

Advancing Regional Integration in a Fragmented Global Economy:

From Commitments to Implementation

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THE MOMENT WE ARE IN

A Convergence of Crises and Opportunity



Geopolitical and Goeconomics Fragmentation

Trade bloc realignment, supply chain re-shoring, and rising protectionism are rewiring global economic architecture — placing multilateral frameworks under acute stress.

Climate & Ecological Pressure

Latin America & the Caribbean bear disproportionate climate vulnerability while holding 30%+ of global biodiversity — making green regional integration existential, not optional.

SDG Implementation Gap

With 2030 approaching, progress on poverty, inequality, and sustainable industrialisation has stalled or reversed in much of LAC — demanding structural, not incremental, responses.

The Foundational Alignment: Small States Cannot Meet the SDGs Alone

Three propositions capture the relationship between Caribbean regionalism and sustainable development:

I

The SDGs Are Not Achievable at the Individual Small State Level

The scale, capacity, and financing requirements of the 2030 Agenda systematically exceed what most small states can mobilise alone. The SDGs implicitly assume a nation-state as the unit of implementation — for small states, that assumption systematically underestimates the implementation gap. Regionalism is not a complement to SDG implementation — it is a precondition for it.

II

The Regionalism Agenda and SDG Agenda Are Mutually Reinforcing

Functional cooperation in health, education, and disaster management advances both simultaneously. A regional payment system reduces vulnerability while advancing SDG 17 finance targets. A regional renewable energy grid addresses both fossil fuel dependency and carbon emissions. The agendas need not be reconciled — they need to be integrated into a single strategic framework.

III

External Advocacy Is Where the Two Agendas Combine Most Powerfully

The case for differentiated treatment in climate finance, debt relief, technology access, and concessional finance eligibility is simultaneously a development justice and regional integration argument. It is most persuasively made collectively, grounded in the evidence that regional cooperation already generates shared public goods that no individual member could sustain.

The Multi-Dimensional Vulnerability Index (MVI) — A Critical Advocacy Frontier

- Several Caribbean states are classified as high or upper-middle income on per capita GDP, making them ineligible for ODA and concessional finance — while remaining among the world's most structurally vulnerable economies. They are penalised in the SDG financing architecture for having successfully diversified into tourism and services.
- Most Caribbean countries were above the Human Development Index (HDI) world average in 1990, 2000 and 2010 with the exception of Guyana and Belize. However, by the year 2020 the number of countries below the world average increased to five and included Guyana, St. Lucia, Jamaica, Belize and Suriname.

What it means for regionalism

The MVI case is strongest when made collectively. Regional integration institutions provide the legitimacy, data capacity, and negotiating cohesion to advance it effectively

THREE STRUCTURAL DRIVERS FOR INTEGRATION

What Must Anchor the Regional Agenda



01 Green & Just Transition

Regional integration must be the mechanism for a shared green industrialisation agenda — coordinating carbon pricing, renewable energy corridors, and natural capital accounting across borders. The Amazon, the Caribbean Sea, and the Andean ecosystems demand supranational stewardship.

33%

of LAC GDP at risk from climate impacts by 2050



02 Productive Transformation

Commodity dependence and deindustrialisation cannot be reversed by individual countries alone. Regional value chains, shared innovation ecosystems, and coordinated industrial policy must replace the extractivist growth model with inclusive, knowledge-intensive economies.

< 6%

of LAC exports are high-technology products



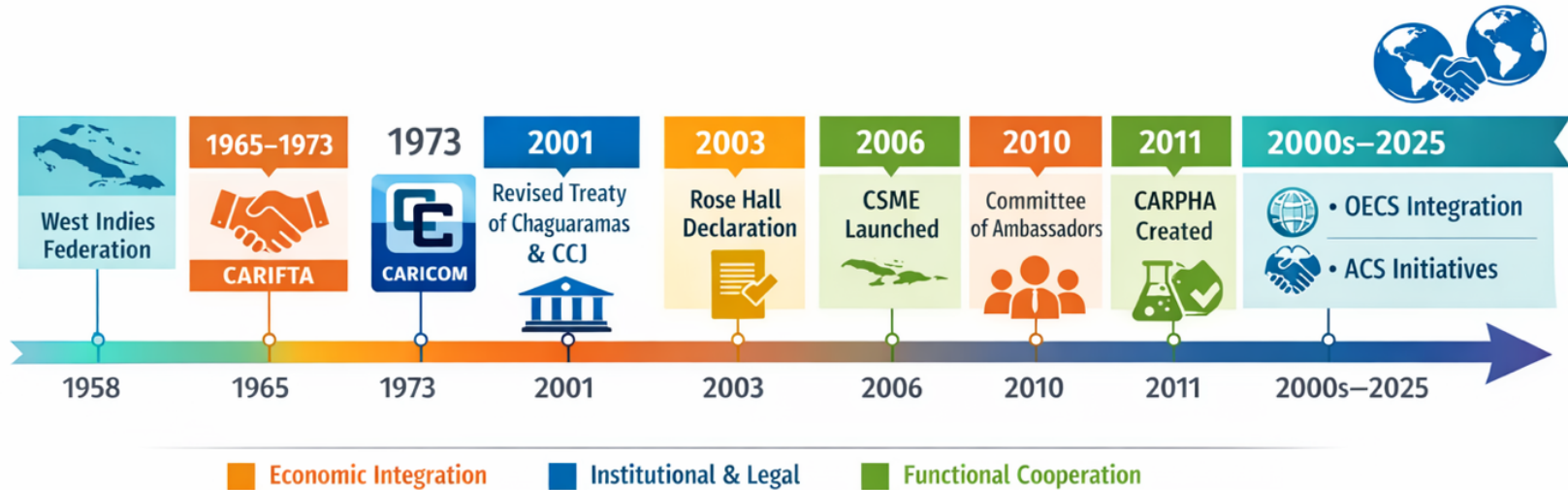
03 Social Cohesion & Inclusion

Integration without equity deepens fractures. Regional frameworks must address migration governance, labour portability, and the care economy — ensuring that those left behind by globalisation are not left behind by regional integration either.

30%+

of LAC population in informal or precarious employment

Evolution of Regional Integration in the Caribbean



Mapping Regionalism to the SDG Architecture

SDGs 1, 8, 9, 10 | Economic Sustainability

- Regional market creates productive specialisation individual small economies cannot sustain
- Regional industrial policy — coordinated specialisation — the only path to SDG 9 transformation
- Fiscal transfers address intra-regional inequality (SDG 10)

SDGs 3, 4, 5, 16 | Social Sustainability

- CARPHA: pooled health surveillance, joint procurement, coordinated pandemic response
- UWI and CXC: regional tertiary access and credentialing beyond what single states could provide
- CCJ, regional parliamentary bodies: pool institutional integrity for SDG 16

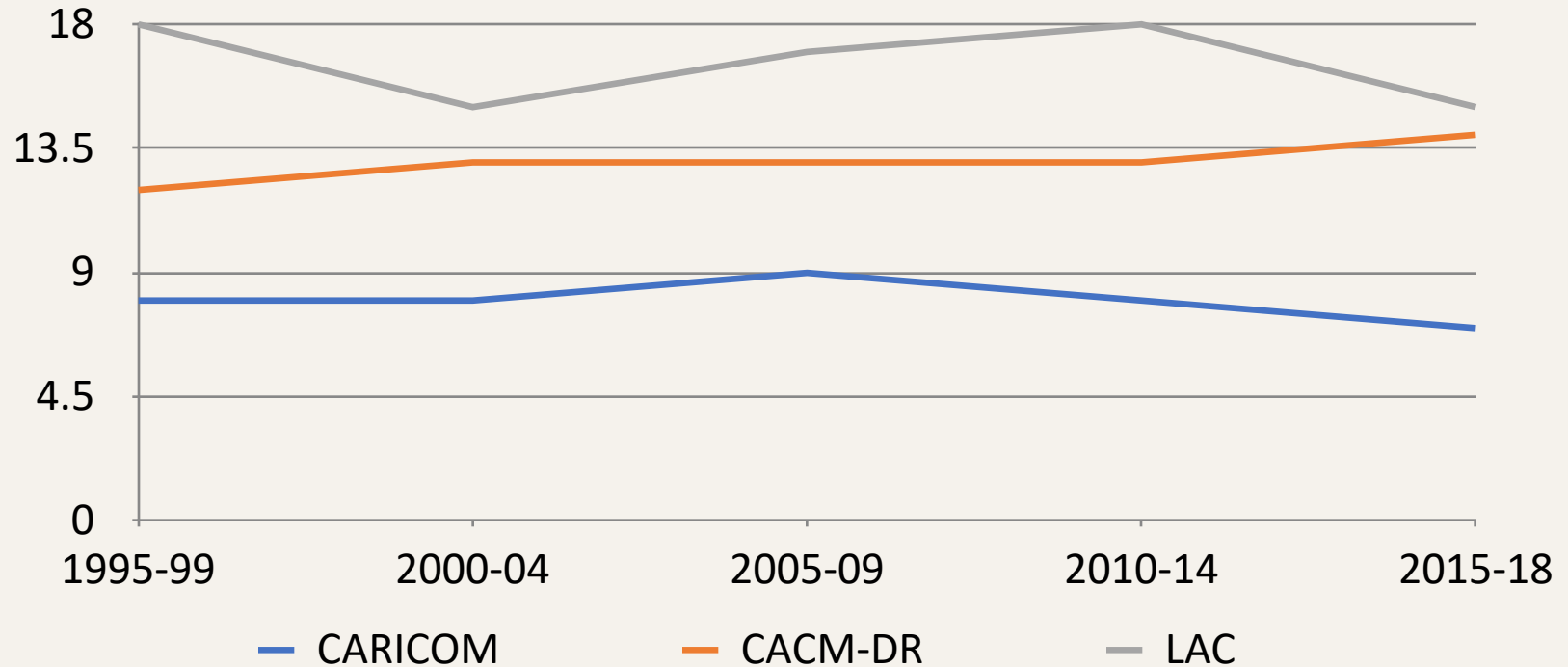
SDGs 13, 14, 15 | Climate & Environmental

- Collective negotiating power in Loss and Damage Fund and Green Climate Fund access
- Shared adaptation infrastructure — early warning systems, coastal protection — cost-effective only at regional scale
- Regional renewable energy grid — addresses fossil fuel dependency and carbon emissions simultaneously
- Ocean governance of the Caribbean Sea requires coordinated, not fragmented, management

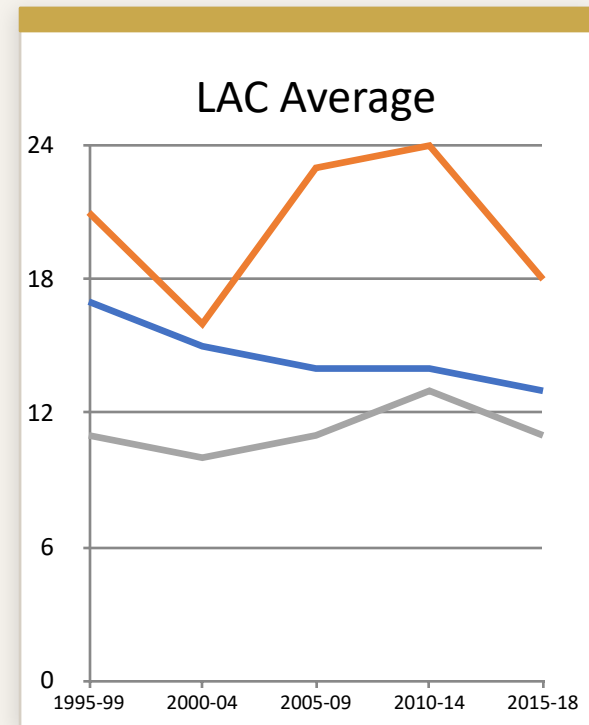
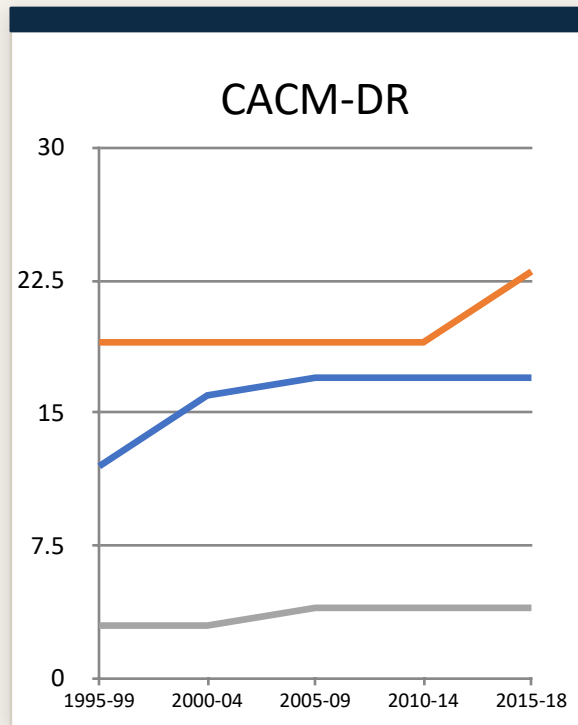
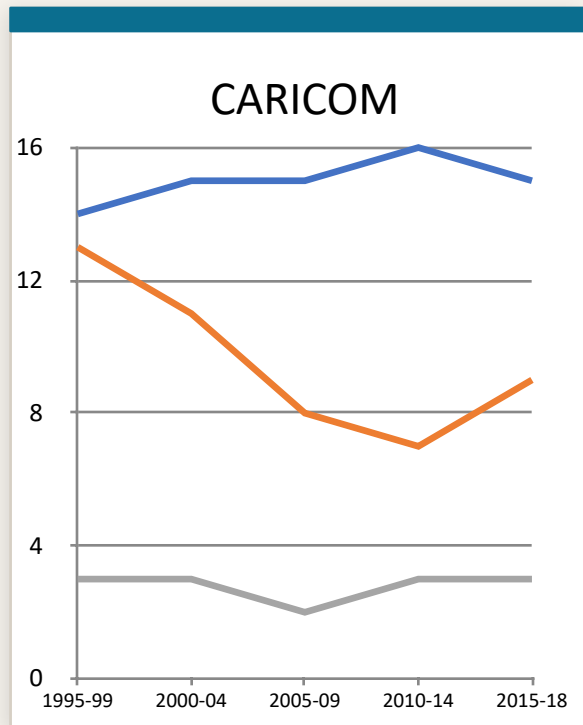
SDG 17 | Means of Implementation

- Collective advocacy for vulnerability-based (MVI) eligibility in concessional finance
- Regional statistical harmonisation — addressing the SDG monitoring gap for small states
- Technology transfer platforms gain investable scale only at regional level

Evolution of Intra-Regional Exports in total Exports of Goods and Services, by region 1995 - 2018 (in percentage)



Share of Intraregional Exports in Total Exports by Sectors and Regions 1995 - 2018 (in percentage)



— Primary

— Manufacturing

— Services

Exports of Services as a Share of Total Exports by Subregion (Percentages, 2010–2014 and 2015–2019)

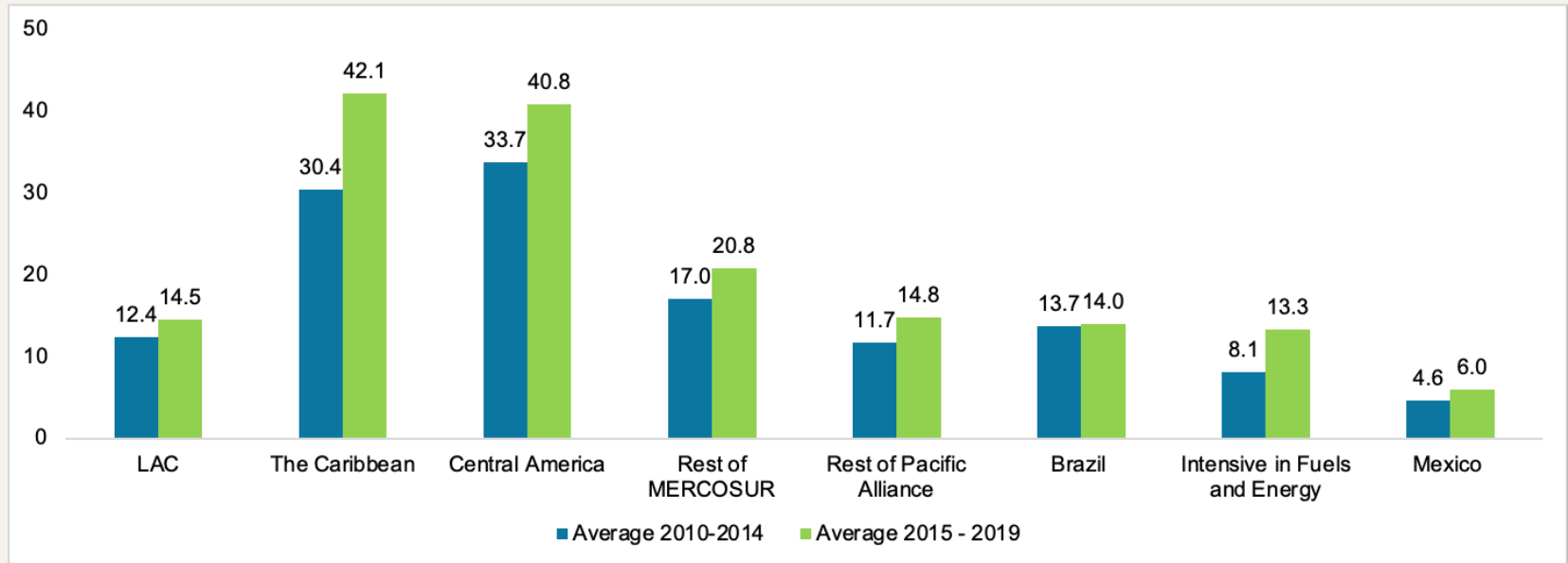
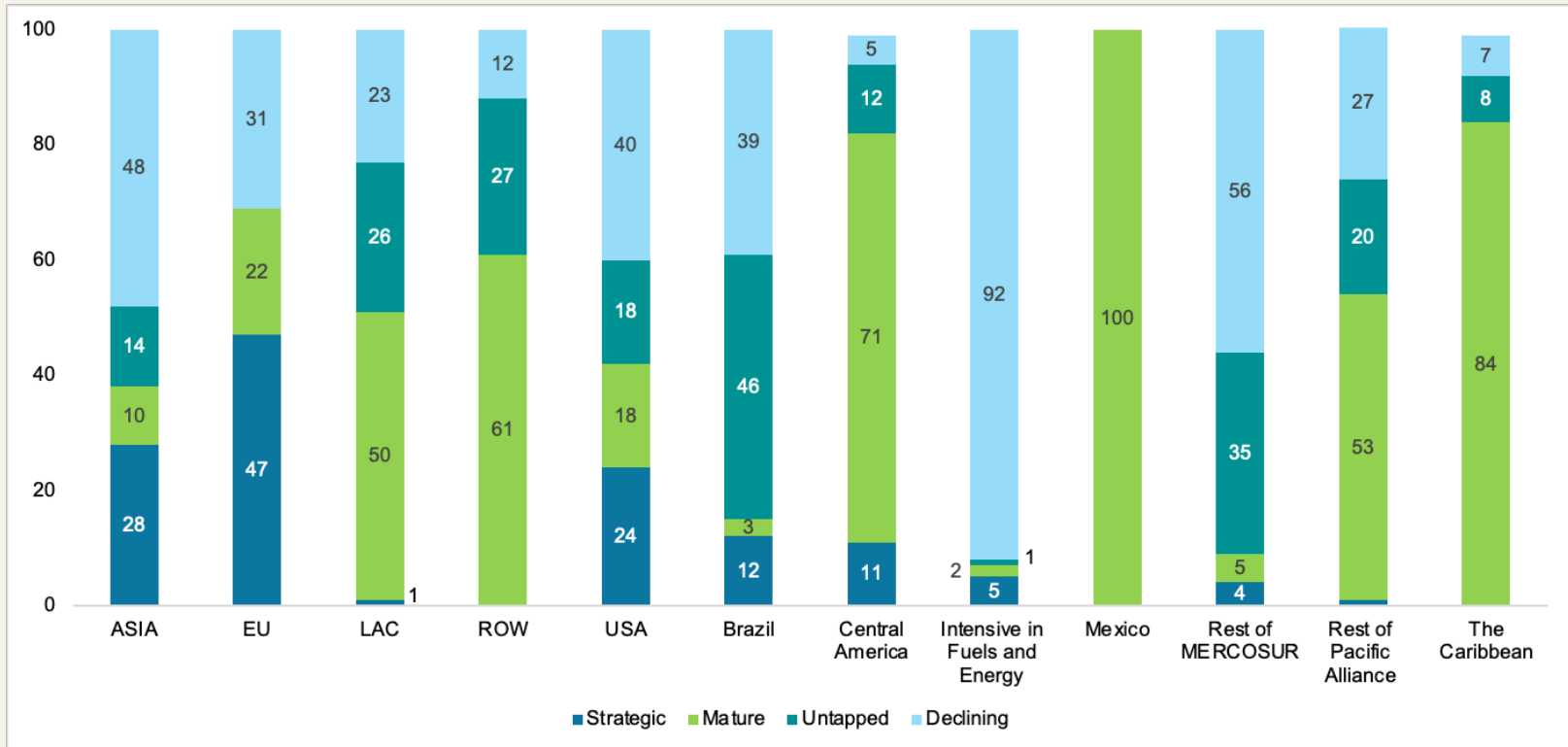
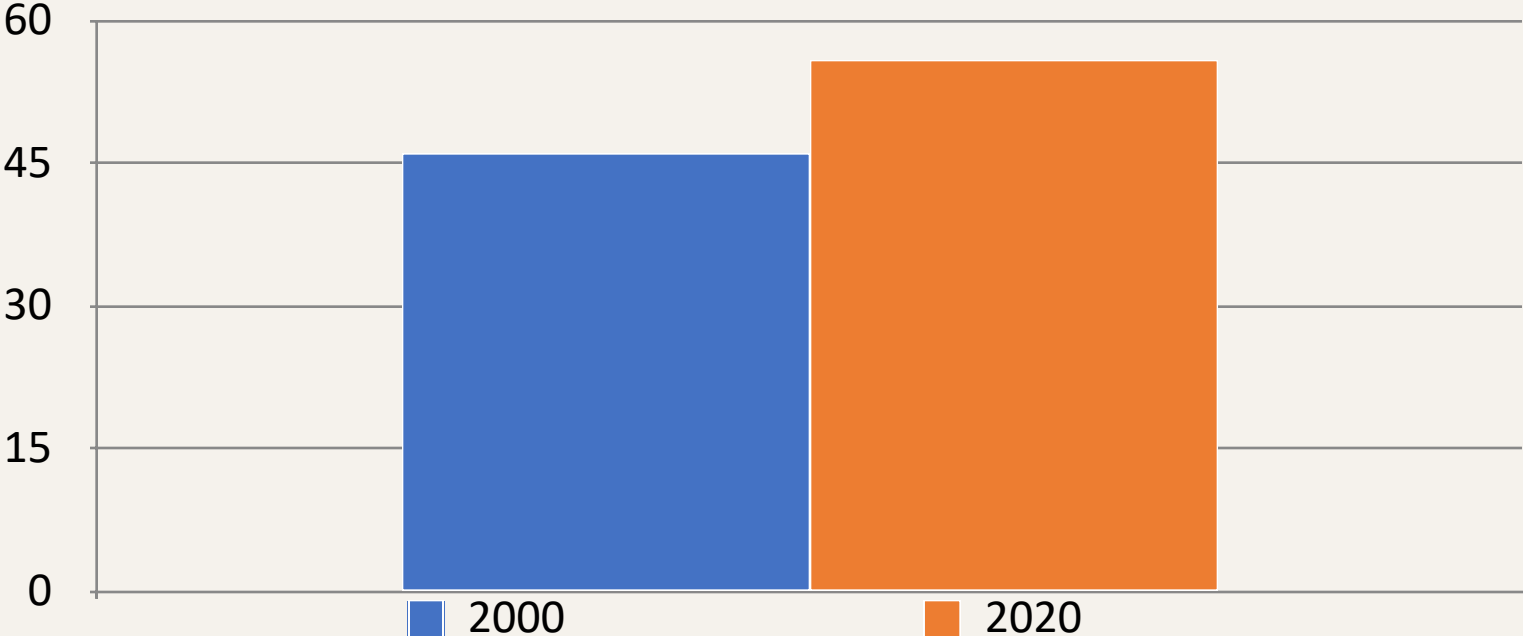


Figure: Composition of Services Exports by Competitive Segment (Share of total services exports, percentages, 2018)



Share of Caribbean Immigration to Total Immigration (Percentages, 2000 and 2020)



Priority Planks: Labour Mobility and Variable Geometry

Labour Mobility

For small states, free movement of people is more consequential than free movement of goods. It directly addresses the core problem: insufficient scale to sustain specialised labour markets.

- Mutual recognition of professional qualifications — full spectrum, not selected categories
- Portable social security and pension entitlements across borders
- Harmonised immigration administration — rights on paper must be rights in practice
- Active diaspora integration as a regional labour market extension

Variable Geometry

Unanimity-based, one-speed integration among asymmetric members produces deadlock. Variable geometry is a feature, not a bug — formalise it.

- Codify the OECS-style fast lane within CARICOM architecture
- Allow issue-specific coalitions (energy producers, tourism states) to negotiate differentiated arrangements
- Replace unanimity with qualified majority voting in functional domains
- Clear accession pathways — lagging members can join deeper arrangements when ready
- The OECS is the proof of concept: more symmetric members, deeper integration, tangible results

THE IMPLEMENTATION GAP

Rich in Architecture, Thin in Implementation

THE PERFORMANCE

- Latin America and the Caribbean's Global Value Chain participation is low (around 18%) compared to Asia (28%) and Europe (34%).



THE IMPLEMENTATION GAPS

- **Intra-regional trade** still under 20% of total LAC trade
- **Non-tariff barriers** persist despite treaty commitments
- **Asymmetric capacity** — large states vs. small island states
- **Financing mechanisms** underfunded or inaccessible
- **Political cycles** disrupt continuity of regional mandates

FROM COMMITMENTS TO IMPLEMENTATION

A Four-Lever Framework for Bridging the Gap



1. Institutionalise Implementation Architecture

Elevate monitoring bodies with real enforcement capacity. Establish the ECLAC Regional Sustainable Development Observatory as a standing mechanism for tracking commitments — with country-level scorecards and peer review protocols.



2. Operationalise Regional Value Chains

Move beyond preferential tariffs. Regional industrial policy compacts, shared public procurement frameworks, and joint R&D investments must create concrete production linkages — especially in green hydrogen, pharmaceutical manufacturing, and food systems.



3. Finance Integration Asymmetry

Small island and landlocked states cannot participate on unequal terms. A reformed regional development finance architecture — including LAC-wide Special Drawing Right (SDR) channelling and blended finance instruments — must address structural asymmetry.



4. Anchor Integration in Democratic Legitimacy

Without citizen ownership, integration commitments become elite agreements. Parliamentary forums, civil society platforms, and subnational government networks must be formalised as co-governance layers — not consultative add-ons.

What Has Worked — and Why It Matters

The Caribbean experience is not a story of failure. Where integration has succeeded, the lessons are instructive.

Caribbean Court of Justice

Genuine supranational institution — shared judicial authority that individual states could not sustain

CXC & University of the West Indies

Regional credentialing and tertiary education — tangible public goods with proven demand

CARPHA

Shared health surveillance, joint procurement, coordinated pandemic response

CDEMA

Collective disaster management — proof that pooled vulnerability response works

External Negotiating Power

CARICOM punches above its weight in UNFCCC, WTO, and SIDS advocacy forums

Key Insight

Functional cooperation in non-market domains has outperformed market integration as the Caribbean's primary integration engine.

The OECS — deeper integration among more symmetric, smaller economies — is the proof of concept for variable geometry.

The lesson: start with what builds trust and delivers visible public goods.

Fintech as Integration Architecture — Five Strategic Solutions

1. Regional Digital Payment Rail

Bypass US correspondent dependency for intra-regional commerce. Interoperability standards + regional settlement mechanism + regulatory harmonisation.

2. Shared KYC/AML Utility

Regional digital identity infrastructure and beneficial ownership registries. Verified once, recognised across all member states — reduces compliance cost driving derisking.

3. Blockchain Trade Finance

Tokenised trade instruments (LCs, invoice financing) settled on regional DLT without US correspondent intermediation. CDB as anchor issuer.

4. Regional CBDC / Stablecoin

A digital currency under regional central bank authority. The ECCB's DCash pilot — promising architecture, implementation challenges — is the proof of concept.

5. Fintech Regulatory Passport

Regional sandbox for cross-jurisdiction testing. Single license recognised across CARICOM — creates market scale that individual islands cannot offer.

Priority Recommendations — Closing the Implementation Gap

Immediate

- Fully resource CARPHA and CDEMA — treat as regional public goods, not optional contributions
- Launch the regional KYC/AML utility — the compliance architecture that underpins both derisking and fintech
- Mandate a Regional Voluntary Review of SDG progress — make the collective story visible

Short-Term (1–3 Years)

- Formalise variable geometry within CARICOM architecture — codify the OECS fast lane
- Commission CDB to design the regional payment settlement system — the PAPSS-Caribbean architecture
- Expand DCash to CARICOM — build on ECCB experience, address interoperability

Medium-Term (3–5 Years)

- Achieve full CSME labour mobility — mutual recognition across all professions, portable benefits
- Develop a regional renewable energy interconnection framework — market-based, investment-grade
- Establish a vulnerability-adjusted fiscal transfer mechanism with agreed burden-sharing formula

THE ROLE OF ECLAC AND THE UN SYSTEM

Catalysing Implementation — Not Just Convening

ECLAC's Comparative Advantage

- Provide the analytical backbone for regional SDG monitoring and benchmarking
- Convene intergovernmental negotiations with technical credibility and political neutrality
- Develop common methodological standards for integration measurement — including trade facilitation, financial flows, and social indicators
- Channel the Forum of the Countries of LAC into a binding review mechanism — not a reporting ceremony
- Broker South-South and triangular cooperation partnerships at scale

UN Development System Coherence

Align UNDP, UNEP, ILO, and UNCTAD programming around shared regional integration outcomes — moving from parallel projects to joint implementation compacts.

This Forum as a Turning Point

The Forum must produce actionable regional integration commitments — with timelines, financing anchors, and mutual accountability mechanisms that carry forward to HLPF and beyond.

Conclusion

Integration theory was built for a world of large, symmetric economies with administrative depth and political distance from colonialism. The Caribbean fails most of those preconditions — and that is a diagnosis, not a verdict.

What the Caribbean experience shows is that functional cooperation works, variable geometry works, and collective external advocacy works. The skeleton is in place.

The fintech and digital finance agenda is not peripheral — it is the infrastructure layer on which regional commerce, mobility, and resilience depend. Building it is an act of integration statecraft.

The SDG and regionalism agendas are not parallel tracks. They are the same train. Climate finance, vulnerability-based eligibility, regional statistical capacity, and the MVI are all simultaneously integration and development justice issues.

The missing ingredient — as throughout — is political will translated into resource commitments at the pace the moment requires. The fragmented global economy will not wait.