

CENTRAL BANK OF
TRINIDAD & TOBAGO

Re-engineering Caribbean Development: An Urgent Priority

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Conference on The Economy (COTE) 2011
Department of Economics, UWI
October 6-7, 2011

Format of Presentation

1. Caribbean Development Plans: A Brief Synthesis
2. Global Challenges
3. Caribbean Economic Performance: Stylized Facts
4. Major Development Challenges in the Caribbean
5. Re-Igniting Caribbean Growth and Development: Major Priorities

1. Caribbean Development Plans: A Brief Synthesis

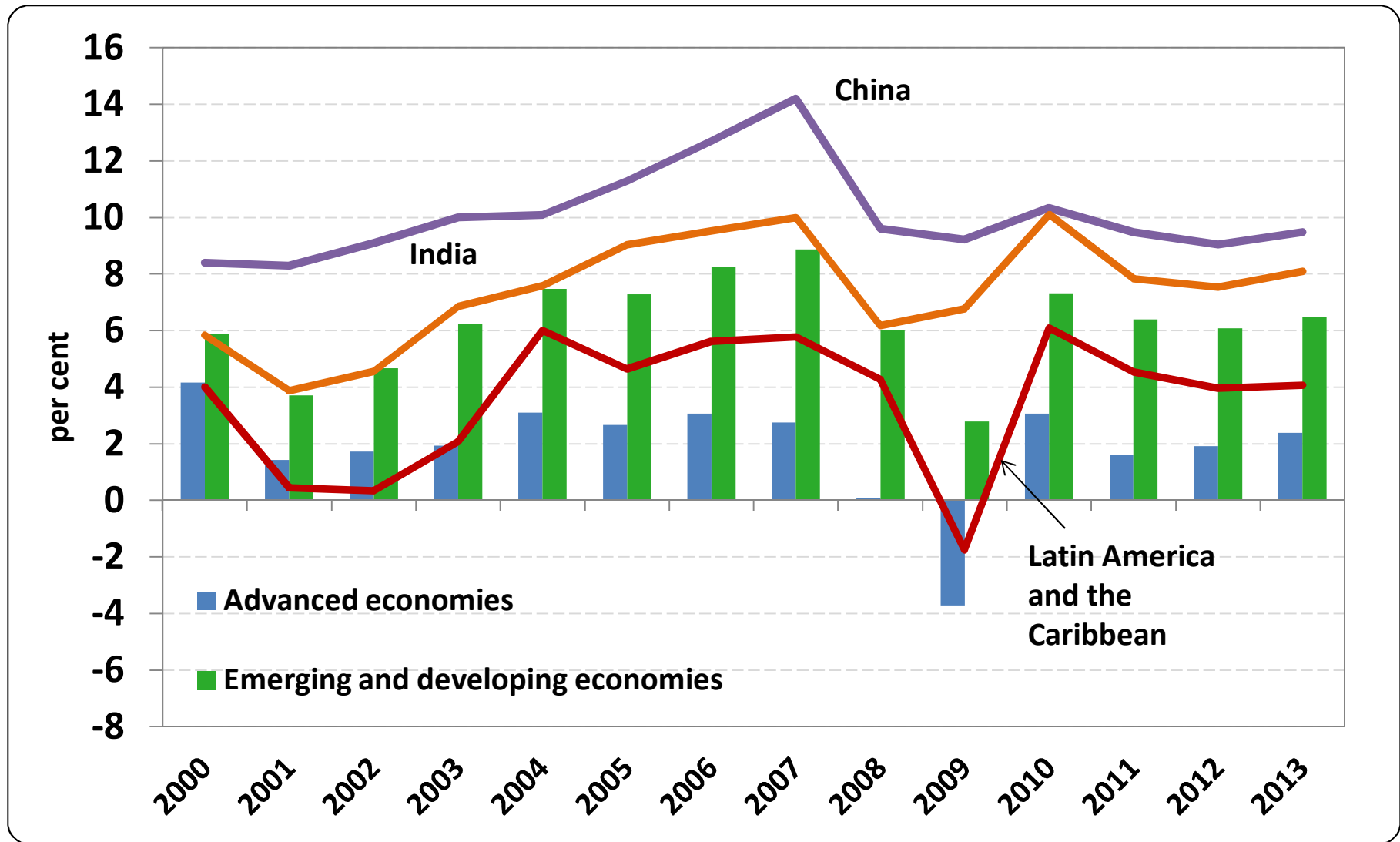
Major Caribbean Development /Integration Plans	Main Strategic Priorities
Bourne (1988) Caribbean Development to the Year 2000	<ul style="list-style-type: none"> • Developing service-based industries (especially tourism and knowledge services) • Intensifying Regional Co-operation • Investing in Human Capital
Ramphal et al (1992) Time for Action Report	<ul style="list-style-type: none"> • Deepening and Widening of process of Caribbean integration • Encouraging Saving Institutions to invest in productive sectors • Developing Export-oriented industries
World Bank (2005) A Time to Choose: Caribbean Development in the 21st Century	<ul style="list-style-type: none"> • Greater Integration within CARICOM • Improving Investment Climate and Quality of Human Resources • Exploiting Opportunities in Services (offshore education, health and tourism)
Girvan (2007) Towards a Single Economy and a Single Development Vision.	<ul style="list-style-type: none"> • Accelerate self-sustaining growth through economic diversification and international competitiveness • Significantly upgrade social, governance and environmental dimensions of development
CARICOM Secretariat (2011) Strategic Plan for Regional Economic Development	<ul style="list-style-type: none"> • Production Integration (cross-border and intra/inter -sectoral integration) • Development of Regional Public Goods (Agriculture, Agro-Tourism, Niche manufacturing, Air and Maritime Transport, Financial Services).

2. Emerging Global Developments

1. Unbalanced growth (strong growth in emerging markets and weak growth in advanced economies).
2. Financial strains and elevated sovereign risks in Europe.
3. Potential of a double-dip recession in the US.
4. Increased geopolitical tension.
5. Elevated levels of uncertainty in global financial markets.

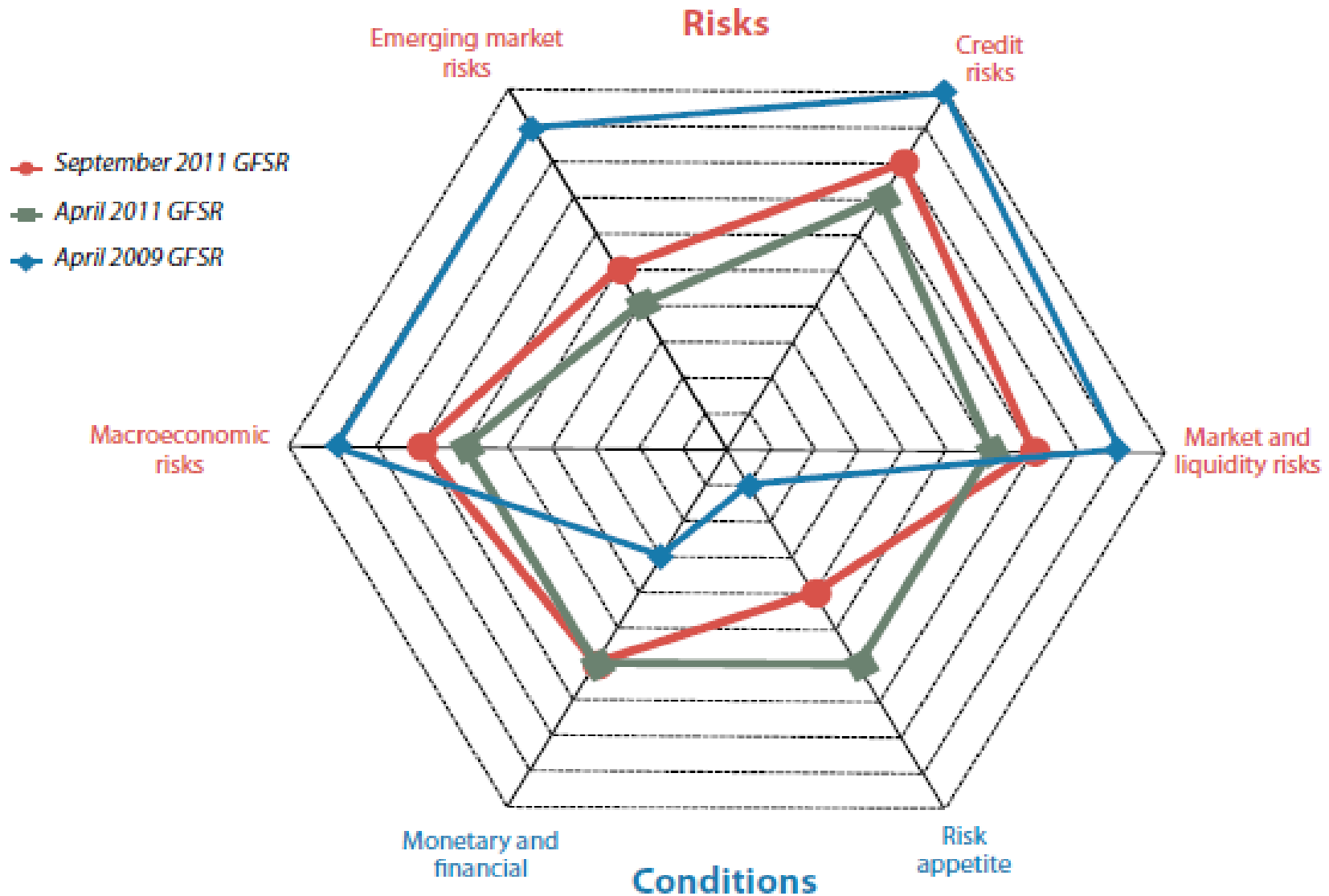
2.1 Global Economic Performance 2000-2013

Real GDP Growth (y-o-y)



Source : IMF, World Economic Outlook, September 2011.

Global Financial Stability Map



Source: IMF, Global Financial Stability Report, September 2011

NOTE: Away from center signifies higher risks, easier monetary and financial conditions, or higher risk appetite.

3. Caribbean Economic Performance: Stylized Facts

- Broad economic performance of the Caribbean has lagged behind Latin America:
 - Lower growth in real GDP than in LAC region and emerging markets.
 - Higher levels of unemployment.
 - Limited fiscal space.
 - Little progress in meeting Millennium Development Goals (MDGs).

3.1 Caribbean Economic Performance:

Real GDP Growth (y-o-y)

World Economy

	'10	'11	'12	'13
World	5.1	4.0	4.0	4.5
Advanced Economies	3.1	1.6	1.9	2.4
Emerging & Developing	7.3	6.4	6.1	6.5
• China	10.3	9.4	9.0	9.5
• India	10.1	7.8	7.5	8.1
Latin America & C'ibbean	6.1	4.5	4.0	4.1

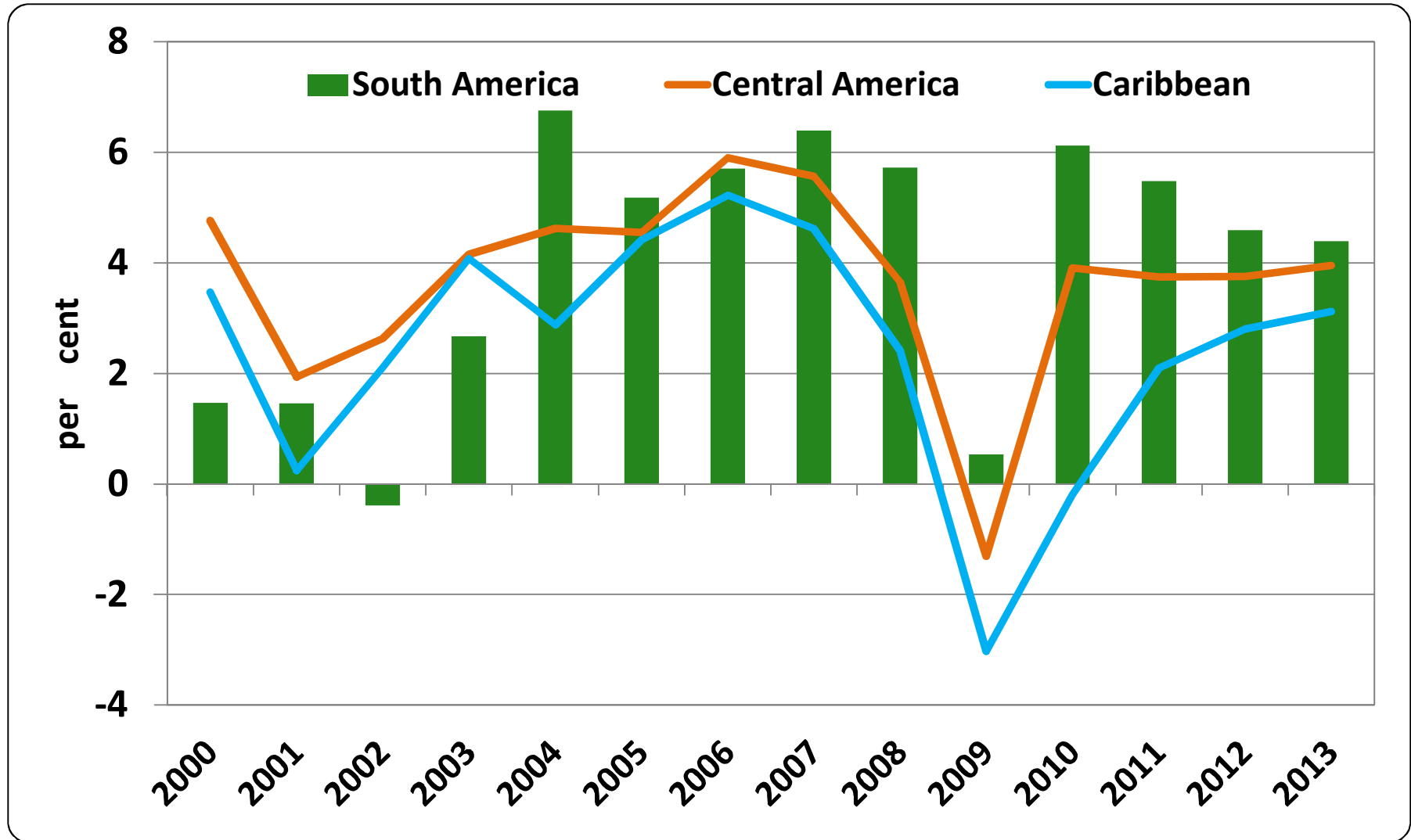
Latin America & the Caribbean

	'10	'11	'12	'13
Latin America & the Caribbean	6.1	4.5	4.0	4.1
• Caribbean	-0.2	2.1	2.8	3.1
• Central America	3.9	3.8	3.8	4.0
• South America	6.1	5.5	4.6	4.4

Source : IMF, World Economic Outlook, September 2011.

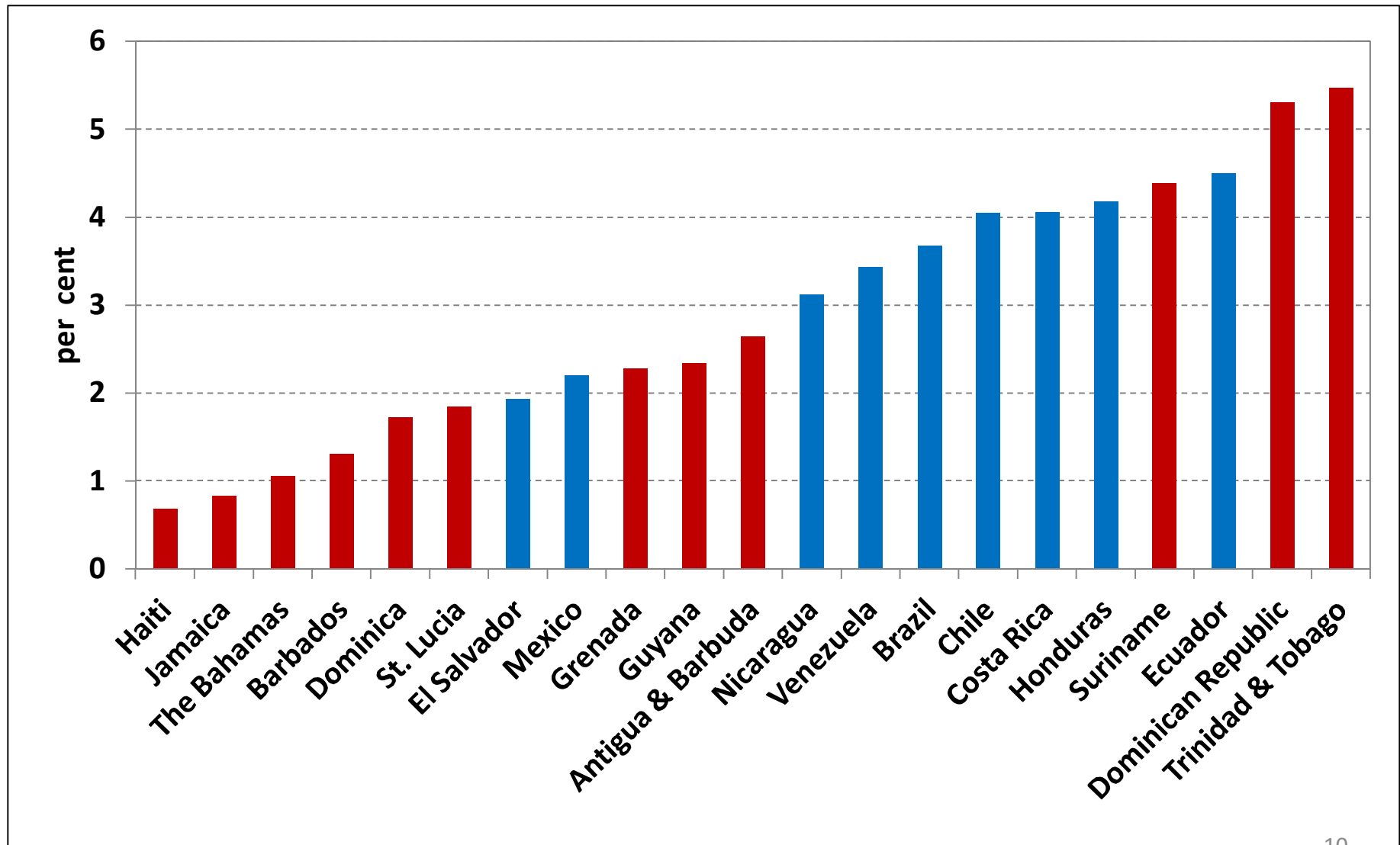
3.2 Regional Economic Performance 2000-2013

Real GDP Growth (y-o-y)



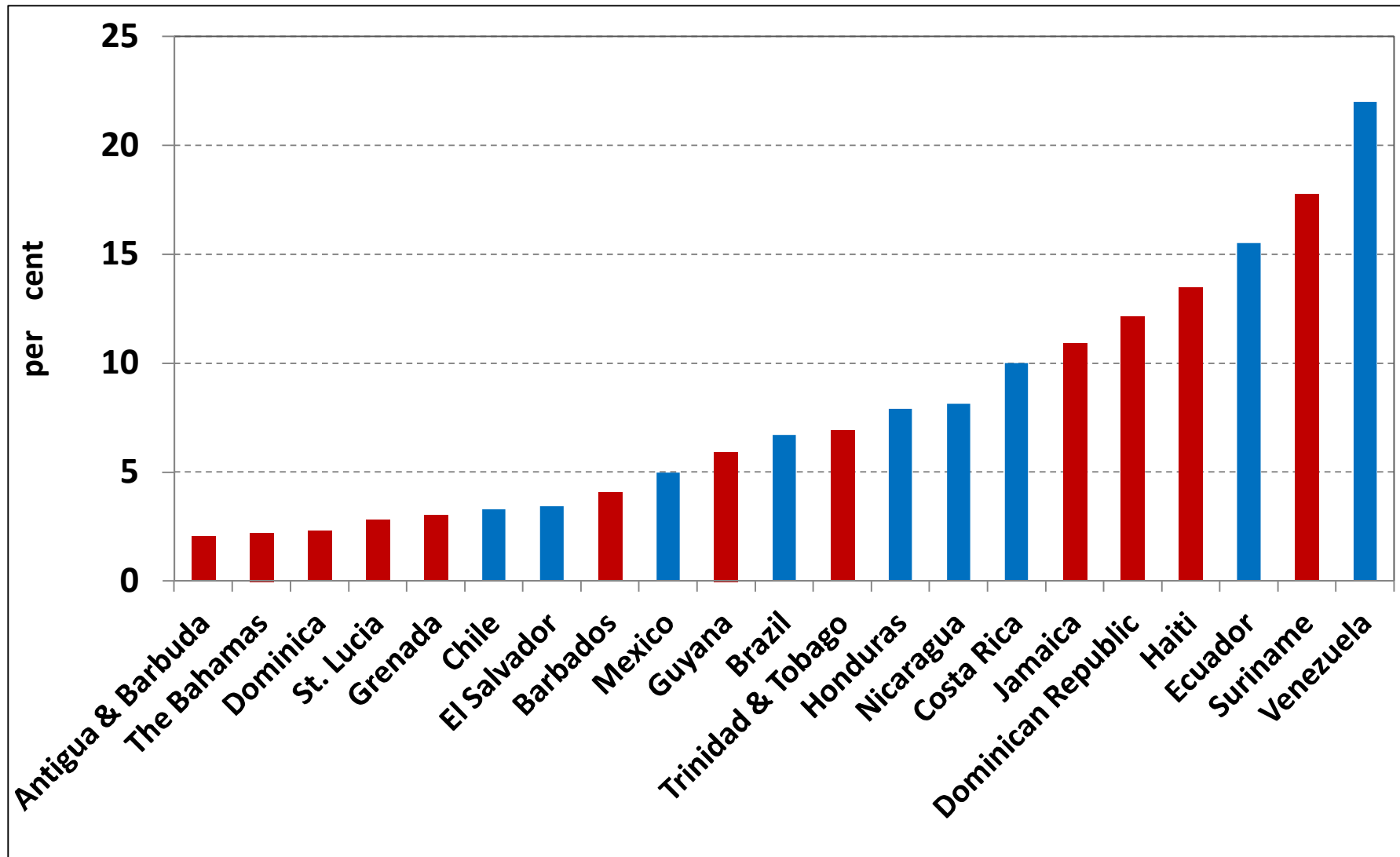
Source : IMF, World Economic Outlook, September 2011.

3.3 Regional Economic Performance : Real GDP Growth : 2000-2011



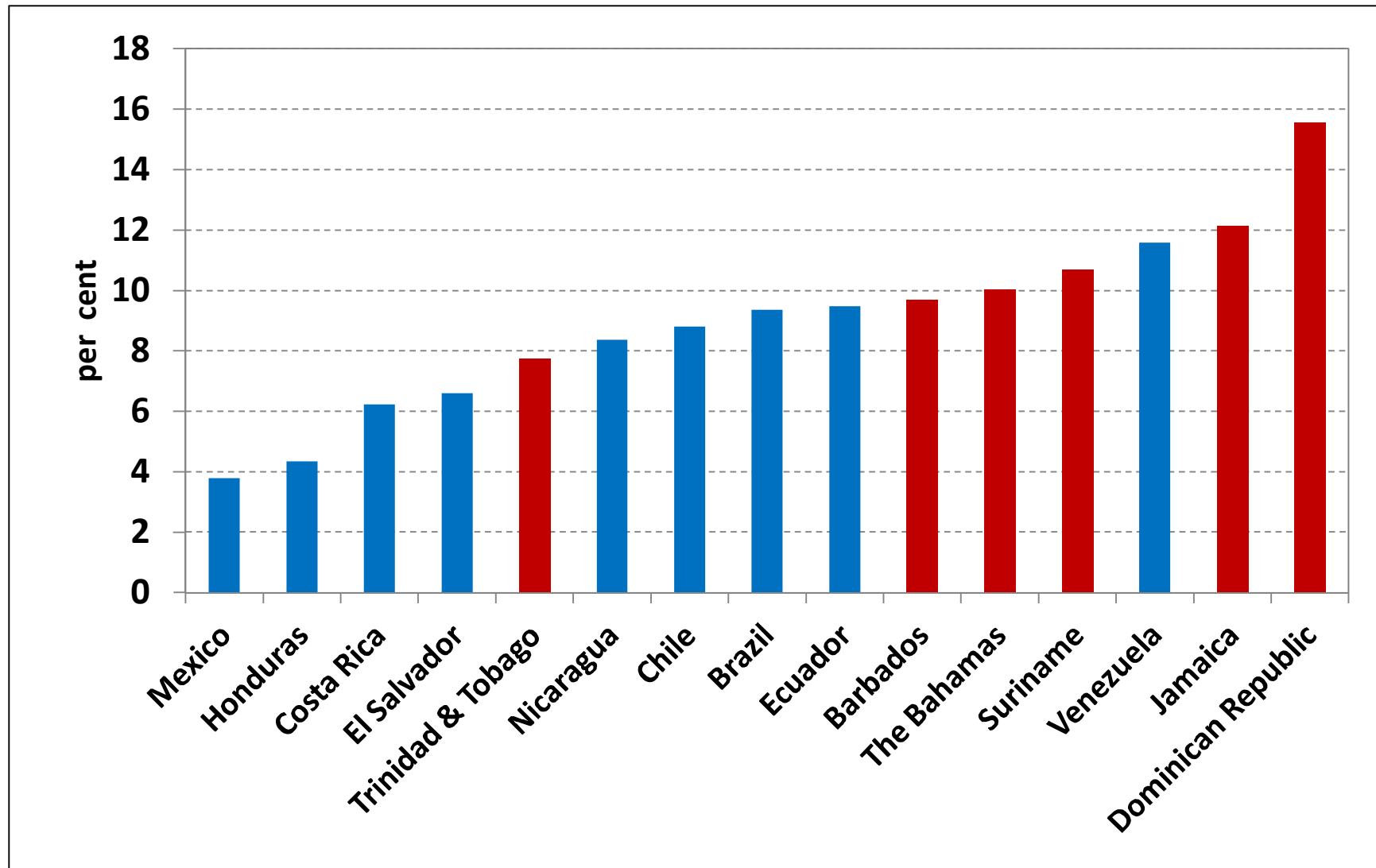
Source : IMF, World Economic Outlook, September 2011.

3.4 Regional Economic Performance : Average Inflation : 2000-2011



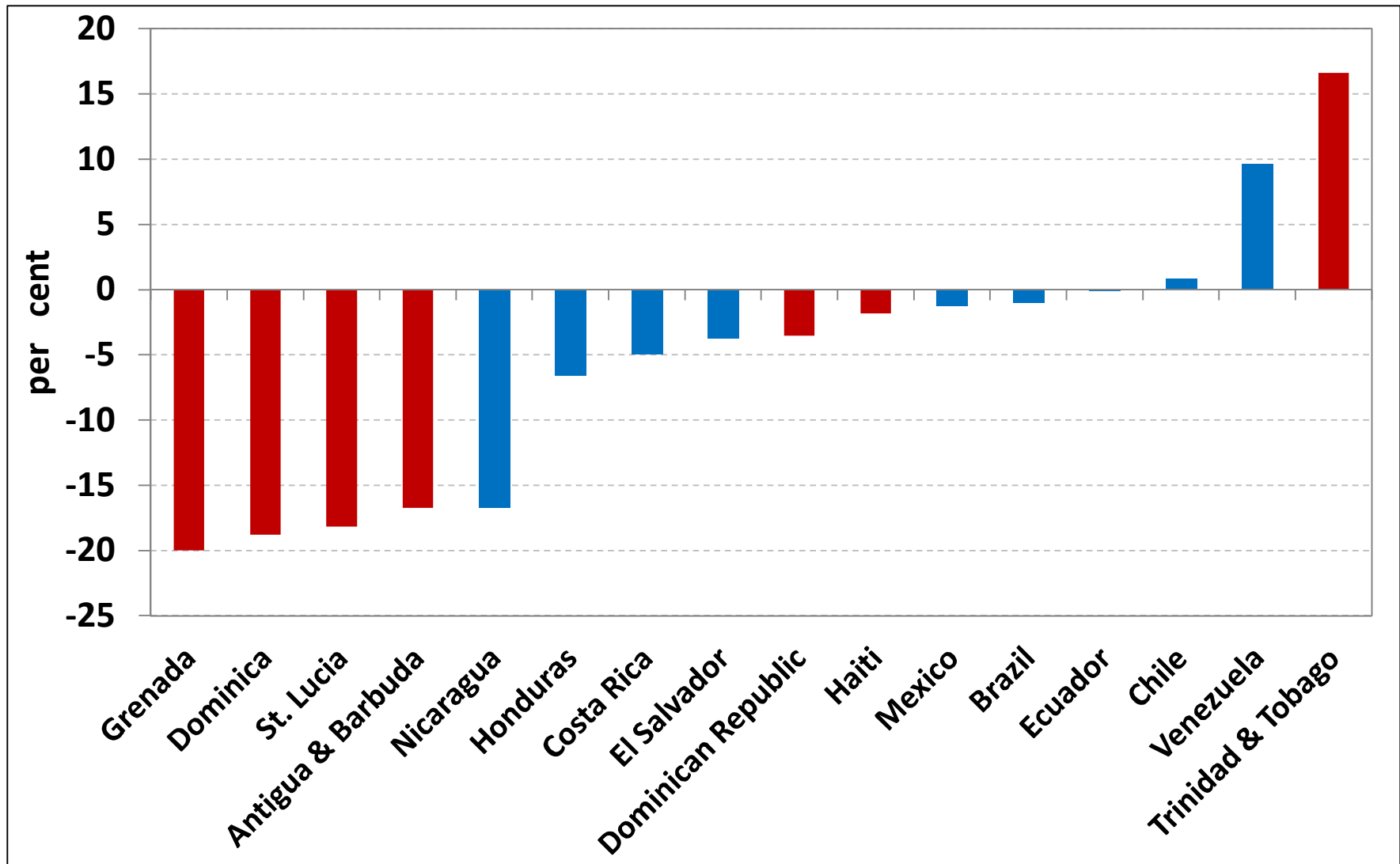
Source : IMF, World Economic Outlook, September 2011.

3.5 Regional Economic Performance : Unemployment : 2000-2011



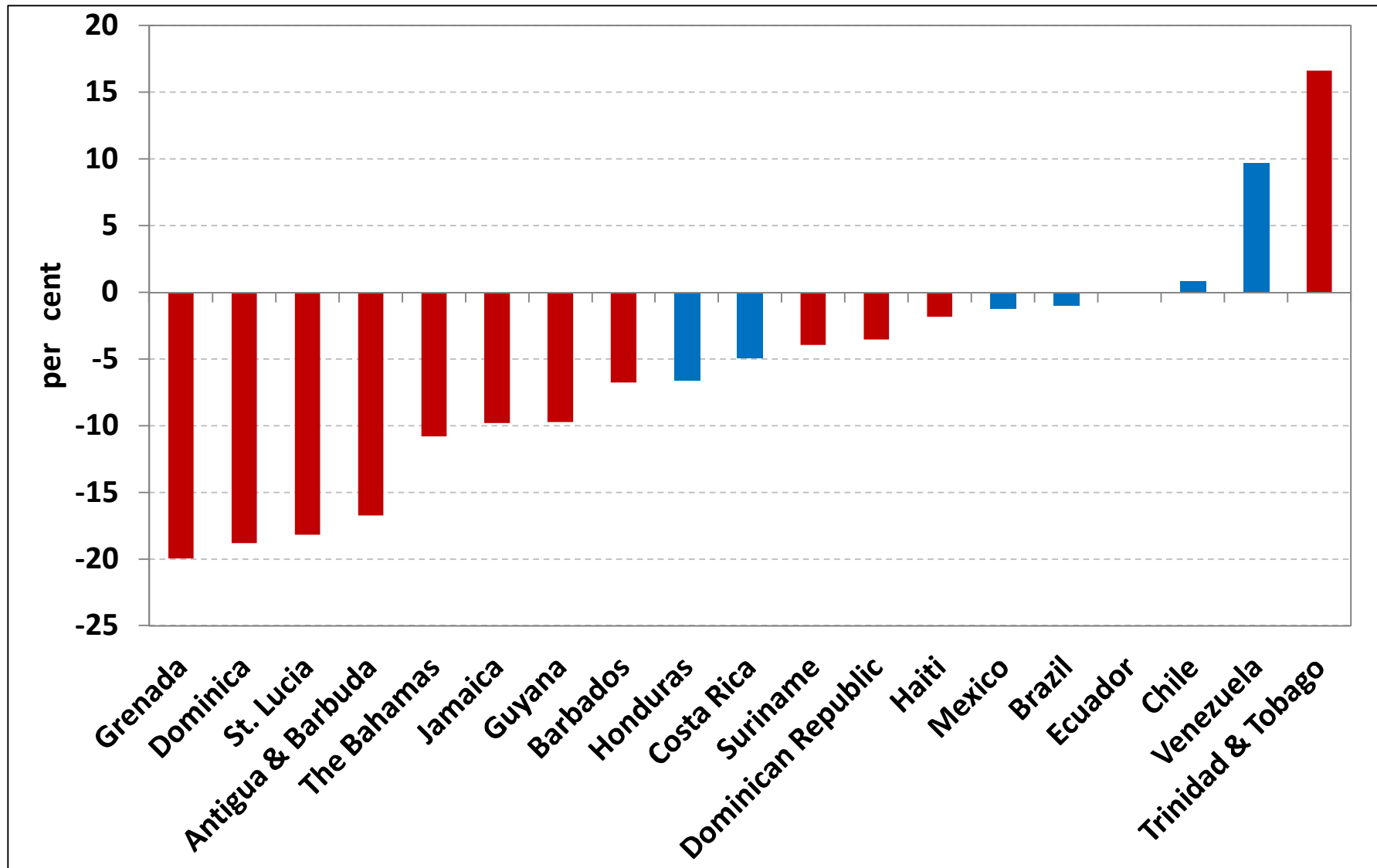
Source : IMF, World Economic Outlook, September 2011.

3.6 Regional Economic Performance : Current Account Balance/GDP : 2000-2011



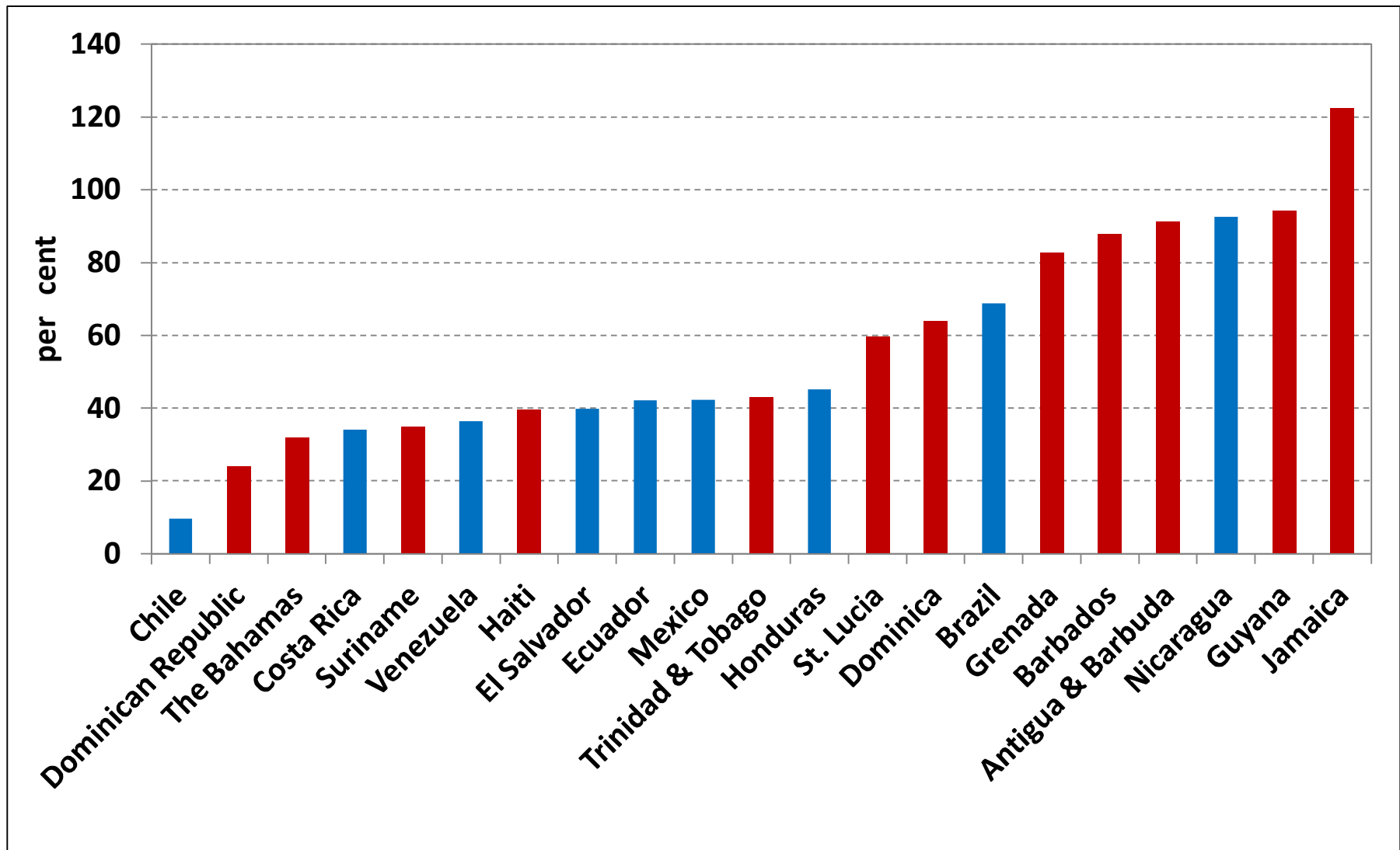
Source : IMF, World Economic Outlook, September 2011.

3.7 Regional Economic Performance : Fiscal Balance/GDP : 2000-2011



Source : IMF, World Economic Outlook, September 2011.

3.8 Regional Economic Performance : Gross Government Debt/GDP : 2000-2011



Source : IMF, World Economic Outlook, September 2011.

GCI Regional Ranking 2011-2012

Total 142 Countries

	Overall Index	Basic Requirements	Efficiency Enhancers	Innovation & Sophistication
Barbados	42	33	49	47
Guyana	109	104	110	87
Jamaica	107	116	85	84
T&T	81	58	79	76

Source: Global Competitiveness Report , 2011-2012.

4. Major Development Challenges in the Caribbean

Limited Range of Products and Markets

- Concentration on a few natural-resource based (energy, mineral) or service-based products (tourism).

Limited Fiscal Space and High Public Sector Debt Burden

- Public sector debt to GDP ratios in excess of 100% in many countries.
- Fiscal deficits to GDP also sizeable.

Rising Crime Levels

- Increased levels of crime in some countries in the region.

Faltering Regional Integration Process

- Weakening commitment to regional integration.

Inflexible Labour Markets

- Limited mobility of labour across sectors and in the Single Market.

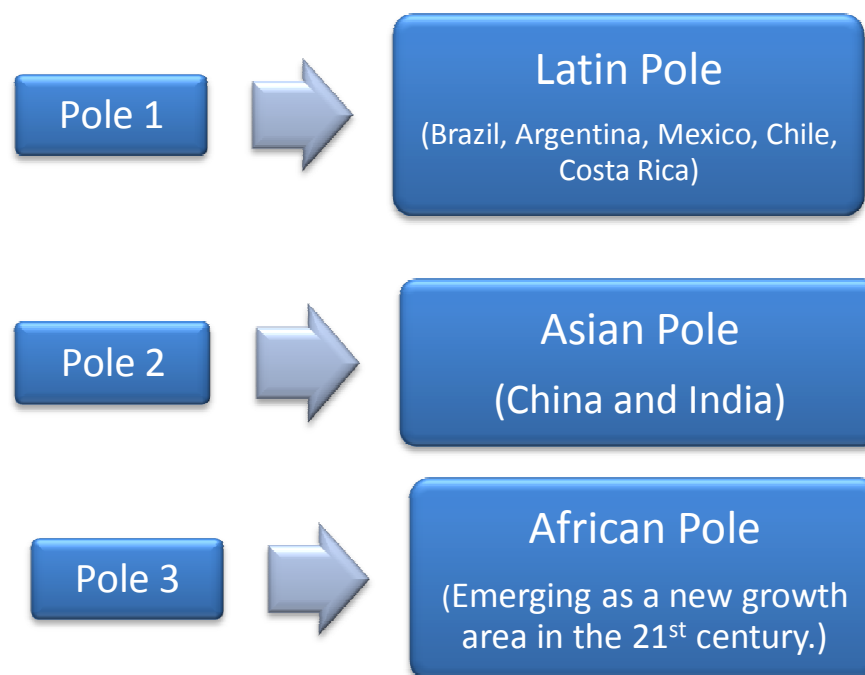
Lower levels of Productivity and Export Competitiveness

- Higher Unit labour costs.
- Loss of competitiveness in key export sectors.

5. Re-igniting Caribbean Growth & Development

A. Diversification of Trade Markets

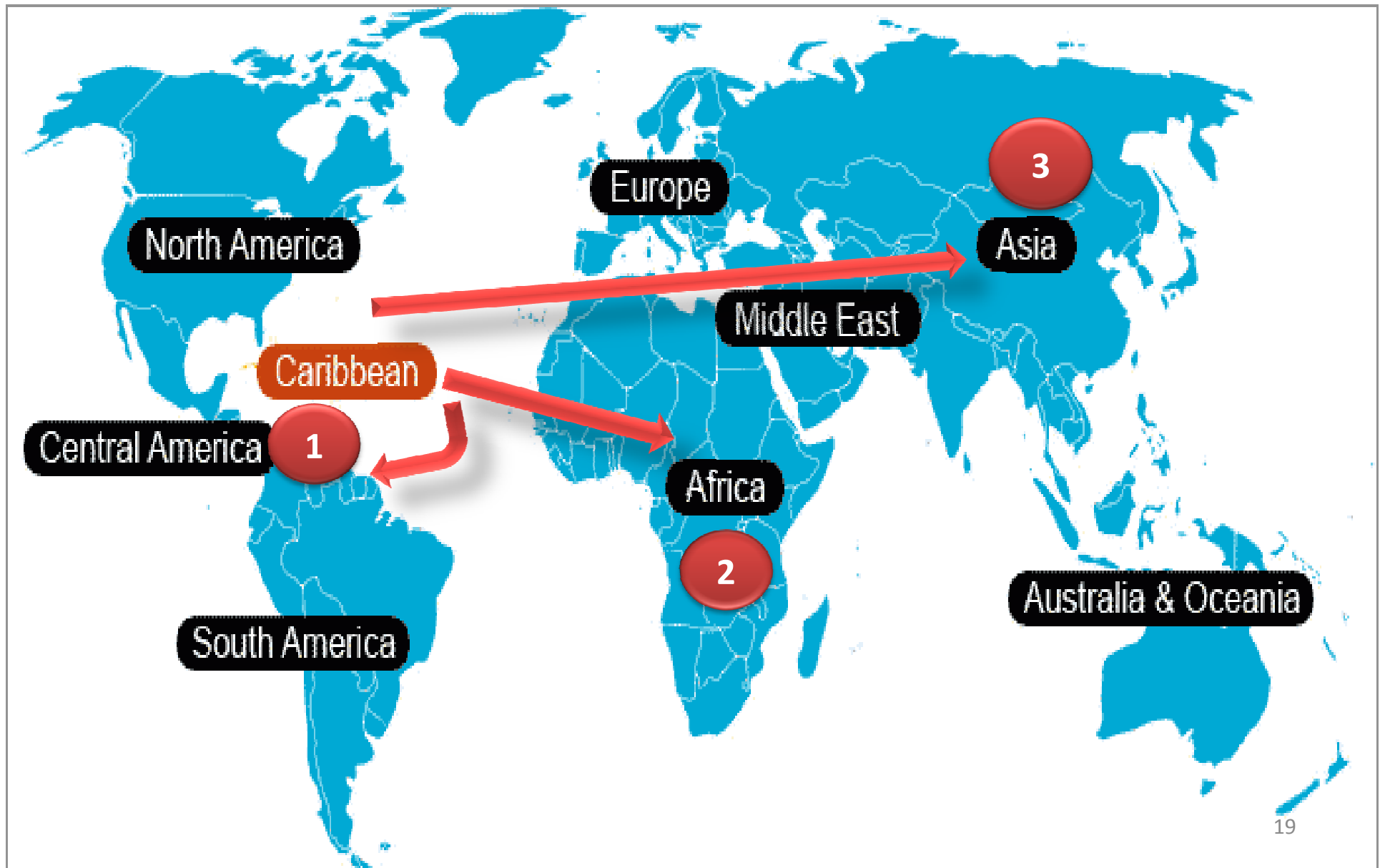
- Place greater attention on new and emerging poles of development while strengthening links with traditional markets in the US and Europe.



B. Strengthening Macroeconomic Management

- Improving fiscal discipline through better prioritization of expenditure and revenue mobilization.
- Explore Options for public debt restructuring so as to make scarce public funds available for developmental projects.

5A. Diversification of Trade Markets



5. Re-igniting Caribbean Growth and Development

C. Re-engineering & Deepening Approaches to Economic Integration

- Exploit synergies through a joint approach to problems of health care, crime and security, transportation bottlenecks and the regulation and supervisory of the financial sector.

D. Improving Public Sector Partnership

- Fostering joint ventures involving public-private partnerships to enhance growth and development.

E. Putting Productivity and Competitiveness Centre Stage

- Need for a significant focus on mechanisms for increasing labour and capital productivity.
- Targeted projects aimed at improving productivity in both the public and private sectors.
- Strengthening information systems for effective decision-making.

Thank You

End of Presentation