



China-Caribbean Business Dialogue Barbados, August 5th 2009

Enhancing Relations between China and the CARIFORUM STATES

- 1 **China's Membership in CDB:** Joined the Bank in January 1998 – 6235 shares (5.7%) at a value of US\$56.412 million – \$12.350 paid-up and \$44.062 callable capital. Contributed \$33.2 million to CDB's Special Development Fund and pledged an additional \$8.1 million to the latest replenishment of the SDF(December, 2008). In December 2002 China established a Technical Cooperation Fund in the CDB with a value of \$1 million. In addition China has brought considerable diversity to the Bank's governance systems.
- 2 **China** has a long history of pre-eminence as a nation state; this is an old society (5000 + years). It is only in the last 150 years or so that there is some perception that it is not truly integrated into the world economy. In some ways China's growth rates over the last 30 or so years is a return to previous performance – though the parameters used to measure economic performance in the past may have been different. The point is that China for most of its History has been a leading country. The current economic growth is fuelling a foreign policy that is aimed at re-establishing China's leading "position" among the community of nations.
- 3 **By 2010** China will become the world's largest exporter. It already has a significant market share in low, medium and high technology products.
- 4 **China** clearly has a foreign policy strategy and **understanding of the country's strategic objectives** is key to enhancing the relations between China and the CARIFORUM States. And in this context the geopolitics of the international environment – particularly China's relationships with the US and Europe are important elements of this strategy.
- 5 **In this context** the CARIFORUM States need to identify the trade and foreign policy initiatives that can enhance or at least be consistent with the strategic objectives of China. For, in my view, the sustainable way to enhance the relationship between China and Cariforum is by ensuring strategic consistency of the two areas/economies. In other words the trade policies must serve the strategic interest of the participants.
- 6 **Identification of the Sectors:** Clearly the size and technological difference between China and the CARIFORUM states is an important factor that will influence the most appropriate areas for trade and development relations.
- 7 For the Caribbean these would include:
 - a. **Tourism**
 - b. **Financial Services**
 - c. **Commodities (bauxite, oil)**
 - d. **Forestry**
 - e. **Fishing**

From China's perspective the important sectors would be:

- a. Manufacturing**
- b. Food Production and processing**
- c. Construction Services.**

In the context of construction services there have been some tensions relating to the competitiveness of Chinese construction firms in the Region. It is critically important to "factor in" the different cultural and political systems – including labour laws, social protection systems etc. Relations between countries are not only about economics.