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## FOREIGN LAND OWNERSHIP IN SMALL ISLAND NATIONS OF THE CARIBBEAN

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### Executive Summary

Across the Caribbean, retaining local control over land has been a challenge since countries in the region started gaining their independence in the 19th century. This issue has been brought to the forefront as modern-day globalization results in increased flows of people and money across waterways and borders, making foreign land ownership more common. In the small island nations of the Caribbean where space is limited, the issue of ownership is more acute. Indeed, foreign ownership of land has become a pressing public policy issue with the potential to undermine the sovereignty of countries in the region.

Much of the research on foreign land ownership espouses the potential for capital formation, labour market growth, and growth in national incomes. Certainly, in a region characterized by dependency on tourism and sluggish growth, foreign land ownership has the potential to develop emerging markets by generating foreign investments and private sector growth. This short think piece does not dispute the contribution that foreign land ownership can make to national economies. Rather, it explores the issue of foreign ownership from the perspective of citizens.

The paper argues that Caribbean governments have been slow or negligent in managing their scarce land resources, and that they need a more transparent approach to land management that finds balance between the demands of powerful and wealthy foreign investors and the needs of citizens to ensure foreign land ownership doesn't result in post-colonial relationships. It presents a case for more restrictions on foreign land ownership to ensure that future generations are not crowded out from owning a piece of their homeland.

One of the main drivers of foreign ownership is the demand for land from investors and developers in the tourism industry. With the globalization of property markets, perhaps island governments need to put in place measures to diversify their economies so they are less reliant on tourism. The very sovereignty of their countries depends on it.

## A. Introduction

One of the key features of globalization is the flow of people and money across waterways and borders. The process of globalization has been examined from various perspectives, but how it affects land and people is important for the development of communities and their people. In small island nations where space is limited, foreign ownership of land in a globalized world has become a pressing public policy issue that has the potential to undermine the sovereignty of nations.

Many of the countries in the Caribbean are classified in development lexicon as middle-income or upper middle-income countries. The reality is, however, that despite their middle-income status, most of the countries in the region continue to face challenges characterized by economies dependent on tourism and suffering from periods of sluggish growth. There is ample research to suggest that foreign land ownership has the potential to develop emerging markets. But, the implications for local citizens is often under-stated or, more importantly, disrupts the ability of local citizens to grow.

This paper explores the issue of foreign land ownership in the Caribbean from the perspective of local citizens. It presents a case for more restrictions on foreigners who want to own land in these small countries.

## B. Context

### GOVERNING LAND IN SMALL ISLAND NATIONS

Small island nations of the Caribbean share unique socio-economic and environmental challenges, similar to those in other parts of the world. Key among these challenges are exposure to natural disasters, small domestic markets, and the scarcity of land resources (Briguglio 2003). “These characteristics impose upon these small nations varying levels of vulnerability, which present particular challenges for sustainable development.” The emerging realities of climate change are largely the reason that already limited land is severely threatened by disappearing coastlines with “grave vulnerability to natural disasters” (CARICOM, 2005). Naturally, this has implications for the availability of land suitable for settlement.

Certainly, Caribbean governments must recognize that access to land is important to their nations. Land ownership enables people to have a stake in the development of their communities, and in turn, people are more inclined to be active and involved citizens.

Effective land administration is also critical for managing the close relationship between land and society. Today, foreign land ownership is resulting in new post-colonial relationship between island nations and foreign land owners, reversing the gains made from the colonial era. Therefore, land ownership has important implications for sovereignty.

Unfortunately, Caribbean governments have been slow or negligent to manage their scarce land resources. Land planning regulations and policies in the region are often outdated or lack coordinated approaches (Griffith-Charles, 2017). Many governments have fallen victim to the challenges that small nations face in a highly competitive global world. The pressures to become 'developed', to increase 'economic growth', and to make 'progress', as defined by Western standards, supersede other socio-economic factors that contribute to the sovereignty of small island nations, and their uniqueness such as their environment and their people.

Further, the management of state-owned land as well as the variety of mechanisms for encouraging the private use of land through leases and other arrangements have also been a challenge for Caribbean governments. They recognize that as land management becomes increasingly more subject to exigencies of the private land market, the institutions of land administration must also change (Caribbean Land Policy Network, 2003). Unfortunately, the transfer of land to foreigners often lacks transparency and is characterized by power asymmetries between the rich and the poor, developed and developing nations, or by powerful leaders and powerless citizens. The transactions that transfer land are generally based on hidden codes of conduct that often do not favour local citizen (Smaller and Mann, 2009).

Joseph Atherley, Leader of the Opposition in Barbados, recently proclaimed that "If there is one mandate any government in 2018 ought to have and to seriously internalise and undertake, is to address the matter of ownership and ownership structures in Barbados." Caribbean governments require well-articulated land management policies that are responsive to short-term demands, but do not compromise the need for long-term sustainable development. They need a new framework for balancing competing goals resulting from the globalization of property markets.

#### **EFFECTS OF MIGRATION ON LAND OWNERSHIP IN SMALL ISLAND NATIONS**

Centuries old movement of labour migrants in search of wealth and prosperity are enduring features of the Caribbean. Facilitated by the region's colonial past and subsequent decolonialization process, over the last 50 years more than five million people from the Caribbean (present population of about 37 million) have migrated out of the region (Economic Commission for Latin America and the Caribbean, 2006).

Caribbean nations have consistently had among the highest emigration rates of workers in the world. In Jamaica, for example, 85 percent of skilled individuals emigrated to OECD countries from 1965 to 2000 – twelve times that of high-income countries and eight times the world average (Docquier & Marfouk, 2005).

But new trends in return migration suggest that the movement of labour out of the Caribbean may be reversing, as older workers living abroad show signs of returning home. This first wave of returnees is consistent with models of international labour migration that have always assumed some migrants will be inclined to return to their countries of origin. These patterns of movement into and out of the region have significant implications for who acquires land and who doesn't.

Some migrants return as retirees. But the great majority return to skilled or semi-skilled jobs in response to improved economic conditions in their homeland to capitalize on the skills and experience gained in the global North.

Clearly, when skilled workers, who are more likely to have higher earnings, leave a country, this results in “frequent cases of absenteeism” from family land, and the loss of local purchasing power (Caribbean Land Policy Network, 2003). But when they return, if land ownership is not properly managed through generations, this has implications for land ownership. It could mean that returnees will be looking for a place to live with their renewed purchasing power.

At the same time that Caribbean nationals are leaving and returning home, cities around the world have become sources of tourists to Caribbean destinations. There has been an increase in the number of direct flights from major hubs with tourists choosing the Caribbean as a preferred winter destination. Indeed, foreigners from the global North, usually with disposable income, are visiting the region in growing numbers. Today, tourism has become the most important productive sector in the region in terms of its contribution to Gross Domestic Product (GDP) and foreign exchange earnings (CARICOM, 2017).

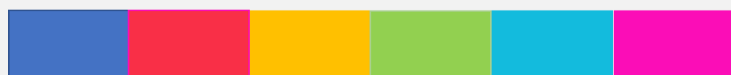
The island of Bequia, part of St. Vincent and the Grenadines, doubles in size from January to April, when 5,000 tourists flock to this small island. Many are not only enticed to visit for a few months, but some have decided to buy a piece of Caribbean paradise.

In Jamaica, the tourism sector continues to drive foreign investments, foster growth in the sector, generate jobs, and increase foreign exchange earnings (Jamaica Information Service, 2017).

The extent to which Caribbean countries rely on tourism is reflected below:

- Jamaica (27.4 percent of GDP)
- St. Lucia (39 percent of GDP)
- Barbados (39.4 percent of GDP)
- The Bahamas (48.4 percent of GDP)
- Antigua & Barbuda (77.4 percent of GDP) (World Travel and Tourism Council, 2012).

This is why tourism development and ultimately access to land has become a pressing issue in many island nations. The globalization of property markets is a new reality for Caribbean countries.



## C. Overview of foreign land ownership in small island nations

Across the globe, investors from foreign countries are acquiring land in developing countries – mainly in Africa, South and Central America and Southeast Asia. Since 2000, approximately 15-20 million ha of land worldwide have been acquired or are under negotiation in the context of the recent surge of FDI in land (Federal Ministry for Economic Cooperation and Development, 2009).

Some small nations have put in place measures to protect their land by requiring potential owners to acquire permits, pay extra fees, or pass a criminal background check. Mauritius, a small island nation with a population of 1.1 million people and land mass of 2040 square kilometres (less than half the size of Trinidad and Tobago) is one such country. Located in the Indian Ocean east of Madagascar, Mauritius restricts foreigners from land ownership under the Non-Citizen (Property Restriction) Act 1975 – foreigners cannot acquire property without special government approval, which is rarely granted.

In New Zealand, Prime Minister Jacinda Ardern recently passed legislation to ban foreigners from buying most types of homes. After a spending splurge by millionaires, house prices increased by more than 60 percent in the past 10 years. The bill will tackle run-away housing prices which left home ownership out of reach for many local buyers.

There is limited research on the success of the measures like the ones used in Mauritius and New Zealand to restrict foreign land ownership. Therefore, more study is needed to understand whether measures to protect land from foreign investors and developers have been effective.

For many Caribbean countries, retaining local control of the land has not been a priority, because land development is intricately linked to a reliance on tourism. In Antigua and Barbuda, land ownership is prohibited on the smaller island of Barbuda, which has a unique system of collective ownership or communally-owned land. This ensures that no one on the island is excluded from owning property. Since the devastating hurricane in 2017 that destroyed 95 percent of all property on the island, the Government of Antigua and Barbuda is proposing to lift foreign ownership restrictions on Barbuda to speed up the rebuilding process. Barbuda's system of communal land ownership which has been in place since the abolition of slavery is under threat. While Prime Minister Gaston Browne sees changes to ownership restrictions as key to rebuilding Barbuda, the people of Barbuda are concerned that their island's economy will be based on tourism as is the case in Antigua, "where foreign powers control the economies and the land to the exclusion of local citizens" (Wong, 2017). Indeed, one prominent Antiguan journalist and political activist, Tim Hector, once lamented that "[t]he country is not really ours. It's just here for the tourists."

Much of the Caribbean does not deter foreign ownership and foreign development, especially from large transnational businesses in the tourism industry. Transactions of land transfers are not well documented, but anecdotal observations reveal some obvious questions.

In St. Lucia, with a population of 160,000, there are three Sandals Resorts on an island of 600 square kilometres, two of which occupy prime beach property. St. Lucians are increasingly voicing their resentment that foreigners are acquiring land not for agricultural purposes, but for tourist development that lead to inflated land prices.

In Barbados, most foreign buyers are British, although there are growing numbers from Canada and the United States. An estimated 15 percent of the foreign buyers are full-time residents, either working for one of the numerous off-shore companies or retired. Of the remaining 85 percent, half rent out their properties for a portion of the year. Further, "coastal lands are now rarely available for sale and where available, they are usually at very high prices. Over the last two decades there has been a tremendous demand for and development of these valuable beachfront lands" (Caribbean Land Policy Network, 2003).

In St. Vincent and the Grenadines, on one of the smaller islands in the Grenadines, Mustique, property is owned primarily by tycoons, movie stars, and royalty. In fact, Vincentians have no prospect of land ownership on most of the islands in the Grenadines, and tend to reside in the main island of St. Vincent or neighbouring island of Bequia.

The struggle to retain local control of land is being waged throughout the Caribbean.

In addition to land ownership, some Caribbean countries grant automatic residency to property buyers. In St. Kitts and Nevis, purchasing a property for US\$400,000 or more, automatically qualifies buyers for residency. The program also gives home buyers visa-free travel to other countries in the region and internationally. Further, homeowners who purchase property under the residency program pay no capital gains tax, no gift tax, no wealth tax, and no inheritance tax. In addition, there is no personal income tax.

Relative to other regions, property in the Caribbean is considered to be at the higher end of the price scale. Private purchases are usually done by lifestyle buyers as opposed to investors, which reduces the level of speculation and risk. One only has to do a Google search on 'how to own land in the Caribbean' to see the growing industry of property developers ready to help foreigners buy a piece of paradise.

There is a view that informal and illegal transactions are occurring between local citizens and between governments and foreigners. Further, these transactions are creating properties that are unaffordable for the working poor and professionals.

*"We need to revisit the issue of foreign land ownership in Barbados, we need to see specifically what that is doing to our development aspirations, we need to see what that is doing to the cost of land, we need to see if whether or not that is further impeding national progress in terms of providing for our own people the privilege and capacity to own in Barbados." (Joseph Atterley, Leader of the Opposition, Barbados)*

## D. Implications for local owners

The people of the Caribbean have wanted to retain ownership of their ancestral land since Haiti won independence from its colonial masters in the 19th century. Following a brutal revolution, the new government at the time put in place provisions to ensure that the people of Haiti owned their land and property.

More than 200 years after the first Caribbean people won their independence, these island nations continue to struggle for their sovereignty. The modern-day challenge is the global pressures for economic development in a region where land is scarce. But finding the right balance between economic development and local land ownership that does not impinge on the ability of citizens to be masters of their own destiny has proved to be difficult. From the perspective of political leaders, the choice almost always leans in the direction of economic development, generated primarily from the tourism industry. But many citizens feel that their voices are not being heard as they see more of their land in the hand of foreign developers and investors.

The story across the region has been similar. The opening of property markets to foreign investors leads to an increased demand for land, particularly land along beaches and in pristine locations. Given that these countries are characterized by limited land base, the pressure on property owners to sell scarce lands increases resulting in a loss of traditional land uses. Increased demand causes the appreciation of property prices, firstly in high demand locations and eventually across the land. Overtime, local buyers find that they are priced out of the market in their homeland (Caribbean Land Policy Network, 2003).

Remembering the vision of the architects of the Haitian revolution, today, land ownership in the small island nations of the Caribbean needs to be considered in the context of what is in the best interest of the people, not simply the economic development of the country.

## E. Conclusion

This short think piece presents a case for more restrictions on foreign ownership in the small island nations of the Caribbean to ensure that local buyers and future generations are not prevented from owning a piece of their homeland.

Given the important role that land ownership plays in community development, active citizenship, and sovereignty, the implications that foreign land ownership has for the region is significant. The region would benefit from a more active consideration of how it manages land ownership. Further, it needs to break away from its dependency on tourism, which is one of the factors that is putting pressure on its scarce land resource.



Awareness of the challenges associated with land ownership in market-driven economies is a first step. Small island nations, more than ever, need land management and land administration policies that take into consideration legal institutions, political agendas, economic development planning, and environmental management techniques. More and more, these issues intersect in unique ways that causes competing objectives to clash. (Caribbean Land Policy Network, 2003)

What remains apparent is that Caribbean governments must be willing to forego growth generated from tourism so that they can maintain some sense of sovereignty. But some governments still don't recognize the potential severity of the situation. As early as the turn of the century, the Barbados House of Parliament examined the issue of non-national ownership of land and concluded that locals were not being forced from their lands.

And, although no research exists on the success or failure of existing land restriction policies in the Caribbean, it is evident that some ad hoc steps are being taken to maintain local control over land, the one valuable resource many of the islands possess.





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## About the author

**Claudette Russell** is a Trinidad born Canadian who has over 30 years of experience in the Public Service of Canada, including more than 12 years at the senior executive level. This experience includes working with various levels of governments, stakeholders, and with international partners and NGOs.

Following her public service career, she has been providing and managing consulting services related to human capital development throughout the Caribbean and in Canada. Her expertise lies in youth development, education reform (especially Indigenous education), technical and vocational education and training, labour market development, and labour market migration, particularly in an international development context. She is a seasoned researcher who has worked in various cross-cultural environments.

Ms. Russell is an M.A. candidate in International Development (anticipated completion 2019) and has an educational background in Statistics, Mathematics and Economics. She has worked consistently on social policy research using statistical analysis and methods in various disciplines.

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