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IMF reform, World Bank graft plan both approved

The International Monetary Fund overwhelmingly approved a plan on Monday to boost the voting shares of China and three other emerging economic giants to better reflect their clout in the world economy.

The blueprint will be followed by a second stage of broader reforms by 2008 to make the fund's governance more representative of its 184-strong membership. The plan, which IMF Managing Director Rodrigo Rato says will usher in the biggest shake-up in the fund in a generation, had drawn fire from some countries that fear losing power and others upset they will not gain enough influence.

But German Finance Minister Peer Steinbrueck told reporters the plan had won 90.6 percent approval. The proposal needed 85 percent support to go ahead. "I think it is an important and a very good result that 90.6 percent of the IMF members have approved the ad hoc quota increase for China, South Korea, Mexico and Turkey," he said. "Otherwise, it would have cast a shadow over the IMF meeting."

The overhaul aims to correct the under-representation of countries such as China, which has fewer votes than Belgium or the Netherlands even though its economy, the world's fourth-largest, is twice their combined size. But the plan has exposed deep divisions in an agency searching for a new role in a world where fewer countries are turning to it for emergency loans and big countries are all too often ignoring its policy advice. India, Argentina, Egypt and Brazil said the plan did not give enough power. Others objected that they would lose influence.

Source: Reuters, Singapore 18 September 2006

India asks West to take lead in reviving WTO talks

Warning that the "development promise" appears to in danger of being broken on account of uncertainty surrounding the WTO talks, India today asked industrialised nations to take a lead to put the stalled trade negotiations back on track. "It is important for the developed countries to take the lead in bringing these (WTO) discussions back on track so that the world -- and especially the developing countries -- can reap the promised development dividend," Indian Finance Minister P Chidambaram said, asking the World Bank to play a proactive role and lend its weight to a re-development outcome of the trade talks.

Speaking at the policy-making Development Committee of the World Bank here, he said India was supportive of the "Aid for Trade Agenda" as a means of enhancing the capacity in developing countries for realising the gains in trade. But aid for trade cannot be a substitute for the expected development benefits from the successful completion of the Doha Round of trade negotiations. "While helping build-supply-side capacity and trade-related infrastructure particularly in least developed countries, we need to remind ourselves that Aid for Trade cannot be a substitute for the expected development benefits, particularly on market access, from a successful conclusion of the Doha Round," Chidambaram said. The IMF has pledged four billion dollar aid for trade to help poor countries build infrastructure to push up their trade.

India looked forward to the implementation of a robust aid for trade package, he said, adding its effectiveness would, however, require additional predictable and sustainable financing by the donor community. "Aid-for-Trade funds need to be channeled multilaterally for ensuring maximum effect on the ground, and integrated into country development strategies rather than delivered through multiple vertical funds that may be created for the purpose," Chidambaram said.

British Chancellor of Exchequer Gordon Brown said at the development committee meeting that an "ambitious and fair" outcome to the Doha Development Round was essential for global growth and poverty reduction, and there can be no substitute for a successful outcome of the WTO talks. Brown had in his capacity as Chairman of the IMF's policy making body International Monetary and Financial Committee had yesterday announced the aid for trade.

But he also said it was essential that "we maintain the momentum and support for Aid-for-Trade. As donors we need to turn out Aid for Trade commitments into firm and credible financing, within a new aid for trade framework and to

take this forward while we seek progress on the Doha Round. "We also need to provide additional assistance to poor countries to build their infrastructure and capacity to trade, so they can seize the new opportunities created by more open markets. "We look to the World Bank and International Monetary Fund to continue to strengthen its support for countries in this area, including through analysis of the potential poverty and social impacts of trade liberalisation," Brown said.

US Treasury Secretary Henry M Paulson said revival of trade talks deserve "our immediate attention, both individually and collectively but at the same time it was extremely disappointing to us when we see protectionist interests disrupting concerted efforts to reduce trade barriers." "At the same time it is encouraging to see that international financial institutions voicing their strong support for an ambitious Doha Round outcome, " he said without making any commitment on the issue of farm subsidies -- an inflexible position of U.S. on the issue which stalled the WTO talks.

The Doha round of negotiations presents an extremely important opportunity for generating economic growth and increasing living standards that "cannot be allowed to slip out of our grasp. We must continue to work together, developed countries, developing countries, and emerging markets alike, to arrive at an ambitious conclusion that will inevitably serve all our interests," he emphasised

Source: PTI, Singapore, 18 September 2006

China and India 'boosting Africa'

China and India's growing trade and investment in Africa holds great potential for African economic growth, a World Bank report has said.

The study found that, led by China and India, Asia now gets 27% of Africa's exports, triple the amount in 1990. At the same time, Asian exports to Africa are now growing 18% per year, faster than any other global region.

The study says China, India and African nations must improve their trade reforms to help boost this trend. Entitled Africa's Silk Road: China and India's New Economic Front, the report

recommends the elimination of China's and India's tariffs on African exports. Written by World Bank Africa Region Economic Advisor Harry Broadman, the study further calls for Africa to reform its economies to better "unleash competitive market forces, strengthen its basic market institutions, and improve governance".

It also wants to see African countries improve their infrastructure and customs arrangements. Taken together it said such changes were "not only in the best interests of Africa's economic development, but in China's and India's own economic fortunes".

Source: The Times, London, 18 September 2006

UK ,US push to save global Talks

Gordon Brown joined forces with Henry Paulson, the new US Treasury Secretary, at the weekend in a last-ditch effort to revive global free trade negotiations.

The Chancellor claimed that a breakthrough was in prospect after agreement with his American counterpart at the IMF talks in Singapore that a bold attempt was necessary to end the stalemate in trade negotiations.

The Chancellor, who was chairing IMF talks this weekend, said that finance ministers from around the world were "fired up" to clinch a deal. "I am more optimistic now that there is a way

forward, that there is a basis for a deal, and that countries are now seized of both the importance of a deal and the urgency of achieving one," Mr Brown said in Singapore last night. "I have never seen a discussion in all the years I've been to IMF meetings so determined that we bring the trade talks to a conclusion, so aware of the risks that have come from rising protectionist pressures and so determined that they actually say in the communiqué that not only do they want an early resumption of the negotiations, but an ambitious, successful outcome by the end of the year."

The timetable for securing an end to the logjam in the talks is extremely tight. Any agreement almost certainly needs to be ratified by the US Congress before next June, when President Bush loses so-called "fast-track" authority to submit a deal for approval with no scope for any amendment.

However, Mr Paulson talked up both the need to revive the trade talks and the chances of success as he threw his weight behind the drive to reinvigorate the negotiations. He said that he was "not coming to bring any new concessions" and added: "But I believe if we have an acceptable deal . . . we'll be able to get it through Congress." Mr Brown said he believed that Pascal Lamy, the World Trade Organisation Director-General, now would be in a position "to move negotiations forward". The WTO gave a cautious welcome to a statement by the IMF monetary and financial committee backing a new push on trade talks. The WTO said: "We are very keen to ensure that pressure continues to be applied on the member governments so that they can get back to the negotiating table. It is important that indications of intent are translated into progress at the negotiating table, and for that, people have to move."

However, Kamal Nath, the Indian Commerce Minister, whose country is seen as a key obstacle to reopening talks, poured cold water on the chance of a breakthrough. He said that too many Indians scraped a living from the land for India to countenance further opening its markets to imported farm products. "There is no question of India making concessions at all where agriculture is concerned because our issue is subsistence," he said. "We are willing to negotiate commerce, but not subsistence."

Source, BBC, London, 18 September 2006

No trade-offs between regional, multilateral trade pacts: India

India today set at rest the speculation that it preferred regional and bilateral trade agreements in the face of the stalled WTO talks, saying there can never be "trade-offs" between regional and multilateral pacts agreements, which would exist side-by-side. "It cannot be either, or. There are no contradictions," Indian Commerce Minister Kamal Nath told a seminar at the annual World Bank-IMF meeting here.

The nineties was a decade of globalisation and ever since WTO came into being in 1995, there has been a rise in regional trade agreements like NAFTA and the European Union. He said nearly 50 per cent of the world trade was through regional and bilateral trade agreements but this did not mean multilateral trading system has lost its relevance.

The global economic architecture was undergoing a change as certain trade could be done only through bilateral agreements, while at the same time rule-based multilateral trading system was equally important.

There are as many as 300 trade agreements in various stages of agreements, which more than double the member-countries of WTO, Nath said emphasising it was in the interest of both developed and developing countries that the stalled Doha Development Round was put back on track at the earliest.

He, however, said it was not correct to say that the stalled WTO talks have failed. "Doha is on. The Doha Round was on track. There may be some setbacks but I am confident that it would be completed... Let us not be obsessed (about) when it is completed. Let us be obsessed with its content and completion," he added.

Source: PT,I Singapore, 18 September 2006

Australia to push Poor Nations to Open market to Revive Talks.

The government said it will launch an 11th-hour attempt Tuesday to revive hobbled World Trade Organisation (WTO) talks by urging developing nations to open up their markets to farm goods. Australian Trade Minister Mark Vaile said he would use the 20th anniversary of the Cairns Group to push for poorer countries to soften their stance on market access.

Speaking a day before the formal start of talks in the northeastern city of Cairns, Vaile said he would also move to push forward talks with the United States and European Union aimed at breathing life into the Doha round. 'It is also time to have a frank discussion about the aspirations of developing countries in these trade talks,' he said in Canberra. 'I think there is a case to be made that if global trade is to be genuinely liberalised, all tariffs should be subject to some sort of cut,' the minister said. The meeting was initially called to mark the 20th anniversary of the Cairns Group, the 18-nation grouping of agricultural exporters formed in the tourist town alongside the Great Barrier Reef in 1986.

But after the WTO's Doha round of talks were suspended in late July, Vaile expanded the meeting to include US, European Union and WTO representatives in the hope of reviving the negotiations that failed to broker a deal on reducing protection of agricultural and industrial goods. In addition to trying to broker concessions from developing countries, Australia will also push the US government to slash domestic farming subsidies by a further five billion US Dollars and for the EU to cut tariffs by another five pct. WTO chief Pascal Lamy, US Trade Representative Susan Schwab and US Agriculture Secretary Mike Johanns will all attend the Cairns meeting. EU Trade Commissioner Peter Mandelson will not, although the EU's Australian ambassador will be there. But Vaile stressed that a successful outcome of the last-ditch talks to revive the WTO negotiations was by no means assured, conceding he has a tough task ahead of him. 'The Cairns Group will play an important role in pushing for global trade talks to resume as soon as possible, but I'm not going to pretend that this will be an easy task,' Vaile said. Australian Prime Minister John Howard was due to address leaders of Cairns Group nations Wednesday. The 18 Cairns group members are Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Philippines, South Africa, Thailand, Uruguay.

Source: AFX News Limited, Australia, 18 September 2006

China `regrets' WTO action on tariffs

Beijing said that tariff rules on imported auto parts aim to protect consumers after the EU, US and Canada requested that the WTO rule on the dispute. China expressed regret yesterday over joint demands from the EU, the US and Canada seeking a ruling by a WTO panel over Beijing's tariffs on auto parts.

Taking the first formal step toward litigation on Friday, the trio each called on the WTO's dispute settlement body to consider the case after negotiations with China failed to resolve the dispute. "The Chinese side expresses regret that the EU, the United States and Canada have called for the establishment of an expert group," commerce ministry spokesman Chong Quan said in a statement posted on the ministry's Web site. "The administrative regulations on the import of automotive parts are aimed at preventing criminals from using the difference in import tariffs on entire cars and on auto parts to escape customs supervision and evade taxes," the statement said.

The three plaintiffs claim that the tariff regime puts their car manufacturers at a disadvantage compared to local Chinese producers when they import spare parts. Chong said the regulations and the tariff regime were put in place to protect the interests of consumers and insisted that they complied with WTO rules. "We have tried again and again to find an acceptable negotiated solution to this issue and without Chinese engagement we have no alternative but to take this course of action," EU Trade Commissioner Peter Mandelson said. The issue marks a new point of trade conflict with Beijing after disputes in recent years over soaring Chinese clothes imports, shoe shipments and China's exchange rate policy.

According to the European Commission, China levies tariffs on specific combinations of imported car parts as though they were "complete vehicles" even when they do not make up a whole car. China compels Ford Motor Co, Volkswagen AG, Renault SA and other automakers operating in China to buy a certain quantity of their components from local suppliers. Those that don't must pay more than double the standard import duty on their parts.

China imposes an import duty of 25 percent on whole vehicles and only 10 percent on auto parts.

The European Commission says the treatment goes against not only WTO rules forbidding governments to force companies to source products locally but also breaks Beijing's commitments when China joined the free-trade body in 2001. The WTO request demonstrates concern in the US and EU that China is unfairly trying to aid its domestic producers with subsidies, tax regimes and a weak currency, leading to the nation's record trade surplus. The case "is part of a larger context of not allowing any backsliding," on China's commitments to the WTO, US Trade Representative Susan Schwab said last Friday. The lawsuit is the first one involving China that the WTO has been asked to rule on since that country joined the global trade arbiter. "The EU and US's honeymoon with China at the WTO is over," said Konstantinos Adamantopoulos, a trade attorney with Hammonds law firm in Brussels. "But if the honeymoon ends, the Chinese may start to flex their muscles" and file complaints of their own, he said. This story has been viewed 205 times.

Source: Bloomberg and AFP, Beijing, 18 September 2006

UK Exchequer Hopeful of Deal.

Gordon Brown, the British Chancellor of the Exchequer, voiced strong optimism Sunday that a "basis for a deal" had been reached to bring stalled five-year-old talks on trade liberalization to a successful conclusion.

Brown was addressing a news conference here after a one-day meeting of the International Monetary Fund's policy-making body, which represents 184 countries and of which he is chairman. "I've never seen a discussion in all the years I've been to IMF meetings so determined that we bring the trade talks to a conclusion," said Brown. Finance ministers were "fired up" to get a deal, he said.

The IMF steering committee, after receiving a report from the World Trade Organization head, Pascal Lamy, called for "leadership from the major trading nations to work urgently toward an early resumption of the negotiations and an ambitious, successful outcome by the end of the year."

The WTO-sponsored talks, begun in the Qatari capital of Doha in November 2001, were suspended in July amid deep disagreement on steps to end agricultural subsidies in the developed world and demand that emerging and developing countries make their markets more accessible to industrial goods.

A fresh bid to salvage the Doha process is to be mounted in Australia this week. The Doha round aims to reduce crippling barriers to commerce to ensure that developing countries enjoy the fruits of freer trade.

Brown said his optimism was based on a renewed commitment by major trading nations to implement the round. But he offered no details on precisely what may have changed.

The U.S. Treasury secretary, Henry Paulson, who addressed the committee meeting Sunday, stuck to the U.S. position, insisting that "the global community simply must resist the forces of protectionism and isolationism."

Source: Reuters, Agence France-Presse Singapore, London, 17 September 2006

Aid for trade package under WTO: Bangladesh to share additional benefit of new aid

Bangladesh would share a cake of an expected additional benefit out of the new "Aid for Trade" package under WTO as developed countries here Sunday hoped for a comprehensive outcome of the stalled negotiations by the yearend. Chairman of the International Monetary and Financial Committee (IMFC) of the IMF Board of Governors Gordon Brown, also the chancellor of British exchequer, apprised journalists at a press briefing of the development coming from the IMFC's 13th meeting at Suntec Singapore. "I'm quite optimistic about the package (of Aid for Trade)," Gordon told the press immediately after the meeting was over. "They (developed countries) will come up with additional benefit for the developing countries," he said about additional resources expected to be put in place for the newly coined trade aid.

Gordon had a meeting with World Trade Organisation (WTO) director general Pascal Lamy in this regard, the finance minister of the United Kingdom said Finance Ministers or central bank governors as alternates from the member-countries were present at the IMFC meeting. Indian Finance Minister Palaniappan Chidambaram represented four countries, including Bangladesh.

The meeting put emphasis on the package considering the downside risks against the prospect of a robust global economic growth in 2007. The committee-identified risks include possibility of a continued buildup of inflationary pressures, a slowdown in consumption in a number of countries, continuing high and volatile energy prices, and the spread of market protectionism. The WTO member-countries at the 6th WTO ministerial in Hong Kong agreed on an aid-for-trade package to help develop trade capacity of the least developed states.

Bangladesh has formed a technical committee to identify the needs for its trade-capacity building so that it could compete in the liberalized global trade regime. Trade experts in Bangladesh believe that the country would be benefited most out of the possible recipient countries if the "Aid for Trade" package is devised. Negotiations on the WTO Doha Development Round were suspended in July this year amid widespread differences among the members, resulting in a

breakdown of the negotiation on the aid package. The IMFC committee expressed deep disappointments over the suspension of the negotiation and urged all WTO members to maintain their commitment to the rule-based multilateral trading system. It also called for resisting protectionism, and preserving progress that has been made. "The committee calls for leadership from the major trading nations to work urgently toward an early resumption of the negotiation, and an ambitious, successful outcome by the end of the year."

The negotiation would be based on a commitment to a comprehensive package on agriculture, industrial products, and services, to which all countries will need to contribute, Gordon said. He said the committee recognised the importance of achieving the MDGs and stressed the importance of implementing Aid for Trade assistance, firmly grounded in national development strategies, independent of progress on the Doha Round.

The IMFC agreed that in the period ahead the IMF should focus on supporting its members in promoting policies for reducing global imbalances, addressing the impact of high oil prices, in particular on the most vulnerable countries. "The committee underscores that reinvigorating the momentum of multilateral trade liberalization is critical so as to sustain and strengthen the foundations of global growth," Gordon told the briefing session. He said the committee observed that the growth in the low-income countries remained strong and stressed the importance of a strong partnership between the poor countries and donors to underpin further efforts to accelerate growth to help achieve the UN-designated MDGs. The Committee chairman, Gordon, said the committee would like to see the developments on the issues at its next meeting in Washington on April 14, 2007.

On the IMF quota reform, the committee said the annual meeting would initiate an integrated set of reforms, subject to its adoption, to be completed no later than by the 2008 annual meetings. Starting with the initial quota increases for China, Korea, Mexico and Turkey, the package of reforms in the IMF, when implemented, would make significant progress in realigning quota shares with members' relative positions in the world economy as well as equally enhancing the participation and voice of low-income countries in the IMF as set out in the resolution, Gordon said.

Source: UNB, Singapore, The New Nation, 18 September 2006

EU plans to take tougher line on access to markets

Struggling to cope with shifting patterns of global commerce, the European Commission is planning a more "hard-nosed" approach to breaking into foreign markets and ensuring EU exporters get a fair deal from its trade partners.

The tougher line on market access will be one of the main planks of EU Trade Commissioner Peter Mandelson's plans to beef up the bloc's international competitiveness, due to be unveiled on Oct. 4. In preparatory notes the commission said that its current trade strategy, which was launched in 1996, "has not lived up to its full potential" on opening markets, attracting investment and protecting intellectual property rights. Where EU companies face restrictions and their intellectual property rights are not fully respected "we can and should be hard-nosed about improving these conditions," the commission document asserts. However "a tougher approach does not mean forcing open markets," it adds. Once the new strategy is brought in next year, it will focus on "making sure that rules are respected and obligations to provide fair trading conditions are fulfilled." With that aim in mind, the commission wants to better use its available trade instruments, such as anti-dumping rules and negotiating new free-trade agreements. At the same time, the commission does not plan to back away from the multilateral approach and "the WTO will remain the essential platform for ensuring Europe's interests are recognized in the global trading system," the note said.

In the future, new free trade agreements "should be focused on key partners," and in particular on tackling "non-tariff barriers," which now remain the main obstacle to the free flow of trade since tariffs have been eroded by succeeding waves of WTO liberalization. For example, the commission is seeking a mandate from member states by the end of the year to open negotiations with ASEAN and South Korea for free-trade agreements. Brussels also has high hopes for trade with Latin America and wants to relaunch negotiations with Mercosur as well as opening talks with Central American and Andean countries. The commission wants to give particular importance to prying open public procurement markets, which represent "an area of enormous untapped potential for EU exporters." The commission says that public procurement markets, which are so far not covered by WTO rules, generate 10 percent to 25 percent of the GDP of some of the EU's partners. But although it considers its own public procurement markets to be open to others, the EU "constantly finds it difficult to obtain satisfactory,

reciprocal commitments from its trading partners."
Source: Reuters, Associate Press, Brussels, 17 September 2006.

World trade chief pushed by churches on needs of poor

Pascal Lamy, the Director-General of the World Trade Organisation (WTO), has emphasised the positive role faith organisations are playing in raising awareness of trade justice issues. And he recognises that the WTO needs to work for a pro-poor stance in trade rules. The remarks came in a meeting last week with Paul Chitnis, head of the Scottish Catholic International Aid Fund (SCIAF), in his role as President of the international Catholic network CIDSE (Coopération Internationale pour le Développement et la Solidarité).

Mr Lamy, who, as WTO boss, has considerable influence over global trade negotiations crucial to developing countries, indicated he would be happy to accept an invitation to address faith based groups and parliamentarians in Scotland. He has been under considerable pressure from church and development groups to seek a reform of unfair trade rules. Among his recent round of meetings has been one with World Council of Churches' general secretary, the Rev Dr Samuel Kobia.

Mr Lamy called for Christian organisations within Europe and America to pressure their governments to overcome the current freeze in World Trade Organisation negotiations and to work to reach a viable trade agreement. During the meeting with the SCIAF chief executive, Lamy recognised that the World Trade Organisation also had a responsibility to work for pro-poor trade rules. He agreed with SCIAF's view that any agreement must focus on agriculture on which 70% of the world's poorest people are dependent and on giving people the right to food.

Admitting that there were flaws in the governance of the WTO, Lamy noted that that 'all members are equal but some are more equal than others'. He agreed this imbalance needed to be addressed if talks were to be successful. Whilst supportive of the need to restart the talks, SCIAF is concerned that it is not enough for governments to reach any kind of trade agreement. The litmus test of an agreement will be whether it actively works in favour of poor people, it says.

Commenting on the meeting, Paul Chitnis declared: "It is encouraging both that Mr Lamy wants to engage with faith based organisations and that he restated his commitment to trade rules that work for poor people." However, he added: "Developing countries need actions, not words. The Doha round has collapsed because of a real failure of political and moral leadership in

the European Union and USA. Mr Lamy should use this current hiatus to publicly commit the WTO to the Millennium Development goals so that trade is seen as a means to reduce the poverty of the many not a license to enrich the few."

Source: AFP, Brussels, 18 September 2006

Goff to Attend Trade Meetings in Cairns

Trade Minister Phil Goff leaves for Cairns on Tuesday to attend the annual Closer Economic Relations (CER) trade and economic Ministers meeting and the Cairns Group 20th Anniversary Ministerial meeting, both meetings will be hosted by Australian Trade Minister Mark Vaile. "New Zealand's closer economic relationship with Australia is the most extensive we have with any bilateral partner, and this is reflected in our trade, investment, deep business connections, people flows and the depth of government to government cooperation between us", said Mr Goff. "CER has been described by the WTO as the 'world's most comprehensive, effective and mutually compatible free trade agreement'. It continues to be extraordinarily successful in improving trans-Tasman trade and investment links and in boosting the international competitiveness of both countries.

"At Cairns, Ministers will review progress across a broad agenda including business law coordination, mutual recognition, investment, rules of origin and biosecurity, including access for NZ apples. "Following the CER meeting, I will attend the Cairns Group 20th Anniversary Ministerial meeting on 20 - 22 September. The Cairns Group is made up of 18 agricultural exporting countries who are pushing for an ambitious result in the current round of WTO negotiations. New Zealand is a founding member of the Cairns Group. "I have been contacting a number of key Ministers and officials recently to discuss ways to get the negotiations back on track. The Cairns Group meeting will provide a further chance for discussion, in both the official meetings and in bilateral meetings in the margins". "In addition to the Cairns Group members, the meeting will also be attended by Susan Schwab, the United States Trade Representative, Mike Johanns, the United States Agriculture Secretary and WTO Director General, Pascal Lamy", said Mr Goff.

Cairns Group members are: Argentina, Australia, Brazil, Bolivia, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Philippines, South Africa, Thailand, Uruguay

Source: Press Release: New Zealand Government, 18 September 2006

Managing Trade, the cost and vision for Caribbean Nations

As the dynamics of revolving economic spheres continue to influence the market viability and longevity of goods and services within the Caribbean Community (Caricom), we are left to ponder on such factors which will impact directly on the standard of living within.

When the Caricom Single Market and Economy (CSME) is fully implemented, there will be no need for Caricom nationals to have permits or skills certificates to work in members states, as by then, every category of the workforce would be eligible to move freely.

But exactly how are governments and citizens planning for this eventuality? Currently, managerial workers, artists, musicians, sportspersons, media workers, university graduates etc. can move freely without work permits. Others, who do not fall within the prescribed categories, have to acquire work permits.

Relevant to this development is the common belief that on the matter of social security, a Caricom national must submit payments in the host country.

It is envisaged that the amount of contributions will be added up for when the Caricom citizens return to their home. But how does this development impact on the economic opportunities in the region?

It is important to remember that whenever there is a perceived area for monetary gain and or self-improvement, then there will be a tendency for the diffusion of certain sectors of the population to move in that direction.

With the openness which will result, there must be a disciplined approach to the management of "change" which will obviously take place within the Caribbean Community. Central to "change" management lays the "change" problem.

This problem simply stated is, how do we get a future state to be realized, from the present state which will be left behind, by utilizing a clearly defined and structured organised process to transform from one to the other. This "change" problem is very large in dimensions since it focuses on governments, individuals, groups etc. To effectively guarantee the right of freedom of movement, also means that strong consideration must be given to the absorptive capacity of individual economic entities within Caricom.

It is quite clear that it is indeed the will of the leadership within Caricom to advance this essential ingredient to the creation of a unified Caribbean society. But careful planning and preparation is indeed the key to success. Understanding the nature of existing concerns will help to define what exists,

determine ways to eliminate the differences and apply goals which are time relevant and results-oriented particularly in the present global dispensation where the tides of industry and commerce, touch the shores of the entire global village.

The World Trade Organisation (WTO) as an international, multilateral organisation sets the rules for the global trading system and resolves disputes between its member states. The WTO headquarters are located in Geneva, Switzerland. Much to the hope of the world or its dismay the Doha Development Round of the World Trade Organisation negotiations aims to lower trade barriers, thus permitting free trade between countries of varying prosperity. Talks have been stalemated from since June because of the lack of agreement mainly between the European Union (EU), United States and the major developing countries.

The failure to forge an agreement on cuts to farm and industrial tariffs and reduction in trade distorting agricultural subsidies is extremely damaging to the agricultural sector in the Caribbean Community. These were the sentiments of the director-general of the Caribbean Regional Negotiating Machinery (RNM); "The inability of the ... G6 meeting to arrive at consensus is a major setback, which has put WTO negotiations in jeopardy.

The Caribbean is disappointed that G6 talks broke down, because the G6 failed in its responsibility to be a constructive influence at this crucial juncture in global trade talks. The fate of the Round rests heavily on agreement between the G6 on agricultural issues. "The large and developed countries must make concessions, not the poor and less developed. It is incumbent on the US and the EU to adjust their negotiating positions accordingly, so that meaningful improvement can be achieved in market access for developing country exports." It is quite clear that with the influence of these factors, the "fine print" for regional integration must be adjusted to these new realities. Despite the Caribbean's commitment to achieving meaningful results from the Doha Agenda, preparations must be made for an alternative plan of action, if indeed the final outcome is not favourable to Caricom's national interest.

The ability to handle change is one of the most important skills a leader can have. As member countries within Caricom, our leadership must display charismatic and visionary attributes, which is necessary for us at a time that we need to educate our workforce to be more diverse, technologically equipped with a greater skills-mix. Let us begin the work of finding other solutions from now. Preparation must be the word which guides our foreign policy objectives and ultimately our advancement into CSME.

Source: Clarence E. Pilgrim -the Caribbean integration movement. Contact Clarence E. Pilgrim at clarencepilgrim@hotmail.com

Caribbean Tourism: Competition demands wider participation in decision making.

A report by John Collins in the publication, *The Caribbean Investor*, on warnings to the Caribbean tourism industry deserves more attention for it emphasises the urgency of taking action to maintain Caribbean competitiveness in the global market.

Collins reported on the observations of Bill Freeman, the CEO of the Freeman Group, a Dallas based hospitality and improvement company, which has been active in the Caribbean over the last 20 years. Mr Freeman made two very important observations. The first is that competition from the rest of the world is set to increase. Drawing on the work of the Freeman Group in the Caribbean and other parts of the world, Mr Freeman is reported to have said that Caribbean countries are "so intent in blindly competing with one another that they overlook the necessity of collectively cooperating to face other parts of the world." He drew particular attention to the challenges being posed by countries in the Pacific and the Indian Ocean where "service is guaranteed".

The importance of Caribbean cooperation to compete with the rest of the world is not a new point. It is one that was made tirelessly by the former CEO of the Caribbean Tourism Organisation, Jean Holder, and has been repeated by his successor Vincent Vanderpool-Wallace. But, there remains a fear amongst government officials and national tourism organisations that the allocation of financial resources to promoting the Caribbean would deprive national groups of the funds they need to pull tourists to their destination, and that larger and better know destinations would benefit from advertising of a Caribbean brand.

This is a fear that national organisations should overcome. The advertising of a Caribbean brand does not conflict with the promotion of an individual country. Indeed, there is great value in doing both.

Mr Freeman's second observation was a wake-up call. He said: "More and more visitors to destinations are increasingly judging their vacation experiences on the standards of service rather than on the facilities." He added that "The same attention paid to hotels has to be extended to their airports, retail sales, taxi service and tours." If we are candid about it, service in the Caribbean is not uniformly excellent. There are outstanding taxi drivers as there are diligent

workers in the hotels, at airports and in shops. But, generally speaking, service falls behind in comparison with other destinations particularly in the Pacific and Indian Ocean. If this pattern continues, Caribbean countries will lose market share as tourists opt to spend their vacation money in destinations where they believe they get the best value. In this regard, trade union organisations need to join management of hotels, airports, tour operators and taxi driver associations in mounting seminars to educate them about the importance to their jobs of good service, and to train them to deliver it. And, this should be an on-going arrangement, not a special one. Training seminars, jointly arranged by management and trade unions to train new workers and to refresh the attitudes of seasoned ones should become a permanent feature of the industry.

A recent report by the World Travel and Tourism Council reveals that Caribbean employment in tourism is estimated at 2,643,000 in 2006 or 1 every 6.5 jobs (15.4% of total employment), and the industry is expected to generate US\$51.3 billion in economic activity in 2006 and account for 16.4% of GDP.

This means that the entire private sector and work force of many Caribbean countries have a vested interest in making Caribbean tourism competitive in the world, and in ensuring that the quality of service is improved considerably. For, if the Caribbean's share of the world tourism market declines, so too will the economies of many countries. With such a decline will come an adverse effect on business ranging from telecommunications and banking through retail stores to local agriculture. The time has come for wider participation in decision-making about, and funding for, the tourism industry at both the local and regional levels.

As a start, the Caribbean Tourism Organisation and the Caribbean Hotels Association might consider inviting the Caribbean Labour Organisation and the Caribbean Association of Industry and Commerce to a joint meeting to consider how together they could maintain the Caribbean's competitiveness in the global market place and improve the quality of its service.

Source: Antigua Sun, 17 September, 2006

IMF: Antigua on road to recovery

After decades of fiscal woes, a clean bill of health for the Antiguan economy has been received from the International Monetary Fund (IMF) which just completed its Article IV Consultation with the Baldwin Spencer Administration.

The report comes against the background of long standing fiscal and debt problems in the economy. For decades, the economy has struggled with chronically large fiscal deficits, a high debt burden, and endemic arrears. The Spencer Administration has developed a comprehensive policy agenda to address these woes and it has received high praise from the IMF which now believes that the country is on the correct path to recovery.

Among the measures undertaken were the reintroduction of the Personal Income Tax, preparations for the Antigua and Barbuda Sales Tax, and a voluntary separation programme. "Its reforms have contributed to positive macroeconomic outcomes, especially on the fiscal side. The authorities also have, for the first time, placed debt instruments-including of long maturity-in regional capital markets. Growth has accelerated markedly in 2006, and economic prospects have improved," the IMF said in its latest report.

It said that the transition to sound public finances remains a work in progress, and it was imperative that the reform momentum be maintained and that planned reforms are implemented effectively. "In particular, moving ahead with the implementation of the voluntary separation program and the sales tax are crucial for achieving a lasting improvement in public finances. Strengthened expenditure management and control is also key to ensure effective budgetary implementation and the draft Finance and Administration Act could contribute importantly in this regard. The mission welcomes the authorities' intention to regularize relations with their creditors-an important step in putting the fiscal accounts in order. The tax incentives policy should also be reviewed with a view to make it more efficient and less costly for the budget," said the IMF. It expects output to expand by eight per cent next year due to large construction projects and then taper off.

Source: Antigua Sun, Reuters John's, Antigua, September 18, 2006 -

IMF to Barbados: Increase VAT, pass on full oil cost

An increase in VAT, and removal of oil subsidies are among recommendations from the International Monetary Fund (IMF) to the government of Barbados.

The commendations come after an Article IV Consultation in which the IMF cautioned that measures needed to be taken to avoid overheating of the economy and any need for devaluation of the Barbados dollar which is pegged to the US dollar.

The directors of the IMF welcomed the strong economic growth and positive outlook for continued economic expansion in Barbados but at the same time were concerned that "significant macroeconomic imbalances have emerged, in particular an accelerating inflation and a large external current account deficit".

The directors said in their report that while they appreciated that increases in oil prices contributed to increased inflation and a widening external deficit that there were other factors to blame - factors which can be controlled by the government: "expansionary macroeconomic policies" and "associated rapid credit growth" which has led to an "acceleration in core inflation and imports" over the last two years.

They recommended that government do some "early tightening" of policies to avoid adverse financial and economic situations.

This Article IV Consultation was concluded on August 4 with the Government of Barbados.

The report called for:

1. a curbing of extra budgetary expenditures or public-private partnership projects that add stimulus to an already buoyant private sector
2. an increase value-added tax revenue in anticipation of the removal of the import tariff surcharge
3. a comprehensive review of the pricing policies of public enterprises to help consolidate their finances
4. the full cost of increases in oil to be passed onto the consumer

Source: Caribbean News, Bridgetown, Barbados, September 15, 2006

Jagdeo chairs IMF/World Bank Group meeting

Chairman of the Board of Governors of the International Monetary Fund and the World Bank Group, Guyana's President Bharrat Jagdeo, is set to chair the Group's 2006 Annual Meetings next week in Singapore.

The September 16-18 meetings would be hosted at the Suntec International Convention and Exhibition Centre. The annual meetings are expected to attract the participation of about 16,000 delegates and observers. They are the largest and most comprehensive gathering of global financial representatives in the world and are held outside their Washington, D.C. base every three-year.

During the meetings, representatives of the 184 IMF-World Bank Group member countries unite to discuss the course of global economic development and formulate underpinning policy strategies. Singapore became a member of the IMF and World Bank Group on August 3, 1966. The last meeting was held in 2003 in Dubai, India. The IMF was established to promote international monetary cooperation, exchange stability, and orderly exchange arrangements; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries to help ease balance of payments adjustment. The World Bank is one of the world's largest sources of development assistance.

Jagdeo is the first Guyanese to hold the post. He was selected by Governors of Bretton Woods Institutions (World Bank and IMF) at a Plenary Session of the Annual Meeting held on September 24, 2005 in Washington, DC.

Source: Reuters, Georgetown, Guyana, 9 September, 2006

Minister: Barbados 'reconnection' with Africa vital

Barbados' Minister of Commerce, Consumer Affairs and Business Development, Senator Lynette Eastmond, is of the view that the "synergies to be derived from Barbados' reconnection with Africa, have great potential for culture, the economy, trade and investment".

She was speaking this week at a business seminar, at United Nations (UN) House, in association with the Barbados Investment and Development Corporation (BIDC), which focused on "Designing a Sustainable Development Model with Africa : the South, South Agenda.

Senator Eastmond noted that as part of our foreign policy, "Barbados has set for itself a goal of reconnecting with the African continent". She pointed out several ways in which the current administration had sought to do so. "We have established formal diplomatic relations with Nigeria, Zambia, Tanzania, Niger, Lesotho, Namibia, South Africa, Ghana and Botswana. Barbados has signed bilateral agreements with some of these countries which we consider necessary for cementing a firm and meaningful relationship. Some of the agreements are technical scientific and cultural cooperation agreements," she said.

The Commerce Minister noted that it had always been government's intention to foster greater ties with the African continent and the setting up of a Commission for Pan African Affairs (CPAA), in 1998 was testimony to this. According to her its mandate remained the same, "to build understanding, bridges and relationships".

Senator Eastmond urged the private sector to "explore the possibility of engagement in meaningful commercial activity with Africa with the support and facilitation of government". Mr Anton Norris, formerly of the BIDC, noted that despite sharing a unique cultural history with the African continent, "Barbados was yet to build a lasting bridge for trading with our neighbours across the Atlantic". He was of the opinion that today's seminar would be "stimulating and mentally challenging and would generate ideas which would lead to the development of a strategy for fostering even greater ties with the African continent".

Source: (BGIS), Bridgetown, Barbados, September 13, 2006

St Kitts-Nevis PM highlights fiscal challenges of Caribbean nations

St Kitts and Nevis Prime Minister and Minister of Finance, Dr Denzil Douglas, has told Commonwealth Finance Ministers meeting in Colombo, the Sri Lankan capital, that one of the most significant issues which confront the countries of the Commonwealth Caribbean is the fiscal challenge which hinders the ability to sustain economic growth at the level necessary to support development objectives.

He told the Finance Ministers from the 53-nation grouping that some of the challenges being faced by the Caribbean will be the focus of attention over the next two days. "One of the most significant issues which confront the countries of the Commonwealth Caribbean is the fiscal challenge which hinders our ability to sustain economic growth at the level necessary to support our development objectives," said Douglas.

Douglas, the current Caribbean Community (CARICOM) Chairman, said the region remains vulnerable to external shocks which include natural disasters, rising petroleum prices and loss of market share that not only impact economic growth, but produces harsh human consequences which if not dealt with effectively and swiftly would threaten the very stability of the countries of the region. "In my own country of St Kitts and Nevis we are battling the fall out of the cessation of sugar manufacturing for export to Europe having been forced out of the market chiefly as a result of the change in the terms of the sugar protocol. The challenges which we face on the social and economic fronts are enormous at this time," said Douglas, who was however of the firm view "that every challenge presents an opportunity for positive change."

He added that the government and people of St Kitts and Nevis are therefore seizing the opportunity afforded by this current challenge to transform the economy.

Douglas said he was sure there are other regions which are experiencing similar situations at this time and noted that the experiences will be discussed over the next few days. "It is quite plausible to assume that among us there will reside certain successful experiences which we can learn from and certain failures which we would be strongly advised to avoid," said Douglas, who expressed optimism that from the deliberations there will emerge practical solutions which "we can take back to our respective countries to assist us as we attempt to find strategic solutions to our individual problems and that we will continue to

chart a course for all commonwealth nations, including the many small states which comprise our membership, to achieve their development agenda in the current global environment."

Source: Reuters, Singapore, Basseterre, St Kitts, 16 September 2006