

CARICOM

CARICOM

SINGLE MARKET AND ECONOMY



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Free Movement and Competitiveness



FOREWORD

The notion of a Caribbean Region without barriers, strengthened by its collective resources and opportunities, has been a shared vision that inspired the commitment of integrationists from the early days. Subsequently, world developments further crystallised the need to move with haste to put in place the instruments and institutions to realise this vision and facilitate economic development.

When the Caribbean Community (CARICOM) conceived and agreed on the CARICOM Single Market and Economy (CSME) it was in recognition of challenges posed by the increasingly globalised economy and the need to increase competitiveness of the goods and services of the Region for regional and international markets.

This naturally necessitated removal of barriers to trade, with free movement of regional services, goods and capital, and people. The establishment of the Caribbean Court of Justice (CCJ) would ensure CSME integrity and assume custody of the rights of participating states and their nationals.

There is also recognition that to unlock the richness of these initiatives, the business community must clearly understand the CSME process and cross-border issues. This document therefore seeks to inform, advise and guide the CARICOM beneficiaries - producers, traders, service providers - towards the opportunities created by the CSME. It is hoped that the information serves to further enlighten this group of stakeholders on the relevant issues.



FREE MOVEMENT AND ACHIEVING COMPETITIVENESS

FREE MOVEMENT

The ability of the factors of production—goods, services, capital and people—to move freely across Member States of the Caribbean Community, providing for efficient and competitive production of goods and services for both regional and international markets, means that our Region's people can maximise their talents and resources, thereby leading to greater efficiency and increased profits.

By removing barriers to trade in goods and services and opening up new opportunities for over six million CARICOM nationals, (14 million if Haiti is included) the CARICOM Single Market and Economy (CSME) will stimulate growth and add to the potential for international competitiveness of the CARICOM Member States.

Free movement of Services

Under the CSME, Member States will be required to remove any impediment, which could restrict one's right to provide Services. Individual Member States will have to ensure that nationals from other Member States have access to land, buildings, and other property on a non-discriminatory basis for the purpose, which is directly related to the provision of services.



Free movement of Goods

There are no import duties on goods of CARICOM origin. Tariffs and quantitative restrictions in all Member States are removed. The treatment of intra-regional imports will be different from those coming from the rest of the world.

In addition, there will be agreed regional standards for the production of goods throughout the Region. This could be a major incentive for

producers/manufacturers to aim at a high standard of products. Manufacturers will be able to get their goods to over six million (14 million if Haiti is included) people in the Caribbean.

Free movement of People

This is an essential factor in an ever closer union among the people of CARICOM Member States. The Treaty on the CSME abolishes discrimination on grounds of nationality in all Member States. Under the CSME, the free movement of persons across the Region entails the removal of work permits for University Graduates, Media Workers, Sports Persons, Musicians, Artists, Managers, Supervisors and other service providers.

With the CSME, these persons will be able to travel to Member States with only a travel permit and, in some cases, an Inter-Caribbean Travel document complete with photograph.

Mechanisms will be established for recognising degrees, diplomas and certificates from certain institutions. Additionally, the provisions to harmonise and transfer social security gains will be beneficial to those who qualify.

Workers in these categories can now move freely to another Member State and enjoy the same benefits and rights as regards conditions of work and employment as those given to national workers.

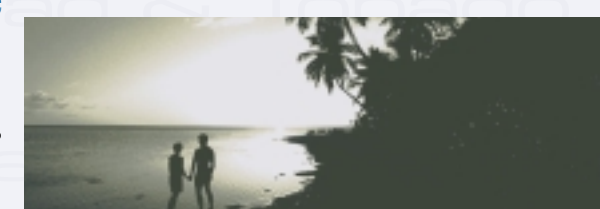
Freedom of movement includes the freedom to leave and re-enter any Member State of their choosing and also to have access to property either for residential or business purposes.

Free movement of Capital

Citizens will be able to transfer money to another country through bank notes, cheques, electronic transfers, etc. without having to obtain prior authorisation. No new restriction can be added and the restrictions that already exist will be removed.

There will also be the equal right to buy shares in any company in any Member State and the right to remove your capital from one Member State to another.

Envisaged under the CSME are the easy convertibility of our Region's currencies and the coordination of exchange and



interest rate policies.

The free movement of capital will allow firms to have access to a wider market for raising needed capital at competitive rates, thus allowing for the productive sectors to become more competitive both regionally and internationally.

The free movement of capital will allow investors to diversify portfolios regionally and to share in the best performing firms (only if these firms have gone public) across the Region.

The movement of capital across the Region will result in increased investment opportunities and will promote investment.

Envisaged under the CSME too is the development of a regional capital market which would facilitate the free movement of capital. This will increase the attractiveness of the Region as an area

for investment both by regional and non-regional investors.

Removal of restrictions will encourage intra-regional investments in both real and financial assets by reducing risk and uncertainty over the ownership of real property, thus aiding in the development of the regional stock exchange.

Competitiveness

Open trade and investment policies are necessary to create a market-driven and efficient domestic economy. Under the CSME, competition will be promoted and maintained. This will lead to greater economic efficiency in production and at the same time enhance intra-regional trade as well as extra-regional trade.

To retain markets abroad in the face of additional global competition domestic firms are encouraged to become highly competitive and to meet international standards for quality and performance.

The CSME makes provision for the protection and promotion of consumers' welfare and there can be no activity that results in the exploitation of consumers and suppliers.

When a company has a very large share of a market, by itself or with a related enterprise, it is said to be in a dominant position. If such a company seeks to restrict entry of any other enterprise into the market, prevent or deter any other enterprise in engaging in competition in a market, limits production of goods and services for a market to the prejudice of consumers, or if it engages in any business conduct that results in the exploitation of its customers or suppliers then that company, if it frustrates the benefits expected from the establishment of the CSME, is said to be abusing its dominant position.

THE CSME AND INVESTMENT INCENTIVES

BUSINESS PEOPLE NEED TO KNOW:

THAT creating a favourable business environment aimed at attracting investors both regionally and internationally where there are lower production costs throughout the Region is to be desired by all.

THAT the purpose is to remove differences and all restrictions to trade among CARICOM countries, and in so doing encourage the perception of the Caribbean as a common space and a harmonised investment area.

THAT to retain markets abroad in the face of additional global competition the CSME will create opportunities for investment which were previously unattainable, so that businesses and companies will be able to establish themselves in conditions which are

THE CSME— CREATING A LEVEL PLAYING FIELD.

Anti-competitive business conduct will not be allowed.

This includes:

- The fixing of selling prices
- Artificially dividing up the markets.

- Restricting of supply sources.
- Bid-rigging – collusive tendering whereby persons enter into an agreement by deciding amongst themselves who should participate in the bid and on the amount of money which should be used to bid.
- Predatory pricing – where the supplier sells at a very low price in order to drive his competitors away.
- Limit to the production of goods and services for a market to the prejudice of consumers.



favourable to them.

THAT previously closed markets will be opened to producers/manufacturers and business people and they will be subjected to the same taxes as national product producers/manufacturers.

THAT free trade means more business opportunities, more efficient allocation of resources and more wealth.

Under the CSME, business people will enjoy an unlimited market for their goods or services. They will also have access to an internal market of over 6 million persons (14 million if Haiti is included) and will not require an import licence for goods originating from a CARICOM country.

The result is a common space and a harmonised investment area with free access to markets.

For business people the CSME will mean an improvement in market access across-the-board, including agriculture, services, and non-agriculture products as well as investment facilitation through the removal of bureaucratic barriers (red tape) and non-discrimination in the granting of incentives among Community nationals. There will be harmonisation of national incentives to investment in the industrial, agricultural and services sectors.

THE CSME CREATES INCENTIVES FOR INVESTMENT BY REMOVING BARRIERS, SPREADING GROWTH

For business people this means:

- Unlimited internal market of over 6 million (14 million, inclusive of Haiti) people.
- No import duty on goods of CARICOM origin.
- Free movement of capital.
- Reduction in the cost of production.

- Removal of tariffs and quantitative restrictions by all Member States.
- No new restrictions can be introduced as it relates to the right of establishment in other Member States.
- Creation of opportunities for investment previously unattainable.
- Establishment of companies in the most favourable conditions for their particular sphere of economic behaviour.
- Predictability in terms of its intended activities within a Member State and within the wider single market.



THE CARICOM SINGLE MARKET ECONOMY (CSME) AND LABOUR

RIGHTS OF CARICOM NATIONALS



Already in existence is the free movement of CARICOM nationals who are university graduates, and this is extended to Artists, Sports Persons, Musicians, Media Workers, Entrepreneurs and their technical staff, spouses and dependent family members and the self-employed.

Access to human resources across another Member State is a fundamental aspect of the free movement of persons within the CARICOM Region. This move will ultimately open the CARICOM labour market to all CARICOM workers, thereby maximizing the use of the Region's human resources.

A wide area of mobility represents opportunities for workers to find a job, and for employers to find people with adequate skills. This would enhance employment and economic growth, thereby complementing the development of the Single Market for goods, services and capital.

The right to equal treatment with respect to working conditions

Measures are being put in place to ensure that under the CSME there will be the right of access to the national labour markets and equal treatment in respect of the working conditions as it relates to the particular Member State.





A CARICOM national worker who decides to settle in another Member State will enjoy the same rights and benefits of conditions of work and employment as those given to national workers. In Member States this right to settle will extend to the spouse and children.

The worker has the right to form or belong to trade unions of his choice, and to negotiate and bargain collectively and not to be subjected to unfair labour

practices, including intimidation and victimisation.

The worker is also entitled to the right to work under safe, hygienic and healthy conditions and to have reasonable hours of work.

Social Security

The CARICOM Agreement on Social Security provides for the total amount of contributions paid to each scheme of the Member State where one has worked in order to determine one's benefits. Measures are also in place to allow for Social Security Benefits to be transferred from one country to the next if one qualifies for benefits. This is a supportive measure for the free movement of persons.

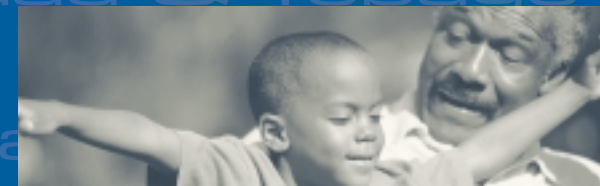
Pensions will be paid by the authority of the country in which you qualify for benefits, and the survivor's benefits and death grants will be forwarded to the relevant persons irrespective of the Member State in which one resides.

CREATING A HARMONISED INDUSTRIAL CLIMATE

The benefits for workers will include:

- No work permit required for University Graduates, Artists, Media Workers, Sports Persons, Musicians, Entrepreneurs and Technical, Managerial and Supervisory Staff attached thereto, service providers and persons who are establishing a business.
- Freedom to enter and re-enter Member States of his/her choice.
- Freedom to acquire residential or business property for the purpose intended.

- Right to settle by University Graduates, Artistes, Sports Persons, Musicians, Media Workers, Entrepreneurs and Technical Staff and the Self-employed
- Right to fair treatment.
- Social Security Benefits will be transferred from one Member State to another as long as you qualify for those benefits.
- Pensions will be paid by the Scheme of the country where has worked, providing one qualifies under the applicable national legislation.



THE CARIBBEAN SINGLE MARKET AND ECONOMY AND THE CARIBBEAN COURT OF JUSTICE (CCJ)

YOUR COURT, YOUR RIGHT, YOUR VOICE



Introduction

The establishment of the Caribbean Single Market and Economy is the only viable option for the Caribbean Community and its peoples. However, by itself, it would mean little without a system to ensure that the benefits intended can be realised and that people and the Governments adhere to its provisions. There is therefore a fundamental connection between the Caribbean Court of Justice (CCJ) and the CSME. It is the responsibility of the CCJ to ensure that the law is observed in the interpretation and applications of the revised Treaty of Chaguaramas, the legal framework of the CSME.

The CCJ and the CSME – The Link

The CCJ will provide the judicial competence, processes and procedures and is crucial to the implementation and effective operation of the CSME. There is no other institution endowed with the power to interpret the provisions of the Treaty and ensure that the law is not applied differently in each Member State.

It is essential to ensure that as a shared legal system the Treaty remains a body of Community laws applied uniformly for all circumstances, except where the Treaty itself provides otherwise. This is in fact the Original Jurisdiction of the CCJ and its authority will extend to the determination of disputes, which may arise



in the interpretation and application of the Treaty. The capacity of the CCJ to carry out this function and provide uniformity of interpretation will promote the stable environment upon which everything depends. In this regard then, the CCJ is the custodian of that very environment of predictability and stability required for citizen and investor confidence.

The CCJ's role in the success of the CSME

The CCJ will provide a solid judicial foundation for the success of the CSME as it will protect and enforce a range of rights. It will also be expected to enforce obligations associated with such rights. In so doing, it will strengthen the process of integration, which has already begun among Member States in the area of trade, and extend it to areas involving the movement of capital, persons and provision of services. Restrictions, which are placed upon goods or the movement of capital and provision of services, will have to pass the test of being in accordance with law.



THE CARIBBEAN COURT OF JUSTICE AND THE CARIBBEAN SINGLE MARKET AND ECONOMY

PROTECTING RIGHTS ! SECURING THE FUTURE !

- Protecting the right to travel freely within the Member States
- Protecting the right to move capital within the Community
- Protecting the right to provide services within the Community
- Protecting the right to be self-employed within any Member State
- Interpreting the Treaty and maintaining the balance
- Settling questions of a constitutional nature, hearing appeals and giving judgments
- Providing solid judicial foundation for the success of the CSME



How will the CCJ work?

The CCJ will settle questions of a constitutional nature and will hear appeals.

The CCJ will also be called upon to settle questions of a constitutional nature or of major economic significance. If a citizen in any Member State feels that he/she has been unfairly treated in respect of any right stipulated under the Treaty, then that citizen has a right to have the issue of concern brought before the Court and must seek the permission of the Court to do so.

The CCJ will settle questions of major economic significance and will be responsible for maintaining the balance of rights and obligations.

The CCJ will hear complaints and settle disputes involving

Member States, the Community institutions, enterprises and individuals. All of these may be parties before the Court and the CCJ will decide in a fair manner what should be a just outcome to the dispute.

Under the CCJ, a manufacturer will be protected from the imposition of unauthorised quantitative restrictions, that is, restrictions or prohibitions on importation of goods whether

made by way of quotas, import licences or otherwise, once the goods were produced in the Community and are considered to have originated in a Member State.

The CCJ will protect the right of establishment and the right to move capital within the Community. In accordance with the Treaty, businesses will be able to establish branches or to set up new businesses in any Member State without undue hassle and to transfer capital (money) without any fear of being prevented from doing so.

The CCJ will protect a person's right to provide services - for example a skilled artisan who is self-employed and considers it profitable to work outside her/his homeland will be able to move to another Member State where such an opportunity exists and where her/his skills may be more in demand.

A manufacturer in one country may be able to establish himself/herself in another Member State where some of the raw materials may be easily available or simply to expand his/her business. A manufacturer will be able to export as much as she/he wants into another country without fear of being restricted, subject to safeguards in special situations.

The CCJ will protect the right to go to another Member State either to work or on vacation and when it is required to facilitate business.





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