



# SRC WORKING PAPER



## Postscript to

“Trading Our Way to Recovery During COVID-19”

**My thoughts on how CARICOM can implement our recommendations**

Keynote Address

By

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# ABSTRACT

Few would challenge the thesis that we are living through one of these inflection points of our region's existence. It is a moment we at the SRC wanted to name, capture and ultimately contribute to – through a “not so brief” 96 page “policy Brief” entitled “Trading Our Way to Recovery During COVID-19” - that provides trade policy recommendations to CARICOM leaders. But as noted by David Jessop, “who exactly is going to pick up and run with the SRC's important recommendations.” In this keynote address, Dr. Jan Yves Remy elaborates on who must pick up and run with the SRC's trade policy COVID-19 recommendations.

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I open my remarks with the words of the eponym whose name my Centre bears, that self-professed labourer in the vineyards of Caribbean integration who would be well known to this group and who always found the precise formulations that conveyed the sense of moment of our at crucial times: At the release of his much anticipated Time For Action Report in 1992, Sir Shridath Ramphal remarked to CARICOM Heads of Government:

**“History has a few moments for every community when what we do or fail to do changes the future in decisive ways... One way or another, this moment... your decisions will irrevocably change our regional lives, and by necessary extension, our national lives as well.” (“Glimpses of a Global Life” by Shridath Ramphal, p.199)**

Few would challenge the thesis that we are living through one of these inflection points of our region’s existence. It is a moment we at the SRC wanted to name, capture and ultimately contribute to – through a “not so brief” 96 page “policy Brief” entitled “Trading Our Way to Recovery During COVID-19” - that provides trade policy recommendations to CARICOM leaders. As I will share a little later it is that Policy Brief that explains why I am delivering this Keynote to you.

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It is common lore now that COVID-19 has taken all countries – big and small, rich and poor - to the precipice of the multilateral trade system, challenging the predictability of trade patterns and supply chains and the systems unwavering commitment to open borders. The WTO predicts that world merchandise trade will plummet between 13% and 32% in 2020 due to the COVID-19 pandemic; trade volumes will see double digit declines especially in sectors with complex value chains and those dependent on transport and travel services.

As with all regions, the Caribbean experienced the global disruptions to its food and medical supplies and equipment, and to its travel, transport trade, but for a region considered among the open and import dependent in the world, the result has been cataclysmic.

Our immediate responses, while disparate, and typical, taking the form of either trade liberalizing measures (decreasing taxes and import duties for) on key supplies like PPE and hand-sanitizers and vaccinations and/or protectionist – in one or two cases we saw import restrictions to protect hand sanitizing products created by our redirected rum manufacturing capacity, or food produce, or nascent face-mask industries.



But knee jerk reactions could not cushion the blows to our mono-sectoral and vertically integrated economies that we always knew needed overhaul: oil exports from Trinidad and Tobago, Suriname and Guyana suffered from declines in global prices; our services-based economies, dominated by a weakly integrated tourism sector bore and continues to bear the brunt of the COVID-19 impact; small businesses accounting for half of regional employment struggle to survive despite cash injections intended to avert flat lining. Foreign direct investment, previously pursued competitively by our individual governments, and with scant regard to local and regional prospects, face bleak prognostications of a 30-40% contraction in global investment.

In our food sector, the region was reminded that an import bill amounting to USD 5 billion USD annually comes at a cost to our food security and self-sufficiency, holding us captive to the trade policies and whims of other countries on which we depend for our imports and export markets, and trapping us in cycle of poorly developed intra-regional trade facilitation and transport structures, supply chains, food standards and unmatched regional supply and demand.

Despite the lip service paid to digital transformation, COVID brought home the inconvenience to continuing face to face of govt services; the unevenness of our interconnectivity and broadband uptake; the undeveloped regional digital platforms and payment systems; and the inadequacy of the hard and soft infrastructure needed for data flows. And it shows us the uphill climb we still face to digitalize every single component of our economic and social activity - whether in education; health, social services, retail, wholesale, import, export, trade facilitation – which a remote online environment demands.

True to our mission, we at the SRC, we wanted to frame our contribution to the region's COVID response in “trade” policy terms, starting in the bosom of CARICOM - the CARICOM Single Market and Economy - and reverberating through to our international trade agreements. Choosing 5 core thematic areas of focus – industrial policy, agriculture, ecommerce, MSMEs and Investment policy – we crafted 44 trade recommendations to be taken up by CARICOM.

While not the primary target of our recommendations – from the named target, CARICOM, we have received radio silence – our Policy Brief **was** taken up by weekly trade columnist David Jessop, consultant at the Caribbean Council, in his View from Europe column of August 20, 2020. In his usual limpid and incisive way David quickly cottoned on to our objectives, noting that:

**the authors argue that in the short-term trade remains the best avenue for economic recovery...and they suggest that in the longer term, trade policy can be used to sustainably build economic resilience and diversification.**

But following quick on the heels of his kudos came the crushing blow that exposed the gaping hole in our analysis: Noting that Caribbean regional integration had never truly recovered from the 2008 financial crisis, Jessop queried:

**who exactly is going to pick up and run with the Ramphal Centre's important recommendations... the authors have virtually nothing to say about who they believe has the strength or influence to drive their proposals forward, and just as importantly who is able to rapidly implement the common sense solutions they propose.**

By so doing Jessop laid down the gauntlet – and set the tone – for my remarks today and for all future work of my Centre. What he was in fact saying is that **formulating exhaustive solutions – however well-meaning – to the region's economic and trade problems, while agnostic as to how they will take root, is an exercise in futility.**

**Ever a quick study, I want to** use my remaining time – and poetic license to remedy that deficiency and consider not WHAT trade policy post COVID-19 from the region must look like, but as David asks: who WHO must **pick up and run with the SRC's trade policy COVID recommendations?**

So, who must run with our recommendations?

### **1. Number one has to be our elected leaders, the Governments of CARICOM.**

Ours is an integration process that is decidedly government led meaning that direction, scope and ultimate pace of integration moves only with HoG imprimatur. Many, including Sonny Shridath have criticized this model, but whatever its merits or demerits, the exigencies of COVID afford us little time to quibble over idealism in our governance structure.

So, it is to our governments we turn for inspired leadership in these perilous times. And here, knowing where the difference - and deference - lies in acting in concert, and not individually, becomes everything.

Our leaders have to some extent met the challenge through collective concrete responses particularly in the lives dimension of the lives and livelihoods narrative. We have seen protocols



on health and most recently – even if belatedly – joint action in tourism, and a Caribbean Economic Response and Transformation (CERT) initiative issued at the last Conference meeting. But a dedicated, concrete multi-dimensional post COVID **trade** policy and strategy, linked to Caribbean development, eludes the regional agenda. More than anything COVID openly exposed our trade vulnerabilities and the psyche of our people needs the reassurance of a regional action plan that sets our intra and extra regional trade relations on a steady course. A couple of immediate points come to mind:

- 1) Number one has to be a regional plan and implementation agenda – one that sticks - promising us food security - which crops must we grow regionally and where; how can we support regional supply and demand with trade facilitation measures and standards and effective transportation systems; how will our CET policy and tariffs be reflective of that focus; where and how do we generate the horizontal linkages between agriculture and other sectors. This portion of our Report’s recommendations are the most voluminous reflecting our preoccupation with regional food security
- 2) A close second is a request for our leaders to deliver on the promise of a lasting effective and coherent transport system to move our goods and people. We cannot be a region that squabbles over the fate of LIAT; or that cannot implement a bubble policy at the most crucial time when our people must be able to move safely.
- 3) And third, we need enduring trade solutions to access medicines that are enforced and enforceable under our trade agreements. From untying us from debt obligations so we can collectively and affordably procure medicines and vaccines for our people; to ensuring that trade agreements guarantee unimpeded access to these vital goods and services and prevent export restrictions in times of pandemics; to negotiation of waivers from WTO TRIPS obligations for those of us which lack drug manufacturing capacity, every link in the chain implicates a trade issue that our leaders must respond to.

Our governments choice of a regional strategy for trade must quintessentially reflect our key development priorities and peculiarities just as I have seen other regions do. ASEAN, the grouping in the global east that is notoriously aggressive in their trade posture, reacted to COVID by re-enforcing their commitment to a liberalizing agenda - keeping markets open to mitigate the impact of the pandemic; negotiating open supply agreements with partners; doubling down on the FTAs and even proceeding with the signing of Regional Comprehensive Economic

Partnership (RCEP); and true to their reputation for being technological and trade facilitation hub, have used COVID to ramp up their already advanced regional electronic trade facilitation.

The response of our brothers and sister in the motherland reflects their own preoccupation with uniting the economies of its 54 countries through the creation of a the AfCFTA; the continent seems to be building on the AfCFTA as a tool for developing domestic, regional and continental value and supply chains, as well as driving the Post Pandemic economic recovery, growth and development. Even at the sub-regional level, there has been a redoubling of efforts through trade specific programmes like the Safe Trade Emergency Facility that for instance appreciates that, in largely landlocked territories, the “truck” can be both a vector for the spread disease and a lifeline to keep mouths fed by delivering food supplies.

The Caribbean needs our own regional response and we need it fast.

### **Who will run with the SRC recommendations?**

#### **2. The CARICOM Secretariat**

If it is our government that leads, it is in the Secretariat’s hands that lies the task of efficient management of the trade agenda. On numerous occasions as we prepared our report, we encountered plans that have been tried before and abandoned, disparate policies that seem to overlap with each other, almost as if they had fallen on deaf ears.

With initiating and implementing power circumscribed, the Secretariat must see that its real strength lies in tracking, monitoring, streamlining and prioritizing the myriad trade recommendations coming out, not just of CARICOM bodies but also other reports – like ours and those of other entities operating in and contributing to the trade space... The Secretariat has to be the heads’ quarterback, its eyes and ears, and its conveyor belt, preventing backlog, streamlining and coordinating, and ultimately ensuring that disjointed pieces are stitched together and presented for action by our Heads.

Where it can, the Secretariat must foster and encourage a culture of transparency so that policy takes place not in the shadows but in full daylight where all can see and measure progress. I am sure that many of the themes and action points we recommend in our piece are being worked on already , but without more mechanisms to peer behind the curtain to see more fully what is happening at CARICOM, its policies and processes will remain removed from the very people it is intended to serve.



### **Who is going to run with the SRC recommendations?**

#### **3. The CARICOM Commission on the Economy**

The revitalized body of wise heads – comprising prospective and past WTO Director Generals, as well as heads of regional and international trade organizations – set up as a brain trust to engineer a new development strategy can cogitate on the Chapter 2 of our report – a chapter dedicated to transforming our region’s obsolete Industrial Policy into an innovative one undergirded by digitization, and newly inspired sustainable investment regimes that bring sustainable growth to our people.

I would hope that our learned Commissioners would find particularly useful our recommendations on how to combine old sectors with the new growth prospects in the blue, green and orange rainbow economies, powered by the technologies unleashed by the ICT; to reimagine how our trade agenda can privilege green policies that allow our women and indigenous communities to use and exploit their resources and local knowledge; that allows us to offer tourism products virtually; that through uses apps and online platforms to ensure that demand and supply in the fisheries and farming sectors are virtually and then physically matched.

I would also expect them to consider how best to frame our trade recommendations bearing in mind the chronic debt situations our islands labour under, our limited access to trade finance, and the loss of correspondent banking and blacklisting that forces us to be strategic about the trade-offs we make and prioritization of trade agenda.

And I would expect them to specify how we do all of that using the rickety and byzantine framework of the CSME that must be retrofitted to the new economy: A structure that was not created in 2001 with a digital economy in mind and might now require a renaming as the CSMDE - CARICOM Single Market and Digital Economy.

### **Who is going to run with the SRC recommendations?**

#### **4. Our trade negotiators, international advocates, and diplomats.**

Our report is littered with entreaties for our leaders to leverage our existing trade agreements to execute a Caribbean development agenda. No matter how much more self-sufficient we become, the region will never resile from a world economy and global supply chains, even though we must now be more selective in how we engage it. And we must do so in close coordination with each other conscious that foreign policy coordination is a key pillar in our regional project.



It is our brightest and best that must continue to occupy the missions that represent us in the trade fora like the WTO and at the tables at which negotiate trade deals. In our regional deals like the EPA with the EU and the UK, we must go back and negotiate fluidity of supplies in times of crisis; we must use new and old trade agreements – including CSME - to source the commodity of skilled medical personnel and professionals, within our region and outside; we must activate our services commitments to open and request market openings to provide health, financial and education services that our region can benefit from; and we must use the opportunity to search for new markets to reduce reliance on those who during the crisis revealed themselves to be fair weather friends during COVID.

As small states, however, our venue of preference must remain the WTO because it is here that the biggest potential for change lies. COVID has not left the WTO unchanged – we are witnessing a move to the centre of sustainable developmental priorities, that were previously treated as nuisance issues: concerns of SIDS like disaster management, CC mitigation and adaptation, renewable issues, health – and their interface with the trade agenda are being discussed as we speak as are new age issues that have primordial relevance to us like IF, Ecommerce and MSMEs. We must be at the forefront of these discussions and leverage wisely the key stewardship of these issues that has been placed in our hands, for instance Chair of the Committee on Trade and the Environment, and outside the WTO positions of CARICOM persons at in Security Council, WB, WHO, ITC, UNCTAD. Messaging and concepts developed in other fora like that the creation of a Universal Vulnerability Index must be carried forward by our leaders and diplomats so that our advocacy across all fora is consistent, clear and convincing.

### **Who is going to run with the SRC recommendations?**

#### **5. The Caribbean Court of Justice**

As a scholar of the Caribbean Court of Justice, I must underscore its role as enforcer and clarifier of the Revised Treaty, and being the only supranational entity, holding our leaders' feet to the fire in carrying out the trade agenda they set. So if, in some hypothetical scenario, one country were to be excluded another CARICOM national from the CARICOM travel bubble and thereby deny rights of movements to some nationals, it would be to the CCJ to which we could turn to settle a hypothetical dispute about whether the exclusion was a breach that is justified by national security, general exceptions that allow health concerns to trump free movement ones, right? Or if say one country without approval suspended the CET on a food item that could be regionally sourced as part of the operation of our new food security policy, we could expect the CCJ to hold

that suspending member state to its obligations under the Revised Treaty and the CARICOM Secretariat to its obligation to fulfil its monitoring function of the CET, right?

**Who is going to run with the SRC recommendations?**

**6. The CPSO**

It is to the newly minted associate institution, the CARICOM Private Sector Organization, that we would look to represent the region's indigenous business sector and find new opportunities for trade coming out of our recommendations. Before doing so, we would hope that the CPSO starts with training of the region's private sector on the Revised Treaties of Chaguaramas and Basseterre and international trade agreements. We would also hope that the CPSO would ensure that it is truly representative of all business interests, from the small to the large, from the brick and mortar to the technology savvy ones that operate WiPay and host Tech Beach for although nascent, they are the wave of the future. We would hope that in our pages the CSPO would find hope in recommendations looking for regional alternatives to traditional sources for our inputs, and investment opportunities by partnering with new investors in new sustainable sectors, including from our own regional diaspora; investing in regional transport and ferry services and that they would take up their advocacy role in agitating for regional standards and regional approaches to non-tariff barriers that constitute barriers to trade.

**Who is going to run with it?**

**7. It is all of us – that rag tag group called civil society that give voice to the people**

Ultimately, I would argue, post COVID, it is all of us that must play our part in the region's trade agenda. Yes, government frames and sits at a strategic intersection of many of the policies that affect us, but we must contribute our voice.

By creating the report, we at the University found our contribution to the technical work of figuring out how to position the region to study the phenomena, and with inadequate data sets, still try to find trends, themes that only begin shine light on how to dig us out of the COVID dungeon – my fellow departments from science, to health, to medical, to economics are doing the same and that is an important contribution we make. We are also the houses where data and research in new innovative areas life and should be supported by government and the private sector in building incubators that moves fresh concepts from ideation to commercially viable trade solutions.



But there are voices that the government must now listen to: the voices of the masses that globalization, neo liberalism have silenced and marginalized to the periphery. In the brutal search for markets we have lost our way, inequalities within and across countries have grown and in the process we have ignored those most in need of our protection but who lack the platform to plead their case: the poor, women, youth, minorities, the environment, indigenous communities, LGTBQ. But under the unbearable strain of COVID, they have found a new and louder voice that for all its cacophony still has a common refrain: that it is still the State – and not markets – that are the primary carers of the world’s people.

And so, as the Caribbean reasserts itself on the global stage and crafts its regional trade agenda and development path, we MUST lead by example and promote inclusivity that seeks out and amalgamates the views, hopes, fears, ideas of all our people. Sir Shridath warned, when he issued his West Indian Commission Report to Heads of Government in 1992, that:

**“West Indian people [harbour] a disbelief that anything, anything serious, anything effective, anything lasting, anything fundamentally different ... can anchor ambition in a Caribbean future. They have grown inured to high flown declarations, they have grown disdainful of the instinct to protect small areas of turf, leaving the wide West Indian pasture fallow. They will not be surprised if in this time for action you do not act, if at this moment of decision you differ and defer”. (“Glimpses of a Global Life”, Shridath Ramphal, p. 201)**

I hope our leaders prove Sir Shridath wrong this time. The Caribbean people cannot be disappointed again.



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## Keynote Address

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