THE TREATY OF BASSETERRE & OECS ECONOMIC UNION

Introduction

This paper reviews the Treaty of Basseterre in the context of an economic union of the OECS and is divided into three sections. The first analyses the Treaty of Basseterre explaining the origins, rationale and nature of the Treaty. The second section outlines the implications of an economic union and examines whether the present provisions of the Treaty can form the basis for the establishment of an economic union. The third section makes recommendations on the Treaty arrangements necessary for the establishment of an economic union among OECS Members States, taking into account the Basseterre Treaty. It also contains a note on how the OECS can effect a harmonized approach to international trade issues.

I

THE TREATY OF BASSETERRE: ORIGINS & RATIONALE

The Treaty of Basseterre establishing the OECS, grew out of the need by the then non-independent Eastern Caribbean Islands, at the time members of a regional grouping called the WISA Council of Ministers, to establish an arrangement in which they could cooperate in external affairs representation after independence, given their limited human and financial resources. Indeed, the Treaty itself was based on a report on joint overseas representation for the islands after independence. The Treaty of Basseterre therefore places considerable emphasis on the coordination of foreign policy by the member states of the OECS.

In listing the objectives of the organization, the Treaty gives primacy to cooperation in the international relations of its member states. Article 3.1 states that: the major purposes of the organization shall be:

(a) to promote co-operation among the Member States and at the regional and international levels having due regard to the Treaty establishing the Caribbean Community and the Charter of the United Nations;

(b) to promote unity and solidarity among the Member States and to defend their sovereignty, territorial integrity and independence;
to assist the Member States in the realisation of their obligations and responsibilities to the international community with due regard to the role of international law as a standard of conduct in their relationship;

(d) to seek to achieve the fullest possible harmonisation of foreign policy among the Member States; to seek to adopt, as far as possible, common positions on international issues and to establish and maintain wherever possible, arrangements for joint overseas representation and/or common services;

(e) to promote economic integration among the Member States through the provisions of the Agreement Establishing the East Caribbean Common Market; and

(f) to pursue the said purposes through its respective institutions by discussion of questions of common concern and by agreement and common action.

Further in Article 3 (2), where the member states are “to endeavour to coordinate, harmonise and pursue joint policies”, the first three fields listed for such action are:

(a) External Relations including overseas representation;

(b) International Trade Agreements and other External Economic Relations;

(c) Financial and Technical Assistance from external sources.

The Treaty continues this emphasis on foreign policy cooperation by devoting a separate article to “coordination and harmonisation of foreign policy” in Article 11. Of the 15 fields listed in Article 3.2 of the Treaty for the pursuit of joint policies by the organization, foreign policy is the only one which is given such further detailed treatment. Of course, this takes into account the fact that separate institutional arrangements were already in place for currency and central banking and the Judiciary as well as economic integration. Article 11 however is reflective of the genesis of the idea for the new organization for it deals with the establishment and maintenance of arrangements for joint overseas representation by the member states.

The foreign policy thrust of the Treaty is finally underpinned in the Institutions which the Treaty sets up for the organization. The Treaty lists five principal institutions through which the organisation will accomplish its functions. The major one is of course, “The Authority of Heads of Government of the Member States”. The second listed institution is “The Foreign Affairs Committee”, consisting of the Ministers responsible for Foreign Affairs in the Governments of the Member States and with responsibility “for the progressive development of the foreign policy of the organisation”.

Although foreign policy coordination and harmonization seems to be at the heart of the OECS Treaty, it nevertheless gave an important place to functional cooperation. The
OECS was formed from an organization which had enjoyed up to that point, a relatively successful history of functional cooperation among its members in some technical fields and cooperation on some political issues. Indeed the desire to continue and to strengthen these functional cooperation activities is dominant in the preamble to the Treaty. Further in Article 3.2, where the Member States agree to “endeavour to coordinate, harmonize and pursue joint policies”, the Treaty includes those policy areas where functional cooperation was then existent– i.e “Civil Aviation, the Judiciary, Currency and Central Banking, Tertiary Education including the University” and those new areas where it hoped such cooperation would begin: audit, statistics; income tax administration, customs and excise administration; training in Public Administration and management; scientific technical and cultural cooperation, mutual defence and security.

The Treaty also took account of the history of economic integration among the member states. In Article 3.2 (f) the Member States agreed to “endeavour to coordinate, harmonise and pursue joint policies in the field of Economic integration among the Member States through the provisions of the Agreement Establishing the East Caribbean Common Market.” When the OECS was formed, the member states had already been involved in an economic integration scheme called the East Caribbean Common Market – the ECCM. The ECCM had been formed in 1968, one year after the coming into being of the WISA Council. While membership of ECCM was the same as that of the WISA council, the two organizations operated as separate entities. Each had its own Secretariat - the WISA Council Secretariat was located in St Lucia and the ECCM Secretariat was based in Antigua. The ECCM was administered by a Council of Ministers - The Trade Ministers of the countries – and while their decisions would ultimately be ratified by their Heads of government, the latter did so, not through the collective mechanism of the WISA Council, but in their individual capacities as heads of their island administrations.

The OECS Treaty rationalised this structure – It incorporated the ECCM Agreement and so created a single organization for functional and political cooperation and economic integration among the states of the Eastern Caribbean. The Council of Ministers of the ECCM became the Economic Affairs Committee of the OECS – the fourth of its principal institutions – as the Treaty assigned to the Committee, the functions which had been entrusted to the Council of Ministers under the Agreement of 11\textsuperscript{th} June, 1968 establishing the East Caribbean Common Market. At the same time, the ECCM Secretariat became the Economic Affairs division of the OECS Secretariat. The Treaty therefore essentially formalised and gave institutional expression to the informal and other aspects of the integration experience of the Eastern Caribbean States.

Although the OECS was formed from an organization, which had emerged from the failed attempt at Federation of the West Indies, and although that organization – the West Indies Associated States Council of Ministers (WISA council) - had lasted for fourteen years, the OECS Treaty did not explicitly call for a deeper union or closer integration of its members. It did not declare any bold vision of a political or economic union as an ultimate goal. Instead Article 3.1 (b) states that the second major purpose of the organization is simply “to promote unity and solidarity among the member states and to defend their sovereignty, integrity and independence”. However, by its call for the
pursuit of harmonised and joint policies in the field of economic integration and by incorporating the ECCM Agreement, the Treaty does advance the possibility of closer union and of moving towards a deeper form of integration among its members.

The opening preambular paragraph of the ECCM Agreement discloses the determination of its members “to establish the foundation of a closer union among the peoples of the East Caribbean.” In Article 3 it therefore laid out some principles, which if fully implemented, would have certainly laid the foundation for the closer union announced in the preamble. These included the establishment of a common customs tariff, the “abolition between member states, of the obstacles to the free movement of persons, services and capital” (3.c), harmonized investment and development policies, a common agricultural development policy, and coordinated currency and financial policies.

By the time the OECS Treaty came into being in 1981, the majority of these principles of the Common Market had not been put in place although the ECCM Agreement had come into force thirteen years before and some of the principles were to have been implemented within three years of the signing of the Agreement. The establishment of the OECS did not lead to a renewed focus on these principles. The OECS Treaty was seen as, and in fact turned out to be, primarily a vehicle through which the member states were formalizing and quietly continuing that fourteen year process of regional integration which, during that time, had largely been concerned with functional cooperation in some fields of government that had not been very politically salient. The Treaty essentially brought into the picture – a new area of cooperation – foreign policy, specifically joint overseas representation. The Treaty was not however conceived as a foundation or a platform for building a deeper form of union- either political or economic – and so did not commit its member states to achieving such a union in time. However the economic integration dimension of the Treaty – the ECCM Agreement – does contain elements that can be utilised in constructing such a union. Whether an economic union can emerge from the Treaty in its present form partly depends on the implications of economic union.

II

THE IMPLICATIONS OF AN ECONOMIC UNION

An economic union transforms a common market into a single economic space by ensuring that all “all legal and administrative impediments to the most efficient allocation of factors of production (with the obvious exception of land) and the fruits of production within this economic space are removed.” (Progress Report 1 on the OECS Economic Union Project, pg1). An economic union of OECS member states will create a unified economic territory out of the separate economic entities that constitute the OECS. Consequently with an OECS economic Union, in addition to the application of the common external tariff by the members, there will be:

1. **Free Movement of Labour:** Nationals of the member states will be able to move to work and live freely in any member state of the
union.

2. **Free Movement of goods and trade in services**: Goods produced in the union will be without trade and other such restrictions. These restrictions – quantitative, etc – will be completely dismantled for goods originating from the union. Nationals of participating states will be able to process and receive services in any state.

3. **Free Movement of capital**: Restrictions on the movement of capital within the union will also be totally eliminated. This will mean that the non-applicability to nationals of the participating states of legislation like Aliens Lands Holding Licenses and Regulations, double taxation and that confining certain economic activities to nationals of these states.

**Other consequences of an economic union are:**

**Harmonized Fiscal and Monetary Policy**

A common currency and harmonized fiscal and monetary policies among the participating states of an economic union are seen as strengthening the union.

**Governance of the Union**

The most critical implication of an economic union is that it will require a single legal/political authority to govern the new single economic space. It is simply logical that several different authorities, with different rules and goals, cannot govern a single economic space. That would be chaotic. By its very nature therefore, an economic union implies that those countries joining the union must establish a supranational entity to legislate and administer the laws that will govern the union. This is why it is generally accepted that an economic union cannot exist without a very high degree of political cooperation or some form of political union among the participating states of the union.

**The OECS Treaty and an Economic Union**

Does the OECS Treaty provide the basis for an economic union in its present form or should it be modified to enable it to do so? Let us start by examining whether the economic integration aspect of the Treaty addresses any of the essential elements of an economic union.

**Free Movement of Labour, Goods, Services and Capital**

The Treaty provides for these essential elements of an economic union by calling in Article 3 of the ECCM Agreement for “the abolition, as between member states, of the obstacles to the free movement of persons, services and capital”. However the conditions under which these were to be achieved dilute the strength of the provision and made for
weak implementation in certain areas. For example on the free movement of persons, it called for members to submit within three years proposals for the phrased removal of the obstacles. It did not specify a time frame for the introduction of free movement of persons. It is also silent on when and how the obstacles to free circulation of services was to be achieved.

On the other hand, it is quite strong on the removal of the restrictions on the movement of capital; these were to be abolished “immediately” upon the coming force of the agreement, while there was to be a common policy on the movement of capital between member states and elsewhere. However, the removal of restrictions on capital movement only began recently.

The Treaty of course provided for the free movement of goods and for a common customs tariff “in such time not exceeding three years”. Eventually, and many years past the three year time limit, an ECCM CET was adopted but that soon gave way to the CET of Caricom as the larger integration scheme began to overtake the sub regional arrangements.

Monetary Integration

Recognising that a common currency already existed among the member states, the ECCM Agreement does not pay detailed attention to monetary integration, simply agreeing “to review the monetary and financial situation of individual member states as well as the general payment system of member states as a group”. The 1981 Treaty itself went further by identifying currency and central banking as one of the areas where Member States were to “endeavour to coordinate harmonise and pursue joint policies”. However the OECS Treaty does not elaborate on how this is to be achieved, again seemingly in deference to the independently operating common currency and central banking arrangements between the members.
Macro Economic Policy Harmonization

The ECCM Agreement contains far-reaching proposals for macroeconomic policy harmonization. Member States were to work to the “progressive harmonization of development, investment, industrial policies and fiscal policies”. There was to be the adoption of “a common agricultural policy within two years” and within three years, a common transport policy with “common rules governing the operation and development of inter territorial transport within the market area”. But as with the “free movement” provisions these are yet to be properly implemented. There is no common transport and agricultural policy, an industrial allocation scheme was contentious and short lived and the “common policy towards development planning with its ultimate objective the co-ordination of development plans” is still an objective.

Governance Structure

The Treaty puts the administration of the organization in five institutions – the Authority of Heads of Government, the Foreign Affairs, Defence and Security, and Economic Affairs Committees and the Central Secretariat. Under the Treaty, decisions of the Authority of Heads of Government and the four ministerial committees of the organization are “binding on all member states” and in the case of the Authority “effect shall be given to any such decisions provided that it is within the sovereign competence of all member states to implement them”.

While decisions are binding, the fact that they are not and have not always been carried out, points to the lack of enforcement mechanisms within the treaty that would ensure that these decisions are implemented. For example there was no attempt to ensure the “immediate” abolition of restrictions on the movement of capital between members as the ECCM Agreement stipulated. More tellingly, foreign policy harmonisation was the cornerstone of the 1981 Treaty, but foreign policy co-ordination has been quite limited and the Foreign Affairs Committee has hardly functioned. The Treaty has an institutional structure that can be utilised in an economic union but it does not now have the power to govern such a union. The OECS is basically an inter-governmental organization with collective decision-making ability, but without the force to give authority to its decisions.

SUMMARY

The OECS Treaty, both through its ECCM Agreement and in the main body of the Treaty, does contain elements and provisions through which an economic union can be fashioned. It would perhaps be more correct to say that the Treaty contains features that
bear some similarity to the basic elements of an economic union. However, they are not tailored specifically for the creation and sustenance of an economic union. In order therefore to give effect to the decision to establish an economic union, the Treaty would have to be amended to put in place the precise features and conditions that would support such a union.

A second approach would be to create a new treaty on closer union, containing all that is required for the formation of an economic union as well as for closer integration in other policy areas. That new treaty would essentially replace the OECS Treaty, in the same way that the OECS Treaty itself superseded the WISA Council arrangements.

III

APPROACHES TO AN ECONOMIC UNION

1. Amending the Basseterre Treaty

The first approach to framing treaty requirements to support an economic union is to amend that section of the Treaty of Basseterre dealing with economic integration. Therefore, Article 3.2(f) of the Treaty as well as the ECCM Agreement, which is incorporated in the Treaty, would be amended to clearly proclaim that the member states are establishing an economic union. The amendment would specify the objectives and elements of the union and how and when it would be established. The Agreement for the ECCM would therefore be supplemented by an Agreement for an Eastern Caribbean Economic Union. This would however entail revising the majority of the Articles and provisions of the ECCM Agreement, but in particular Articles 2, 3, 12, 13, 14, 15.

2. A New Treaty of Union

The case for the second approach of a new treaty to replace the Treaty of Basseterre arises both out of the ramifications of an economic union as well as the limitations that are apparent in the Treaty of Basseterre.

The establishment of an economic union among nation states represents a fundamental change in their political and economic relationships. As we have seen, it is such a deep form of economic integration that a successful economic union virtually means some form of political union between the participating states, because of the kind of unified authority necessary to govern the union. The Treaty of Basseterre does not give its institutions the power to effectively govern that type of union. In addition, some aspects of the elements required for an economic union are contained in different sectors of the Eastern Caribbean integration process – for example, in the ECCM Agreement, in the ECCB
Agreement, but they are not all tied to one vehicle for integration. Further amending the 1981 economic integration provision of the Basseterre Treaty – i.e the ECCM Agreement - to make it specific to an economic union may involve such a substantial revision of the Agreement, that it may well be more beneficial to frame an entirely new treaty of economic union.

By agreeing to establish an economic union, the Heads of Government of the OECS member states, acknowledged that they were moving the relations between their states to a new plane – a higher form of integration than hitherto, that would bind their peoples in the closest form of association between their islands since 1962. Such a sea change in the integration movement virtually demands a new treaty. While we do not to subscribe to slavishly patterning the East Caribbean integration experience after that of the European states, it should be noted that on every occasion when the European states took action to transform their integration movement, it was done through a new treaty or act of co-operation that replaced or built on what obtained before – from the 1951 Treaty establishing the European Coal and Steel Community (ECSC) to the 1957 Treaties of Rome establishing the two European Communities (EEC and Euratom) to the 1992 Treaty of Maastricht on European Union.

A new treaty would place economic union as part of arrangements for a closer union of the member states and make the formation of that closer union the main objective of the Treaty. Therefore, in the same way that the main purpose of the 1981 Treaty of Basseterre was cooperation among member states in their international relations, this new Treaty would embrace a broader vision of the relations between the states and establish a framework for a union covering the economic and functional relations between them as well as their policies towards the outside world. It would be a comprehensive Treaty, encompassing all the policy areas in which they agree to deepen their relations so as to form an ever-closer union. It would then incorporate all the elements necessary to construct such a union and provide the mechanisms to ensure implementation of the activities necessary to bring about and maintain the union.

**Principles of a New Treaty**

The objective of a new treaty would be to establish a union of the East Caribbean States – or an ever-closer union among the peoples and governments of the East Caribbean States. The Union would provide the member states with an instrument through which they could undertake certain governmental functions, which if they are to be successfully performed, must be carried out by the states acting in unison, rather than by each individual island state. It is recommended that the Union have competence in the following areas:

a. A single market in which there is free movement of persons, goods, services and capital.
b. Monetary policy and Central Banking – the ECCB Agreement to be included in the treaty.
c. Foreign Affairs and Foreign Trade.
d. Civil Aviation and International Transport.
e. Development Planning.
f. International Telecommunications.
g. Legal Affairs and the Judiciary – the treaty will include the agreement for the Eastern Caribbean Supreme Court.
h. Defence, Security and Immigration.
3. Governance of the Economic Union

The key element to consider in establishing the economic union is the structure for the governance of the union, whether the union is formed through an amended Basseterre Treaty and ECCM Agreement or as part of a new Treaty of a Union of Eastern Caribbean States. As we have seen the great weakness, in the structure of the Eastern Caribbean integration scheme, as well as in that of the integration movement at the wider Commonwealth Caribbean level, is that there are no mechanisms to ensure implementation of the provisions of the integration treaties. Even though the OECS Treaty says that the decisions of the Authority and its committees are binding on all members, the member states have not acted as if they were bound by these decisions nor is there any way of making them do so.

Consequently, the basic requirement for the effective governance of the economic union, is for the Treaty to give to its governing institutions full executive authority to formulate, legislative and implement policy for the areas of government that are in the scope of the union. The Treaty must therefore provide for the decisions of the institutions of the union to have automatic legislative and binding effect in the participating states. In other words, once adopted by the institutions of the Union those decisions will have the force of law in each state. Member states would therefore have to enact domestic legislation accepting that the provisions of the union treaty have legislative authority in the States. The decisions of the institution must also be on the basis of majority voting.

Institutions of Governance: Amended Treaty

In an amended Basseterre Treaty, the main institution for the governance of the economic union will be the Economic Affairs Council – made up of the ministers of economic affairs of each state. The Economic Affairs Committee of the OECS can become the Council. That Economic Affairs Council will have full powers to formulate, legislate and execute policy for the economic union. The member states would in essence, cede to the Economic Affairs Council, the responsibility for legislating and administering the economic union – the single economic space - in the same way that the Monetary Council of the ECCB manages the Eastern Caribbean Currency union.

Institutions of Governance: New Treaty

In a new Treaty of union the institutions for the governance of the union would be a Council of Heads of Government of the Member States of the Union (The present Authority of the OECS) along with Councils of Ministers for the areas that have been allotted to the union. The members of the Councils of Ministers will be those Ministers who have responsibility for the relevant functions of Government in their national administrations. These Councils would have full executive and legislative authority for their areas of competence.
4. Administrative Arrangements:

Establishing an economic union among OECS member states will necessitate changes in the administrative organization of the OECS Secretariat. If the economic union is to be formed through an amendment of the Basseterre Treaty, then the Secretariat should consider the creation of an administrative bureau for the union – a unit or division whose sole responsibility would be to work towards the establishment of the union and on the relationship between the OECS and Caricom as a result of the Caricom Single Market and Economy.

If an economic union is formed through the second approach of adopting a new treaty of union to replace the Basseterre Treaty, then the OECS Secretariat would have to be reorganized to reflect the policy areas covered by the new treaty.

5. Financing the Economic Union

Whatever mechanism is currently being utilised to finance the OECS can also be used for an economic union, with appropriate adjustments for whatever additional costs the union may incur. However, it might be useful to first delineate the scope of an economic union - produce a draft agreement on economic union - and then undertake a study on the mechanisms for financing the union.

International Trade Issues and the OECS

From since the advent of globalization and the onset of the ethos of trade liberalization, international trade issues have been a major factor in current international relations. For developing countries like the OECS in particular, matters of foreign trade have become the central preoccupation of foreign policy. The rulings of the WTO, the drive by the European Union to forge new partnerships with ACP countries – partnership on less favourable terms than the old Lomé Convention, the efforts to establish an FTAA, have held dire consequences for Commonwealth Caribbean countries. One response to this onslaught has been for the Commonwealth Caribbean countries to adopt a joint approach to these challenges by negotiating their responses through the RNM, a process in which the OECS countries have been involved. It is recognised however that for OECS Member States to participate meaningfully in these arrangements and in their negotiations with their Caricom partners on Caricom’s single market initiatives, there must be substantial coordination of their positions prior to these discussions. It is imperative that OECS countries harmonize their approach to those international trade developments.

To achieve this, they must activate the mechanism for foreign policy coordination as outlined in the Basseterre Treaty. The OECS was established mainly to promote cooperation among the member states in their international relations. The member states were to seek to achieve the fullest possible harmonization of foreign policy and the organization’s Foreign Affairs Committee was charged with the responsibility of
progressively developing the foreign policy of the organization. But the Foreign Affairs Committee has scarcely functioned and there has been little attempt to develop a foreign policy for the organization. In the area of joint overseas representation which was the catalyst for the OECS, there has in fact been a regression. The long-standing joint diplomatic mission in London was disbanded in the late 1990’s and the countries all have separate diplomatic missions in London.

It is therefore recommended that steps be taken to convene, at the earliest opportunity, the Foreign Affairs Committee of the OECS so that it can meet regularly to coordinate the organization’s responses to international trade matters. The OECS has never really engaged in what was the raison d’etre of its creation and the main theme of the Treaty of Basseterre, “The fullest possible harmonisation of Foreign Policy” and in this way, it would begin to fulfil this responsibility.

CONCLUSIONS AND RECOMMENDATIONS

1. The Treaty of Basseterre

(a) The 1981 Treaty of Basseterre was conceived as primarily an instrument for foreign policy coordination and harmonization, in particular joint overseas representation among its Members States.

(b) It rationalised the institutional structure of integration among Eastern Caribbean States, by creating one organization for functional and political cooperation and economic integration in the sub region.

© The economic integration Section of the Treaty contains elements of an economic union, but the Agreement is not geared specifically towards an economic union.

2. Approaches to the Economic Union

(a) There are two approaches that can be adopted for the establishment of the economic union. The first is to amend the Treaty (the ECCM Agreement) to put in place the precise provisions and conditions for an economic union. A second approach is to create a completely new Treaty for a Union of Eastern Caribbean States, which would include arrangements for an economic union and for closer integration in other policy areas. This would replace the Treaty of Basseterre.

(b) The key element to consider in establishing the economic
union is the structure for the governance of the union, whether the union is formed through an amended Basseterre Treaty and ECCM Agreement or as part of a new Treaty of a Union of Eastern Caribbean States. The basic requirement for effective governance of the economic union, or for a broader Union, is for the Treaty to give its governing institutions full executive authority to formulate, legislate and implement policy for the functions of an economic union or for the areas of Government in a broader Union. The Treaty must consequently provide for the decisions of the institutions of the union to have automatic, legislative and binding effect in the participating states.

3. Amending the Treaty

Article 3.2 (f) of the Treaty as well as the ECCM Agreement, which is incorporated in the Treaty, should be amended to clearly indicate that the member states are establishing an economic union and not a common market. The Agreement for the ECCM would therefore be supplemented by an Agreement for an Eastern Caribbean Economic Union.

The main institution for the governance of the economic union will be the Economic Affairs Council – made up of the ministers of economic affairs of each state. The Economic Affairs Committee of the OECS can become the Council. That Economic Affairs Council will have full powers to formulate, legislate and execute policy for the economic union.

There should be a division of the Secretariat totally dedicated towards working for the establishment of the economic union, and on the OECS’s relationship with CARICOM.

4. Creating a new Treaty

The case for a new treaty to replace the Treaty of Basseterre arises both out of the ramifications of an economic union as well as the limitations that are apparent in the Treaty of Basseterre. A new treaty would place economic union as part of arrangements for a closer union of the member states and make the formation of that closer union the main objective of the Treaty. This new Treaty would embrace a broader vision of the relations between the states and establish a framework for a union covering the economic and functional relations between them as well as their policies towards the outside world.

In a new Treaty of union the institutions for the governance of the union would be a Council of Heads of Government of the Member States of the Union (The present Authority of the OECS) along with Councils of Ministers
for the areas that have been allotted to the union. These councils would have full executive and legislative authority for their areas of competence and decisions in the Councils would be by majority vote.

With a new treaty the OECS Secretariat should be reorganized to reflect the policy areas covered by the treaty.

5. Harmonized Policy for International Trade

The Foreign Affairs Committee of the Organization should be activated in order to harmonize the organization’s response to international trade issues.