

*High Level*

# **CARIBBEAN** *Forum*



## **Restoring Export-Led Growth in the Caribbean**

**Victor Bulmer-Thomas**  
**Institute of the Americas, UCL**

***Rethinking Policy***

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# Definition of the Caribbean

- **Independent Countries (16)**

- Hispaniola (2)

- Cuba (1)

- CARICOM – excluding Haiti and Montserrat (13)

- **Non-Independent Territories (12)**

- British (5)

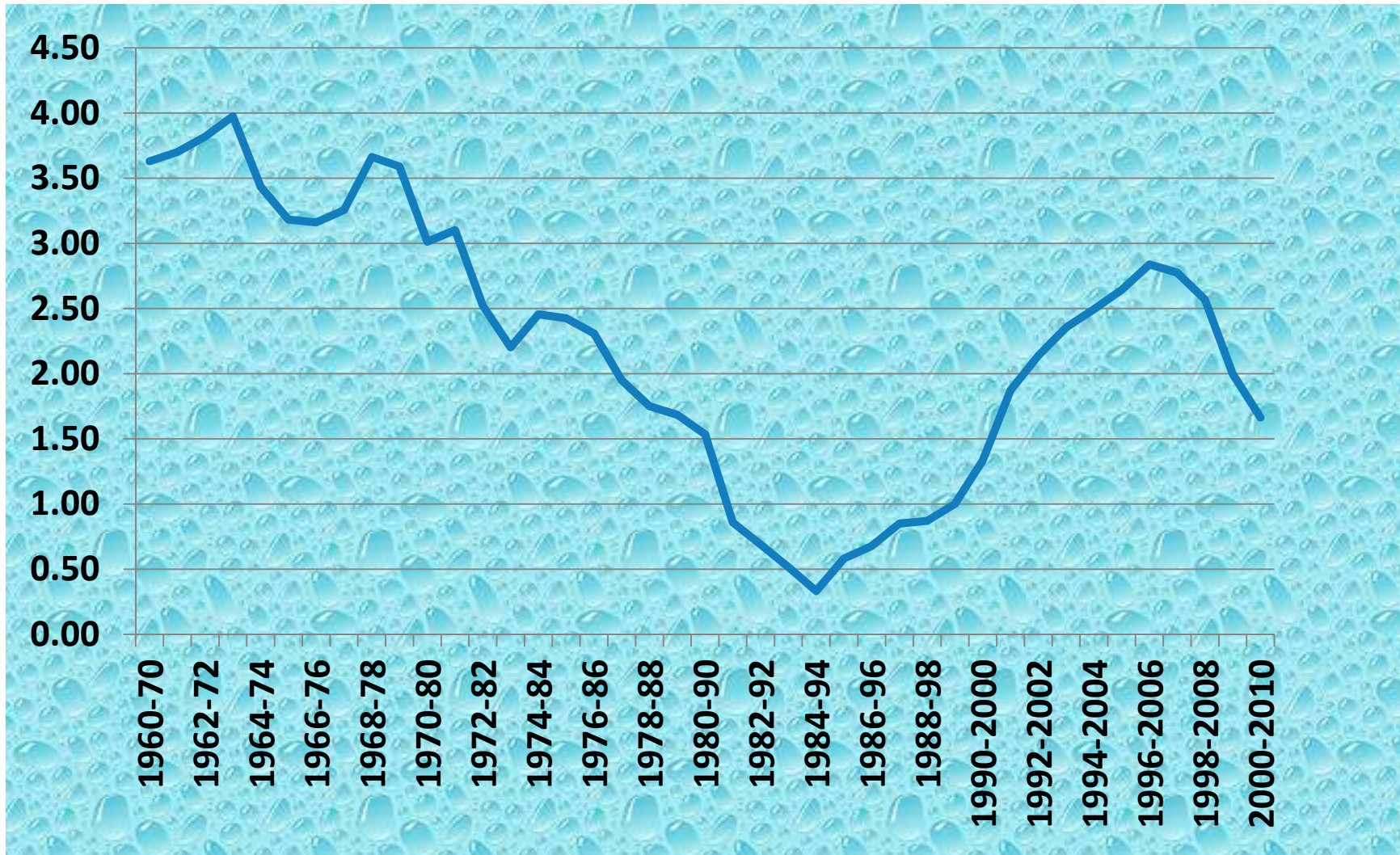
- French (3)

- Dutch (2)\*

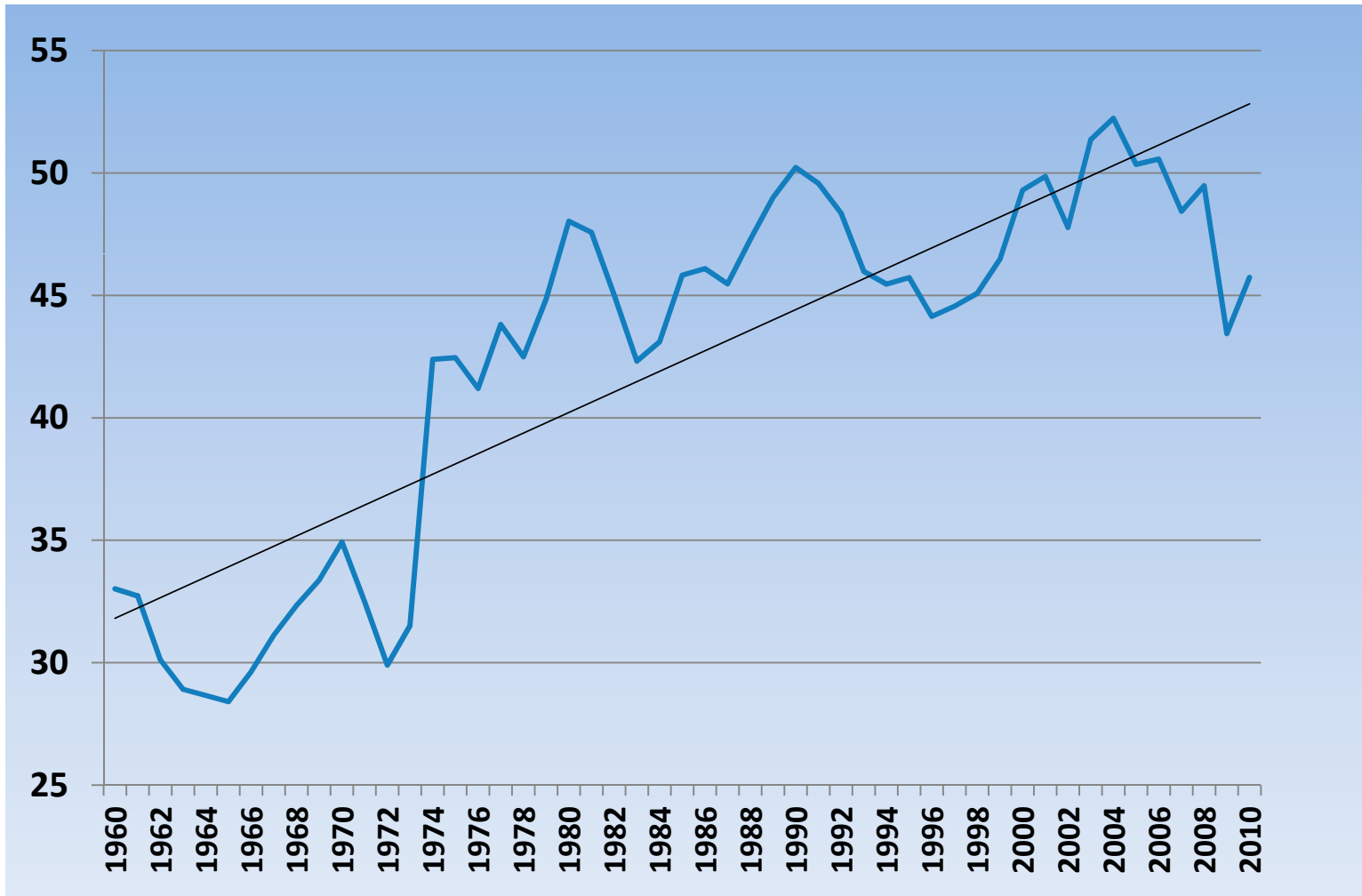
- US (2)

- \*Aruba plus former Netherlands Antilles

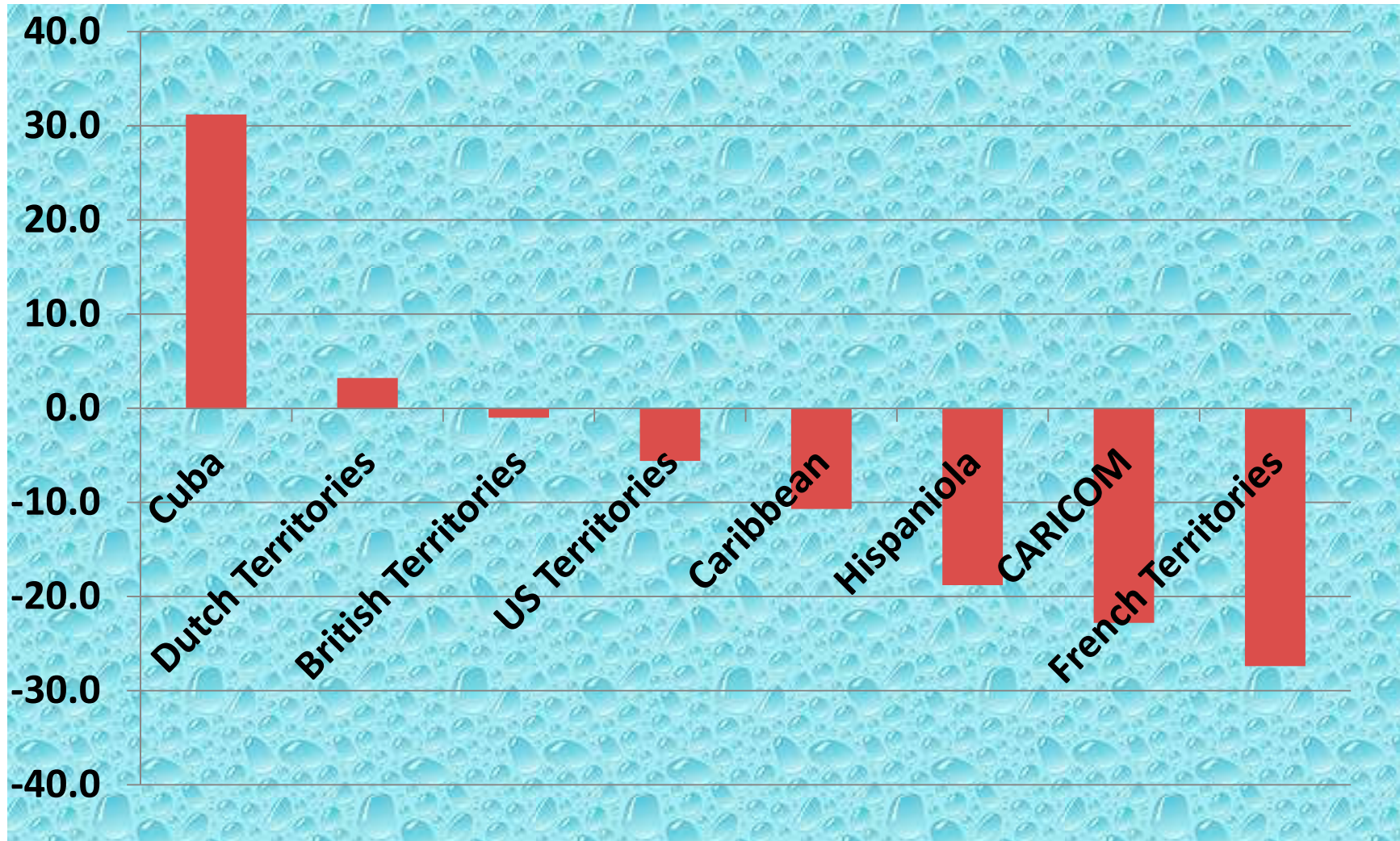
# Caribbean GDP per head Decennial Growth Rate (%pa): 1960/70-2000/10



# Ratio of Caribbean Total Exports to GDP, 1960-2010 (current US\$)



# Change in Ratio of Total Exports to GDP (%): 2006-10



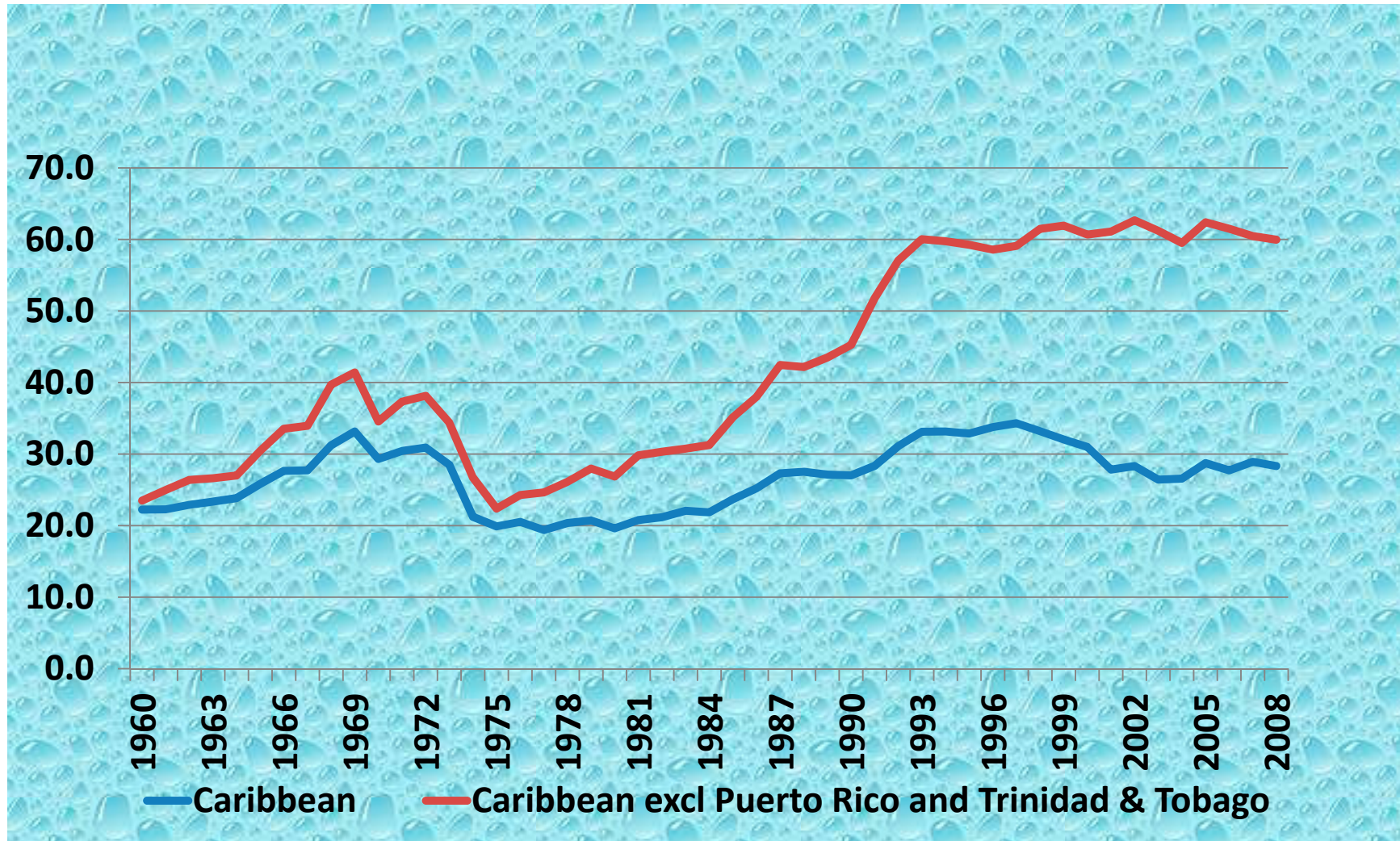
# Growth Accounting

- Led by Private Consumption
- Led by Public Consumption
- Led by Private Investment
- Led by Public Investment
- Led by Total Exports
- Balanced Growth

# Export-led Growth

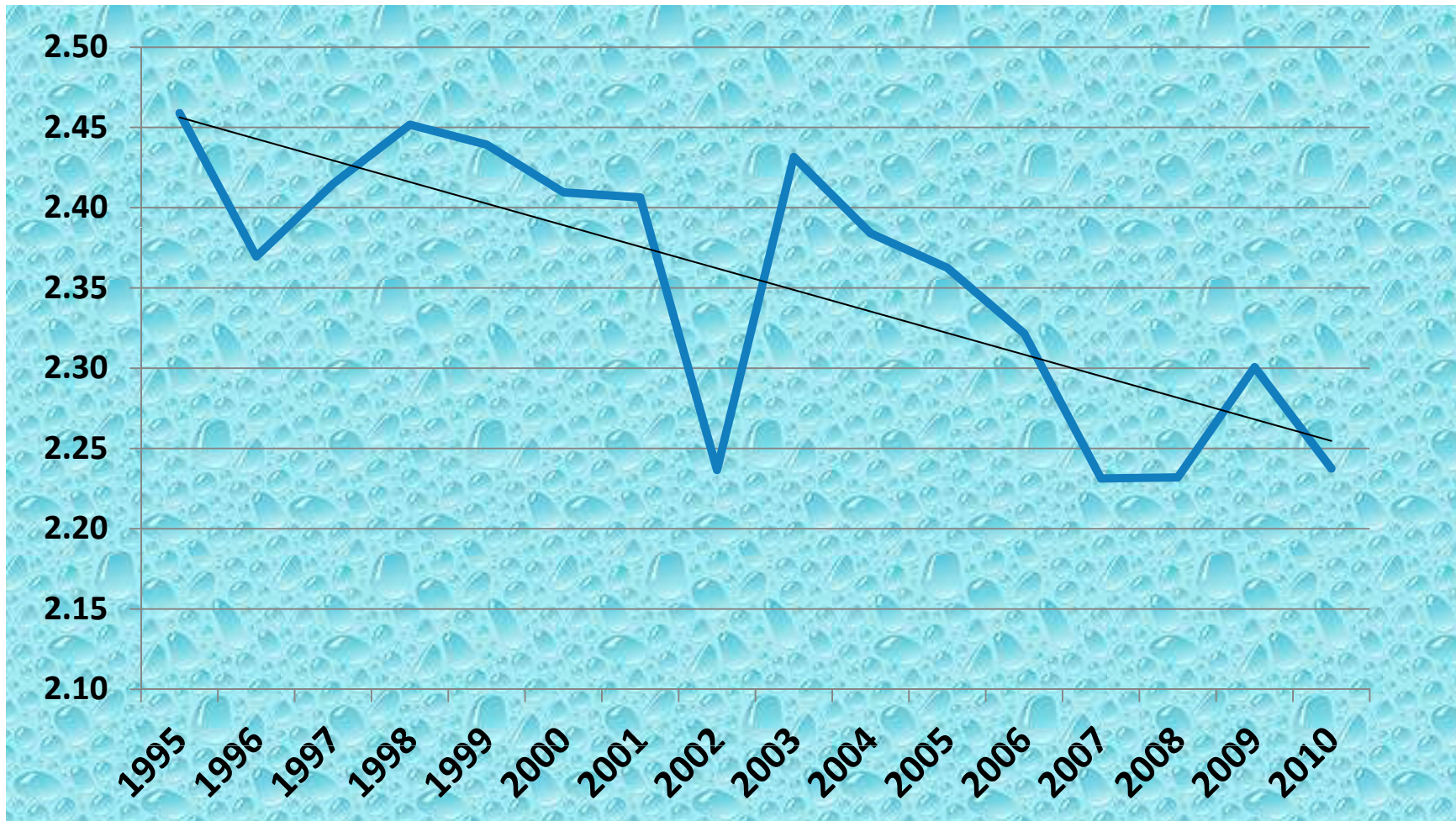
- Goods or Services
- Intra-regional or Extra-Regional
- Choice of Core Countries
- Competitiveness

# Services as %age of Total Exports, 1960-2008





# Tourist Arrivals: Caribbean Share of World (%), 1995-2010



# Non-Tourist Service Exports

- Educational Services
- Medical Services
- Musical Services (including festivals)
- Sports Training and Facilities
- Film Festivals
- Financial Services
- Telecommunication Services
- Space Services
- Conference Facilities

# CARICOM (excl. Haiti)

- 50 per cent of Caribbean countries
- 25 per cent of Caribbean trade
- 20 per cent of Caribbean GDP
- 15 per cent of Caribbean population
- Intra-regional exports 13.4 per cent of total
- Intra-regional imports 8.6 per cent of total
- Widening v. Deepening

# Merchandise Imports, c.2010

|                     | Merchandise<br>Imports (US\$bn) | Merchandise<br>Imports per head (US\$) |
|---------------------|---------------------------------|--|
| <b>CARICOM</b>      | <b>29.2</b>                     | <b>4,301</b>                           |
| Hispaniola          | 18.3                            | 930                                    |
| Cuba                | 15.4                            | 1,369                                  |
| British Territories | 2.7                             | 20,202                                 |
| French Territories  | 9.1                             | 8,452                                  |
| Dutch Territories   | 4.2                             | 14,000                                 |
| US Territories      | 59.8                            | 14,707                                 |
| <b>CARIBBEAN</b>    | <b>138.5</b>                    | <b>3,203</b>                           |

# Share of Imports from Caribbean (%), 2002-11

|                   | <b>Brazil</b> | <b>China</b> | <b>Mexico</b> | <b>Russia</b> |
|-------------------|---------------|--------------|---------------|---------------|
| <b>Hispaniola</b> | <b>0.01</b>   | <b>0.01</b>  | <b>0.04</b>   | <b>0.00</b>   |
| <b>Cuba</b>       | <b>0.04</b>   | <b>0.06</b>  | <b>0.01</b>   | <b>0.07</b>   |
| <b>CARICOM</b>    | <b>0.18</b>   | <b>0.02</b>  | <b>0.14</b>   | <b>0.04</b>   |
| <b>Dutch</b>      | <b>0.19</b>   | <b>0.00</b>  | <b>0.06</b>   | <b>0.00</b>   |
| <b>Caribbean</b>  | <b>0.42</b>   | <b>0.10</b>  | <b>0.25</b>   | <b>0.11</b>   |

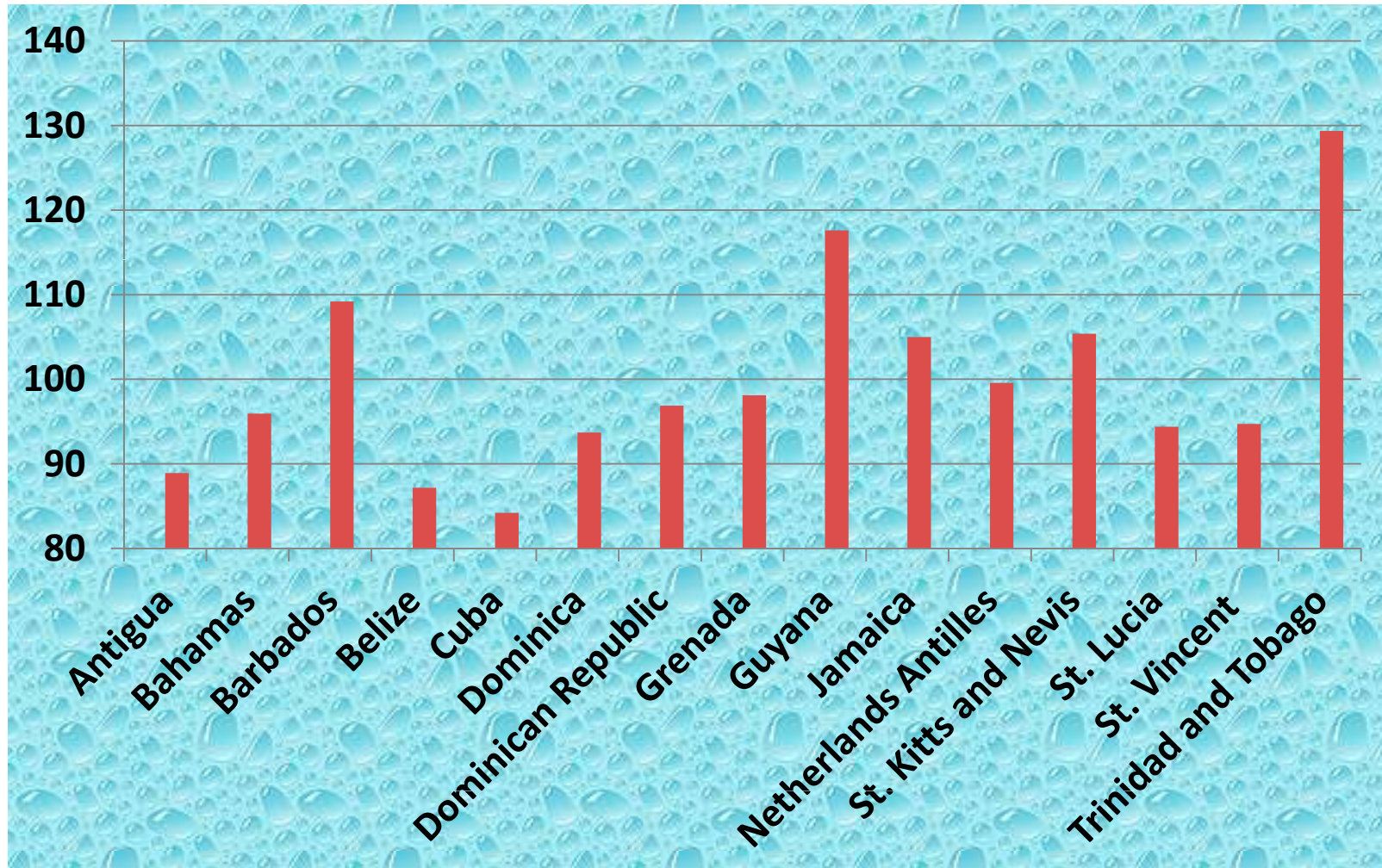
# Merchandise Exports as %age of Total, 2002-11

|                          | <b>Brazil</b> | <b>China</b> | <b>Mexico</b> | <b>Russia</b> | <b>Sub-Total</b> |
|--------------------------|---------------|--------------|---------------|---------------|------------------|
| <b>CARICOM</b>           | <b>1.1</b>    | <b>1.0</b>   | <b>1.9</b>    | <b>0.2</b>    | <b>4.2</b>       |
| <b>Hispaniola</b>        | <b>0.1</b>    | <b>1.4</b>   | <b>0.5</b>    | <b>0.1</b>    | <b>2.1</b>       |
| <b>Cuba</b>              | <b>2.1</b>    | <b>20.3</b>  | <b>1.0</b>    | <b>4.0</b>    | <b>27.4</b>      |
| <b>Dutch Territories</b> | <b>2.1</b>    | <b>0.0</b>   | <b>4.0</b>    | <b>0.0</b>    | <b>6.1</b>       |
| <b>Caribbean</b>         | <b>1.0</b>    | <b>2.5</b>   | <b>1.8</b>    | <b>0.5</b>    | <b>5.8</b>       |

# Competitiveness

- Global Competitiveness Index
- Ease of Doing Business Index
- Corruption Index
- Economic Freedom Index
- Labour Productivity (GDP per hour worked)
- Real Effective Exchange Rate

# Real Effective Exchange Rate, 2011 (2005 = 100)





# Conclusions

- **Return to export-led growth imperative**
- **Need to emphasize non-traditional services**
- **Need to widen regional integration**
- **Need to expand list of 'core' countries**
- **Need to measure REER more accurately**