

The Caribbean in the Crossfire

Between Covid-19, Narcotics, China, and Russia's Invasion of Ukraine

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Strategic Importance of the Caribbean Basin

The Caribbean is strategically vital as the southeast maritime approach to the United States. It is a key hub and transit area for commercial logistics serving the eastern coast of the United States as well as the Atlantic side of Central and South America. The region is connected to the United States through ties of commerce, geography, and family. Not only is the U.S. territory of [Puerto Rico](#) situated centrally in the Caribbean between the Dominican Republic and the Leeward Antilles Islands, but significant diasporas of [Cubans](#), [Jamaicans](#), [Dominicans](#), Haitians, and others are found in U.S. communities, from South Florida to New York and New Jersey and beyond.

The United States relies on good governance in the Caribbean and partnership on a range of national security issues, including the entry of [illegal narcotics](#) (principally moving [north from Colombia and Venezuela](#)) and other contraband goods. Even more importantly, the Caribbean touches—or is proximate to—a substantial number of important U.S. ports and military facilities, such as Jacksonville, Florida; Savannah and Kings Bay, Georgia; Charleston, South Carolina; and Norfolk, Virginia. Not only are these facilities critical to U.S. international maritime commerce, but military facilities in some of those areas play important roles in the deployment and sustainment of forces in a range of potential conflicts, be they in Africa, Europe, or Asia. Indeed, during the wars of the previous century, German submarines sought to operate [in or near the Caribbean](#) in order to put U.S. facilities and ship convoys at risk.

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As Russia's invasion of Ukraine heated up in early 2022, the strategic significance of the Caribbean for the United States was further highlighted by Russia's indirect threat to deploy military forces there. This included the January 2022 statement by Russian deputy foreign minister Sergei Ryabkov that his country **could not rule out** the deployment of military assets to Cuba or Venezuela (both of which are situated in the Caribbean Basin). In case the threat was too subtle, Ryabkov's comments were followed up weeks later by the explicit signing of a **military cooperation agreement** between Russia and Venezuela during Russian deputy prime minister Yuri Borisov's February 2022 **visit to the region**.

Beyond its **strategic commercial and military importance** to the United States, the Caribbean Basin has also historically hosted important **Islamic communities**. While these have long been substantially peaceful and tolerant, there exist some **groups and networks of concern**. This is particularly the case within a handful of problematic mosques that have led to **some radicalized groups**, especially among the marginalized Afro-Caribbean population. The highest-profile case occurred in **Trinidad and Tobago**, whose Islamic community sent at least **130 radicalized youth** to fight for the Islamic State caliphate from 2014 through 2017. Other examples include the recruitment of Islamic terrorists from **Guyana** and **Trinidad and Tobago** in an attempt to **bomb the John F. Kennedy airport** in 2007. Additionally, communities in Maicao, Colombia, and **Margarita Island**, Venezuela, have **garnered attention** from those who follow Islamic terrorist activities and finance.

Deepening Challenges for the Region

Given the strategic importance of the Caribbean and the multiple ways it has alternately contributed to and threatened U.S. security, it is significant that the region is currently coming under pressure from an unprecedented combination of different challenges.

The migration of Venezuelans to the region has strained the ability of the small populations and economies of the Caribbean to absorb them, and often contributes to the growth of the **informal sector of the economy—including the sex trade**—as desperate local migrants struggle to make a living. Since 2014, more than 115,000 Venezuelans have migrated **to the Dominican Republic alone**. In Trinidad and Tobago, an estimated **40,000 displaced Venezuelans** were living in the country by April 2021, including many who had made the **perilous journey by boat**. This has created **political disputes within the country** and with the international community regarding how to handle the migrant influx.

The Caribbean also continues to be an important route for illegal narcotics bound for the United States, something that is associated with corrupting influences on the small island governments and economies. Although the majority of U.S.-bound drugs flow through Central America or the Pacific, the Drug Enforcement Administration (DEA) estimates that 8 percent of U.S.-bound cocaine comes **through the Caribbean**. The Dominican Republic is a key hub for drugs moving from Colombia and Venezuela toward the United States and Europe in this regard. Between August 2020 and December 2021 alone, Dominican authorities intercepted **33.7 metric tons** of illegal drugs. Illegal narcotics coming into the Dominican Republic are sometimes warehoused there before being sent on to the United States directly, to Central American intermediate points such as Guatemala, or to neighboring **Puerto Rico, the closest U.S. territory**.

In recent years, the Caribbean has further been severely impacted by record seasons for hurricanes and tropical storms as a **function of climate change**. The increasing challenge was particularly highlighted by the **record 2020 hurricane season**—in which the region was hit by 31 named storms, including 14 hurricanes—and the above-average **2021 hurricane season**, which had 21 named storms and 7 hurricanes.

Since 2020, the Caribbean has been beset by severe economic stresses owing to the loss of tourist revenues due to the Covid-19 pandemic. As a result, the region's economy **contracted by 7.7 percent** in 2020. In the Dominican Republic alone, the effects of the pandemic pushed poverty from **21.4 percent to 34.6 percent** and extreme poverty from 3 percent to 8.2 percent from 2019 to 2020. During this period, almost all Caribbean governments also took on significant increased debt loads to address the immediate demands of the pandemic, leaving them more fiscally constrained to address development, security, and other needs that continued to grow after the pandemic. In Barbados, for example, public debt as a fraction of GDP jumped from **117 percent of GDP** just before the pandemic, in 2019, to **142 percent of GDP in 2020**. During the same period, Belize government debt jumped from **88 percent of GDP to 118 percent of GDP**, and Bahamas debt jumped from **64 percent of GDP to 99 percent of GDP**, just to name a few examples.

Due to a combination of these economic pressures with the previously noted corrupting drug flows, **increased access to guns**, and other complicating factors, several Caribbean states saw substantial increases in homicides in 2021. These include Jamaica, whose murder rate **increased by 10 percent** in 2021 to **49.4 murders per 100,000** people—the worst in the Western Hemisphere. Similarly, with **32 murders per 100,000 people**, Trinidad and Tobago saw a **12 percent increase**; in once-peaceful Belize, beset by an increasingly fragmented gang culture, murders have reached **29 per 100,000** people.

In Haiti—which is already an exporter of **arms** to its neighbors, and whose epidemics of diseases like cholera have spread beyond its borders due in part to the displacement of **refugees**—the country's gangs, such as **400 Mawozo** and **G9 and Family**, have become **more powerful than the national police** (although the reported murder rate remained a moderate **13.7 per 100,000 people**). Indeed, as of 2022, some **95 armed bands were operating** in the greater Port-au-Prince area alone. The criminal activities of these groups have even extended to the **kidnapping of foreign aid workers**. Haiti could hold elections in the **second half of 2022**, raising the prospect for expanded violence in the country—either in the run-up to these elections, or if the interim leadership of Ariel Henry **continues to postpone them**. Citizen faith in the government and its processes is abysmally low, with residents regarding the Haitian government as the **second-most corrupt in the hemisphere**, behind only Venezuela. Compounding the worrisome implications of elections, Haiti experts consulted on the condition of anonymity for this work note that most of the potential candidates to replace Henry are interested in changing relations from Taiwan to the People's Republic of China (PRC).

In addition to the economic, criminal, and fiscal challenges outlined in the preceding paragraphs, the war in Ukraine adds even more stresses to the socioeconomic and political dynamics of the Caribbean, due to substantial increases in the price of **petroleum** and foodstuffs, both of which Caribbean nations must **import in significant quantities**. Indeed, of the Caribbean's three petroleum producers, although **Guyana may benefit** from higher petroleum prices, it is less clear that **Trinidad and Tobago** and **Suriname** are yet positioned to do so.

Although Caribbean politics are generally consensual, a significant number of elections will occur across the Caribbean during the next year, in addition to the possible choice of a new government in Haiti. These elections and the run-up to them could channel the region's socioeconomic stresses into unexpected mobilization and political change. Upcoming contests include elections in the Bahamas (**May 2022**), Bermuda (**July 2022**), the U.S. Virgin Islands (**November 2022**), the British Virgin Islands (**February 2023**), Grenada (**March 2023**), Antigua and Barbuda (**March 2023**), and Barbados (**May 2023**).

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People's Republic of China

In the context of the Caribbean's challenges, the PRC has maintained a particular interest in the region. In the domain of commerce, PRC bilateral trade with the region increased eightfold, from **\$788 million in 2002** following PRC acceptance into the World Trade Organization to **\$7.1 billion in 2020**. With respect to investment, PRC courtship has **focused on tourism and infrastructure projects** in countries such as the Bahamas, Jamaica, Trinidad and Tobago, Guyana, and Suriname, **among others**. Signature Chinese projects include the \$4.2 billion Chinese-owned **Baha Mar resort**, Hutchison Port Holdings' ownership of the **Freeport port complex in the Bahamas**, more than a billion dollars in **highway projects in Jamaica**, and China Merchant Port ownership of the **Port of Kingston**.

PRC attention to the region frequently consists of gifts of public infrastructure projects, used over the years **to reward governments** changing relations from Taiwan to the PRC, such as stadiums, roads, and clinics. There have also been significant tourism and infrastructure investments.

With respect to people-to-people diplomacy, Chinese courtship also includes placement in the Caribbean of **8 of the 44 Confucius Institutes** the PRC government sponsors in Latin America. These include facilities in Antigua and Barbuda, the Bahamas, Barbados, Cuba, Guyana, Jamaica, Suriname, and Trinidad and Tobago. For those having developed an interest in Chinese language and culture through the gateway of those Confucius Institutes, the **Hanban scholarships** allow China-oriented Caribbean youth to study in the PRC.

Beyond commercial and cultural activities, the PRC has also shown its interest in the region through substantial engagement with its security institutions. This includes multi-port visits by the People's Liberation Army hospital ship Peace Ark to the region in **2011, 2015, and 2018–2019**, as well as regular gifts of cars, motorcycles, construction equipment, and other items to Caribbean military and police forces. Examples include the sale of a Chinese Offshore Patrol Vessel (OPV) to the **Trinidad and Tobago Defence Force in 2014**, the donation of a **Y-12 military transport** aircraft and various vehicles to the **Guyana Defence Force**, gifts of various equipment to the **Jamaica Defence Force**, a 2017 donation of \$2.6 million in vehicles to the **Guyana Police Force**, the donation of **200 motorcycles to the Trinidad and Tobago Police Service in 2019**, and **the donation of 140 motorcycles and eight all-terrain vehicles** to the Dominican Republic military and police in 2020. Members of the Caribbean Defense Force, Constabulary Force, and other police officials also regularly travel to the PRC to participate in institutional visits and classes in institutions such as China's **National Defense University** in Changping, a district in the outskirts of Beijing.

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With Nicaragua's flip in diplomatic recognition from [Taiwan to the PRC](#) in December 2021, and the commitment by [Honduras's incoming president Xiomara Castro](#) to change her country's relations as well, the Caribbean Basin will become even more strategically important to the PRC, as the location of every remaining country in the Western Hemisphere that continues to recognize Taiwan (with the exception of Paraguay in South America and Guatemala in Central America).

The Bright Side

Despite the Caribbean's challenges, it is also a region of opportunities. As noted previously, the Caribbean plays an important role as a destination for U.S. tourism, functions as a logistics hub serving the U.S. Atlantic Seaboard, and is an important offshore banking center for the United States and a range of other countries. In addition, the Caribbean also hosts a relatively educated, generally English-speaking population. That English-speaking, educated labor force is located in a region relatively well aligned with U.S. and Canadian time zones. For this reason, countries such as Jamaica were once identified as promising hubs for [call centers and other information services](#) businesses targeting the U.S. and Canadian markets before crime, corruption, and economic difficulties dampened those hopes.

Beyond such general sources of potential of the region, as noted previously, the discovery and exploitation of [over 10 billion barrels](#) of recoverable petroleum [offshore of Guyana](#), the [continuing new discoveries](#) there, and the discovery of [2 billion barrels of recoverable reserves](#) offshore of [Suriname](#) all raise the possibility of transforming a portion of the region through massive new oil wealth. As a caveat, however, that transformation will also risk bringing unprecedented new levels of graft and corruption opportunities that should be managed, as well as attracting a new, more capable class of criminals.

U.S. Policy and Recommendations

In 2009, recognizing the strategic importance of the Caribbean and as a follow-on to security cooperation efforts with Mexico and Central America, the Obama administration established the [Caribbean Basin Security Initiative](#) (CBSI). Between 2010 and 2021, the United States appropriated \$751 million to the region under the CBSI. In 2016, in further recognition of the need for a guiding strategy and adequate funding for engaging with this important region, the U.S. Congress passed the United States-Caribbean Strategic Engagement Act, requiring the U.S. State Department to develop and implement a strategic plan for interacting with the region and helping it to address its challenges and potential.

Within the CBSI framework, the United States has had some success working with its partners in the Caribbean. These have focused on the categories of maritime and aerial security cooperation, law enforcement capacity building, border and port security, justice sector reform, and crime prevention. Nonetheless, in light of the dramatically expanded stresses on the Caribbean as presented in this work, its strategic importance to the United States, and its interest to multiple extra-hemispheric rivals of the United States, more needs to be done.

Some of the principles guiding an expanded U.S. response to the region's challenges should include the following:

- ***Expanded Non-reimbursable Assistance for the Region in Its Time of Need.*** Such assistance should be focused on meeting immediate needs of Caribbean partners in distress, promoting their development and prosperity, and strengthening their institutions. It should logically be channeled through the State Department and the U.S. Agency for International Development (USAID), although not necessarily limited to them. One area of particular focus within this area should be expanded resources to

help countries better host and deal with the challenges of Venezuelan, Haitian, and other refugees. Together, such programs, coupled with supporting public diplomacy, would have the added benefit of positioning the United States as a partner and good neighbor, which would help Caribbean governments make better decisions in the evaluation of loans, investments, and commercial proposals by others—such as the PRC.

- **Expanded Access to U.S. Markets on Favorable Terms.** Countries of the Caribbean currently have favorable access to the U.S. market through the [Caribbean Basin Trade Partnership Act](#). In addition, the Dominican Republic currently has [favored access for its products](#) entering U.S. markets under the terms of the Central America–Dominican Republic Free Trade Agreement (CAFTA-DR). Nonetheless, more can be done to broaden access and eliminate barriers for Caribbean products and services to access the U.S. market. Doing so would provide a needed boost to beleaguered local economies.
- **Incentives for Expanded U.S. Tourism to the Region.** The U.S. Congress should consider tax incentives for the tourism-related spending of U.S. citizens traveling to the region, as well as tax breaks for U.S.-based airlines and hotels serving Caribbean routes, in exchange for discounted fares, in order to stimulate tourism revenues fundamental to Caribbean economies.
- **Incentives for Energy Investment in the Region.** The Biden administration and the U.S. Congress should consider expanded tax and other incentives for U.S. companies making energy and tourism investments in the Caribbean, as well as the facilitation of investment through the Development Finance Corporation (DFC). Doing so will require adjustments to rules constraining the ability of the DFC to invest in higher-income but still at-risk countries (which is the case for most of the Caribbean, other than Haiti). More effective use of the DFC in the Caribbean will also require easing bureaucratic restrictions, which to date have greatly impeded its ability to identify and take forward economically viable projects.
- **Expanded Security Engagement.** While the general focus of U.S. security assistance in the Caribbean is adequate, far more resources are needed. This includes expanded resources for coverage by the [Joint Interagency Task Force South](#) (JIATF-S), U.S. Coast Guard, and other assets of the region for counter-drug patrols, as well as expanded support to partner nation security forces in building up their own capabilities. Such assistance should include resources for anti-corruption initiatives.
- **Response to China Security, Diplomatic, and Critical Commercial Sector Framework.** Leveraging the expanded support provided to partners in the Caribbean, as outlined in the preceding paragraphs, the United States should develop and implement a State Department-led “Response to China” initiative for the region to respond to the challenge of the PRC advance. At the same time, it should also develop information collection, communication, and incentive strategies particular to the Caribbean context. Such efforts should not seek to block the Caribbean from trading with, or accepting loans and investments from, the PRC per se. Rather, they should leverage current and expanded security, economic, and other forms of assistance to discourage partners from conducting sensitive security engagement with the PRC or from changing diplomatic relations from Taiwan to the PRC. Similarly, partners should be discouraged from engaging with PRC-based companies in non-transparent ways, ways that violate the principle of a level playing field for all competitors, or ways that engage with strategically sensitive sectors that can threaten partner nation sovereign decisionmaking or the protection of intellectual property of firms operating in the country. Such sensitive sectors arguably include telecommunications, smart cities, data centers, ports, and e-commerce. Where appropriate, the strategy should make clear that bringing in untrusted PRC technologies and architectures in such

sensitive sectors could put preferential access to U.S. markets—or incentivized U.S. tourism benefits, loans, and investments—at risk.

- ***Petroleum Engagement with Petroleum Economies.*** Although climate change may give the Biden administration valid reasons for discouraging the use of fossil fuels as a general policy, its policies toward Trinidad and Tobago, Guyana, Suriname, and Colombia should be an exception. Petroleum plays a key role in those economies at a critical moment in their national development. Indeed, both [Guyana and Suriname](#) have democratic, relatively pro-U.S. governments [willing to work](#) with the United States, even while the Biden administration seeks oil deals with the [pro-Russian](#) Maduro dictatorship in Venezuela. In this regard, actions such as the Biden administration’s reported use of its membership in the Inter-American Development Bank in [October 2021 to veto a \\$180 million loan](#) for an oil infrastructure project in Guyana are counterproductive and can be seen as a strategic slap in the face to a friend, one that will only [push it to the Chinese](#), who will take the opportunity to fund such projects while continuing to expand their influence in the country.
- ***Coordination with Other Interested Democratic Stakeholders.*** The legacy of the many external powers that have played a role in the Caribbean means that today, a range of democratic governments beyond the United States have historical and business ties and expertise in the region. These powers include Great Britain, Canada, the Netherlands, France, and India, among others. Where appropriate, the United States should seek to coordinate with and leverage the expertise of such governments on efforts to strengthen Caribbean institutions, provide sustainable economic opportunities for the region, and otherwise interact positively with the Caribbean to provide it alternatives to the [often predatory actions](#) of PRC-based companies there.
- ***More Executive-Level Attention and Showcasing the Caribbean at the Summit of the Americas.*** The upcoming Summit of the Americas in [Los Angeles in June 2022](#) is a natural opportunity for the Biden administration to showcase the importance of the Caribbean and its new policy initiatives toward the region. Doing so would give the administration a positive and creative direction for the summit in the context of the region’s other problems, and it would recall similar hopes raised by Barack Obama’s address to the [2009 Summit of the Americas in Trinidad and Tobago](#), when Joe Biden was vice president. Moreover, in a new Biden administration focus on the Caribbean, Vice President Kamala Harris—with her previous assignment regarding root causes of migration in Central America, and her [family roots in the region](#)—would be a logical choice to spearhead the initiative and would be a welcomed presence in the region.

The well-being of the United States is [connected to the Caribbean](#), even more than some other parts of Latin America, through ties of commerce, geography, and family. The region is going through an unprecedented moment of challenge and is a focus of strategic interest for both China and Russia. The Biden administration has an unparalleled opportunity to rise to the occasion to take the U.S. relationship with its Caribbean partners in a necessary positive direction. ■

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