Banana Splits and Policy Challenges:
The ACP Caribbean and the Fragmentation of Interest Coalitions

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The history of the independent Caribbean banana export trade has been one underpinned by close political and economic ties with Europe, and particularly the United Kingdom (UK). The development of the Jamaican trade at the turn of the twentieth century, and the establishment of the trade in the Windward Islands and Belize after the Second World War, was dependent on access to the UK market, and financial support from the British government. What followed was the creation of a tightly knit relationship between the main actors involved in exporting Caribbean bananas to the UK, including the banana producers, the private corporate interests, and the relevant UK government departments. Indeed there was evidence that a degree of clientelism existed, whereby the government departments who had dealings with the Caribbean banana interests identified with their concerns and policy objectives. The close relationship developed into a ‘policy community’ (Richardson and Jordan 1979) whereby both bureaucratic and group interests have a natural tendency for consensus and accommodation, based on resource dependencies. The relationship was institutionalised with the creation of the Banana Advisory Committee in 1973, which oversaw banana imports into the UK, and the fundamental strength of this relationship was sustained when the UK joined the European Community (EC). Due to the highly divergent nature of EC member states’ banana import regimes, the UK was able to maintain its particular banana policies on accession, and to continue its colonial and post-colonial trading relationships. However, from the mid-1980s the close ties that existed between the Caribbean banana interests and the UK government began to be challenged by the increasingly influential role of the supranational EC.

The Common Market Organisation in Bananas

In the early 1980s, there was a belief amongst those in the European corridors of power that inefficiencies resulting from trade barriers between member states were causing the Community to lose ground with the competing economies of Japan and the United States (US). As a consequence, the Single European Act (SEA) was signed in February 1986, and enacted in July 1987, which laid the basis for a more integrated trading structure. The objective of the SEA was to achieve a single market by 31 December 1992. One of the tasks committed to under the SEA was the elimination of internal frontier controls, which required the introduction of common rules to govern trading relations with third countries. In essence, member states would no longer be able to unilaterally decide whether to place restrictions
on, or provide preferential treatment for, goods that originated outside of the Community. Thus in order for individual member states to continue their particular trade policies they had to persuade fellow member states and the Commission to adopt European-wide measures that satisfied their trading requirements. The importation of bananas was one area of trade policy where the member states were completely at variance with the ideals of the single market. The banana was one of the few agricultural products not yet covered by Community rules, neither being subject to the Common Agricultural Policy, or in reality the Common Commercial Policy with the 20 per cent tariff-only being effective in certain member states. When the Single European Act was passed there were three distinct banana regimes:

- A preferential market for EC/ACP (African, Caribbean and Pacific) produced bananas in Britain, France, Greece, Italy, Portugal, and Spain;
- A duty-free market in Germany, and
- A market subject to a 20 per cent tariff in Belgium, Denmark, Ireland, Luxembourg, and the Netherlands.

Within the context of a single market the continuation of national regimes was unsustainable, but due to the respective obligations on the part of member states to their banana suppliers, and the difference in production methods and production costs between Latin American banana imports and ACP/EC banana imports, there was no single market arrangement that was readily acceptable to every member state (Pedler 1995, p. 72 and National Economic Research Associates, 2003, pp. 4 and 5). Any free market solution would have undoubtedly been to the benefit of the US multinational companies, dealing in dollar bananas, while those companies dealing in ACP and EC fruit would have suffered. However, a too restrictive European banana regime would not have encouraged greater competitiveness and efficiency in the market, a fundamental aim of the single market. Thus the problem came down to finding a market mechanism, which safeguarded the position of the ACP/EC suppliers, while encouraging some degree of competition within the market.

The negotiations for a single European banana regime that followed were lengthy and complex with the Caribbean banana producing interests attempting to influence the policy-making process to their own advantage. In 1988, for example, the Caribbean Banana Exporters Association (CBEA) was established to act as a political lobbying entity to influence the developing debate on the future regime. The Association had as its members seven independent Caribbean banana producing countries, with their respective banana marketing companies having associate status, supported by a public relations agency recruited to coordinate the lobbying effort. There was also cooperation between the Caribbean, African and EC banana producers. Further, the Caribbean and African producers were represented on the ACP’s banana group, which was based in Brussels. Such mutual support was present, as each group had an interest in sustaining preferential access in any future regime. Despite the differences between and within the various actors involved, there was a realisation that if a united effort was not undertaken to safeguard the concept of preferential access in the forthcoming single market, their respective interests could be damaged.
The Caribbean banana interests, together with their African and European partners, were well placed to oversee the formulation of policy. The task of designing suitable proposals for a single market in bananas was undertaken by the European Commission, in the guise of an Inter-Services Group established in 1988, involving a number of different Directorates-General, including those of Agriculture, Development and External Relations. Under such circumstances the CBEA/ACP lobby kept abreast of developments within the Commission, but also in order to make sure that the Commission did not take the initiative completely made attempts to promote a wider political debate within the other institutions of the EC. In 1990, for example, the CBEA lobbied for and achieved an ‘own initiative’ opinion in the European Parliament which supported continued preferential access for ACP/EC producers. The Parliament took the subject up long before the Commission had formulated a proposal, and in doing so meant that the Commission would be obliged to accommodate the Parliament’s view in some form. In a similar vein the Economic and Social Committee’s (ECOSOC) Section for Agriculture and Fisheries produced an Information Report in 1991, which generally shared the European Parliament’s view.

The CBEA recognised the importance of the different institutions of the EC, and that each institution had a crucial role to play in the policy formulation process. The initiation of investigations by both the European Parliament and ECOSOC provided the lobby in favour of retaining preferential access for certain banana producers a strong base of support which the Commission was obliged to recognise. The high level of engagement initiated by the Caribbean continued at the supranational level, while a campaign aimed at EC member states was also developed. The parallel approach was intended to increase awareness of the arguments in defence of preferential access at all levels of European society.

One of the most important national lobbying campaigns was targeted at the UK, as the Caribbean believed that the UK would be its strongest advocate in the EC Council of Ministers. An extensive lobbying effort was undertaken both within government and parliamentary circles by the CBEA, with the assistance of its Parliamentary adviser, Bowen Wells, Conservative MP for Hertford and Stortford. The campaign was helped by an underlying sympathy for the Caribbean banana exporters in the UK. Despite the fact that there was a large Conservative majority in the House of Commons that supported an agenda, which called for greater trade liberalisation, the particular circumstances of the banana issue transcended such considerations. The historical ties between the UK and the Caribbean, and the fact that the UK authorities had assisted the banana industry in the Caribbean over many years, were important considerations in determining the extent of support for the Caribbean banana producers within the UK body politic. It can also be argued that the extent of support for the Caribbean was underpinned by a paternalistic attitude on the part of some within the Conservative Party in particular, who felt that the UK should still have a role in overseeing the welfare of its former colonies.

The work of the Caribbean lobby finally paid off, when on 12 February 1993 a single banana market regime based on quota and tariff protection for ACP/EC fruit was finally adopted as Regulation 404/93 (Official Journal of the European Communities, 1993a). The regime came into operation on 1 July 1993, and was due to last until 2002 (Official Journal of the European Communities, 1993b). The crea-
tion of a common market in bananas brought to an end almost six years of high-
level political activity on the part of the Caribbean banana interests to secure their
objective of establishing a preferential market for their produce in the EC.

The agreement on bananas was the last great success story for Caribbean di-
plomacy and lobbying efforts with regard to the EC and its trading structures. The
advantage of being familiar with the European institutions allowed those interests
that wanted preferential access to be sustained in the new regime to gain a strategic
advantage over the ‘liberal’ banana interests. In many ways, the lobbying under-
taken by the Caribbean at the European level was similar to national lobbying, in
that ‘the most successful groups tend to be those which exhibit the usual profes-
sional characteristics – namely resources, advance intelligence, good contacts with
bureaucrats and politicians, and an ability to provide policy-makers with useful
information and advice’ (Mazey and Richardson 1993, p. 206). In addition, the
strategic importance of a number of member states and the European Parliament in
defending the Caribbean position was highly significant. However, success was
short lived with growing international pressure against the policy of preferential
trade discrimination, and radical changes to the membership and policy agenda of
the European Union (formerly the EC) both of which have had a serious negative
impact on Caribbean economic interests. In addition, the Caribbean’s previous dip-
lo- matic and lobbying strategies with regard to trade negotiations have now been
made redundant by the changes witnessed at the international and European levels;
the significance of which the Caribbean has yet to fully appreciate.

Between a rock and a hard place: the marginalisation of Caribbean trading interests

The intellectual and legal paradigms underpinning international trade have under-
gone significant change over the last decade, with the result that Caribbean com-
nercial interests have been marginalised dramatically. The period from 1993 to the
present has consisted of a series of challenges against the concept and application
of preferential access for Caribbean agricultural commodities into the EU market.
In particular, the creation of the WTO Dispute Settlement Process has meant that
Caribbean countries have become only peripheral players in defending trade re-
gimes (including the EU banana regime) that they so successfully lobbied for in the
past. The institutional nature of the present international trade environment now
supersedes national and regional commitments to retain long term trading relation-
ships. Further, in part because of the rulings of the WTO the EU has altered its
trading outlook moving away from providing non-reciprocal trade preferences to
reciprocal free trade ‘partnership agreements’. This, added to the changing internal
dynamics of the Union, has had a profound effect on Caribbean access to, and in-
fluence in, the EU. The diminishing sway of the Caribbean is also being witnessed
at the level of EU member states, with even the UK losing interest in the region.
The following sections assess the effect of these altered international circumstances
on the Caribbean, and whether the region can establish new strategic coalitions and
negotiating strategies to defend their remaining trading interests.
The GATT and the WTO

A part of the post-war economic settlement was the creation of the General Agreement on Tariffs and Trade (GATT) in 1947, an agreement setting out the rules for the liberalisation of international trade, with an associated ad hoc body to support the agreement. By the early 1980s, however, the organisation required reform both in terms of its structure and remit. In its place the World Trade Organisation (WTO) was established in 1995 as a strong and independent body providing the means for resolving trade disputes. The WTO provided a more robust regulatory framework, and gave additional weight to changes already seen in the international trading system. An important development for Caribbean trading interests, however, came prior to the setting up of the WTO, when the principle and application of preferential trade in certain circumstances was found to be in breach of GATT trade rules. In the early 1990s the GATT was asked by a group of Latin American banana producing countries to investigate the acceptability of providing preferential access for ACP bananas entering the EC. The GATT considered the national banana regimes of the EC that were in operation prior to the single market, as well as the single market regime itself. On both occasions the GATT ruled against not only certain aspects of the regime but also questioned the legality of the preferential arrangements set out in the EU’s Lomé Convention (GATT 1993 and 1994). The GATT stated that the discriminatory tariffication of banana imports was against its most favoured nation commitment, and therefore the Lomé Convention itself, with its non-reciprocal preferential treatment of ACP goods was also unlawful.

The EU had thought that the Lomé Convention was an accepted body of international law, and hence had a secure legal basis. However, after the GATT Panel rulings, the EU and the ACP countries decided that a waiver should be sought from the GATT in order to safeguard the provisions of Lomé from potentially damaging judgements in the future. Under GATT rules the defendants in a dispute could block Panel rulings, but the EU and the ACP were concerned that under the soon to be established WTO such action would be almost impossible. Thus, in October 1994, in one of the last acts of the GATT under the 1947 rules, the EU formally sought a waiver for the Lomé Convention, and in December 1994 a five-year derogation was granted. The waiver meant that the provisions of Article One of GATT, the most favoured nation rule, by which tariff concessions must be extended to all other GATT/WTO members on an equal basis, did not apply. The EU was therefore permitted to provide preferential tariff treatment for products originating in ACP states, including for bananas, as required by the relevant provisions of the Lomé Convention, without being forced to extend the same preferential treatment to like products of all other GATT/WTO members. When the GATT waiver expired, a further derogation was agreed at the WTO in November 2001 this time for the provisions within the new EU-ACP Cotonou Agreement. The current waiver will last until 2008 but it seems unlikely that the waiver will be extended beyond that date. Therefore the EU will be required to provide similar tariff concessions to all other WTO members on an equal basis. This will mean that the preferential commodity regime for bananas, as well as those for sugar and rice that benefit the Caribbean at the present time will most likely no longer be permitted. The most favoured nation rule of the GATT agreement has gained greater resonance over the
last decade with serious implications for Caribbean preferential access into the EU. Nevertheless, both the EU and the ACP hoped that the trade derogation would protect the preferential elements of the Lomé Convention and its successor the Cotonou Agreement, as well as the commodity protocols associated with each accord until 2008.

However, although both waivers covered the preferential treatment of products they did not cover the way in which that preferential treatment was provided. In the case of the EU’s banana regime, the mechanism by which bananas from ACP countries were preferred was considered by some as going far beyond what the scope of the waiver allowed. As a consequence, the EU’s preferential banana import system was challenged by the US and a number of Latin American countries, despite the fact that a waiver had been agreed for the Lomé Convention and its commodity arrangements. When the banana case was considered by the WTO the effect on the Caribbean was to be dramatic.

The most significant development highlighted by the banana action at the WTO was the power of the dispute settlement process set out in the Understanding on Rules and Procedures Governing the Settlement of Disputes. The Dispute Settlement Body (DSB) consisting of WTO members, administers it. After consultations, the DSB can establish a panel to examine an issue raised by a complainant, and to pass judgement on whether the measures under consideration conform to international trade law. If there is an appeal, the DSB then appoints an Appellate Body to consider the matter. The decision of the Appellate Body is fundamentally different from that of the panel under the previous GATT 1947 dispute settlement rules, in that an Appellate Body report has to be adopted by the DSB and unconditionally accepted by the parties to the dispute unless the DSB decides by negative consensus not to adopt the report. Such negative consensus is highly unusual, as it would need the benefiting party to reject the favourable decision of the Panel. Under the new system, any ruling is therefore adopted despite the opposition of the defendants, unlike in the GATT where a defendant was able to prevent the ruling being adopted, as adoption required unanimity. The new system thus shifts the balance of the dispute settlement process away from the defendant and towards the complainant, which means any changes to a trade regime that are stipulated by the WTO have to be implemented.

The rules underpinning the WTO have had an enormous effect on long-standing Caribbean-EU trade relations both in terms of the relationship as a whole, but also for the viability of particular commodity arrangements. The two cases heard by the WTO on the EU’s banana regime during the late 1990s (WTO 1997 and 1999) illustrated the importance of the dispute mechanism procedure. The rulings by the WTO against the regime were seminal in defining the changing nature of the interest group dynamic within the EU banana trade. There was now an actor that had the power to override the traditional interests that had shaped the nature of the UK banana trade, and latterly the EU banana trade during the twentieth century. The EU had no choice but to accept the WTO Panel rulings and change the nature of its banana regime, a change that superseded any concerns the Caribbean, the European Commission, the European Parliament or European member states may have had. A new level of decision-making thus undermined long-standing avenues of influence.
The ruling on Article One of GATT, the most favoured nation rule, and the subsequent banana case highlighted the importance of the WTO for the Caribbean, and strengthened the view that the region should attempt to play an active role in the organisation’s activities. It became increasingly apparent to the Caribbean during the course of the banana challenge in particular that the WTO had significant power, and was equally, if not more important than the EU in terms of setting the policy agenda and ruling on important matters of trade. At present 13 Caribbean Community (CARICOM) states are members of the WTO, but crucially resource constraints mean that only three have a physical presence in Geneva: Barbados, Jamaica and Trinidad and Tobago. Further even they do not employ enough staff to cope with the extremely large workload, which includes over one thousand meetings each year, often taking place simultaneously. A 1998 report from the World Bank found that ‘... just to follow the topics of the various WTO bodies and attend their meetings requires a staff of at least 4-5 people, and the average is increasing’ (World Bank 1998, p. 11). Indeed, the workload at the WTO now is much higher than in 1998, and therefore the inadequacy of Caribbean representation in the organisation is more pressing. In addition, those Caribbean countries that have a small number of representatives at the WTO have to oversee the activities of more than 20 other international agencies with their headquarters in Geneva. The position of those Caribbean states with no permanent missions in Geneva is of course even more marginalised.

In an attempt to help Caribbean states overcome the financial constraints experienced at the WTO, the EU in 2002 provided a grant of €1.45 million to establish a Geneva-based ACP office (European Commission 2002a). The expectation was that the office would help ACP countries coordinate their views and strengthen their position in WTO negotiations. The office also provides a permanent information and support service, and encourages the ACP to form common positions on particular WTO trade-related issues. The Commonwealth Secretariat, with 32 of its members classified as small states, also offers assistance to Caribbean governments (Sutton 2002). For example, the Secretariat funds a trade facility in Geneva, which provides support for small states via a ‘special adviser’ to increase their role in WTO activities. In addition, the Trade Policy Formulation, Negotiations and Implementation Project, known as the ‘Hub and Spokes’ initiative, a joint effort of the Commonwealth Secretariat and the L’Agence Intergouvernementale de la Francophonie, is designed to improve the capacity of Commonwealth states to formulate and implement coherent trade policies. The programme provides a framework for the Commonwealth Secretariat to assist ACP member countries to develop trade policies, negotiate effective trade positions in international fora and to implement multilateral trade commitments and obligations. Under the ‘Hub and Spokes’ initiative a number of trade policy analysts have been placed in ACP countries and regional organisations to enhance capacity in trade negotiations and trade policy formulation (Commonwealth Secretariat 2002).

CARICOM states themselves have also attempted to strengthen their role within international trade negotiations through the creation of a specialised Caribbean Regional Negotiating Machinery (CRNM) in 1997. There was a belief that by pooling the limited resources, talent and capacity of the small islands in the Cari-
bean into one structure, trade issues could be dealt with more effectively. With this in mind the CRNM’s was designed

To assist Member States in maximizing the benefits of participation in global trade negotiations by providing sound, high quality advice, facilitating the generation of national positions, coordinating the formulation of a unified strategy for the Region and undertaking/leading negotiations where appropriate (CRNM 2004a).

As the mission statement implies the CRNM is responsible for all multilateral trade negotiations, including those at the WTO. Since its creation the CRNM has provided a strategic focus in relation to external trade negotiations. However, the creation of the CRNM has created new problems for the region. From the outset some in the Caribbean questioned the need to create an extra body in addition to the trade negotiating structures already present within CARICOM. The effect has been a series of turf wars involving CARICOM and the CRNM over who has competence for external trade talks. Further, the CRNM’s dual role as technical adviser to the national negotiators (ministers and ambassadors) and coordinator of the Caribbean regional position has proved problematic. On occasion the CRNM has supported certain positions (as advisor) which have gone against the interests of particular CARICOM members. Grant suggests that the CRNM’s formation ‘… disrupted the equilibrium that existed between sovereignty and regionalism’ (2000, p. 494). As a result a degree of distrust has developed between Caribbean governments and the CRNM, which has been exacerbated by an absence of adequate coordination and consultation mechanisms between the parties. Under such circumstances CARICOM members have been reluctant to engage fully with the CRNM, secure in the knowledge that each retains the authority to undertake trade negotiations on their own behalf.

Conflict also exists amongst CARICOM states, for example between oil and gas-rich Trinidad and Tobago and the Windward Islands over the banana issue, which constrains further the development of a region-wide negotiating strategy. As Grant argues, the problem of automatic and uncoordinated state or national effort is linked to the importance of such matters to the very survival of these countries’ political regimes (2000, p. 480). Similarly, within the 78-member ACP group different national and regional priorities and interests have damaged attempts to formulate common positions, a fact that has limited the success of the ACP office at the WTO. The lack of unity on the part of the Caribbean and the ACP do not help matters, but the crucial factors in determining the Caribbean’s relative isolation at the WTO relate to relative resource allocations and the way in which the organisation operates.

Although the Caribbean has attempted to strengthen its involvement at the WTO through the CRNM, the Commonwealth Secretariat and the ACP, the region is still at a great disadvantage when it comes to financial and human resource support. As this article highlighted previously only three CARICOM states have permanent representation at the WTO, and all have problems coping with the demands placed upon them. The weak position of the Caribbean in relation to the WTO is highlighted more starkly when a comparison is made with the resources available to developed countries. The average size of developed country delegations is ap-
proximately seven, with the US having 14 full-time professional staff working solely at the WTO (Narlikar 2001, p. 6; and Jawara and Kwa 2003, p. 20). The large number of permanent US officials at the WTO is supported by hundreds of corporate lobbyists advising the US government on trade issues, and thus providing the country with an even more significant representational advantage within the organisation.

In addition, the dynamics of the WTO work against the Caribbean when issues of trade are being considered. For example, as Kwa (1998, p. 1) argues

Trade negotiations are based on the principle of reciprocity or ‘trade-offs.’ That is, one country gives a concession in an area, such as the lowering of tariffs for a certain product, in return for another country acceding to a certain agreement. This type of bartering benefits the large and diversified economies, because they can get more by giving more. For the most part, negotiations and trade-offs take place among the developed countries and some of the richer or larger developing countries.

Other aspects of the organisation’s decision-making structure exacerbate the lack of economic bargaining power on the part of smaller members of the WTO. Even though the WTO operates on the basis of one-member-one-vote decisions are taken by consensus, and this system discriminates against the organisation’s smaller members. Decision-making by consensus, as opposed to unanimity, means that the members present at the meeting do not formally object to a particular decision. However, there is an assumption that members are present at the meetings, as the consensus-based decision-making procedure ‘ascribes considerable importance to having a permanent presence, or perhaps more accurately, an active knowledgeable presence’ (Blackhurst et al 1999, p. 6). The lack of Caribbean representation at the WTO, both quantitatively and qualitatively disadvantages the region when important issues are discussed within the organisation. However, even if certain Caribbean states are present at meetings they maybe reluctant to speak out against a particular proposal. As has been argued

The … process of consensus decision-making … is conducted through open discussion i.e. if a country wishes to reject a proposal, it must do so openly and clearly in front of other members present. Many developing countries point out that they often fear the consequences of expressing their objections publicly, and hence choose the alternative option of remaining silent (Narlikar 2001, p. 6)

With developing countries reluctant to state their objections, acquiescing, and agreeing to support the consensus, their concerns are not heard and potentially damaging policies are adopted. Although notionally involved in making particular decisions, the reality is quite different with developing countries being passive participants, reluctant to antagonise the more powerful developed states. Thus despite receiving the support of the CRNM, the Commonwealth Secretariat and the ACP office at the WTO the Caribbean cannot compete politically, economically or strategically with larger members of the organisation. In essence the Caribbean has an inbuilt disadvantage when issues are considered at the WTO.

The organisational and legalistic framework of the WTO and its dispute settlement mechanism has made it much more difficult for the Caribbean to defend its
international trading interests. The banana case highlighted the fact that the region can only attain third party status in the dispute settlement process, as the trading regimes that safeguard market access for their commodities are not theirs to defend. The key actors in the banana dispute were the EU on the one hand as the defendant, and those challenging the regime including the US, on the other. Although the EU commodity protocols (bananas, sugar and rice) are vitally important for a number of Caribbean countries, whenever the arrangements are challenged at the WTO, their influence will be marginalised. So despite attempts by the Caribbean states, both on their own terms and also in collaboration with other ACP countries to improve their standing within the organisation, resource and procedural constraints have prevented, and will prevent this from happening. It must also be remembered that the WTO ruled against the EU’s banana regime despite the fact that a waiver had been agreed to supposedly safeguard existing preferential trade commitments underpinning EU-ACP relations. In sum, therefore, the GATT and the WTO have both been important in undermining the strong relationship that existed between the EU and ACP in the negotiations for the single European banana market. Indeed, the actions of the GATT and WTO have encouraged the EU and its member states to radically alter their policies and attitudes towards the ACP Caribbean.

The EU and its member states

As has already been indicated the pressures within the international trading system have had profound effects on the EU-ACP Caribbean relationship. The EU has been forced to accede to WTO rulings that have undermined long-standing trading relationships with the Caribbean. Indeed, the entire nature of EU external trade has been transformed due to the pressures emanating from the WTO. Many of the elements of the four Lomé Conventions that underpinned EU-ACP relations from 1975 to 2000 have been lost within the context of the recently agreed successor Cotonou Agreement. Perhaps the most important commitment within Cotonou is that the ‘ACP and the EU have agreed to conclude WTO-compatible trade agreements that will progressively remove barriers to trade between them and enhance cooperation in all areas relevant to trade’ (European Commission 2002b, p. 6). This commitment will take the form of Economic Partnership Agreements (EPAs) and once negotiated will gradually bring to an end preferential, non-reciprocal trade access for Caribbean goods entering the EU market. In its place, there will be something close to free trade between the two regions. The EPA negotiations that began in September 2002 are taking place in two phases: a first all-ACP phase and a second region-specific phase involving the Caribbean, which commenced in April 2004. Final negotiations are due to be completed by December 2007. What is most important for the Caribbean at this stage is to establish a negotiating structure that will help safeguard the region’s interests in relation to the EU. Indeed Ambassador Richard Bernal, head of the CRNM, has stated that a successful EPA outcome depends on such a structure being in place.

With this in mind a special meeting of the CARICOM Council for Trade and Economic Development on External Economic Negotiations was held on 15 April 2004, at which trade ministers from the Forum of the Caribbean ACP States (CARIFORUM) endorsed a proposal for a three tiered negotiating structure:
namely Ministerial, Principal Negotiator and subject specific Spokespersons. CARIFORUM appointed Dame Billie Miller, Barbados Foreign Minister, as Lead Ministerial Spokesperson, supported by a Ministerial Troika consisting of representatives from the Dominican Republic, Saint Lucia and Belize. It was also agreed that Richard Bernal of the CRNM should act as Principal Negotiator, while a College of Negotiators would undertake the technical discussions (CRNM 2004a). In addition, the negotiating strategy gave a central role to Caribbean Ambassadors in European capitals to persuade policy makers in the EU of the importance of Caribbean interests in the EPA negotiations (Jessop 2004a). It is hoped that a well-disciplined and integrated team of negotiators with a high level of expertise will be able to defend and effectively safeguard Caribbean interests in the EPA discussions. In addition, there is a belief that any tensions between the CRNM and CARICOM governments, as highlighted in the previous section, will be mitigated by the long-standing and specifically structured ACP-EU negotiating framework (see Grant 2000, pp. 481-486). As Bernal stated at the time of the agreement on the negotiating framework ‘the region’s Senior Officials and Trade Ministers must be credited for their commitment to and foresight in putting into place the most appropriate model for coordinating and providing technical oversight of very complex and multi-faceted issues to be negotiated’ (CRNM 2004b).

Despite the high hopes of a successful outcome the Caribbean have yet to appreciate fully the changed negotiating environment since the Single European Banana Market negotiations of the late 1980s and early 1990s. In particular, two crucial elements of the negotiating architecture that were present then, and which assisted the Caribbean to secure its trading interests have changed significantly: the unity of the ACP group and the pro-ACP majority within the institutions of the EU. In terms of ACP unity the importance of the group has been seen in numerous negotiations with the EC – the eventual regime for the Single European Market in Bananas was in large measure attributable to the solidarity of the ACP. Similarly, the negotiations surrounding the creation of the first Lomé Agreement bears testimony to the strength that can be derived from ACP unity. The cohesion gained with the creation of the ACP group was hard won, and has lasted 30 years. The institutional memory and way of operating for the ACP is a great asset, and the cost of losing it would be significant. However, there are concerns that the second region-specific phase of the EPA discussions will fragment the ACP group as the Caribbean is now negotiating with the EU on a bi-lateral basis, while parallel negotiations are also being conducted between the EU and West Africa, Central Africa, Eastern and Southern Africa, the Southern African Development Community and the Pacific. Although ACP Secretary-General Sir John Kaputin has highlighted the importance of unity and solidarity across the ACP regions, there is a real possibility that each negotiating sub-region of the ACP will follow different paths, thus undermining the strength and coherence of the group. This could have detrimental effects on negotiating outcomes for the ACP sub-regions, especially for the Caribbean that has limited human and financial resource capacity.

The fragmentation of the ACP group could work against the Caribbean in the EPA negotiations that are proceeding, but perhaps the greatest challenge for the region is to establish a strong voice within the newly enlarged EU consisting of 25 member states. In the first part of the article, it was argued that the Caribbean suc-
cessfully secured its banana trading interests by exploiting a range of avenues of influence within the EU, including the European Commission, the Council of Ministers and the European Parliament. All three institutions are very important when decisions are made at the EU level, and in the banana case the Caribbean managed to develop powerful coalitions in support of its position. Since the Single European Market in Bananas was established in early 1993 the EU has undergone a process of enlargement on two occasions. The first in 1995 involving Austria, Finland and Sweden made life more difficult for Caribbean banana interests, both diplomatically and in relation to an expanded EU market. Nevertheless, there was still sufficient support in the Union for Caribbean interests to be maintained. This was until of course the WTO became involved in the issue, and through its enforceable dispute settlement mechanism gave the EU little choice but to change its banana import rules. Within such an environment the EU enlargement that took place at the beginning of May 2004 is potentially extremely damaging to the Caribbean’s remaining commodity and wider trading interests.

The EU now includes ten new states, eight of which, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia, have little interest in the Caribbean. The remaining two new entrants, Malta and Cyprus, do have a pre-existing relationship with the Caribbean via the Commonwealth Secretariat’s work with small states. However, any contribution Malta and Cyprus are likely to make will be outweighed largely by the influence of the sizeable group of new members from Central and Eastern Europe. In addition, the new member states have relatively high levels of poverty with wage levels and living standards far below the levels present in the states that were EU members prior to the 2004 enlargement. Cyprus and Malta apart, the new members have an average income per head of only 23 per cent of the EU average in 2001 (The Economist 2004). The relative poverty of the accession states from Central and Eastern Europe has meant that they have been conditioned to receive aid rather than to give it. As a consequence, there is little sympathy for, or understanding of, the plight of countries in the Caribbean. This lack of interest will now be felt in all aspects of EU activity and decision-making. Under the Treaty of Nice each new member state has a presence in the Council of Ministers, the European Parliament, and the other institutions of the EU. Poland has the largest voice due to the size of its population, while collectively the new member states have just over one quarter of the votes in the Council of Ministers. Therefore, as opposed to the situation in the early 1990s, there is now a majority of EU member states who have no historical ties to the ACP countries whatsoever, meaning that the balance within all European institutions has now shifted away from the ACP towards other geo-strategic interests, such as Russia to the East, and the Balkan states to the South. Indeed, this trend will continue with the likely accession of Romania and Bulgaria into the EU in 2007. As has been suggested ‘the Europe that the Caribbean has grown up with will cease. In its place will be a Union with a radically different relationship to the Caribbean and other relatively marginal regions of the world’ (Jessop 2004b).

An early practical indication of the kind of changes that will be seen in the EU came on 1 May 2004 when the European Commission introduced an additional banana quota of 300 000 tonnes to supply the market in the new member states for the period May-December 2004 (European Commission 2004). There was a con-
cern on the part of Caribbean banana exporters that as the new member states have historically got their bananas from cheaper dollar sources, the quota change would undermine the stability of the EU market and threaten the viability of Caribbean banana exports to the EU, particular if prices fell (Caribbean Banana Exporters’ Association 2004). The pressure on Caribbean banana interests increased further in late October 2004 when the European Commission opened negotiations to move to a tariff-only banana import system by 2006, which was part of the deal struck in 2001 between the US and the EU to end their trade war. The Commission as a compromise between consumers, producers and trading partners suggested a tariff level of 230 euros per tonne for ‘dollar’ banana imports (Caribbean Insight 2004). However, this figure failed to satisfy a number of the interested parties, and also highlighted a growing rift between the ACP group over the banana issue. The West African producers and the Jamaican government made clear that they could accept the Commission’s proposal, while the governments of the Windward Islands claimed that only a tariff of 300 euros per tonne would be sufficient to protect their banana industries. The divisions amongst the ACP group together with the lack of unity in the dollar banana camp over the issue mean that the accession states will play a particularly important role in the eventual determination of an agreed tariff level. And as Arnhim Eustace, the opposition leader in St Vincent and the Grenadines and former chairman of the Windward Islands Banana Development and Exporting Company has argued, ‘Given the voting system that is in place [in the EU] you now have additional members who have really no interest in Caribbean bananas and who are likely to take a position that is not consistent with what we in the Caribbean would like to see’ (Caribbean Media Corporation 2004a). Indeed, the new member states will have an important effect on a wide range of Caribbean political and economic interests, and this must be recognised by the region. In addition, the Caribbean should appreciate that the nature of policy making within an EU of 25 will be more unpredictable, with serious consequences for political outcomes. However, Caribbean governments do not seem to be altogether prepared for the challenges that lay ahead.

Although the process of EU enlargement begun in 1998, its significance has been largely ignored by the Caribbean. There has only been minimal contact between Caribbean governments and business, and the new member states. While few attempts have been made on the part of the Caribbean to fully understand how a newly enlarged EU will make decisions on issues that matter to the region. Grenada’s Prime Minister Keith Mitchell, for example, suggests that the region should adopt a ‘wait and see’ attitude to EU enlargement, arguing that ‘we don’t know’ what will happen (Caribbean Media Corporation 2004b). Representatives from the European Commission have attempted to reassure Caribbean states regarding the implications for them of EU enlargement. Ambassador Amos Tincani, head of delegation of the European Commission to Barbados and the Eastern Caribbean, stated the region should not worry, and that the ‘EU will help the Caribbean get ready for otherwise unstoppable trade liberalization’. However, and perhaps crucially, Tincani continued ‘The long-term implications [of EU enlargement] will much depend on the capacity of Caribbean countries to clearly convey their policy aspirations and concerns…’ (Caribbean Media Corporation 2004c). There is only limited evidence to suggest that the Caribbean has begun to do this.
A separate issue that has ramifications for Caribbean-EU relations is the recent re-positioning of the development brief within European Commission and Council structures. In 1999 plans were put in motion to fundamentally restructure the Commission, which included the downgrading of the Directorate General (DG) for Development. The Development DG, which had a pivotal role in the banana negotiations of the early 1990s, lost its responsibility for ACP trade policy. The Trade Commissioner now oversees all trade matters, and there are concerns that the important historical link between trade and development has been broken. With these issues now being considered in separate DGs it is likely that there will be less coherence between development and trade, and that EU development objectives will be displaced by the Union’s foreign policy priorities. As an ACP official observed ‘the re-organisation of the Commission services … appears to reflect a “withering away” of the concept of development, both ideologically and institutionally, in the EU. The EU’s external priorities seem to be shifting towards broader foreign and security policy objectives and trade concerns while development policy is being reduced to the “technical” management of aid flows’ (Lehtinen 2001, p. 5). A parallel institutional reform was undertaken in 2002 when the Development Council, the ministerial forum for discussion and decision-making on EU development policy, was abolished. Under the new arrangements development issues are considered within the framework of the ‘External Relations’ session of the General Affairs and External Relations Council (The Courier 2002). As with the downgrading of development issues within the Commission, there are concerns that the scrapping of the Development Council will reduce the EU’s interest in the area, with consequential effects for the ACP Caribbean and indeed all developing countries. Caribbean states must readjust their relationships with the institutions of the EU in order to accommodate the changed structure and operation of the organisation. If this is not done the region’s influence in Europe will further diminish.

It is apparent that Caribbean governments and business have much to do in order to persuade the new EU member states of the importance of their interests and agenda. However, the situation has become even more complicated for the Caribbean with wide-ranging policy reviews being undertaken in a number of EU member states that have traditionally had close ties with the region. The UK, France, Spain and the Netherlands are all re-defining their national interests when it comes to foreign policy, and there are some worrying developments for the Caribbean. In order to illustrate the changes that are being undertaken at member state level the UK is considered – a country regarded as the Commonwealth Caribbean’s greatest ‘friend’ during the banana debates of the early 1990s, and indeed in trade related issues more generally. The impetus for change within the context of the UK came in December 2003 with the publication of a ten-year Foreign and Commonwealth Office (FCO) strategy paper that set out the priorities for future foreign policy (FCO 2003).

The FCO strategy attempts to re-align the UK government’s foreign policy agenda to address the international environment created after the 11 September 2001 terrorist attacks on the USA, and via the continuing process of globalisation. As a consequence a number of key priorities were highlighted including security, weapons proliferation, terrorism, drug trafficking, and the guaranteeing of UK energy supplies. In order to do this a number of geographical regions will be priori-
tised, in particular the Middle East and Africa. Further, the FCO paper called for the UK to strengthen a number of key relationships including with the United Nations, the US and the EU, as well as to develop stronger links with countries such as Russia, China, Japan and India. The Caribbean region was almost completely ignored within the document, with the only specific reference being made to Jamaica and the need to address the problem of drug smuggling (FCO 2003, p. 33). Indeed, it seems that UK policy towards the Caribbean will be focused primarily on issues relating to security and law enforcement.

In addition the FCO strategy document indicated that there would be a general downgrading of geographical concerns and a greater concentration on cross cutting issues. Therefore the Caribbean can no longer depend on the UK government to maintain a specific interest in the region. The region must attempt to influence UK government thinking on cross cutting issues such as security and law enforcement in order for its voice to be heard. This scenario is potentially much more problematic as on these issues the Caribbean will be in competition with other regions of the world that might have higher strategic importance for the UK. Unless the Caribbean can find new ways of projecting its concerns it is likely that its views will be marginalised significantly within the context of the new FCO strategy. The effects of the strategy are also being felt in terms of the structure of the FCO itself. The FCO has undergone quite radical reform so that the organisation can best meet the new priorities set out in the strategy document. The formerly autonomous Caribbean Team has been merged with the Latin America Team, with a reduction in the number of officials dealing with the Commonwealth Caribbean in London, and a downgrading of UK diplomatic representation in the Caribbean itself. In addition, the resources available within the FCO budget specifically for the Caribbean has been reduced, with more money now available for the cross cutting issues mentioned above. The effects of the FCO strategy are now being seen, and the Caribbean needs to appreciate the significant changes that are taking place within UK foreign policy.

Although the UK-Caribbean relationship is undergoing radical change, formal links still remain between the two countries. This was illustrated most recently at the fourth biannual UK/Caribbean Forum involving ministers and officials, where issues such as security, development, trade, tourism, and HIV/AIDS were discussed (UK/Caribbean Forum 2004). The Forum is a unique event by international standards, and is a useful opportunity to discuss a range of mutually important issues. However, even within the confines of this event the problems facing the relationship were apparent. Although the UK promised to help promote Caribbean interests in international forums when it could, it was clear that the UK felt that Caribbean countries needed to be much more proactive in promoting their own interests, particularly elsewhere in Europe. In addition, the UK government made it clear that the previous economic certainties that have underpinned many Caribbean economies must end. At the Forum UK ministers argued that there had to be a balance between the interests of the Caribbean, global development, and UK consumers with regard to the banana, rice and sugar commodity arrangements. It was clear from the exchanges at the meeting that the interests of consumers will eventually predominate. Within the context of the EU, where a range of trade related decisions are made, the UK’s present attitude to preferential trade arrangements will
have very serious ramifications for the continued viability of the three commodity export industries in the Caribbean. However, in many ways the overall nature of international trade away from non-reciprocal preferences has already been defined by the rulings emanating from the WTO. On the Caribbean’s part it was clear from discussions at the UK/Caribbean Forum that the region has not recognised fully the shifting position of the UK on trade issues (and for that matter the EU) and has failed to appreciate that the agenda has moved on. There was little indication at the Forum that the Caribbean has developed a set of policies that will deal with the realities of international trade, the end of EU preferences for agricultural exports, and the need for a transition to alternative industries. Without new thinking the region will be unable to influence the UK or indeed other members of the EU when future trade discussions are undertaken.

Conclusion

It can be argued that the ACP and particularly the Caribbean banana interests were highly effective in their lobbying efforts within the EU in the late 1980s and early 1990s. The advantage of being familiar with European institutions allowed those interests that wanted preferential access to be sustained in the new regime. In addition, the role of a number of member states, particularly the UK, and various EU Commission officials and parliamentarians in defending the ACP position was highly significant. However, even though the Caribbean was able to safeguard its interests prior to the creation of the single market in bananas, the period after the single market’s enactment saw a series of challenges against the EU’s banana regime that fundamentally undermined the region’s position. The creation of the WTO Dispute Settlement Process meant that Caribbean countries became only peripheral players in defending a regime that they had so successfully lobbied for just a few years previously. Rather, the EU was obligated to meet the legal requirements stipulated under WTO law. The institutional nature of the present international trading environment supersedes national and regional commitments to retain long term trading relationships. There is now a new level of arbitration, in the form of the WTO, which marginalizes Caribbean interests.

The wider importance of the banana trade dispute can be seen with the whole basis of EU trade now shaped by the rulings of the WTO and the consolidation of trade liberalisation and globalisation. Similarly, those EU member states, including the UK, that were generally supportive of the Caribbean’s non-reciprocal trade preferences have shifted their economic policies more completely towards trade liberalisation and WTO compatibility, while downgrading the importance of the Caribbean in their geo-strategic thinking. In addition, the recent enlargement of the EU to incorporate ten new states, primarily from Central and Eastern Europe, who have little or no interest in Caribbean matters, has magnified further the policy changes that are taking place. The challenge for the Caribbean is to recognise the altered diplomatic and policy-making environment, and to develop new thinking in order that the region’s particular interests are not ignored on the international stage. The article has highlighted that Caribbean states are in a strategically weak position with their limited human and financial resources to defend their interests internationally, regionally and nationally. In addition, Caribbean countries have still to
appreciate fully the challenges that must be confronted now in order that their interests are safeguarded in the future. This is particularly true within the context of the Caribbean’s relationship with the UK and the enlarged EU.

In these circumstances the Caribbean must improve its responsiveness to the political and economic hurdles that lie ahead. In particular the Caribbean must accept that the age of preference is over, and accelerate the process of retraining and redeploying the workforce, restructuring the sources of government revenue, and investing in alternative industries. In addition, the members of CARICOM must move forward quickly with regional integration. An economically integrated CARICOM will strengthen the region’s voice on the international stage. However, the interests of national governments cannot be excluded and a mechanism needs to be found to coordinate national and regional interests to minimise tension and suspicion between and within the two levels. Further the Caribbean can strengthen its role at the WTO though (i) increasing policy coordination and information exchange between regional capitals, national officials in Geneva and the CRNM; (ii) developing country and/or cross-issue coalitions to pool knowledge and resources, and to increase legitimacy; and (iii) realising that a positive agenda (e.g. promoting special and differential trade treatment for vulnerable developing economies) is necessary to establish credibility in the organisation. Another measure to maximise the effectiveness and efficiency of Caribbean diplomacy, would be the reform of the region’s overseas missions both in terms of their location and structure. Within the context of the EU the Caribbean must engage pro-actively with the new members of the EU, so to understand how an organisation of 25 will make policy decisions on issues that are relevant to the region. Finally, the region needs to recognize that it can no longer automatically depend on long-standing European allies, such as the UK, for political and economic support. The realities of the changed environment must be recognised, and a more focused strategy enacted to deal with cross cutting priorities such as security and law enforcement as identified in the recent FCO document. The action required by the Caribbean to improve its international negotiating position is substantive, and further reforms must be undertaken if the region has any chance of defending its ever-narrowing trading interests.

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Note

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List of people interviewed

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Alexia Davison, DG Development, Unit A4, European Commission, Brussels, Belgium.
Carl B. Greenidge, Deputy Secretary General of the African, Caribbean and Pacific States Secretariat, Brussels, Belgium.
H. E. Edwin Laurent, Ambassador, Embassies of the Eastern Caribbean States and Missions to the European Communities, Brussels, Belgium.
Junior Lodge, Jamaica Marketing Company, London, UK.
Gordon Myers, European Representative, Caribbean Banana Exporters Association, London, UK.
Claire Wenner, EuroPA, Political Lobbyist, Peterborough, UK.

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