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**THE COMMODIFICATION OF SOVEREIGNTY: The Caribbean's Relations
with China
PRESENTATION FOR ACE CONFERENCE**

1. Understanding China's motivations in the region: The Caribbean is not Latin America
2. Economics is the foundation of the foreign policy of small states
3. Caribbean Motivations vis-à-vis China
4. Sovereignty for Sale thesis
5. Who Really Benefits from the Relationship?: Conditionalities and Chinese loans

This study argues that the relationship between Caribbean states and China is best conceptualized as a two-way trade. The Caribbean states are currently on the international market with a kind of shopping list that has the attraction of aid and investments at the very top. Caribbean states have throughout their brief independent history tried several strategies to attract economic aid and investments and are again seeking a new avenue for attracting these economic goals.¹ China is simultaneously engaged in a much discussed drive for natural resources—especially oil and minerals, but less discussed items on its shopping list are recognition as a rising and important power and support for its policy of isolating Taiwan internationally.² In view of this, the Caribbean states that have minerals and oil—namely, Cuba, Jamaica, and Trinidad and Tobago—are trading them for Chinese investments into their natural resource sectors along with receipts from the sale of these resources to China. Where no natural resources exist, Caribbean states are trading another important, yet often overlooked resource—their sovereignty. As sovereign states, Caribbean states have as a right the ability to recognize other sovereigns and to vote in international bodies in which they hold membership. These happen to be two rights that China is very interested in and that China is willing to pay for. There is therefore a political market value for sovereignty.

¹ The various strategies that have been employed by Caribbean states to attracting investments will be discussed in more detail in subsequent sections of this prospectus.

² For a brief discussion of the prevailing view that a significant component of China's relations with developing countries is related to its search for energy and minerals, see David Zweig and Bi Jianhai, "China's Global Hunt For Energy," *Foreign Affairs* Sept/Oct 2005.

1. Understanding China's motivations

- Caribbean states often lumped in with Latin American states
- BUT this is not useful
- The rationale and effects are very different
- One recent IADB study "The Emergence of China in Latin America and the Caribbean"-
 - Caribbean mentioned only a few times
 - The Caribbean does not have the resources that Latin America has and as such, for the most part there is no hunt for resources in the Caribbean region. (except Cuba-nickel, Jamaica-bauxite)
- China's activities in the region are quite consistent with their wider relations with the Third World or other developing countries, but there are some nuances in relation to the Caribbean

Three are three main motivations driving China's interests in the region

ECONOMICS—markets (ballooning trade deficit) and access to resources

RECOGNITION—VIS-À-VIS Taiwan and the isolation of Taiwan (numerous success since late 1990s)

GREAT POWER INFLUENCE---- signaling its rise as a super power

2. Economics is the Foundation of the foreign policies of small states

- small state literature points overwhelmingly to economic s as the main foreign policy motivation
- unique characteristics of small states---small market size, openness to trade etc. and the added vulnerability factors relating to Small Island Developing States
- economic survival often key..... take a look at the academic texts pertaining to Caribbean foreign policy-- "survival" is a key concept that permeates the literature
- other places I've discussed the TRANSLATION DILLEMMA moving from multilateral or bilateral agreements to concrete growth-inducing benefits
- NOT a natural transition---- as seen in the LOME Agreements

3. What are we getting from China?

- What motivates Caribbean states?
- multifaceted
- Must look at the current geopolitical situation that they find themselves in
- Aid has dried up, less than spectacular growth across the region, non-diversified economies, struggling to deal with globalization
- WE ARE ESSENTIALLY Desperate
- We need investments and loans from whoever is willing to give us---- today that's China and Venezuela

Dominica's Switch

In return for recognizing China and supporting the "One China" principle, Dominica was rewarded with the promise of \$122 million in aid packages. This figure represents over one third of the government's revenue over 5 years! This aid package included money to build a new stadium, roads, schools and hospitals.

Grenada's Switch

In December 2004, the Prime Minister of Grenada, Keith Mitchell, made an official trip to China. At that time Grenada still officially recognized Taiwan. Taiwan offered to give Grenada \$47 million in aid and to rebuild their national stadium but they hoped for more, following the example of Dominica.³

China did deliver. Diplomatic relations between China and Grenada resumed in January 2005 with China providing Grenada with monetary assistance to expand the national stadium for the Cricket World Cup in 2007 and the construction of 2000 housing units. In addition, China offered a \$6 million grant to Grenada to compensate for the loss of support from Taiwan and a \$1 million scholarship fund and a financial grant to the government worth \$2.5 million.⁴

-Approved Destination Status (ADS)
-Fully paid Official Visits to China

SOVEREIGNTY FOR SALE?

³ *Taipei Times*, "MOFA Has Pessimistic Outlook On Ties With Grenada," December 22, 2004.
<http://www.taipeitimes.com/News/taiwan/archives/2004/12/22/2003216209>

⁴ *Grenada Today*, "Whiteman Heading For Beijing," April 2, 2005.
<http://www.belgrafx.com/gtoday/2005news/Apr/Apr02/Whiteman%20heading%20for%20Beijing.htm>

The framework for this section gets its inspiration from Ronen Palan's work on the increasing phenomenon of offshore financial centers and tax havens.⁵ Palan argues that **the rise of tax havens is fundamentally linked to structural problems in the global economic system and represents a unique and vital developmental innovation for many microstates.** This fits neatly into the arguments already espoused that the rationale behind several **Caribbean states intensifying their relations with China is linked to their position in the international economic system as well as the economic and developmental problems currently facing these Caribbean states.**

My own view is that the 'commercialization of sovereignty' does not accurately describe the current relations between the Caribbean and China. These states are not making sovereignty into a product to be traded. **What is being traded is in fact aspects of the rights accorded by sovereignty.** It is therefore not the ability to vote in international bodies that is being sold. Instead, the vote itself is being sold (in this case voting in China's interest) is the 'commodity' being traded.

In relation to the recent decision by Dominica and Grenada to recognize China in return for significant amounts of aid, the Economist argues that, **"trading on their sovereignty is a well-established way for small states to make fast cash."**⁶

-RECALL THAT AID HAS DRIED UP, GLOBALIZATION AND DECLINE IN AGRICULTURAL EXPORTS---- IT IS INDEED A PRAGMATIC STRATEGY but nevertheless one that is flawed.

-Have to remember that when you flip flop like Grenada that you need to remember who you support..... At the opening of the Cricket Stadium financed by China they played the anthem of the Republic of China (Taiwan)

WHO GAINS?: THE CARIBBEAN OR CHINA?

Van Ness argues that, "despite Beijing's rhetoric to the contrary, China is truly a 'fair weather friend' of the Third World."⁷ I would probably refrain from this kind of analysis preferring to point to **the pragmatic pursuance of China's foreign policy.** As pointed out earlier in this chapter, China has a dual perception vis-à-vis its interaction with the Third World. **On one hand it espouses solidarity with the grouping, but on the other hand it sees itself as an emerging power and often has contradictory**

⁵ Palan first discusses his 'commercialization of sovereignty' thesis in his 1996 book detailing the economic strategies that states have employed since World War II. The commercialization ideas are, however, most developed in *The Offshore World: Sovereign Markets, Virtual Places, and Nomad Millionaires* (Ithaca: Cornell University Press, 2003).

⁶ *The Economist*, "Easy Money: The Caribbean and Taiwan," April 10, 2004, vol. 371.

⁷ Van Ness, 164.

interests than the wider Third World grouping. In situations where principle and interest come into conflict, national interest will eventually win.

It therefore means that the Chinese commitment to Third World solidarity is espoused and pursued to the extent that they fit China's national interest.

CONDITION FREE?

- Text of agreements says no conditions
- Get a stadium through a concessionary loan BUT who gets the contract and what about the influx of Chinese laborers?
- Cricket World Cup----- could not have happened without China but maybe China won and not the Caribbean

Where do we go from here?

- Actually think about what we want to achieve from China
- Devise a Caribbean-wide strategy consistent with the CARICOM rationale of foreign policy coordination
- Linked to this is Managing the relationship with China
- Learn from other countries that have a longer history with China; a prime example is the African experience