

Prospects for economic development in the Caribbean



UNITED NATIONS

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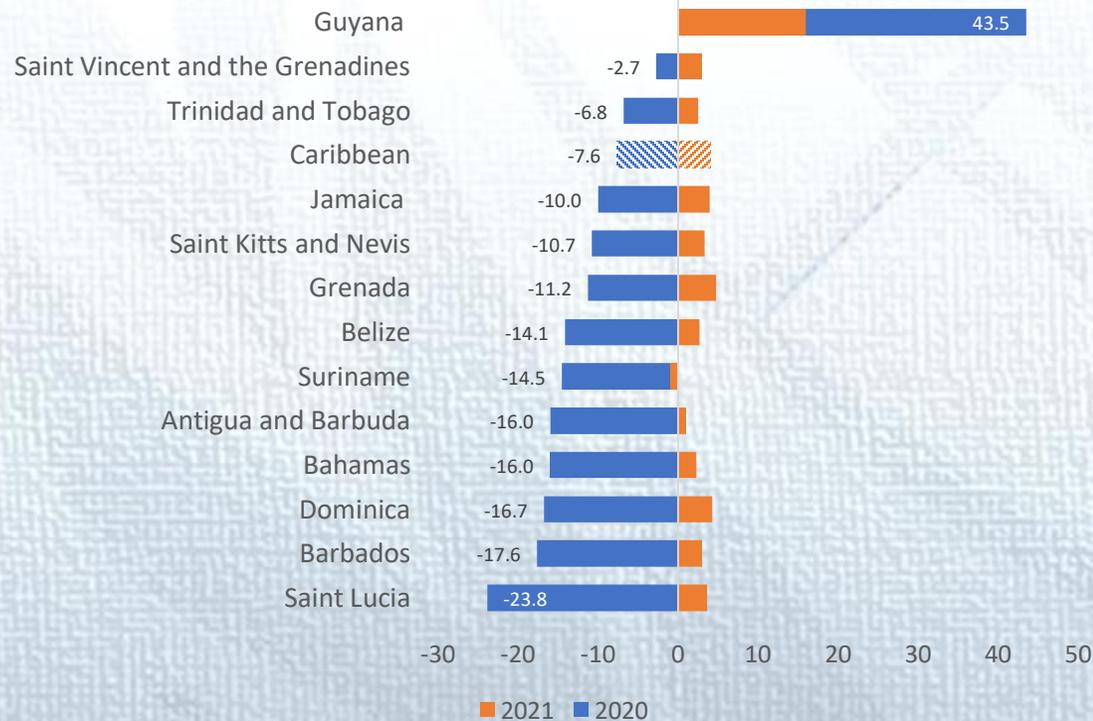
ECLAC

17 June 2021

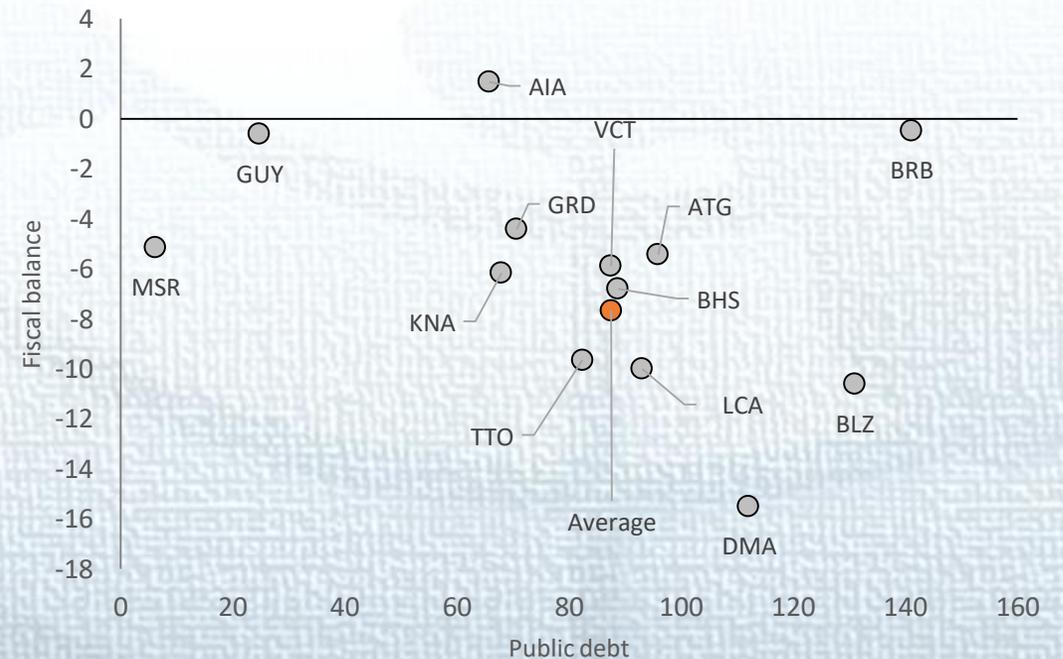
Caribbean challenged by low growth and high debt even before the pandemic

- Persistently high debt levels stood at **67.6% of GDP** in 2019 and have increased to an estimated **87.5% in 2020** as gov't's addressed the fallout from COVID-19 restrictions.

CARIBBEAN GROWTH RATES 2020 AND 2021
(Percentage)



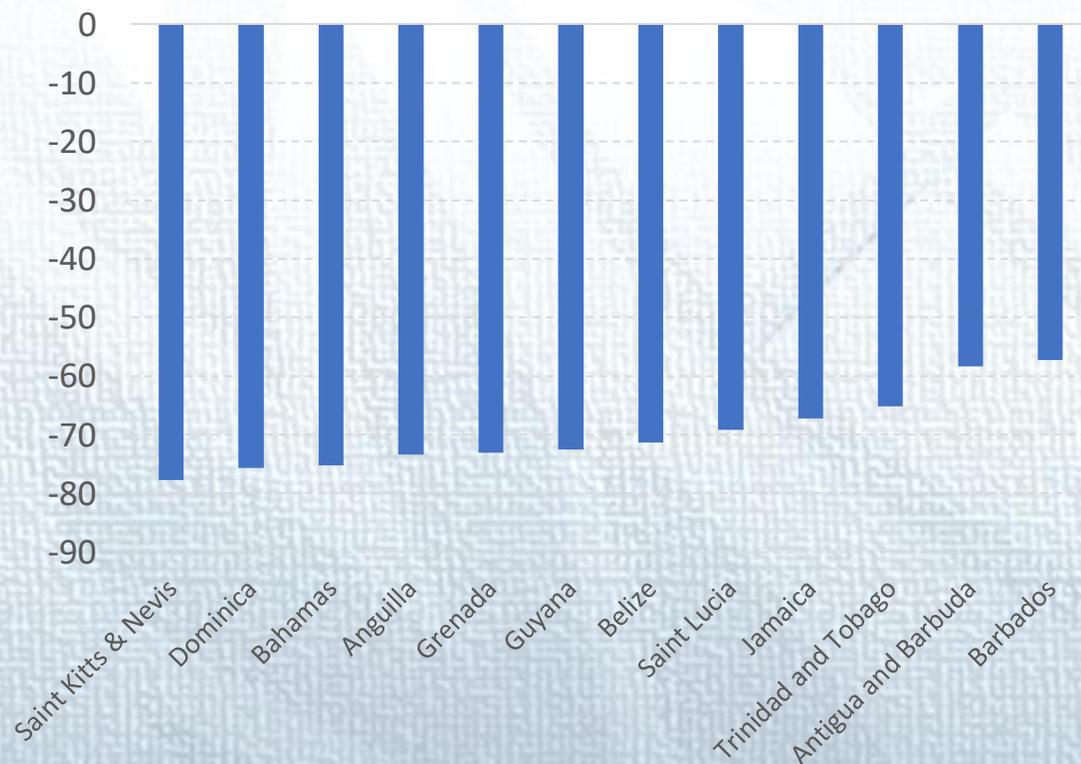
PUBLIC DEBT AND. FISCAL BALANCE, 2020
(Percentage of GDP)



Source: ECLAC on the basis of official figures

COVID-19 restrictions negatively impacted tourism with an estimated 65% fall in stop-over arrivals; government revenue for Energy Exporters fell steeply in the first half of 2020

**TOURISM SECTOR
STOP-OVER ARRIVALS GROWTH, 2020**
(Percentage)



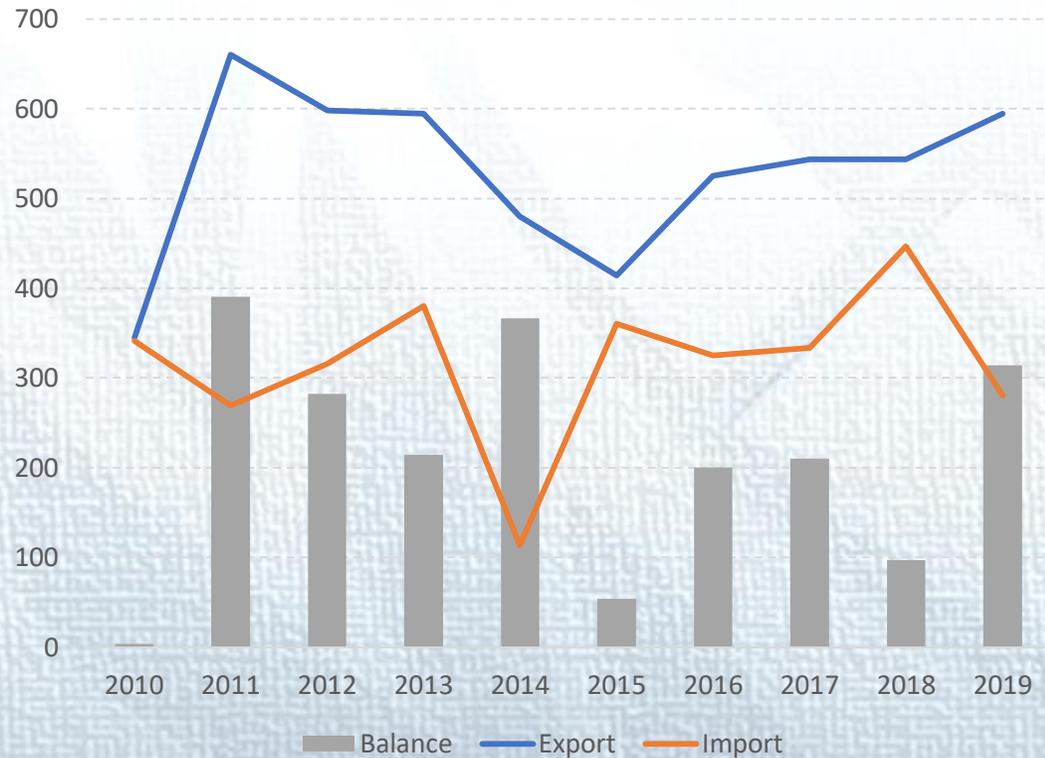
TOTAL GOVERNMENT REVENUE OF ENERGY EXPORTERS Q1 2019-Q4 2020
(Year-on-year percentage change)



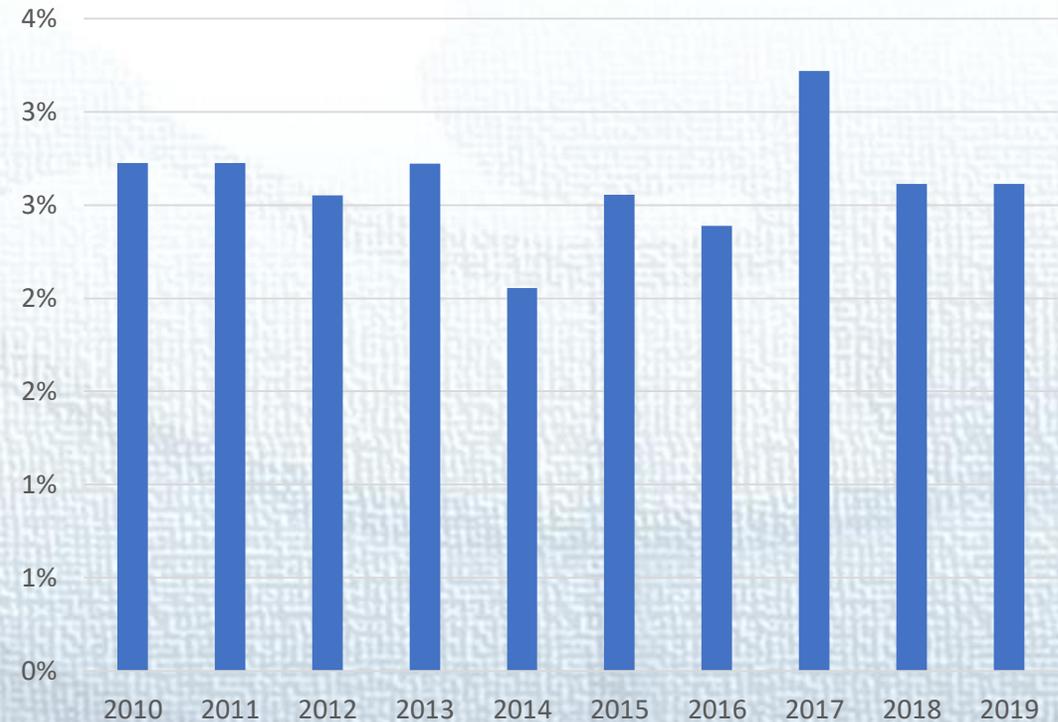
Source: ECLAC on the basis of official figures

Mexico's trade surplus with CARICOM has been trending down; the number of CARICOM goods with comparative advantage remains low

Mexico trade with CARICOM
(US\$ millions)



CARICOM Export products to Mexico with a RCA value of more than 1
(Share of all products exported to Mexico)



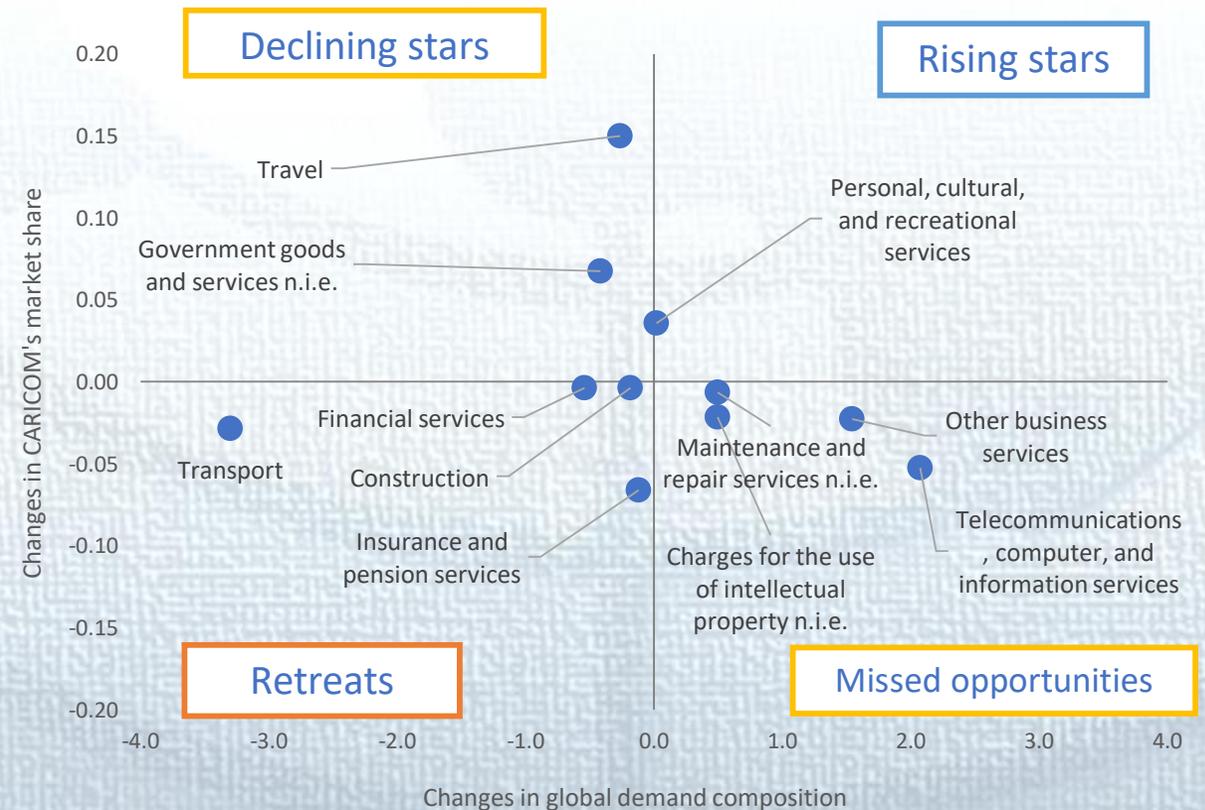
Source: COMTRADE via WITS

CARICOM service trade has been trending upward, but few categories are truly competitive

CARICOM total service trade trend, 2005-2019
(US\$ millions)

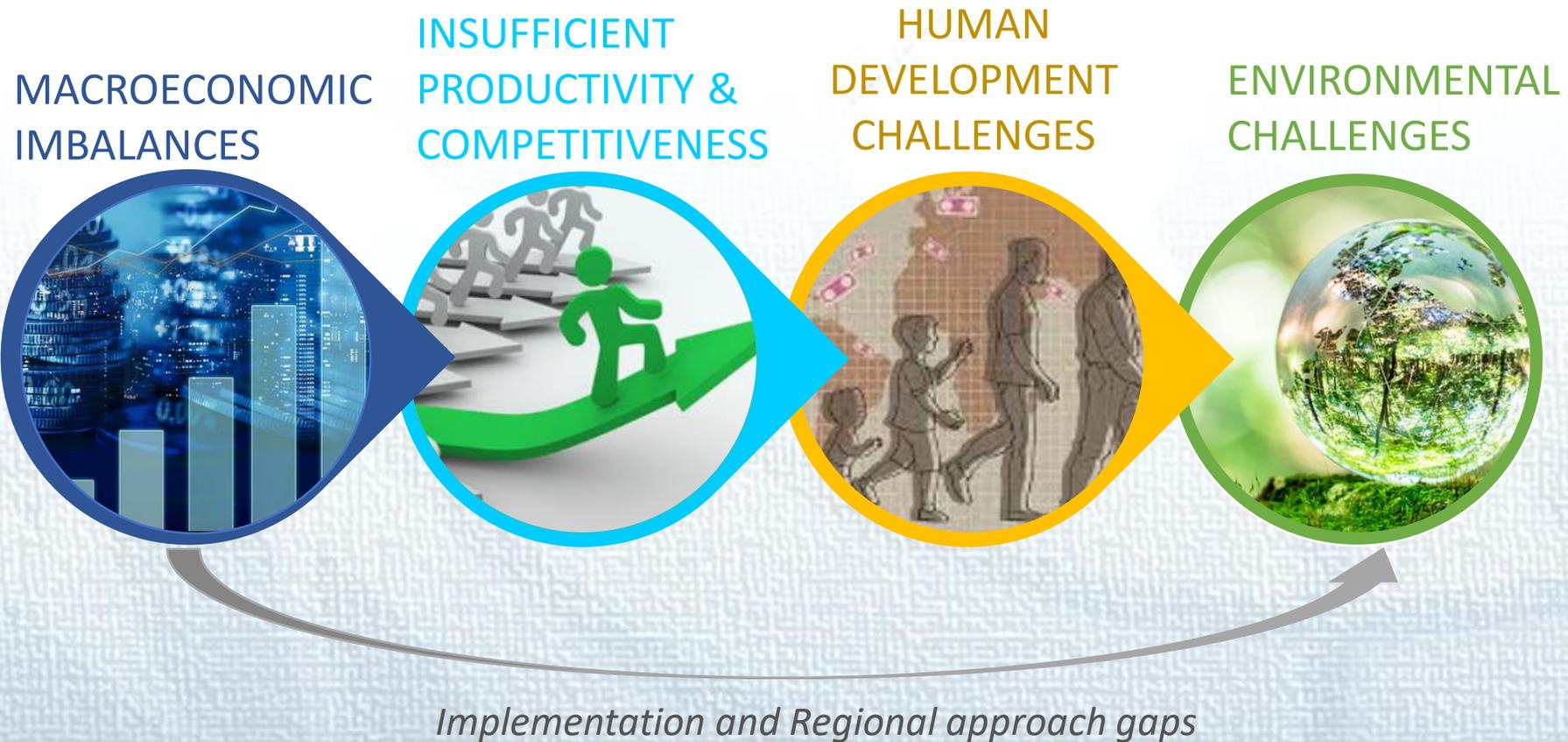


Trade Competitiveness Matrix for Services Export of CARICOM
(from 2010-2012 to 2017-2019)
(Percentage points)



Source: UNCTADStat

The major challenges facing the Caribbean



TOWARDS A NEW ECONOMY: ITS IMPLICATIONS



- We are on the threshold of a 4th industrial revolution
- Knowledge generation (beyond science and technology), innovation, building technical capacity, continuous learning.
- The role of digitization and ICT for development is critical to build regional value chains
- Training must aim to build real skills for exports of domestic and global exports of services

CARICOM-Mexico Relations

- **The 1974 CARICOM-Mexico Joint Commission, reaffirmed in 2019 offers scope for promoting cooperation in key areas that support sustainable development in the Caribbean**
- **Mexico has been offering training courses to CARICOM nationals in numerous areas including:**
 - **agriculture, education, climate change, trade and investment, disaster management**
- **Cooperation in four key areas could help to advance CARICOM integration into the global economy:**
 - **Tourism and transportation**
 - **Light manufacturing**
 - **Disaster risk reduction and resilience**
 - **Digitization and ICT for development**

Areas for cooperation

- **Cooperation in tourism could be strengthened by improving transport links between Mexico and the Caribbean**
- **Development cooperation or Aid for Trade particularly for economic infrastructure such as telecommunication/ICT, renewable energy and transport**
- **Technical assistance in big data analytics to better understand the profile and potential for tourists between Mexico and the Caribbean**
- **In light manufacturing opportunities for technology transfer, upgrading standards , managerial and operational capacity and facilitating digital transformation in the sector could be explored**
- **Targeted FDI in high value-added segments in tourism, tertiary services and niche manufacturing from Mexico to the Caribbean should be explored.**



Cooperation in Manufacturing

- Mexico is a leading manufacturing hub in Latin America.
- It is the 6th largest producer of passenger vehicles, 5th in auto-parts and ranks among the top 5 countries for engineering graduates
- Explore scope for Caribbean countries to receive capacity building and training that facilitates Mexico's out-sourcing niche manufacturing production to the Caribbean such as in original equipment manufacturing (OEMs).
- Joint ventures can also be developed in electronic, aerospace parts and medical equipment parts, all areas of Mexican expertise.



Disaster Risk Reduction, Resilience and Climate Change Adaptation and Mitigation



- Mexico has a well-developed DRM and CCAM framework.
- Scope for shared experiences in developing early warning systems, pre-disaster risk analysis, R&D in developing appropriate disaster resilient construction materials and technology, education and training in risk reduction, innovation funding and adaptation to climate change.
- Mexico and the Caribbean can partner in researching and designing innovative financial instruments for investment in DRM.
- Support in assessing crowdfunding, crypto-finance, parametric and non-parametric insurance schemes and other mechanisms to determine effectiveness could be explored.
- Big data could also be used to target funding for at risk assets to reduce disaster impact.

ECLAC's Caribbean Resilience Fund as a financing mechanism to spur economic growth, build resilience, enhance liquidity and provide debt relief

CARIBBEAN RESILIENCE FUND



The Caribbean recovery needs an action plan that incentivizes the private sector



A knowledge-based economy and appropriate financing mechanisms and means of implementation at the basis of transformation

- e.g. e-governance, e-learning

CONCLUSIONS AND RECOMMENDATIONS



• Resilience building beyond quick recovery

- **fiscal reform** as a basis for adequate investments in inclusive, green and fair recovery
- **diversification** of exports and expansion of international reserves



Digital transformation in education, businesses, and government

- E-governance
- Access to and quality of public health care
- Investment in broadband infrastructure



Policy Advocacy

- Promote the consultation and active participation of trade unions and workers' organizations in shaping the COVID-19 response
- Employment promotion, rights at work, social protection and social dialogue.



Campaigns

- address decent work deficits in the informal economy
- extend social protection for all, including workers in the informal economy



Capacity advancement

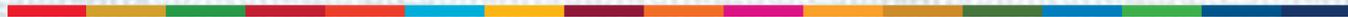
- internal transformation of trade unions to better prepare for recovery and resilience
- capacity/skills development



[Regional Knowledge Platform on the 2030 Agenda in Latin America and the Caribbean](#)



[COVID-19 Observatory in Latin America and the Caribbean](#)



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