

## The Fourth Summit of the Americas and its Relevance to the Caribbean

### *Mar del Plata...*

The Fourth Summit of the Americas – an event during which leaders and other representatives of the 34 member states of the Organisation of American States (OAS) meet to discuss a variety of issues – was held in Mar del Plata, Argentina (November 5<sup>th</sup> 2005).<sup>1</sup> Coverage of the Summit focused largely on the fact that the event ended without an agreement on whether talks on the hemispheric free-trade zone, specifically the FTAA (Free Trade Agreement of the Americas), should restart; consequently focus on an important theme went largely ignored, despite its importance to the Americas. This theme focused on employment, poverty and governance and was entitled ‘*Creating Jobs to Fight Poverty and Strengthen Democratic Governance*’.

The deliberations on this topic resulted in a declaration and a plan of action in which governments declare to be committed to fighting *poverty, inequality, hunger and social exclusion*. The addresses the need for new employment opportunities and recognizes that higher economic growth is a necessary, but not sufficient condition to address unemployment and poverty. Rathermore, the economic and social environment must be conducive to increasing investment and promoting entrepreneurship; this will not only require greater access to foreign markets (hence addressing the issue of free trade), but also increased economic integration, an enhanced financing for development as well as improved transparency. In recognizing the importance of employment to decrease poverty, the declaration underlines the need for improved social protection systems, including some form of unemployment protection. It also states the need to improve upon training of the labour force and to draw upon the private sector to provide the impetus for employment growth.

### *...and the Caribbean.*

The declaration of the Fourth Summit of the Americas, and its commitment to tackle poverty and unemployment, is particularly relevant and timely. Poor and volatile economic performance has left significant proportions of the population in Caribbean member states vulnerable. Unemployment is a significant problem, especially considering its many dimensions in which young adults are particularly affected by unemployment, as are females.<sup>2</sup>

The underlying causes of unemployment in the region are manifold. For one, in response to increased competition to mainstays of Caribbean economies – the sugar and banana industries – as well as to decreased demand for these goods, structural adjustment has contributed significantly to increases in unemployment as member states have progressively had to downsize these sectors, placing a heavier emphasis on services. In addition, the education sector has inadequately responded to this shift: indicators of education achievement suggest that member States are not creating a sufficiently solid human capital base required for the emergence of a knowledge economy; tertiary education needs to be strengthened, as does the relevance of

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<sup>1</sup> Other summits were held in Miami, United States (1994), in Santiago, Chile (1998) and in Quebec City, Canada (2001). Special summits were furthermore the Summit of the Americas on Sustainable Development, in Santa Cruz de la Sierra, Bolivia (1996) and the Monterrey Special Summit of the Americas, in Monterrey, Mexico (2004).

<sup>2</sup> Thus e.g. every second person aged 15-19 unemployed in Saint Lucia and Jamaica; female unemployment is more than 40% higher than male unemployment in Barbados and more than twice as high as male unemployment in Jamaica and Belize.

curricula to the region.<sup>3</sup> This mismatch between demands of the labour market and skills provided by the education system has not only led to a setting where significant numbers of positions for skilled labour are filled with workers from outside the region, whilst large proportions of skilled labour from the region emigrates to more developed economies, but also to a situation where school leavers find it increasingly difficult to obtain employment.<sup>4</sup>

The declaration acknowledges that the quality of education must be improved and that more must be done to integrate the youth into the labour market. The explicit mention of social protection systems, including unemployment protection, is particularly interesting considering that apart from Barbados, no Member State in the region has unemployment benefits; the lack of such social protection increases the hardship of unemployment, especially in an environment where workers remain unemployed for lengthy periods of time.<sup>5</sup> In fact, the merit of introducing such a mechanism of social protection should be carefully considered, especially given Barbados' experience and the fact that unemployment benefits have not been found to act as a disincentive to work.

The emphasis of the Summit declaration on the importance of participation of the business sector to achieve higher growth by stimulating employment and ultimately resulting in poverty reduction, is resonated in the Caribbean's commitment to the establishment of the Caribbean Single Market and Economy (CSME), a market which will eventually encompass the free movement of goods and services as well as labour.<sup>6</sup> An environment of increasing global competition has led to the recognition that the benefits of a common trade policy and the establishment of a common external tariff necessitate the establishment of a common single market, especially in an environment as geographically fragmented as the Caribbean. Increasing the scope for movement of factors in the region will provide especially small and medium-sized enterprises in the region the opportunity to capture new markets and expand business, creating employment along the way.

Whilst the Summit did not further the agenda for the FTAA, the Caribbean is therefore currently engaged in implementing its own single market. This development may be complemented by the implementation of Economic Partnership Agreements (EPAs) with the European Union; these agreements are targeted at poverty reduction through social and economic development in an attempt to dampen the negative effects on the region of the reduction in preferential access to the European Union, as foreseen in the Cotonou Agreement. The scope and concrete form of these agreements is however yet to be concluded. Thus, overall the issues addressed in the declaration are of relevance to the Caribbean and mirror in a holistic way current challenges to and developments already underway in the region.

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<sup>3</sup> Although education attainment has increased in the labour force during the 1990s, some countries have large proportions of the labour force that report only some sort of primary education (such as in Belize and Saint Lucia, where this proportion reaches 48% and 57% respectively). Enrolment at the tertiary level is in e.g. OECS member States is a mere 2%; for the 15 Caribbean countries are members of the Caribbean Group for Cooperation in Economic Development it is approximately 9%, compared to 32% for Europe and Central Asia and 58% for high income countries on average.

<sup>4</sup> In Trinidad and Tobago every eighth unemployed has never worked; in Jamaica almost a third of the labour force has never worked before. This suggests that obtaining employment for labour market entrants is difficult.

<sup>5</sup> Thus e.g. in Saint Lucia more than three quarters of the unemployed have been so for more than a year; in Trinidad and Tobago almost a quarter of the unemployed have been so.

<sup>6</sup> Currently, the movement of labour is restricted in the sense that current legislature only foresees free migration for non-wage earners; migration of wage-earners is limited to certain occupational groups – skilled labour essentially.