

‘EVERY ROPE GAT TWO ENDS’: A STUDY OF CHINA’S BELT AND ROAD INITIATIVE
IN THE CARIBBEAN AND ITS LOCAL ECONOMIC IMPACTS.

By

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ABSTRACT

Title: ‘Every Rope Gat Two Ends’: A Study of China’s Belt and Road Initiative in the Caribbean and its Local Economic Impacts.

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The Caribbean, a region in the developing world has engaged with the People’s Republic of China Belt & Road Initiative in recent years. An ambitious global investment and trade initiative promoting a process of inclusive globalization. This study investigates the fundamental question of how China’s foreign direct investment is contributing to sustainable economic development in local communities in the Caribbean. Traditionally an underrepresented region in literature, this study provides an original and creative perspective that makes a significant contribution to the research. A qualitative research approach is adopted that is triangulated among interviews, questionnaires, and measurable project evidence. The key findings suggests that while there is substantiation of engagement with local communities, there exists a significant gap in objectives between China and the Caribbean. The economic and endogenous development goals of local communities are not wholly met within an engaged capacity building framework. As such, policy remedies are recommended.

Key words: Caribbean economic growth, foreign direct investment, China’s belt and road initiative, endogenous capacity building, sustainable development.

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DEDICATION

To become the first person in six generations to hold a master's degree was filled with many sacrifices, celebrations, and heartaches. To my agee (grandmother), you never went to school, yet you instilled an invaluable belief in education in me. To my dad, I always strive to make you proud and hold the lessons of your days walking to school barefoot dearly. To my maam, you left me in painful pieces...and all my generations that came before me, I dedicate this thesis to you as a testament of all your hard work, dedication to family and courage.

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CHAPTER 1 INTRODUCTION

Summary of Thesis

This study is investigating the impact of the Belt & Road Initiative in the Caribbean. Specifically, this report aims to determine how Chinese projects are contributing to sustainable economic development at the local community level. Overall, the purpose is to understand the impact of Chinese foreign direct investments and how this contributes to endogenous development and economic growth. Hence, the Caribbean region's perspective is the major focus of the research. There are four sub-questions which help to address the central research question. These work in tandem to provide a comprehensive view of the scope of Chinese foreign direct investment in the eleven Belt and Road Caribbean countries.

There are five international business theoretical frameworks used to articulate the study. These include - Eclectic Paradigm (OLI) Theory; Linkage, Leverage, Learning (LLL Theory); Springboard Theory; Economic Growth Theories; and Endogenous Development and Local Capacity Building. The triangulation method is used in this qualitative report to arrive at the conclusions. There are several findings which reveal that although the Chinese projects satisfy some agendas and are good for the Caribbean, there is a gap in the developmental objectives. The motivations and objectives of China's outward foreign direct investments are not consistent with endogenous capacity building objectives of Caribbean nations. Local perspectives show that the projects do not wholly satisfy local needs. There are several implications for practice that are put forth to address the gap in objectives. Overall, this study contributes to closing the research gap in the literature that exists with studies related to the BRI in the Caribbean.

Originality

This thesis provides new perspectives on the influence of Chinese foreign direct investment on the growth economies of the Caribbean region. The research methodology is unique and creative and divulge a comprehensive understanding of the impact of Chinese investments in the Caribbean. This study is fresh and provides original context from a developing region's viewpoint.

Significance of this Study

The Caribbean currently has many incentives to take advantages of foreign direct investment from China such as the development of economic and social conditions for all its citizens. However, as it relates to this, the Belt and Road Initiative has not provided significant opportunities for local development. Therefore, this research is meaningful as it addressed what changes can be made to the Belt and Road structure to help the Caribbean address its development goals. China's investment in the Caribbean has expanded especially over the last five years with several Belt and Road Initiative agreements. It is crucial to study this increase of investments comparing the behaviour among several Caribbean countries. Furthermore, while there is little data available on Chinese investments in the Caribbean, this further reinforces the need to lessen the ever-widening gap in the literature.

Research Question

How are Chinese foreign direct investments contributing to sustainable economic development in the Caribbean?

Sub questions:

- (a) What are the distinctive investment strategies, motivational objectives, and performance of Chinese foreign direct investments in the Caribbean?
- (b) How is the Belt and Road Initiative promoting local economic development at the community level in the Caribbean?
- (c) How have existing Chinese Belt and Road projects contributed to local objectives in the Caribbean?
- (d) What are the remedies to ensure that Chinese foreign direct investments meet local objectives in the Caribbean?

A note on sustainable: It is a common misconception in recent times that the word 'sustainable' predicates to anything to do with the environment. In this thesis, 'sustainable' is used to describe economics that can continue over a period of times, as defined by the Cambridge dictionary

Thesis Disposition

This thesis is structured as follows:

Chapter 2: A brief background of China and the Caribbean's economic relations including mention of geopolitics.

Chapter 3: This is followed by a literature review analysis and a conceptual framework model. A comparison of related literature as well as gaps in the literature are outlined.

Chapter 4: The methodology is presented as well as the analysis process. Research validity and reliability as well as limitations are also included to address the rigor of this study.

Chapter 5: The findings are discussed considering the framework for the research. A summary table which shows how the findings relate to the e sub-questions are included as well. Throughout the report, there are many tables and figures represented to synthesize data for a visual appeal.

Chapter 6: Practical and policy implications are highlighted.

Chapter 7: Limitations of research are outlined.

Chapter 8: Future recommendations are discussed.

Chapter 9: Concluding remarks.

CHAPTER 2 CHINA'S BRI, THE CARIBBEAN AND FDI

Belt and Road Initiative

The Belt and Road Initiative (BRI) is a global investment and trade initiative proposed in 2013 by the People's Republic of China (PRC), hereafter referred to as China. It is one of the largest and most ambitious infrastructure projects ongoing currently in the world. As such, "it has been hailed by President Xi Jinping as the "project of the century". China's BRI promises a win-win partnership with China offering loans and investment and host countries supplying new markets in a process of "inclusive globalization" (Liu & Dunford, 2016, Zeng, 2016) (Oliveira et al., 2020). The motivations of the BRI are built around the pillars of connectivity; openness; innovation; energy and food security; and balanced regional development. Furthermore, "institutional distance, economic freedom, bilateral trade, motivation factor: GDP and patent are important determinants of Outward foreign direct investment (OFDI) along BRI countries" (Li, 2019).

It is imperative to note that the purpose of the BRI is to promote regional economic development, through creation of win-win cooperation and joint prosperity. It intends to increase understanding and trust, and to strengthen communication and friendship among countries in the region. To this end, it follows four principles: (1) openness and cooperation; (2) harmony and inclusiveness; (3) market-based operation; and (4) mutually beneficial and win-win for all countries" (Huang, 2016). BRI investment projects are estimated "to add over US1 trillion of outward funding for foreign infrastructure over the 10-year period from 2017" (OECD, 2018).

The BRI is an important attempt by China to "sustain its economic growth, by exploring new forms of international economic cooperation with new partners" (Huang, 2016). Trade is enhanced as an integrating regional development resource for achieving common development. Additionally, according to Johnston (2019), "the BRI in name and launch location carries geographic focus—the "Belt" referring broadly to China's historical trade partners in the Eurasian mainland within China's latitude (see Hu, Liu, & Yan, 2017); and the "Road" to coastal developing countries in Southeast Asia and across the Indian Ocean Rim". However, it is to be noted that the BRI contains "significant uncertainties and risks, such as management of geopolitical risks, international policy coordination and financial sustainability of cross-country projects" (Huang, 2016). Trinidad and Tobago first signed on to the BRI in 2018 followed by Antigua and Barbuda; Barbados; Cuba; Dominica; the Dominican Republic; Grenada; Guyana; Jamaica; and Suriname. Moreover,

Jamaica, the second biggest economy in the Caribbean, was relatively late signing on to the BRI in 2019. There are eleven countries in the Caribbean that have signed on to BRI (Runde, 2020). *See Appendix B.*

China's Foreign Direct Investment Policy and Going Global

China's "Go Global" strategy was established in 1999 to encourage Chinese firms to invest overseas. Since the late 1970s, the Chinese government has gradually set up legal, regulatory, and financial frameworks to promote OFDI for Chinese firms, either directly by administrative control or indirectly by economic policy measures (Buckley et al., 2007)" (Gondim et al., 2018). Furthermore, China's promotion of its "China Going Global" policy has taken off towards OFDI. This is China's attempt at integrating its country into the global economy. Moreover, "China, as one of the greatest economic powers in the world and is one of the largest sources of OFDI among the emerging economies" (Li, 2017). Also, according to Kabia et al., (2016), "China's expanded trade surplus and investment portfolio accumulation of international reserves created the prerequisite for China to emerge as a global capital provider" (Kabia et al., 2016).

The BRI is a strategic successor to the China's "Go Out" policy which encouraged Chinese firms to make investments and bid for contracts in other countries (Oliveira et al., 2020). Moreover, in 2015, "China's outward direct investment (ODI) flow grew by 18% to US\$145.7 billion" (Zhai, 2018). Furthermore, in 2018, Chinese OFDI volume in the 56 BRI countries reached US\$15.6 billion, an increase of 8.9% on the previous year" (Liu et al., 2020). Chinese multinationals are prone to locate their "investments in countries with less economic development and more natural resources, which was motivated by higher investment return and access to cheaper resources" (Li, 2019). China's 'Going Global' has become a national developmental strategy.

Overview of the Caribbean

The Caribbean is often seen as a collection of islands with natural touristic resources. The region has a population of forty-three million inhabitants (United Nations, 2019). There are fifty-eight countries or territories located in the Caribbean referred to as 'Small Island Developing States' (SIDS). To this end, "Gross National Income (GNI) per capita varies from around US\$800 to over US\$30,000 and some countries rely on commodity exports, while others on tourism and sustainable use of ocean resources, known as the 'blue economy' (World Bank, 2021). The region's economies are monoculture agricultural to reliance on mostly international financial

services. Most countries in the Caribbean are also heavily reliant on tourism. Overall, GDP and population of the region highlights the ‘smallness’ of the Caribbean in comparison to the rest of the world. Besides, “the Caribbean in comparative terms is about 10% of the population and 2% of the GDP of the UK” (World Bank, 2016). Remittances by the Caribbean diaspora back to their families are essential means of income. Caribbean governments have tried to address the structural shifts, unemployment, and poverty to enact deeper educational and socio-cultural issues (Drinkwater et al., 2018).

Economic Activities and Foreign Direct Investment Policies of the Caribbean

Foreign direct investments (FDI) are very important for the region. Traditionally, the Caribbean has had economic ties with the USA, Canada, and the European Union (EU). The region is oftentimes referred to as Washington’s “backyard” or “third border.” The small developing nations of the Caribbean, “while welcoming FDI, remain wary of its implications, particularly where multinationals and large corporations enter the domestic market with revenues above national GDP levels” (Bernal, 2016). Hence, “the inability to act as a market or institutional block weakens the region’s negotiating capacity, impedes the development of economies of scale, and creates redundancies in the public sector. Thereby, regional integration and cross-regional solidarity have been central to emancipatory agendas” (Gonzalez-Vicente & Montoute, 2020). In 2017, the Caribbean attracted 0.4% of global FDI (Gounder et al., 2019). The region is also part of the Commonwealth of Nations.

The great majority of FDI inflows to the Caribbean originate from the US. As such, “most of the inflows (excluding financial centers) are directed at natural resources (especially hydrocarbons) and services (particularly tourism, financial services, telecommunications, and transportation). Furthermore, for the past three decades the “Dominican Republic, Trinidad and Tobago, Jamaica and the Bahamas have been the leading recipients of FDI in the Caribbean” (Onafowora & Owoye, 2019). Likewise, in 2017, Jamaica was the “leading recipient of outward foreign direct investment inflows in the English-speaking Caribbean, with the greatest amount directed at greenfield projects (World Investment Report, 2018). Notwithstanding, Critical Caribbean Development Thought (CCDT) scholars have often remarked “how the region was ‘passively incorporated’ into the international economy, a trend that is not divorced from the question of epistemic dependency” (Girvan, 2009). Moreover, “passive incorporation entailed a structurally subservient economic

role during the colonial years, persisting economic dependency in the immediate postcolonial period, and extreme vulnerability in the world market amid high levels of liberalisation since the 1980s (Gonzalez-Vicente & Montoute, 2020). Caribbean governments provide generous financial incentives to foster FDI. Overall, “the strategic location of the Caribbean, its educated and English-speaking labor force, the good quality of governance and stable political environment, and the governments’ generous FDI promotion policies also contribute to attract many foreign direct investors to the region (ECLAC, 2015)” (Onafowora & Owoye, 2019).

The Caribbean Community (CARICOM)

The Caribbean Community is a regional integrating movement in the Caribbean. The fundamental objective of the CARICOM Single Market and Economy (CSME) is to achieve a single economic space that fosters growth and results in sustained development of the standard of living of all Caribbean people. CARICOM is the oldest existing integration movement in the developing world (International Monetary Fund, 2021). The primary objectives are to promote economic integration and cooperation among its members, ensuring that the benefits of integration are equitably shared, and coordinate foreign policy.

Snapshot of the Caribbean Business Environment

Small enterprises signify the bulk of economic activity. In general, the region remains a difficult area for entrepreneurship and trade. As such, “in many Caribbean countries, nearly 20 percent of government revenue already goes to debt repayment. It is important to note that these small island economies have very small Gross Domestic Products (GDPs). For example: Antigua and Barbuda at \$1.6 billion; Grenada at \$1.2 billion; and Barbados at \$5.2 billion. This inherently casts doubt on the feasibility of paying back future loans in the hundreds of millions of dollars (Murg & Griffith, 2020). Moreover, according to the Ease of Doing Business Report, the highest ranked Caribbean country is Jamaica at 71 followed by St. Lucia at 93” (Murg & Griffith, 2020). Like other small developing states, Caribbean nations share a series of characteristics that exacerbate their vulnerability: small populations, limited human and natural resources, small physical and economic size, distance from international markets and a high level of openness.

Overall, economic growth has been declining in the region over the last twenty years with “high levels of poverty, underemployment, and public sector debt. These economies rely mainly on

commodity exports, tourism and remittances from nationals residing outside the region” (Parker & Lawrence, 2020). Furthermore, “debt in several Caribbean countries has already reached levels that constrain economic growth. If the current trend continues, the debt payment of the already heavily indebted Caribbean countries could become unsustainable” (Bernal, 2016). On the contrary, China’s economic activities is one of the main sources of developing aid in the Caribbean. This has enabled China to position itself to be a new source of financing.

Geopolitical Issues

Geopolitical issues, loan repayments and issues relating to such are important concerns that affect economic and social development in the region. Caribbean economies weakened by “mixed internal and exogenous economic conditions, retreating economic support from traditional multinational agencies” such as those in the US have paved the way for China. In addition, China “offers of soft repayment terms have all conspired to create entry points for a wider and deeper Chinese presence in the Caribbean” (Bridglal et al., 2019). However, the region has high debt and the potential to repay these debts weighs heavily on the region. *These issues are not covered in this thesis.*

China -Taiwan

China’s Caribbean strategy has always been inseparable from Taiwan relations. Taiwan is a country in the East China Sea which Beijing claims as a province. Since 1979, mainland China and Taiwan have engaged in an awkward diplomatic rivalry where both showered money and attention on Caribbean countries in exchange for diplomatic relations. The Caribbean is home to “over half of Taiwan’s remaining diplomatic allies and the BRI’s ‘One China’ pre-requisite may help Beijing further isolate Taipei” (Ward, 2019). Hence, “the government of China is also willing to extend generous aid to those countries that switch diplomatic allegiance from Taiwan. Dominican Republic was the last know island to formally recognised China in 2018 and was breaking off relations with Taiwan. Aid from China and Taiwan has been described as ‘largesse’ and ‘cheque-book diplomacy’. Additionally, “CARICOM’s interests are often ‘compromised as it attempts to coordinate and leverage many players with competing interests’, something that has been exacerbated by the ‘One China’ Policy” (Montoute, 2015). To this end, given that several members (Belize, Haiti, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines) do not hold formal diplomatic relations with the PRC, China’s diplomacy bypasses CARICOM”

(Gonzalez-Vicente & Montoute, 2020). Nonetheless, “some private Chinese firms, particularly those engaged in trade, continue to conduct business with Caribbean countries that choose to recognize Taiwan. The China Harbour Engineering Company (CHEC) is one such company (Bernal, 2016). Likewise, “the rivalry between China and Taiwan for diplomatic recognition is a major factor in China's foreign and economic policy in the Caribbean and is reflected in the amount and destination of development assistance” (Bernal, 2015).

China - USA

China provides a counterweight to US and EU hegemony in the Caribbean. There are changes in the global system. As a result, “there is a shift away from globalization and multilateralism to economic nationalism, turning the power dynamics between the world’s two largest economies, the United States and China, into a more sharp-elbowed interaction” (MacDonald, 2019). Critics believe that the BRI “closely resembles the U.S. global grand strategy in the post-World War II (WWII) era” (Cheng, 2016). A reduced role for US trade challenges America’s economic goals in the Caribbean. Politically, “China’s alternative leadership model stands as an obstacle to America’s presentation of its values as a democratic role model...China intends to offer an alternative path for the region to develop... any Chinese military deals in the western hemisphere carry a substantial symbolic punch and counter America’s regional hegemony” (Tannenbaum, 2018). It is important to note that the US has seven key military bases across the Caribbean region.

Loans

Two Chinese state-owned banks: China Development Bank (CDB) and China Export-Import Bank (China EXIM) were the largest lenders in support of Caribbean projects from 2005-2018. Policy banks have provided close to \$9 billion in lending to the countries of CARICOM (Murg & Griffith, 2020). Over the past ten years, “project values have increased by 800 per cent. Most of this money comes in the form of “concessional, government-to-government loans with interest rates well below market levels (some as low as two per cent) making them attractive to highly indebted, economically challenged Caribbean countries” (Bridglal et al., 2019). Furthermore, the total “accumulated loans have surpassed US\$140 billion. From 2005-2019, China has invested over “\$8 billion in mainly six Caribbean countries: Jamaica: \$2.68 billion; Trinidad and Tobago: \$1.94 billion; Antigua and Barbuda: \$1 billion; Bahamas: \$350 million; Cuba: \$600 million; and Guyana: \$2.49 billion. These investments have been concentrated on tourism, transportation,

extractive metals, agriculture, and energy sectors” (MacDonald, 2019). Therefore, “the trade relationship between China and the Caribbean is largely based on the importation of manufactured products from China and the exportation of raw materials from the Caribbean” (Montoute, 2013). Nevertheless, “the economic interaction between China and the Caribbean cannot be explained entirely by economic factors but is best understood as an economic relationship embedded within a political and diplomatic relationship” (Bernal, 2015).

Critics usually refer to the case in “Sri Lanka as an example of China’s global ‘debt trap’ after that country’s inability to repay its US\$1.12 billion debt. This allowed China to negotiate a 99-year lease arrangement for its Hambantota port, strategically located on the Indian Ocean, as an exchange” (Elis, 2020). It is, therefore, the geopolitics of Sri Lanka’s impediment that concerns the US “where poor debt management gave Beijing a strategic access point into India’s sphere of influence and begs the question of whether the same could happen in the Caribbean” (MacDonald, 2019). It is important to note that commentary on China’s ‘debt trap diplomacy’, “actual data suggests that Chinese policy banks are relatively open to renegotiating lending terms in favour of the borrowing country-particularly when other sources of finance are available (Kratz, Feng, and Wright 2019) “(Gonzalez-Vicente & Montoute, 2020). Additionally, “politically, the BRI is also an attempt to construct and control a narrative around Chinese foreign investments – that they are not just geopolitical power grabs or profit-seeking ventures but win-win projects that drive mutual development (Li, Lin, & Zheng, 2015; Sidaway & Woon, 2017)” (Oliveira et al., 2020).

CHAPTER 3 LITERATURE REVIEW

Table 1: Theoretical Framework for Research Question

CHINA	CARIBBEAN
Eclectic Paradigm (OLI) Theory	Economic Growth Theories
Linkage, Leverage, Learning (LLL Theory)	Endogenous Development and Local Capacity Building
Springboard Theory	

There are two sets of theories informing this study. The first set is from the Chinese perspective and the second set is from the Caribbean's standpoint. These are discussed in depth in this section. China is known as the destination for global investment and no other emerging economy has received so much attention especially on the research side of things. Moreover, "Chinese firms seem to be investing into countries that do not fit the standard profile of host locations" (Ramasamy et al., 2012). The same can be said of the Caribbean, sparse islands with little inhabitants. To this end, "it should be recognized that much of the theoretical work on the process of internationalization was developed to explain the investment behavior of developed country multinationals. It has been argued that these frameworks may not explain well the investment behavior of multinationals from emerging economies such as China" (Parmentola, 2011) (Lin & Farrell (2013).

Dunning's OLI paradigm may explain the motivation of Chinese investments in the Caribbean from a traditional perspective. The linkage, leverage, learning framework is another traditional theory that can help explain the behaviour of multi-national enterprises (MNEs) and OFDI from China into the Caribbean. Also, the 'Springboard' model (or latecomer perspective) argues that emerging market multinationals use international expansion as a means of overcoming disadvantages inherent in their home country environments, as opposed to attempting to exploit competitive advantages abroad. Chinese MNE behaviour in the Caribbean presents us with another set of exogenous growth and economic theories.

1. Eclectic Paradigm - Ownership, Location, Internationalization Theory

Eclectic paradigm is also known as the Ownership, Location, Internationalization (OLI) theory first proposed by John H. Dunning in 1973. The purpose of the OLI theory is to explain the activities of MNE and FDI. Broadly speaking, the OLI is one of the major theories of internationalization. Dunning proposes that firms invest abroad to exploit three advantages related to ownership (O), location (L), and internationalization (I) (Gounder et al., 2019). It is the simultaneous role of ownership, location and internationalization advantages and their interaction in the multinational corporation's (MNC) foreign direct investment. Dunning has four motive categories for FDI. These are (1) *resource-seeking*: motivated by accessing natural resources and low-cost labour; (2) *market-seeking*: motivated by accessing international markets; (3) *efficiency-seeking*: aims to reduce production costs; and (4) *strategic seeking*: motivated by acquiring strategic assets such as brands, human capital, or distribution networks (Gondim et al., 2018). Furthermore, it is worthwhile to note that the *ownership advantage* is a firm characteristic; the *location advantage* is a country-specific characteristic; and the *internationalization advantage* is a transaction attribute (Buckley & Hashai, 2009). It describes the elements and conditions for MNEs going abroad.

The major propositions of the OLI theory include: 1) the *competitive advantage* of firms of one nation over others; 2) firms' ability to *internalize* markets and generate assets; and 3) *locating* activities by firms outside their national borders. The OLI variables are therefore interdependent. Moreover, the OLI theory offers a "unifying framework for understanding the extent and pattern of foreign owned activities, which are driven by three sets of advantages: OLI" (Sharmiladevi, 2017). Similarly, the goal of the OLI theory is to "offer a holistic framework by which it is possible to identify and evaluate the significance of the factors influencing both the initial act of foreign production by enterprises and the growth of such production (Dunning 1988, p. 1)" (Wilson & Baack, 2012). State-controlled Chinese firms are attracted to countries with large sources of natural resources such as the Caribbean. To this end, when comparing the different theoretical motivations of outward FDI...China has typically been considered as relatively more resource seeking compared to other countries (Liu et al., 2017).

With regards to the BRI, "the OLI framework therefore provides firm specific motivations for FDI (ownership and internalization) and host-country specific attractions (location)" (Gounder et al.,

2019). Chinese OFDI is divided into three types: “1) *descriptive*: provide some justifications as to the state of OFDI at different time periods (Cai, 1999; Hong & Sun, 2004); 2) *strategic emphasis*: uses case studies of well-known Chinese firms to explain the motivations behind the global outreach of Chinese firms (Deng, 2007, 2009; Rui & Yip, 2008); and 3) *macro level* data to unravel location choice and factors that push the Chinese firms to go abroad (Buckley et al., 2007; Cheng & Ma, 2008; Cheung & Qian, 2009) (Ramasamy et al., 2012). Therefore, investments made by MNEs in international markets could improve their global competitiveness and performance and thus boost economic growth” (Gondim et al., 2018).

Push and Pull factors are identified as potential determinant that influences FDI decisions. According to Liu et al., (2017), “*push factors* relate to cyclical and structural conditions, while *pull factors* are more related to economic, social and political conditions”. The first primary push factor propelling the internationalization of Chinese state-owned enterprises (SOE) is the ‘central government’s ‘go global’ policy and related incentives, while the second relates to the business strategies adopted by enterprise leaders (Alon, 2012)” (Bernal, 2016). It is important to note that the OLI logic is silent on the crucial issue of *time* (Mathews, 2017). Moreover, OLI has “nothing to say on the issue of speed of internationalization – which is critical to the success of all emerging market multinational enterprises (EMMNEs)...the OLI theory does not address why and how the internationalization of EMMNEs is so rapid and so different from that of the conventional western MNEs and erstwhile developing country MNEs (Mathews & Zander, 2007)” (Thite et al., 2014). The FDI from developed countries is different from developing countries hence the OLI theory is only partially suitable (Yuefang et al., 2013). Therefore, a modified OLI framework is more appropriate to explain Chinese FDI in the Caribbean. But this must be taken with caution as OFDI is used to inject funds into individual purpose entities that then return the money to China as inward FDI to take advantage of fiscal incentives.

There has been attempts to suggest new theoretical perspectives for emergent MNE activity. Park et al., (2019), suggests a new theory for Chinese multinationals FDI motivations named the OILL paradigm. This perspective factors in FDI from emerging market multinational corporations (EMNCs) toward developed economies. It basically extends the OLI through the LLL framework with a new theoretical lens. Moreover, Chinese enterprises are young, that is, they only came into existence in the 1980s and 1990s (Backaler, 2014) and are relatively inexperienced at making

overseas investments. Second, Chinese firms do not follow the existing theories of the firm, which assume that firms internationalize to exploit competitive advantages. Instead, many Chinese firms make such foreign investments to address competitive disadvantages at home” (Child & Rodriguez, 2005) (Bernal, 2016). Consequently, following this relatively young Chinese enterprise, firms are inexperienced in operating in foreign countries, therefore “they are increasingly employing mergers and acquisitions of foreign firms to expand overseas” (Bernal, 2016). Overall, Chinese investment are not motivated by market seeking given the small size of Caribbean economies. However, investors could see the region as a platform for exports to the global market. Likewise, “labour seeking investments are not likely to occur as labor costs in China are lower than those in the Caribbean” (Bernal, 2016).

In this theoretical framework “market-seeking and resource seeking are particularly relevant to Chinese contractors. It is very likely that Chinese contractors...seek and consolidate their market base for future growth of their contractual business. In this sense, theoretically, we should find Chinese contractors more likely in large economies and/or populous societies. They may also want to take advantage of the natural resources in Latin America, particularly when Chinese economy increasingly depends on natural resources” (Feng et al., 2017). But China is more in search of resource seeking in the Caribbean. As an example, according to Dussel (2019), Chinese OFDI in Jamaica is motivated by the same market and resource seeking incentives seen in the rest of the region (López & Ramos, 2014).

Large state-owned enterprises have a strong presence in the sectors targeted by these investments. Therefore, seeking natural resources overseas is a key part of the BRI. Most significantly, China has several advantages over the Caribbean, “notably in attracting market-seeking investments given the enormous size of its domestic economy and inducing efficiency-seeking investment given its less costly labour, its economies of scale and it being the fastest-growing economy in the world” (Bernal, 2015). Ultimately, according to Feng et al., (2017), “Chinese contractors tend to bring their own technicians and very often their construction workers to foreign sites, the efficiency-seeking criterion may not be an important consideration”. Therefore, unless the Chinese develop an ownership of the project, the long-term strategic reorientation of the business is not quite relevant in strategic asset seeking.

2. Linkage, Leverage, Learning Theory

Linkage-Leverage-Learning (LLL) theory was developed by John Mathew in 2006. In this framework, the international expansion of emerging country multinationals is driven by resource linkage, leverage, and learnings. According to Lu et al., (2017), “the best and the quickest way to capture global opportunities and to tap into global resources is first to link up with firms...through various forms of collaborative partnerships”. An extension to this is the strategic asset seeking behaviour in overseas markets. This is the primary motivation for internationalization. These companies go in search of technological and managerial resources. Chinese firms are creating such partnerships by signing into Memorandum of Understandings (MOUs) with countries such as Jamaica in the Caribbean. The LLL model offers vital insights into the internationalization behaviour of Chinese multinationals.

Multinationals see their international business opportunities in the *global market* rather than the firm's domestic market. *Leverage* refers to efforts to overcome barriers of imitability and transferability to access foreign resources. This reasoning can therefore explain why China is developing unique OFDI strategies in the Caribbean. The LLL framework is a variant of the resource-based view (RBV) meaning that it views MNE's as a process of resource leverage. The LLL theory may explain the behaviour of traditional MNE's but the same cannot be said for EMMNEs. To this effect, Gemmeltoft et al., (2010), observe that since EMMNEs are ‘internationalizing in a different era, with different starting points and possibly very different internationalization patterns and paths’ they seem to ‘test the limits of extant theory’ with ‘some healthy skepticism’ and ‘will continue to challenge existing paradigms’ (Thite et al., 2014). This can be extended to the investment patterns of Chinese firms. The theory can insofar as explain the behaviour but may be taken with caution.

The LLL framework is different from the traditional OLI paradigm but both theories explain internationalization. Consequently, Mathews (2017), propose that the LLL logic is a strategic framework; offers a catch-up strategy to latecomer firms to close the gap and that it adapted to the interconnected, interlinked character of the global economy. On the contrary, the OLI framework is a “timeless framework based on microeconomic reasoning...ignores the substrate on which the process of internationalization unfolds” (Mathews, 2017). However, LLL is a framework to complement the insights of the OLI theory on the strategic latecomer firms that are seeking to

expand in the global economy. When comparing the two, “the OLI model is quite useful for understanding FDI from China to developing economies, while the LLL model is more powerful for explaining the FDI to developed economies” (Yuefang et al., 2013). Each model has its own pros and cons and cannot alone explain the motivation of Chinese FDI.

3. Springboard Theory

The Caribbean is a developing nation and the international behaviour of FDI in the region differs from traditional theories. “The ‘springboard’ model first articulated by Luo and Tung (2007) is now well established in the international business literature as an alternative explanation of the behavior of emerging market multinationals” (Lin & Farrell, 2013). The springboard viewpoint has been one of the theories used to study EMNEs. It can be described as a latecomer perspective in international business. As such, “Chinese OFDI seems largely consistent with conventional theoretical explanations of FDI (Cheung and Qian 2009, Rodriguez, and Bustillo 2011)” (He et al., 2015). However, the behaviour in developing nations requires a varied perspective.

There are extensive differences between developing and developed countries. These are in aspects such as resource endowment and institutional advantages. Therefore, it is reasonable to expect that Chinese investors behave differently in developing and developed countries (He et al., 2015). Following this logic, “it should be recognized that much of the theoretical work on the process of internationalization was developed to explain the investment behavior of developed country multinationals. It has been argued that these frameworks may not explain well the investment behavior of multinationals from emerging economies such as China (Parmentola, 2011). For example, emerging market multinationals do not generally possess the type of ownership advantages envisioned by Dunning (1980)” (Lin & Farrell, 2013).

The springboard perspective is, therefore, an alternative way to explain how companies develop internationalization processes in emerging markets. As such, “EMNEs systematically and recursively use international expansion as a springboard to achieve two central objectives: 1) acquire critical resources needed to compete more effectively against their global rivals at home and abroad and 2) to reduce their vulnerability to institutional and market constraints at home, among other motives. To this extent, the “springboard” is flexible in a sense that these MNEs benefit from multiple gains and options, depending on their original intent and destined host

countries, ranging from institutional arbitrage and barriers bypassing to capability acquisition and market extension” (Luo & Tung, 2018). Unlike the OLI theory, “the central premise of the springboard view is that these firms use international expansion as a springboard to (1) acquire strategic resources to compensate for their capability voids; (2) overcome laggard disadvantages; (3) exploit competitive advantages and market opportunities in other countries; (4) alleviate institutional and market constraints at home and bypass trade barriers into advanced markets; and (5) better compete with global rivals with augmented capabilities and improved home base after strategic asset acquisition” (Luo & Tung, 2018).

Similarly, to the OLI paradigm, the Springboard theory suggests that “the knowledge acquired by the subsidiary in the springboard country is similar to that of the traditional internationalization stage process (Johanson and Vahlne, 1977; Johansson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1990), and from then, it is possible to enter different cultural and institutional markets” (Chaves, 2018).

Springboard Country vs Springboard Subsidiary

The springboard viewpoint is based on two undividable concepts: the *springboard country* and the *springboard subsidiary*. According to Marulanda (2015), “a springboard country is one that maintains an intermediate position in terms of distance, institutional knowledge, and business knowledge between the country of origin and the country where the investment is being made”. Consequently, springboard moves do involve organizational learning in globalization. The springboard subsidiary is located in the springboard country and has successfully incorporated the specific advantage of the springboard country into its competitive strategy” (Marulanda, 2015). This reinforces the idea that business knowledge is then deepened. Unlike the western multinationals, “Chinese multinationals enjoy governmental promotion, which may help reduce investment risks and lower costs (Rui and Yip 2008)” (He et al., 2015).

With regards to FDI from China and the BRI in the Caribbean, global competitiveness is central to the springboard such that “international springboard is a global strategy to improve a firm’s global competitiveness and catch up with established and powerful rivals in a relatively rapid fashion through aggressive strategic asset and opportunity-seeking, and by benefitting from favorable institutions in foreign countries” (Luo & Tung, 2018). In this case, it would be the

competition from the USA. Notwithstanding, spring boarding behaviors are often “characterized as allowing firms to overcome the disadvantage of being a new arrival in the global market through a series of aggressive and risky measures to acquire critical assets from mature MNCs in order to compensate for competitive weaknesses” (Marulanda, 2015). Moreover, according to Lin & Farrell, (2013), “foreign market expansion allows strategic assets to be acquired and as a result mitigate otherwise binding institutional and market constraints at home”.

The springboard theory can also be seen as a strategy available to multinationals in developed countries that seek to enter emerging markets. To this end “the springboard perspective is a defensive strategy for emerging country MNCs who have seen their markets become increasingly attractive to MNCs from developed countries” (Marulanda, 2015). Of significance is the fact that “emerging market multinationals seem to follow a more compressed timetable in which they enter a series of countries in fairly quick succession and are not observed to enter foreign countries at the same or similar level of development as their home countries” (Lin & Farrell, 2013). To this end, Chinese OFDI seem not to respond to political risk in developing economies such as those in the Caribbean. Consequently, “Chinese OFDI has been shown to be driven by domestic economic development (Buckley et al., 2008) and focuses on the search for markets and natural resources” (Deng 2009, Rodriguez, and Bustillo 2011) ...and Chinese OFDI was also found to be attracted to countries with poor institutions, which is not consistent with the conventional wisdom about firm internationalisation” (Rodriguez and Bustillo 2011, Ramasamy et al. 2012) (He et al., 2015). Additionally, springboarding activities are recursive in that they are recurring and rotational. Above all, “multinationals from emerging markets use international expansion as a springboard to acquire the strategic assets needed to compete more effectively against global competitors, both in their market of origin and abroad, and to avoid institutional and market restrictions faced in their countries of origin” (Marulanda, 2015).

The Caribbean is a developing region, and these theories may be more relevant to help explain the behaviour of the region. To this extent, this latecomer perspective of the springboard theory can help to explain the behaviour of Chinese FDI in the Caribbean. According to the latecomer perspective, internationalization happens for two reasons: to search for assets or to search for opportunities. Likewise, “assets may include key managerial talent, brands, or technologies. Once acquired, these assets may be used to upgrade the firm's capabilities at home and even to produce

innovative products for international markets” (Lin & Farrell, 2013). This offers an alternative view of the investments more in line with current day MNE behaviours. The springboard perspective is an evolving process. However, “it differs substantively from the conventional logic of internationalization process represented by Johanson and Vahlne (1977, 2009)” (Luo & Tung, 2018). Moreover, it is to the extent that these firms aggressively seek strategic assets from the inception of OFDI to “augment their home capabilities and use their strengthened capabilities and improved home base to better compete globally” (Luo & Tung, 2018).

4. Economic Growth Theories

Solow Model

The basic neoclassical per capita production model is the Solow Model. Professor Robert Solow (1956) was an economic growth model economist that outlines that least developed countries may have the potential to reduce poverty at a more rapid rate. “The term “potential”, however, remains quite vaguely defined and needs further interpretation. In a broader sense, the local “potential” comprises all *material and immaterial resources that a region possesses, including infrastructure, population, financial resources, market potential, and social, environmental, and cultural assets* (Harfst and Wirth 2014) (Matuschewski et al., 2016). Moreover, in the 1956 article, Solow proposed that we begin the study of “economic growth by assuming a standard neoclassical production function with decreasing returns to capital. Taking the rates of saving and population growth as exogenous, he showed that these two variables determine the steady-state level of income per capita” (Mankiw et al., 1992). This work has formed the foundation of many empirical studies using this neoclassical model. As a result, “referring to the theory of Solow model of growth based on the determinants of growth is *capital, number of employees, the availability of human resources, natural resources and the final determinant is the technology*” (Soejoto et al., 2017).

This Solow neoclassical growth model is an extension of the theory of Cobb Douglass. Therefore, “the primary reference of growth paradigms (*exogenous growth models*) came from the Cobb-Douglas production function by Solow and Swan (1956). These models regard technology as an exogenous source of long-term growth, implying that in the absence of technological progress, economic growth must eventually stop” (Ngundu & Ngepah, 2020). To this end “the output or

gross domestic product (GDP) depends on the *technology, number of employees, amount of physical capital, the amount of human capital, as well as the number of natural resources...* It can be written by the equation: $Y = A f(L, K, H, N)$ ” (Soejoto et al., 2017). These endogenous variables contribute to economic growth according to growth accounting theory. This growth model gives “simple testable predictions about how these variables influence the steady-state level of income. The higher the rate of saving, the richer the country. The higher the rate of population growth, the poorer the country” (Mankiw et al., 1992).

Exogenous vs Endogenous Growth Models

Exogenous growth models argue that “technological progress is the key determinant of long-run economic growth as well as international productivity differences” (Chirwa & Odhiambo, 2018). Productivity growth can only be explained through direct investment, population growth and technological progress and this model was pioneered by Solow (1956). On the contrary, *endogenous growth* theorists extend this thought by arguing that capital investment, if modelled correctly, can also exhibit increasing returns to scale if capital is used for innovative purposes, such as investment in innovative and intellectual capital (Frankel 1962; Romer 1986; Grossman and Helpman 1991; Aghion and Howitt 1992; Stokey 1995), and knowledge and skills (Lucas 1988) (Chirwa & Odhiambo, 2018).

There are two notions that are promulgated. The first postulates that “capital used for innovative purposes can exhibit increasing returns to scale and thus account for the international productivity differences. The key determinants include knowledge, human capital, and research and development. The second argues that factors that affect the efficiency of capital can also explain international productivity differences. These factors that affect the efficiency of capital include government spending, inflation, real exchange rates, and real interest rates (Chirwa & Odhiambo, 2018). It is important to note that the fundamental *differences* between the neoclassical exogenous and endogenous growth models are more on the basis of the behaviour of the aggregate production function as it relates to capital accumulation” (Chirwa & Odhiambo, 2018).

FDI leads to Economic Growth

There is one school of thought that FDI promotes economic growth. Primarily, “exogenous growth models support the idea that an increase in physical capital coming from FDI has transitory effects

on the economic growth of the host economy. However, since FDI is another vital mechanism for technology transfer, the widespread conviction is that FDI must contribute to technological progress, and hence promote long-run growth” (Ngundu & Ngepah, 2020). Fedderke and Romm (2006) have developed a policy-related framework to explain what determines FDI. As such, “this framework sorts FDI determinants as policy factors (including trade barriers, openness, product market regulations, corporate tax, and infrastructure) and non-policy factors (including distance or geographical location of host country, size of market, factor endowments, and political and economic stability). This approach provides a more systematic method of analyzing FDI determinants” (Liu et al., 2017).

Notwithstanding, *FDI-led growth hypothesis (FLGH)* is justified in the neoclassical and endogenous growth models. Moreover, “like all neoclassical models, the Solow model...is based on the assertion that long-run economic growth, the steady increase in aggregate output, comes from capital accumulation and technological progress” (Seyoum et al., 2015). The impact of FDI on growth rate in the long run can be felt through the “exogenous factors of technological progress and labor force growth” (Kalai et al., 2019). The relationship between the inflow of FDI and economic growth in developing countries has been studied extensively. Examples include, but are not limited to, “Tsai (1991); Wang and Swain (1997); Liu et al. (1997); Borensztein Eduardo and Lee (1998); Zhang (2001); Sun and Parikh (2001); Bende-Nabende et al. (2001); Liu et al. (2002); Shan (2002); Hansen and Rand (2005); Yao (2006); and Chang (2007). They generally report a beneficial effect of FDI on economic growth” (Choi & Baek, 2017).

According to these FLGH, the FDI variables are assumed to be the most important incentives for economic growth (Kalai et al., 2019). The idea for the flow of funds from rich countries to developing nations was found from neoclassical growth theory (Solow 1956; Swan 1956): “as diminishing returns to capital, and a lower capital stock in developing countries are assumed, returns on capital should be higher in developing countries, enticing international capital from rich to poor countries, helping the latter catch up. This narrative also provided theoretical support for developing countries to utilize foreign investment, including FDI. (Bermejo Carbonell & Werner, 2018). Conversely, “the second era of growth theories (the endogenous growth models) progressed with the hypothesis of Romer (1986). The paradigms focussed mainly on specifying technological

progress so as to counter for growth-destroying forces of diminishing returns in the long run” (Ngundu & Ngepah, 2020).

Conclusively, the central theoretical statement outlined by the neoclassical and endogenous growth theories is that “FDI leads to growth through capital accumulation and human capital development. The growth effect is a short term one under the neoclassical theories due to the diminishing return of capital (Solow, 1956). Under the endogenous models (Romer, 1986), the effect is long term since growth determinants such as human capital and technical progress are endogenous (Taylor, 2020). Consequently, certain preconditions need to be satisfied for FDI inflows to generate positive host-economy growth effects. These variables include *stock of skilled labor or human capital, a developed political system, and a minimum threshold level of governance quality*. These determine the extent to which the benefits of FDI are distributed to the wider population” (Elkomy et al., 2016).

New Growth Theory

A more hybrid version of exogenous and endogenous theories has emerged and are called *new growth theories*. In line with ‘new growth theory’, “FDI is considered to be an additional source of capital injections into a host economy with special characteristics. Foreign capital inflows in this form embody technology, know-how, and tacit knowledge, all of which promote host-country technological and human capital development and are the primary transmission mechanism for transferring these potentially growth-enhancing assets” (Elkomy et al., 2016). Furthermore, ‘new growth theory’ highlights “the important contribution of human capital accumulation to sustainable output growth such that investment in human capital is a critical component of long-run economic growth” (Elkomy et al., 2016). FDI may boost the creation of new jobs, technology transfer, and economic growth in the host countries. Similarly, advocates of new growth theory seek to explain “technical progress as it generates economic development as an endogenous effect (Stimson et al., 2009). As such, the major objectives are to determine the ‘technological capability gap between foreign and local firms as this is important for spillovers effect’ (Diyamett et al., 2011).

According to Wang and Blomstrom (1992), the four main channels of technological spillovers from foreign firms to local ones are mutation, competition, skills (i.e., labor mobility), and

relationship (Kalai et al., 2019). Furthermore, the role of FDI in economic growth in the new growth theory “is even more pronounced because unlike the Solow model, the new growth theory treats technological progress, the heart of economic growth, as at least partly endogenous. And capital formation in the new growth theory is defined to include investment in human capital and skill, research and development expenditures and tangible capital” (Seyoum et al., 2015). The most fundamental contribution of FDI is to increase a country's stock of physical capital “but according to new growth theory, its indirect effects arising from technology spillovers and efficiency gains are critically important” (Elkomy et al., 2016).

FDI may not lead to Economic Growth (Dependency theorists)

There are ambiguous theoretical predictions about the effects of FDI on economic growth. In the 1960s and 1970s, “dependency theorists were highly critical of the role of foreign direct investment in economic growth of host developing countries. Dependency theory rejects the notion that incoming FDI flows to developing countries promote growth” (Seyoum et al., 2015). As a result, “there is no empirical consensus on a positive effect of FDI on host-country growth, nor on the direction of causation (Bermejo Carbonell & Werner, 2018); while studies like Javorcik (2004), Reganati et al., (2008) and Havranek and Irsova (2011) conclude a positive effect of FDI on economic growth” (Otsuka & Goto, 2015).

In summary

There are numerous studies that have tried to empirically identify the effect of FDI on growth (see, e.g., Borensztein, De Gregorio, & Lee, 1998; Alfaro, Chanda, Kalemli-Ozcan, & Sayek, 2004, 2010; Carkovic & Levine, 2005; Blonigen & Wang, 2005; Lensink & Morissey, 2006; Aizenman, Jinjark, & Park, 2011)” (Harms & Méon, 2018). There is a “considerable body of evidence to indicate a positive effect of FDI on economic growth, after controlling for specific host country characteristics (Borensztein, De Gregorio, and Lee 1998; De Mello 1999; Alfaro et al. 2004; Fortanier 2007), there are numbers of studies revealing even significantly negative effect of FDI on economic growth (Saltz 1992; Carkovic and Levine 2002; Mencinger 2003). Part of the reason lies in the fact that most of the empirical studies fall too short of having enough data, which often constrain the use of appropriate estimation methods, and make generalization difficult” (Silajdzic & Mehic, 2016).

Empirically, a wide body of literature has been developed to investigating the linkages between inward FDI and economic growth in the host countries (see, e.g., Lai, Peng, & Bao, 2006; Fu, 2008; Li et al., 2016) (Ali et al., 2018). On the other hand, the dependency theories hold that “foreign capital may hurt the economy as it may result in the underutilization of local resources (Adams, 2009)” (Taylor, 2020). Furthermore, empirical studies conclude mixed results on the impact of FDI on economic growth (Otsuka & Goto, 2015). Ultimately, from an empirical standpoint, “a lot of disagreement has been observed in the relationship between FDI and economic growth as most of the studies either have provided mixed results or have failed to reach any definite conclusions (Borensztein et al. 1998; Carkovic and Levine 2002)” (Sarker & Khan, 2020).

Factors of Economic Growth

The FDI effect on economic growth varies between classical and recent growth models on a theoretical perspective. Solow's model takes the “rates of saving, population growth, and technological progress as exogenous. There are two inputs, capital and labor” (Mankiw et al., 1992). There are several factors that have concluded the impacts of FDI on economic growth. As such “empirical studies, such as Vu Le and Suruga (2005), Durham (2004), Borensztein et al. (1998), and Balasubramanyam et al. (1996), have investigated the FDI-growth nexus. They have stressed that the possibility of a positive impact of FDI on economic growth depends on such mechanisms as the *technology-upgrading progress, human capital investment, absorptive capacity, and trade policy* adopted by the host country (Gönel and Aksoy 2016; Katircioglu 2009; Silajdzic and Mehic 2016)” (Sarker & Khan, 2020).

Notwithstanding, “the contention that FDI positively affects growth, technological progress, and capital accumulation remains “a less controversial hypothesis in theory than in practice” (De Mello 1999, 148)” (Bermejo Carbonell & Werner, 2018). Furthermore, (Aitken and Harrison 1999; Barro 1990; Blomstrom and Wolff 1989; Markusen and Venables 1999; Zhang 2001) have found that “FDI inflows to foster economic growth of the developing countries through its contribution of *human resources, capital formation, and enhanced organization and managerial skills*, as well as the *transfer of technologies* because of their scarce capital” (Sarker & Khan, 2020).

Absorptive Capacity

The literature agrees that absorptive capacity is important for FDI to enhance growth. It can be measured in terms of human capital, openness to trade, development of financial markets, etc. (Bermejo Carbonell & Werner, 2018). *Absorptive capacity* generally refers to the “ability of a firm/industry or region to absorb and exploit knowledge from the environment (Cohen and Levinthal, 1990)” (Silajdzic & Mehic, 2016). According to Cohen and Levinthal (1990), it is the ability to acquire, assimilate, and exploit knowledge developed outside the firm/country (Guimón et al., 2018). Most of the studies that concluded a positive impact of FDI on economic growth found that the FDI-growth relationship is contingent upon the different types of absorptive capacity of the host country. To this end, “factors that contribute to the country’s absorptive capacity and, ultimately, the FDI-growth relationship are identified by studies as the level of host country *human capital* (Borensztein et al., 1998), *financial markets development* (Hermes and Lensink, 2003; Alfaro et al., 2004; Azman-Saini et al., 2010; Alfaro et al., 2010), *trade liberalization* (Borensztein et al., 1998), *level of economic development* (Blomstrom et al., 1994), *economic stability and liberal markets* (Bengoa and Sanchez-Robles, 2003), *institutional quality* (Jude and Levieuge (2015), *technology gap* between the host and FDI originating country (Havranek and Irsova, 2011), *shared ownership* of the FDI firm and lower level of *corruption* (Freckleton et al., 2012)” (Hayat, 2014).

Technology Diffusion and Innovation

Technology Diffusion is generally the rate and how technology is adopted by the population. There are technology spillovers through FDI. Primarily, when the “Solow–Swan exogenous growth theory was challenged by the endogenous growth theory (Lucas 1988; Barro 1990; Romer 1990), emphasizing the role of technology, FDI remained justified to transfer technology, igniting domestic productivity (Johnson 2006)” (Bermejo Carbonell & Werner, 2018). Technical progress is outside the neoclassical (exogenous growth) models, technology transfer from abroad via FDI remained a key recommendation by international organizations for countries to enhance growth (Blomström, Lipsey, and Zejan 1994; Balasubramanyam, Salisu, and Sapsford 1996; Blomström and Kokko 1998; Blomström and Sjöholm 1999) (Bermejo Carbonell & Werner, 2018). Technology diffusion and innovation can happen through many channels. Likewise, “longer growth gains must be obtained through improvements in factor productivity (Kim and Lin, 2009). While trade openness facilitates the diffusion of technology and innovations (Krueger and

Berg, 2003; Lucas, 1988), technology adoption depends on a country's absorptive capacity, which is determined by capital and R&D (Verspagen, 1991; Fagerberg, 1994), financial development (Aghion et al., 2005), governance, and national institutional settings (Haltiwanger, 2011; McMillan and Verduzco, 2011)” (Zahonogo, 2017). According to Seyoum et al., (2015):

“The new growth models, unlike the Solow model, assume constant returns to scale to inputs, and the level of technology is assumed to depend on a set of inputs such human capital accumulation (Lucas 1988; Wang 1990), investment in capital goods (Arrow 1962; Findlay (1978) and stock of research and development (Romer 1986). These models argue in favor of FDI as having an effect on the level and rate of aggregate output growth, level of human capital and productivity through a permanent technology and knowledge transfers and spillovers. As a result, economic growth goes on indefinitely because the returns on capital including human capital, unlike the neoclassical models, do not necessarily diminish as the economy grows (Romer 1986; Lucas 1988)” (Seyoum et al., 2015).

In developing countries, FDI has been channeled effectively by transferring technology and promoting economic growth within the framework of the neoclassical models (Bitzer and Kerekes 2008; Solow 1956; Sridharan et al. 2009) (Sarker & Khan, 2020). FDI may be assumed to indirectly contribute to economic growth by increasing the stock of knowledge and fostering technological growth of a technologically inferior recipient economy (Borensztein, De Gregorio, and Lee; De Mello; Chang)” (Silajdzic & Mehic, 2016). Under the endogenous theory, “technology is assumed within the model and improved by technological progress and human capital development (Elboiashi, 2015), leading to long-run GDP growth. On the contrary, the neoclassical theory holds that technology is exogenously determined (De Mello, 1997). Hence, due to the diminishing marginal product of capital, its impact is short term” (Taylor, 2020).

Furthermore, “whether FDI can be treated as the direct channel of (wider) technology transfer and knowledge spillovers within a local economy depends on host of factors, but predominantly on technological prowess of local firms and industries that allow for the accommodation of this indirect and dynamic effect of FDI on economic growth” (Silajdzic & Mehic, 2016). Developing countries such as those in the Caribbean which are “characterized by a lack of human capital, R&D, a well-functioning financial system, and a high-quality bureaucracy - may not take full advantage of technology transfer” (Zahonogo, 2017). According to Glass and Saggi (2002), the presence of multinationals assists local firms to lower the cost of imitation where FDI and imitation both serve as channels of international technology transfer to less developing countries (Seyoum

et al., 2015). Moreover, empirical evidence has suggested “long-run growth is empirically due to technical progress, not capital or investment (Abramovitz 1956; Solow 1957)” (Bermejo Carbonell & Werner, 2018).

Human Capital Accumulation

The combination of FDI and the stock of human capital is influential on the effects of FDI growth. According to Borensztein et al. (1998), “they hold that the disparities in absorptive capacities of technology to explain the variation of the effects of FDI on growth” (Taylor, 2020). In addition to this “results from 69 developing countries suggest that FDI contributes to growth by increasing technology and total capital accumulation in a host economy that has a highly educated workforce. Similar findings are found in Wang and Wong (2009), which indicates FDI promotes growth only when there is a threshold level of human capital in the host country” (Zhang et al., 2014). Furthermore, “Nelson and Phelps (1966) argue that sustainable long-run economic growth is determined by the stock of well-educated labor that is able to understand advanced technologies and introduce productive innovations—absorptive capacity (Elkomy et al., 2016).

Foreign firms can increase the level of human capital and thus accelerate the economic growth of a country (Sarker & Khan, 2020). However, on the contrary, “De Gregorio, and Lee (1998) find that FDI exogenously affects growth, irrespective of human capital” (Bermejo Carbonell & Werner, 2018). Moreover, Mankiw et al., (1992), augmented the Solow model by including accumulation of human as well as physical capital. To this end, the accumulation of human capital is in fact correlated with saving and population growth” (Mankiw et al., 1992). On the contrary, “several studies find growth-enhancing effects of FDI conditional on the host environment (De Mello 1997). Blomström, Lipsey, and Zejan (1994) find no relationship between education and FDI inflows for developing countries” (Bermejo Carbonell & Werner, 2018).

The consensus is that “the effects of FDI on growth are dependent on the absorptive capacity of a minimum threshold stock of domestic human capital (see, e.g., Balasubramanyam, Salisu, & Sapsford, 1999; Benhabib & Spiegel, 1994; Bodman & Le, 2013; Borensztein, De Gregorio, & Lee, 1998; De Gregorio, 1992; Li & Liu, 2005; Mody & Wang, 1997). Durham (2004) finds that the positive effects of FDI on growth depend on both the absorptive capacity of the human capital stock and the level of financial development. These findings are supported by those of Batten and

Vo (2009)” (Elkomy et al., 2016). Moreover, this stock of human capital can be partly determined by “host-country income and the levels of political, institutional, and infrastructural development as well as the extent of market liberalization (Abramovitz, 1986)” (Elkomy et al., 2016).

Knowledge Spillovers

Spillovers occur if there is a “reasonable gap between technological capabilities of local firms and those of foreign firms” (Diyamett et al., 2011). Furthermore, spillovers take place when “FDI increases the productivity of domestic firms in the host country, both through linkages and through other indirect channels (Kokko et al., 1996, Rodriguez-Clare, 1996, UNCTAD, 2001). Spillover effects may take many different forms: formal and informal, technological, and organizational, tacit, and codified, intentional, and non-intentional, demonstration and competition effects, human capital effects, etc.” (Blomström, 1989, Görg and Strobl, 2001)” (Guimón et al., 2018). Companies receiving FDI from foreign firms receive an indirect transfer of management expertise and production know-how. This shift is through training and educating human capital of the FDI recipient (Ozturk, 2007). However, the impact of this channel depends largely on the amount of knowledge transferred to the human capital of the host country. This argument is consistent with the endogenous growth model (Lucas, 1988) and the augmented Solow model of Mankiw et. al. (1992) (Ngundu & Ngepah, 2020). Therefore, FDI is predicated to have a permanent positive impact on economic growth as a result of externalities such as knowledge spillovers and technology (Silajdzic & Mehic, 2016).

The literature on knowledge spillovers distinguishes between vertical and horizontal knowledge spillovers (Smarzynska, 2004; (Damijan, Polanec, and Prašnikar, 2007). Generally, “*horizontal spillovers* indicate externalities related to mere presence of foreign affiliates or MNE within particular industry, while *vertical spillovers* refer to externalities between firms vertically integrated, such as MNE/supplier interaction, access to specialized inputs/intermediary product, or any other form of input-output relationship or linkage effect” (Silajdzic & Mehic, 2016). Additionally, “other extensions of the endogenous growth theory have specifically demonstrated how FDI-related spillovers promote economic growth.

These theories have identified the following channels of spillovers that promote economic growth in host countries: *demonstration by foreign firms and imitation by local firms, labour mobility,*

exports, competition, and backward and forward linkage with domestic firms (Gorg and Greenaway, 2004 etc.” (Darku & Yeboah, 2018). However, on the contrary, there are some contentions which do not attribute knowledge spillovers from FDI activities. According to Elkomy et al., (2016), “beneficial transfers of technology and knowledge spillovers are therefore not a “natural” phenomenon arising simply as a result of inflows of FDI but are rather likely to be the outcome of appropriate economic policies and supportive institutional development”. The author cites that several studies find that “FDI inflows generate no significant positive spillover effects arising from the domestic human capital stock for example (e.g., Nair-Reichert & Weinhold, 2001; Ram & Zhang, 2002) (Elkomy et al., 2016).

Trade and Economic Openness

Economist mostly agree that openness to trade is a significant determinant of economic growth as “open economies grow faster than their counterparts do (Grossman and Helpman, 1991; Edwards, 1993) (Zahonogo, 2017). To this end, “Batten and Vo (2009) argue that the volume of FDI inflows and their growth spillover effects are dependent on the openness of countries to trade was originally proposed by Bhagwati (1978) (Elkomy et al., 2016). The neoclassical augmented growth model developed by Mankiw et. al. (1992) was utilized to estimate the effects of trade openness on economic growth (Zahonogo, 2017). The works of Grossman and Helpman (1994) and Aghion and Howitt (1992) growth models provide the analytical framework for examining the openness–growth relationship. As a result, “the models introduce international knowledge spillovers resulting from international trade in goods and FDI as drivers of endogenous growth” (Darku & Yeboah, 2018).

This growth resulting from trade was studied. Historically, most of the previous empirical studies “focused on the impact of either trade or FDI on economic growth (Karbasi et al. 2005) or on the relationship between FDI and economic growth (Baliamoune-Lutz 2004; Lipsey 2000) or (and), also, on the relationship between trade and economic growth (Pahlavani et al. 2005). All these studies concluded that FDI inflows and trade promote economic growth” (Kalai et al., 2019). Similarly, “Balasubramanyam, Salisu, and Sapsford (1996) test the link between economic growth, FDI, and trade strategies, and argue that FDI inflows enhance growth in *export-oriented but not import-substituting countries*. They even suggest FDI is a more powerful determinant of growth than domestic investment (due to *crowding-in*, viz. Romer 1993) (Bermejo Carbonell & Werner,

2018). In trade theory literature, “there is a significant positive relationship between economic openness and income growth (Balassa; Kessides; and Dollar, 1992). The empirical investigation of the relationship between economic openness and real GDP growth started with the works of Balassa, Krueger, and Balassa (1982). Their findings project economic openness as an ‘engine’ of real GDP growth and a means to improving living standards (Darku & Yeboah, 2018).

FDI enhances the integration of the host country with the worldwide economy. This is specifically through the financial flows received from abroad (Sy, 2014). Moreover, this connection is also exhibited by Mencinger (2003) which “confirms an unmistakable relationship between the increase of FDI and rapid integration into global trade. The integration also promotes economic growth which can expand as the economy becomes more open... promote effective trade openness to enhance economic growth through international trade” (Ngundu & Ngepah, 2020). In nations such as though in the Caribbean, “in a typical developing country, imports may embody innovations that are not available locally and domestic producers/researchers may learn from and adopt these innovations. In addition, the expansion of market size due to increase in exports will lead to economies of scale, increase in research and development, and innovations. Hence, international trade can facilitate technological diffusion and promote economic growth by providing access to foreign innovations” (Darku & Yeboah, 2018).

There have been other arguments that conclude that trade openness does not assure economic growth. Moreover, “the neoclassical growth models drawn from Solow's (1957) model consider technological change as exogenous and suggest that, consequently, trade policies do not impact economic growth. However, new economic growth theories assume that technological change is an endogenous variable and that trade policies can be combined with those on international trade. The existence and nature of the link between trade openness and economic growth have been the subject of considerable debate” (Zahonogo, 2017). Furthermore, “the empirical analyses are as inconclusive as the theoretical perspectives. Some studies have identified a positive association between trade openness and economic growth (Chang et al., 2009; Kim, 2011; Jouini, 2015), while others have found no association, or even a negative association (Musila and Yiheyis, 2015; Ulaşan, 2015). The literature is inconclusive partly because different analysts use different proxies for liberalization or trade openness and rely on different methodologies” (Zahonogo, 2017). For the Caribbean region this has consequences. For example, “Mody and Murshid (2005), Mileva

(2008) suggests that FDI flows may produce small investment spillovers in countries with less-developed financial markets and weaker institutions” (Zhang et al., 2014).

On the contrary, Nair-Reichert and Weinhold (2001) report that “greater openness to trade boosts the growth-enhancing effect of FDI (supporting Balasubramanyam, Salisu, and Sapsford 1996). Hansen and Rand (2006) report strong causality from FDI to growth regardless of development level (Bermejo Carbonell & Werner, 2018). In line with this, “endogenous growth models postulate that the contribution of trade to economic growth varies depending on whether the force of comparative advantage orientates the economy's resources toward activities that generate long-run growth or away from such activities. Moreover, theories suggest that, due to technological or financial constraints, less-developed countries may lack the social capability required to adopt technologies developed in more advanced economies. Thus, the growth effect of trade may differ according to the level of economic development” (Zahonogo, 2017). This has implications for the Caribbean region. Borensztein et al. (1998 and Alfaro et al. (2004) find FDI contributes to economic growth in countries where the financial markets are sufficiently developed” (Zhang et al., 2014). Overall, though, the theory argues that “FDI has a direct influence on trade in which growth is assured (Markusen & Venables, 1998) and augments the local capital, thus enhancing the productivity of local investments (Borensztein et al., 1998; Driffield, 2001). On the contrary, the neoclassical theory maintains that FDI impacts the economy's growth via per person capita accumulation and efficiency of investment (Mahembe & Odhiambo, 2014)” (Taylor, 2020).

Natural Resource Rents

There are vast amounts of natural resources such as bauxite in the Caribbean. *Natural resource rents* “give the value of capital services flows rendered by natural resources” (Hayat, 2014). To this end, the impact of “natural resource abundance on economic growth is vastly researched and studies reveal that countries with abundant natural resources tend to grow slower than countries with scarce natural resources (Sachs & Warner, 2001). This phenomenon is called ‘*natural resource curse*’ in the literature. Many studies have also looked into the role of natural resource abundance in attracting FDI (Aseidu and Lien, 2011; Anyanwu, 2012) (Hayat, 2014). But in the developing countries in the Caribbean, “critically important primary resource extractive activities in these countries generate few spillovers and limited scope for technology transfer” (Elkomy et

al., 2016). As a result, “natural resource exports are associated with slower growth rate (Sachs and Warner, 2001) (Hayat, 2014). The opposite effect of what the economy needs.

Tourism

For small states which are characterized by limited factors such as human capital, tourism is especially significant to economic growth. As such, “tourism is a major source of income for many developing countries, especially those in the Caribbean where the industry is more important to growth than in most other regions of the world and receipts from tourism exceed any of the major sources of external finance (Cannonier and Burke, 2017) (Cannonier & Burke, 2019). A large number of studies have found a positive association between tourism and economic growth in both developed and developing countries. Some of these includes Balaguer and Cantavella-Jordà, 2002; Hye and Khan, 2012; Kreishan, 2010; Lee and Chang, 2008; Parrilla et al., 2007; Sequeira and Nunes, 2008 (Cannonier & Burke, 2019). Furthermore, “researchers and policymakers have long recognized the significance of tourism to the Caribbean region and this recognition has led to a growing number of studies that have sought to analyze the growth and/or development impact of tourism. For example, the literature on the impact of tourism influencing growth includes Vanegas and Croes (2003), Ridderstaat et al. (2014), and Banwayo-Skeete and Skeete (2015)” (Cannonier & Burke, 2019).

Tourism activity can generate significant inflow of foreign exchange. Hence “the effectiveness of tourism in promoting development has been supported by empirical studies such as Cannonier and Burke (2017), Gunter et al. (2017), and Gunter et al. (2018). Other studies find that tourism in the Caribbean has a “positive effect on other dimensions, including the money supply (Ridderstaat and Croes, 2017) and quality of life” (Ridderstaat et al., 2016). The main conceptual rationale behind these studies is that over the past few years, they have shown a relationship between *tourism and economic growth and that tourism can serve as a tool that drives economic growth*” (Cannonier & Burke, 2019). To this end, the ‘*tourism-led growth hypothesis*’ (TLGH), coined by Balaguer and Cantavella-Jordà (2002) argues that tourism is the driver of economic growth. This is especially relevant to the Caribbean countries with developing economies that are heavily dependent on tourism.

On the contrary, an opposing view to the TLGH, argues that “economic growth predicts tourism. The basic premise is that *rapid economic growth, manifested through improved infrastructure, communication, transportation, safety, and so on, acts as a catalyst for attracting foreign tourists*. Few notable studies, such as Oh (2005), have found support for this hypothesis. There is also a third view that holds the relationship between tourism and economic growth as bidirectional and is usually associated with panel data and time series empirical models” (Cannonier & Burke, 2019). It is also important to note that “there is no evidence that an increase in foreign capital inflows will directly boost growth (Prasad et al. 2007). The possible explanations include the underdeveloped financial markets and overvalued capital inflows in the host countries” (Zhang et al., 2014).

Other Factors

FDI is usually considered a desirable form of capital inflows. In the traditional context, “FDI is assumed to directly affect economic growth by contributing to gross fixed capital formation. Precisely, FDI is expected to complement domestic investments, and are considered to be an important supplement for capital and investment shortages” (Silajdzic & Mehic, 2016). In particular, “FDI directly adds to the host economies' capital stock and to substantially contribute to the transfer of managerial and technological expertise (Kose, Prasad, Rogoff, & Wei, 2010)” (Harms & Méon, 2018). In economics, *capital stock* is the “plant, equipment, and other assets that help with production” (Otsuka & Goto, 2015).

Institutional quality was found to have an effect on economic growth. Tintin (2012) tried to find out if FDI enhances economic growth by considering the quality of the host country institutions. He found that FDI enhances economic growth in both developed and developing countries but not with the same magnitude (Kalai et al., 2019). To this end, “lower institutional quality is often associated with lower investment, slower productivity growth, lower per capita income, and overall slower output growth” (Jude & Levieuge, 2015). There are indicators used in empirical studies to proxy for governance and institutional quality. Likewise, “in terms of institutions, a comprehensive set of six governance indicators provided by the World Bank are often used. These are *rule of law, regulatory quality, voice and accountability, political stability, government effectiveness and control of corruption*” (Ngundu & Ngepah, 2020).

Research and development can increase economic growth. To this end, “Del Canto and Gonzalez (1999) argue that the main determinants of R&D activities by firms are intangible factors. Taking a resource-based view of the firm, are *knowledge or information resources*. These may be people-dependent (e.g., human capital) or independent (e.g., patents, copyrights, trade secrets, brands, and corporate culture, among other factors). These intangible resources, unlike financial and physical resources, are more likely to generate synergies and can therefore be easily adopted in other markets at a low cost” (Broome et al., 2018). Similarly, “Moura and Forte (2010) note that MNCs can initiate local research and development to boost their benefits in host countries... technology diffusion and knowledge spillovers impel an increase in productivity which increases economic growth both in the short and long run” (Ngundu & Ngepah, 2020). Overall, the literature has shown that “R&D can enable *competitiveness, productivity, innovation, and firm performance* (Becker and Dietz 2002; Griffith, Redding, and Van Reenen 2004; Koo and Kim 2009; Frunza 2010; Kleynhans and Zwedala 2012) that are *key elements of entrepreneurship*” (Broome et al., 2018).

There is also the impact of FDI on GDP growth. Theoretical studies have shown that an “increase in FDI leads to an increase in GDP, but only a handful of empirical studies have found even partially concrete evidence to support such a theory (Sarapriya 2012). The impacts of FDI on GDP have not been completely ascertained” (Akalpler & Adil 2017). Growth determinants suggested by the “human-capital augmented Solow model, as introduced by Mankiw, Romer, and Weil (1992): *the average years of secondary schooling in the population, the average share of investment in GDP, and the average population growth rate*” (Harms & Méon, 2018).

5. Endogenous Development and Local Capacity Building

Endogenous development is a strategy for action in the developing world such as the nations in the Caribbean. Moreover, “*endogenous development* implies development from within that is both biophysical and socio-cultural in nature. It is based mainly, though not exclusively, on locally available resources, local knowledge, culture, and leadership, and their cosmovision’s, with the openness to integrate outside knowledge and practices” (Haverkort, Millar, and Gonese 2003). It also includes the “ecology, labour, and knowledge of an area as well as those patterns that have developed locally to link production and consumption” (Millar, 2014). Furthermore, it encompasses “mechanisms for local learning and experimenting” in order to build “local economies and retain benefits in the local area” (Isaza et al., 2015). Endogenous development can

be described as an integrated process of economic growth and structural changes at the local level and with the goal to improve the standard of living of all (Vazquez-Barquero, 2002).

This process is integral to the local development agenda. It starts with local values, local concepts and practices, local resources, and opportunities. Moreover, endogenous development “pursues the satisfactions of local needs and demands through active participation of the local community in development processes. It includes economic, social, and cultural well-being for the local community as a whole” (Vazquez-Barquero, 2002). To this end, according to Haverkort, van’t Hooft, and Hiemstra (2003), endogenous development is seen as an approach that takes place alongside the ongoing technological and economic global processes. It has the potential to address local needs and contradictions, *use local potentials, build local capacity to organise to take initiatives and negotiate, link local economies to international systems with optimal terms of trade, and allows for the co-existence of different cultural identities*” (Millar, 2014). Developing countries in the Caribbean can build up national capacities, based on their potential and resources. As such “local initiatives meeting specific needs and using the countries’ capacities and resources (also known as *endogenous initiatives*) independent and sustainable development process” (UNFCCC, 2017).

Local economic development can be defined as a “process of growth and structural change which provides more wellbeing to the inhabitants of a city or region, as a result of the transfer of resources from traditional to modern activities, the employments of external economics and the introduction of diffusion of innovation” (Vazquez-Barquero, 2002). As a result, “the development process takes place when the local community can put its development potential to work and conduct structural change, this can be considered *local endogenous development*. This concept is based on the idea that *locals possess economic, human, institutional and cultural resources as well as hidden economies of scale which constitute their development potential*” (Vazquez-Barquero, 2002).

Table 2: Attributes of Endogenous Development

Key principle	Harnessing local (natural, human, and cultural) resources for sustainable development. “Hildebrand and Grindle (1994), highlight the nature of capacity: the ability to perform proper tasks effectively, efficiently, and sustainably. Societies execute functions, resolve problems, establish, and accomplish objectives in a sustainable fashion” (Isaza et al., 2015).
Dynamic force	Local initiative and enterprise.
Focus of development	Capacity-building (skills, institutions, infrastructure), overcoming exclusion.
Development problems	Limited capacity of groups to participate in economic activity.

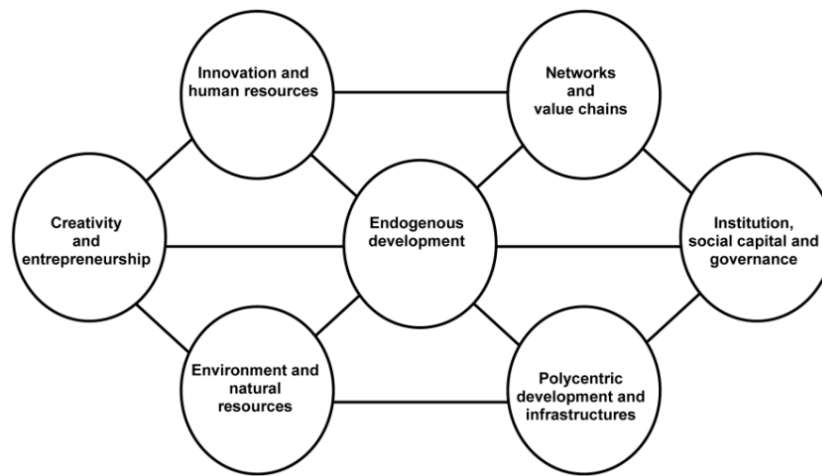
Source: Author’s own compiling; Retrieved from Bosworth et al., 2016 (Ward et al., 2005)

The *Capacity Development* (CD) concept is “a long-term endogenous” and “holistic process encompassing multiple, interlinked layers of capacities” (Hosono, Honda, Sato, & Ono, 2011, p. 180; Sato, 2013; Woodhill, 2010)” (Yukimi, 2018). To this end, CD refers to “strategies for aiding developing and transitional countries seeking to improve their governance (Straussman, 2007) (Isaza et al., 2015). Furthermore, according to Alaerts & Kaspersma (2009), they assimilate capacity development with knowledge and skills: *capacity* can be defined as the “capability of a society or a community to identify and understand its development issues, to act to address these, and to learn from experience and accumulate knowledge for the future, all of those actions with the goal of impact on social conditions in the community” (Shafritz, 1985 quoted by Alaerts, G.J., Kaspersma, J. M, 2009). It is also the ability to understand, adapt and manage change itself (Ubels, 2010). Similarly, Bebbington et al. (2006) argue that capacity development also addresses power, competition for control and resources, risk, and uncertainty” (Isaza et al., 2015).

Capacity building is an “iterative process that incorporates the building of frameworks, work cultures, policies, processes and systems enabling an organisation or individual to improve performance to achieve successful outcomes” (O’Rafferty et al., 2014, p. 170) (Shams, 2016). Therefore, *endogenous capacity building* implies the “building up of both human capability and

institutional infrastructures, besides setting up suitable mechanisms for policy formulation and implementation at the government level” (United Nations E. C., 1991) (UNFCCC, 2017). The capacity building process is a system to sustain itself to develop innovative capacities, development and adaptation of strategies and processes that enable higher advantage in collective and individual levels (Shams, 2016). Local knowledge is the key to the endogenous capacity-building process as it enhances “developing countries capacity in solving problems based on their wisdom, resources, policies, institutions and social system as well as their own initiatives and governance” (UNCRD, 2014) (UNFCCC, 2017). Furthermore, according to Vazquez-Barquero & Alfonso-Gil (2015), local actors and organizations design and implement strategies to meet the challenges of global competition. On the contrary, “Kühl (2009) argues the “primary function of [capacity development as a concept] is to meet the legitimacy requirements of development assistance organizations” (Isaza et al., 2015).

Figure 1: Endogenous Development Mechanisms and Factors



Source: Reproduced from Vazquez-Barquero & Alfonso-Gil (2015).

Capacity involves a group of individual and collective abilities. These include the use of knowledge to solve problems, mobilising and using resources, as well as collaborate with others (Zimmermann (2004). Further, capacity connects with the concept of '*potential*'. In this case, the potential to use resources effectively and preserving gains in performance with gradually reduced levels of external support (Krishnaveni & Sujatha, 2013) (Isaza et al., 2015). Using resources effectively is part of a local sustainable strategy. To this effect, “local development strategy and

policies are constructed with the goals of improvement of market competitiveness of local firms and smallholders, economic progress, improved social welfare of the population and environmental sustainability” (Vazquez-Barquero & Alfonso-Gil, 2015). Furthermore, development policy promotes “*ownership* as a principle guiding the design and implementation of capacity development with long term sustainability. It is about learning, adaptation and attitudinal change at the individual, group, organizational and societal level (Belda et al., 2012). Clarke & Oswald (2010) define it as collective learning in action (for social change). Morgan (1999) discusses it as “a form of social mobilization with profound moral, ethical, social and political overtones” (Isaza et al., 2015).

Banks and Shenton (2001) suggest that there are two main approaches to capacity building: “a ‘*developmental approach*’ which encompasses ‘any process that results in members of a community working together to achieve social change’ (p. 288) and a ‘*strategic approach*’ which takes ‘a distinctive, narrower and more strategic approach to work with communities as part of a broader community development process, but not synonymous with it (p. 289)” (Turner & Martin, 2005). Capacity is examined across different levels of analysis throughout the literature: *state, institutional, organizational, individual, political, and economical*.

State capacity refers to the capacity of the state to “perform its essential functions, this is to be sovereign and deliver security to its constituents (Garcia, 2011)” (Isaza et al., 2015). It includes managerial, professional, and technical capabilities. Furthermore, Tommasi (2011), discusses features of capacity on state level with a ‘normative approach’. Features such as: I) (expected) harmony between policy and political realms; ii) policy “ambiance” such as organizational strength of political parties; iii) power equilibrium among institutions such as parliament vs. judiciary and in general, power balancing; iv) normative delivery and clear rules vs. corrupted or unclear rules; v) political arrangements allowing accountability; and vi) enforcement of (written) policy” (Isaza et al., 2015). Regarding the *political* dimension, this is “instrumented through local initiatives leading to the creation of a local environment that stimulates production and self-sustained development” (Vazquez-Barquero & Alfonso-Gil, 2015).

The *institutional* dimension is where “economic and social actors are integrated into a system of local institutions and create a complex network of relationships, which incorporates social and

cultural values into the development process” (Vazquez-Barquero & Alfonso-Gil, 2015). Critics argue that “institutional capacities have been well argued theoretically, but not sufficiently defended empirically” (García, 2011) (Isaza et al., 2015). Furthermore, “democratic institutions favour the appearance of new economic and political actors who participate in decision-making affecting the economy and society. This stimulates the adoption and diffusion of innovations and, therefore, growth and structural change. Institutional development breeds the conditions for firms to create value and share it with the population, local communities and social organizations existing in the territory” (Vazquez-Barquero & Alfonso-Gil, 2015). The *economic* dimension is characterized by a “specific production system or value chains that allows local entrepreneurs to efficiently use the productive factors, introduce technological change and innovation and reach productivity levels all of which make them competitive in the national and international markets” (Vazquez-Barquero & Alfonso-Gil, 2015).

Individual capacities refer mainly to people’s skills in an organization. Individual capacity appears as a residual category in literature (Isaza et al., 2015). Moreover, “human resource management literature also tackles individual capacities. These are described as skills and competences, education level, experience, and specific technical abilities (Mizrahi, 2004). Hence, *individual capacity building* refers to training and education to develop knowledge, skills, and attitudes” (Isaza et al., 2015). This takes place between individuals and groups. *Organizational* capacity concerns public management and particular practices, routines, and characteristics of agencies. It refers to the ability of an organization to do what it is supposed to do (Ubels, J., Acquaya-Badoo, N-A., Fowler, A., 2010) (Isaza et al., 2015). According to Zimmermann (2004) and Senge and Suzuki (1994), organizational capacity relates to “human resources, focused on abilities and knowledge; and capacity management, as an 'organizational back cover' focused on learning” (Isaza et al., 2015). Similarly, capacity building should be “valuable through establishing/re-establishing a learning (e.g., understanding the market forces) and development process, aligned to the associated competitive market forces. Such a capacity building process should be propelled by intra- and inter-organisational collaboration and learning experience...based on a realisation of value optimisation in personal, interpersonal, and organisational levels of all associated stakeholders of an organisation” (Shams, 2016).

Innovation and Learning

Global competitiveness is not sufficient to have comparative advantages based on the resources existing at a given time. Instead, “Porter (1990, 1998) and Krugman (1980) point out, it is essential to generate competitive advantages by introducing innovation and knowledge into the productive and the economic system (Meier 2005) (Vazquez-Barquero & Alfonso-Gil, 2015). Primarily, the driving force of regional economic development is the “endogenous capability of a region to learn and innovate (Saxenian, 1994; Jin and Stough, 1996) (Stimson et al., 2009, p. 8). It acknowledges specific components like “openness to integrate traditional as well as external knowledge and practices” and includes “mechanisms for local learning and experimenting” to build “local economies and retain benefits in the local area” (UNFCCC, 2017).

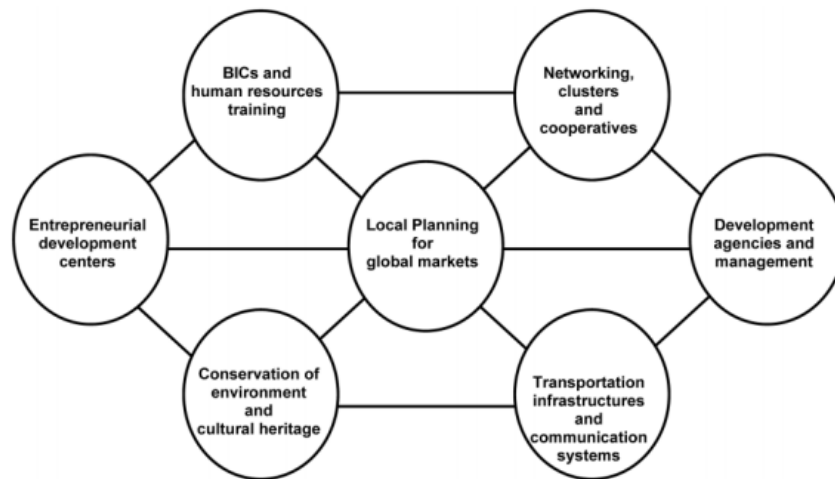
Entrepreneurship

Entrepreneurship is a tool to stimulate local growth. It is believed it facilitates the “diversification and synergy of local services, increase local incomes and wealth and connect the community to the larger global economy (Dabson, 2011). *Small and medium sized enterprises (SME)* in particular, are seen to offer the best prospects for economic recovery, resilience, and growth (Gregory and Lee, 2002)” (Braun et al., 2014). However, adopting the prevailing western view, according to Vázquez-Barquero (2002) endogenous development “pursues the satisfaction of local needs, reflected in action-based strategies towards regional prosperity and well-being. While all endogenous development theories embrace similar concepts, eastern endogenous development theory adds a focus on key people in the local community who act as change agents (Yamamoto, 2007) (Braun et al., 2014).

On another note, to promote inclusion, “the human development approach (Sen 2001) proposes basing development strategy, in territories with low-income levels, on the capabilities of the population. It is therefore essential to break the poverty circle and promote *start-ups* and development of activities which focus on the resources already present in the territory...conservation of natural resources and historical and cultural heritage (Vazquez-Barquero & Alfonso-Gil, 2015). One such factor is *indigenous knowledge*. This can be part of cultural heritage and refers to local knowledge that is unique to a culture or society as defined by UNESCO. Therefore, “this knowledge is passed from generation to generation, usually by word of mouth and cultural rituals, and it has been the basis for agriculture, food preparation, health

care, education, conservation, and the wide range of other activities that sustain societies (Fien, 2010)” (UNFCCC, 2017). However, on the contrary, the ability of indigenous knowledge to adapt to present needs can be limited; it may not be uniformly distributed in the community and the individual aptitudes to generate and accumulate the knowledge may be different” (Millar, 2014).

Figure 2: Instruments for Endogenous Development



Source: Reproduced from Vazquez-Barquero & Alfonso-Gil (2015).

Regional economies have been experimenting with an economic development approach known as *Economic Gardening (EG)*. It aims to “foster the growth of SME’s emphasising investment in local firms to develop the local economy. EG has its origins in Littleton, Colorado where it was developed in 1989 as an entrepreneurial stimulation model (Gibbons, 2007). The term '*gardening*' refers to the contrast between this approach and exogenous '*hunting*' methods traditionally employed to track down '*footloose*' companies and attract them to regional areas. Adopting EG strategies generally reflects the intent to build high performance communities through entrepreneurship and innovation” (Burgess, 1996) (Braun et al., 2014). Regional capacity building initiatives have moved into endogenous development models and focus on the local economic context, embedded competencies, and social structures (Braun et al., 2014).

Regional-level interventions can be described as those which allow actors within regions to shape their own development prospects and stimulate inter-organisational collaboration (Braun et al., 2014). However, “in contrast to neoclassical models, the endogenous development approach argues that the processes determining capital accumulation create an environment in which

economic transformation and development take shape. Furthermore, this interpretation holds that endogenous development policy leads to an efficient local response to the challenges of globalization” (Vazquez-Barquero & Alfonso-Gil, 2015). Hence, the forces of development such as “diffusion of innovation and knowledge, place networks through transports and communications infrastructure, flexible organization of production, institutions and social capital interact within the development process. The combined action of all these forces multiplies the effect of each individual factor, and this synergy conditions economic returns, capital accumulation and growth” (Vazquez-Barquero & Alfonso-Gil, 2015).

More recently, endogenous development is often referred to as a *place-based approach*. It is designed around “local needs with the active participation of the local community in development processes (Dabson, 2011)” (Braun et al., 2014). To this end, “*place-based development* is not simply a matter of improving the position of the local productive system, but rather a systems-thinking approach that considers all aspects of the local community. Thus, endogenous development strategies should not only improve the productive system (agricultural, industrial, services) but also social and cultural dimensions that affect the overall well-being of the region (Vázquez-Barquero, 2002)” (Braun et al., 2014).

FDI and Actors

External actors can support local capacity development. Hence, “domestic or foreign can deliver to catalyse capacity development of individuals, organizations, or a network of organizations (for example, as in a value chain). Further, capacity development rational and implicit values promote a horizontal understanding of support. Peer-to-peer or collaborative approaches are deemed more effective than vertical expert-learner strategies” (Isaza et al., 2015). Moreover, the economic literature has postulated that the “local development effects arising from any kind of new flows of investment depend on the possible linkages with local agents through input-provision (*backward linkage effects*) or output-utilization (*forward linkage effects*)” (Hirschman, 1977) (Guimón et al., 2018). Other authors have argued that public policies should prioritize FDI projects that “fit” best with the location's resource endowments and future potential, as this will tend to generate greater local value added (McCann and Mudambi, 2004). Along these lines, the existing literature has consistently stressed that the potential for local spillovers depend crucially on the heterogeneity of

FDI projects (Blomström and Kokko, 1998, Chung, 2001, Marin and Bell, 2010)” (Guimón et al., 2018).

Capacity building requires physical and monetary investments. However, such a “hard-earned enhanced capacity can quickly be eroded because of rapid changes (Dinham and Crowther, 2011) in competitive forces in industries and markets” (Shams, 2016). To this end, “enhancing endogenous development implies building on local resources and complementing them with appropriate external resources, maximising local control, encouraging the dynamics of local knowledge systems, retaining of benefits within the local area, and ensuring equity in the sharing and use of resources” (Haverkort and Hiemstra 1999). Notwithstanding, this process involves ‘networking, lobbying, and policy advocacy leading to policy reforms’ at the community level.

Related Research

There is some work done in Latin American countries (LAC) on Chinese investments around the BRI. Internationally, “the IISD (2016), Koleski and Blivas (2018) and the work of Kevin Gallagher at the Global Economic Governance Initiative (GEGI) (Ray, Gallagher, López and Sanborn 2017) have made important contributions to the understanding of China’s OFDI in LAC” (Dussel, 2019). With regards to the Caribbean, some of the studies done are dated. Hence, according to Bernal (2015), “there are several studies examining the growing economic presence of China in Latin America (Devlin et al., 2006; Loser, 2006; Phillips, 2007; Jenkins et al., 2008; Lederman et al., 2009; Moreira, 2010; Arnson and Davidow, 2011), but these studies give little or no data; nor do they make comments specifically on the Caribbean” (Bernal, 2015). Furthermore, LAC and the Caribbean region differ, such that “even a cursory perusal of this literature reveals that China’s economic presence in the Caribbean does not exhibit the same characteristics that it does in South America and Central America...given this lacuna in the existing literature, it is necessary to isolate the Caribbean sub-region for closer examination” (Bernal, 2015).

There are some critics who believe that the literature does not focus on the negative effects of FDI in the LAC. Likewise, Ramirez (2010), highlights that the literature on FDI in Latin America and the Caribbean islands focus on the positive impact that investment has on these countries in the form of capital flows, national savings, and improved economic activity. However, Ramirez (2010), points out that critics of this type of investment show, in the long run, the host nations are

not better off. This is due to the opposite flow that must take place because of debt owed to the parent companies (Henry et al., 2015). It is essential to look at both sides of the situation to garner a better understanding of what exactly is the behaviour of OFDI and the impacts in the Caribbean.

Chinese Investments in other Developing Regions: A Snapshot of Latin America and Africa

Africa's involvement with the BRI is a topic that has received better research emphasis than the Caribbean. China has separate BRI agreements with Africa, and it is booming. In 2014, "Chinese companies signed over \$70 billion in construction contracts in Africa that will yield vital infrastructure, provide jobs, and boost the skill set of the local workforce" (Brautigam, 2015). To this end, OFDI from China may lead to the re-writing of the theoretical foundations of FDI, in particular, for the institution-based view and the resource-based view, given the important contribution of the state and the weak ownership advantages of Chinese firms engaged in OFDI" (Gianluigi, 2018). Furthermore, the same may be said for the Caribbean where new emergent implications of FDI are being looked at. Regarding Chinese FDI in Africa, UNCTAD reports,

Chinese firm operating on the continent is a large state-owned enterprise and tends to enter new markets by building new facilities, is highly vertically integrated, rarely encourages the integration of its management and workers into the African socioeconomic fabric, conducts most of its sales in Africa with government entities, and exploits its ability to out-compete other bidders for government procurement contracts" (UNCTAD, 2011) (Bernal, 2016). Conversely, LAC governments are attracted to "Chinese state capitalism based on a historically embedded understanding of the economic benefits – along with an awareness of the social sacrifices and political persecution - that have been associated with authoritarian/state-led societal development in the LAC region" (e.g., Felder & Patroni, 2011; Verbitsky & Bohoslavsky, 2014) (Narins, 2020).

The Caribbean is generally referred to as the South-South Cooperation (SSC). The term "South" in SSC refers to the "Global South" and includes all the developing countries, which are for the most part located in the southern hemisphere of the planet" (United Nations Development Programme [UNDP], 2016). China's SSC's goal with the LAC countries is to "leverage their respective strengths, tap the full potential of cooperation, and seek to become each other's partners in economic cooperation and trade for mutual benefit and common development (SCPRC, 2012: Section III, line 10)" (Harris & Arias, 2017). The World Trade Organization predicts that by 2025, the South is likely to account for 600 million households with incomes of over \$20,000 and an overall annual consumption of \$30 trillion. This agreement is linked to the growing flow of trade

and FDI between developing countries. From the Chinese perspective, these cooperation's aim to "contribute to transforming the international order and promoting the economic, social and political development of all the countries involved" (Harris & Arias, 2017).

China's relationship with LAC offers several advantages such as "mutual benefit, promote their common development, and support the formation of a new multipolar world order based on peace, mutuality, equity, environmental sustainability, and international cooperation" (Harris & Arias, 2017). Mergers and acquisitions are the main type of business alliances being formed in LAC. "Bonaglia, Goldstein, and Mathews (2007) have also argued that in the case of emerging market multinationals, internationalization is accomplished not through technological innovation but via organizational innovation. These firms are more likely to form partnerships with incumbent firms in foreign markets in order to access strategic resources and skills not resident in the emerging market multinational" (Lin & Farrell, 2013). Most significantly, according to Dussel (2019), in 2018, "mergers and acquisitions became the main type of Chinese OFDI accounting for 74.76% and 67.98% of the amount and employment generated by Chinese OFDI respectively. Chinese OFDI mergers and acquisitions in LAC have become the most significant, accounting for 62.35% of the OFDI total and 60.66% of employment during 2000-2018, respectively". Moreover, Caribbean countries are probing what growing Chinese economic relationships will have on the domestic control of their economies.

What began as a focus on economic aid has progressively diversified into FDI in other sectors such as tourism, oil, gas, and mining. However, unlike regions such as Latin America and Africa, the Caribbean is a more limited producer of raw materials and food" (Bernal 2011; CARICOM 2011). Moreover, "during the 2000-2018 period, Chinese companies carried out 402 transactions in LAC countries, representing US\$ 8.2 billion in 2018" (Dussel, 2019). The Caribbean does not offer the "same depth of natural resources as Latin America (countries like Argentina, Brazil, Colombia and Peru), but it does offer bauxite, gold, and oil and natural gas; as well as an important geo-economic location with its waters serving as a key transit zone for Chinese goods heading to US east coast ports via the Panama Canal and for South American raw materials being shipped to Asia" (MacDonald, 2019).

When it comes to Chinese products in LAC, not surprising many consumers can afford these. Hence, “Latin American consumers – still generally regarded as lower to middle-income buyers of goods – are better able to afford manufactured goods (e.g., automobiles, electro-domestics, clothes and toys) from Chinese firms which are extremely price competitive - especially in comparison with those from the United States or Europe... conversely, the Chinese economy's need for raw materials, including those from the food, energy and minerals sectors, is partially met by the resources-rich offerings found in the LAC region” (Narins, 2020). Developing countries have a greater reliance on FDI as it does not add to existing debt but solve economic troubles. Therefore, “Chinese economic aid/loan-making policy (e.g., Perlez, 2006) is a more desirable way for a developing LAC economy to benefit from foreign financing. Unlike Western lenders that may require fiscal readjustment or environmental impact assessments in order to comply with the terms of a loan” (Narins, 2020). To this end, “countries with higher trade volumes, faster growth, and larger stock of infrastructure attract more FDI... a country with a high trade volume may attract FDI and FDI in turn may determine its trade volume or both” (Williams, 2015). Likewise, it was found that high debt is likely to discourage FDI inflows to non-LAC but does not seem to matter for FDI inflows to LAC (Williams, 2015).

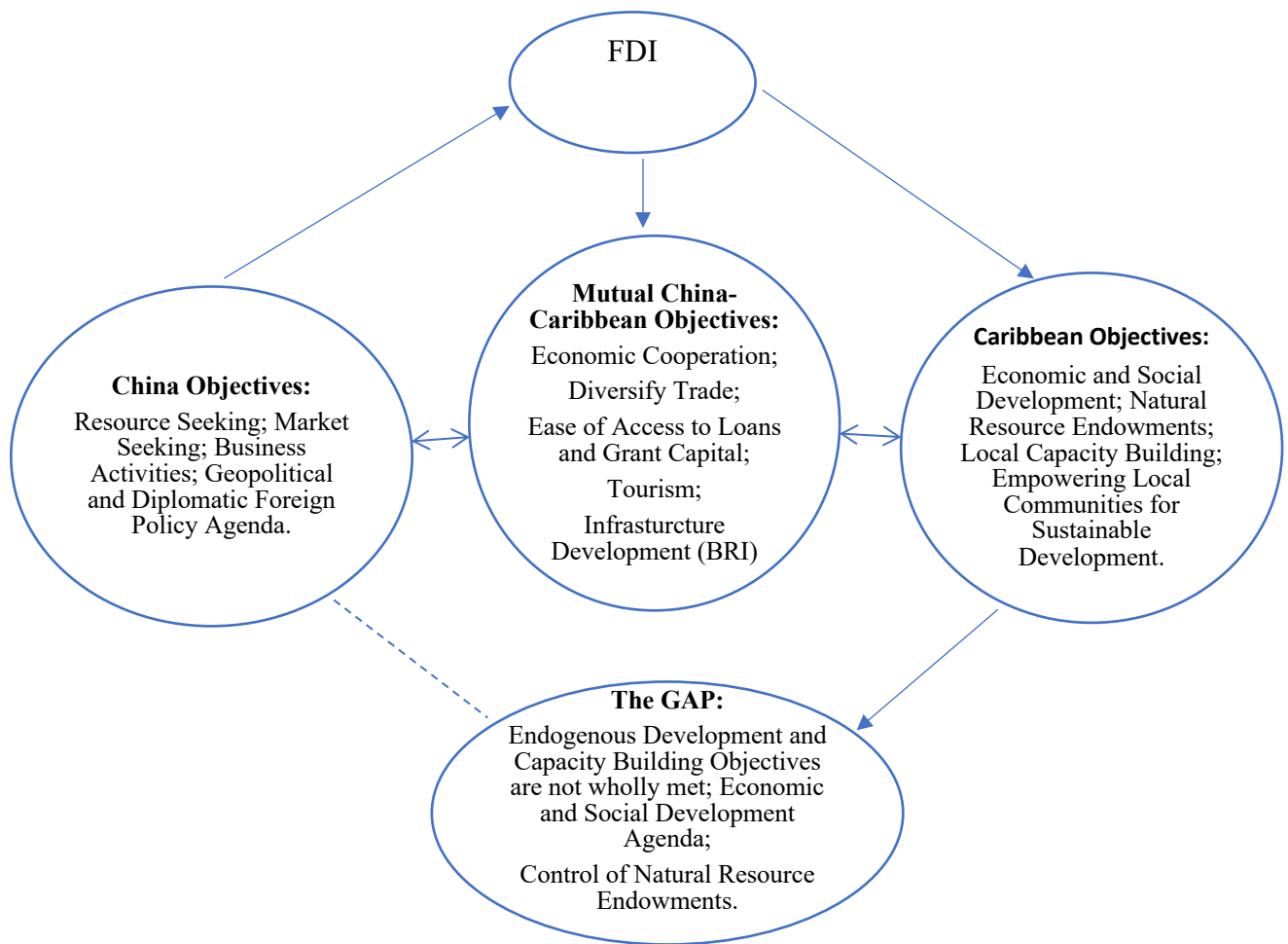
Conceptual Framework

Table 3: Comparison of Chinese and Caribbean objectives from a theoretical lens

CHINA: OFDI	CARIBBEAN: FDI recipient
<p><u>Resource Seeking</u>: Access to natural foreign resources (OLI paradigm and LLL theory).</p> <p><u>Market Seeking</u>: Access to new export markets for Chinese products and labour (OLI paradigm).</p> <p><u>Strategic Asset Seeking</u>: Reduce vulnerabilities to institutional and address market constraints at home (LLL and OLI theories).</p>	<p><u>Endogenous Development and Local Capacity Building</u>:</p> <ul style="list-style-type: none"> ● Harnessing local resources and empowering local communities for sustainable development. ● Entrepreneurship. ● Build local ‘potential’. ● Building human capability and institutional infrastructures etc. ● Exercise competitive advantage such as natural resources, tourism, environment etc. ● Innovations and Learnings. ● Participate in developmental agenda and change.
<p><u>Geopolitical Advantage</u>: Diplomatic Foreign Policy Agendas (OLI theory).</p>	<p>Local Economic Growth and Social Development (Economic Growth Theories and New Growth Theory).</p> <p>Access to Export and Trade Markets (Springboard theory).</p>
<p><u>Strategic Emphasis and Competition</u>: Address global competitive disadvantages at home e.g.,</p>	<p><u>Resource Endowments and Control of Natural Resources</u>: Tourism-led growth hypothesis (Economic Growth theories).</p>

<p>natural resources (Springboard theory) and alignment with China's 'Go Global Policy'.</p> <p>Exploit <u>Competitive Advantages</u> and International Expansion: Become more competitive globally with rivals (USA) through market opportunities (Springboard theory).</p>	
<p>THE GAP:</p> <p>China's motivations and objectives are not the same as the local/Caribbean developmental objectives. Many goals on the Caribbean side are not in alignment with the interest of China.</p> <ul style="list-style-type: none"> • Local communities are not necessarily provided with many opportunities to enhance sustainable development and economic growth. Example of these includes human capital development etc. • The Caribbean does not necessarily have control over resources that are of interest to China. • China has not provided significant opportunities through FDI to foster endogenous growth and development. 	

Figure 3: Conceptual Framework for Research



Note: The broken line is used to show a distinction between the focus of the gap in this thesis. The solid arrow indicates that this thesis focuses more on the gap between objectives from the Caribbean side.

Gaps in the Literature

There are two gaps being addressed in this study. The first gap is a development gap in objectives between the Caribbean and China. The second gap is based around research that is currently available as it relates to the Caribbean, for example, most literature that focuses on the BRI in the Caribbean gets looped into Latin America (LATAM) studies. There are three (3) issues surrounding this. Firstly, there is an uncertainty as to whether the term 'Latin America' includes the Caribbean. Secondly, "the small developing economies of the Caribbean differ from those of

Latin America in size, level of development and generalisations need to be carefully examined”. Thirdly, “economic interaction with China cannot be fully understood without factoring in geopolitics” (Bernal, 2015). The reports on LAC countries give a misleading title since the focus of the discussions are around Latin America with only a mention of a few Caribbean countries. Primarily, “accurate and up-to-date statistical data on China's aid to the Caribbean are extremely difficult to find and it is an enigma to decipher the different forms of aid” (Bernal, 2015). Furthermore, “information about FDI disaggregated by sector in the Caribbean is limited. Only Trinidad and Tobago, Jamaica, Guyana and the OECS countries report, and in most of them the information has critical gaps” (De Groot & Ludena, 2014).

Publicly available information on China's economic relations with the Caribbean is limited. Little or no data on the Caribbean are included in discussions that review the Americas. Above all, “the necessity for a separate treatment of the issue of China's economic presence in the Caribbean derives from the region's lack of visibility in discussions of China–Latin America economic relations and implications” (Bernal, 2015). Similarity to this, MacDonald (2019), supports this predicament indicating that “the existing literature on COFDI in the Caribbean, not to mention China’s broader economic relationship with the region, is relatively limited, with considerably more academic attention given to the larger countries in Latin America such as Argentina, Chile, Brazil, Mexico, and Peru. These reports sometimes mention Cuba and a few Central American countries.

Data is also another challenge; bigger deals in the larger Latin American countries are easier to follow than that of many, smaller projects undertaken in the Caribbean. Nonetheless, what data does exist clearly underscores the importance of FDI to the Caribbean, which in 2017, was marked at \$5.835 billion. Moreover, according to Bernal (2015), “the developments and trends of China’s economic presence in the Caribbean are different from those described in the literature on Latin America. Firstly, “trade between China and Latin America has expanded rapidly with both sides increasing their exports whereas in the Caribbean the growth in trade has been almost entirely in imports from China”. Secondly, “the most important trading partner for the Caribbean remains the United States, and the performance of the US economy is a significant influence on economic growth in the Caribbean. In contrast, China's impact on growth in Latin America has increased significantly whilst that of the United States has declined (Bernal, 2015).

The patterns of trade, investment and development assistance in the Caribbean is vastly different from Latin America. It is important to note according to Casanova et al., (2015), “the literature on Chinese ODI round-tripping is rather limited – which is not surprising given the elusive nature of these flows – and in most cases the analysis does not go beyond what MOFCOM, NBS and SAFE state on their annual publication, the Statistical Bulletin of China’s Outward Foreign Direct Investment”. Furthermore, “it is misleading to conflate the two regions (Latin America and the Caribbean) and draw an inference of similarity beyond very broad trends as is the case of the literature on the economic presence of China in Latin America. The contrast is vividly evident in the fact that China is now the largest trade partner of some Latin American countries but remains a small fraction of the Caribbean's trade” (Bernal, 2015). Likewise, according to Dussel (2019), it is surprising that there is very little detailed analysis on China’s OFDI in the Caribbean as a region. The China-LAC relationship in general has been the subject of many authors and institutions in Latin America, China, and in the US (including think-tanks) but the massive, albeit insufficient, literature on China’s OFDI in the Caribbean has not garnered much attention.

Importance of this Research

The Caribbean is a small group of islands with little inhabitants. This has proven to be a disadvantage in academia and scholarly literature. This thesis will present a current view of the economic landscape and the developments that are taking place with China’s re-dimensioning of the region in the background. There is a need to separate the current studies done in the LAC region and zone in on what is taking place in the Caribbean specifically. Moreover, despite studies being done on the LAC region, there is little to no focus on the literature pertaining to the Caribbean countries. Notwithstanding, the two regions have distinct investment landscapes and cannot be compared synonymously despite sharing some similar characteristics. This thesis is aiming to help contribute to closing this research gap. China’s investment in the Caribbean has ballooned. It is crucial to study this increase of Chinese FDI comparing the behaviour among several Caribbean countries.

CHAPTER 4 RESEARCH METHODOLOGY

Research Design & Approach

This study adopts a *qualitative research methodology* and *triangulation* to investigate the BRI in the Caribbean. Qualitative studies are centered around an emphasis on rich descriptions on the nature of a phenomenon rather than quantification. To this end, “qualitative research provides insights and understanding of people’s experiences” (Denny & Weckesser, 2019). There are two data collection designs being used. These are primary data and secondary data collections. The qualitative instruments used for the primary data collection are online questionnaires and video interviews. This empirical portion of the study is centered around a collection and analysis of primary data. The second component used to investigate the research question is from a secondary data collection standpoint. Secondary data sources are used to evaluate Chinese projects across the BRI countries in the Caribbean. Data triangulation is used to arrive at the results of this research. This triangulation strategy is used to achieve the objectives of this thesis to ensure credibility, reliability, and more scientific accuracy with greater depth and methodological rigour in qualitative research (Santos et al., 2020).

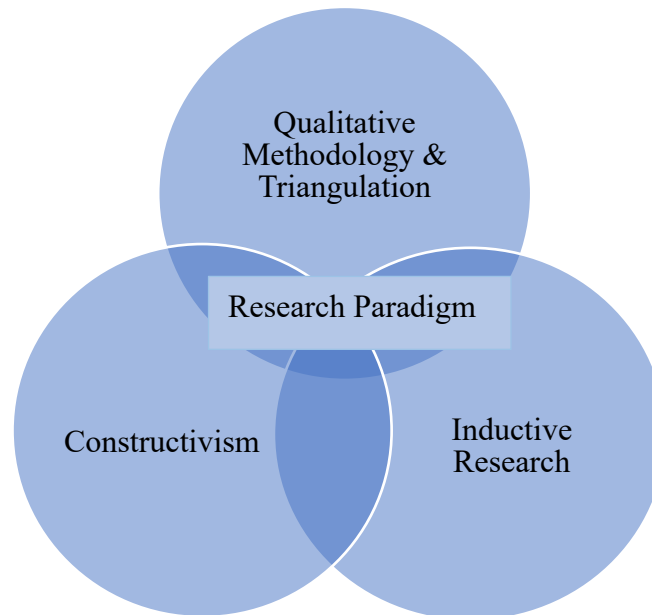
Why this research design was chosen:

This research design was chosen because there are limited qualitative and quantitative research data and literature available on Chinese investments in the Caribbean. Historically, it has not been a well-studied region or topic. This design also investigates this phenomenon beyond what has been written in theory. Qualitative studies are used to answer ‘how’, ‘what’, ‘when’ and ‘why’ questions and this approach specifically is an appropriate method to answer the research questions. Qualitative designs allow for varying data collection methods such as interviews and questionnaires thus providing an in-depth view of Chinese investments in the Caribbean. Triangulation is appropriate for this study as it allows for suitable understanding of the phenomenon. This is from several angles and provides confirmations to minimize biases from a single analytical perspective (Santos et al., 2020). Also, COVID-19 has impeded travel to conduct a comprehensive field study on location as was originally proposed during the planning stage.

Research Paradigm: Constructivist - Inductive Orientation

This thesis is adopting an *inductive research approach*. As such, “inductive reasoning draws from observed cases more general statements or general claims about most cases of the same kind” (Eriksson & Kovalainen, 2008). In the inductive model, research proceeds from empirical research to theoretical result. Inductive reasoning is about broad extensive generalizations and not specific observations. The research paradigm in this thesis is constructivism. A *constructivist* viewpoint understands the world through experiences. Furthermore, “constructivism philosophical paradigm is an approach that asserts that people construct their own understanding and knowledge of the world through experiencing things and reflecting on those experiences” (Adom et al., 2016). This research paradigm usually adopts a qualitative methodology.

Figure 4: Research Design & Paradigm



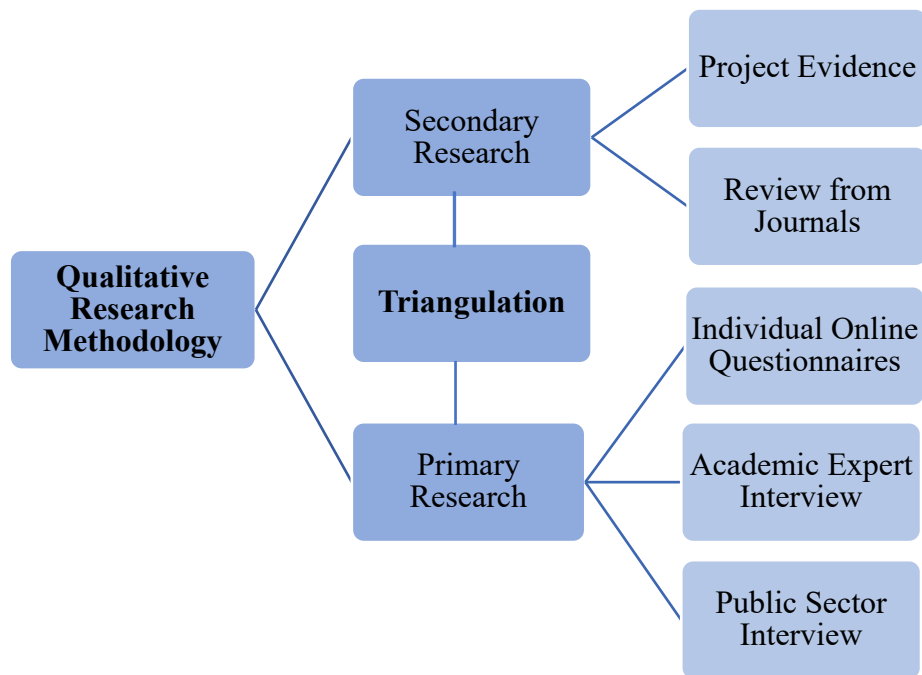
Qualitative Research Methodology

This study was done with a qualitative research approach. Qualitative research is emphasized on rich descriptions and are exploratory in nature. This is useful for validation purposes and its empirical nature can provide deep and rich contextual data. Qualitative research is oftentimes expressed in words to understand experiences and gather in-depth insights. This type of research can oftentimes function to develop theory from the data that are collected i.e., an inductive process.

This method frequently brings a new or fresh perspective to existing research (Weathington et al., 2012). The *two data collection designs* were as follows:

1. Secondary Research:
 - a) Measurable project evidence.
 - b) Review from journals.
2. Primary Research
 - a) Online questionnaires.
 - b) Video interviews.

Figure 5: Overview of Research Methodology

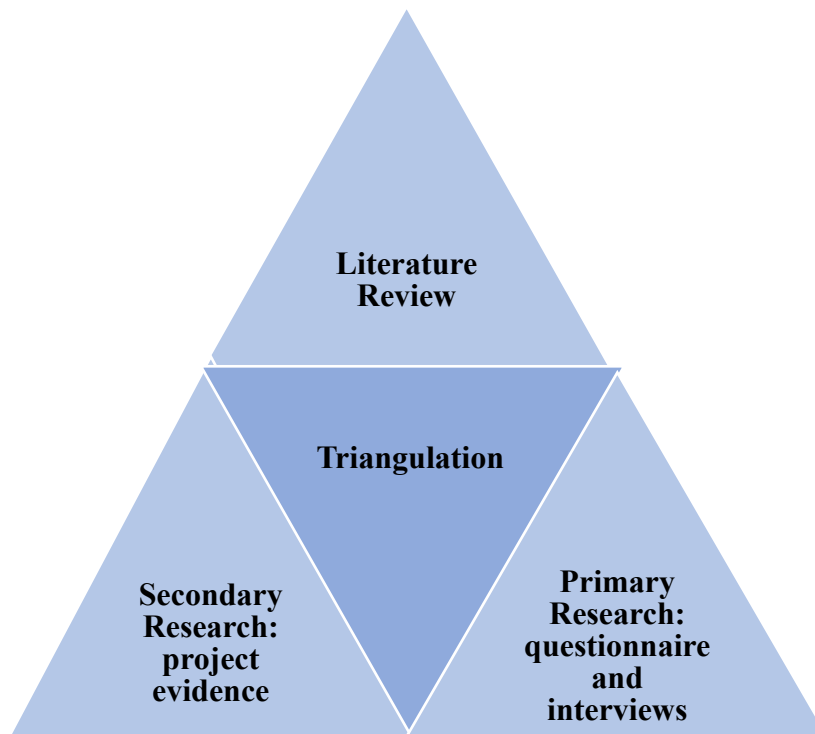


Triangulation

This study comprises of primary and secondary research to arrive at the conclusions. The data was triangulated for interpretations. *Triangulation* refers broadly to the use of multiple methodological resources. Researchers may draw from *multiple data sources* by gathering data from different time periods, locations, or perspectives (Natow, 2020). Different methods and perspectives contribute to a comprehensive set of findings. Hence, primary and secondary sources complement each other.

Engaging with primary studies allows one to view the topic objectively. From a postpositivist perspective, triangulation enhances the validity of a study using multiple methodological resources such as multiple data sources. It serves as a check on biases and inaccuracies that any one data source or method may have (Natow, 2020). Consequently, triangulation provides greater validity and combines the advantages of primary and secondary research. The type of triangulation being used in this study is data triangulation. This is a process whereby different sources of data are used (Wilson, 2014).

Figure 6: Triangulation methods in this research



Data Collection Design

1. Data Collection: Secondary Research – Measurable Project Evidence

The method used to gather project evidence was qualitative secondary research. Measurable project evidence was gathered from numerous secondary mediums. To this end, “secondary research methods involve the analysis of data that already exists or has already been created” (Manu & Kotia, 2021). Furthermore, *qualitative secondary research* was conducted. Likewise, “Largan and Morris (2019, p. 14) defined qualitative secondary research as “a systematic approach to the use of existing data to provide ways of understanding that may be additional to or different

from the data's original purpose" (Manu & Kotia, 2021, p. 4). The quality of the secondary mediums used were taken into consideration such as the timeliness of the information, the relevance and appropriateness of the sources selected. Special emphasis was placed on the reference source and projects were colour coded for easy identification. *See Appendix A for the working sheets on the measurable project evidence gathered.*

Steps in the Design:

Step 1: Developed a matrix of economic factors to evaluate projects from the theoretical literature review. This was further enhanced by creating a subset category of indicators of economic growth.

Step 2: Created a spreadsheet for each BRI country. There was a total of twelve sheets including a summary spreadsheet. The spreadsheets contained headings such as 'source' and 'description of source'.

Step 3: A list of Chinese projects were created from secondary research conducted. A total of thirty-three projects were evaluated.

Step 4: Secondary research was done using the internet to find measurable project evidence for each project per country. A significant number of sources freely available via the world wide web were reviewed to gather the appropriate information.

Step 5: Summaries were prepared to synthesis the findings in Microsoft Excel.

Step 6: A visual representation of the findings was prepared.

Table 4: Summary of Secondary Sources

1. Newspapers	2. Governmental Agencies and Departments
3. Local Government websites	4. Embassy Press Releases
5. Think Tank websites	6. Magazines
7. Business and Travel News websites	8. Trade and Investment Membership Organisation
9. Chinese Contractor websites	10. Other News Sources and Publications
11. Commercial websites	12. YouTube videos

Measurable Project Evidence

There were several criteria used to gather project evidence to ascertain the level of impact from the secondary research conducted. The evidence gathered was deemed ‘measurable’. In this case, measurable is defined as the impact of the project in a community or country. *See Appendix C*

Table 5: Criteria used for Measurable Project Evidence

a) Community and Staff Feedback	b) Quantitative Information: using numerical data
c) Protection, Awareness, and Concern for the Environment	d) End User Satisfaction – e.g., customer satisfaction
e) Stakeholder Satisfaction – e.g., governments	f) Contribution to Tourism: e.g., infrastructure development.
g) Project Features: new functionality, improved quality, reduce costs, improvements etc.	h) Use of Local Resources: local labour, supporting local industries etc.
i) Access: the number of people who can readily absorb the benefits of the project locally.	j) Contributions to Social Impact: organizational development, education, health, sports, employability, community, culture, social cohesion etc.

2. Data Collection Design: Secondary Research - Review from Journals

Reviews of research published in journals mostly within the last 5 years period was done. To identify studies to include in this thesis, searches were conducted for abstracts of articles appearing in peer-reviewed and other journals that contained key terms such as ‘economic theories’, ‘Caribbean FDI’, ‘China OFDI’ etc. The *search strategy* included specialized terms, researcher’s name, year of publication; ABDC ranked journals, leveraging key databases etc. Academic databases were mostly used as well as government databases. Scholarly data was retrieved from academic and databases such as Google Scholar and from the Ryerson Library databases such as SAGE Open.

Table 6: Types of Bibliographic Sources Used

<i>Bibliographic Source</i>	<i>Examples</i>
Tertiary	Textbooks, Dictionary
Secondary	Books and Literature review in Specialized Journals
Primary	Peer Reviewed Research Journals – ABDC ranked

3. Data Collection Design: Primary Research – Questionnaires and Interviews

The primary qualitative research data collection methods were *online questionnaires and video interviews*. Primary research is the first-hand collection and direct gathering of data and information for systematic investigation. There are no existing data to depend on. The primary research data collection was gathered from real-time data and is more accurate than secondary research.

Table 7: Summary of Data Collection

Online Questionnaires	Video Interviews
Individuals – 18 years & older	Institutions & Academic Expert
Total Responses to questionnaires: 21 Guyana: 14 Jamaica: 4 Trinidad & Tobago: 2 Dominican Republic: 1	Total Interviews Conducted: 4 Academic Expert: 1 (Netherlands) Public Institutions: 3 (Grenada, Barbados & Jamaica) Comments received via email: 2
Total Primary Research Responses: 27	

a) Qualitative Instrument: Online Questionnaires

A questionnaire is composed of a series of questions to collect information for a bigger picture. The questionnaire's *target population* consisted of the eleven BRI caribbean countries. Moreover, "the primary feature of a 'good' sample for research is that the sample represents the population from which it was selected" (Weathington et al., 2012, p.159). *Nonprobability sampling technique* was used. It is a method where not all members of the population have an equal chance of participating in the study. The type of nonprobability sampling technique used was *convenience sampling*. This is a technique used to recruit participants who are easily accessible and convenient to the researcher. The questionnaire was conducted in the *geographic setting* of several caribbean countries. Volunteer participants were recruited through personal networks known to the

researcher. The medium used to contact personal networks were telephone, text, email, Facebook, and Instagram. The personal networks assisted in recruiting participants for the study. The *culture traits and characteristics* of participants included: anyone age 18 and above; having access to the internet and they all share a similar caribbean culture, except for the Dominican Republic, they were all English speaking. All participants were representative sample of the target population. The participants of this study are not known to the researcher.

The primary study was approved by the Ryerson Research and Ethics Board. The questionnaire consisted of an introductory letter and fifteen questions. Four of the questions were demographics questions such as age and provided participants with options to select. The question response format included open, dropdown questions, yes, no questions and closed ended questions. Eliciting written responses to open ended questions allowed for obtaining rich and descriptive data. Questionnaires were emailed to participants and completed via internet-enabled devices such as laptops and smartphones. The survey was designed and administered using Qualtrics experience management software. Careful attention was given to the design of the questionnaire to avoid double barrelled questions, ambiguous questions, leading and loaded questions.

Table 8: Design of Questionnaire

<i>Design of questionnaire sequence:</i>	
a.	Introduction: described study, purpose, consent etc.
b.	Screening question: ensured population belonginess
c.	General question: choice of selection
d.	Specific questions: required written text to garner insights
e.	Personal questions: demographics
f.	Thank you: end of questionnaire

Table 9: Sample Questions in Questionnaire

1.	Please explain how your community has changed since the presence of Chinese businesses?
2.	What is your perception of Chinese businesses in your community?
3.	Please explain how you have benefited from Chinese businesses in your community.

b) Qualitative Instrument: Video Interviews

There were interviews conducted with institutions and an academic expert. One benefit to an interview is that it provides a high degree of cooperation from participants. The interview format were semi-structured formal interviews facilitated by technology on video. A semi-structured interview does not follow a strict list of questions. More open-ended questions were asked during the discussion in the interview. However, a formal interview provided structured interaction between the interviewer and participants. The meetings were not recorded. Notes were taken by the researcher during the interview. All interviews were *purposeful sampling*. In all instances, participants were emailed prior to the interview. Participants subsequently sent materials and information pertaining to Chinese investments in the Caribbean for all interviews conducted. *See Appendices E & F*

Table 10: Overview of Interview Data Collection

Type & Country	Method	Length	Participant
Institution A (Jamaica)	Preliminary email, WhatsApp call interview, email follow up	150 minutes	Manager
Institution B (Grenada)	Preliminary email, Microsoft Teams video interview, email follow up	90 minutes	CEO
Institution C (Barbados)	Preliminary email, WhatsApp video interview, email follow up	90 minutes	Co-Director
Academic Expert (Netherlands)	Preliminary email, Zoom Interview, email follow up	90 minutes	University Lecturer

Table 11: Sample Interview Questions

1.	How have your organization interacted with Chinese investments/businesses?
2.	What is the nature and scope of Chinese investments, businesses, and infrastructure projects?
3.	What are some of the unique challenges of Chinese FDI in the Caribbean?

Other procedures carried out because of COVID-19

More than one hundred institutions, businesses and organizations in the private and public sector were emailed. This was from all BRI countries in the Caribbean. These organization names and emailed were researched via the world wide web and compiled in Microsoft Excel. These institutions were emailed to provide a statement or response to a set of questions outlined in the email. This strategy was adopted since it was difficult to persuade individuals to participate in interviews in the pandemic and served as a back-up process. In a significant number of cases, there was no responses, or the email bounced. In two instances, there was a response sent via email to be included in this study. *See Appendix G*

Research Timeline

The Ryerson Research Ethics Approval was granted at the end of October 2020. The first interview was conducted in November 2020. The subsequent interviews and online questionnaires were conducted from April – July 2021. The questionnaire was administered during June-July 2021.

Data Analysis

The data was analyzed as follows:

- 1) **Secondary Research** – project evidence: a summary was prepared of all projects by country including the economic indicators. Projects were colour coded for ease of differentiation. This was used to compare the similarities and differences among the BRI countries and across projects. A total of thirty-three projects were evaluated over the eleven BRI countries. *See Appendix A for detailed working sheets on project evidence.*

Table 12: Summary of Chinese Projects Assessed

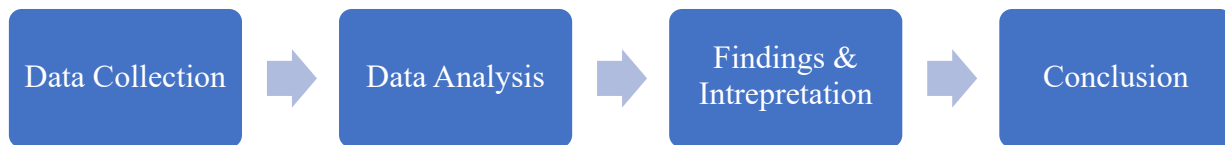
Country	# Of Projects Assessed
Antigua & Barbuda	2
Barbados	3
Cuba	1
Dominica	5
Dominican Republic	0
Grenada	3
Guyana	2
Jamaica	9
Suriname	1
The Bahamas	3
Trinidad & Tobago	4
Total	33

- 2) **Questionnaires:** the questionnaire report was downloaded from Qualtrics. This was synthesized to graphically show demographic data and yes/no questions. Tables were also used to summarize questionnaire data. *Thematic analysis* was used to analyze closed ended

questions. Thematic analysis is a data analysis strategy and a method of “identifying, analyzing, and reporting patterns (themes) within data” (Castleberry & Nolen, 2018). *See Appendices I & J for detailed analysis.* This process was as follows:

- i) Re-reading the responses.
 - ii) Focusing the analysis: this was done question by question.
 - iii) Categorizing the information: organizing them into categories.
 - iv) Identifying themes and patterns.
- 3) **Interviews and Emailed Responses:** coding was used to analyze data received from interviews and emails. This ensured that participants personal information remained confidential.

Figure 7: Research Process

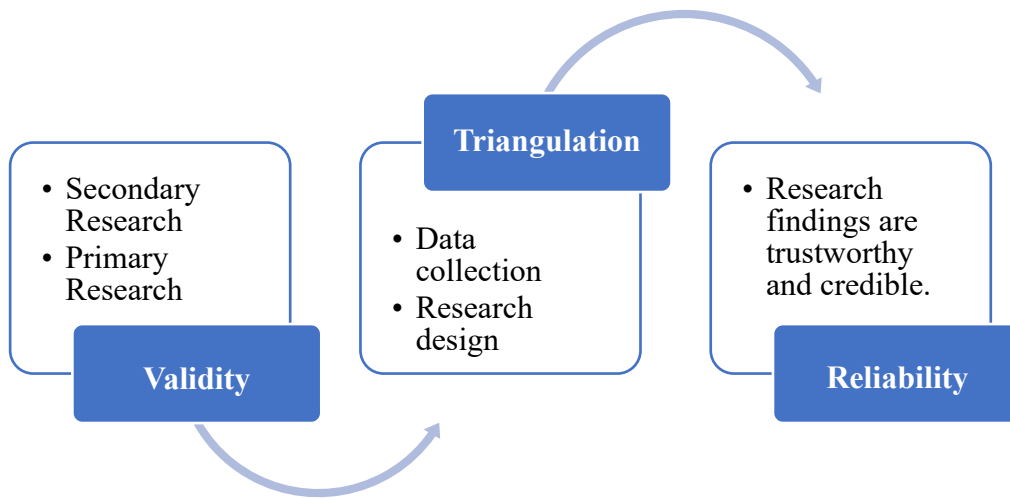


Validity and Reliability

Reliability is about establishing consistency in measurement. *Validity* is about the conclusions we draw from the data. Furthermore, *external validity* is the “degree to which we can generalize the results of a single study to another setting or the broader population” (Weathington et al., 2012, p. 81). It is about determining if the study affects the ‘real’ world. Careful attention was ensured to help establish validity and reliability in this thesis:

- **Selection of participants:** participants were chosen in a manner to represent the population that was selected for the study.
- **Inclusion and exclusion criteria:** Only participants that were above 18 years were allowed to participate in the questionnaires. The study only included participants that were living in, and a citizen of the BRI countries except for the academic expert.

Figure 8: Establishing Validity and Reliability



Objectivity and Trustworthiness

There were several factors that were considered when conducting this study to maintain objectivity and trustworthiness of the study.

1. **Credibility:** *the confidence that can be placed on the research findings.*

- **Triangulation of Sources** – this entails using different data sources within the same method. In the primary study, different populations were used as well as different settings e.g., Dominican Republic and Cuba.
- **Methods Triangulation** - this involved different data collection methods to evaluate the consistency of the findings. The project evidence that was collected via secondary research was triangulated with the primary results of the questionnaires and interviews.
- **Member-checking** – This is a technique in qualitative research where the interview notes are shared with the participants. The interview notes taken during the expert interview was shared with the interviewee. The notes and quotes to be used were reviewed by the expert before they were included in the thesis. This was to ensure that comments were captured correctly.

2. **Dependability:** *refers to the consistency and reliability of the research findings.*

- Including rich and comprehensive verbatim descriptions of participants responses to support findings. This ensured the *consistency of findings* which were supported by this data.
- Ensuring that *different perspectives* were exemplified by establishing a comparison account of similarities and differences from the qualitative study.

3. **Confirmability:** *refers to the level of confidence that can be placed on the research findings.*

- A meticulous *audit trail* was kept of the data. This included organized spreadsheets, colour coding information and encoding sensitive data. Therefore, there was an *organized record keeping* process that ensured a clear decision trail that was *consistent and transparent*.
- Ensuring that there was clarity in the thought processes during analysis and interpretations.

4. **Reflexivity:** *refers to examining one's own beliefs and judgements.*

- This process involved being *mindful of personal biases and perspectives* so that they may not impact the findings.
- Acknowledging any biases in sampling and *consistent reflection of the methods* to ensure sufficient depth and relevance of the data collection and analysis processes.
- Captured the *opinions of other researchers* such as an academic professor in this subject matter to reduce research biases.

5. **Transferability:** *refers to the potential for extrapolation. It is the reasoning that findings can be generalized or transferred to other settings or groups (Elo et al., 2014).*

- Results were interpreted systematically and carefully.
- High quality results were reported.

- Clear descriptions of the culture, selection, and characteristics of participants were established.

Limitations of Methodology

There are limitations in the methodology used in this study. Future studies would address these limitations to improve the rigor of the research. The sampling did not garner responses from all BRI countries in the Caribbean. Furthermore, the sample population was limited to the extent of the personal networks of the researcher. As it relates to the interviews, there is always the potential for bias in the responses. Notwithstanding, with secondary sources, the quality and reliability of the information cannot be easily guaranteed. It can contain biases. Other limitations of this research are discussed in the ‘limitations section’ of this thesis.

CHAPTER 5 DISCUSSION OF RESULTS

Positive Contributions to Local Economic Development

Many of the infrastructure projects across the BRI countries showed some evidence of contributing to economic development. Overall, these projects were proving some opportunities for economic development or served as a catalyst for deeper integration and development. Majority of the projects were infrastructure-based such as roads, schools, and hospitals. The most common economic growth factor seen across all the BRI countries were: 1) human capital accumulation; 2) infrastructure development; 3) technology diffusion and innovation; 4) tourism; 5) natural resource rent and 6) trade openness respectively. In this regard, one questionnaire participant confirmed these positive contributions: *“I have benefited in the sense that it saves me time from going into the city to access certain items and in other cases where I get more items for less money”* and one interviewee said:

“Jamaica has proven to be a profitable destination for Chinese companies particularly in the infrastructure and mining sector. The Jamaican government welcomes more investments from China, and we have been particularly pleased at the growing interest from Chinese companies in the limestone mining and renewable energy. Across successive governments, Jamaica has had an excellent relationship with China and their companies have made long-term investments in our island while also being good corporate citizens. Institution X has maintained constant dialogue with Chinese investors and through the Jamaican embassy in Beijing, we continue to highlight Jamaica as a proven destination for profitable investments in various sectors” (Phone Interview, Jamaica, November 08, 2020).

Table 13: Results of Measurable Project Evidence

Name of Country											
	EDU	HCA	ID	KS	NRR	SBE	SRD	TDI	TOU	TO	#
Antigua and Barbuda											9
Barbados											9
Cuba											7
Dominica											8
Dominican Republic											6
Grenada											8
Guyana											8
Jamaica											8
Suriname											2
The Bahamas											4
Trinidad and Tobago											8

Table 14: Key for Economic Factors Abbreviations

KEY		
#	Economic Factors	Abbreviations
1	Education	EDU
2	Human Capital Accumulation	HCA
3	Infrastructure Development	ID
4	Knowledge Spillovers	KS
5	Natural Resource Rent	NRR
6	Small Business & Entrepreneurship	SME
7	Stock of Research & Development	SRD
8	Technology Diffusion and Innovation	TDI
9	Tourism	TOU
10	Trade Openness	TO

The ten economic growth factors were used to provide measurable project evidence. The countries with the highest number of economic growth factors from Chinese projects were - Antigua and Barbuda; Barbados; followed by Trinidad and Tobago; Jamaica; Guyana; Grenada; and Dominica. A detailed analysis can be found from *Appendix A: A summary of all BRI countries and economic indicator from projects*. A compilation of Chinese projects by country including other projects ongoing (not assessed).

Table 15: Illustrations of Measurable Project Evidence found to indicate Economic Growth by Country

Country	Economic Growth Factor	Measurable Project Evidence
Antigua and Barbuda	Technology Diffusion and Innovation	"The modern information management system has greatly improved the operational efficiency of the VC Bird International Airport. In terms of safety and security, the airport has reached advanced international levels, ensuring passengers' convenience and comfort and winning praise. Efficient management and a comfortable travel experience have earned the airport a stellar reputation and more and more passengers are choosing it as a transit airport" (Governmental Agency).
Barbados	Education	"Other areas discussed were the success of the University of West Indies Confucius Institute, which has trained over 3,000 students in the Chinese language of Mandarin since it opened its doors three years ago; Chinese scholarships to over 80 students who will be leaving soon to pursue studies in China" (Governmental Agency).
Cuba	Human Capital Accumulation	"China Communications Construction Company Limited (CCCC) is in charge of the port's rehabilitation and modernization project and is currently employing about 200 Chinese and Cuban workers" (Online News).
Dominica	Infrastructure Development	"Minister Saint Jean informed that the Newtown Primary School comprises of 14 classrooms, a Library, Science laboratory, Art laboratory, Principal office, Secretary's office, Staff room, Kitchen, a Sick Bay, Washroom facilities for staff and students and an elevator to provide access for

		challenged students. Approximately 300 students and 17 teachers will benefit from the new facility" (Online News Source).
Dominican Republic	Tourism	"2019—the year following the establishment of diplomatic relations between the two countries—saw a modest increase of 33 percent in the number of Chinese tourists traveling to the Dominican Republic from the previous year. (However, over the same period, there was a 41 percent increase in the number of Dominicans traveling to the PRC)" (Think Tank).
Grenada	Stock of Research & Development	"The Ministry of Agriculture in conjunction with the Chinese Agricultural Mission will be introducing some new varieties of fruits and vegetables to the farming community. It is understood that most of the testing and trials of planting the new varieties will be conducted as part of research at the Chinese Agricultural Mission in St David" (Online Newspaper).
Guyana	Small Business & Entrepreneurship	"BK International Incorporation today inked a contract with China Harbour Engineering Company Limited (CHECL) for the supply of stones for the expansion works at the Cheddi Jagan International Airport (CJIA). BK International Incorporated is the most qualified of local companies and will be supplying 50,000 tonnes of stones for the expansion project" (Business Magazine).
Jamaica	Natural Resource Rent	"Alpart, which uses its own local bauxite production as feedstock, was previously reported to have an annual production capacity of 1.65m tonnes of cell-grade alumina. The acquisition makes JISCO one of the top 10 producers of

		aluminium in China" (Trade and investment membership organisation).
The Bahamas	Trade Openness	<p>"America's trade war with China has also opened up new opportunities for Bahamian exports: for example, the Chinese market has opened for fishermen to sell their lobster and crayfish catches in record numbers. As one fisherman said, "For years we have been trying to get into the Chinese market. We are allowed to ship seafood from here to China. We don't just have to depend on Europe and America. Our lobster is number one in the world. It's all about supply and demand" (Think Tank).</p>
Trinidad and Tobago	Knowledge Spillovers	<p>"In all of our projects there is more than 50 per cent local labour, while Chinese workers make up management and technical positions. We're not just here to deliver the project, we also have to transfer the technical knowledge and work attitude to the local people. At times the work attitude in Trinidad is different to ours. We try to find a balance between us and local workers," Yan Meng, managing director of China Railway Construction (Caribbean) Company's (CRCC) TT subsidiary said. Meng, who visits CRCC's projects each week to supervise the progress, said he was "thoroughly impressed" with the pace of works and said despite minor hiccups in productivity, he was pleased with the quality of work from local workers. "Both local and international contractors have to learn to work together, use the right suppliers, contractors to achieve (success)" (Online Newspaper).</p>

Illustration 1: Example of an Infrastructure Housing project in Grenada



Source: Editorma. (2021, April 24). Grenada - CHINA low-income housing project, a promise of more. Caribbean News Global. Retrieved from <https://www.caribbeannewsglobal.com/grenada-china-low-income-housing-project-a-promise-of-more/>.

The infrastructure activities and chinese projects taking place in these BRI countries show the level of progress being made. As one interviewee commented on the extent of operations in Jamaica:

“Jamaica is one of the 19 countries in Latin America that have signed cooperation agreements with China to jointly build the Belt and Road Initiative, and promote the optimization, upgrading, innovation and development of China-Latin America cooperation. In 2018, Jamaica exported USD \$17.6 million to China. During the same period China exported, Jamaica imported USD \$507 million in products and materials from China. Jamaica has become the hub of the Chinese presence in the Caribbean and is now home to the regional offices of the state-owned Chinese Harbour Engineering Company, (CHEC) which built the highway link road. China Harbour Construction Company built and operated Jamaica’s North-South Highway which stretches for 67 km and cost \$USD 600 million. It is the single biggest investment by the Chinese in the Caribbean. China Harbour is looking at investing in Special Economic Zones which will provide Jamaica with optimal industrial parks to attract investments from many countries in light manufacturing, last-stage customization, and warehousing” (Phone-call Interview, Jamaica, November 08, 2020).

Investments serving Local Markets

The increase in the number and types of Chinese businesses commented on previously by questionnaire respondents are supported by the interviewees. In some instances, the investments can be small in a particular Caribbean country as commented on by one interviewee, *“the investments here are relatively small. They consist of small restaurants and small retail businesses. Guyana has larger Chinese restaurants”* (Video-call Interview, Barbados, June 18, 2021). An extension to this is seen from a higher level where loans and other investments partnerships are made between China and BRI Caribbean countries. One response noted:

“Barbados also received the first major preferential tourism loan making China the only country to offer large-scale preferential loans to finance infrastructure projects in Barbados. China and Barbados are negotiating other major projects to be funded by China's preferential loans. In 2019, Barbados signed an agreement with China regarding cooperation in the implementation of China's Belt and Road initiative and in 2020 Barbados received the first batch of roughly three dozen BYD rechargeable electric buses” (Briefing received via email and Video Interview, Barbados, July 09, 2021).

These increases in the number of Chinese businesses can be correlated with the secondary research done to gather measurable project evidence. Jamaica, for example, had nine large scale infrastructure projects worth millions if not billions of dollars. There were many instances where there was human capital accumulation for example, evidenced from Chinese projects. One response noted:

“In addition to the establishment of several entities doing business internationally, Barbados has also welcomed Chinese investment serving its local market in the food and beverages, retail, and construction sectors. The food and beverage operations have tended to be small to medium sized family-owned restaurants. These food establishments provide diversity to our tourism product and support the local agricultural sector, in particular. The construction projects, mainly housing and commercial buildings, have provided jobs for locals. All investments considered, Barbados has benefitted from these business establishments through jobs created, skills transferred, linkages to the local tourism and agricultural sectors, as well as through tax revenue generated. The Grantley Adams International Airport Inc. signed a contract with two Chinese construction companies in June 2021, for the expansion of the Airport” (Briefing received via email and Video Interview, Barbados, July 09, 2021).

Illustration 2: An Ambassador from China visits with Prime Minister of Dominica on the China-Dominica Center



Source: Dominican prime Minister Roosevelt SKERRIT visits The China-Dominica modern AGRICULTURE Center. (n.d.). Retrieved from https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zwjg_665342/zwbd_665378/t1644740.shtml.

This economic progress comes at a price. As noted from another interviewee, “*Sometimes these calculations have been rather short-term, focused on generating jobs with a construction project in a place like Jamaica where there is high unemployment. But if the prize for this job creation is an unsurmountable long-term debt, this is a problem. You need to measure what you are getting out of your debt. Do these projects benefit economically: is the project an economic multiplier? Does it generate enough economic activity to pay off the loan? It is difficult to measure this*” (Video-call Interview, June 24, 2021).

Product Attributed Benefits to Local Communities

Local communities and individuals have benefitted positively when asked how their communities have changed since the presence of Chinese businesses. The changes can be categorised around 1) Competitive price; 2) Convenience; 3) Availability of Options; and 4) Accessibility (See Appendix I). To this end, 90% of the respondents were from communities that had chinese businesses. These benefits were further sustained as 80% of participants indicated that their interaction with Chinese

businesses were from supporting them. Examples of responses from questionnaire participants are as follows:

“It has become more convenient for people in my community to access certain basic necessities and in some cases a one stop shop for household needs and at an affordable price”.

“The Chinese businesses has made a big change...they established supermarkets where you can have one stop shop and it's at an affordable price”.

“I have been able to access goods at a cheap cost right in my community, as against travelling to the main town for goods”.

“Improved with more options and flexibility in the hours of operation”.

Engagement with Local Culture

There is meaningful integration with local language and culture taking place in the Caribbean. China is trying to engage with the local communities to participate at the community level. Confucius Institute/Centers and festivals are visible signs of China's engagement with local communities. These Confucius Institutes have been established in Cuba, Jamaica, The Bahamas, Guyana, Trinidad and Tobago, Barbados, Grenada, and Suriname. However, 62% of participants from the questionnaire indicated that there were no Chinese Institute/Confucius center nearby. As one interviewee commented on the operations of the Confucius Institute in Barbados,

“In 2014, both governments signed visa waiver agreements for travel by nationals from both countries and a year later a Confucius Institute was established in Barbados. The Confucius Institute teaches language and culture and deal with scholarship recipients going to China to study. Between 10-12 students' study in China each year...Our new ambassador to China is a former scholarship winner...some scholarship winners have become gainfully employed in activities in Barbados whether full time or part time. Some in language translations, some are doing Tai Chi and traditional chinese medicine, but majority are in teaching. The Chinese Association brings together members of the small Chinese descendent community in Barbados together with a smaller number of Chinese expats residing temporarily in Barbados. The Fish and Dragon Festival has provided a vehicle both to showcase the Chinese presence in Barbados and an activity around which they can mobilise. The festival stands in recognition of the growing importance of China in the world, its impact on life in Barbados and the need to promote better understanding of Chinese culture. In essence, the festival shows that as China moved further into the Caribbean, the Caribbean also moved further into China” (Video-call Interview, Barbados, June 18, 2021).

Illustration 3: An example of Tai Chi at the Confucius Institute at the University of the West Indies.



Source: Welcome to the Confucius Institute. The Confucius Institute. (n.d.). Retrieved from <https://sta.uwi.edu/confucius/>.

There are also many examples of gifts and donations to several BRI countries. From the measurable project evidence, “Dominican Ministry of Public Works, Energy and Ports signed the Memorandum of Understanding Concerning the Provision of Goods for Addressing Climate Change and China donated 2,500 solar LED streetlamps to Dominica”. This was supported from the interviews as one interviewee stated, “Barbados also received a donation of 30,000 doses of China’s Sinopharm COVID-19 vaccine at the end of June 2021 – a boost to the health sector efforts (Briefing received via email and Video Interview, Barbados, July 09, 2021). Educational exchanges have also been one way China has engaged the locals of the Caribbean. An example from the Dominican Republic, “The PRC also agreed to fund scholarships for ten Dominicans per year to study in China, with the PRC covering tuition plus room and board”.

Local Participation and Social Dynamics: A Contrary Perspective to Positive Contributions

The positive contributions afforded to local communities was challenged. There are contrary perspectives that were highlighted as it relates to local capacity building. The Chinese infrastructure projects have come at a price to local communities. Especially as it relates to social dynamics, there has not been much change at the local level. As one interviewee said, *“China has transformed the developmental landscape in the region. However, many of the underlying social dynamics remain the same. For most locals, particularly non-elite populations, their lives are similar to the ones they led before the development of all these Chinese projects. Some of them have benefitted from jobs, others have been less positively affected by the ‘externalities’ of some of the new infrastructures. But all this is not transformative in a broad range perspective on social change in the Caribbean”* (Video-call Interview, June 24, 2021).

Local content and collaborations with the private sector seem less evident as one interviewee noted, *“A few years ago, Sandals Resort expanded from Jamaica. I looked at the expansion in Grenada and could clearly see from the report: the cost of laundry, impact on beers bought for workers, workmanship, local construction, petrol consumption etc. Sandals Resort was able to show the multiplied impact. To be honest, I have not seen that with the Chinese”* (Video-call Interview, Grenada, June 16, 2021). The infrastructure projects and opportunities they provide for local collaborations have been minimal. Another perspective shared:

“The nature and scope of Chinese investments, businesses and infrastructure projects has been fairly substantial especially government to government contracts, private members club (casinos) and supermarkets. Partnerships and opportunities with China have been ‘minimal at least with the private sector. Trinidad & Tobago is a free enterprise system and all and any investment is accessible. Collaboration with local businesses have been ‘minimal at best. Chinese businesses’ local content is minimal” (Notes received via email, Trinidad and Tobago, June 09, 2021).

Ecological and environmental concerns were also highlighted casting the outlook that these positive contributions again come at a price to the local communities. One questionnaire respondent said, *“There is an influx of chinese investments in the Caribbean. Speaking specifically to my Jamaican environment, major structural infrastructural improvements are evidence of their direct investment. However, it is indeed at a price-destruction of protected ecological environment,*

cheaper labour force reducing employment for local labourers, special government incentives, waivers etc. not afforded to locals” and another interviewee stated:

“There is a unique challenge of Chinese FDI in the Caribbean - Lack of Local Participation: There are no conversations with local communities to ask what the needs of people are. How can the projects suit their needs? In a way, these two challenges make the project deals ‘undemocratic’, as they are not subject to public deliberation despite involving long-term debt repayment commitments. They can also be to a certain extent less efficient in delivering tangible developmental goals. There are other challenges as well, but these are more common across the board. For example, mining companies will pollute regardless of their nationality, and there are a series of social and environmental impacts associated to the activities of any businesses. The Chinese are similar to any other transnational corporation in this way” (Video-call Interview, June 24, 2021).

External Threats to Local Businesses

A central theme arising from the questionnaires were an overall threat to local businesses from newly operating Chinese businesses. These include 1) a general concern for local development and jobs; 2) competition; and 3) increases in the types and number of Chinese businesses. *See Appendix I.* Chinese businesses are able to outcompete local businesses. This, therefore, presents a negative externality that can sometimes result in small businesses and enterprises (many of which are family owned and run) closing. As one questionnaire participant said, *“the presence of chinese businesses (retail stores) & restaurants have placed strain on long existing family community businesses. The chinese businesses offer cheaper options - hence persons gravitate to them. The foods are also cheaper and in some instances the portions are more - again attracting customers away from community stores”.* This perspective was also supported in the interviews,

“Chinese companies get incentives such as tax breaks to carry out these projects. Chinese investments are focused on a variety of sectors, including natural resources, infrastructure, and tourism, but the BRI itself is focused on infrastructure...whereas the IMF and some Western countries have traditionally imposed macroeconomic conditionalities to build ‘good business environments’ for foreign investors in the Caribbean, the conditionalities of Chinese loans are project-specific rather than country-wide. This includes for example the possibility to use (cheaper) Chinese labour alongside local labour (with the ratio established in govt-to-govt negotiations). However, these project-based conditionalities can have a spillover effect on the private sector. For example, some Chinese companies that benefitted from access to tax-free equipment have transited towards the private sector, outside govt-to-govt contracts, and can be seen as a source of unfair competition for local business” (Video-call Interview, June 24, 2021).

The competitiveness of Chinese businesses is especially on the price and availability of option factors. This has further exacerbated the business environment with increasing numbers of Chinese businesses being established. Naturally, locals are concerned for their communities and jobs. Questionnaire participants expressed their concern for local development in their communities:

“They should employ more locals. Additionally, I believe that contributions should be made to develop the community in which they operate their businesses”.

“These investments have been beneficial in allowing goods to be available in various communities at a cheap cost. However, local, and native businesses face intense competition from these Chinese businesses”.

There have been instances of family businesses shutting down. This has naturally led to economic issues and social friction among the locals. In addition, the substitutes in a community may get saturated with the increasing number of Chinese establishments as respondents said *“more businesses have been established” ... “I have grown up seeing chinese restaurants, stores and now supermarkets in my city”*. Local small businesses are not able to compete as one questionnaire participant indicated that *“small businesses have closed down - die to the presence of the Chinese businesses”*.

This concern for local development and jobs was also supported in the interviews as well. One interviewee stated:

“In the past, interest from China have been in investment missions and small manufacturing companies such as a window manufactures and small restaurants. Most chinese projects are in the construction sector. “Normally when they come in to do projects, they have their own workers, and it becomes a Chinese village culture and no spin off effects on the community. They have their own village, and they grow their own food etc. in these closed off areas. The Chinese become and are self-sufficient, they build rooming on sites to house the workers. They would grow around the construction sites, and I have seen it in Grenada, Barbados and Trinidad and Tobago and they are proximity to the work sites. The high-ranking officials stay in hotels initially. They also got tax credits for training local staff. And another tax credit if they are purchasing local fruits and vegetables, fish, meat, spices, provisions etc. We want to encourage them to support us to buy things locally” (Video-call Interview, Grenada, June 16, 2021).

Local Jobs in Conflict with Chinese Labour

Locals surmise that they are being deprived of jobs and employment on infrastructure projects on a large scale. Thus, local communities are vocal about this and Chinese projects have faced criticisms. To this end, one large investment in a small developing country such as those in the Caribbean can arouse hostility from locals. As noted from one questionnaire respondent, *“they bring their own workers from China...and not hire locals... (Jamaica has that problem also whereas the Chinese has taken over their construction industry, and the local Jamaican workers do not get hired). The Trinidad construction is also starting to shape up in that similar way”*. Another point of contention is assessing whether locals are getting a good deal from these projects. As noted from one interviewee: *“there is a unique challenge of Chinese FDI in the Caribbean with regards to ‘transparency’. Local governments reach deals with the Chinese government and Chinese banks that are not transparent to the people of the local country. How can we know whether people are getting a good deal? (Video-call Interview, June 24, 2021).*

Caribbean countries seem to be taking a step in the right direction to ensure locals are hired for construction projects. This was also evidenced from the secondary research, *“Communications Minister Stuart Young said Government negotiated for 60 per cent local labour and 50 per cent local content to be used. But it’s more than just construction, Government insists—it’s long-term Chinese investment in TT”. “Once completed, the park will directly employ 4,500 people”*. This perspective was also supported from an interviewee who addressed some of the changes currently being made to ensure that locals benefit via employment from Chinese projects. Notwithstanding, private versus public projects carry different conditionalities.

“For the current development project, we have written specifics into the agreement. The Chinese have some locals on the proposed site doing testing of soil etc. We have decided that they must have local or regional workers and they must provide evidence that they advertise for local workers in Grenada. If they cannot find workers in Grenada, the Chinese must advertise regionally in the CARICOM states and then if they cannot find these workers, then we grant them work permits for Chinese nationals to come after we are satisfied. Locals must get jobs from these new projects; we want to feel the investment in jobs and employment, and we want to see the multiplied effect in other areas” (Video-call Interview, Grenada, June 16, 2021).

Competition on a Non-level Playing Field

The Chinese contractors seem to receive advantages over local firms for projects. This has contributed to a narrowed scope for social participation. Public deliberation, open negotiations, open bids, and competition do not materialize. This creates a business environment that is not attractive to locals as there is an unlikelihood of fair competition or the option for local firms to participate in the process. One interviewee lamented,

“Chinese companies are not necessarily more efficient, and much of their competitiveness has to do with the fact that they compete on a non-level playing field. I spoke with businesses in Jamaica, and they claimed that it is not fair competition, since government-to-government arrangements determine that Chinese companies are exempt from paying some taxes and are allowed to employ Chinese labour with lower salaries. Loan negotiations take place behind closed doors between the two governments and the companies involved, with no broader public deliberation. There are also no open bids, as it is always agreed that a Chinese company will carry out the project. The loans are provided by a Chinese state-owned policy bank, which finances a Chinese company directly to complete the project. These government-to-government negotiations tend to be opaque, and there is no public deliberation. There are no open bids. What are the impacts to the people? This depends on the terms of each project” (Video-call Interview, June 24, 2021).

This competition stems from concessions, incentives, and exemptions to Chinese companies to carry out these infrastructure projects in the region. Those concessions are oftentimes not extended to locals and as such it creates a business environment that is not fair from the inception. An example of this was garnered from another interviewee as several interviewees expressed the same concern:

“In the north of the island is government land and a new set of Chinese investors are on site. They are doing land clearance for a hotel development, golf course and a social sciences university. The incentives that the Chinese developer has received includes discount at the border for building materials such as customs service charge at 6%, external tariffs, environmental levies, Value Added Tax (VAT), articles of hotel equipment, networking equipment, support on property taxes, property transfer taxes, withholding tax exemption, concessions on vehicles. Some minor reductions were made for this project for customs service charge” (Video-call Interview, Grenada, June 16, 2021).

“How to assess whether a project has a beneficial impact? At its most basic, it comes down to the price. What’s the price paid? Is it a bargain or are the costs too high? How are decisions being made? We can start thinking of this in pure commercial terms, considering whether a project is going to pay back itself once it starts generating benefits. But we also

need to think beyond and consider what are the social or environmental impacts and costs” (Video-call Interview, June 24, 2021).

Profit-Seeking

The Chinese establishments as evidenced from the competitiveness and availability of options factors, directly correlates with profit-making. Chinese companies are in the region to make a profit. As noted by one interviewee *“I know other Caribbean countries are weary of the Chinese investments such as Trinidad and Tobago. They have been vocal about this” (Phone Interview, Jamaica, November 08, 2020).* This behaviour is indicative of any multinational corporation engaged in foreign direct investments in another region. It is not unique to just Chinese companies as the central purpose of a business is to make a profit. One interviewee said, *“If you look at the projects one by one, they have clear commercial goals, and the profit motive dominates. After all, these are profit-driven corporations operating within a capitalist context. Chinese companies care about the profitability of their projects just like any Spanish, Canadian or American company does”.* The interviewee deepened the explanation as follows:

“I tend to place my focus on the impacts that any economic activity has on the working class and disadvantaged populations. Who wins and who loses? From this perspective, Chinese companies are just like any other and they put profit first. An interesting example took place in Trinidad, when a Chinese company (China Gezhouba Group International Engineering Co Ltd) was involved in a project with the government to provide affordable public housing for locals, something initially hailed as a win-win and benevolent deal. However, Trinidad’s civil society, and people like Afra Raymond soon noted that the new homes would be hardly affordable for locals, and that Trinidad and Tobago’s government was giving full financial guarantees as part of the agreement so that the Chinese company faced no potential market risk. The government eventually scrapped the contract to re-tender it, but as soon as the highly beneficial terms for the company were removed, Gezhouba walked out. This should not be surprising, but it exemplifies how beyond any rhetoric, Chinese companies are in the region to make money” (Video-call Interview, June 24, 2021).

Concerns around Repatriated Funds to China

There was a general theme of monies made from Chinese businesses being repatriated to China. As one questionnaire respondent said, *“they take all the money and send back to China and don't reinvest in the community”.* Others supported this notion as follows:

“My only issues with chinese businesses are, that all their money that they make here is returned back to their country and none of it is invested for the development of this country and that they underpay some of their Guyanese workers”.

“They are seen as reclusive and the widely held perception is that they buy/ship everything from China and their profits are repatriated’ (Notes received via email, Trinidad & Tobago, June 09, 2021).

SUMMARY OF FINDINGS

Table 16: Summary of Findings

RQ: How are Chinese foreign direct investments contributing to sustainable economic development in the Caribbean?	
<i>Sub-Questions</i>	<i>Summary of Findings</i>
<i>Research Sub-Question (a) What are the distinctive investment strategies, motivational objectives, and performance of Chinese foreign direct investments in the Caribbean?</i>	<p>The findings suggest that Chinese FDI performance in the Caribbean region is firstly one of a commercial nature and in line with the activities of a profit-seeking MNE or business.</p> <p>The Chinese contractors and companies on infrastructure projects are looking to make a profit. These funds are then repatriated to China through round-tipping and offshoring.</p> <p><i>Round-tripping</i> is defined as “the channeling by direct investors of local funds to special purpose vehicles (SPVs) abroad with the intent to subsequently return these funds to the local economy in the form of FDI. The IMF defines offshore centers as “a country or jurisdiction that provides financial services to non-residents on a scale that is incommensurate with the size and the financing of its domestic economy” (Zorome, 2007).</p> <p>At the community level, Chinese businesses have a comparative advantage not afforded to locals and offer cheaply priced goods through the establishment of many Chinese businesses such as</p>

	large supermarkets. On the contrary perspective, there are also instances of issues with environmental protection.
<i>Research Sub-Question (b) How have existing Chinese Belt and Road projects provided opportunities for local development objectives in the Caribbean?</i>	China is transforming the developmental landscape of the Caribbean region. There were several instances of positive contributions to local economic development from Chinese projects. There were numerous opportunities enhancing local capacity building initiatives with local communities, businesses, and industries. Chinese infrastructure projects created positive spillover effects in partnerships with small businesses and entrepreneurial initiatives; human capital accumulation and human resources capacity building; educational scholarships and management programs and training in China; implementation of enhanced technological innovations such as airport technologies; and environmental sustainability in construction projects etc. These findings were gathered from secondary research.
<i>Research Sub-Question (c) How is the Belt and Road Initiative promoting local economic development at the community level in the Caribbean?</i>	China is defining development in the Caribbean. However, economic conditions have not changed in a significant way. The infrastructure projects have come at a price and social dynamics have not changed much at the local level.

	<p>There are external threats to local businesses concerned for local development and jobs at the community level. Chinese companies and businesses do not hire enough locals and engage the potential of locals.</p> <p>There is an unequal and unfair competitive advantage afforded to Chinese companies and businesses such as concessions and incentives. This has led to small businesses closing and family businesses struggling. This creates a non-level playing field for locals. Furthermore, there is a strain on the economics of the community.</p> <p>Local jobs and talent are in direct conflict with Chinese labour as most of the labour used on infrastructure projects are from China.</p> <p>The cheaper price of products and the availability of options have benefitted locals' as they are able to afford goods at a lower price. The purchasing power of locals are increased.</p> <p>There is also engagement with local culture and communities such as festivals and activities with the Confucius Centers.</p> <p>These findings were gathered from primary data collection methods.</p>

<p><i>Research Sub-Question (d) What are the remedies to ensure that Chinese foreign direct investments meet local objectives in the Caribbean?</i></p>	<p>There are several practical implications to develop endogenous capacity building potential and initiatives. Sustainable and inclusive economic growth should be a priority of Caribbean governments. Economic reforms and citizen trust and accountability are needed.</p> <p>A clear and better alignment of development objectives. The United Nations 2030 Agenda for Sustainable Development Goals may serve as a guide.</p> <p>The negotiations and contract process should have an element of public deliberation and open bids to ensure transparency to citizens.</p> <p>Policymakers need to extend some of the same concessions and incentives afforded to Chinese companies to local businesses.</p> <p>Caribbean governments should place a better emphasis on creating a culture of partnerships between China and locals.</p> <p>Environmental sustainability needs to be a decisive agenda on the development policies of Caribbean nations.</p> <p>Caribbean leaders need to be bolder in their negotiation of contracts to ensure a practical win/win situation. Also ensuring that the benefits outweigh the costs of loan agreements.</p>
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	<p>Governments can implement a quota in the ratio of the number of chinese businesses to local businesses in communities. This will ensure there is a better business environment for competition.</p> <p>Caribbean governments and other stakeholders should take full advantage of infrastructure development such as roads from Chinese projects. This is one-way policymakers in the region can develop their countries' economic and social situation.</p> <p>Every infrastructure project being completed in the Caribbean should have an investment clause. The clause should clearly outline an equal contribution from local employment and businesses from all infrastructure projects.</p> <p>Export-oriented businesses should take keen advantage of preferential trade arrangements between Caribbean states and China.</p> <p>Chinese contractors and businesses operating in the region have an important role to play to bridge the gaps with the locals. Chinese companies can place a greater emphasis on supporting local industries and human resource potential at all levels project management.</p>
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CHAPTER 6 IMPLICATIONS OF RESEARCH

This study examined how China's Belt & Road Initiative is contributing to sustainable economic development in the Caribbean. The observations are relevant from a theoretical perspective to understand how FDI contributes to the development of the region. It also has implications for businesses and governments who are interested in policymaking to benefit their economies and communities. This also includes their relations with China. This study offers several theoretical, practical and policy implications.

The *main contribution* of this thesis is the original approach taken to understand the impact to economic development of the BRI in the Caribbean, which no other study has done. Aside from the theoretical and implications for practice as contributions, others are noted. To this end, the creative design and technique used for secondary data collection to gather measurable project evidence is also distinctive to this study as analyzed in *Appendix A*. Furthermore, this data collection design used endogenous and growth theories to analyze Chinese projects. This model is also a contribution to the research. The Caribbean region is underrepresented in its investigation of the BRI in academic literature. As such, this report has successfully delineated from the conflation that usually happens with BRI research in Latin America. A clear distinction is made to clearly focus on the Caribbean region from a standalone assessment as noted in the literature review section.

Theoretical Implications

The findings from this study are consistent with the international business literature of economic endogenous growth theories (Solow 1956; Swan 1956; Frankel 1962; Romer 1986; Grossman and Helpman 1991; Aghion and Howitt 1992; Stokey 1995; Lucas 1988; Matuschewski et al., 2016), to name a few. This study adds nuances and confirmation from a fresh and regional perspective. Moreover, this modern investigation provides a preliminary context to classic economic growth theories, new growth theory, and the FDI-led growth hypothesis (Stimson et al., 2009; Diyamett et al., 2011; Elkomy et al., 2016) from a developing region. Furthermore, human capital accumulation, technological innovation, knowledge spillovers etc., on the effects of accelerating the economic growth of the Caribbean region are confirmed (Borensztein et al. 1998; Grossman and Helpman 1991; Edwards, 1993; Nelson and Phelps 1966; Ozturk, 2007; Silajdzic & Mehic, 2016). The research shows that endogenous development and local capacity building as discussed in the literature (Vazquez-Barquero, 2002; Haverkort, Millar, and Gonese 2003; Isaza et al., 2015)

are essential for regional economic development. Moreover, the findings inveterate that harnessing local resources for sustainable development; building local economic growth; entrepreneurship; and local potential are key developmental objectives for a developing region as noted in the literature (Hildebrand and Grindle 1994; Haverkort and Hiemstra 1999; Vazquez-Barquero, 2002; Gregory and Lee, 2002; Alaerts & Kaspersma 2009; Yamamoto, 2007; Vazquez-Barquero & Alfonso-Gil 2015). Also, Chinese FDI in the Caribbean are from a latecomer perspective and this is consistent with the knowledge of firm internationalisation (Rodriguez and Bustillo 2011, Ramasamy et al. 2012; Deng 2009; Rodriguez, and Bustillo 2011).

The FDI from China shows that the Caribbean needs to be cognizant about the behaviour of Chinese firms despite the newness of these Chinese enterprises. This research also confirms the theories of international business by an empirical validation process on how foreign direct investment impacts local communities in the Caribbean. The novel and creative comprehensiveness of exploring all the BRI countries from this viewpoint offers some insights, examining the topic from this angel. This report contributes to significantly closing the research gap and related research that currently exists as the Caribbean is an underrepresented region of studies in academic literature.

Practical and Policy Implications

1. Caribbean Businesses

Caribbean businesses need to be more steadfast in ensuring they take full advantage of China in the region. Firstly, the potential of the Chinese travel market has not been sufficiently explored to establish a sound tourism market share in the Caribbean as a desirable destination (Bernal, 2015). More needs to be done to satisfactorily promote tourism in China. An opportunity clearly exists for Caribbean tourism - dependent economies to target China's higher income bracket, those who may be seeking different experiences and opportunities to explore far-flung and exotic cultures" (Wenner & Clarke, 2016). The Dominican Republic is the main tourist destination in the Caribbean region with more than six million tourists arriving every year (Dussel, 2019). The number of Chinese tourists visiting the Caribbean islands are on the rise. In 2017, there was a 17% increase reflecting 40,000 more arrivals than the prior year. Caribbean businesses need to ensure that they benefit from visa waivers and newly built infrastructures such as upgrades to airports. At its closest, the region sits 50 miles from the U.S. mainland and can be a stop-over destination for those travelling to the United States. The unique resource endowments and tourism related services

and amenities available should lure Chinese tourists. Moreover, the Caribbean region has “extractive industries and strong advantages in tourism and other export-oriented businesses, its proximity to large American markets and the ability of the governments to attract market-seeking investment, particularly in banking, utilities and telecommunications” (Onafowora & Owoye, 2019).

Secondly, export-oriented business should take keen advantage of preferential trade arrangements between Caribbean states and China. Export-oriented manufacturing activities in the Caribbean are very limited due to high energy costs in all countries except Trinidad and Tobago and limitations in transport infrastructure (De Groot & Ludena, 2014). This is a unique opportunity to increase efforts to drive export activities and access the Chinese market. Furthermore, “China represents an attractive export destination (rising purchasing power, large market size), especially for commodity producers. The five commodity producers in the sub region - Cuba, Guyana, Suriname and Trinidad and Tobago have already benefited handsomely from the commodity super cycle that China fueled” (Wenner & Clarke, 2016).

Thirdly, business relationships should be cultivated on a grander scale and more needs to be done to ensure that participation takes place. These are business networks between Chinese contractors and larger Caribbean businesses and other stakeholders. Building relationships and networks are a great way to foster collaborations. It is important to note that the institutional vehicle for fostering business cooperation is the China–Caribbean Joint Business Council. It includes Antigua and Barbuda; the Bahamas; Barbados; Dominica; the Dominican Republic; Cuba; Grenada; Guyana; Haiti; Jamaica; Suriname; and Trinidad and Tobago. Moreover, China has promoted several forums with diverse regional focus such as the CELAC–China Summit, and the China/Caribbean Economic and Trade Cooperation Forum. In 2018, “the China-Caribbean Press Centre was established as an initiative by the Chinese Foreign Ministry to facilitate month-long travel and exchanges for Caribbean journalists to China” (MacDonald, 2019). There should be stronger cooperation with institutions such as these.

2. Chinese Contractors/Companies/Businesses

Chinese contractors and businesses operating in the region have an important role to play to bridge the gaps with local communities. Chinese companies can place a greater emphasis on supporting local industries and human resource potential at all levels of project management. A better prominence needs to be placed on an equal interest of Caribbean to Chinese labour and other supporting services. Despite the relative profit seeking nature of China in the Caribbean, there are some “raw materials that are of interest to China, in particular, fairly large reserves of bauxite, some natural gas and fish stocks” (Bernal, 2015). The Dominican Republic for example, “mainly exports mining products such as copper...which combined constitute up to 74% of its exports to China. Hence, it would be in China’s interest to play a role in creating a better image. Another unexploited Chinese opportunity may be in helping the Caribbean shift its energy matrix toward renewables. The existing foothold of Chinese construction firms in the Caribbean, mixed with China ’s dominant position as the one of the world’s lowest cost manufacturers of photovoltaic cells (solar cell), offers China another mutually beneficial opportunity to be exploited” (Wenner & Clarke, 2016). Overall, China has a role to play in ensuring better win/win outcomes.

3. Policymakers, Governments, Decision Makers, and Other Stakeholders

The findings from this research provides guidance to governments, key decision makers and policymakers such as politicians. As such, policymakers should recognize the importance of moving the society forward both economically, socially, and environmentally etc. It is important to develop initiatives where local perspectives are addressed in all levels of development. The interest of the Caribbean and its citizens should be the priority of Caribbean governments in its development agenda. Sustainable and inclusive economic growth should be maintained in structural and economic reforms at all levels of the society. Reforms needs to be made to boost job opportunities, international trade and commerce and domestic investments (Kalai et al., 2019). Citizens of the Caribbean need reassurances of trust and accountability when large scale projects are contracted. As such, “in small developing economies such as those of the Caribbean, the sizes of multinational corporations compared with local governments can quickly lead to feelings that the economy is inundated and overwhelmed” (Bernal, 2016).

The BRI projects and China’s presence in the Caribbean region are especially good in theory. However, more needs to be done when it comes to human capital accumulation and engaging local

potential on a grander scale. This process needs to be in better alignment with the development objectives of Caribbean governments. As a developing region, workable objectives and goals need to be established as FDI is taking place in the background. The United Nations 2030 Agenda for Sustainable Development are a key set of goals that may guide the development of economic and social standards in the Caribbean. The seventeen United Nations Sustainable Development Goals can serve as a good guide for establishing development objectives for Caribbean leaders. The Sustainable Development Goals (SDG's) are the blueprint to achieve a better and more sustainable future. The outcome is a win/win for both China and the Caribbean if the objectives are clear on the Caribbean's side. China is transforming the development landscape of the region. However, while there have been positive spillovers such as human capital accumulation, the region has not been transformed in a general sense.

“China’s emerging relations with the Caribbean can be a wakeup call to rethink models of development. I think there is potential in the region, often an unrealized potential. There are lots of knowledgeable and bright people in the Caribbean, and an excellent tradition of development thought that includes Nobel Prize winners like Arthur Lewis, and other inspirational thinkers that were too radical to be even considered for such kind of prizes. However, in the last decades of neoliberal hegemony regional governments have sidelined all this tradition and come to understand development and development policy in a rather narrow way, while the region continues to be marred by post-colonial inequalities” (Video-call Interview, June 24, 2021).

All Chinese projects taking place across communities across the Caribbean should be subjected to public debate. This will ensure transparency to the citizens. Overall, “China’s engagement in the region has also narrowed the scope of social participation. Infrastructural agreements are reached in government-to-government negotiations and bypass open tenders. This has consolidated a model of top-down elite-led governance that eschews transparency and participation in terms of decision-making and scrutiny (Raymond, 2014). The feedback on proposed projects happening across local communities or larger projects that have the potential for local spillover effects should happen before ‘ground is broken’. Townhalls are an excellent way for Caribbean leaders to engage with local communities. Furthermore, government-to-government negotiations on contracts should have an element of local input. These investment and infrastructure contracts and the terms should be open to public deliberation and open bids.

Governments should extend some of the same incentives or creation of a similar package of concessions afforded to the Chinese to local small businesses, entrepreneurs, and companies. This would be a step in the right direction to create a sound business environment and encourage healthy competition in the local communities. The region has a large infrastructure gap limiting trade

activities, openness, and prosperity. To this end, the BRI is a strategy to promote and sustain growth within the region. Furthermore, there should be greater emphasis placed on creating a culture of partnerships between China and locals. Opportunities where locals and Chinese can interact. Local content and partnerships should be facilitated by governments to ensure a fluid mix of culture and everyday living. Examples can be facilitating arrangements for local catering companies, housing for Chinese migrant workers etc.

Environmental sustainability needs to be a decisive agenda on the development policies of Caribbean nations when it comes to FDI. The pristine natural resources and environment of the Caribbean needs to be preserved. Environmental sustainability is becoming a major business performance dimension. It is shaping the competitive landscape for manufacturers hence the institutional capacity of the host country should ideally be strong in monitoring and enforcing compliance with assorted labor, environmental, and consumer safety standards vis - à - vis any foreign investor (Liu et al., 2020).

It has been argued that Chinese OFDI has “exported environmental problems and pollution to the host countries because of the lack of any firm guidelines governing environmental impact assessments” (Patrick and Zheng, 2012) (Liu et al., 2020). To this end, “some Chinese firms have been accused of being laxer in complying with environmental regulations and given that the majority of Chinese investments are in environmentally sensitive sectors such as energy, mining, and dam and road construction in developing countries, this may pose a reason for concern and make the case for extra efforts to improve enforcement capacity on the part of the host country” (Wenner & Clarke, 2016). Furthermore, China’s penetration into the Caribbean is driven by natural resource seeking. This orientation has led it into risky environments and willingness to operate in gray areas of the law and regulatory regimes” (MacDonald, 2019). Policies need to be implemented where investment projects are directly assessed for the impact on the environment. Environmental sustainability should be an objective of all infrastructure projects taking places across the region.

Caribbean governments need to be bolder in their negotiations of contracts. Strategic leadership is built on accountability especially to the citizens of the country. Chinese investments come with major obligations. For example, “in exchange for building a Jamaican highway, the China Harbor Engineering Company received a 50-year toll concession in addition to land grants alongside the

route” (Tannenbaum, 2018). An extensive assessment should be made to determine that Chinese projects would generate enough economic activities for long term debt repayment. China has reportedly dedicated “US\$7 billion in loans and investments in six Caribbean countries since 2005” (Elis, 2020). These are low-interest loans over fifteen years and have financed major infrastructure projects and other initiatives. As debt is one of the barriers to economic progress in Caribbean nations, leaders need to ensure that the benefit of any investment outweighs the cost to local communities, social and environmental interests.

Governments can also implement quotas in the ratio of the number of Chinese businesses to local businesses in Caribbean communities. This will encourage fair competition and a chance for success by all. A mutually win-win arrangement where locals are offered the possibility of contributing to the economic and social welfare of their families, communities, and country. Furthermore, Caribbean governments should take advantage of infrastructure development such as roads from Chinese projects. This is one-way policymakers in the region can develop their countries’ social facilities. As such, the policies of bank lending and investments being a ‘one-stop shop’ can help to streamline the financing of construction projects from inception to completion. This encourages recipient “Caribbean governments to agree to Chinese contracting services, labour and parts on multiple levels of an infrastructure project” (Narins, 2020). Lastly, every infrastructure project being completed in the Caribbean should have a clause in the investment contract. The clause should clearly outline an equal contribution from local employment and businesses from infrastructure projects. The interest of local communities and the regions broad economic development plans should be clearly outlined and evidenced in these contracts. These investment contracts should be able to delineate the multiplied effects of the project to the community in addressing social and economic challenges.

CHAPTER 7 LIMITATIONS OF RESEARCH

There are several limitations associated with this study. Firstly, this thesis reflects the views of the Caribbean perception. It does not consider the Chinese perspective and their side of the BRI relationship is omitted from this investigation. Secondly, the methodology used in this study is a purposeful sampling of a very limited number of public institutions. Hence, the research remains generalizable to other institutions irrespective of BRI country. This is because the study investigates the economic impacts of Chinese investments across the Caribbean. Thirdly, the perspective of small and medium-sized businesses is not reflected in the study. However, there were efforts in the recruitment of participants to interview small businesses at the community level. This was not possible as there were workable limitations such as time and scope preventing this process from happening. The study also does not consider the perspective of private institutions such as corporations and for-profit businesses.

This thesis used a triangulation methodology, and the drawbacks are noted. There is often a lack of a uniform methodology when applying triangulation. Researchers sometime have difficulty in explaining the process. Lastly, the scope and depth of the economic factors used to measure project evidence is only limited to a sample of Chinese projects. All infrastructure projects from all the BRI Caribbean countries were not evaluated. Therefore, the study is subjective in some regards. There was scarcely any project evidence found for non-English speaking countries in the Caribbean. These are the Dominican Republic, Cuba, and Suriname. These limitations could challenge the findings. Accordingly, future studies would address these limitations.

CHAPTER 8 RECOMMENDATIONS FOR FUTURE RESEARCH

This study is a steppingstone in the direction of examining how the BRI is uniquely contributing to sustained economic development in the Caribbean. Some extensions to this research can be considered for future research. Firstly, the triangulation method used in this investigation provides a good standard for future studies. Notwithstanding, a broader population could be recruited and enhanced by a refined and larger sampling design from all the BRI Caribbean countries. This includes non-English speaking countries on the list as well. Overall, the triangulation approach offers a great potential for investigating the local capacity building initiatives of China in the Caribbean. Moreover, the application of this methodology introduced in this study offers a clear guideline for future studies. Secondly, future studies can be centered around a deeper empirical analysis of the impacts at the community level. This can be done by employing different research and data collection methodologies. Hence, a case study method is imperative to understanding on an individual project's basis, the dynamics of the effects of the BRI in the region. These approaches will provide focused and nuanced country-by-country observations of the impacts of the BRI.

Thirdly, the implications of social capital within the Chinese communities in the Caribbean would be a rich area for future studies. How the transnational ethnic business networks are harnessed to contribute to a productive linkage of Chinese investments in the Caribbean. Future studies can investigate how Chinese social networks in places such as Jamaica (which has a strong business community of Jamaicans with Chinese descent and ties to Hong Kong) have contributed to the ease of doing business in the region. Chinese social capital in the Caribbean have benefitted from a comparative advantage that bridges the asymmetries and cultures to allow for a social and comfort level when doing business. Fourthly, the tourism-led growth hypothesis can be further scrutinized in relation to China's economic presence in the Caribbean. As the Caribbean is heavily resource endowed in tourism and especially too that visa waivers are continually being lifted as diplomatic ties and friendships are being created. Likewise, foreign policies and diplomatic agendas are being amended to allow for the ease of travel between China and Caribbean. This can be a unique angle to investigate for future research.

There is potential to study the Chinese perspective and China's engagement with the BRI in the Caribbean will benefit from future research immensely. It is essential to have the OFDI from China studied and how this is changing the Caribbean region. A further exploration of this idea would be

to compare the BRI and China's position in other regions such as Latin America and Africa. Lastly, following COVID-19, foreign direct investment could have declined as markets may have been impacted in China. In this regard, future studies can employ a quantitative methodology to assess the BRI in the Caribbean. This would translate into a deeper and different understanding of this topic. It would be ideal to evaluate if the elements of the BRI have changed and the impacts to infrastructure and other Chinese projects across the Caribbean. This would be a stimulating area for future studies. Ultimately, future research can focus on the limitations outlined in this thesis and bridging the gaps that have been left open by this research.

CHAPTER 9 CONCLUSION

This thesis investigated how China's Belt and Road Initiative is contributing to sustainable economic development in the Caribbean. There were four sub-questions which helped to examine the central research question. The first sub-question addressed China's motivation and strategies for FDI in the Caribbean. The second and third sub-questions focused on beneficial impacts of Chinese projects and challenges. Secondary and primary research were the data collection methods used respectively. The fourth sub-question addressed the policy and remedies needed to ensure a more favourable win/win outcome. This sub-question concentrated on how the Caribbean can address its gap in economic endogenous development objectives to ensure that local communities can benefit. Overall, this study was triangulated with secondary research, questionnaires, and interviews across several Caribbean countries. Results show that despite China's efforts to engage local communities, a significant gap exists between the goals of China's FDI in the region and the development goals of local communities. The BRI projects are good in of themselves. However, there is not enough being done to satisfy local objectives and development agendas. This perspective highlights the development gap the Caribbean faces in its overall objectives and the resultant implications for policy development. The study provides original context to the effects of Chinese projects on local communities and culture.

Illustration 4: Pictorial Representation of Chinese Projects in the Caribbean

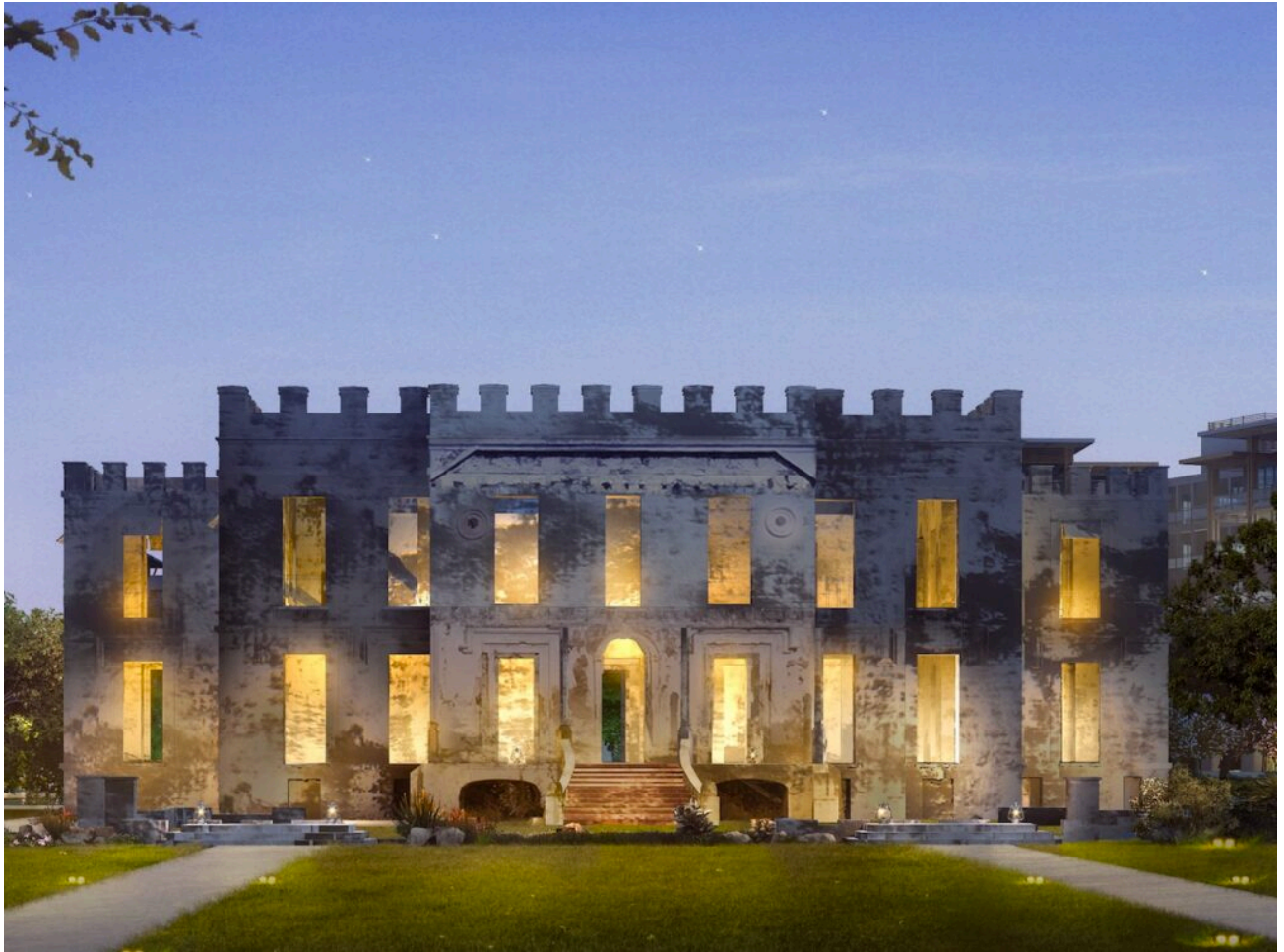
BARBADOS

Minister of Education, Technological and Vocational Training, Santia Bradshaw and Chinese Ambassador to Barbados, Yan Xiusheng, with the winners of the annual Chinese Government Scholarships.



Source: Rollock, M., & Gill, J.-A. (n.d.). Hope agricultural Training Institute. GIS. Retrieved from <https://gisbarbados.gov.bb/blog/tag/hope-agricultural-training-institute/>.

Sam Lord's Castle



Source: Guide, B. T. (2021, May 24). Sam Lord's Castle – the Man & the icon. Barbados.org Blog. Retrieved from <https://barbados.org/blog/sam-lords-castle-the-man-the-icon/>.

DOMINICA

Work being done by a Chinese migrant in Dominica



Source: User, S. (n.d.). The Chinese Agricultural Technical Mission Introduced Cantaloupe successfully on the Portsmouth Agricultural Station. The Chinese Agricultural Technical Mission Introduced Cantaloupe Successfully on the Portsmouth Agricultural Station. Retrieved from <http://divisionofagriculture.gov.dm/programmes/china-aid-agricultural-technical-cooperation-project/119-the-chinese-agricultural-technical-mission-introduced-cantaloupe-successfully-on-the-portsmouth-agricultural-station>.

The Chinese Agricultural Technical Mission introduced four varieties of cantaloupe successfully on the Agricultural station at Portsmouth.



Source: User, S. (n.d.). The Chinese Agricultural Technical Mission Introduced Cantaloupe successfully on the Portsmouth Agricultural Station. The Chinese Agricultural Technical Mission Introduced Cantaloupe Successfully on the Portsmouth Agricultural Station. Retrieved from <http://divisionofagriculture.gov.dm/programmes/china-aid-agricultural-technical-cooperation-project/119-the-chinese-agricultural-technical-mission-introduced-cantaloupe-successfully-on-the-portsmouth-agricultural-station>.

Chinese workers on one of the newly built Chinese bridges



Source: China delivers three bridges. The Sun. (n.d.). Retrieved from <http://sundominica.com/articles/china-delivers-three-bridges-5794/>.

GRENADA

Housing Project Ceremony in Grenada



Source: Aid low-income housing project phase ii st. patrick site completed. China. (n.d.).

Retrieved from http://gd.china-embassy.org/eng/zxhd_1/t1834378.htm.

Agricultural Equipment being handed over to Grenada



*Source: China donates 1.2 million EC dollar AGRICULTURAL Machineries to Grenada. (n.d).
Retrieved from
https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zwjg_665342/zwbd_665378/t1786433.shtml.*

Grenada represented at a trade fair in China.



A performer from Grenada shows a Chinese visitor how to play a musical instrument at the fair in Beijing on Tuesday.

WANG ZHUANGFEI / CHINA DAILY

Source: 李齐. (n.d.). Grenada tout's high-quality food, tourist attractions at event. Grenada tout's high-quality food, tourist attractions at event - Chinadaily.com.cn. Retrieved from https://www.chinadaily.com.cn/cndy/2018-05/30/content_36295732.htm.

Ribbon-cutting at Completion Ceremony for Low-Income Housing Project in St Mark – April 2021



Source: NOW Grenada. (2021, April 22). China praised for helping government deliver affordable housing. NOW Grenada. Retrieved from <https://www.nowgrenada.com/2021/04/china-praised-for-helping-government-deliver-affordable-housing/>.

GUYANA

Sita Nagamootoo (centre) cuts the ribbon to commission the US\$43M East Coast Demerara (ECD) Road Enhancement Project.



Source: Stabroek News. (2020, February 28). US\$43M east Coast DEMERARA road-widening project completed. Stabroek News. Retrieved from <https://www.stabroeknews.com/2020/02/28/news/guyana/us43m-east-coast-demerara-road-widening-project-completed/>

Works being carried out on the Golden Grove bridge on the East Coast of Demerara



Source: Reporter, S. (n.d.). East coast road-widening project nears completion. Guyana Chronicle. Retrieved from <https://guyanachronicle.com/2019/12/09/east-coast-road-widening-project-nears-completion/>.

A section of the new four lane East Coast Road



Source: Writer, S. (2019, January 23). East coast road widening Project 55 percent completed. Department of Public Information. Retrieved from <https://dpi.gov.gy/east-coast-road-widening-project-55-percent-completed/>.

A section of the new four lane East Coast Road



Source: Editor. (2020, February 27). US\$43M east coast highway project completed. Newsroom Guyana. Retrieved from <https://newsroom.gy/2020/02/27/us43m-east-coast-highway-project-completed/>.

The Cheddi Jagan International Airport



The Cheddi Jagan International Airport [Photo: CJIA/Facebook]

The Cheddi Jagan International Airport [Photo: CJIA/Facebook]

Source: Editor. (2020, August 20). Significant defects In Cjia expansion – public Works Minister. Newsroom Guyana. Retrieved from <https://newsroom.gy/2020/08/20/significant-defects-in-cjia-expansion-public-works-minister/>.

TRINIDAD AND TOBAGO

A Signing Ceremony was held on September 7th, 2018, to mark the official partnership between the Government of Trinidad and Tobago and China Harbour Engineering Company Limited (CHEC) to facilitate the La Brea dry docking Facility



Source: Signing ceremony: LaBrea dry Docking facility at Lake asphalt of T&T. Signing Ceremony: LaBrea Dry Docking Facility at Lake Asphalt of T&T. | Trinidad and Tobago Government News. (n.d.). Retrieved from <http://www.news.gov.tt/content/signing-ceremony-labrea-dry-docking-facility-lake-asphalt-tt#.YLEqQ5NKiqQ>.

APPENDIX B: BRI Countries of the Caribbean

BRI countries in the Caribbean (2019)

#	Countries	Population (thousands)	GDP (USD, billions)	Year joined the BRI
1	Antigua & Barbuda	101	1.17	2018
2	Barbados	278	5.2	2019
3	Cuba	11,200	97	2019
4	Dominica	73	0.48	2018
5	Dominican Republic	10,700	86.6	2019
6	Grenada	107	1.8	2018
7	Guyana	783	3.6	2018
8	Jamaica	2,890	15	2019
9	Suriname	558	4.1	2018
10	The Bahamas			
11	Trinidad & Tobago	1,390	22	2017
-	Total	28,071,000	4412	-

Source: Authors own compilation.

APPENDIX C: Criteria for Economic Growth from the Literature

ECONOMIC GROWTH FACTORS	EXAMPLES OF INDICATOR	SOURCE
Technology Diffusion and Innovation	<ul style="list-style-type: none"> -Level of Technology -Technological and Technology Knowledge Transfer -Technical Progress and Growth -Technology Spillovers to Locals -Changes in Technology -Innovation Capabilities -Technology Upgrading -Technology Implementation 	<ul style="list-style-type: none"> (Mankiw et al., 1992) (Soejoto et al., 2017) (Bermejo Carbonell & Werner, 2018) (Bassanini & Scarpetta, 2001) (Darku & Yeboah, 2018) (Busse et al., 2016) (Sarker & Khan, 2020) (Seyoum et al., 2015) (Zahonogo, 2017)
Human Capital Accumulation	<ul style="list-style-type: none"> -Skilled Labour -Labour Force Growth -Creation of new jobs -Skills -Labour Mobility -Number of Employees -Availability of Human Resources -Educated work force -Social Returns (learn by doing) -Spillovers -Generate Employment -Inexpensive labour force 	<ul style="list-style-type: none"> (Mankiw et al., 1992) (Elkomy et al., 2016) (Kalai et al., (2019) (Soejoto et al., 2017) Bermejo Carbonell & Werner, 2018) (Bassanini & Scarpetta, 2001) (Darku & Yeboah, 2018) (Mankiw et al., 1992) (Taylor, 2020) (Sarker & Khan, 2020) (Seyoum et al., 2015) (Doku et al., 2017) (Zahonogo, 2017)

	<ul style="list-style-type: none"> -Labour Participation Rate -Resource Allocation -Labour Regulations 	
Trade Openness	<ul style="list-style-type: none"> -International Integration -Terms/Structure of Trade -Trade Agreements -International Trade -Openness Regulations -Quality of Regulations -Capital Stock -Fiscal Policies -Financial Systems -Market Development -Economic Openness -Exports -Access to New Export Markets -Dynamic Trade Creation -Freedom to Trade Internationally -Barriers to Trade -Market Networks -Trade Policy Adoption -Trade Liberalization -Investment Climate -Investment Rate -Customs and Trade Regulations 	<p>(Elkomy et al., 2016)</p> <p>(Kalai et al., (2019)</p> <p>(Ngundu & Ngepah 2020)</p> <p>(Bassanini & Scarpetta, 2001)</p> <p>(Darku & Yeboah, 2018)</p> <p>(Harms & Méon, 2018)</p> <p>(Sarker & Khan, 2020)</p> <p>(Zahonogo, 2017)</p>

Knowledge Spillovers	<ul style="list-style-type: none"> -Transfer of Managerial Expertise -Learning and Innovation Capabilities -Knowledge Transmission -Knowledge Capacity -Organization and Managerial skills -Managerial Spillovers 	<p>(Harms & Méon, 2018)</p> <p>(Silajdzic & Mehic, 2016)</p> <p>(Sarker & Khan, 2020)</p> <p>(Zahonogo, 2017)</p>
Natural Resource Rents	<ul style="list-style-type: none"> Environmental Protection -Access to Raw Materials -Large natural resource endowments -Resource Exports -Access to Land -Size of Natural Resource Sector 	<p>(Soejoto et al., 2017)</p> <p>(Harms & Méon, 2018)</p> <p>(Busse et al., 2016)</p> <p>(Hayat, 2014)</p>
Stock of Research and Development	<ul style="list-style-type: none"> -R & D Innovation -R & D Expenditure 	<p>(Bassanini & Scarpetta, 2001)</p>
Infrastructure Development	<ul style="list-style-type: none"> -Internet Access, Telephone lines, Cellular Service -Infrastructure Reform -Economic Cooperation Projects -Transportation -Access to Development Aid 	<p>(Busse et al., 2016)</p>

Tourism	-Modern Infrastructure	(Cannonier & Burke, 2019) (Seyoum et al., 2015)
Education	-Secondary schooling -Educational Attainments -Quality of Educational Institutions -Educated workforce	(Harms & Méon, 2018) (Seyoum et al., 2015)

APPENDIX D: Questionnaire Introductory Letter



TITLE OF THE STUDY: Chinese Investments in the Caribbean

Dear Participant,

My name is Shivanie Mangal. I am a graduate student at Ryerson University in Toronto, Canada in the Global Management Studies department at the Ted Rogers School of Management. This questionnaire is being done as part of my master's thesis project and my supervisor's name is Dr. Howard Lin.

The focus of the research is to explore the nature of Chinese investments in the Caribbean and how this has impacted local businesses, people, and the economic landscape. Your participation is voluntary, and you can choose to leave at any time with no penalty. Participant will not be paid to participate in this study. There is no risk involved. There are no direct benefits to you, but your participation will help to contribute to the thesis report.

No identifying information will be gathered or kept on record for any participants. The ethical duty of confidentiality includes obligations to protect information from unauthorized access, use, disclosure, modification, loss or theft. Fulfilling the ethical duty of confidentiality is essential to the trust relationship between researcher and participant, and to the integrity of the research project. All the data is collected anonymously and analyzed with strict confidentiality.

Participants will be asked to complete a questionnaire. This will take about 5-8 minutes to complete. You only need to complete the questionnaire once. The questionnaire will consist of open-ended questions seeking your opinion on questions and yes/no questions. Questions marked

with an asterisk (*) are mandatory. Demographic data such as your age and gender will be collected. Research findings will be available to participants by seeking a copy via email of the final thesis report to be produced from this study.

This research has been reviewed and approved by the Ryerson University Research Ethics Board. The Ryerson Ethics Board reference ID (2020-347). If you have any questions or concerns about the research, please feel free to contact me at shivanie.mangal@ryerson.ca. This thesis research is being supervised by: Dr. Howard Lin. He can be contacted at hlin@ryerson.ca. Thank you.

Sincerely,
Shivanie Mangal

APPENDIX E: Sample Recruitment Email



Good morning,

My name is Shivanie Mangal. I am a graduate student at Ryerson University in Toronto, Canada in the Global Management Studies department at the Ted Rogers School of Management. I would be so grateful if you can assist me with the following research.

TITLE OF THE STUDY: Chinese Investments in the Caribbean

I am contacting you with regards to my thesis research aiming to explore the nature of Chinese investments in the Caribbean and how this has impacted local business, people, and the economic landscape. My supervisor's name is Dr. Howard Lin.

I am seeking statements, opinions, comments etc. on Chinese investments in your community. In this regard, can you kindly comment on the following in any capacity. Please note this is just a **guide** and can include any other information deemed relevant about Chinese investments, businesses, and infrastructure projects.

- The nature and scope of Chinese investments, businesses, and infrastructure projects
- How Chinese investments have benefitted the local communities?
- Partnerships and opportunities with China. Examples of projects collaborated on etc.
- The performance of Chinese investments and businesses in the region/country?
- How Chinese investments have provided opportunities for locals?

- How Chinese businesses have collaborated with local businesses?
- Local perception of Chinese projects and businesses.
- Any other information you deem appropriate in the context of this research title.

Research findings will be available to participants by seeking a copy via email of the final thesis report to be produced from this study. Your participation is voluntary. Participants will not be paid to participate in this study. There is no risk involved. There are no direct benefits to you, but your participation will help to contribute to the thesis report. No identifying information will be gathered or kept on record for any participants. The ethical duty of confidentiality includes obligations to protect information from unauthorized access, use, disclosure, modification, loss, or theft. All the data collected is analyzed with strict confidentiality.

The research has been reviewed and approved by the Ryerson University Research Ethics Board. The Ryerson Ethics Board reference ID (2020-347). If you have any questions or concerns about the research, please feel free to contact me at shivanie.mangal@ryerson.ca. This thesis research is being supervised by: Dr. Howard Lin. He can be contacted at hlin@ryerson.ca.

Thank you.

Shivanie Mangal

MScM Global Management Studies Candidate

Ryerson University

Email: shivanie.mangal@ryerson.ca

APPENDIX F: Video Interview Guide

QUESTIONS

1. What does your organization do?
2. In what capacity do you interact with China?
3. What is the size and scale of Chinese investments?
4. The nature and scope of Chinese investments, businesses, and infrastructure projects?
5. How have Chinese investments benefitted the local communities?
6. What do you think China is getting out of the BRI?
7. What are some of the unique challenges of Chinese FDI in the Caribbean?
8. Do you speak mandarin or chinese?
9. Do you know if CARICOM releases any reports on Chinese investments?
10. Do you have any contacts I can interview?

APPENDIX G: Institutions Recruited for Interview

RECRUITMENT LIST

128 TOTAL CONTACTS

#	Country	Type
<u>Interviews</u>		
1	Jamaica	Institution
2	Grenada	Institution
5	Barbados	Institution
3	Barbados	Project
4	Professor	Academic
<u>Responded via Email</u>		
1	Trinidad & Tobago	Institution
2	Trinidad & Tobago	Institution
3	Dominican Republic	Institution
4	Trinidad & Tobago	Project
5	The Bahamas	Embassy
<u>Snowball Contacts</u>		
1	Barbados	Institution
2	Barbados	Institution
3	Barbados	Institution
4	Barbados	Institution
5	Barbados	Institution
6	Barbados	Institution
<u>Chinese businesses in the Caribbean</u>		
1	Jamaica	China
2	Guyana	China
3	Grenada	China
4	Suriname	China

5	Antigua & Barbuda	China
6	Trinidad & Tobago	China
7	Trinidad & Tobago	China

Institutions

1	Jamaica	Institution
2	Jamaica	Institution
3	Jamaica	Institution
4	Jamaica	Institution
5	The Bahamas	Institution
6	The Bahamas	Institution
7	The Bahamas	Institution
8	The Bahamas	Institution
9	The Bahamas	Institution
10	The Bahamas	Institution
11	The Bahamas	Institution
12	The Bahamas	Institution
13	Bahamas	Institution
14	Barbados	Institution
15	Barbados	Institution
16	Barbados	Institution
17	Barbados	Institution
18	Barbados	Institution
19	Guyana	Institution
20	Guyana	Institution
21	Guyana	Institution
22	Guyana	Institution
23	Guyana	Institution
24	Guyana	Institution
25	Guyana	Institution
26	Guyana	Institution
27	Guyana	Institution

28	Guyana	Institution
29	Guyana	Institution
30	Trinidad & Tobago	Institution
31	Trinidad & Tobago	Institution
32	Trinidad & Tobago	Institution
33	Trinidad & Tobago	Institution
34	Trinidad & Tobago	Institution
35	Trinidad & Tobago	Institution
36	Trinidad & Tobago	Institution
37	Trinidad & Tobago	Institution
38	Trinidad & Tobago	Institution
39	Trinidad & Tobago	Institution
40	Trinidad & Tobago	Institution
41	Trinidad & Tobago	Institution
42	Trinidad & Tobago	Institution
43	Dominica	Institution
44	Dominica	Institution
45	Dominica	Institution
46	Dominica	Institution
47	Dominica	Institution
48	Dominica	Institution
49	Grenada	Institution
50	Grenada	Institution
51	Grenada	Institution
52	Grenada	Institution
53	Grenada	Institution
54	Antigua & Barbuda	Institution
55	Antigua & Barbuda	Institution
56	Antigua & Barbuda	Institution
57	Antigua & Barbuda	Institution
58	Dominica Republic	Institution
59	Suriname	Institution

Embassies

1	Jamaica	Embassy
2	Grenada	Embassy
3	Dominican Republic	Embassy
4	Barbados	Embassy
5	Guyana	Embassy
6	Trinidad & Tobago	Embassy
7	Antigua & Barbuda	Embassy
8	Cuba	Embassy
9	Suriname	Embassy
10	Dominica	Embassy

Local Businesses

1	Guyana	Business
2	Guyana	Business
3	Guyana	Business
4	Guyana	Business
5	Guyana	Business
6	Guyana	Business

Projects

1	Trinidad & Tobago	Project
2	Jamaica	Project
3	Grenada	Project
4	Barbados	Project
5	Antigua & Barbuda	Project
6	Guyana	Project

Academic

1	Associate Professor	Academic
2	Professor	Academic
3	Chief Economist, Scholar	Academic

4	Lecturer	Academic
5	University of the West Indies Professor	Academic
6	Research Assistant (SRC).	Academic
7	Deputy Director, (SRC).	Academic

Individuals

1	Jamaica	Individual
2	Trinidad & Tobago	Individual
3	Jamaica	Individual
4	Dominican Republic	Individual
5	Guyana	Individual
6	Guyana	Individual

Institutions and Businesses from 2020

1	Jamaica	Institution
2	Jamaica	Institution
3	Jamaica	Institution
4	Guyana	Institution
5	Trinidad & Tobago	Institution
6	Jamaica	Business
7	Jamaica	Business
8	Jamaica	Business
9	Jamaica	Business
10	Jamaica	Business
11	Jamaica	Business
12	Jamaica	Business

APPENDIX H: Interview Script

INTERVIEW 1: ACADEMIC EXPERT

Conducted by: Shivanie Mangal

Date: June 24, 2021

Interviewee: **Academic Expert**

Duration: 1 hour 10 minutes

Platform: Zoom

QUESTIONS

1. How did you get into this research?

...I have focused on China and Latin America – Ecuador and Peru. I have been doing research since 2016. It is difficult to get data from Cuba and Dominican Republic, so I decided to focus on CARICOM. I work in Hong Kong and the Netherlands. I teach mostly courses which are generic such as public policy in the Netherlands.

2. How Chinese investments have benefitted the local communities?

Loan negotiations take place behind closed doors between the two governments and the companies involved, with no broader public deliberation. There are also no open bids, as it is always agreed that a Chinese company will carry out the project. Chinese companies get incentives such as tax breaks to carry out these projects. Chinese investments are focused on a variety of sectors, including natural resources, infrastructure, and tourism, but the BRI itself is focused on infrastructure. The loans are provided by a Chinese state-owned policy bank, which finances a Chinese company directly to complete the project.

It is important to note that the BRI is taking place at a very specific moment in China's own developmental history, with huge overcapacity and low profit rates in its domestic infrastructural sector. The BRI is overall a somewhat decentralized campaign to find and create markets for Chinese construction companies around the world to address questions of domestic

overaccumulation. China's approach is different... Whereas the IMF and some Western countries have traditionally imposed macroeconomic conditionalities to build 'good business environments' for foreign investors in the Caribbean, the conditionalities of Chinese loans are project-specific rather than country-wide. This includes for example the possibility to use (cheaper) Chinese labour alongside local labour (with the ratio established in govt-to-govt negotiations). However, these project-based conditionalities can have a spillover effect on the private sector. For example, some Chinese companies that benefitted from access to tax-free equipment have transited towards the private sector, outside govt-to-govt contracts, and can be seen as a source of unfair competition for local business.

I have seen both the positive and negative side:

For many highly indebted countries in the Caribbean, being able to pay back loans with assets can be an interesting arrangement that allows for new public works. There are some imaginative arrangements, e.g., in Jamaica, the govt. arranged to pay back a 457-million-USD loan by the China Development Bank with the leasing of lands in the North and South of the Island. Chinese companies are not necessarily more efficient, and much of their competitiveness has to do with the fact that they compete on a non-level playing field. I spoke with businesses in Jamaica, and they claimed that it is not fair competition, since government-to-government arrangements determine that Chinese companies are exempt from paying some taxes and are allowed to employ Chinese labour with lower salaries. These government-to-government negotiations tend to be opaque, and there is no public deliberation. There are no open bids. What are the impacts to the people? This depends on the terms of each project, so it is difficult to reach a generalized conclusion.

How to assess whether a project has a beneficial impact? At its most basic, it comes down to the price. What's the price paid? Is it a bargain or are the costs too high? How are decisions being made? We can start thinking of this in pure commercial terms, considering whether a project is going to pay back itself once it starts generating benefits. But we also need to think beyond and consider what are the social or environmental impacts and costs. Sometimes these calculations have been rather short-term, focused on generating jobs with a construction project in a place like Jamaica where there is high unemployment. But if the prize for this job creation is an unsurmountable long-term debt, this is a problem.

You need to measure what you are getting out of your debt. Do these projects benefit economically: is the project an economic multiplier? Does it generate enough economic activity to pay off the loan? It is difficult to measure this, and a first step would be to open up the debate, to make the negotiation of contracts with China and the terms of those contracts open to public deliberation.

I tend to place my focus on the impacts that any economic activity has on the working class and disadvantaged populations. Who wins and who loses? From this perspective, Chinese companies are just like any other and they put profit first. An interesting example took place in Trinidad, when a Chinese company (China Gezhouba Group International Engineering Co Ltd) was involved in a project with the government to provide affordable public housing for locals, something initially hailed as a win-win and benevolent deal. However, Trinidad's civil society, and people like Afra Raymond soon noted that the new homes would be hardly affordable for locals, and that Trinidad and Tobago's government was giving full financial guarantees as part of the agreement so that the Chinese company faced no potential market risk. The government eventually scrapped the contract to re-tender it, but as soon as the highly beneficial terms for the company were removed, Gezhouba walked out. This should not be surprising, but it exemplifies how beyond any rhetoric, Chinese companies are in the region to make money.

3. What do you think China is getting out of the BRI?

The Caribbean is the last frontier for China in its diplomatic struggle with Taipei. Part of what China is doing in the Caribbean has to do with this diplomatic struggle for recognition. Gaining diplomatic support from Caribbean countries can also be interesting in places like the UN General Assembly, where the vote of smaller countries has the same weight as that of larger ones, while it may be easier to gain their favour. In a way, it could be easier and cheaper to persuade countries in the Caribbean, you could get more 'value for money' when it comes to UN votes. Chinese loans are usually on commercial rates, and donations are less significant, except for large gifts when a country switches diplomatic recognition from Taipei to Beijing.

The smaller donations do not necessarily seek to achieve concrete geopolitical goals. They are part of a broader campaign to build good relations to improve the image of China in countries where there are important Chinese business interests. This is not unique to China. For example, there is

research that explains how Canada's aid in Latin American has focused on countries and even on specific towns where large Canadian mining firms operate.

4. What about concerns around a geopolitical move against the US?

When observing the nature of Chinese projects in the Caribbean, the goals seem to be eminently commercial, and a potential geopolitical struggle with the US is not a main concern. Yes, maybe there are some geopolitical calculations behind closed doors, but we could only speculate about it. If you look at the projects one by one, they have clear commercial goals, and the profit motive dominates. In fact, when it comes to issues of soft power and the overall image of China, the presence of some Chinese businesses in the Caribbean can be counterproductive if they generate substantive public backlash.

5. In your article, you also said that the BRI is unlikely to offer a blueprint that could lift the Caribbean from a development impasse. It is an opportunity to revive the regions tradition of emancipatory thought and action. Embracing a diversity of local voices and epistemic decolonization. Can you comment?

China has transformed the developmental landscape in the region. However, many of the underlying social dynamics remain the same. For most locals, particularly non-elite populations, their lives are similar to the ones they led before the development of all these Chinese projects. Some of them have benefitted from jobs, others have been less positively affected by the 'externalities' of some of the new infrastructures. But all this is not transformative in a broad range perspective on social change in the Caribbean. I think there is potential in the region, often an unrealized potential.

There are lots of knowledgeable and bright people in the Caribbean, and an excellent tradition of development thought that includes Nobel Prize winners like Arthur Lewis, and other inspirational thinkers that were too radical to be even considered for such kind of prizes. However, in the last decades of neoliberal hegemony regional governments have sidelined all this tradition and come to understand development and development policy in a rather narrow way, while the region continues to be marred by post-colonial inequalities. China's emerging relation with the Caribbean can be a wakeup call to rethink models of development.

6. What are some of the unique challenges of Chinese FDI in the Caribbean?

There are two unique challenges of Chinese FDI in the Caribbean. 1) Transparency: local governments reach deals with the Chinese government and Chinese banks that are not transparent to the people of the local country. How can we know whether people are getting a good deal? 2) Lack of Local Participation: There are no conversations with local communities to ask what the needs of people are. How can the projects suit their needs? In a way, these two challenges make the project deals 'undemocratic', as they are not subject to public deliberation despite involving long-term debt repayment commitments. They can also be to a certain extent less efficient in delivering tangible developmental goals. These are possibly two of the most specific challenges to Chinese government-to-government deals in the Caribbean.

There are other challenges as well, but these are more common across the board. For example, mining companies will pollute regardless of their nationality, and there are a series of social and environmental impacts associated to the activities of any businesses. The Chinese are similar to any other transnational corporation in this way. After all, these are profit-driven corporations operating within a capitalist context. Chinese companies care about the profitability of their projects just like any Spanish, Canadian or American company does.

7. Broadly, how do you see the Chinese investments in Africa and Latin America different or similar from the Caribbean?

Africa is most researched in terms of the developing world. The dynamics are similar in the case of overaccumulation, and infrastructure-projects focused. There are many dimensions.

8. In your article, you said that the BRI is a capitalist strategy to export overcapacity of the construction industry.

Other people have written similar things. More personally, I lived and studies in China, but I like to think of society from a non-elite's perspective. I care about the people in China and the Caribbean.

9. Do you speak mandarin or chinese?

I speak a little Mandarin. I studied in Beijing.

INTERVIEW 2: BARBADOS

Conducted by: Shivanie Mangal

Date: June 18, 2021

Interviewee: Co-Director

Duration: 1 hour

Platform: WhatsApp Video Call

QUESTIONS

1. What does your organization do?

It is important for the caribbean develop its own perspective on the BRI, what it's all about and not the what the US, Canada and China is saying about this it.

I see evidence of the BRI every afternoon from my house. I see a Belt and Road pass over my house. It is airborne evidence of the BRI with planes coming from UK, US, and Canada. No plane passing over to go Africa or China.

We teach Chinese language and culture. We have a side role as an entity of the University of the West Indies (UWI). We have not done research, but it is in our mandate. We help our colleagues in the Sir Arthur Lewis Institute of Science and Economic Studies. The head has gone to China to train. We to help make connections for department and faculty on campus. We have a language teaching institute in a joint agreement with the Chinese University: China University of Political Science. We make connections between two these two universities.

The types of programs we do are evening classes, and they are optional. Students get a certificate of completion. We invented a co-curriculum in 2019 for course for credit. It is called 'Introduction to Chinese Culture' and teaches the main aspects of Chinese culture. There were about 9 students, but COVID-19 has impacted this. On campus, there is a minor in Chinese language that is offered. It is not taught by us. It preceded us with an agreement between Ministry of Education and China. It is taught by a Chinese teacher. The number of students at the Institute are fairly small and Covid

has made it take a hit. It is a voluntary course so its small. Our classroom can hold 25 students. Up until 2019, we had about 15-20 students. Now it's more like 8-9 students.

We also deal with students' partnership arrangement in China called: China Institute of Information Technology. Jamaica, TT and Barbados have students in this partnership. It offers students a four-year program in software engineering in mobile apps. The last year is in Chinese teaching; and students go off to China for two years and they study there. It's a 2x2 program, two years in Barbados and two years in China. These students get a year of Chinese language and culture. We don't track them so many students find jobs there and internships. It has a built in in internship program.

Organization Structure:

The Confucius Institute is headed two codirectors- one is local, and one is from China. But right now, it's mostly locals. There are Native mandarin speakers as teachers and locals who have been trained to teach mandarin. We also have volunteer students from china to teach mandarin. These are Chinese students who are taking a gap year. We have had 5 of them.

We also have three students who have trained and studied in China and are now teaching at the Institute. Three native English teachers who are trained in mandarin to help us. They are past students. They are paid a stipend.

There is also our National Library Service partnership where we have developed an online mandarin course. Its open to anyone. It takes mandarin at a national level. Its free to take. The institute operates on access to everyone. We want to be aligned with the national policies by the prime minister: bilingualism in Mandarin. We operate on a mandate of Access, Alignment and Agility.

We talk with and cooperate with the Confucius Institute in Antigua and Barbuda. We cooperate the most than the rest of the countries. We have done joint training programs with teacher training. We work a lot with them as we are the first HSK accredited center in the eastern Caribbean.

2. In what capacity do you interact with China?

Our role in the Confucius Institute is to develop a generation of Bajan and Caribbean people on how things are done in China and to learn to speak mandarin. Our student's generation are going from ground zero since 2015. The Institute was established in 2015. We create and support a generation of Bhajans. Largest students are Bajan at the Institute who are prepared to do business.

We teach language and culture. We also deal with scholarship recipients going to China to study. We are creating an opportunity for China and giving our students a head start at the institute. We should have scholarship and language programs for India and Japan as well.

3. What is the size and scale of the investments?

The investments here are relatively small. They consist of small restaurants and small retail businesses. Guyana has larger Chinese restaurants.

There is a smattering of Chinese who would have come in the 60s and 70s. There is a newer group who have come in. Ms. Lee will talk to me about this. Most of the Chinese here are older and are Cantonese as opposed to Beijing.

We reflect Chinese activities. We are involved in Chinese New Year and the Fish and Dragon festival. We supported it and it has partners with the local Chinese Association, Barbados Returned China Scholars Association, the Association of Barbados China friendship (they also have a magazine). The Fish and Dragon festival brings our culture together. We have street fair and its Chinese performing as well as locals performing. Chinese companies will exhibit.

We have made some progress on teaching Thai Chi classes. We were working on a series of Thai chi videos. It's taught by a local who is trained in China. We are trying to develop a pool of locals who can do the teaching, who know their way around Thai Chi. We want to do it on our own.

4. How Chinese investments have benefitted the local communities?

The Chinese scholarships are free. The government of China gives scholarships to students every year. Between 10-12 students' study in China and are mostly for undergraduate and some masters level degrees. Masters level studies in China are taught in English and are between 1-1/2 years in

length. For the four years undergraduate programs, the first year is an intensive Chinese language course. It is the Hanyu Shuiping Kaoshi (HSK) – the Chinese language proficiency test.

Students are supposed to know how to write Chinese characters. The notice of scholarship winners comes from the Embassy of China and the Ministry of Education. Students apply and get approved to China. Students pay airfare, I believe but accommodations and meals are paid for by China. Some students stay on in China afterwards. Some scholarships come with internships, but our students look for internships on home, some teach English on the side. We give them a three-week orientation intensive crash course on Mandarin and expose them to past students who have studied in China. The Confucius Institute does it as a service to the Government of Barbados. It's on a voluntary basis to support students on Chinese scholarships.

Our new ambassador to China is a former scholarship winner. He went to one of the top universities in China. Other students got jobs and internships in China after their studies, and some got married in China. I will say this with a grand title, but I think we have a grand title – the Caribbean is colonized. We have to structurally build connections to China unlike Guyana for example that has old migrant Chinese as part of the indentured program in the 18th century.

I know of at least three instances where the students have not returned to Barbados or have returned and went back to China. I cannot think of any student who has come back to Barbados and has established a business that involves commercial activity with China. We here have a long way to go. The ones that have gotten scholarships have gotten jobs in China. I know of one person that worked in China, another in a Chinese marketing company and a third is married in China and coaches Sports there.

Some scholarship winners have become gainfully employed in activities in Barbados whether in full time or part time. Some in language translations, some are doing Thai Chi and transitional Chinese medicine, but majority are in teaching.

There is a whole Belt and Road Symposium with many countries across the world. It is with other people who are interested in BRI research in the Caribbean.

INTERVIEW 3: GRENADA

Conducted by: Shivanie Mangal

Date: June 16, 2021

Interviewee: **CEO, Grenada**

Duration: 1 hour

Platform: Microsoft Teams

QUESTIONS

1. What does your organization do?

It is an economic development agency operating since X and reports to the X. It has an investment promotion unit to facilitate local and foreign investments, tourism, health, and wellness, Agri business, energy etc. There are niches in these sectors such as hotels., marinas, value added services, agricultural practices etc. We oversee investments agreements and the incentive process. We focus on private sector investments...We also have a business development unit that offers SME's support.

It is important to note that most of our investments in Grenada comes from FDI from the UK, some from the US, Dubai and a little from Canada. We also have a Citizen by Investment (CBI) program.

2. In what capacity do you interact with Chinese businesses?

In the north of the island is government land and a new set of Chinese investors are on site. They are doing land clearance for a hotel development, golf course and a social sciences university. They are doing feasibility studies.

We encourage local investments and the agreement for this proposed site has come through us. It is a CBI project, and the Chinese owns it.

The incentives that the Chinese developer have received included: discount at the border for building materials such as customs service charge at 6%, external tariffs, environmental levies, Value Added Tax (VAT), articles of hotel equipment, networking equipment, support on property taxes, property transfer taxes, withholding tax exemption, concessions on vehicles. Some minor reductions were made for this project for customs service charge.

They also got tax credits for training local staff. And another tax credit if they are purchasing local fruits and vegetables, fish, meat, spices, provisions etc. We want to encourage them to support us to buy things locally.

3. What is the size and scale of the investments?

Most land in Grenade are owned by private individuals. Land is not owned by government. The govt. has two large pieces of land in the north and south of the country. In the South, there is a Dove sanctuary on site with about 100 acres. The remaining land is for potential hotel development.

The airport project has not started.

4. The nature and scope of Chinese investments, businesses, and infrastructure projects?

The major Chinese investments such as the airport and stadium are like government capital projects. They did not come through us. However, there was a small hotel built on the island a few years ago. The construction company came through this agency with incentives.

In the past interest from China have been in investment missions and small manufacturing companies such as a window manufactures and small restaurants. Most chinese projects are in the construction sector and are private projects such as the small hotel they built.

5. How Chinese investments have benefitted the local communities?

For the current development project, we have written specifics into the agreement. We have decided that they must have local or regional workers and they must provide evidence that they advertise for local workers in Grenada. If they cannot find workers in Grenada, the Chinese must

advertise regionally in the CARICOM states and then if they cannot find these workers, then we grant them work permits for Chinese nationals to come after we are satisfied.

The Chinese have some locals on the proposed site doing testing of soil etc.

A few years ago, Sandals Resort expanded from Jamaica I looked at the expansion in Grenada and could clearly see from the report: the cost of laundry, impact on beers bought for workers, workmanship, local construction, petrol consumption. Sandals were able to show the multiplied impact. To be honest, I have not seen that with the Chinese.

Normally when they come in to do projects, they have their own workers, and it becomes a Chinese village culture and no spin off effects on the community. They have their own village, and they grow their own food etc. in these closed off areas. The Chinese become and are self-sufficient, they build rooming on sites to house the workers. They would grow around the construction sites, and I have seen it in Grenada, Barbados and Trinidad & Tobago and they are proximity to the work sites. The high-ranking officials stay in hotels initially.

Locals must get jobs from these new projects; we want to feel the investment in jobs and employment, and we want to see the multiplied effect in other areas.

Some chinese families come to stay for those high-ranking individuals. Grenada has 110K people, some Indians and Blacks, some Australian whites, no native Chinese on the island. There are medical students from china on campus and migrants for construction projects. There is one project manager that stayed after the Stadium project that I know of. She married a Grenadian.

6. Were there any policies that were changed to accommodate Chinese investments?

There are general incentives for any interested investors. The FDI incentive regime changed in May 2016. It accommodates customs, credits, income tax exemptions. These are based on qualification criteria and performance based.

7. Do you know if CARICOM releases any reports on Chinese investments?

I am not sure. I know there are lots of information from Jamaican, Barbados, and Suriname due to the scale of infrastructure projects.

INTERVIEW 4: JAMAICA

Conducted by: Shivanie Mangal

Date: November 08, 2020

Interviewee: **Manager, Jamaica**

Duration: 33 minutes

Platform: WhatsApp call

OFFICAL COMMENTS BY INSTITUTION X: EMAIL

Jamaica has proven to be a profitable destination for Chinese companies particularly in the infrastructure and mining sector. The Jamaican government welcomes more investments from China, and we have been particularly pleased at the growing interest from Chinese companies in the limestone mining and renewable energy. Across successive governments, Jamaica has had an excellent relationship with China and their companies have made long-term investments in our island while also being good corporate citizens. Institution X has maintained constant dialogue with Chinese investors and through the Jamaican embassy in Beijing, we continue to highlight Jamaica as a proven destination for profitable investments in various sectors.”

BACKGROUND & OFFICAL COMMENTS

Jamaica is one of the 19 countries in Latin America that have signed cooperation agreements with China to jointly build the Belt and Road Initiative, and promote the optimization, upgrading, innovation and development of China-Latin America cooperation.

In 2018, Jamaica exported **USD \$17.6 million to China**. During the same period China exported Jamaica imported USD \$ 507 million in products and materials from China.

Jamaica has become the hub of the Chinese presence in the Caribbean and is now home to the regional offices of the state-owned **Chinese Harbour Engineering Company**, (CHEC) which built the highway link road. China Harbour Construction Company built and operated Jamaica's North-South Highway which stretches for 67 km and cost **\$USD 600 million**. It is the single biggest investment by the Chinese in the Caribbean. China Harbour is looking at invest in **Special Economic Zones** which will provide Jamaica with optimal industrial parks to attract investments from many countries in light manufacturing, last-stage customization, and warehousing.

QUESTIONS

11. What does your organization do?

We focus on foreign direct investments from China and Latin America. We are a state-owned enterprise. We work with large chinese companies, renewal contracts and investments in Public Private Partnerships (PPE) and other special, logistic hobs projects.

12. Do you interact with Chinese businesses?

See question 1. The chinese have built a highway.

We as Jamaicans are aware of the kind of investments we need. The BRI is very vague and a moving target.

The investments in Africa were rebranded as BRI. The Caribbean was never part of the BRI. The public relations of China make all the investments seem to fall under the BRI before it was ever created with this silk road. It is not part of the BRI. Realistically, we are not part of what the Chinese scheme was initially. We as Jamaicans want to feel that we are part of the BRI, but it was never intended. We don't want to damage relationships with China due to debt owing, so we work with them. We are hopeful.

We do not allow the Chinese access to our Port facility. The United States government is not comfortable with that. We also have a center right government, and they are careful with our port facilities. Our relations with the US are tied to Tourism. I know other Caribbean countries are weary of the Chinese investments such as Trinidad and Tobago. They have been vocal about this.

13. What is the perception of the businesses you meet?

I can give you an official statement from Institution X on this via email for you to use in your report. But I have a different opinion personally when it comes to the Chinese investments.

14. Do you have any Chinese contacts?

The Chinese Commercial and Trade Counsellor from the Chinese Embassy. He is a “Minister”. I can send you a contact.

15. Does your organization release any reports on this?

We do not have any reports on statistics.

16. Do you know if CARICOM releases any reports on Chinese investments?

Because of various interest of many Caribbean countries, CARICOM does not release anything. Check on the United Nations agency called UNCTAD- they report on this, and I believe they have a conference on YouTube.

17. Do you know where I can find statistics on Chinese investments?

Some agencies to look at:

- CanadaInvest
- InvestBarbados
- GoGuyana – *I can send you a contact.*
- National Investment Agencies that are state owned

18. As a researcher, do you have any advice on where I can start to gather data on this?

Regional news and newspapers have this information in it just like the background information I sent to you.

19. Do you have any contacts I can interview?

Ambassador Richard Bernard – former to the US dignitary. He is a lecturer at the University of the West Indies (UWI). He wrote a book called “Dragon in the Caribbean” I believe. He is widely cited and regarded locally when it comes to Chinese investments. Not sure what his opinion is on the BRI in Jamaica, but his book is positive about the investments. I sat with him on a panel at a

conference. I will send you, his contact. I remember what it was like to be a student, although I do not have an MBA, so I am happy to help with your thesis. Yes, the airport is open and if you come to Jamaica, you can interview us.

Brief on Institution X and Barbados/China relations

Institution X

Institution X is an economic development agency...Barbados responsible for promoting the country as a desirable investment location, as well as attracting and landing foreign direct investment for Barbados that is sustainable, feasible and ecologically sound. Our targeted sectors include, International Business, Financial and Insurance Services, ICT, Niche Manufacturing, Education and Knowledge Delivery, HNW/Digital Nomads, Medicinal Cannabis, and Renewable Energy.

Institution X supports efforts by Government to promote business between Barbados and China, and as with other markets, promotes the country as an international hub for global business. Diplomatic Relations between Barbados and China started in 1977. Barbados opened an embassy in Beijing in 2010. A double tax treaty between Barbados and China came into force on October 27, 2000, and this was amended by a protocol that came into effect on June 9, 2010.

Institution X engaged the services of consultants in mainland China to promote the advantages of doing business in Barbados between 2008 and 2013. This strategy met with a level of success. In addition to the establishment of several entities doing business internationally, Barbados has also welcomed Chinese investment serving its local market in the food and beverages, retail, and construction sectors. The food and beverage operations have tended to be small to medium sized family-owned restaurants. These food establishments provide diversity to our tourism product and support the local agricultural sector. The construction projects, mainly housing and commercial buildings, have provided jobs for locals. All investments considered, Barbados has benefitted from these business establishments through jobs created, skills transferred, linkages to the local tourism and agricultural sectors, as well as through tax revenue generated.

Since 2013, interest at the Governmental level between China and Barbados continued to develop, and pre-COVID, Institution X proposed the opening an office in Beijing. Such plans could still materialize sometime in the future.

NOTES RECEIVED FROM EMAIL: 1

Brief overview of the relationship between Barbados & China

On May 30, 1977, Barbados and China formally established diplomatic relations. Since then, they have been consistent activities to strengthen relationships, including a constant increase of mutual visits, especially high-level ones, that reportedly deepened mutual understanding and friendship between the two countries. Barbados and China have had several bi-lateral, cultural, economic, and technological cooperation agreements. They also have in place a bi-lateral investment treaty and a double taxation Agreement.

In 1986 China assisted with the construction of a Gymnasium and with major repairs to the same in 2019.

In 2010 Barbados opened an Embassy in Beijing. In 2014 both governments signed visa waiver agreements for travel by nationals from both countries and a year later a Confucius Institute was established in Barbados. The Confucius Institute is a non-profit public educational organization operating in approximately six continents, dozens of countries with approximately 480 institutes whose aim is to provide Chinese language and cultural training resources to foreigners as well as to facilitate cultural and educational exchanges.

In 2015 Barbados also received the first major preferential tourism loan making China the only country to offer large-scale preferential loans to finance infrastructure projects in Barbados. China and Barbados are negotiating other major projects to be funded by China's preferential loans.

In 2019, Barbados signed an agreement with China regarding cooperation in the implementation of China's Belt and Road initiative and in 2020 Barbados received the first batch of roughly three dozen BYD rechargeable electric buses.

In 2021 the Minister of Foreign Affairs and Foreign Trade and Chair of the Cabinet Sub-Committee on COVID-19, Senator Dr. Jerome Walcott, revealed that the diplomatic relations

between Barbados and China have grown stronger during the ongoing COVID-19 pandemic. He commented “China has continued to provide support to Barbados in its fight against the novel coronavirus through donations of personal protective equipment and other items.” He added that “Asia as a whole had shown great resilience and leadership during the pandemic, and it was “for these reasons, it remains the policy of this Government to continue the strengthening and deepening of our diplomatic relations with the countries of this region. The Grantley Adams International Airport Inc. signed a contract with two Chinese construction companies in June 2021, for the expansion of the Airport. Barbados also received a donation of 30,000 doses of China’s Sinopharm COVID-19 vaccine at the end of June 2021 – a boost to the health sector efforts.

NOTES RECEIVED FROM EMAIL: 2

Responses received via email	
Code	Response
Country A, Institution	<p>Chinese companies have however been involved heavily in the construction sector of T&T over the past seven years.</p> <p>Major Projects by Chinese Construction Companies (Past 5 years)</p> <ol style="list-style-type: none"> 1. China Jiangsu: e TecK Flagship Building - TT\$200 million; Jiangsu’s Contract Terminated at 60% complete <ul style="list-style-type: none"> i. UTT Main Campus - TT\$1.8 billion; Contract terminated before completion i. UWI South Campus - TT\$438 million; In Progress 2. China Railways: Arima Hospital TT\$1.6 billion; Contract Awarded 3. Shanghai Construction: <ul style="list-style-type: none"> i. North Academy of Performing Arts - TT\$500 million; Completed i. South Academy of Performing Arts – TT\$350 million; Completed i. PM Official Residence – TT\$150 million; Completed y. Ministry of Education Tower – TT\$370m; Completed y. Children’s Hospital Couva - TT\$1Billion; In Progress i. Aquatic Centre and Velodrome Couva – TT\$393 million; In Progress 4. Beijing Lujian Construction Corporation: Tranquility Primary TT\$39 m; Completed 5. China Zhejiang Ningbo Construction Company Limited – Princess Town East Secondary School TT\$151 million; Contract terminated at 13% completion. <p>Energy</p>

	<ol style="list-style-type: none"> 1. China Investment Corporation (CIC) - acquired 10% interest in Train I of the Atlantic Facility in 2012. 2. Chaoyang Petroleum (Trinidad) [owned 50/50 by the Chinese National Offshore Oil Corporation (CNOOC) and Sinopec] - holds a 25.5% and 25% interest respectively in Blocks 3a and 2C (East Coast Trinidad) operated by BHP Billiton. 3. Sinopec Overseas Oil and Gas Antilles (Trinidad) Ltd (SOOGL) [subsidiary of Sinopec] – 65% interest in the East Brighton Sub Block A and 45.5 per cent interest in East Brighton Sub Block B. 4. Lake Asphalt signed a memorandum of understanding (MOU) with Chinese firm Beijing Oriental Yuhong Waterproofing Technology Co Ltd. in May 2013. The MOU was the first step in negotiations between Lake Asphalt and Yuhong for the establishment of a manufacturing plant in La Brea, Trinidad. <p>Other</p> <ol style="list-style-type: none"> 1. An agreement was signed in 2011 between Lake Asphalt Trinidad and Tobago Ltd and the China Railway Construction Caribbean Company for the supply of asphalt to the Chinese market for a three-year period. Estimated value of TT\$50 million. 2. 2012 - Trade between China and Trinidad and Tobago was valued at US\$450 million with the balance of trade heavily in favour of China at approximately 85% of trade.
Country B, Chamber of Commerce	<p>The nature and scope of Chinese investments, businesses, and infrastructure projects? Ans: <i>Fairly substantial especially - 1. Government to government contract</i> <i>2. Private members club (Casinos) and</i> <i>3. Supermarkets.</i></p> <p>How Chinese investments have benefitted the local communities? Ans: <i>Only local labour force.</i></p> <p>Partnerships and opportunities with China. Ans: <i>Minimal at least with the private sector.</i></p> <p>The performance of Chinese investments and businesses in the region/country? Ans: <i>Country X is a free enterprise system and all and any investment is accessible.</i></p>

	<p>In response to How Chinese businesses have collaborated with local businesses: <i>Ans: Minimal at best. Chinese businesses' local content is minimal. They are seen as reclusive and the widely held perception is that they buy/ship everything from China and their profits are repatriated.</i></p>
Country C, The Confucius Institute	<p>Our student body is primarily made up of members of the public. Programme names: Mandarin Chinese (adult classes), Mandarin as an extracurricular activity (primary and secondary school students), Community outreach (culture activities at schools and businesses), Chinese Culture Corner (workshops available to the public), Study Tours to China (student and educator tours to China), Heritage Class for Kids (classes for children in the Chinese community).</p>
The Confucius Institute, Country D	<p><u>National Policy on Languages</u> The Cave Hill Campus, via its CI, is in step with the stated policy of the Government of Barbados to expose all students to at least two languages. The Prime Minister of Barbados the Rt. Hon. Mia Mottley has publicly declared that bilingualism in Mandarin is one of the nation's objectives by 2030. "Chinese connection", The Advocate, September 21, 2018, page 37 and 6.</p> <p><u>National Linkages and Associations</u> It may be noted that the CI emerged during a general upwelling of national interest in China. It was in 2015, the year the CI was established, that the Fish and Dragon Festival, a joint initiative of the Central Bank of Barbados and the Embassy of the People's Republic of China, was started. This signature event, held around the time of the Chinese New Year in January reflects, in its presentation, a combination of some of the best in Barbadian and Chinese culture. The festival is usually marked by a performance by a visiting Chinese group as well as a street fair showcasing some aspects of Chinese and Barbadian cultural life. The festival stands in recognition of the growing importance of China in the world, its impact on life in Barbados and the need to promote better understanding of Chinese culture. The festival has made it possible to reach out to a wider audience in promoting the CI while also providing opportunities for increasing understanding and a platform to engage China. In essence, the festival shows that as China moved further into the Caribbean, the Caribbean also moved further into China. The CI, from the outset, has partnered with the Central Bank of Barbados and Embassy of China in this event, together with the Chinese Association of Barbados.</p> <p>The Chinese association brings together members of the small Chinese descendent community in Barbados together with a smaller number of Chinese expats residing temporarily in Barbados. The Fish and Dragon Festival has provided a vehicle both to showcase the Chinese presence in Barbados and an activity around which they can mobilise.</p>

	<p>Into this mix has come two new associations, the Barbados-China Returned Scholars Association, and the Association for Barbados China Friendship (ABCF).</p> <p>The Barbados China Returned Scholars Association (BCRSA) was launched on September 1, 2018. The founding of this association is seen as the natural outcome of the growth in the relationship between Barbados and China and specifically the existence of a cadre of students, spanning several decades, who have returned back from China. These students are seen as being in the forefront of the ongoing work to broaden cooperation between China and Barbados.</p> <p>The scholarships provided by the Chinese Government are seen as providing Barbadian students a chance to improve themselves but also contribute to the overall development of the Barbadian society.</p> <p>The BCRSA has the stated objective of providing a platform for all the students who have studied or are studying in China to exchange information and ideas and also to become a bridge to promote the development of Barbados-China friendly relations.</p>
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APPENDIX I: Qualtrics Questionnaire- Thematics Analysis

Please note that question number is not in sequence as per questionnaire for logical reasons

Q2 -Please explain how your community has changed since the presence of Chinese businesses.

Category	Respondent Quote
Cheaper Price	<p>“Cheaper goods at fair quality”.</p> <p>“Persons are able to purchase at cheaper cost”.</p> <p>“Dependent on the Chinese sales as it cheaper than that of the local businesses”.</p> <p>“Services and good are at a lower price”.</p> <p>“Directly no, but I believe the city and its people may have benefited as the chinese offer affordable good”.</p>
Convenience	<p>“It has become more convenient for people in my community to access certain basic necessities and in some cases a one stop shop for household needs and at an affordable price”.</p> <p>“It has changed with the presence of Chinese businesses. Its more convenient in terms of the groceries they opened and restaurants close by to where I live”.</p>

	<p>“A restaurant and a supermarket were established since it has been more convenient in obtaining food and groceries”.</p> <p>“The Chinese businesses has made a big change in which business was conducted in my community. They established supermarkets where you can have one stop shop and it's at an affordable price. There is more job creation at a community level as well”.</p>
Availability of Options	<p>“Improved with more options and flexibility in the hours of operation”.</p> <p>“There hasn’t been much change other than the increase in goods availability for the area. It’s rather helpful”.</p>
Competition	<p>“The presence of chinese businesses (retail stores) & restaurants have placed strained on long existing family community businesses. The chinese businesses offer cheaper options - hence persons gravitate to them. The foods are also cheaper and in some instances the portions are more - again attracting customers away from community stores”.</p> <p>“More persons are visiting the chinese businesses compare to the local ones”.</p> <p>“Small businesses have closed down die to the presence of the Chinese businesses”.</p> <p>“Small businesses are being affected”.</p>
Employment of locals	<p>“I guess it has created employment for the locals”.</p>

	<p>“The community has benefited via Employment of youths in the community and greater availability of goods that was previously not accessible inside of the community”.</p>
<p>Increase in types of Chinese businesses</p>	<p>“I have grown up seeing chinese restaurants, stores and now supermarkets in my city”.</p> <p>“it has become more cultural...like food wise...grocery service...fast food... bars and casino...”.</p> <p>“More businesses have been established”.</p>

Q5 - Please explain how you have benefited from Chinese businesses in your community.

Category	Respondent Quote
<p>Cheaper Prices & Easily Accessible</p>	<p>“I have benefited in the sense that it saves me time from going into the city to access certain items and in other cases where i get more items for less money”.</p> <p>“Save money”.</p> <p>“Affordable products and easy access”.</p> <p>“Goods at cheaper cost”.</p> <p>“I was able to save money due to the low price they have”.</p> <p>“I can go at one place and find what I'm looking for at an affordable price and a faster service”.</p>

	<p>“I have been able to access goods at a cheap cost right in my community, as against travelling to the main town for goods”.</p>
<p>Availability of Options</p> <p>Convenience</p> <p>Increase in types of Chinese businesses</p>	<p>“Increased options”</p> <p>“Convenience of the businesses they opened”.</p> <p>“Their food...chinese restaurants...and supermarket”</p>

Q9 - Is there anything else you would like to share with us regarding Chinese businesses/investments in the Caribbean?

Category	Respondent Quote
<p>Concern for local development such as jobs and business competition</p>	<p>“There is an influx of chinese investments in the Caribbean. Speaking specifically to my Jamaican environment, major structural infrastructural improvements are evidence of their direct investment. However, it is indeed at a price- destruction of protected ecological environment, cheaper labour force reducing employment for local labourers, special government incentives, waivers etc. not afforded to locals”.</p> <p>“They should employ more locals. Additionally, I believe that contributions should be made to develop the community in which they operate their businesses”.</p>

	<p>“They bring their own workers from china...and not hire local... (Jamaica has that problem also whereas the Chinese has taken over their construction industry, and the locals’ Jamaican workers do not get hired) The Trinidad construction is also starting to shape up in that similar way”.</p> <p>“They provide minimal employment and abuse workers”.</p> <p>“These investments have been beneficial in allowing goods to be available in various communities at a cheap cost. However, local, and native businesses face intense competition from these Chinese businesses”.</p>
<p>Concern around repatriation of funds to China, taxes, and benefit to local economy.</p>	<p>“They should be well monitored and we as citizens benefit with importation of items as the Chinese. Have a clearer idea as to how Chinese businesses are being taxed or if they are paying tax”.</p> <p>“How well does this impact our economy?”.</p> <p>“They take all the money and send back to China and don't reinvest in the community. They're very condescending to the customers and treat them badly. But the government isn't doing enough to curb that. It's a known issue”.</p> <p>“My only issues with chinese businesses are, that all their money that they make here is returned back to their country and none of it is invested for the development of this country and that they underpay some of their Guyanese workers”.</p>
<p>Other</p>	<p>“People get stuff a lot cheaper from them”.</p>

	<p>“I will say this with a grand title, but I think we have a grand title – the caribbean is colonized. We have to structurally build connections to China unlike Guyana for example that has old migrant chinese as part of the indentured program in the 18th century”.</p>
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Q1 - Are there Chinese businesses or presence in your community?

Chinese businesses or presence in your community	%	Count
Yes	90.48%	19
No	9.52%	2
Unsure	0.00%	0
Total	100%	21

**Q6 - If you have ever interacted with Chinese businesses, please select in what capacity.
Check all that apply.**

Interaction with Chinese businesses	%	Count
Employment	5.00%	1
Partnership	0.00%	0
Supported	80.00%	16
Other, please explain:	0.00%	0
I have never interacted with Chinese businesses	5.00%	1
Unsure	10.00%	2
Total	100%	20

Q8 - Is there a Confucius/Chinese Institute in your community or nearby?

Confucius/Chinese Institute in your community or nearby	%	Count
Yes	14.29%	3
No	61.90%	13
Unsure	23.81%	5
Total	100%	21

APPENDIX J: Questionnaire Demographics

Q7 - Please check which of the following language/s you can speak.

Languages	%	Count
Mandarin	9.52%	2
Chinese	0.00%	0
Both	0.00%	0
None	90.48%	19
Total	100%	21

Q10 - Please select your country of Citizenship?

Country of Citizenship	%	Count
Dominican Republic	4.76%	1
Guyana	66.67%	14
Jamaica	19.05%	4
Trinidad & Tobago	9.52%	2
Total	100%	21

Q11 - What is your gender?

Gender	%	Count
Male	52.38%	11
Female	47.62%	10
Non-binary / third gender	0.00%	0
Prefer not to say	0.00%	0
Total	100%	21

Q12 - What is your age?

Age	%	Count
18-29	47.62%	10
30-39	23.81%	5
40-49	28.57%	6
50-59	0.00%	0
Above 60	0.00%	0
Total	100%	21

Q13 - What is your employment status?

Employment Status	%	Count
Employed	70.83%	17
Unemployed	0.00%	0
Self-Employed	8.33%	2
Student	20.83%	5
Retired	0.00%	0

Other	0.00%	0
Total	100%	24

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