

Statement to Parliament on the establishment of the OECS Economic Union.

Madam Speaker,

This statement to Parliament provides an update on the Establishment of the OECS Economic Union. The 45th Meeting of the OECS Authority approved the latest draft of the OECS Treaty for the establishment of the OECS Economic Union in order to start an intensive process of public education and consultations in all Member States.

The statement that I now present to Parliament highlights key provisions of the draft revised Treaty of Basseterre, together with the main justification based on the report from the specially appointed OECS Economic Union Task Force. Heads of Government adopted the report of the Task Force which served as a guide to the revised Treaty as adopted by the Heads. I am placing before this Honorable House an executive summary of the main rationale for the Economic Union. I am also laying on the table the final draft of the Treaty establishing the Organization of Eastern Caribbean States Economic Union.

In the last two years an extensive dialogue was promoted throughout the OECS countries. The objective of this was to ensure the fullest possible participation of the citizens of the OECS countries to deepening of the regional integration as a joint endeavour to meet global challenges. The process began with the Basseterre Treaty in 1981. This has been described as a seminal document in the annals of integration arrangements. It has been largely responsible for the stability and progress of the participating countries.

The member countries of the Organization of Eastern Caribbean States, (OECS) are at a historic juncture in their existence. The new arrangements represent a fundamental philosophical transformation and political commitment to deepening the level of integration among member states through the establishment of an OECS Economic Union and the creation of a Single Financial and Economic Space.

The new ethos is clearly articulated in the Preamble to the Revised Treaty of the Organization of Eastern Caribbean States (OECS) which states, inter alia:

***RECOGNIZING** the progress that has been made towards their integration under the Treaty of Basseterre 1981 and the Agreement establishing the East Caribbean Common Market;*

***CONVINCED** that the time is opportune to deepen the level of integration and pursuit of economic common purpose which has obtained under the Treaty of Basseterre 1981 and the Agreement establishing the East Caribbean Common Market.*

***DETERMINED** to enhance the level of regional cooperation between States that are parties to the Treaty of Basseterre 1981.*

The persona of the OECS Member Countries can be described as follows:

- Six independent countries, namely, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines and three British Overseas Territories, the British Virgin Islands (BVI), Anguilla and Montserrat.
- Seven are full members of the OECS, and two are Associate members (Anguilla and the BVI);
- The countries are extremely small in both physical size and population, and are among some of the smallest states in the international system.

The member countries of the OECS also share fundamental characteristics namely:

- Homogeneity of populations;
- Geographic location;
- Common historical antecedents;
- Social commingling

Given their commonalities, over the years, the OECS member countries have created pivotal institutions which have provided the stability for their socio-economic advancement. In the process, they have constructed a sub

regional integration arrangement which is based on compromise, pragmatism and the observance of some fundamental rules-based principles. In addition, the OECS countries have strong democracies and the undiluted commitment to the rule of law.

A supranational architecture has been built around the following:

1. The West Indies Associated States Supreme Court (1967) which is enshrined in the constitutions of each state;
2. The Treaty of Basseterre (1981) which is a comprehensive approach to economic integration and functional cooperation;
3. The Agreement establishing the Eastern Caribbean Central Bank (ECCB) 1983 which has created a common currency and common central bank;
4. The joint regulation of banking and securities, telecommunications and civil aviation;
5. Joint procurement of pharmaceuticals;
6. Joint diplomatic representation in Ottawa, Brussels and Geneva
7. Coordinated and cooperative approaches to education, health sports, agriculture, tourism, export development, the environment and maritime matters.

The OECS countries, however, are now facing new and intensified challenges in the international, regional and domestic arenas. Globalization and trade liberalization have had negative effects on our major commodity exports, sugar and bananas and countries have experienced several devastating hurricanes, floods and volcanic eruptions. Accordingly, the member countries have sought to strengthen, as well as create new arrangements to meet these challenges.

The exhortations speak to a common vision of economic and social development, a common identity and joint action. These are now enshrined in a new Treaty. The purposes of the Treaty in Article 4 emphasize the

promotion of cooperation among member states at the regional and international levels and highlight the need to:

1. provide unity and solidarity among member states to defend their sovereignty, territorial integrity and independence; and
2. Collectively facilitate the carrying out of their obligations and responsibilities to the international community and to harmonize their foreign policy to ensure their effective presence in the international community.

The Major purposes of the Organization shall be:

- To promote co-operation among the Member States and at the regional and international levels having due regard to the Revised Treaty of Chaguaramas and the Charter of the United Nations.
- To maintain unity and solidarity among the Member States and the defence of their sovereignty, territorial integrity and independence
- To assist the Member States in the realisation of their obligations and responsibilities to the international community with due regard to the role of international law as a standard of conduct in their relationship
- To seek to achieve the fullest possible harmonization of foreign policy among the Member States, to seek to adopt wherever possible, common positions on international issues, and to establish and maintain, wherever possible, arrangements for joint overseas representation and common services
- **To establish the Economic Union as a single economic and financial space**
- To be an institutional forum to discuss and facilitate constitutional, political and economic changes necessary for the successful development of Member States and their successful participation in the regional and global economies
- To pursue the said purposes through its respective institutions by discussion of questions of common concern for the Member States and by agreement and common action.

Article 4 sums up the purpose and functions for the success of the OECS arrangements which have endured to the present time-

“to pursue the said purposes through its respective institutions by discussions of questions of common concern and by agreement and common action.”

The Revised Organization of Eastern Caribbean States Treaty seeks to complete the process of integration, as initiated by the original Treaty, by addressing the new circumstances which now confront the member states. It addresses directly the weakness in implementing OECS wide policies by instituting legislative and executive procedures.

The new Treaty has as its purpose (Article 4), an overriding objective, that is, *the establishment of an Economic Union of the Organization of Eastern Caribbean States as a single financial and economic space*” and identifies the Organization as *“an institutional forum to discuss and facilitate constitutional, political and economic changes which would be necessary for the successful participation of member states in the regional and global economies.”*

Of particular note in the new Treaty is Article 5 which speaks to the general undertaking with respect to implementation. In Article 5 (3) the member states give an undertaking to delegate legislative competence in very specific areas to the Organization. Such legislation when passed by the Authority will have direct effect in the member states’ law in relation to the functions of the public authorities of that member state. **This arrangement will not require a change in the constitutions of member states.** The specific areas of legislative competence of the Organization are outlined in Article 14.1 namely:

1. *common market include customs union;*
2. *monetary policy, the competence in this area to be exercised on the recommendation of the Monetary Council;*
3. *trade policy*
4. *maritime jurisdiction and maritime boundaries*
5. *civil aviation, the competences in this category to be exercised on the recommendation of the Civil Aviation Regulatory Board of the Eastern Caribbean Civil Aviation Authority*

Article 14.2 gives the Organization overriding legislative competence by delegation in relation to-

- (a) common commercial policy
- (b) environmental policy
- (c) immigration policy

These critical features of the new arrangement will facilitate the effective coordination of policies and the ability to implement them both legislatively and administratively in a timely fashion.

The new governance arrangement under article 7 of the new Treaty will facilitate the achievement of its purposes through the following organs –

- a) The Authority of Heads of Government of the member states of the Organization
 - b) The Council of Ministers
 - c) The OECS Assembly
 - d) The Economic Affairs Council
 - e) The OECS Commission
1. The Council of Ministers will function according to the subject area which is under consideration, for example, Ministers of Education would form the Council if education is the matter under review. This body will be responsible for issuing regulations to give substance to the legislation passed by the Authority.
 2. The OECS Assembly of parliamentarians is a new organ of the Organization whose function is to serve as a filter for legislation to be passed by the Authority. The Assembly will be a replica of national legislatures with the government and opposition being represented in the same proportion as at the national level. In addition to reviewing legislation to be passed by the Authority, the Assembly could also play a significant role by receiving annual statements from the heads of other regional institutions.
 3. The Economic Affairs Council would be constituted of ministers who have been assigned responsibility for overseeing the Economic Union Protocol.

4. The OECS Commission is a new organ of the Organization which incorporates the OECS Secretariat as its administrative arm. The Commission would function in a similar fashion to a Board of Directors and would comprise the Director-General as Chairman and members from each country of ambassadorial rank.

The OECS Commission would be the critical link between the member countries and the arrangements at the regional level. Additionally, specific sub-committees should be established at the national level to treat with economic union matters.

Accordingly, the vision for the OECS member states is the creation of “an OECS supranational arrangement and single economic space which would be an area of peace, tranquility and harmony, where things work (utilities, infrastructure) and service (both in the public and private sectors) excellent, in a clean and pristine environment.”

The achievement of our common purpose through the formation of an economic union is therefore an issue which we needed to pursue very urgently. As will be noted shortly the public dialogue has greatly facilitated this process.

The Heads have identified the major goals and objectives of the Economic Union to be:

- Economic Transformation
- Growth
- Employment
- Poverty Reduction
- Maintaining and improving the Human Development Indices

It was recognized that the achievement of these goals would require tremendous political and intellectual effort as well as broad intensive discussions and consultations at all levels of our societies. Accordingly a major campaign of public consultations have been undertaken throughout our various communities with a view to sensitizing the various publics of the purposes and objectives of the Union and inviting and soliciting their participation.

As Honourable Members would be aware a programme of extensive public discussion and consultations has been undertaken in the last eighteen months.

In the case of Dominica the public dialogue was launched on April 23rd 2008 at the State House. Thereafter a series of consultations have been undertaken throughout the length and breadth of the country attracting wide public participation and discussion. These have been fortified by a documentary entitled “OECS Economic Union; Bridges to Unity”

The Government Information Service has played a major role in airing on a regular basis this documentary which has been very much in the public domain since I launched the Public Dialogue at the State House in April 2008.

The OECS Draft Treaty has been extensively distributed throughout the country. Copies of the Treaty were dispatched by the OECS Secretariat sometime ago to Opposition Parties throughout the region for their input. Public consultations have been held with youth, farmers, trade unions, private and public sector bodies, educational institutions among others throughout the length and breadth of Dominica.

At the time of the launching on April 23rd 2008 I drew attention to some matters of high priority which I find it necessary to recall at this time. I emphasized that this was a wakeup call to get our act together, to integrate and become more competitive, and concluded this thought with the pertinent observation that we either swam together or go down under one by one.

I went on to suggest, sighting one of the giants of Caribbean Integration, William Demas that **we have to seize the time**. I drew attention to the fact that the Treaty of Basseterre which had served us so well and brought us to this new juncture had some key features which needed to be placed on record as we pursued this bold initiative.

Among these would be:

- The strengthening of the Eastern Caribbean Supreme Court which predated the Treaty. The Court is now in its 43rd year and is highly respected internationally.
- The joint procurement of Pharmaceuticals which has benefitted our small states in the savings achieved by the purchase jointly of medical supplies for our people resulting in some 40% discount on purchases.

The only other body of its kind in the world is to be found in the Middle East.

- The Eastern Caribbean Telecommunications Authority (ECTEL) The significant reduction in telephone rates, the fact that practically every single Dominican have cell phones some having two or more speaks to the impact of this regional initiative.
- Cooperation in a range of activities in Education, Health, Sports, Agriculture, Export Development, The Environment and Maritime Matters.
- Then I come to a signature institution in our region The Eastern Caribbean Central Bank. I need not dwell at length on this as the Bank has earned for itself the respect and admiration of the regional and international community.

Before I move on it is instructive to note that since 1981 the Basseterre Treaty which we are building on here has been endorsed by every major political Party in our islands including Dominica.

It is noteworthy to place on record the international recognition that has been accorded to the OECS with a number of countries establishing embassies and missions in the region and extensive pledges of cooperation by international organizations such as The World Bank and the European Union.

We can state without fear or contradiction that “**The OECS Brand**” is now widely acclaimed.

The Public Dialogue has also been fortified by a series of Regional Public Consultations embracing the total OECS Community through radio and television.

In addition to this the OECS Secretariat have themselves mounted a campaign the intention of which is to sensitize key institutions about the Economic Union. To that end they have organized a number of working groups, the objective of which is to prepare the citizenry in its different departments for this major step forward.

It is important to note the extent to which this has permeated the total society including pre-schoolers in Dominica who have themselves made their contribution in song, thereby giving a further boost to the Economic Union.

The Economic Union Dialogue does not end here. It is a work in progress. If we want to understand how well this has served us is to take note of the initiatives we have been able to jointly pursue since the economic crisis in our world.

I urge Honourable Members, as I lay on the table of the house the Economic Union Treaty to brief themselves fully on its import and to carry the dialogue forward as an important step in our advancement among the community of nations in the twenty first century.

I commend this Draft Treaty to the Honourable House.