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*Students should be able to: describe the major challenges facing the Caribbean Region;*

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### **Small size**

The countries in the Caribbean region are small in size, thus making it difficult for individual countries to influence international organizations or markets. Because of this the Caribbean countries to co-operate and form a large body that can compete with larger and more powerful countries.

### **Shortage of Capital**

The Caribbean countries are described as “developing countries”, in part to the shortage of capital (property or money owned). This shortage has hindered the growth and development of the region. The shortage of human capital has proven disastrous to the growth of the Caribbean..

### **Unemployment & Underemployment**

Unemployment is relatively high in the Caribbean. There is a need for the regional heads of government to work together to create employment opportunities. A large number of our people are employed in primary industries. Most of the raw materials that we produce are exported for processing in the more developed countries. This reduce the number of jobs available in secondary and tertiary sectors. The leaders of CARICOM needs to make more efficient use of available natural resources to create secondary and tertiary level industries to provide more jobs for Caribbean people.

### **Low levels of production & productivity**

The Caribbean region has experienced sharp declines in productivity owing to the declining profitability in the existing traditional activities, especially in banana and sugar production. The slow rate of technological advancement have also complicated the production levels in the Caribbean region

### **Lack of diversification**

The Caribbean region has always depended heavily on agriculture for economic development, resulting in an uneven economic diversification away from agriculture and preferential markets. The heavy reliance on agriculture has limited the growth and prospects of the region. Efforts are being made today by the Caribbean governments to pursue economic diversification through other means than only relying on agriculture.

### **High level & cost of imports**

The high level and cost of imports have served to stifle the economic growth of the region. Agriculture plays an important role in the region’s economic growth - it increases income, employment and nutrition. However, the Caribbean is now the largest food importing in the hemisphere. The regional heads of government have agreed that there is a need to reduce its food import bill by paying more attention to strengthening their agricultural sectors.

### **Shortage of skilled workers**

The poor economic performances of the Caribbean islands have contributed to

increases in migration of skilled workers. Our skilled workers have been recruited through direct placement of advertisement in our local Caribbean newspapers. There are instances where recruiters, from particular countries, visit the Caribbean to sign up workers, offering great salary packages and incentives. The results is a grave shortage of our skilled workers in the region.

From the earliest of times, migration has been an integral part of our Caribbean history. Today, this trend continues, our most valuable resources, our skilled workers, migrate in large numbers creating a shortfall in the skilled workers in region.

#### **Inadequate technology**

The Caribbean region is blessed with the abundance of natural resources. These resources have attracted millions of tourists to the region. However, the Caribbean countries are unable to properly develop these resources because of inadequate technology. The Information Technology Revolution is slow in sweeping the Caribbean region because of limited funds.

#### **Differences in resource distribution**

The differences in distribution of natural resources in the region makes those countries with limited resources feel that they would be at a disadvantage if they should enter a trading relationship with the countries that have greater resources.

#### **High levels of indebtedness**

The development of the Caribbean region is negatively impacted by their large and

burdensome debt burdens. The high debt burden prevents them from spending on infrastructural development and provision of basic social services which are necessary to attract investments. The Primary surplus represents the extent which a government is prepared to reduce expenditure on basic social services such as education, health care, infrastructure development in order to service the public debt.

The Caribbean governments seek help in tackling their debt burden from the following institutions:

- International Monetary Fund (I.M.F.)
- World Bank
- Inter-American Development Bank (I.D.B.)

#### **Vulnerability to natural disasters**

The Caribbean environment and natural resources constitute an important asset as the region's economic and social development hinges on them. Our location and warm temperature all year round makes us susceptible to hurricanes. The introduction of hurricanes in the region has always proven disastrous, requiring regional and international help. Clean up exercises usually cost a fortune, affecting the purse of the islands and forcing them further into financial woes. The Caribbean states are also frequent with droughts, landslides and soil erosion, all of which hampers the growth of the region.