Member States shall, where necessary,

⁴⁷ Organisation of Eastern Caribbean States, Revised Treaty of Basseterre, 2010.

assist each other to this end and shall, where appropriate, adopt a common negotiating position (19.3).

This means in essence that the OECS has made provision for such arrangements. What is salient here is that in this new dispensation there are overlapping forms of regionalisms and cooperation arrangements and small, vulnerable, dependent states are often faced with several dilemmas. One dilemma surrounds short term economic gains versus sustainable development in the long term.

Finally, the discussion suggests that the OECS model is much closer to that of the EU than the CARICOM model. The OECS Secretariat admits that public announcements have been made in various fora about the economic union being modelled after the EU.⁴⁸ However, the OECS Secretariat warned against the ‘wholesale adoption’ of the European Union governance model without paying due regard to the socio-economic realities of the EU.⁴⁹ Nonetheless, when compared to CARICOM, the OECS model is much closer to the EU model. When asked about the EU’s views on the OECS economic union, a representative of the EU Delegation to Barbados and the Eastern Caribbean had this to say:

The EU is very supportive of the OECS Economic Union entering into force. Regional integration is consistent with EC policy as articulated in the European consensus on Development and the joint Statement on EU Development Policy (December 2005). In addition, the Cotonou Agreement (Article 28) requires that cooperation under the Agreement provide support for regional and sub-regional cooperation and integration objectives set by ACP countries and that economic and trade cooperation build on regional initiatives. This is therefore the basis for the cooperation strategy outlined in the European Community – Caribbean Regional Strategy paper and regional Indicative Programme 2008-2013, which includes the deepening of OECS integration internally as well as within the CSME as one of the focal areas for financing the 10th EDF. The EU has committed, as part of the 10th EDF Regional program, €6.6 to the OECS Secretariat to pursue their economic integration and trade agenda. The OECS is also a major trading partner of the EU. OECS exports to the EU valued at EC\$155M/45M euro. The OECS is also a major trading partner of the EU. OECS exports to the EU valued at EC\$155M/ 45M euro (2008) representing 14% of total OECS exports. OECS imports from the EU during the same period valued EC\$778M/ 227M euro representing 10.8% of total OECS imports. The OECS also benefit from other EU funding agencies such as Trade.com (including the Hubs and Spokes programme); the UK CART Fund; PROINVEST; and the German funded GTI programme (2008).⁵⁰

An assessment of the OECS brings into question the need to rethink Eric Williams’ ‘one from ten leaves naught,’ since one from ten did indeed leave nine – the OECS. Time will tell to what extent the OECS model can be sustained or whether the ‘agony of the eight’ will persist.

⁴⁸ For an analysis of the OECS and the EU see paper prepared by the Interamerican Development Bank, October 2003.

⁴⁹ IADB 2003, p. 16.

⁵⁰ An official of the EU Delegation to Barbados and the Eastern Caribbean, by email 18 February, 2011.

Nonetheless based on historical evidence and the European experience, the common institutions should continue to sustain the OECS into the future, despite global uncertainties and domestic constraints.

Conclusions

Several broad conclusions can be drawn from the above analysis of CARICOM and the OECS. First, history is a major factor that shapes integration processes. In the case of European integration devastating wars was the impetus to ensure wars 'were unthinkable and materially impossible'. For CARICOM, the ghost of the failed British West Indian Federation continues to bedevil the regional process. On the other hand, a major reason for the relative success of the OECS is its historical reality. The OECS inherited a number of institutions – a common court, a civil aviation authority and a common currency from the failed federal venture. The small states and territories capitalized on their inheritance. As the EU experience attests, common institutions are a catalyst to sustain regional integration, whether at the regional or sub-regional level.

Second, external forces are a major factor which helps to shape regional projects. For the EU, the need to compete with countries such as the USA and now China influences its integration process. The WTO and other global governance regimes also play a role in shaping integration. While the EU is a global actor, small states such as those in the Caribbean are generally policy takers. The controversy over the CARIFORUM-EC EPA speaks to the tension in North-South inter-regionalisms as a consequence of global forces and internal dynamics. During the Cold War CARICOM states were divided along ideological lines which undermined the regional process. Similarly the global crisis of the 1970s and 80s and the current crisis supports the thesis that global forces are both a threat to and an incentive for regional integration. Another issue surrounds multiple configuration of integration processes – for example, ALBA and the South American Integration project. While these arrangements provide alternative options for small states these multiple forces can inadvertently or otherwise promote fragmentation within regional projects. However they bring to the fore tensions between sovereignty, regionalism and national imperatives.

Third, regional integration processes cannot escape the realities of power relations. A key question is, where does power lie? In the case of the EU, a combination of factors converge to drive the integration process - the larger more powerful states, capitalist interests and lobbyist. For CARICOM, there is also a strong divide between the larger and more developed countries – Jamaica, Trinidad and Tobago, Barbados and Guyana – and the smaller territories. The MDC/LDC divide is manifested politically, economically and socio-culturally in the Caribbean. While the 'larger' territories are small states in relation to the rest of the world, they assume a false sense of superiority in their dealings with the OECS (even when they are outperformed economically by some OECS countries – Guyana and Jamaica are cases in point). The irony is, for micro states, such as those in the OECS, this dual marginalization (at the global and regional levels) creates an even greater incentive to integrate. If smallness equates to powerlessness then there is a logic that leads smaller states to integrate even more. It is this same logic which should exist at the level of CARICOM. The hard question is, why do the leaders of the OECS appear to have greater political will at the sub-regional level and not at the regional level? What are the gaps in political leadership? I argue that the small size of the OECS coupled with the economic and perceived cultural superiority of the MDCs serve to intimidate the smaller territories at the CARICOM level. This may be a blessing in disguise for the OECS.

Fourth, sub-regional groups become assimilated into the regional process, when there are strong common institutions to create certainty and sustain deep integration. A case in point is the BENUIX economic union in relation to the EU. On the other hand, sub-regional groupings tend to deepen their own processes when there is uncertainty and fragmentation at the regional level. An example is the relationship between the OECS and CARICOM. What seems to be emerging is an interrelationship between the stagnation of CARICOM and the strengthening of the OECS. For example when the WIF collapsed, the 'little eight' had to devise strategies to collectively survive and they established the West Indies Associated States. In the initial phase of CARICOM when Heads of Government did not meet for six years (1976-81) the Treaty of Basseterre was signed to create the OECS in 1981. Again, in the current era, when CARICOM seems to be in reverse gear, the OECS launched an economic union. This suggests that as micro states, the OECS are forced to have a defensive posture viz CARICOM to ensure their relevance and viability as sub-regionalism provides greater certainty.

Finally, regional integration continues to be the most viable option for small states, particularly in this complex global era. However, integration processes will continue to grapple with global forces and internal constraints. Yet successful regional processes are the ones which benefit from visionary leadership, institute common institutions and democratize the regional project. As insecurity and uncertainty continue to shape the global political order, regional integration will be one of the roadmaps available to navigate the future.

Further Research

This paper may have raised more questions than it answered. Therefore, further research is needed on sub-regionalism and regionalism in general and the OECS and CARICOM in particular. Comparative research is also needed on other regions in the Global South (such as Africa and Latin America) and the influence of the EU's model. Another issue which requires scholarly scrutiny is the question of overlapping integration processes and multiple cooperation and integration arrangements in Latin America and the Caribbean (LAC). What are the motivations for multiple projects? Are they sustainable? What can they mean for EU-LAC relations? These are critical questions which require academic probing.

Final Thoughts

I end as I began. In the face of uncertainty, corporate enterprises and sovereign states are preoccupied with competitiveness and viability as the peoples of the world search for security in their daily lives, democracy and hope. Within this context, regional integration will continue to be a viable but problematic option. Perhaps more than ever before, scholars and practitioners need to bridge divides to enhance the discourse on integration in the contemporary global era.

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