

ABSTRACT

Commercial Policy And Industrial Programming
In Caribbean Integration

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This study examines the operation of two mechanisms of the Caribbean Common Market viz., trade liberalization and regional industrial programming. The role of the commercial and industrial policies of the twelve member states in retarding the operation of these is explored.

The study also traces the development of the intra-CARICOM trade and highlights some of the salient features of this. Particular attention is paid to the growth of manufactures in this trade and their implication for regional movement.

The institutional framework and the mechanisms of the Andean Pact and the European Community are examined to see what lessons these hold for future action in Caribbean integration.

In general it was found that trade liberalization facilitated the growth of trade between CARICOM member states, and in particular trade in manufactured goods. The integration of Caribbean economies through the simple removal of tariff barriers was fragile and unsustainable. The momentum of the intra-regional commerce depended on the state of certain key members' balance of payments. The balance of payments of these countries in turn depended on the performance of traditional exports, and therefore was subject to the vagaries of the international economy. Amidst balance of payments difficulties, occasioned by poor export performance of traditional products and import rigidities, member states resorted to

commercial policies which adversely affected intra-CARICOM countries trading relations.

The unco-ordinated approach by member states to industrial development further undermined market integration through the uneconomic duplication of manufacturing activities, and the emphasis on final consumer products which encouraged few real linkages between CARICOM countries. More importantly the nature of the industrial development pursued by the individual states held few promises for really transforming the region's economies and generating sustained development.

The old mode of integration with the emphasis on trade liberalization is no longer tenable since it brought little in the way of lasting benefits. A strategy for Caribbean integration in the 1990's and beyond requires production integration to be an integral element of this.