

Forum: Trumpism and its Implications for the Caribbean
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**Engagement in the new world dynamics created by the Trump
Presidency and implications for National Competitiveness and the
Development Agenda of Jamaica and the Caribbean.**

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Introduction

- Two Perspectives: Diplomatic and Academic lenses
- Contrasting evolution of the globalization project with current narrative on Trade and Tariff Protectionism, Capital, Immigration, Geo-Politics
- The Pre-Trump World
- The Post Trump World (still undefined)
- US Domestic Issues
- Key Issues – Global, Hemispheric, Regional, National levels
- Managing the CARICOM/USA relationship (special issue Tax haven, AML, KYC issues – different economic/strategic interest (Bahamas, Antigua Barbuda etc.)
- Managing the USA/Jamaica Bilateral relationship

The Pre-Trump World

- WTO liberalization (Tariff and Preference removal opens markets)
- IMF/World Bank promotion of Free movement of capital and removal of restrictions (Exchange Controls)
- Expansion of Global Supply Chain and Global Value Chain – expanding role of MNCs and efficiency seeking, market seeking and resource seeking motivations
- Increased voices of SOE's in global fora and heightened expectations (WTO - Doha round).
- Global Trade and Economic Growth expanding

The Pre-Trump World (continued)

- Rise of China as a Political and Economic Power
- Increasing tensions in Asia – Obama’s “pivot to Asia”
- Rise of Asian cooperation and Economic alliances and integration
- Formation of Asian Infrastructural Bank (AIIB) to rival World Bank
- Increased South-South cooperation, trade and investments flows globally and benefiting the Caribbean and LAC region
- Generally stable global economy and reduced uncertainty, a few hotspots of conflict in the Mid-East
- SOE’s (CARICOM countries) beginning to mount responses to negative effect of Globalization
- Some challenges arising from De-risking of Correspondent relationships, AML and KYC compliance, tax havens issues and Lotto Scamming
- Increased **National Competitiveness** (ICT, BPO Outsourcing capabilities, Tourism, Infrastructure (roads/ports) Training and Educational institutions)

The Post-Trump World - Global Issues:

(framed as Questions because of Uncertainty surrounding the issues)

- NAFTA and return of Protectionism – return to Pre-Reagan era outlook (Mercantilism?)
- Trade Alliances (Regionalism): Retreat from **Trans Pacific Partnership Agreement** (TPP) leaves vacuum unless substitute Regional blocs are developed; but these relationships may be under stress due to uncertainty of US policies
- Continued unimpeded (?) rise of China in global trade and economy?
- Will there be a return to “Monroe Doctrine” diplomacy and increased US assertiveness in LAC region? US Hegemony and Gunboat Diplomacy?
- Shifting Global Alliances (political, trade and economic) arising from perceived national interests of strategic partners?
- Global Security Challenges, Terrorism and Warfare? World Peace? Nuclear options?

The Post Trump World (continued)

- US/China and US/Russia relationships are problematic
- Rise of Trump coincides with rise of hyper-nationalism in Europe and America – BREXIT – further risk of contagion
- New issues arising; relevance of EU, relevance of NATO military alliance?
- Possible US retreat from “**One China Policy**” and implications? (could lead to Taiwan invasion, war in Asia)
- Mideast: Retreat from the “**Two States Solution**” to Palestinian/Israeli territorial issue? (could lead to rising terrorism?)
- Anti-Immigrant Policies, reduction of free movement of Labour, disruptive return of Diasporas to homelands (including Caribbean) and economic and social impact
- Intolerance of immigration violations and Lotto Scamming – Caribbean Nationals?
- Direct impact on tourism arrivals, Remittances and Diaspora Capital flows (both negatives and positives) as Diaspora may hedge its bets, by pre-emptory investments, if appropriate programs are put in place by Caribbean States)

Some Perspectives for Exploration

- Impact of “*Trumpism*” in the Caribbean depends on the responses of Caribbean States to the changing configuration of the Global economy and Geo-politics
- The impact on National Competitiveness, can depend on the role and effectiveness of Caribbean States and Regional Blocs (CARICOM and other LAC countries); in executing adroit Diplomatic and Policy initiatives that are anticipatory of the emerging trends and are responsive to the new Paradigm (*Role of the State*)
- Increase in global uncertainty increases Risks and Risk premiums in both **Commodities and Financial Markets** and diminishes trade and investment flows (example of reduced FDI flows following 2008/9 global crisis)
- New responses and innovation required to tackle “Global Supply Chain” reconfiguration – role of UWI and Business Schools

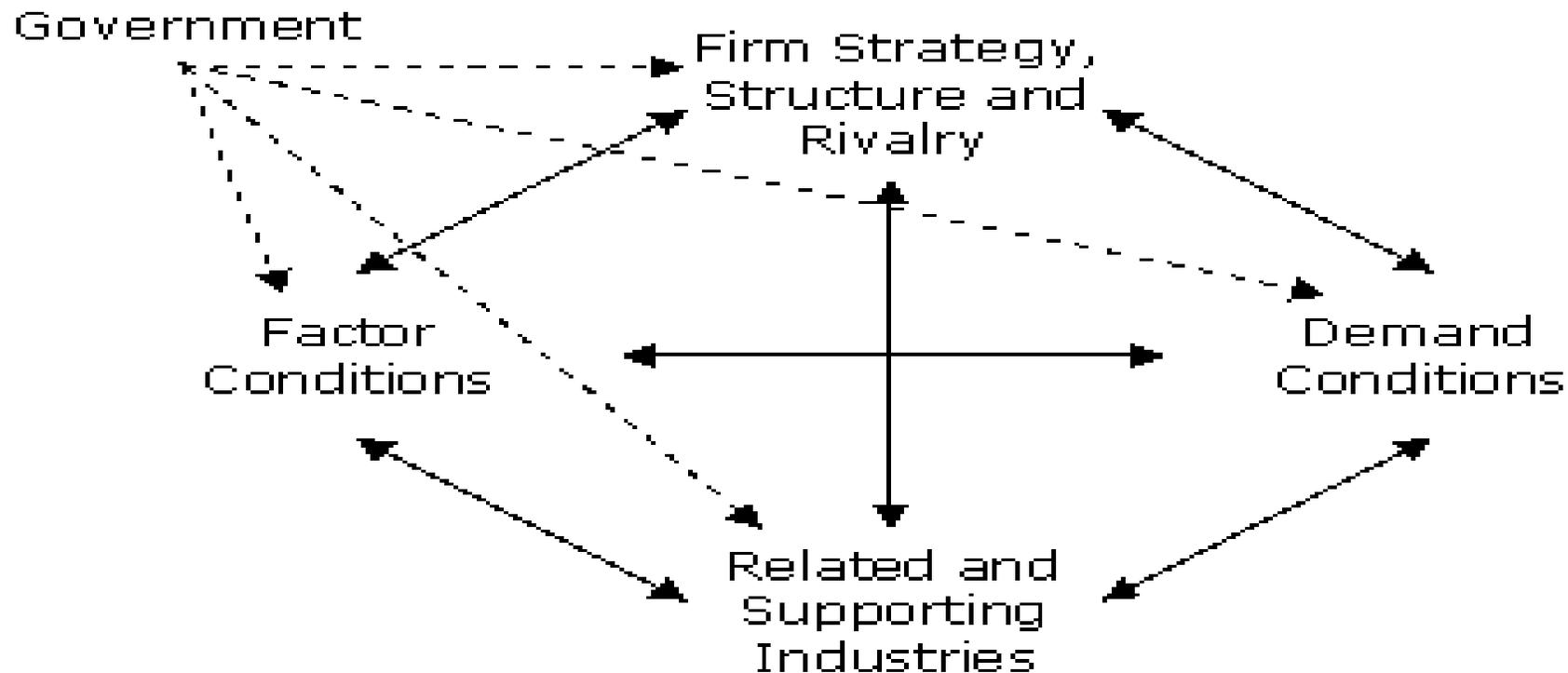
TAKE A FRESH LOOK AT THE USA USING THE LENS OF A PESTEL ANALYSIS) AND EVALUATE RISKS AND OPPORTUNITIES (new Normal)

- **(P)olitical** Impact: Potential Social unrest, Governance Issues in America?
- **(E)conomic:** Taxation issues, Corporate Behavior (bring jobs back to America) growth or recession? (affects Tourism and Investments)
- **(S)ocial:** Race and Inequality, gender issues, LBGT, social unrest, demonstrations, multi-culturalism and diversity etc.?
- **(T)echnological:** access to technology, impact of H1b Visas on tech industries
- **(E)nvironmental:** retreat from Climate Change agenda – immediate impact on SIDS of the Caribbean
- **(L)egal/ Regulatory:** deportation, trade, de-risking, securities law etc

**A Framework for Examining the Impact on National competitiveness
– explore how manifestations of Trumpism in the global space
(including International agreements and policy stance) will play out,
using this Model. (Add “Chance” as another factor on the Diamond)**

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Porter's Diamond Model for the Competitive Advantage of Nations



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Using Porter's Diamond to determine impact and appropriate responses

- Factor Conditions:
- Firm strategy, structure and Rivalry:
- Demand Conditions: NAFTA, CBI duty-free access to US markets
- Related and Supporting industries:
- Role of Government
- Role of Chance factors

Managing the Relationship with USA:

Multilateral Diplomacy perspectives :

- Political Cooperation in international fora (UN, IMF/World Bank, etc.) –(examples “One China Policy”, Security council votes, Two State Solutions – Israel).
- **Regional blocs:** Consider Caribbean in the context of Latin America and the Caribbean Region – USA-LAC, China-LAC, EU-LAC
- **Intra-CARICOM Issue:** CARICOM region solidarity (14 votes at UN and OAS) vs Insular Caribbean interests (country- nationalism)

Bilateral Cooperation initiatives:

- **Trade:** Caribbean Basin initiative,
- **Security:** Caribbean Basin Security Initiative (CBSI)
- **Tourism** cooperation – (reduced number of American Tourists?)
- **Energy** Cooperation – LNG investments, other Alternative Energy (wind, solar etc.)

Conclusions

- ❑ “Cockroach nuh business inna fowl fight” – Grandma Jenny
- ❑ In Diplomatic arena, tread carefully, there are many hazards
- ❑ “It is an ill wind that blows nobody any good” – the case of Mexico? Will Mexico compete aggressively more in Caribbean markets, to replace NAFTA losses?
- ❑ While uncertainty and risks are high and there is a likely downside on World Trade and GDP, countries will be affected differently (winners and losers)
- ❑ Develop a national game plan based on analysis. Base Industry and Firm strategy on identification of international opportunity and risk management
- ❑ Continue to diversify financing and Tourism flows and reduce exposures
- ❑ Manage Portfolio Risk by increasing Cash positions for now
- ❑ Make preparations for Diaspora Involuntary Return possibility and open opportunities for Diaspora Investments
- ❑ Increase cooperation with other nations and work together on common issues