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__Topic:__ ***An Objective Assessment of the Co-ordination of Fiscal Policies Among Caricom Countries***

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Acronyms

ACP	African, Caribbean and Pacific Countries
BPR	Business Process Re-engineering
Caricom	Caribbean Community
CDB	Caribbean Development Bank
CET	Common External Tariff
DC	Developed Countries
EU	European Union
EOI	Export Oriented Industrialisation
IMF	International Monetary Fund
ISI	Import Substitution Industrialisation
LDC	Lesser Developed Countries
SKD	*Semi-Knocked Down*
TNC	Trans-National Co-operation
WB	World Bank
WTO	World Trade Organisation

Introduction

In October 1992 a revised structure of tariff and other arrangements constituting the Common External Tariff (CET) of the Caribbean Common Market was adopted for phased implementation by member states of Caricom over a five-year period commencing 1st January 1993 and ending on 31st December, 1998. The effectiveness of this phase of the CET is still being assessed, and the findings will be published in the near future. It is noted that a new tariff structure has not been implemented and member states are operating under the old structure of tariff.

Caricom Secretariat (1993. P.7) highlights that Section 16 of the Structure of Rates of CET states that:

> "The rate structure implemented from 1st January 1993 provides for a minimum rate of 5 per cent to be applied on non-competing inputs (primary, intermediate and capital) and a maximum rates of either 30 per cent or 35 per cent applicable mainly to certain categories of final goods. The individual Member States are free to decide which of the two rate, either the 30 per cent or the 35 per cent they would apply (and similarly in respect of the 25/30 per cent and the 20/25 per cent rates applicable in the latter periods). The LDCs are free to decide on a rate between zero and 5 per cent which they would apply on each item in the non-competing input category."

The eight principles which the CET sets out to achieve as identified in the Caricom Secretariat publication (1993, pp. 2 & 3) are:

(a) "International competitiveness

The Customs Tariff should be structured in a manner that supports the development of internationally competitive production in the Caricom Market.

(b) Efficient production for the regional market

Overly protective tariff which engender inefficiency in production destined for the regional market must be avoided. Tariff rates should be set at levels which encourage efficient production by helping to keep production costs low and promoting production efficiency.

(c) Government revenue

In setting Customs Tariff rates, the revenue needs of the Member states would have to be considered.

(d) *Cost-of-Living*
The Customs Tariff should not unduly increase the cost of basic foods and social services such as education and medical care.

(e) ***Removal of Duty Exemptions regime***
In order to provide for uniform treatment of production inputs across the Common Market, the duty exemptions regime should be reduced/removed.

(f) *Commodity-based tariff*
The application of different rates for the same item depending on its economic use should be avoided.

(g) *Specific measures for Less developed Countries (LDCs)*
In designing the structure and levels of rates in the Customs Tariff, the special needs of the LDCs would be taken into account.

(i) ***Simplification of transactions***
The simplification of the Customs Tariff structure, minimisation of the number of rate bands and reduction of the need for discretionary applications in the day-to-day administration of the tariff should be a basic condition."

Among the measures which can be used to determine the success of the CET is whether or not there is a significantly increased number of companies which are owned or managed by entrepreneurs from within the region, which are located in two or more countries in the region.

There is a long-standing debate in several schools of international economics as to whether or not fiscal policies are a more efficient force to integrate regions as against monetary policies. The view posited by several authors is that monetary policies are a more superior method for managing internal macro-economic parameters such as interest rates, money supply, inflation and exchange rate. However, the more conventional view is that they have their place of importance in promoting regional integration.

The aim of this paper is to show that integrated fiscal policies is one of the most important strategies necessary to foster regional integration among Caricom countries. This view is presented since a country's fiscal policies is one of the most glaring issues which attracts or distracts investors from expanding their operations regionally and internationally in economies which are relatively stable economically and socially, such as most Caricom countries The management of fiscal policies is particularly important as we approach the new millennium. Some analysts are of the opinion that there is too much hype surrounding the likely effect of the trend of globalizartion, internationalisation and other international occurrences which are having a significant effect on the way local and international businesses are operating. However, several international events, including recent pronouncements of the World Trade Organisation (WTO) which were to the disadvantage of regional exporters of banana, have clearly illustrated that globalization is here to stay. The survival of the Caricom nation is premised on our ability to implement prudent strategies to manage these events.

Fiscal Policies: An important Vehicle to Promote Sustainable Economic Development

The post World War 2 period experienced the genesis and maturation of a number of regional trade blocks and other integration movements. Two examples are the European Union and Caricom. A primary motivation among these integration movements is that there is strength in unity. This philosophy has born much fruit in several notable examples. On the contrary, there are a number of examples of regional bodies which have not been able to commandeer much unity among member states. Disunity among member states of a regional body is evident in areas such as the lack of sustainable level of economic growth, social cohesion and other positive attributes among member states which their founder fathers and even current leaders aimed to achieve.

The Asian Tigers (which include Indonesia, Malaysia and Taiwan) were initially praised for their rapid economic growth and development which they experience prior to the 1998 Asian Financial Crisis which resulted in rapid economic decline in many of these countries. There are many lessons which can be learnt from this crisis. They include:

(a) A sound economic base such as the establishment of prudent financial regulatory systems and a stable political environment are integral prerequisites for sustainable economic growth and development.

(b) The likely effects of endogenous and exogenous variables must be factored into economic projections, and appropriate measures implemented to manage their effects.

Several questions have arisen on why the integration process among small regional bodies such as Caricom have not been very successful. Some of the answers to the issue are centred on realities such as:

(a) Smaller nations very often do not have the final say in determining their economic future since they lack the economic, political and other prerequisites to dictate a favourable terms of trade. This occurs since the balance of payments of many of these nations are still financed by primary products. Conversely, they incur huge foreign exchange expenditure by importing capital and other secondary items. The result is often a huge balance of payment deficit.

(c) Foreign governments and international agencies often control their economic and political destiny by making them dependent on 'handouts'. They usually derive little significant long-term economic benefit from such arrangements.

(d) Many Trans-national Corporations (TNCs) when negotiating clauses governing the terms under which they are allowed to operate in an LDC, bargain from a position of strength. This occurs because LDCs often do not have much of a choice but to accept their conditionalities. This is because it might be politically and/or economically expedient to do so since these organisations create employment among other benefits. However, in many examples, the operations of the foreign company is contrary to the development thrust of the local economy. The result is that the TNC exploit the natural, human and other resources of the host countries which derive very little long-term benefit from this relationship.

(e) Unscrupulous politicians and other officials who perpetuate their own selfish interest to the detriment of the development of the nation. This often takes the form of financial impropriety, stagnation of the freedom of the press, the rigging of regional and national elections, suppression of democracy and other improprieties.

(f) Many of these economies are compelled to accept conditionalities of the International Monetary Fund (IMF), World Bank, WTO and other international agencies which are not to the long-term advantage of the dependant nation before credit and other assistance are approved.

(g) Political and social instabilities including, wars, natural disasters such as famine and other factors often disrupt smooth economic development.

With the above concepts in view, several contemporary economists have identified possible solutions to many of the ills which stagnate the economic growth and development of small states such as the Caricom regions. They include:

(a) **Cross border mergers** between private sector agencies.

(b) **Strategic alliances** between local companies and other in member states and extra-regional companies.

(c) Importing raw materials and other capital items at various stages of the production process and **engage in value added production process.**

(d) ***Specialisation in the manufacturing of a product, or provision of a service in areas which the country has the natural factor endowment or where it can be created.*** Guyana and Surinam, for example, can specialise in eco-tourism instead of competing unfairly with other traditional tourist resorts in Caricom. They are not naturally endowed with many white sandy beaches which characterise traditional tourism in tropical tourist resorts associated with the slogan 'sand, sun and blue water'. Thus, these countries can capitalise on the neich market in eco-tourism.

(e) Concentrate on producing secondary products or at least ***move up the production ladder in the production process.***

(f) A commitment by importers ***to give preference to locally and regionally produced goods and services*** with comparable standards and cost to that of extra-regional products.

(g) The free movement of capital goods, skills and other resources within the region.

(h) The formulation and implementation of **fair regional trading arrangements**. The CET is an example of this practice among Caricom countries.

(i) The implementation of monetary and fiscal policies which ***promote the growth and development of private sector businesses.***

(j) The ***effective operations of the Certification and Verification Authorities*** in each country which among other functions, investigate the source of origin of imports.

(k) The ***expansion of the Internet and other communication facilities*** which ensure faster and more accurate national and international financial transactions, telecommunication systems and other functions.

(l) ***Learning each other's language, having an appreciation for each other's cultural and other values***. Entrepreneurs must also master the art of negotiating favourable concessions when engaging in international negotiations with government and other foreign officials.

(m) As far as possible, ***acquire ISO certification and adhering to international production, labour, marketing and other standards***.

(n) ***The development and integration of the regional financial system*** including the expansion of existing stock exchanges and the development of this facility in other Caricom countries. This is an important prerequisite for the economic growth region since among other benefits, it promotes financial deepening in the region.

(o) It is also of importance that individual governments and regional bodies such as the CDB ***finance the establishment of infactructural facilities***. They include the provision of roads, adequate electricity supply, cold storage facilities and other items which promote the growth and development of indigenous companies. This process must be carefully monitored to ensure that the state sector does not hinder the enterprising nature of the private sector.

The 1999 UNDP Human Development Report advocates economic development with a 'human face'. This system propagates that governments should pursue a development thrust which places a high premium on poverty alleviation, taking cognisance of, and adhering to human rights issues. These include addressing the special needs of the physically and mentally challenged, recognising the importance and rights of women and children and other traditionally margionalized groups in our society.

International economies are influenced by several significant developments. They include:

(a) The increasing dominance of the influence of international organisations such as the WTO, which has increased its power in terms of dictating the activities of international trade. Increasingly national governments are forced to comply with the mandates of this body or face the consequence of being isolated and even having sanctions imposed on their trade and other activities. Thus, many governments are forced to formulate local trade and other policies which are consistent with the guidelines of international bodies.

(b) Very often the provision of donor aid and other development assistance are tied to a country complying with international regulations. Similarly, the granting of aid and other concessions are increasingly conditioned on the recipient granting market and other concessions to investors of the donor country.

(c) When TNCs establish their operations in another country they solicit the support of their national governments. Thus, if there is a major dispute between the management of the foreign company and the host government, the latter party may be presented with an official or unofficial confrontation from the government of the country from which the major shareholders of the foreign country originates.

(d) Trade concessions granted under trade agreements such as the Lome Convention are being abolished.

(e) The globalization of the financial system has enabled national businesses to transcend the local financial system and access capital from international capital markets. The benefit of this is that capital is often accessed faster and cheaper than from the local market.

(f) The strengthening of the system of policing the borders and water-ways of individual territories to ensure that their sovereignty is not violated and that perpetrators are brought to speedy justice.

(a) The speed of, and decreased cost of transport supports the globalization of the production process and the provision of services.

Increasingly, the trend of globalized trade entails trading the process rather than the product. This is facilitated by economies specialising in the production and provision of items at various stages of the production cycle and assembling them in a location which has the prerequisite factors of production and which facilitates cost reduction. This system has become popular since the distribution of the factor endowment which facilitates reduced cost of production and easy access of the finished products to large markets for the specific item is often located in different geographic areas. The car industry is a typical example of the diversity of the production process. Many established car manufacturers have diversified their production in several countries where they can benefit from specific cost advantages. The labour intensive aspects of the production process is usually conducted in countries where there is an abundance of cheap labour. The highly sophisticated processes is usually established in developed countries where the prerequisite skills and technology, are available and cheap. The car is often assembled in a country or region where the market is located and the management of the company benefits from tax and other fiscal concessions.

In the light of the above discussion, it is necessary for Caricom countries to adopt similar strategies which will enable them to survive.

A Synopsis of Economic Integration Among Caricom Countries

Even though the Caricom region is relatively small in comparison to established regions such as the European Union and the Asian Tigers, this region has its importance in its unique history, culture and many significant economic factors. When many foreigners hear of the Caribbean, they often conjure up thoughts of the Trinidad Carnival; calypso, tourism, and a people who are out to enjoy festivities and merrymaking. Even though these activities have their unique place in our heritage, Caricom nations have carved their niche in many significant areas of international economic activities. They include the production of high quality bauxite in Guyana and Jamaica, sugar in Guyana, Trinidad, Barbados and Jamaica, petroleum products in Trinidad, banana in many smaller islands, spices in Grenada and tourism in many territories. The sad reality of the current level of international trade in the region is the inability of entrepreneurs to capture a significant percentage of the world market for many of its products. Instead, larger countries, regions and international organisations have succeeded in marginalizing Caricom in many aspects of the international economic arena.

It is not true to say that the diversity in our language, culture and politics are the primary reasons for our inabilities to penetrate essential international markets. In many respects, our historical alliance to former colonial countries has enabled us to benefit from trade concession such as the Lome Convention, where a number of our products such as sugar, banana and rum have enjoyed preferential treatment. However, increasingly the system of preferential treatment of selected regions and countries is being abolished. A notable exception is the relationship between the USA and China. The Most Favoured Nation status of products from China is likely to be perpetuated unless China looses the importance of her political and economic stability of the region to the USA. In addition, the rapidly increasing population of China provides an expanded market for American products.

The trend towards integration among groups of countries will increase significantly as governments are increasingly being forced to recognise the validity of the adage that there is safety in numbers. Even though the WTO propagates that there should be no barriers to trade, yet, there is no open opposition to the practice of tariff, quota and other barriers being implemented on extra-regional imports. The apparent contradiction in this policy is that many governments which implemented protectionist policies has resulted in the establishment state enterprises which were highly inefficient, corruption and unprofitable. In an attempt to counter this, many governments have privatised state enterprises and opened their economies to local and external private sector intervention. In many instances, they sacrifice the job security of their political supporters, and the control of the funds from profitable state-owned entities in an attempt to encourage the establishment of new local and foreign businesses.

The corollary to this situation is that in opening an economy to private investors, governments often sacrifice the growth and development of local industries for the profits derived by private entrepreneurs who import cheaper substitutes. A practical example of this occurance in Guyana is the importation of poultry meat from the USA which is sold approximately 15% less than locally produced poultry meat. The franchise holders of a number of fast food establishments, for example, import their raw materials from DCs in order to maintain the standard of their parent company and because it is often cheaper than locally produced substitutes. They are also assured of a constant supply, debarring protracted delays of imports due to lapses in shipping arrangements and strikes on the ports, for example. The burden that the nation has to carry, however, is that farmers face unfair competition from foreign producers who enjoy lower cost of production due to economies of scale, cheaper costs of capital and other favourable conditions. The nation suffers from consuming the cheaper chicken since the level of chemicals used during production and preservation of the meat will increase our medical bill and decrease the health of the nation in the long run.

There are several advantages which the enterprises in DCs have over LDCs. They include:

(a) The prevailing interest rate on loans in Guyana, for example, is usually higher than 18% as against 8% in the US; of course cognisance must be taken of the value of the foreign exchange of the country when effecting repayment.

(b) Investors in LDCs have access to large amounts of capital on the stock exchange, once they are accepted to trade on these markets. Their capital markets are broader, wider and deeper than those of many LDCs.

(c) The availability of sophisticated technology and production processes facilitates the production of many items cheaper than their LDC counterparts due to economies of scale and other cost advantages.

(d) Foreign companies are often granted significant concessions even where local investors are able to match, or even produce at a higher standard and sell at a lower price than their foreign competitors.

So, should we fold our hands and be swept away by what many prominent LDC analysts classify as 'the new face of colonialism', that is, in the process of globalisation? The system of Import Substitution Industrialisation (ISI) and Export Orientation Industrialisation (EOI) has not been the answer, since they have left many nations in the African, Caribbean and Pacific (ACP) and other LDCs ensnared in the Third World Debt Crisis. The most plausable answer seems to be the promotion of the integration movement of Caricom and other regional bodies. A note of caution must be sounded, however, since the history of the traditional South-South co-operation has in itself not fostered a high level of economic development among these nations. Leading proponents of this new thrust of cross-border trade and strategic alliances among Caricom entrepreneurs. such as Dr. Clive Thomas and Dr. Arnold Mc Intyre, for example, propagate a revisit to several of the principles of Comparative Theory from a novel way. In this slant specialisation is propagated in various stages in the production process along with various forms of integration and diversification strategies.

The Wav Forward

The CET has been successful in many respects. Of significance is the fact that it forced member states to revisit their internal tariff structure and seek to adopt policies which would harmonise their system of implementing the mandates of the programme. One of the most serious problems which inhibited the effectiveness of the programme is that many private investors deliberately or otherwise sought to secure methods to circumvent or otherwise use the system to their advantage. An example of this practice is that of some importers of air-conditioning units in some Caricom countries, for example, sought to import these items as semi-knocked down (SKD), from external sources. They may only pay a 5% duty on such items. They are then assembled and sold to customers at a better price than air-conditioning units produced in Trinidad and Tobago, for example. A similar practice is common among some importers of second-hand cars, where some traders import dismantled cars and ship them to the Caribbean. They are then re-assembled and sold at a price which places cars imported as a whole unit at a disadvantage. This poses an unfair competition to importers of fully assembled cars. Fortunately, vigilant Customs and Excise officials have employed mechanisms to at least minimise, and in some instances, prevent the re-occurrence of such malpractices.

The above example illustrates some of the challenges facing this critical area of our integration process. The region has not advanced to the stage as, for example, the

European Union (with the exception of the United Kingdom), which has adopted the use of a common currency, the Euro. Nevertheless, our ability to manage the CET will contribute significantly to member states integrating in other vital areas. Thus, the implementation of the CET culminates the result of years of effort to create a system which has the potential to integrate the region in a way which practically no other measure has been able to achieve so far.

The implementation of the CET has not gone without several major difficulties. An example is the allegation by some Guyanese producers of stockfeed that stockfeed originated from Trinidad and Tobago exceeded the value-added input from extra-regional suppliers which qualified for a product for CET certification. Fortunately, this matter has not created a trade war between these two countries.

In a news report aired on the Guyana Broadcasting Corporation on 16th October, 1999, it was highlighted that there is a serious disagreement between the government of Jamaica and Trinidad and Tobago concerning items imported from Jamaica by Trinidadian importers which were not granted CET concession. On the contrary, it is their view that a number of items exported from Trinidad and Tobago which have been granted CET concession did not satisfy the required criteria. As a result, the government of Jamaica has requested that the government of Trinidad and Tobago provide within fourteen days, a list of all items produced in that country which satisfies the CET criteria.

Among the challenges which confront small states, such as Caricom countries, in this era of internationalisation and globalization, is the reliance on governments and entrepreneurs to change several aspects of their investment strategy. The region is pregnant with natural, human and other resources which, if managed, will foster rapid and sustainable economic development. Despite these apparent attractions, a large enough number of local and foreign investors are not establishing large viable business operations in the region at the magnitude which would significantly achieve the level of development which we desire. The answer to a very large extent can be found in the attractiveness of the fiscal policies of member states.

Investors, be they local or foreign, would not readily invest a huge capital outlay in economies where features such as the following exist:

(a) High cost of labour and other factors of production.

(b) A tax system which discriminates against investors. Usually the lower the tax thresh-hold on income and corporate tax, the larger the amount of profit and dividends which shareholders can enjoy.

(c) The lower the import duties; the cheaper the cost of production. This often enables firms to sell their products cheaper than competitors

Many international companies establish branch offices within a region to derive benefits such as being able to sell within the region and enjoy tax concession and other incentives. There is also the issue where a firm within the region may be able to hire staff at a reduced rate than an extra-regional firm. One of the primary vehicles necessary to promoting the process of the expansion of firms owned and/or managed by Caribbean nationals is the formulation and implementation of pro-active fiscal policies. It is interesting to note that in a paper presented at the University of the West Indies, Watson H.A. PhD. and Froble, F. PhD. (1988, p. 26) noted that:

> "Most Caribbean capitalists are little more than hybrid versions of shopkeepers and merchants whose activities are often confined to services, import-export, finance, real estate and distribution. While their specialisation are phased in the international division of labour, these are activities that tend to compromise the necessary subjection of "circulation" capital to capitalist production, are poorly equipped to deal with the requirements of the rapidly changing modern world economy, and are unfamiliar with the organisational and operational procedures of an integrated modern factory."

There is no doubt that the entrepreneurs in the region have matured in several vital areas from 1988. There has, for example, been a significant level of maturity in the way Caribbean businesses are managed since this assessment was done. However, in many countries in the region a significant level of maturity has not yet occurred in the ability of entrepreneurs to manage their businesses, given the astronomical developments which has occurred in the international business arena. This has reduced the viability of many of businesses in the Caribbean.

The region is endowed with many national and international businesses, many of which have been established for over twenty-five years. Thus, their management have a wealth of experience to glean from. Many companies have experienced significant success from the pursuit of well-formulated and managed business policy, marketing and other strategies. This indicates that their management pursue the philosophy that the way foreword is to constantly engage in pertinent research and development, being innovative and adopting modern methods of production which are cost effective. However, it is true that many businesses, particularly family owned businesses are not willing to adopt new and innovative of producing goods and providing services. The result is that many such companies are not maximising their profitability since their market is being eroded by the expansion of companies managed by a pro-active management team.

In many family owned businesses, management are increasingly recognising the importance of either exposing family members to advanced training in strategic areas of the business and/or hiring outsiders who are adequately qualified to perform the required functions. In many such scenarios employees are exposed to the trauma of business process re-engineering (BPR) when it is not managed. There is often the conflict of family loyalty verses survival. If managed, this process will prevent antagonism among employees.

The concept of ***strategic alliance*** is of particular importance to the region in the light of increasing competition which confronts indigenous business. This process can be facilitated in several ways such as:

(a) Smaller indigenous firms merging with larger national and/or international firms.

(b) Smaller firms integrating with other firms in the form of vertical and/or horizontal integration in the production cycle.

(c) Local firms securing the franchise of foreign firms.

The distinct advantage of example © is that the local firm may be able to obtain financing from the foreign partner to establish and expand their operations. There are several local examples of this phenomenon in Guyana. Banks D.I.H. Ltd, one of our most established companies, was confronted with increased competition from imported beverages. In an effort to manage this situation the company secured the franchise of Heineken Beer. The result is that the company is now in a position to so control the level of imports of Heineken Beer that it does not compete unfairly against Banks Beer which is produced by the local company. The Company has also benefited from the profit derived from selling the imported beer which is in high demand in the country. Other examples of strategic alliances is where a number of local companies have obtained the franchise for Kentucky Fried Chicken, Subway, Pizza Hut and Sears.

Many Caricom countries are also confronted with the reality of having to operate in a business environment which is not always friendly to the private sector. Countries such as Guyana, Surinam and Grenada, for example, experienced recent incidents of heavy-handed state control. Thus, there is always the fear by the private sector business community that an incumbent government may revert to previous forms of state control.

One of the outstanding features of the Caribbean is that it is endowed with a diversity of natural, human and other resources which make it attractive to investors. A typical example of this is the quantity of mineral wealth, which are buried in many of our countries. The bauxite industry has not been as profitable as it once was. However, there is a resurgence in the increased demand for aluminium products as the international market for disposable cans for beverages and other products grows. The mining of bauxite is so attractive that a Trinidadian company has recently embarked on a joint venture programme of mining, processing and smelting of aluminium in the region. This is most certainly a step in the right direction, and it augurs well as cross border integration among companies in the region.

Governments in the region cannot allow companies to operate without environmental, safety and other controls. This is so since firms must be provided with the impetuous to grow and expand without the presence of beautratic controls exerted by governments and/or other regulatory bodies. For this reason most Caricom countries have a Private Sector Commission which seeks to protect and promote the interest of its members. This body has been very instrumental in lobbying governments to provide monetary and fiscal incentives which are to the advantage of the sector. It is noted, however, that the power exerted by such bodies, and the degree of freedom of governments are often restricted by the influence of international bodies such as the WTO and the IMF.

One of the benefits which enterprises in the region have already begun to benefit from is the production processes and the provision of services from which they can benefit through ***cross border mergers***. The process of cross border trade is easily facilitated in the region since we share common borders, in the example of Guyana and Surinam. There is also easy and cheap access via the Caribbean Sea and the Atlantic Ocean for most of the other countries. Guyana and Surinam recently established a joint venture ferry service which has improved the integration process between the two countries. In addition, products can be transported between most islands of the Caribbean in a matter of hours. However, with these linkages come the ever-present intrusion of persons who are desirous of circumventing customs and other legal framework. They include smuggling of consumer and other items, illegal fishing, and the increasing trend of persons engaging in the trading of illicit drugs and money laundering.

Regional Multinational Companies

There are a number of companies which are fully owned by nationals of the region or where nationals have a significant amount of control over major decision making processes in these companies. They include the following twenty (20) companies:

(a) The Laparkans Group of Companies with its head office in Guyana and branches in Jamaica, and Trinidad and Tobago.

(b) Grace Kennedy & Company Ltd. and Western Union Company are Canadian companies with offices in Guyana, Barbados, Trinidad and Tobago and other countries.

(c) Toolsie Persaud Ltd., a Guyanese company with branches in Trinidad and Tobago and Jamaica.

(d) The Neil and Massy Group Inc. are located in Guyana, Trinidad and Tobago, Jamaica and other countries.

(e) Courts is located in Guyana, Jamaica and other countries.

(f) Demerara Shipping Co., a Guyanese company, with offices in Trinidad and Barbados.

(g) Cirkel Distributors, a Surinamese company with an office in Guyana.

(h) Sandals Hotel of Jamaica is also located in Barbados, St Lucia, Antigua, The Bahamas and other countries.

(i) Offices of the British West Indian Airways (BWIA) are located in most member states.

(j) Offices of Air Jamaica and other regional airlines are located in several countries.

(k) Demerara Mutual Life Group of Companies, a Guyanese company, with Offices in Trinidad and Tobago

(l) The Barbados Mutual Life Assurance Society is also located in Jamaica.

(m) Demerara Distilleries Ltd., head office in Guyana with offices in Jamaica, Barbados, Trinidad and Tobago and other countries.

(n) Gafoor and Sons Ltd, a Guyanese company, with offices in Trinidad and Tobago.

(o) Caribbean Chemicals, a Trinidadian company with offices in Guyana, Surinam and other countries.

(p) Dipcom, a Trinidadian road constriction company, with an office in Guyana.

(q) Seeram Brothers Ltd., a Guyanese company with a branch in Trinidad and Tobago.

(r) Alicies (Guyana) Ltd., the head office is in Guyana and there are branches In Barbados, Jamaica and other countries.

(s) The Citizens Bank Inc. is located in Guyana. A branch of the bank was recently bought by Caribbean nationals in Jamaica. The head office is in Jamaica.

(t) The Surinam Airways has an office or representatives in Guyana, Trinidad and Tobago, Barbados and other Caricom countries.

Source: The Caricom Secretariat, Guyana.

The above list is but a few of the numerous companies which have demonstrated the capacity of the region to produce entrepreneurs who are competent to independently manage, or at least provide a significant input in the management of these international businesses. This process will be enhanced as better tariff and other incentives are offered by governments to attract regional businesses and for existing ones to expand.

Conclusion

It is evident that the Caricom integration movement has achieved significant progress in several vital areas. Even though the report on the findings of the level of success which has been achieved by the CET has not yet been published, there is evidence that a significant amount of success has been achieved. One of the most significant is the increased profits accrued by many companies which have expanded their operations in several sister states.

As the management of these companies are confronted with increasing pressure from international agencies they are forced to operate with smaller margins, thus, their survival will be premised on the inducement offered by the Caricom region to encourage them to grow and expand. As the management of these organisations master the survival techniques of the traditional TNCs, they will also learn that with support of the regional body, they will also be able to expand extra-regionally and become competitors on the world market. However, there is a need for a consolidation of their achievements and to focus on strategic areas such as the manufacture and export of secondary products.

A limitation of this paper is that the exact number of companies which are owned and/or managed by Caricom entrepreneurs and which are located in at least the Caricom country is not available. However, it is unquestionable that there are in excess of fifty such companies in the region. In addition, inter-regional trade has also gained significantly and indications are that this trend will increase appreciably in the near future. Thus, it can be inferred that the mandates of the CET have gone a far way in significantly promoting interregional integration of the business sector in the Caribbean.

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