The View from Europe
By David Jessop

The Caribbean’s location is its future

Until relatively recently, almost all Caribbean economic thinking has been focussed on the encouragement of investment onshore, with the emphasis on commodities, manufacturing, tourism, financial services and artisanal industries such as fisheries.

This has been, with some notable exceptions such as financial services, where immediate opportunity lay.

However, now that technology is changing rapidly, preference in trade is all but over, economic globalisation is a reality, and international trade is again growing after the setback of the 2007/8 global financial crisis, there is a pressing need to explore in a much broader way, leveraging the importance of the Caribbean’s physical location. So much so that the promotion of future opportunity in the Caribbean may lie not in advertising what is onshore but, in the broadest sense, creating international awareness of the external market opportunities that arise from its strategic location.

It is an approach that recognises the limitations of the Caribbean’s size, resource and geography, does not look back, accepts globalisation, and understands that there are practical limits to Caribbean notions of sovereignty. It pragmatically accepts that the Caribbean’s future role is as a facilitator for others, whether they be tourists, overseas investors or, for example, those who see the islands as a location for a business related to another part of the world, rather than foremost as a national opportunity in a domestic economy.

This is a message that much of the region’s private sector and particularly small island governments have yet to embrace. It is not necessarily attractive. It implies that the Caribbean economy of the future has to be more strategic in its global thinking, less protectionist and defensive, and become skills and knowledge based. It also requires governments to focus relentlessly on education at tertiary and higher levels, and to build skills for tomorrow that will enhance the region’s location at the maritime crossroads of the Americas.

It requires too a reversal in the way that most of us think about the Caribbean. It suggests looking outwards and a turn to face the sea. It argues for recognition that the largely unrealised potential that most Caribbean nations have to resolve their alarming economic problems lies in placing much greater emphasis on encouraging others into their physical location, or the seas that surround, in order to stimulate externally led future growth.

As is now well understood, the Caribbean commands access to the widened Panama Canal and is at a north-south, east-west intersection for international shipping. This offers the region multiple opportunities for the creation of transhipment ports linked to development zones for manufacturing, the assembly of finished items and other services for nations like China and Brazil, which are seeking new tariff-free ways to access markets in the Americas and Europe.

It is the Caribbean sea too that offers the potential to develop new ports and industries linked to the road and rail routes that may open up areas within Brazil and the Amazon Basin or help facilitate links across the Central American Isthmus to the Pacific; and which is the space that enables not just
the regional and international movement of goods and services – legal and illegal – but also provides the access that brings the largest number of visitors to the region, the cruise ships.

It is also the seas that surround the island Caribbean that provides the sought after environment that encourages and enables tourism, tourism investment and tourism led growth.

There is also, as this column has pointed out before, opportunity beneath the Caribbean Sea for others with advanced technologies to exploit.

Rapid progress in undersea technologies is facilitating a growing interest in moving gas and electricity between islands through pipelines and cabling in ways that may reduce energy costs for manufacturers and consumers in order to make the Caribbean more competitive in what it produces.

The technology to drill and recover oil and gas from huge depths now exists and potentially on or beneath the sea’s bed there lies great wealth in the form of minerals and possibly rare earths.

All of which is to say nothing of fisheries which for the most part remain a small scale artisan occupation or the realm of nations that sometimes illegally operate within Caribbean nation’s economic zones.

Despite this, there has been no holistic accounting or mapping of the economic and physical resource that exists within the Caribbean Basin’s economic zones or that may exist in the seas beyond.

Accepting that the Caribbean is at a global crossroads is not something the region is well prepared for as it carries with it new responsibilities and costs. Encouraging greater use of the Caribbean Sea will require national, regional and international consideration as it touches issues that include physical security, policing, the environment, food and energy security, sovereignty, defence, sea level change and issues from maritime security to the environmental interdependence of Caribbean eco- systems. It also encompasses changing inter-regional and geopolitical relationships if recovery of offshore oil or gas were to occur in the three Guianas, the Bahamas or Cuba.

As the Caribbean struggles to find new ways to generate growth and greater consideration is given to making use of the seas, there is strong case for reorienting thinking to recognise that it is the region’s location that represents the Caribbean’s future.

A few days ago in Barbados, in a form of recognition of the growing importance of the Caribbean Sea, a conference took place on maritime security.

Understandably, much of the focus was on the actions required to stem the flow of narcotics and guns through the region and the implications of the rapidly changing economic significance of the Caribbean as a transit point for goods and as a location for sources of energy.

However, reading some of the remarks made by those who spoke, it is clear that their enemies, the narcotics traffickers, have been the quickest to fully appreciate and exploit the strategic and economic potential of the Caribbean region’s location. It begs the question why it has taken so long for some Caribbean governments to do the same.

David Jessop is the Director of the Caribbean Council and can be contacted at david.jessop@caribbean-council.org