

The Caribbean and the G20: The Search for an Engagement Framework



Georgina Chami

is a Research Fellow, Institute of International Relations, University of the West Indies, St. Augustine Campus, Trinidad. She holds a doctoral degree in International Relations from the Institute of International Relations, St. Augustine Campus. Her areas of expertise are International Organizations, diplomacy, peace/security, and conflict resolution. Dr. Chami is a member of the United Nations Association of Trinidad and Tobago, Sub-committee for Community Mobilization - Habitat for Humanity, and UN Volunteers program. She was also a recipient of the Visiting Fulbright Scholar Research Program in 2010.
e-mail: georgina.chami@sta.uwi.edu



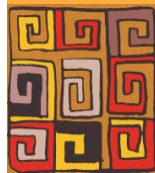
Introduction

The G20 has emerged as a significant institutional component of the global governance architecture since its inception in 1999. This group consists of 19 countries plus the European Union created to respond to the Asian financial crisis. For the last decade and a half, with several gatherings of finance ministers and central bankers, this forum has evolved into a global economic forum for Presidents and Prime Ministers to determine solutions on assuaging the US-triggered global financial crisis. The G20 leaders have met seven times since its inaugural meeting in Washington in 2008.¹ Over time, four issues have emerged as the litmus tests for G20 effectiveness: reform of financial markets, reform of the Bretton Woods Institutions, the conclusion of the WTO's Doha Development Agenda, and the mitigation of global macroeconomic imbalances.²

Despite the exclusion of 173 UN member countries, the G20 is growing in significance globally. Many scholars have avowed that the creation of the G20 improved global financial and economic governance by enlarging the G8. This expansion has the inclusion of the emerging economies of China, South Africa India and Brazil which have forced a change in the status quo of the who's who in the global system. The positive interplay of economics and politics has allowed these countries to force their right to ascension in and expansion of the G8. Moreover, the membership of the G20 represents 85% of global output and two-thirds of the global population.³ Discussions in these Summits focussed on approaches for strengthening the global economy, reforming international financial institutions, improving monetary regulation, and recommending key economic reforms needed in each member country. This all part of the G20 focus and emphasis on adopting measures to support global economic growth.

Over the years, the countries in the G20 have become the main decision-makers and rule makers for managing the global economy instead of the G8 – which consisted of the world's richest nations. Now, at the pinnacle of global governance structures, the G20 is influencing the mandates of key global institutions such as the World Bank, the World Trade Organization, and United Nations Agencies. Consequently, these Institutions have become accountable to the G20. But the question remains is the G20 offering a new forum for States to address serious global economic governance challenges.

The paper is structured in three parts, following this introduction: Part 1 reviews the history of the G20. This is followed by Part 2 which discusses the issue of the G20 either as promoting the interests of dominant global economies or global economic governance. Part 3



summarizes the current financial crisis upon the CARICOM member States and viability within the G20. A concluding section summarizes the main implications for the future dynamics of the G20.

Part 1: Origins of the G20 Summit

The G20 is the modern interpretation of the G7/8. Since the early 1970s, the G7 has evolved in response to systemic changes. In order to appreciate the current structure of the G20, it is important to retrace its historical origins.⁴ With the collapse of the Bretton Woods system of fixed international exchange rates in 1971, there was the need for better coordination of economic and financial policy. Accordingly, on March 25, 1973, the Finance Ministers of Britain, France, Germany and the US met at the White House Library to discuss this matter.⁵ In September, they were joined by the Japanese Finance Minister, and this group (subsequently known as the Group of Five) met periodically. Following these initial meetings, in 1974, the heads of government from the United States, Britain, West Germany, Japan and Italy were invited to a summit at Rambouillet, France. The meeting was aimed at finding ways to overcome the energy crisis of 1973-1974. By 1976 the group became seven with the inclusion of Canada.

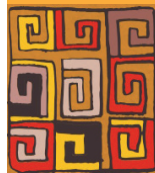
In the 1980s, the annual G-7 Summits became more formal, with an agreed statement, or Communiqué, issued by the leaders at the end of each meeting. Within these Summits, there was an expansion of the issues tabled for discussion brought by leaders such as the then US President Reagan, French President Mitterand and German Chancellor Kohl. Interestingly, some issues discussed reflected the Cold War tensions evident during this period. For example, at the 1983 Summit, hosted by President Reagan, G-7 produced an agreement which supported the deployment of U.S. Pershing and Cruise missiles to Europe to confront new Soviet SS20 missiles.⁶ The tensions of the global system at that time conditioned or influenced the discussions within this Summit. As the Cold War grew to an end, other issues surfaced that posed serious challenges for the G7. These included rising intrastate conflicts, dissolution of the Soviet Union and environmental concerns.

With the end of the Cold War, as democratic and economic reform got underway in Russia, Russian leaders were gradually integrated into the G-7. Former Presidents of Russia, Gorbachev and Yeltsin attended Summits in London 1991 and 1992/1993 respectively. Within these Summits, some issues discussed included financial assistance to the

Russian economy, cooperation in the credit and financial service and foreign policy. In 1998, the G-7's name was formally changed to the "G8," and its first meeting was held in Birmingham in June of that year. At this Summit, there were three main issues discussed - employment, combating international organized crime and global economic issues, including the crisis in Southeast Asia. The G8 represented the main economic powers at that time that were deemed democratic, and militarily allied to the US. Due to the small size of this Group, the heads of government were quite informal as they knew each other reasonably well.

The G8's antecedents, the G6 and G7 were not exclusively about international economic cooperation and stability. Instead, they reflected the efforts by the Western powers to come together in face of economic turmoil in the 1970s to ensure that their power and influence would not be compromised. In the 1970s, the USSR appeared to be in rude health and the Arab countries revealed American and European vulnerabilities by cutting off oil during the Yom Kippur War.⁷ Since then, the G7/8 coordination and cooperation have often been motivated once the West's power comes into question economically. In the late 1980s, with the debt crisis and impending Post Cold War, once again there was a level of economic coordination between these countries. The reason was that these countries were not only grappling to deal with Post Cold War architecture⁸ but more importantly its subsequent social, economic and political challenges. These countries came together in order to ensure that their power and influence would not be threatened in the face of 'new' economic uncertainties.

In the 1990s, the agenda remained focussed on economic and financial issues. As the Summits progressed, attending leaders also discussed issues not on the agenda and which was pertinent to them at the time. In this regard, leaders increasingly began discussing topics such as security, development and the environment. By and large, for the G8 countries, this forum has evolved into an established feature of the international landscape. It allowed for policy coordination and reflection of their global importance and might particularly to their other counterparts. However, this changed somewhat in the late 1990s with the financial crises centered mainly in Latin America and Asia. These crises highlighted the growing significance and importance of the inclusion of key emerging economies. Up to that point, these economies were inadequately included in global economic management efforts. Their inclusion was regarded as vital to the continued structure of the global economic system in place.



In 1999, the G20 ministerial forum was created in response to a major financial crisis: the global financial crisis which originated in South East Asia in late 1997 and spread to Russia and Latin America in 1998. This forum also reflected the declining power of the G7 countries in the global economy and the inclusion of some emerging market economies in the G20.⁹ These so called 'newcomers' were emerging surplus economies and their participation in stabilizing the international financial system became imperative. It was therefore important to include these economies in the discussions on matters of global economic governance. The basis for selection of some of these countries remain questionable, a 'reflex of the G7 world'.¹⁰ Countries such as Argentina, Australia and Saudi Arabia were included in the forum because they were emerging surplus markets and good allies of the US. In the case of Argentina, its inclusion was allegedly related to the friendship between Secretary of the US Treasury, Larry Summers, and Argentine Finance Minister, Domingo Cavallo, who were roommates as Harvard graduate students.¹¹

The first G20 Summit was held in Washington, DC, on November 15, 2008 and discussions focussed on "principles of reform" - reform of the global financial system to prevent a recurrence of the crisis. This Summit was of foremost importance as the Western countries were observed as seeking assistance from the emerging economies such as China in order to avoid another global depression. This was significant as the system witnessed a shift in the balance of power from West to East. After this monumental meeting, the G20 leaders announced that it would overtake the G8 as the main economic council of wealthy nations and meet annually to discuss matters of international financial stability. Subsequent to this Summit, eight meetings were held: London and Pittsburgh (2009), Toronto and Seoul (2010), France (2011), Mexico (2012) and Russia (2013). Integral to these Summits, is the coordination of operations, practices and discussions of this group even though there is no permanent secretariat or staff.

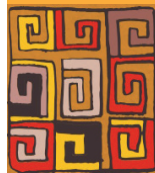
Over time the G20 developed a systematic organizational approach, which adapted the G7 experience to the enlarged membership. It included a rotating presidency, intensive communication and close coordination among the ministers' G20 deputies, known as Sherpas. The Sherpa is appointed by each country who is a personal representative of the government leader. The Sherpas met frequently prior to the Summit to select summit agendas that include non-financial issues and coordinate on the progress of negotiations that are held at various forums.¹² These individuals are appointed for more than one year and provide institutional support. They also must have frequent meetings with business and civil society in order to solicit

their positions/viewpoints on areas being discussed. Toward the end of the process, along with the Deputy Finance Ministers, the Sherpas prepare the final declaration statement and other supporting documents for the Leaders. The Sherpa is generally quite influential and provide both an institutional memory and an aid to ensuring follow-up to previous commitments.¹³

By October 2001, the focus of the G20 ministerial forum shifted from its initial concern with crisis response and the challenge of globalization to combating terror financing (after 9/11). Other areas included development aid, financial abuse and crime, and financial system reform. In this regard, senior representative of G8 Justice and Home Affairs Ministries met in Rome to discuss steps to combat international terrorism and decided to combine the G8's Lyon Group (fighting international crime) and the G8's Roma Group (fighting international terrorism).¹⁴ The G8 Lyon Group was created after the 1995 Summit in Halifax, Nova Scotia. It comprised a group of experts seeking alternative and better ways to fight international crime. "Subgroups" of the Lyon Group thereafter were formed to address specific crime-related issues (especially in emerging market economies). Reform of the Bretton Woods Institutions (BWIs) was a focus especially promoted by the Chinese and Australian chairs in 2005 and 2006.

Meanwhile, the tenuous nature of G8 membership was becoming clearer. At this point, the G8 members responded by inviting five key developing countries to the Gleneagles meeting – Brazil, China, India, Mexico and South Africa. Countries not represented in the G20, were displeased with their exclusion. However, membership of the G20 ministerial forum remained stable from 1999 to 2008. With the financial crisis of 2008, the US economy was plummeting, triggered initially by bank failures and a housing market collapse. Across the globe, stock markets plunged and it was soon quite apparent that the financial institutions – the IMF, the G8, the UN or the G20 grouping of finance ministers – were incapable of addressing this crisis. This led to the conclusion that short of a major global crisis, a serious reform of the G8 summit process was unlikely.

Subsequent to this Summit was the London G20 Summit which was historic because it set the "core agenda" for future G20 summits. It focussed on three crucial issues: (i) macroeconomic adjustment for recovery and rebalancing; (ii) strengthening national and global institutions for oversight, supervision and regulation of financial markets and institutions; and (iii) reform of and allocation of resources for the international financial institutions, especially the IMF.¹⁵ Furthermore, at this Summit, there was also a change



in the composition of the Financial Stability Forum which was predominantly European and North American senior finance ministry and central bank officials, into a revitalized Financial Stability Board (FSB),¹⁶ which included all G20 countries. The G20 leaders in London also decided to initiate a reform of the “shares and chairs” of countries in IMF governance arrangements to reflect the new global realities of the rise of emerging market economies in the global economy.

Part 2: G20: Promoting Global Economic Governance or Dominance

Over the years, the countries in the G20 have become the main decision-makers and rule makers for managing the global economy instead of the G8 – which once comprised the world’s richest nations. While the G20 has seemingly replaced the G8, it is more reflective of the emerging powers. Reflective perhaps it is, but not necessarily representative. For example, the region of Latin America and the Caribbean is represented by only three countries: Argentina, Brazil and Mexico. The continent of Africa is represented only by South Africa. The G20 does not consist of the twenty largest economies in the world. Selection of countries is not based on objective criteria and is in itself problematic. Ban-ki-Moon, the UN Secretary-General, attested that eighty-five percent of the world’s countries are not represented at the G20. In the end, it is power that matters which is associated with purchasing capacity and market size. In this regard, the G20 represents an ‘economic hegemon.’ This is problematic because it further excludes countries that are not members of the G20.

Since its establishment, the G20 Finance Ministers group was seen as a way of opening up and rationalizing the international dialogue. Within this group, each country represents its own interests, not those of its neighbours. This is problematic as it further ostracizes the countries that are not members of the G20. G-20, itself, categorizes its member countries as follows:

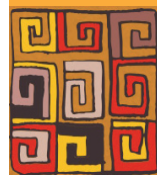
- Advanced surplus countries: Canada, France, Germany, Japan, and South Korea;
- Advanced deficit countries: Australia, United Kingdom, and United States, and the euro area minus France, Germany, and the Netherlands;

- Emerging surplus countries: Argentina, China, and Indonesia;
- Emerging deficit countries: Brazil, India, Mexico, South Africa, Turkey, and other European Union countries; and
- Major oil exporters: Russia and Saudi Arabia.¹⁷

Even though, these countries have been included in the G20, there is still a ranking among these countries according to economic status. This is demonstrative of the significance of the economic dimension for the developed North countries. Interestingly, with this classification, it is still evident that emerging economies are still subjected to the further categorization based on the 'Eurocentricism.'

The G20 works closely with a number of key international institutions, including the International Monetary Fund (IMF), the World Bank, the Organisation for Economic Cooperation and Development (OECD), the World Trade Organization (WTO), the Financial Stability Board (FSB), the United Nations (UN), and the International Labour Organization (ILO). Representatives from regional organisations such as the Association of Southeast Asian Nations (ASEAN), the African Union (AU), the New Partnership for Africa's Development (NEPAD) and the Gulf Cooperation Council (GCC), have attended various G20 Summits. The G20 is directly influencing the global governance structures, mandates and functions of these global institutions. These financial entities have become accountable to the G20 and have been highly criticized for promoting the interests of the G20 countries. In this regard, this persuasion has stigmatized the G20 and stymied its image as all-inclusive and representative.

The African, Caribbean and Pacific countries view the G20 as not reflective of a new world economic order but rather a continuance of "the old economic system" that has been in existence for many years. While the G8 countries consulted carefully with the dynamic emerging market economies about the future growth and stability of the global economy, not much has changed. While this forum should allow for more diverse discussion and dialogue on global economic governance given its composition, another trend is emerging. The group seems to be emphasizing the power of the 'big powers.' This is confirmed with its continued association and influence over the Bretton Woods Institutions. The G20 has effectively undermined the existing system of multilateral cooperation by ensuring that the interests of these countries are advanced within these institutions. As such, the majority of nations lose voice and influence on subjects that affect them crucially. This has triggered deep levels of resentment towards the G20.



The world was duped into thinking that the summits for the last four decades of the G8 were about consensus and cooperation in dealing with shared problems. These wealthy and stable democratic nations with strong and ambitious leaders have urged nations to opt for international economic cooperation which in return would spur benefits for international trade, financial integration and economic policy coordination. But the reality of the present context have shown that that global challenges are creating opportunities and non-opportunities for countries generally. This situation has put into question given models on economic management, fiscal austerity and surplus and deficit countries. G8 Summits are rooted in domestic politics which are now more polarized and paralyzed than in earlier periods. This is even reflected in the recent Ukraine crisis. This has retarded the G20 Summits to provide strong global leadership when the leaders' parliaments and publics are in conflict.

On the other hand, it is argued by some scholars that the G20 embraces a broader group of countries, cultures and economies than the G8. Despite its flaws, it is largely representative meeting of the world as it is. In addition, the G20 has developed strong networks among officials of communication and consultation. The strength of this network of senior officials is the foundation of G20 Summits and provides the means of moving the global agenda forward continuously from one presidency to the next. At the same time, the history of both the G7/8 summit and of the G20 ministerial forum shows that the informal nature of these institutions makes them flexible instruments in responding to the changing global economic and political crises and longer-term challenges and opportunities. They offer leaders the opportunity to interact with and listen to each other, develop a sense of team and trust and help prevent misunderstanding.

Part 3: CARICOM connection

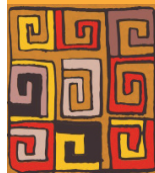
The majority of states in the world are small; indeed, the number of small countries has increased significantly in recent decades. Small developing economies have structural and institutional characteristics, which affect the process of economic growth, constrain their ability to compete, increase their vulnerability to external events and limit their capacity for adjustment.¹⁸ Some of these disadvantages are associated with small size, insularity, remoteness and proneness to natural disasters. These factors make the economies of these states very vulnerable to forces outside their control — a condition which sometimes threatens their very

economic capability. The GDP or GNP per capita of these states often conceals this reality. Consequently, the manner in which these economies participate in the world economy and their internal economic management and structural adjustment remain critical to their economic development.

These small States known as Small Island Developing States (SIDS) is a distinct group of developing countries facing specific social, economic and environmental vulnerabilities. The United Nations has been assisting and extending cooperation to SIDS in their sustainable development efforts through the Programme of Action for the Sustainable Development of SIDS finalized at the Global Conference held in Barbados in 1994, known also as the Barbados Programme of Action (BPOA).¹⁹ The BPOA was reviewed and revamped, now known as the Mauritius Strategy for Implementation of the Programme of Action for the Sustainable Development of SIDS (MSI). Areas covered: climate change and sea-level rise, natural and environmental disasters, coastal and marine resources, land resources, energy resources, tourism resources, biodiversity resources, national institutions and administrative capacity, regional institutions and technical cooperation, transport and communication, science and technology, and human resource development.

With the current global financial crisis, the vulnerability of small states in the CARICOM region is reflected in the critical challenges these states face. These include declining exports, foreign reserves, government revenues and employment. Furthermore, the increasing interconnectedness between countries economies has increased their susceptibility to the effects of the present crisis. CARICOM countries are no different in this respect. The challenges arising from these crises have exacerbated the already economic vulnerabilities within this region. In this regard, CARICOM is now at a critical juncture in regard to its thrust towards deeper regional cooperation. Like many developing countries, the crisis threatens the core of the region's integration initiative and also provides opportunities to strengthen regional ties. Consequently, CARICOM states must analyze the G20 in terms of the benefits for the region. As the leading forum for global economic cooperation, the latter is vital for the sustainability of CARICOM.

As the UN acknowledged in 1994: "Small Island Developing States (SIDs) are limited in size, have vulnerable economies and are dependent both upon narrow resource bases and on international trade, without the means of influencing the terms of that trade."²⁰ As part of SIDs, CARICOM confronts distinct development challenges largely due to their vulnerability to external shocks. Increasingly,



these countries continue to be affected by the global economic, financial and security crises that threaten progress and challenges efforts to encourage sustainable development. This is evident with the increasing economic challenges faced by Member States in some key sectors; agricultural, tourism, mining and bauxite and finance. This crisis also had a significant effect on international trade, remittances and employment.²¹ The Caribbean depends on few commodities and relies heavily on the service industry. Therefore, the developments in the industrialized economies impact the development of CARICOM as a region significantly.

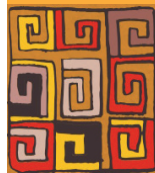
Generally, the financial crisis has produced negative consequences for the CARICOM region. The most evident has been in the area of trade. In most of these nations the economic structure is strongly dominated by exports of goods and services. In terms of trade, the US, EU and Canada are three main markets for CARICOM exports, averaging about 70% of total exports. However, with these economies in a recession, trade with CARICOM has been adversely affected.²² Given the negative impact of this crisis on these markets, we have seen a decline in the demand for CARICOM exports. This was compounded by a concurrent decrease in the price of export commodities. These included oil, aluminum, sugar, bananas and rice to name a few.²³ The European's demand for CARICOM commodities such as banana, rice and sugar has fallen as well as China's demand for commodities such as bauxite.²⁴ The financial crisis has negatively impacted on the demand for CARICOM goods and services thereby affecting the income of these economies. This only worsened the trade balance for countries in CARICOM.

Another area negatively impacted upon by the global financial crisis is the tourism sector. CARICOM is largely dependent on this sector for income earnings, especially countries like the Bahamas, Anguilla, Antigua and Barbuda, Barbados, Jamaica and St. Lucia. The main tourist markets for the Caribbean are the US, UK and Canada. With the current global financial crisis, there has been less demand for these key markets and lower tourist arrivals in the CARICOM. Hoteliers have reported considerably lower levels of bookings and occupancy rates. Some countries have even reduced in the hotel room rates by over 60% but the low occupancy rates still exist. Tourist arrivals declined significantly in most of the CARICOM economies. The decline in the tourism industry has also impacted negatively on other-related areas such as the entertainment industry which includes restaurants, sports, night clubs, tours and souvenir shops. The fall in the tourism industry is also having a negative impact on unemployment.

The global financial crisis also had a detrimental impact on growth in this region during 2009. Given the strong linkages of the region with the US and Europe, the effects of the crisis through a reduction in the demand for Caribbean exports, the deceleration of the inflow of remittances and the slowdown in FDI generated a growth contraction of approximately 0.2 percent for the entire region²⁵. Countries such as Bahamas, Barbados, Jamaica, Grenada, St. Kitts and St. Lucia have all experienced negative GDP growth rates in 2009. Growth in these countries was -3.9%, -3.5%, -1.0%, -1.5%, -5.2% and -2.5%, respectively.²⁶ With respect to inflation, for the first half of the 2008, most CARICOM countries experienced an increase in their rates. This was as a result of an increase in commodity prices especially food and energy prices. These negative effects coupled with several other factors added to increasing unemployment regionally and possibly even increasing the incidence of poverty in CARICOM. Therefore, while globalization presents the prospect of a more dynamic environment in which CARICOM might prosper, there is also greater risk of exposure to negative exogenous shocks.²⁷

In spite of its historical vulnerability to natural disasters and to fluctuations in the global economy, the Caribbean region has not managed to overcome its constraints in reacting to shocks. The global financial crisis has impacted negatively upon these economies - declining terms of trade, foreign exchange from the trade and tourism sector, and foreign direct investment. Hence, in such economic and financial uncertainty, many CARICOM countries will be seeking to secure financial assistance and forge new relations with partners that can ensure the well being of their citizens. However, CARICOM countries must be cautious in the kind of partnerships they pursue external to the regional initiatives like the CARICOM Single Market and Economy (CSME). Though some arrangements may appear to be attractive, especially in recessionary times, they may obstruct rather than enhance deeper regional integration. In fact, such arrangements may result in a weakened form of integration regionally which ultimately can lead to the demise of the CSME.

Consequently, in an increasingly globalized world and with exogenous shocks, the CARICOM region is presented with opportunities and challenges for enhancing trade preferences and overcoming issues like trade and food security, institutional and structural constraints. Without a doubt, threats in these areas can be alleviated through suitably devised strategies, programmes and monitoring mechanisms which embrace sustainable development and are supported both by CARICOM governments and the international community, namely their development partners. Thus, in parallel to globalization is the apparently paradoxical growth of regionalism, with countries



seeking to establish regional economic blocs.²⁸ CARICOM in response to the negative impact of an interdependent global economy has often experimented with regional integration initiatives intended to achieve economic development and sustainable growth. An example of the latter would be the CARICOM Single Market and Economy (CSME) which seeks to broaden the region's economic space.

Regional efforts are only affected by the insularity problem which has existed for years and affect our decisions on vital issues. Within the CARICOM region, divisions have emerged over critical issues as security, immigration, IMF borrowing, foreign policy agendas, practicability of the Caribbean Single Market Economy, and the Caribbean Court of Justice. To a lesser extent, there is limited focus and discussions on critical national and regional issues. These include the development of the region; regional security; intraregional trade and acculturation. Excluded from serious public debates are issues such as environmental degradation, rising poverty and debt. Even though, within the region, there are several costly and extravagant conferences, they seldom yield positive outcomes. Yet, in this climate, some conscientious political analysts and social scholars are attempting to elucidate the key variables needed for CARICOM countries to forge its own successful pathway. Caribbean scholars like Norman Girvan, Lloyd Best and Vaughan Lewis have all penned insightful commentaries on how Caribbean countries can continue to survive despite these financial crises.

Although the crisis has adversely affected CARICOM countries and the process of regional integration, countries have shown noted resilience in stabilizing their economies at such a time. Many regional scholars namely Professor Norman Girvan have emphasized the urgency and importance for Caribbean leaders to be a part of the decision-making tables at international forums such as the IMF, G20, the United Nations and the World Bank. Decisions within these Institutions may have a direct or indirect impact upon their economies. Drawing from history, CARICOM has played a crucial role in providing natural resources to European countries and the USA which allowed their societies to become advanced economies quickly. Moreover, CARICOM countries continue to advance ideals of democracy, with geographic strategic value for Europe and North America. Unfortunately, these countries have fallen victim to the hegemonic values and customs of the latter. This has allowed for a lower appreciation of one's pride, significance, potentiality and a sense of inferiority that affects our development and progress. The way forward for CARICOM is to develop new ways and techniques to promote itself, its interests and advantages with the tenacity to overcome these challenges.

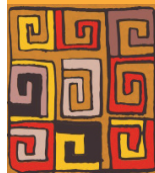
Part 4: The Way Forward

The G20 has emerged as the foremost economic forum for global economic cooperation. Originally convened to address the Asian financial crisis of 2008, the G20 has evolved into a powerful forum which accomplishes more than simply international economic cooperation. As the international system attempts to recover and stabilize, there is a concern that countries will lose the sense of urgency to agree on key issues and policies in response to them. But the effectiveness of the G20 is not in question as it has shown the capability to administer to issues beyond the financial crisis; coordinate financial policies; and implement decisions agreed upon at previous summits. In this regard, its sustainability as a leaders' forum is not threatened. What is to be addressed is how the CARICOM region like many other developing regions can do in order to position their countries to access and influence forums like the G20. Many Caribbean scholars especially the New World Group envision CARICOM countries as eligible to enter into any trading arrangements and more importantly the G20.

Common Voice & Outreach

As a region, it remains critical that we foster a strong sense of unity, oneness - "Caribbeanness." The CARICOM region must discover creative methods of listening to each other, having a common voice on pertinent issues especially within the frameworks of the G20 and the IMF and World Bank. This will increase our influence and power. CARICOM stands to gain tremendously from its own representation in international forums. We must adopt a proactive role in these decision-making processes and provide insightful and intellectual input to influence and shape these processes. Some might question the perceived and actual power and influence as a region that we possess. But as a region, more work is required on identifying who we are, what makes us unique and how we can become power players in these forums. In terms of human capital/resources, it has become quite evident that the selection of competent and appropriate persons for the negotiating forums is still lacking within these forums. With diminishing empathy for less developed countries and more so for remittances, foreign aid and 'handouts,' it is crucial that CARICOM revisit this area.

Furthermore, these institutions have intentionally established structures that protect their interests; they are seldom concerned with



recognizing how their fate and the CARICOM's destiny are interlinked. In this regard, CARICOM must explore initiatives at both the regional and international levels that can increase its visibility and power to be a global trading partner. The G20 is designed for the developed economies both to support each other and impose their collective financial agendas on the rest of the world. With the inclusion of the emerging powers into the G20 instead of a focus on a new multipolar world order, the G20 is engaged in a re-ordering of the global system of finance and trade. Consequently, we have seen the emergence of a global financial consortium which is detrimental for developing countries. In this regard, CARICOM should pool its resources together and form alliances with other developing countries and lobby for some kind of accommodation at the G20. In this manner, they would be able to not only highlight issues pertinent to their economies but also exert influence on a system which is directly affecting their development and progress.

Ultimately, CARICOM as a region needs to cultivate that culture of confidence to exceed at generating ideas to allow their States to prosper and achieve. The region must develop that drive for excellence through virtues of mutual affirmation, cultural creativity and equality. In short, the region has to gain the respect and therefore legitimacy required to exert influence on the global landscape. In essence, CARICOM must acquire niche strategies that would ensure its position in the global landscape and its continuity. It would also be more useful as a region to figure out how to attract and unify CARICOM resources – human and natural for its continued existence. As a region, we must unite and work on strategies to advance our interests, understand our wants and strengthen our region to be a decision-maker within this forum. To enhance legitimacy for and understanding of CARICOM, more extensive outreach efforts, could be introduced. CARICOM as a region must lobby in their outreach efforts, hosting consultative meetings with civil society, business leaders which would incorporate the interests, perspectives, and opinions of both excluded countries and non-state actors.

Preparation & Agenda Setting

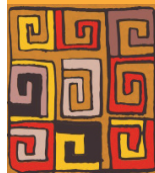
If CARICOM countries aspire to positions of leadership or gain the G20 status then they have to display that level of preparedness and expertise. Substantive preparation is essential to a successful negotiating forum. There must be proper analytical work which determines the content of the negotiating briefs and ensures that possible areas of conflict and consensus are avoided. There must

be coordination between Member States to determine positions to be taken on the different thematic issues in order to have a common position. It has been observed that a lack of preparation, uncoordinated policies, non-representation and improper representation have affected CARICOM's participation at these negotiating forums. Experience also shows that great care must be taken in the selection of the negotiating team, and in the assignment of responsibilities. Individuals chosen should be versed on the issues involved, be effective communicators, possess good interpersonal relations, and be a team player. The aim is to develop a team with a culture and identity of its own, with collective aims, strategies and positions that have been worked out by all of the members.

CARICOM needs to set up machinery for foreign policy planning, where trends can be highlighted, and issues identified within a medium to long term horizon, together with options for dealing with them.²⁹ To date, CARICOM's approach to negotiation is more reactive rather than proactive, with the other side defining the agenda, which limits the room for influencing or maneuvering. One consequence of this is that negotiators tend to approach the negotiation with a very short term perspective, giving only secondary consideration to longer term issues. An example of this lack of a long term vision is the approach that the region took at the completed Uruguay Round. Within this forum, CARICOM countries focussed mostly on traditional agricultural products and garments and less on non-tourism services which have important potential for the future. Development of non-traditional agricultural exports such as exotic fruits and vegetables, horticulture and aquaculture should be explored for its potential contribution to economic growth and development. The idea is for CARICOM to position itself to be an aspiring member of the G20 not only through alliances but increasing trade expansion/opportunities.

Composition and Accountability

Earlier discussions for a more representative body at the G20 focussed on the criteria for qualification in this Group. However, within the G20, Member countries were not selected according to objective criteria but based on the selective decision of the U.S. and Canadian Finance Ministers in the aftermath of the East Asian Financial Crisis. These countries represented their own interests and not their region. Therefore, from its beginnings, the G20 was not intended to be an inclusive or representative body. Over the years, the G20 has been transformed into a key forum taking decisions on how to govern global finance. Therefore, given its collective economic influence, its



actions will have an impact – positive or negative – on developing countries. In an attempt to address the fact that its membership excludes 173 countries, the G20 invites the participation of non-member countries at the Leaders' Summit, Ministerial and Working Group discussions.

The G20 collaborates with many groups in order to inform its positions on thematic issues. For instance, in addition to its Finance Ministers and Central Bank Governors Meetings, the G20 has convened Labour, Agriculture, Energy, Tourism, and Foreign Ministers for discussions. It also networks through initiatives, such as its "Financing for Investment" initiative to mobilize long-term infrastructure finance. In this regard, it collaborates with the World Economic Forum and regional bodies and initiatives, such as the Association of Southeast Asian Nations (ASEAN) Infrastructure Fund; the Program for Infrastructure Development in Africa (PIDA); and the Initiative for the Integration of the Regional Infrastructure of South America (IIRSA).³⁰ In this regard, CARICOM must now engage with other selectively chosen partners of excluded countries in order to form its own group. This group can be proposed for inclusion whether as an observer or liaison group in order to articulate their concerns. But they only do so if they are seen as organized, coherent and resolute group.

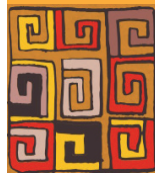
Unfortunately, to date CARICOM has not emerged as an influential voice in the world-shaping institutions like the World Bank, IMF and WTO because of the design and structure of the system. Within the Caribbean, it is important to identify our strengths and weaknesses, efforts at market integration, strategic intelligence, immigration freedoms, and innovative educational practices. If not, as a region, we stand to lose more than gain from such situations. For Caribbean leaders, the time has come for them to derive development solutions. In this regard, we can better appreciate solutions to our problems as opposed to imported ideas and perceptions that are ahistorical and acultural to our circumstances. In addition, we must attract and stimulate our people both abroad and locally who possess the ingenuity to facilitate its growth. Since these factors are not in place, then we provide no rationale to the most powerful countries globally to hear our concerns and or even consider them seriously. Perhaps, we should shift our focus towards rethinking how to fashion our destiny, from the inside out, while not dismissing the supreme value of finding relevant global partners to harness mutually beneficial interests.

Conclusion

With 173 countries permanently excluded, it is difficult to agree with the idea that the G20 is in some way 'representative' of the world. As shown, G20 lacks global representation because Africa, CARICOM and low low-income countries are not sufficiently represented. Clearly, for the developing countries especially CARICOM countries, the G20 has not lived up to expectation about inclusion of the wider international community and pledging to be more representative. But, it has also been shown that the G20 addresses issues that are relevant to the developing world such as development, security and trade. In this regard, with the growing significance of this forum to the overall global economic agenda, it is critical that CARICOM becomes more effective and dynamic towards negotiating its positions in these forums. Hence, CARICOM must align itself with selective partners in order to position itself strategically to gain from this forum.

CARICOM has remained committed to implementing policies aimed at improving regional competitiveness and creating strategic safety nets to protect the poor and those disadvantaged by the global economic crisis. The region has also called for further upgrading of the Community's financial architecture and greater cooperation in other regional initiatives. The responses of individual countries and the region as a whole, for the most part, can be described as necessary, pragmatic and strategic. More so, the actions taken at the national level have been consistent with those at the regional level. Although regional economies have been able to stymie the full onslaught of the crisis, to some extent, the crisis has definitely presented an even greater challenge for these economies for achieving deeper integration. CARICOM member states must also be mindful to not adopt economic agreements with countries outside of the region that may compromise the thrust towards deeper integration within the Single Market and Economy.

Generally, the G20 has been quite effective in advancing strategies for global economic governance. Discussion of such matters within a global forum makes these summits more meaningful. Through the Leaders' Summit, Ministerial and Working Groups, issues discussed are simultaneously of domestic and international concern. Thus, the G20 Summits are not just routine displays in diplomacy and international cooperation but shows attempts made to address complex problems arising within and between States globally such as combating terror financing, challenges of globalization, BWI reform and development. It is different to the G8 forums as it is more connected with domestic economic and political forces at work. In the present milieu, countries are jostling to reposition themselves in order to diversify their economic relations. In this regard, CARICOM



has to increase its visibility and influence within this forum and can do so through selective alliances and partnerships. This enhances its chances of securing interests vital to its future development. Despite the shortcomings, CARICOM is an effective negotiating agent for its Member states and in the future States must take advantage of that.

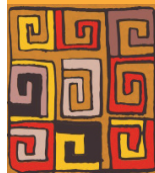
Notes

1. London (April 2009), Pittsburg (September 2009), Toronto (July 2010), Seoul (November 2010), Seoul (November 2011), Mexico (June 2012) and Russia (2013).
2. Stephen D. Krasner and Mo Jongryn (2013). "Regime Building in the Competitive World Order: The Case of the G20" in *Middle Powers and G20 Governance*, ed. Mo Jongryn. New York: Palgrave Macmillan, 85.
3. Nancy Alexander (2012), Introduction to the Group of 20, G20 Fundamentals, Issue 1, 1.
4. G20 (2008). *The Group of Twenty: a history*. <http://www.g20.utoronto.ca/>
5. Gordon Smith (2011). "G7 to the G8 to the G20: Evolution in Global Governance," *CIGI G20 Papers* 6, May 6, 2011, 4.
6. Meeting of G8 Justice and Home Affairs Ministers, Washington May 11, 2004. http://www.justice.gov/ag/events/g82004/g8_background.html.
7. G. John Ikenberry, "Salvaging the G-7," *Foreign Affairs* 72, no.2 (1993): 132.
8. Ikenberry, "Salvaging the G-7," 132.
9. The emerging countries are Brazil. Argentina and Mexico.
10. Robert Wade (2009), "From global imbalances to global reorganizations," *Cambridge Journal of Economics*, 33: 553.
11. Patrick, Stewart (2010), "The G20 and the United States: Opportunities for More Effective Multilateralism," *A Century Foundation Report*, New York, 49.
12. Krasner, and Jongryn (2013), 86.
13. Gordon S. Smith and Peter Heap (2010). "Canada, the G8 and the G20: A Canadian Approach to Shaping Global Governance in a Shifting International Environment," by, *SPP Research Papers*, The School of Public Policy, Volume 3, Issue 8, November 2010, 7. <http://www.policyschool.ucalgary.ca/sites/default/files/research/smithfinalfinal.pdf>
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15. Colin I. Bradford and Johannes F. Linn (2011). "A History of G20 Summits: The Evolving. Dynamic of Global Leadership," *Journal of Globalization and Development* 2011, Vol.2, 2: 110.

16. It is the responsibility of the Financial Stability Board to develop systematically important financial institution (SIFI) regulations.
17. Nancy Alexander, An Introduction to the G20, 2.
18. Richard Bernal, Small Developing Economies in the World Trade Organization. Paper Presented at World Bank Conference "Leveraging Trade, Global Market Integration and the New WTO Negotiations for Development," Washington, DC, July 23-24, 2001, 1.
19. UN-OHRLS, (2011), Small Island Developing States, Small Islands Big(ger) Stakes, United Nations, New York, 3.
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21. Peter Clegg (2009), The Caribbean and the global financial crisis: Implications for domestic politics and foreign policy.
22. Maurice Odle (2009), "From Subprime to Sublime Disaster; Implication for the Caribbean Region of the Current Financial Crisis in the USA", Caribbean Community Secretariat.
23. Clegg (2009).
24. Ibid pg.
25. Auguste Kouame and Maria Ivanova Reyes (2011), The Caribbean Region Beyond the 2008–09 Global Financial Crisis. Paper presented at the *Options for the Caribbean After the Global Financial Crisis Conference*, Bridgetown, Barbados, 11.
26. Caribbean Development Bank (2008) "Report of the Seminar on Global Financial Crisis and the Caribbean: Impact and Response" Economics Department, CDB.
27. Robert Read, *The Implications of Increasing Globalization and Regionalism for the Economic Growth of Small Island States* (United Kingdom: Elsevier Ltd., University of Lancaster, 2004), 372.
28. Read (2004), 37.
29. Alister McIntyre (1994), The Importance of Negotiation Preparedness: Reflections on the Caribbean Experience. Caribbean Dialogue 1, no. 1 (1994): 3.
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