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Caught in the Global Hurricane: Debating the Caribbean's Development Challenges in an Uncertain World

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Summary

In March of 2009 the Brookings Institution and the Organization of American States joined in partnership with the Woodrow Wilson International Center for Scholars and Manchester Trade to sponsor a conference entitled “Caught in the Global Hurricane: Debating the Caribbean’s Development Challenges in an Uncertain World.” The conference was held to discuss four major topics of interest in preparation for Fifth Summit of the Americas, held in Trinidad and Tobago on April 17–19, 2009. The topics of discussion included four separate panels: Trade and Financial Development, Climate Change and Natural Disasters, Security Issues for the Caribbean, and U.S.-Cuba-CARICOM Relations.

This report provides a summary of the presentations given by international experts from various countries within the Western Hemisphere who are concerned with the well-being of the Caribbean region, the Hemisphere, and indeed the larger global economy.

Opening the conference, **Mauricio Cárdenas**, director of the Latin America Initiative at the Brookings Institution, discussed the importance of the timing of the conference in regards to both the upcoming Summit of the Americas but also in reference to the global economic crisis. It was Mr. Cárdenas’ hope that the conference would provide a list of concrete proposals and recommendations that the Caribbean region could bring to the table in Trinidad and Tobago as a unified voice. **Ambassador Albert R. Ramdin**, assistant secretary general of the Organization of American States, also discussed the need for an organized

regional approach to the upcoming summit. He also stressed that the “global hurricane” was not isolated to the Caribbean region, but affected the globe as a whole. His talk focused on the need for Caribbean unity as well as for cooperation with allies in the broader region and beyond. **Cynthia Arnson**, director of the Latin American Program at the Woodrow Wilson International Center for Scholars discussed the timeliness of the conference and the relevance of its four themes, all of them vital for the region’s future: trade and development; energy and climate change; security challenges such as drug trafficking and international money-laundering; and the role of Cuba in the Caribbean, the relationship between Caribbean states and Cuba, and how the United States plays into those regional dynamics.

Providing opening remarks for the panels, **Edward Greene**, assistant secretary-general for human and social development at CARICOM chose to focus on identifying some of the major challenges to the region and supplying some potential responses or coping mechanisms for the Caribbean. His talk focused on three fundamental issues: the economic and financial crisis, climate change, and crime and security.

The first panel, *Trade and Financial Development*, was moderated by **Stephen Lande**, president of Manchester Trade, Ltd. As the first speaker of the panel, **Dame Billie Miller**, retired minister of foreign affairs and foreign trade of Barbados, focused her talk on the relationship between the United States and the Caribbean region, arguing that the Caribbean must speak with one voice and

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reposition itself in terms of its merchandise market access to the United States through a bilateral regional trade agreement. **Sidney Weintraub**, William E. Simon Chair in Political Economy at the Center for Strategic and International Studies discussed the need for a single market economy in the Caribbean as well as constant communication between the Caribbean region and the United States as a necessary component of any strategy to promote structural changes in the region. **David Jessop**, executive director of the Caribbean Counsel of London brought two questions to the table. First, Dr. Jessop asked whether the Caribbean has the will, the institutions, and the undivided focus on implementation necessary to integrate its economies. Second, Dr. Jessop asked whether some Caribbean states are quietly moving to establish long-term economic relationships that may initially weaken regionalism, but over time may create new building blocks for a more integrated region. **Pamela Coke-Hamilton** of the Trade and Integration Sector of the Inter-American Development Bank focused on the current economic situation in the Caribbean region while looking toward future challenges. She warned of the negative impact of the drop in remittances to the region, potential anti-tax haven legislation in the United States and the necessity of implementing a common market within the Caribbean.

The second panel, *Climate Change and Natural Disasters*, was moderated by **Adele Morris**, from The Brookings Institution. The first speaker of the panel was **Roger Pulwarty**, director of the U.S. National Integrated Drought Information System at the National Oceanic & Atmospheric Administration. Dr. Pulwarty discussed the particularly sensitive nature of the region in regards to natural disasters, stressing that disaster prevention and the sharing of information and strategies were key for the region to survive the potential impacts of global warming. **Pablo Rodriguez** of the Department of Sustainable Development within the OAS discussed the role of water management and disaster prevention within global warming. Mr. Rodriguez argued that it is necessary to change the disaster relief and reduction paradigm in the region from one that is the sole responsibility of specialized agencies, to one in which these issues become major components of the international discussion about development. **Ambassador Angus Friday**, former ambassador of Grenada to the United Nations, closed the panel on Climate Change and Natural Disasters by discussing the manner in which global warming is changing the rules of the game by creating new, destructive weather patterns where previously there had been less. He discussed the human impact of climate change and stressed the need for the region to take a unified approach to alleviating the effects of climate change on vulnerable populations.

During the recess, **José Miguel Insulza**, secretary-general of the Organization of American States spoke in regards to urgency of addressing the effects of climate change, particularly its effects upon the poor and vulnerable. Dr. Insulza also stressed the need for a greater focus on preventing crime, as well as the necessity of greater dialogue between the United States and Cuba. Vice President of Panama **Samuel Lewis Navarro** discussed the convenience of accelerating public investment in the region in order to mitigate the impacts of the global financial crisis. Furthermore, Vice President Lewis stressed the need for safer streets in the region, closer ties with Cuba, and a clear vision of leadership to address the pressing challenges facing the region.

The third panel, entitled *Security Issues for the Caribbean*, was moderated by **José Raúl Perales**, senior program associate at the Wilson Center. The first speaker, **Lynne Anne Williams**, executive director of the CARICOM Implementation Agency for Crime and Security (IMPACS) in Trinidad and Tobago, spoke of the fact that the Caribbean has been transformed from a trans-shipment zone between drug producer and consumer countries to a trans-shipment and market zone, with an estimated 440 metric tons of drugs staying within the region. In response to this, Dr. Williams recommended that the region pursue an urgent and effective multi-sector response on crime prevention in junction with social science institutions, academia, and community representatives. **Anthony Harriot** of the University of the West Indies discussed the transformation of the Caribbean from an agriculturally based region to one in which drugs affect all areas of governance. Professor Harriot discussed the difficulties small states face as they attempt to address local and international issues with limited resources and personnel. **Ambassador Cresencio Arcos**, government affairs counselor to K&L Gates LLP, discussed the highly organized nature of criminal groups involved with drug trafficking within the region, stressing the facts that these groups have large sources of funding as well as highly educated individuals capable of carrying out large-scale operations that are difficult if not impossible for individual states to stop.

The fourth panel, *U.S.-Cuba-CARICOM Relations*, was moderated by **Theodore Piccone**, deputy director for foreign policy at The Brookings Institution. **Jorge Piñón** of the Center for Hemispheric Policy at the University of Miami discussed the potential transformation of Cuba from an oil consuming nation to one which is a net exporter of oil in the relatively near future. Professor Piñón also discussed the potential benefits of this transformation in terms of how it will benefit the region and hemisphere as Cuba continues to develop its energy production capacity. **Rafael Romeu** of the International Monetary Fund discussed the projected shifts in tourist demographics that the Caribbean region will face when Cuba is opened

to U.S. tourists, as well as the economic impacts that will result from such changes. **George Dalley**, staff director of the Office of United States Congressman Charles B. Rangel, focused on the outdated ideological practices that have driven U.S.-Cuban relations, calling for a progressive change on the part of the United States, in particular in light of the potential market for U.S. goods that Cuba can provide. **William M. LeoGrande**, dean of the School of Public Affairs at American University argued that the past 50 years of U.S. policy towards Cuba has proven a failure. Professor LeoGrande stressed that the provisions of the Helms-Burton Act do allow for U.S. presidents to undertake specific progressive actions, and that an agenda of engagement must be undertaken as a means of improving relations between the two countries.

The final session of the conference was moderated by **Mauricio Cárdenas**. **Gordon Shirley** of the University

of the West Indies provided a list of challenges to the region, arguing that it is necessary to provide the developing world with the capital necessary to tide over the global economic crisis. Furthermore, Dr. Shirley outlined the necessary actions to address environmental, economic and security issues of great importance to the region, as well as the necessity of moving towards normalized relations with Cuba. In conclusion, **Strobe Talbott**, president of The Brookings Institution closed the conference by stressing that the United States needs to pay closer attention to the Caribbean region. Dr. Talbott discussed the inextricable link between the Caribbean and the United States, calling on policy advisors and legislators to take notice of goings on within the Caribbean and noting the region's role as a harbinger of problems that the United States may face in the future.

Welcome and Introduction

Mauricio Cárdenas
Director, Latin America Initiative,
The Brookings Institution

Opening the conference, Mauricio Cárdenas stressed the timely nature of the gathering in anticipation of the upcoming Summit of the Americas in Trinidad and Tobago. In consideration of the many issues expected to be discussed at the Summit, the conference could prove helpful in identifying common interests and strategies among Caribbean nations as they prepare for the gathering.

Mr. Cárdenas brought to the forefront the point that the recession of the U.S. economy implied a difficult situation for Caribbean exports, as well as for the tourism industries of Caribbean nations, which are extremely dependent on the U.S. market.

Furthermore, aside from Trinidad and Tobago, most other Caribbean countries are very oil-dependent. Despite this fact, Mr. Cárdenas points out that there have been marginal developments in the region in regards to finding alternative sources of energy as well as incentives in various forms. However, while the Petrocaribe program allows members to pay bills over 25 years with marginal interest- at least 40 percent of bills payable within 25 years at a 1 percent rate- this situation could change due to the current prices of oil as well as the deterioration of the Venezuelan economic system. As such, it is difficult to discern whether the Petrocaribe scheme is sustainable under such conditions.

Ambassador Albert R. Ramdin
Assistant Secretary General,
Organization of American States

Ambassador Ramdin began his talk with a call for concrete proposals on dealing with the multiple challenges that

Caribbean countries face. The ambassador added that not only did this conference need to create proposals for the Summit of the Americas, but that the summit itself needed to continue the discussions started within this conference, thereby creating a continuity of dialogue on topics of critical importance to the region.

Ambassador Ramdin pointed out that the issues negatively affecting the Caribbean are not necessarily unique to the region, rather, the "global hurricane" is just that, a global phenomenon. Ambassador Ramdin pointed out the necessity of paying attention to what occurs in the Caribbean as it may provide lessons relevant to the broader region. Further, he pointed out that in light of the global economic crisis, the issue of development in the Caribbean must be included within the discussions being held by developed nations.

Aside from development, the ambassador spoke to the importance of discussing other crises relevant to the Caribbean, such as the energy crisis, food crisis, environmental problems, and security issues. If these issues are not dealt with promptly these connected issues may lead to a greater crisis of governance and political stability extending from the Caribbean out into the broader region, and eventually the entire hemisphere. For this reason, this conference and the Summit of the Americas take on great importance as strategic environments within which to plan on how to avert such crises. Ambassador Ramdin recognized that Caribbean leaders have been aware of these problems, and have been planning their responses and putting mechanisms in place to avert such crises.

In order to avert these potential crises, Ambassador Ramdin stressed that national and international leadership must not plan in isolation, but rather must extend the capacity for engagement in the process into the greater society. The



ambassador argued for the enrichment of dialogue by not “limiting it to the legislative and the executive authorities, but broadening it to include the dialogue with civil society, with the private sector, with trade unions.” This is necessary due to the fact that successful results will depend on how civil society and the private sector respond to any initiatives that are put into place.

Ambassador Ramdin argued that regardless of what arrangements are put into place, be they within the subregion, the G-20 Summit, the Inter-American Development Bank (IADB) annual meeting, or the Summit of the Americas, there must be special arrangements for vulnerable economies, as many are not capable of handling the impact of the global crisis for various reasons.

In consideration of the various issues confronting the Caribbean, Ambassador Ramdin stressed that it was of the utmost importance that a collective response be fashioned that is rooted in a strong, internal Caribbean unity. This is necessary, as the possibility of continued growth in the future is dependent upon the ability of Caribbean nations to speak with one voice. Ambassador Ramdin added that there have been gains made in regards to regional unity, yet it was necessary to rethink the integration of the region into global systems, rather than rely on structures and ideas rooted in the thinking of the 1950s and 1960s. This is especially important, as there is a “global architecture of dialogue in trade” that did not exist even 20 years ago, as well as new, powerful players like China and India.

Ambassador Ramdin went on to stress the need to define a strategic agenda on trade, education, agriculture, environment, and security that is based on a strong internal unity. What is necessary is an appreciation of the current situation coupled with the ability to look towards the future with a regional perspective. While there is a pressing need for an agenda, acting upon this agenda is at least as important.

Ambassador Ramdin asked how it could be possible to implement such an agenda. His answer was that “the only way it can be done is by a strong coherent foreign and trade policy which needs to focus not only on strengthening and deepening existing relations, politically and trade-wise,

but also exploring new ones... I mean Asia. India and China...” Furthermore, Ambassador Ramdin stated that it was also necessary that the Caribbean region find allies within Central and South America as a means of finding collaborative means of responding to crises.

Cynthia Arnson

Director, Latin American Program,

Woodrow Wilson International Center for Scholars

Dr. Cynthia Arnson began by addressing the fact that since the Caribbean states are limited in certain aspects because of their individual size, it is necessary that they pool their resources as a means of addressing the fundamental challenges and changes in the political, security, and economic arenas. While internal unity is desired, Dr. Arnson pointed out that changes internal to the Caribbean have been greatly influenced by forces outside of the region, such as the influences of international organizations such as the World Trade Organization (WTO), as well as transnational phenomena like non-state entities, energy markets, global warming, and organized crime. It is the small size of most Caribbean states and their vulnerability to outside forces that has drawn the attention of the international community.

Dr. Arnson stated that the conference was designed to “explore the key issues for the Caribbean and its insertion into the international system,” and as such the conference organizes the various challenges into four themes: trade and development; energy and climate change; security challenges such as drug-trafficking and international money-laundering; and the role of Cuba in the Caribbean and the relationship between Caribbean states and Cuba, as well as how the United States plays into those dynamics.

In closing, Dr. Arnson appreciated the timeliness of the conference in consideration of the global financial crisis and in consideration of the upcoming Fifth Summit of the Americas, during which the Caribbean region has an opportunity to speak from a unified position to express regional concerns, as well as the commonalities the Caribbean shares with the rest of the Latin American region.

Opening Remarks

Edward Greene

Assistant Secretary-General for Human and Social Development, Caribbean Community (CARICOM)

Greene began his speech by reiterating the necessity of the Caribbean region to speak as one at the upcoming Summit of the Americas. Continuing that it was very important that the dialogue embraces and recognizes the contributions of civil society, the private sector, and youth.

Greene chose to focus on identifying some of the major challenges to the region and supplying some

potential responses or coping mechanisms for the Caribbean. He focused on three fundamental issues: the economic and financial crisis, climate change, and crime and security.

In regards to the economic crisis, Greene pointed out that the current economic crisis facing the globe is the result of a new liberalism that has “stimulated tensions and conflicts among countries and regions due the inequities and inequalities in applications, implications and impact.” Greene stated that the issues of poverty associated with

the economic crisis go hand in hand with the problems resulting from climate change, as well as security and crime issues emanating from illegal drugs, firearms and terrorism.

Greene referred to the United Nations Development Program (UNDP) Human Development Report 2007 to point out that we have less than a decade remaining in which it will be possible to halt climate change, provided we begin to live within the means necessary to do so. However, as Greene pointed out, emissions are currently running at twice the level recommended by the Human Development Report, which could result in a temperature change of five degrees or above by the end of the century. Greene warned of the rise of sea levels and the particularly devastating effect that this can have on the Caribbean region, and argued for the necessity of adopting disaster risk reduction mechanisms to head off the problem.

Further, Greene stated that crime, drugs, and terrorism are directly and indirectly tied to the global economic crisis, and that only a “massive and collective assault” on drugs and crime can stem the erosion of regional security. Without such an effort, it is possible that future catastrophes can initiate further economic decline.

In regards to specific challenges that have resulted from the “global hurricane,” tourism holds a vulnerable position. A falloff in tourism in the Caribbean region as a result of the global economic crisis has reached as high as two-thirds in some locations, which has had great implications for tourism-related industries such as entertainment, international travel, ground transportation, and construction. In addition, a decline in demand for petroleum has meant that industries in Trinidad and Tobago, Jamaica, Brazil, Guyana, and other countries have slowed production in various sectors such as ammonia, bauxite, timber and other products as a result.

In response, the Caribbean community has been urged to take measures in areas of foreign exchange reserves, deposit insurance, capitalization ratios, local assets ratios, cross-border supervision, and supervision of non-banks such as insurance companies. In addition, Greene stated that the existing framework, based on multilateral assistance and streamlined contingency planning, while theoretically sound, has resulted in the collapse of some of the major financial conglomerates in the region. He stated that the current quota-based approach had resulted in grossly inadequate funding to small countries. Greene stressed that in light of a study conducted by the Trade and Economic Integration Directorate, outstanding prerequisites for small countries must be adopted, such as: realizing the goal of ad commitment at 0.7 percent of GDP; reversing the practice of graduating developing countries out of concessionary borrowing categories;

and orienting the international framework for managing debt overhang at the international level as a means of accommodating vulnerable economies.

Speaking on the issue of climate change, Greene stressed that mitigation adaptation and resource mobilization strategies are essential, and necessitate a regional strategy within climate change agendas. Within this idea, Greene mentioned that the Caribbean Task Force on Climate Change and Development was formed, which currently is working on two major questions: What should be the global target for greenhouse emissions reductions post-2012? And secondly, who should bear the burden of these reductions?

Greene stated that energy and climate change policies hold within them the potential to diversify the means of creating renewable energy technologies and strategies at national and regional levels, while also providing opportunities for collaboration between universities and the private sector within and outside of the region. Dr. Greene stated that investment in green technologies is a means of solving both economic and environmental issues, a viewpoint shared by the administration of President Obama.

Turning to crime, Greene asserted that the Caribbean region exhibits the highest crime rates per capita in the world. On this front the region has collaborated, establishing the Task Force on Crime and Security in 2000 which has created the capacity to think and act collectively on various security issues.

Despite some signs of progress, Greene revealed the difficult reality of the situation by pointing out that the region is directly in between the largest producers of cocaine to the south and the largest consuming country to the north. This reality, Greene stated, ties in to the complex issues involved with the return of deportees from the north who are educated in organized crime while concurrently the region suffers from the effects of brain drain. The means of dealing with these issues, according to Dr. Greene, is a “pan-Caribbean approach to the establishment of a comprehensive strategic partnership with regional forces as a deliberate regional security strategy.”

In light of the issues confronting the region, the interests of the Caribbean are tied to the Community's major objectives: ensuring the improved welfare of its citizens through the adoption of social and economic policies that enhance and sustain development, preserving territorial integrity and security in the face of transnational threats, and ensuring public security at a time of rising crime and continued stability while exploring new options for trade and diplomacy.

The major threats to the community according to Greene are transnational crime, rising domestic crime, climate change, and vulnerability to external economic shocks and



inimical policies of external partners. In closing, Greene pointed out that the new U.S. administration is paying closer attention to the region than the preceding administration,

and the strengths of the Caribbean such as diplomacy, moral high ground and skilled thinkers must be utilized in order to overcome the challenges that the region faces.

Panel 1: Trade and Financial Development

Moderator:

Stephen Lande
President, Manchester Trade, Ltd.

Dame Billie Miller

Retired Minister of Foreign Affairs and Foreign Trade of Barbados

Dame Billie Miller began the panel on Trade and Financial Development by speaking to the fact that the World Bank has called on industrialized countries to pledge 0.7 percent of their stimulus packages towards a vulnerability fund for developing countries unable to bail themselves out of the economic crisis. Currently, declining remittances are hurting the economies of the Caribbean badly, in particular Guyana, Jamaica, Dominica, and Haiti. In relation to this, Dame Billie Miller suggested that the United States might be encouraged to exercise its considerable influence to increase the resources of the IMF and multilateral banks to help ensure that the Caribbean and other developing regions can secure the capital they need for their own stimulus packages.

The Brookings Institution, in its report of the Partnership for the Americas Commission entitled *Rethinking U.S.-Latin American Relations: A Hemispheric Partnership for a Turbulent World*, recommends that together Latin America and the Caribbean must seek to engineer a new partnership with the United States. Dame Miller reminded the group that partnership cannot mean equal responsibilities for all within such an asymmetrical world. Rather, she defined “partnership” as an “international cooperation where a group of countries identifies common interests, objectives and solutions, and then each partner country undertakes responsibilities according to its own economic and political capabilities to generate shared benefits.”

Dame Miller supported the idea that the Caribbean must speak with one voice in regards to addressing challenges and identifying strategic priorities. Of most importance, she argued that the Caribbean Single Market Economy (CSME) must come to fruition, and CARICOM leaders must pursue that goal relentlessly. Within this, the ideal “would be to seek to lock in and enhance the existing access granted under the Caribbean Basin Initiative (CBI) so that all CARICOM countries could benefit from the advantages of the Caribbean Basin Economic Recovery Act (CBERA) and Caribbean Basin Trade Partnership Act (CBTPA) with improved tariff and quota concessions.

We would want more flexible rules of origin. We would want to address non-tariff trade barriers and to extend the scope of coverage beyond trading goods... to include trading services and investment.”

Already the Caribbean is diversifying its trading partners outside of the hemisphere, engaging in deals with China and the European Union. However, Dame Miller warned that the United States should not underestimate the worth of the Caribbean as a trading partner, as between 1996 and 2007 U.S. exports to Latin America and the Caribbean were more than double than those going to China.

In closing, Dame Miller argued that the only feasible option currently available to the Caribbean is to reposition itself in terms of its merchandise market access to the United States through a bilateral regional agreement, a Free Trade Agreement (FTA), which may be the only option the United States would give serious consideration. Yet any insistence that any FTA must include provisions for capacity-building support aimed at facilitating adjustment to liberalization and integration into the global economy will be met with resistance from the United States, which attempts to use one template for all countries.

Sidney Weintraub

William E. Simon Chair in Political Economy, Center for Strategic and International Studies

Professor Weintraub described United States attention on the Caribbean as sporadic aside from the pursuit of a failed drug policy. As such, it was his belief that individual countries jointly and individually have to take initiative in various areas in order to move forward. In consideration of the fact that the United States is currently

“The only feasible option currently available to the Caribbean is to reposition itself in terms of its merchandise market access to the United States through a free trade agreement”

—Dame Billie Miller

focused on internal economic matters, these matters have repercussions in the Caribbean. For example, he pointed out that the current debate on tax havens in the United States may have repercussions in the Caribbean.

Weintraub highlighted the importance of the single economy initiative that calls for free trade in goods and services, free movement of labor and capital, and for the right of establishment. Admittedly, this single economy would require considerable harmonization of policies, regulations, monetary policies, fiscal policies, sectoral problems, and a multitude of other considerations.

In consideration of this, Weintraub did not believe the time was right for a free trade agreement between the U.S. and CARICOM. However, if the single market were to take effect by 2015 then he believed that a free trade agreement would be feasible. Weintraub reiterated certain points of a study prepared by the U.S. International Trade Commission, such as the suggestion that the type of products within the Caribbean Basin Trade Policy Initiative be expanded beyond textiles.

Furthermore, he suggested that in terms of U.S. policy, a trade and investment framework agreement or agreements would be ideal: "I think a... trade and investment framework agreement, a new one that goes beyond what we already have, that includes more products... would be the way to go right now with the United States." Weintraub then suggested that policymakers in the Caribbean call these issues to the attention of the U.S. administration on a regular basis, and shape the arguments to fit in with the current priorities of the United States. He ended with a reminder that although the United States may not pay attention unless something out of the ordinary happens, the interests of the United States are indeed served by a prosperous and stable Caribbean.

David Jessop

Executive Director,

The Caribbean Council, London

Jessop framed his discussion within two questions: whether the Caribbean has the will, the institutions, and the undivided focus on implementation necessary to integrate its economies; and second, whether some Caribbean states are quietly moving to establish long-term economic relationships that may initially weaken regionalism, but over time may create new building blocks for a more integrated region.

In regards to the first question, Jessop discussed the signing of an economic partnership between Europe and the nations of CARIFORUM which will liberalize trade between the Caribbean and Europe after a three-year moratorium. This agreement is based upon the assumption that the Caribbean has the capacity for economic integration. The success of this agreement hinges on the ability of the private sector of the Caribbean to compete against European suppliers and service providers, while

also developing services and products within the European market and repatriating capital to the Caribbean. While the Caribbean may prove capable of competing in regards to tourism, financial, and cultural services, Jessop is concerned about whether smaller enterprises within the Caribbean may not be able to compete. While this agreement also includes development assistance to the Caribbean from Europe, through no fault on the part of Caribbean states, the Economic Partnership Agreements (EPA) could fail if Europe neglects its part of the bargain. In essence, Jessop stated that in order for the EPA to work effectively, it will be necessary for the Caribbean Single Market Economy to exist and operate in line with the pace of market liberalization that has been agreed with Europe. However, Jessop warned that there are many doubts about whether the regional integration process is moving forward in the Caribbean, stating that difficulties first became apparent in 1992 when recommendations of the West Indian Commission were rejected and an opportunity to change the region's decision making structures were squandered.

In regards to the second question, Jessop explained that in the face of a global recession, increasing food prices, higher energy costs, falling tax revenues, increasing difficulties with funding health care and education, and little regional integration, Caribbean governments are focusing more on domestic issues and turning to national solutions in which they are engaging in a creeping protectionism while searching for external sources of finance. As such, Jessop stated that Caribbean states are looking more to Venezuela, China, Brazil, and even tourists as a means of balancing budgets and encouraging growth, rather than looking to free trade solutions. In essence, short-term economic imperatives and the large sums that Venezuela and China are prepared to provide are changing the arena.

Jessop warned that the slow pace of implementation of the CARICOM Single Market and Economy (CSME) is leading some Caribbean nations to consider new interregional partnerships. The larger economies of the region- Jamaica, Cuba, and the Dominican Republic- are starting to look at ways to develop stronger economic ties. Trinidad and the nations of the Organization of Eastern Caribbean States (OECS) are looking at closer engagement, and the OECS is building its own integration movement. In addition, Jessop stated that Guyana and Suriname are looking towards a deeper relationship with Brazil, and there appears to be a new emphasis on South-South cooperation within the Rio Group.

Dr. Jessop reckoned that these trends may accelerate if there is significant change in U.S.-Cuba policy, especially if investment flows and tourism moves towards the larger economies of the Western Caribbean. This possibility, diminishing financial resources, and difficulties establishing the CSME may lead nations in Europe to



question region-based policy towards the Caribbean. A similar point of view regarding the Caribbean is shared by the United States.

The difficulty for the United States is the question of how it can deal with the Caribbean while taking into consideration Caribbean relationships with Venezuela, China, and Brazil. Jessop suggested that a pragmatic and realistic approach by the United States may include incremental improvements in the areas of trade, security, and climate change with the Caribbean, coupled with a strong focus on improving bilateral relations with Trinidad, Jamaica, the Dominican Republic, and Cuba. Furthermore, the United States must foster development partnerships focusing on closer integration of Caribbean sub-regions. Jessop stated his hope that in time this strategy may lead to a viable single market economy, and a new order may emerge in the Caribbean and the Americas as a whole.

Pamela Coke-Hamilton
Trade and Integration Sector,
Inter-American Development Bank (IADB)

Focusing on the current economic situation in the Caribbean region while looking toward future challenges, Coke-Hamilton began by stating that the World Bank report for G-20 shows a financing shortfall for the region of \$270-700 billion for 2009. This has been preceded by a drop in tourism and remittances, and potential anti-tax haven legislation from the United States.

Tourism receipts and bookings for the region are down 20–40 percent and are still falling. This is a significant loss in consideration of the fact that the tourism industry accounts for 65 percent of the Bahamas' workforce. Remittances to the region have also dropped drastically, showing the first decline since the year 2000. Remittances are down by 13 percent for the region in January 2009 alone. According to Coke-Hamilton remittances to the region outstrip development assistance and foreign direct investment, and constitute 43 percent of GDP for Guyana; 35 percent for Haiti; and 18 percent for Jamaica. She stressed that the lack of the safety net provided by remittances will have a heavy impact on crime, violence, health care and education.

In addition, the U.S. tax haven bill may seriously effect the Caribbean offshore financial sector. To put this point in perspective, Coke-Hamilton stated that in Barbados 60 percent of the country's tax is gleaned from the offshore financial sector. If the tax haven bill is put through, countries that receive large amounts of income through these means will have to cease their "offending rules and practices" in order to be taken off of the blacklist.

Coke-Hamilton went on to discuss the significance of the signing of the EPA between the EU and CARICOM in 2008, warning that this agreement has put pressure on institutional, technical and human resources at the

same time that the removal of tariffs has led to a loss of government revenues. This, she warns, will have a severe impact on the region, especially in consideration of the fact that CARICOM institutional mechanisms are already severely underfunded and understaffed. Furthermore, Canada-CARICOM negotiations begin in the spring of 2009, which will replace existing CARIB-Can arrangements and may further stretch the Caribbean's scarce resources.

Aside from capacity concerns, Coke-Hamilton warned that the EPA Most Favored Nation (MFN) clause is already constraining the ability of the Caribbean region to offer deals with larger trading partners like Canada and the United States without also having to give such deals to Europe. Additionally, the manner in which the private sector is included in the negotiation process has changed, as has the design of agreements and the manner in which private sectors in the Caribbean are linked to private sector organizations in partner countries.

To meet these challenges, Coke-Hamilton suggested that the first proposal would be an overhaul of Caribbean institutional structures, which were designed over 40 years ago and have become anachronistic. She stressed the need to put in place institutional mechanisms that can deliver what has already been negotiated. The current institutional structures in the region, she argued, were designed to carry out what are essentially one-way free trade agreements, merely forms of "guaranteed access" designed in the past. This dynamic has changed, and according to Coke-Hamilton, no longer can the nations of the region be dependent upon a particular type of trade. Rather, the region should look ahead and focus on identifying market openings and creating trade-driven private sectors.

Coke-Hamilton felt that what should not happen is a continuation of the move towards a service economy. She felt that if the region continues to engage in generic service agreements which give the region very little, it will be more difficult for the region to move towards specific agreements. In regards to this, she suggested that the region should be focusing more on cultural strengths in regards to income generation. Furthermore, Coke-

"In the face of a global recession.... Caribbean governments are focusing more on domestic issues and turning to national solutions in which they are engaging in a creeping protectionism"

—David Jessop

Hamilton recommended a series of protocols based on specific deliverables, including such ideas as asking for compensation from developed countries that contribute to Caribbean brain drain by drawing off educated professionals.

In closing, Coke-Hamilton suggested that the implementation of the CSME needs to be prioritized. She also suggested that a more serious look at the incorporation of Haiti would be necessary, perhaps utilizing a relationship between the CSME and Haiti,

thus taking advantage of the special agreement provided that nation as a means for even access to the U.S. market. She further suggested that alliances with larger, more powerful countries with similar interests would be beneficial, and that the region should not ignore the strength of alliances with South partners, developing countries and major island partners. Finally, Coke-Hamilton highlighted that the region had been divided by the EPA negotiations, and that more discussions regarding this division need to be held.

Panel 2: Climate Change and Natural Disasters

Moderator:

Adele Morris, Senior Fellow, Global Economy and Development, The Brookings Institution

Roger Pulwarty

Director, United States National Integrated Drought Information System at the National Oceanic & Atmospheric Administration (NOAA)

Pulwarty began his talk by asking “how do we make sure that we use information in a creative way” in order to address the problems caused by climate change? He stressed that climate change was not a problem of “the future,” but rather that the planet is in a critical situation right now. The seriousness, as Pulwarty illustrated, was not simply as that of most development issues, but rather an issue so critical that it is possible that we may be pushed over a threshold from which the planet will not be able to recover.

The potential dangers resulting from climate change, as Pulwarty demonstrated, are of particular concern to small island nations. He put the seriousness of the matter— as regards to small islands— in perspective by showing that if one were to look at the extent of damage from natural disasters in relation to total population affected, then island states dominate the statistics. With this in mind, Pulwarty argued that scale of destruction in reference to total population must be looked at more closely despite small population size, considering that these islands are states and thereby necessitate functioning governments for a variety of local and international reasons.

Pulwarty showed that the Mediterranean basin, southwestern United States, northern Mexico, southern Africa, Australia, and the Caribbean exhibit “the most reliable signals in terms of drying.” In relation to this, he discussed the grave importance of addressing climate change as something other than an issue in which “we have to wear less clothes” because it is getting warmer. Dryness, according to Pulwarty, is an important signifier for the increase in intensity (though not an increase of occurrences) of hurricanes in the Caribbean. There are

a variety of dangers the region will face as hurricane intensity increases. As a result of long-term drying signals and the correlated increase in intensity of hurricanes, the issue of storing storm water takes on greater urgency. Pulwarty warned that as water reservoirs are full during dry times, when a hurricane does hit the potential for disaster is greater.

Pulwarty further warned that if adaptation strategies are geared towards current conditions, then the potential for disaster is just as great, as strategies must be implemented in consideration of future norms in the environment rather than on today’s levels. To stress the fact that contemporary planning must be based on future projections, he discussed the issue of beach loss as a result of rising air temperature, drier conditions and the raising of sea levels. According to Pulwarty, from 2010 to 2099 there are projected trends of air temperature rising from about 0.5°C to just over 4°C, with a drier mid year and a wetter end of year. In turn, there is a projected sea level rise of about 35 to 50 centimeters over the next 50 years. In consideration of these projections, Pulwarty warned that some places— like Antigua and Barbuda— may be losing anywhere from 30 to 40 percent of their beach area. In reference to this, he emphasized the economic impact this may have on island nations. As most major resorts are within 30 meters of the coast, the loss of tourism may be great indeed.

Again, Pulwarty questioned whether current adaptive strategies being devised or implemented right now are themselves susceptible to climate change. He urged this line of thinking, as a proactive investment would indubitably pay off in the future, as “one dollar in retrofit saves seven dollars in terms of impacts.” In reference to this, Pulwarty discussed how the impact of hurricanes has increased over the decades, at least in terms of damage costs, with more intense hurricanes in the present causing more damage. He stressed this point by arguing that were



a hurricane that hit the Dominican Republic in 1960 to hit again in 1980, the economic impact increase would have been about eight and a half times. Therefore, disaster planning and implementation must take into consideration at what level variables such as wind speed and rainfall will be years from now, rather than today's levels.

Pulwarty also discussed the economic impact of the loss of coral reef as a result of global warming. He stated that according to coral reef studies roughly 80 percent of living coral reefs in the Caribbean have been lost over the last 20 years and as a result fish populations have dropped. In consideration of the fact that fishing in the Caribbean is a three to five billion dollar a year industry, the necessity of protecting coral reefs is clear. Estimates of calcification rates show a 15–30 percent loss by 2050, and within this same time frame coral reefs may lose 15–20 percent of the capacity to regenerate themselves.

As a result of climate change, dengue was returning to the region as a result of the shortening of incubation periods. An air temperature of 30°C results in an incubation period of 12 days, whereas an air temperature of 32°C results in an incubation period of 7 days. Obviously the human cost in sickness and suffering increases as a result, but the economic impact is also significant, as an increase in sickness correlates with a decrease in available labor and production.

Pulwarty highlighted the importance of regional unity, especially in consideration of the fact that the region shares common concerns relating to agriculture, biodiversity, marine ecosystems, near-coastal settlements, and other issues relevant to the entire region. In order to meet these challenges a forward looking strategy that takes into consideration projected changes in climate is necessary. It is necessary that the region cooperate in the gathering of information regarding the effects of climate change and “mainstream knowledge into practice.”

In closing, Pulwarty discussed four things necessary to adapt successfully to the effects of climate change. First, the ability of people to realize that they must plan within a forward-thinking, long term framework that adapts to new information and data. Second, efficient technologies are necessary, as exploiting finite resources right to the very edge can lead to disaster. Third, and most important, implementation. Pulwarty warned that despite the best planning, brilliant plans can fail without proper implementation. He asked various questions in this regard, for instance, what are the barriers to adequate implementation of preventive policies; and what are the relationships desirable under a regional, adaptive framework? What relationships exist in regards to developing climate early warning information services in support of adaptation? Finally, Pulwarty stressed the need to remember that adaptation is not simply a one-issue idea, but is inextricably linked to water, energy, health, agriculture, biodiversity, and coasts.

Pablo Rodriguez

Department of Sustainable Development, Organization of American States

Rodriguez began his talk by stating that most of the discussions held in the last two years surrounding the issue of climate change have focused on the water resources management area. In light of this, he pointed out that there is a wealth of information and experience built around integrated water resource management and climate change. Yet, he warned, there is still a great deal to learn in consideration of the increase in atmospheric temperature and concurrent raising of sea levels. The uncertainty in regards to levels of rainfall and the potential impact in various localities necessitates a great deal of research as well as a great deal of capital resources.

Rodriguez then discussed the main threats the Caribbean islands face, including tropical storms and depressions which often become hurricanes with intense wind speed and rainfall causing flash floods and landslides as well as other damage and loss of life. In consideration of the unpredictability and intensity of these threats, and given the reliance of states in the Caribbean on agriculture and tourism, Rodriguez warned that one single event could result in the destruction of years worth of investment. Although early prevention systems have saved lives, they have not been able to prevent huge loss of infrastructure and resources. Furthermore, ecosystems may take years to recover from severe weather caused by global warming, and high poverty rates increase the human impact of severe weather as there is often very little adaptive capacity in high-poverty areas.

Rodriguez argued that it is necessary to change the disaster relief and reduction paradigm from one that is the sole responsibility of specialized agencies, to being a major component of the development discussion. In this, he argued that disaster risk is an integral part of development, just as financial, economic and social risk are inherently tied to development within productive economic and social sectors. Furthermore, Rodriguez argued that climate change must be integrated within a broader disaster/risk reduction community as well as within the development community, stating that the Hugo Framework for Action National Platforms provides an opportunity to merge these communities within a development perspective.

Rodriguez closed his discussion by reiterating four important points. First, he spoke of the necessity of continuing work on early warning systems as a means of saving lives and livelihoods, in particular those most vulnerable to disaster. The Caribbean will increase its preparedness as well as provide information critical for the development of policy and plans through the integration of 5-day and 10-day forecasts working in collaboration with the Florida Hurricane Center, National Oceanic and Atmospheric Administration (NOAA), Comisión Nacional de Actividades Espaciales (CONAE) in Argentina, and

Agência Espacial Brasileira (AEB) in Brazil. Secondly, Rodríguez argued that investment in a Caribbean-wide collaborative contingency plan for tourists was imperative, as tourism greatly decreases when governments declare states of emergency, and plans to deal with this will pay off economically. Third, Rodríguez argued that despite the fact that risk reduction is costly, it is imperative that there be investment in risk reduction for worst-case scenarios. He reiterated that investment in prevention is worth the cost in consideration of the fact that one storm can instantly wipe out years of investment. And finally, Dr. Rodríguez urged the private sector to understand that climate change adaptation and risk management must be factored into current and future development plans in order to address the threats effectively.

Ambassador Angus Friday
Former Ambassador of Grenada to the
United Nations

While the Caribbean region has contributed least to the problems associated with climate change, the region is suffering the greatest from the impacts. Extreme weather events, storm surges, flooding, sea levels rising, coral bleaching, and saltwater intrusion are all effects of global warming, and Ambassador Friday reminded those attending that these effects are here today and are not simply a problem “of the future,” as was evidenced by the fact that four hurricanes hit Cuba in 2008 alone.

Ambassador Friday used the case of Grenada as an example. Previous to 2004–2005, Grenada was considered to be below the hurricane belt (approximately 12.4 degrees north of the equator). However, after 2005 that dynamic changed as two successive hurricanes caused damages worth 212 percent of Grenada’s GDP. As a result of these hurricanes, 9 percent of housing stock was damaged, and 80 percent of the island’s crops were destroyed. In Grenada, as a result, insurance regimes have been altered to reflect the potential for damage in Grenada, no longer offering preferable rates during the hurricane season. As such, Ambassador Friday stated that Grenada is no longer below the hurricane belt, and that climate change had indeed arrived.

Ambassador Friday went on to draw attention to the social dimensions regarding the impacts of climate change. It is necessary to think of these aspects when discussing climate change, and to ask ourselves important questions relevant to the discussion. He asked, what are we doing about the vulnerable? What are the impacts on women and children? How are rural communities impacted? And what are the impacts on indigenous communities in states such as Guyana? He further stated that if the issue of climate change had initially been framed within a discussion of human cost it would have translated into a set of adaptive responses quite different from the framework being discussed today.

“It is necessary to change the disaster relief and reduction paradigm from one that is the sole responsibility of specialized agencies, to being a major component of the development discussion”

—Pablo Rodríguez

The impact on livelihoods is one aspect of the human cost. In regard to fishing, Ambassador Friday discussed how a one degree rise in temperature leads to an entire shift of the migratory patterns of dolphin and tuna stocks, and the bleaching of coral reefs pushes fish further away as well. This is extremely significant, as the region does not have the capacity to reach the distances necessary to follow the fish stocks as they move further from Caribbean shores. Ambassador Friday reminded those in attendance that these costs must be built into models of economic development, and as of yet there is little agreement on how these costs are to be financed.

Ambassador Friday then discussed the issue of forestation in the region, beginning by stating the fact that 20 percent of emissions of greenhouse gases are derived from deforestation. He discussed the necessity of getting on board with the Reducing Emissions from Deforestation (RED) agenda, of which Belize and Guyana are already participating in, however the smaller islands have not yet begun to participate.

Furthermore, Ambassador Friday discussed the need for carbon financing and other forms of financing to be blended into adaptation funds as a means of mitigating the impact of climate change on the Caribbean region. In tandem with this, exploration into energy development through new technology is also of great importance. Ambassador Friday discussed the fact that Barbados is exporting solar water expertise to foreign countries, while Dominica is looking at geothermal energy and the potential of exporting energy to Martinique and Guadeloupe.

However, what was lacking according to Ambassador Friday was the strategic initiative and direction at the regional level of CARICOM. As such, he asked how it may be possible for the United States to assist the region with these issues. To answer this the ambassador suggested that the Caribbean region enter into discussions with the United States regarding items such as export credits for technology implementation on good financing terms and scholarships to U.S. institutions. In connection with this, Ambassador Friday suggested that the region begin to build a financial infrastructure in order to reduce some of the economic vulnerability as a means of allowing the region to deal with climate change more efficiently.

Ambassador Friday then gave a summary of the approaches to climate change undertaken in the last two decades, including the Barbados Program of Action in



1994, which led to the Caribbean Planning for Adaptation on Climate Change from 1997 to 2001. After these actions, the plan for Adapting for Climate Change in the Caribbean was initiated from 2001 to 2004. Then came the creation of the Caribbean Climate Change Center in 2001. And in the spring of 2009 in St. Lucia some of the results from the Mainstreaming Adaptation and Inter-Climate Change have been revealed. Despite all of this, Ambassador Friday felt that what was missing was a fresh perspective that recognized the opportunities for transformative growth, the opportunity to mainstream adaptation into the core of economic development and low carbon growth. This opportunity must be seized and brought into the ambit of the Prime Minister's office so that the entire process can be centrally managed.

In conclusion, Ambassador Friday reiterated that the key item for dealing with climate change is preparedness. Within this, the Caribbean Climate Risk Insurance Fund

was created, and in December of 2008 the AOSIS came up with a proposal for a multi-window insurance program which will provide risk management and risk management advice, insurance, and an aspect involving rehabilitation and compensation for insidious change. However, these measures do not address some of the things changing very slowly, like sea level rise and coral bleaching. In consideration of this, Ambassador Friday stated that what is necessary is that for every time the Caribbean region experiences incremental changes in some of these parameters, the so-called Annex One countries should be charged a fee in order to address the resulting problems.

In closing, Ambassador Friday stated that a new narrative is needed that recognizes the opportunities that climate change offers within sustainable development. He also urged that when in regards to talks with the United States a great deal of attention must be focused on dealing with economic vulnerability in the region on a sustainable basis.

Recess/Lunch

Moderator:

Mauricio Cárdenas,
Director, Latin America Initiative, The Brookings Institution

Jose Miguel Insulza

Secretary General,

Organization of American States

Secretary Insulza began by pointing out that the current economic crisis was not one created by Caribbean states. In fact, Latin America and the Caribbean had shown reasonably good economic performances over the last decade, and as of 2008 the Caribbean was in its seventh year of economic growth.

In regards to global climate change, Secretary Insulza pointed out that hurricanes in the region used to occur roughly once a year, yet in 2009 the U.S. Meteorological Service estimates that there may be as many as 14 major hurricanes in the region. These weather events, including floods, droughts and rising sea levels will affect the livelihoods of millions of people, especially the poor and those living on very small islands. Insulza stated that reversing the trends in climate change would “not be one thing from one year to the other, but something that will happen in many, many years to come.”

In regards to security for the region, Insulza felt that this could become the Achilles heel for the region's development. He pointed out that in the Caribbean, Central America, and Latin America the figures for murder and violent crimes were at an all time high in 2008. Related to this, criminals deported from the United States back to the Caribbean region may be sent with little or no notice of what crimes they were involved with, and these individuals often join gangs or criminal groups upon their return to the Caribbean, thereby exacerbating the problems associate with crime.

In conclusion, Secretary Insulza stated that the resolution of 1962 that excludes Cuba from the inter-American system should be eliminated. He argued that the larger issue is the embargo, and it is necessary to find a solution to the issue by calling for a dialogue that will bring U.S.-Cuban relations out of the Cold War and into the 21st century.

Samuel Lewis Navarro

Vice President, Republic of Panama

Vice President Lewis began his talk by pointing out that the contemporary challenges facing Latin America and the Caribbean are centered on the consolidation of institutions and, in turn, on building the capacity of these institutions. It is these issues together that are the cornerstone towards progressive social development in the face of contemporary global economic realities.

According to Vice President Lewis, more public investment is necessary in order to mitigate the impacts of the economic crisis and to maintain an acceptable level of

“It is not enough to work solely on keeping drugs out of the United States, but rather the Caribbean must work together to provide safe streets by focusing on the needs of the region”

—Samuel Lewis-Navarro

employment and social development. Integral to this are mechanisms to stimulate ongoing development, which require a recapitalization of multilateral financial institutions. In light of this, Vice President Lewis argued that the present moment is favorable in terms of devising different means of moving towards development. Furthermore, he stressed that the new U.S. administration will provide a great opportunity to work together in devising creative solutions to the problems that the Caribbean region faces.

In relation to drug trafficking and organized crime, Vice President Lewis pointed out that it is not enough to work solely on keeping drugs out of the United States, but rather the Caribbean must work together to provide safe streets by focusing on the needs of the region and not simply the needs of the United States. The tackling of drug trafficking and money laundering must be prioritized as a means of reducing violence in the region.

Lewis urged that the hemisphere be seen not through the lens of ideological conflicts, but rather with an eye on doing what is necessary to secure the well being of the people. In relation to this, he pointed out that over the last decade most countries in the region have promoted greater ties with Cuba, and that these ties have included cooperation on education, health care, economics, and diplomacy. Today, 33 out of 34 independent nations of the Americas have, or will have shortly, full and normal relations with Cuba.

Vice President Lewis closed his discussion by stating that “today’s financial crisis is severe and egregious to the furthest corners of the globe. To resolve it, we need a clear vision of the future, and the leadership to commit all of our energies and resources to restoring our economies, the global trading system, and the strengths of our own societies.”

Panel 3: Security Issues for the Caribbean

Moderator:

José Raúl Perales, Senior Program Associate, Latin American Program, Woodrow Wilson International Center for Scholars

Lynne Ann Williams

Executive Director, Implementation Agency for Crime and Security (IMPACS), Trinidad and Tobago

While refuting the myth that the Caribbean region has been slack in its approach to security, Williams argued that drugs and arms trafficking are facilitated by the organized crime groups that also coordinate transnational crimes in the region such as kidnapping, counterfeiting, gang culture, human trafficking, illegal migration, financial, and electronic crime. According to Williams, this has created a situation in which the region has become more vulnerable to terrorism.

Williams pointed out that over the last decade, the region has transformed from a trans-shipment zone between producer and consuming countries to a trans-shipment and market zone, with an estimated 440 metric tons of illicit drugs within the region. The highly organized and well-funded drug industry operating within the Caribbean presents a powerful challenge to smaller countries of the region as the high economic costs necessary of combating drugs make things difficult for countries with small budgets. With a total land space of roughly 472,000 square kilometers across the region, the limited capabilities of law enforcement and security agencies in the areas are stretched thin not only in regards to personnel, but also in the areas of material resources, maritime assets, funding, training, and strains on the criminal justice systems. Furthermore, border control mechanisms around the region are of major concern for political stakeholders and operational heads.

An end goal, according to Williams, is to move towards an effective regional security mechanism with a well-defined regional security plan that would include three

key aspects. First, a 24-hour, 360 degree radar system is necessary that would enable international security forces to monitor air space and maritime areas. Second, and in tandem with the radar system, is the capacity for collective deployment of maritime and air resources to respond to the identification of incursions. Finally, Williams stressed that strong criminal justice systems with effective and efficient witness protection programs and well-developed and integrated border control systems are necessary.

Dr. Williams addressed the paradox that this situation presented. As the necessity of security means a tightening of border control, the desire to attain a common single market economy necessitates a free movement of nationals, thereby presenting a conundrum. As a means of addressing this situation, she pointed out that CARICOM has invested in the Advance Passenger Information System or APIS, which screens both nationals of CARICOM and visitors to the region against international watch lists as they move through the region. In conjunction with this system exists the advanced cargo information system which according to Williams operates generally on the same basis, but is used for the screening of cargo and consignments moving throughout the region.

Williams stressed that in order for the region to accomplish its security goals it is necessary that it pools resources and takes a unified approach on shared and emerging threats such as cybercrime and human trafficking, to standardize the levels of proficiency of human resource capacity around the region in all the security agencies, and to harmonize the operations and legislative framework to govern the entire plan.



She discussed needed actions for 2009, which included the refinement of the existing counter-narcotics plan, development of a CARICOM polygraph capacity, development of the regional crime and security strategy, implementation of the regional cyber security plan, and implementation of CARIPASS, a secure travel document with several layers of security which allows CARICOM nationals to cross borders with less hassle while allowing security agencies to focus immigration resources on higher risk travelers within the region.

In conclusion, Williams recommended that the region pursue an urgent, effective, multi-sector response on crime prevention in junction with social sciences institutions, academia, and community representatives. This, she argued, would strengthen collective hemispheric and regional responses and develop and enhance multilateral cooperation for resource mobilization and best practices. Furthermore, the region must embrace information and communication technologies as a means of optimizing, managing and auditing responses.

Anthony Harriott
Professor, University of the West Indies

Agriculture, as Professor Harriott began, accounted for roughly 50 percent of the GDP of most countries in the region in the 1960s. However, today agriculture accounts for 5 to 12 percent of GDP in most of the Caribbean. In tandem with these changes, Harriott pointed out the increase in organizational capacity and increasing violence of organized crime over the same time period. He pointed out that in the past most crime in the Caribbean was undertaken by amateurs operating individually or in small groups. However, today most crime is incorporated within a highly organized and well funded network of career criminals.

In addition, Harriott stated that 22 years ago gun trafficking as we know it was non-existent in the region. However, the confluence of drug and weapon trafficking has created highly organized drug trafficking groups whose organization is based often on American and Italian criminal models. Professor Harriott stated that the capacity to cope with this evolution of crime in the region has not kept pace with the crime itself. The professor stated by example the case of Saint Kitts and Nevis, with a population of 40,000 and a police force of 400 officers. Not only do Saint Kitts and Nevis police forces have to deal with the typical operations expected of them as states and localities, they also have to cope with large scale, well-funded drug trafficking organizations.

The professor discussed the fact that as drug routes such as those in Mexico are tightened or stopped, the flow will continue in other areas. With this in mind, Harriott put forth his argument for attempting to influence the security agenda by addressing three essential factors. First, the region must expect an increase in recreational drug use correlated with economic distress. Second, the region must expect increased rates of entrepreneurial crimes within an economy in crisis. And third, as a result of the increase in

recreational drug use and criminal entrepreneurship, the region must expect an increase in the flow of drugs into the region. To address this, Professor Harriott suggested that a more consultative, “less unilateral” approach to addressing these issues is necessary to combat the pressing issues of drugs and security in the region.

Ambassador Cresencio Arcos
Government Affairs Counselor, K&L Gates LLP,
Washington, DC

Ambassador Arcos began by stating that drugs are but one of the threats to the United States. In order to gain a holistic understanding of the problem, Ambassador Arcos stated that it is necessary that one first ask what the strategic interests of the United States in the region in a post-Cold War era are. At the end of the Cold War, the issues that challenge the security of the United States are not ideological enemies, but rather drugs, human trafficking, gang violence, kidnapping, corruption, and weapons trafficking.

Ambassador Arcos argued for a dialogue between the Caribbean region and the United States that is not a one-way discussion in which the United States dictates the terms. Yet, it must be understood that many countries in the Caribbean are too small to have viable military forces themselves, and as such have difficulties with law enforcement. Despite the small size of these countries, Ambassador Arcos stressed that it was necessary that each country be allowed to define what its security concerns were. In relation to this, Ambassador Arcos stated that while Plan Colombia has allowed Colombia to pacify segments of society, bring law and order to areas, and tame the guerrilla movement to an extent, it has not significantly deterred the drug industry.

The ambassador stressed that these criminal organizations are organized by highly educated individuals, not the poor who are often the face of drugs. Ambassador Arcos stressed this point by stating “These guys know how to wash money, launder money, recruit, and do everything and move stuff and know how to bribe and corrupt public officials, and have the best agronomists, the best chemists, the best pilots and the best aircraft.”

In consideration of these facts, Ambassador Arcos discussed the potential for the legalization of drugs, pointing out that such a debate would be extremely contentious within the United States. The ambassador asked how it could be possible to “give the American people and people of the region a chance between building prisons or building hospitals, defining it as a health issue or as a criminal issue.” The ambassador further stated that “the fact of the matter is that we can no longer keep going on saying we have a war on drugs, because this is a war that’s not going to be won, it’s only going to be managed.” In conclusion, Ambassador Arcos suggested that it is necessary to have a strategic dialogue between the Caribbean and United States on the definition and conditions of “security,” while including Canada and other states that are involved with the Caribbean.

Panel 4: U.S. - Cuba - CARICOM Relations

Moderator:

Theodore Piccone
Deputy Director for Foreign Policy, The Brookings Institution

Jorge Piñón

Center for Hemispheric Policy, University of Miami

Professor Piñón began by discussing the current and future potential for energy development within Cuba. In his assessment, Cuba's coastal crude oil production equals roughly 54,000 barrels a day with high prospects for oil derived from deep waters in the Gulf of Mexico within Cuba's Exclusive Economic Zone (EEZ). This area, about 112,000 square kilometers could have the potential for 4 to 5 billion barrels of oil according to the United States Geological Survey, or even as high as 20 billion barrels according to Cubapetróleo (CUPET) estimates. Furthermore, Piñón stated that in the future Cuba will have access to part of the Eastern Gap. In consideration of this, if Cuba were to realize its oil production potential, Piñón proposes that Cuba may very well be ranked with other countries like Colombia and Ecuador, producing somewhere between 250,000 and 300,000 barrels of oil per day. Currently, Cuba is a net importer of oil calculated at around 95,000 barrels a day. Venezuela, Cuba's chief supplier, provides the island with oil under preferential terms, thereby affording Cuba a positive cash flow representing around \$3 billion in 2008.

Speaking of a study by the James Baker Institute at Rice University, Piñón predicts that by 2020 Cuba's electric demand will rise roughly 2,800 megawatts to about 6,000 megawatts. If this demand can be met by natural gas from Trinidad and Tobago, then Cuba will be free to export oil. Furthermore, if Cuba were to revamp its sugar industry, Piñón claimed the island could have the potential to utilize sugar cane ethanol to generate more than \$3.5 billion a year. He also stressed that in regards to environmental stewardship, CUPET and foreign companies operating in Cuba have environmental concerns at the top of the list.

In regards to conversations about the future of Cuban international relations, Professor Piñón explained that the status quo has failed and a new chapter in regional relations with Cuba must begin. In order for Cuba to maintain an independent path, he stressed that the island must become energy independent, and not rely on Venezuela or any other outside source for energy.

However, this is not to say that collaboration is not central to Cuba's development. Piñón stated that aside from relations with Venezuela, Cuba can also benefit greatly from ties to Brazil, especially in regards to discussions regarding development in production of ethanol, nickel, mining, and pharmaceuticals. Piñón also stressed that the U.S. must engage with Cuba so as not to miss out on potential opportunities in Cuban oil production. Cuban authorities have invited U.S. oil companies to visit their

counterparts in Cuba yet U.S. law has barred this from taking place. Piñón discussed that the Brookings Task Force on Cuba has proposed that President Obama should license American oil companies and suppliers of technology and equipment to participate in Cuban offshore oil and gas exploration and production.

In closing, Professor Piñón argued for closer ties between the United States and Cuba, stating that "we do believe legally that the President has the authority to license U.S. companies to be active in the development of Cuba's energy resources. Again, we believe that this will be beneficial not only for Cuba, but also for the region because it will give the Caribbean one additional source of supply of oil and possibly natural gas. And from the point of view of sugar cane ethanol and natural gas from Trinidad, Cuba certainly could become an important trading partner in the region."

Rafael Romeu

Economist, Western Hemisphere Department, International Monetary Fund

Dr. Romeu's talk centered around the potential impacts on the Caribbean region that the opening of tourism to the United States may have as well as the potential effects upon varying Caribbean states. Cuba very rapidly became a tourist destination in the mid-1990s due largely to a lack of hard currency, and has utilized tourism as a major source of capital for national development. Unlike most other tourist destinations in the Caribbean, Romeu pointed out that the Dominican Republic and Cuba have a very diversified tourist base compared to others, which typically have tourists arriving from one or two specific countries.

Utilizing a gravity model of international trade, Romeu argued that the opening of Cuba to U.S. tourism will affect varying parts of the Caribbean differently. For instance, Aruba may suffer, as tourists are drawn off to Cuba. However, an increase in new tourists to Cuba will create spillovers, which means tourists currently in Cuba may go to other destinations once the island receives a certain amount of new tourists from the United States. In order for countries to manage the potentially drastic increase or decrease in the number of tourists, Romeu claimed that the bottom line will depend on whether a country's tourism industry is presently governed by a trade preference. Furthermore, the industries of varying Caribbean countries must be restructured so as to work towards each specific country's comparative advantage.

Through this model Romeu showed that if Cuba were to be opened to United States tourists, total number of



tourists would jump to 3.5 million tourists a year, while places that are highly dependent on U.S. tourists such as Cancun will lose 15 percent of their current tourist base. However, places such as the Dominican Republic, which has a highly diversified tourist base, may lose tourists from the United States but gain tourists from places such as Italy, France, and Canada that currently travel to Cuba.

Romeu predicts that the biggest loser within this scenario will be Aruba, while Martinique, the U.S. Virgin Islands, and the British Virgin Islands will emerge as the biggest winners, as they will most likely have a steady supply of tourists given their colonial ties to Europe. However, Romeu questioned Cuba's capacity to deal with a surge of U.S. tourists, estimating that at least \$3 billion of foreign investment will be necessary to handle such an inflow.

According to Romeu, changes in the current travel and tourism scenario in the Caribbean resulting from U.S. travel to Cuba are inevitable, and countries must prepare for it now rather than suffer in the future. Such preparation ought to include, in Romeu's view, a diversification of their tourist base, breaking up the tourist value chain and specialization, developing and delivering a competitive product, resisting hitherto dependence on external subsidies or trade preferences, and improving overall national macroeconomic climates while synchronizing and cooperating regionally on tax regimes.

George Dalley
Staff Director, Office of Congressman
Charles B. Rangel

Mr. Dalley began his talk by pointing out what he viewed as a ridiculous travel ban against Americans regarding Cuba, declaring U.S. policy towards Cuba "failed." He went on to state that the policy against Cuba is supported by a tenacious lobby, stating that "the Cuban [American] community is very loyal donor base, and a formidable group of people... holding a policy in place that's not in accordance, Congressman Rangel feels, with U.S. interests."

Dalley contended that what is particularly compelling right now—in regards to the global economic crisis—is that if not for outdated ideological practices, the United States would be able to take advantage of access to a market that has shown itself capable of serving as a reliable consumer of U.S. agricultural products. Many of those in favor of a change in U.S. policy and an opening of Cuba to U.S. producers come from farm states and states where successful trade missions between the United States and Cuba indicate the potential for substantial sales on the island.

Travel is at the core of the issue according to Dalley, pointing out that the Bush administration tightened travel even for Cuban family members. This move was not popular in Miami; according to Dalley it was little more than part of an ideological mentality that wants to indirectly punish Fidel Castro. In light of this, Dalley suggests that

there is potential for Democratic opposition to emerge and challenge members of the old guard such as Congress members Lincoln Díaz-Balart and Ileana Ros-Lehtinen. However, the success of this opposition remains to be seen. As for tourism and travel to Cuba, Dalley sees absolutely no reason for American tourists to be traveling to countries such as Vietnam or China and not be allowed to travel freely to Cuba.

William M. LeoGrande
Dean School of Public Affairs,
The American University

Reflecting on his work in the Brookings Cuba policy group, Professor LeoGrande highlighted the group's conclusion that U.S. policy towards Cuba over the last 50 years had proven a failure and that it was now time to attempt a new strategy. He suggested that any new policy has to have at its core a spirit of engagement with both the Cuban people and government simultaneously.

LeoGrande argued that relations with Cuba at the end of the Bush administration were as poor as any time in the last 50 years. Despite Raúl Castro's overtures to the United States for a dialogue between the two countries, the Bush administration rejected talks on three separate occasions, leading Raúl Castro to state that he felt a change of presidency in the United States was necessary for the two countries to move towards any sort of progress.

While President Obama has relaxed restrictions on travel for Cuban-Americans as promised during his campaign, there has been no real step forward by the president to engage Cuba in dialogue. Yet LeoGrande stressed that the rest of the Western Hemisphere has begun to let President Obama know that they expect progressive movements in the way the United States deals with Cuba.

LeoGrande went on to describe the general belief that the Helms-Burton legislation completely ties the hands of the U.S. president in such a way that he is prevented from undertaking any substantive changes in U.S.-Cuban relations, and argued that this belief is a mistake. In fact, Professor LeoGrande indicated that the president can do many things within the existing framework, such as addressing issues of migration and various other actions in the economic and political realms. In fact, the United States and Cuba have had a migration agreement since the 1980s that requires regular consultations and meetings between the two countries. These meetings were canceled by the Bush administration, and according to LeoGrande they have only recently been resumed despite the fact that it would have only taken a simple request by the United States to resume consultations.

Drug trafficking is another area of mutual interest that the United States and Cuba could benefit from discussing, as would be a discussion regarding global warming and the ensuing environmental and social impacts. LeoGrande added that organizations such as the IMF, the World Bank, and the

Inter-American Development Bank could do more to engage Cuba in dialogue regarding technical assistance projects while also inviting the island to participate in regional activities. In addition, he suggested that Latin American and Caribbean nations could do more to engage with Cuba on issues regarding definitions of human rights and democracy.

Despite popular myths, President Obama has the ability to lift selected elements from the embargo of Cuba under the licensing authority inscribed by the Helms-Burton act itself. LeoGrande cited precedence for this by showing that both Presidents Bush and Clinton used their licensing authority to expand commercial relations

in the area of medical supplies, agricultural equipment and supplies and communications equipment. This shows that there are actions that can be undertaken, and decisions not to take action show a lack of political will rather than technical or legal capacity to do so.

In conclusion, LeoGrande stressed that any move forward cannot be done on an ad hoc basis, but rather it is necessary to create a “road map” of items that can be done undertaken within an integrated strategy that has at its core a dedication to engaging with Cuba and opening possibilities between the two countries that are in the interests of both the governments and people of the United States and Cuba.

Final Session

Moderator:

Mauricio Cárdenas,

Director, Latin America Initiative, The Brookings Institution

Gordon Shirley

Pro Vice Chancellor,

University of the West Indies

Dr. Shirley spoke of some of the gains the Caribbean region has made, as well as some of the challenges still facing the region. Dr. Shirley pointed out that several Caribbean countries have experienced sustained growth in per capita income, with some even becoming middle income countries with high levels of human development. Dr. Shirley also pointed out that he believed there was a significant degree of regional integration despite differences in economic and social characteristics.

Despite these positive signs, the region still faces many challenges. Among these challenges, Professor Shirley listed the following:

- Small size of many countries
- Vulnerability to natural disasters and external shocks
- Challenges from the international environment, which has rendered many of the traditional sectors uncompetitive and requiring of significant transformation in the productive structure of the economies
- Open economies which render states vulnerable to wide and rapid changes in commodity prices for energy, food etc.
- The concentration of foreign direct investment in a relatively few natural resource-based sectors
- The high levels of migration reflecting inadequate access to economic opportunity for many
- Brain drain
- The unemployment among the youth, which has severe implications for poverty and income distribution
- Gang activity and growing crime rates
- Drug trafficking
- National debt, which can cripple the capacity of countries to address the challenges above

To address these issues, Dr. Shirley urged that discussions such as the current conference not be stand-alone events, but should be integral parts of a continuing dialogue involving not only Washington, D.C. but the entire Caribbean community. Connected to this, it is integral that it be recognized that discussions taking place in the United States in the context of the financial crisis have so far focused almost exclusively on the developed countries of the world to the near-complete omission of the issues and voices of the developing world.

Dr. Shirley emphasized the need for the developing world to have access to capital, in particular for the Caribbean region, as the United States absorbs for itself more debt financing. In addition, Dr. Shirley stated that economic relief for the region was equally as important, as countries in the region that have no access to capital will face balance of payment problems in the future.

Education is another issue of great importance to the region. Specifically the continued development of capacity, whether in security and tourism or in trade and development, is a fundamental element of the ongoing developmental trajectory that the Caribbean is on. As such, educational collaboration and cooperation as a means of facilitating the development of the region is of great importance.

Dr. Shirley pointed out that in regards to climate change and natural disasters, the poorest among the countries in the region— Haiti, Guyana and Jamaica — are the ones that are most severely impacted. In regards to this, Dr. Shirley stressed that any response to climate change and to natural disasters has to take into account the economic conditions of the countries that are impacted most. According to Dr. Shirley, in the long term there will be social and economic impacts resulting from environmental damage to infrastructure such as roads, ports and schools which will have to be rebuilt.



According to Dr. Shirley, four specific actions need to be undertaken to address the issues related with climate change. First, risk assessments need to be made more complete. Second a program of investment and risk reduction and mitigation needs to be pursued. Third, the adoption of a program of financial protection and risk transfer needs to be enhanced. And finally, the region needs to strengthen its emergency preparedness and response mechanisms.

Moving from environmental and related economic issues Dr. Shirley turned to a discussion of security, and how arms and drug trafficking relates to this issue. Dr. Shirley argued that the key to addressing these issues is to improve the capacity of the criminal justice system and law enforcement agencies with a focus on halting the production and consumption of drugs.

Related to the drug industry, Dr. Shirley pointed out that the flow of drugs and weapons throughout the region has a correlative flow of laundered funds as well. He pointed out that the size of these funds flowing through the Caribbean often dwarf foreign direct investment, overseas direct assistance, and sometimes even exports. In consideration of the typical salary of a civil servant in the Caribbean, Dr. Shirley pointed out that it is easy to understand how corruption can easily take root in such an environment. In consideration of this, Dr. Shirley warned that as the flow of drugs and laundered money through Mexico is restricted, these flows may shift to the Caribbean as a logistical path that is less costly and difficult.

In conclusion, Dr. Shirley reiterated that it is significant that the region has begun to look at models that take into

account the opening of Cuba. Furthermore, he urged that it is important to understand that the Caribbean “never gave up on its relationships with Cuba despite differences regarding definitions of democracy.”

Strobe Talbott

President, The Brookings Institution

In closing the conference, Mr. Talbott commented on the idea that there has been a tendency in Washington to suffer from what he called “attention deficit disorder (ADD)” with regard to the western hemisphere, with particular “ADD squared” with regard to the Caribbean region.

In addition, Mr. Talbott stated that Cuba has been an example of a country that has “asserted itself into Uncle Sam’s attention by being a problem or being a threat.” Mr. Talbott continued by stating that he sensed that “the United States of America, led by its new President, is going... to get over its attention deficit disorder in general with regard to the hemisphere and in particular with regard to the Caribbean.”

Mr. Talbott closed by stating that it is necessary to speak about “sustainable attention”, by which he meant attending to issues not when they are at a critical point, but when they first show signs of the potential to be a problem in the future. And in conclusion, Mr. Talbott stressed that the countries of the hemisphere are inextricably linked, and that it would be to the benefit of larger countries to understand that the Caribbean may be the metaphorical canary in the coal mine in regards to climate change.

Conference Agenda

WELCOME AND INTRODUCTION

MAURICIO CÁRDENAS

Director, Latin America Initiative,
The Brookings Institution

AMBASSADOR ALBERT R. RAMDIN

Assistant Secretary-General,
Organization of American States

CYNTHIA ARNSON

Director, Latin American Program,
Woodrow Wilson International Center for Scholars

OPENING REMARKS

EDWARD GREENE

Assistant Secretary-General for Human and Social
Development, CARICOM

PANEL 1: TRADE AND FINANCIAL DEVELOPMENT

Moderator:

STEPHEN LANDE
President, Manchester Trade, Ltd.

Speakers:

DAME BILLIE MILLER
Retired Minister of Foreign Affairs and Foreign
Trade of Barbados

SIDNEY WEINTRAUB

William E. Simon Chair in Political Economy,
Center for Strategic and International Studies

DAVID JESSOP

Executive Director,
The Caribbean Council, London

PAMELA COKE-HAMILTON
Trade and Integration Sector,
Inter-American Development Bank

PANEL 2: CLIMATE CHANGE AND NATURAL DISASTERS

Moderator:

ADELE MORRIS
Senior Fellow, Global Economy and
Development, The Brookings Institution

Speakers:

ROGER PULWARTY
Director, U.S. National Integrated
Drought Information System at the
National Oceanic & Atmospheric
Administration (NOAA)

PABLO RODRIGUEZ
Department of Sustainable Development,
Organization of American States

AMBASSADOR ANGUS FRIDAY
Former Ambassador of Grenada
to the United Nations

RECESS / LUNCH

JOSE MIGUEL INSULZA
Secretary General of the
Organization of American States

VICE PRESIDENT SAMUEL
LEWIS NAVARRO
Vice President of the Republic of Panama

PANEL 3: SECURITY ISSUES FOR THE CARIBBEAN

Moderator:

JOSE RAUL PERALES
Senior Program Associate, Latin American
Program, Woodrow Wilson International
Center for Scholars

Speakers:

LYNNE ANN WILLIAMS
Executive Director, Implementation
Agency for Crime and Security (IMPACS),
Trinidad and Tobago

ANTHONY HARRIOTT
Professor, University of the West Indies, Jamaica

AMBASSADOR CRESENCIO
(CRIS) ARCOS
Government Affairs Counselor,
K&L Gates LLP, Washington, DC

PANEL 4: U.S. - CUBA - CARICOM RELATIONS

Moderator:

THEODORE PICCONE
Deputy Director for Foreign Policy,
The Brookings Institution

Speakers:

JORGE PIÑÓN
Center for Hemispheric Policy, University of Miami

RAFAEL ROMEU
International Monetary Fund

GEORGE DALLEY
Staff Director, Office of Congressman
Charles B. Rangel

WILLIAM M. LEOGRANDE
Dean, School of Public Affairs,
The American University

FINAL SESSION

GORDON SHIRLEY
Pro Vice Chancellor,
University of the West Indies

STROBE TALBOTT
President, The Brookings Institution



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Lee H. Hamilton, President and Director

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Private Citizen Members: Charles Cobb Jr., Robin Cook, Charles L. Glazer, Carlos M. Gutierrez, Susan Hutchison, Barry S. Jackson, Ignacio E. Sanchez

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