

Closer Engagement by ECLAC with CARICOM

Statement by the Executive Secretary, Alicia Bárcena,
Economic Commission for Latin America and the Caribbean

Community Council of Ministers
Montego Bay, 3 July 2010

Honourable Ministers,
Excellencies,
Ladies and gentlemen

I would like to thank you very much for inviting me to this session of the Community Council of Ministers and giving me an opportunity to address you.

I would also like to thank many of you for sending representatives from your countries, as well as the CARICOM Secretariat, to the thirty-third Session of ECLAC, the Economic Commission for Latin America and the Caribbean, in Brasilia last month.

As you are all very well aware, GDP growth in small, open economies in the Caribbean varies widely due to vulnerability to exogenous shocks. Their challenges are compounded by their narrowly-based economies as well as limited institutional capacity to manage risks and to overcome these external shocks. As we all know, the recent economic crisis has had profound consequences for the global economy, including that of Latin America and the Caribbean. The sharp decline in tourism receipts, commodity earnings, remittances and tax revenues has adversely affected the small economies of the Caribbean. Governments in small economies have few fiscal and monetary instruments to address the decline in output and employment. Although counter-cyclical measures, including expansion of social programmes, have been employed in order to moderate the impact of the crisis, these measures have strained government finances.

The cost of the crisis, as measured in terms of lost output and employment, is compounded by intractable structural issues, such as high unemployment, particularly among youth, the effects of international drug trafficking and the challenges posed by a series of natural disasters. Income disparity in the Caribbean is still wide and available data suggest that the crisis has exacerbated this problem in many countries.

Since small economies obviously differ from larger economies, it is imperative that we find a suitable development paradigm that fosters equitable and sustainable development of our countries. To ensure such development, evidence-based government policies that yield results are needed. International financial flows, in the form of official development assistance, foreign direct investment and remittances, should foster long-term economic growth. Remittances, which currently finance household consumption, could conceivably be an important source of investment, especially for small and micro enterprises. In the long-term, prudent government spending and debt servicing could ensure that governments are able to provide accessible social programmes in times of need.

The issue of equitable economic growth, particularly in terms of opportunities, was considered at ECLAC's most recent Session, in Brasilia, last month. To reduce inequalities in the region, we noted in our principle document the need to have active labour market policies, improved education systems, as well as increased social spending and adequate income transfer systems. Some of these recommendations, if suitably adapted to the specificities of small island developing States, could address the challenges faced in the Caribbean.

Excellencies, Ladies and Gentlemen,

When presenting the "Report of the twenty-third session of the Caribbean Development and Cooperation Committee" (LC/CAR/L.257) at the Commission in Brasilia, the Hon. Nazim Burke, Minister of Finance, Planning, Economic Development, Energy, and Foreign Trade of Grenada, as Chair of the CDCC, noted that "there is no alternative to deepening the process of regional integration and increasing our cooperation with countries of Latin America and other regions" and that "ECLAC and the CDCC are critical in strengthening and building on those cooperation arrangements across the region".

As you are aware, this Session of the Commission followed a series of high-level meetings between Member States of the CARICOM and key countries in Latin America, including Brazil and Mexico. As such, these remarks resonated with the recent overtures towards regional integration in Latin America and the Caribbean.

Over the past forty years, ECLAC has facilitated technical cooperation on a wide variety of issues ranging from economic and trade analysis, statistics, demographics, gender and information management, to sustainable development, using resources that are available, not only through our sub-regional office in Port of Spain, but also throughout the region, including Santiago and Mexico City. We stand ready to provide technical cooperation aimed at strengthening national capacities in conducting the research needed to formulate effective evidence-based policies, in collaboration with CARICOM. ECLAC recognizes, for example, the acute need to strengthen statistical capacity in the Caribbean. Due to scarcity of reliable statistics, our recent publication *Achieving the Millennium Development Goals with equality in Latin America and the Caribbean: Progress and challenges* had limited coverage of the subregion.

It is our goal to complement our technical support with a constant generation of ideas, topics and trends that are relevant to the development challenges of the Caribbean. We are working on the creation of a Caribbean Development Round Table in Port of Spain as a forum that brings together leading researchers, policy makers and other stakeholders to consider development paradigms that are appropriate for our countries and to propose strategies for attaining sustainable development.

In order to strengthen both economic and social resilience of the subregion, we look forward to deepening our ties with our Member States as well as our valuable partners in the Caribbean.

These are some of my personal thoughts that I wanted to share with you. With these words, I would like to thank you for giving me an opportunity to address you at this session of the Council.