

# William J. Perry Center for Hemispheric Defense Studies and Caribbean Information Operations Council (CRIOC)

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## *The Caribbean Threat Environment*

featuring



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# Existential Global Threats

- Climate change:
  - By 2070, 20% of the planet's surface could be uninhabitable, including parts of Latin America, Africa, India, Eastern China, Indonesia, South-East Asia and northern Australia. This will drive the largest forced migration in history; the World Bank has estimated that by 2050 there will be 165 million climate migrants. Countries will try to close their borders; the risk of war, civil unrest, crime and terrorism will rise sharply.
- Great power conflict:
  - China has limited time before demographic change and the loss of competitive advantage in manufactured goods could leave it stuck in the middle-income trap – unless they succeed in dominating key emerging technologies (which they are currently on track to do). Its current drive and belligerence partly reflects this race against time.
  - The transition to renewable energy is profoundly threatening to Russia; they are developing hybrid warfare options to destabilize their perceived enemies.



# Rising Risk of Great Power Conflict: Implications for the Caribbean

- China usually shows little interest in small, resource-poor states.
- Caribbean is an exception; China is the largest investor in the region.
- Russia strengthening relationships with Cuba, Nicaragua, and Venezuela.
- Caribbean: small, open economies with narrow base. Limited fiscal reserves, lost 10-20% of GDP during pandemic. Barbados and Suriname have defaulted on debts, Bahamas and Trinidad highly vulnerable; others may follow.
- Caribbean provides access to world financial system, politicians and attorneys willing to facilitate. Estimated US\$5.6-32trn hidden offshore, significant part channeled via Caribbean.
- Caribbean nations have leading role in G77 group (134 developing countries in the UN), make up almost half membership of OAS.
- This provides China with a significant platform for extending their political influence and leverage in the USA's near abroad.
- Investment in ports, telecoms potentially dual-purpose.
- Russia: could seek to create destabilizing challenges in the region, increasingly effective at disinformation.





# China's MO

- China has sophisticated MO to develop leverage and acquire assets.
- Many loans from China are hidden; kept off public accounts in LMICs by using special purpose and semi-private loans. Total Belt and Road Initiative debts to China now \$385bn owed by 165 countries; 42 countries owe more than 10% GDP. This is far more than previous estimates by credit rating agencies, World Bank etc.
- China willing to make very large loans to over-borrowed, resource-rich countries with high levels of corruption, enabling 'debt diplomacy' i.e. forcing countries to cede control of major assets in lieu of repayment, or more contracts awarded to Chinese firms.
- China aggressive at demanding top priority for repayment, usually via collateralisation of debt (i.e. China is paid in future commodity exports). Venezuela secured \$86bn in loans collateralised against future oil exports.
- Chinese firms do not always act independently, may be choreographed by Beijing. Example: Chinese bank finances project, Chinese firm gets construction contract, construction delays incur huge costs, Chinese bank terminates credit, local owner bankrupted, forced sale to a third Chinese firm.



# Political Complexity

- The Caribbean contains 13 sovereign island nations and 12 dependent territories (5 UK, 3 Netherlands, 2 France, 2 USA)
- Languages: English, Spanish, French, Dutch, Patois.
- Some of the richest (Cayman Islands) and poorest (Haiti) countries in the world.



# Potentially Destabilising Factors

- Climate change ✓
- Pandemic/economic crisis ✓
- Level of violence
- Venezuela
- Organized crime/terrorist networks
- Guyana (and 10 billion barrels of oil)



# Non-conflict homicide rates (2012 or latest year)

World average: 6.7/100,000

41/50 most violent cities are in LAC

EU: about 1/100,000

Average: 51.5/100,000

LAC: 8% world population, 38% of homicides  
7 countries in Latin America: 25% of homicides.  
80% murders in Latin America cities on 2% streets.



Average: 31.7/100,000

African developing countries average: 10.9/100,000

8/10 most violent nations in the world are in Central America/Caribbean



## Factors in high levels of violence:

- Weak and/or corrupt government
- Impunity: criminals beyond reach of police
- Availability of weapons
- Rapid & chaotic urbanization, broken families, many unemployed young men, crowded prisons, drugs
- Profits from narcotics, extortion; scamming

## Caribbean is major base for transnational crime

- Criminals, weapons, narcotics, counterfeit goods and laundered funds transit the region. Some fraudulent transactions go through multiple jurisdictions in the region, making them harder to trace. Cybercriminals and scammers operate internationally.







- Economic disintegration of Venezuela resulting in flow of refugees and illegal weapons.
- Projection: 6-8 million refugees by end 2021, 25% of population.
- Narco-terrorist/Mafia state. Over US\$300bn embezzled. Exporting instability to the region.



Fuel imports from US, EU prohibited by US Treasury.

Venezuela started importing fuel from Iran in June 2020, paying in gold, control over oil sector assets, political influence.



Former Iranian President Hassan Rouhani and Venezuelan President Nicolás Maduro. Meeting in Nueva Esparta, 2016.





28<sup>th</sup> September 2020

Former Chief-Commander of the Islamic Revolution Guards Corps, Major General Yahya Rahim Safavi



Iran is helping Venezuela to form a Popular Mobilization Force. Safavi said that the process is transferring Iran's experience during its eight-year war with Iraq (1980-88) to countries like Venezuela that are "standing against the US." The Popular Mobilization Force in Iran is used to suppress social uprising against the religious establishment. Safavi told the state-run Mehr News Agency that Iran is also providing Caracas with 'software,' and teaching Venezuelans how to repel Cyber-attacks.





General Manuel Ricardo Cristopher Figuera, former head of Venezuelan Intelligence, said that Hezbollah operates in Venezuela with the protection of the government.

A report in June 2019 by Israeli intelligence said Hezbollah ship hundreds of tonnes of narcotics to West Africa and on to Europe.

Hezbollah centres of operation

Venezuela has become a centre for financing and money laundering for Hezbollah - US State Department Annual Report on Terrorist Activities, Nov 2019.







Hezbollah's main bases:

- Maracay
- Caracas
- Nueva Esparta



## Trinidadian featured in Dabiq July 2016 (ISIS/Daesh online English-language magazine)



ISIS sniper, one of the first three T&T nationals to join, claims to be "one of a large number of muhajirin from Trinidad and Tobago". Raised as Christian, converted at 20; was "planning to sell drugs", but became jihadist instead.

Committed a number of murders before leaving T&T; "whenever the disbelievers in Trinidad would harm a Muslim, we would take revenge. We would work to accumulate money in order to buy weapons and ammo. Alhamdulillah, we were successful in many operations."

"About 60% of the mujahidin from Trinidad here in the lands of the Caliphate come from Muslim families, with the remaining 40% or so being converts. The converts are overwhelmingly converts from Christianity."







ISIS picture showing fighters from Trinidad and Tobago during military training in Syria.

- Hezbollah now has a significant presence in Venezuela, ISIS-affiliates are integrated into gangs in Trinidad.
- Fundamentalist organizations are targeting disaffected youth. The Caribbean has established networks for trafficking weapons and narcotics that could be readily adapted for use by terrorists.
- The Caribbean's heavy dependence on onshore tourism, cruise-ship visits, recreational yachting and commercial shipping indicates area of particular vulnerability to any terrorist attack.





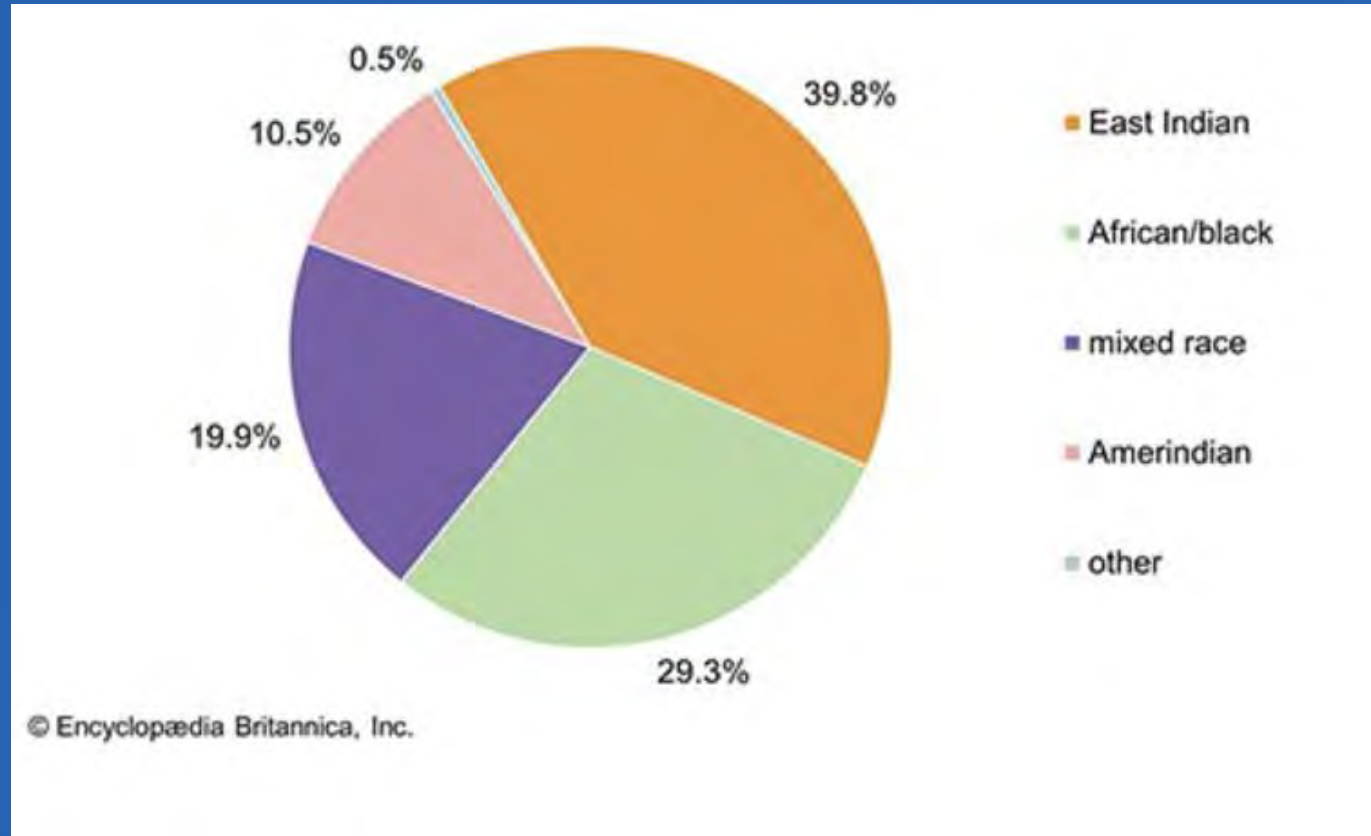


June 2015: Islamist Seifeddine Rezgui killed 38 people at resort at Port El Kantaoui in Tunisia, 30 were UK nationals. European bookings fell by 70%. About 2m people in Tunisia (pop 10m) depend on tourism; contributes 14% of GDP.





# CASE STUDY: The Cooperative Republic of Guyana Blood, Oil and Politics



# The Devil's Excrement

- Group led by Exxon discovered 10 billion barrels of oil; Guyana set to become one of world's biggest producers.
- Consortium including Exxon, Hess and **Chinese National Offshore Oil Company (CNOOC)** now producing ~125,000 bpd.





In 1962 Venezuela challenged the 1899 border and claimed 62% of Guyana's territory.





# Potential Threats

- Guyana's political parties largely based on ethnicity
- Institutions weak
- 2020 election: political crisis. Stabilizing forces: US/UK/Canadian pressure, local youth.
- Oil will result in unprecedented revenues, many opportunities for fraud
- Politicised security forces: High stakes: control of oil and other natural resources
- Disinformation and Fake News: A high risk in ethnically-divided society.
- Escalation in border controversy: Potential aggression by Venezuela (or non-state actors in Venezuela) to control territory
- Organised crime and trafficking: Migrants from Venezuela in forced labour as illegal miners in Guyana. Guyana important transit hub for cocaine from e.g. Venezuela and Brazil.



# China's Influence

- Guyana: first country in English-speaking Caribbean to establish diplomatic relations with the PRC (in 1972).
- Signed MOU re Belt and Road Initiative, high level government support for B&R.
- CNOOC owns 25% Guyanese oil.
- Embedding Chinese businesses in local communities
- PRC supplying vaccines and PPE equipment to Guyana
- February 2021: Guyana abruptly terminated agreement with Taiwan to open an office, hours after China urged Guyana to 'correct their mistake.'



# Thank you!

## Questions?

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