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Understanding the Potential Economic Impacts of Climate Change in Latin America and the Caribbean

The third Expert Group Meeting on Understanding the Potential Economic Impacts of Climate Change in Latin America and the Caribbean was held on 30 June 2011, in Port of Spain, Trinidad and Tobago. Hosted by ECLAC, the meeting examined country case studies of the economic costs and benefits of climate change in key sectors in four Caribbean countries and discussed how these economic assessments may guide or influence national climate change policies. The meeting included government and academic participants from Grenada, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago, as well as representatives of ECLAC and the Caribbean Community (CARICOM) secretariat.

Charmaine Gomes, Sustainable Development Officer at ECLAC provided an insight into the Caribbean's position in negotiations for the new Kyoto Protocol within the context of the vulnerability of Caribbean Small Island Developing States (SIDS) and compared that with the position taken by developed countries. She traced the accomplishments achieved by the Caribbean in adaptation to climate change and recognized the leadership and support of the Caribbean Community Climate Change Centre (CCCCC) in supporting the subregion.

She touched on the national economic sectoral assessments that were being completed on the impacts of climate change and related the results to the policy documents that have been prepared by Guyana, Jamaica, Saint Lucia and Trinidad and Tobago. She referred to the objectives of the meeting which were to examine the ways in which the results of those studies could be mainstreamed into the national policy documents. Ms. Gomes apprised the meeting of the subsequent economic regional assessments that would be pursued with the support of the Australian Agency for International Development (AusAID) and called for the continued cooperation of experts in implementation of that initiative.

ECLAC reiterated an earlier statement by the representative of CARICOM that the region was progressing, which was received as a positive reflection of the advancement made in the climate change arena with the undertaking of RECCC studies in the region.

EDITORIAL TEAM:

Deputy Chief Hirohito Toda, ECLAC
 Editor Julie Ramlal, ECLAC
 Copy Editor Maureen Afoon, ECLAC
 Coordinator Johann Brathwaite, ECLAC

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 Layout by RAW Designs

CONTACT INFORMATION:

ECLAC Subregional Headquarters for the Caribbean
 PO Box 1113, Port of Spain, Trinidad and Tobago
 Tel: (868) 224-8000
 Fax: (868) 623-8485
 E-mail: registry@eclac.org

The following recommendations and conclusions arising out of the national policies and RECCC reports were put forward:

Saint Lucia

It was noted that ten years had elapsed since the initial climate change action policy for Saint Lucia had been drafted and that a new policy would guide action in the period 2011-2021. It was also noted that for agriculture a reduction in yield output was forecasted to be greater under the A2 scenario relative to the B2 scenario. Although the loss of agricultural land from sea level rise was not expected, there was an anticipated 5% increase in the intensity of tropical storms, which would have implications for additional agriculture loss. It was further emphasized that coastal and marine tourism provided a greater contribution to GDP than eco-tourism. Also emphasized was the fact that the shift in the tourism feature due to climate change could cost Saint Lucia about 5 times 2009 GDP, where the total cost of climate change for the tourism industry was projected to be US\$12.1 billion (12 times 2009 GDP) under the A2 scenario and US\$7.9 billion for the B2 scenario (8 times 2009 GDP),

For the agriculture sector, projections for banana exports under the BAU, A2 and B2 resulting from the impact of increased temperature to 2050 indicated increasing decline. The present value of cumulative banana export losses in Saint Lucia relative to the baseline on the assumption of three discount rates showed a similar result.

Recommendations included:

- Rainwater harvesting as a key adaptation strategy to address the water needs in the tourism and household sectors, the importance of maintaining and improving disease surveillance activities in health;
- The need to implement a holistic water management plan which also took into account food storage facilities and early warning systems;
- Eco-tourism should not be considered as an alternative to coastal and marine tourism;
- Enhanced reef monitoring systems to provide early warning alerts of bleaching events, artificial reef or fish aggregating devices and increase recommended design wind speeds for new tourism-related

structures were identified as the most cost effective adaptation strategies;

- The key adaptation options in the health sector were to maintain and improve surveillance activities and to identify the range of treatment costs for the impacts identified;
- In the agriculture sector, holistic water management plans, the establishment of systems of food storage and early warning systems were identified as the most cost-effective adaptation strategies.

Guyana

RECCC studies concluded that sea level rise could create a catastrophe for major human settlements and that people would only be able to create the required settlement areas by making use of new sites where natural hazard exposure might be high. For both A2 and B2 scenarios, there was an expected increase in population density, which had implications for human settlements particularly in the coastal areas. With respect to health, the analysis suggested that an increase in temperature might reduce gastroenteritis, while an increase in rainfall might increase the prevalence of leptospirosis. Concern was also expressed on the over emphasis given to REDD in the national climate change policy, as forests might be lost due to other factors.

It was recommended that RECCC studies would:

- provide a better understanding of future climate scenarios in line with IPCC projections and assessing the costs, support ongoing adaptation planning and response by providing more data analysis through model scenarios,
- assist in implementing the low carbon development strategy and providing inputs into the preparation of a comprehensive priority adaptation plan
- assist with Guyana's reporting under UNFCCC, particularly with providing inputs into current preparations for the second national report
- build in-country capacity for future modeling, include crop vulnerability models into the agriculture study which would enhance its applicability to policy,

- further explore the consequences of an intensive approach to development in Georgetown and
- give consideration to relocation of coastal settlements in Guyana, given that the capitals of Jamaica and Belize were successfully relocated.

Jamaica

Discussions concluded that The Vision 2030 policy document would incorporate the results of RECCC and that it would also be useful for the development of fiscal programmes. The results for the agriculture sector indicated that for sugar (1% discount rate) and yam (all discount rates), the cost of adaptation was less than taking no action. For escallion, the cost of adaptation was twice (all discount rates) than that of taking no action. In the health sector, the costs of treating dengue fever, gastroenteritis and leptospirosis would be higher under both the A2 and B2 scenarios as compared to the BAU.

It was recommended that the results of RECCC studies be mainstreamed into the national disaster risk reduction strategy and the existing climate change strategy. The studies also emphasized the importance of education in adapting to climate change should be addressed, and would be crucial to implement early warning systems for diseases.

The results of the economic analyses should be used to inform the adaptation strategies, the implementation of which would require applying for financial assistance from multilateral agencies. The meeting proposed that a study be carried out to determine the vulnerability of the tourism sector, and the new information borne from RECCC studies should be used to update the 2009 draft climate change action plan. The data from RECCC studies should be used to justify climate change plans and strategies to the donor community.

Trinidad and Tobago

It was agreed that the climate change policy paper would be updated based on the new scientific information. RECCC in-country workshops were also noted for having built the capacity of government-level technical experts, and the need for free exchange of information and data among ministries was highlighted. In terms of adaptation strategies, water management systems were identified for the agriculture sector,

energy efficiency and renewable energy technologies for the energy sector, and improved access to water and sanitation and lifestyle changes in relation to use of water resources for the health sector.

Overall, it was agreed that the research and development agenda in the economics of climate change had progressed, which should inform national policies, especially in the agricultural sector, where very little of that research had been used. The importance of public education and awareness of climate change was further emphasized.

Three key recommendations emerged for Trinidad and Tobago:

- RECCC assessments could be used to determine sectoral vulnerability to climate change;
- the assessments for the energy and agriculture sectors needed to be more clearly understood before they could be used for policy revision, however, the adaptation measures proposed for the health sector might be used;
- ECLAC should assist countries with the preparation of NAMAs. ECLAC support was also requested in identification of the socio-economic impacts of policy implications of climate change as these would also be necessary to inform the development of NAMAs;

With respect to the health sector, recommended adaptation options included enhancement of water sources, improvement in sanitation and changes in attitude, behaviour and lifestyles in relation to the use of water sources. Mitigation strategies against the impacts of climate change included an increase in the use of renewable sources of energy, improved energy efficiency and the use of cleaner energy technologies in all greenhouse gas emitting sectors.

In concluding the meeting, the representative of ECLAC thanked all experts for participating in the meeting and stated that ECLAC remained supportive of the Caribbean subregion in facilitating the conduct of economic assessments. She mentioned that, with support from AusAID, additional economic assessments into the impact of climate change would be conducted at the regional level in CARIFORUM countries inclusive of Cuba. She stated that ECLAC looked forward to

continued cooperation from the regional community as the subregion accelerated its

strategies in addressing the impacts of climate change.

ECLAC Proposes Initiatives to Renew Partnership between the European Union and Latin America and the Caribbean

(27 April 2011) The Economic Commission for Latin America and the Caribbean (ECLAC) presented a new publication that analyses relations between Latin America and the Caribbean and the European Union in the areas of trade, investment and cooperation, and puts forward proposals for boosting these ties.



The document [*In search of a renewed partnership between Latin America and the Caribbean and the European Union*](#), was presented at a round table discussion on the relations between Latin America and the Caribbean and the European Union, organized by ECLAC and the Chilean Ministry of Foreign Affairs.

This meeting is part of the preparations for the seventh Latin America, the Caribbean and the European Union Summit (LAC-EU), which will be held in Santiago in May 2012.

As she welcomed participants, ECLAC Executive Secretary, Alicia Bárcena, pointed out that there was now a unique opportunity to strengthen ties between the two regions.

"Latin America is being seen with new eyes by the entire world, and several regions and countries are now seeking partnerships with our continent. We have a unique opportunity to devise a medium-term strategy with the European Union that will forge a strategic relationship", she declared.

"Together we can move towards a more comprehensive public and private

partnership, in which governments and businesses come together around common goals", she explained.

The main speaker at the meeting was Benita Ferrero-Waldner, former European Commissioner for External Relations and European Neighbourhood Policy, who referred to the reasons why Latin America and the Caribbean should interest Europeans more, and why the European Union must capture the attention of Latin Americans.

"I am convinced that this is the decade of Latin America. Right now, the possibilities for integration are huge, but we must make progress in achieving more quality education, scientific collaboration, innovation, technological development and partnerships between European and Latin American small and medium-sized enterprises to protect ourselves better from external shocks", she underlined.

According to the document presented by ECLAC, the European Union has lost some of its standing as a trading partner of the region. Although the EU remains the region's second trading partner, behind the United States, it will probably be overtaken by China in around 2014-2015. However, over the last decade the European Union has been the main source of foreign direct investment for the region. The region also benefits from a wide range of cooperation activities from the EU.

For ECLAC, strengthening bilateral relations would help to tackle major challenges, such as the persistently wide gaps that remain in terms of poverty, inequality, technology and innovation. In these areas, the European Union offers significant opportunities to foster public-private cooperation networks with businesses and governments in the region.

For the European Union, two key challenges are the search for new sources of economic growth and the supply of natural resources. Latin America and the Caribbean offers many opportunities in both

areas, according to the ECLAC report, which also puts forward policy recommendations in

the areas of trade and cooperation.

British Virgin Islands government officials receive training on conducting climate change assessments

Representatives from the government of the British Virgin Islands (BVI) have been trained to conduct economic assessments, following a two-day workshop conducted by ECLAC. The workshop, which was coordinated by the Conservation and Fisheries Department (CFD), was based on an economic study conducted on the territory to determine the cost impacts of climate change under the Review of the Economics of Climate Change (RECC) Project being coordinated by ECLAC.

The workshop was organized in response to the study's projection that climate change will contribute to erosion of the local coastline, frequency of mass bleaching events, outmigration of important commercial fisheries and reduction in marine biodiversity in the territory. The objective of the training, which was held on 18 and 19 May, was to build capacity among local stakeholders in the econometric modelling used in the study so that there is a cadre of local professionals empowered to update the study and conduct the analysis.

Research findings for BVI revealed that climate change impacts will cost the coastal and marine sectors approximately US\$20–32 billion dollars by the year 2050 depending on the climate change scenario. The research findings were based on a detailed econometric model that considered the economic value of the Virgin Island's coral reefs, beaches, their services and the fishing and tourism industries.

Representatives from the Ministry of Finance, Ministry of Natural Resources and Labour, the Development Planning Unit, the Town and Country Planning Department, the Department of Disaster Management, the BVI Fishing Complex, the National Parks Trust and the Conservation and Fisheries Department attended the workshop.

Workshop attendees learned about the historic and projected climate for the territory over a 30-year horizon, threats to local marine biodiversity and conservation, carbon emission scenarios based on alternative global development pathways such as population, technology change and

policy, and how to cost and calculate the impacts of climate change.

The participants also learned how to assign present and future values to tangible and intangible goods and services derived from the coastal and marine sector and the need for accurate local information to feed into the study model.

Deputy Permanent Secretary in the Ministry of Natural Resources and Labour Mrs. Janice Rymer in her remarks to the attendees said, "There is so much one can say on the topic of climate change, especially as one living on a small island where the impacts are expected to be among the worst and experienced the soonest."

Importantly she noted, "The benefits of strong early action on climate change far outweigh the cost of not acting."

Climate change is defined by the Intergovernmental Panel on Climate Change (IPCC) as "a change in the state of the climate that can be identified by changes in the mean and/or the variability of its properties, and that persists for an extended period, typically decades or longer. It refers to any change in climate over time, whether due to natural variability or as a result of human activity."

Projected impacts of climate change on the coastal and marine sector include erosion of local coastline, frequent mass bleaching events, outmigration of important commercial fisheries and reduction in marine biodiversity.

Possible climate change adaptation strategies for the Virgin Islands specific to the coastal and marine sector include enhanced monitoring of coastal waters to provide early warning alerts of bleaching events, reduction of land-based sources of pollution affecting the marine environment, development of specific beach management plans and adoption of enhanced legislation to protect coastal and marine environments.

Latin American and Caribbean Countries Agree to Forge Closer Collaboration in order to Improve Use of Statistics

(
8 April 2011) The Member States of the Economic Commission for Latin America and the Caribbean (**ECLAC**) agreed to forge closer cooperation in order to improve the use of national data and figures in the reports of international agencies, at the end of the [Tenth Meeting of the Executive Committee of the Statistical Conference of the Americas \(SCA-ECLAC\)](#), in Havana, Cuba.

In particular, they underlined the need to ensure that Member States of the Conference were consulted as part of the drafting of the Human Development Report of the United Nations Development Programme (UNDP), and pointed out the importance of using national statistics and data in this report.

With this in mind, they set up a group of experts made up of representatives from Brazil, Canada, Colombia, Costa Rica, Cuba and the Dominican Republic to carry out technical consultations with the UNDP Office for the Human Development Report. The group will report on the results of its activities at the sixth Statistical Conference of the Americas, scheduled to be held in November 2011 in the Dominican Republic.

They also emphasized the progress made in drafting the code of good practice for statistics in Latin America and the Caribbean, and called on the region's countries to provide the necessary resources for the proper completion of population and housing censuses, to facilitate timely access to census data and to promote the appropriate use, analysis and disclosure of this information.

In the current 2010 round of censuses, Argentina, Aruba, Bahamas, Barbados, Belize, Brazil, Ecuador, British Virgin Islands, Mexico, Panama, Dominican Republic and Saint Lucia have already carried out their respective population and housing censuses.

Within the various working groups of the **ECLAC** Statistical Conference of the Americas, the members of the Executive Committee described activities carried out to promote institutional coordination in countries, the reduction in statistical discrepancies and the availability of increased and improved information on follow-up to the United Nations Millennium Development Goals (MDGs).

In this context, they underscored the need for international agencies to prioritize the use of statistics that are officially generated by countries for MDG follow-up, provided that they meet the required quality and comparability standards.

They also welcomed the creation of the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), and reiterated their commitment to improving gender statistics.

In the framework of the sixth meeting of the **ECLAC** Statistical Conference of the Americas to be held in November, they agreed to recommend the organization of three seminars on the following topics: a) 2010 round of population censuses: quality and technological innovations; b) current and future challenges for the development of national statistical systems in the region; and c) environmental statistics.

Foreign direct investment (FDI) in the Caribbean

In 2010, Latin America and the Caribbean was the region with the strongest percentage increases as a recipient and source of Foreign Direct Investment (FDI), according to the [Foreign Direct Investment in Latin America and the Caribbean 2010](#) report presented in Mexico City, Mexico, by

the Economic Commission for Latin America and the Caribbean (**ECLAC**).

According to the report, which was launched on 4 May by ECLAC Executive Secretary Alicia Bárcena and the Mexican Minister of Finance and Public Credit, Ernesto Cordero, the region's FDI inflows were 40% higher

than in 2009, while outgoing FDI almost quadrupled in the same period, which highlights the buoyancy of transnational Latin American and Caribbean enterprises, known as trans-Latins.



In the context the Caribbean, however, FDI flows are estimated by ECLAC to have declined by 18%, reaching US\$3,917 million according to preliminary estimates. This contraction is largely as a result of reduced revenues in the Dominican Republic, which declined by 25% and reached \$1,626 million. Despite the reduction, FDI flows continue to outpace the average received in the last decade. There has also been an improvement of FDI in Haiti which quadrupled after the earthquake in 2010, compared with 2009. However, in absolute amounts, the contribution of FDI is still low (US\$150 million in 2010).

For 2011, FDI flows to Latin America and the Caribbean are expected to maintain an upward trend, increasing between 15% and 25%, which could take them to unprecedented high levels, according to the projections of the report. "The figures we are presenting today point to the growing integration of Latin American and the Caribbean in the process of economic globalization. The region's countries not only remain attractive to foreign investors, but they are also increasingly daring to conquer other markets by means of trans-Latins", stated ECLAC Executive Secretary Alicia Bárcena.

Nevertheless, she emphasized that "in order to improve the capacity to absorb the benefits of such investment, we are stressing the need to implement productive development policies focused on innovation and on the strengthening of local capacities to promote the creation of quality employment. FDI must help the region to grow with equality".

The region's main recipient was Brazil, where FDI inflows posted a record surge of 87%, going from 25.949 billion dollars in 2009 to 48.462 billion dollars in 2010.

Foreign Direct Investment in the Caribbean

Foreign Direct Investment (FDI) has played, and continues to play, an important role in the development and growth strategies in Central America and the Caribbean. FDI serves to stimulate economic growth by complementing the large amount of investments which are needed by governments for economic transformation and modernization. FDI improves domestic capital, productivity and employment levels and can also be associated with factors such as improvement in exports. In light of the importance of FDI to the Caribbean, significant efforts have been made towards investment promotion, which have had some success, especially in unleashing the potential of unexploited natural resources found in some developing countries.

Notwithstanding, these activities have led to the creation of enclave sectors with few backward and forward linkages to the rest of the economy and which have not had the dynamism and innovation required for a modern economy. It is now recognized that apart from FDI, what is also required is a dynamic private sector steeped in entrepreneurship which is equally important in the quest for economic growth and development.

According to ECLAC some Caribbean states recorded massive reductions in FDI in sectors which are critical to output and employment generation, such as tourism and tourism related services and mining. These reductions range from 20% in the case of Antigua and Barbuda to 75% in the case of Trinidad and Tobago.

Only two Caribbean States, Barbados and Haiti were able to surpass their 2008 level of inflows. Of note is the large drop in overall FDI inflows to the OECS and the Less Developed States in the Community. Antigua and Barbuda declined by 19% in 2009 but declined further by 58% in 2010, Belize declined by 50% in 2009 and 2.1% in 2010, and Montserrat declined by 46% in 2009 and 71.4% in 2010.

TABLE 1: FDI INFLOWS TO THE CARIBBEAN, 2005-2010 (US Million)

Country	2005	2006	2007	2008	2009	2010 ^P	% Change 2009/10
Antigua and Barbuda	221	359	338	173	139	57.4	-58
Bahamas	563	706	746	839	654	...	...
Barbados	128	245	338	286	290	...	...
Belize	127	109	143	191	95	97	2.1
Dominica	19	26	47	57	46	31	-33
Grenada	70	90	152	144	79	63.6	-19
Guyana	77	102	152	178	144	269	87
Haiti	26	160	75	30	38	150	294
Jamaica	682	882	867	1,437	1,062	...	...
Montserrat	1	3	7	13	7	2	-71
St Kitts and Nevis	93	110	134	178	139	128	-8
St. Lucia	78	234	272	172	167	121	-28
St Vincent & the Grenadines	40	109	131	159	125	100	-20
Suriname	348	323	179	209	151	-225	-270
Trinidad and Tobago	940	883	830	2,801	709	396 ^a	-44
CARICOM INFLOWS	3,413	4,341	4,411	6,867	3,854	794	-79.3
Annual Growth Rate (%)	18	27	2	55	-44	-79	...

Source: Caribbean Trade and Investment Report 2010; BOP Tables – Respective countries

^P - Preliminary estimates

^a - third quarter estimates

Source and Sectoral Distribution of FDI Flows to the Caribbean

FDI inflows into the Caribbean continue to emanate from traditional sources such as the USA, Canada and Europe. However, in recent times countries such as Jamaica and Barbados have been attracting inflows from Latin America, the Middle East and China. Indeed, while Chinese investments in the Caribbean have so far been modest, it represents significant amount for some small economies.

ECLAC estimates that Chinese investment in the Latin America and the Caribbean represented 9% of the total investment in the region in 2010. Apart from oil refinery in Costa Rica, Guyana bauxite mining or sugar cane in Jamaica, the most important investments have been directed to infrastructure construction usually financed by cooperation with China. The Bahamas received funds to build a highway (US\$59 million) and the National Stadium (US\$40 million); Costa Rica also received US\$100

million to build a National Stadium and Barbados has received resources to build several projects including the St Johns Polyclinic and the Sherbourne Conference Centre.

Generally, FDI inflows to the Caribbean continue to flow in two main sectors – the primary resource based sector and the services sector. In the case of the former, Trinidad and Tobago has been a major recipient of flows into the petroleum and natural gas industries, but smaller states like Suriname and Belize have also had some FDI flows to this sector.

In the services sector, most of the inflows have been directed to the financial services sector and tourism sectors. Hotel transnationals have come up with innovative ways of attracting long stay tourists by encouraging real estate acquisitions utilizing



innovative arrangements and practices. Inflows into the manufacturing sector continue to lag behind and much efficiency-seeking and technology intensive investments have not occurred in Caribbean States.

Economic Impact of FDI in Caribbean States

Caribbean States continue to exhibit a relatively high reliance on FDI inflows as demonstrated by the FDI inflows to Gross Fixed Capital Formation (FDI/GFCF). In 2000, FDI/GFCF ratio for CARICOM averaged 20% but between 2005 and 2009, this ratio grew steadily and averaged approximately 40% in 2009. While

FDI/GFCF has been significant for the region, these ratios also have downside risks as was demonstrated by the impact of the global crisis and the external shocks created in 2008/2009.

Most countries recorded declines in their FDI/GDCF ratio in 2010. Meanwhile, as a percentage of GDP, FDI to the Caribbean averaged 14.1% in 2008, declined to 11.8% in 2009 and much lower in 2010. In terms of outflows, this has averaged between .07% and 1.36% between 2000 and 2009 in a few countries as shown in Table 2 below, and this is not expected to have increased in 2010.

TABLE 2: FOREIGN DIRECT INVESTMENT, NET INFLOWS (% OF GDP)

Country Name	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-2009
Antigua and Barbuda	6.5	14.1	9.2	22.1	9.9	25.5	35.5	29.3	14.4	11.4	17.8
Bahamas, The	4.5	1.8	2.6	3.2	4.5	8.7	10.3	9.9	...	...	5.7
Barbados	0.8	0.7	0.7	2.2	-0.4	2.1	3.3	6.8	7.8	8.3	3.2
Belize	2.8	7	2.7	-1.1	10.6	11.4	9	11	14	7	7.4
Dominica	6.5	6.4	7.9	12	9.2	6.4	8.2	11.8	15.1	13.3	9.7
Grenada	8.7	13.9	12.5	18.6	13.9	12.7	15.9	24.8	21	14.5	15.6
Guyana	9.4	8	6	3.5	3.8	9.3	7	8.8	8.7	7.1	7.2
Jamaica	5.2	6.7	5	7.7	5.9	6.1	7.4	6.7	10.1	4.5	6.5
St. Kitts and Nevis	29.5	25.7	22.7	20.8	14	21.2	22.7	26.2	31.2	24.5	23.9
St. Lucia	7.6	8.6	7.4	14.4	9.6	9.1	25.1	28.4	16.3	16.5	14.3
St. Vincent and the Grenadines	11.1	6	9.2	14.3	15.6	9	21.9	23.5	27.4	18.9	15.7
Suriname	-16.6	-3.5	-6.8	-6	-2.5	1.6	-7.7	-10.2	-7.7	...	-6.6
Trinidad and Tobago	8.3	9.5	8.8	7.2	7.7	5.9	4.8	4	10.8	3.3	7
The Caribbean	6.5	8.1	6.8	9.1	7.8	9.9	12.6	13.9	14.1	11.8	9.8

Source: The World Bank (2011) World Development Indicators, (WDI) Online Database

TABLE 3: FOREIGN DIRECT INVESTMENT, NET OUTFLOWS (% OF GDP)

Country Name	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-2009
Barbados	0.04	0.04	0.02	0.02	0.14	0.3	0.43	5.78	1.73	2.23	1.07
Belize	...	...	...	0.04	0.01	0.09	0.05	0.08	0.2	0.03	0.07
Jamaica	0.82	0.98	0.76	1.24	0.59	0.91	0.71	0.89	0.53	0.51	0.79
St. Kitts and Nevis	...	0.04	...	...	...	...	...	...	...	...	0.04
Trinidad and Tobago	0.31	1.7	1.18	2	0.2	2.13	2.01	0	2.7	...	1.36

Source: The World Bank (2011) World Development Indicators, (WDI) Online Database

Conclusion

FDI remains very important to the Caribbean region and this importance is not expected to diminish very soon. Preliminary estimates by ECLAC suggest that FDI inflows could rise by 15%-25% for Latin America and the Caribbean as a whole in 2011. Looking further ahead, the Caribbean continues to

face the challenge of building absorptive capacity necessary for FDI attraction, especially in high-tech sectors. Government policies and programmes which encourage innovation and capacity building are therefore needed.

Third Meeting of the Technical Advisory Committee of the Regional Coordinating Mechanism held in Port of Spain

The third meeting of the Technical Advisory Committee (TAC) of the Regional Coordinating Mechanism (RCM) for the implementation of the Mauritius Strategy for the further implementation of the Barbados Plan of Action (BPOA) was convened on 13 April 2011 at the ECLAC Subregional Headquarters for the Caribbean in Port of Spain.

In her opening remarks as Chair, Ms. Caroline Eugene, Sustainable Development Division, Ministry of Physical Development and Environment, Government of Saint Lucia, noted that the third meeting of the TAC of the RCM was being held amidst catastrophic natural disasters and turbulent political and civil environments but, nonetheless, it was necessary to forge ahead.

The Chair informed the meeting that the Mauritius Strategy and the RCM could not be discussed in isolation from the upcoming United Nations Conference on Sustainable Development to be held in Rio de Janeiro, Brazil, June 2012. She noted that the Caribbean appeared to be lagging in its preparation and that efforts must be made to ensure that the voice of Small Island Developing States (SIDS) and low-lying coastal States were not lost during that Rio+20 process.

In this regard, the meeting recommended that the RCM should seek the support of the Barbados Prime Minister as a champion for the issues of the sustainable development of Caribbean SIDS, in light of the pivotal role of the Government of Barbados and its Prime Minister in the Rio+20 process.

Participants also recommended that the RCM strengthen its advocacy for increased support from the international community for SIDS in the area of reducing vulnerability,

and increase its attention to coordinating research for funding common strategies for the implementation of the Mauritius Strategy.

It was also proposed that the RCM should take note of the initiative of the Government of Spain in regard to the establishment of a website for the purpose of building partnerships, and the allocation challenges within the Latin America and Caribbean group should be addressed through increased cooperation, trust and information sharing.

The meeting recommended that the RCM should encourage increased sharing of information by United Nations agencies engaged in special projects in the area of implementation of the Mauritius Strategy, and encourage Caribbean SIDS to formulate a strategy for increased access to the Global Environmental Facility (GEF).

A call was made to strengthen partnerships between Caribbean SIDS and their global counterparts, and explore the synergies and cost efficiencies to be gained through greater collaboration in data management.

The RCM, participants noted, should encourage Caribbean SIDS to strengthen processes between regional and national approaches to building resilience, and should continue to support the evidenced-based model of decision-making within Caribbean SIDS.

The meeting proposed that the Association of Caribbean States (ACS) should examine the work programme of the SIDS Pacific region for its treatment of ocean governance as a priority, particularly in its work with regard to issues of governance of the Caribbean Sea, and that the ACS should

report its activities with regards to the Caribbean Sea Initiative to the RCM.

Looking ahead to the 2012-2013 biennium, the secretariat to the TAC will continue to support the TAC as it focuses on:

- (a) Institutional strengthening and capacity-building which is principally targeted at providing the necessary technical assistance to countries in their continued implementation of the MSI and as it may be articulated through the Rio+20 process;
- (b) Scaling up the gathering and dissemination of information with special attention to best practices. RCM members, through their focal points, will be encouraged to submit information that can be hosted and disseminated through a specially designed web portal with special attention to inclusion of SIDS from other parts of the world;
- (c) Encouraging the development/strengthening of partnerships to fulfil the mandate of the MSI. Activities in this area conducted through the workings of the TAC and its Inter-Governmental Council (IGC) will result in strengthened relations;
- (d) Increasing public awareness and communication. The activities within this area are meant to keep policymakers fully aware of the work of the TAC and its IGC; and
- (e) Assisting members of the RCM in providing effective management of deliverables and follow-up of the MSI, through the updating of the Regional Implementation Matrix for

the implementation of the MSI in the subregion.

With the departure of the Regional Adviser, who provided leadership and direction in the administration and execution of the RCM activities, the meeting was informed that the following measures would be put in place to ensure sustainability of the RCM: the TAC work programme would be incorporated into the work programme of ECLAC, the role of the secretariat of the TAC would be vested in the Sustainable Development Unit and specialized versions of the Focus newsletter of the Subregional Headquarters for the Caribbean would be devoted to reporting on the progress of the TAC.

Representatives of four member States of the Caribbean Development and Cooperation Committee (CDCC), Belize, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago, attended the meeting, while one associate member, Cayman Islands was represented.

The United Nations Secretariat was represented by the United Nations Environmental Programme (UNEP), and representatives of the Association of Caribbean States (ACS), the Caribbean Community (CARICOM) and the Organisation of Eastern Caribbean States (OECS) also attended.

Representatives of the Caribbean Natural Resources Institute (CANARI), the University of the West Indies (UWI), and the University Consortium for Small Island States (UCSIS) were also in attendance.

UN Conference on Sustainable Development (UNCSD) Rio+20 Subregional Preparatory Meeting for the Caribbean

The Caribbean Sub-regional Preparatory Meeting for the United Nations Conference on Sustainable Development UNCSD (Rio+20), was convened in Georgetown, Guyana, on 20 June 2011. The meeting, which was organized by UNDESA, UNECLAC, and CARICOM, was attended by representatives of all Member States of the Caribbean subregion, representatives of agencies of the United Nations system and other intergovernmental organizations, as well as representatives of civil society.

In accordance with General Assembly resolution 64/236, the objective of Rio+20 is

“to secure renewed political commitment for sustainable development, assessing the progress to date and the remaining gaps in the implementation of the outcomes of the major summits on sustainable development and addressing new and emerging challenges”. The specific themes of the UNCSD are:

1. A Green Economy in the Context of Sustainable Development and Poverty Eradication;
2. The Institutional Framework for Sustainable Development

The Report of the Georgetown meeting will be shared at the Latin America and the Caribbean Regional PrepCom, scheduled to take place in Santiago, Chile, from 7 to 9 September 2011. Priority issues of concern to the Caribbean subregion, as identified in the report, will also be integrated into a draft SIDS position paper, together with those of the AIMS and Pacific sub-regional outcomes, to be considered at the SIDS Inter-regional Preparatory Meeting to be held in New York in September 2011. It is expected that an agreed SIDS position paper should be submitted to the G77 and as an independent input to the compilation text, the deadline for which is 1 November 2011.



Participants addressed a variety of issues related to the Rio+20 Conference that are of particular interest to SIDS, including the two themes of the Conference, as well as how to better address implementation gaps within the context of the Conference, the blue economy, emerging issues and partnerships.

The meeting was opened by the Guyana Minister of Agriculture, who highlighted the importance of subregional interaction in the lead-up to the UNCSD. He highlighted the efforts made by Guyana and other states in mainstreaming sustainable development, but emphasized the need for greater financing, technical expertise and targets, benchmarks and regional cooperation.

In a video message, UNCSD Secretary-General Sha Zukang noted that the success of Rio+20 depends on national and regional preparations for the global process. He also noted that the process begins first at the sub-regional level, then proceeds to the regional as well as SIDS inter-regional processes. He noted SIDS challenges, such as increasing energy costs and the global recession, many of which were captured in the 5-year MSI review undertaken in 2010.

He re-emphasised the critical issues of importance to SIDS articulated in Chapter 17 of Agenda 21 and assured Member States that the key issues affecting SIDS would be taken into account during the UNCSD process.

In bringing greetings from the Acting Secretary General of the CARICOM Secretariat, Ms Myrna Bernard, Officer –in – Charge of the Directorate of Human and Social Development, CARICOM Secretariat, encouraged participants to consider the unique priorities of the region, necessary implementation mechanisms and required resources.

Ms. Bernard noted the economic imbalances within the CARICOM Region and highlighted the need for data linked to the existing institutional arrangements, as factors affecting the Region's sustainable development. She stated that the Green Economy can be viewed as an opportunity to effect change by improving the region's overall competitiveness.

The meeting generated Caribbean inputs in preparation for the UNCSD in June 2012. Participants discussed creating a green economy in the context of sustainable development and poverty eradication, the need for a blue economy addressing oceans and related issues, the institutional framework for sustainable development (IFSD), and emerging issues and partnerships.

Participants recognized that there is much work to be done in the lead-up to UNCSD and little time to do it. They identified the value and benefits in engaging in the process and the opportunities that it represents, particularly in regard to the green economy. The meeting generated interest and momentum within the Caribbean subregion, which promise to lead to further discussions over the coming weeks and months.

The Caribbean subregional preparatory meeting will be followed by one for the Atlantic, Indian Oceans and South Sea (AIMS) region in Seychelles on 7-8 July and then for the Pacific region in Samoa on 22 July 2011. After the conclusion of the three subregional preparatory meetings, there will be an inter-regional preparatory meeting of the SIDS in New York on 23 September to take stock of all three meetings, as well as Regional PrepComs for Latin America and the Caribbean in Chile on 7-9 September

and for Asia and the Pacific in the Republic of Korea on 19-20 October.

ECLAC study shows high potential for Energy Efficiency in Jamaica

Jamaica has significant potential to increase the efficiency of its energy systems to increase productivity, reduce the vulnerability of these systems, cut emissions, use natural resources in a more balanced way and expand the use of renewable resources. This is the conclusion of a study conducted by the Economic Commission for Latin America and the Caribbean (ECLAC), which sought to determine the potential for energy efficiency in Jamaica and to analyse the efforts of the Government of Jamaica (GOJ) to mainstream energy efficiency into the energy economy.

The study, titled: “Energy efficiency potential in Jamaica: challenges, opportunities and strategies for implementation”, was presented on 6 May 2011 at an event at the Petroleum Company of Jamaica Auditorium in Kingston, Jamaica.

The report calls for government led efforts, via “more direct” regulations and incentives, to strengthen the pursuance of efficiency in energy use beyond the bauxite/alumina sector. It also recommends increased participation of the public utility in the full gamut of electricity services and increased participation of energy end users in the provision of energy services.

Energy efficiency is an issue of considerable importance to Jamaica, given the country's high energy bill of about US\$ 1.3 billion annually. Jamaica's dependence on imported petroleum renders the country vulnerable to disruptions in its energy supply as well as to increases in the price of oil, such as took place in 1973 and more recently in the period since 2002 when the annual average spot peak price of crude oil on the international market increased by 220 per cent from USD 25 per barrel in 2002 to USD 80 in 2010. Although Jamaica's oil demand has dropped due to efficiency efforts and alternative energy projects developed, the oil price fluctuations have led to increasing costs.

High energy costs not only affect production and competitiveness but directly impact welfare through its inflationary effects on

poor households who are already buffeted by rising food prices.

Recognizing that fluctuations in the price of oil will disrupt an already relatively fragile economy, Jamaica's National Energy Policy calls for “a comprehensive program of efficiency improvement and energy diversification is urgently required for Jamaica to provide high quality, affordable, environmentally-friendly energy and to reduce the country's dependence on highcost imported oil.” The prioritization of energy efficiency has been to the extent that in 2008, the Government of Jamaica (GOJ) developed the 2008-2022 Energy Conservation and Efficiency Policy as an Addendum to the then Energy Policy Green Paper, which was intended to provide “rapid response” to Jamaica's adverse energy scenario.

Energy efficiency is among the most promising initiatives for reducing Greenhouse Gas (GHG) emissions and energy costs for sustained growth as well as increasing energy security in developing countries such as Jamaica.

Jamaica's energy sector is primarily driven by the transport sector - which is the largest consumer of petroleum in the Jamaican economy - the bauxite/alumina industry and electricity generation. Energy use is primarily in the form of electricity or petroleum products (liquid fuels) and conversion of the mostly imported fuel supply to meet local demand requires a mix of technology, legislation and investment capital.

The study found that the transport sector accounts for 42 % of the total quantity of petroleum consumption in 2008. The Bauxite/Alumina industry follows close behind at 30%, while electricity generation accounts for 23%.

The energy model developed for Jamaica shows clearly that an important method for insulating the country against the volatile economics of oil is to shift supply to cheaper, indigenous, renewable sources. More overwhelmingly, the model shows that

the required oil supply can be controlled by: increasing the efficiency of fuel conversion to energy for end use.

Great potential for this exists, as around half of the island's electricity generating plants are over three decades old, have exceeded their intended useful economic life, and are considered relatively inefficient, especially when compared with more modern plants. Also, system losses in transmission and distribution represent around 23 per cent of total output. Another intervention pointed to by the model is demand side management (DSM).

A matter of concern is the country's inefficiency in the use of energy with an energy intensity index that is more than four times the global average. This is largely attributed to the high energy use of the bauxite and alumina sector, an inefficient public electricity system, as well as inefficient energy technologies in manufacturing and other productive sectors.

The study also puts forward the following proposals:

- i. The use of Combined Cycle (CC) or Cogeneration (cogen) technologies to increase electricity generation efficiency;
- ii. The integration of Distributed Generation (DG), including small

scale renewable technologies, into the existing electricity grid as a means to increase generation efficiency and reduce systems (transmission and distribution) losses; and

- iii. The wholesale implementation of Demand Side Management (DSM) schemes for the commercial and household sectors via the utilization of energy efficiency technology.

The study also revealed Jamaica's potential for the development of its renewable energy resources, including wind, biomass, mini-hydro, photovoltaic and solar energy. In addition, the potential for the conversion of waste to energy, ocean thermal technologies and bio-fuels is being explored and strategic analyses of renewable energy potentials on the island have identified a pipeline of projects for the electricity and transport sectors.

The study urged the Government, in managing the strategies for increasing uptake of energy efficiency technologies and conservation practices, find effective means for using the tools of legislation and regulation, as well as tax credits and fiscal incentives to simultaneously push and pull the relevant actors toward the desired destination.

List of Recent ECLAC Documents and Publications

Listed by Symbol Number, Date and Title

- No.LC/CAR/L.298 June/2011
Report of the training workshop on the Construction of Core Environmental Indicators in the Caribbean Subregion
- No.LC/CAR/L.297 June/2011
Report of the Subregional Meeting on enhancing the capacity of Caribbean countries to eradicate violence against women
- No.LC/CAR/L.292 May/2011
Report of the third meeting of the technical advisory committee of the Regional Coordinating Mechanism for the Mauritius Strategy for the implementation of the Barbados Programme of Action for the sustainable development of Small Island Developing States
- No.LC/CAR/L.291 April/2011
Proposed programme of activities of the technical advisory committee of the Regional Coordinating Mechanism for the Mauritius strategy for the further implementation of the Barbados Programme of Action for the sustainable development of Small Island Developing States - 2012-2013

No.LC/CAR/L.290 April/2011
Report of the Secretariat to the technical advisory committee of the Regional Coordinating Mechanism for the period January 2010-April 2011

No.LC/CAR/L.289 April/2011
Report of the working group session for Capacity-building in Econometric Modelling: A Review of the Economics of Climate Change in the Caribbean

No.LC/CAR/L.288 April/2011
Report of the subregional meeting on the Gender Equality Observatory for Latin America and the Caribbean

Upcoming events - 3rd Quarter 2011

Regional training in World Integrated Trade Solution (WITS) plus the Competitive Analysis of Nations (CAN) and Module to Analyse Growth of International Commerce (MAGIC) software
5-6 July 2011, Port of Spain, Trinidad and Tobago

Regional Training Workshop on Retrieval of Data for small areas of Microcomputers (REDATAM)
2-12 August 2011, Castries, Saint Lucia

National Training Workshop in the Use of the Statistical Programme Census Survey Processing System (CSPPro)
15-26 August 2011, St. George's, Grenada

Expert Group Meeting on Measuring the Knowledge Economy
22 August 2011, Port of Spain, Trinidad and Tobago

Expert Group Meeting on Knowledge Management in the Public Sector
23-24 August 2011 Port of Spain, Trinidad and Tobago

Expert Group Meeting on Knowledge Strategies for Development
25-26 August 2011, Port of Spain, Trinidad and Tobago

Report of the meeting on climate change and the United Nations Conference on sustainable development: a focus on the Caribbean
6 September 2011, Santiago, Chile

Fifteenth Meeting of the Monitoring Committee of the Caribbean Development and Cooperation Committee
12 September 2011, Port of Spain, Trinidad and Tobago

Caribbean Development Roundtable
13 September 2011, Port of Spain, Trinidad and Tobago

National Training Workshop on the development of national environmental indicators
19-23 September 2011, Kingstown, St. Vincent and the Grenadines

2011 Round of the International Comparison Programme
26-28 September 2011, Port of Spain, Trinidad and Tobago

Expert Group Meeting to Examine Waste and Waste Management Issues in the Caribbean
23 September 2011, Port of Spain, Trinidad and Tobago
Launch of Summary Report of the Review of the Economics of Climate Change in the Caribbean
26 September 2011, Port of Spain, Trinidad and Tobago