Theresa May’s plan for ‘A Global Britain’ creates opportunities for Central America and the Caribbean

Theresa May delivered two long-awaited speeches this week in which she set out the Conservative government’s plans to take Britain out of the European Union single market and the European Customs Union.

While governments in the Caribbean and Central America may have their sights trained on the White House during the week of Donald Trump’s inauguration, they should not overlook the significance of the Prime Minister’s statements on Brexit, as well as the recent visit of Baroness Anelay, UK Minister of State for the Commonwealth. Baroness Anelay concluded her visit to the Caribbean last week, pointing to the British government’s intention to “demonstrate to the Caribbean that the UK remains a firm friend.”

Theresa May’s speeches echoed this sentiment, reiterating Britain’s global ambitions and suggesting that the UK would look to “build relationships with old friends and new allies alike.” Her frequent allusions to Britain as an outward looking, internationally-engaged nation with an appetite for new Free Trade Agreements (FTAs) confirms that the UK will be ready to form FTAs with the Caribbean and Central America. The question, of course, is when.

Negotiating a new FTA with the UK will be a priority for CARICOM policymakers in particular going forward, as the UK remains the main export market for the majority of CARICOM states. Brexit presents a major opportunity for the Caribbean to secure a more advantageous trading relationship with the UK. Changes to immigration policy could also open the door to opportunities for certain categories of Caribbean citizen looking to come and work and do business in the UK.

In the short term, Caribbean countries which rely on the UK as a key export market will be watching the economic aftermath of these speeches closely. At the Davos World Economic Forum this week, JP Morgan Chase and HSBC alluded to the possibility of moving personnel and operations to alternative European headquarters. These statements pointed to broader questions about the durability of the City of London’s position at the centre of the financial services industry and, by extension, the health of the UK economy as a whole. The short-term rebound of the Pound also highlights the risk of continued economic volatility in the UK. Such fluctuations undermine consumer confidence and discretionary spending, and cause the outbound tourism market to contract, with the potential to cause a major upset in some Caribbean nations which depend heavily upon tourists from Britain.

In the longer term, however, the historic relationship between the Caribbean and the UK is likely to provide the region with a crucial advantage as trade negotiations progress. Its strategic value as a hemispheric partner also suggests that the UK may look to the Caribbean as an alternative source of political and economic allies once
the formal Brexit process has concluded. Regional governments and business leaders should look to take advantage of this.

Theresa May’s vision of ‘A Global Britain’ has set the tone of British ambitions as the country tries to coordinate a coherent Brexit strategy. Although the Prime Minister’s plans remain speculative at this early stage, this week’s speeches provide an important indication of her government’s intentions going forward. As the UK reorients its international focus, Caribbean and Central American governments should look to capitalise on the numerous areas of opportunity emerging from this realignment.

The Caribbean Council provides advice and support on Brexit and relations with the UK and EU to governments and the private sector. For more information, please click here.

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