CARICOM’s External Engagements: Prospects and Challenges for Caribbean Regional Integration and Development

by Annita Montoute

Introduction
Caribbean international relations are in a state of flux, reflecting changes in the global political economy, shifting priorities of traditional and emerging partners, and the former’s evolving development agenda. As European and U.S. policymakers work to redefine their strategies toward the Caribbean region, a growing number of new partnerships that the Caribbean enjoys will offer greater flexibility for these mostly island countries. This paper explains these developments and the implications for Caribbean regional integration and development.

The Caribbean Community’s (CARICOM) external relations are geared toward meeting its development objectives, as CARICOM Secretary General Irwin LaRocque outlined in May 2014.1 CARICOM’s development agenda is laid out in its Strategic Plan for the Caribbean Community 2015 - 2019: Repositioning CARICOM. The areas for action have been prioritized as building economic, social, environmental, and technological resilience; strengthening the CARICOM identity and spirit; “strengthening community governance” and foreign policy coordination; and promoting “research and development and innovation.”2

CARICOM’s external relations are characterized by a shift away from relations with predominantly traditional North American and European transatlantic partners to a more diverse set of relationships with new partners. These developments have both positive and negative implications. On one hand, they expand avenues supporting CARICOM’s development initiatives, raise CARICOM’s profile on the global stage, and complement and provide alternatives to “North-South” development cooperation. On the other hand, if not adequately managed, they pose challenges of overlapping agendas and can hinder regional integration and undermine development.

Understanding Caribbean Integration
There are varied definitions of the “Caribbean,” reflected in regional configurations. The Association of

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Caribbean States (ACS) reflects the Greater Caribbean interpretation, consisting of the Anglophone, Dutch, Spanish, and French Caribbean (the latter are associate members), and Latin American countries whose shores are washed by the Caribbean Sea. CARICOM comprises the Anglophone Caribbean plus Suriname and Haiti. Within CARICOM, there is a sub-regional grouping of the English-speaking islands in the Eastern Caribbean: the Organization of the Eastern Caribbean States (OECS). The OECS is more integrated than CARICOM; it is a full-fledged economic union.3

Aside from the ACS, the non-independent territories4 share membership with some Caribbean states (mostly the insular Caribbean5 through the Caribbean Development and Cooperation Committee of the Economic Commission for Latin America and the Caribbean. The Caribbean Forum of the African, Caribbean, and Pacific (ACP) Group of States (CARIFORUM) — consisting of CARICOM, Cuba, and the Dominican Republic — is based on the region’s external trade and economic relations with Europe within the wider ACP framework.6

For the purpose of this paper, the Caribbean refers to CARICOM, comprising 15 members7 and 5 associate members.8 CARICOM excludes Spanish-speaking Latin American countries, which are beyond the scope of this paper.

The Caribbean integration project emerged after the collapse of the British West Indies Federation in 1962. In 1965, the Caribbean Free Trade Area was established and transitioned to a common market through the Treaty of Chaguaramas in 1973, at which point it adopted the name Caribbean Community. In 1989, in response to globalizing forces, CARICOM decided to widen and deepen its integration process. The ACS reflects the widening process, whereas deepening took the form of the CARICOM Single Market and Economy (CSME). However, the completion of the CSME has been stalled due to capacity, implementation, institutional, political, and economic challenges; the deadline was moved from 2008 to 20159 and now discussions are underway to further extend this target date.

Coordinating Policy

According to Norman Girvan, only some elements of CARICOM’s regional integration — functional and security cooperation — are “doing reasonably well.”10 Although some progress has been made in developing a framework for enhanced foreign policy coordination, challenges remain.

CARICOM’s foreign policy objectives are to enhance foreign and economic policy coordination; expand trade and economic relations; and exercise greater leverage and effectiveness. These objectives are to be achieved through the Council for Foreign and Community Relations (COFCOR), the Council for Trade and Economic Development (COTED), and joint negotiations, respectively.12

With a changing global environment, CARICOM took steps to enhance the coordination of its foreign policy and external relations, and COFCOR was charged with this responsibility. In 2002, COFCOR adopted a revised foreign policy framework to strengthen and expand external cooperation.13 In 2004, the bureau of COFCOR was granted an enhanced role in “promoting more regular consultation

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4 Territories that have not received political independence from the United States, the United Kingdom, France, and the Netherlands.
5 The insular Caribbean refers to the island territories of the Caribbean.
7 Anguilla, Bermuda, British Virgin Islands, Cayman Islands, and Turks and Caicos Islands.
8 Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent, Suriname, and Trinidad and Tobago.
9 For details of the challenges plaguing the completion of the CSME, see, for example, Matthew Louis Bishop et al., Caribbean Regional Integration: A Report of the UWI Institute of International Relations, (St Augustine, Trinidad and Tobago: University of the West Indies, April 2011), 13, https://sta.uwi.edu/iir/documents/IIR_Research_Documents/IIRRegionalIntegrationReportFINAL.pdf.
10 Girvan, “Re-inventing the CSME.”
11 Ibid, 2.
and coordination among member states.” Despite these efforts, the operationalization of foreign policy coordination is largely left to regional leaders and institutions to handle, which makes the process ad hoc for the most part.\textsuperscript{14}

COFCOR faces many challenges, including the divergent interests of member states; failure of member states to provide new or revised foreign policy positions; tardiness of member states in providing information necessary for communication, analysis, and coordinating positions; communication and coordination with national agencies limited to foreign ministries; limited resources for engaging in complex technical negotiations; and an expanded international agenda.\textsuperscript{15}

Economic foreign policy coordination is more advanced than in the non-economic realm. However, like COFCOR, the Caribbean Regional Negotiating Machinery (CRNM) — the regional body set up in 1997 to conduct external trade negotiations — faces challenges in coordinating trade positions of the member states, including reluctance of member states to surrender sovereignty to a regional body; overlapping mandates with the CARICOM Secretariat; divergent trade interests of member states; inadequate resources and capacity of some member states to make informed decisions; and inadequate funding to conduct research and employ staff.\textsuperscript{16} Bringing the CRNM formally under the umbrella of the CARICOM Secretariat as the Office of Trade Negotiations (OTN) in 2009 was an attempt to address member states’ concerns about sovereignty and the CRNM’s role vis-à-vis the CARICOM Secretariat.\textsuperscript{17}

\section*{Mapping CARICOM’s Partnerships}

CARICOM’s external engagements take into account developments in the global political economy in which traditional partners — the United States and the European Union, in particular — are major global actors. Other players are becoming increasingly important, including the BRICS (Brazil, Russia, India, China, and South Africa), the ACP Group of States, Japan, South Korea, Turkey, Singapore, the Gulf States, and the countries of Latin America. In response, CARICOM revised its external relations priorities to maintain and strengthen relations with the EU, United Kingdom, United States, and Canada, while deepening relations with Latin America and building relations with non-traditional partners like Austria, Italy, Spain, Australia, Russia, Turkey, and India. CARICOM also seeks to consolidate relations with China and strengthen relations with international, regional, and sub-regional organizations.\textsuperscript{18} However, these relationships are not equal. Traditional relationships are substantial and are characterized by greater stability than new relationships. Although significant, more recent partnerships are more volatile in nature.\textsuperscript{19}

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\section*{Traditional Partners}

Despite waning interest on the part of traditional partners, they remain high priorities for CARICOM. For example, the United States continues to be a significant partner because of its influence over the Caribbean as well as its contribution, in particular, to the security, economic, and financial realms.\textsuperscript{20}

Historically, the economic relations of CARICOM and its member states with traditional partners — the EU, United States, and Canada — were conducted on a preferential basis, but these relations are changing to reflect the neoliberal currents of the global economy. The EU signed a reciprocal trade agreement — an Economic Partnership Agreement (EPA) — with CARIFORUM in 2008 and the United States and Canada are seeking to do the same.

Historically, CARICOM’s ties with Europe have been in the context of the ACP Group, established in 1975. Through the Lomé Conventions, the EU provided trade preferences and aid to the ACP. The 2000 Cotonou Agreement, which replaced the Lomé framework, envisaged the transition to a reciprocal trade regime, but the aid provisions remain intact. However, the EU’s new policy, which seeks to grad-

\textsuperscript{14} IDB, 48.
\textsuperscript{15} Granderson, 2012.
\textsuperscript{16} IDB, 48.
\textsuperscript{17} Bishop et al., 22.
\textsuperscript{18} Irwin La Rocque, 17th Meeting of the COFOR, Georgetown, Guyana, May 20-21, 2013.
\textsuperscript{19} Colin Granderson (CARICOM Assistant Secretary General, Foreign and Community Relations), email interview by author, December 1, 2014.
\textsuperscript{20} Ibid.
The EU has been promoting and engaging with CARICOM as both a separate entity and within the Latin American and Caribbean framework — through the EU-Latin American and Caribbean (LAC) Strategic Partnership. The Joint Caribbean-EU Strategy, endorsed in 2012, serves to consolidate the political aspects of the relationship and complement the trade and development elements. Although the EU funds regional integration, Girvan has stated that the EU's economic policies hinder regional integration efforts and constrain policy space for designing development policy. CARIFORUM signed an EPA with the EU in 2008 in hopes of gaining increased access to the EU market, accelerating regional economic integration, diversifying its exports, and developing trade capacity via EU development assistance. However, CARIFORUM faces several challenges with the EPA, including revenue loss from tariff cuts, competition from EU exports, and adjustment and implementation costs. The EU's decision to unilaterally negotiate EPAs with six regions in the ACP broke more than three decades of solidarity among the ACP regions, weakened the leverage of the CARIFORUM in the EPA negotiations with the EU, and soured EU relations with the Caribbean.

Non-Traditional Partners
Not only are CARICOM and its member states grappling with reciprocal trade relationships with traditional partners, but the number of partners with whom they are engaging has increased. CARICOM is pursuing bilateral relations with non-traditional European partners such as Spain, Austria, Italy, and Turkey for assistance with disaster relief, climate change, sustainable energy and energy security, and tourism, among other areas. All these parties have pledged to cooperate in international processes in areas of mutual interest: in the fight for a just economic order, climate change and other global challenges, and to mutually support each other’s candidacy to key positions in international organizations. New relationships that are more functional and supportive take precedence, as in the case of Spain and, to a lesser extent, Turkey. Relations with non-traditional partners do not have as long a history and are therefore not as deep, stable, and familiar — and they can change abruptly and radically, which occurred with a change of administration in Australia in 2013.
Relations between the Anglophone Caribbean and Latin American countries increased dramatically in the 1990s. One of the signs of CARICOM’s attention toward the wider Caribbean Basin was the push for the Association of Caribbean States, established in 1994. Subsequently, CARICOM signed several bilateral trade agreements with Latin American countries.

CARICOM and some of its member states participate in Latin American arrangements that go beyond trade. Guyana and Suriname are members of the Union of South American Nations (UNASUR) and are associate members of the Common Market of the South (MERCOSUR); Belize joined the Central American Integration System (SICA); and four countries have become members of the Bolivarian Alliance for the Peoples of Our America (ALBA). CARICOM States (except Trinidad and Tobago and Barbados) are members of Petrocaribe, launched in 2005, and CARICOM states are founding members of the Community of Latin American and Caribbean States (CELAC), established in 2010.

ALBA countries receive funding from Venezuela for social and economic development projects. Petrocaribe participants have access to oil from Venezuela on a preferential basis, funding for oil infrastructure projects, and funding for development programs.

Guyana’s and Suriname’s membership in UNASUR and MERCOSUR stems from their desire to be further integrated into the South American family of nations. Guyana envisages several benefits from participating in UNASUR, including transport and energy infrastructure integration; support for fighting drugs and crime; social development; and being represented by the two UNASUR countries in the G20 and in multilateral fora: Brazil and Argentina.

In addition, CARICOM engages with sub-groupings and individual countries — SICA, Brazil, Mexico, Chile, and Cuba — in order to coordinate positions in international fora and to get support for education, health, statistics, entrepreneurial innovation, disaster management, agriculture, fisheries, transport, trade and investment, tourism, climate change, trade negotiations, small and medium enterprise development, food security, cultural industries, financing regional institutions, security, energy, intra-CARICOM cooperation, Spanish language, and diplomatic training.

CARICOM’s increasing engagement with Latin America — through CELAC, for example — allows Latin American countries to better understand CARICOM’s priorities, concerns, and peculiarities.

New interactions have also developed with the BRICS, notably China, India, and Brazil. CARICOM’s interest in the BRICS stems, firstly, from the opportunities they provide for development assistance, investment and

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34 Granderson, email interview, December 1, 2014.
trade, alternative development models, diversification of economic relations, and reducing reliance on traditional partners. Secondly, the BRICS are potentially powerful allies in international fora on issues of interest to CARICOM, such as reforming the global economic order to take account of CARICOM member states’ specific needs as small and vulnerable economies and to support CARICOM’s interest in alleviating high debt and reversing the policy of graduation out of concessionary financing based on the current GDP-based criteria.  

India and Brazil have arrangements, albeit loose ones, for engaging with CARICOM: the Standing Joint Commission on Consultation Cooperation and Coordination, and the CARICOM-Brazil Summit, respectively. On the other hand, countries with diplomatic relations with Taiwan do not participate in the China-Caribbean Trade and Economic Trade Cooperation Forum. China’s largely bilateral approach toward CARICOM encourages competition rather than cooperation among member states. India designed the FOCUS LAC Programme in 1997 to engage with the Caribbean within the broader Latin American framework.

Looking Ahead
CARICOM’s diverse partnerships pose both challenges and opportunities. Diversified relationships allow CARICOM greater flexibility to maneuver in international relations and provide enhanced opportunities for achieving its development objectives. Importantly, these relationships provide avenues for technology transfer, development of science and innovation, and sharing best practices for development strategies as well as allowing CARICOM to share its successes with its partners in a formalized framework.

By coordinating positions with more powerful states and providing mutual support for candidates to top positions in international organizations, CARICOM’s interests gain traction on the international stage.

The relations of CARICOM and its member states with emerging economies and other countries in the “South,” as well as with non-traditional partners, could support regional integration and bring sustainable development outcomes in the long term if properly managed. These relations could complement, and in some cases serve as alternatives to, traditional sources of development cooperation. Development cooperation with emerging economies in particular will become increasingly important as concessional funding from traditional sources shrinks. In particular, alternative sources of development funding will be necessary if the Caribbean loses grant-based funding from the EU.

“South-South” development cooperation could address shortcomings of cooperation with traditional partners. In the case of China, for example, the processing of funding is quicker, more efficient, and less cumbersome compared to the EU. The relationship between Caribbean and “Southern” partners is seen as more equal than between the Caribbean and the United States and the EU; not only are

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36 Belize, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

China, India, and Brazil fellow “developing” countries, but importantly, there is no history of a dominant or colonial relationship with CARICOM, as is the case of the United States and the EU. This makes cooperation with new partners attractive to CARICOM.

On the other hand, CARICOM’s “spaghetti bowl” of relationships poses the danger of overlapping and straining limited human and financial resources. Also, CARICOM’s interests could be compromised as it attempts to coordinate and leverage such a large number of players with competing interests. In that regard, CARICOM allocates greater resources to relations that are based on development and technical assistance than those of a purely political nature.

Individual member states are also engaging with a number of partners, which adds to the web of relationships. CARICOM has encouraged these relationships by calling on member states to “pursue and explore all opportunities available to them for their social and economic development, recognizing at all times their obligations under the Revised Treaty of Chaguaramas.” In this regard, Girvan has warned that:

In the absence of coordination, CARICOM’s external trade policy will continue to be a series of ad hoc bilateral responses to opportunities afforded by global and hemispheric reconfiguration, lacking a coherent strategic dimension [...] There is also a danger of regional fragmentation associated with the fall-out from external trade policy to domestic policy. The Community, could, in effect, be pulled in several different directions at the same time.39

However, according to Colin Granderson, although “membership of diverse processes can create dissonance on occasion, […] member states tend in general to give priority to the CARICOM position.”40

While member states may genuinely wish to preserve the unity of CARICOM, there are indications that national interest and the quest for national development will supersede the preservation of the regional integration project. Regional integration was not intended to be an end in itself; it was a tool to help achieve the development objectives of member states and was necessary for their survival as small states.41 Today, member states have been seeking alternative avenues in pursuit of their development objectives. Bilateral relations with emerging economies, in particular China, have been one such avenue. The stalling of the CSME is partly because member states’ development needs are being met outside of the CARICOM framework, making its completion less urgent.

Notwithstanding the benefits of “South-South” relationships, they are not inherently altruistic; they are to be properly managed for positive development outcomes. Already, China’s engagement with the Caribbean is exhibiting some worrying elements that, if not checked and reversed, could potentially lead to the underdevelopment of the region. For example, China’s export of manufactured goods and import of raw materials,42 the huge trade imbalance, lack of technology transfer, and unwritten conditionalities could be damaging to CARICOM countries, albeit different from the conditionalities of traditional partners.

It is clear that CARICOM’s multiple relationships could work to advance regional integration and Caribbean development. The ideal scenario going forward is for external relationships to meet the development needs of CARICOM member states through the CARICOM framework so as to preserve the integrity of the regional integration project. It is the responsibility of all to make this happen — member states and their citizenry as well as CARICOM and external partners.

40 Granderson, email interview, December 1, 2014.
41 See for example, Bishop et al., 13.
42 Girvan, “Global and Regional Reconfigurations of Power.”
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