

THE PRESENCE OF CHINA IN THE CARIBBEAN

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CECHIMEX / UNAM

Mexico, 24 March 2017

I. China in the Caribbean: What challenges for development?

- The emergence of China in the Caribbean is one of the most surprising phenomenon that the region has seen since the new millennium.
- The presence of China in the maritime zone of the Americas is, without doubt, not new. This presence comes from an old settlement marked, in a diachronic way, by 3 migration waves:
 - 19th century
 - 1910
 - Beginning of the 21st century

I. The growing presence of China in the Caribbean: What challenges for development?

- The rise of continental China as a new strategic player in the Caribbean is recent. In reality, the cooperation has flourish only since the beginning of the century
 - 2005: First Caribbean-China forum in Jamaica
 - 2007: Second Caribbean-China forum in Trinidad & Tobago
- Accentuating a South-South dynamic, the ambition of the current policy of the PRC is to strengthen its position among emerging countries, and be seen as a natural ally

I. China in the Caribbean: What challenges for development?

- This “American-Mediterranean” zone has a strategic value: since 2005 the PRC has increased its programs of technical assistance and a development aid.
- For the PRC, the priorities in terms of its approach with the Caribbean are also commercial and economic. The PRC seeks at the same time to secure its provisioning of natural resources and to sale its product to support economic growth.
- The relationship between the PRC and the Caribbean are also important in terms of investment. Chinese direct investment in the region has registered a significant growth recently.

I. The growing presence of China in the Caribbean: A development issue?

- For the Caribbean states, plagued by serious structural problems, the Chinese market appears as one of the most promising to strengthen their resistance capacity and revitalize their economies.
- By contributing to the diversification of its commercial partners and the openness of new markets, the giant of Asia is perceived by much of Caribbean leaders as an excellent partner to allow their countries to escape the traditional tutelage of Europe and the USA.

II. China-Caribbean: general vision and recent trends

- The strengthening trend between the PRC and the Caribbean can be particularly measured using two indicators: FDI & trade.
- Given its small size, the countries of the Caribbean receive only a small part of the total Chinese direct investment in the Latin American sphere. Nevertheless, the trend is clearly rising.
- The main country destinations of Chinese direct investment in the region are countries that form part of the CARICOM, and more specifically countries that are commodity producers.

II. China-Caribbean: general vision and recent trends

- The trade relationship between the PRC and the Caribbean countries has two main characteristics: a strong growth since the 2000's and a strong China surplus.
- The growing importance of the PRC in the Caribbean imports comes in a moment where the weight of USA imports tends to decline.
- Nevertheless, the USA remains the main trade partner, China still being a relatively marginal supplier.

II. China-Caribbean: general vision and recent trends

- La « cuestión de Taiwán »

Tableau 2. Relations diplomatiques de Chine et de Taïwan avec les pays de la Caraïbe

| Pays | Chine | Taiwan |
|--|-----------|---------------------|
| Antigua-et-Barbuda (OECO) | X | |
| Bahamas | X (1997) | |
| Barbade | X (1977) | |
| Belize | | X (1989) |
| Dominique (OECO) | X (2005) | |
| Grenade (OECO) | X (2005) | |
| Guyana | X (1972) | |
| Haiti | | X (1956) |
| Jamaïque | X (1972) | |
| Sainte-Lucie (OECO) | | X (1984-1997, 2007) |
| Saint-Kitts-et-Nevis (OECO) | | X (1981) |
| Saint-Vincent-et-les-Grenadines (OECO) | | X (1981) |
| Suriname | X (1976) | |
| Trinité-et-Tobago | X (1974) | |
| Total Caricom | 9 | 5 |
| Cuba | X (1960) | |
| République dominicaine | | X (1957) |
| Total | 10 | 6 |

III. China and the CARICOM: a key dimension of PRC and Caribbean relationship

- Small influence in the countries that recognize Taiwan
 - Belize: the economic influence of the PRC is insignificant due to, among other reasons, the diplomatic relationship with Taiwan
 - Haiti: the strong dependence of the country vis-à-vis the USA has limited the trade development with the PRC. Even if it is still limited, the commercial relationship between Haiti and the PRCH has intensified during the last years.

III. China and the CARICOM: a key dimension of PRC and Caribbean relationship

- A growing influence in some countries like
 - The Bahamas: the PRC has economic and financial relations with the Bahamas since the country cut its diplomatic ties with Taiwan in 1997. Chinese direct investment mostly concentrates in tourism and infrastructure
 - Jamaica: the country was identified by the PRC as the strategic as of its policy in the Caribbean. According to official sources, the country has become since 2012 the main trade partner of the PRC in the region. This is also confirm by the growing economic and development assistance that PRC provides to Jamaica

III. China and the CARICOM: a key dimension of PRC and Caribbean relationship

- A strong presence in commodity rich countries
 - Trinidad & Tobago: Diplomatic relations between the two countries date back to more than 40 years. The country has always recognized the political principal of a single China. Chinese firms are already present in the country, mainly in the energy and the construction sector.
 - Surinam: Surinam has, by far, the largest Chinese community in the region. The PRC Embassy in Surinam has estimated that 40 000 Chinese citizens live in the country, almost 10% of total population. Chinese firms are already present, mostly in the mining and timber sector.
 - Guyana: Until 2010, Guyana was the country of the Caribbean that received the biggest part of Chinese direction investment. In 2011, the country received USD 135Mlls, only “surpassed” by Cuba (USD 146Mlls).

IV. The PRC – OECS: Relations in progress despite the “Taiwan matter”

- As with other Caribbean countries, the relations with the PRC are also defined through the “Taiwan Matter”. Among the six OECS independent countries, three maintain diplomatic relations with Taiwan (St. Kitts & Nevis, St. Lucia and St. Vincent & the Grenadines), while three with the PRC (Antigua & Barbuda, Granada and Dominica).
- However, and in spite of this particularity, in general terms commercial relations have considerably developed during the last years.

V. The PRC and the Dominican Republic: growing commercial ties despite absence of diplomatic ties

- The Dominican Republic maintains close diplomatic and economic relations with Taiwan. These relations continue to be very dynamic in terms of cooperation thanks to a strong presence of the Dominican Republic in the Economic Cooperation and International Development Fund of Taiwan.
- The Dominican Republic, whose demographic and economic weight is considerable in the region, is one of the countries that do not have diplomatic relations with the PRC. Nevertheless, bilateral trade has significantly expanded since the 2000's.

V. The PRC and the Dominican Republic: growing commercial ties despite absence of diplomatic ties

- From an institutional point of view, the commercial ties are supported by the presence of the Chinese business development office in the Dominican Republic. Santo Domingo also has a trade representation office in Beijing.
- The PRC is interested in develop its ties with a country that is well integrated in the economic and financial network, subscriber of free-trade agreements with the USA and the EU.

VI. The PRC and Cuba

- With a rich bilateral history, the PRC occupies a stronger place in Cuba's foreign trade while all elements point out that this trend should continue.
- The ZEDM should develop the geo-economic weight of Cuba in the region.
- The ZEDM should also strength Chinese investments in several sectors like a) agro-industry; b) activities related to IT, c) pharmaceutical, d) tourisms through the creation of mixed firms and e) energy production.

VII. Analysis and outlook

The PRC in the Caribbean: a growing and diversifying presence

- Until the beginning of the 20th century, the relations between the PRC and the countries of the Caribbean were clearly dominated by purely political and diplomatic considerations. From Beijing point of view, this geo-political and strategic dimension continues to be a central factor in its relations with the region.
- Nevertheless, economic exchanges are also starting to weight-on, even though they are model and unbalanced. However, which can be considered as modest for the PRC is already significant for most of the countries in the region.

VII. Analysis and outlook

Outlook: opportunities and risk for the Caribbean

- In a context of strong economic and energetic dependency and of significant structural vulnerabilities, the perspective of stronger relations between the PRC and the Caribbean are promising but are not except of risk for the sustainable development of insular societies.
- Another element to consider is the importance of infrastructure and energy needs in the Caribbean. As a result, the majority of capital flows has go towards these sectors.
- The involvement of China in the strengthening of the Caribbean as trade regional platform is another aspect that is expected to intensify in the coming years.

VII. Analysis and outlook

Outlook: opportunities and risk for the Caribbean

- The outlook of the PRC/China relations is promising but not exempt of risks in what relates the regional sustainable development.
- The contribution of the PRC can be considerable in many areas. For instance, in a moment where Cuba is experiencing significant changes, the authorities are looking with a lot of interest the feasibility and sustainability of the Chinese economic paradigm.
- Lastly, it is worth to point out that the appearance of a new player can help the appearance of alternative economic development models, but not necessary contradictory, than the European or American. It also helps to generate a new triangular cooperation perspectives.

Thank you!!