

**THE
BIDEN
BRIEF**

ALTERNATIVE LENSES

STRENGTHENED US-CARICOM PARTNERSHIP

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SIRIUS INTERNATIONAL (CARIBBEAN) DEFENSE CONTRACTORS LTD

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INTRODUCTION

Tobago, of Vice President Joseph Biden, Dr. Jill Biden of the United States. The objectives of the Vice President's mission are to enhance relations with Trinidad and Tobago and invigorate strategic alliances and partnerships with the wider Caribbean Community. CARICOM has shared an enduring and mutually beneficial history of bilateral and multilateral ties with successive US administrations in the fields of politics, trade, commerce, security and military affairs, immigration and culture. The priorities of the region's governments are to preserve the economic vitality of their respective countries, invest in their people, and be competent partners in defeating aggression against interests that are, or have the potential of becoming, inimical to shared Inter-American ideals.

In this release, each section is presented as an expository on the foremost items on the mission agenda and assesses their primary implications on policy at hemispheric and national levels. The notion of “game changers” is then introduced to direct attention to the critical turning points that are most likely to shape future debate at the highest levels of the decision-making process.

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INTRODUCTION

US power remains the linchpin of the international system as America's global preponderance endures in five decisive domains – politically, militarily, economically, technologically and culturally. Notwithstanding this, the ability of the US to maintain near current levels of defense spending is in jeopardy and the trend for national defense spending has been a downward one for several decades; the country's share in the global GDP held steadily until 2005, and is currently 24 percent, which makes it the jurisdiction with the single largest share. Despite these fluctuations, the global economic pivot is shifting to Asia even as the international system is increasingly adjusting to the realities of multi-polarity and new emerging power centers.

Global Trends 2030: Alternative Worlds Game Changers issued by the Office of the Director of National Intelligence, hints that even as the economic weight of the US is overtaken by China, perhaps as early as the 2020s, the US is likely to remain the "first among equals" alongside other great powers because of this affirmed preeminence across a range of power dimensions.

Additionally, although there is currently no competing alternative to the Western liberal order, there is a prevailing disposition among contenders for preeminence, such as China and Russia and geopolitical pivots of the like of Iran and their satellites, for a diminution of US assertion. The dynamic is compounded by the fact that within the Americas populist sentiment is gaining traction with the usurpation of national decision-making capacities to overarching political structures, epitomized in the Organization of American States and its various organs.

Illustrative of the spill-over of divergent stances, on the occasion of the VI Summit of the Americas hosted by the government of Colombia, CARICOM Member States in concert with Latin American allies, were firm in an independent position from that of the United States on the issue of Cuba's debarment from the Organization of American States, and on contentious aspects of the hemispheric drug policy. This is a mere symptom of changing power dynamics in the region.

Norman Girvan, respected regional scholar on development economics, and professional research fellow at the University of the West Indies Graduate School of International Relations, divulges:

The drive towards unity, independence and self-determination of Latin America and the Caribbean that has gathered force over the past 10-25 years is now unstoppable. The results of the V and VI Summits of the Americas of 2009 and 2012 confirmed the emergence of "Our America" from under Washington's shadow. Governments, irrespective of their ideological complexion, were firm in taking an independent position from that of the United States, on Cuba and the drugs problem. This has had a notable impact on the development of relations between archipelago and mainland and between speakers of English, Spanish and Portuguese. [Pan Caribbean Perspective - June 28, 2012]

CARICOM countries are currently represented in an array of regional intergovernmental unions exemplified in the Association of Caribbean States, the Bolivarian Alliance for the Peoples of Our America, the Union of South American Nations and the recently constituted Community of Latin American and Caribbean States, the lattermost resolutely excluding US and Canadian membership. These geopolitical groupings have "opened new spaces" politically, economically and culturally.

Simultaneously, China's widening orbit into the Caribbean is illustrative of its long-term strategic progression into the wider hemisphere that has all but trumped long-held ideological affinities. The PRC continues to make impressive inroads into the areas of diplomacy, military exchanges, trade, finance and commerce, culture, and critical infrastructure. A recently held symposium (April 30-May, 01), titled "China's Strategic Engagement in the Americas: Implications for US and Partner Nations Interests" hosted by the Institute for National Strategic Studies in collaboration with the Defense Intelligence Agency provided the opportunity for diplomats, leading sinologists and security professionals to ruminate and make predictions on the implications of the PRC's overwhelming engagements in the region, and its medium and far-term intentions.

Against this setting, the Obama administration has been seeking to redefine America's hemispheric leadership by advocating a "new era of engagement" (which effectually became the clarion call for the V Summit of the Americas hosted in 2009 by Trinidad and Tobago), and is actively promoting a trove of soft power initiatives. Much focus has been placed on development assistance, whilst simultaneously projecting soft power and smartly applied hard power in

programs that are typically incentives-based. This maneuvering was by no means unforeseeable.

Zbigniew Brzezinski's Grand Chessboard: American Primacy and Its Geostrategic Imperatives presaged the emergence of a "broader and increasingly complex" American foreign policy agenda, noting the following:

... as America becomes an increasingly multicultural society, it may find it more difficult to fashion a consensus on foreign policy issues, except in the circumstances of a truly massive and widely perceived direct external threat. Such a consensus generally existed throughout World War II and even during the Cold War. It was rooted, however, not only in deeply shared democratic values, which the public sensed were being threatened, but also in a cultural and ethnic affinity for the predominantly European victims of hostile totalitarianisms. In the absence of a comparable external challenge, American society may find it much more difficult to reach agreement regarding foreign policies that cannot be directly related to central beliefs and widely shared cultural ethnic sympathies and that still require an enduring and at times costly imperial engagement.

That "external challenge," as conceived in 1997, would assume uncanny sentience with the events of 9/11, to be suffused before long by an economic downturn in 2008-2009, that has capsized, for the time being at least, the banking and corporate syndicates of the global community.

US foreign policy now stands on four main pillars, each representing the keys to building partnerships and capitalizing on opportunities in the region. These are:

- Promoting social and economic opportunity
 - Pathways to prosperity
 - Free trade agreements
 - Pathways to prosperity
 - US Brazil Joint action Plan
 - The Inter American Social Protection Network
 - Secured Transactions
 - Latin America-Idea Partnership
 - Caribbean-Idea Market Place

- Clean energy and mitigated effects of climate change
 - Energy and Climate Partnership of the Americas

- Safety of the hemisphere's citizens
 - Merida Initiative
 - Caribbean Basin Security Initiative (CBSI)
 - Central America Regional Security Initiative
 - Presidential Permits for Border Crossings

- Strengthening effective institutions and democratic governance
 - Summit of the Americas
 - The US and the OAS

Concomitant with all of this, the CARICOM experience is jaded with inherent ambiguities attributed to what some analysts recount as “the dualist principle,” that is to say, a dialectic emanating from the intuitive quest among nations for sovereignty and self-determination on the one hand, and aspirations associated with regionalism, on the other. The Landell Mills team headed by Richard Stoneman, in a 2012 report commissioned by the Community's Heads of Government and titled “Turning Around CARICOM: Proposals to Restructure the Secretariat,” displayed remarkable perspicacity in deciphering the dilemma, which it explained in these words:

... predictably, the most persistent negative fallout from this unfortunate development [the collapse of the West Indian Federation in 1962] was probably psychological, indelibly planting in the psyche of the ordinary man and critical decision-makers alike, a visceral antipathy for regionally determined systems of governance, and a correspondingly reactive affinity for economic nationalism as the preferred option for structured economic development. This psychological disposition may be attributed to what has been perpetually described as the false dichotomy between sovereignty and supra-nationality, which overtly or by ineluctable inference, has dogged political debates on regional governance and, for a considerable period, provided a persistent and intractable impediment to functional institutional coherence and regional economic integration.

The widely acknowledged institutional deadlock that has gripped CARICOM for successive decades and effectually stymied the implementation of crucial decisions taken by the Conference of Heads of Government impels the need for exigent change. Notwithstanding this, the US and CARICOM have prevailed in fostering and promoting strong bilateral and multilateral ties that have proven to be mutually beneficial.

The Biden mission is strategically timed and calculated to build upon a legacy of mutual cooperation and support among allies whilst offering designs for the promotion of prosperity, peace and security in the region.

SECTION ONE

The Caribbean Community Defined

The Caribbean Community and Single Market (CARICOM) is a fifteen member geopolitical bloc within the wider contours of the Caribbean Basin, spanning the archipelagic chain of Antillean Islands stretching from the Bahamas in the north to Trinidad and Tobago in the south, and including Belize, Suriname and Guyana on the South American mainland. This closely integrated group of societies excludes what some strategists refer to as the Caribbean Cultural Zone – an area consisting of the Caribbean Region per se - including the coastal communities of South and Central America and comprising a very diverse community of nations reputed for linguistic diversity and political fragmentation. The region is also defined by an array of identifiable polities representing formal political affiliations with no less than four metropolitan powers - the United States, British, French and Dutch.

The complexity and distinctiveness of the region is underscored by other specifics:

- The area comprises a part of the world boasting of the greatest extremes in terms of unevenness of development
- Its economies are the most “open” to trade and development

- Migration continues to play a major role in economic and social development
- The geographical location is astride the major trafficking routes for illicit drugs and firearms and serves as a magnet for organized crime and the operation of nefarious criminal networks
- The zone has a legacy of continuous political and ideological ferment
- CARICOM is the acknowledged pivot for the political and economic integration that is steadily devolving to new regimes defined and driven by ideological and political forces
- The entire Latin American and Caribbean grouping (LAC) represents an important trading bloc for the United States and comprises more than 580 million consumers. In 2010, US exports to LAC amounted to \$308.1 billion, 22 percent of that country's global exports, ranking second to Europe, and over three times the value of goods exported to China.

The Current Economic Crisis and Its Impact on CARICOM Societies Disparity in Wealth Distribution and Indebtedness – The Perfect Storm

CARICOM provides the classic exemplification of the ongoing struggle of many developed and developing societies to attain sustainable growth in an uncertain global environment. According to the recent Human Development Index, the Caribbean is reputed for disparities in growth and development, with ranges from 47th (in the case of Barbados) to 148th (As obtains with Haiti), whilst Cuba ranks at 51st outstripping most of the developing world including her Caribbean neighbors. Table 1.

Intensifying these challenges are the openness of economies, trade dependency, and growing indebtedness. Typically, during economic crises developing countries tend to accumulate debt as the growth of expenditure levels exceeds that of revenues, while capital flows simultaneously decline. The global economic crisis that mushroomed in the mid-2000s had an immense impact on CARICOM members and this is now discernible in the volume of accumulated debt being borne by governments due to a number of factors including their inability to raise capital and mobilize revenue streams. Indeed, the dilemma is not restricted to this region – the current Euro crisis is an illustration of the tremendous drawbacks of high debt levels and the influence on social and political life with the imposition of austerity measures. In like manner, America is beset with fiscal deficit challenges.

Table 1.

Human Development Level, 16 Caribbean Countries		
Rating	No. Of Countries	Population

Very High	0	0
High	12	16,859,341
Medium	3	11,206,449
Low	1	9,993,247
Total	16	38,059,037
<u>Independent Countries Only</u>		

Human Development Level

Source: UNDP Development Report 2011

The general performance of CARICOM countries in the 1990s and early 2000s presaged the current downturn. A snapshot¹ of the downward slide in the preceding decade, supported by Table 2, discloses the following:

- Antigua and Barbuda introduced a program of economic austerity in 1996 aimed at reducing debt and stimulating the private sector, including offshore financial activities. This was undertaken by cutting public expenditure, improving tax collection. Undertaking privatizations, improving tourism, and manufacturing export-oriented goods. The turn of the millennium was marked by a period of favorable economic growth, slowing to 1.5 % per annum in 2001 due to the decline in tourist arrivals, and recovering in 2003 to 5.2 % to be followed by further growth of over 7.3 % per annum in 2004-2008 with increased construction activity in the private and public sectors. Then a combination of factors led to a precipitous decline from 2008 onwards - natural disasters, sharp falls in tourism, and by no means least, volatile international oil prices. Since 2010 the country has been engaged in (1) restoring fiscal sustainability and (2) strengthening reforms aimed at revenue collection, public financial management and long term sustainability of the pension fund.
- *Barbados* endured a recession in the early 1990s precipitated by a slump in sugar production and a decline in tourism. The IMF intervened in the mid 1990s for economic adjustment support, which involved the introduction of austerity measures. Between 1993-1994, the economy experienced slight growth of 4% per annum and this continued through until 2000.
- *The Bahamas*, which is among the wealthiest countries in the Caribbean region, also experienced severe economic recession during the 1990s when the government introduced an economic reform program that emphasized fiscal responsibility, the privatization of government-owned hotels, investment promotion, infrastructure development and economic diversification. The late 1990s was a period of overall economic growth and modest inflation. By the 2000s the rippling effects of the downturn of the U.S. economy were being felt and tourism in the Bahamian islands

began plummeting. Between 2003-2007, growth returned to 2.8 % per annum following which the world global economic downturn triggered yet another fall-out in the areas of tourism and offshore financial services. With more than half of the GDP eroded in 2007, the country headed into sharp recession by 2008.

- Like many other CARICOM members, *Dominica* has relied primarily on tourism to keep its economy afloat, despite the efforts of successive governments toward economic diversification. During the 1990s the government had introduced an economic citizenship program with the primary objective of raising revenues through their financial investments in the country. Over \$15 million was realized through that initiative which was augmented by the development of an offshore financial sector. At the turn of the millennium, however, the country moved into recession with the economy shrinking by 9 % per annum in 2001-2003, with inflation rising by 1 % per annum. During this period the IMF intervened with a package of financial support backed by tax increases and simultaneous cuts in public expenditure. Following this, between 2004-2005 growth resumed and was driven by tourism recovery, banana production and construction. This improvement was short-lived due to the effects of Hurricane Dean, which wrought tremendous devastation on the island, to be closely followed from 2008 onwards by the effects of the global economic downturn. A loan of US\$5.1 million was granted to Dominica in July 2009, and thereafter US\$3 million in 2010. The disbursements were intended to assist in recovery efforts following the passage of two hurricanes in 2007-08 and to mitigate the impact of the global downturn on the country's economy.
- *Grenada* underwent a period of three consecutive years of steady growth at the turn of the millennium following which the economy stalled in 2001, reflecting the U.S. economic downturn. This had a negative impact on tourism. Economic recovery then set in by the mid-2000s despite the impact of Hurricane Emily, which struck in 2004. Construction activity, which included the restart or rehabilitation of major tourism projects, ensured a brief period of recovery, which was again interrupted in 2008 by the onset of the global economic recession. In April 2010, the country received US\$13.3 million from the IMF as an Extended Credit Facility to cushion the effects of the global economic crisis and support the government's agenda for economic reforms aimed at boosting growth, reducing poverty and strengthening the private sector.
- *Guyana's* economy is based primarily on agriculture and mining. Having emerged in the 2000s from strict IMF –backed reforms imposed during the 1990s, a combination of drought, falling commodity prices and political uncertainty caused the country's economy to falter. Between 1998-2006, growth was slow and inflation reached about 5% per annum. From 2007 onwards there were signs that economic policies imposed by international financial bodies were bearing fruit but this was then offset by the global financial downturn from 2008 onwards.
- *Haiti* was allocated an extended Credit facility to the amount of US\$278 million, to assist in dealing with the aftermath of a massive and devastating earthquake.

- *Jamaica's* financial sector was in an extremely vulnerable state from as far back as the mid-1990s when many of the country's banks and insurance companies suffered heavy losses and liquidity problems. In 1997 the government had established the Financial Sector Adjustment Company to assist banks and companies by providing funds in return for equity. By 2001 the Jamaican government would have spent roughly \$2.8 billion on financial sector rescues thereby exacerbating the country's large external debt. This phenomenon persisted throughout the ensuing decade. Since the disbursement of US \$1.2 billion under the IMF macroeconomic and debt restructuring program in February 2010, Jamaica has been engaged in reforming of the public sector in order to reduce its fiscal deficit, debt restructuring to streamline its debt portfolio, and reforms measures aimed at reducing financial sector risk.
- *St. Kitts and Nevis* was a mono-crop economy until the late 1970s when the government backed a drive into small-scale industrialization. By the 1990s tourism had become the largest source of foreign exchange and this was augmented by the growth of the off-shore financial sector with a record number of over 18, 000 registered companies in Nevis by 1999. Despite this foreign debt rose in the mid-1990s primarily as a result of the impact of five hurricanes that struck the islands in very close succession in just as many years. After a strong 6.5 % per annum growth in 2000, the economy slowed down with the downturn in the U.S. economy, picked up briefly to a growth of 9.6 % per annum in 2004, maintained a steady growth of roughly 5.0 % in 2004-2008 and shrunk thereafter with the global economic decline. The IMF committed a total of US\$3.5 million under Emergency Assistance to assist the country in hurricane recovery efforts.
- Although *St. Lucia's* per capita income is relatively high when compared with that of the other members of the Organization of Eastern Caribbean States, the country has been greatly disadvantaged by its disproportional economic dependence on bananas, its small size, small population, limited physical and human resources, and vulnerability to frequent hurricanes. After a period of steady growth in the 1990s, the economy stalled in 2000 and went into recession between 2000-2002. By 2001, it shrunk to a growth rate of 4% per annum in 2001 due to the downturn of the U.S. economy, the consequent fall in visitor arrivals and weakened international markets for manufacturers. *St. Lucia* received US \$10.65 million from the IMF in 2009 as an Exogenous Shock Facility to assist in mitigating the impact of the global economic downturn.
- The economy of *St. Vincent and the Grenadines* is relatively undeveloped and like many other CARICOM members, is vulnerable as its economic base is small and heavily dependent on agriculture, especially bananas. With a tougher competitive environment now being faced with the cessation of preferential trade arrangements with the European Union, the government has encouraged economic diversification into tourism, manufacturing, offshore finance and call centers and growth of the private sector. From 2002 and onwards, there has been invigorated investment in the tourism sector and this has encouraged economic growth, which improved to 5.6 % in 2004-

2008, before declining to 1 % in 2009, with the global downturn during this period. A total of US\$5.7 million was allocated to this country by the IMF as a means of Foreign Direct Assistance to facilitate its transitioning to tourism.

- *Trinidad and Tobago's* economy is a relatively sophisticated one when compared with the other islands, embracing mineral extractions, agriculture, industry, tourism and services, all underpinned by oil and natural gas. During the late 1990s and 2000s with the rise in oil prices and many new industries on stream driven by oil and natural gas, the economy was buoyant. Strong growth proceeded between 2002-2006, peaking at 13.9 % in 2003, to 12.2 % in 2006, 5.5 % in 2007 and 3,4% in 2008 with inflation generally contained below 10 % during this period. Demand for the country's manufactures declined after 2008 with the global economic downturn, with the economy shrinking by 2.7 %in 2009.

Dependency and Uneven Development

The present day Caribbean is one of the regions in the world with the greatest extremes of uneven development. Further to this, the outlook on the economic performance of these countries demonstrates the vulnerability of Caribbean economies - they are among the most open and trade-dependent in the world; they have been more severely affected by the global crisis of 2008-2009 than the rest of Latin America; and have recovered less due to the fall-off in tourism, remittances and commodity prices.

These are some of the key conclusions drawn by Girvan in an assessment of the ongoing dilemma. He also noted:

- About 4% of the population live in places where the average per capita income of over \$20,000, and that all but one of these are small colonial territories that receive relatively large financial transfers for metropolitan powers and most of which rely on tourism with several having offshore financial centers
- Almost 15 % of the population live in countries where the average income is \$10,000 to \$20, 000 per capita and among these are territories receiving metropolitan aid, tourism economies, offshore financial centers, and the region's sole energy exporter
- About 60 % of Caribbean people live in larger countries where the average per capita income is in the \$1,000 to \$10,000 range, and while tourism is an important element of economic growth in these locales, a large part of the population tends to be engaged in occupations providing lower incomes, such as agriculture and other services

Haiti remains a distinctive case whereby the country's average income is less than \$700 per capita. The bulk of CARICOM's present sovereign debt liabilities were amassed during continuous periods of fiscal deficit from as far back as the mid-1990s. As a result of this, governments have made resolving public debt one of their top priorities and are wholly committed to reducing national debt levels and simultaneously improving national productivity. In many countries debt has become so enlarged that a state of "debt overhang" now exists – a

situation whereby real GDP growth is being depressed, investors are lowering their expectations of return in anticipation of higher taxes needed to repay the debt, and entertaining uncertainties over what portion of the debt will actually be serviced with the country's own resources.

Debt overhang serves as a continuing disincentive to new domestic and foreign investment and is retarding capital stock accumulation. Additionally, at the decision-making levels, governments are visibly reticent towards instituting policy reforms that are difficult, costly and politically "hurtful." Plummeting GDPs have resulted in greater difficulty to meet debt service obligations and the imminence of constitutional elections in many countries (particularly those falling due between 2013 -2016), has raised the stakes.

The Caribbean is presently home to five (5) of the world's most indebted countries. A recent study entitled Threshold Effects of Sovereign Debt: Evidence from Caribbean² produced by the Western Hemisphere Department of the International Monetary Fund (June 2012) provides a targeted analysis of the impact of accumulated debt on economic growth among twelve (12) selected CARICOM countries between 1990 and 2012. The well-timed and updated Study offers a relatively complete view of the public debt ratio dynamic along with the other determinants of economic growth in relation to: Antigua and Barbuda, the Bahamas, Barbados, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago.

Adopting a "regression approach" model that was designed specifically for Caribbean Community jurisdictions, and combining the "threshold estimation technique" outlined by Hansen (1996, 2000), the findings suggested (a) that high levels of debt, especially for low-income or developing economies, can have adverse effects on growth levels (b) that debt contributes positively to growth when it is below 30 % of GDP but becomes a main concern for output beyond 55% of GDP (c) that between 30-55% of GDP the marginal impact of debt diminishes, where the contribution to growth from each additional increase in the debt-to-GDP ratio decreases up to the 55% threshold, and thereafter turns negative.

The Study revealed a pattern of increasing trends of nominal debt in all of the selected countries during the review period when most experienced sustained expansions in debt, with the exception of Suriname and Guyana. During this interval, nominal debts ranged from US \$130 million to US \$15,055 million. A second important finding was that the average debt levels of members of the Eastern Caribbean Currency Union (ECCU) states and Suriname were notably less than that of the other nations. A third variable which was critical was that debt increases had slowed during the early and mid-2000s in Grenada, St. Lucia, Jamaica, and Trinidad and Tobago whilst nominal debt continued on an upward trajectory during the recessionary years of 2008-2010 in all countries, with the exception of Antigua and Barbuda. Equally notable was the fact that volatility, measured by the standard deviation of nominal debt levels of the fixed exchange rate countries to the U.S. dollar (Barbados, Bahamas, and the ECCU states) ranged from US \$42 to US \$534, while that of the managed floating exchange rate countries was much greater (Jamaica US \$2,900 and Trinidad and Tobago US \$2,400).

Some other key findings were:-

- As the debt to GDP rises above the 30% threshold, the effect on a country's growth is still positive but is now much less and statistically insignificant
- As the debt level continues to rise, another threshold appears at 56% of GDP, where the growth effects switch from positive to negative, as debt becomes a drag on growth
- That governments should target debt levels that are well-below the estimated thresholds to cater for recessionary periods of the business cycle or events such as natural disasters that affect capital stock
- Since emerging markets tend to have much more binding debt thresholds than developed countries and given the fact that most countries under investigations currently have high debt-to-GDP ratios, that are above the suggested turning point threshold, it is critical for governments to engage in fiscal consolidation
- The lingering effects from the current recession along with higher unemployment levels due to long, slow recovery, renders consolidation of fiscal balances more difficult

Among the more important recommendations that ensued were:-

- The imperative for CARICOM governments to achieve faster and sustained growth paths by working in conjunction with the private sector, presenting more innovative ideas, and rehashing new policies for the region
- The advisability of focusing on trade through CARICOM or CSME, using the economic union for cost savings through scale
- Asserting greater progress in information technology
- Integrating the activities of financial supervision and regulation
- Taking action without delay to provide better incentives for the use of renewable energy since most Caribbean countries, with the exception of Trinidad and Tobago, are net importers of oil products

Significantly, these are all priority topics that are being prosecuted at varying stages on the OAS agenda through its various institutions principal among which are (a) the Inter-American Drug Abuse Control Commission (CICAD) which is responsible for setting and executing the hemispheric drug control strategy and related transnational threats such as the trafficking of SALW and persons (b) the Inter-American Committee Against Terrorism (CICTE) mandated to design and implement a counter-terrorist and cyber-crime policy and strategy for the hemisphere in tandem with all-encompassing schemes designed for the protection of the region's critical infrastructure, and lastly (c) the Secretariat for Multidimensional Security tasked with delivering regional anti-crime and public safety initiatives and taking in hand the overwhelming phenomenon of increasing crime and violence.

CARICOM, as a coalition of common interests, represents the classic paradigm that Mattli (1999) refers to as "commitment institutions." This means essentially that as a sub-regional

grouping, CARICOM's future role is a self-defining one. It is politically obligated to spur within its membership decisive positions on issues that are politically, economically and socially expedient. Furthermore, as a political bloc CARICOM is expected to assert itself as the fulcrum and balancer in intraregional affairs. Unquestionably, this assertiveness once exercised, would render the collective as an important geostrategic pivot that occupies a unique and sought after space on the regional map. Once discharged, this role would bring the much-deserved salience and strategic thinking into deliberations on critical topics dominating the North-South agenda.

Table 2.
Selected IMF Caribbean Programs 2010-2012

Country	Program	Date	Duration	Amount US \$
Antigua and Barbuda	SBA	Jan -10	36 mths.	128 M.
Dominica	RCG	Jan. -12	Immediate	3 M.
Dominican Republic	SBA	Nov. -09	27 mths.	1.74 M.
Grenada	ECF	Apr. -10	36 mths.	13.7 M.
Haiti	ECF	Jul.-10		278 M.
Jamaica	SBA	Feb.- 10	27 mths.	1.27 B.
St Kitts and Nevis	SBA	Jul.-11	36 mths.	79 M.
St. Lucia	RCF	Jan.- 11	Immediate	8.2 M.
St. Vincent and the Grenadines	RCF	Jul. -11		2 M.

SBA – Standby Arrangement

ECF – Extended Credit Facility

RCF –Rapid Credit Facility

Source: Author, based on IMF Press Releases

The Game Changers

- In the sphere of trade and commerce, Antigua and Barbuda has been waging a decade long fight over attempts by the US government to shut down the country's online gambling industry, the latter railing against a World Trade Organization decision. The Caribbean government's most recent stance is iterated in an e-mail message dispatched to Bloomberg Businessweek May 03 2013 by Finance Minister, Harold Lovell. Lovell's,

remarks have been made on the margins of the appointment of the US Under-Secretary for Trade and reads, in part:

An essential first step that should be taken is to reverse the decade long violation of international law with respect to Antigua and cross border gambling. For over ten years the US has consistently ignored rulings by the World Trade Organization, which has done substantial damage to the Antiguan economy. Antigua looks forward to working with Mr. Froman to restore America's credibility with its fellow World Trade Organization members

- The US Trade Representative Watch List, released on May 01, 2013 cited several countries, among them Jamaica, Barbados and Trinidad and Tobago, as jurisdictions of concern to the US. The report is based on an annual review of the state of intellectual property rights protection and enforcement in trading partners around the world, and reads in part:

Particularly troubling is the fact that a court in 2011 found the local cable operator was required to obtain a public performance licence, and nearly two years later judicial authorities have not completed the appeal hearing or assessed royalties owed to COTT. Furthermore, notwithstanding this decision, the local cable operator failed to obtain this license....The United States is also concerned by ongoing delays in the resolution of the long standing litigation over the collection of unpaid performance royalties from the same cable operator...

The position of the United States is one of growing concern over what it perceives as the tardiness of the justice process in Trinidad and Tobago, which has resulted in the postponement of the collection of unpaid performance royalties from an established local cable operator.

SECTION TWO

Crime and Security

The Caribbean Basin Security Initiative is the latest pillar of a US-inspired security strategy on citizen safety throughout the hemisphere. The initiative brings together all Member States of CARICOM and the Dominican Republic to jointly collaborate on regional security with the United States as a partner.

The subject of “citizen security” falls under the ambit of the US foreign policy pillar “Safety of the Hemisphere’s Citizens” and the corresponding Caribbean Community and Common Market “Regional Framework for Security”, currently administered by the secretariat of the quasi-Cabinet, based in Port of Spain, Trinidad. Citizen safety was also the pivotal theme of a White House Release “The United States and the 2009 Summit of the Americas: Securing Our Citizens Future,” dated April 19, 2009 wherein the President emphasized that public safety and crime were among the top concerns of citizens throughout the region, and that with this in view, he was committed to promoting partnerships to address the issue, whilst focusing on America’s co-responsibility in confronting threats to public safety.¹

The diplomatic antecedent to this topic is the Declaration of Principles that CARICOM and the US government had signed on to on May 27, 2010 in developing the Caribbean-United States Security Framework 2010. Three all-important themes underpin this accord, which is a clear signification of consensus by participating governments:

- Substantially reducing illicit traffic of narcotic drugs, small arms and light weapons, money laundering and trafficking in persons.
- Advancing public safety and security by reducing crime and violence, increasing community safety, forging border security, protecting States from terrorism, transnational threats including cyber crime, disrupting and dismantling organized groups, reducing gang related violence and building a framework that would mitigate natural and other disasters.
- Promoting social justice by forging increased economic opportunities and skills for vulnerable populations, fostering community and law enforcement cooperation, justice sector reform and anti-corruption measures.

Within this construct the US contributed Congressionally approved monetary as well as non monetary support to the operation of the Regional Security System based in Barbados, to border strengthening among members of the Organization of Eastern Caribbean States, and committed to commissioning a Maritime Airspace Coordination Center that would be engaged in reconnaissance, surveillance and interdiction. Washington allocated US \$77 million to the Caribbean Basin Security Initiative in 2010/2011 FY and this sum was increased by 70 percent for the 2011/2012 FY. To make this endowment possible the US government drew upon an array of resources. These included the Development Assistance Fund, the Economic Support Fund, International Narcotics and Law Enforcement Control appropriations, and the Foreign Military Accounts.¹

Many drivers of insecurity have dominated the Caribbean over the years, the most important being their exploitation as a primary transit zone for the illicit trafficking of drugs and firearms and the associated funneling of illicit proceeds derived from illegal trans-border crime. The UNODC in its Transnational Organized Crime Threat Assessment deemed drugs “the highest value commodities trafficked internationally.” According to the assessment, which meticulously traces illegal flows internationally, drugs now represent a long-term source of income for organized crime groups operating out of the region with linkages in North America, Africa, and Europe. ²

Like all illicit activity, market forces drive transnational crime. The Financial Action Task Force estimated in the late 1980s that roughly US \$424 billion (0.8 %) in the United States or 0.5 % of the global GDP would have been available for laundering money. Based on 2009 data this would have amounted to US \$1.2 trillion. IMF figures stated that money laundering amounted to an estimated 2 % to 5 % of the global GDP – approximately US \$0.6 to US \$1.5 trillion in the late 1990s. William Baker, founder of Global Finance Integrity, undertook a more recent study in the developing world, focusing on key categories of transnational crime, including illicit drugs and firearms trafficking. The Baker study arrived at an estimated US \$650 billion in criminal proceeds per annum, the largest sources being derived from illicit drugs (50%), followed by the sale/use of counterfeit (39 %), human trafficking (5%), and illicit trade in other sectors.

Caribbean Basin tax shelters, and especially those countries located within the cusp of primary drug shipment zones, have fallen within the radar of the United States Narcotics Control Report 2012. The Bahamas, the British Virgin Islands, and the Dominican Republic have been registered as nations “of primary concern” to the US government. Antigua and Barbuda, Barbados, Grenada, Trinidad and Tobago, St. Kitts and Nevis, St. Lucia, St. Vincent, Guyana and Suriname are all deemed to be jurisdictions “of concern” whilst Dominica and Barbuda remain “under monitor.”

The significance of this notification lies in the fact that despite having adhered (albeit at an uneven pace) to the global regime of the FATF Recommendations, as well as the Multilateral Evaluation Mechanism of the Inter-American Drug Abuse Control Commission (which provides oversight and technical support for the implementation of the Hemispheric Drug Control Strategy), many CARICOM member countries are identified venues within the region that are considered risks to US interests and/or that of the wider global community.²

Alongside this phenomenon, countries have been recipients of both Chinese firms and the government of China’s preponderance of lucrative contracts and foreign direct investments (FDIs). Some analysts at the National Defense University in North America view the ensuing unprecedented level of commercial trade activity as exceeding the usual parameters, wagering on the potential risks to the integrity of the region’s financial systems, and accordingly monitoring the trail of business and banking transactions emanating out of Beijing along with the corresponding incoming and outgoing flows of Chinese nationals within the region.

The Drug Challenge and Imperative for Active Layered Defense

Economic and environmental incentives have led to the development of increasingly creative methods of transshipment, one being the use of semi or fully submersibles. Cocaine distribution is extremely lucrative. The wholesale value of a kilogram of cocaine in Peru and Colombia is approximately \$1,300.00 to \$2,300.00, respectively. The same kilogram yields \$27,000.00 in the US, \$60,000.00 in Europe, \$150,000.00 in Russia and \$170,000.00 in Saudi Arabia. But there is another equally significant factor, the fact that the Caribbean Sea is noted for extremely high levels of shipping activity matched by correspondingly low levels of maritime policing.

This is a region of strategically important sea lanes, holding key routes and approaches to the continental U.S from the Atlantic Ocean, namely the Windward Passage and the Panama Canal. In addition to its strategic location relative to commercial shipping routes the region is a reputed locale for hundreds of ports, marinas and harbors complemented by major cargo and cruise ship terminals and facilities for the handling and shipping of petroleum, natural gas and ammonia. The latter are considered high premium cargo items by world standards and brings into sharp focus the significance of locale and commercial linkages.

Deployment of Technology to Combat Maritime Trafficking

Between 2001-2010, approximately 175 documented drug transits between South America and global destinations occurred, involving the use of SPSS-type platforms. In the absence of a law that proscribed the operation of such platforms until 2008, the US proceeded to enact the Drug Trafficking Vessel Interdiction Act. The statute criminalizes the operation of semi and fully submersibles that are without nationality, and are navigating or have navigated outside of a nation's territorial sea, with the intent to evade detection. The conveyance has thus been fully outlawed irrespective of its contents.

In further assured moves intended to maintain maritime dominance in the drug war and stave off the impact of budgetary cuts on defense spending, the US Navy has been testing the use of aerial tools that would allow authorities to detect and monitor suspected drug shipments from afar in the south-west Caribbean region. More specifically, these devices are:

- The aerostat, formally Aerostar TIF-25K, a balloon-like craft that is tethered up to 2,000ft above a ship's stern. The device was assembled by a division of Raven Industries, Sioux Valley, South Dakota, and previously used for surveillance in Iraq and Afghanistan.
- The drone, officially a Puma All Environment unmanned aircraft system, which has been supplied by Aerovironment Inc. of Simi Valley, California.

The use of the drone brings political, legal and ethical elements to the wider discussion insofar as the matter is a constituent of the wider debate on global governance and specific to contemporary challenges confronting developing countries as they strive to keep apace with sensitive political and technological developments.

Efficiency, cost reduction and autonomy have been presented as the positive features driving drone usage. Indeed, these attributes have allowed the US to decimate the al-Qaeda leadership in vicinities such as the AF-Pak region, as a case in point. Furthermore, the paradigm confirms the universal shift from states to individuals as main subjects of security in a tendency that was observable from the 1990s onwards. Reflections on this tendency are the introduction of the concept of “human security” and alterations in the UN sanctions regime that was initially implemented against states, (thereby punishing entire populations), to individuals in a regime that became known as “smart sanctions.”

Of late however, the deployment of drones has led to the exponential increase in extra-judicial killings whereby the executive authority has overtaken the functions of the judicial arm, a state of affairs that may not necessarily be consonant with the constitutional traditions of CARICOM states. Moreover, drone activity has expanded on the notion of “legitimate target” to a point that teeters on the threshold of international law, especially with regard to so-called signature strikes. In fact, the main obstacle to acknowledging the scope, legality and oversight of US targeted killings beyond traditional battlefields is the division of executive lead authority between the Joint Special Operations Command, a sub-unit of the DOD Special Operations Command and the Central Intelligence Agency, and the prevailing anomaly renders Congressional oversight ambiguous.

This is a medium to long-term game changer that holds implications for CARICOM as well as the wider Caribbean community. Two recent developments underscore the desirability for future confabulation:

- Firstly, a White Paper has been drafted by the US Department of Justice, setting forth a legal framework that impels an assertion of right by the US government to deploy lethal force outside areas of active hostilities, against a US citizen who is a senior member of Al-Qaida or an associated force of Al-Qaida. The Paper itemizes three specific conditions that must be fulfilled to justify such a mission and is premised on the notion that the President of the US is constitutionally responsible to protect the nation, and moreover, has an inherent right to national self-defense recognizable under international law
- Secondly, Joanne Deborah Chesimard, a US citizen, and member of the Black Liberation Army (described by the US as a revolutionary extremist organization), was found guilty for first degree murder, armed robbery and other crimes . In May 2013, Chesimard was designated a “domestic terrorist” and elevated to the New Most Wanted Terrorists list by the FBI. Having escaped from prison in the late 1970s, Chesimard was granted political asylum by the Cuban government and reportedly resides in that country. Fortuitously, several CARICOM Member States enjoy diplomatic relations with Cuba and canvassed against its continued debarment from the OAS on the occasion of the VI Summit of the Americas hosted by the Colombian government in Cartagena in 2012.

Maritime Security and Border Control

An active system of layered defense has served as the underpinning principle for maritime security and border control and the US and CARICOM would be expected to recommit to maintaining this code of defense-in-depth which is consonant with the broader tenets of the Inter-American Treaty for Reciprocal Assistance.

The system is premised in the notion of shared responsibility in monitoring and protecting of the maritime domain and was reinforced among friendly forces at the Caribbean Basin Coastal Surveillance and Maritime Security (CABSEC) Summit 2013. The forum, which was hosted in Curacao (12-14 March), and attended by decision makers and commanders of coast guards and navies of the Americas, afforded opportunities for :

- Engagement among senior decision-makers on the growing importance of Caribbean Basin Maritime Security
- Dialoguing on the means whereby logistical challenges on Shiprider Agreements could be overcome
- Sharing lessons on capacity building and modernization
- Generating knowledge on Caribbean maritime priorities
- Exploring innovative approaches to information sharing

A robust juridical and co-operative framework is currently in existence to facilitate a collective response among Community members to security threats. This framework is bolstered by a *force presence* representing the interests of other jurisdictions in the region including, but not limited to, the United States Southern Command, the Royal Netherlands Navy and Coast Guard, the British Royal Navy, and the Trinidad and Tobago Coast Guard.

As chair of the CARICOM quasi-Cabinet Trinidad and Tobago would be expected to pilot a Community-level recommitment to fulfilling the under-listed regime requirements. Embedded in these multilateral instruments and accords are information-sharing commitments that are politically binding on participating states.³As chair, Trinidad and Tobago would also be expected to zealously facilitate and promote the building a formidable regional maritime and aerial capability that would ably support monitoring and interdiction efforts. These assertive moves will be bolstered by a ratified Status of Forces Agreement with the government of the United States,

Aerial and Maritime Regime

- Suppression of Unlawful Acts Against the Safety of Maritime Navigation. (1988)

- United Nations Convention on the Law of the Sea. (1988/92)
- Proliferation Security Initiative. (A set of principles)
- The International Shipping and Port Security Code (ISPS)_ an Amendment to the Safety of Life at Sea (SOLAS) Convention 1974/1988 on minimum security arrangements for ships, ports and government agencies. The ISPS is mandatory and came into force on the 1st July, 2004.
- The South Asia Regional Port Security Initiative.
- The United Nations Security Resolutions 1816 (2008) and 1846 (2008) in relation to anti-piracy.

Of special significance to CARICOM members are:-

- Agreement Concerning Cooperation in Suppressing Illicit Maritime and Air Traffic in Narcotic Drugs and Psychotropic Substances in The Caribbean Area. (2003)-this is specific to combating the illicit drug trade.
- The 1996 Treaty Establishing the Regional Security System (RSS). The members of the Organization of Eastern Caribbean States are signatories to this agreement.
- The 1989 Memorandum of Understanding Regarding Mutual Assistance and Cooperation for the Prevention and Repression of Customs Offences in the Caribbean Zone.

The ultimate goal of the ISPS Code is to ensure that the Community's strategic sea-lanes are secure and legitimate international cargo is thereby protected. The objectives of the Code, which is applicable to ships on international voyages (500 GT) and mobile offshore drilling units, are (i) to detect security threats, (ii) to implement security measures and (iii) to establish roles and responsibilities concerning maritime security for governments, local authorities and ship and port industries. Of equal relevance is the remit of the Caribbean Maritime Regional Agreement aimed at suppressing the trans-border flow of drugs, firearms, and other illicit and contraband commodities, permitting legitimate, unrestrained use of airspace and territorial waters. Treaty objectives speak directly to the following-

- The prevention, interdiction and investigation of illicit trafficking in narcotic drugs, psychotropic substances, arms and ammunition and persons.
- Combating terrorism and other threats to national security.
- Prevention of smuggling.
- Threats to security as a result of natural or other disasters.

- Immigration and pollution control.
- Protection of offshore installations.
- Prevention of piracy, hijacking and other serious crimes.

Deportation Policy and Its Impact on CARICOM

Discourses that view particular racialized groups as a threat to North American society, both in terms of their potential impact on social welfare, their perceived negative impact on security and law enforcement, and the attendant economic costs to society, have helped to inform recent immigration policy changes both in Canada and the United States, which have increasingly resorted to deportation as a method of mitigating the criminal threat to their societies. This was among the many important observations made in a study that was commissioned in 2007 by the Conference of Heads of Government of CARICOM on the impact of criminal deportation on Caribbean societies. The study was mindful of the fact that the immigration debates of California's Proposition 187, cited by Stefanic and Delgado (1996), was one of several campaigns that changed the face of America into a severely conservative landscape. The provisions of this enactment prohibited illegal immigrants from access to education, health care and social assistance and spearheaded many subsequent reforms. A subsequent piece of legislation, the Illegal Immigrant Reform and Immigrant Responsibility Act achieved more drastic outcomes that would have devastating effects on CARICOM.

The deportation of Caribbean nationals convicted of criminal offences in the United States (along with Canada and the United Kingdom), continues to be a major source of concern to the islands. In addition to the general social implications of the flow in return migration from developed to developing nations, the rapid pace of deportation of criminal offenders who return involuntarily, seriously constrains their chances to be successfully reintegration into society and is demonstrably impacting on wider regional security concerns.⁴

In the case of the US policy, the Illegal Immigrant Reform and Immigrant Responsibility Act (IIRIRA) of 1996 became a bone of contention. One limb of the legislation, which addresses legal immigration, is intended to achieve a drastic reduction in the number of family and employment immigrants that were being permitted into the United States. The other, which deals with illegal immigration, comes to grips with issues surrounding border enforcement and deportation. The enactment summarily achieved the following:

- Expand the list of crimes for which an immigrant could be deported by adding several crimes associated with Anti-Terrorism laws
- Lower the threshold of fines and sentencing that could be used to trigger deportation
- Provide specifications for states to criminalize foreign-born offenders by making them eligible for re-imbusement of funds expended on the incarceration of such persons

Analyses of official deportation and crime data of the four countries under study revealed that increased deportation of Caribbean nationals has contributed to the problem of serious violent crime within the region and that the region had in fact borne the punitive edge of a policy specifically designed to remove foreign borne criminal offenders from the United States. Furthermore, statistical analyses of both official deportation and crime data reflected a strong positive correlation between increased deportation and increases in the murder rates in Jamaica and Trinidad and Tobago. Further analyses of arrest and conviction rates, which examined the actual involvement of deported persons in crimes, did not support widely held theories that deported criminal offenders are primarily responsible for most of the increases in murders and other serious violent crimes recorded during the review period.

The key recommendations emanating from the Study were:

- Through the auspices of CARICOM, Member States would proceed to negotiate standardized agreements/MOUs with the United States, Canada and the United Kingdom;
- Agreements should provide for, inter alia, adequate notification periods, the settlement of affairs prior to the deportation of long term residents; complete dossiers including criminal antecedents and medical records where applicable; appropriate arrangements to reduce financial burden on deported persons, and on receiving countries; support for programs designed to aid the rehabilitation and reintegration of deported persons in the region;
- The establishment of a mandatory requirement for the enforcement of monitoring orders where persons are deported in relation to convictions for specified offences, including murder, rape, kidnapping, illegal possession of firearms, and major drug trafficking;
- The development of an information sharing protocol to guide the transfer and dissemination of information related to deported persons between relevant law enforcement persons throughout the country;
- The establishment of Transition Centers in each country to facilitate short-term steps for deported persons without shelter and/or familial support
- In June 24, 2007, there was a formal convocation in Washington between representatives of CARICOM and to members of the sub-Committee on the Western Hemisphere of the United States House of Representatives Committee. Following dialogue in Washington the Heads of Government agreed on the following courses of action: ⁵
- Enhance interaction with the Congressional Black Caucus and others sympathetic to the issue;
- Analyze the Haiti re-integration program in consultation with the State Department;

- Identify the appropriate government Ministry in respective capitals that would be at the forefront of the program facilitating the return and re-integration of deportees;
- Enhance information sharing mechanisms with Homeland Security in order to obtain pertinent details of persons to be deported;
- Undertake a region-wide analysis of the Department of Homeland Security's Electronic Travel Document System that was offered for use to the region by the Department of Homeland Security's Immigration and Customs Enforcement. The hardware and software permits accessibility and use of "wide access data" and it was desirable that all countries be involved. Heads of Government noted that (a) certain Member States (Antigua and Barbuda, Dominica and St. Vincent and the Grenadines) had been individually approached but that any agreement should be preceded by a consensus arising from the analysis; and that (b) any attempts, on the instigation of the US, to implement a system aimed at expediting identity verification, should be resisted at the risk of not being in conformity with established national guidelines;
- Institutionalize regular communication with the CARICOM diaspora to promote issues of importance to them.

The Outstanding issues are:

- Timely Information on Deported Persons – Although there have been several incremental changes, complete dossiers are still not being forwarded the relevant police units. In sum, the major problems with the management of data on deported persons are the collection of standardized data, the absence of collaboration to ensure proper information sharing among relevant agencies, and inadequate advance notification to ensure proper processing by law enforcement agencies. The lack of complete information inhibits the quality of decisions made by law enforcement bodies. As a case, in point a distinction should be made between persons deported for criminal offenses versus persons deported for immigration-related offences. Such information may be useful in addressing the specific issues that may differ for each category of deported person.
- From a community-level standpoint, there is an overriding concern among social sector representatives about the lack of required support systems, specifically the absence of family or state support. This is a major contributing factor to the increasing levels of criminality within that ring. A further note of apprehension among social workers occupied with these cases is that some repatriated persons are returned without any form of identification, and thus have to commence the process of establishing their identities even before they can access benefits (as for example basic health care and employment), requiring national identification.

The Game Changers

- The Obama administration has been enlarging its focus on historically marginalized groups, including indigenous peoples, people of African descent, women, homosexuals, trans-gendered people, young people and those with disabilities. This is already having implications on the constitutional traditions of Caribbean societies involved in the discourse.
- Cooperation in counter drug measures now includes police and judicial reform, communities at risk, and other efforts that concentrate on the social base, and constructing stronger networks for activism.
- The introduction of technologies, specifically drones, in the war on drugs opens the discussion on juridical and ethical concerns. The imminent introduction of the Active Denial System (assembled and adapted by Raytheon for law enforcement and commercial maritime use) in the US for use by law enforcement and within the correctional system, as a non-lethal deterrent must be noted alongside current developments in the region. Having regard to recent measures taken by the Government of Trinidad and Tobago to limit prison communication with the use of “jammers,” the initiative points to a disposition of local authorities to migrate increasingly towards technological solutions in the day-to-day management of the correctional system⁶
- Budgetary constraints and fiscal deficits, which work to the detriment of resource allocations, will undoubtedly constrain institutional capability.
- The Criminal Deportation Issue and the way ahead consequential to the findings and recommendations of the official Study, “Beyond Boundaries” that was commissioned by the Heads of Government is deservedly a front burner item, more so, in light of the recent “Boston bombing.” This most unfortunate event is likely to contribute to the domestic clamor that has shaped a severely conservative landscape on immigration reform matters in the United States. A strengthened information sharing process between country missions based in the United States and their respective capitals should be reinforced as well as solicitations for much-needed funding, technical support and capacity building in establishing viable Transition Centers in the region’s capitals.

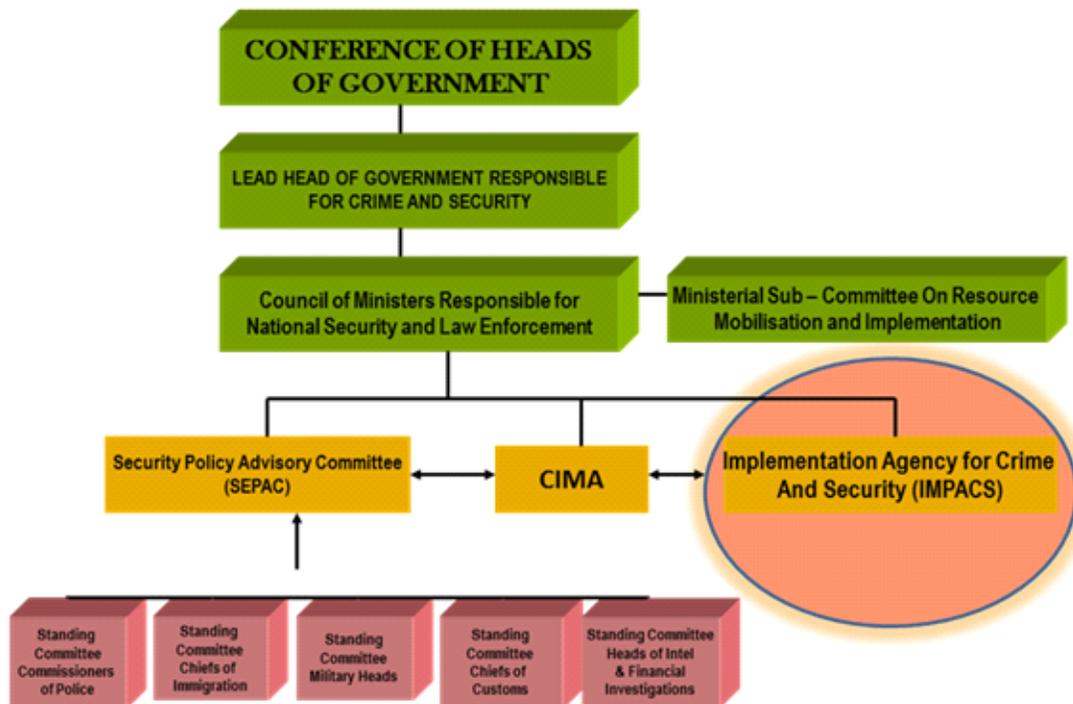
SECTION THREE

Existing Security Mechanisms Within the Region

The efficacy of intergovernmental cooperation rests on maintaining a clear, comprehensible vision, a common purpose, articulated policies, effective leadership, strategic thinking, a defined governance framework, and the institutional capacity to execute decisions. With regard to the last element, access to accurate and timely information is an indispensable aspect of decision support. Multilateral successes do not come cheaply. This section of the Brief therefore commits to a strategic outlook in relation to two very crucial aspects of the existing security mechanisms that underpin state-to-state co-operation - institutional capacity and information sharing. The section concludes with a proposal for the consolidation of data collection modes through virtualization, which would discharge national data centers of their obligation to be both politically relevant whilst keeping pace with a twenty-first century outlook as it relates to fusion centers and the inevitabilities surrounding the creation of the Global Information Grid.

Illustration I

CARICOM Institutional Crime and Security Framework



Challenged by the rapidly growing transnational criminal activity precipitated by the transiting of illegal drugs and firearms primarily from the drug producing countries in South America to major consuming countries in North America, Europe and in the more recent years West Africa, the Conference of Heads of Government of CARICOM designated Crime and Security as a Fifth Pillar in the regional integration process. This assertive and creditable move led to the creation of a regional institutional framework that would effectively confront and provide solutions to the region's crime and security issues. Illustration I.

The management framework is designed as follows:

- The Council of Ministers for Security and Law Enforcement
- The Security Policy Advisory Committee
- The Implementation Agency for Crime and Security
- The Coordinating Information Management Authority
- Standing Committees for Operational Heads (the military, law enforcement, customs, immigration, intelligence etc).

The under-listed mechanisms were installed:

Border Security

- The introduction of an Advanced Passenger Information System (APIS) and an Advanced Cargo Information System (ACIS).

- The establishment of a Joint Regional Communication Center (JRCC) to act as a regional clearing house for advanced passenger information
- The implementation of a CARICOM travel card

Information and Intelligence Sharing:

- Establishment of a Standing Committee of Heads of Intelligence;
- Establishment of a Regional Intelligence Fusion Center (RIFC) and the signing of a Memorandum of Understanding for Intelligence Sharing among CARICOM Member States;
- Development of the CARICOM Intelligence Sharing Network (CISNET) and the CARICOM Accreditation Watch-list System (CAWS).

Regional Intelligence Fusion Center

The key role of RIFC is to provide round the clock support to the Joint Regional Communication Center as a border protection limb of the architecture, to reveal plans, intentions and capabilities of threat entities and provide a basis for decision and action. It is also responsible for producing timely analyses and providing insights, warnings and opportunities to decision makers charged with protecting and advancing their countries' interests.

Some of the primary information gathering nodes of the architecture with their functionalities are expanded on below:

- The Joint Regional Communication Center is the ultimate border control facility furnished the information gathering capabilities, itemized below;
- Advanced Passenger Information System - APIS facilitates the movement through the Community of persons traveling by air and sea and the recording and tracking of arrival and departure of passengers; the verification of passenger identities and authentication of travel documents;
- Advanced Cargo Information System – In cooperation with airlines, shippers, importers, and exporters, ACIS facilitates the movement of cargo through prior electronic notification and inspection of documents. Its operation requires the submission of cargo information within a specified time period before the arrival of an aircraft or vessel at its destination, and equally before its departure from the country of origin;
- E-trace – This web based communication utilizes the Internet to send and receive search requests to the US Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and connects firearms records in criminal investigations;
- Regional Ballistic Information Network – RIBIN has a recognizably broader capacity to E trace and is designed to respond to national regional, and international obligations under

small arms and light weapons treaties and related bilateral agreements, The facility provides (a) analytical and communications capacity (b) supports complete ballistic information sharing as for example shell casing and bullet information (c) increases the capacity to link the movement of “crime guns” among CARICOM countries (d) creates the capacity to link firearms used by specific gangs.

Technology and Information Sharing Architecture

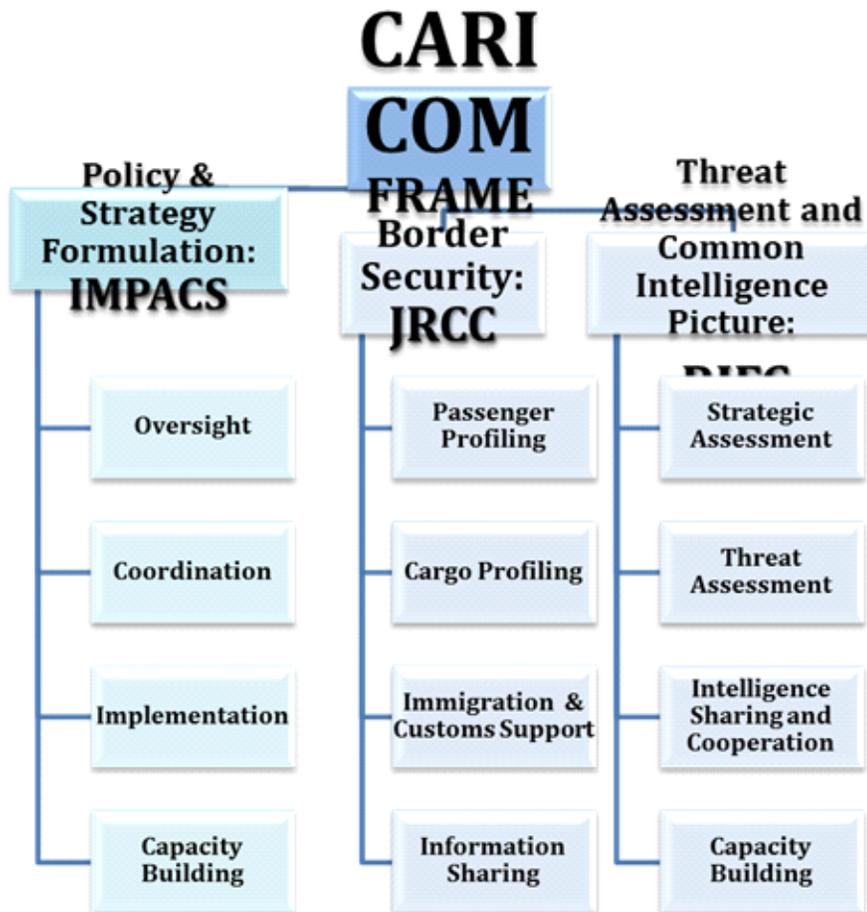
The themes that overshadow the region’s political agenda are replicated at hemispheric and international forums - the economy, trade, security, energy, health, education, climate, migration, natural disaster, and food supplies. These areas are critical to the well being of CARICOM.

In the sphere of security, it will be recalled that immediately following the events of 9/11 the international community became preoccupied with the imperatives that went hand in hand with intensified surveillance and the ushering in of regimes on a world scale that imposed the sharing and exchange of prescribed information, in instances at predetermined intervals. Illustrative of this, at universal level UN Resolutions were introduced, whilst the FATF modified and strengthened its recommendation requirements to include the Nine Special Recommendations Against the Financing of Terrorism. These regimes imposed rigorous requirements on reporting countries and prevailed on the need for continuous data gathering, verification, analysis and accountability.

Data is the lifeblood of the regional security architecture. Not only does it serve as a vital planning tool but it also functions as common currency against which the capacity of countries to respond to politically and legally binding national, regional and internationally-administered compliance regimes, is continuously tracked and assessed. With this in view, this aspect of the enquiry offers propositions that are designed to increase efficiency across agencies at national level and across governments at regional, hemispheric and international levels. This construct is premised on an incontrovertible reality - information relating to new and emerging major threats, such as water and food shortages, pandemics, natural disasters, water shortages, is readily retrievable from open sources.¹ Likewise, what may be regarded as near and present threats in the region tend to be linked directly to the state of the region’s economies, growing poverty, and the impact of natural disasters, such as hurricanes and floods. Some analysts have even wagered that as much as 95 % of this data is tied to non-criminal, non-military and non-terrorist criteria. Information to support strategic and tactical decision making is readily accessible and may be sourced from the repositories of academics, civil society, government departments, think tanks, law enforcement organizations, corporations, the media, library collections, NGOs and a host of other “open sources.”

Illustration II

Framework for Information Sharing Architecture within CARICOM



The “Cloud” Concept

The imputation is that modest-sized communities such as CARICOM, possessing nascent IT architectural designs that are not fully centralized, can seize upon the opportunity to seamlessly transition to configurations that are both relevant and country friendly. Relevant systems are those that fulfill the domestic needs of governments (literally from school rooms to hospitals to public utilities and the travel industry), whilst providing continuous real time tactical and strategic support for high-risk scenarios, considered politically expedient. The unnecessarily high levels of “secrecy” made possible by over-compartmentalization, impede critical and time-sensitive decision support. Since information gathering and dissemination technology should be strategically relevant to any host society, the concepts of cloud computing wedded with an open source orientation, ought to be seriously considered.

Advantages of Cloud

Cloud creates a robust and agile platform for configuring and managing IT resources of all kinds from servers, to storage, to information and applications, to predictability applications, and user interfaces. The technology assets are well defined, modular and connectable and interface methods are standardized and published. Virtualization uncouples assets from physical

infrastructure enabling devices to be efficiently and securely shared, and heterogeneous technologies to work together.

Relevance of Concept to CARICOM Security Infrastructure

The CARICOM-driven twenty-first century information architecture will be populated with data gathering cells that serve diverse purposes but which will ultimately need to be strategically harmonized. The Cloud application allows any number of disparate entities to log into a web-based service which hosts all the programs that are required in the larger infrastructure. What this abstraction entails is a significant workload shift that will see local computers no longer required to do the “heavy lifting” when it comes to running various applications, be it RIBIN, Ibis as the case may be. The network of computers comprising the cloud handles the heavy work, so that the hardware and software demands at the users’ end are considerably lessened. What is indispensable for the needs of users to be serviced, however, is the cloud computing system’s *interface software*.

The underpinning principle therefore would be “instead of building walls to create security, build bridges.”² This paradigm shift would entail increased utility and viability to the existing information collection nodes while taking into account legitimate measures to minimize the risks of cyber attacks.

In point of fact, the US Air Force recently adopted a project to design and demonstrate a mission-oriented private cloud environment. The ten-month project demonstrates the advanced security and analytics technologies currently in use in commercial sectors.

A Case for Open Source Orientation

That intelligence is the cornerstone of “decision support” cannot be over-iterated. It is the output of a very robust process of requirements definition, collection management, source delivery, validation, multi-source fusion, historically and culturally informed analytics, and the type of visualization that answers pertinent questions for particular decision-making and particular decision challenges.

Data collection priorities must be informed at one end of the continuum by national needs for a society’s survival and at the other end, by the need to comply with the politically and legally binding obligations at regional and international levels. With this in view, there should deservedly be a clearly defined rationale among Community members for the collection, storage and use of data at localized levels, for maintaining and consolidating national data centers, for determining the scalability and flexibility of these facilities, for deciding on the means by which information already captured can be accessed and shared by multiple communities, and finally how trusted information should be protected and preserved while meeting the demands of a growing number of selected users. See Illustration II.

In addition to the benefits hitherto described, the concept of virtualization based on national needs and political priorities serves a wider agenda for new millennial defense purposes – at regional level, it would facilitate the building of a surveillance common operational picture that

would permit the systemic observation among national agencies of aerospace (over land and maritime) and seaborne areas by visual, electronic, photographic, or other means that involve detection, sorting, identification, and monitoring of air and maritime traffic. This construct will be compatible with Global Information Grid goals and requirements.

The program can be approached in this sequence: (a) build a business case (b) muster leadership support (c) determine a regional collection plan based foremost on local priorities and thereafter regional and extra-regional commitments (c) determine infrastructural requirements (d) consult on customer needs and undertake customer transition plans (e) estimate the cost drivers. This approach would inform the scale, cost and duration of a macro-level regional project that would serve as cornerstone for twenty first-century security within CARICOM.

Energy and Energy-Related Costs

Regarding the infrastructural requirements, energy use is a central issue for the operation of data centers and power would prove to be the largest recurring cost. Power draw for data centers ranges from a few kW for a rack of servers in a closet to several tens of MW for large facilities. Some facilities may have power densities more than 100 times that of a typical office building. For higher power density facilities, electricity costs are a dominant operating expense and account for over 10 percent of the total cost of ownership of the centre. Experts have projected that by 2012 the cost of power of a data centre would have exceeded the cost of the capital investment.

Multiple and disparate layers of information gathering capacities already exist in CARICOM countries and these support a range of compliance regimes. This capacity must now be mainstreamed and digitized in a data centre consolidation endeavor that is achievable via “virtualization,” which would then serve as the cornerstone for multilateral decision support.

SECTION FOUR

Energy Interdependence and Diplomacy

One of the most important issues affecting the future of societies within the hemisphere is the need to secure reliable and secure energy resources that do not have a deleterious impact on climate change and would not worsen environmental degradation. A 2009 ECLAC Study registered three concerns that are noteworthy – firstly, that green house gas emissions in Latin America and the Caribbean represented a small share of the global level; that despite this, the region would be severely impacted on by climate change; and finally, that severe water strain was foreseeable, particularly in Latin America. The projected multi-pronged phenomenon would precipitate a rise in sea levels due to the melting of polar ice and the displacement of large numbers of persons who reside in the small islands due to severe flooding.

That the Western Hemisphere, as a whole, is endowed with an abundant supply of energy resources is incontrovertible. However, these resources are unevenly dispersed. Most of the Caribbean, for example, with the obvious exception of Trinidad and Tobago, relies on imported fossil fuels to generate electricity and meet transportation needs. But there is a further anomaly. The vast tropical rain forests of the Americas serve as a natural catchment for carbon and the sequestering of greenhouse gas emissions. Simultaneously, some of the world's largest contributors of global greenhouse gas emissions are to be found in the Western Hemisphere, particularly in the United States, which now ranks as number two, after losing its place to China. In the case of Canada, emissions are on tenth of that of the US and likely to increase substantially as the former producer develops its oil sand reserves in Alberta and Saskatchewan. These facts vindicate the need for a coherent regional energy policy that addresses the contrasting clamor of concerns vociferated by governments, private corporations, consumers and other significant interests.

Hemispheric Initiatives

Historically, the Inter-American summitry process had served as the recognized forum for advancing energy sector issues and the importance of this item as a political priority has ebbed and waned. In 1998, a Hemispheric Energy Initiative was embarked on in Chile on the occasion of the II Summit of the Americas. The topic found its way to III Summit agenda, which called for the promotion of policies and practices to advance the regional integration of energy markets. The idea appeared to have receded somewhat upon the convening of the IV Summit but was revived as a key item in Port of Spain in 2009 when the V Summit was hosted by Trinidad and Tobago - a development that was patently influenced by the importance of hydrocarbons to the country's economy.¹

Energy and Climate Partnership of the Americas

The establishment of the Energy and Climate Partnership of the Americas (ECPA),² has been widely embraced as a positive step forward, enabling the region to act in concert on the issue of energy and climate change. Shepherded by the Obama administration, the scheme was intended to work as a voluntary one that permitted governments, Inter-American organizations, private industry, and civil society to lead and participate in efforts that would mirror their own priorities. ECPA mushroomed from a meeting of Latin American Energy Ministers held in Lima, Peru in 2009, where a bilateral US-Peru Agreement was signed to establish a Regional Energy Efficiency Centre. On that occasion, three points spurred the logic of introducing a more institutionally integrated framework – an commitment made by the Mexicans to fund a Regional Wind Centre based in Oaxaca; a proposal by the US delegation for a Low Carbon Communities Program through which the State Department would partner with countries in the region; and ultimately, the capping of these proposals with the setting up of an industry-specific pilot apparatus comprising:

- An Energy Efficiency Training Centre in Costa Rica

- A Biomass Centre in Brazil
- A Geothermal Centre in El Salvador that would receive financial support from the Inter American Development Bank and the US Department of Energy
- The ECPA is premised on seven pillars that are now widely known and embraced, namely
- Energy Efficiency – intended to promote policy practices in industrial and residential sectors through the development of standards such as building codes
- Renewable Energy, prompted by the need to accelerate clean energy deployment through project support, policy dialogues, scientific collaboration, and a clean energy technology network
- Cleaner and more efficient use of fossil fuels – would not only promote clean energy technologies but also reduce conventional pollution and the carbon footprint of fossil fuels, and promote best practices on land use management
- Energy Infrastructure, to foster modernized integration and more resilient energy infrastructure , particularly electrical grids and gas pipelines
- Energy Poverty, an endeavor designed to target urban and rural energy poverty bolstered by strategies aimed at promoting sustainable urban development and improve access to modern clean energy services and appropriate technologies in rural areas that can improve public health and reduce fuel wood use that benefits forest management
- Sustainable forestry and land use, intended to minimize the impact of emissions from deforestation and forest degradation, and enhance carbon sequestration in the land use sector, including through the conservation and sustainable management of forests
- Adaptation Assistance to developing countries impacted by climate change

Energy Strategies and the Caribbean

The US Department of Energy committed to:

- Providing technical support, including the hosting of a Workshop, to explore the potential for building a Caribbean-wide system using submarine sea cables to transmit electricity generated from renewable energy sources
- Signing an agreement with the IDB to create an Energy Innovation Centre to allow both entities to coordinate their resources to facilitate regional project activities and to serve as a focal point for the Bank's annual energy financing pipeline with an initial \$1,5 billion in capital for lending purposes

- Forming a partnership between the National Renewable Energy Laboratory in Colorado and the Department of Energy for the purpose of identifying, evaluating and promoting technologies for sustainable bio-mass

The Organization of American States

The OAS has a pivotal role in the implementation of the Caribbean Sustainable Energy Program, which is funded primarily by the European Union, with some contributions from the US Department of Energy. The objective of this initiative is to allow the island states of the Eastern Caribbean and the Bahamas to increase the sustainability of their energy supplies, while at the same time, reducing carbon emissions through the development and use of renewable energy and energy efficiency systems. The OAS also sustains the regional dialogue in relation to long term energy solutions and devising ways to assist governments in implementing sustainable energy policies and programs through short term legal counseling and technical assistance.³

Trinidad and Tobago as the Regional Exporter of LNG and Prospects for “Energy Diplomacy”

Trinidad and Tobago is the only country within CARICOM that is self sufficient in oil and natural gas in addition to being both an oil refiner and marketer. Natural gas currently contributes to approximately 40 percent of the country’s GDP and 70 percent of foreign exchange earnings, in selling to the US, the Dominican Republic, Puerto Rico, Argentina, and Chilean markets. Trinidad and Tobago presently holds 6 percent of the LNG market internationally, whilst selling on-the-spot to markets in Europe and Asia in order to diversify its export markets and benefit from higher prices in other regions.

LNG shipments to the United States accounted for a mere 19 percent of exports between October 2011 to May 2012, declining by 22 percent from the corresponding period one year earlier, according to data in Government’s Review of the Economy Report. Despite the material reduction, Trinidad and Tobago still provided an overall 50 percent of all US LNG imports in the 2011- 2012. Once the US is able to satisfy its domestic needs, it will be in a position to outstrip Trinidad and Tobago in receiving countries across the European Union as well as Asia. A further consideration is this - that energy exports will ensure that Trinidad and Tobago’s current account remains at a surplus for the time being, but in the longer term, the diversification of exports and export markets will become necessary to ensure that the country maintains a robust balance of payments position.

US Plans to Increase Exports of Liquefied Natural Gas

The domestic natural gas boom in the United States will have a definitive impact on Trinidad and Tobago’s revenue stream, heavily primed by LNG exports. At the US end, American producers are competing among themselves for permits that would facilitate the shipment out of the US of vast quantities of gas. This spike in market demand and supply is impacting favorably on the domestic price of oil. Expanded drilling in the US is now unlocking enormous reserves of crude oil and natural gas, as the country moves towards energy dependence. Companies such

as Exxon, Mobil and Sempra Energy are actively vying for permits for in excess of twenty energy export projects.

In addition to the spike in demand for drilling and refining, companies are exploring new ways of pushing aside tradition as a result of economic necessity. For this reason, US energy export hopefuls are currently experimenting with the concept of a Tolling Model whereby customers pay a toll to run gas through the liquefied plant. By this means the companies that own the gas resources do not necessarily have to operate them – the plant owner is merely concerned with providing liquification services in exchange for a toll payment.

At the Platts Annual Liquefied Natural Gas Conference held on February 12-13 in Houston, the advantages of the Tolling Model were debated along with its benefits to potential players. Conjecturally, the US can become a huge storage facility for the global gas market, sending out cargoes when needed, and capturing the incremental demand generated by East Asia.

CARICOM Energy Policy

At a Special Meeting of CARICOM Energy Ministers, convened under the aegis of the Council of Trade and Economic Development of CARICOM on March 01, 2013, consensus was obtained on the critical elements of a regional energy policy. The thrust of the policy is attainment of fundamental transformation of the Community through the provision of secure and sustainable supplies of energy in a manner which minimizes energy waste in all sectors to ensure that CARICOM citizens have access to modern, clean, and reliable energy supplies at affordable and stable prices, and to facilitate the growth of internationally competitive regional industries towards the achievement of sustainable development of the Community.

Its key drivers are:

- Sustainable and secure energy supplies through diversification of energy sources
- Accelerated deployment of renewable and clean sources of energy supplies towards increase energy supply diversification and affordability
- Increased energy efficiency and conservation in all sectors including the transportation sub-sector
- Establishment and enforcement of labeling and other standards for the importation of electrical appliances as well as standards for vehicle importation
- Increased investment in production, transformation and distribution of viable energy resources
- Strengthening and enhancement of human and institutional capacities in the Community energy sector
- Programmed expansion of electricity generation, transmission, distribution and trade

- Improved access to affordable energy by the poor and vulnerable
- Greater use of renewable energy for electricity generation as well as from the transportation, industrial and agricultural sectors
- Coordinated approach to exploring and establishing an institutional framework for leveraging financial mechanisms for the development of viable energy resources
- Increased technology transfer and information sharing
- Establishment of regional and national targets for emissions reduction with corresponding mitigation actions
- Strategies for maintaining adequate energy reserves in the event of disasters
- Strengthened research, development, and innovation efforts in the energy sector, especially in the spheres of clean energy resources and technologies

The Game Changers

Energy Resources and Their Relationship with Global and Regional Security

- The Obama administration's approach to energy policy has been placing focus on promotion and delivery of government subsidies and loans to non-carbon energy adherents, in addition to research and development grants awarded to clean energy producers.
- The US has already reduced its dependence on foreign petroleum by 60 percent of the oil that it consumes. Furthermore, the Energy Information Administration predicts that net petroleum imports would plummet to as much as 43 percent of total US liquid fuel consumption by 2035. This would impact on the long term balance of trade relationship with Trinidad and Tobago particularly if the latter country is seeking to transition from disproportionately distributed oil and natural gas dependency.
- The "pro-environmentalist stance" adopted by the Obama administration in spurning the Keystone XL Pipeline project that would have transported heavy crude from Canada's abundant tar sands to refineries on the Gulf Coast and reduce the dependence on oil from more volatile sources, should be noted.
- Undercurrents associated with the Keystone Pipeline XL macro-project amplify the potential benefits of oil "inter-dependence". A first point of note is that this massive scheme entails running heavy crude oil from the Canadian tar sands to the Gulf Coast Texas refineries owned by billionaires, Dave and Charles Koch. The Koches are reputed for what is referred to domestically as "political plays." The oil refineries in Houston are specifically designed to process heavy crude, which is currently being sourced at premium prices from one supplier, the Venezuelan government. In order to shift US

reliance on Venezuela and capitalize on profits, the Koch brothers have determined to source heavy crude from Canada's tar sands. Oil companies historically don't lose wars. Secondly, Canadian oil prices would save the company as much as \$33.00 per barrel and amass a profit of roughly US \$2 billion per annum. Thirdly, the company's long-term plan is that once refined, the oil will be resold at a premium for use as gasoline in Caribbean islands that lack oil refining capacities, as a case in point, Jamaica. Fourthly, the undercutting of Venezuela's balance of trade advantage in the sphere of crude oil exports is one of several retaliatory maneuvers adopted by the US and rooted in long-held hostilities surrounding the wide-ranging confiscation of companies with US interests, by the Chavez regime... the Heinz Ketchup Plant in Madurin, being a case in point.

- The momentum of Asia's economic development and its impact on Western Hemisphere energy policy is similarly noteworthy. The US Department of State had forecasted that the world demand for energy will rise by more than 50 percent between 1993 and 2015 and that a significant part of the increase would emanate from the Far East. Asia's economic development is already generating massive pressures for the exploration and exploitation of new sources of energy and the Central, Asian and Caspian Seas are known to contain resources of oil and natural gas that dwarf those of Kuwait, the Gulf of Mexico and the North Sea. However, increased volatility in the international arena is foreseeable as access to resources and resource sharing "stir national ambitions", "motivate corporate interests," and "revive imperial aspirations". Former CIA Director James Woolsey observed the continuing dilemma not only places limitations on US foreign policy options, but also threatens global stability. He notes with concern, "... the world's democracies plus China are oil importers, and the most autocratic and dictatorial states plus Canada and Norway are the exporters. So we have an institutional problem throughout the NATO alliance, along with our allies in Japan, South Korea, Australia, New Zealand wherever, in which we are all dependent on oil imports, and the heart of the reserves is in the Middle East. And this affects our behavior in many ways. It affects our willingness to stand up to those autocratic countries. The only way to free ourselves is to move away from oil dependence."
- These imposing concerns underscore the inadvisability of any country or group of countries' over-reliance on sources of oil from volatile locations and/or external players with political and/ or ideological affinities that may prove to be counter-productive in other spheres. CARICOM has already taken the initial steps, and advisedly so, to consolidate energy reliance intra-regionally to the extent that resources and *real politic* would permit. One of the many points of interest among bloc members should therefore be the medium to far-term implications of the Petrocaribe energy cooperation agreements with Venezuela.
- Energy diplomacy has been the defining mood of the Canadian government's campaign as it seeks out support for the advancement of the Keystone XL pipeline project, relying heavily on British and US comradeship, amidst ⁴:

- The sharp public rebuke from Professor James Hansen against the Canadian government's stance in exploiting fossil fuel
- A mission to London by Joe Oliver, Canada's natural resource Minister, to actively campaign against EU proposals to penalize Canadian oil sourced from tar sands. He asserted, "...Canada can offer energy security and economic stability to the world." Further to this, he hinted on the likelihood of a "trade war" via the WTO, should the EU make good on its threat to penalize oil emanating from the tar sands.
- A mission by Prime Minister Harper to New York where he emphasized to protesters that "...XL...absolutely needs to go ahead."

Retrospectively, on January 18, 2012, President Obama, sided with environmentalists, and originally denied the permits needed to move forward with the Keystone XL pipeline. The project had the potential to create thousands of jobs and reduce the dangerous dependence of the US on heavy oil from more volatile sources, such as Venezuela, Nigeria and Saudi Arabia. The thinking at that time was that given the potential environmental impact on the uniquely sensitive Sandy Hills area in Nebraska, the project would fail to serve US national interests. The uptake of this slant was a visit to Beijing by Prime Minister Harper to China. Canada's Prime Minister Harper was intent on pursuing the country's future energy export interests with viable players. In terms of the future outlook, indications are that President Obama may have to mull over a balanced and more realistic long-term energy strategy that would define America's future ties with energy partners, and provide certain reassurances to Canada as a long-standing trade partner and friend.

SECTION FIVE

CARICOM as a Constructive Stakeholder in OAS Reform

The fragmenting poles of power and influence in the region – a rising Brazil, a combative alliance led by Venezuela, a weakened Central America bogged down by economic stagnation and criminal violence, a struggling Mexico adapting to global forces and a new president, and a distracted and despondent United States, not to mention the pull of new actors like China, and the downcast eyes of Europe – translate into a frustrating competition for leadership and growing doubts about the usefulness of pursuing a hemispheric agenda.

Ted Pico
Senior Fellow and Deputy Director for Foreign Policy
Brookings Institution, July 2012.

The OAS has served historically as the political heart of the Inter American system, centered on democracy, human rights, political and legal cooperation, security and electoral observation, while other functions have devolved to the organization's specialized agencies. The Inter American Democratic Charter is intended to serve as the core of principled and effective multilateralism for the Americas that enables elected administrators to govern democratically, and at the same time serve as a warning for democratic breakdowns, should these occur.

This segment of the Brief, which addresses the forgoing concerns, imports generously from a Paper ("A Blueprint for Perpetuity"), originally presented by Sirius International at a specially convened symposium on January 29, 2013, hosted by the Inter-American Defense Board under the chairmanship of General Guy Thibault of Canada, and in collaboration with the Ambivium Institute on Security. The theme of the convocation was "Fault Lines in Regional Security: Economy, Military and Innovation in the Western Hemisphere Politics."

Current US Concerns

In recent years there have been moves within the US Congress to introduce measures aimed at reducing its budgetary allocations to the OAS on the merit that America's interests are being

insufficiently represented and not satisfactorily being served on that body. The countervailing argument is that should such a reduction occur, it would do nothing more than accomplish the objectives of regimes that are averse to charter principles and which have railroaded the regional body along an agenda that is divergent to the charter mission. Taken to the other end of the continuum, the absence of the OAS apparatus within the Americas would totally derail the gains of summitry and destroy the remaining symbols of hemispheric unity.

America is seeking to rebuild the integrity of the Inter-American system by pressing for stronger democracy enforcement and promoting consistent responses to emerging threats to democracy. However, the chief obstacle towards achieving this goal is the absence of agreement or political will among OAS political leaders.¹ As a regional bloc, CARICOM has customarily searched for consensus among members in game changing hemispheric issues. This has served positively in the past, as reflected and replicated in an array of Inter American instruments that have enduring implications for peace and prosperity in the hemisphere. The Multilateral Evaluation Mechanism of the Inter-American Drug Abuse Control Commission (CICAD), introduced in the late 1990s for the express purpose of monitoring and implementing the Hemispheric Drug Strategy, and institutionalizing indicator requirements to track and assess the progress of national anti-drug plans through a process of continuous peer review, embodies the regional track record. Haplessly from time to time, full CARICOM representation in critical colloquium has been constrained by resource challenges. As a case in point, a mere two of the fifteen Community members were represented at the high level policy and experts caucus hosted by the government of Brazil in 2009 to confabulate on critical matters surrounding the preceding Hemispheric Drug Control Strategy.

As a regional bloc, CARICOM has an affirmative role to play in rebuilding the integrity of the Inter-American system. To this end, the Community may consider canvassing for the following:

- A Community-pitched assessment of the Inter-American Democratic Charter's (IADC) effectiveness, and medium to long term measures that can be adapted to strengthen that body by either reforming the existing text, or applying its provisions to the fullest extent; the latter option is nonetheless fraught with inherent challenges
- Advancing proposals for the vesting of additional powers in the Office of the Secretary General so that the office holder may engage more proactively with member states. Currently approved Resolution 1080 gives the Secretary General power to convoke meetings of the OAS Permanent Council to analyze the situation in cases of an irregular or abrupt interruption to the democratic order in a member state. The instrument was effectually applied in Haiti (1991), Peru (1992), Guatemala (1993), and Paraguay (1996). Furthermore, the suspension of

any member may be invoked under the Washington Protocol, where the democratically constituted government of such a member has been overthrown

- The installation of a mechanism within the IADC specifically charged with the responsibility to ensure charter compliance
- Advocate that Charter provisions be made legally binding on members upon incorporation and within their respective constitutional frameworks
- Utilizing the Inter-American Charter on Human Rights Reports to generate a collective assessment of violations of core democratic principles, values and practices where they occur, having regard to the fact that one of the responsibilities of the Permanent Council under Article 91(f) is to consider reports of the Commission to present to the General Assembly whatever observations it may have.

Emerging Political and Economic Blocs – A New Regional Power Balance

The formation of regional blocs such as the Bolivarian Alliance for the Americas (ALBA), the Caribbean Community (CARICOM), the Union of South American Nations (UNASUR), and the Community of Latin American and Caribbean States heralds an emerging regional rebalance.² What is unique about the shift in the power balance within this multiple state system is that while some member states are opting for direct opposition to the status quo, others are staking out more serpentine approaches to advance their interests, whilst allying with eternal partners such as China. More significantly, countries are pursuing the avenue of legal codification to consolidate and cement themselves into alternative formal enclaves²

Comprised of thirty-three member states and representing 600 million people and no less than four official languages, the Community of Latin American and Caribbean States (CELAC) marks the culmination of a decade long push for deeper integration within the Americas with the clear incitement (particularly among backers of the ALBA membership) of diminishing the overwhelming influence of the United States in the political and economic affairs of Latin American and Caribbean countries. The organization is the logical successor to the Rio Group and the Latin American and Caribbean Summit on Integration and Development. In July 2010 President Chavez of Venezuela and President Sebastian Pena of Chile were elected as Co-Chairs of the forum tasked to draft the constitutive treaty of that body. The conclusion of this process led to the formal establishment of the union in July 2011 in Caracas and is it now envisaged that the bloc will be the primary forum for political dialogue among members. Among the more animated and influential backers of that union, which mirrors various composites of bloc interests - UNASUR, CARICOM, and ACS to name a few – is its ALBA membership.

UNASUR is a less diverse grouping in terms of its composition but a nonetheless ambitious intergovernmental body of note, comprised of twelve members, and committed to the continuing process of South American integration. It is being modeled after the European Union. Through the progressive convergence of two sub-regional economic blocs (Mercosur and the Andean

Community), the organization is seeking the attainment of a single market, a common currency; and an area of free residence and right to work under a Free Movement and Residence Agreement. To this end, a constitutive treaty was signed on May 23, 2008; a permanent secretariat is to be established in Ecuador, a single market and fully integrated economic bloc will be concluded by 2019, and a common currency “a la Bank of the South” will be set up as a credit institution, homologous to the World Bank. Ecuador and Venezuela would be the host countries for the union’s headquarters and central bank, respectively. Either country displays a consummate commitment to the Bolivarian ideal.

Another high profiled community of states is the Bolivarian Alliance for the Americas (ALBA), which was shepherded by (former) President Chavez of Venezuela in December 2004. The union soon morphed into the Cuba-Venezuela Agreement and has now coalesced into an eight member political and monetary union, which has created a common virtual currency, the SUCRE, among its members. The bloc is associated with socialist and social democratic governments and is based on economic integration based on social welfare – populism, as distinct from neo-liberalism.

Formula for Successful Regional Integration

All in all, strong market pressure and assertive political leadership are the catalysts behind successful regional integration. Notwithstanding such compelling criteria, experience has shown that the recent orientation of Inter-American countries has been towards “outward looking” bloc formation, alternatively referred to as “open regionalism.” This is recognized as regionalism in a form that entertains neither exclusion nor elimination of outsiders, depending of course on which countries are deemed to be “non-club members.” To qualify the point, Guyana and Suriname, both members of the CARICOM regional bloc, numbered among the first signatories of UNASUR, which is designed along the progressive convergence of the procedures of pre-existing MERCUSOR and CAN sub-regional economic blocs. One of the defining features of UNASUR is the creation of a single market and a new regional single currency under the Bank of the South.

Successful Integration

Any successful integration scheme requires three criteria - a high level of political cooperation, the ability of relevant actors to negotiate coalitions in support of common policies, and the canvassing and adoption of a regional agenda that assures participants of an acceptable distribution of benefits. This was the central argument in Andrew Axline’s Paper, Underdevelopment, Dependence and Integration: the Politics of Regionalism in the Third World.” A contrasting approach was adopted by Mattli (1999) who prescribed three conditions under which an integration scheme would succeed, namely:-

- *A demand by market traders for greater integration.* If there is little potential for gain, as for example where regional economies do not complement each other,

or where because of small size the regional market does not permit economies of scale, the process of integration will eventually peter out

- *The fulfillment of supply conditions.* These are conditions under which political leaders are willing and able to accommodate demands for regional institutions at each step of the integration process.
- *Coordination of the integration process by a “benevolent leading country” within the region that is wholly committed to integration.* The criterion however has not gone unchallenged. Such a country would serve as a focal point for the coordination of rules, regulations and policies and have the capacity and incentive to ease distributional tensions that are likely to arise at various stages of the integration process. Thus, the need for what Mattli labels “commitment institutions,” becomes necessary. In this connection, the mantle assumed by Venezuela in relation to the inauguration of ALBA, UNASUR and CELAC and the lead role assumed by Trinidad and Tobago in relation to the coming into being of CARICOM and CSME, would appear to attach either country to this essential for regional integration.

Implications of a Post-Chavez Era

In a previous monograph released in January 2013, this writer had wagered on the future of the Bolivarian Revolution in a post-Chavez scenario, speculating on the undercurrents of a change in leadership and its impact on the sustainability of the populist movement. The argument was recast in these terms:

The Bolivarian ideal has filtered into many peripheral societies and President Chavez’s self-styled crusade is well on its way to disrupting the leverage and political capacity of many key players, primarily the United States. This development must be juxtaposed against the following - China’s strategic progression into the hemisphere along with its impressive inroads in the areas of trade, commerce, diplomacy, and military exchanges and the proliferation of intraregional, regional and sub-regional geopolitical clusters whose loyalty to OAS founding principles will continue to be staunchly tested... Venezuela’s posture is unlikely to ebb in the face of a change of leadership under the honorific “Twenty First Century Socialism...”³

Evan Ellis, associate professor at the William J. Perry Center for Hemispheric Studies theorizes that as analysts across the region contemplate the collapse of the Bolivarian socialist movement, Chavez departure could serve as a source for the re-centering and rejuvenation of

the Bolivarian movement in a fashion that reinforces a new-found pragmatism, while simultaneously fortifying China's strategic position.⁴ He surmises that Chavez's successor may initially seek to free up resources to address domestic needs and constituents in one of two areas:

- Cut low interest financing for oil sold under the auspices of Petrocaribe, a Caribbean energy cooperation agreement that has sent \$12 billion in subsidized oil to 18 member countries since 2005. At the recent Petrocaribe Summit hosted in May 2013 in Venezuela, President Maduro announced the inclusion of Honduras and Guatemala in the program, and the coming on stream of a planned economic zone for Petrocaribe member states and other regional blocs to boost regional development by promoting joint investments in trade, tourism, industry agribusiness and science. This is bolstered by the fact that in 2012, Venezuela supplied an average of 108,000 barrels of oil per day to 14 Petrocaribe members, which is estimated at 40 percent of their energy needs ⁵
- Target ALBA funding but may be inhibited from adopting such course of action due to the international political legacy of that body.

The following considerations informed this supposition:

- Firstly, since 2009, Ecuador has received \$8 billion in loans from China and used them relatively effectively in transforming Ecuador's power infrastructure with four main hydroelectric projects
- Secondly, Ecuador has used Chinese companies to spearhead mining investment and develop the petroleum sector alongside western firms
- Finally, there is a line-up of other flourishing Chinese projects in the region, to name a few, a satellite station, a new oil refinery and a \$30 billion canal project in Nicaragua

On this premises, Ellis posits that Ecuadorean President Rafael Correa may gain in leadership prominence, for which he is ably disposed. Regarding the future of ALBA, he surmises a series of interrelated projects promoting ALBA integration, illustrative of which could be:

- China's financial backing to transform the SUCRE, the exchange mechanism adopted by China in 2010, into a true common currency
- An ALBA telecommunication architecture leveraging Venezuelan, Ecuadorean and Bolivarian satellites, made and launched by China
- Fibre optic and cellular infrastructures, built by Chinese telecoms, Huawei and ZTE
- China-funded Venezuela oil production
- Refineries in Nicaragua and Ecuador supplying oil to Chinese markets

These surmises are reflective of the highly competitive mood of the region in terms of political; alliances, trade ties, and the preoccupation of governments to broker agreements that are most favorable to them in the face of a fluid environment. Game changing can therefore be expected to become an increasingly defining feature in statecraft in the Americas.

CONCLUSION

The Tipping Point

Besides the perennial threat of natural disaster, the illegal drug trade and the illicit trafficking of firearms is arguably the single most significant threat to the preservation of regional stability and prosperity. The phenomenon, which stands to undermine governments and public officials, can be traced to US policy toward the Caribbean made possible by:

- Years of drastic reduction in foreign assistance. The undermining of the Caribbean Basin Initiative (CBI) by the North American Free Trade Area (NAFTA). CBI had provided preferential entry into the US for the majority of Caribbean exports whilst the latter pact allowed Mexico duty and quota free access of apparel exports to the US. This development triggered to the loss of 123,000 jobs in the region and the closure of no less than 123 factories, according to data collected by the Caribbean Textiles and Apparel Institute.
- The successful challenge before the World Trade Organization (WTO) by a US-led coalition of Latin American countries to secure access to the banana markets of the European Union at the expense of Caribbean producers. This led to the dismantling of the regime in the Windward Islands where it accounted for on average 16.5 % of GDP and between 40 and 80 percent of export earnings, employing 33 to 70 percent of the labor force.
- The more recent criminal repatriation scheme, the administrative elementals of which are being worked on among friendly governments.

The resounding impact of these maneuvers on the political economy of many countries continues to be a "...dynamic, non-linear, nested, non-zero-sum game," in the words of eminent political analyst and regional security expert, Ivelaw Griffith. Economic and social dislocations that undermined the democratic foundations of affected countries and precipitated collateral issues have effectively created a fertile environment for the drug economy.

The situation today is that the exports of most Caribbean countries are skewed towards the US, Canada, and the EU, and increasingly in the more recent past, China. Previously, one-way preferences were granted by the EU to most Caribbean countries under the Lome Agreement;

and by the United States under the CBI and successor schemes. The status quo is now drastically altered - there is now reciprocal free trade together with the opening up of service-industries, strengthened investor rights, strengthened intellectual property rights, and the ingress of public procurement markets. These provisions are mirrored in the Economic Partnership Agreement with EU signed by fourteen CARICOM countries, along with the Dominican Republic. As a consequence of these revamped trade agreements, the US and EU corporations are now in a decidedly more advantageous position to exploit markets, labor and natural resources of Caribbean countries, thereby placing local firms at considerable disadvantage.

By the same token, Caribbean Community and Common Market jurisdictions are no less answerable in the unfolding dynamic. International trends should have been sufficiently compelling to prompt governments to respond with greater dexterity to the realities of globalization via structural change. Some of these trends were:

- Economic globalization, which entails the internationalization of production, the freeing of world trade, and the globalization of financial transactions. Two points are noteworthy in the context of financial transaction globalization: firstly, the floating of currency whereby currency values are being calculated by financial markets as distinct from gold bullion holdings, rendering financial markets more unstable; secondly, the electronic transfer of funds that is now directing the flow of prohibitive volumes of capital into speculative activity rather than production. A substantial proportion of these transfers is consequential to currency trading, rather than investment and production. Such enormous capital flows may be divergent to the interests of host governments at points of source, and this fact points to the need for the institution within CARICOM of more robust financial regulatory and supervisory systems.
- Shifts in international labor markets favoring services, and knowledge –based employment and away from low-wage labor-intensive manufacturing.
- Weak long term prospects for primary products.
- Eroding of preferential trading arrangements

Thus, the combined effects of debt crisis, depressed exports, mismanagement through a host of factors, have been such that CARICOM countries are constrained to seek foreign economic and financial support. One of the consequences of this is the introduction of structural adjustment measures imposed by the International Monetary Fund/World Bank, central to which is privatization and deregulation.

Structural adjustment, as currently set in motion, involves the implementation of a range of medium term macro-economic measures with the objective of promoting structural changes in response to international economic developments and internal supply bottlenecks. These measures are typically preceded or accompanied by short-term economic stabilization schemes involving fiscal and monetary policies to deflate demand, as well as exchange rate adjustment

measures, such as devaluation. Programs also focus on deeper supply-side reforms exemplified in trade liberalization of financial markets, deregulation, public sector downsizing and tax reform.

In order to maintain moderate levels of public expenditure, governments invariably resort to austerity programs typically making spending cuts in vital areas such as education, health, housing, infrastructure and public sector wages. The cumulative impact of these changes is that increasing numbers of persons join the ranks of the poor thereby aggravating demands for access to depleting government resources. Heavy indebtedness, poverty and unemployment thus become a defining feature of the deteriorating landscape.

The Way Ahead

Multilateral and /or bilateral engagements with CARICOM will ultimately be informed by four criteria – prevailing debt distress; the “new convergence process,” the paradox of public finance deficit hand in hand with financial sector liquidity; and finally, the necessity for synchronicity and strategy harmonization among geopolitical groupings jointly committed to the common hemispheric agenda of “substantially reducing illicit drug trafficking and related transnational crime threats,” “increasing public safety and security,” and “promoting social justice”.

Debt Distress

In her contribution to the UN Thematic Debate, “The UN and Global Economic Governance,” on April 15, 2013, the Prime Minister of Trinidad and Tobago, the Honourable Kamla Persad-Bissessar, formally recounted the International Monetary Fund’s initiatives taken to enhance its lending framework, particularly as these related to the present state of the global economy and the debt distress experienced by small states. These enhancements, which were agreed to and set in train by the Executive Board on March 24, 2009, consisted of:

- Flexible Credit Lines
- Precautionary Credit Lines
- Post-catastrophic Debt Relief Trust
- Reforms to concessionary lending to Low Income Countries, although (on her admission), concessionary financing for small states remains inadequate and facilities for disaster prone middle-income countries that are highly indebted, are still absent

Economically speaking, the way ahead for CARICOM now compels the expedient adaptation of a coherent strategy that must:

- Lower debt to create fiscal space
- Diversify narrow productive bases
- Create new ties with emerging markets

- Improve competitiveness

Such strategies will require finances and support from the international community, more so, in light of dwindling donor support.

The New Convergence Process

The second scheme, the “new convergence process,” is the response to the need to create and build new economic spaces beyond state borders, and in instances, outside the traditional parameters of geopolitical blocs. This push is discernible in the proliferation of new and emerging political affiliations and monetary unions, as described in earlier sections.

The Paradox of Public Finance Deficit vis-à-vis Financial Sector Liquidity

The third criterion is the issue of the public finance deficit from which no government has been spared. Speaking on the topic of global reform, specifically as it relates to the world financial systems in April 2013 at the Conference on “Global Governance and Reform of the International System,” hosted in Washington DC, the Honourable Winston Dookeran, Trinidad and Tobago’s Minister of Foreign Affairs (who has functioned in the former capacities of Governor of the Central Bank and Minister of Finance, respectively), noted an inherent paradox in the Caribbean experience, which he explained in these terms:

...there is a financial sector that is strong in many ways, and the recent World Bank Report on the region identified that the financial sector in the region has the size 350 percent of the gross domestic product...[the financial sector]...has been dominated by the banks, but not exclusively so, has been strong in many different ways, but yet the region itself is in a major deficit in public financing...

He then went on to iterate the need for accessibility of the public sector to private funding as a means of tapping into liquidity and invigorating public expenditure.

Synchronicity and Strategy Harmonization

The fourth and final criterion that will underpin enhanced multilateral and bilateral engagements is for the participating governments to recognize and act upon the need for strategy harmonization and synchronicity in policy planning and pursuit of related actions. The Caribbean Basin Security Initiative is recognizably “one piece of an integrated effort” and accordingly, CARICOM must align itself with corresponding multilateral campaigns. This outlook is already evident. Recently, at the First Central American Integration System-North American Security Dialogue hosted on April 30,

2013 by the Assistant Secretary of State in Washington DC, representatives of the seven-member Central American Regional Security Initiative (CARSI), confabulated, in recognition of the need for closer collaboration and policy and strategy harmonization. CARICOM must continue to see itself is an integral and viable partner in this wider Inter-American grid of collective efforts that are underpinned by common and long-established institutional pillars, namely:

- The Inter-American Drug Abuse Control Commission
- The Inter-American Committee against Terrorism
- The Secretariat for Multidimensional Security

The Collective Intelligence Approach

Lastly, and by no means least, twenty-first century security enjoins a departure from the type of “trench warfare” and “iron curtain” mindsets that typified the first and second world wars of the previous century. In contrast, and by all indications, the international landscape beckons a new era of dialogue, openness, and private – public sector collaboration. Indeed, this is the ethic that underpins North-South dialogue and will prove to be the ultimate game changer. It is noteworthy that “building walls” would resolve none of the acknowledged sources of threats to the global commons, identified in section three. This is the thesis submitted by Admiral James Starvridis, a highly accomplished NATO Commander assigned to US European Command. Drawing attention to the array of contingencies common to many regions, among these, piracy, cyber wars, disaster response, pandemics, terrorism and the trafficking of narcotics, firearms, and persons, he notes that these “wars” can only be won through a “collective intelligence” approach among like-minded constituents. The key to this is “inter- national,” “inter-agency,” “inter-personal,” “public-private” cooperation.

President Obama’s emissary, Vice President Biden, in collaboration with the Heads of Government of the Caribbean Community and Common Market, are jointly committed to balancing between needs and resources, building partnership capacities, strengthening decision support, and ensuring a stabilizing presence of human and other assets that will guarantee that the regional agenda is firmly pursued within the cusp of OAS tenets.

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