

*Strengthening Bermuda's Links to the
Caribbean*

Associate Membership of the Caribbean
Community

A Discussion Paper

July 2002

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Chapter 1 - Introduction

1.1 In the 2001 Speech from the Throne, the Government promised to produce for debate in the House of Assembly a paper setting out its views on Associate Membership status in the Caribbean Community (CARICOM). This paper meets that commitment. It is intended to provide further information to Bermuda's residents and businesses on CARICOM, and to put forward the case for enhancing Bermuda's current Observer status at CARICOM to Associate Membership. It is further intended that this document should dispel some of the myths about Associate Membership in CARICOM and provide the basis for an informed debate on the topic in the House of Assembly.

The Bermuda Government and CARICOM

1.2 It is well known that the Progressive Labour Party has long desired to strengthen links between Bermuda and the islands of the Caribbean. That was why in July 2001, the Premier accepted an invitation to attend the Conference of the Heads of Government of CARICOM. At that meeting Bermuda was granted Observer Status in the Community.

1.3 Subsequently, a delegation from CARICOM was invited to Bermuda by the Premier to begin discussions on the possibility of upgrading Bermuda's status in CARICOM from Observer to Associate Member. The Government adopted a positive stance towards Associate membership and wished to undertake more research and consultation with the people of Bermuda and with businesses. In addition, it was necessary to discuss with the CARICOM secretariat possible terms and conditions for Bermuda's Associate Membership.

1.4 Bermuda, as a British Overseas Territory, requires the permission of the British Government before entering into associations with international organisations. The Bermuda Government has already sought and received this permission which has been given in the form of a letter of entrustment signed by the Minister for Overseas Territories at the Foreign and Commonwealth Office.

CARICOM Committee

1.5 Following the 2001 Throne Speech announcement, the Premier established a CARICOM Committee under chairmanship of the Honourable Nelson Bascome JP MP to investigate Associate Membership status and to provide information to the public.

Bermuda National CARICOM Committee

Hon Nelson Bascome JP MP (Chairman)
Hon Dr Ewart Brown JP MP (Deputy Chairman)
Mr Glen Blakeney
Hon Dale Butler JP MP
Hon Derrick Burgess JP MP
Hon Ottiwell Simmons JP MP
Mr Gary Philips

1.6 The Government wishes to express its gratitude to the members of the CARICOM Committee for their work, which forms the basis of this discussion document.

1.7 This CARICOM Committee worked diligently to investigate the benefits and costs of Associate Membership and gathered a great deal of information on the background, mission, structure, goals and objectives of CARICOM. Importantly, the Committee held town hall meetings in the Eastern, Western and Central Parishes as part of the campaign to provide information to the public. Additionally, the Committee met with various stakeholders in the private sector. The aim of these meetings was both to disseminate information and to listen to the issues and concerns that people, and businesses have regarding Bermuda's proposed Associate Membership in CARICOM.

1.8 In order to get an insider's view of CARICOM, the Committee also consulted with some existing members of the organisation to learn from their experiences. Contact was made with the Government of Anguilla and of the Turks and Caicos Islands.

1.9 As a result of the research undertaken, the Committee has been able to develop a clearer understanding of what CARICOM is and is not, what it can offer, and which of those offerings will bring benefit to Bermuda.

1.10 The Committee has concluded that Associate Membership in CARICOM under certain terms and conditions will be beneficial to Bermuda. The case is set out in the remainder of this paper. The Government welcomes and supports this finding. The Government is therefore proposing pursuing its proposal that Bermuda become an Associate Member of CARICOM. Full details of the Government's proposal are given in Chapter 6.

1.11 The Government intends to lead a debate on this subject in the House of Assembly and to propose a motion in support of Bermuda's Associate Membership of CARICOM.

Chapter 2 - Alliances in an Interdependent World

2.1 When the idea of Associate Membership in CARICOM was first raised some commentators and members of the public asked two important questions—“why does Bermuda need more alliances?” and “why an alliance with CARICOM?” This chapter addresses these questions and argues that the status quo is not the best option for Bermuda in an increasingly interdependent world.

Why Do We Need More Alliances?

2.2 Bermuda, like the most other jurisdictions, has become ever more tightly bound to other countries through the process of globalisation, i.e. the development of economic and social interdependence between nations. Indeed, much of Bermuda’s recent economic success has been made possible through the integration of world markets and the ability of businesses to trade across borders. In a world that is closely bound by international trade, as well as by people’s increasingly international outlook, it is important that jurisdictions should work together to regulate markets for their mutual benefit, to learn from each other’s experience and to share good practice. This is particularly the case for a small, isolated island jurisdiction such as Bermuda.

2.3 As a result of this growing interdependence, countries’ economic and political strategies have generally changed from bilateral relations to multi-lateral relations. The Western Hemisphere alone has 26 multi-lateral agreements including the North American Free Trade Agreement and the European Union. Thirty-four leaders in the Western Hemisphere have agreed to the formation of a Free Trade Area in the Americas by 2005. Similarly, in the East, there is the Association of South East Asian Nations (ASEAN).

2.4 In the light of these developments, Bermuda too needs to reconsider the links it has in place with regional groupings. Bermuda needs to embrace the positive aspects of globalisation in order to continue to prosper and not be left behind. It is generally recognised that small jurisdictions in particular need to forge effective alliances in order to ensure that their voices are heard on the world stage.

Why CARICOM?

Existing Links

2.5 Strengthening links with the Caribbean makes sense for Bermuda, because the Island already has formal and informal links with the region and many similarities with Caribbean countries.

2.6 Bermuda’s links to the Caribbean extend into many fields. For example, for many years Bermuda has enjoyed membership in numerous Caribbean organizations (see Annex I), as varied as the Caribbean Tourism Organisation and the Caribbean Football

Association. Through such links as these, Bermuda has benefited from the exchange of information and ideas, which has enhanced Bermuda's culture, as well as the delivery of Government programmes and services.

2.7 Similarities in size and in the problems faced by Bermuda and some Caribbean countries mean that Bermudian policy-makers can learn from the experiences of their Caribbean counterparts; this means learning what policies work, and, just as importantly, which ones do not. Many official links are in place to support policy-making in Bermuda. As a result of these, the people of Bermuda have benefited in the fields of health, culture, security, labour and safety. For example,

- The Pan American Health Organization and the World Health Organization are a part of the United Nations regional network and they include Bermuda [*don't follow this*].
- The Health Department within the Ministry of Health and Family Services works closely with the Caribbean Epidemiology Centre. This organization provides surveillance reports and develops protocols for various diseases like HIV and Smallpox.
- Bermuda's Emergency Measures Organization liaises with The Caribbean Disaster Emergency Response Agency (CDERA) to be better prepared for possible national disasters. This partnership allows Bermuda to benefit from the experience of our Caribbean neighbors.

2.8 A more complete list of official links between Bermuda and the Caribbean is given at Annex 1.

A Common History

2.9 Partnerships with Caribbean countries are particularly beneficial because, as a British Overseas Territory, Bermuda has a common history with the English-speaking nations of the region. The laws, customs and government of Bermuda have their roots in the English legal system and the Westminster model of government. This is also the case with many Caribbean countries that have historical ties to the United Kingdom.

2.10 There are also similarities between the education systems of some Caribbean countries and that of Bermuda; over the years, the Caribbean has provided Bermuda with many of its educators and these people have had a major impact on shaping the lives of students and the direction of the community.

2.11 In addition to the formal links, similarities and common history, Bermuda is bound to the Caribbean through the ancestral roots of her people. Many ancestors of today's Bermudians traveled to Bermuda from the Turks and Caicos Islands, Barbados, St. Kitts and Nevis, Jamaica, and Antigua. The migration was in both directions – some Bermudians, prior to the American Revolution, emigrated to several islands in the Caribbean including Barbados, St. Lucia, and Trinidad and Tobago.

Business Links

2.12 Bermuda has historically also had close trading connections with the Caribbean such as the salt trade from islands like Turks and Caicos. Centuries ago, many Bermudian sailors journeyed there to trade goods and nowadays many Bermudian firms have a presence in the Caribbean region.

2.13 This complex network of connections between Bermuda and the Caribbean show that culturally, historically, socially and economically, Bermuda is bound to the Caribbean region.

Business Connections

Several Bermuda businesses and business organisations have formed relations with similar groups in Caribbean countries.

- The Bermuda Employers Council is a member of the Caribbean Employers Association.
- The Bermuda Industrial Union (BIU) and the Bermuda Public Services Union (BPSU) are members of the Caribbean Congress of Labor. The BPSU is also a member of the Caribbean Public Services Association.
- The Bermuda Hotel Association is a member of the Caribbean Hotel Association.
- The Bank of Bermuda and the Bank of Butterfield both have offices in the region.
- Colonial Insurance recently opened a branch in the Bahamas, and
- Appleby, Spurling and Kempe and Conyers, Dill and Pearman both have offices or affiliates in the Caribbean region.

Broadening Bermuda's International Links

2.14 Bermuda already benefits from strong links with the United Kingdom, with the United States, and to lesser extent with Canada. Formalising a link to the Caribbean would complement these predominantly Northern links, introduce a broader geographical and cultural perspective and provide greater balance.

Chapter 3 – What is CARICOM?

3.1 This chapter gives basic factual information about CARICOM and its history. It also explains the levels of association with CARICOM available to applicant countries.

What is CARICOM?

3.2 CARICOM is an organization of 15 states and territories committed to working together for the common good. Its founding Treaty is the 1973 Treaty of Chaguaramas. CARICOM is not a political union and its member states retain their national identity and sovereignty. The mission of CARICOM is to provide dynamic leadership and service in partnership with community institutions and groups, towards the attainment of a viable, internationally competitive and sustainable community with improved quality of life for all.

3.3 CARICOM has three essential activities:

1. Economic integration based on a regional Single Market and Economy.
2. Coordination of foreign and defense policies.
3. Functional cooperation in culture, education, health, labour relations, tourism, drug control and security, transportation and youth and sports.

3.4 Associate Membership of CARICOM, as proposed by the Government, would involve participation only in item 3 above, i.e. functional co-operation. However, brief information on the full range of CARICOM activities is given below for completeness's sake.

Single Market and Economy

3.5 The Single Market and Economy is a regional free market designed to increase economic development amongst member states by increasing market size, reducing barriers to trade, and capturing economies of scale. Larger markets are also more attractive to foreign inward investment and reduce dependence on countries outside the trade zone. The economic development that is gained from larger markets and market liberalisation leads to increased employment and higher standards of living for participating states where there is sufficient economic convergence.

3.6 The Single Market and Economy promotes trade between CARICOM members. It allows CARICOM goods, services, people and capital to move throughout the participating CARICOM countries without tariffs and restrictions. It achieves this by removing duties, licensing arrangements, quotas, and other tariff and non-tariff barriers to trade. In this way, items produced in one CARICOM country are treated preferentially by all others. By forming one market, CARICOM countries adopt uniform policies towards trade relations with third countries and gain more leverage than any one country might achieve alone.

3.7 Within the Single Economy participating countries endeavour to harmonise economic, monetary and fiscal policies for the sustainable development of the region. This means the coordination of foreign exchange and interest rate policies, the harmonisation of tax regimes and of laws and the convergence of economic performance amongst other measures. Without such economic convergence, the full benefits of the Single Market would not be realised.

3.8 The Single Market and Economy is an integral part of CARICOM, but has a completely separate legal identity. This means that it is possible for countries to become full members of CARICOM without subscribing to the Single Market and Economy; the Bahamas took advantage of this arrangement in 1983 when it joined CARICOM but declined membership of the Common Market.

Co-ordination of Foreign and Defence Policies

3.9 CARICOM countries come together to co-ordinate their foreign and defence policies. The benefit of concerted action within the CARICOM structure is that by working together CARICOM countries can have more influence than any of them would have individually. CARICOM has established a Council for Foreign and Community Relations (COFCOR), which has been charged with responsibility for determining relations between the Community, and international organisations and Third States.

Functional Co-operation

3.10 In addition to economic and foreign policy, CARICOM countries also coordinate efforts in many non-economic areas, so that members could benefit from joint activities. This saves each country from “reinventing the wheel” or needlessly duplicating services provided elsewhere in the region. Under the CARICOM structure, co-operation now takes place in many areas, including meteorological services and hurricane insurance; health and nutrition services; education and job training; law enforcement; cultural programmes; labour, and industrial relations; science and technology; and harmonizing the laws and legal systems within CARICOM. This cooperation has been successful in improving services to the members (especially the smaller ones) and lowering costs of activities through joint ventures. The University of the West Indies is an example of successful functional cooperation.

3.11 It is in this area of functional co-operation that the Bermuda Government sees most scope for benefit to be derived.

What are the levels of CARICOM association?

3.12 There are three levels of association with CARICOM – Full Membership, Associate Membership and Observer status. Presently, there are 15 countries that enjoy Full Membership in CARICOM, three who enjoy Associate Membership and about a

dozen countries and organisations that have Observer status at CARICOM. The status of a Member State can be changed by majority vote of the Member States.

Full Membership

3.13 Full membership in CARICOM generally involves a strong commitment to regional integration and participation in all of the activities of CARICOM. This includes:

1. access to the Single Market and Economy, and adherence to its rules, in a combined market of over 6 million people;
2. greater opportunity for travel within member states and eased travel restrictions;
3. opportunities for nationals to study and work in other CARICOM countries; and
4. co-ordination of foreign and defence policies;
5. functional co-operation.

3.14 Full members of CARICOM have voting rights and take part in the meetings of the Heads of Government and in the Ministerial Councils in order to achieve consensus on regional issues and policies. The Conference of Heads of Government (“the Conference”) is the highest decision-making forum and the final authority of the Community. It is made up of the Heads of Government of the Member States.

Full Members of CARICOM

Antigua and Barbuda	Jamaica
Barbados	Montserrat
The Bahamas	St. Kitts and Nevis
Belize	St. Lucia
Dominica	St. Vincent and the Grenadines
Grenada	Suriname
Guyana	Trinidad and Tobago
Haiti ¹	

Associate Membership

3.15 Article 231 of the Treaty of Chaguaramas allows the Conference to admit any states or territories to Associate Membership in the community on such terms and conditions as the Conference sees fit.

3.16 There are currently three countries that have Associate Member status. They are:

- Anguilla;
- British Virgin Islands; and
- Turks and Caicos Islands.

¹ Haiti has not yet deposited a formal instrument of accession.

3.17 Associate Members have rights of attendance and may speak at all CARICOM meetings, but they do not have a vote.

3.18 In the absence of clearly defined terms of association, Associate Membership is negotiated by each applicant state with the Conference on terms that are mutually beneficial.

Observer Status

3.19 The Conference has authority under Article 12 (10) to admit at its deliberations as observer's representatives of non-Member States of the Community and other entities.

3.20 Bermuda, the Cayman Islands and 12 Caribbean and Latin American jurisdictions, along with several international agencies have observer status in CARICOM. Some of the international agencies are:

- The Caribbean Congress of Labour (CCL),
- The Caribbean Policy Development Centre (CPDC)
- The PAN American Health Organization (PAHO)
- The Caribbean Association of Industry and Commerce (CAIC)

3.21 Observers have no voting rights and cannot formally participate in CARICOM programmes, although attendance at conferences and other meetings is permitted.

What is CARICOM's Administrative Structure?

3.22 CARICOM has established structures similar to those established by the EU and has developed relationships between these Organs and Bodies to support the accomplishment of CARICOM objectives. There are two main organs of CARICOM—The Conference of the Heads of Government and The Community Council of Ministers. Additionally, there are three Bodies of CARICOM—The Legal Affairs Committee, the Budget Committee and the Council of Central Bank Governors. The functional relationship of all the organs and bodies of CARICOM are described in Annex II along with the full details of the mandate of each.

How did CARICOM come about?

3.23 CARICOM's beginnings date back almost 50 years. In 1958, the Commonwealth countries of the Caribbean made a serious move toward establishing a unit of integration similar to the European Economic Community (now EU) by creating the West Indies Federation. This Federation was drawn from 10 member islands, formed under the auspices of the British and supported by the Canadians. Common Services for the region, like the University of West Indies and the Regional Shipping Services, were established.

However, significant emphasis was not placed on the economic aspects of the Federation, and nationalistic tendencies hampered integration efforts. As a result, four years later, in 1962, the West Indies Federation came to an end.

3.24 In mid 1962, Caribbean nations came together to make decisions on the management of the Common Services and to determine the best way to strengthen the areas of cooperation that had existed during the Federation. In the years that followed, Caribbean Heads of Government continued to meet to forge regional integration. In 1965, the Caribbean Free Trade Association (CARIFTA) was established.

3.25 However, CARIFTA did not provide the free movement of labour and capital, or the coordination of agricultural, industrial, defence and foreign policies required for real integration in the region.

3.26 In the early 1970s, two factors gave the Caribbean countries a new impetus towards regional integration. Firstly, the prospect that Britain would join the EEC reminded the islands of their vulnerability to any disruption of preferential trading ties with Britain. Secondly, economists at the University of West Indies advised that the creation of a Free Trade Area alone would not secure the full gains of regional integration.

3.27 Consequently in 1973 CARIFTA members signed the Treaty of Chaguaramas to establish the Caribbean Community and Common Market (CARICOM). It is still the Treaty of Chaguaramas, revised over the years, that governs the operation of CARICOM.

3.28 For 25 years, CARICOM continued to expand its membership and develop its infrastructure. However in 1989, CARICOM members, resolved to increase integration efforts by establishing the CARICOM Single Market and Economy. This move was a response to the challenges and opportunities presented by the changes in the global economy and increased integration elsewhere in the world.

3.29 In the last 12 years, much has been done to move the region from a common market to a single market and economy and to provide an appropriate support structure. Nine Protocols to the Treaty of Chaguaramas have been developed to support this new focus. The Protocols cover the restructuring of Organs and Institutions in CARICOM and the provision of services and movement of capital and policies to guide, amongst other things, trade, agriculture, transport and dispute resolution. The Single Market and Economy will be realized as the Protocols are implemented along with supporting mechanisms.

3.30 The Treaty of Chaguaramas and further information on the history of CARICOM can be found at the CARICOM website, www.caricom.org.

Chapter 4 - Public Consultation

4.1 The Government has been keen to give information to the public about CARICOM and to listen to the views and concerns that people have. The Bermuda CARICOM Committee therefore held three town hall meetings in St. Georges, Hamilton and Sandy's. These meetings were in addition to a public forum sponsored by the Bermuda College and the West Indian Association. At the town hall meetings four themes were addressed:

- Bermuda's Reality;
- Bermuda/Caribbean Connections;
- CARICOM; and
- Associate Membership in CARICOM.

4.2 The informative materials used at these town hall meetings can be accessed via the Central Policy Unit website at www.cpu.gov.uk (free internet access and assistance is available at the library). Alternatively, paper copies can be acquired by calling [*insert John Payne's number?*]

4.3 The attendees at the town hall meetings were encouraged to express their views and concerns. The views of the public who called in to the radio talk shows and attended the, specific stakeholders meetings were also noted. The stakeholders included workers groups, sporting organizations and employers' bodies. Views were split, with some attendees speaking positively about CARICOM membership whilst others expressed doubt about the benefits that would accrue to Bermuda. The concerns that were raised largely fell into a relatively small number of categories. These are set out below with the Government's response to them.

Concerns Raised in Town Hall Meetings

Membership will be costly and attendance at meetings will require a big increase in international travel.

Bermuda's annual joining fee has been determined as one percent of the CARICOM Secretariat's annual budget. That figure is currently, Eastern Caribbean \$26,771,000. Bermuda's contribution would therefore be Eastern Caribbean \$267,710 or about US\$99,000. The Government believes this is a very modest contribution and represents good value for the benefits that will flow from Associate Membership.

There will of course be costs associated with travel to conferences and other meetings; these will vary depending on the location of events and cannot be precisely determined in advance. However each Government Ministry already has a budgetary allocation for attendance at overseas conferences and meetings and it is not anticipated that there will be a significant additional expense.

In addition, some CARICOM conferences will be held in Bermuda, generating business locally.

The decision to join was a done deal, so why bother consulting?

The Government's desire to build stronger links to the Caribbean has been well known for some time, but there was no done deal with regard to CARICOM. The Premier made clear that Bermuda would join only if the terms and conditions were favourable and if the costs were not excessive. In order for the Government to start talks with CARICOM regarding the terms and conditions of Associate Membership it was necessary to make a provisional application. This provisional application was accepted by the [*CARICOM Conference at its meetings on... insert correct information*].

Whilst the Government is now persuaded that Associate Membership in CARICOM is the right way forward, the final decision will be made by vote in the House of Assembly.

Government should focus on local issues first before worrying about CARICOM.

Associate Membership in CARICOM will help the Government address local issues. The Government is not going to be trying to solve all the problems of the Caribbean region; rather the Government will be working closely with other countries under the CARICOM umbrella to address common problems.

CARICOM has been criticised for being slow and ineffective.

International organisations do sometimes work slowly, but this does not mean that they do not offer value to members. The reason for the slowness is that a great deal of effort goes into reaching consensus on issues so that all members can have their say and be taken account of. The European Union and the United Nations similarly take time to reach decisions, but nobody would deny that those organisations perform a useful purpose for their members.

CARICOM interferes in local politics.

This is not the case. Incidents of alleged interference concerned the electoral process in some countries. The record is clear however that in these incidents CARICOM was invited to assist the parties in maintaining stability and to ensure that the democratic process was adhered to.

Bermuda is not in the Caribbean region.

Bermuda is in the middle of the Atlantic and geographically isolated. However, Bermuda has a great deal in common with the English-speaking Caribbean Islands which are the nearest similar jurisdictions in terms of size, economy, culture and history. For convenience, Bermuda is often linked with the Caribbean for trade, tourism and other arrangements. CARICOM is content to accept Bermuda as an Associate Member.

Bermuda will suffer reputational damage as a result of associating itself more closely with Caribbean countries.

To take this view is to regard the Caribbean countries with out-dated misperceptions. Countries such as the Turks and Caicos Islands and the Bahamas are relatively prosperous. For example, the Bahamas has a GDP per capita level ahead of countries such as Spain, New Zealand and Taiwan.

It is true that some of the countries in the region have significant economic and social problems. Bermuda too has problems of its own. Associate Membership is not full membership and does not involve participating in the Single Market and Economy.

Associate Membership in CARICOM does not mean weakening links with other countries such as the USA or Britain.

Bermuda will be subject to large numbers of immigrant workers competing for local jobs.

Associate Membership will not require any changes to Bermuda's immigration controls or work permit regulations. The current arrangements will remain in place to protect Bermudians in the job market. Similarly, of course, Bermudians wishing to work in CARICOM countries will be bound by the controls in place in those countries to protect their nationals.

The Government remains committed to Bermudianisation.

CARICOM will benefit more than Bermuda from Bermuda's Associate Membership.

CARICOM and Bermuda will both benefit. Bermuda should be proud of the fact that it has something to offer Caribbean countries and it is right that we should help where we can whilst also benefiting ourselves.

Bermuda can have all the benefits without paying; we already get most of them from Observer status.

This is not true. Bermuda will be able to take part in functional co-operation programmes that it cannot currently join. Bermuda will also be able to join in programmes that receive assistance from international donors.

It is true that Bermuda has benefited from Observer status without making a financial contribution to CARICOM, but the Government believes that it is right that Bermuda, as a relatively wealthy jurisdiction, should pay its way.

CARICOM Associate Members' Comments

4.4 The CARICOM Committee also contacted senior officials in two of the existing Associate Member states in its endeavor to ensure that as much information regarding CARICOM was obtained as possible. The Governments of Anguilla and the Turks and Caicos Islands were canvassed and their statements are as follows:

Anguilla -The Permanent Secretary in the Chief Minister's Office stated that as an Associate Member, Anguilla has found it is easier to get technical assistance. He also stated as benefits a louder voice in the international arena, the ability to share in regional programmes, and greater influence internationally. He believed that Associate Membership of CARICOM represented good value for money. [*We'd better check that these people are happy to be quoted thus*]

Turks and Caicos (TCI) – The Permanent Secretary in the Chief Minister's Office said that as a British Overseas Territory the Turks and Caicos Islands were not involved in the Single Market and Economy and could not negotiate on foreign policy. Nonetheless, Associate Membership of CARICOM meant that CARICOM had acted as an advocate for issues of concern to TCI in international discussions. The TCI Government felt that the cost of joining was small in relation to the benefits and TCI had had an opportunity to enjoy participation at a high level in political discussion, trade debates, health and education as a result of their associate membership.

4.5 The Cayman Island's Government, similar to Bermuda, has made application for Associate Membership in CARICOM. Their Legislature debated a motion for the Legislative Assembly to support acceptance of the offer of Associate Membership within CARICOM. The motion stated, "the Cayman Island's participation of deepening co-operation thereby strengthening the collective ability of the region to influence the international approaches taken to resolve global issues as international taxation and money laundering will directly affect Cayman's economic viability."

4.6 The Government of the Cayman Islands is negotiating terms and conditions very similar to those of Bermuda's proposed Associate Membership.

Chapter 5 - The Case for Associate Membership & Government's Proposal

5.1 The Government, with the invaluable assistance of its CARICOM Committee, has now completed its fact-finding task, has analyzed the data and considered all of the options related to Associate Membership in CARICOM.

A Compelling Case for Associate Membership

5.2 As stated in the introduction, the Government believes that the case is compelling for Bermuda to take up Associate Membership in CARICOM. The main reasons for joining are that:

- (i) an interdependent world demands a greater emphasis on international links for jurisdictions that are going to be successful;
- (ii) Bermuda will benefit from enhanced functional co-operation;
- (iii) Bermuda will benefit from access to programmes, including possibly those supported by international donor organisations;
- (iv) Bermuda will have a voice in regional matters and greater leverage;
- (v) the costs of Associate Membership represents excellent value for money;
- (vi) a stronger link to CARICOM will complement links to the United Kingdom and North America, thereby broadening and bringing balance to Bermuda's range of international contacts;
- (vii) Associate Membership will help cement the historical and cultural ties between Bermuda and the Caribbean and underscore the Government's commitment to the region;
- (viii) greater links to the Caribbean will help foster new opportunities for Bermudians and Bermuda based companies;

5.3 Functional co-operation will be the mainstay of Bermuda's enhanced involvement with CARICOM. Functional co-operation will bring benefits to Bermuda, because it involves:

- more efficient operation of common services and activities;
- promotion of greater understanding among peoples and the advancement of their social, cultural and technological development; and
- intensified activities in such areas as health, education, transport, and telecommunication.

5.4 The CARICOM Committee identified no obvious downsides to Associate Membership. As Chapter 4 demonstrated, many of the concerns people have about CARICOM relate to areas in which Bermuda will not participate, such as free movement

of people and goods under the Single Market and Economy. It should also be noted, that Bermuda is able to withdraw from Associate Membership at any time.

5.5 The Premier has already stated that **Bermuda will not:**

1. Be engaged in any of CARICOM's Single Market and Economy policies or programmes. Therefore, Government will not subscribe to the free movement of labour across our borders. Government's existing work permit policies will remain in place to protect Bermudians. Government will continue to seek to ensure that suitably qualified persons from the Caribbean are aware of government job opportunities in Bermuda where expatriate workers are sought.
2. Join the Caribbean Court of Justice. There are plans in the Caribbean to establish a Caribbean Court of Justice that some countries will use as the final arbitrator in the judicial process instead of the Judicial Committee of the Privy Council in London. Bermuda has no plans to change its judicial system and is proud of its links to the Judicial Committee of the Privy Council.
3. Co-operate in the area of foreign relations. As Bermuda is a British Overseas Territory, the United Kingdom is responsible for the Island's foreign relations. This responsibility cannot be shared with or given to CARICOM. The UK's letter of entrustment is given on the condition that Bermuda does not associate itself with the foreign policy aspects of CARICOM's work.

5.6 The Government therefore proposes that, subject to support in the House of Assembly, the Premier will conclude negotiations with CARICOM on terms favourable to Bermuda as set out in this document.

What does this mean in practice for Bermuda?

Functional Co-operation

5.7 Associate Membership means that Bermuda can benefit from joint efforts to find answers to shared problems such as:

- Housing.
- Health.
- Crime.
- Education.
- The environment.
- Drug prevention.
- Industrial relations.
- Maritime issues.
- Transport

5.8 Drug interdiction, for example, is a regional problem that requires cooperation and support from all countries affected. Similarly, pollution generated in one country can affect the waters of others, thus developing common standards and protocols are in everyone's best interest.

5.9 Bermuda would also be able to benefit by taking part in programmes that received technical assistance from donor states and international donor organisations. For example, the United Nation's Economic Council for Latin America and the Caribbean is supporting and funding a project related to the collection and use of social statistics. Bermuda could benefit from participation in such a project.

5.10 To help manage the programmes of functional co-operation, Bermudian Ministers will be able to attend CARICOM's Council for Human and Social Development.

Other Benefits

5.11 In addition to functional co-operation on projects, Associate Membership would enable Bermuda to benefit from other CARICOM activities. For example, when CARICOM is negotiating air links to the region, Bermuda will be able to have an input to the discussions to seek additional air links to Bermuda. One such arrangement being considered is CARICOM's ongoing talks with South African Airways.

5.12 As an Associate Member of CARICOM, Bermuda will also have greater leverage, for example, in negotiations with the Caribbean universities and technical colleges for preferential fees for Bermudians studying in those establishments.

5.13 Sports and cultural opportunities will increase through CARICOM's links with other multi-lateral governmental organizations. For example, opportunities are being created for students in CARICOM countries to improve their foreign language skills by cultural exchanges with Mexico and Venezuela. Bermuda could be a beneficiary of this arrangement.

5.14 As mentioned elsewhere, there are also potential economic benefits as businesses take advantage of the stronger links between Bermuda and the Caribbean. The Government believes that Associate Membership can be a stimulus to economic activity in many areas in which Bermuda excels. For example, Bermuda is a leader in the e-commerce and telecommunications industries. This expertise can be shared with Caribbean countries, potentially creating business opportunities for local companies. Similarly, Bermuda is noted for the creative ways it has developed a high-quality financial services sector. There might also be expansion opportunities for the Bermuda Stock Exchange.

Cost

5.15 CARICOM has indicated that the cost, which is subject to negotiation, of Associate Membership to Bermuda would be one percent of the Secretariat's annual

budget. That budget is currently just under Eastern Caribbean \$27 million. The annual fee to Bermuda would therefore be around Eastern Caribbean \$270,000, or about US\$99,000.

5.16 It is also possible that Bermuda would benefit from programme funding as a result of Associate Membership. For example, various multi-lateral donors have provided funds to CARICOM for national HIV programmes. Funding has also been provided for the development of young sports persons.

Bermuda/Caribbean Connections

Business Associations

- ❑ Caribbean Congress of Labour
- ❑ Caribbean Employers Council
- ❑ Caribbean Public Services Association
- ❑ Caribbean Hotel Association
- ❑ Caribbean Tourism Organisation

Sports Organisations

- ❑ Caribbean Cyclist Association
- ❑ Caribbean Equestrian Federation
- ❑ Caribbean Dart Association
- ❑ Caribbean Netball Association
- ❑ Caribbean Football Union
- ❑ Central American & Caribbean Swimming Federation
- ❑ Pan American Softball Association
- ❑ Pan American Hockey Association
- ❑ Pan American Union of Karate Associations
- ❑ West Indies Cricket Board of Control

Governmental Organisations

- ❑ PAHO and WHO
- ❑ CAREC
- ❑ CDERA
- ❑ CARIFESTA
- ❑ ACCP
- ❑ ILO

Pan American Health Organisation and the World Health Organisation as a part of the UN regional network includes Bermuda.

The Health Department is associated with the **Caribbean Epidemiology Centre**. This organisation provides surveillance and develops protocols for bacteria and viruses like HIV and Smallpox.

The **Caribbean Disaster Emergency Response Agency (CDERA)** works with the Emergency Measures Organisation in times of National disaster.

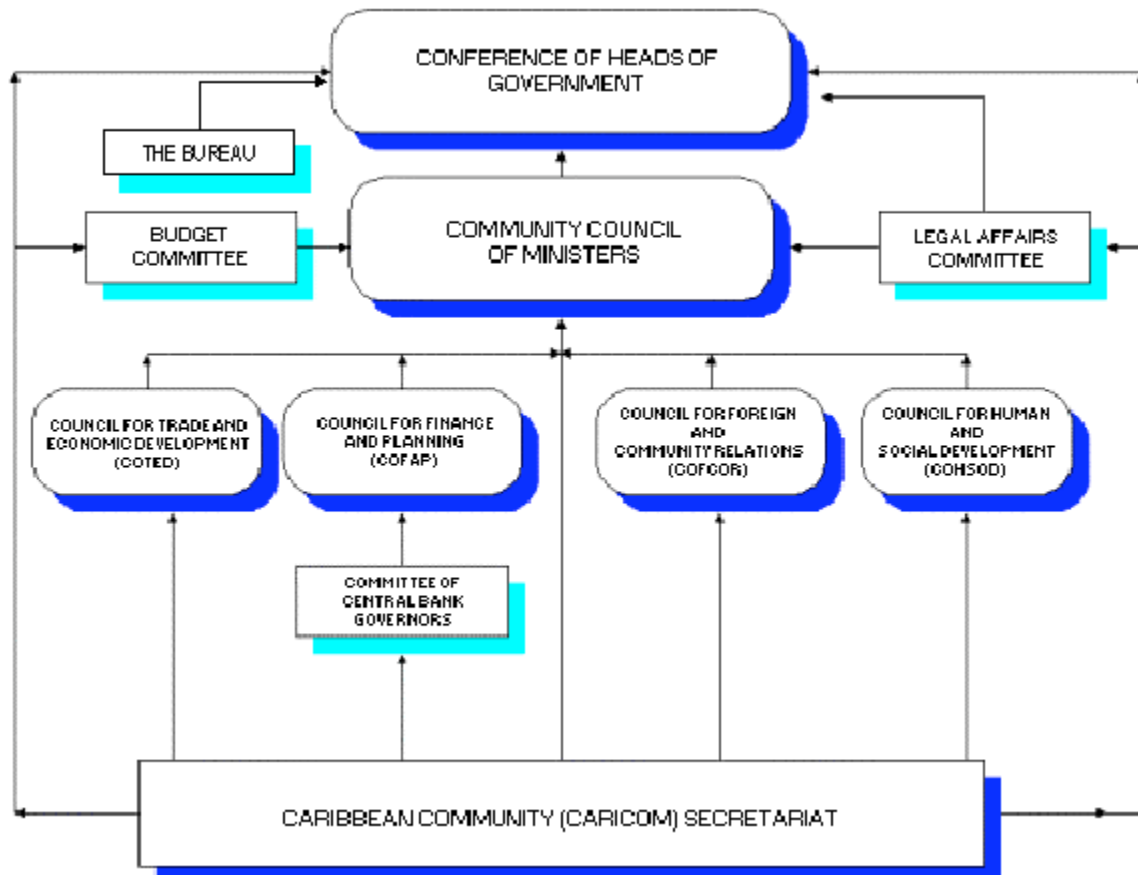
CARIFESTA the Caribbean Festival of Creative Arts is the regional organisation, which promotes culture and art. The Departments of Culture and Community Affairs have participated in the regional festivals over the past several years.

The Commissioner of Police is a member of the **Association of Caribbean Commissioners of Police**.

The Department of Labour participates in the labour conferences of the region as a member of the **International Labour Organisation**.

CARICOM Structure and Organization

Organs and Bodies of the Community



The main mechanisms of achieving consensus on regional issues and policy matters for CARICOM are - the Conference of the Heads of Government and the Community Council of Ministers. There are two other organs, which work directly with the Conference and the Council to support their efforts. They are the Bureau and the Secretariat. Additionally there are three Bodies, the Legal Affairs Committee, the Budget Committee and the Council of Central Bank Governors, which provide advice and support to the organs of the Community. These Organs and Bodies are described below.

The Conference of Heads of Government (The Conference)

The Conference of the Heads of Government is the highest decision making forum and the final authority of the Community. The Conference consists of Prime Ministers or Heads of Government of all Member States of the Caribbean Community.

The Conference determines and provides the policy direction for the community. It is the final authority for the conclusion of treaties on behalf of the Community and for entering into relationships between the Community and international organizations and states. The Conference is also responsible for making the final arrangements to meet the expenses of the Community. The Conference resolves disputes between Member States. Its decisions are generally taken unanimously.

The Bureau of the Conference

The Bureau of the Conference provides support to the Conference. It is comprised of the Chairman of the Conference, the Incoming and the Outgoing Chairman of the Conference and the Secretary General of the Secretariat, in the capacity of the Chief Executive Officer. The responsibilities of the Bureau are to:

- initiate proposals;
- update consensus; and
- mobilize and secure implementation of CARICOM decisions in an expeditious manner.

The Community Council of Ministers (The Council)

The Council is the second highest organ of CARICOM. It consists of Ministers responsible for CARICOM Affairs and develops CARICOM's strategic planning and co-ordination in the areas of economic integration, functional cooperation and external relations. The Council is also responsible for formulating policies and performing functions in relation to cooperation in services such as Education, Health, Labour Matters and Foreign Policies. A Minister of Government represents each Member State on each Council.

Supporting Councils

There are four Councils that function under the auspices of the Community Council of Ministers. These Councils were established to carry out the objectives of CARICOM, and increase the effective operation of the different sectors. The Councils are:

- The Council for Finance and Planning (COFAD) which coordinates economic policy and financial and monetary integration of Member States;

- The Council for Trade and Economic Development (COTED) which promotes trade and economic development of the Community and oversees the operation of the CSM&E;
- The Council for Foreign and Community Relations (COFCOR) which determines relations with international organizations and third party states; and
- The Council for Human and Social Development (COHSOD), which promotes human and social development.

The Secretariat

The Secretariat is the principal administrative body of the Community and is headquartered in Georgetown, Guyana. It is managed by a Secretary-General and provides support to the Conference of Heads of Government, the Community Council of Ministers and Bodies of the Community. These responsibilities may require the Secretariat to:

- initiate, organize and conduct studies on issues related to the Community;
- collect, store, and disseminate relevant information on the achievement of objectives to Member States;
- assist Community Organs in the development and implementation of proposals and programmes;
- prepare the draft budget of the Community;
- provide technical assistance for national authorities; and
- initiate and develop proposals related to Community objectives.

Bodies of the Community

There are three bodies, which provide advice and support to the organs of the Community. The role of these bodies is described below:

- The Legal Affairs Committee is responsible for providing the organs and bodies with advice on treaties, international legal issues, the harmonization of laws of the Community and other legal matters.
- The Budget Committee examines the draft budget and work programme of the Community and submits recommendations to the Community Council.
- The Committee of Central Bank Governors makes recommendations to COFAP on matters relating to monetary co-operation, payments arrangements, free movement of capital, integration of capital markets, monetary union and any other related matters referred to it by the Organs of the Community.

Institutions established to support the Community

Over the years, a number of common services have been established to support CARICOM Members. These common services are:

- Caribbean Disaster Emergency Response Agency (CDERA);
- Caribbean Meteorological Institute (CMI);
- Caribbean Environmental Health Institute (CEHI);

- Caribbean Agricultural Research and Development Institute (CARDI);
- Caribbean Regional Centre for the Education and Training of Animal Health and Veterinary Public Health Assistants (REPAHA);
- Association of Caribbean Community Parliamentarians (ACCP);
- Caribbean Court of Justice;
- Caribbean Centre for Development Administration (CARICAD);
- Caribbean Food and Nutrition (CFN).

Associated Institutions of the Community

The following entities, designated as Associated Institutions, enjoy an important functional relationship because they contribute to the achievement of the objectives of the Community. The Associated Institutions of the Community are:

- Caribbean Development Bank (CDB);
- University of Guyana (UG);
- University of the West Indies (UWI);
- Caribbean Law Institute/Caribbean Law Institute Centre (CLI/CLIC); and
- The Secretariat of the Organisation of Eastern Caribbean States.