



## Caribbean Green Economy Action Learning Group

Regional economic uncertainties and risk–  
the next 10 years  
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Discussion paper

#8

### Green Economy

#### Existential threats

Professor Norman Girvan has raised the issue of the threat to the existence of many Caribbean societies as a result of the impact of natural hazards and climate change, the shocks and pressures of globalisation on their economies, and the high risk of social indiscipline and societal breakdown associated with both the environmental and economic shocks. The observation was triggered by the environmental and economic damage done to St. Vincent a few years ago by a tropical depression that lingered over the island.

#### Environmental risks

The Caribbean is exposed and vulnerable to *storms, floods, earthquakes and volcanoes*. Governments now recognise the necessity for disaster risk management and preparedness. In addition to the natural hazards, there are also *man-made hazards*, including fires that are deliberately or carelessly ignited, and deforestation. The risk of *fires* has to be addressed with public education to sensitise the population to the costs of fires and the dangers of actions that increase the risks of fires. In some countries, disgruntled unemployed persons in cane growing areas sabotage farms by setting illicit fires. On the other hand, employed workers are far less likely to engage in this kind of sabotage.

The Caribbean Green Economy Action Learning Group (GE ALG) is made up of development professionals and academics from the region, with a range of expertise including development economics, planning, tourism, agriculture, social development, public administration, rural development, environmental management, disaster management, gender and climate change.

The Caribbean Natural Resources Institute (CANARI) serves as convener for the Group. The purpose of the GE ALG is to identify and promote ways in which “green economy” can advance sustainable development in the Caribbean through shaping visions, perspectives, positions and actions. The GE ALG collectively plans research actions and draws lessons and recommendations for policy and practice.

The GE ALG produces Discussion Papers to inform reflection and analysis on key topics relevant to transforming economic development in the Caribbean. Please see <http://www.canari.org/greeneconomy.asp> for more information.

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*Deforestation* is a problem where individuals or businesses seek to pursue livelihoods on public forest lands. Public education around the importance of forest conservation and protection is one of the two essential responses. The other is engaging local communities with vested interests in protecting the forests and their sustainable livelihoods in local forest management committees.

The probable *climate change* impacts on the region are being documented in studies that indicate the potential *decline in food production*, including fisheries. Governments are being encouraged to allocate more resources to *research and development* for new technologies and new plant varieties that can cope with higher temperatures and long dry spells. Another major risk is the *pollution of aquifers* and changing precipitation patterns that are likely to bring flooding alternating with drought. Here, rainwater harvesting and water conservation suggest themselves as basic coping strategies.

*Tourism* is particularly vulnerable because of the exposure of coastal facilities to sea level rise, damage to reefs, disease outbreaks, and contaminated water. Governments will have to insist on moving tourism facilities back from the shores and promote the diversification of the tourism product away from total dependence on beach activities. The tourism sector will also depend on success in managing the impact of climate change on the water and health sectors.

Challenges to public *health* are expected from the increase in disease-bearing vectors with short life cycles and wider breeding areas. This is yet another reason for the authorities to encourage healthy lifestyles, environmental health and proper waste management.

## **Economic risks**

The Caribbean is one of the most *indebted* regions, with three of the top ten indebted countries in the world<sup>2</sup>. Figure 1 shows the high level of indebtedness of selected countries in 2010, and the projections for 2011.

Governments will have to employ all debt management strategies starting with write-offs and forgiveness, tailored to the specific national circumstances, to manage the burden and allow for economic growth and job creation.

Some *important resources are scarce*. Except for Trinidad and Tobago, the region is dependent on imported fossil fuels. There are now regional commitments to develop alternative *renewable energy sources* from the region's natural potential for solar, wind, geothermal and ocean energy.

The region loses *technical skills* through annual emigration flows. Information and communication technology infrastructure and capabilities now allow for Caribbean citizens in the Diaspora to continue to contribute to the region's economic development through *telecommuting*.

*Traditional agricultural export markets have disappeared* with the World Trade Organization-led wave of liberalization of the global economy. In their place is *access to European Union (EU) markets under the Economic Partnership Agreement* between EU and CARICOM countries. Caribbean business communities have to be educated to the opportunities and constraints of this agreement, so that they can re-position Figure 1.

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<sup>2</sup> <http://www.youtube.com/watch?v=BlDd-31otWQ>.

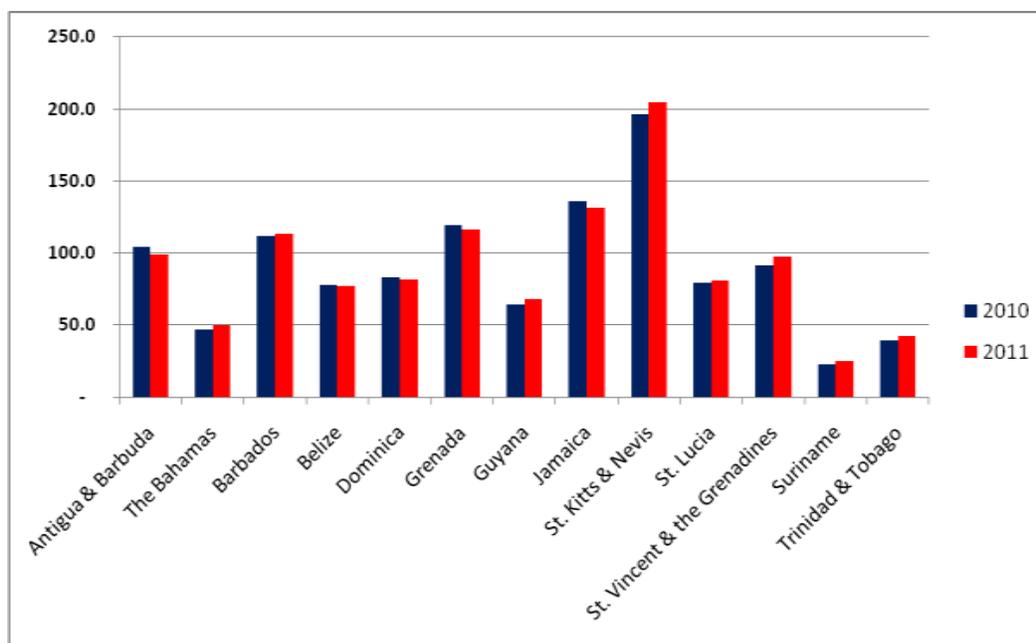


Figure 1 Levels of debt as percent of GDP, CARICOM countries

Source: Michele Robinson<sup>3</sup>, “Caribbean debt and the Jamaica Debt Exchange: A pause for thought”, presentation to the Caribbean Actuarial Association, December 2, 2010

Levels of debt as percent of GDP, CARICOM countries themselves in the global economy. This will certainly require enhanced productivity for competitiveness, and probably, meaningful public-private sector partnerships. In addition to the EU markets, the Caribbean must hasten the cultivation of *economic relations with the BRICS*<sup>4</sup> and other countries in the South. It will be imperative to *strengthen, broaden and deepen the movement for regional cooperation* beyond the elusive Caribbean Single Market and Economy, and beyond the Organization of Eastern Caribbean States. Initiatives for sub-regional groupings, and for relationships with groupings in the wider Southern Hemisphere, have to be explored. In the last respect, the opportunities arising from trade through the *expanded Panama Canal* have to be tapped to boost the growth prospects of the region’s economies.

Almost every country in the Greater Caribbean has invested heavily in developing its *tourism* sector. Here again, regional cooperation and product enhancement seem to be self-evident strategies to broaden the market, as opposed to beggar-thy-neighbour competition among the various destinations.

To maximise the benefits from the region’s depleting *mineral resources*, new markets in the BRICS have to be cultivated. By diversifying export markets, the chances of increasing the returns from exports are greater, thus making it possible to reduce the extraction, and hence, depletion rate. Similarly, new markets are necessary for *agricultural exports*. The *regional tourism market* has

<sup>3</sup> Michele Robinson runs a consultancy service on debt management. See <http://michelerobinson.net/home>.

<sup>4</sup> Brazil, Russia, India, China, and South Africa

great potential both for traditional export commodities and new exotic foods and drinks. There are also *high income niches in the global economy* that will welcome healthy exotic food products.

*Food and energy are the region's two most important imports.* New markets have to be found to benefit from diversification. Particular attention has to be paid to the frequent price spikes within long-run increasing trends. *Energy conservation and the diversification into renewables* are the only sustainable long-term solutions for managing the impact of fossil fuel price rises. Similarly, the region must maximise its reliance on its own resources by *increasing the domestic and regional food supplies.*

### **Social risks**

*Social vulnerability* is increased with each outflow of technical skills that diminishes regional technical capacity. Again, *skilled persons in the Diaspora can telecommute.*

There is an unequal exchange of human resources, with the outflow of young educated and skilled persons being matched by the return of deportees and retirees. These inflows present challenges to the government to *reform and enhance social security and safety nets.*

Crime and other forms of social indiscipline threaten the social fabric of the region. *Sustained education, employment and income generation opportunities, smart policy, reformed justice systems and community security constitute a menu of options that have to be customised according to the needs of each society.*

### **Green economy**

The green economy (GE) is, in the first place, an approach to sustainable development that entails sustainable consumption and production, social equity and environmental conservation. This approach addresses the dependence on imported energy directly, through conservation and energy diversification for electricity and transport.

It promotes the potential shift to green technologies for food production, and more generally, economic activities that are environmentally friendly and enhance social equity. One implication for the tourism product is diversification of offerings to ones that are less energy intensive. There is the challenge to transform traditional mining and agricultural export activities using greener technologies. But these require research and development in, and adoption and adaptation of, green technologies.



**Photo 1** The impacts of climate change are already evident across the Caribbean islands as rising sea levels and bigger storm waves mean that we are losing our beaches and seaside roads are under threat. Credit: CANARI

The GE approach to sustainable development promotes information and communication technology-based services and cultural services as economic drivers. In addition, it will be necessary to develop new industrial structures that network small and medium sized producers, so as to capture their maximum efficiency and productivity.

Debt management must be one of the main pillars of the region's GE macro-economic strategy. To cope with the risks outlined above, governments must adopt a risk management approach to public policy. Finally, human development requires social policy to be a priority in the policy agenda, especially by way of protection and empowerment of vulnerable groups.

#### Caribbean Natural Resources Institute

The Caribbean Natural Resources Institute (CANARI) is a regional technical non-profit organisation which has been working in the islands of the Caribbean for over 20 years.

Our mission is to promote and facilitate equitable participation and effective collaboration in the management of natural resources critical to development in the Caribbean islands, so that people will have a better quality of life and natural resources will be conserved, through action learning and research, capacity building and fostering partnerships.

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