



# Regional integration processes in the Caribbean and relations with Europe



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## Preface

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***Benita Ferrero-Waldner***

**President of the Foundation of the European Union,  
Latin America and the Caribbean (EU-LAC)**

I am delighted to be here to represent EU-LAC and to welcome you to this important conference on regional integration processes in the Caribbean and on relations with Europe. And I commend the IdA's initiative aimed at carrying on this tradition of promoting high-level debate between Europe, the Caribbean and Latin America about regional integration issues and bi-regional relations in the context of globalization.

I'm happy that today's topic commits us to a debate wholly devoted to the question of regional integration in the Caribbean and relations with Europe, which will enable us to rethink the place of the Caribbean in bi-regional relations and to consolidate different approaches in this field. I would like to stress not only the historical importance of the Caribbean for Europe, but also the cultural importance of the ties between Europe and the Caribbean region. Certain member-states of the European Union, following France's example, maintain very close relations with the region. All told, 16 countries in the Caribbean area are members of the ACP group and of CARIFORUM, 15 countries are also signatories of the Cotonou partnership agreement signed in 2000. The Cotonou Agreement is the only one that closely ties development aid to trade relations. The present challenge consists in establishing a link between these two elements and local efforts to create a competitive regional market. With these three elements combined, we will have a powerful tool at our disposal to promote development.

In 2008 the CARIFORUM and EU countries signed the Economic Partnership Agreement (EPA). Actually, only the CARIFORUM has already signed a complete regional EPA. Although important challenges remain with regard to implementation, this partnership has already yielded positive results. The political partnership between Europe and the Caribbean is based on shared values and principles, particularly the consolidation of democracy and respect for human rights, the rule of law, improvements in equal opportunity, social cohesion, inclusive and sustainable growth, security, stability, the prevention of conflicts, the war on drugs and regional integration.

The European Union's basic development strategy objective is to help all the countries in the region achieve their long-term development goals in an autonomous manner and attain to the position of developed countries by 2020, when the current Cotonou Agreement expires.

Furthermore, the social, economic and environmental challenges facing us call for bold initiatives : all the countries in the region remain vulnerable in different ways, both to economic shocks and to natural disasters. They are up against common social, economic and environmental challenges, such as climate change and the management of natural resources. Helping the region fight drug trafficking is a high priority. The European Union aims to set up a regional unit to foster integration in the Caribbean with CARICOM : the CARIFORUM. The Caribbean is, as we know, a mix of extremes : poverty and wealth, wide-open spaces and micro-states, nonindependent territories and sovereign countries, specialization and diversification. There are also considerable sociocultural and linguistic differences.

The economy of the region reflects this heterogeneity. And yet the regional integration of the Caribbean is faced with highly complex challenges. The insular nature of most of the Caribbean countries limits integration efforts and adversely affects the cost of energy, transport, communications and trade, to give just a few of the most important examples.

Lately, the distribution of the costs and benefits of economic integration has been the subject of some contention between member states. As a matter of fact, this is a well-known bone of contention between us here in Europe as well. The Caribbean economies can be broken down into three very mixed groups : the first comprises the largest economies, those of Cuba, Haiti and the Dominican Republic, which represent 83% of the population of the Caribbean and two-thirds of its gross domestic product, or roughly \$123 billion; the second group, comprising French Guiana, Surinam and Trinidad and Tobago, accounts for 7% of the population and 14% of regional GDP; and lastly, the small island economies, which account for 10% of the population and 17% of the region's GDP.

In general, the Caribbean region is also vulnerable to economic slowdowns occurring in developed countries and, especially in the current crisis, in Europe in particular. Most of the countries in the Caribbean have suffered a significant contraction of their economic activity in the wake of the global economic and financial crisis, owing to their heavy dependence on tourism, migrant remittances and imported energy, with the small island economies being the hardest hit by the crisis. In addition, the global rise in the price of

basic commodities, which has benefitted exporting countries in South America, has adversely impacted most of the Caribbean economies, which are net importers of primary products. According to the World Bank, unlike Latin America, which reported 4.2% growth in 2011, the rate of growth in the Caribbean countries averaged only 2.3%. There's the problem of debt, too, which many countries in the region have to cope with as a drag on their economic growth. The slowing-down of trade with Europe in particular is hindering the growth of economies in the Caribbean.

According to the Economic Commission for Latin America and the Caribbean (ECLAC), the recession in the eurozone could cause a 19% drop in exports from CARICOM countries in 2012. At the same time, though, other domestic factors need to be taken into account as well. Recurrent natural disasters, high poverty levels, the small size of these states that prevents them from realizing economies of scale, as well as a high degree of vulnerability to outside decisions are just some of the obstacles to growth in the Caribbean countries.

Productivity, innovation, entrepreneurship and competitiveness constitute the main potential growth factors in the region. These are indeed challenges the Caribbean shares with Latin American countries, aspects that are increasingly taken into account within the framework of the strategic partnership, the partnership of the European Union, Latin America and the Caribbean Foundation. We concentrate a lot on these topics. Quality investments in sustainable development are the main subject of the next summit between the European Union and the Community of Latin American and Caribbean States. In any case, the region needs to grow investment to sustain higher growth and reorient their economy in a way that will reduce poverty more rapidly and adopt more sustainable production methods. Moreover, for economic purposes, regional integration in the Caribbean remains a necessity for promoting sustainable development in the region. The responses to some of the most crucial challenges include genuine collaboration between countries in the region, the building of a truly shared nation, reinforcing the capacity of Caribbean companies and improving shipping between the countries as well as improving the energy supplies.

Furthermore, we need to consider concrete measures to enable micro, small and medium-sized enterprises to gain easier access to loans. The European Union and the Caribbean are well placed to define a partnership pivoting on growth, stability and development, the goals of which would be to bolster political partnership and support regional integration. The EU-LAC Foundation figures prominently in this regard. For this process has to involve not only civil societies, including the private sector. Our foundation is a

tool for strengthening ties between societies on either side of the Atlantic. Our objective is to link up the non-governmental sectors of Europe, Latin America and the Caribbean with governmental sectors and connect them up with three key sectors : entrepreneurs, academics, and social actors. So the goal is to consolidate the debate and the impact on subjects aimed at building a real strategic association, a tangible, visible association based on common interests : in a word, a source of added value.

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## Introduction

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**Jean-Michel Blanquer**

**President of the Institut des Amériques**

We don't discuss the Caribbean often enough, even if this subject is making a small comeback in the French and European academic and political debate. There are several ways to approach the question of the Caribbean. One could start with a philosophical approach. I'm thinking of Edouard Glissant, who, in this very auditorium, spoke so often – and so eloquently! – about the “Mediterranean of the Americas”. There is also a political dimension, which is taking new forms nowadays, as well as an economic dimension, which is often brought up but remains to be constructed. Lastly, there is a fundamental cultural and human dimension. It involves the question of respective representations, hence the importance of Caribbean studies. It involves also some very concrete facet : when you're in Cayenne, for example, it's more convenient to fly to Paris than to Caracas. This issue of transport and communications, both material and immaterial, is absolutely crucial.

This subject is also quite important on account of the Caribbean's position in global geopolitics, both from a physical point of view and from a notional and symbolic point of view, given the very history of the Caribbean.

Lastly, it is important to see that the Caribbean gives us an idea of the state of health of regional integration in the present-day world. This region of the world, which forms part of the more general region of the Americas, says a great deal about the momentum and limitations of the idea of integration. The world of the Americas, which is experiencing ups and downs in a variable geography of integration, mirrors the current state of Europe, which is experiencing a crisis in its own integration, but has not given up on that integration or on dialogue with other forms of integration. From this point of view, the dialogue between the European Union and the Caribbean is fundamental, as it mutually reinforces the goals of integration.

This takes on a special significance for France. The *Etats Généraux de l'Outre-Mer* [*Estates General overseeing the administration of French departments and territories overseas*] have reminded us that the French Departments of the Americas (DFA) are

empowered to forge strong ties with their neighbours. It is the idea of unity between peoples and countries that is being played out in the Caribbean.

Organizing this colloquium goes right to the core of what the Institut des Amériques is all about. Indeed, the IdA bears in itself the pan-American idea. And the Caribbean is the place where this Americanness crystalizes, with all its languages and cultures; it is also a locus of centrality, a geographical pivot for the Americas. Furthermore, from the very outset the IdA has made the matter of integration its highest priority. As a strategic partner of the EU-LAC Foundation, the IdA is empowered to contribute to the Foundation's efforts to address these issues concretely and preferentially, from an academic angle as well from an angle that will be useful in making political decisions, especially those made between the European Union and all the Latin American and Caribbean nations. We are happy to be making our contribution to this work-in-progress.

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## Keynote address

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***Alain Rouquié***

**President of the Maison de l'Amérique Latine**

On behalf of the Maison d'Amérique Latine, I'm delighted to be hosting this conference here and to be part of it. For several years it has been our desire to organize an event here on the Caribbean, a subject that has often appeared to be a blind spot in our perception of the continent. I have often brought up the possibility of pooling skills around this subject for four main reasons.

First of all, our establishment was founded in 1946 to reinforce ties between France and Latin America, on the one hand, and between Europe and Latin America, on the other, for we also lay claim to a European dimension. To bolster these relations, we need to get to know these countries in their diversity and their uniqueness.

The patrons of this establishment are the President of the Republic of France and the 20 ambassadors of the Latin American republics, which of course include three Caribbean states. But our interest in the Caribbean is not confined to its islands. Colombia, Venezuela and Mexico, among others, have coastlines on the Caribbean. The distance between Mérida, the capital of Yucatán, and Havana is slightly less than the distance between Havana and Miami. I've always thought that a certain number of large countries have this "Caribbean" dimension, which also accounts for certain policies, by the way. Moreover, France is a Caribbean country. France is an archipelago : the French Departments in the Americas have made remarkable headway towards their regional integration ever since Prime Minister Michel Rocard's seminal address in Cayenne in 1989. That address is still the orientation followed by the successive French governments. This integration has taken place in the regional organizations of the Caribbean, as the Minister for Overseas France recently pointed out in a speech, but also through cooperation and exchange of all sorts, particularly cultural. I was delighted to learn that 2013 would be the Year of the Dominican Republic in Guadeloupe, which is not an insignificant event.

The difficulty of conceiving of these countries as a whole is due to their fragmentation, both insular and political, on account of their colonial pasts. It is because of these colonial pasts that the ties to Europe are strong and must be reinforced and examined in

their every dimension. It is thanks to the vitality of the IdA and to the dynamism of the newly-formed EU-LAC Foundation that this colloquium was made possible. It was important that it should have this European dimension and that we should be able to bring together in Paris some eminent specialists, some experts, but also key players from the Caribbean, in order to address all the issues that arise with regard to the region.

**Jean-François Blarel**

**Assistant Secretary General of the French Ministry of Foreign Affairs**

It is a real pleasure to be here today taking part for the second time in the opening session of a conference organized by the IdA within the framework of its strategic partnership with the EU-LAC Foundation, with the support of the Foreign Ministry, which I am here to represent, of the Maison de l'Amérique Latine and IRELAC [*Institute for the Relations between Europe, Latin America and the Caribbean*]. On 8 June 2012, I attended the opening of the first colloquium the IdA had organized with the EU-LAC Foundation. On that occasion, the president of the IdA and his team had brought together several participants who discussed opportunities to reinforce relations between the two regions, as well as destabilizing factors and the challenges that remain to be overcome. Four months on, here we are again reunited for the second event to be organized within the same framework.

The IdA and its partners were quite right in deciding to devote this colloquium to the study of regional integration processes in the Caribbean and its relations with Europe. You are well aware of the importance France attaches to its relations with countries that are also its neighbours, thanks to the French Departments in the Americas and to the relations these countries have, individually or collectively, with the European Union. France likewise takes a great interest in regional integration processes at a time at which Martinique, Guadeloupe and French Guiana have begun taking steps, with the support of the French government, to join certain subregional organizations – the Organization of Eastern Caribbean States (OECS) – as well as regional organizations in the Caribbean – CARICOM and the Association of Caribbean States (ACS). Lastly, France encourages debate with decisionmakers, academics and researchers on a subject that is rarely addressed for its own sake. So for more than one reason, this does seem to me a well-timed choice and I'd like to congratulate the initiators of this colloquium.

The assessment underlying our meeting today is well established. Within this bi-regional relationship between the European Union and Latin and Caribbean America, the his-

torical and strategic place held by the Caribbean as well as its experiences in regional integration are generally little known and often marginalized. The Caribbean seems something of a forgotten region, a blind spot, and the dominant sentiment in most West Indian capitals is that this relationship would benefit from being more nurtured, more fluid. And yet the situation is far from being immobile, and has been evolving significantly. The European Union has lent its support, particularly since the last decade, to the regional integration process in the Caribbean and has met the demand for dialogue expressed by the leaders of these countries by setting up an *ad hoc* organization, CARIFORUM, at the very time when the European Union was entering into talks on economic partnership agreements.

The point of the economic partnership agreement between the EU and CARIFORUM is to provide the ACP countries with effective access to the EU market, even whilst bringing the EU into line with World Trade Organization law. The agreement provides for several institutions to join forces in monitoring implementation of the agreement, especially the EU-CARIFORUM Joint Council, assisted by a Trade and Development Committee. The EU Council and CARIFORUM should soon be adopting a joint EU-Caribbean strategy and, at the summit between the EU, Latin America and the Caribbean in May 2010, an agreement was reached to reinforce this partnership by means of a strategy that was renewed but based on five pillars : regional integration, the reconstruction of Haiti, climate change and natural disasters, the issue of crime, and, as the last pillar, joint action within multilateral frameworks. For each of these axes of action, the joint strategy sets out the objectives and defines concrete steps to achieve them. In addition, it provides for a follow-up mechanism which is entrusted to an EU-CARIFORUM working group tasked with overseeing the implementation of the strategy and drawing up progress reports. Moreover, France is directly concerned by this bi-regional EU-Caribbean relationship and by regional integration processes developing there through the French Departments in the Americas. The departments in question and the CARIFORUM nations do indeed face the same challenges : these are small-scale economies with limited resources and up against the same constraints; they are exposed to natural disasters and are faced with the same structural handicaps. So the existence of common difficulties should enable these economies to promote mutually beneficial economic partnerships. With this in prospect, France is in favour of reinforcing European territorial cooperation in the Caribbean region. It has proposed several amendments to the European Commission to improve the links between institutional tools : the EDF [*European Development Fund*], which handles development, and the ERDF [*European*

*Regional Development Fund*], which handles regional economic development, in order to promote cooperative relations between the ultra-peripheral regions – i.e. for France, our overseas departments of Martinique, Guadeloupe and French Guiana, what are called Overseas Countries and Territories (OCTs). Other countries have OCTs in the region : Curaçao and Aruba for The Netherlands, for example. The third category is ACP countries. In the same spirit, the European Union makes sure the French Departments in the Americas are taken into account in implementing economic partnership agreements between the European Union and the CARIFORUM, in accordance with the pertinent provisions of those agreements.

This regional dimension of French policy is also expressed in its bilateral diplomatic system, but above all in its presence in certain organizations in the Americas, particularly at the hemispheric level and, for political purposes, via the Organization of American States (OAS), in which France has been an engaged observer country since 1972, to work towards the democratic consolidation of the region and subregions. France has indeed been an associate member of the Association of Caribbean States (ACS) since 1996 by dint of its French Departments in the Americas. It supports the recent steps taken by its French communities to join subregional and regional organizations such as the OECS [*Organization of Eastern Caribbean States*], CARICOM and the ACS.

Our efforts will soon be combined at local level when local departmental government agents in charge of regional cooperation are assigned to several diplomatic services in the region. I'm delighted about this decision, which will give a further boost to our efforts on behalf of countries in the Caribbean.

For all these reasons, this colloquium is of very special interest to the Ministry of Foreign Affairs. Its chief merit is doubtless that of providing an assessment of ongoing regional integration processes in the Caribbean, as well as measuring the renewed, consolidated development potential between the Caribbean and the European Union in a part of the world subjected to a particularly pronounced North American influence.

### ***Roby Judes***

#### **Diplomatic Adviser to the Minister of Overseas France**

I'd like to thank the organizers for this colloquium, which is about a very important issue. Our Minister, whom I am representing here, has always been an untiring proponent of regional integration in the Caribbean. In his capacity as minister, his action extends and reinforces for all the French Departments in the Americas what has been his guiding

line with regard to countries in the vicinity in his capacity as president of the Regional Council of Guadeloupe. Regional integration in the Caribbean is a necessity. Following the example of all the major geographic groups, it is in the interest of Caribbean countries to get beyond their particularities and pool their forces in order to put an end to the fragmentation which is peculiar to an insular world and is synonymous with isolation, micromarkets and economic difficulties. A shared destiny, similar environmental issues and kindred geopolitical challenges call for tighter relations between Caribbean entities. But this integration is also an opportunity for these countries and territories as well as for Europe, which, through these ultra-peripheral regions and overseas countries and territories, find themselves at the outposts of worlds in the making. The Caribbean, a veritable laboratory of Edouard Glissant's cherished "*tout-monde*", is a melting pot in which four continents interpenetrate, ceaselessly reinventing this unique creolization of the world. This is why Europe, which has left such a legacy to the Caribbean, must renew its involvement in this part of the world.

France has understood, as it accompanies Guadeloupe, French Guiana and Martinique in fully integrating into their geographic setting. These French departments will soon be able to join regional organizations such as the ACS, CARICOM etc. once they've joined CEPALC, and thereby concretize a salutary rapprochement with their neighbours. In August 2012 the Ministry of Foreign Affairs appointed Serge Letchimy, president of the Martinique region, as head of the delegation to the 34<sup>th</sup> session of CEPALC. These territories will soon benefit from having specific representations at the French embassies in neighbouring countries. These delegates to the regional councils will seek to facilitate exchange, implement partnerships, and make the most of our fields of excellence in neighbouring countries.

These fields of excellence in the French Caribbean are those of the French nation as a whole, which are to be found at the University of the French West Indies and Guiana in the science and medical schools, in the Institute of Earth Physics for the monitoring of volcanic eruptions and earthquakes. These are our research organizations too : the CNRS, INRA, INSERM, CIRAD and the Pasteur Institute, which can set up high-level cooperation with Caribbean countries to successfully carry out research towards environmentally sound farming or fighting infectious diseases, such as dengue fever. A great many public health projects have been started up along these lines. In all these domains, cooperation between ultra-peripheral regions, overseas countries and territories, and ACP countries need to be reinforced by facilitating links between the EDF [*European Development Fund*] and ERDF [*European Regional Development Fund*] for

the benefit of shared priorities. The European Union is, of course, a major player in the region, chiefly through its commitment and contributions to development aid. The economic diplomacy developed by the Ministry of Foreign Affairs needs to benefit this regional integration, which we all desire. We need to pinpoint areas of complementarity to enable the whole Caribbean to develop harmoniously and to attain to market sizes likely to attract investors. Tourism is one example. A certain maturity is necessary in order to offer customers new concepts combining several destinations in the Caribbean. The French Departments in the Caribbean are going to fully take their place in their regional setting for the greater benefit of France and Europe. Ultimately, the wellbeing of millions of people will end up being enhanced, and the stability of the region will be ensured by building a number of bridges between countries that are so geographically and culturally close. One good example among so many others is the declaration of the Year of the Dominican Republic in Guadeloupe in 2013.

### ***Laurence Whitehead***

#### **President of the Scientific Council of the Institut des Amériques**

Thank you all. It's an honour and a great pleasure for me to be able to present the video of president Leonel Fernandez, ex-President of the Dominican Republic and founder and honorary President of the Global Foundation for Democracy and Development (FUNGLODE), which is the EU-LAC Foundation's strategic partner in the Caribbean and also accommodates the head office of the IdA branch in the Caribbean. Dr Fernandez is a renowned political scientist who was elected to serve as his country's head of state from 1996 to 2000. He was re-elected twice, in 2004 and 2008. He has just passed his executive duties on to his co-religionist and successor, the new president of the Dominican Republic, Mr Medina, a few months ago. It is our privilege to be able to hear this video, which was recorded recently in Santo Domingo, this morning.

Link to the video :

<http://video.funlode.net.do/multimedia.net/Library/FunglodeView.aspx?ID=EVEX201210221026>

### ***Leonel Fernández***

#### **Ex-President of the Dominican Republic, Honorary President of FUNGLODE**

The Caribbean as such represents an extremely diverse and complex geographic, historical, cultural, ethnic and linguistic phenomenon. We should begin first by geo-

graphically defining what the Caribbean is. It has no uniform character. For some, the Caribbean really refers to the islands that compose the areas to be found in the Caribbean Sea. For others, it goes well beyond that : it is not just a matter of the islands, it is also a matter of taking into account the continental area whose coasts also lie on the Caribbean Sea.

In this view, the following would form part of the Caribbean : the Yucatán area for Mexico, the north of Venezuela, the whole of Central America, one could even say that El Salvador has its coasts facing the Pacific. But for historical reasons, El Salvador at one point formed part of the Kingdom of Guatemala. Now, as the latter has coasts giving on the Caribbean, El Salvador would, by association, also form part of it. There is no doubt as far as Honduras and Costa Rica are concerned : they, too, have coasts along the Caribbean. Colombia, some of whose cities are oriented towards the Caribbean, should also be counted, of course.

Thus, we find ourselves at the very outset confronted with this formidable conceptual challenge. What do we mean by Caribbean? Is it only islands? Or should we also extend the concept to the continental area of the countries that have coasts that give on the Caribbean? If we accept the second concept, we are not simply talking about the Caribbean, but rather about the Greater Caribbean or, more precisely, a Caribbean basin. We have to move from a strictly geographic dimension to a far more geopolitical concept, as confirmed and consolidated starting with the Caribbean Basin Initiative proposed by President Ronald Reagan in the 1980s. At the time it had a clear-cut ideological connotation, naturally from a geopolitical point of view, as we have just pointed out. This region was not always called “the Caribbean”. It is even thought that this concept is an invention of the 20<sup>th</sup> century, when we saw a transfer of European relations to the United States. So it was starting with the 20<sup>th</sup> century, with a greater US presence and influence in the area, that we saw the emergence of this appellation : the Caribbean. Before that, the area was called “the Antilles”. People talked about the “Sea of the Antilles”, the “Greater Antilles” and “Lesser Antilles”. Later on, before being called “the Caribbean\*\*\*”, they were called the “American Mediterranean”. It is extremely difficult for us to know exactly what the Caribbean is from a geographic standpoint, how to come up with a common appellation over time, whether for the area or for the waters surrounding them, in order to establish the identity of the region.

The historical relation with Europe goes far back in time. The whole meeting process between these two worlds, between the European world and the American world, began in the Caribbean. It actually began with the Dominican Republic, which was part of

the island of Hispaniola, with the process of the conquest and colonization of the Americas. This is why the Caribbean islands, on which I would like to focus, were all colonial dependencies of various European powers, starting with Spain in the 15<sup>th</sup> century. Later on, we saw the presence of other European colonial powers, such as France and Great Britain, The Netherlands, and even Denmark, which had a presence in our region.

So Europe is still present by virtue of its relations with ex-colonies, which we have integrated into a schema we call the ACP countries within the framework of the European Union.

When we refer to the Caribbean islands, we are actually referring to thirty territories whose legal status varies considerably. We have independent states, such as Cuba and the Dominican Republic; we also have the case of Haiti. Other territories that aren't really dependent should be counted as well. They could be regarded as overseas territories or countries of Great Britain or of the French government, which regard them as overseas regions or departments.

The linguistic diversity here is vast : the 42 million inhabitants speak Spanish as well as French, English, Dutch, Creole and plenty of other languages. This is also a region characterized by interbreeding : we are talking about countries that have Hispanic roots as well as a significant African presence, a mix that has made this interbreeding possible, as in the case of the Dominican Republic or Cuba. We benefit from the presence of migrants who came from China, India etc. All this has generated the vast multi-racial and multi-ethnic diversity to which I have referred.

We need to figure out how to establish, within this manifold heterogeneity, certain elements of uniformity, certain common elements, in order to draw up a medium- and long-term strategic plan for forging ties between the EU and the Caribbean. These common elements first became identifiable following the independence certain Caribbean countries started obtaining after World War II and particularly in the 1960s. I am referring in particular to the English-speaking countries. The Dominican Republic gained independence in the 19<sup>th</sup> century. After the British colonies, Haiti was the first nation in the Americas to gain its independence. The English colonies in the Caribbean gained their independence, like Jamaica in the early 1960s, in a process that went on into the 1980s. Other countries retained the status of overseas department, territory or region, such as Guadeloupe, Martinique etc.

The fact of having acquired a certain status of autonomy, of independence from the old European powers in the region, made it possible to establish the first institution or organization that sought to be representative of all the countries in the region. I am

referring to CARICOM, which will be celebrating its 40<sup>th</sup> anniversary in 2013. CARICOM is endeavouring to become a community of Caribbean countries that seek to address common issues, such as trade. It was an interregional platform for exchange between the Caribbean countries. It started out as an association of English-speaking countries. Over time, they enlarged to integrate other areas in the region that were not English-speaking, such as Haiti, which is now part of CARICOM and which is a mostly French-speaking country.

Beginning with CARICOM, an integration process was initiated that also extended into the domains of transport, by land, by sea, the various communication routes, the establishment of higher education in Trinidad and Tobago. So what we have here is an integration process launched out of CARICOM, out of what was created in the French-speaking world, out of the relations in the Spanish-speaking world of the Caribbean. We have opened up here this space of exchange between the various territories, countries, departments and areas that make up this region.

The Caribbean has two main areas of influence. The first is Europe, thanks to the old ties to the Union and the fact that it was within the framework of the European Union that relations were established with former colonies among the countries of Africa, the Caribbean and the Pacific. These are what we call the ACP countries, born of the Lomé and Cotonou conventions. Through these relations with the ACP countries, we have a policy of technological cooperation, which is the form of cooperation from which we reap the most benefit. The EU is the entity that gives the most for development in the Caribbean, particularly in terms of infrastructures and policies to reduce poverty and promote economic development. That has been maintained over time, enabling the Caribbean countries to benefit from these various policies of development and cooperation. Naturally, over time, with the inception of the World Trade Organization, the preferential trade policies that had tied the European Union to the Caribbean countries had to be modified to arrive at association agreements, which have a free-trade character with a dimension of reciprocity. We also need to open up our market in the Caribbean to imports of goods and services.

The problem of asymmetries in trade between Caribbean countries and European countries still persists, given that the Caribbean economies have been downsized. The EU had to establish preferential relations with Caribbean countries that the WTO would find admissible. We also need to put longer periods in place to avoid customs duties on the production of good and services that are vital to the Caribbean.

The other important area of influence on the Caribbean is the United States, which was

behind an initiative for the Caribbean Basin launched by Reagan in the 1980s in the context of the Cold War. The object was to curb the influence of Cuba and the Sandinista revolution, which was beginning to influence El Salvador and Guatemala. Reagan wanted to curb that influence. A unilateral free trade programme was set up to export goods and services from Caribbean countries to the US. After the Cold War, it was no longer as important to keep the programme running; besides, the WTO demanded that the preferential trading arrangements be done away with. The Caribbean countries were also required to implement a free trade programme with the United States, though incorporating this dimension of reciprocity.

To sum up, the Caribbean lost the preferential treatment it had enjoyed in its trade with the EU and the US from 1990 to the end of the Cold War and the inception of the WTO. Within CARICOM, we have yet to formalize any free trade agreements *per se*. We have bilateral agreements with certain countries. For example, the Dominican Republic is negotiating free trade with the United States. Now, we already have a free trade agreement between the United States and Central America, which includes the Dominican Republic. Europe and the United States remain the most influential zones for the Caribbean, and not merely in terms of trade. Immigration also needs to be taken into account. The inhabitants of the Caribbean region, at least those who have the possibility, head for either the United States or the European Union. Also to be borne in mind is the development of one of the most vital economic sectors for guaranteeing the sustainable development of our economy : tourism. The bulk of tourism towards this region comes from Europe and the US.

Cash remittances are also made from the EU and the US. Furthermore, we've got new players that have a certain influence on the Caribbean : they are from Latin America as well as other regions. In Latin America, one player that has traditionally had the most influence is Cuba. Notice in particular the great many Cuban doctors in Caribbean countries. Cuba plays an important part in health care cooperation policies. Venezuela has figured prominently in the Caribbean too, particularly in the PetroCaribe programme, a solidarity and cooperation programme without any political interests. The Dominican Republic has benefitted from this programme, which is not about donations of Venezuelan oil but a mechanism allowing the long-term deferral of payments of 40% of the invoices for oil imports. As it turns out, the programme contributed to economic development and to reducing the impact of oil price changes on our region. In this manner, Venezuela succeeded in alleviating the impact of the oil crisis on the Caribbean region. Politically as well, this country brought some influence to bear thanks to the ALBA

programme. The countries that wanted to take part in this programme were able to benefit from Venezuela's orientation. Likewise, Brazil has substantial influence through its companies. Mexico's influence had faded somewhat, but has been resurging lately in the telecommunications, cement and tourism sectors. Mexico is in fact developing a complementary form of tourism in parts of the Caribbean, particularly in the Dominican Republic. Nowadays, mainland China is playing a more and more important part. It is beginning to exercise an influence that rivals the influence Taiwan had in the past, a country with which we have fairly strong relations.

The Caribbean also has its own development programme, which covers economic, social, political, cultural and environmental issues, and which seeks to address each of these issues through integration. The problem is how to guarantee sustainable economic development. That has not been possible over the past 15 or 20 years. Some countries have undergone development and succeeded in achieving some measure of growth. But others fail to surpass 3% growth. This is a worrisome problem we seek to cope with by implementing national strategies to boost competitiveness and innovation. These economies, which were once based on exporting agricultural produce, have turned into service economies. At the same time, however, certain countries now manage to make 15 to 20% of their GDP thanks to the financial system, what we call "offshore banking" or setting up tax havens, in the Cayman Islands, the Bahamas etc. These banks guarantee the safety of deposits, dividends and capital for large fortunes by exempting them from taxation in their respective countries. This is a very lucrative financial resource for those benefitting from this platform.

In addition, the Caribbean is making technological progress in terms of computers, communications etc. This is the case in Puerto Rico, for example, with the technological advances in its pharmaceutical sector. The Dominican Republic is also progressing in the field of software. So this is an extremely diverse economy in which we find its textile industry, with export processing zones. We have an area of exchange in finance, trade and tourism, but we are also dedicated to exporting inside and outside the region.

From a social perspective, the most critical problem remains the population's very high poverty rate, even if it is gradually diminishing. The region suffers as well from low levels of education and health care. These are the most important challenges that need to be met for the Caribbean to enter a stage of progress and modernization.

Recently, the most serious problems facing the region have had to do with climate change. We've been seeing increasingly frequent and increasingly fierce hurricanes in the region. They cause a whole concatenation of difficulties and problems, which cost

the region enormously. This is why we are setting up programmes designed to mitigate the impact of climate change. That will involve cooperation and technical assistance from the EU and the US as well as from other countries interested in working on protecting the environment and reducing the impact of natural disasters.

Another problem which we face and which will require international cooperation and assistance is international crime. Drug trafficking is an epidemic that erodes the legitimacy of governments and a major cause of social concern throughout the Caribbean. The people cannot cope by themselves with such a widespread problem, in particular because it is not merely a matter of communities that consume drugs, it's a matter of areas serving as hubs for the export of drugs coming from other countries. Cocaine, for instance, passes through the Caribbean on its way to the European Union and the United States, which causes an international problem. So it is in this domain that we are going to need the support of the European Union to implement measures to curb and eradicate the trafficking we are seeing in our region.

But the Caribbean is a varied and diverse region. All these differences connect us to the EU and the US, at a time in which we have major uncertainties in both the EU and the US owing to the global economic crisis. We hope that after recovering its economic health, the European Union will desire to strengthen relations again in terms of the integration and development of our nations. In this regard, the EU-LAC Foundation is going to make it possible to create large networks that will bring together large organizations and major Caribbean stakeholders with a view to developing transport, trade, infrastructures, science, technology, innovation, higher education and so forth. I hope all these elements will be included in a coherent and far-sighted programme, and that they will make it possible to generate considerable momentum towards economic, social, cultural and environmental changes, which are so vital for the peoples of the Caribbean today.

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# The effects of historical and cultural relations with Europe on regional integration processes in the Caribbean

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## **Round-table discussion moderated by Carlos Quenan**

**Vice-president of the Institut des Amériques**

When we were considering how to organize this conference, we thought we'd have to go back over the historical origins of relations with Europe, as President Fernandez has just done, and consider the impacts of these processes on regional integration in the Caribbean, in the knowledge that there is a dual effect involving both unification and fragmentation.

## **Anthony P. Maingot**

**Professors Emeritus of Sociology at Florida International University**

Even though reform processes in the European colonies of the Caribbean came into being in the 1930s, they have been stopped by the Second World War. However, after the end of the war, changes have been made in various colonies. In France for instance, the *Départements d'Outre Mer (DOM)* were created; in Dutch colonies, internal autonomy was extended and local political parties enforced, and in British colonies the universal vote was admitted and a first step towards the independence was made. This all leads us to a methodological principle : decolonization processes in the Caribbean fall under such a variety, in addition to cultural and linguistic differences, that the region must be studied at two levels : at a general level (an external point of view) and a specific level (an internal point of view). In this work we will use five tables (PowerPoint format) in order to illustrate those general dimensions.

The table n°1's data lead us to the following conclusions :

- (1) Considering the numerous territories or departments, Europe is still very present in the contemporary Caribbean. France is even located directly in the Caribbean.
- (2) At the economic level, countries that are still politically connected to Europe are those that are doing well. A significant example is the differences between the three

Guyana, territories that share similar geography. The French DOM achieve much more advantages over British and Dutch ex-Guyana. Nevertheless, it is important to stress that the discovery of oil deposit in French Guyana could also contribute to pulling out that gap.

- (3) There is no evident stagnation in the political relationships in any island, speaking of Independents Island as associated territories. All Island show changes switching to intern autonomy, nevertheless, as established in many plebiscites, none of them display a real desire of complete independence.
- (4) The linguistic factor facilitates the relation with the various mainlands, whether it is English as French. The only case, in which difficulties were increasing, although the countries involved have shown a great effort, is that of Aruba, Curacao and Bonaire where the native speaking is Papiamento and the official language is Dutch. (In the other Dutch islands--Sin- Maarten, St. Eustatius, Saba- English is spoken). Since Holland emphasized that anyone who immigrates to the country should have a good knowledge of Dutch, there was an increased use of Dutch in those Islands.

The table n°2 shows tourist flow's volume and origin (bedrock of all Islands' economies). Whereas most tourist flow's come from North America, they are followed closely by tourists from Europe and in some cases Cubans and the inhabitants of Antigua, Barbados or Curacao can also represent a majority in some cases. Tourism Industry tends to alive a certain memory and to maintain historical relationships with their former colonial metropolis. There are also significant trades between neighbouring Islands. A noteworthy case is French ferry boats' comings and goings between Guadeloupe, Dominica, Martinique and Sainte-Lucia. Because in Dominica and Saint Lucia, English as well as Creole are in use (the same Creole than in DOM), Anglophone tourists are particularly appreciated in Guadeloupe and Martinique's tourist sector. Even though those data are not officially recorded, they reflect an important economic and cultural reality in this part of the West Indies.

The table n°3 shows the important presence of "offshore" centres in the region and more specifically in Great Britain's overseas territories, like the Cayman Islands, Bermuda and the British Virgin Islands. In the majority of cases, money from North America is deposited in European territories, with the exception of the DOM. To give an anecdote : when you go to Saint-Maarten (the Dutch part of the island), there are casinos (the typical money- laundering places) on every street corner, but when you cross the border to go to the French part of Saint-Martin you wont find even one of them. This fact illustrates the different metropolis's points of view concerning development models desired.

Those *offshore* centres are lately the main target of European and North American governments. Indeed, during the 2012 USA's election campaign, the Obama candidate quoted Cayman Islands as one of the « *biggest fraud centre of the word history* ». To point to another striking example : One particular building on Grand Cayman, the Uglan House, hosts by itself 19 000 *offshore* companies. The Islands's future in offshore banking still remains to be decided.

Table n°4 : Dilemma : Sovereignty and security.

In 1983, Vaughan Lewis<sup>1</sup>, OECS's secretary general expressed three fundamental questions regarding the Caribbean Islands :

- (1) What capacities exist in the region to stop threats and risks to security?
- (2) Which political circumstances could make an external military assistance impossible?
- (3) If it was necessary to look for external sources of help, how to seek, without losing the appearance and the reality of our individual and collective sovereignty?

What appears in the table n°4 clearly points to the fact that the Caribbean Islands depended on external interventions, from Europe as well as the US on different occasions. The crucial role of French intelligence services in preventing serious incidents in Barbados and Dominica should also not be unmentioned.

As can be seen from table n°5, there is now a new player in Caribbean relationships, Venezuela. Its fundamental instrument is the Petro-Caribe Initiative that represents, beyond any doubt, one of the most generous external help programs of the Caribbean history. Its obvious goal is to assist economically the region, but also to participate in the integration and the societal transformation and as we heard it « the liberalisation from colonialism ». All the Islands in the region, with the important exception of Trinidad and Tobago (who disposes its own oil and own gas) and of Barbados (who is actively looking for oil in its territorial waters), are members of Petro-Caribe initiative and participate with enthusiasm. And even some European territories talk about the possibility of establishing a relationship with Petro-Caribe. This leads to the question : Has Petro-Caribe an impact on the weakened link between those Islands and their mainland? My personal answer to this question is : this not going to happen for the following two main reasons : First, it is questionable that those countries are able to pay their debt to Venezuela. Petro-caribe is very appreciated by everybody, but its involvement does not lead to higher levels of productivity. It is more a relief for the Island's budget. There are three cases :

1 Veá Vaughn Lewis, "The Eastern Caribbean States : Fledgling Sovereignties in the Global Environment," en Jorge Domínguez, Robert Pastor and R. Delisle Worrell (ed.), *Democracy in the Caribbean* (Baltimore : The John Hopkins University Press, 1993), p. 113.

1. Dominican Republic :

In 2010, the Dominican Republic exported 14,740 billion dollars facing imports of 20,090 billion dollars. 1995's household expenses have been covered by 27.4% of exports; in 2008, by 35.1%. Without tourism (that represents 4,082 billions dollars from Europe or North America) and Dominican diasporas' remittances from USA and Spain (3,487 billions \$), its external debt reaches over 6,297 billions in 2011. Dominican Republic's dependence on structural factors (tourism and remittances) and on the USA and on Europe is fundamental, particularly if Dominican Republic might seek the assistance of the IMF or the Paris Club.

2. Jamaica :

Jamaica gained 1,730 billion dollars in 2011 thanks to its exports, but it had import of 5.600 billions dollars. Its external debt is at 6.297 billions dollars. In 1995, Jamaican household expenses were covered by 35.3% of exports; in 2008, 42.0% was necessary to cover it. The 1.984 billions dollars that come from tourism is not enough and do not improve this debt/production situation

3. Cuba :

In the Caribbean, only Cuba is able to trade its doctors, teachers and other services in exchange for oil. The Petro-Caribe's program allows such a trade. I doubt that this situation could occur with another Island in the region.

The second reason why I doubt Petro-Caribe may have an important and long-term influence on the relationship between Europe and the Caribbean and Europe is that this influence is based on personal relations that can't reach anything else but their protagonist in power's tendencies. This personal dimension is perfectly reflected with the case mentioned by Saint-Vincent's Prime Minister Ralph Gonzales, in his autobiography :

In Venezuela, in 2003 at the end of the Petro-Caribe meeting, Fidel let Chavez know that we should meet every three... [Fidel ask Gonzalves to explain his new airport plan]... Chavez just answered : « Fidel, if you think we should build together a new airport to Ralph, so let's build it! »<sup>2</sup>

The problem is that personal, political even ideological relationships may change, but the economic reality stay. One of those realities is that there is a consumer culture, which is now part of every society's expectation and consumption increases each year. As a conclusion, we are consuming more and faster than we are producing. Petro-Ca-

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2 Ralph Gonzalves, *The Making of the Comrade* (St. Vincent and the Grenadines : SFI Books, 2010), pp. 259-260

ribe is a generous assistance for shorter budgets but it does not contribute to production's structures. Concerning countries with a huge budget deficit, it is fundamental to maintain good relations with their Centres, which still manage finances and external capital flows. And this involves obviously Europe.

***Michèle Dominique Raymond***

**ACP Assistant Secretary General,**

**Department of Political Affairs and Human Development**

I noted with satisfaction the vital part played by the EU-LAC Foundation in this process as set out in the terms of reference that presided over its creation. I was a diplomat in Brussels when Spain proposed setting up this foundation. We had several meetings to discuss the terms of reference, the modus operandi of these objectives. I talk about it with emotion today because the foundation is really doing the job it set itself and I want to pay tribute to it and to its president.

I am speaking here today on behalf of the ACP secretariat. As a consequence of the historical and cultural relations that exist between a number of EU and Caribbean states, they have the same vision of what should be the future of their respective populations. These effects can be found firstly in a shared commitment to peace in the world, progress and prosperity as well as to democracy, human rights and the rule of law. In the age of market globalization in the 1990s, the Europeans, having made regionalism the cornerstone of their economic and international policies, felt it was important to bring the Caribbean closer to Latin America by convoking the heads of state and government of the two subregions for the first LAC/EU meeting in 1999 in Rio de Janeiro. It is not insignificant that the Caribbean part should be so little known : within the LAC itself, Latin American representatives occasionally forget the "C" in "LAC" when speaking . . . which annoys Caribbean ambassadors. Over time, fortunately, conferences of this sort are going to put a stop to that oversight.

On the sidelines of the summits, since the one in Madrid in 2002, the Caribbean states hold their own summits, too, with the EU troika. The European Union's motivation was to contribute to generating a calm, structured political dialogue with the countries in the region for balanced relations that respect the interests and specificities of each country. In parallel to this bi-regional LAC/EU dialogue, the cooperative relations within the ACP group are continuing within the framework of the ACP/EU partnership agreement, which runs for 20 years. This agreement, generally called the "Cotonou Agreement",

was revised in 2005 in Luxembourg and in 2010 in Ouagadougou. What was special about the second revision of Cotonou was that it reinforced Article 28 on cooperation and regional integration. In addition to promoting peace and stability and the resolution and prevention of conflicts, it is provided that the ACP/EU partnership should promote development and economic cooperation thanks to the creation of more extensive markets, the free movement of goods and services, and the gradual integration of the ACP states into the global economy. It also dwells at length on matters of health care, education and training, and technological research and development.

The EU's strategy towards the Caribbean has always been coherent. It remains so to this day, and has always been implemented in keeping with the Lomé Conventions, which preceded the Cotonou Agreement. The European Commission's guiding lines have always been sufficiently clear-cut : eradication of poverty, the harmonious integration of countries in the subregion, integrating their economies into the global economy. Even when it is not apparent, there exists an osmosis between the Cotonou Agreement and the biregional LAC/EU dialogue. Cotonou, thanks to the European Development Fund, provides the means to achieve political realization as well as decisions on specific policy domains such as education, culture, migration and so forth.

At the political level, let us underscore the fact that the Cotonou Agreement includes provisions for parliamentarians of the ACP countries and those of the EU to meet regularly, that is every six months, in an ACP country and then an EU country by turns. The November meeting will be taking place in Surinam. At these meetings, the EU and Caribbean parliamentarians can gain a greater understanding of what they represent as peoples and sensitize public opinion to development issues. They end up learning things about both regions and their cultures. We also have meetings at the level of the Council of ACP-EU ministers, which enable both groups to meet and discuss common issues.

In terms of education, the ACP Secretariat, within the framework of the EDF's intra-ACP budget\*, implements the *EduLink* programme, whose objectives are geared toward reinforcing capacities and regional integration in the field of higher education by setting up professional networks. It promotes the convergence of higher education with the ACP's economic priorities. Cooperation projects between institutions of higher education in the group made up of ACP, EU member states and other eligible countries can be about farming, demographics, capacity development, the environment, research, food security and so on. Academics and researchers can create networks with universities in the Caribbean in order to help them in various domains. There are frequent calls for pro-

posals. The second ACP/EU cooperation programme is currently in the launch process. It concerns science and technology. A call for proposals was issued on 8 October 2012. The priority is accorded to teaching, which should make it possible to pull a whole swathe of society out of the vicious circle of poverty by offering the skills necessary for economic diversification in various domains.

We often talk about culture, too, which links Caribbean countries to the European Union. Article 27 of the Cotonou Agreement mentions this subject and the nexus between culture and development. Our ACP Culture Plus programme promotes a simple idea : “no future without culture”. A call for proposals has been issued, which will be closed on 20 December 2012. This is a unique framework for cooperation : the programme provides subsidies of €500,000, which is nothing to be sneezed at. The projects have to be very competitive, however, and well developed. They can help in fighting against poverty through the emergence and consolidation of viable and sustainable cultural industries in the ACP countries, in reinforcing their contributions to social and economic development and in preserving cultural diversity.

We also focus on healthcare and a number of other issues, but I’ll leave it at that. I’d like us to be able to transmit the proceedings of this conference to the Caribbean ambassadors who are in Brussels and have no embassy in Paris. Thank you.

### ***Laura Faxas***

#### **Ambassador of the Dominican Republic in France**

I congratulate the IdA and the EU-LAC Foundation on this initiative. I’ve been in France for a long time, but this is the first time in years I have seen such a surge of reflexion on the question of Latin America and the Caribbean. I’m not sure that the Dominican Republic and the Caribbean in general are a priority for France and other EU countries. The Caribbean is not a homogeneous subset of Latin America. It is made up of a mosaic of nations and small island states. The Caribbean is a rather vague concept. It is a grouping of countries with heterogeneous areas that separate more than they bring closer together : we are so close and yet so far from one another! By virtue of their colonial pasts and their histories, these countries are very different from one another. The colonizing powers – France, Great Britain and The Netherlands – have profoundly influenced lifestyles, culture, the economic structure as well as the workings of institutions, not to mention the linguistic heritage. To these elements, which call to mind Fernand Braudel and his notion of the “given language in history”, must be added the sway held

by the new neo-colonial power for over a century now : the United States. Moreover, the Caribbean is affected, without being a real player therein, by the changes that have taken place in global geopolitics, in particular by Asia's increase in power.

For reasons of critical mass, it does not constitute an economic priority for the US and Europe. The same is not true of continental Latin America, whose natural resources arouse the keen interest of North America, Europe and China. So in spite of CARICOM *et al*, the idea of integration and what type of integration is a perennial subject of debate. This is, in a certain sense, a new subject. Internally, the region is in fact largely un-integrated. The volume of trade is low and investments go abroad, to the United States, Europe and, in some cases, to Latin American nations. Trade within the Caribbean is weak. If the area is coming closer together at all, it's fair to say that this movement is on a limited scale.

The political orientation taken by most of the governments in the subregion over the past few years has been to favour the big groups of nations that José Martí called "our America" and that some now call the "big Latin American homeland", which leaves out Canada and the US. Two events may be regarded as critical in this regard : at the Summit of the Americas in November 2005, the Free Trade Area of the Americas (FTAA) proposal, backed by Washington, was laid to rest for good; followed in December 2011 in Caracas by the official creation of CELAC (Community of Latin American and Caribbean States), encompassing all 33 countries in the hemisphere and in the Caribbean, including Cuba, but without the United States and Canada. This led to the decline of the Organization of American States headquartered in Washington.

In this approach to integration, the Caribbean, as compared to Central America, is starting out with a certain number of handicaps and difficulties. Spanish colonization has bequeathed a strong linguistic and cultural unity to the Americas south of the Rio Grande. Even if there are small sections like French Guiana and Dutch-speaking Surinam, there's a big section, too : Brazil. Underlying this unity is the sense of being imaginary heirs to the Bolivarian movement. The desire for continental integration is the contemporary rendering of the Bolivarian dream. On the other hand, the Caribbean was Balkanized by four colonial powers. There was no movement spearheaded by a pan-Caribbean "*libertador*", only the parallel histories of popular uprisings. The very diverse legacy its colonizers left behind has been the continuance of privileged cultural and political ties to the former "home countries" and an enduring ignorance of immediate neighbours that don't speak the same language. Even resistance to American imperialism, another common denominator of popular movements in the Americas, only concerned the

Spanish-speaking countries and the Caribbean. The fragmentation of political statuses has been another undesirable legacy of colonial history, what with independent states, DOM-TOM [*French overseas départements and territories*], free associated states, British Overseas Territories, Commonwealth realms and so on. So as much as the integration of the continent is an extension of its history, the integration of the Caribbean actually runs against the grain of its history. Hence the difficulty of achieving it. Some will point to the existence of CARICOM and the Association of Caribbean States. But that argument needs to be put in perspective : we have seen the low volume of trade; CARICOM's strength lies not so much in integrating states, but in playing a political role, especially in the UN. And this political role is indexed to the size of the population, not of the economy.

The economies of the region are in competition : they all gravitate towards tourism, even while failing to capitalize on the idea of complementarity and set up a big common market for tourism. These are challenges we need to address. Integration, outside of these economic projects, needs to have a political dimension. These states need to feel like overcoming some of their differences and drawing up a common agenda on political issues. Even leverage at the negotiating table hinges on political positioning. According to those in charge of the Dominican Republic's cooperation projects, submitting projects to the European Union is a very complicated matter. There is a mismatch between the EU timeline and the timeline of the needs of the countries in the region. The time it takes to get funding to realize investments – the economy has changed! These are problems that need to be fixed. The European mechanisms are not always transparent – lobbying efforts are necessary to get anywhere – and they are hard to handle.

Among the hemisphere's variable-geometry institutions, two have served as catalysts in showing forms of integration other than mere market integration : ALBA and PetroCaribe. ALBA [*Bolivarian Alliance for the Americas*], created in December 2004, has 11 members or special guest members, six of which are from the Caribbean. It works on a different basis from the traditional liberal mechanisms, particularly in foregrounding complementarity in lieu of competition. PetroCaribe, founded in June 2005, is an alliance of Caribbean states that are supplied with oil at reduced prices. These two regional institutions go against the prevailing trend of EU policy development.

The impulse towards integration in the Caribbean is part of a general movement towards total or partial Latin American integration, whether through ALBA, in a bid for autonomization vis-à-vis the United States, or through UNASUR, which ties together all the South American countries and all the CELACs. This is a big source of hope for the

region. We shall see what comes of the meeting in Santiago. The more Latin American integration there is, the more Caribbean integration there will be.

To conclude I'd like to stress two configurations the Dominican Republic is involved in and which are working modestly towards this integration : the Year of the Dominican Republic in Guadeloupe in 2013, but also greater cooperation between the Dominican Republic and Haiti, which was the upshot of a wave of spontaneous solidarity and takes no orders from outside. This is the beginning of subregional integration, to which France and the EU should lend more support. We need a push towards political integration to give it greater momentum and impact. And we need to examine ways of systematizing all these reflections in order to be able to address the real problems when the time comes to negotiate and bring these two regions of the world together.

### **Fred Constant**

#### **Ambassador, Delegate for Regional Cooperation for the West Indies and French Guiana**

I welcome the initiative that brings us together here today at the Maison de l'Amérique Latine, which for the occasion now becomes la Maison de l'Amérique Latine *et des Caraïbes* [*House of Latin America and the Caribbean*]. As a research subject, the Caribbean has been variously treated over the past 30 years, sometimes covered at universities and in academic spheres, and sometimes not. I hope it is now a permanent focus of academic pursuit, especially as it is a research subject which, above and beyond its inherent interest, makes it possible for concepts to be developed that may prove pertinent to other areas of the world. I invite the organizers to include, as far as possible, academics and researchers from this region in these endeavours and in those that will emerge out of this colloquium.

In the overall picture that was outlined for you this morning, what is the place of the French Departments in the Americas (DFA)? Clearly, that place is unique, and for one simple reason : for a number of decades, the French Departments in the Americas were quite simply artificially cut off from their geographic environment. Their only legitimate political perspective was to be integrated into the sphere of the French Republic and, later on, into the community sphere which, at the time, was not the least bit interested in their regional integration. This is a major datum that helps in grasping the vicissitudes as well as the promises of the region's opening-up which the DFA are experiencing today. The lines began shifting rather cautiously in the 1990s – I'm talking about institutional cooperation and not informal exchange, which has never ceased to exist between

the French Departments in the Americas and their immediate neighbours. Those lines moved a little more audaciously in the first decade of this century. Since then, we have been experiencing a third cycle of impetus towards the regional integration of the French Departments in the Americas. This impetus has three origins : the French state, without which nothing is possible; the decentralized regions that initiated this shifting of the lines; and the European Union. The tempo of these stop-and-go policies is set by domestic policy issues that impact the DFA's relations with Europe.

At present, CARICOM is undergoing a political revival, at least in the political rhetoric, and that is no coincidence. The OEEC [*Organization for European Economic Co-operation*] adopted its revised treaty in 2010, and we are currently seeing the first stage of the implementation of that revised treaty. The ACS has just got a new Secretary General, on whom a great many hopes are pinned.

The regional integration of the DFA is a relatively recent concern of the public authorities and the European Union. For too long the political elites, including those of the DFA, were in a bipolarized relation to the French and Parisian centres of power. A political figure of Aimé Césaire's stature only went on two missions to a third-party Caribbean country! The first took place in Haiti, at the invitation of André Malraux; the second in Miami, where he received an honorary doctorate. That gives you an idea of the state of affairs.

Local elected officials realized the bipolarized relation to mainland France was running out of steam. By lobbying and making demands, they induced the government, led at the time by Michel Rocard, to give it some initial latitude. That involving organizing the first interdepartmental conference on regional cooperation in the West Indies and French Guiana on 5 and 6 April 1990 in Cayenne, where it was announced that a post would be established : that of interdepartmental ambassador in charge of regional cooperation, who would report to the Prime Minister. Indeed, we talk about cooperation and not integration in discussing the DFA. An Interdepartmental Cooperation Fund was set up, to which the Ministry of Foreign Affairs contributed. It was very well endowed at the time. In addition, it benefitted from the support of the Central Fund for Economic Cooperation [*Caisse Centrale de Coopération Economique*], which was the organization that preceded the AFD [*French Development Agency*], as well as from the support of the Cooperation Aid Fund [*Fond d'Aide à la Coopération*].

It should be stressed that the fund was set up in the same year as the signing of the Lomé Convention. The Dominican Republic and Haiti signed the convention in 1990. That brought the number of Caribbean countries covered by these conventions to 17.

The EDF got involved through a regional chapter, and regional cooperation was presented as an EU policy priority. The DFA did not benefit from their first European loans till the late 1970s....

The second chapter starts in the 2000s. After the big run-up, as often occurs, the protagonists ran out of steam, to put it mildly. There again, we see the conjunction of a French domestic policy initiative – the adoption of the Overseas Orientation Act [*Loi d'Orientation pour l'Outre-Mer*] on 13 December 2000 – and an initiative driven by Europe, the Cotonou Agreement, signed on 23 June 2000, between the European Union and the ACP countries. Article 28 of this agreement for the first time opened up regional cooperation with ACP countries to the Overseas Countries and Territories and to the Ultra-peripheral Regions [*RUP*], since, under Community law, the DFA are ultra-peripheral regions of the European Union.

The Law of 13 December 2000, which we are still living on, set up new funds, regional cooperation funds, which are placed with the DFA prefects. The fund promoting regional cooperation is no longer interdepartmental. It is under the jurisdiction of one ministry, which was the Interior Ministry and then became the Ministry of Overseas France. This fund was fairly well endowed at the time . . . to say nothing of what it has now become. This law brought new and interesting measures in train, even if they haven't been made use of all that much, especially the possibility for the DFA region to join regional organizations, the possibility of entrusting the president of a deliberative assembly with the task of representing France at an international meeting or within a regional organization, and the powers delegated by the French state to elected officials to negotiate with third-party Caribbean nations in the area of their respective domestic responsibilities.

What is the upshot of this two-stage development? In terms of regional cooperation, the results we've been able to observe are not negligible, even if they remain limited. We have got away from the incantation which served for a long time as a sales pitch for national or local elected officials of the DFA. What was hitherto confined to a sporadic, informal and short-term mode is now becoming institutionalized and structured.

On the other hand, in terms of regional integration, the results are disappointing. Regional trade, one of the yardsticks of integration, has remained slack and deficient for the DFA. Not a single joint project can be cited that involves ultra-peripheral regions, overseas countries and territories, and ACP countries, even though this is an important criterion. Intra-regional tourism has made inroads, but not in a direction favourable to DFA countries. It is the third-party countries in the Caribbean that have benefitted from investment originating in the DFA, not the other way round. Generally speaking, when

we look at the projects that have taken place over the past 20 years, in most cases we see that these projects, though sometimes teeming with ideas, are inadequately designed. They are poorly coordinated, poorly structured and rarely evaluated. We have our work cut out for us there.

To sum up, we have indeed been seeing a new revival of regional cooperation since 2011. Regional cooperation is no longer a subject of ideological confrontation, but is now part and parcel of the overall range of action for French policy. The state has become a key player and leading partner to regional governments, which continue to be the driving force behind various stages that we are preparing to undergo. This is occurring at a time in which we talk officially more and more about “territorial diplomacy” and “economic diplomacy”. It is no coincidence that we should hear these terms from the mouth of the French President during the ambassadors’ conference, or from the mouth of the Foreign Minister at the close of that same annual conference. We currently have two developments in the pipeline that were mentioned by the Diplomatic Council of the Minister of Overseas France : to see the accession process through that has been initiated by the DFA vis-à-vis regional organizations such as the OECS, the Caribbean Community (CARICOM) and the ACS; and from January 2013 the appointment of 13 territorial officials from the DFA to the French diplomatic and consular missions in 11 countries. The geographic or putative cultural proximity between neighbouring countries has never been an adequate substitute for regional cooperation policy, which is something that has to be built, even fought for.

***Claudio Dandy***

**President of SCIENTER**

I’d like to thank you all for this invitation. I’m going to talk to you from the point of view of the European Union. I have been working for 15 years on the subjects of academic cooperation and research between Europe, Latin America, and the Caribbean a bit.

I was invited to this colloquium owing to my efforts towards promoting a common Higher Education Area for the European Union and the Caribbean. In this context, my work, at once humble and ambitious, is specifically about structuring that area. It is a project we designed five years ago. The point now is to give this process some backbone. The brain lies in the intergovernmental echelons that laid down this political objective, but in our estimation they haven’t given it enough support since the late 1990s.

Our point of departure was the idea that it was necessary to organize, from the bottom

up, an academic movement capable of rounding out this intergovernmental dimension that got the process going. This project was started up on the basis of a previous project that had drawn up an assessment in this domain in 2008. The new project sought to update the assessment, to spur on some structuring initiatives and to put paid to certain recommendations. It came to an end in June 2012 after three and a half years in existence. Naturally, it now aims at contributing to the common objectives of the academic summit which is put together with the support of the EU-LAC Foundation, the Institut des Amériques and other institutions in this field.

We are also going to have a smaller-scale, though equally ambitious, meeting soon with the political decisionmakers in Brussels. We shall endeavour to sum up our work to date and open up a debate about some of our concerns with regard to the European 2014–2020 agenda. We will broach the subject of integration at the Summit of Heads of State and Government with renewed political resources.

I would like to present to you some of the results of our project, which was coordinated by the University of Bologna with 32 official team members and partners, 25 of whom are from Latin America, 7 from Europe, as well as some official representatives of the Caribbean. Some of the partners were associates who, technically speaking, were not allowed to receive project funding, but who shared in our operating model.

The main finding resulting from this programme, which involved contributions from over 2,000 actors in higher education in Latin America, the Caribbean and the EU, is a lack of information. There is in fact extremely little recognition of this objective of creating a common academic area for these two regions. There is no consciousness of a political objective expressing this desire for academic cooperation.

Nonetheless, activity in this area is intensifying. And the new Alpha 3 phase plays a very big part in that. It has provided an interesting financial instrument, though imperfect as it has failed to integrate the Caribbean region. We found ourselves in a somewhat odd situation in which the academic world expressed interest in the process and wanted to get involved but could not be funded.

The second element of the assessment : the creation of added value. Latin America has a different part to play from the one it was playing five or six years ago. European universities are more interested in coordinating with Latin American universities at both the individual and the institutional level. There are a number of existing networks that are not used to working together, not owing to bad faith but to inertia. The watchword of the “backbone” project was “integration”, not simply at regional level but also in the sense of the big picture, of synergism, of ways to avoid duplicate funding, in order to bring about

an open-ended debate about the objectives of this integration with a view to achieving subsequent convergence.

Another element of the assessment : the feeble political impetus. Fortunately, the political impetus seems more energetic this year, and we hope the Santiago Summit will bear out this impression. Still, the problem with the ALFA III programme is that it won't be followed up by an ALFA IV! Cooperation in the field of education will be consolidated in a single programme that is going to be called "Erasmus for All".

So this bi-regional programme, which couldn't be tri-regional, is not going to happen. The preliminary documents for "Erasmus for All" talk about Latin America but not about the Caribbean, or only marginally, without taking into account the history of the political objectives that have been launched in Latin America and the Caribbean.

Lastly, the need to focus our attention not solely on financial resources, but also on our *modus operandi*, which really could change our degree of effectiveness. In concrete terms, the project wanted to leave behind a legacy : the creation of *ad hoc* units in each of the participating structures. These are internationalization strategies which go beyond teacher and student exchange and which are also a dialogue with the outside world. In the course of this project, we came up with the metaphor of an "ivory bridge" to take the place of the "ivory tower". We wanted to think of the university as spear-heading the transformative development of internationalization. But it isn't all that easy in practice. These units have taken on all the internal coordinating functions of dialogue with regional and local decisionmakers, of impetus towards the networks, so that they will do a better job of working together.

As for opening up universities to the outside world, the Europeans have not had only positive experiences. Likewise, good and bad experiences are to be found in Latin America as well. We wanted to insist, nevertheless, on the active part the university can play in our societies.

Within the framework of this cooperation, I was able to study the links between Europe and the Caribbean. One thing seems troubling to me : higher education does not figure among the official top priorities. It seems a shame to me not to put these issues at the core of our strategies. And yet Commissioner Barroso's "triangle of knowledge" is an appropriate concept, even in terms of the market. It is absolutely imperative to promote research and connect up cooperative efforts in the area of higher education and research. This has got to be a priority in the economic and social development of the Caribbean region.

The Caribbean is one of the regions of the world suffering most from the "brain drain",

which takes a heavy toll on the economy and society. Current-day technologies are one possible solution to keep academics from having to choose between leaving to work abroad to obtain better salaries and living conditions and remaining poorly paid in a country that does not have favourable living conditions. We have begun consulting with the West Indies Universities on the prospects for virtual mobility and on ways to collaborate online on academic pursuits.

As for the Caribbean's inclusion in the regional priorities of "Erasmus for All" : we shall soon see in what way cultural policy can find a useful instrument in these EU programmes.

Let us close these remarks on a positive note : the conjoined presence of unfavourable conditions can spur the development of a new convergence of energies. Let's hope the next summit of the European Union, Latin America and the Caribbean will bear that out. The "triangle of knowledge" could prove one of the constructive mainstays of this foundation's activity.

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## Debate

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### **Jean-François Claverie**

I have a question for Mr Constant. In your talk, you did not bring up the expression “decentralized cooperation”, that is to say cooperation between the French overseas local authorities, regions and *départements*. Why not?

### **Fred Constant**

The expression didn’t occur to me, but that’s exactly what it’s about. Nowadays, to put it in fancier terms, we talk about “territorial diplomacy”. It is indeed a matter of actions carried out by territorial collectivities and their groupings. I didn’t mention André Laignel’s mission either, which is to make some proposals very soon in these areas.

### **Jorge Valdéz**

As to diversity in the Caribbean, macroeconomic cooperation between the island countries is at a level equivalent to that of other regions. Unfortunately, the media hardly talk about that at all. Some countries are heavily in debt, such as Jamaica, whose level of indebtedness comes to 120% of its GDP. These cases don’t interest *The Financial Times* and company... so they don’t talk about it.

The meagre media echo on these matters probably leads many decisionmakers to believe there is no urgent need to deal with these situations. And yet it’s a situation due to the local banking system. It’s a powder keg. How can we find a framework that can generate trade dynamics between these countries based on positive experiences? Don’t we need to create other institutions in other sectors?

### **Fred Constant**

That is a very apt observation. You’ve put your finger on a mechanism that is often overlooked : that of the very *raison d’être* of regional integration processes. That is found in discussions about the European Union : the crisis is said to be a repellent factor. It should be the opposite, a factor inciting to integration, if the *raison d’être* of regional integration is indeed to create a space of solidarity-based integration and not just free-market integration. This brings us to political and ideological issues I’m not going to go into.

**Henri Claude, PhD student at the University of Strasbourg**

I'm currently working on a process of interreligious dialogue in Haiti. One of the speakers has just mentioned the possibility of creating an exchange between researchers from Latin America and the Caribbean. Are there any processes ongoing that will make it possible to generate that exchange? In Haiti, the debate over university reform is going full tilt. This exchange forms the backdrop to all our reflections. Is there a specific way to bring about that academic exchange?

**Michèle Dominique Raymond**

The process is already in the works but you can jump on the bandwagon! The ambassador of the Dominican Republic would have liked to have presented some projects within this framework with Haitian partners. You can come to us about that.

Everyone complains about the complexity of European calls for proposals. I think one shouldn't exaggerate that complexity. I went to FESPACO [*African film festival in Burkina Faso*] some time ago. One woman and 12 project backers, who hadn't had much in the way of an academic career, succeeded in obtaining €450,000 in funding from the European Commission. Don't be intimidated by the calls for proposals and the guidelines. You need only be very methodical and rigorous in answering the questions. The funding is often there at the end of the road.

**Olivier Giron, DREIC**

Together with our colleagues at the IdA, I'm preparing the first academic summit, which will be held in January 2013 in Santiago. I would like to add some details to what Mr Dondi was saying. A first bridge-building phase took place to try to create a higher education area between the EU, Latin America and the Caribbean from 2000 to 2007. For various reasons, particularly because so little progress had been made in integrating the academic and research systems in Latin America and the Caribbean, it wasn't easy to find bases on which to build links between the EU, Latin America and the Caribbean.

To get back to the situation of the Caribbean within what is, above all, a very political dialogue, unfortunately we note an almost complete absenteeism on the part of universities in the Caribbean. A preliminary meeting was held in Lima after the one in Paris. We didn't see a single representative of the Caribbean there! We need to set up an organization for all these universities, which differ from one another by virtue of their historical, linguistic and cultural origins. Synergies need to be generated between the big Latin American universities that have the greatest visibility, especially in terms of academic

research, and European universities that would like to join up in projects to generate mobility for students, teachers, researchers and so on. To our friends from countries in the Caribbean I say, "Don't brush off these organizations!" They may well have their shortcomings, but without them nothing really concrete is going to get off the ground.

***Carlos Quenan***

Thanks for this feedback. There are indeed efforts to be made to bolster the presence of universities in the Caribbean.

***Fred Constant***

There are two associations, UNICA, the Association of Presidents of Universities in the Caribbean, and CORPUCA, an offshoot of the regional AUF. We need to find a way to identify the good structures and work directly with them.

***Laura Faxas***

With regard to the Caribbean countries, more precisely CARICOM, it seems necessary to me to assert the political will to try to create a network. That involves informing stakeholders, translating documents into English, sending them to decisionmakers and so on and so forth. When I arrived at UNESCO in 1997, the Spanish-speaking ambassadors had decided not to translate the documents into English because they refused to pay for the translations!

***Carlos Quenan***

Given this general state of affairs, what do you think of regional integration for combatting the phenomena that have been outlined, which are for the most part negative?

***Anthony P. Maingot***

The most delicate point concerns the autonomy they have attained today. We see what's happening in Bermuda, in the Cayman Islands and so on. The more autonomy they have, the less pressure we can put on them. That came clearly to the fore in a debate in the Cayman Islands, during which the Finance Minister said roughly the following : "Remember that financial decisions are made jointly here by three entities : global opinion, British opinion and ours. Nothing will get done here without consulting us". The Cayman Islands were, at a certain point, a dependency of Jamaica, from which they seceded in order to gain this domestic autonomy.

The same goes for the Bermudas, which have huge revenues at their disposal. The stakeholders in the Afro-Bermudian sector don't want to change anything. And why should they? Per capital GDP there comes to \$97,000. The problem is that the Caribbean upper middle classes invest their money there too. The links between the banks, bolstered by modern technologies, are extraordinary. You push a button and millions of dollars are instantaneously transferred from one spot on the planet to another!

I'd also like to reply to Jorge Valdez's remarks. I have the greatest respect and affection for Leonel Fernández, whom I know well. But I think he's an incorrigible optimist. After all, Venezuela is throwing its money out the window : Who will pay its debts? Can you imagine Jamaica or Cuba absorbing all that debt? No way! Venezuela is borrowing money that comes from China in order to make good its deficits. And yet it adheres to its diplomatic policy. At the moment, we are going through a smokescreen in the Caribbean. People never talk about it, paralysed, as they probably are, by the fear of offending one party or another. It is an academic privilege, which diplomats envy us, to put things plainly, to tell it like it is. The days when two or three leaders at Fidel Castro's level could decide in five minutes' time to build an airport or a major infrastructure are gone for good.

### ***Comments from the audience***

I wanted to reply to what was said by Mr Maingot, with whom I disagree. Contrary to what you say, those days are not over. We can still do things. And yes, we're going to pay. The Dominican Republic pays, Jamaica pays, all these countries pay in keeping with their commitments.

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# Regional integration and international economic integration in the Caribbean : Between unity and division

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## ***Round-table discussion moderated by Viktor Sukup***

**Researcher at IRELAC**

Regional integration is of extreme importance and complexity in the Caribbean. The countries in question are of very small proportions. The three biggest countries have roughly 10 million inhabitants. The smallest have fewer than 100,000 inhabitants. We know full well in Europe, too, that island populations complicate matters a bit due to somewhat complex national specificities and identities that are sometimes hard to relate to other, more continental identities.

CARICOM will soon be celebrating its 40<sup>th</sup> anniversary. It was founded in 1973. Most of the CARICOM countries, which are English-speaking Caribbean islands, have just celebrated the 50<sup>th</sup> anniversary of their independence. Regional integration is stumbling on a great many problems. We're going to talk about that and about global integration, for these countries cannot integrate solely amongst themselves, they must also integrate into a broader context, particularly that of Latin America, the Americas in general and the world.

## ***Victor Bulmer-Thomas***

**Researcher at the Institute of Latin-American Studies in London (ILAS),**

**Professor Emeritus of London University**

For much of the Caribbean, a consensus emerged in the 1950s that the future lay with export-led growth driven by services, especially tourism from North America and Europe. That strategy did indeed help to raise GDP per head to historically high levels. Yet it has run out of steam and there appears to be no obvious successor except for a few commodity exporters such as Trinidad & Tobago.

This pessimism needs to be addressed, but first some definitions are required. The concept of the Caribbean used here includes all the islands plus the three Guianas

and Belize. This is 28 countries divided into 16 independent and 12 non-independent countries. It excludes Haiti

This region, broadly defined, has generally had a good growth record since 1960. It will come as no surprise to this audience, however, to learn that the decennial rate of growth, defined here as the average over ten years, has been slowing down sharply. This is particularly disappointing as the region appeared to have reversed the earlier decline which reached its nadir nearly 20 years ago. The decennial rate of growth has now been falling for five years and there is no likelihood of this being reversed in the short-run (the annual rate of growth of GDP per head can, of course, change very quickly).

The Caribbean exports not just goods, but also services. The two, when added together, constitute total exports. If we calculate the ratio of total exports to GDP since 1960 for the region as a whole, we can see that the ratio rose significantly, from 30% to 50% within the space of just a few years. However, it peaked at 52 percent in 2004. Since then the ratio has been falling despite the fact that North America and the European Union, the two most important export markets, did not enter recession until 2009. Indeed, the ratio has now fallen back to where it was in the late 1970s.

I am well aware that there are variations among the sub-regions and countries that make up the Caribbean. However, it is very striking that – with the exception of Cuba which has now re-entered the global economy with a vengeance – the ratio of exports to GDP has been falling almost everywhere. The decline has been most dramatic in the French Départements d'Outre Mer (DOMs). In CARICOM – the sub-region I assume to be of most interest to this audience – the ratio has also fallen sharply.

Growth does not have to be export-led. Indeed, there are a range of possibilities. However, the alternatives to export-led growth in the Caribbean are for the foreseeable future not sustainable since they would all involve either an increase in indebtedness and/or net imports – both of which would be suicidal in the current context for almost all countries. Balanced growth might make sense if the export/GDP ratio had not fallen. However, as we have seen, it *has* declined sharply and a long-run growth strategy therefore needs to emphasize exports.

An export-led growth strategy still needs to be defined. In the Caribbean it involves certain key choices since there are a number of competing priorities. Exports can be of goods or services. Both can be intra-regional or extra-regional. And the extra-regional exports need to distinguish between traditional markets in North America and Europe and non-traditional markets in the rest of the world. Last, but not least, none of these choices makes any sense if the exporting country is uncompetitive internationally.

The first consideration is goods or service exports. The Caribbean finds it hard to compete internationally today in goods other than minerals unless there are preferential trading arrangements in place. These preferences are steadily being eroded and even the Economic Partnership Agreement with the European Union is unlikely to make much difference. Thus, the long-run prospects for non-mineral merchandise exports are not good, although the recent rise in global food prices means there is scope for increased food exports for the handful of countries with the capacity to produce a food surplus.

By contrast, the Caribbean has been competitive in service exports without the need for preferences. Services currently constitute around 30 percent of total exports. However, the picture is very different if we exclude Puerto Rico, where assembly exports dominate, and Trinidad & Tobago where energy exports are so important. The ratio then increases to 60 percent, although it stopped rising in 1993.

The majority of service exports are still provided by tourism (overnight and cruise ships), so this market is very important. The number of tourist arrivals is overwhelmingly from the traditional markets of North America and Europe – 60 and 20 per cent respectively. The breakdown of cruise ship passengers, although not fully reported, is likely to be similar. So some 10 percent of the world's population provides some 80 percent of tourism receipts. This might not matter if North America and the European Union were growing rapidly, but they are not. Furthermore, the Caribbean share of world tourist arrivals has been falling since 2003 – even before these markets entered into recession. The traditional tourism market is not saturated in the Caribbean, but the package on offer is looking very tired. Undoubtedly, there is scope to rethink what is provided. Just as important, however, is the need to recognize that traditional tourism is only one of the service exports the Caribbean can sell. Indeed, non-tourism service exports already constitute one-quarter of all service exports and this proportion is higher if some kinds of tourism, such as attending musical festivals, are distinguished separately. We can already identify in the Caribbean a broad range of such service exports and this is where the emphasis in the next few years needs to be placed. Indeed, a Caribbean task force drawing from the experience inside and outside the region is surely now a priority in order to identify which non-traditional service exports stand the best chance of success in the next 10 to 20 years.

The next strategic choice concerns the balance to be given to intra- and extra-regional trade (it is not, of course, a question of one or the other). The only integration scheme confined to the region is the Caribbean Community, but CARICOM – when Haiti is excluded – represents only 25% of Caribbean trade, 20% of GDP and 15% of population.

CARICOM does not therefore represent the Caribbean as a whole and, unsurprisingly, has struggled to defend the interests of its members in the face of discrimination from outside. It has an internal market, if Haiti is excluded, of less than seven million people and in the last 10 years intra-regional trade has represented only 10 percent of total merchandise trade (higher for exports and lower for imports).

All integration schemes have a choice to make between deepening and widening. CARICOM is no exception. Yet in the last 25 years almost all CARICOM's efforts have gone into deepening the integration scheme despite the small size of the market. This has not worked as planned and is unlikely to yield much benefit in the future. Far better, in terms of the balance of costs and benefits, would be to try widening.

There are many candidates and some of them have very high levels of imports per head. Thus, their small population size does not prevent them from being attractive markets. The two US territories, for example, have imports per head more than three times higher than the CARICOM average and merchandise imports twice as large as those of CARICOM despite their small population. The tiny DOMs have imports per head twice the CARICOM average and merchandise imports equivalent to one-third of CARICOM. Even Cuba, despite its relatively low level of imports per head, has merchandise imports equivalent to two-thirds of all CARICOM.

The easiest place to start the process of widening is with the Dutch territories as the three largest islands are effectively autonomous. The next is with the British Overseas Territories since one (Montserrat) is already a member and the British government has recently published a White Paper encouraging greater integration between the other territories and CARICOM. Although their populations are miniscule, their imports per head are five times higher than the CARICOM average.

Cuba should also be a candidate, although this is likely to take a few years to bring to fruition. The Dominican Republic should always have been a member and perhaps will become one in time, although its participation in the preferential trade agreement between Central America and the US does create special problems. Even the French and US territories should not be ruled out, although CARICOM would have to end its Common External Tariff as these countries cannot be expected to impose duties on imports from their metropolises. And, needless to say, Haiti must be fully integrated into CARICOM as well.

Of course, none of these countries might want to join CARICOM in its present state. However, all Caribbean countries have an interest in pooling sovereignty to defend the

region's collective interests in the areas of tourism, the environment, drugs and migration as well as fighting discriminatory policies applied to the country's leading exports by outside powers. The case for widening is very strong and it should at least be tried. What would a CARICOM that embraced all the Caribbean look like in terms of trade? First, trade with the countries that are currently non-members would immediately become intra- rather than extra-regional. Secondly, the share of trade done with these same non-members would almost certainly rise. In the last ten years, for example, CARICOM has sold 16 percent of its merchandise exports to itself, Cuba, Hispaniola and the Dutch territories. We do not know how much it has sold to the British, French and US territories as no publication (including IMF, *Direction of Trade Statistics*) reports it, but let us assume it is another four percent. This makes 20 percent and it is not difficult to see this going to 35 percent if widening became effective. Thus, intra-regional exports could rise to one-third of the total, a much higher proportion than in MERCOSUR, the Andean Community or the Central American Common Market.

All this involves intraregional trade in goods, including foodstuffs where the rise in global food prices has increased the scope for intra-Caribbean exports and imports. We have very little idea about intraregional trade in services, but it is very normal for neighbours to sell services to each other all over the world. I do not have the time here to go into this fascinating topic, but my sense is that intraregional service trade is far below its potential. If Argentines can take their holidays in Uruguay and Costa Ricans do their shopping in Panama, it does not seem unreasonable to aspire to much higher levels of intraregional trade in services in the Caribbean.

Let me now turn to the extraregional trade partners. The Caribbean has always had a 'core' of metropolitan countries with which almost all its trade has been conducted. The core has changed over the centuries but now consists of the United States, Canada and the European Union. Together these account for nearly 90 percent of merchandise exports and around 80 percent of service exports. This means that the Caribbean, where trade is so important, is far too dependent on three trade partners – all of whom face a very uncertain future as far as future growth is concerned.

It is time for the Caribbean to broaden the core. We can debate the list of countries, but the main candidates are surely Brazil, China, Mexico and Russia. Two (Brazil and Mexico) are mainland neighbours with 300 million inhabitants and good growth prospects. A third (China) has the largest population in the world and a growing capacity to import services. In addition, with the completion of the widening of the Panama Canal in

2014, China is set to increase its presence in the region significantly. The fourth (Russia) already has close ties with at least one country (Cuba) and ferocious winters that make the Caribbean an attractive destination for its citizens.

At present these four countries import next to nothing from the Caribbean in terms of goods (current statistics do not allow us to measure their imports of services). In the last ten years, China and Russia have imported about one tenth of one percent from the Caribbean and most of that is accounted for by Cuba. Brazil and Mexico are a little higher, but these are neighbours and the figures should be much higher since geographical proximity is normally a good guide to trade flows.

The numbers are a little better when seen from the point of view of Caribbean exports, but nothing like as high as they could or should be. In the last ten years, Russia has taken 0.5 percent of Caribbean goods, Brazil a mere one percent, Mexico less than two percent and China 2.5 percent. However, without Cuba, the share going to China drops to around one percent. No country other than Cuba has sold more than eight percent of its merchandise exports to these four crucial markets taken together.

The scope for increasing the share going to these four markets is enormous – especially if services are included. The two neighbours have made it clear that they both want much closer relations with the Caribbean. For Brazil it is about both economics, using the Caribbean as an entry point to the US and Europe, as well as geopolitics. Mexico offers the added advantage of duty-free access to the US and Canada through NAFTA. China's Premier recently explained to ECLAC in Santiago the strategic relationship the country wants to build with the Latin American and Caribbean region. Only Russia at present lacks a clear motive for seeking much closer relations. Caribbean missions to these countries to explore the prospects for increased trade in goods and services are urgently needed. Cuba, with whom almost all the Caribbean states have very good relations, could surely help.

The Caribbean will not be able to access these or any other markets if its exports of goods and services are not competitive. There are many indices to measure competitiveness, but most are very poor proxies and none include all Caribbean countries. Two (the Global Competiveness Index and the Ease of Doing Business Index) are widely quoted, but the first only has data on eight Caribbean countries. The second has data on 15 Caribbean countries, which is an improvement. However, when the decennial growth rate of GDP per head in these Caribbean countries is compared with their ranking on each of these indices, the result is either no correlation or – even worse – a negative correlation. The indices are, frankly, useless for Caribbean purposes.

Labour productivity, measured as GDP per hour worked, is more useful, but it is currently available for only three Caribbean countries. The real effective exchange rate (REER) is therefore better as it is more widely available. However, it needs to be calculated using unit labour costs. This is not done in the Caribbean, where the Consumer Price Index is used instead. This can be misleading. Furthermore, the weights used for the bilateral exchange rates reflect only trade in goods not services. Nevertheless, the REER is probably the best we have and has been published for 15 countries (it can, of course, be calculated for the others).

These figures suggest that a loss of competitiveness in the Caribbean is not the major obstacle to export-led growth. Since 2005, only one country (Trinidad & Tobago) has experienced a severe appreciation in the REER and that is a reflection of the 'Dutch disease' that so many energy exporters experience when oil and gas prices are high. Furthermore, there is no correlation between the use of fixed exchange rates and real appreciation. If anything, the opposite is the case since currencies pegged to the US dollar were falling against the euro and the Canadian dollar after 2005.

In conclusion, the Caribbean needs to refresh rather than replace the export-led growth model that previously served it well. The suggestion here is that the concept of export-led growth in the Caribbean is correct, but it needs to be revised to emphasize (a) non-traditional service exports (b) intraregional trade through widening CARICOM and (c) additions to the 'core' countries through a concentration on new markets in Brazil, China, Mexico and Russia. Finally, as a check on competitiveness, a special effort should be made to calculate the REER more accurately.

### ***Christian Ghymers***

#### **President of IRELAC**

Thank you for inviting IRELAC to this conference aimed in a way at making good the dearth of research and reflection on the Caribbean. IRELAC is an intercollegiate institute which acts essentially as a platform connecting up networks and which capitalizes on the Latin America specialists based in Brussels – which doesn't mean the Belgians, but those of the entire European Union and even beyond.

It has been my profession for a long time now to forecast disasters which, unfortunately, come to pass. I fear I won't be able to avoid that today either as regards the Caribbean. I am going to speak solely in my capacity as an expert : do not see any value judgments in which I am about to tell you. To my mind, the very existence of the Caribbean does

not mean anything without a radically different quantum leap in its approach to regional integration. In my opinion, the European Union can be of great help in accomplishing that leap. We are in any case prepared to do it with them.

The Caribbean's very slow growth is basically owing to an overall productivity problem, i.e. inefficiency. The Caribbean is economically inefficient. Absent a solution to this productivity problem, there is no future for the Caribbean. We are currently seeing an exclusion due to a disastrous level of overindebtedness, on a par with Greece and other cases we're familiar with. There is also a lack of diversification in products as well as markets. All the solutions require cooperation, but in an innovative sense. The Caribbean is the only area in the world that exports the bulk of its services, which has its advantages and drawbacks, especially when these services are focussed entirely on two areas of the world that are in structural decline.

From a macro-economic point of view, if you leave out the Dominican Republic, which is the only tenable method, even though Haiti and Cuba are not overindebted and don't have large domestic or external deficits, these economies have such huge liabilities in the way of social and political debts that the result is an untenable situation, unless they have a lot of luck . . . but I'm hardly optimistic about that.

Growth is back in Group 2, as in Latin America, thanks to raw materials. Group 3 is a total catastrophe : stagnation, internal and external overindebtedness, financial fragility, a doomed banking system, exposure to external shocks and so on and so forth.

Most of the countries' economies are unsustainable and in jeopardy. What is particularly worrying is a vicious circle, that of overindebtedness leading to stagnation, which in turn leads to overindebtedness. Studies conducted by the IMF in particular show that, beyond 60% indebtedness, growth collapses. This is even truer in the Caribbean. There is a vicious circle of external deficit with a decline in productivity and a lack of diversification. Ultimately, these two vicious circles are interconnected through the phenomenon of total-factor productivity, in other words the inefficiency of the economy. Latin America as a whole, albeit to a lesser extent, is a victim of the same inefficiency, and the European Union is suffering from the same ailment.

The fiscal policy mistakes are legion. The region does have some excuses : the cyclones, the change in the EU's banana import regime – which is not negligible, as it accounts for a 10% loss in GDP in the space of only a few years –, the excessive geographic and sectorial concentration of exports. But there are also losses in competitiveness due to mediocre productivity and, above all, due to non-integration, to the diminutive scale which could not be augmented by the entropy of regional organization.

We ought to focus on the technical question of figuring out where the productivity went. Whatever denominator we use to compare the Caribbean – in the sense of CARICOM –, it has been in decline for 40 years, and the trend is not about to be reversed. In terms of annual growth rates, the Caribbean has averaged 2.2% over those 40 years. If we take all 136 developing countries in the world, their 40-year average is 5.1%, and 3.4% for Latin America. The other small islands comparable to the Caribbean in the Pacific and elsewhere clock in at 4.3%.

An analysis of the region's growth lag has been carried out by three IMF staffers. They draw three major conclusions. The loss of growth, whether relative or absolute, comes from total-factor productivity. The Caribbean is inefficient; if it keeps going like this, it's going to disappear. Tourism has slowed down this disappearance. But it is at risk too because it's based on two areas in long-term decline : the United States and Europe. Tourism all by itself has boosted growth 4.1% per year on average. If tourism collapses, what will be left?

Lastly, the small size of the states is a negative factor. The island factor, which the IMF econometricists recently managed to isolate, is spectacularly negative. This is proof yet again that the problem can only be resolved through a different form of integration. The countries integrated by means of the Caribbean currency are not showing greater productivity growth. The other CARICOM countries are victims of the same scourge, with the exception of raw materials exporters, which are spared to a small extent, though they can't really take credit for it.

Debt is a major cause of the problem : the Caribbean misses out on half of its growth because it is overindebted. Beyond or at roughly 90%, the growth rate drops by more than half. Debt and growth are a basic rule that Europe has only recently discovered – despite all the Maastricht and other parameters, which, though criticized, have been systematically infringed, with Germany leading the way, particularly in 2003. Unless that problem is solved, there can be no solution for the Caribbean.

The rate of exchange has not been overvalued, it is relatively stable and not unfavourable. But whether we look at goods or services, it's a disaster. 20% of the GDP of four tiny islands has disappeared as a result of a change in European policy. But that does not suffice to explain the situation for the whole of the Caribbean.

In conclusion, this is an urgent matter. The only solution is to take action together, i.e. not only among Caribbean countries, but with the Latinos and with Europe, perhaps even with the United States if that is possible. The Caribbean has the historic opportunity of being in CELAC, it must make the most of it. There is also the Madrid Action Plan as

well as the Cumbre de Santiago. That is another opportunity, we'll have to see whether the Caribbean is capable of seizing it. The regional dimension, however, can create something specific in terms of institutions and governance, in terms of the regional public good, to devise reforms that will not be realizable within the time required unless they are launched jointly so as to benefit from a certain dynamic. Regional integration is a must. It needs to move into the sphere of governance, which means designing adjustments together, nothing binding – on the contrary, incentives. For there won't be time to negotiate treaties there. Peer networks need to be built, not among ministers but among experts, to pool resources and exchange views on the worst practices of one another's countries in a spirit of mutual self-criticism. The experts need to be authorized to be connected up with one another on a permanent basis. Free networks need to be forged that don't make the decisions but do the work. These are the methods used in Latin America within the framework of CEPAL and which have yielded spectacular results. No institutional change or budget is necessary, nor is there any need to give up sovereignty.

Cooperation is necessary in order to learn together how to handle problems of governance, in other words how to handle one's minister, to put it coarsely. The vested interests are such that the ministers are not free to do as they see fit. But an expert has some extra latitude, especially if they're backed up by colleagues on other islands. The idea is to gain time by seizing and raising consciousness, particularly of the urgent need for action. That generates a group dynamic, which is a form of emulation, of competition between each administration to remedy the defects its neighbour is pointing out to it. Emulation makes it possible to detect problems in good time, reduce risks and improve market expectations. A macroeconomic dialogue could be started up in the Caribbean with COFAP [*Council for Finance and Planning*], for example, at CARICOM level, and open to Haiti, the Dominican Republic – and why not Cuba, too. The exchange should be behind closed doors, in a personal capacity, in the first phase, without having to reach decisions. The resulting reports would be filtered through COFAP, which would be obliged to publish something. So this would establish some democratic accountability with an autonomous group of macroeconomists, who'd organize a debate with the international press and local public opinion. And people would judge whether or not COFAP are doing their job, which is something that is lacking in the Caribbean at present.

**Frantz Toussaint**

**Lecturer at Sciences Po in Paris**

I would like to talk to you about the vectors through which regional integration is achieved. The Caribbean is marked by unity and division. We are going to see where this division gets played out and how Caribbean actors try to take on this challenge. Mr Fernández has given a brilliant talk on the Caribbean, presenting it geographically, geopolitically and culturally. One leading organic element to be borne in mind in talking about the Caribbean is the Caribbean Sea itself. It is the common denominator for discussing this region, whether it's a matter of small islands or the concept of the Greater Caribbean, i.e. all the countries whose coasts lie on the Caribbean Sea. Likewise, there are certain historical factors that contribute to forming the research subject we call the Caribbean.

The decisive historical element for the entities that constitute CARICOM is the very origins of these countries, which derive essentially from the type of colonization. Despite some similarities between the states in terms of size and culture, the main driving force behind this integration project is the political will. Its point of departure is a mounting realization of regional vulnerability. All the countries and small islands in the region, when faced with a threat, know that it concerns and affects all of them. That goes for natural disasters as well as drug trafficking, for example. The borders are very porous, so organized crime develops. Thanks to a growing collective awareness of this vulnerability, the countries concerned now wish to work together. The upshot is a regional project to address economic, social, cultural and security issues.

What are the main regional blocs taking part in regional integration in the Caribbean? Integration and cooperation are two distinct levels : integration is a far more advanced phase. CARICOM is a major player in this integration. The OESC [Organization of Eastern Caribbean States] is made up of the small islands in the eastern Caribbean that are members of CARICOM. But based on certain economic parameters, they have been isolated into a subgroup to orientate them towards a two-stage integration. CARIFORUM is not a platform for integration in and of itself, but more of a mechanism for discussion and negotiation, particularly with the European Union. The Association of Caribbean States, for its part, takes into account the organic nexus between Caribbean states. Integration includes some countries and excludes others, particularly for legal reasons : some entities don't have the status of a country or state yet. Some are still in

the fold of the United States, others in that of The Netherlands or the United Kingdom. So much for the overall picture. The OECS countries from the eastern Caribbean are full members of CARICOM. The relations played out in the OECS are only regional and intra-regional. On the diplomatic plane, a certain degree of mutualization takes place in terms of how the OECS countries' interests are represented at the level of other third-party countries. But when it comes to regional trade negotiations, the OECS delegates, if I may put it that way, its rights to CARICOM. These two levels – OECS and CARICOM – need to be distinguished, above all for negotiations concerning intra-regional or subregional trade. The level of integration in the OECS surpasses that of CARICOM, since they have a common currency.

CARIFORUM comprises 17 countries, but two new member countries are not linked by the historical aspects we have already touched on. All these countries, except Haiti, are in theory English-speaking and started out in the Commonwealth. Historically, the Dominican Republic did not have certain aspects in common with the other countries. The same went for Cuba. A platform had to be found, particularly within the framework of the EU, for negotiating with all the partners. That is how CARIFORUM was created. The Dominican Republic signed the agreement, unlike Cuba. And what of Guadeloupe and Martinique? These territories do not take part in any international process or regional bloc. They have no identity, no legal status and no mandate for doing so. For the time being, the only platform through which these DFAs are integrating is CARIFORUM, in the capacity of observer countries. Another key lever used by the DFAs to bolster their presence in the region is maritime cooperation.

The AFC only does cooperation, which is based on four pillars : trade, tourism, transport and the environment. This cooperation involves the Greater Caribbean.

So where are we now in this integration agenda? And where is it headed? For some years now, the big integration project in the Caribbean has been known as the CSME, short for the CARICOM Single Market and Economy. It is part of the efforts to deepen regional cooperation. We have already talked about the two options, deepening regional integration or widening it geographically. The CARICOM countries initially opted to promote deepening, particularly through the revised treaty in 2001. The object is to create a single market area and a single economy. All the subtlety lies in the word “single”. We don't talk about a common market but a single economic market, which is slated for 2015. Nonetheless, we are going through a period of global crisis; in all likelihood, the 2015 horizon will have to be pushed back.

The CSME is based on several pillars, including the free movement of goods, services

and persons, and the right of establishment for companies. Any national of a CARICOM member country is entitled to settle in another country and benefit from the same treatment as domestic companies there. The free movement of capital concerns the establishment of common economic and trade policies. So far, we are in the single or common market phase. It is not merely a matter of removing barriers and the like, or trying to figure out how a law will apply at the level of our country. It is a matter of harmonizing policies. Ultimately, the aim is to arrive at a common currency. Its implementation will be brought about by way of the single market.

What has this process achieved to date? CARICOM is recognized as the regional interlocutor. The regional agenda is defined and precise. The vision and the responsibility are shared. At conferences of heads of state in the Caribbean, I've often heard them admit that they have only one choice : succeed together or perish together. So there is indeed a sense of belonging to an area and to what I call a "know-how pool", especially in matters of trade negotiation. Other tangible achievements exist as well : lower transaction costs, particularly in matters of trade negotiations; progress in free movement; harmonization of customs and trade policies; and a powerful mobilizing capacity for launching structuring projects through integration.

What are the challenges that lie in store for the region? The Caribbean economies' considerable dependence on and interconnection with the global economy makes this area still vulnerable to fluctuations of any kind. The non-members of CARICOM produce 60% of the region's GDP, which comes from tourism. To what extent will CARICOM really be capable of completing the project of a single market and economy? I think these are the main challenges CARICOM ought to be focussing on today, with a view to fostering regional integration, in order to decide now what the future of the Caribbean will be in ten years' time.

***Eric Dubesset***

***Lecturer at the University of Bordeaux IV***

Thank you for inviting me to this very important meeting on the Caribbean. This region is often forgotten at colloquiums or, at best, treated tangentially. What is original about today's gathering is that it is entirely devoted to this pluralist geopolitical complex situated around the Caribbean Sea, where North, Central and South America come together. Gaining a better comprehension of the concept of Caribbean identity will require a renewal of our research approaches, hence the interest of a meeting and research

programme of this sort, encouraged by the IdA. For the integration process in the Caribbean is inextricably bound up with the complex and enigmatic question of regional identity, which a great many thinkers, ideologues and researchers have long strived to elucidate from various angles. As has already been said several times, the first pitfall has to do with the considerable heterogeneity, at once cultural, linguistic, political and socio-economic, of this vast protean area. With a total of 5 million square kilometres occupied at its centre by a network of seas and, on its periphery, by about 40 territorial entities, whose morphometric gradients and disparities in economic and social development, as well as in politico-administrative status, are particularly pronounced. This whole complex is profoundly pluralist, but also transnational. Situated both inside and on the cusp of North America – we have talked about Miami, but one could also add Montreal, Toronto, Vera Cruz – on the cusp of the Central American isthmus, of South America and even Europe via cities like Paris and London, the Greater Caribbean is in perpetual recomposition.

Shaped by a multiple and intermeshing movements and influences, the Greater Caribbean constitutes a fundamentally changing area. This is the reason why its identity needs to be apprehended, particularly in the current context of the accelerated globalization of exchange, by an approach I shall call *kinetic* and *systemic* : an approach that views this identity in terms of movements and circles of influence, i.e. relational structures and mobilities, hence interactions of all kinds – and not only through the historical prism of colonization and hegemony, as we often still do. The interpretation I recommend goes beyond traditional observation, the uncompromising division of the area into simply juxtaposed or isolated state and static entities. It would allow a dynamic apprehension of the evolution of the connections between the components, as well as of the interlocking scales of magnitude, which go from the micro-local to a more all-encompassing space.

For although they are by no means impervious to other percolations, notably of an anthropological or cultural nature, it is indeed the movements, the interconnexions and extraordinary interlacings of legal and illegal flows, of back-and-forth migrations and of the movement of ideas, goods and persons which, by dint of their intensity and intersections, ceaselessly reshape, regenerate and recompose the region, that give it its unity. Through this new approach, the singular of the toponym “*la Caraïbe*” could perhaps henceforth legitimately and usefully supplant the plural term “*les Caraïbes*”, which is still widely used today in French.

This new formulation of the issues and approaches is a useful precondition, but still

naturally insufficient for breaking completely with a history of subjection to relations and entering into a lasting relationship.

Which leads me to my second observation. It concerns a major political obstacle to the realization of this goal of integration. As has been pointed out, the determination of the Caribbean parties is coming up against inevitable encumbrances, but also some scepticism, which are compromising the viability of unifying strategies. The radicalness of certain ideological rifts is a recurrent handicap. Divergence in ways of conceiving of integration, the lack of an overall strategic vision, the absence of leadership inside the area and, even more importantly, the excess of nationalism are profoundly damaging to the integration process.

Most of the independent states are clinging to their sovereignty and refusing to give up a chunk, but that is indispensable to the integration process. Due to this refusal, particularly in the Spanish-speaking states, any progress towards a horizon of political integration looks quite uncertain. Nevertheless, it is right to repeat that, even if an assessment of the top-down regional dynamics may be mixed at best, it must not omit or obscure many other successes that have been achieved. The quality of exchange is undeniably progressing from the bottom up, and in several sectors. Migratory flows play a major part in regional integration processes. They bring populations together at least as much as political and economic organizations do. To tell the truth, the most encouraging signs are probably to be found in culture and the arts. We are seeing a gradual concretization of exchange in a domain like the conservation and valorization of cultural heritage, whether tangible or intangible : research programmes like FUNDGLODE, for example, museographic and tourism projects, festivals like CARIFTA, artistic encounters like the Havana Biennial, and sporting events.

We are indeed seeing a number of successes in cross-border cooperation in Central America, but also in terms of the management and preservation of the environment, particularly the marine environment. The Trifinio project between Honduras, El Salvador and Guatemala and the Caribbean Sea conservation project are good examples.

So regional cooperation seems to be preferred to integration. It is often regarded as one possible way to meet the demands of the internationalization of exchange, for it permits states and territories involved in the process to retain their sovereignty. This option has opened up areas of intra-Caribbean cooperation, such as the ACS and ALBA – and, even more recently, CELAC. To collectively meet the social, economic and healthcare challenges facing the region, these dynamics of cooperation will have to be renewed in an endogenous and integrated manner. The eustatic effects of climate disturbance

and increasing geographic and social imbalances are more conspicuous than ever. So it now turns out to be absolutely imperative to collectively adopt concrete political measures, particularly in the spheres of security, governance, sustainable development and renewable energy production, and to integrate all the island and mainland areas of the Caribbean, peripheries included, into the networks of globalized production of services that are grounded in information and communication technologies.

To that end, the countless multidirectional links that structure these island and mainland societies can probably serve as foundations, as a basis for the institutionalization of a fully-fledged regional political union, which would endow them with an internal coherence as well as a voice of their own with which to express themselves externally. This is one of the keys to the future of the Caribbean, which is on the move, if not truly *moving*, and which is fundamentally one and plural.

### ***Philippe Oriange***

#### **Director of Latin America and Caribbean Department at the French Development Agency**

This colloquium is quite interesting for a representative of the French Development Agency (AFD) like me. Historically speaking, the AFD has been active in the region since 1946, and today's event corresponds to a process of reflection that the AFD has launched to prepare a strategy for intervention in the foreign states of the Caribbean, which will be the first in its history.

For the AFD, the Caribbean is indeed an area in which three mandates for intervention coexist. The first mandate concerns Overseas France, the French départements of Guadeloupe, Martinique and French Guiana. And then there are two mandates for intervention in foreign countries : one being a "Priority Solidarity Zone" mandate concerning four countries : Cuba, Haiti, the Dominican Republic and Surinam; and the other being regional cooperation. The latter concerns foreign states fairly close to overseas departments in which the Agency is, in principle, supposed to intervene to facilitate projects contributing to the integration of overseas departments into their regional environment. The challenge facing the Agency, or more specifically the department I'm in charge of, is to bring these two areas of cooperation to life. An additional challenge is to take the whole Caribbean complex into account, particularly the countries whose coasts lie on the Caribbean Sea. These three mandates for intervention vary according to a certain number of constraints. The AFD is in theory authorized to intervene in every country in the Caribbean.

Upon closer scrutiny, we find that this region, which is apparently a single intervention area, is actually fragmented.

First of all, because certain areas are “accounting-wise” too affluent to be eligible for development aid : the Bahamas, Trinidad and Tobago, and Barbados. Statistically speaking, these countries have exceeded the threshold of \$17,000 or \$19,000 per inhabitant. They have been taken off the OECD list of countries eligible for aid from the DAC [*OECD Development Assistance Committee*]. Furthermore, an agency like the AFD cannot intervene in countries, particularly the poorest, that have benefitted from debt relief measures or have very high levels of debt. This is the case with several Eastern Caribbean states, as well as with the countries of the Greater Antilles, though for different reasons. It is the case with Jamaica and even Cuba owing to failure to pay a bilateral debt. Lastly, a third category of restrictions applies to countries regarded as uncooperative jurisdictions – i.e. countries whose normative, regulatory system is deemed insufficient for purposes of combatting money-laundering.

Once you know these restrictions, you can better understand that, leaving aside the figures for Saint Kitts and Nevis, Saint Lucia and Grenada, which correspond to old loan disbursements in the repayment phase, the AFD only has an active portfolio of activities for the Dominican Republic, the country in which we are most involved by far, for Haiti, where our efforts were stepped up considerably after the earthquake, for the island of Dominica, and for Surinam and Jamaica.

If you look at project funding and development policy, our range of activity is far narrower than the mandate as established by the various terms of reference. It may be slightly more complicated for the AFD than for other agencies : a certain number of multilateral donors like the Inter-American Development Bank (IADB) or the World Bank continue to intervene in a country like Jamaica. This is at any rate a constraint for us.

In addition to these interventions of a bilateral nature, there are multilateral operations, such as our support for the CCRIF [*Caribbean Catastrophe Risk Insurance Facility*], the fund for natural disasters, and other programmes in the field of biodiversity.

Faced with this patchwork of countries, the AFD has in recent years been looking into the possibility of intervening to a greater extent at regional level. It has done so with the United Nations Economic Commission for Latin America and the Caribbean, which it commissioned to carry out two studies, which will be the subject of a report\* in January 2013 on development trajectories in the Caribbean. It seemed important to us to make use of a more robust analytical elucidation than the one we had at the time, in order to prepare our regional strategy.

We have also established a relationship with the ACS. On account of its geographic coverage, which includes not only the island states but also the states bordering on the Caribbean, the ACS seemed to us a good prospective partner for topical studies on subjects like energy efficiency, ecotourism or earthquake resistance. We also think the DAC\* can make some headway on the issue of legal integration in this region.

Our present-day views will be set out in our regional strategy for the Caribbean, which should be finalized in 2013. The document is likely to emphasize the vulnerabilities of the countries concerned in the broadest sense of the word. This is a topic that is bound to be a structuring element of this strategy. The other structuring point will be at what level we deem it best to respond. There are some issues that can be usefully dealt with at regional level – this probably goes for environmental protection issues – while others are more effectively dealt with at the subregional level, or even at the level of a single territory.

The recasting of this strategy will go hand in hand with the development of partnerships with regional institutions. The institutional panorama of integration has been outlined, but I'd like to mention a few others that are also important players in this area of the world : the Caribbean Development Bank, but also – and this is new – the *Corporación Andina de Fomento*, which is now taking action in Trinidad and Tobago as well as in Jamaica and the Dominican Republic. These are institutions with which the AFD has begun discussing the development of instruments to build a regional response to a certain number of development-related challenges, while continuing to fund new projects as well. In our assessments we mustn't underestimate the exemplary value of initiatives carried out in the Dominican Republic or in Haiti, in response to the aftermath of the earthquake as well as in preparation for the future.

I would also point to a new instrument the European Union is setting up this year, the Caribbean Investment Facility, or CIF, modelled on other investment facilities set up in other regions. The CIF will make it possible to combine loans from bilateral or regional development institutions – the French Development Agency (AFD), the Spanish Agency, the Inter-American Development Bank etc. – with subsidies from the European Community. The goal is to optimize leverage in order to develop investment in the sectors most urgently in need or most essential to reviving the drivers of growth. We think these types of instruments make it possible for the Caribbean to have a set of mechanisms best adapted to its needs. This is a subject we approach with modesty because, as much as we do have a bilateral history in some countries, drawing up a coherent and accepted regional perspective is another challenge we are going to take on next year.

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## Debate

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### ***Viktor Sukup***

I'd just like to add a brief comment about what it seems to me has been missing from the talks we've heard today : the mention of migration as a crucial issue in the region. One speaker mentioned the "brain drain". This is of course an essential issue, but it's not the only one. The Caribbean region has the highest emigration rates in the world, except for countries like Cape Verde or Moldova, from which even higher percentages of the population emigrate. In countries like Jamaica, cash remittances by emigrants to their families can account for as much as 20% of GDP.

### ***Eric Dubesset***

It is precisely on the basis of this mobility, these migration flows, that I suggested a new take on the Caribbean, an approach that is at once systemic and general and that takes these movements into account.

### ***Jorge Valdez***

Today's presentations have been highly complementary. They all stressed the need to strengthen the mechanisms of integration. It can be done in two ways. First, through institutional integration mechanisms, which already exist in the region and are still in effect; second, using certain mechanisms such as financial institutions to cope with regional issues. This is where entities like the CAF, for example, are extensively involved. This is an interesting point : beyond traditional and institutional mechanisms, which are always top-down, there are ways to generate dynamics that contribute to integration processes in the long term. Along these lines, I'd like to hear what you have in mind for moving in this direction.

### ***A PhD student***

Mr Bulmer-Thomas presented CARICOM very didactically from an economic angle. However, Haiti has been excluded from this approach, according to the speaker, because the country has more of a political than a real presence at CARICOM level. I'd like to know in what sense. Also, I'd like to know how Haiti can go from a political presence to a political *and effective* presence at CARICOM level.

### **Victor Bulmer-Thomas**

In my book about these matters, I divided the two centuries into three periods. The last one starts in 1960. I still need to create a database for the past 50 years. Haiti didn't join CARICOM till 2002. To my mind, it was necessary to exclude Haiti from the CARICOM database. What's more, Haiti does not take part in the Caribbean single market, like the Bahamas. That's the reason why I prefer to treat Haiti as being outside of CARICOM. Naturally, it's very important for Haiti to join CARICOM.

### **Comments from the audience**

I noticed that we heard very different points of view on integration. Some were optimistic, others negative, especially those of Christian Ghymers. I find it unfortunate that there was no discussion of the influence of BRICS on cooperation in the EU and Caribbean integration. On the other hand, problems of a linguistic order have been highlighted : Eric Dubesset pointed out that we talk mostly about *les Caraïbes* and seldom about *la Caraïbe*. We ought to refer to history : What has been France's point of view on the Caribbean over time? How do the Caribbean population see themselves? Do these conceptions converge? I would point out that it was the solidarity of the peoples in the area that made their liberation possible, through wars of independence.

Furthermore, you have noted the lack of integration in the area. As far as the management of major risks is concerned, whether it be the DFAs, which are part of the northern zone, or the countries in the southern zone, we have the same points of view and practices. This is one form of integration that is likely to come faster than tax harmonisation.

### **A researcher at CNRS**

I was quite interested to hear you talk about this common view of the region's homogeneity and heterogeneity. Mr Ghymers, you talked about the Caracas Plan. You were very pessimistic on the whole, except where CELAC is concerned. What are CELAC's plans for the Caribbean?

Mr Dubesset, you talked about regions "on the move and truly *moving*". Given the present-day South American configuration, do you see the Caribbean coming closer together?

### **Eric Dubesset**

As to the question of *la Caraïbe* or *les Caraïbes*, I don't want to pursue a linguistic approach. Today we've heard a lot about *la Caraïbe*. Someday a choice may have to

be made between the singular and the plural. I'd be more inclined to use the singular, which marks a holistic and global approach that is chiefly interested in connections and intersections rather than divisions.

### **A researcher at CNRS**

In a democracy, there must be discussion. Overall, within the OAS [*Organization of American States*] or the ACS [*Association of Caribbean States*], the Caribbean countries end up getting along. The only problem arose when the ACS countries opposed the passage of nuclear waste on boats coming from England. The only country that came out against that was France through its DFAs. For the rest, I'm convinced that the ACS countries are capable of uniting on certain issues. It should also be recalled that groups like the OECS have drawn a great deal of inspiration from the European Community. The fact is that the two groups do not have the same history. There have been two world wars in Europe. The Caribbean hasn't had these wars....

### **Christian Ghymers**

I'm a technical expert. I have never looked at facts from a pessimistic or optimistic point of view. I think there are ways of pulling through. But I am obliged to talk frankly about problems that persist. I sometimes have the impression I'm on the bridge of a Titanic, surrounded by people dancing to the sound of violins as the iceberg approaches. Solutions do exist, they're within reach. The big tragedy, paradoxically, is that these solutions do not cost anything....

The facts show there is no integration in the Caribbean, except in the eastern part with its common currency. The Caribbean accounts for only 7% of trade between Caribbean states. If you leave out Trinidad and Tobago, the percentage is close to nil. With Latin America, it comes to only 6%. The point is to make an assessment in the light of this data : there is no integration. Sure, actions get carried out and people are working on this integration, but that isn't enough. I'll close in saying that integration, to me, means feeling that a border is always a defeat of humanism.

### **Philippe Orliange**

In this region as in others, regional relays need to be found beyond the institutional constructs. These relays may be public or private-sector companies – there are interesting examples in the telecom sector – that sustaining a project of a regional nature. That is not easy. Relays in terms of funding are also needed. An institution like the Caribbean

Development Bank and an institution like the CAF are important relays. The development funding channel is also an incentive to integrate and to view things regionally. I'll take this opportunity to stress the need for action in Trinidad and Tobago, which is the second country in the world in terms of greenhouse gas emissions per inhabitant. If we're serious about the environment in the Caribbean, this is one of the issues that need to be handled as a group.

As for the BRICS, it should be pointed out that Brazil has a presence through economic cooperation strategies in Haiti, Cuba and Surinam. As far as China is concerned, it's more of a "mining exploration" strategy. I'm not sure the other BRICS are particularly visible in this region. It's also up to the countries in the region to see what best serves their interests.

***Christian Ghymers***

Yes, I'm optimistic about CELAC : for the first time in 200 years, Latin America and the Caribbean have an instrument at their disposal thanks to which they're going to be able to demonstrate whether, when they talk about integration, they're serious or not. If they fail, there won't be any more excuses! If CELAC fails, that will indeed be proof that they don't want integration.

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## Conclusions

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**Jorge Valdez**

**Executive Director of the EU-LAC Foundation**

I'd like to thank very warmly the organizers of this fascinating colloquium, which clearly shows that the 38 territories that constitute the Caribbean are both diverse and complex. They all accept part of the region's identity. That puts us in front of a number of very different challenges, such as tax policy, for example, or low economic productivity – which are, by the way, characteristics of many other Latin American countries. This is a datum that needs to be taken into consideration and which is linked to education, human resources, research and development, and innovation.

Other challenges have to do with problems of interconnection and communication channels. I have 20 years' professional experience in this region; I've had to visit 20 English-speaking Caribbean states and every time, to get from one to the other, I had to go through Miami! This is a real obstacle that needs to be removed; if we don't, we won't be able to work on trade.

Certain challenges are linked to the institutional, environmental and economic fragility in view of the natural crises we have to cope with, taking into consideration natural disasters, climate change and resource management. One hurricane in Grenada had an impact on the GDP in the area for three years! There are also public health issues, what with an extremely high incidence of HIV infection, and civil security issues, what with the presence of drug trafficking rackets.

These are some of the challenges I gathered from listening to you. On this basis, I'd like to present some ideas we espouse in the EU-LAC Foundation with regard to the special complexity of the Caribbean. Our efforts have to involve the whole community of Latin American and Caribbean countries. We need a complementary agenda, however, capable of specifically addressing the Caribbean, so as to enable these countries to participate fully in other projects.

What are the subjects that seem interesting to us? First and foremost, those relating to macroeconomic sustainability. This is a fundamental problem since the durability of the entire Caribbean may be at stake in this domain. While certain countries like the Domin-

ican Republic or Cuba are showing some pretty interesting economic growth, others have, on the whole, negative growth.

So the EU-LAC Foundation doesn't claim to have a one-size-fits-all solution. Nonetheless, we do wish to provide a framework for reflection and for the exchange of experience and good practices between actors who are part of the Caribbean. We need to point up practices that serve to improve productivity and boost diversification. We have implemented an innovation programme for small and medium-sized companies, for example, with a view to improving their productivity. It has been calculated that the productivity of Latin America's small and medium-sized companies represents a mere 2% of that of big companies, whereas in France we come to 75%. This statistic is surely distorted by the presence of family farms, but that still remains a consideration to be taken into account when it comes to working on the internationalization of small and medium-sized companies. In the case of the Caribbean, we are not faced with an exception. We need to look for sectors in which we already have an infrastructure in order to see what innovation can bring. Tourism, for example, is one such sector.

Climate change is also a crucial issue for the Caribbean. President Fernández was extremely clear on this head. He referred to ways of mitigating the effects of climate change. We need a certain degree of adaptability to achieve what he called for. It's also a matter of identifying cultures that will be able to adapt to these changes in the climate. We are faced with irreversible effects here. We need to adapt to them.

Another matter related to climate change, but which goes beyond it : we need to diversify the energy system in the Caribbean. We do not have a plan in place here that will be sustainable in the long term. We need to change our energy matrix.

In sum, we have to continue examining institutional integration mechanisms and thinking about ways to generate policies and movements toward convergence. We need to develop infrastructure development policies and policies to promote the exchange of experience in public administration. When we talk about such highly institutionalized domains, the creation of mechanisms and procedures generally makes it possible to lay a solid foundation upon which exchange can then thrive.

### ***Hélène Harter***

#### **Secretary General of the Institut des Amériques**

What was novel about today's event was its focus on that "blind spot" that is the Caribbean when thinking about relations between Latin America and Europe. Today's dis-

discussion has reminded us of the centrality of the Caribbean, how rich and complex it is, which leads us to think about both the heterogeneity and the unity of the region. Today's speakers have brought out the fact that the Caribbean is a "single and plural" region. That leads to another question regarding the specificity of the Caribbean in our globalized world. Why consider the Caribbean? Why attach any importance to it? How should we approach this twofold phenomenon of convergence : globalization and regionalization? It was interesting to hear the speakers address and enrich these subjects.

The existence of common challenges has been brought to the fore : the question of geographic setting, in particular the costs of insularity; these service economies extremely dependent on the global economy; indebtedness; resources and sustainable development, and so on. In this regard as well, the Caribbean appears to be a space of vulnerabilities and a space of potentialities. Among those potentialities are, incontrovertibly, its people : Eric Dubesset talked to us about various forms of migration flows and we had occasion to bring up the subjects of innovation, youth, investment in education etc. – factors that help us think about the Caribbean in what may be a slightly more optimistic way. The various speakers have generally agreed that answers do exist. I heard some expressions come up again and again : "reform", "invest in the economy and innovation", "education". Education is central to our considerations, both at the Institut des Amériques and at the EU-LAC Foundation. It will be one of the crucial issues in the years to come. We have heard about the need to think collectively even while retaining one's identity. This is a question that speaks to us Europeans, too, and comes up in the questions we ask ourselves. It is by no means something peculiar to the Caribbean. Clearly, structuring any regional space poses a formidable challenge.

This brings us to two overarching topics : cooperation – with the majority of the speakers having underscored that cooperation between countries is actually working rather well – and integration, which is more complicated to put into practice. This is a problem we face at the European level, too : should be widen or deepen – or both together?

The subject of institutional dialogue between two integrated areas was also broached today. We've had some very interesting developments in the French Departments of the Americas, which form part of Europe's ultraperipheral regions. The DFAs make France a particularly active partner in the bi-regional dialogue. In Europe, some countries are more interested in this cooperation than others, and France is indeed one of them.

The speakers have also stressed the need not to forget other scales of magnitude and other actors. The United States has not been very present in our reflections. We have seen the BRICS emerge, with more or less impact depending on the region. Ultimately,

those effects of scale that are so beloved of geographers always come into play : it mustn't be forgotten that there's a world beyond the Caribbean too. The degree of interaction is tremendous for this area, as it is for Europe.

A great many actors, especially economic, have been mentioned over the course of today's talks. But what may have been a little missing in our debates was a consideration of the world of business, especially small and medium-sized businesses. We know that the EU-LAC Foundation takes a great deal of interest in the question of small and medium-sized businesses and \*how that relates to\* Europe, Latin America and the Caribbean. I think that in the weeks and months to come this particular topic is going to enrich our reflections on this collaboration and this discussion between our two continents and between politicians, social actors and the academic world.

Mixed approaches are quite interesting, as today's talks and comments from the audience have shown. The subject of the Caribbean only makes sense if the various actors communicate, share experiences, intervene jointly and so forth. I believe this is indeed the spirit of the partnership between the Institut des Amériques, the EU-LAC Foundation and its other partners. We're not just "academics" studying the Caribbean : we want to make our contribution to concrete actions as well, including those taken by political decisionmakers.

Integration, as everyone has said, is a process, an ongoing construction. There is room for development in existing trade relations; political integration isn't extremely advanced in every domain; and academic exchange programmes are often complicated by language barriers and cultural barriers. The term "Caribbean laboratory" is an apt term in this regard. We conceived of today's event not as a culmination, but quite clearly as a milestone in a more comprehensive undertaking. To conclude, let me give you two examples of events that will help shape our agenda in 2013.

The first milestone will be an event held in May 2013, organized by IRELAC, in partnership with the EU-LAC Foundation and the Institut des Amériques. This event will continue today's reflections on the Caribbean. The second big event, which has been mentioned again and again today, is the Europe – Latin America and Caribbean Academic Summit to be held in Santiago, Chile, on 22 and 23 January 2013 in parallel with the summit of heads of state UE-CELAC. This Academic Summit will be a world premiere : the idea is to create a common academic space. The Caribbean has its rightful place in these contributions. Internal synergies need to be generated in the Caribbean, and between the Caribbean and Latin America, and to be reinforced between the Caribbean and Europe. Thank you one and all.



Regional integration  
processes in the Caribbean  
and relations with Europe

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