

The View from Europe
By David Jessop

Systemic approach to export-led growth required

A few days ago, the United States Trade Representative's office informed the US Congress that it is planning to negotiate a Transatlantic Free Trade Agreement with the European Union. Although this is likely to prove politically and technically challenging – the EC hopes to complete negotiations by the end of 2014 – it serves again to emphasise how rapidly the world is changing.

It should also make clear to Caribbean governments and the private sector how much of a future struggle heavily indebted Caribbean economies, teetering on the edge of default, will have if they do not rapidly diversify their markets and deliver a strong export-led strategy for growth.

The announcement that the US and EU are now moving towards a transatlantic agreement coincided with the ending of a conference mounted by Caribbean Export in Barbados. The event was aimed at exploring why Caribbean governments and the private sector have failed to grow exports, despite this being recognised more than two decades ago as being central to the region's survival and independence, and what should now be done.

The one and a half day event brought together voices from across the region from the public and private sectors and academia. It focussed initially on why so little had happened since the West Indian Commission recommended in 1992 measures necessary for regional integration and growth.

In an eloquent presentation, Sir Shridath Ramphal, the Commission's former Chairman, lamented the fact that this manifesto for future generations had been sidelined. In the twenty two years since its completion, the failure to adopt its central recommendation to establish a CARICOM Commission that could implement political decisions had, he observed, led to a slow unravelling of the region, and a failure to bring about the economic and social development necessary to enable the Caribbean to compete in the world.

As with so many other Caribbean events, what followed from speaker after speaker was an acute analysis of the problems facing the region, and many recommendations as to what was needed to be done at a regional and national level by both the public and private sector. But, as is so often the case, this awareness was not matched by any conclusion, road map or practical agenda for change let alone an indication of who or which body might drive this process.

There was a consensus that the global landscape had changed. Despite this, Caribbean trade in goods and services remained stubbornly stuck with old partners such as Europe and the US; the region had developed no strategy as to how it was going to export to China, other fast growing markets, or even its neighbours in Central and South America.

The point was made that the Caribbean had spent much technical and political capital negotiating new trade agreements but this was not resulting in export led growth. Some put this down to the failure of governments to address supply-side constraints such as poor transport, the high price of energy, the absence of financing. Others suggested it resulted from the slow delivery of development assistance and the erosion of the Caribbean's preference as trading partners came to offer similar levels of access to those once available only to the region.

There was also an analysis of what was happening to the private sector including a stimulating afternoon of presentations of case studies from regional entrepreneurs who made very clear that by thinking differently, through branding, linking products to tourism, selling beyond traditional markets, using for instance virtual shops, and by developing other innovative and new ways of thinking about products or services, export growth and profit were achievable.

There were references too to big opportunities that the region's geographic location offered. Jamaica's Minister for Trade, Anthony Hylton, spoke about the Caribbean Sea as being an asset enabling new ideas. The widening of the Panama Canal offered the Caribbean, and Jamaica in particular, the chance to become a logistics hub, but the region, he noted, had to decide whether it was to be a victim or beneficiary of change.

In the end, however, what emerged was the sense that the region was letting external forces and actors determine its future by default and governments were retreating into single often unviable economic units.

There was, however, the sense that while all recognised the now desperate need for action and for private sector export led growth to turn Caribbean economies around, the private sector no longer had any regional vehicle that could make its voice heard. The absence from the meeting of larger regional companies seemed to point to changed thinking and a divide between their concerns and a region of micro-enterprises.

Larger Caribbean companies were now global in outlook or were sometimes foreign owned and less likely to participate in regional initiatives. Others, with strong consumer facing brands, were coming to accept the possibility of changing their regulatory and tax domicile in order to continue trading profitably from more business friendly locations, while continuing to leverage their Caribbean origins for growth.

Surprisingly at the meeting there was little if any reference to how other small nations like Mauritius have adapted and remained competitive, or to the lessons that might be learned; there was no recognition about how oil, gas and minerals may change the economic map of the Caribbean making countries like the Guyana, Suriname, French Guiana, the Bahamas and possibly Belize, nations at its edge, with Trinidad, its centre; and hardly anything was said about the difficult issue of how deepening trade and investment with larger neighbours such as the Dominican Republic or Central America might stimulate growth and new opportunity.

Above all, what the event made clear is that without a self-propelling body of like-minded private sector individuals from the big Caribbean companies, able to resource advocacy for change and put pressure on governments and external partners, there will be no systemic regional approach to export-led growth.

Exploring this and related ideas further is an important task that Caribbean Export might now usefully pursue.

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