

## **Address**

**The Most Honourable Andrew Holness, Prime Minister of  
Jamaica**

**Headquarters of ECLAC, Santiago de Chile,**

**30 August 2017**

### **Paths to prosperity: Forging deeper cooperation and integration Between the Caribbean and Latin America**

#### **SALUTATIONS**

Madam Executive Secretary, Alicia Bárcena,

Distinguished representatives of the Government of Chile,

Ambassadors and other members of the Diplomatic Corps,

Members of the ECLAC family,

Ladies and Gentlemen,

#### **INTRODUCTION**

I bring with me warm greetings and sentiments of friendship from Jamaica. We are here to reaffirm the friendship between our two countries and to explore ways and means through which economic,

social and cultural opportunities can be advanced to our mutual benefit.

It is wonderful to be in Chile, a country characterized by enviable social and economic achievements built on a foundation of successive innovative, bold and visionary policies. A country that has crafted and continues to craft, unique solutions to common problems, and a country from which the hemisphere, and indeed the world, has a lot to learn.

In a region whose recent history has been characterized by effervescent ideological tension, Chile has emerged as a country of practical policy, not irrevocably beholden to ideology but instead implementing what works.

## **ECLAC**

I am especially pleased to have this opportunity to engage with you here at the Headquarters of the Economic Commission for Latin America and the Caribbean; ECLAC (or CEPAL en español) is an institution that has served as a crucible of development thinking in our region, where scholars, researchers and policy analysts improve our collective understanding of the best ways to seize our opportunities and to confront our challenges.

It was from the ECLAC school of thought that we embraced the need to create self-sustaining economies through structural change and a reduced dependence on a narrow range of commodities.

It was from ECLAC disciples that we came to understand:

- the challenges in stimulating rural-urban drift and prodigious growth in the informal sector;
- the impact of Foreign Direct Investment on indigenous development;
- the vital role that both inter-regional and intra-regional trade should play in economic growth, and
- the negative impact of foreign debt in the face of inadequate sources of low cost external financing.

All of these issues remain vitally relevant to Jamaica and indeed the wider Caribbean today, rendering our visit here to ECLAC even more fitting and timely.

Madame Executive Secretary,

The ECLAC Equality Thesis, which you revisited over the past several years in a series of seminal documents, has been instrumental in helping the countries of our region to critically assess and respond to the development challenges that confront us, by placing equality at the centre of development.

As I understand it, in the simplest terms, you suggest that

- growth serves equality and equality serves growth;
- that social issues cannot be addressed by social policies alone;
- that, they also require a mix of macroeconomic, labour and industrial policies.

And so your Commission remains faithful to:

- the promotion of structural change in the economies of the region,
- encouraging movement towards more knowledge-intensive and high productivity sectors,
- stressing the importance of investing in capacity building, and
- ensuring more equitable distribution of productivity gains between capital and labour, through new social compacts involving all actors: the State, the market and society; all working to promote a better quality of life for the peoples of our region.

What this strategy provides, in essence, is a formula to address the complex challenge of sustainable development, as presented by

Agenda 2030. This Agenda is inspired in its pursuit of a multidimensional development paradigm.

Its ambitious objective is to reduce poverty, enhance environmental sustainability and create more equitable and inclusive societies through the coordination and integration of a range of policy interventions, underpinned by the 17 sustainable development goals.

Successful implementation of this truly transformative agenda will require ambitious reforms, bold action and substantial resource flows. The fiscal resources of government will be insufficient to this task. Substantial private investment will be required.

I emphasize this last factor because from our perspective, financing the 2030 Agenda for sustainable development is the most formidable challenge that developing countries are facing, particularly those of us uniquely classified as highly indebted middle-income countries.

### **SDG Goals**

Let me underscore, however, that Jamaica is fully committed to achieving the SDGs. We have made significant strides in synergising the targets of the global development platform with our own ***Vision 2030***. We have a road map to guide our nation towards developed country status by 2030, with a view to *'making Jamaica the place of choice to live, work, raise families and do business.'*

In line with the key priorities of my administration, our Vision includes

- ensuring equitable access to modern education and training for all our citizens;
- creating a safe and secure society;
- providing quality and timely access to healthcare;
- supporting and stimulating entrepreneurship;
- promoting the sustainable use and management of our natural resources; and empowering our women and youth.

We will also be attentive to

- strengthening our social welfare programmes,
- expanding care services for children and the elderly, and
- to strengthening our judiciary and police systems to address increasing concerns with crime.

These objectives are all in keeping with my administration's commitment to bring hope, prosperity and an increased sense of well being to our people. We will not leave any citizen behind.

We intend to report the progress we have made in this regard to the United Nations High Level Political Forum next year, by submitting our first Voluntary National Review. The regional Forum of Latin American and Caribbean States for Sustainable Development, which I understand ECLAC will convene in Mexico in April, 2018, will be our first step in that review process.

Jamaica has been actively promoting the implementation of the SDGs and recently hosted the Caribbean Action 2030 Conference on SDGs in Kingston in June, to raise awareness and build momentum towards implementation within our sub-region.

We also hosted a Caribbean symposium on mainstreaming the SDGs into national development planning, organized by the ECLAC Caribbean office earlier this year, as well. Additionally, the Planning Institute of Jamaica will hold its 10<sup>th</sup> Annual Dialogue for Development Lecture Series, in November this year, in partnership with ECLAC, and the focus will be on “Localising the SDGs in Jamaica”.

We are very serious about taking our development agenda forward, while being fully aware of the challenges that lie ahead in the pursuit of that goal.

Madam Executive Director and distinguished representatives,

The countries of the Caribbean face new uncertainties with established traditional partners as a result of BREXIT, changing US

policy and the anticipated expiration of the ACP-EU Cotonou Agreement in 2020.

The Caribbean has already begun to expand its relationships with non-traditional partners like China; We note that Chile was the first country in the hemisphere to sign a free trade agreement with China motivated, I imagine, by similar considerations and objectives.

Our visit to Santiago is one of many new strides towards finding more common ground and pursuing increased engagement within our hemispheric neighbourhood. We are particularly pleased therefore that ECLAC is currently undertaking a study for Jamaica to inform consideration of the potential to increase trade with the countries in the northern Caribbean, including those in Central America as well as Mexico. We very much look forward to its conclusion and analysis.

The opportunities for expanding wider practical cooperation, trade and investment should also be explored to the fullest; this is an important part of our purpose for visiting today. We have taken note, for example that the participation of Guyana and Suriname in the Initiative for the Integration of the Regional Infrastructure of South America (IIRSA) has afforded them a signal opportunity to upgrade their transport, water and energy infrastructure, which should in turn enhance their productivity and facilitate greater economic exchange with their neighbours.



For Jamaica's part, we are interested in creating wider markets for our tourism product beyond the traditional source countries. We have to think through how best to develop new markets across Latin America, including how to address the airlift challenge and how the private sector on both sides can become more engaged in pursuing new tourism projects. We consider this a potential area of considerable growth opportunity for Jamaica and indeed for all service economies of the Caribbean.

There is also considerable scope for cooperation and trade in agriculture, and for expanding investment in ICT for development. We are keen to explore every opportunity for economic diversification. I am particularly inspired by the significant success achieved by Chile, where foreign trade, through the medium of free trade agreements, has driven growth and development. Trade expansion is an imperative and I am confident that partnership will bring positive result for the countries of Latin America and the Caribbean.

## **HIMIC INTIATIVE**

After approximately 54 years of independence Jamaica has recorded impressive improvements in the human development index, particularly in reference to health and education.

However, while we can take pride in this progress, Jamaica finds itself in challenging times as our development has not always been financed through productivity and economic growth.

Much of our development has been achieved through the accumulation of debt and in recent times unsustainably high levels of debt that pose an existential risk to our economy and have the potential to retard, and even reverse, social and economic development.

It is important to note that our accumulation of debt cannot all be attributed to profligacy, mismanagement and poor governance. On the contrary, some of the debt that we carry has been as a result of our vulnerabilities to natural disasters and due to the exposure of our undiversified economies to the vagaries of commodity price volatility.

In Jamaica all of the sustainable development goals matter. In an age of social and digital media, in a country of huge mobile penetration, people around the world easily see how “the other half lives”. Development is therefore a bottom-up desire.

### **Special development challenge of a highly indebted Jamaica**

Today I would like to present to you however the special and challenging case of pursuing sustainable development goals in the context of high debt.

As you are probably aware Jamaica, like much of the Caribbean, has a high Debt to GDP ratio, which today at 120% is lower by 27% compared to where it was a few years ago.

High debt matters especially when you plan to service it as doing so consumes the majority of our budget. The challenge that Jamaica faces is how to develop sustainably when close to 60% of revenues are used to service debt.

The resources available to fund infrastructure, health, education, security spending to alleviate poverty are squeezed by the burdens and requirement of debt service.

However debt reduction must be a priority, as it remains, in our case, the single biggest obstacle to development. High debt increases the perceived risk of the economy, increases the cost of capital, leads to government crowding out of the private sector and ultimately retards economic growth, on which development depends.

This is especially acute in a country characterized as lower middle income. This characterization makes it difficult for Jamaica to qualify for certain levels of assistance from multilateral institutions like the World Bank as we confront these challenges.

Jamaica's designation as a lower middle-income country makes it ineligible to receive certain types of aid and concessionary financing which can act as an impediment to the attainment of our national development goals. The problem of a high debt burden can undoubtedly undermine our ability to meet commitments to implement the Sustainable Development Goals (SDGs) and a change in logic is being posited so that social and environmental criteria — not only economic criteria— are recognized.

Jamaica is not only calling on the International Financial Institutions (IFIs) to review their policy on graduating middle income countries from development financing, using GDP as the sole criterion, we are also proposing a carve out, within the Middle Income category, for Small, Highly Indebted Middle Income Countries, (“HIMIC”) where the inclusion of other indicators are used in determining economic well-being. While advocating for this change, we however want to reiterate that we are actively promoting a culture of self-sufficiency whereby we must be creative, innovative and strategic in repaying debt while also relying on our own strategies to achieve sustainable development and prosperity.

## **DEBT SWAPS AND DERISKING**

Madame Bárcena,

I am aware that you, too, have given leadership to an ECLAC initiative promoting debt for climate adaptation swaps for the member states of the Caribbean, based on your assessment of the growing evidence that the public debt of the Caribbean has reached unsustainable levels, that will compromise the economic growth trajectory of the sub-region if not specifically addressed. I stand here to fully endorse that assessment. As I understand it, the proposal promotes consideration of a strategy to address the debt overhang of the countries of the sub-region while encouraging investment in climate change adaptation with a view to enhancing growth, improving fiscal management and building the resilience of our economies, drawing on development financing from the Green Climate Fund. That Fund, I

believe is perhaps one of the very few sources of concessionary financing still available to Caribbean countries by virtue of their classification as Small Island Developing States.

Jamaica supports and encourages this proposal. I recall that, on the initiative of Prime Minister Rowley of Trinidad and Tobago, the CARICOM Heads at their summit last month reviewed your proposal and agreed to consider it in-depth at a meeting of the CARICOM Council of Ministers of Finance and Planning to be specially convened on the fringes of the IMF/World Bank Meetings in Washington DC this fall. Within the context of taking your proposal forward, I believe that your advocacy could be most valuable in also drawing attention to the middle-income challenge. The two initiatives are inextricably linked, inasmuch as they serve the same objective. Let us work together to advance them.

We in the Caribbean have also been attempting to cope with the daunting trend of de-risking and its impact on Caribbean banking services. The financial sector has emerged as a significant contributor to GDP in the sub-region, playing a central role in efforts at economic diversification and resilience building. We are therefore very concerned that the severing of Caribbean banking relations being adopted by many large global banks can have significant negative impact on our economies. This practice, if not urgently reversed, has the potential to derail our ability to engage in trade; cripple investment and economic growth in the sub-region and stymie remittance flows which have become a major source of income for Caribbean households especially the poor.

The case for this growing de-risking trend among global banks has been argued as being money laundering and counter-terrorism safeguards. Yet, it is important to note that Caribbean banks and financial institutions have been increasingly compliant with the requisite international legislation. Might it be that because our markets are small that global banks are unwilling to underwrite the high risks associated with our small operations. Is this a case then of being too small to deserve to survive?

I raise this issue here because it has the potential to seriously undermine our central objective which is the pursuit of dynamic economic growth through the expansion of trade and investment in our economy. I therefore call on ECLAC to help us to make our case convincingly in relevant financial forums. There is indeed strength in numbers and so I invite the representatives of governments from Latin America to join us in raising the alarm at the threat that this trend of de-risking presents to the viability of our working economies. This challenge demands as much a political as a technical and legal response. Latin America and the Caribbean must in this instance speak with one voice.

**HEMISPHERIC PEACE AND SECURITY**

We live at a time when it is possible to envision, in practical terms, our hemisphere being at total peace with itself; where there is no armed conflict, within or among any territories in this hemisphere. Where there is internal stability in all countries of the region.

We may not be there yet, and indeed some see risk of reversal, but it is important to acknowledge the vast progress that has been made.

Why is this important?

This matters as the hemispheric prosperity we seek can only be built on a foundation of peace and security.

And with such a foundation there is every reason to expect that our region can become the most prosperous, the most equitable and the most stable region in the world. That is the vision. That should be our goal.

## **ONE PEOPLE**

To get there we will need to see in ourselves, the struggles of our neighbor. We will need to acknowledge our common history and shared destiny. We will need to strengthen the bonds of integration and deepen the levels of cooperation.

There was a time, millions of years ago, when the landmasses of North, Central and South America along with the Caribbean was contiguous; when the hemisphere was one land. Undivided.

History records the similarities in custom and culture among our various indigenous peoples over the last millennia.

Our recent history bears the common punctuation marks of colonization, decolonization, independence, ideological strife and the struggle for development.

Today, countries of our hemisphere confront similar challenges:

- The challenge of expanding opportunity while ensuring that such expansion is shared;
- The challenge of fostering, facilitating and enabling the growth of quality jobs for people;
- The challenge of ensuring greater levels of equity, between genders, among races and ethnicities and without regard to class or creed;
- The challenge of providing critical infrastructure while maintaining fiscally sound and credible policies;
- The challenge of improving citizen security and public safety within a liberal, democratic framework without infringing upon human and constitutional rights;
- The challenge of tackling the scourge of corruption which threatens the vitality of our economies;



- The challenge of responding to the effects of climate change and
- The challenge of making our way in an increasingly unpredictable world.

## **INSTITUTIONAL SHARING**

Our common problems can be successfully confronted through a collective approach that depends on individual country action, institutionalized sharing and replication.

Among our hemispheric neighbours, the policy response to our common problems is naturally heterogeneous in nature with divergent results as an often consequence. In this way, the hemisphere is a virtual laboratory of what works well, under what conditions and what doesn't work.

There was a time that we first looked to the United Kingdom, Spain, and the United States for solutions to our problems. While they remain among our closest partners, friends and counterparts we increasingly need to indigenize our policy responses.

In that regard, members of the ECLAC family, we are the solution we seek:

Our solutions exist within in our collective experience.

I note the indigenous innovations of Chile in advancing fiscal transparency, fiscal credibility and fiscal probity in Government. In two months the head of your fiscal advisory council will be speaking in Jamaica on your experiences in this arena. The hemisphere can learn from you.

I note Chile's advances in transparency and open government. Chile is a hemispheric leader in this arena. The hemisphere can learn from you.

And Jamaica can share too.

## **HEMISPHERIC SUPPORT AND COOPERATION**

Our world is characterized by mutual dependency. Our success lies in the success of our neighbours. Our progress is dependent on, and itself catalyzes, the progress of others.

Similarly what retards the development of our sister country ultimately impedes our own progress.

Our cooperation must therefore be built on a foundation of mutual understanding and shared advocacy: Understanding of our opportunities and challenges so we may work productively together, advocate on behalf of each other and achieve the goal of hemispheric peace, security and prosperity.

So let us re-engage, meaningfully in short order. Jamaica is increasingly convinced that the path to prosperity can be forged

through expanded trade and investment and a deeper regional cooperation between the countries of Latin America and the Caribbean. Let us therefore invoke the spirit of Bolivar and renew our quest for true political and economic sovereignty through renewed commitment to cooperation, partnership and solidarity.

Seguimos adelante!