

STATEMENT ON REGIONAL INTEGRATION FUND
BY HER EXCELLENCY PRESIDENT JANET JAGAN

MR CHAIRMAN, FELLOW HEADS OF STATE AND GOVERNMENT.

THE PROCESS OF HEMISPHERIC ECONOMIC INTEGRATION AND FREE TRADE WHICH WAS INITIATED IN MIAMI IN 1994 AND WHICH WE ADVANCE HERE IN CHILE IS A MASSIVE AND UNIQUE UNDERTAKING. IT IS PREGNANT WITH OPPORTUNITIES BUT LIKE ALL OTHER PREGNANCIES, IS FRAUGHT WITH DANGER AND CAN BE FATAL FOR MOTHER AND FOETUS IF NOT PROPERLY NURTURED.

THE FREE TRADE AREA OF THE AMERICAS (FTAA) WILL BRING TOGETHER THE LARGEST AND SMALLEST ECONOMIES IN THE WORLD. IT WILL BE DRIVEN BY PRIVATE BUSINESS PEOPLE SEEKING TO MAXIMISE SHAREHOLDER'S PROFIT IN A GLOBAL ENVIRONMENT. TRADE AND INVESTMENT WILL GRAVITATE TO AND POLARISE IN THE CENTRES AND COUNTRIES OF GREATEST PROFITABILITY.

MR. CHAIRMAN, AN ECLAC STUDY DONE FOR THE WORKING GROUP ON SMALLER ECONOMIES LAST YEAR CONCLUDED THAT "THE ADJUSTMENT COSTS OF JOINING THE FTAA ARE LIKELY TO BE RELATIVELY GREATER FOR SMALLER ECONOMIES". THESE ECONOMIES WILL ENCOUNTER SIGNIFICANT DISLOCATIONS. LESS DEVELOPED PARTS OF

LARGER ECONOMIES AND SPECIFIC INDUSTRIES ARE ALSO LIKELY TO EXPERIENCE DISLOCATION. DISLOCATIONS, SPAWNED BY THE INTEGRATION PROCESS, WHICH ARE NOT ANTICIPATED CAN BE VERY EXPENSIVE AND EVEN TRAUMATIC TO CORRECT.

THE EXPERIENCE OF OTHER ECONOMIC INTEGRATION AND FREE TRADE ARRANGEMENTS - THE EUROPEAN FREE TRADE AREA (EFTA), THE EUROPEAN UNION, THE CENTRAL AMERICAN COMMON MARKET, AND CARICOM, FOR EXAMPLE, TELLS US THAT THE POTENTIAL DISLOCATIONS CAN BE PLANNED FOR AND MINIMISED BY THE CREATION OF APPROPRIATE MEASURES INCLUDING FINANCIAL FACILITIES. IN THE VIEW OF CARICOM WE CANNOT AFFORD A FALSE START IN THE FTAA.

CARICOM, LED BY THE LATE PRESIDENT ^{of Guyana} CHEDDI JAGAN, URGED IN MIAMI, AND I URGE TODAY, AGAIN ON BEHALF OF CARICOM, THAT WE INSTRUCT OUR FINANCE AND OUR TRADE MINISTERS TO JOINTLY STUDY THE FEASIBILITY OF A REGIONAL INTEGRATION FUND TO:

- MINIMISE THE POTENTIAL DISLOCATIONS AND ADJUSTMENT DEMANDS OF THE FTAA ON ECONOMIES AND MAJOR PARTS OF ECONOMIES, AND,

- FACILITATE THE SMALLER AND RELATIVELY LESS-DEVELOPED COUNTRIES TO TAKE ADVANTAGE OF THE OPPORTUNITIES OFFERED BY THE FTA.

THIS STUDY IS URGENT AND SHOULD BE COMPLETED BY OUR MINISTERS WITHIN ONE YEAR. AS THE ECLAC STUDY TO WHICH I REFERRED EARLIER HAS ARGUED:

“THE PROVISION OF EXTERNAL ASSISTANCE IS TO THE ADVANTAGE OF ALL CONCERNED SINCE IT WORKS TO THE BENEFIT NOT ONLY OF THE SMALL AND LESS-DEVELOPED COUNTRIES BUT ALSO TO THE LARGER AND MORE-DEVELOPED ONES OF THE REGION.”

THANK YOU CHAIRMAN AND COLLEAGUES.