INTERNATIONAL MIGRATION PAPERS

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Economic Integration in the Caribbean: The development towards a common labour market

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Foreword

The *International Migration Papers* (IMP) is a working paper series designed to make quickly available current research of ILO's International Migration Programme on global migration trends, conditions of employment of migrants, and the impact of state policies on migration and the treatment of migrants. Some ten to fifteen such papers are published each year as working papers.

Its main objective is to contribute to an informed debate on how best to manage labour migration, taking into account the shared concerns of countries of origin and employment for generating full and productive employment of their nationals, while at the same time respecting the basic rights of individual migrant workers and members of their families.

In 1989 the Member States of the Caribbean Community (CARICOM) adopted the Grand Anse Declaration where they committed themselves to the goal of free movement of their nationals within the Community by eliminating, in a phased manner, the need for work permits. In this paper Deike Fuchs and Thomas Straubhaar examine the prospects for increased intra-regional migration and income convergence in the Caribbean with the development of this ambitious project for a *Common Caribbean Labour Market.* Starting with an explanation of what one would expect in theory to happen with economic integration including labour market integration, they then sought to find evidence of the existence of conditions that would drive intra-regional flows of labour. The paper provides, in my view, a very good analytical framework for examining the likely outcomes of similar initiatives in other parts of the world. It demonstrates once again that the removal of immigration barriers alone will not necessarily trigger more migration in the absence of economic and social pressures for greater labour mobility.

Geneva, May 2003

Manolo I. Abella
Chief
International Migration Programme

Executive Summary

Having already established a Single Market for inner-regional trade in goods years ago, the Caribbean Community (CARICOM) has taken new and significant steps towards the creation of a Single Market. Member States have made the commitment that by the year 2005, they would bring to completion the Single Market for goods, services, capital and significant movement of persons, adding self-employed service providers, entrepreneurs together with their managerial, technical and supervisory staff, spouses and dependent family members to the categories of university graduates, media workers, musicians, artistes and sportspersons.

The study looks at the economic impacts of the further integration process in the Caribbean region, focusing on the analysis of a Common Caribbean Labour Market. The main findings of the study are the following:

CARICOM is characterised by the fact that all of the member countries are developing countries (the Bahamas are the exception reaching the level of middle income countries). Most of them are islands. Member countries and the region as a whole are small.

CARICOM is characterised by the heterogeneity of the region in terms of GDP per capita as well as population. Furthermore, the economies are very open, but tend to focus on very few export goods.

Economic integration among the countries in the Caribbean region has a long history. A free trade area (CARIFTA) was established in 1968 and replaced in 1973 by a further reaching agreement of regional integration, the Caribbean Community (CARICOM). CARICOM is considering further liberalisation of inner-area migration with a view to accomplish a fully integrated labour market which is considered as a crucial ingredient for a Common Single Market and Economy (CSME).

As far as trade relations are concerned, both inner-regional imports and inner -regional exports have become more important over the period of integration, but these imports are distributed very unevenly across the region to the advantage of the more developed countries among the member states. Compared to other trading blocs, however, inner -regional trade is very low in CARICOM.

Employment data show that in the lower developed CARICOM member states agriculture plays the most important role with shares on total employment reaching more than 60% (in Haiti) and about 20 to 25% (in Belize, Dominica, Guyana, Jamaica, Santa Lucia, St. Vincent and the Grenadines). In other CARICOM countries the service sector accounts for the largest share of employment with about 80% of total employment in the Bahamas.

As to migration, there seems to be a pattern that people move in the neighbourhood and towards richer countries. Compared to the incentives of migrating to the US or other higher developed countries, inner-area migration flows remains rather low. Not even large gaps in the standard of living between member states have provoked strong inner-CARICOM migration flows.

The goal of a common labour market is to make more efficient use of resources and to improve the distribution of labour within the integrated area. Economic integration raises the level of economic wealth of the member states, overall. In the short term, however, the structural adjustments which a common market accelerates may lead to economic imbalances and social challenges in some areas. Labour mobility could then help to even out a local surplus of labour and to prevent asymmetric shocks from causing persistent structural unemployment problems.

To evaluate the expected theoretical effects of a common labour market in a nutshell, we might stress that migration affects productivity, employment and wage levels in both the countries of immigration and emigration; but it also affects the relative qualification and standing of the population groups competing with migrants.

Having in mind the importance of a simultaneously (by level of development and relative heterogeneity of members) determined “optimal degree of integration”, it becomes clear that a too fast integration process could provoke more economic (and politico-economic) problems than benefits. Too ambitious and too far-reaching integration models were one of the reasons why regional integration in Asia, Africa and Latin America was a story of failures in the past.

The standard explanations for the conflicts and failures of regional economic integration among developing countries have been concerned with the issue of equity in the distribution of benefits. If within an integrated area some countries are much more developed than others, the gains from being integrated are very likely to be distributed unequally. The advanced economies tend to attract more new industries than the less advanced. The possible consequence is a wider gap between the members: The already developed area becomes more developed while the more rural area is condemned to a lower level of development.

The example of the European periphery shows, that catching up with the core economies is possible for lower developed areas within a common labour market. An important factor shaping the catching-up process has been the commitment to a market economy and to integration. The catching-up process was also shaped by the structural assistance of the EU. The overall effect of these transfers has been to induce a permanent increase in GDP growth. Another factor contributing to the convergence of the economies has been foreign direct investment.

Applied to CARICOM, the European experience leads to the assumption that the establishment of free movement within CARICOM will not stimulate strong migration flows. European experience teaches that most people prefer to be immobile. “Go” is the exception, “stay” is the rule. There seem to be not many incentives for a broad reallocation of labour within CARICOM. First, CARICOM covers a rather small area with relatively few people. And second, due to the relative neighbourhood to the large US labour market, people willing to move will probably prefer to go to the US.

As far as the question of institutions to harmonise policies is concerned, the European experience suggests that the principle of mutual recognition is a positive policy instrument, because it helps to open up markets and facilitates competition. In most cases it should be a sufficient measure for the functioning of a common market and it can be applied to a large number of fields, for example to the recognition of diplomas and educational standards.

As far as social policy is concerned, the European example shows that differences in social policy do not interfere with trade liberalisation and that, on the other hand, free trade does not restrict social progress in the member countries. Therefore, it is not necessary to take specific precautions against social dumping. It is clear that the European example cannot be directly transferred to the case of CARICOM, because of the very different economic conditions in both regions. Nevertheless, some aspects hold for regional integration in general and are also true for the Caribbean. The main insight is, that minimal standards might be a good idea in order to open up competition, but that a full harmonisation of policies is not necessary for the smooth functioning of a common market.

European immigration reality has led the EU-nation states and their governments to find a *pragmatic approach* in this field. Step by step the single nation states have transferred their sovereignty to EU-authorities in order to design a common migration policy. Thereby, they followed a quite innovative ”opting in” procedure. This means that only those states who wished to co-ordinate their immigration policy could do so without being blocked by those who still had national difficulties with the adoption of a common migration policy. The EU experience cannot be applied without qualification to the Caribbean. In the CARICOM, immigration from third country nationals does not play such a prominent role as in the EU. Therefore, the problems to be solved are different ones. In CARICOM the utilisation of efficiency advantages and hence the possibility to improve the allocation of labour in a common labour market is of prime importance.

The above analysis and findings result in the following policy evaluation:

First, being an agglomeration of small island states, there should be a natural interest to integrate in the Caribbean region. The large number of integration initiatives at diverse levels in the region is evidence to that argument.

Second, it is questionable, however, whether the economic (pre-)conditions in the Caribbean are such that integration can be a strong benefit to the region.

Third, as long as costs and benefits from integration are distributed unevenly among members, this will constitute a serious obstacle to further steps of integration.

Fourth, the establishment of free movement within CARICOM might not stimulate strong migration flows. There are not many incentives for a broad reallocation of labour within CARICOM.

Fifth, due to the relative neighbourhood to the large US labour market, citizens of CARICOM willing to move will probably prefer to go to the US or other higher developed countries outside CARICOM.

Sixth, the minimisation of costs due to integration and the avoidance of economic polarisation are of prime importance for a successful integration process.

1. Introduction

"To provide dynamic leadership and service, in partnership with Community institutions and Groups, toward the attainment of a viable, internationally competitive and sustainable Community, with improved quality of life for all." This is the clear and simple mission statement of the Caribbean Community (CARICOM). One further step in achieving this goal is the establishment of a Common Market allowing for the four freedoms of a Single market: Free movement of goods, services, labour and capital.

Having already established a Single Market for inner-regional trade in goods years ago, the Caribbean Community has taken new and significant steps towards the creation of a Single Market (see CARICOM Secretariat Press Release 34/2002, March 1st 2002). Member States have made the commitment that by the year 2005, they "would bring to completion the Single Market for goods, services, capital and significant movement of persons, adding self-employed service providers, entrepreneurs together with their managerial, technical and supervisory staff, spouses and dependent family members to the categories of university graduates, media workers, musicians, artistes and sportspersons" (see CARICOM Secretariat Press release 23/2002, 6 February 2002).

What will be the economic impacts of establishing a Common Caribbean Labour Market on the inner-CARICOM migration pattern? This is the key issue of the following study.

In this first chapter, we present some background information of very recent integration steps in the CARICOM area (section 1.1) Section 1.2 indicates the aim of the study. Section 1.3 provides an outline of the following chapters.

1.1. Background of the Study

Economic integration among the countries in the Caribbean region has a long history. A free trade area (CARIFTA) was established in 1968 and replaced in 1973 by a further reaching agreement of regional integration, the Caribbean Community (CARICOM). The member countries of CARICOM are also taking steps in the direction of a common labour market. They have gone as far as to allow the free movement of professionals. CARICOM is considering further liberalisation of inner-area migration with a view to accomplish a fully integrated labour market which is considered as a crucial ingredient for a Common Single Market and Economy (CSME).[1]

As of March 1st 2002 CARICOM Member States agreed to remove existing restrictions for inner-community economic activities, including the removal of restrictions to free movement. The categories of persons who have the right to move freely within the CARICOM area were extended to include self-employed service providers and entrepreneurs together with their managerial, technical and supervisory staff and spouses and immediately dependent family members. "From 1 March 2002, there should therefore be no restrictions on the Right of Establishment, the Provision of Services and the Movement of Capital within the Community other than those included in the Programmes" (CARICOM Secretariat Press Release 34/2002, March 1st 2002).

1 The CSME is stated as an aim a of the integration process in the revised treaty of Chaguaramas.

1.2. Aim

This study aims to give some insights into the economic impacts of having an integrated labour market in the Caribbean region. It addresses the following questions:

- are the economic circumstances in the region favourable for labour market integration to succeed?,
- will inner-area trade and inner-area migration be substitutes or complement?,
- which labour market institutions should be established to support integration in the Caribbean?,
- which lessons can be learned from other integration areas?,
- which policies could play a key role in promoting integration in the Caribbean?

1.3. Outline

The study brings together some theoretical analysis of integration economics with empirical evidence from the Caribbean. Theoretical expectations and empirical findings are related to the experiences of other integration areas in order to provide an informed evaluation of the scope and perspectives of Caribbean integration. In other studies the Hamburg Institute of International Economics (HWWA) has broadly elaborated on the manifold issues of regional integration concepts (see Fischer 1998, Fischer/Straubhaar 1996, Holthus 2002, Shams 2002, Straubhaar 2002a, Straubhaar 2002b). The insights of this research will be summarised and applied to the specific question of labour market integration in the Caribbean.

The study follows a stepwise approach. It starts with an evaluation of the past experience of CARICOM. It then analyses its present performance. Finally, it looks at the expected effects of a Common Market among the Caribbean countries. On the basis of this analysis, the study concludes with some policy recommendations.

Chapter 2 comprises some general background information about the Caribbean countries which participate in CARICOM. The most important statistics and macroeconomic indicators are reproduced to indicate the economic size and performance of the area. The history of integration in the Caribbean is briefly summarised.

Chapter 3 provides an analysis of the present state of Caribbean economic integration. What lessons can we learn from the last thirty years since CARICOM has been established on August 1st 1973? Have trade flows changed as a result of the free trade agreements? What have been the inner-Caribbean migration patterns? Some specific data about inner-CARICOM relationships illustrate the current state of integration in the Caribbean.

Chapter 4 discusses the theoretical issues that are related to the formation of a Common Labour Market. It outlines the basic arguments of international economics and economic integration theory that speak in favour of setting up a Common Labour Market. The expected effects of creating an area of free movement of workers, goods, services, and capital are discussed.

Chapter 5 looks at some already existing common labour markets in Europe. It searches for some stylised experiences that could be transferred to CARICOM. Has a catching up process of the less developed Member States within the EU been taking place? And what role has the redistribution policy of the EU been playing?

Chapter 6 speculates about lessons to be learnt from the European experience for further integration steps of CARICOM. Will a common labour market in the Caribbean stimulate more migration or - to the contrary - will it lower incentives to migrate within the Caribbean area? The effects of a common labour market on the standards of living will probably be more important however. Basically, both a divergence as well as a convergence are possible outcomes and therefore it is extremely helpful to consider the key factors that lead to equalisation instead of polarisation.

Chapter 7 analyses the EU experience with institutions to facilitate free inner-area mobility. Section 7.1. treats the question whether integration implies the harmonisation of policies from a rather general perspective. Section 7.2. looks in a bit more detail at the question of harmonisation with regard to the labour market and the related fields of labour standards and social security. Section 7.3. discusses the need or otherwise to establish a common migration policy in the CARICOM.

Chapter 8 summarises the most important results and concludes with a few policy recommendations. The chapter concentrates on the political insights that we have gained from the economic analysis. What could and what should be done in order to make the most of common Caribbean labour market. What steps have to be taken and what measures should be avoided to maximise the benefits and minimise the costs of a Common Labour Market in the Caribbean.

2. The CARICOM: Some background information

This chapter gives an overview of the economic conditions in the CARICOM. The first section briefly characterises the integration area and provides some comparative general background information about the Caribbean countries involved in the CARICOM.[2] The most important statistics and macroeconomic indicators are reproduced to indicate the economic size and performance of the region. Section 2.2 summarises briefly the history of Caribbean integration. Section 2.3 gives special attention to the free movement of workers initiatives.

2.1. CARICOM: The Region

The Caribbean Community (CARICOM) is a project of regional integration which comprises today fifteen states and territories in the wider Caribbean Basin. The members are:

Antigua and Barbuda
The Bahamas
Barbados
Belize
Dominica
Grenada
Guyana
Haiti *
Jamaica
Montserrat
St. Kitts and Nevis
Saint Lucia
St. Vincent and the Grenadines
Suriname
Trinidad and Tobago

* The Republic of Haiti has satisfied all the terms and conditions required by the Conference of Heads of Government for membership of the Caribbean Community, except the deposit with the Secretary-General of an appropriate instrument of accession. When this last-mentioned formality will have been completed, Haiti will become a full member of the Community.

The economic dimension of the CARICOM integration can be characterised by three figures:

- overall population ~ 6 million (~14 million including Haiti)
- average GDP per capita: 4750 US-$ (4420 $ including Haiti)
- taken together, the CARICOM countries account for 0.1% of world exports[3]

Hence, it is evident that the region is very small as a market as well as a trading partner. Taking into account GDP levels, trade accounts for a large proportion, a fact that qualifies the Caribbean economies as being very open.

2 Most of the following background information stems from the excellent home page of CARICOM (www.caricom.org). This site provides much more data, statistics and also very timely and relevant releases of further developments within the CARICOM.

3 Source: World Bank (2002:346).

Box: The Special Relationship Between CARICOM and Haiti

It might be justified to address the special status of Haiti within CARICOM.

Haiti is one of the poorest countries in the World. It finds itself in the last quarter of the HDI ranking (i.e. position 134). Average GDP per capita is lower than 500 US-$ per year (in 2000). Furthermore, it is the most rural Caribbean country with many Haitians living in desperate poverty.

Haiti has the largest population size within the CARICOM area with about 8 million people (i.e. more than the aggregate 6 million people living in all other CARICOM countries together). Population growth is still fast. The Haitian population is projected to reach about 11 million in 2025.

Desertification of the countryside and poverty urge many Haitians to leave the rural area and to move to the capital (Port-au-Prince). Many of them try later to escape Haiti and to go either to the neighbouring Dominican Republic or to the United States. "We regularly receive hundreds of souls who risk and sometimes lose their lives travelling on unseaworthy vessels bearing them north to The Bahamas and, sometimes, on to Florida".[4]

Haiti was accepted as a full member of CARICOM during the Eighteenth Conference of Heads of Governments in July 1997. In accordance with Article 29(2) of the CARICOM treaty, a Working Group was constituted to settle the terms and conditions of Haiti's accession. Furthermore, CARICOM had alerted the United Nations Development Programme (UNDP) that the Community needed support in the process of preparing Haiti for integration into CARICOM. In the interim, Haiti was invited to participate in the deliberations of the Organs and Bodies of the Community. Meanwhile however, it has turned out that persistent economic, social and political crises have prevented Haiti from meeting the conditions for its full membership in the CARICOM Community. The political instability has made it impossible to involve Haiti as a full member into the integration activities of CARICOM.

In spring 2002 a CARICOM Special Mission was sent to Haiti to assess the political situation. The mission suggested to strengthen the democratic process, particularly as it relates to the independence of the judiciary, the professionalism of the police force and the rule of law in Haiti. It stressed that that a fully functioning Government is essential to conduct the affairs of Haiti. To that end, CARICOM Special Mission urged the President of Haiti to move quickly to appoint a Prime Minister who is capable of securing the confidence of all parties. Monitoring will continue and might lead one day to the inclusion of Haiti as a full menber in the CARICOM integration process.

In order to better understand CARICOM, it may be useful to attempt a characterisation of the region and member countries. CARICOM members are mainly islands (except for Guyana and Belize) and the majority of them are very small. All members are classified by international organisations as developing countries. The CARICOM Secretariat distinguishes between least developed countries (LDCs) and more developed countries (MDCs).

LDCs	MDCs
Antigua and Barbuda	Barbados
Belize	Guyana
Dominica	Jamaica
Grenada	Suriname
Montserrat	Trinidad and Tobago
St. Kitts and Nevis	
Saint Lucia	
St. Vincent and the Grenadines	

4 Address by the Hon. Hubert A. Ingraham (Prime Minister of the Bahamas) at the opening ceremony of the 22nd meeting of heads of CARICOM Member States, Nassau, July 3, 2001 (source: CARICOM Secretariat presse release 93/2001, July 5 2001).

The Bahamas reach the highest average per capita income in the area with about US-$ 15,000 per year (data for year 2000). According to the UNDP Human Development Index (HDI) the Bahamas reach position 42 in the World ranking (out of about 160 countries). Compared to the least developed Member States (i.e. Haiti with a GDP per capita of less than 500 US-$ in 2000) this reflects huge differences in the average standard of living between the CARICOM member states.

The same heterogeneity can be detected with regard to population size. Population ranges from 40.000 in St. Kitts and Nevis up to 8 million in Haiti.[5]

The economies are not very diversified. Agriculture is losing in importance, but still accounts for a high proportion of GDP in most CARICOM countries. Manufacturing constitutes only a small part of industrial production and its share has been declining in most countries over the last twenty years. Because the Caribbean is a very attractive region for tourism, the service sector is well developed in most countries and still growing in many of them.[6]

Trade is focused on a few exported goods. These differ between the countries.[7] The table indicates that the Caribbean economies strongly depend on exports of raw materials and agricultural products. Both groups of commodities are often traded in protected markets so that the region has to rely to a large extent on preferential access to these markets. Another consequence of course is, that this kind of market structure limits the potential gains from further trade liberalisation. In addition, raw materials have lost in importance in the world economy and hence earnings of the exporting countries have declined.

Main trading partners for most of the CARICOM states are Jamaica and Trinidad and Tobago as well as the US, for some states also Britain and Japan. CARICOM as a whole has negative trade balances with all its main extra-regional trading partners, except for the United Kingdom. The deficits are most severe with Japan, Venezuela and the Latin American Integration Association.[8]

2.2. A short history of Caribbean integration[9]

The history of CARICOM goes back to the British West Indies Federation which was established in 1958. It was operational until 1962 and constituted a federal Government drawn from 10 member states. With the independence of both Jamaica and Trinidad and Tobago in 1962, the Federation came to an end.

Some form of co-operation in the region still persisted though. The common services such as the University of the West Indies (founded already in 1948) and the Regional Shipping Service were maintained, and in 1963 the Caribbean Meteorological Service was established.

In December 1965 the Heads of Government of Antigua, Barbados and British Guyana signed an agreement at Dickenson Bay, Antigua, to set up the Caribbean Free Trade Association (CARIFTA). It was also agreed that the CARIFTA was to be the beginning of what would become the Caribbean Common Market.

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5 Cf annex table 2: Important Indicators.
6 Cf annex table 3: GDP by Sectors.
7 Cf annex table 1: Principle exports.
8 Cf annex tables 1.1 – 8.1.which are taken from http://www.caricom.org/statistics/tpubgraph.htm
9 For the history of integration compare http://www.caricom.org/history.htm and Müllerleile (1993:451ff.)

The CARIFTA agreement came into effect on 1 May 1968 with the participation of Antigua and Barbuda, Barbados, Trinidad and Tobago, and Guyana. Already later that year seven more states and territories joined the agreement. These were Dominica, Grenada, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Jamaica, and Montserrat. In May 1971 Belize became a member.

The regional co-operation under the CARIFTA agreement led to the foundation of several common institutions. The Commonwealth Caribbean Regional Secretariat was set up in Georgetown (Guyana) and the Caribbean Development Bank was established in Bridgetown, Barbados.

In October 1972 Caribbean leaders decided to transform CARIFTA into a Common Market and establish the Caribbean Community of which the Common Market would be an integral part. The Caribbean Community and Common Market (CARICOM) was established by the Treaty of Chaguaramas, which was signed by Barbados, Jamaica, Guyana and Trinidad and Tobago and came into effect in August 1973. Subsequently the other eight Caribbean territories joined CARICOM. The Bahamas became the 13th member of the Community on July 4, 1983. In July 1991 the British Virgin Islands and the Turks and Caicos became Associated Members of CARICOM. On July 4, 1995 Suriname became the 14th member.

Article 1 of the Protocol on the revision of the Treaty of Chaguaramas postulates the succession of the Caribbean Community and Common Market by the Caribbean Community including the CARICOM single Market and Economy (CSME). The protocol is open for signature as of 5 July 2001. The two main elements of the Caribbean Single Market and Economy as it is envisaged are:[10]

- free movement of goods, services, capital, labor, and a common external trade policy
- harmonisation of internal tax regimes, formation of a monetary union, adoption of a common currency

2.3. Free Movement Initiative

A free movement initiative was mandated by the 1989 Grand Anse Declaration. Its basis is the elimination of the need for work permits. In Article 45 of the revised Treaty the member States commit themselves to the goal for the free movement of their nationals within the Community. The free movement is implemented in a phased approach:

Free movement of University graduates: with effect from January 1996 CARICOM nationals, who are University graduates, should be allowed to move freely in the Region for work purposes, thereby eliminating the need for work permits; CARICOM skills certificate; all arrangements for the free movement of University graduates should be complemented in all member states by July 2002

Free movement of artistes, sports persons, musicians and media workers: arrangement for these persons should be completed by 31 December 2002.

10 Itam et al. (2000 :19).

Free movement of Protocol II[11] categories: non-wage earners, either as service providers an/or to establish business, including managerial, supervisory and technical staff, and their spouses and free movement of these categories will be dealt with as part of the programme for the removal of restrictions.

The CARICOM agreement on Social Security is a supportive measure for the free movement of skills. It came into effect on 1 April 1997.

11 Protocol II amends the treaty of Chaguaramas and deals with the freedom of establishment and the free movement of services and capital.

STATUS OF THE FREE MOVEMENT OF SKILLS AND THE CARICOM SOCIAL SECURITY AGREEMENT

Member States of the Caribbean Community						
Member States	**Enactment of Legislation to Implement the Free Movement of University Graduates**	**Enactment of Legislation to Implement the Free Movement of the Other Approved Categories**	**Enactment of Legislation to Implement Protocol II: Establishment, Services, Capital**	**Signing of the CARICOM Social Security Agreement**	**Ratification of the CARICOM Social Security Agreement**	**Enactment of the CARICOM Social Security Agreement**
Antigua and Barbuda	Caribbean Community Skilled Nationals Act, 1997, No. 3	Not yet	Not yet	1 March 1996	3 August 1998	31 December 1998
The Bahamas	Not part of CSME	Not part of CSME	Not part of CSME	27 October 1999	10 August 2001	Not yet
Barbados	Immigration (Amendment) Act, 1996, Cap. 190	The Free Movement of these categories is being dealt with through an administrative procedure	Not yet	1 March 1996	28 May 1997	5 May 1997
Belize	Caribbean Community (Free Movement of Skilled Persons) Act, 1999, No.45	Caribbean Community (Free Movement of Skilled Persons) Act,1999, No.45	Not yet	1 March 1996	17 September 1996	24 January 1998
Dominica	Caribbean Community Skilled Nationals Act, 1995, No. 30	Not yet	Not yet	1 March 1996	24 January 1997	Not yet
Grenada	Caribbean Community Skilled Nationals Act, 1995, No. 32	Not yet	Not yet	17 June 1997	17 November 1998	1 October 1999

Guyana	Immigration (Amendment) Act, 1992 No. 9. Section 12 (Suriname must be included) and Caribbean Community (Free Entry of Skilled Nationals) Act, 1996, No. 6	Immigration (Amendment) Act, 1992 No. 9, Section 12 (Suriname must be included), and Caribbean Community (Free Entry of Skilled Nationals) Act, 1996, No. 6 gives the competent Minister the discretion to add additional categories	Not yet	21 March 1996	12 February 1997	10 February 2000
Jamaica	Caribbean Community (Free Movement of Skilled Persons) Act, 1997, No. 18	Caribbean Community (Free Movement of Skilled Persons) Act, 1997, No. 18	Not yet	1 March 1996	30 September 1996	14 July 1999
Montserrat	Not yet	Not yet	Not yet	27 November 1999	9 February 2000	31 December 1998
St. Kitts and Nevis	Caribbean Community Skilled Nationals Act, 1997, No. 12	Not yet	Not yet	6 July 1996	8 May 1997	7 December 1999
Saint Lucia	Caribbean Community Skilled National Act, 1996, No. 18	Not yet	Not yet	1 March 1996	27 June 1997	27 April 2001
St. Vincent and the Grenadines	Immigration (Caribbean Community Skilled Nationals) Act, 1997 No. 4	Provisions have been made for the listing of additional occupations in Schedule II of the Immigration Skilled Nationals Act, 1997 No. 4	Not yet	2 July 1997	28 May 1998	21 September 1999

Suriname	Not yet	Not yet	Not yet	Not yet	Not yet	Not yet
Trinidad and Tobago	Immigration (Caribbean Community Skilled Nationals) Act, 1996, No. 26	Not yet	Not yet	1 March 1996	22 April 1997	22 April 1998
Associate Members and Observer Countries						
Member States	**Enactment of Legislation to Implement the Free Movement of University Graduates**	**Enactment of Legislation to Implement the Free Movement of the Other Approved Categories**	**Enactment of Legislation to Implement Protocol II: Establishment, Services, Capital**	**Signing of the CARICOM Social Security Agreement**	**Ratification of the CARICOM Social Security Agreement**	**Enactment of the CARICOM Social Security Agreement**
Anguilla	Not part of CSME	Not part of CSME	Not part of CSME	Was invited to accede to the Agreement in 1998	Not yet	Not yet
The British Virgin Islands	Not part of CSME	Not part of CSME	Not part of CSME	Was invited to accede to the Agreement in 1998	Not yet	Not yet
Turks and Caicos Islands	Not part of CSME	Not part of CSME	Not part of CSME	Was invited to accede to the Agreement in 1998	Not yet	Not yet

Source: CARICOM Secretariat, 17 September 2001.

3. The CARICOM: some economic analysis

This chapter provides an analysis of the present state of Caribbean economic integration. What lessons can we learn from the last thirty years since CARICOM has been established on August 1st, 1973? Section 3.1 analyses in what regards trade flows have changed by the free trade agreements. Some specific data about inner-CARICOM relationships illustrate the current state of integration in the Caribbean. Section 3.2 reproduces a few employment data to get some insights about the labour market developments in some Member States. Section 3.3 discusses the very few available data on inner-Caribbean migration flows.

3.1. Trade relations

As far as trade relations are concerned, both intra-regional imports and intra-regional exports have become more important over the period of integration. Intra-Caricom imports as a share of all imports rose from 8.8% in 1980 to 10.0% in 1996.[12] These imports are distributed very unevenly across the region. The more developed countries among the Caricom member states account for roughly two thirds of all intra-regional imports by CARICOM countries. The share fell from 74.8% in 1980 to 69.7% in 1996. The lesser developed countries in the region account for only one third of the intra-Caricom imports. For this group of countries, the respective share rose in effect from 25.2% in 1980 to 30.3% in 1996.[13] The rise was not continuous though.

The share of intra-Caricom exports as a percentage of all exports rose even more significantly from 8.7% in 1980 to 18.4% in 1996.[14] Intra-Regional exports are distributed even more unevenly across the participating countries than the intra-regional imports. Over 90% of all intra-regional exports have their origin in the group of the MDCs.[15] This share diminished over the eighties and started rising again over the nineties, so that the levels in 1980 and 1996 are almost identical.

A comparison of CARICOM with data for other trading blocs reveals three things:

- the level of intra-CARICOM trade is very low
- the increase in intra-regional trade was considerable however
- intra-regional trade is distributed unevenly across the region

To be more explicit, inner-EU exports constituted 59.5% of all EU exports in 1970 and the share rose to 62.1% in 2000. The level of intra-regional trade for NAFTA is 55.7% in 2000.[16]

Another important characteristic of CARICOM trade relations is the fact that the economies rely heavily on very few export goods. Exports in the four most important sectors account for over 80 % of all exports.[17]

Trinidad and Tobago is the country from which all the other CARICOM states import not only most, but also considerable shares of their total intra-regional imports. The figures vary

12 Cf annex table 4: Intra-Regional Imports.
13 ibid.
14 Cf annex table 5: Intra-Regional Exports.
15 ibid.
16 World Bank (2001:345).
17 Cf annex table 6: Intra-Regional Exports by SITC sections.

between 37.7% for Belize and 84.5% for Jamaica.[18] If one looks at the balances of intra-regional trade of the different CARICOM countries, one realises that only the balance for Trinidad and Tobago is positive.[19] This fits well to the fact that Trinidad and Tobago is the main source of imports for the other CARICOM countries.

As far as the development over time is concerned, there is a very clear-cut divide between the groups of the LDCs and MDCs. For all the MDCs, balances of intra-regional trade have improved between 1981 and 1996, for most of them to a considerable extent. To the contrary, LDCs saw their balances of intra-regional trade worsen over the same period of time. Therefore, it seems as if integration had very diverse effects on the different member countries.[20]

3.2. Employment

As the data for employment by sector are only available for three countries, the following ideas are only tentative. Table 9 in the Annex provides data for employment and unemployment by sector for Barbados, Suriname, and Trinidad and Tobago. For all three countries, the production sector accounts for the largest share of employment, followed by services and agriculture. The figures for employment in the services' sector are very similar in all three countries, but there are large differences in agriculture and production. In Barbados, agriculture accounts for only 1.7% of total employment, whereas in Trinidad and Tobago it is 11.3%. The production sector is smallest in Suriname with 36.5% of employment and largest in Barbados with 48.3% respectively. Services account for 15-17 % of employment in all three countries.

If one relates the employment data to the GDP of the three countries[21], one can assume that productivity is lowest in Trinidad and Tobago and highest in Barbados over all three sectors. In Barbados, the 1.7% employed in agriculture produce 3.9% of GDP, compared to 11.3% who produce 1.6% of GDP in Trinidad and Tobago. The same is true for the two other sectors, although the differences are not as big there.

The direction of development of the employment shares of the different sectors corresponds to the development of the contribution of the three sectors to total GDP in two of the three countries. In Suriname, however, employment in agriculture has risen, although its contribution to GDP has fallen. The same is true for the production sector. In the services' sector employment has fallen, although the share of services in the GDP has risen.

Unemployment seems to be decreasing in agriculture, but is rising in the production sector in the two countries, for which data is available, i.e. Barbados and Trinidad and Tobago.[22]

18 Cf annex table 7: Intra-Regional Imports by Country.
19 Cf annex table 8: CARICOM's intra-regional trade.
20 ibid.
21 compare annex table 3: GDP by sectors.
22 Cf annex table 9: Employment and unemployment by sectors.

3.3. Migration

The only data on migration that was available is data of the census of 1990/1991.[23] In this census, a comparison was made between the country of birth of people and the country in which they were enumerated. This kind of data does not support any conclusions neither concerning the question, whether we are dealing with temporary or permanent migration, nor on the migration of labour and especially not on their eventual occupation. That is why we can only make some tentative observations concerning intra-Caribbean migration:

First, there seems to be a strong relation between GDP levels and migration. Ordering the CARICOM countries according to their GDP levels, and analysing, which countries attract most people, we get a list of preferred destinations almost in the same order. There are two exceptions to this observation and these are Trinidad and Tobago and St. Kitts and Nevis, the former attracting most people, and not having the highest GDP per capita and the latter attracting less people then would correspond to its GDP rank. As the table lists absolute numbers, the explanation for these deviations could be the differences in size of the two countries, Trinidad and Tobago being one of the biggest economies in the region and St. Kitts and Nevis being one of the smallest.

A second observation is that flows of people seem to be most intense between neighbouring territories. In almost every country, the largest groups of non-natives come from geographically very close destinations. In this context, Guyana is something like the odd one out. People from Guyana are among the three largest groups of non-natives in almost all Caribbean countries. There are two possible explanations for that phenomenon. First, the very low GDP in Guyana and second the size of the country as one of the bigger countries in the region.

Hence, there seems to be a pattern that people move in the neighbourhood and towards richer countries. Whether there is something like a brain drain cannot be judged by the data in Table 5. It has been argued however that some countries suffer from a shortage of qualified people, e.g. Guyana.

One should also have in mind that there are large Caribbean communities in some US regions, so that Caribbean migration is not only an intra-regional phenomenon.

23 Cf annex table 10: Population classified by Country of Birth and Country of Enumeration

4. On the path towards a Common Labour Market

This chapter discusses the theoretical issues that are related to the formation of a Common Labour Market. The first section presents the main arguments of international economics and economic integration theory that are used to support the formation of a Common Labour Market. The second section deals with the effects of the formation of an area of free movement of workers, goods and capital that are to be expected from theory. In a third section some of the most important questions are addressed: Does the formation of a Common Labour Market bring benefits to every member country? Are these benefits distributed equally across all member countries? And finally, does the free movement of labour within an integrated area lead to a convergence or divergence of the standards of living?

4.1. Theoretical Issues concerning a Common Labour Market

Why should countries integrate their national economies and open up their borders to trade and factor movements from abroad? This is an old question. And there are old answers given by traditional international economics. The argument basically is that more open economies can profit to a larger extent from the benefits of the international division of labour, that they can make better use of comparative advantages and international specialisation and that they gain from exchange which can lead to a balance between surplus here and scarcity there.

We can summarise the main theoretical hypotheses on the relationship between economic integration and migration in a common market as follows (for a deeper analysis see Fischer/Straubhaar 1996):

In a common market, economic integration is promoted by the removal of restrictions on trade of all kinds, the liberalisation of capital transfer and the freedom of movement for labour. Inner-community integration can take the form of a more intensive trade in commodities, and/or an increased movement of capital (direct investment) and or of labour (migration).

By making more efficient use of resources and an improved international distribution of labour, economic integration raises the level of economic wealth of the member states, overall. A common market increases *economic competition*, accelerates *structural adjustment* and, in the medium term, increases the *rate of innovation* in an economy. While the increased competition pushes *prices* downwards, output and the average national income grows. All those effects are difficult to measure, because they do not show up in absolute changes (growth rates), but in relative differences to what would have happened without economic integration.

In the short term, the structural adjustments which a common market accelerates may lead to economic imbalances and social challenges in some areas. *Unemployment* is particularly likely to rise if there is a serious need for adjustment and a lack of flexibility (in wages and prices). ***Labour mobility could then help to even out local disequilibria and to prevent asymmetric shocks from causing persistent structural unemployment problems***. In the medium term, however, a common market creates *new jobs*. Integration affects different social groups differently. An increase in the number of outsiders may *segment the labour market* and lead to *group-specific effects* in employment, relative wage dynamics etc. In the absence of political countermeasures, integration may exacerbate the problems faced by certain social strata and groups and in extreme cases lead to *social tensions*. An increase in cultural contact also puts social tolerance to the test, which may cause defensive reactions such as xenophobia and exaggerated nationalism.

Effective migration is the result of the interplay between the migration potential, the demand for migration and any intervening obstacles. Typically, migration occurs in *situations of imbalance*: the number of potential migrants is greater than the demand for immigrants. In fact, only those migrate who are willing and prepared to do so *and* who were or are successful in finding permitted occupation in the chosen area of destination. Those potential migrants who are willing to emigrate but who were not (yet) able to do so effectively, generate what we call an area's *migration pressure*.

Migration potential is the aggregate result of individual decisions processes, with the natives of an area comparing their current and foreseeable wealth with an expected quality of life elsewhere. If they think a 'better' life awaits them elsewhere, they will want to migrate (permanently or temporarily).

Individual decisions to migrate are not determined simply by economic needs. ***Once a person's or a family's economic existence is more or less guaranteed, the desires for security, safety and acceptance and self-realisation become relatively more important for the decision to migrate.*** Thus the assessment of the quality of life elsewhere is governed not only by the *economic environment* (wage levels, unemployment and vacancies, cost of living, infrastructure and services), but also by a comparative assessment of the *geo-ecological environment* (landscape, climate, population density, pollution), the *social environment* (increase in social security, opportunities for relative social advancement, attitudes towards foreigners) and the *political and cultural environment* (political rights and obligations, welfare and tax systems, participation, cultural tolerance). The interplay of all these factors determines the levels and trends in migration. We can expect that, as the level of economic wealth in an integrated area rises, absolute income differentials will become less significant relative to other, non economic factors.

Migration demand depends indirectly on the locationally specific relative embodiment of the economic, socio-cultural, geo-ecological and political environment in the area of immigration. Directly, migration demand is usually determined by economic needs (employment, jobs) and the social, cultural and political acceptance of this need by natives and their institutions. If immigration made sense in economic terms but was not tolerated by social organisations (such as trade unions), and could only occur at the price of social tension, migration demand would probably not materialise. Employers would rather employ domestic labour only and/or move their production sites abroad. Economic need and legal freedom of movement therefore do not always lead to an effective demand for migration.

The regional and national demand for outside labour depends on the *relative endowment of factors* (labour and capital) in an area and its *comparative locational advantages* relative to other areas. Comparative locational advantages can be influenced by the implementation of *regional policies* and the design of *economic policy* and the *legal system*.

In a common labour market, one main intervening obstacle to migration is absent, namely political restrictions on immigration. As integration reduces economic differentials and factor costs (wages and interest rates) tend to converge, the economic demand for migration under full integration should tend towards a net of zero. Although expecting *net* migration in a fully integrated common market to tend towards zero, we definitely suppose the need for labour mobility and gross migration to persist. In a fully integrated market, the demand for migration of highly-qualified specialists is still likely to be high, and those who will offer their services internationally will also have to move temporarily. Moreover, economic integration will increase demand for individuals who are willing to migrate temporarily for the purpose of gaining international experience and qualifications. If we expect net migration to tend towards zero, this will be due to the different gross migration flows summing up to a balanced net of zero, in *the long run*. In the *short term*, labour migration will be governed by the ongoing integration and structural adjustment in a common market.

Economic integration can occur either via an increase in trade in goods and services or via the migration of factors (migration and direct investment). The question of whether trade, capital transfer and migration are substitutes or complements is theoretically disputed and depends on different circumstances. In *traditional international economic theory*, differing returns to production factors (wages, compensation) determine labour migration. Assuming a *substitution relationship between trade and factor flows*, an increase in trade reduces migration. Migration potential falls as trade and capital movements are liberalised. In the traditional view, liberalising international trade and the movement of capital *replaces* the migration of labour. *More recent theory*, however, which allows for increasing economies of scale, imperfect competition, taxes and especially differences in production technology, perceives *international trade, capital flows and migration as complementary to some extent*.

The more economic areas within a common market resemble one another in terms of the structure of their production and in terms of labour productivity, the less reason there is for any one-sided redistribution of factors of production like labour and physical capital, at least from a static point of view. If production functions and demand preferences are relatively identical, the results of the traditional international economics model apply and the *trade in commodities substitutes for international migration of factors* to a large extent. But there is considerable potential for an international redistribution of factors of production if there are major variations in production technology and hence in the marginal productivity of labour and capital between one area of a common market and another. Whether mass migration or net capital flows will dominate the adjustment process under the latter integration scenario will depend on whether labour is relatively more mobile than capital.

To summarise the potential relationship between international labour mobility and economic integration in a nutshell:

Labour mobility can be a reaction to existing trade impediments or a reaction to the physical non-tradability of certain goods, which prevents „goods for goods“ trade. In the absence of commodity trade, emigration from the labour-abundant country would reduce factor price disparities, thereby reducing price differentials and hence the basis for international commodity trade. In this sense, international labour migration is a substitute for international commodity trade. Actually, this argument has been further developed by the 1999-Nobel price winner *Robert A. Mundell* in a path-breaking article in 1957 - the birth year of the EEC (see Mundell 1957).

Labour mobility can be a reaction to the existence of factors which are immobile between sectors (as in the so called specific-factors models). In this case, international labour migration is a substitute for an imperfect inter-sector factor mobility within a given country and it takes place as long as international trade and capital flows themselves do not lead to factor-price equalisation. Thus, international commodity trade together with international labour migration causes factor price equalisation, regardless of differences in endowments and eventual reversals of factor intensity. International labour migration allows international commodity trade to substitute completely for both international capital movements and the movements of sector-specific factors (equivalently, international commodity trade allows international labour migration to substitute for capital mobility).

Labour mobility may be the consequence of a trade in services or service components which cannot be transmitted via telecommunications.

Labour migration may reflect a reaction to international differences in labour productivity due to the persistence of internationally different production technologies, the existence of increasing economies of scale or imperfect markets. If this international reallocation of labour increases the degree of comparative advantage, commodity trade will also be stimulated. In that case, commodity trade and international labour migration are complements rather than substitutes.

If highly developed and specialised economies experience asymmetric macroeconomic shocks, labour mobility can be an effective and efficient short-run adjustment mechanism avoiding persistent unemployment increases and structural problems (Blanchard/Katz 1992). In this case, migration corrects for trade failures and internal labour market inefficiencies.

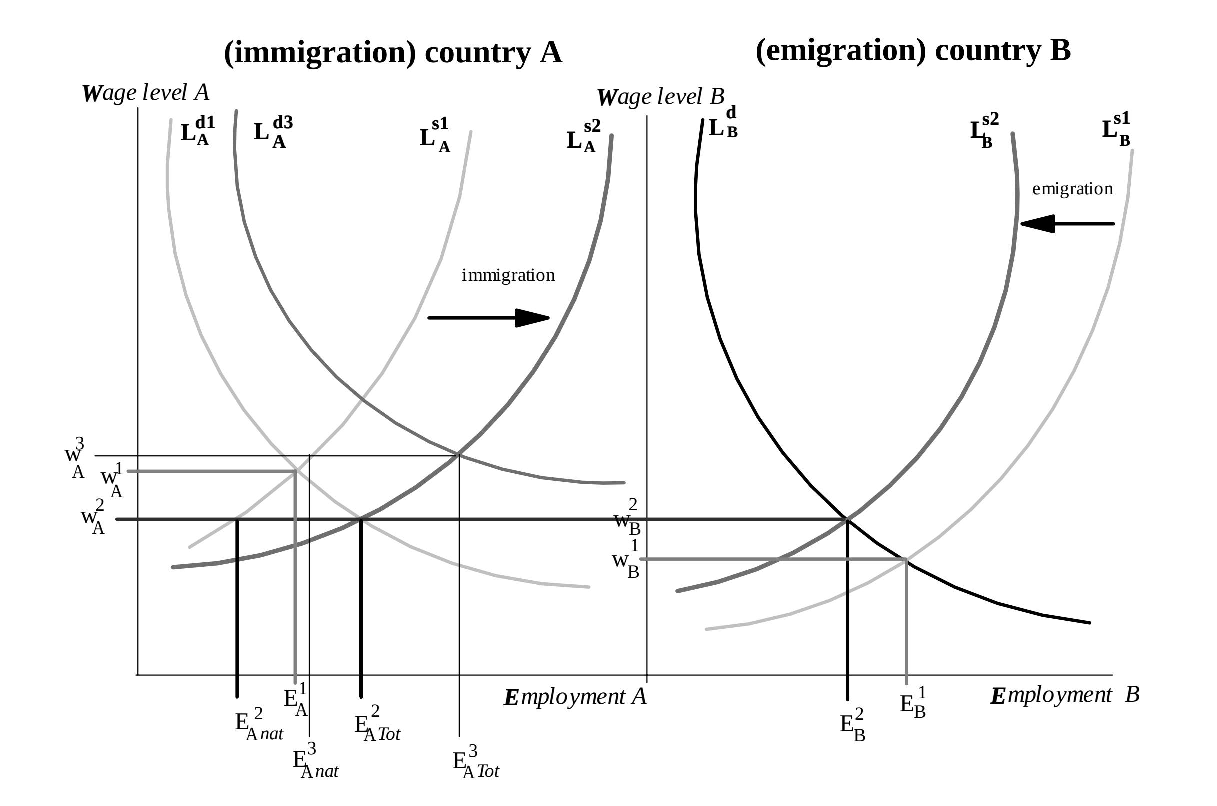
4.2. Expected Effects of a Common Labour Market

In our discussion of the concepts of economic integration in the last section, we showed that the mobility of labour and capital normally increases *overall* wealth. This can also be derived easily from the theoretical analysis of the direct labour market effects of migration. However, there has for long been an intensive debate whether such positive overall effects also hold as far as natives are concerned only, and whether that depends on the qualification of immigrants and the unemployment situation in the country of immigration. To show the reasoning behind this argument, we are going to discuss in brief the effects of migration on wages and employment using a neo-classical labour market model. We then also discuss what happens if this model's standard assumptions like full employment and the homogeneity of labour do not hold.

Direct labour market effects can be easily shown in a simple labour market model (figure 1). From the point of view of the workers, the hours an individual is willing to work usually depend on the compensation one gets. The aggregate amount of hours people are willing to work *at a given wage level (w)* equals aggregate labour supply. As far as individuals are willing to work more hours if their wage level increases, the aggregate labour supply curve (L^a) has a positive slope. Total hours of work offered by workers increase from left to right, corresponding to the growing wages paid. From the point of view of the employers, however, increasing wages correspond to increasing costs. The higher the wage level, the more expensive the goods or services they produce and thus the less they can sell. The higher the wage level, the less employers are able to sell and produce and thus the fewer the hours of work they demand. Consequently, their aggregate labour demand curve (L^d) has a negative slope. Total hours of work asked for by employers decrease from left to right, corresponding to the growing wages they have to pay.

In free, flexible labour markets, wages as the price of labour are an efficient and sufficient instrument to match the supply and demand for working hours. Graph 1 draws such aggregate labour market equilibria for two different economic areas A and B. Assume that initially, the lacking mobility of labour divides the two areas' (countries') labour markets. Assume further that labour is more scarce initially in area A than in area B, due to different relative factor endowments, technological differences, economies of scale or due to different market competition. Thus, initial equilibrium wages w_A^1 in A surpass equilibrium wages w_B^1 in B.

Figure 1:
Direct Labour Market Effects of Migration



Let's now integrate area A and B economically by establishing a Common Labour Market and complementary preconditions for the free mobility of labour. The higher wage level in A now attracts individuals in B to emigrate to A. In the (theoretical) corner solution where no (pecuniary and psychic) costs of migration exist and labour is perfectly mobile the two areas would integrate totally. A new labour market equilibrium 2 would establish, where:[24]

Immigration from B into A has increased labour supply in A. The aggregate labour supply curve shifted to the right and the wage level decreased until the new equilibrium wage w_A^2 on the new labour supply curve L_A^{s2} equals the (increased) wage level w_B^2 in country B.

24 To start with a simple reference model, the following conclusions assume homogeneity of hours worked (labour) and full employment. We further assume that employers' labour demand curves are not altered by immigration. That could be an appropriate assumption if migration does not influence goods and services produced in A and B at a certain wage level, i.e. that goods markets were fully integrated already before people migrated. Moreover, we also neglect effects that arise if immigrants bring capital with them.

Emigration from B reduced hours desired to work in B at a given wage level and thus shifted the aggregate labour supply curve to the left. The wage level increased until it reached a new equilibrium where on the supply curve L_B^{a2} the equilibrium wage level w_B^2 in B equals the one in A.

Total employment increased in country (the area) A by $E_{ATot}^2 - E_A^1$ and decreased in B by $E_B^1 - E_B^2$.

Labour in B benefited from a relative income redistribution away from the owner of capital to workers because emigration made labour more scarce in relation to (the unchanged, fixed) capital and the share of total production factor compensation used for labour increased. In contrast, immigration made labour in A relatively more abundant than capital and wages fell while the return on capital should have increased.

Until now we have discussed the standard direct labour market effects of labour mobility on the *total* labour force. In practice, we may further be interested in its effect on the situation of the original *native* population.

If immigrant and native workers have identical qualities and may substitute each other perfectly then also their wages should be equal at w_A^2. From our original labour supply curve L_A^{s1} we know that at w_A^2 *natives* are only willing to work $E_{A\,nat}^2$. While thus total employment in A increases by $E_{ATot}^2 - E_A^1$, employment of natives falls from E_A^2 to E_{Anat}^2. The difference between E_{ATot}^2 and E_{Anat}^2 is worked by immigrants. Natives in the high wage country A thus reduce their supply of work and lose part of their previous income. From this point of view and under the described strict assumptions of our simple reference model, natives in A are thus the "losers" of labour market integration even though the same integration facilitates an increase in overall wealth in A and B.

It is, however, doubtful whether native labour usually "loses" from immigration. On the contrary, if immigrants stimulate the labour demand sufficiently, if they are not perfect substitutes for native labour but rather complement them, or if immigrants are subject to wage discrimination, migration may well *improve* the labour market opportunities and the success of natives.

If goods and factor markets are not perfectly integrated, the immigration of additional labour and population will also affect the (local) demand for and production of goods and thus boost the labour demand in A. Especially if production is subject to increasing economies of scale it may shift the aggregate labour demand curve L_A^{n1} in graph 1 so far rightwards to L_A^{n3} that the new equilibrium wages w_A^3 and therefore not only total employment E_{ATot}^3 but also the employment of natives E_{Anat}^3 exceeds in fact wages and employment before immigration.

Similarly to the described demand effects, natives may profit directly from immigration and economic integration if the hours natives are prepared to work cannot be replaced perfectly by the work of immigrants.

Labour is not a homogenous commodity. The value of an hour worked depends on the qualifications of the person doing it. Thus, not every hour of work offered can substitute for another. If for example immigration consists primarily of relatively unskilled labour working for low wages, immigrant workers may *complement* the skilled native workers and enhance natives' productivity and thus also natives' salaries. The immigration of unskilled workers may in other words create additional jobs and better earning opportunities for skilled natives. If immigrants are not primarily relatively unskilled workers but highly skilled, scarce specialists, it is even more obvious that they will rather complement than substitute native labour. Highly skilled specialists create jobs for natives and improve the natives' labour market situation.

If natives are both, highly skilled and unskilled, the average qualification of immigrants is likely to affect the relative income distribution within a country. The emigration of skilled staff (*'brain drain'*) increases productivity and hence the overall prosperity in the country of immigration and reduces it in the country of emigration; but the emigration of the highly-skilled reduces the supply of skilled labour in the country of emigration. This improves the relative qualifications and standing of skilled labour in the country of origin, whereas the brain drain means that skilled labour in the country of destination faces more competition. If the average immigrant has less than average qualifications, immigration may put less skilled native workers under stronger competitive pressure. Migration would then tend to increase income and wealth polarisation between less skilled and highly skilled workers in the country of immigration.

It has become popular to argue that migration threatens the positive effects on the wealth of economic integration if an economy suffers from structural unemployment problems. Opponents of this line of argumentation put forward that if an area suffers from unemployment problems, the immigration of labour will push additional natives out of work and increase total unemployment which exerts high costs on the immigrant society and outweighs the benefits of economic integration. This conclusion again draws on the questionable assumption of independence of goods and labour markets and the perfect substitutability of native and immigrant labour. Using the arguments introduced above, it is easy to show that if immigration incites strong demand effects or if immigrants complement native labour, they will create additional jobs and thus help to reduce the natives' unemployment rather than augment it. The same holds if immigration helps to overcome the structural rigidities in the labour market that cause structural unemployment.

To summarise, we might stress that migration affects productivity, employment and wage levels in both the countries of immigration and emigration; but it also affects the relative qualification and standing of the population groups competing with migrants. In traditional, neo-classic labour market analysis, migration leads to an increase in wages and a decrease in employment in the country of emigration while wages decrease and total employment increases in the country of immigration; whereas for the indigenous population, not only wages but also employment decrease. The magnitude of the wage pressure and employment losses for natives in the high wage country depend on how far immigrant employment substitutes for native employment. As long as immigrants create jobs and/or enhance the productivity of native labour, immigration will cause an increase in natives' wages and employment. Also the positive dynamic effects of economic integration should further improve labour productivity and induce increases in the demand for work that further improve the natives' labour market situation. The nature and intensity of these effects strongly depend on the assumptions about the characteristics of immigrants and the structure of integrating markets.

Finally, we would like to mention the effect of remittances on economic growth. Remittances are *transfers of money by a migrant back to his or her native country*. The remittance effect of migration is particularly important for the national savings in the migrants' country of origin. As far as the country of origin is concerned, it is equivalent to *external savings*, which are neither liable to interest nor repayment. As such, they help cover any *balance of payments deficit*. The greater the proportion of them spent on productive investment, the *more favourable* the effect they have on the economic development of the country of origin. If remittances are used for consumption or on speculative investment instead (property, foreign luxury goods), their welfare effect drops accordingly. Remittances have played an important role in financing the external trade deficits of selected developing countries.

4.3. Convergence or Divergence?

Does a Common Market lead to convergence of divergence of development among the participating countries? It lowers the costs for transport and transactions, and hence for the trade in goods and for the movement of production factors. While the effect of decreasing costs is clearly positive over-all, the specific consequences of the integration process for the different regions of the integration area cannot be identified very easily ex ante. If regions integrate, the flow of production factors can alter the regional economic structures of production. The migration of people may be decisive for the emergence of new centre-periphery patterns.

Experience indicates that young people show evidence of above-average mobility. The right of the free movement of people and free access to the common labour market makes it easier for them to move around and find temporary work. Integrated economic areas make it therefore much easier for young people to gain valuable experience abroad, be it vocational, linguistic or cultural. Older people, on the other hand, tend to be bound by their social and professional networks to a geographically small area, and do not consider migration (even temporarily). Mobile (younger) citizens profit from the freedom of movement in a common labour market, while immobile (older) employees may feel threatened by the increased competition on the labour market.

The fact that different theoretical approaches result in different predictions about the relation between mobility and regional development is an intellectual challenge. The various theoretical approaches can be classified according to their predictions concerning the relation between mobility and economic development. There are two categories:

- *convergence* theories and
- *divergence* theories

To keep the presentation as short as possible, only the basic thread of thinking for each of these categories shall be presented respectively.

a) Convergence Theory

The basic neo-classical theory and most of its more advanced extensions are *convergence* theories. *Convergence theory* predicts that factor incomes (such as wages and interest rates) in all parts of an integration area will eventually converge, provided that sufficiently strong adjustment mechanisms within the integration area exist. In order to be able to deduce such a universal result, neo-classic convergence theory is based on a set of rigid assumptions, the most important of which are:

Technology spreads rapidly and can therefore be regarded as identical in all countries or regions. Changes in the variable which describes technology are exogenously determined.

Production takes place with constant returns to scale (CRS). This means that a doubling of *all* production factors will exactly double the output produced.

However, the marginal productivity of each single production factor is decreasing. In other words, the more one increases the input of only one factor, the lower is the marginal return from this increase.

There are no non-pecuniary externalities of individual action.

Production factors are (imperfect) substitutes.

There are no transport and no transaction costs.

The production factor labour can be regarded as homogenous.

Markets clear and reach a stable equilibrium without unemployment.

Based on these assumptions, the neo-classical models predict an inter-regional and international convergence of factor incomes (this is the so-called H-O-S factor-price equalisation theorem developed by *Eli Heckscher*, *Bertil Ohlin* and *Paul Samuelson*). Consequently, labour migration is a rather temporary arbitrage phenomenon. Workers migrate from regions with abundant labour and consequently relatively low wages to places with scarce labour and consequently relatively higher wages. Migration, trade and international capital flows are more or less substitutive instruments to push economies towards their (long run) equilibrium and to reach the efficiency benchmark of neo-classical economics, that is the equalisation of goods and factor prices.

In the neo-classical model temporary migration has no impact on growth and development. Temporary migration cannot alter the so-called long run “steady state” equilibrium of an economy. According to neo-classical theory, economies converge to their long run 'steady state' of development anyway. If migrants do not fundamentally differ from the native population, they will not change this steady-state level. Migration is merely one possible instrument to *speed up* the convergence process. In the long run, only a *constant* in- or outflow of people influences growth and development since this equals a change in the population growth rate.

b) Divergence Theory

In more advanced models of international transactions [allowing for persistent international differences in production technology, increasing returns to scale (including positive or negative externalities of production) and the existence of non competitive markets], migration is much more than a short run arbitrage phenomenon.

New approaches of economic theory relax the rigid assumptions of neo-classical economics. In some cases this leads to *divergence theories*. They predict an increasingly uneven spatial distribution of economic activity due to economic phenomena such as increasing returns to scale, positive agglomeration externalities and transport costs.

In this world of thinking [that actually goes back to the famous contributions by Myrdal (1956 and 1957) and Hirschman (1958) and that has further been elaborated by the New Growth theory à la Lucas (1988) and Romer (1986, 1987, 1990)] migration might lead to *cumulative causation*. The more mobile factors of production in a technologically disadvantaged location are, the lower are the monetary incentives to invest in location-specific, immobile factors. If in the extreme case all input factors were mobile, the disadvantaged location would in the long run face a total outflow of production factors, until ”the last turns off the light”. This is the well known ”mezzogiorno” *core-periphery pattern* with a growing centre and an economically slowly dying outer area. In such a diverging (Ricardian) world, trade and migration might become mutually complementary.

In the following, some of the concepts used to explain a divergent economic development between different locations are summarised.

Technological Differences between Locations

A primary strand of *divergence theory* is based on the argument that technological progress does not spread evenly across all economic locations. This is a significant change compared to the original neo-classical assumption that production technologies are identical and exogenously given across countries.

If *technology differs* in different regions, the result of an opening up of economies is a core-periphery pattern. Assuming that capital and labour are fully mobile, a region with an inferior technology (i.e. the periphery) faces a total outflow of production factors towards the region with a superior technology (i.e. the core). This process only comes to a halt, if immobile, location-specific factors and non-tradables or services have a role to play. The final outcome, however, is still a increasing gap between rich core regions and a poor periphery.

The policy implications for regions that are technologically disadvantaged are obvious. It is important to close technological gaps as early as possible in order to prevent disruptive outflows of mobile factors of production like capital and highly-qualified labour. This argument has become one of the fundamental rationales for regional policy measures designed to improve the endogenous technological potential of disadvantaged regions and to disseminate knowledge more quickly, for example by means of technology parks.

Increasing Returns to Scale and External Effects

From a theoretical point of view, output can be produced at constant returns to scale (CRS, this is the neo-classical case), decreasing returns to scale (DRS) or increasing returns to scale (IRS). As far as increasing returns to scale are concerned, they might provoke effects that are quite similar to the situation where we assumed technological differences between core and periphery. In this previous situation an initial technological advantage decided on the "winning" region. The determining factor in the IRS-models is the size of a location. Labour (or capital) will start to move to the larger region, which in turn strengthens the position of this location, whereas the initially smaller region loses competitiveness.

New Growth Theory and Endogenous Technological Progress

Provided that positive external effects of human and physical capital exist, agglomerations are likely to develop wherever regions have an initial advantage (Grossman and Helpman, 1994). This, however, means that regional growth paths can permanently diverge depending on whether a region was lucky enough to have a headstart in the race for human capital or production clusters. Only these regions will be able to develop a dynamic comparative advantage in high-tech, high-value-added goods. Other economies will get stuck in a poverty trap.

Although simple and uniform policy recommendations cannot be given, there is some evidence in favour of a threshold level of development, below which further economic integration can have detrimental effects on the long-run growth prospects of locations. Historical experiences, such as the ill-fated development process in the Italian Mezzogiorno demonstrate that the integration of insufficiently competitive regions with more advanced economies, in the case of the Mezzogiorno the unification with the northern parts of Italy, may have negative effects on the future prospects of those areas which initially lagged behind. As far as eventual regional policy interventions are concerned, new growth theory clearly points towards the importance of technology transfer facilities and investment in better education.

Location Theory

New Economic Geography models (following the seminal work by Krugman) analyse the relation between transport costs and economies of scale.[25] They investigate the relation between enforced regional economic integration, *the spatial geography* of production and the mobility of production factors.

Regional integration, which leads to a decrease in the costs of transport and factor mobility, increases the optimal size of firms and of the regional industry first of all and hence creates incentives for agglomeration. Whether agglomeration indeed takes place depends last but not least on the *mobility of people*.

In the *New Economic Geography models* migration plays a crucial role in determining the level and speed of regional development. The secular trend of decreasing transport and transaction costs lowers mobility costs and thus creates incentives for agglomeration.

25 Krugman combines different elements of older location theories into a highly stylised but very elegant model (Krugman 1991a, 1991b).

However, the relation between decreasing costs of agglomeration, migration and regional development is not linear. There are also diseconomies of scale due to spatial concentration. They make the relationship between migration and regional development much more complex and both convergence or divergence processes are possible.

Economic integration may after a first phase of agglomeration and divergence lead to subsequent convergence in the level of regional development. Taking into account the lower costs and hysteresis effects of agglomeration, it may be welfare enhancing to accommodate initial incentives for centralisation by a policy of regional wage dispersion. Intersectoral mobility and fast progress of economic integration would also be a plus.

c) Conclusions: The Ambiguity of Theoretical Predictions

The economic theories reviewed above lead to predictions that are sometimes diametrically opposed to each other. According to the neo-classical school of economic thinking, economic integration is not only likely to increase the aggregate welfare of the participating locations, it will also lead to an equalisation of factor returns within the integration area, if, and only if, sufficiently strong adjustment mechanisms, namely goods or factor movements between the integrated locations, exist.

The different approaches of divergence theory lead to radically different conclusions. They also predict that the integration process will lead to aggregate welfare gains. Within the integration area, however, technological differences, external effects and transport costs will lead to the development of a heterogeneous economic landscape, made up of agglomerations with high factor returns and high factor utilisation on the one hand and peripheral areas where returns and utilisation rates are much lower on the other hand. These differences might result in substantial out-migration of mobile factors from some regions.

The above analysis of different macro-models shows that there is no clear answer to the question whether migration *in general* fosters convergence or divergence. There are sound theoretical concepts in favour of both views. Standard *neo-classical models* are convergence models. In *models beyond neo-classical assumptions* [i.e. models that allow for different production technologies (Ricardian models) and/or increasing economies of scale in production and/or imperfect markets (and strategic behaviour of firms)] migration might lead to a divergence pattern of development.

5. What is the experience of common labour markets in Europe?

This chapter looks at some already existing common labour markets in Europe. Section 5.1 summarises the success story of the European Union (EU) and the Nordic Common Labour Market. Section 5.2 discusses whether deeper integration in Europe has led to convergence or divergence of the standard of living in the Member States. Finally, section 5.3 shows the impacts of the EU redistribution policy on the development of the Member States.

5.1. Migration within European Labour Markets

Has the free movement of persons generated more or less migration in Europe? Two case studies have analysed this question empirically: One is the experience of the European Community [EC] and the other is the Nordic Common Labour market (see Fischer/Straubhaar 1996 and Straubhaar 2002b).

From the very beginning of the European integration process in 1957, the freedom of workers has been an integral constitutional part of the European Community. Article 48 of the original EEC Treaty of Rome of 25 March 1957 stipulated that „freedom of movement for workers“ entails the „abolition of any discrimination based on nationality between workers of the member states as regards employment, remuneration and other conditions of work and employment“. Consequently, the Single Market has lowered transport and transaction costs for trade in goods and movements of production factors. Workers with a passport of a country of the European Union (EU) are allowed to move without any substantial legal restrictions from one country to all other member states - similar to movements within a country. After the European Court of Justice had taken some path-breaking decisions in the early 90ies, the right of free movement within the EU has been enlarged from ”workers” to ”people” in general. As long as people are able to live on their own financial resources (or by social transfers from countries where they have worked before) they are free to move and to stay without legal restrictions in the whole EU.

In Northern Europe, the governments of Denmark, Finland, Norway and Sweden[26] decided to form a comprehensive common labour market. Since 1954, citizens of the Nordic countries can settle and work anywhere in the Nordic Common Labour Market without the need for work permits or any additional formalities (for details see Fischer/Straubhaar 1996). From the beginning, the freedom of movement in the Nordic Common Labour Market applied to all the citizens of the Nordic countries, including pensioners, students and the unemployed. Furthermore, various far reaching complementary policy measures have been introduced, like the Nordic social treaties, which remove barriers in the field of social security.

The empirical evidence of the two European case studies is more or less identical. In both cases, the economies involved in the Common Labour Market have been similar enough to reflect a typical Heckscher-Ohlin-Samuelson world with relatively similar production technologies. Consequently, trade and capital flows have been rather well working substitutes for migration. The adjustment processes in the markets for goods and factors took place above all via the trade in goods and services and via capital transfers, and not primarily via the migration of workers. The trade in goods and the international capital transfers reacted much more elastically to the formation of the Single Market than did the supply of labour. The

26 Iceland which also belongs to the Nordic countries and participates in Nordic Co-operation joined the Nordic Labour Market in 1982.

reduction of protectionist barriers led to a strong growth in inner-Community trade and in inner-Community direct investment. To a large extent, the trade in goods and capital transfers made the migration of labour unnecessary (see Straubhaar 1988). Some very briefly reported statistics might substantiate this statement (for details and data sources see Straubhaar 1999):

The free movement of persons is still the least used freedom of the Single Market in the EU. Less than 2% of EU citizens presently live in another EU country. In the immediate future, it is therefore less likely to be too much migration which causes a problem for the EU than too little, for it is becoming ever more urgently necessary to open up national labour markets and in this way to overcome regional or sectoral labour market disequilibria. In the 1970s and 1980s it became more than clear that the economies which were particularly successful in coping with structural change were those in which the labour markets were open and unregulated. They were able to react more quickly and more flexibly to changes in the macroeconomic environment. The comparison of employment trends in the US and in the EU offers convincing empirical evidence in support of this thesis.[27]

The empirical fact that intra-EU migratory flows did not take place is also astonishing because the relative welfare gap between southern and northern Europe continues to be considerable. Per capita incomes adjusted for purchasing power in Greece and Portugal, but also in Spain, were still only 60% to 70% of the income level in Germany in the mid 90ies. Unemployment in southern Europe has also permanently remained at a high level. For a long period, the average rate of unemployment in Spain has been far beyond 20% and youth unemployment (persons under 25 years of age) was over 50% for females and close to 40% for males. Despite this fact there is scarcely any migration from Spain to the other EU member states. It might look even more strange that a strong North-South-movement has emerged in the very near past in Europe. Some of these movements are not directly business oriented and concern the ”Snow bird” flights from retired Germans to Spain (esp. Mallorca), Portugal or Greece. Another part of North-South-movements is related to the return of former emigrants back home (like Italian guestworkers going back from Germany to Italy).

Within the EU, migration and development were closely bound together as can be demonstrated using a simple econometric model for the period 1965 to 1990. Individual purchasing power (per capita income in real terms) is defined as an approximation variable for the individual standard of living and the level of development of the national economy. It is then empirically estimated to what extent changes in this approximation variable can explain changes in the migration balances of the corresponding EU member states. For the EU(12) countries in the period 1965 to 1990 there is a statistically significant positive correlation between the level of economic development and immigration/emigration. The more (less) developed an EU country was, the stronger was the immigration pull (emigration

27 Blanchard/Katz (1992) show that in the US it is the workers in particular who, by means of migration, are responsible for the relatively rapid adjustment to changes in the economic environment. An exogenous shock (e.g. growth spurts abroad, strong fluctuations in exchange rates, increases in prices of imports and raw materials, recession in sales outlets) which originally reduces total employment in an American region by 1%, leads on average to an increase in the unemployment rate of half a percentage point after two years. After six years the unemployment rate goes down to its original level, while total employment is reduced by a further percentage point compared to its original level (i.e. there is a fall of about 2% altogether). It takes ten years for employment to balance out at a new equilibrium level, which is about 1% below the original level. However, in the US the 1-2% of those originally employed and who have been made redundant do not remain in their accustomed place of residence and stay unemployed, but move away and find productive employment in another region. Exogenous shocks therefore hardly ever led to a permanent rise in structural unemployment in the regions of the United States.

push) to (from) that country. This simple idea supports the expectation that as a result of economic integration and the corresponding positive effects on economic growth, migration within a common labour market will fall.

More or less the same experience of ”non-migration” is recorded in the Nordic Common Labour Market. Notwithstanding all the political efforts to stimulate mobility, migration within the Nordic Common Labour Market has been *consistently low* in the past, both in relation to the overall size of the population and also in relation to migration in other European countries, which do not have complete freedom of movement. There is no evidence that the introduction of personal freedom of movement in 1954 has had any direct effects on migration within Nordic countries. The number of Nordics as a proportion of total immigration in Nordic countries fell. The only migration of any size was that from Finland to Sweden around 1970.

In the Nordic countries, the response to business cycles and asymmetric structural shocks was mainly in unemployment and hardly in migration. Contrary to the US experiences, intra-Nordic mobility reacted very little to changes in the macroeconomic environment. In most of the Nordic districts, mobility in general and migration elasticities in particular have continuously decreased during the last twenty years.

5.2. Convergence or Divergence?[28]

The example of the European periphery shows, that catching up with the core economies is possible. Regarding income level as well as the economic structure, Portugal was an underdeveloped economy in the 1970s. It was still strongly shaped by agriculture.

Since its accession to the EC in 1986 the Portuguese economy experienced particularly strong growth and the structural changes towards a more developed economy continued. The strong growth of the late 1980s and early 1990s was credited by some as an 'economic miracle'. Since 1995 the GDP growth rates in Portugal have been perceptibly higher than the EMU average.

An important factor shaping the catching-up process has been the commitment to a market economy and to integration as indicated by amendments to the Constitution, which enhance the status of private property. Furthermore, the country has embarked on a rigorous and successful privatisation programme. In addition, a stable non-inflationary environment has been increasingly viewed as a prerequisite for the sustainable convergence of real per capita income towards the European level. A sequence of adjustment programmes from 1987 onwards has been successful in ensuring macroeconomic stability. The Portuguese government embarked also on a vast agenda of structural reforms to promote real income convergence.

The catching-up process was also shaped by the structural assistance of the EU. Portugal benefited also from the Cohesion Fund as well as from Loans from the European Investment Bank. The overall effect of these transfers has been to induce a permanent increase in GDP growth. Another factor contributing to the convergence of the Portuguese economy has been foreign direct investment. The stock of FDI more than doubled between 1985 and 1990, and more than doubled again by 1999.

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28 This section comes from Shams (2002: Executive Summary).

In the case of Portugal , the entry of the escudo into the ERM implied the commitment to abstain from using the nominal exchange rate as an adjustment instrument. The transition periods did not play an important role in the adjustment process, because Portugal had already substantially reduced its tariffs by the time of its accession.

In contrast to Portugal, Ireland experienced a tremendous growth in the 1960s, already before its accession to the EC, called by some an 'economic miracle'. But for the first 13 years of its membership to the EC after 1973 the convergence rate was very modest and the country experienced an uneven and disappointing economic performance. The situation thoroughly changed after 1987. Since then, Ireland has experienced a well-balanced economic boom and the Irish growth rates have been the highest among the EU and OECD member states. Also in the case of Ireland commitment to stabilisation and integration played an important role in the catching-up process. A general consensus exists that there is no alternative to integration and that Ireland could modernise its economic structures through deeper European integration.

The cornerstones of economic policy after 1986 have been the fiscal adjustment and moderate wage increases. The correction of public finances was possible because of the broad social consensus beginning in 1987. A series of consensus deals were reached, which facilitated government-trade union collaboration and resulted in stable national wage agreements.

Foreign direct investment has also played a decisive role in sustaining the economic boom in Ireland in recent years. The ability of Ireland to attract FDI depends on its packages of incentives, low wages and its favourable institutions and infrastructure.

The Growth process in Ireland was also affected by EU structural transfers supplemented by loans from EIB and transfers from the Cohesion Fund and from Community Initiatives. As in the case of Portugal the exchange rate policy in Ireland was primarily seen as an instrument to control the inflationary process rather than one for adjustment. The transition period was brief and the traditional industries suffered from competition and were replaced by high-tech firms using Ireland as a platform to serve the European market.

As the experiences of Portugal and Ireland show, a firm commitment to integration is an absolute precondition in order to reap the benefits from integration. Policies of macroeconomic stabilisation and structural changes have also to be continued. FDI from everywhere should be welcomed and treated under the same conditions as domestic investments. Compensating transfers are not sine qua non for convergence, though they can gear up the process. As the case of Greece shows, without commitment to integration and stabilisation, transfers could have effects contrary to intentions.

5.3. Impacts of Redistribution Policies[29]

Balanced economic development has been one of the aims of the European Economic Community since it was first established in 1957. In reality, there is still considerable economic and social divergence within the EU. In the first place, appreciable differences exist between the level of performance of some national economies. Additionally, there are regional differences within the individual Member States. Economic prosperity is concentrated in the core area of the EU. The regions with lower income to be found in

29 This section comes from Holthus (2002: Executive Summary).

particular at the periphery of the EU. Apart from these peripheral regions, some areas of the EU that used to be prosperous are also experiencing difficulties today. In these cases the economy was frequently based on industries that are in decline, such as coal mining, steel, shipbuilding and textiles.

The Treaty of Rome does not expressly demand the introduction of a regional policy. The Treaty nevertheless contained provisions regarding the establishment of two funds that now form part of the 'Structural Funds', as they are called, and contribute to the implementation of the Community's regional policy.

The first of these funds is the *European Social Fund* (ESF), which was established in 1960… *to render the employment of workers easier and to increase their geographical and occupational mobility within the Community* … The second fund provided for in the Treaty of Rome was the *Guidance Section* of the *European Agricultural Guarantee and Guidance Fund* (EAGGF) which since 1964 has focused on increasing agricultural, forestry and fishery productivity and improving living conditions in rural areas. Apart from the ESF and EAGGF, a further financial instrument, the *European Investment Bank* (EIB), was set up 1958 to ensure that investment projects do not fail because of limited access to investment capital.

But it was not until the integration process was underway in the mid-1970s that a common regional policy evolved. In 1975 the *European Regional Development Fund* (ERDF) was created. It is the cornerstone of the EU regional policy. It was prompted by the economic problems of the time and the first enlargement through the accession of Denmark, the United Kingdom and Ireland. The latter two countries in particular added a number of regions to the Community that were less prosperous on account of their peripheral location (Scotland, Ireland) or were at risk because of the decline of industry (traditional industrial regions of the UK).

In the course of the second (Greece) and third enlargements (Spain and Portugal) in 1981 and 1986, which again added peripheral regions to the EEC, and the adoption of the programme to set up the single market regional policy attained high status within the Community's activities. The *Single European Act* (SEA) also called upon the Commission to submit a proposal for reforming the structural policy. The experience acquired thereafter led to a new reform of the provisions in the summer of 1993 when the *Financial Instrument for Fisheries Guidance* (FIFG) was established.

In the *Treaty on European Union* (Maastricht) in February 1992 the Member States also resolved to set up the *Cohesion Fund* by the end of 1993 for the benefit of Spain, Portugal, Greece and Ireland to finance projects relating to the environment and trans-European transport networks. By establishing the basis for enlargement through the accession of eastern European countries, the *Treaty of Amsterdam* in 1997 created the need for reform to enable the economically weaker new entrants to be incorporated in the structural policy. In July 1997 the European Commission set forth its proposed reforms in a document entitled AGENDA 2000. The package of reforms was agreed at the EU summit on 25 and 26 March 1999 in Berlin.

Since the mid-1990s there have thus been five different European funds that provide financial support to the regions within the framework of the Community structural policy. Implementation decisions regarding the allocation of resources from all these structural funds are adopted by qualified majority on the basis of proposals by the Commission and in collaboration with the European Parliament and Council of Ministers.

The financial resources available for structural policy have risen considerably over the years. This increase in allocations reflects the greater political weight that was attached to structural policy through the various reforms. For the period 2000 to 2006 the global financial framework is 195 billion € for the Structural Funds and 18 billion € for the Cohesion Fund. Structural policy accounts for around one third of the total EU budget and is thus the most important aspect after agricultural policy.

EU structural funds have supported the catching-up process in Portugal and Ireland. But it should be noted that though they stepped up, they did not originate the process. Even without these funds the convergence rate in the two countries would have been noteworthy but of a slower pace. The positive effect of transfers on the economies of Portugal and Ireland can only be understood in the context of their firm commitment to integration and their economic policies. This can be made clear by comparing them with the case of Greece, another peripheral European economy. As the case of Greece shows, without commitment to integration and stabilisation, transfers could have effects contrary to intentions.

6. Are there any lessons to be learnt for CARICOM?

Can some of the stylised key factors of the European experience be transferred to further integration efforts of CARICOM? Of course it is very difficult to apply the insights gained from the European case to CARICOM due to the fact that the economic and political preconditions diverge substantially. However at least some knowledge could be generalised. Section 6.1 asks whether the right of free movement within CARICOM will stimulate more inner-area migration or – to the contrary – whether it will lower incentives to migrate within the Caribbean area? Section 6.2 tries to isolate some key factors for the success of a Common Labour Market. Section 6.3 replicates some general principles of redistribution policy that has turned out to be very successful in the European case.

6.1. Free Movement of Labour: More Migration or Even Less?

Within CARICOM strong efforts have been undertaken to liberalise the free movement of (skilled) people within the Common Labour Market. Within the so-called “phased approach” free movement will be established in the near future. Will the abolition of border impediments lead to more inner-CARICOM mobility and an increase in cross-border movements of people?

The empirical evidence for the EU and the Nordic countries provides a rather clear answer to these questions. It must have been the case that most EU and Nordic individuals evaluated the subjective costs of migration as far outweighing any expected economic gains (higher net present value of expected earnings), with social aspects (loss of integration in changing place of residence), cultural factors (adjusting to new habits and customs in a different environment) and political motives (loss of some political voting rights) being particularly important.

Apart from a few exceptional events there has been little fluctuation in intra-European or intra-Nordic migration flows during the last thirty years. A major part of migration within the Common Labour Market was made up by individuals deciding to migrate regardless of any economic considerations determined by business cycle fluctuations.

The free movement of workers did not initiate large inner-EU migratory movements. Citizens preferred to live in their home country, even if wages were higher in other EU member states. Neither the considerable inner-EU welfare gap in individual purchasing power nor large differences in unemployment rates succeeded in creating strong incentives for cross-border migration within the EU from southern to northern Europe.

Sociological and psychological factors at the individual level as well as social, cultural and language differences between home country and host country remained strong barriers to inner EU-migration. At the macroeconomic level the cross-border movements of workers within the EC were determined by the requirements and the employment opportunities in the host countries. The abolishment of formal obstacles to mobility does not necessarily guarantee that the knowledge and abilities of the workers willing to migrate correspond to the requirements and demands of the potential employers. It should be recalled here that the freedom of movement granted within the EU does not apply to the unemployed. Unemployed persons may look for employment in other EU countries and they may enter other member states for this purpose, but this does not entitle them to any financial support whatsoever from the (temporary) host country.

What we can definitely learn from the empirical evidence in Europe is that immobility has an economic value, which is to a certain extent positive (see Fischer 1999). Immobility allows people to use their specifically local know-how for earning an income (i.e. mainly on the labour market) and for spending that income (consumption decisions). This know-how cannot be transferred to other locations It would be lost in the case of migration and would have to be acquired once more at the new place of residence. A further advantage of immobility lies in the option value of waiting. Analogous to investment decisions on financial markets, waiting (i.e. not to migrate but to stay) has a positive option value.[30] This positive option value arises because the postponement of the migration decision reduces the relative uncertainty and therefore the risk which is involved in the migration decision. The period of waiting can be used to gain information. This reduces the risk of a wrong decision. If during the period of waiting the differences in income between the home region and the potential host region diminish, the actual migration flow will be much smaller than originally planned.[31] Precisely this value of immobility explains why most people prefer to stay even if ”go” seems to be an attractive alternative at the first glance. For most people, however, the second glance clearly shows that the value of immobility is higher than the expected net present value of a move abroad. Consequently, it is a very rational individual decision to stay.

The empirical experience of the EU and of the Nordic Common Labour Market is largely in accordance with theoretical expectations. If labour is legally free to move, this makes people (especially in border areas) more mobile internationally, but it does not in itself induce mass migration from one country to another. People's social and cultural ties to their local environment are an important obstacle to migration, which has been commonly underestimated from the perspective of theoretical economics.

They can afford such a strategy because of the relatively generous social nets that have a tendency to discriminate mobility and refund immobility. The development of systems of social security and welfare facilitates immobility even under conditions of long term unemployment. The provision of increasingly comprehensive social security in the EU and the Nordic countries is one of the most important factors explaining the preference of immobility.

On the *macroeconomic* level, international labour migration has proved to be mainly *demand-determined:* it usually depends to a major extent on the needs and employment opportunities in the *immigration* countries. In the EU, trade has reacted much faster and more elastically to economic integration than labour. The removal of formal and informal protectionist impediments led to a strong increase in intra-community trade. The equalisation of prices for goods and factors expected on the grounds of the neo-classical international economic theory

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30 On this see M. Burda (1995).

31 The concept of the option value of migration could be extended by the aspect that people are not risk-neutral but rather, tend to be averse to risk. The bird in the hand tends to be given preference over the two in the bush, and a "worse" alternative which can be anticipated with a high degree of probability may be preferred to a "better" alternative which is uncertain. It is also possible that the decision to migrate is not based on the long-term perspectives but takes place instead for short-term reasons. In this case, the high fixed costs at the beginning of migration can act as a deterrent and be overestimated, although the later advantages would be much greater than the initial costs. Both extensions of the model -- risk aversion and the preference for the short term -- work in favour of waiting.

materialised through trade rather than through an increased mobility of labour. To a considerable degree, *trade has replaced the economic demand for migration* in the EU and in the Nordic area.

Economic integration promotes welfare. The removal of obstacles to trade and the integration of international financial markets make trade in goods and services easier and capital and know-how more mobile internationally. Labour migration thus becomes increasingly dependent on the progressive liberalisation of trade in goods and services and the international mobility of capital. More and more, *multinational firms* may become a key 'media' for this increasingly interdependent flows of trade, labour and capital. Multinational firms create 'international systems' that allow qualified labour and direct investment capital to move from one international location to the other avoiding the cost of leaving the system.

A common economic area primarily increases competition between immobile labour and local social and economic systems for the mobile production factors of capital and know-how. Locations that are particularly inviting in this respect manage to attract highly skilled specialists. The more technological innovations regarding the transfer of data, information, goods, services and the mobility of people reduce the costs of geographical distance, the more do spatial aspects of relative macroeconomic attractiveness and microeconomic (cost-determined) competitiveness matter. If policy makers and institutions neglect that fact, economic agents and people in general are bound to "vote by their feet" and move their economic activity and/or themselves to other locations.

Applied to CARICOM the European experience leads to the assumption that the establishment of free movement within CARICOM will not stimulate strong migration flows. European experience teaches that most people prefer to stay. “Go” is the exception, immobility the rule. This is rational from a microeconomic point of view because immobility has a value in itself.

From a macroeconomic perspective, there are not many incentives for a broad reallocation of labour within CARICOM. First, CARICOM covers a rather small area with relatively few people. And second, due to the relative neighbourhood to the large US labour market, people willing to move will probably prefer to go to the US.

6.2. Key Factors of Success for a Common Labour Market

Empirical evidence of other regional integration areas has shown that one of the key factors for success within integrated areas is the redistribution of benefits. As discussed above, it is not evident that every Member State benefits from entering a Common Labour Market. Theoretically, convergence and divergence of development is possible. In short:
Migration does *not induce convergence* as long as absolute technological differences between locations persist. Wages and/or returns on investment will therefore remain lower in the disadvantaged region. The latter can only catch up by improving its technology and efficiency, which becomes more difficult once factors of production begin to leave.

The more mobile factors of production in a technologically disadvantaged location become, the higher are the incentives for so far immobile factors to emigrate as well (*cumulative causation*). Moreover, the monetary incentives to invest in location-specific, immobile factors diminish. If in the extreme case all input factors were mobile, the disadvantaged location would in the long run face a total outflow of production factors, until 'the last turns off the light'. This is the well known „mezzogiorno“ *core-periphery pattern* with a growing centre and an economically dying outer area.[32]

To summarise our theoretical discussion from above in a nutshell: In some situations migration contributes to a diverging development while in others it enforces convergence. There will be periods in the economic development of regions or countries when migration may induce effects of divergence. They are likely to be followed by other periods, when effects of convergence dominate. Especially during periods of economic integration and structural change, migration may be important in shaping future convergence-divergence patterns. In many cases, however, migration will not matter that much, at least not for long-run growth and development processes. What actually applies to a concrete situation and how important counterbalancing effects are remains an empirical question, the answer to which requires careful case-by-case analysis.

From our empirical analysis it has become clear that most of the criteria and conditions for the choice of an optimal form of integration are sensitive to the stage of development of national economies and the level of homogeneity of potential members. Having in mind the importance of a simultaneously (by level of development and relative heterogeneity of members) determined “optimal degree of integration”, it becomes clear that a too fast integration process could provoke more economic (and politico-economic) problems than benefits. Too ambitious and too far-reaching integration models were one of the reasons why regional integration in Asia, Africa and Latin America was a story of failures in the past.

In addition to the economic aspects, the process of establishing an economically integrated areas also has social, political and cultural implications. For the societies involved, there are winners and losers. Integration leads to redistribution and is a challenge to a country's political system and its cultural identity. The way in which a society deals with social, political and cultural aspects of integration affects the economic outcome and has an indirect but nevertheless very strong effect on the success of regional integration.

6.3. Do We Need A Redistribution Fund?

All over the world, regional economic blocs have seen considerable growth. The countries of Western Europe and North America were much more successful than developing countries in using international integration to boost economic progress. The standard explanations for the conflicts and failures of regional economic integration among developing countries have been concerned with the issue of equity in the distribution of benefits (see for example Lewis 1980).

If within an integrated area some countries are much more developed than others, the gains from being integrated are very likely to be distributed unequally. The advanced economies tend to attract more new industries than the less advanced. The possible consequence is a wider gap between the members: The already developed area becomes more developed while the more rural area is condemned to a lower level of development.

32 Note that in the above macro-representation of an economy, this development process is still stable in the long run, due to the existence of immobile, location-specific factors and due to the assumption of constant economies of scale. Once the mobile factors have become scarce enough relative to immobile ones, compensations for the mobile factors will equalise internationally. In the medium run, however, 'core' and 'periphery' will be subject to diverging development, with the 'periphery' potentially facing a 'poverty trap'.

The knowledge that (at least in the short run) the gains from regional economic integration will be unequally distributed renders the negotiation process very difficult. Every member will attempt to attract as many common industries as possible. To disregard short term national interests in favour of long term common goals within the integrated area requires a high level of political statesmanship. It is not surprising that given such conditions the less developed countries are not very eager to join their neighbours in an integrated area. The example of the time-consuming negotiations within the EC demonstrates how difficult this task is even within a successfully integrated industrialised area.

However, we have to evaluate carefully the belief that the heterogeneity of the members has been a reason for the conflicts and the failures of regional integration areas in Africa, Asia or Latin America. Of course, it is a strong argument that as long as economies mainly produce agricultural products and raw materials and industrial production is based on the manufacturing of these primary products, few possibilities exist for cost reducing shifts in the industrial sector within the integrated area, and there is only little scope to exhaust eventual economies of scale.

A minimal degree of industrialisation and a minimal size of the integrated area are therefore indispensable for the dynamic (long-run) effects of an enlarged ‘domestic market’ to develop. Therefore, the level and the homogeneity of industrial development and the size of the area simultaneously represent the key variables in the integration process. They are important factors that determine the pace of the integration process.

The successful experience of the European Union allows to sketch some stylised key factors, in order to illustrate in what respects well functioning redistribution policies could support the willingness and ability to stimulate a successful integration process:[33]

Partnership principle

The first principle is the *partnership principle*. It calls for close cooperation between the (CARICOM) secretariat and the competent national, regional or local authorities of the individual Member States at all stages, from preparation and planning to implementation. In the case of the EU, the new regulations have extended this approach to other institutions e.g. relating to the environment and to the equality of opportunity for men and women. The Member States are required to consult the partners on the plans to be elaborated for the Commission and must include in the plans the arrangements made for the consultation. The partners must also be consulted on extensions of plans. This principle recognises the concept of participation by the regions involved and it also contains a control element.

Programme planning principle

The second principle is the *programme planning principle*. This principle calls for the setting up of long-term development programmes. In the case of the EU, programmes are set out for a seven-year period with adaptations being made if necessary following a mid-term review. Planning involves several phases leading to the implementation of the activities by the public or private body managing the projects.

33 This section comes from Holthus (2002).

Additionality principle

The third principle is the *additionality principle*. It is employed for programme and finance planning. In the case of the EU, the funds provided by the EU supplement rather than replace the allocations by the Member States. As a general rule, the level of expenditure by the Member States for each project must be at least equal to the amount achieved in the previous programming period. Actually, it has turned out that the additionality principle has been the most important redistribution rule to stimulate convergence processes within the EU (see Shams 2002).

7. Do we need new institutions?

The following chapter analyses the EU experience with institutions to facilitate free inner-area mobility. Section 7.1. looks at the question whether integration implies the harmonisation of policies from a rather general perspective. Section 7.2. looks in a bit more detail at the question of harmonisation with regard to the labour market and the related fields of labour standards and social security. Section 7.3. discusses the need or otherwise to establish a common migration policy in the CARICOM.

7.1. Policy Harmonisation

If one looks at the development of policy responsibilities in the EU, one will find that they have expanded steadily over the years. Treaty provisions transferred more and more competencies to the European level. There were several reasons to do so. First, international economic competition was increasing, and it was felt that Europe as a whole was in a better position to cope with this new situation than were the individual member states. Second, there was strong pressure from the central institutions to transfer additional competencies to their level. Third, community competencies in some fields made it necessary to enlarge these to further policies in order to be able to achieve the set goals.[34]

One has to distinguish several features of the process of policy development. In the beginning, the Community applied the so-called Monnet-method. This was based on the idea that integration of some key policies would over time make it necessary to transfer the responsibility for an increasing number of policies onto the European level. The Monnet-method was based on the idea of functional spill-overs between different fields of policy and proofed rather successful for the first years of the integration process.

After a ruling by the European Court of Justice, the so-called Cassis-de-Dijon case, in 1979, the principle of mutual recognition was widely applied for the free movement of goods. Hence, harmonisation of product standards was not a prerequisite for the functioning of the common market. Discrimination against products from other member countries was eliminated by simply accepting all those goods as fulfilling sufficient standards which had been accepted to the market in on member country.

In the first decades of the European integration project, only very few policies were transferred onto the European level. The most prominent example for one of these common policies is agriculture. The Single Market Project of 1992, however, led to a considerable development of market-based policies, e.g. the opening up of national monopolies and public procurement to competition. This trend is closely linked to the boost of sectoral policies like transport, telecommunications and energy. But also in the social realm, an increase in community competencies is to be noted with the examples of consumer protection, working conditions, and lately also employment policy.[35]

The so-called second and third pillar of the EU treaty remain areas of intergovernmental cooperation, but the trend towards more competencies for the Community does not stop there either, as can be seen by the late integration of parts of the third pillar (justice and home affairs) into the treaty.

34 Compare Nugent (1994: 52-56).
35 Compare ibid.

Over the years, the European Community has acquired competencies of a very patchy nature, which has led to a severe lack of transparency. The principle of subsidiarity and the attempt of the convention to better define which level shall be responsible for which policies are two approaches to deal with this problem.

From an economic point of view, the principle of mutual recognition is a positive policy instrument, because it helps to open up markets and facilitates competition. In most cases it should be a sufficient measure for the functioning of a common market and it can be applied to a large number of fields, for example to the recognition of diplomas and educational standards. In this respect, the foundation of the West Indies' University by the Caribbean Community was certainly a step to facilitate the principle of mutual recognition in the field of education and hence to support the free movement initiative.

7.2. Labour Market Harmonisation[36]

As to the question of labour market harmonisation, we want to discuss the two aspects of social standards and labour rights on the one hand and social security on the other.

Social policy plays an important role in the process of trade liberalisation in areas which have integrated regionally and is also a crucial factor in trade policies of both individual states and groups of states towards third countries. In the process of regional integration, one has to answer the question whether the harmonisation of social policies is a prerequisite or a consequence of free trade. Thus, the sequencing of trade liberalisation and the definition of social standards becomes an important issue, which is also of relevance in the relations to third countries.

In the European Community, the reduction of barriers to trade took place prior to any attempt to harmonise social policies. In other policy fields, e.g. in competition policy, the EC decided to embark on a common policy from the beginning on, in order to prevent the substitution of governmental barriers to trade by private ones. In the field of social policy, the EC did without harmonisation on the European level. The process of integration was not seen to be in danger by social dumping. Only in the question of equal pay for men and women, the EEC treaty (Article 119) provided for harmonisation between the member states. The rule of equal pay was not only motivated by social considerations in line with the principle of equality but also by economic arguments. It was seen in the context of the basic aims of the common market, that is to prevent distortions of competition and hence also to prevent social dumping. On the whole, however, the development of the EC towards a customs union was characterised by a low degree of social harmonisation. This was due mainly to the favourable economic conditions of the time and a lack of consensus among the member states concerning matters of social policy.

After the customs union had been completed in 1968, and especially since the mid-eighties, pressure towards harmonisation in social policies increased. Main reasons for this were a slower growth of incomes in the community, a substantial increase in unemployment, high disparities in the cost of labour due to the southern enlargement, and the single market programme of the European Commission. The Commission propagated the European Social Area, which should complement the economic area, and was also in favour of a social

36 This section draws on Grossmann et al (2002).

dialogue between employers and employees on a European level. The Treaty of Rome was amended by articles dealing with health and security standards (article 118a) and with collective bargaining (article 118b). The European Charter of Social Rights and the protocol on social policy were the basis for the Commission to undertake numerous initiatives to social policy regulation. These should foster common social policy aims, prevent social dumping and other unwanted practices, and establish fair conditions for competition, especially in labour intensive industries with a high proportion of unskilled workers. It was feared that competition by member countries with labour costs significantly lower than average, could inhibit national social progress of the most advanced countries, or, even worse, that a pressure towards the bottom concerning social conditions, e.g. wages, non-wage labour costs, level of social security, could develop. Steps towards social harmonisation were taken mainly in the field of health and security standards and were first of all motivated by social policy considerations and not so much by the idea to prevent social dumping.

To sum up, the European example shows that differences in social policy do not interfere with trade liberalisation and that, on the other hand, free trade does not restrict social progress in the member countries. Therefore, it is not necessary to take specific precautions against social dumping.

In trade relations of the EU with third countries, the social dimension has gained in importance. Some European countries have traditionally been implementing trade policy measures against their trade partners to prevent social dumping. In addition, there have been attempt to take action against unfair labour practices in third countries by the way of competition policy.

As to Social Security, most member states of the EU are currently under pressure to reform their systems of Social Security. Demographic trends put severe strains on their financial sustainability and new risks have to be dealt with in the postindustrial society. The process of European integration adds a further dimension to this necessity to embark on a reform process: The aim of the free movement of people across Europe and the tight fiscal framework provided by EMU limit the scope for national governments to pursue their own policies of social security and put into question their effectiveness. In addition, member states are no longer in a position to control on a purely national level the macroeconomic variables which determine the rentability of their social security systems. The EU has developed mechanisms of co-ordination which make sure that periods of insurance of an individual are added across the member states in order not to put those at a disadvantage those who have been working in more than one member state during their working lives. This kind of co-ordination is a necessity, if one does not want to inhibit the free movement by discrimination via social security systems. A total harmonisation, however, is not necessary for the functioning of an internal market. The only task for the European level is to ensure the conditions for a fair competition between the different systems of social security. If such conditions hold, competition between the systems can help to identify those systems which qualify as “best practice” and ideally lead to the elimination of inefficient systems.

It is clear that the European example cannot be directly transferred to the case of CARICOM, because of the very different economic conditions in both regions. Nevertheless, some aspects hold for regional integration in general are also true for the Caribbean. The main insight is, that minimal standards might be a good idea in order to open up competition, but that a full harmonisation of policies is not necessary for the smooth functioning of a common market.

7.3. Common Migration Policy[37]

Within the Single European Market (that should have no internal border controls) it has been realised relatively early that nationally independent asylum-, immigration- and citizenship policies involve a number of problems. The freedom of movement for goods and factors in an area without borders was the ultimate goal when the European Economic Community (EEC) was established in 1957. However, the founding six member states (France, Germany, Italy and the Benelux countries) have always been very anxious about giving up their competence to design and execute a sovereign migration policy. They did only agree on the free movement of labor for their own citizens. No efforts were undertaken in order to go a step further and to think about a common European migration policy on the cross-border movements of people from outside the EEC. Already the inner EEC arrangements which ensured the free movement of labor for their *own citizens* provoked some serious fears in the Northern EEC member states (especially in France) to be invaded by masses if immigration flows from the poorer regions in southern Italy.

The free movement of their own citizens has been an *integral part* of the process of European unification since the Treaty of Rome of 25.3.1957 (Art.3, sub-paragraph c) and the Single European Act of 28.2.1986 (addition of Art. 8a to the EEC Treaty). The right of free movement has been successively extended. At the beginning of the EEC it was restricted (at least de jure) to the free movement of workers and people without a work contract had no right to stay in another member state. Later, it was enlarged to self-employed and to grant EU-wide freedom of supply of services, including the right to finance or to insure EU-wide economic activities. Furthermore, with the revision of the Treaty as of 7.2.1992 (Treaty of Maastricht, EC Treaty) the concept of ”*Union citizenship*” was introduced (Art. 8 EC Treaty). According to this article, a national of an EU member state is automatically also citizen of the Union. This involves a number of rights (and duties), such as the right to move and reside freely within the entire territory of the EU, as well as active and passive voting rights in the state of residence (and not according to nationality) at municipal elections and at elections to the European parliament. Union citizenship can be interpreted as the logical consequence to the free movement of persons. The originally economically motivated free movement of workers has finally become emancipated in the sense that it has become a basic *political right*. But the path towards a ”citizens' Europe” has not yet ended. The further realisation of "Union citizenship" has played a role of central importance in the intergovernmental conference that has led to the Treaty of Amsterdam (signed in Amsterdam on 2.10.1997). One of the main goals of the Treaty of Amsterdam was to fill the concept of ”Union citizenship” with substance in all its aspects. In order to avoid ”misunderstandings” Article 8 (1) of the EC Treaty was clarified by the annex that ”Citizenship of the Union shall complement and not replace national citizenship”.

The EU regulation on the freedom of movement applied only to citizens of EU member states. EEC-member states remained completely free to define their policies concerning migrants from *outside* the EU. They independently set national rules of entry, exit and naturalisation. Additionally, they were more or less sovereign to decide on rights and duties of third country nationals. Citizens of non-EU states, for instance, did not have the right to move freely within the EU. The crossing of the border from one EU country to another EU country by non-EU citizens was treated as an exit into, or entry from a third country.

37 Most of this section comes from Straubhaar (2000).

The more the pattern of EU-migration has been influenced by *workers from third countries*, the stronger have national differences in immigration policies and the denying of free movement to third country nationals come into conflict with the basic economic aims of the Single Market. It ought to be the aim of the common EU-labour market to achieve the optimal utilisation of the efficiency advantages of a single economic area via the geographical mobility of the factors of production. If, however, a part of the labour force living in the EU is excluded from the process of cross-border adjustment (as the workers from third countries) then the economically efficient equalisation of the marginal factor products cannot be achieved. Only if workers from third countries also had the right of free movement within the entire labour market would the EU-labour market be what it is intended to be: a common labour market with no barriers whatsoever to the mobility of the factors of production. Otherwise labour market rigidities will remain, particularly for “workers from a third countries”, with the result that all necessary adjustments will increasingly have to be made via the other two adjustment options - “wage reactions” and “unemployment”.

Until the 1990s, the first attempts by the EU to make progress towards a common migration policy were driven almost exclusively by political facts. For this reason, they were directed towards asylum and refugee law and towards the problems connected with unauthorised immigration and with the primarily non-economically motivated migration of students, pensioners and tourists. The questions dealt with have usually been the enforcement, control and harmonisation of national legislation. Apart from these questions the opinion was still dominant that migration policy towards third countries should be left to the national legislation of the individual EU-member states.

The Schengen Agreement was a first step towards the comprehensive free movement of persons, but it remained primarily an instrument for the enforcement of border controls, for police co-operation on the territory of the EU and for the execution of asylum and refugee legislation. The Schengen Agreement was originally signed by Belgium, Germany, France, Luxembourg and the Netherlands (Schengen I on 14.6.1985, Schengen II on 19.6.1990). Since then Italy (1990), Spain and Portugal (1991), Greece (1992), Austria (1995), Denmark, Finland and Sweden (1996) have joined (Denmark has not ratified the agreement yet). Norway and Iceland have become associated members with the implementation of the Schengen acquis and its further development on the basis of an Agreement signed in Luxembourg on 19 December 1996.

The Schengen Agreement has become effective at the beginning of 1998 when all border controls between Italy, Austria, and Germany were in fact given up. This step immediately provoked strong discussions about the *credibility and efficacy of external border controls*. Especially some German (Bavarian!) politicians and border police officers have been afraid of (too) easy access to Schengenland via the southern regions. A new form of control, the so called “Schleierfahndung” was established. It shifted control from outer border away towards an internal control of people.

The call for EU-wide free movement for workers from third countries can only have a real political chance if it is combined with *clear and transparent regulations*. Such should contain precise definitions who is to be allowed to enter the EU, details about the stay and work and specifications under which conditions and with which rights immigrants will live. The Maastricht treaty already contained a number of innovations which served as a basis for the Treaty of Amsterdam in 1997.

For instance Art. K.1 of the Maastricht Treaty declared ”asylum policy”, the ”rules governing the crossing by persons of the external borders of the Member States” and ”immigration policy and policy regarding nationals of third countries” to be ”matters of common interest”. Immigration policy thus became part of the third pillar of the treaties, the "co-operation in the fields of justice and home affairs". With the reservation that decisions must be unanimous, immigration policy was transferred to the competence of the Community. Art. K.9 of the Maastricht Treaty, together with Art. 100c EC Treaty, also offered a basis for a much more comprehensive joint approach. And indeed inserted the Treaty of Amsterdam in Part Three a Title IIIa ”Visas, Asylum, Immigration and Other Policies Related to Free Movement of Persons”.

The Amsterdam Treaty lays down that the Council of Ministers has to adopt measures which shall ensure the free cross border movement and the abolition of all controls of persons, no matter if they are citizens of the Union or nationals of non-member countries, within five years after the Treaty comes into force. In other words, in a very few years' time, the abolition of internal controls will be *completed within the Union*, but until then any decision within the Council will still have to be made by unanimity.

To summarise, European immigration reality has led the EU-nation states and their governments to find a more *pragmatic approach* in this field. Step by step the single nation states have transferred their sovereignty to EU-authorities in order to design a common migration policy. Thereby, they followed a quite innovative ”opting in” procedure. This means that only those states who wished to co-ordinate their immigration policy could do so without being blocked by those who still had national difficulties with the adoption of a common migration policy. What now remains to be done is to fill this framework with much more concrete substance.

The EU experience cannot be applied without qualification to the Caribbean. In the CARICOM, immigration from third country nationals does not play such a prominent role as in the EU. Therefore, the problems to be solved are different ones. In CARICOM the utilisation of efficiency advantages and hence the possibility to improve the allocation of labour in a common labour market is of prime importance. Like the CARICOM member states with their free movement initiative, European governments decided to follow a phased approach. The right to free movement has been successively extended to larger categories of people and thereby facilitated mobility. The fact that the freedom of cross-border migration has not been used very widely in Europe does probably not reflect the prospects for CARICOM. There, some of the obstacles to migration do not exist, e.g. different languages. Consequently, the abolition of legal barriers to migration is all the more important and might hence result in more migration in the Caribbean than in Europe.

8. Policy Issues

The plan towards a Common Labour Market within CARICOM is a very ambitious project. The aim is to establish the freedom of movement for people. It is not sure ex ante whether free migration of workers will lead to more mobility and whether it will stimulate convergence of the standards of living across the Member countries. Are there specific policy issues that could support the successful establishment of a Common CARICOM Labour Market? Section 8.1 repeats shortly some of the economic cornerstones of CARICOM integration preconditions. Section 8.2 evaluates the potential for further CARICOM integration. Finally, section 8.3 evaluates the hopes for success of the formation of a Common CARICOM Labour Market.

8.1. How Far Has CARICOM Integration Gone Already?

“The record has not been an entirely dismal one” is the summary by Wendell of then 16 years of integration experience in the Caribbean.[38] The caution underlying this statement seems to be appropriate when evaluating the integration process in the Caribbean. Legally speaking, CARICOM and the CSME are very far-reaching projects, especially if one bears in mind, that we are dealing with a project of integration among developing countries. The aim is to establish not only a Common market without barriers to trade and a common external tariff , but a single economy, which also comprises the freedom of movement not only for goods, but also for factors and people as well as for services. The aim is ambitious, but experience shows that implementation of steps towards more integration has often been slow in the Caribbean region.

One reason for this may be that the region is still very polarised. This applies to at least two different levels. Polarisation persists on the one hand between the smaller and the larger economies and on the other hand between the less and more developed countries. As the findings on trade and migration suggest, polarisation might even be increasing. An uneven distribution of gains and costs from integration, however, is a serious obstacle on the path towards further integration.

The experience with economic integration under the CARIFTA agreement has been ambiguous. According to Thoumi (1989) it led to trade creation for some countries, e.g. Guyana and Trinidad and Tobago, but to trade diversion for others, e.g. Jamaica and Barbados.[39] Taking into consideration the region as a whole, there seem to be some factors which might foster integration among Caribbean countries and others which rather constitute obstacles to integration.

If one looks at the development of living standards over the last twenty years, the figures reveal some interesting trends.[40] We have taken GDP per capita in constant 1995 US$ and its development from 1980, over 1990, to 1999 as an indicator for the development of living standards in the region. Computing the coefficient of variation for the three points in time reveals that on average the region has experienced convergence, because the coefficient of variation has decreased from 1.0 to 0.83. Convergence has not been a phenomenon across the whole region, however. One has rather to distinguish several groups of countries. Those

38 Wendell (1989), p. 223.
39 Thoumi (1989:163).
40 Compare Annex table 11.

countries on the last four ranks in GDP per capita terms have not seen a significant improvement of their standards of living over the last 20 years. In three of those countries, i.e. Suriname, Guyana and Jamaica, there were only very slight increases in GDP per capita, in Haiti, which had by far the smallest per capita GDP already, GDP per capita fell from 607 $ in 1980 to 371 $ in 1999.The top group on ranks 1 to 5 in GDP per capita terms performs ambiguously. Antigua and Barbuda and St. Kitts and Nevis could double their GDP per capita over the period under consideration, whereas the Bahamas, Barbados and Trinidad and Tobago could only register slight improvements of their standards of living. The countries on ranks 6 to 10 are those, which saw substantial increases of their GDP per capita. In four of those countries, e.g. Dominica, Grenada, St. Lucia, St. Vincent and the Grenadines, income doubled, only Belize experienced a smaller increase from 2,036$ to 2,768$. The figures hence suggest that there is something like a convergence cluster on the middle GDP per capita ranks. As the coefficient of variation over the whole region has decreased, the convergence of this cluster outweighs the performance of the other groups. It is interesting to note that those countries in the convergence cluster also form a geographic cluster, four of them belong to the group of the windward islands, which have a central position in the integration area.

8.2. Potential for Further Integration among CARICOM members

The motives for the Caribbean countries to embark on a process of economic integration which envisages a Caribbean Single Market and Economy (CSME) illustrate some of the potential of economic integration in the Caribbean.[41] The formation of a larger internal market will help to exploit economies of scale and to improve the allocation of resources. This will in turn lead to a higher standard of living. In addition, CSME would not only reduce barriers to trade in goods and services among member countries, but also reduce barriers to trade with countries outside the common market. Furthermore, CSME would increase the region’s bargaining position in international negotiations and raise the profile of member countries.

Among the factors, which make the Caribbean a region prone to integration is the openness of the economies concerned. As trade is very important for the Caribbean countries, the region can be expected to gain from further trade liberalisation. On the other hand, one has to take into consideration that many of the goods traded by the Caribbean countries are traded on protected markets. Hence, liberalisation cannot bring about many advantages. The closeness to the large US market has been very advantageous for the region and integration is important in this context to strengthen the negotiating power of the Caribbean towards the US. This may become even more important after NAFTA has come into force, because NAFTA leads to fiercer competition for the Caribbean by Mexico. Another aspect of the closeness to the US is the dependence of Caribbean economies from developments and business cycles in the US market.

Common to all Caribbean economies is their vulnerability, which is a result not only of geography, but also of the smallness of the states and territories. Forming a larger entity can hence be an advantage and something like a mutual insurance against the odds of climate and economic shocks. Smallness can facilitate integration, because an integrated area can offer shared infrastructure etc., but it can also be an obstacle, if the market size is too small.

41 Compare Itam et al (2000: 19) for the motives of integration.

A serious problem for integration in the Caribbean are the differences between the countries as far as their stage of development and their size is concerned. Both, more advanced[42] and also larger countries[43] tend to profit more from economic integration. If this leads to an unequal distribution of gains an costs from integration for the different countries, it can become an obstacle for the promotion of integration.

The data suggest, that there exists polarisation in the Caribbean region, on the one hand between the larger and the smaller countries and on the other hand between the less and the more developed countries. The larger and the more developed countries seem to profit more from integration.

8.3. Evaluation

First, it is questionable whether the economic conditions in the Caribbean are such that integration can be a strong benefit to the region. It has been argued that “the mere freeing of trade among less developed countries which historically have had firmly established trade patterns with metropolitan countries offers limited possibilities for meaningful economic integration.”[44]

Second, as long as costs and benefits from integration are distributed unevenly among members, this will constitute a serious obstacle to further steps of integration.

Third, being an agglomeration of small island states, there should be a natural interest to integrate in the Caribbean region. The large number of integration initiatives at diverse levels in the region is evidence to that argument. The fact that most of the CARICOM countries have English as their official language (the exception is Haiti) facilitates integration on a very practical level.

The establishment of free movement within CARICOM might not stimulate strong migration flows. From a microeconomic point of view immobility has a value in itself. From a macroeconomic perspective there are not many incentives for a broad reallocation of labour within CARICOM. CARICOM covers a rather small area with relatively few people. Due to the relative openness of goods market most positive impacts of specialisation and division of labour within CARICOM might be exploited already.

Due to the relative neighbourhood to the large US labour market, citizens of CARICOM willing to move will probably prefer to go to the US. Compared to the microeconomic incentives of migrating to the US a inner-CARICOM movement to another Member State might look less attractive.

42 Compare also Gondwe/Griffith (1989:154).
43 Compare also Thoumi. (1989:227).
44 Gondwe/Griffith (1989:168).

If the integration movement is to survive and avoid political tensions governments must take decisive steps in order to

- minimise the costs to member countries resulting from mere trade integration
- promote regional industries
- prevent economic polarisation[45]

Further integration steps within CARICOM have to evaluate carefully the heterogeneity of the Member States. Heterogeneity means that benefits and adjustment costs of further integration steps might differ substantially from country to country. An unequal distribution of the gains of integration has been a main reason for the conflicts and the failures of regional integration areas in Africa, Asia or Latin America in earlier times.

It is a strong argument that as long as economies mainly produce agricultural products or raw materials and industrial productions is based on the manufacturing of these primary products, few possibilities exist for cost reducing shifts in the industrial sector within the integrated area. There is only little scope to exhaust eventual economies of scale. A minimal degree of industrialisation and a minimal size of the integrated area are therefore indispensable for the dynamic (long-run) effects of an enlarged ‘domestic market’ to develop. Therefore, the level and the homogeneity of industrial development and the size of the area simultaneously represent the key variables in the integration process. They are important factors that determine the pace of the integration process.

Having this in mind, CARICOM might be well advised not to overestimate the potential for further integration benefits. Without doubt, the establishment of a Common CARICOM Labour Market is a ambitious step into the right direction. It will bring positive but probably only weak impacts on the economic development of the area.

With regard to labour mobility, it is not sure ex ante whether the formation of a Common Labour Market will stimulate strong inner-CARICOM migration flows. The potential for a strong cross-border exchange of labour looks rather modest. This has something to do with the fact that there are no common terrestrial borders and that no country in the area seems to become a magnet to the citizens from other Member States. The abolishment of border restrictions to free movement within the CARICOM area is very wise. However, we might not expect strong inner CARICOM migration flows as a consequence.

45 Compare ibid.

9. Conclusions

The study looks at the economic impacts of integration in the Caribbean region, focusing on the analysis of a Common Caribbean Labour Market. The study brings together some theoretical analysis of integration economics with empirical evidence from the Caribbean. Theoretical expectations and empirical findings are related to the experiences of other integration areas in order to provide an informed evaluation of the scope and perspectives of Caribbean integration. The main findings of the paper are the following:

CARICOM is characterised by the fact that all of the member countries are developing countries (the Bahamas are the exception reaching the level of middle income countries). Most of them are islands. Member countries and the region as a whole are small.

CARICOM is characterised by the heterogeneity of the region in terms of GDP per capita as well as population. Furthermore, the economies are very open, but tend to focus on very few export goods.

Economic integration among the countries in the Caribbean region has a long history. A free trade area (CARIFTA) was established in 1968 and replaced in 1973 by a further reaching agreement of regional integration, the Caribbean Community (CARICOM). The member countries of CARICOM are also taking steps in the direction of a common labour market. They have gone as far as to allow the free movement of professionals. CARICOM is considering further liberalisation of inner-area migration with a view to accomplish a fully integrated labour market which is considered as a crucial ingredient for a Common Single Market and Economy (CSME).

As far as trade relations are concerned, both inner-regional imports and inner-regional exports have become more important over the period of integration, but these imports are distributed very unevenly across the region to the advantage of the more developed countries among the member states. Compared to other trading blocs, however, inner-regional trade is very low in CARICOM.

Employment data show that in the lower developed CARICOM member states agriculture plays the most important role with shares on total employment reaching more than 60% (in Haiti) and about 20 to 25% (in Belize, Dominica, Guyana, Jamaica, Santa Lucia, St. Vincent and the Grenadines). In other CARICOM countries the service sector accounts for the largest share of employment with about 80% of total employment in the Bahamas.
As to migration, there seems to be a pattern that people move in the neighbourhood and towards richer countries. Compared to the incentives of migrating to the US or other higher developed countries, inner-area migration flows remains rather low. Not even large gaps in the standard of living between member states have provoked strong inner-CARICOM migration flows.

Further economic integration in the CARICOM area can occur either via an increase in trade in goods and services or via the migration of factors (migration and direct investment). The question of whether trade, capital transfer and migration are substitutes or complements is theoretically disputed and depends on different circumstances.

Effective migration is the result of the interplay between the migration potential, the demand for migration and any intervening obstacles. Migration potential is the aggregate result of individual decisions processes, with the natives of an area comparing their current and foreseeable wealth with an expected quality of life elsewhere.

Migration demand depends on the economic needs (employment, jobs) and the social, cultural and political acceptance of this need by natives and their institutions. In a common labour market, one main intervening obstacle to migration is absent, namely formal political or legal restrictions to inner-area migration.

The goal of a common labour market is to make more efficient use of resources and to improve the distribution of labour within the integrated area. Economic integration raises the level of economic wealth of the member states, overall. In the short term, however, the structural adjustments which a common market accelerates may lead to economic imbalances and social challenges in some areas. Labour mobility could then help to even out a local surplus of labour and to prevent asymmetric shocks from causing persistent structural unemployment problems.

To evaluate the expected theoretical effects of a common labour market in a nutshell, we might stress that migration affects productivity, employment and wage levels in both the countries of immigration and emigration; but it also affects the relative qualification and standing of the population groups competing with migrants.

Having in mind the importance of a simultaneously (by level of development and relative heterogeneity of members) determined "optimal degree of integration", it becomes clear that a too fast integration process could provoke more economic (and politico-economic) problems than benefits. Too ambitious and too far-reaching integration models were one of the reasons why regional integration in Asia, Africa and Latin America was a story of failures in the past.

The standard explanations for the conflicts and failures of regional economic integration among developing countries have been concerned with the issue of equity in the distribution of benefits. If within an integrated area some countries are much more developed than others, the gains from being integrated are very likely to be distributed unequally. The advanced economies tend to attract more new industries than the less advanced. The possible consequence is a wider gap between the members: The already developed area becomes more developed while the more rural area is condemned to a lower level of development.

One has to say that, while the effect of decreasing costs is clearly positive over-all, the specific consequences of the integration process for the different regions of the integration area cannot be identified very easily ex ante. If regions integrate, the flow of production factors can alter the regional economic structures of production. The migration of people may be decisive for the emergence of new centre-periphery patterns.

Convergence theory predicts that factor incomes (such as wages and interest rates) in all parts of an integration area will eventually converge, provided that sufficiently strong adjustment mechanisms within the integration area exist. Based on these assumptions, the neo-classical models predict an inter-regional and international convergence of factor incomes. Consequently, labour migration is a rather temporary arbitrage phenomenon. In the neo-classical model temporary migration has no impact on growth and development. Temporary migration cannot alter the so-called long run "steady state" equilibrium of an economy.

Divergence theories predict an increasingly uneven spatial distribution of economic activity due to economic phenomena such as increasing returns to scale, positive agglomeration externalities and transport costs. In this world of thinking, migration might lead to *cumulative causation*. The more mobile factors of production in a technologically disadvantaged location are, the lower are the monetary incentives to invest in location-specific, immobile factors.

The empirical evidence of two European case studies show that trade and capital flows have been rather well working substitutes for migration. The adjustment processes in the markets for goods and factors took place above all via the trade in goods and services and via capital transfers, and not primarily via the migration of workers. The reduction of formal political or legal barriers led to a strong growth in inner-Community trade and in inner-Community direct investment.

The example of the European periphery shows, that catching up with the core economies is possible. An important factor shaping the catching-up process has been the commitment to a market economy and to integration. The catching-up process was also shaped by the structural assistance of the EU. The overall effect of these transfers has been to induce a permanent increase in GDP growth. Another factor contributing to the convergence of the economies has been foreign direct investment.

Applied to CARICOM, the European experience leads to the assumption that the establishment of free movement within CARICOM will not stimulate strong migration flows. European experience teaches that most people prefer to stay. “Go” is the exception, “immobility” is the rule. This is rational from a microeconomic point of view because immobility has a value in itself. From a macroeconomic perspective, there are not many incentives for a broad reallocation of labour within CARICOM. First, CARICOM covers a rather small area with relatively few people. And second, due to the relative neighbourhood to the large US labour market, people willing to move will probably prefer to go to the US.

As far as the question of institutions to harmonise policies is concerned, the European experience suggests that the principle of mutual recognition is a positive policy instrument, because it helps to open up markets and facilitates competition. In most cases it should be a sufficient measure for the functioning of a common market and it can be applied to a large number of fields, for example to the recognition of diplomas and educational standards.

As far as social policy is concerned, the European example shows that differences in social policy do not interfere with trade liberalisation and that, on the other hand, free trade does not restrict social progress in the member countries. Therefore, it is not necessary to take specific precautions against social dumping. It is clear that the European example cannot be directly transferred to the case of CARICOM, because of the very different economic conditions in both regions. Nevertheless, some aspects hold for regional integration in general and are also true for the Caribbean. The main insight is, that minimal standards might be a good idea in order to open up competition, but that a full harmonisation of policies is not necessary for the smooth functioning of a common market.

European immigration reality has led the EU-nation states and their governments to find a *pragmatic approach* in this field. Step by step the single nation states have transferred their sovereignty to EU-authorities in order to design a common migration policy. Thereby, they followed a quite innovative ”opting in” procedure. This means that only those states who wished to co-ordinate their immigration policy could do so without being blocked by those who still had national difficulties with the adoption of a common migration policy. The EU experience cannot be applied without qualification to the Caribbean. In the CARICOM, immigration from third country nationals does not play such a prominent role as in the EU. Therefore, the problems to be solved are different ones. In CARICOM the utilisation of efficiency advantages and hence the possibility to improve the allocation of labour in a common labour market is of prime importance.

The above analysis and findings result in the following policy evaluation:

First, being an agglomeration of small island states, there should be a natural interest to integrate in the Caribbean region. The large number of integration initiatives at diverse levels in the region is evidence to that argument.

Second, it is questionable, however, whether the economic (pre-)conditions in the Caribbean are such that integration can be a strong benefit to the region.

Third, as long as costs and benefits from integration are distributed unevenly among members, this will constitute a serious obstacle to further steps of integration.

Fourth, the establishment of free movement within CARICOM might not stimulate strong migration flows. There are not many incentives for a broad reallocation of labour within CARICOM.

Fifth, due to the relative neighbourhood to the large US labour market, citizens of CARICOM willing to move will probably prefer to go to the US or other higher developed countries outside CARICOM.

Sixth, the minimisation of costs due to integration and the avoidance of economic polarisation are of prime importance for a successful integration process.

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Appendix

Table 1: Principle Exports (in percent of total exports)

		1994	1995	1996	1997	1998
The Bahamas						
	Food and live animals	31.6 %	29.1%	28.4%	26.9%	21.1%
	Nonedible raw materials excluding fuel	16.6%	13.8%	12.9%	13.9%	6.2%
	Chemical products	11.1%	7.4%	6.9%	13.9%	11.7%
	Capital goods	11.4%	20.3%	13.4%	12.4%	21.6%
Barbados						
	Sugar, molasses, and rum	25.4%	22.8%	19.5%	23.6%	22.2%
	Electronic components	19.4%	16.6%	12.7%	12.3%	12.9%
	Chemicals	15.2%	15.8%	12.8%	13.4%	13.5%
Belize						
	Sugar, molasses, and rum	29.1%	30.7%	30.7%	27.5%	n.a.
	Citrus	10.7%	17.7%	17.3%	13.4%	n.a.
	Bananas	14.7%	13.4%	16.8%	14.6%	n.a.
Dominica						
	Bananas	43.9%	33.5%	32.5%	30.1%	24.1%
	Soap	25.9%	29.5%	33.0%	32.1%	29.6%
Grenada						
	Spices	21.0%	17.7%	24.5%	30.8%	n.a.
	Seafood	12.6%	15.6%	15.1%	14.2%	n.a.
	Cocoa	12.0%	14.3%	12.3%	7.2%	n.a.
Guyana						
	Sugar, molasses, and rum	26.0%	25.3%	26.2%	22.5%	23.6%
	Gold	28.6%	19.1%	18.1%	23.5%	22.7%
	Bauxite and alumina	17.6%	16.7%	15.0%	15.1%	14.2%
	Rice	12.4%	15.4%	16.5%	14.2%	13.4%

Jamaica						
	Bauxite and alumina	49.3%	40.1%	39.5%	42.8%	43.2%
	Garments	20.8%	15.5%	14.3%	13.1%	12.0%
St. Kitts and Nevis						
	Machinery and transport equipment	53.4%	47.1%	50.4%	n.a.	n.a.
	Sugar, molasses, and rum	33.8%	39.3%	36.0%	n.a.	n.a.
St. Lucia						
	Bananas	41.0%	40.9%	47.0%	39.1%	37.2%
	Garments	14.3%	12.2%	6.9%	7.3%	7.4%
St. Vincent and the Grenadines						
	Bananas	30.9%	35.3%	37.5%	31.1%	41.5%
	Flour	17.4%	14.0%	12.0%	18.4%	13.9%
	Rice	12.3%	10.3%	10.3%	12.5%	12.9%
Suriname						
	Bauxite and alumina	72.4%	77.0%	76.4%	77.1%	80.5%
	Seafood	9.9%	7.1%	7.2%	8.4%	7.0%
	Rice	9.1%	7.8%	7.7%	6.4%	4.7%
Trinidad and Tobago						
	Oil and Fuels	39.1%	45.7	50.3%	46.0%	48.5%
	Chemicals	26.6%	25.1%	22.7%	24.0%	23.8%
	Steel products	8.0%	8.2%	7.1%	7.3%	8.4%

Source: IMF, Recent Economic Developments reports as reproduced in Itam et al. P. 44

Table 2 : Important Indicators

	GNI per capita (2000) (US $)	**Population**	**Nominal GDP** (1998) (millions of US $)	*Real GDP growth rate (%)*	**CARICOM member since**	**Independent since**
Antigua and Barbuda	9,440	0.07	617	3.5	4.7.74	1.11.81
Bahamas	**15,010**	0.30	4,190	2.4	4.7.83 (not Common Market)	10.7.73
Barbados	9,210	0.27	2,389	4.0	**4.7.73**	30.11.66
Belize	2,920	0.26	682	2.4	1.5.74	21.9.81
Dominica	3,210	0.07	**260**	2.6	1.5.74	3.11.78
Grenada	3,770	0.10	336	4.5	1.5.74	7.2.74
Guyana	760	0.86	726	**5.8**	**1.8.73**	26.5.66
Haiti	**480**	**8.0**	n.a.	n.a.	4.7.97 (provisional member)	**1804**
Jamaica	2,630	2.6	**6,880**	**-0.5**	**1.8.73**	6.8.62
Montserrat	n.a.	n.a.	n.a.	n.a.	1.5.74	British
St. Kitts and Nevis	6,570	**0.04**	291	5.2	26.7.74	**19.9.83**
St. Lucia	4,120	0.16	610	2.7	1.5.74	22.2.79
St. Vincent and the Grenadines	2,720	0.12	316	3.2	1.5.74	27.10.79
Suriname	1,400	0.42	640	7.2	4.7.95	25.11.75
Trinidad and Tobago	4,930	1.3	6,038	4.1	**1.8.73**	31.8.62

Printed in Bold letters: smallest and largest value per column
Sources:

- GNI per capita: (Atlas method, in US$) www.worldbank.org/data/countrydata/countrydata.html#DataProfiles)
- Population, in millions, ibid
- Nominal GDP and real GDP growth rate: ITAM et al, Table 1, p.5.
- column 5: http://www.caricom.org
- column 6 ibid

Table 3 : GDP by sector (% of GDP)

Country	Sector	1980	1990	2000[a]
Antigua and Barbuda				
	Agriculture	7.1	4.2	3.9
	Industry	18.1	20.1	19.1
	Of that: Manufacturing	*5.3*	*3.4*	*2.2*
	Services	74.8	75.7	77.0
Bahamas				
	No data available			
Barbados				
	Agriculture	9.9	7.4	6.3
	Industry	22.5	19.7	21.0
	Of that: Manufacturing	*11.9*	*10.1*	*9.0*
	Services	67.5	72.9	72.8
Belize				
	Agriculture	27.4	20.7	21.4
	Industry	30.9	25.4	27.0
	Of that: Manufacturing	*23.9*	*14.9*	*17.4*
	Services	41.7	53.8	51.6
Dominica				
	Agriculture	30.7	25.0	17.4
	Industry	20.9	18.6	23.5
	Of that: Manufacturing	*4.8*	*7.1*	*8.3*
	Services	48.4	56.4	59.1
Grenada				
	Agriculture	24.7	13.4	7.7
	Industry	13.1	18.0	23.9
	Of that: Manufacturing	*3.8*	*6.6*	*7.6*
	Services	62.2	68.6	68.3
Guyana				
	Agriculture	23.4	38.1	35.1
	Industry	35.8	24.9	28.5
	Of that: Manufacturing	*12.1*	*10.3*	*10.1*
	Services	40.9	37.0	36.4

Haiti				
	Agriculture	n.a.	33.3	29.6
	Industry	n.a.	21.8	21.1
	Of that: Manufacturing	*n.a.*	*15.7*	*7.1*
	Services	n.a.	45.0	49.3
Jamaica				
	Agriculture	8.2	6.5	6.5
	Industry	38.3	43.2	31.3
	Of that: Manufacturing	*16.6*	*19.5*	*13.4*
	Services	53.5	50.4	62.2
St. Kitts and Nevis				
	Agriculture	15.9	6.5	3.6
	Industry	26.6	28.9	26.0
	Of that: Manufacturing	*15.2*	*12.8*	*10.4*
	Services	57.5	64.6	70.4
St. Lucia				
	Agriculture	14.4	14.5	7.9
	Industry	23.6	18.1	19.6
	Of that: Manufacturing	*10.5*	*8.1*	*5.5*
	Services	62.0	67.3	72.5
St. Vincent and the Grenadines				
	Agriculture	14.3	21.2	9.8
	Industry	26.5	22.9	25.5
	Of that: Manufacturing	*10.5*	*8.5*	*6.3*
	Services	59.2	55.9	64.7
Suriname				
	Agriculture	9.1	11.2	9.7
	Industry	38.9	27.3	20.4
	Of that: Manufacturing	*18.6*	*13.3*	*7.8*
	Services	52.0	61.5	69.9
Trinidad and Tobago				
	Agriculture	2.3	2.5	1.6
	Industry	62.5	46.2	43.2
	Of that: Manufacturing	*8.9*	*8.6*	*7.7*
	Services	35.2	51.2	55.2

a) for Guyana 1999
Source www.worldbank.org/data/countrydata/countrydata.html#DataProfiles

TABLE 4 a

VALUE OF INTRA-REGIONAL IMPORTS AND AS A PERCENTAGE OF TOTAL IMPORTS FROM ALL SOURCES: 1980-1996

(In Thousands of Eastern Caribbean Dollars)

CARICOM COUNTRIES	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 (b)	1996 (c)	CARICOM COUNTRIES
CARICOM (A)	**1411572**	**1615386**	**1540642**	**1371170**	**1204307**	**1141577**	**811142**	**877955**	**1014823**	**1252851**	**1350299**	**1305882**	**1363055**	**1500994**	**1689726**	**1912428**	**1922439**	**CARICOM (A)**
MDCs	**1055589**	**1277088**	**1238022**	**1086942**	**916303**	**831355**	**508608**	**527604**	**596816**	**794307**	**813195**	**762183**	**772486**	**892315**	**1033695**	**1353137**	**1339179**	**MDCs**
BARBADOS	269282	245803	219531	206332	208914	238752	170049	193415	219773	248700	295551	274730	269338	292364	319368	333918	335300	BARBADOS
GUYANA	253609	385359	310059	215113	228938	213760	89575	35136	39033	99856	66788	85237	116821	146612	147121	...	...	GUYANA
JAMAICA	231253	301559	247288	184605	99374	114703	86430	159204	151003	245143	236842	182470	181759	311617	402607	677276	775833	JAMAICA
SURINAME	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	131763	...	SURINAME
TRINIDAD & TOBAGO	301445	344367	461144	480892	379077	264140	162554	139849	187007	200608	214014	219746	204568	141722	164599	210180	228046	TRINIDAD & TOBAGO
LDCs	**355983**	**338298**	**302620**	**284228**	**288004**	**310222**	**302534**	**350351**	**418007**	**458544**	**537104**	**543699**	**590569**	**608679**	**656031**	**559291**	**583260**	**LDCs**
BELIZE	6460	8464	6375	5194	5261	6148	7109	9137	22677	27571	35072	18594	29159	29243	30317	34463	28806	BELIZE
OECS	**349523**	**329834**	**296245**	**279034**	**282743**	**304074**	**295425**	**341214**	**395330**	**430973**	**502032**	**525105**	**561410**	**579436**	**625714**	**524828**	**554454**	**OECS**
ANTIGUA & BARBUDA	116166	94553	76588	79908	80410	83592	58039	66735	84111	75343	92753	72654	92890	89844	118117	...	...	ANTIGUA & BARBUDA
DOMINICA	34501	36056	34912	32862	32732	37023	38546	54245	62528	57134	67749	71006	72319	64829	76449	85202	86607	DOMINICA
GRENADA	44510	46393	45759	38662	37306	42364	48976	48712	52165	61021	69492	74756	78477	107247	91646	95341	108301	GRENADA
MONTSERRAT	11690	11119	11217	10714	11248	10337	9254	12926	14761	14575	21229	25722	22140	18304	18602	...	...	MONTSERRAT
ST. KITTS & NEVIS	25492	25897	23214	25891	27377	27091	31063	35614	36124	43057	43020	54192	47589	55652	56067	61618	70440	ST. KITTS & NEVIS
SAINT LUCIA	72346	73463	61315	48555	53857	64593	65814	72178	93170	114731	131527	137623	156025	158359	172481	184213	184809	SAINT LUCIA
ST. VINCENT & THE GRENADINES	44818	42353	43240	42442	39813	39074	43733	50804	52471	65112	76262	89152	91970	85201	92352	98454	104297	ST. VINCENT & THE GRENADINES
(B) VALUE OF CARICOM'S IMPORTS FROM ALL OURCES	15993165	16931571	17646805	14863024	12424560	11286985	10627897	10981318	11786707	13783703	14194867	15446011	14356031	15905164	(a) 15382222	19576286	19157492	**(B) VALUE OF CARICOM'S IMPORTS FROM ALL SOURCES**
(A)/(B) (%)	8,8	9,5	8,7	9,2	9,7	10,1	7,6	8,0	8,6	9,1	9,5	8,5	9,5	9,4	11,0	9,8	10,0	(A)/(B) (%)

Notes: (a) Excludes data for Antigua and Barbuda.
(b) Excludes data for Antigua and Barbuda, Guyana and Montserrat.
(c) Excludes data for Antigua and Barbuda, Guyana, Montserrat and Suriname.
(d) Suriname became a full member of the Caribbean Community and Common Market (CARICOM) in July 1995. Hence, prior to 1995, data for Suriname would not be included in CARICOM's trade.
Antigua and Barbuda's figures for 1992 - 1994 are the Secretariat's Estimates
... means Data not available.

TABLE 4 b Percentage distribution of intra-regional imports by CARICOM countries: 1980-1996

CARICOM COUNTRIES	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 (b)	1996 (c)
CARICOM	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**
MDCs	**74,8**	**79,1**	**80,4**	**79,3**	**76,1**	**72,8**	**62,7**	**60,1**	**58,8**	**63,4**	**60,2**	**58,4**	**56,7**	**59,4**	**61,2**	**70,8**	**69,7**
BARBADOS	19,1	15,2	14,2	15,0	17,3	20,9	21,0	22,0	21,7	19,9	21,9	21,0	19,8	19,5	18,9	17,5	17,4
GUYANA	18,0	23,9	20,1	15,7	19,0	18,7	11,0	4,0	3,8	8,0	4,9	6,5	8,6	9,8	8,7	...	...
JAMAICA	16,4	18,7	16,1	13,5	8,3	10,0	10,7	18,1	14,9	19,6	17,5	14,0	13,3	20,8	23,8	35,4	40,4
SURINAME	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	(d)	6,9	...
TRINIDAD & TOBAGO	21,4	21,3	29,9	35,1	31,5	23,1	20,0	15,9	18,4	16,0	15,8	16,8	15,0	9,4	9,7	11,0	11,9
LDCs	**25,2**	**20,9**	**19,6**	**20,7**	**23,9**	**27,2**	**37,3**	**39,9**	**41,2**	**36,6**	**39,8**	**41,6**	**43,3**	**40,6**	**38,8**	**29,2**	**30,3**
BELIZE	0,5	0,5	0,4	0,4	0,4	0,5	0,9	1,0	2,2	2,2	2,6	1,4	2,1	1,9	1,8	1,8	1,5
OECS	**24,8**	**20,4**	**19,2**	**20,4**	**23,5**	**26,6**	**36,4**	**38,9**	**39,0**	**34,4**	**37,2**	**40,2**	**41,2**	**38,6**	**37,0**	**27,4**	**28,8**
ANTIGUA & BARBUDA	8,2	5,9	5,0	5,8	6,7	7,3	7,2	7,6	8,3	6,0	6,9	5,6	6,8	6,0	7,0	...	...
DOMINICA	2,4	2,2	2,3	2,4	2,7	3,2	4,8	6,2	6,2	4,6	5,0	5,4	5,3	4,3	4,5	4,5	4,5
GRENADA	3,2	2,9	3,0	2,8	3,1	3,7	6,0	5,5	5,1	4,9	5,1	5,7	5,8	7,1	5,4	5,0	5,6
MONTSERRAT	0,8	0,7	0,7	0,8	0,9	0,9	1,1	1,5	1,5	1,2	1,6	2,0	1,6	1,2	1,1	...	...
ST. KITTS & NEVIS	1,8	1,6	1,5	1,9	2,3	2,4	3,8	4,1	3,6	3,4	3,2	4,1	3,5	3,7	3,3	3,2	3,7
SAINT LUCIA	5,1	4,5	4,0	3,5	4,5	5,7	8,1	8,2	9,2	9,2	9,7	10,5	11,4	10,6	10,2	9,6	9,6
ST. VINCENT & THE GRENADINES	3,2	2,6	2,8	3,1	3,3	3,4	5,4	5,8	5,2	5,2	5,6	6,8	6,7	5,7	5,5	5,1	5,4

Notes: (a) Excludes data for Antigua and Barbuda.
(b) Excludes data for Antigua and Barbuda, Guyana and Montserrat.
(c) Excludes data for Antigua and Barbuda, Guyana, Montserrat and Suriname.
(d) Suriname became a full member of the Caribbean Community and Common Market (CARICOM) in July 1995. Hence, prior to 1995, data for Suriname would not be included in CARICOM's trade.
Antigua and Barbuda's figures for 1992 - 1994 are the Secretariat's Estimates.
... means Data not available.

Source: http://www.caricom.org/statistics/tables/table8.2.htm

TABLE 5 a

VALUE OF INTRA-REGIONAL DOMESTIC EXPORTS AND AS A PERCENTAGE OF DOMESTIC EXPORTS TO ALL DESTINATIONS: 1980-1996

(In Thousands of Eastern Caribbean Dollars)

CARICOM COUNTRIES	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991 (a)	1992 (b)	1993 (c)	1994 (c)	1995 (c)	1996 (d)	CARICOM COUNTRIES
CARICOM (A)	**1341237**	**1417754**	**1403864**	**1290303**	**1091213**	**1092411**	**748654**	**798987**	**953323**	**1175439**	**1283557**	**1126599**	**1125153**	**1337281**	**1630113**	**2147875**	**2189623**	**CARICOM (A)**
MDCs	**1225369**	**1270897**	**1209773**	**1065096**	**872350**	**878006**	**547612**	**620694**	**722235**	**960338**	**1058873**	**926283**	**940580**	**1158829**	**1445952**	**1949655**	**2005886**	**MDCs**
BARBADOS	113135	130630	159059	162629	135672	95184	76004	72108	96319	135247	143028	143704	143358	165790	144168	195495	232386	BARBADOS
GUYANA	143784	160311	105679	83804	65475	49379	32712	26959	27280	33865	33264	...	...	...	...	...	...	GUYANA
JAMAICA	152368	183161	208834	261052	143766	108768	110581	120936	156509	178069	190249	168168	157979	156514	151396	153054	137496	JAMAICA
SURINAME	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	30412	...	SURINAME
TRINIDAD & TOBAGO	816082	796795	736201	557611	527437	624675	328315	400691	442127	613157	692332	614411	639243	836525	1150388	1570694	1636004	TRINIDAD & TOBAGO
LDCs	**115868**	**146857**	**194091**	**225207**	**218863**	**214405**	**201042**	**178293**	**231088**	**215101**	**224684**	**200316**	**184573**	**178452**	**184161**	**198220**	**183737**	**LDCs**
BELIZE	15127	7827	18696	25281	18601	8814	3876	21504	22143	22259	22521	18073	16250	12799	13132	14678	12437	BELIZE
OECS	**100741**	**139030**	**175395**	**199926**	**200262**	**205591**	**197166**	**156789**	**208945**	**192842**	**202163**	**182243**	**168323**	**165653**	**171029**	**183542**	**171300**	**OECS**
ANTIGUA & BARBUDA	16002	20778	22246	27427	14961	11991	10758	10136	12774	12675	16993	9419	...	...	...	...	...	ANTIGUA & BARBUDA
DOMINICA	15296	21916	29445	35852	30259	27385	27789	25301	29845	33747	36678	35656	40907	38675	46337	50383	64001	DOMINICA
GRENADA	5223	10555	15324	18771	17071	21102	17706	11554	12874	14193	16206	18996	...	15823	13522	14591	14541	GRENADA
MONTSERRAT	1076	2335	1975	2775	2171	762	525	627	335	236	99	218	371	525	806	501	651	MONTSERRAT
ST. KITTS & NEVIS	11262	9693	10859	11526	11567	15289	8394	5790	5491	6102	6996	7718	7261	5538	4728	5118	968	ST. KITTS & NEVIS
SAINT LUCIA	34738	45676	46462	42375	32825	25489	32774	43090	55165	55039	54686	44442	36376	35688	36365	41646	27454	SAINT LUCIA
ST. VINCENT & THE GRENADINES	17144	28077	49084	61200	91408	103573	99220	60291	92461	70850	70505	65794	83408	69404	69271	71303	63685	ST. VINCENT & THE GRENADINES
(B) VALUE OF CARICOM'S DOMESTIC EXPORTS TO ALL DESTINATIONS	15461851	14301036	11766007	9903821	9648858	8943451	7092081	7471406	7962843	8882619	10452003	9458115	9114840	8400198	10347215	13093558	11868790	**(B) VALUE OF CARICOM'S DOMESTIC EXPORTS TO ALL DESTINATIONS**
(A)/(B) (%)	8,7	9,9	11,9	13,0	11,3	12,2	10,6	10,7	12,0	13,2	12,3	11,9	12,3	15,9	15,8	16,4	18,4	(A)/(B) (%)

Notes: (a) Excludes data for Guyana. (b) Excludes data for Antigua and Barbuda, Grenada and Guyana. (c) Excludes data for Antigua and Barbuda and Guyana. (d) Excludes data for Antigua and Barbuda, Guyana and Suriname. (e) Suriname became a full member of the Caribbean Community and Common Market (CARICOM) in July 1995. Hence, prior to 1995, data for Suriname would not be included in CARICOM's trade.

TABLE 5 b
PERCENTAGE DISTRIBUTION OF INTRA-REGIONAL DOMESTIC EXPORTS BY CARICOM COUNTRIES: 1980-1996

CARICOM COUNTRIES	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991 (a)	1992 (b)	1993 (c)	1994 (c)	1995 (c)	1996 (d)	CARICOM COUNTRIES
CARICOM	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	**CARICOM**
MDCs	**91,4**	**89,6**	**86,2**	**82,5**	**79,9**	**80,4**	**73,1**	**77,7**	**75,8**	**81,7**	**82,5**	**82,2**	**83,6**	**86,7**	**88,7**	**90,8**	**91,6**	**MDCs**
BARBADOS	8,4	9,2	11,3	12,6	12,4	8,7	10,2	9,0	10,1	11,5	11,1	12,8	12,7	12,4	8,8	9,1	10,6	BARBADOS
GUYANA	10,7	11,3	7,5	6,5	6,0	4,5	4,4	3,4	2,9	2,9	2,6	...	...	...	...	...	...	GUYANA
JAMAICA	11,4	12,9	14,9	20,2	13,2	10,0	14,8	15,1	16,4	15,1	14,8	14,9	14,0	11,7	9,3	7,1	6,3	JAMAICA
SURINAME	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	(e)	1,4	...	SURINAME
TRINIDAD & TOBAGO	60,8	56,2	52,4	43,2	48,3	57,2	43,9	50,1	46,4	52,2	53,9	54,5	56,8	62,6	70,6	73,1	74,7	TRINIDAD & TOBAGO
LDCs	**8,6**	**10,4**	**13,8**	**17,5**	**20,1**	**19,6**	**26,9**	**22,3**	**24,2**	**18,3**	**17,5**	**17,8**	**16,4**	**13,3**	**11,3**	**9,2**	**8,4**	**LDCs**
BELIZE	1,1	0,6	1,3	2,0	1,7	0,8	0,5	2,7	2,3	1,9	1,8	1,6	1,4	1,0	0,8	0,7	0,6	BELIZE
OECS	**7,5**	**9,8**	**12,5**	**15,5**	**18,4**	**18,8**	**26,3**	**19,6**	**21,9**	**16,4**	**15,8**	**16,2**	**15,0**	**12,4**	**10,5**	**8,5**	**7,8**	**OECS**
ANTIGUA & BARBUDA	1,2	1,5	1,6	2,1	1,4	1,1	1,4	1,3	1,3	1,1	1,3	0,8	...	...	...	...	...	ANTIGUA & BARBUDA
DOMINICA	1,1	1,5	2,1	2,8	2,8	2,5	3,7	3,2	3,1	2,9	2,9	3,2	3,6	2,9	2,8	2,3	2,9	DOMINICA
GRENADA	0,4	0,7	1,1	1,5	1,6	1,9	2,4	1,4	1,4	1,2	1,3	1,7	...	1,2	0,8	0,7	0,7	GRENADA
MONTSERRAT	0,1	0,2	0,1	0,2	0,2	0,1	0,1	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	MONTSERRAT
ST. KITTS & NEVIS	0,8	0,7	0,8	0,9	1,1	1,4	1,1	0,7	0,6	0,5	0,5	0,7	0,6	0,4	0,3	0,2	0,0	ST. KITTS & NEVIS
SAINT LUCIA	2,6	3,2	3,3	3,3	3,0	2,3	4,4	5,4	5,8	4,7	4,3	3,9	3,2	2,7	2,2	1,9	1,3	SAINT LUCIA
ST. VINCENT & THE GRENADINES	1,3	2,0	3,5	4,7	8,4	9,5	13,3	7,5	9,7	6,0	5,5	5,8	7,4	5,2	4,2	3,3	2,9	ST. VINCENT & THE GRENADINES

source:
http://www.caricom.org/statistics/tables/table8.4.htm
Notes: (a) Excludes data for Guyana. (b) Excludes data for Antigua and Barbuda, Grenada and Guyana. (c) Excludes data for Antigua and Barbuda and Guyana. (d) Excludes data for Antigua and Barbuda, Guyana and Suriname. (e) Suriname became a full member of the Caribbean Community and Common Market (CARICOM) in July 1995. Hence, prior to 1995, data for Suriname would not be included in CARICOM's trade.

TABLE 6 a

VALUE OF INTRA-REGIONAL TOTAL EXPORTS BY SITC SECTIONS: 1980-1996

(In Thousands of Eastern Caribbean Dollars)

S.I.T.C. SECTIONS	1980	1981	1982 (a)	1983 (a)	1984 (b)	1985 (a)	1986	1987	1988	1989	1990	1991 (c)	1992 (d)	1993 (d)	1994 (d)	1995 (d)	1996 (e)	S.I.T.C. SECTIONS
ALL SECTIONS	**1427895**	**1504453**	**1448896**	**1315295**	**1235021**	**1225826**	**839797**	**871386**	**1038653**	**1271646**	**1376185**	**1215913**	**1211304**	**1416705**	**1699633**	**2257785**	**2283713**	**ALL SECTIONS**
0 - FOOD AND LIVE ANIMALS	266234	276370	231645	242352	214661	219650	203357	173608	230094	235058	242337	223874	258819	263384	303342	372501	377809	0 - FOOD AND LIVE ANIMALS
1 - BEVERAGES AND TOBACCO.	36122	41288	48876	47111	39467	38645	44864	51214	67689	85712	90301	77623	73770	92028	111423	143301	127750	1 - BEVERAGES AND TOBACCO.
2 - CRUDE MATERIALS, INEDIBLE, EXCEPT FUEL	13468	12727	16052	13676	10014	11843	7255	9881	9541	12484	14770	5890	7302	13510	7462	8066	8579	2 - CRUDE MATERIALS, INEDIBLE, EXCEPT FUEL
3 - MINERAL FUELS, LUBRICANTS AND RELATED MATERIALS.	620217	625787	563368	435327	511560	623367	245674	233588	188494	254877	289580	218567	221699	331459	463053	825213	827840	3 - MINERAL FUELS, LUBRICANTS AND RELATED MATERIALS.
4 - ANIMAL AND VEGETABLE OILS, FATS AND WAXES.	12255	9749	16360	16589	9839	4554	8893	11867	14919	19336	21754	15565	10126	11303	16158	18238	18201	4 - ANIMAL AND VEGETABLE OILS, FATS AND WAXES.
5 - CHEMICALS AND RELATED PRODUCTS N.E.S.	141677	160720	177054	162071	130993	112200	106735	122029	154313	187334	208420	210813	206240	221103	247452	279634	303367	5 - CHEMICALS AND RELATED PRODUCTS N.E.S.
6 - MANUFACTURED GOODS CLASSIFIED CHIEFLY BY MATERIAL.	125471	146324	148626	168352	155263	119672	122721	153388	214794	284062	293476	271161	252254	306442	351359	383802	405546	6 - MANUFACTURED GOODS CLASSIFIED CHIEFLY BY MATERIAL.
7 - MACHINERY AND TRANSPORT EQUIPMENT.	66112	68739	78977	50663	38184	32492	42863	48913	70412	81460	76450	75079	66786	64319	70667	88381	72617	7 - MACHINERY AND TRANSPORT EQUIPMENT.
8 - MISCELLANEOUS MANUFACTURED ARTICLES.	143965	159297	164274	175971	121236	58232	54413	64028	84711	107852	135833	114169	111552	111549	127523	138360	141510	8 - MISCELLANEOUS MANUFACTURED ARTICLES.
9 - COMMODITIES AND TRANSACTIONS NOT CLASSIFIED ELSEWHERE.	2374	3452	3664	3183	3804	5171	3022	2870	3686	3471	3264	3172	2756	1608	1194	289	494	9 - COMMODITIES AND TRANSACTIONS NOT CLASSIFIED ELSEWHERE.

a Excludes data for Antigua & Barbuda which are not available by SITC Sections

b Excludes data for Montserrat which are not available by SITC Sections.

c Excludes data for Belize and Guyana which are not available by SITC Sections

d Excludes data for Antigua & Barbuda, Grenada and Guyana which are not available by SITC Sections

e Excludes data for Antigua & Barbuda, Grenada, Guyana and Suriname which are not available by SITC Sections

TABLE 6 b

S.I.T.C. SECTIONS	1980	1981	1982 (a)	1983 (a)	1984 (b)	1985 (a)	1986	1987	1988	1989	1990	1991 (c)	1992 (d)	1993 (d)	1994 (d)	1995 (d)	1996 (e)
ALL SECTIONS	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
0 - FOOD AND LIVE ANIMALS	18.6	18.4	16.0	18.4	17.4	17.9	24.2	19.9	22.2	18.5	17.6	18.4	21.4	18.6	17.8	16.5	16.5
1 - BEVERAGES AND TOBACCO.	2.5	2.7	3.4	3.6	3.2	3.2	5.3	5.9	6.5	6.7	6.6	6.4	6.1	6.5	6.6	6.3	5.6
2 - CRUDE MATERIALS, INEDIBLE, EXCEPT FUEL	0.9	0.8	1.1	1.0	0.8	1.0	0.9	1.1	0.9	1.0	1.1	0.5	0.6	1.0	0.4	0.4	0.4
3 - MINERAL FUELS, LUBRICANTS AND RELATED MATERIALS.	43.4	41.6	38.9	33.1	41.4	50.9	29.3	26.8	18.1	20.0	21.0	18.0	18.3	23.4	27.2	36.5	36.2
4 - ANIMAL AND VEGETABLE OILS, FATS AND WAXES.	0.9	0.6	1.1	1.3	0.8	0.4	1.1	1.4	1.4	1.5	1.6	1.3	0.8	0.8	1.0	0.8	0.8
5 - CHEMICALS AND RELATED PRODUCTS N.E.S.	9.9	10.7	12.2	12.3	10.6	9.2	12.7	14.0	14.9	14.7	15.1	17.3	17.0	15.6	14.6	12.4	13.3
6 - MANUFACTURED GOODS CLASSIFIED CHIEFLY BY MATERIAL.	8.8	9.7	10.3	12.8	12.6	9.8	14.6	17.6	20.7	22.3	21.3	22.3	20.8	21.6	20.7	17.0	17.8

source: http://www.caricom.org/statistics/tables/table8.8.htm

Notes: (a) Excludes data for Guyana.
(b) Excludes data for Antigua and Barbuda, Grenada and Guyana.
(c) Excludes data for Antigua and Barbuda and Guyana.
(d) Excludes data for Antigua and Barbuda, Guyana and Suriname.
(e) Suriname became a full member of the Caribbean Community and Common Market (CARICOM) in July 1995. Hence, prior to 1995, data for Suriname would not be included in CARICOM's trade.

TABLE 7a

THE VALUES OF RESPECTIVE MEMBER STATE'S TOTAL INTRA-REGIONAL IMPORTS

CLASSIFIED BY SOURCES: 1996

(In Thousands of Eastern Caribbean Dollars)

IMPORTS FROM: / IMPORTS BY	TOTAL INTRA-REG. IMPORTS	MDCs	BARBADOS	GUYANA	JAMAICA	SURINAME	TRINIDAD & TOBAGO	LDCs	BELIZE	OECS	ANTIGUA & BARBUDA	DOMINICA	GRENADA	MONT - SERRAT	ST. KITTS & NEVIS	SAINT LUCIA	ST.VINCENT & G'DINES	IMPORTS FROM: / IMPORTS BY
CARICOM	**1923329**	**1741378**	**184655**	**88767**	**129438**	**79664**	**1258854**	**181951**	**14427**	**167524**	**8773**	**53978**	**15572**	**1093**	**3447**	**29900**	**54761**	**CARICOM**
MDCs	**1339179**	**1239164**	**98079**	**74224**	**89089**	**79631**	**898141**	**100015**	**13633**	**86382**	**1424**	**40392**	**5727**	**264**	**484**	**14962**	**23129**	**MDCs**
BARBADOS	335300	303935		20450	36904	4020	242561	31365	1823	29542	509	4399	4153	40	272	6910	13259	BARBADOS
GUYANA	...	...	...		...	...	...	...	...	...	...	...	...	...	...	...	...	GUYANA
JAMAICA	775833	736100	52728	20154		7638	655580	39733	4571	35162	376	29549	694	0	1	1042	3500	JAMAICA
SURINAME	...	...	...	...	...		...	...	...	...	...	...	...	...	...	...	...	SURINAME
TRINIDAD & TOBAGO	228046	199129	45351	33620	52185	67973		28917	7239	21678	539	6444	880	224	211	7010	6370	TRINIDAD & TOBAGO
LDCs	**584150**	**502214**	**86576**	**14543**	**40349**	**33**	**360713**	**81936**	**794**	**81142**	**7349**	**13586**	**9845**	**829**	**2963**	**14938**	**31632**	**LDCs**
BELIZE	28806	28102	5274	57	11917	0	10854	704		704	22	169	0	0	3	510	0	BELIZE
OECS	**555344**	**474112**	**81302**	**14486**	**28432**	**33**	**349859**	**81232**	**794**	**80438**	**7327**	**13417**	**9845**	**829**	**2960**	**14428**	**31632**	**OECS**
ANTIGUA & BARBUDA	...	...	...	...	...	...	...	...	...	...		...	...	...	...	...	...	ANTIGUA & BARBUDA
DOMINICA	86607	63748	12846	1212	5788	20	43882	22859	307	22552	1465		3066	3	1442	9611	6965	DOMINICA
GRENADA	109191	103068	11131	2201	3004	13	86719	6123	5	6118	363	1266		16	117	1744	2612	GRENADA
MONTSERRAT	...	...	...	...	...	...	...	...	...	...	...	...	...		...	...	...	MONTSERRAT
ST. KITTS AND NEVIS	70440	57929	10092	2366	5070	-	40401	12511	54	12457	2544	1958	214	805		1206	5730	ST. KITTS AND NEVIS
SAINT LUCIA	184809	153921	30449	5019	10257	0	108196	30888	105	30783	1868	6811	4769	2	1008		16325	SAINT LUCIA
ST. VINCENT & THE GRENADINES	104297	95446	16784	3688	4313	-	70661	8851	323	8528	1087	3382	1796	3	393	1867		ST. VINCENT & THE GRENADINES

Notes:

\- means Value equals zero. 0 means Less than EC$500.00. … means Data not available

TABLE 7 b

THE RELATIVE SHARES OF RESPECTIVE MEMBER STATE'S TOTAL INTRA-REGIONAL IMPORTS
CLASSIFIED BY SOURCES: 1996

IMPORTS FROM: / IMPORTS BY	TOTAL INTRA-REG. IMPORTS	MDCs	BARBADOS	GUYANA	JAMAICA	SURINAME	TRINIDAD & TOBAGO	LDCs	BELIZE	OECS	ANTIGUA & BARBUDA	DOMINICA	GRENADA	MONT - SERRAT	ST. KITTS & NEVIS	SAINT LUCIA	ST.VINCENT & G'DINES	IMPORTS FROM: / IMPORTS BY
CARICOM	**100.0**	**90.5**	**9.6**	**4.6**	**6.7**	**4.1**	**65.5**	**9.5**	**0.8**	**8.7**	**0.5**	**2.8**	**0.8**	**0.1**	**0.2**	**1.6**	**2.8**	**CARICOM**
MDCs	**69.6**	**92.5**	**7.3**	**5.5**	**6.7**	**5.9**	**67.1**	**7.5**	**1.0**	**6.5**	**0.1**	**3.0**	**0.4**	**0.0**	**0.0**	**1.1**	**1.7**	**MDCs**
BARBADOS	17.4	90.6		6.1	11.0	1.2	72.3	9.4	0.5	8.8	0.2	1.3	1.2	0.0	0.1	2.1	4.0	BARBADOS
GUYANA	...	...	...		...	...	...	...	...	...	...	...	...	...	...	...	...	GUYANA
JAMAICA	40.3	94.9	6.8	2.6		1.0	84.5	5.1	0.6	4.5	0.0	3.8	0.1	0.0	0.0	0.1	0.5	JAMAICA
SURINAME	...	...	...	...	...		...	...	...	...	...	...	...	...	...	...	...	SURINAME
TRINIDAD & TOBAGO	11.9	87.3	19.9	14.7	22.9	29.8		12.7	3.2	9.5	0.2	2.8	0.4	0.1	0.1	3.1	2.8	TRINIDAD & TOBAGO
LDCs	**30.4**	**86.0**	**14.8**	**2.5**	**6.9**	**0.0**	**61.8**	**14.0**	**0.1**	**13.9**	**1.3**	**2.3**	**1.7**	**0.1**	**0.5**	**2.6**	**5.4**	**LDCs**
BELIZE	1.5	97.6	18.3	0.2	41.4	0.0	37.7	2.4		2.4	0.1	0.6	0.0	0.0	0.0	1.8	0.0	BELIZE
OECS	**28.9**	**85.4**	**14.6**	**2.6**	**5.1**	**0.0**	**63.0**	**14.6**	**0.1**	**14.5**	**1.3**	**2.4**	**1.8**	**0.1**	**0.5**	**2.6**	**5.7**	**OECS**
ANTIGUA & BARBUDA	...	...	...	...	...	...	...	...	...	...		...	...	...	...	...	...	ANTIGUA & BARBUDA
DOMINICA	4.5	73.6	14.8	1.4	6.7	0.0	50.7	26.4	0.4	26.0	1.7		3.5	0.0	1.7	11.1	8.0	DOMINICA
GRENADA	5.7	94.4	10.2	2.0	2.8	0.0	79.4	5.6	0.0	5.6	0.3	1.2		0.0	0.1	1.6	2.4	GRENADA
MONTSERRAT	...	...	...	...	...	...	...	...	...	...	...	...	...		...	...	...	MONTSERRAT
ST. KITTS AND NEVIS	3.7	82.2	14.3	3.4	7.2	-	57.4	17.8	0.1	17.7	3.6	2.8	0.3	1.1		1.7	8.1	ST. KITTS AND NEVIS
SAINT LUCIA	9.6	83.3	16.5	2.7	5.6	0.0	58.5	16.7	0.1	16.7	1.0	3.7	2.6	0.0	0.5		8.8	SAINT LUCIA
ST. VINCENT & THE GRENADINES	5.4	91.5	16.1	3.5	4.1	-	67.7	8.5	0.3	8.2	1.0	3.2	1.7	0.0	0.4	1.8		ST. VINCENT & THE GRENADINES

source: http://www.caricom.org/statistics/tables/table8.14.q.htm

- means Value equals zero. 0 means Less than EC$500.00. … means Data not available

TABLE 8
BALANCES OF CARICOM'S INTRA-REGIONAL TRADE, DISAGGREGATED BY CARICOM
MEMBER STATES: 1985-1988

(In Thousands of Eastern Caribbean Dollars)

	1981			1982			1983			1984		
CARICOM COUNTRY	**Imports**	**Total exports**	**BALANCE OF TRADE**	**Imports**	**Total Exports**	**BALANCE OF TRADE**	**Imports**	**Total Exports**	**BALANCE OF TRADE**	**Imports**	**TOTAL Exports**	**BALANCE OF TRADE**
<u>CARICOM</u>	**1615386**	**1504453**		**1540642**	**1479898**		**1371170**	**1353291**		**1204307**	**1237192**	
MDCs	**1277088**	**1329124**	**52036**	**1238022**	**1270587**	**32565**	**1086942**	**1110612**	**23670**	**916303**	**1001620**	**85317**
BARBADOS	245803	163467	-82336	219531	190624	-28907	206332	187628	-18704	208914	237422	28508
GUYANA	385359	161599	-223760	310059	116716	-193343	215113	86612	-128501	228938	68293	-160645
JAMAICA	301559	185505	-116054	247288	212215	-35073	184605	264493	79888	99374	146124	46750
SURINAME	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)
TRINIDAD & TOBAGO	344367	818553	474186	461144	751032	289888	480892	571879	90987	379077	549781	170704
LDCs	**338298**	**175329**	**-162969**	**302620**	**209311**	**-93309**	**284228**	**242679**	**-41549**	**288004**	**235572**	**-52432**
BELIZE	8464	8331	-133	6375	19454	13079	5194	26050	20856	5261	18804	13543
OECS	**329834**	**166998**	**-162836**	**296245**	**189857**	**-106388**	**279034**	**216629**	**-62405**	**282743**	**216768**	**-65975**
ANTIGUA & BARBUDA	94553	41399	-53154	76588	31002	-45586	79908	37996	-41912	80410	25397	-55013
DOMINICA	36056	22196	-13860	34912	29851	-5061	32862	36377	3515	32732	31881	-851
GRENADA	46393	11329	-35064	45759	15884	-29875	38662	19531	-19131	37306	17627	-19679
MONTSERRAT	11119	2335	-8784	11217	1975	-9242	10714	2775	-7939	11248	2171	-9077
ST. KITTS & NEVIS	25897	10509	-15388	23214	11163	-12051	25891	12040	-13851	27377	12049	-15328
SAINT LUCIA	73463	49901	-23562	61315	48984	-12331	48555	45527	-3028	53857	35251	-18606
ST. VINCENT &												

THE GRENADINES	42353	29329	-13024	43240	50998	7758	42442	62383	19941	39813	92392	52579

TABLE 8 (cont'd):

BALANCES OF CARICOM'S INTRA-REGIONAL TRADE, DISAGGREGATED BY CARICOM MEMBER STATES: 1985-1988

(In Thousands of Eastern Caribbean Dollars)

	1985			1986			1987			1988			
CARICOM COUNTRY	**Imports [o]**	**Total exports**	**BALANCE OF TRADE**	**Import**	**TOTAL exports**	**BALANCE OF TRADE**	**Import**	**TOTAL exports**	**BALANCE OF TRADE**	**Import**	**TOTAL exports**	**BALANCE OF TRADE**	**CARICOM COUNTRY**
<u>CARICOM</u>	**1141577**	**1251147**		**811142**	**839797**		**877955**	**871386**		**1014823**	**1038653**		**<u>CARICOM</u>**
MDCs	**831355**	**1016130**	**184775**	**508608**	**616991**	**108383**	**527604**	**665502**	**137898**	**596816**	**776493**	**179677**	**MDCs**
BARBADOS	238752	216727	-22025	170049	129700	-40349	193415	101017	-92398	219773	127846	-91927	BARBADOS
GUYANA	213760	50504	-163256	89575	33778	-55797	35136	27629	-7507	39033	28171	-10862	GUYANA
JAMAICA	114703	110414	-4289	86430	113120	26690	159204	123154	-36050	151003	159719	8716	JAMAICA
SURINAME	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	SURINAME
TRINIDAD & TOBAGO	264140	638485	374345	162554	340393	177839	139849	413702	273853	187007	460757	273750	TRINIDAD & TOBAGO
LDCs	**310222**	**235017**	**-75205**	**302534**	**222806**	**-79728**	**350351**	**205884**	**-144467**	**418007**	**262160**	**-155847**	**LDCs**
BELIZE	6148	9180	3032	7109	4227	-2882	9137	21665	12528	22677	22380	-297	BELIZE
OECS	**304074**	**225837**	**-78237**	**295425**	**218579**	**-76846**	**341214**	**184219**	**-156995**	**395330**	**239780**	**-155550**	**OECS**
ANTIGUA & BARBUDA	83592	25321	-58271	58039	21237	-36802	66735	24674	-42061	84111	26735	-57376	ANTIGUA & BARBUDA
DOMINICA	37023	29385	-7638	38546	30537	-8009	54245	31716	-22529	62528	31670	-30858	DOMINICA
GRENADA	42364	21673	-20691	48976	18703	-30273	48712	12893	-35819	52165	18279	-33886	GRENADA
MONTSERRAT	10337	762	-9575	9254	525	-8729	12926	627	-12299	14761	335	-14426	MONTSERRAT
ST. KITTS & NEVIS	27091	16479	-10612	31063	9881	-21182	35614	7457	-28157	36124	7288	-28836	ST. KITTS & NEVIS
SAINT LUCIA	64593	27695	-36898	65814	37642	-28172	72178	45769	-26409	93170	59534	-33636	SAINT LUCIA
ST. VINCENT & THE GRENADINES	39074	104522	65448	43733	100054	56321	50804	61083	10279	52471	95939	43468	ST. VINCENT & THE GRENADINES

TABLE 8 (cont'd):

BALANCES OF CARICOM'S INTRA-REGIONAL TRADE, DISAGGREGATED BY CARICOM MEMBER STATES: 1989-1992

(In Thousands of Eastern Caribbean Dollars)

	1989			1990			1991			1992			
CARICOM COUNTRY	**Imports**	**TOTAL exports**	**BALANCE OF TRADE**	**Imports**	**TOTAL exports**	**BALANCE OF TRADE**	**Imports**	**TOTAL exports**	**BALANCE OF TRADE**	**Imports**	**TOTAL exports**	**BALANCE OF TRADE**	**CARICOM COUNTRY**
CARICOM	**1252851**	**1271646**		**1350299**	**1376185**		**1305882**	**1235309**		**1363055**	**1249153**		**CARICOM**
MDCs	**794307**	**1027560**	**233253**	**813195**	**1120862**	**307667**	**762183**	**998431**	**236248**	**772486**	**1011726**	**239240**	**MDCs**
BARBADOS	248700	167215	-81485	295551	178063	-117488	274730	182929	-91801	269338	176302	-93036	BARBADOS
GUYANA	99856	36490	-63366	66788	36519	-30269	85237	...	...	116821	...	...	GUYANA
JAMAICA	245143	182256	-62887	236842	191735	-45107	182470	170329	-12141	181759	162069	-19690	JAMAICA
SURINAME	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	SURINAME
TRINIDAD & TOBAGO	200608	641599	440991	214014	714545	500531	219746	645173	425427	204568	673355	468787	TRINIDAD & TOBAGO
LDCs	**458544**	**244086**	**-214458**	**537104**	**255323**	**-281781**	**543699**	**236878**	**-306821**	**590569**	**237427**	**-353142**	**LDCs**
BELIZE	27571	23391	-4180	35072	23111	-11961	18594	19396	802	29159	16423	-12736	BELIZE
OECS	**430973**	**220695**	**-210278**	**502032**	**232212**	**-269820**	**525105**	**217482**	**-307623**	**561410**	**221004**	**-340406**	**OECS**
ANTIGUA & BARBUDA	75343	24124	-51219	92753	29508	-63245	72654	28723	-43931	92890	21115	-71775	ANTIGUA & BARBUDA
DOMINICA	57134	35715	-21419	67749	37551	-30198	71006	38096	-32910	72319	42762	-29557	DOMINICA
GRENADA	61021	16481	-44540	69492	18712	-50780	74756	22409	-52347	78477	16734	-61743	GRENADA
MONTSERRAT	14575	236	-14339	21229	1589	-19640	25722	1088	-24634	22140	2318	-19822	MONTSERRAT
ST. KITTS & NEVIS	43057	6846	-36211	43020	9698	-33322	54192	9234	-44958	47589	8353	-39236	ST. KITTS & NEVIS
SAINT LUCIA	114731	62604	-52127	131527	58622	-72905	137623	50125	-87498	156025	42242	-113783	SAINT LUCIA
ST. VINCENT & THE GRENADINES	65112	74689	9577	76262	76532	270	89152	67807	-21345	91970	87480	-4490	ST. VINCENT & THE GRENADINES

TABLE 8 (cont'd):

	1993			1994			1995			1996			
CARICOM COUNTRY	**IMPORTS**	**TOTAL EXPORTS**	**BALANCE OF TRADE**	**Imports**	**TOTAL exports**	**BALANCE OF TRADE**	**Imports**	**TOTAL Exports**	**BALANCE OF TRADE**	**Imports**	**TOTAL exports**	**BALANCE OF TRADE**	**CARICOM COUNTRY**
CARICOM	**1500994**	**1447568**		**1689726**	**1725442**		**1912428**	**2275837**		**1922439**	**2299518**		**CARICOM**
MDCs	**892315**	**1224132**	**331817**	**1033695**	**1514933**	**481238**	**1353137**	**2061866**	**708729**	**1339179**	**2105326**	**766147**	**MDCs**
BARBADOS	292364	190716	-101648	319368	172709	-146659	333918	241366	-92552	335300	271627	-63673	BARBADOS
GUYANA	146612	...	...	147121	...	...	...	...	...	...	...	...	GUYANA
JAMAICA	311617	161595	-150022	402607	156696	-245911	677276	159304	-517972	775833	143666	-632167	JAMAICA
SURINAME	(a)	(a)	(a)	(a)	(a)	(a)	131763	31516	-100247	...	...	...	SURINAME
TRINIDAD & TOBAGO	141722	871821	730099	164599	1185528	1020929	210180	1629680	1419500	228046	1690033	1461987	TRINIDAD & TOBAGO
LDCs	**608679**	**223436**	**-385243**	**656031**	**210509**	**-445522**	**559291**	**213971**	**-345320**	**583260**	**194192**	**-389068**	**LDCs**
BELIZE	29243	13100	-16143	30317	13508	-16809	34463	14794	-19669	28806	12714	-16092	BELIZE
OECS	**579436**	**210336**	**-369100**	**625714**	**197001**	**-428713**	**524828**	**199177**	**-325651**	**554454**	**181478**	**-372976**	**OECS**
ANTIGUA & BARBUDA	89844	11867	-77977	118117	9033	-109084	...	...	...	...	...	...	ANTIGUA & BARBUDA
DOMINICA	64829	40327	-24502	76449	46996	-29453	85202	51496	-33706	86607	64505	-22102	DOMINICA
GRENADA	107247	18996	-88251	91646	16776	-74870	95341	18052	-77289	108301	15805	-92496	GRENADA
MONTSERRAT	18304	2234	-16070	18602	1631	-16971	...	1896	...	...	2477	...	MONTSERRAT
ST. KITTS & NEVIS	55652	8851	-46801	56067	7831	-48236	61618	5823	-55795	70440	2422	-68018	ST. KITTS & NEVIS
SAINT LUCIA	158359	56048	-102311	172481	39450	-133031	184213	46981	-137232	184809	28847	-155962	SAINT LUCIA
ST. VINCENT & THE GRENADINES	85201	72013	-13188	92352	75284	-17068	98454	74929	-23525	104297	67422	-36875	ST. VINCENT & THE GRENADINES

1/ The values of Imports, Total Exports and Balance of Trade for the MDCs, the LDCs and OECS, considered as groups, include the value of trade among members of the respective groups, as well as trade with countries outside the group.

(a) Suriname became a full member of the Caribbean Community and Common Market (CARICOM) in July 1995. Hence, prior to 1995, data for Suriname would not be included in CARICOM's trade.

... means Data not available.

Source:

http://www.caricom.org/statistics/tables/tableii.htm

TABLE 9: Employment and Unemployment by sectors

(in % of total employment/unemployment)

Barbados				
	Employment	**Sector**	**1981**	**1999**
		Professional	11.4	13.4
		Administrative	3.1	6.7
		Clerical	13.7	12.2
		Sales	8.9	n.a.
		Services	17.5	17.0
		Agriculture	9.5	1.7
		Production	36.1	48.3
		Non classified	n.a.	
	Unemployment	**Sector**	**1981**	**1999**
		Professional	1.6	2.7
		Administrative	n.a.	3.4
		Clerical	6.5	11.1
		Sales	7.3	n.a.
		Services	22.1	19.5
		Agriculture	7.3	2.0
		Production	35.2	43.3
		Non classified	n.a.	8.4
Suriname				
	Employment	**Sector**	**1990**	**1998**
		Professional	13.3	11.9
		Administrative	1.2	2.1
		Clerical	18.4	13.1
		Sales	9.0	9.9
		Services	18.1	17.7
		Agriculture	5.0	6.0
		Production	29.0	36.5
		Non classified	5.8	2.5

Trinidad and Tobago

Employment	**Sector**	**1973**	**1990**
	Professional	8.0	10.1
	Administrative	10.4	2.2
	Clerical	n.a.	12.1
	Sales	10.9	10.3
	Services	13.9	15.3
	Agriculture	14.7	11.3
	Production	41.0	38.3
	Non classified.	0.5	n.a.
Unemployment	**Sector**	**1970**	**1990**
	Professional	0.4	4.2
	Administrative	5.2	0.3
	Clerical	n.a.	10.7
	Sales	5.2	10.7
	Services	10.0	15.5
	Agriculture	9.5	4.9
	Production	47.2	52.4
	Non classified	n.a.	1.7
	Not previously employed	22.4	n.a.

Source: International Labour Organization, Labour Statistics on the Internet, http://laborsta.ilo.org/cgi-bin/brokerv8.exe

TABLE 10

Population Classified By Country of Birth and Country of Enumeration: 1990 - 1991

Country	Country of Birth												Total
	Ant	Bah	Bar	Dom	Gre	Guy	Jam	Mon	Stk	Stl	Stv	T y T	
Antigua and Barbuda		5	216	2580	122	1753	408	892	495	414	505	376	7766
The Bahamas	14		245	37	30	438	2920	2	14	26	21	290	4023
Barbados	…	54		446	559	2529	615	…	…	3279	3635	1730	12847
Dominica	190	5	63		40	71	49	61	24	105	47	115	580
Grenada	23	18	106	44		341	69	6	9	97	342	1736	2768
Guyana	6	4	173	14	60		92	7	3	317	114	209	993
Jamaica	…	…	…	…	…	…	…	…	…	…	…	…	0
Montserrat	171	0	20	409	23	357	24		175	31	45	66	1150
St. Kitts and Nevis	179	3	42	89	25	343	64	190		48	76	114	994
St. Lucia	80	7	406	142	130	1175	116	21	43		242	500	2782
St. Vincent and The Grenadines	32	0	262	29	70	279	386	80	20	24	119	1420	2689
Trinidad and Tobago	…	…	2411	…	16589	5140	…	…	…	1606	11625		37371
Total													

Source: Census Reports 1990/1991

(this data was obtained by the Caricom Secretariat)

Table 11: GDP per capita (constant 1995 US$) and coefficients of variation

	1980	1990	1999
Antigua and Barbuda	4'057	6'980	8'873
Bahamas	12'215	13'360	13'214
Barbados	6'755	7'330	7'963
Belize	2'036	2'543	2'768
Dominica	1'684	2'871	3'354
Grenada	1'712	2'822	3'553
Guyana	820	555	843
Haiti	607	502	371
Jamaica	1'578	1'787	1'691
St. Kitts and Nevis	2'555	4'553	6'676
St. Lucia	2'076	3'542	3'936
St. Vincent and the Grenadines	1'322	2'168	2'731
Suriname	636	538	699
Trinidad and Tobago	4'614	4'094	4'936
standard deviation	3149.919891	3473.236161	3650.755171
mean	3'048	3'832	4'401
coefficient of variation	1.033559341	0.906450151	0.829622304

data for Montserrat are not available

Source: own calculations on the basis of data from World Bank (2001): World Development Indicators on CD-ROM

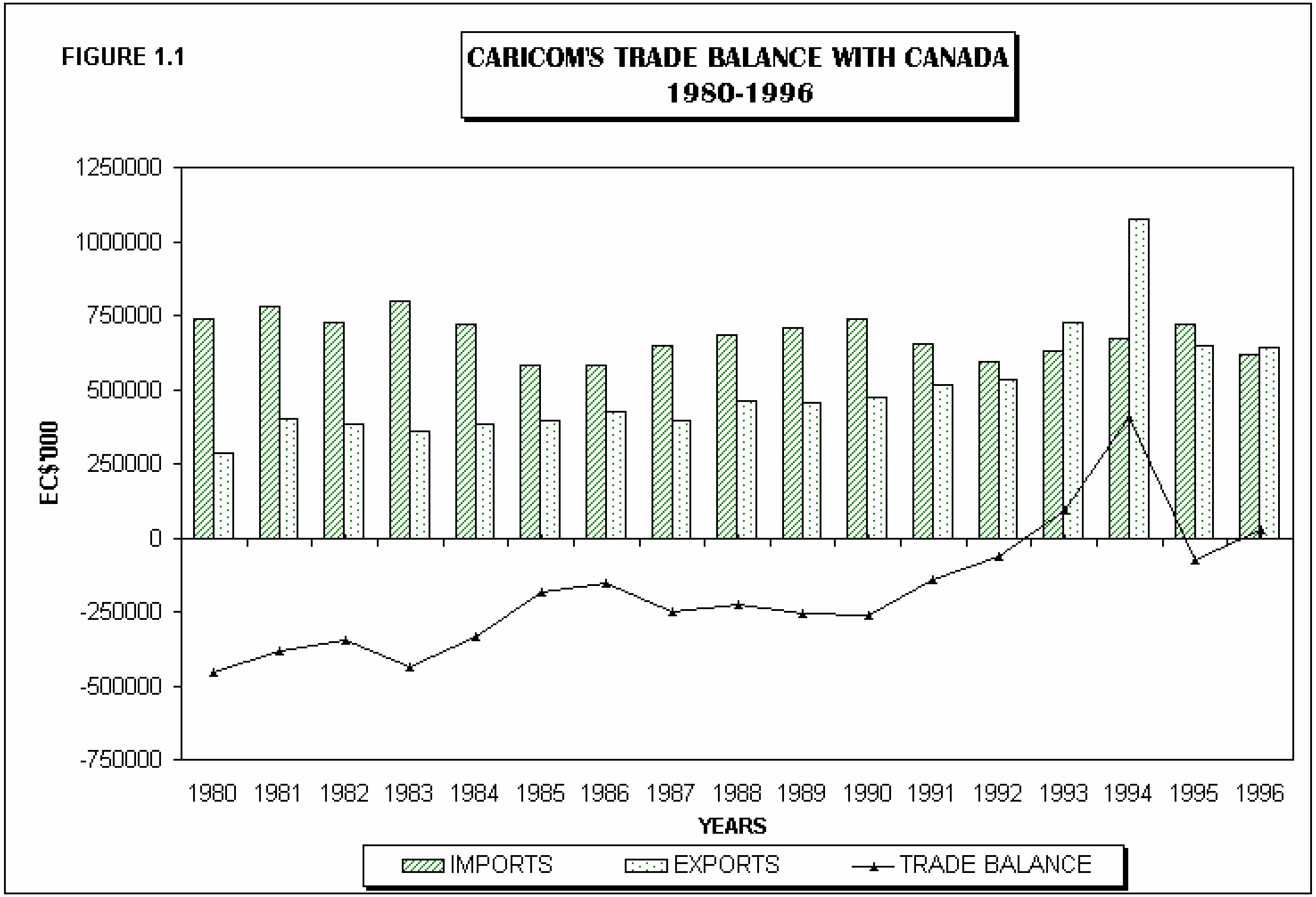


FIGURE 1.1
CARICOM'S TRADE BALANCE WITH CANADA
1980-1996
1250000
1000000
750000
500000
250000
0
-250000
-500000
-750000
EC$'000
1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996
YEARS
IMPORTS
EXPORTS
TRADE BALANCE

FIGURE 2.1

CARICOM'S TRADE BALANCE WITH THE UNITED STATES OF AMERICA: 1980-1996

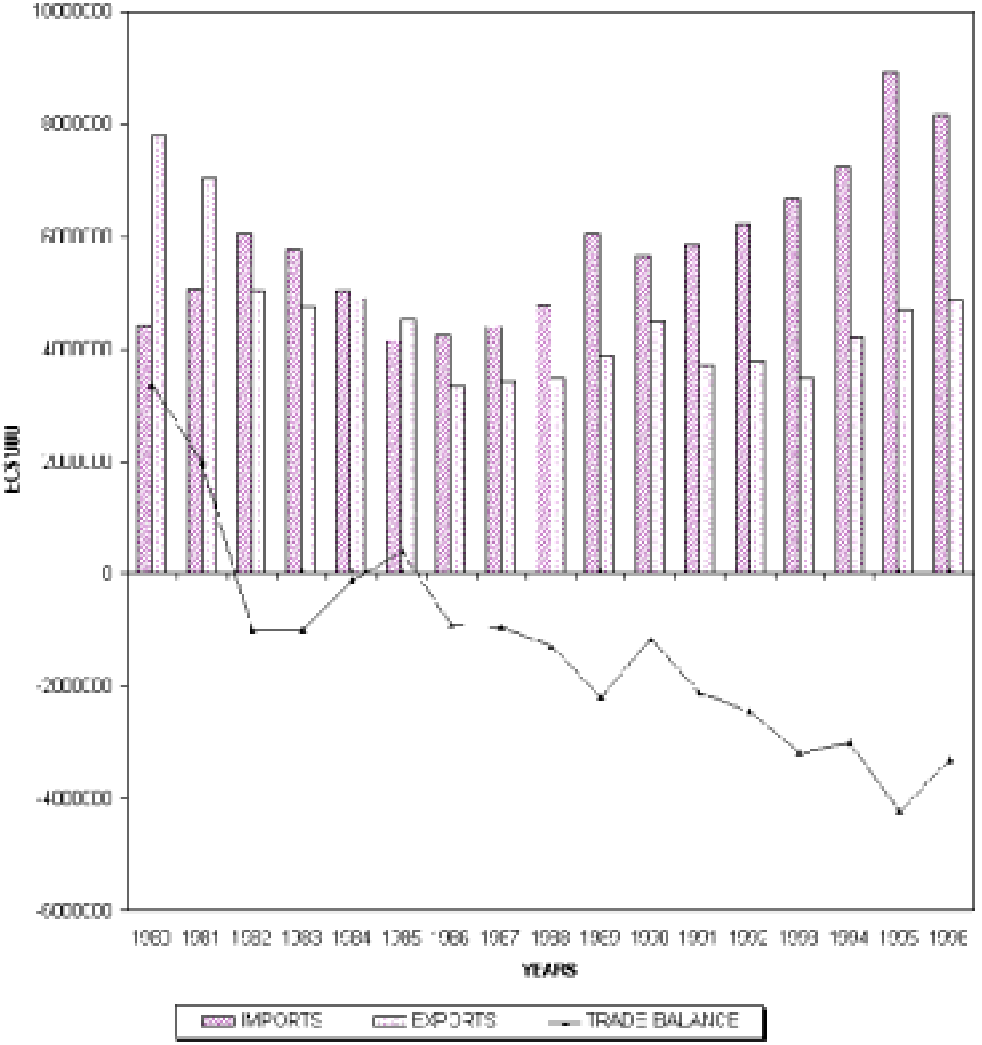


FIGURE 4.1

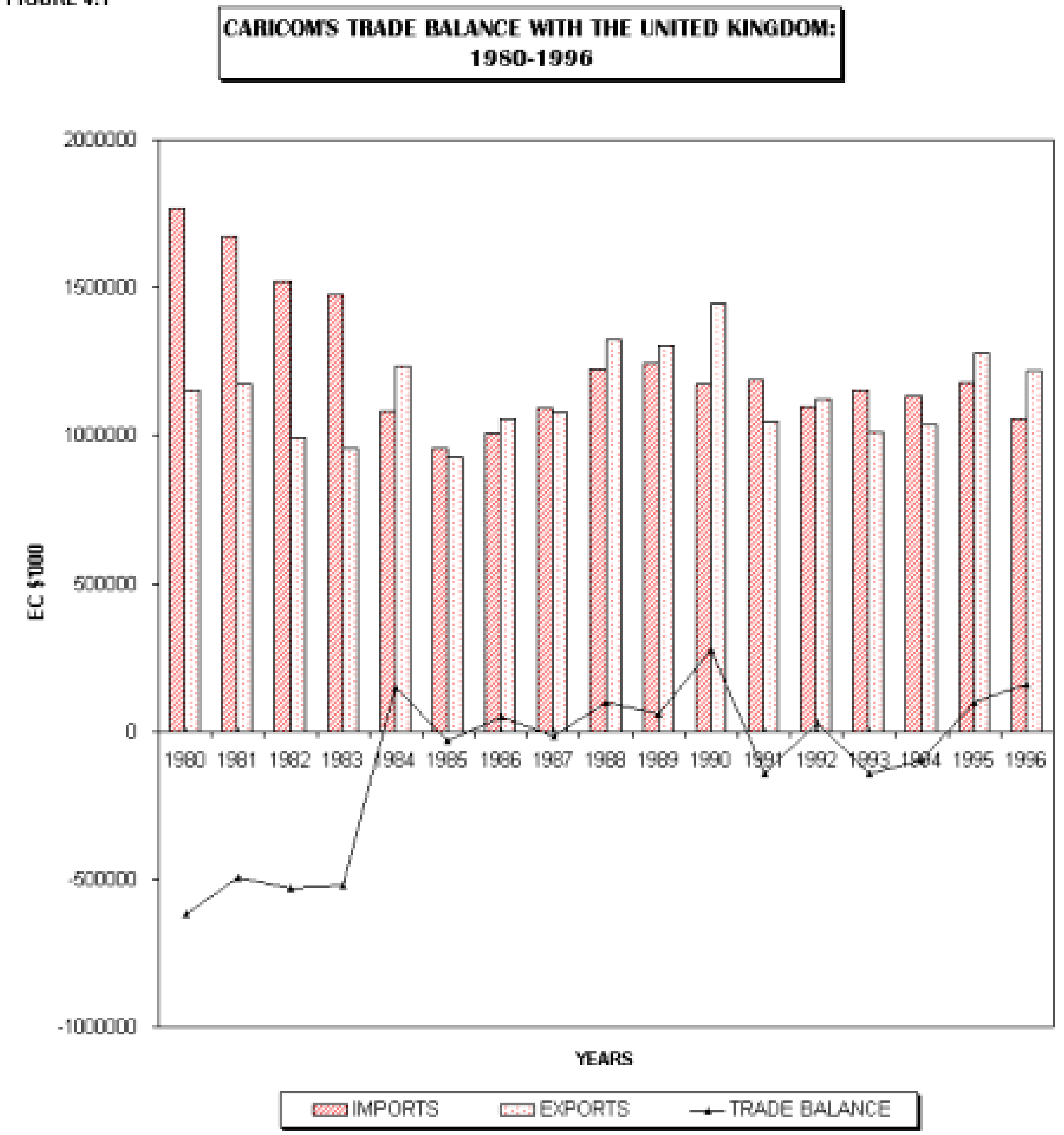

CARICOM'S TRADE BALANCE WITH THE UNITED KINGDOM: 1980-1996
2000000
1500000
1000000
500000
0
-500000
-1000000
EC $'000
1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996
YEARS
IMPORTS
EXPORTS
TRADE BALANCE

FIGURE 5.1

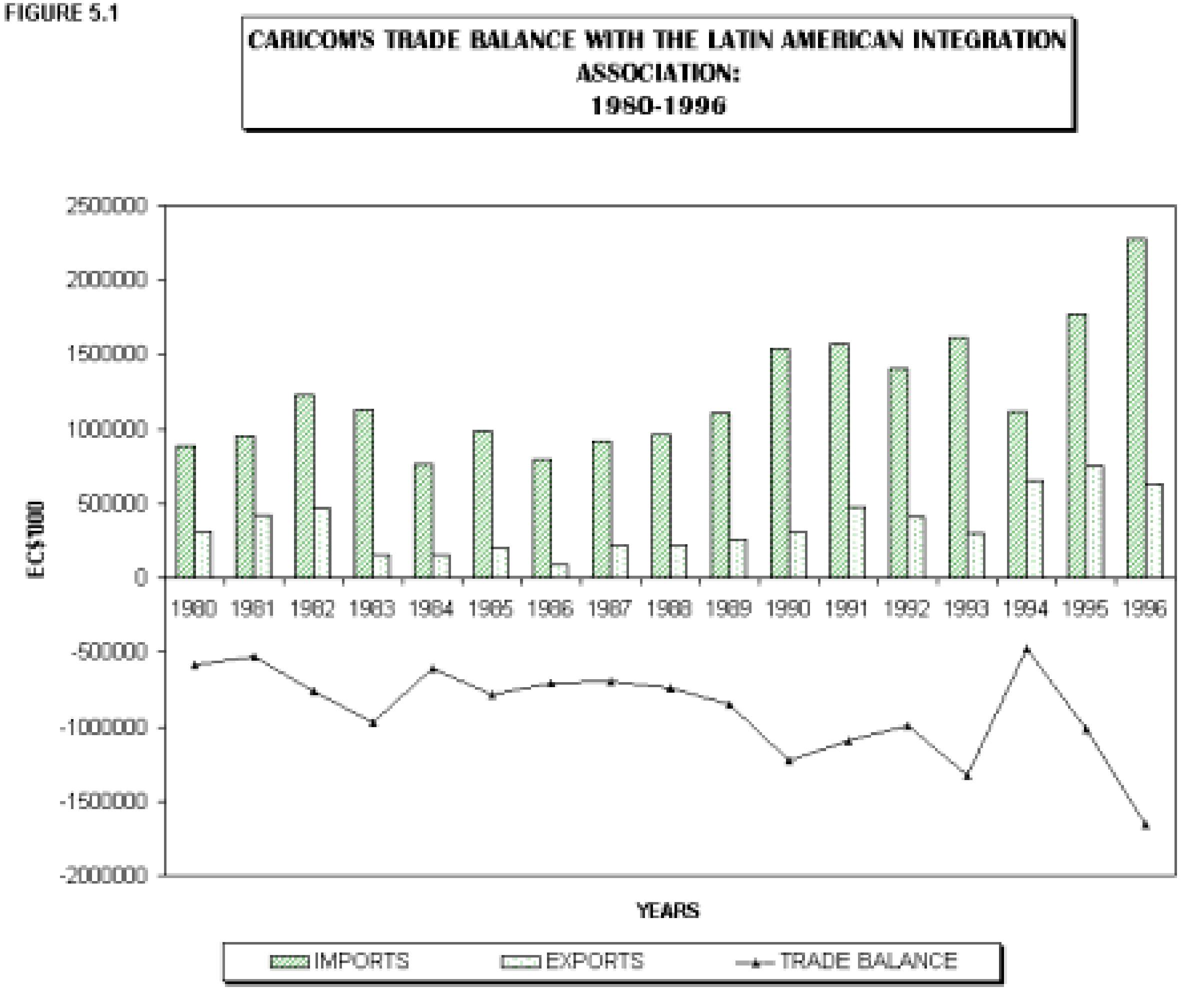
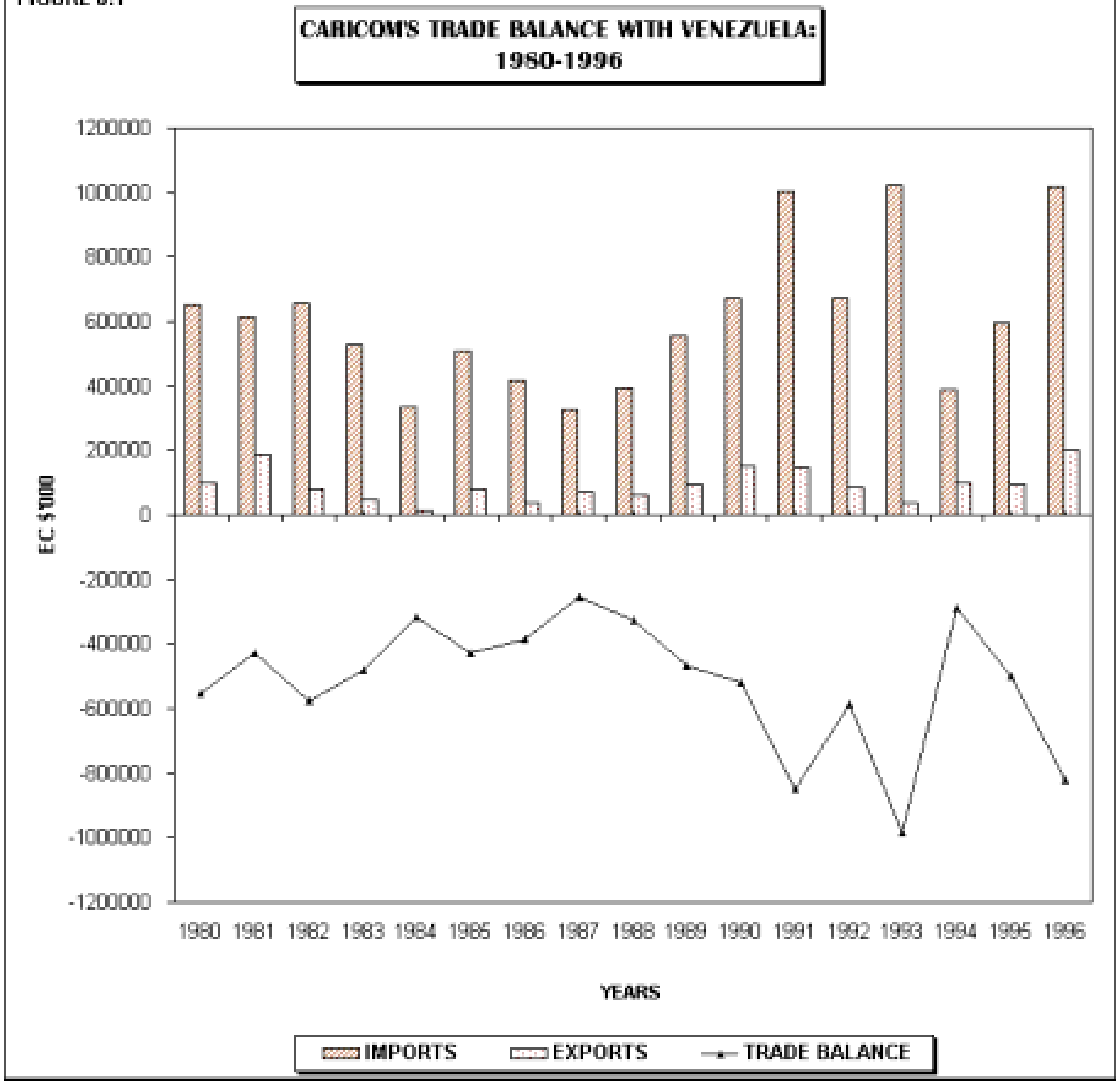

CARICOM'S TRADE BALANCE WITH THE LATIN AMERICAN INTEGRATION ASSOCIATION:
1980-1996
2500000
2000000
1500000
1000000
500000
0
-500000
-1000000
-1500000
-2000000
EC$'000
1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
YEARS
IMPORTS
EXPORTS
TRADE BALANCE

FIGURE 6.1


CARICOM'S TRADE BALANCE WITH VENEZUELA: 1980-1996
1200000
1000000
800000
600000
400000
200000
0
-200000
-400000
-600000
-800000
-1000000
-1200000
E.C $'000
1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996
YEARS
IMPORTS
EXPORTS
TRADE BALANCE

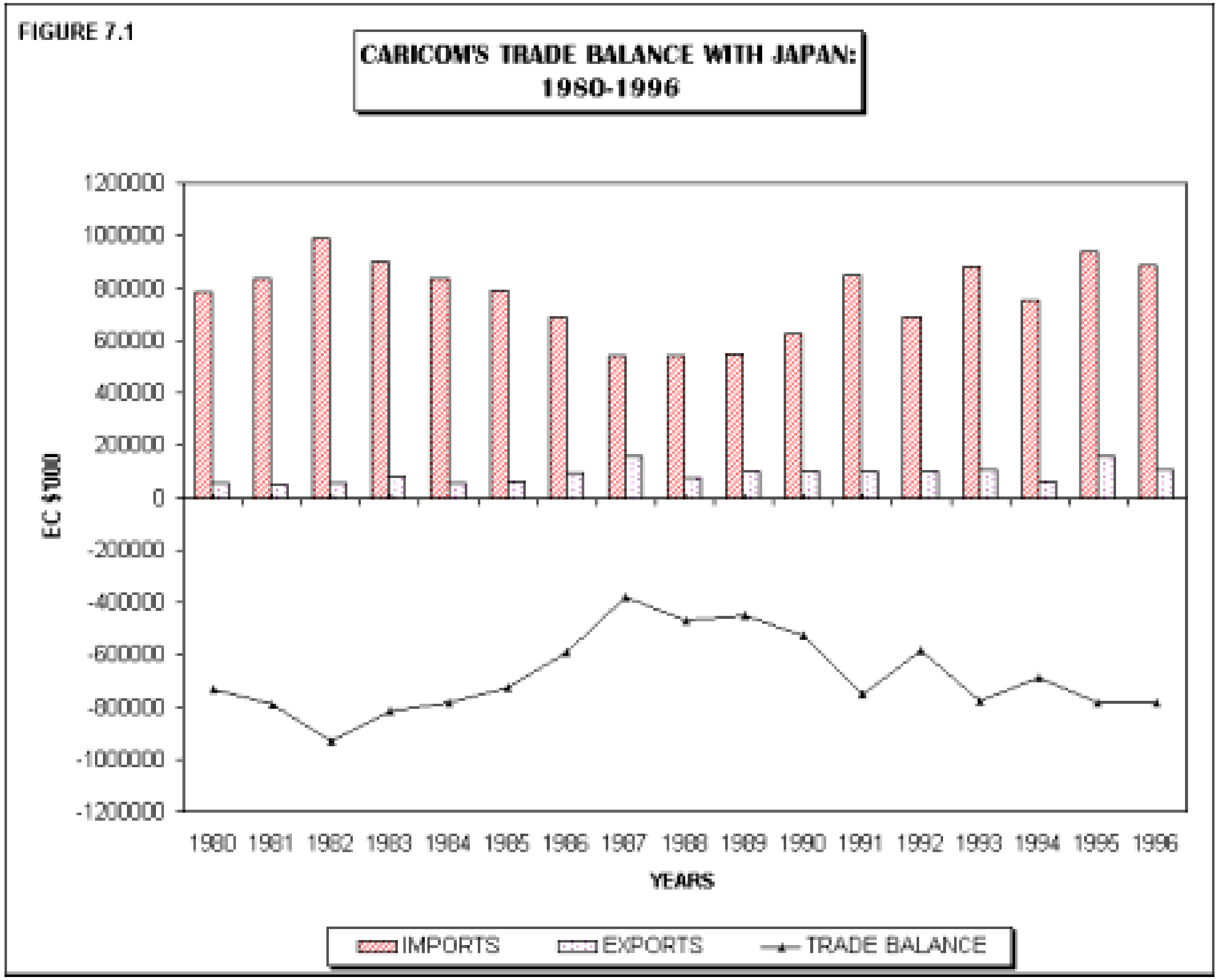


FIGURE 7.1
CARICOM'S TRADE BALANCE WITH JAPAN: 1980-1996
1200000
1000000
800000
600000
400000
200000
0
-200000
-400000
-600000
-800000
-1000000
-1200000
EC $'000
1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996
YEARS
IMPORTS
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TRADE BALANCE

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