



ORGANISATION OF EASTERN CARIBBEAN STATES

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COMMUNIQUE

38th Meeting of the OECS Authority
N.I.C. Conference Centre
Castries
22-23 January 2004

INTRODUCTION

The 38th Meeting of the Authority of the Organisation of Eastern Caribbean States (OECS) was held at the N.I.C. Conference Centre, Castries, St. Lucia, January 22-23, under the chairmanship of Hon. Dr. Denzil Douglas, Prime Minister of St. Kitts and Nevis who acted on behalf of the current Chairman of the Authority, the Chief Minister of Montserrat, Hon. John Osborne.

Heads of Government in attendance were:

Hon. Osborne Fleming, Chief Minister of Anguilla
Hon. Dr. Orlando Smith, Chief Minister of the British Virgin Islands
Hon. Roosevelt Skerrit, Prime Minister of the Commonwealth of Dominica
Hon. Dr. Keith Mitchell, Prime Minister of Grenada
Hon. Dr. Denzil Douglas, Prime Minister of St. Kitts and Nevis
Hon. Dr. Kenny Anthony, Prime Minister of St. Lucia
Hon. Dr. Ralph Gonsalves, Prime Minister of St. Vincent and the Grenadines.

Other Heads of Delegation were:

Hon. Idabelle Meade, Minister of Education, Health and Community Services in Montserrat.
Mr. Colin Murdoch, Permanent Secretary, Ministry of Foreign Affairs, Antigua Barbuda
Sir K. Dwight Venner, Governor, Eastern Caribbean Central Bank
Mr Alan Slusher, Director, Economics Department, Caribbean Development Bank
Ms Fay Housty, Director Foreign Policy & External Economic Relations, CARICOM Secretariat





OPENING CEREMONY

The opening ceremony began with the observance of a minute of silence to mark the passing, on January 6th 2004, of Hon. Pierre Charles, Prime Minister of Dominica.

The ceremony heard presentations from Director General Dr. Len Ishmael, the Chief Minister of the British Virgin Islands Dr. Orlando Smith and Prime Minister of the Commonwealth of Dominica Mr. Roosevelt Skerrit, who were all attending their first meeting; and host Prime Minister Hon. Dr. Kenny Anthony of St. Lucia.

Dr. Ishmael spoke of the emerging silver lining amidst the economic challenges facing the OECS, with specific reference to the upsurge in cruise tourism, and greater recognition of the sub-region's special circumstances as a result of the solidarity and greater preparation of OECS Member States in trade negotiations.

Dr. Ishmael disclosed plans for restructuring the Secretariat to increase its standards of effectiveness and efficiency to give it a greater results based focus.

She also announced several new projects which the Secretariat will embark upon on behalf of the sub-region. These include two from the World Bank which will involve a survey of living conditions in Member States and participation of local communities in a sustainable livelihood project, and also one from CIDA to enhance the institutional capacity of the OECS Secretariat.

She also announced the offer by Europe's biggest boat show – Le Grand Pavois – to showcase the OECS' yachting potential at its 2005 event.

Dr. Ishmael also announced work on a Memorandum of Understanding with Puerto Rico covering a wide range of areas of possible cooperation which include offers of up to 20 scholarships for short term language emersion, and office space in Puerto Rico to promote OECS trade, investment and tourism initiatives. The MOU is to be signed by Heads in Puerto Rico on 30th January.

Prime Minister Anthony in his presentation noted the very significant part played by the twenty-three year old Treaty of Basseterre in the integration of the OECS, but said it now needs to be reconfigured to meet the new challenges facing the sub-region.



He said the current economic circumstances of the OECS sub-region underscore the need for a higher and deeper form of integration. He noted that economic policies must be buttressed by suitable political arrangements. However he cautioned that the new or upgraded political arrangements must be balanced by the need to be sensitive to political realities as well as the need to retain the distinctive character of each State.

Dr. Anthony called for the OECS to set a clear and unequivocal position on relations with CARICOM as a whole and individual CARICOM States like Barbados and Trinidad with which the sub-region has significant reciprocal interests.

He said without a deeper form of solidarity and integration, the OECS interests could not prevail in either CARICOM or the international community. He also called for similar clarity of positions in wider external trade negotiations and arrangements.

Chief Minister Smith confirmed the British Virgin Islands continued commitment and support to the OECS.

He said it was important for small states to seek regional solutions to their challenges. He called for the region to approach External Economic Negotiations with the “Power of One”, since none of the islands is strong enough to fight its battles in the global community on an individual basis.

Prime Minister Skerrit in his presentation noted his mixed feelings with respect to the honour of being the Prime Minister of the Commonwealth of Dominica, yet sadness because of the circumstances which brought his elevation to that high office – the sudden death of his predecessor Hon. Pierre Charles of 6th January.

Prime Minister Skerrit confirmed his country’s continuing commitment to the integration of OECS Member States and pledged that his Administration will work to remove any impediment to the integration process. He noted the emphasis which his government places on the involvement of youth in the development process.

RESTRUCTURING THE SECRETARIAT

The Authority gave its approval to proposals for restructuring the Secretariat. The proposals focused on enhancing the Secretariat’s institutional and administrative capacity to undertake analytical research to guide policy formulation and decision making by Member States; its networking and coordinating mechanisms; and its general organizational culture, and mechanisms and processes by which it will become a results based organization.



Heads received and endorsed the Secretariat's Organisational work programme, covering the period July 2003-June 2005; a Performance Appraisal System to become operational in January 2004; and a staff pension scheme.

FINANCIAL SITUATION OF THE ORGANISATION

The Authority reviewed the financial position of the Organisation and reconfirmed its commitment to ensuring the Organisation remained financially viable.

The Authority also reviewed the impact of exchange rate fluctuations on staff stationed at the OECS Mission in Brussels and agreed to revise the formula for calculating the emoluments for these staff.

EXTERNAL ECONOMIC NEGOTIATIONS

The meeting received an update on ongoing trade negotiations, at the Free Trade Area of the Americas (FTAA); World Trade Organisation (WTO) and the Economic Partnership Agreements with the European Union (EPA/EU).

Heads were presented with a paper on the Implications of the FTAA for OECS Member States prepared by the UN Economic Commission for Latin America and the Caribbean (UN-ECLAC), sub-regional Headquarters for the Caribbean, on behalf of the Secretariat, which, among other things noted that about 50 percent of OECS exports to the US market already enters duty-free and therefore tariff reduction will be of little benefit to the OECS. The remainder of OECS Exports enter the USA through the Caribbean Basin Initiative (CBI). The paper also noted that the FTAA will have a significant negative impact on OECS intra-regional trade within CARICOM, and will affect the ability of OECS governments to implement domestic policy. It also noted that it would be in the area of Services that the OECS may derive greatest benefits from the FTAA, but that the region must be prepared to negotiate those benefits.

The Authority undertook to request that more technical work be undertaken with respect to assisting the OECS Member States to determine the cost versus the benefits of engagement in the FTAA.



The Authority further noted the current state of uncertainty surrounding the progress and outcome of the FTAA and WTO negotiations. It was recognized that the situation that now exists provides a great opportunity for the OECS to push its case for special arrangements in both areas of negotiations, which would take into consideration the peculiarities of the OECS members as Small Island Developing States.

The Authority noted and endorsed CARICOM's decision on the formal launching of the EPA negotiations with the European Union in the first half of this year, and noted further that it was essential to move expeditiously to the implementation of the CARICOM Single Market and Economy, and agreed to make every effort to take the necessary steps towards that end by December 31st, 2004.

Geneva Technical Mission

The Authority welcomed the support for establishing a representative facility in Geneva from the European Union through the ACP Secretariat, and reaffirmed its decision to set up a Technical Mission in Geneva in the first half of this year.

ECONOMIC DEVELOPMENT ISSUES

Tourism Development

The Authority mandated the Secretariat to convene, in the shortest possible time, a meeting of the Council of Tourism Ministers to develop and activate a plan of action for the sub-region's tourism sector. The Meeting also accepted the need for the development of a unified tourism policy for OECS Member States.

Heads noted the establishment of a Tourism Desk at the Secretariat and the appointment of tourism focal points in Member States and supported plans for the development of a tourism statistical database.

The meeting instructed the Secretariat to immediately initiate steps towards an air transportation policy for the sub-region, which would cover all aspects of air transportation arrangements.



Agricultural Policy Framework

The Authority endorsed the development of a policy framework for the revitalization of agriculture in the OECS, and gave directions on the important priorities to be pursued in this regard.

Heads also mandated the Secretariat to develop a project geared towards attracting financial support for a campaign to correct environmental damage done by years of banana cultivation in the Windward Islands.

UPDATE ON DOMINICA

The Meeting received an update on Dominica's Economic Recovery programme from the incoming Prime Minister the Hon. Roosevelt Skerrit.

The Prime Minister noted that the country has been meeting the benchmarks set for its fiscal adjustment programme. He noted that the country is not yet out of the woods but Dominicans remain committed to the process of fiscal stability. Mr. Skerrit thanked fellow OECS Member States for the ongoing show of goodwill.

The meeting received a pledge from Anguilla to do all it can to assist Dominicans living and working on the island.

ECONOMIC INTEGRATION ISSUES

Governance Issues

The meeting received a paper presenting a case study of the institutional and governance structures of the European Union as a guide to informing the process of economic union in the OECS. The paper suggested lessons to be learnt from the European experience and presented issues to be considered when crafting the OECS Economic Union process.

Heads agreed to the reactivation of a special Technical Committee on Economic Union within one month, to examine in greater detail, issues relating to:

- ❑ The broad political structure of the economic union
- ❑ The broad principles of governance in the Union
- ❑ The institutional structures and arrangements of the Union



- ❑ The relationship between Associate Members (Anguilla and the British Virgin Islands) of the OECS and the Economic Union
- ❑ The status of non-independent Members (Montserrat) within the context of the Economic Union
- ❑ The role of the Secretariat within the context of the Union

The Heads also agreed to maintain the Prime Ministerial sub-committee on economic union, under the chairmanship of the Prime Minister of St. Vincent and the Grenadines. The Prime Minister of St. Lucia will remain as a member of the sub-committee and the meeting nominated the Chief Minister of Montserrat to fill the position left vacant on the Committee by the death of Prime Minister, Hon Pierre Charles of Dominica.

Review of the Treaty of Basseterre

The Authority reviewed a report on the implications for the Treaty of Basseterre of the proposed Economic Union of the sub-region.

Heads agreed on the need to proceed with a new Treaty which will be more relevant to the proposed economic union arrangements, rather than to amend the current one. The drafting of the Treaty will be part of the terms of reference of a Technical Committee agreed by the Authority to provide technical support for the initiative.

Montserrat indicated its commitment to participating in the Economic Union process.

The Heads mandated the Secretariat to give consideration to the constitutional reforms being undertaken by some Member States in terms of informing the Economic Union process. An appropriate report will be tabled at the next Authority meeting.

Heads agreed that the constitutional reform process should ensure full dialogue with opposition parties in the OECS.

Common OECS Citizenship

The Meeting received a draft Common Citizenship Act. Heads agreed that the draft Act should be sent to the Attorneys General Chambers and the Cabinets of Member States for comment and review. This will be discussed at the next Authority meeting.



OECS Passport

The Meeting mandated the Secretariat to have the two companies which have expressed an interest in the production of the proposed OECS passport to make presentations to the next meeting of the Authority.

OECS Customs Union

Heads received and adopted a discussion paper on possible options for advancing and concluding an OECS Customs Union.

It was agreed that a Technical Task Force drawn from Member States would be established to pursue further work on this matter and to report back to the next meeting of the Authority.

COOPERATION INITIATIVES

MOU with Commonwealth of Puerto Rico

Heads of government agreed to visit Puerto Rico on Friday 30th January (subject to confirmation by the Puerto Rican Authorities) for the formal signing of a Memorandum of Understanding between the OECS Member States and the Government of Puerto Rico. The MOU covers a wide range of areas including trade and investment promotion, agriculture, tourism, health, education, the environment, justice and security.

OECS Guadeloupe Cooperation

The Authority endorsed initiatives being undertaken by the Secretariat to enhance cooperation between the OECS and Guadeloupe

ESTABLISHMENT OF A CIVIL AVIATION AUTHORITY

Heads of Government gave their commitment to pass the new Civil Aviation Act in their national Parliaments during the first quarter of this year.

The Act provides for the transformation of the current Directorate of Civil Aviation (DCA) to an



autonomous Civil Aviation Authority. The DCA promised to have the accompanying new Civil Aviation (Air Navigation) Regulations completed within another month for passage in national parliaments. Passage of the regulations will facilitate movement of the sub-region from category two to category one status.

STABILISATION AND TRANSFORMATION OF OECS ECONOMIES

The Meeting recognized the firm direction provided by the Eastern Caribbean Monetary Council Central Bank to Member States in dealing with their declining fiscal situation, and noted projection for positive growth for 2004.

The Meeting received an update on the impact of activities being undertaken to achieve the goals of economic stabilization and transformation.

REGIONAL PRISON AND POLICE SERVICES

The Meeting noted the engagement by the Secretariat of a consultant to undertake a feasibility study into the setting up of a regional prison service. A similar consultancy will be undertaken in relation to a regional police service.

APPOINTMENT

The Authority agreed to nominate the OECS Director General to be the Alternate Governor to the World Bank.

MONTSERRAT'S MEMBERSHIP OF THE CSME

The Meeting received an update from the Montserrat delegation on the status of discussions with the United Kingdom Government on Montserrat's membership of the Caribbean Single Market and Economy (CSME).

The delegation noted that Montserrat was awaiting a report from the UK.

The delegation also thanked the Secretariat for its support in this matter. It also noted the efforts of the



OECS High Commission in Ottawa in hosting a fund raising activity in the latter half of 2003 on behalf of Montserrat.

The Meeting noted that Heads of Government had signed a get well card to the Chief Minister of Montserrat.

INSTITUTIONAL STRENGTHENING

The meeting endorsed a proposal for an Institutional Strengthening Project for the Secretariat to be funded mainly by a grant from CIDA.

LEGAL UNIT

The Authority noted a report from the Legal Unit providing an update on ongoing initiatives within the Unit in providing support to the OECS legal and judicial reform processes in respect of family law, legislative drafting, the Eastern Caribbean Supreme Court, intellectual property and international trade.

OTHER BUSINESS

The Authority mandated the Secretariat to develop criteria for inviting social partners to meetings of the Organisation, and to present them to the next meeting. The Meeting further noted and endorsed the request from Guadeloupe to be granted Observer Status at OECS Meetings on specific agenda items.

The Meeting approved a proposal for a one year extension of the CIDA funded OECS Trade Policy Project which would have completed its five year life span in 2004.

Heads also granted approval for the Secretariat to engage the World Bank for the development of an ICT project for the OECS sub-region.

The Meeting agreed to the formal inclusion of representatives of private sector institutions to future meetings of the Authority.

The Meeting endorsed a request to Member States for assistance from the Caribbean Congress of Labour (CCL).



STATEMENT ON NEVIS SECESSION ISSUE

The Authority agreed to issue the following statement on the issue of the secession of Nevis from St. Kitts.

“The OECS Authority endorses and reiterates the position taken by CARICOM at the Heads of Government meeting in Montego Bay in July, 2003.

The Authority views with deep concern the proclaimed intention to have a referendum for Nevis to secede from St. Kitts, and urges that the matter be re-examined with a view towards preserving the integrity of the state of St. Kitts and Nevis.”

DATE AND VENUE OF NEXT MEETING

The next meeting of the Authority will take place in St. Vincent and the Grenadines on 20th and 21st May 2004.

The Prime Minister of St. Lucia will assume the Chairmanship of the OECS Authority at that meeting.