Richard L. Bernal

Globalization, Trade, and Economic Development: The CARIFORUM-EU Economic Partnership Agreement. New York: Palgrave Macmillan, 2014. xix + 269 pp. (Cloth US\$110.00)

Dragon in the Caribbean: China's Global Re-Dimensioning—Challenges and Opportunities for the Caribbean. Kingston: Ian Randle, 2014. xi + 225 pp. (Paper US\$19.95)

Richard Bernal was the principal negotiator for CARIFORUM (the CARICOM nations plus the Dominican Republic) in the negotiations that resulted in the Economic Partnership Agreement (EPA) with the European Union. That agreement triggered a firestorm of objections from the region's academic community and civil society. Nevertheless, the EPA was initialed in 2007 by all participants, though at the last minute Guyana was able to secure a minor revision calling for a review of the agreement after five years. *Globalization, Trade and Economic Development* is Bernal's response to that uproar.

The background to the negotiations that led to the EPA was the global move to trade liberalization that dates from the 1980s. This process was imposed on the Caribbean with the Cotonou Partnership Agreement of 2000 between the European Union (EU) and the seventy-seven countries that composed the African, Caribbean, and Pacific grouping (ACP). That agreement mandated that EPAs be negotiated between the EU and the ACP nations, and that the resulting EPAs be WTO-compatible, that is, that they reduce barriers to trade and capital flows.

Broadly speaking, three objections were raised in the Caribbean: that, as structured, the EPA will impede the process of regional integration; that by imposing trade liberalization it will impair the region's ability to achieve economic development; and that the EPA did not ensure a continued flow of needed development assistance from Europe to the Caribbean. With regard to the first, the argument is that the integration process was set back by both the EU's insistence on including the Dominican Republic in CARIFORUM and the fact that the Caribbean Court of Justice (CCJ) was ignored in the EPA. On one hand, the presence of the Dominican Republic complicates the already difficult task of reconciling the competing interests that have long stymied CARICOM. On the other, the fact that the EPA establishes a parallel dispute settlement mechanism that fails to identify the CCJ as the court of last resort denies legitimacy not only to that institution but to the integration process as a whole. Bernal thinks otherwise. He is hopeful that "the EPA will prompt the region to press ahead with the CSME because much of what has to be done to implement

the EPA is consistent with fulfillment of the CSME" (p. 174). Furthermore, the inclusion of the Dominican Republic will raise "long-postponed issues between the Dominican Republic and CARICOM" (p. 172). All of this might be so, but to be convincing it would take a much more detailed argument than Bernal offers. It is telling that he makes no mention at all of the CCJ. And he simply ignores the institutional and policy differences, not to mention those of size and level of development, between the Dominican Republic and the CARICOM nations.

The second objection to the EPA is that trade liberalization, as advanced in the EPA, is inconsistent with the development requirements of the region. With it, the critics argued, the more developed signatory—the European Union—would benefit at the expense of less affluent partners—the countries of the Caribbean. Norman Girvan, for example, characterized the EPA as "one of asymmetrical, neo-colonial and neo-liberal integration between a large highly developed 'center' and a set of small, disconnected peripheral economies of varying levels of development."¹ The EU's commitment to reciprocal reductions in barriers to trade prevailed in the EPA. However, Bernal claims a negotiating victory because the tariff reductions by the Caribbean nations were delayed while those of the EU were not. But more is at stake than merely who scored points in the negotiations. What really is important is whether the EPA will provide a corrective to the fact that, as Bernal puts it, for the last twenty-five years "the Caribbean economies have not grown at rates acceptable to the governments and people of the region" (p. 109). Bernal is careful not to claim too much. He writes that "the EPA is neither a panacea nor an aid agreement; it is a trade agreement" (p. 154). His argument is that in the current era of globalization, trade agreements are needed by small countries because "they can be an effective means for the exercise of some counter-vailing impact on more powerful countries and corporate actors" (p. 127). The trade liberalization that results from them "does not automatically generate growth but can do so if properly designed and accompanied by appropriate national and regional economic policies" (p. 127). He writes that the EPA provides the region with "an amalgam of actual and prospective opportunities for CARIFORUM to benefit in terms of export opportunities and foreign investment." However, "the extent to which this happens depends on the development strategies employed and the macroeconomic policies applied" (p. 145). These comments are valid. But because Bernal does not consider the possibil-

1 Norman Girvan, 2009, Implications of the Economic Partnership Agreement (EPA) for the CSME. *Social and Economic Studies* 58(2):91–127.

ity that the EPA might weaken regional integration, he does not address the question of whether the agreement therefore reduces the likelihood that the effective development policies he calls for will be implemented. The case for regional integration, first articulated by Clive Y. Thomas and Havelock Brewster in 1967, is still valid. To the extent therefore that the EPA subverts the integration process, it also impairs the implementation of development-promoting policies in the Caribbean.

The third criticism concerns foreign aid. Bernal does not deny that “development assistance was not included in the EPA text” (p. 204), and that the costs of the adjustment implicit in the agreement provide a strong case for such aid. He argues nevertheless that the agreement stands in a complementary relationship with the development assistance that the EU provides separately to the Caribbean. Bernal himself is not a fan of such assistance. He acknowledges its role, but condemns the fact that “in the CARICOM region there are many who regard aid as a right in perpetuity” (p. 17). He favorably cites the comment of Bruce Golding, the former prime minister of Jamaica who “repudiated this attitude and called on the region to ‘purge this mendicancy’” (p. 17). Further, he reminds his readers that development assistance in the past has not produced the desired results. In the current context its continuation will depend on the goodwill of the ever-less-interested European Union. “If the CARIFORUM states want more development assistance, they will have to launch a diplomatic demarche to garner additional resources” (p. 153).

It is in this context that Bernal’s *Dragon in the Caribbean* concerning China’s increased presence in the region should be considered. He concedes that to date China’s foreign investment in the Caribbean remains very small, but anticipates that “as China continues to increase its outward FDI on a global scale, it will examine investment opportunities in the Caribbean ... China’s economic relationship with the Caribbean is on the threshold of transition” (p. 90). In particular his hope is that the Caribbean will partner with that country to maximize the benefits available to the region as the relationship between the Caribbean and China expands “beyond development assistance and exports” to include investment and imports (p. 90).

As Bernal sees it, the problem is that though the Chinese have shown interest in the region, “the Chinese preparedness has not been matched by a similar approach by the Caribbean governments which have been very slow to progress methodically from ubiquitous but vague recognition of the possibilities for Chinese FDI” (pp. 90–91). To take advantage of what the Chinese have to offer, he writes, there will have to be “a more informed and strategic approach by Caribbean governments to the relationship with China” (p. 108). But though Bernal does not say so, devising and implementing such an approach clearly

is beyond the capability of any single Caribbean nation—indeed it will be a formidable challenge even for a strengthened CSME.

Bernal's identification of the opportunities that are available to the region in the global economy is to be welcomed. The Caribbean has not adequately responded to those opportunities, and development has lagged as a result. Bernal argues that the EPA and the new China ascendancy provide an opportunity for the Caribbean to prosper in the global economy. But the EPA represents a missed opportunity to advance the regionalism that would be required for such an advance to be achieved, a failing that Bernal does not adequately address in either of these important books.

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