



THE UNIVERSITY
OF THE
WEST INDIES

THE FACULTY OF LAW



SIR ARTHUR LEWIS
INSTITUTE OF
SOCIAL AND
ECONOMIC
STUDIES



UWI CARIBBEAN-CHINA SYMPOSIUM

Exploring New Horizons in Caribbean-China Trade and
Investment Relations

Rapporteur's Note and Follow-Up Recommendations



Introduction¹

On November 12, 2019, the Shridath Ramphal Centre for International Trade Law, Policy and Services (SRC), in collaboration with three other entities of The UWI Cave Hill Campus – the Confucius Institute, the Faculty of Law and the Sir Arthur Lewis Institute of Social and Economic Studies (SALISES) – convened a half day symposium entitled “Exploring New Horizons in Caribbean-China Trade and Investment Relations”. The symposium was held at the Errol Barrow Centre for Creative Imagination (EBCCI) with the main objective of fostering a discussion on Caribbean-China relations in the fields of business and trade. The Symposium also aimed to develop the ongoing relations with a partner of The UWI Cave Hill Campus - the China University of Political Science and Law (CUPL) - and other Chinese stakeholders. It brought together scholars, practitioners, policy makers, business persons and students to discuss contemporary issues pertinent to China-Caribbean relations. The discussions took place around two plenary panels, the first of which dealt with relationships and the normative framework under the Belt and Road Initiative; and the second of which addressed business and trade relationships.

This document presents an overview of the main take-aways from the Symposium, highlighting important points made, and proposing a few policy recommendations emanating from the panel discussions.

Welcome and Introductory Remarks

SRC Director, Neil Paul, delivered welcome remarks on behalf of the organizers of the symposium, indicating the success of the collaborative effort between all four institutions of the Cave Hill Campus, each of whose mandate touches, in different ways, on the Caribbean’s relationship with China.

¹ The Rapporteur for the Symposium was Ms. Diakia Straker, Graduate Research Intern at the Shridath Ramphal Centre. Ms Straker has written on the topic of Caribbean-China trade relations, including in a recent SRC Trading Thoughts entitled “China: The Villain or the Hero?” which may be accessed here: <https://shridathramphalcentre.com/china-the-villain-or-the-hero/>.

Professor Winston Moore – Deputy Principal of the Cave Hill Campus – offered a special welcome on behalf of the Principal of The UWI Cave Hill Campus, making special mention of the three professors from CUPL who would be participating as panellists. In his remarks he highlighted the importance of the trade and investment relationship with China. He noted, in particular, that China’s market provided a great opportunity for the Caribbean to explore product differentiation and “niche marketing” in sectors such as Caribbean Rum. Professor Moore further took note of the significant difference in size of the Barbados economy, when compared to China’s. According to his calculations, it would take Barbados 2,546 years to catch up to the Chinese economy, making the point that Barbados should not wait until it is as large as its potential trading partner to start trading, but rather that the time to start was now.

Barbados’ Ambassador to China, Ambassador François Jackman, offered remarks for Minister in the Barbados Ministry of Foreign Trade, the Hon. Sandra Husbands, M.P., who could not attend in person. He welcomed these kinds of events to foster relations between people of the Caribbean and China, and pointed out the importance of private sector involvement to building that relationship.

Panel 1 – Evolving Dynamics of the Belt and Road Initiative (BRI) in Caribbean and the Legal Norms and Principles underpinning the BRI

The first panel was chaired by Dr. Ronnie Yearwood, Lecturer in the Faculty of Law of The UWI Cave Hill, who introduced the topic and panel.

The first presenter was Ambassador Dr. Richard Bernal, OJ, Pro-Vice Chancellor, Global Affairs, of The UWI, who joined via video conferencing. He provided a concise breakdown of the evolving dynamics of the BRI, noting that it is an umbrella aid mechanism in which China provides loans for infrastructural development at a time when there is a global infrastructure deficit.

He surmised the following goals and motivations of the BRI:

1. China strives to become more closely interwoven within the global economy. As such, the BRI is a logical extension of its 'Going Global Strategy', which aims to facilitate trade between China and the world.
2. The BRI is a method employed by China to export some of its construction services and equipment.
3. The BRI is also a means to influence friends and Governments, by building its network and developing good will.

Bernal cited several advantages and disadvantages of the loans offered under the BRI. One advantage lies in the flexibilities that traditional sources do not offer. For example, if there was a problem with servicing a loan, China has allowed for the terms to be renegotiated. That said, there are also disadvantages of borrowing under the BRI, including the limited capacity of borrowing countries to take up these loans. For example, in the Caribbean, the level of external debt as reflected in the debt to GDP ratio is extremely high and presents a limitation to our borrowing capacity. Nevertheless, the BRI has potential for the Caribbean, mainly in fostering the provision of infrastructural development loans in a context where foreign direct investment is limited and there has been a decrease in access to other alternative avenues for loans.

The presentation by Sir Trevor Carmichael, QC, Attorney-at-Law, focused on the prospects for BRI investment in the Caribbean film industry. In his view, the Caribbean represents an ideal opportunity for Chinese film industry investment. Using the San Juan model as his point of departure, he proposed the creation of a Barbados film district financed by China, which could host 100,000 sq ft of space, conference rooms, an administrative centre, studios and a teaching complex.

Dr. Lan Hua, Associate Professor at the CUPL Faculty of International Law presented on Climate Change adaptation and co-operation between China and the Caribbean under the Chinese BRI. She noted that China has implemented several measures for climate change adaptation such as a National Strategy whose main objective is to significantly reduce the vulnerability of climate-sensitive areas, regions and populations. China is fully aware of negative impacts that climate change may have on developing countries, and has targeted climate change as a priority area. As such, a potential area of cooperation between China and the Caribbean is

technological and management experience for future international co-operation in climate change adaptation.

Dr. Don Marshall, Director and Senior Research Fellow at SALISES, noted new developments under the BRI including Japan's announcement that it will co-sponsor the goals of the BRI, and President Xi Jinping's statement that he would introduce reforms to it. Noting that the literature was extreme in its critiques of the BRI – either overly optimistic or overly pessimistic – he offered a more nuanced view of the BRI as a co-prosperity initiative that offers countries the option of taking up lending offered by China, through institutions such as EXIM Bank. He noted that the Caribbean has not accessed the Community of Latin America and Caribbean States (CELAC)-China Agreement since 2015 which could help develop a regional industrial policy.

Dr. Yu Meng, Associate Professor of Private International Law at the CUPL Faculty of International Law, discussed the mutual recognition of foreign judgments between China and the Caribbean, particularly for the Caribbean offshore financial sector. She highlighted how important it is for China and the Caribbean to develop cooperation in this field especially given the fact that since 2015 China has liberalized its rules, thus loosening the criteria for reciprocity. She encouraged efforts to promote cooperation between the courts in China and the Caribbean, through a Memorandum of Understanding, similar to the one entered into with Singapore.

Following the presentations was a short but interactive question and answer session. One of the issues that seemed to garner attention was the idea of the cooperation between the legal fraternities of China and Barbados for the establishment of procedures for legal enforceability of the agreements underpinning the BRI. In response, it was noted that the Chinese system is very different from western systems, not only in terms of laws but also their institutions. To maximize the potential for a fruitful relationship between the regions, more must be done to raise awareness of these differences.

Panel 2 – Business, Investment and Trade Dimensions in Caribbean-China Relations.

This panel was chaired by Trade Researcher at the SRC, Ms. Alicia Nicholls, who introduced the speakers and topic.

Ambassador François Jackman focused on the patterns, potential and fora of China-Caribbean trade and investment relations. He noted that growth centres of the world have shifted east and that our gaze has to move from being focused primarily on the North Atlantic. He also noted the China-Caribbean relationship is shaped by extreme distance and asymmetry which is why the regional component to the relationship is important and thus our bilateral relationships with China all differ. As an aside, he informed the Symposium that the landing strips of Beijing Airport are covered by asphalt imported from Trinidad & Tobago.

Mrs. Connie Smith, Managing Director of Tricor Caribbean, next presented a history of the China bilateral investment and tax treaty network highlighting the ways they can and have been used to promote greater trade and investment. She referenced a loophole that had existed in the China-Barbados Double Taxation Treaty under which international tax treaties superseded Chinese domestic tax law, making Barbados become a popular destination for setting up an international business company (IBC). She noted that the loophole has now been amended, as has China's preferential regime for tax treaties.

Professor Dong Jingbo, Associate Professor at the CUPL Faculty of International Law, spoke about how recent EU/OECD directives in relation to “economic substance tests” affect the model of Chinese investment through the Caribbean. She argued that the economic substance requirements seem to have little impact since many Chinese companies are pure equity holding companies which only need to pass a reduced economic substance test. She cautioned that if the Chinese companies are not pure equity holding companies, they have to modify the operating models to ensure new substance requirements are met. She concluded by noting that setting up offshore companies has already been the most effective and mature pattern for overseas investment of multinationals since the gains and benefits of an offshore structure far outweigh the potential costs caused by the economic substance law.

Ms Huan Zhu, Research Associate Professor at the Cato Institute's Herbert A. Stiefel Center for Trade Policy Studies, joined via video conferencing. Her contribution centred on the trading relationship between China and the Caribbean which, though undiversified, has grown significantly in recent years. She spoke about the BRI in terms of its trade impact, noting that it is project-based and not treaty-based which means it provides no avenue for market access openings. She also spoke of recent challenges in Chinese trade relations, including the ongoing US-China trade war.

The last speaker, Dr. Helene Zamor, Lecturer in French and Coordinator for Modern Languages at The UWI Cave Hill, highlighted the fact that foreign language training and cultural awareness are equally important in promoting global business and in developing a relationship with China. She outlined the history of diplomatic relations between China and the main countries of the Caribbean, noting the countries' cultural and linguistic engagements. To counter existing linguistic and cultural barriers, Dr. Zamor highlighted the need for language immersion programmes, greater research into foreign markets and avenues for selling products to foreign consumers, and collaboration between the Confucius Institutes throughout the Caribbean and The UWI to offer training in English and Mandarin as foreign languages.

In the question and answer session, one attendee alluded to the fact that the majority of the population in China does not know where to find Barbados. To this Ambassador Jackman noted, that through trade and other promotional events, like participation in conferences and other events held in China, Barbados was being promoted. He also noted the importance of promoting Caribbean as a region and not as individual destinations.

To bring the event to a close, the co-directors of the Confucius Centre of The UWI Cave Hill Campus – Dr. David Bulbulia and Dr. Li Renyan – thanked the panellists, organizers and audience for their active engagement and participation in what had turned out to be a very successful Symposium.

Based on the discussions emanating from the Caribbean-China Symposium, **we propose the following recommendations:**

- 1) Convening of Caribbean-China Symposia on an annual or biannual basis, to take place on the margins of The UWI Cave Hill-CUPL Board Meeting, on topics of joint (research) interest to the Caribbean and China;
- 2) Cataloguing of current research and determination of research interests and data collection needs of the region in its engagement with China;
- 3) Undertaking of efforts to conclude an MOU between China and Barbados (with other CARICOM countries to follow) on the mutual recognition of legal judgments emanating from their respective courts;
- 4) Collection of market intelligence and data that will identify business and trade opportunities for Caribbean persons wishing to invest or trade with China. In particular, the Caribbean, through agencies like Caribbean Export and local business development and export promotion agencies, should find ways to penetrate China's market through greater product differentiation and niche marketing;
- 5) Promotion and advertisement of the Caribbean as a tourist destination in China; and of China as a tourist destination in the Caribbean;
- 6) Promotion of learning of Mandarin and encourage greater cultural awareness for business persons, students, officials etc. At the University level, we recommend that an annual or biannual Study Tour be organized to visit China (through ongoing cooperation with students and faculty from relevant departments and centres at CUPL, and other Universities and The UWI);
- 7) Identification of opportunities for improved co-operation between China and the Caribbean within the context of the CELAC mechanism;
- 8) Active engagement with China in multilateral fora where Caribbean/Chinese interests align, such as in the context of climate change negotiations, and in the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes;
- 9) Continuation of efforts to grow research capacity in the BRI, including through efforts already underway through the UWI Global BRI Network.

Dated 6 December, 2019.