



European Economic and Social Committee

EU-ACP Follow Up Committee

Third meeting of European Union – Latin American and Caribbean organized Civil Society

April 13-15, 2004 - MEXICO

Presentation on : **Social Cohesion in the Caribbean**



Suriname Trade and Industry Association
(STIA/VSB)
Prins Hendrikstraat 18- P.O.Box 111
Paramaribo – Suriname
Tel. : (597) 475286 / (597) 475287
Fax : (597) 472287
E-mail : vsbstia@sr.net / sunecon@sr.net



SECRETARIAT

43 Dundonald Street - P.O.Box 911
Port of Spain - Trinidad & Tobago - W.I.
Tel : (868) 625-4723 / (868) 623-
6588
Fax : (868) 625-4891
Email: cec@wow.net

By : **Marcel Meyer**
President of the CEC (Caribbean Employers' Confederation)
President of the STIA (Suriname Trade & Industry
Association)

Date : **Wednesday April 14th, 2004**

Social cohesion in the Caribbean

Presented by: Marcel A. Meyer

President CEC/VSB

1. Introduction

My presentation today will deal with the subject of "Social cohesion in the Wider-Caribbean" and will contain many elements out of Suriname's experience in the period of regional economic integration.

I have simply followed the sequence of the main report of the rapporteur of the "Opinion" of the section for External Relations on "Social cohesion in Latin America and the Caribbean" Mr. Zuffiaur.

3.

In a “nut-shell” I will start an overview of Organized Civil Society, the views on social cohesion and the way these can contribute in our area to this issue, and especially within the various dimensions (political, economic, social and territorial).

Finally I would like to make some recommendations to the Latin American Civil Society, which we experienced after 3½ year of COTONOU.

2. The structuring of the Social consultation in the Caribbean

One must understand that the Caribbean Societies came out of a history of exploitation and of colonialism, that has for long determined the role of civil society throughout the region.

The peoples of the Caribbean countries – of which most of these are small islands – have for centuries contributed “labour” to the economies of States, outside the hemisphere.

In the post-colonial period a transition took place after the 1950-ties, during which political (democratically) elected Governments came to the scene, facing the reality that the economic power was still for most of the countries in the hand of foreign entities.

In this period the first sign of “civil-society participation” is to be recognized.

Political Governments and Parties emerged “hand in hand” with Trade Unions, which was logical, because of the fact that both groupings were in a process of defending and enhancing social, economic and political rights of the majority of the people.

There was so to say an overlapping of the constituency, aims and objectives and means of achievement.

Under the guidance of the ILO the process of Tripartite-Consultation could be kept alive and a culture of consultations became a reality.

The 3 social partners: Governments, Employers and Trade Unions, were able to deal with the Labour and sometimes Social issues in a rapidly changing environment.

The first partners of “civil-society” to be accepted by the Caribbean Governments to participate in the “decision making – inner circle” were the Trade Unions and the Employers, identified on the basis of representativity (contribution to the Gross Domestic Product and the number of labour places).

The Employers have always been in an extremely difficult position, because of the fact that many elected Governments came to power after teaming up with the Trade Union

Movements, while the Employers were still seen as remnants from the former days.

I must state that nowadays the Political Governments in a globalizing world cannot run a State by:

- politicians alone
- politicians with the Trade Unions
- politicians with the 2 other Social Partners

but since the 1980 new groupings came to the scene and they are heard every time louder and even more often.

Which are these?

- a) The 1980 brought us the emerge of the “Domestic Private Sector”. Groupings of SME (Small and Medium Sized Enterprises), Manufacturers that firstly started to produce goods in the period of Import-substitution and Structural Adjustment.
- b) In the same period as well as more pertinent in the 1990-ties the economic and social sectors of the grass roots came to the scene and thousands of NGO’s were established to take over tasks from and in complementarity to the Government.

So the older “triangle of stability” of the socio-economic arena came under pressure especially in the 1st decade of

6.

globalization during which more emphasis was placed on “economics” and by the sweeping forces of the globalization many existing structures were broken down and “new creations” found their birth.

An example of such a shift of focus took place at the CARICOM level. In the Charter of Civil Society for the Caribbean Community” of Oct. 1992 it is clearly stated that the “Social Partners” shall mean: the Government of a State, Associations of Employers, Workers Organizations and such Non-Governmental Organizations as the State may recognize in order to establish with their respective States a framework for genuine consultations among the Social Partners in order to reach common understanding on, and support for the objectives, contents and implementation of national economic and social programmes and their respective roles and responsibilities in Good Governance.

Strangely enough the CARICOM Head of States Meetings preferred to listen on the one hand to the Workers, through the CCL (Caribbean Congress of Labour) and the reply was given by the CAIC (Caribbean Association for Industry and Commerce), which can not be considered in people focussed social partner.

It seems that in those days (90-ties) great hope was vested in the economic gains from companies, while the “people focussed approach” was drifted away from.

The present situation can best be understood, when we compare the composition of “Civil Society” with the break-down presented in the Cotonou Agreement signed by the EU- and the ACP-States on the 23rd of June 2000 in the Capital of Benin (West Africa).

Art. 4 of the Agreement legally commit the parties to the involvement of Non-State Actors (NSA's).

- be informed and involved in consultation on cooperation policies and strategies, on priorities for cooperation especially in areas that concern or directly affect them, and on the political dialogue;
- be provided with financial resources, under the conditions laid down in this Agreement in order to support local development processes;
- be involved in the implementation of cooperation project and programmes in areas that concern them or where these actors have a comparative advantage;

- be provided with capacity-building support in critical

areas in order to reinforce the capabilities of these actors, particularly as regards organisation and representation, and the establishment of consultation mechanisms including channels of communication and dialogue, and to promote strategic alliances.

In article 6 the NSA's are defined.

1. The actors of cooperation will include:
 - (a) State (local, national and regional);
 - (b) Non-State:
 - Private Sector;
 - Economic and social partners, including trade union organisations;
 - Civil Society in all its forms according to national characteristics

There exist some misunderstanding between the ACP, the EU and Latin America on the definition of CIVIL SOCIETY and "civil society". Please keep that in mind.

The way forward in the Caribbean countries is to arrive at "strategic alliances" between the 3 clusters of Non-State Actors

9.

and to speak with one (1) voice vis-à-vis the Governments in a Non-State Actors Platform. First of all each cluster must organize and strengthen itself.

The 3 levels of consultation are:

A. Social and Economic Partners for the Employers and Trade Unions

In this cluster the larger enterprises, often TNC (Trans National Corporation) discuss issues which are in the line of the ILO/IOE/CMT/ICFTU) policies as contained in art. 25 of the COTONOU Agreement.

B. The Private Sector for the Small and Medium Sized enterprises, the Domestic Private Sector bringing together all Business Development opportunities under one (1) Business Forum. (EBAS, CDE, PROINVEST, INV.FAC, IDB, WB). A PPP-Public Private Partnership is most suited.

C. Civil Society

- Civil Society economic actors

These are the Micro Entrepreneurs, small farmers, able to organize themselves and in "networks" participate in the activities of the Domestic Private Sector.

- Other Civil Society Groupings

Youth, gender, health, religion, education, democracy, etc. etc.

The core of the consultations is still the Tripartite setting that can be expanded with other partners from time to time, depending of the issues to be dealt with.

The coordination should take place in a NSA-Platform.

Organized social consultation can only take place when Governments as well as "Civil Society" are organized themselves. The COTONOU Agreement found an intelligent formulation to propose a breakdown of the Non-State Actors, so that groupings know what they can contribute at a national level and what they advocate for their own Organizations or interest.

"Social Dialogue" can take place in the 3 clusters, between each cluster and the relevant Government authorities.

When for instance dealing with social protection systems or Corporate social responsibility, the Employers and the Trade Unions (Social Partners) will take the lead with contributions of the Private Sector and the Civil Society.

Developments of Enterprises with EU instruments are being designed by the Private Sector (Domestic Private Sector).

Assistance from the larger companies is possible.

Micro-credit schemes and the formation of Civil Society business networks are realized in the cluster C for Civil Society micro entrepreneurs.

3. Social and economic cohesion in the Caribbean

Concept

The concept on social and economic cohesion in the EU, together with specific aspects from Latin America, covers the wide range of Caribbean issues, which are in fact not all over the region, but exist often in some countries as well as in some parts of countries.

The “lack of cohesion” in the Caribbean does not originate in the first place from poverty and inequality as well as from differences in income, but it is much more generated by the fact that in our Societies there exists a lack of preparedness to cooperate at different levels towards the formulation and implementation of national policies to enable existing Institutions and Organizations to function properly, when preparing our economics for their entry and new role in a globalized economy after regional, hemisphere and global integration.

When looking at the statement of the “absent-state” for instance one might assume that according to the size of the Administrations, the State is over-represented in the Society, but when analyzing the functioning of this large sector the term “absent state” also make sense in the Caribbean.

This applies on the average for: education, support to the economy, the functioning of the tax system and for a lack of universal social protection. Political patronage introduces a culture of loyalty above quality, resulting in gradual deterioration of public services.

The political dimension

It is true that "social cohesion" has a fundamental political dimension, but in some of our States, party politics, ethnicity and favouritism, national and international crime and corruption takes over in the decision-making processes, resulting in exclusion of not only poor and marginalized sections of the society, but also bona- fide economic actors, the opposition, social partners and other Non-State Actors.

The economic dimension

When looking at the economic dimension, the Caribbean countries are faced with a somewhat different situation than the typical Latin American examples.

In most cases there exists in the countries one dominating sector that forms the economic base of the countries like: tourism, agriculture, mining and others.

Sustained economic growth can only be achieved with productive investments, which requires structural reforms to energize productive resources.

The Caribbean economies will have to formulate a State of the Art. Industrial policy for:

- Creation of a conducive business climate to promote FDI and NDI. Investment by TNC and national companies;
- Enhanced productivity and competitiveness
- Develop capacity to adapt and manage Standards and quality
- Access to funding
- Technological development
- Human resource development
- The formation of business networks with International production

These are the basic issues, which will be negotiated in the EPA's, the Economic Partnership Agreements between the ACP and the EU States.

It is of vital importance that during these negotiations the social and economic actors from all levels of the society are taken on board i.c. the social and economic partners, the private sector as well as civil society. In conformity with the COTONOU.

The back-bone of the societies, the SME-Middle Class sector must receive special attention, because on the one hand this sector forms a productive base for large investments from abroad by TNC's and on the other hand they stimulate economic activities in the "civil society private sector" by

forming business networks, training and adaptation of technology.

The social dimension

In the social dimension it must be stated that for the Caribbean area fair distribution of wealth can only be achieved for a substantial part of our societies by arriving at decent wealth through decent work.

When looking at poverty, distribution of income, hunger, we must take into account that most of the Caribbean countries does not compare their situation with Latin America but with places like London, Amsterdam, USA, Canada and others.

Education

Although illiteracy is low in the Caribbean the quality of education is not at the required level to enable a smooth integration of the Caribbean economies into the globalized world economy.

The educational system needs enhancement in all sectors and at all levels, in order to pursue productive activities and the enhancement of the national competitiveness.

Here lies a task for the social partners to enter in a high level of social dialogue to discuss issues as mentioned before. Europe and the ILO-HQ can assist.

Social protection

The expenditure for social protection seems at a decent level in the Caribbean countries; this because a great number of Government Employers are in surplus at the Public Service and our problem will start when Public Sector Reforms will be executed. This will require social dialogue and careful planning of Healthsector-, pension- and disability-schemes. But this is a sensitive political issue.

Labour

The Industrial Relations and the "labour-legislation-" in the Caribbean area are at a very high level. Most of the States have incorporated labour laws in their Constitution and in related Labour Acts.

The Caribbean region is very much "labour-oriented", which sometimes-scare foreign investors. The protection of workers, the right to strike, the high wages have made the area unattractive and vulnerable to FDI in a competitive situation.

The fear of our region is that after the signing of the FTAA-Agreement many companies will leave our area and flee to other countries, wherein the labour standards are lower and also lower wages are paid. That is why the ILO Caribbean Office, the Caribbean Congress of Labour and the Caribbean Employers' Confederation has initiated a PROMALCO-Project, the Promotion of Management and Labour Cooperation, with funding from the US Department of Labour, to promote the contribution to the

overall Investment Climate. The Trade Unions are now in the position to form Strategic Alliances with Employers and Governments in order to put safety nets and development perspectives in place.

Continuation with a “decent” position of the Trade Unions will require a proactive approach towards re-engineering of enterprises and the protection of “decent-work”.

Political

In the political sphere I would like to highlight the fact that there is a growing trend to move away from sound Government Procurement Systems. No regulations for the selection of Consultants, the Award of Works and Supplies etc.

This is a new form of economic exclusion, giving Governments through their different Ministries the opportunity to “deal” with their own private sector both National and International.

The political system and all the Institutions are encountering huge problems with the transit traffic of drugs in the Caribbean region.

Lack of own funds, corruption, dangerous situations, weak legal and judicial institutions. The markets in the receiving countries and the producers in the sending States raise the pressure in the Caribbean at such a level that their activities are overtaking the daily life of the citizens.

The EU and the USA are very critical towards the Caribbean countries but the origin of the problem are the large markets oversea. Much more of the drugs traffic could be grounded, if there was only an incentive to the police force and/or drugs squads.

In the Caribbean area the role of "Non-State Actors" is growing, because of the constant pressure from outside donors and the changes that take place as a result of the often mentioned "globalization".

In fact the CARICOM and the CARIFORUM are guiding the process.

In contrary to what has been stated in the main report, the Caribbean citizens are still highly interested in politics and elections and they are aware of their democratic systems to bring changes, so that under no circumstances they will accept an authoritarian government, even if this meant an improvement of the economic situation.

Social discontent indicators

In my area we do not have a CARIBAROMETER, but the level of urban violence, delinquency, the emerge of parallel societies and "mafia legality" is quite different from Latin America.

Some countries like Guyana, Jamaica and Trinidad are often in the news with acts of crime, which mostly have roots in the political, social and economic discontent.

All Governments are encountering problems from similar origin:

- drugs trafficking
- money laundering
- contrabanda
- corruption, bribes, false awards of contracts
- political patronage
- the informal sector
- growing international moves (smuggler of people)

The Institutions are facing more and more sophistication at the side of their opponents.

Possible vectors for social cohesion in LAC

To add the Caribbean situation and/or realities to the content of the main report, I have incorporated in my paper the "Recommendations" of the Price/Waterhouse/Coopers/Solagrad report on "Sustainability Import Assessment (SIA) of the EU-ACP Economic Partnership Agreement with the Caribbean ACP-countries of 30 January 2004.

There will be adjustments in the Caribbean ACP countries brought about by the EPAs in terms of the creation of a new economic context and the re -

orientation of the productive base of ACP Caribbean economies into less traditional agricultural crops or increasing light manufacturing. However, the envisaged scenarios do not have absolute negative or positive impacts – the situation is more complex and each trade measure will most likely have mixed impacts.

The real impacts, whether they are positive or negative, will depend to a great extent on the domestic measures that will be implemented to anticipate and mitigate the impacts of change. The challenge is to implement policies that help people adjust to the fact that the economic and trading environment under the EPAs will be different from that under the Lomé Conventions. In order to facilitate this adjustment, a preliminary set of general recommendations is presented. These are based largely on the results of the consultation in November 2003.

- Special and differential treatment based on the SIDS status: special and differential treatment and preferential markets should be taken into account in the trade negotiations between Caribbean region and the EU. The Special Framework of Assistance for the traditional banana suppliers put in place by the EU, with a view to tackling the problems of competitiveness and/or encouraging diversification in the ACP producers, could be enlarged to other sectors.
- Assistance should be available to compensate for loss of banana earnings, to encourage investment and training for up-scaling conventional agriculture to value-added processing, to retrain displaced workers from uncompetitive banana or sugar companies.
- Capacity building measures to help people acquire new knowledge and technology, re-skill workers, stimulate domestic entrepreneurship, and seek foreign capital. Farmers have for in-stance to develop their capacity to successfully comply with standards, certification or labeling issues.

- Effective government regulations are important to mitigate potential negative social and environmental impacts related to the review of commodities protocols. This includes social safety nets, measures to maintain and improve the respect of health and other standards. It also includes strong environmental regulations to offset potential negative impacts of tourism development as a result of increased FDI inflows. This includes monitoring, enforcement and support for multilateral environmental agreements. Sustainability in the tourism sector will depend on the good management of natural resources, especially when part of the tourism development is directly linked to the preservation of the environment resource. Trade liberalisation within the future EPAs should therefore be undertaken within a framework of strong environmental laws and policies. Incentive measures to encourage sustainable tourism should be reinforced.
- Mitigating negative fiscal impacts of reciprocity imply considering the development of other, revenue-creating activities so that the negative impact, of a fall in government revenues can be alleviated. One alternative, a value-added tax, comes with a large political, economic and administrative price

4. Relations between the European Union and Latin America and the Caribbean.

Their Impact and Social Cohesion

Under this heading I would like to mention the efforts undertaken by CARICOM, CARIFORUM, CSME, the Caribbean Single Market and Economy.

Apart from the Government relations between ACP-Caribbean States and the ACP-General Secretariat in Brussels via the official recognized Institutions, the Non-State Actors are enjoying full support from the activities of the ACP-EU-EESC-Follow up Committee.

It is foreseen that in all Caribbean ACP-countries the 3 clusters of Non-State Actors will strengthen their Organizations if funds for capacity building will become available.

Each one of the 3 NSA's Groupings will organize themselves, so that for each ACP-Caribbean country we will have:

- a Social and Economic forum (Employers/Trade Unions)
- a Private Sector forum (SME, Chambers of Commerce, Employers)
- a Civil Society forum (NGO in different categories)

These fora will be ready to join similar FORA in the EU and in Latin America (ACP-EU-Business Forum, EU-LA-Business Forum).

Through the different FORA a new dimension of cooperation will emerge, resulting in transfer of know-how and experiences in all areas of the economic and social area.

23.

It is important to bring together the correct partners and to form strategic alliances between all categories with the aim to strengthen civil society on the whole.

When private sector institutions from the social and economic spheres act together in a NSA-Platform, they are able to combine forces to influence government policies and the strengthen democracy.

Mexico City, April 14th,
2004