MOFTIC Digest

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IN THIS ISSUE

THE CARIBBEAN's RESPONSE TO THE EUROPEAN UNION REFORM PROPOSALS OF THE SUGAR REGIME

Representatives of the sugar producing countries of CARICOM and other stakeholders, met on September 28-29, 2004, in Georgetown, Guyana, to consider the European Union (EU) Proposals for the reform of the EU Sugar Regime.

The meeting was in keeping with a mandate from CARICOM Heads of Government, who recognized the need for the region's sugar industry officials and other stakeholders to come together to review the challenges, and to develop an action plan to meet the challenges in the immediate future.

Member States represented at the meeting were mainly from Guyana, Barbados, Belize, Jamaica, St. Kitts and Nevis, and Trinidad and Tobago. Also in attendance were representatives from trade unions, the University of the West Indies, the Caribbean Agricultural Development Institute (CARDI), the Regional Negotiating Machinery, among others.

Guyana's delegation to the meeting was led by the Honourable Clement Rohee, Minister of Foreign Trade and International Cooperation. Minister Rohee in his statement during the opening session, pointed to actions the Government of Guyana would like to be considered by the meeting in the formulation of a common CARICOM position on the reform proposals.

It is a known fact that if the reform proposals are approved by the EU Parliament, this will have tremendous adverse

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ESTABLISHMENT OF THE NATIONAL ACCREDITATION COUNCIL –

another move by Guyana in becoming CSME-ready

The National Assembly recently passed the National Accreditation Council Bill of 2004 into law. The main purpose of this Act is to provide for the establishment of the National Accreditation Council, which will be responsible for the granting of recognition to awards obtained in Guyana and elsewhere, to determine the equivalency of all awards (academic qualifications), for the purpose of establishing acceptable standards within the Caribbean Community.

This is in keeping with one of the principles of the Caribbean Community (CARICOM), as espoused in Article 35 of the Revised Treaty of Chaguaramas. That is, the development of acceptable standards, especially with regard to the free movement of persons.

The National Accreditation Council, as the principal authority in Guyana, will have responsibility for conducting and advising on accreditation and recognition of educational and training institutions, providers, programmes and awards – foreign or national – and for the promotion of the quality and standard of education and training.

In this regard, the functions of the Council will include:

- Promote the advancement of education, learning, skills and knowledge;
- Ensure that the quality of all post-secondary education delivered, meet the standards set by the Council to the qualifications and certificates conferred or awarded;
- Ensure that the appropriate standards are being maintained and improved;
- Register institutions within and outside of Guyana, which offer courses in Guyana;
- Establish relationships with national and external accrediting and quality assurance bodies, and to keep under review their systems of accreditation, procedures and practices; and
- Promote the free movement of skills and knowledge within the Caribbean.

The members of the Council will include representatives from:

- The Ministry of Education;
- The tertiary institutions;
- Bodies established to promote the interests of members of the teaching profession; and
- Employer representatives.

The Council is expected to commence work before the end of 2004. ?

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effects on Guyana, and the other CARICOM sugar producing states.

The proposals will result in sugar revenue cut as early as 2005 by 20%, and thereafter until 2007, at which time sugar revenues will be reduced by 37%. It is estimated that US$180 million will be lost over a three year period, and thereafter an annual loss of US$90 million for the CARICOM region.

The sugar producing member states presented to the meeting an outline of their current plans and prospects of their industries in light of the challenges. All sugar producing member states in the region signalled their intention to remain in sugar cane cultivation, and to diversify within the sugar industry.

GUYSUCO presented a comprehensive plan and projections for Guyana's sugar industry. The presentation, apart from signalling the industry's plans and prospects for the future in dealing with the EU reform proposals, also demonstrated to the CARICOM region, Guyana's ability to satisfy the region's demand for raw sugar.

The Secretary-General of CARICOM in his opening remarks indicated that **"these changes do not live up to the spirit of the Cotonou Agreement, and the assurances given therein. They are contrary to the joint commitment to foster development, reduce poverty and grant special treatment to the disadvantaged."**

The region's stakeholders agreed on a common position and an Action Plan encompassing the following principles:

1. Rejection of the EU's proposals as they stand, and initiating a policy of structured engagement with the EU and European Commission to insist on the special legal status of the Sugar Protocol and to safeguard its benefits.

2. Factoring the Region's unified response into the formulation of a common ACP policy with regard to the proposed changes. In this respect, the Region will be fully represented at an ACP Workshop to develop a response to the EC's Communication on EU Sugar reform, to be held in Brussels, Belgium on 4-6 October 2004.

3. A programme for diplomatic lobbying and meetings with EU member states, the European Parliament, Non-Governmental Organisations (NGOs) and other stakeholders such as cane refiners and beet sugar producers. In this regard, CARICOM Ministers would be participating in a joint ACP lobbying mission to Belgium, Denmark, Poland, Portugal, Sweden and the United Kingdom on 10-14 October 2004.

4. Education and mobilization of the Caribbean diaspora in the United Kingdom in support of the regional position.

According to Minister Rohee, at the conclusion of the meeting, **"sugar-producing countries were now clear about the way forward. There is a great amount of unity among member states, notwithstanding the various levels of development the sugar industry is at in the region. Having received the overview of the sugar industries in the region and recognising the differences in the status, and the fact that we were able to hammer out common positions and advance them as one, I think is positive."**

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AN ASSESMENT OF THE "JULY PACKAGE" AND THE WAY FORWARD FOR THE DOHA DEVELOPMENT AGENDA

Statement by Minister of Foreign Trade and International Cooperation, Hon. Clement J. Rohee, to the National Assembly on August 5, 2004, on Negotiations at the World Trade Organization (WTO), which resulted in the "July Package"

Mr. Speaker,

As you are aware, in September 2003, negotiations at the World Trade Organization (WTO) collapsed at Cancun. At the heart of the disagreement was failure to reach consensus as regards the negotiations on Agriculture, and attempts by the industrialized countries to launch negotiations in a number of areas known as the Singapore Issues i.e.; Trade Facilitation, Investment, Competition and Transparency in Government Procurement, against the wishes of the developing countries.

Since Cancun, efforts have been made at various levels to put the negotiations back on track.

The aim of the just concluded WTO General Council meeting, which took place from 27-31 July 2004, in Geneva, was to achieve a Framework Agreement that eluded negotiators at Cancun.

The objective was a limited one - in essence merely to conclude framework agreements in Agriculture and Non-Agriculture Market Access (NAMA), rather than to strive for agreement on full modalities in these areas, as well as, to achieve some consensus on the Cotton issue, the Singapore issues, and the Development issues. These were considered doable targets, even though they lowered the level of ambition that was earlier set in the Doha Round.

In Agriculture, the main objectives were as follows:

- To limit the negative impact of multilateral liberalization on preference erosion by securing some remaining preferential margins on products that are the subject of long-standing preferences, obtaining compensation and assistance for adjustment due to preference erosion, and by gaining additional market access, especially to non-traditional markets;
- To achieve the flexibility to protect domestic agriculture;
- To secure the necessary scope to use domestic and export subsidies to promote agriculture and protect the livelihoods of small farmers;
- To reduce/eliminate the huge domestic and export subsidies in developed countries in such a way that long-standing preferences are not affected and food imports that do not displace local and regional production are secured for Net Food Importing Developing Countries and Least Developed Countries (LDCs).

On balance, the main objectives in the agriculture negotiations were secured to a satisfactory degree that will allow the necessary scope for adequate negotiations of the modalities at the next stage.

There is some comfort to be drawn from attaining, for the first time in the WTO, a new Sensitive Products Category, a Special Products (SP) category and a Special Safeguard Mechanism (SSM) for developing countries. Although the scope and mechanisms of these concepts are still being worked out, they could offer much needed flexibility.

In the non-agriculture Market Access negotiations (NAMA), which has to do with trade in industrial goods, developing countries suffered a major set-back in that the framework agreement lays the basis for a flood of cheap industrial goods entering our countries and overwhelming local goods and industries.

If accepted, these measures could threaten the share

market and the very survival of many local firms and industries in developing countries. They may not be able to compete with imports if tariffs are brought to zero or low levels. Many developing countries (in Africa, Latin America and the Caribbean) have already suffered from a de-industrialization process, as cheap imports overwhelmed local industries as a result of rapid liberalization under structural adjustment.

Thus, the July decision on NAMA is extremely damaging to development and poses a grave danger to the survival of industries in many developing countries. Much work has to be done to, at least, limit the more damaging aspects of the framework in the post-July negotiations.

Three of the unpopular "Singapore issues" (investment, competition, and transparency in government procurement) have now been dropped from the WTO's negotiating agenda, at least during the period of the Doha Round. Developing countries had opposed these issues which they believed would interfere with their national policies and hinder their economic development. The attempts by the rich countries to set up new agreements on these issues had generated heated controversy for years and were a major factor in derailing the Cancun meeting.

CARICOM had agreed to a G90 position to commence negotiations on trade facilitation if the following three requirements are met to take account of Special & Differential Treatment in Trade Facilitation:

- ✍ The provision of the necessary technical assistance and capacity building prior to the launch of any negotiations by explicit consensus;

- ✍ The need to address the resource and capacity constraints of developing countries, the costs of implementing the new rules and to determine how and by whom the costs will be met;
- ✍ The need for clarity on the applicability of the Dispute Settlement Mechanism and whether any new rules will be binding.

Mr. Speaker,

On balance, the framework text was a delicate one. Developing countries made inroads in reducing subsidies and securing protection for domestic agriculture and industry. At the same time, preference-receiving countries such as ours would be affected by preference erosion that can only be offset by compensation, adjustment assistance and some new market access opportunities.

The Least Developed Countries (LDCs) fared much better. They came out with exceptions in Agriculture and Non-Agriculture Market Access (NAMA) which the CARICOM countries had hoped to get in the G90 Alliance, but this was opposed largely by Latin American and Asian developing countries. The EU, which was the main instigator of these exceptions, did not put much effort into the fight.

Negotiations will now go into the modalities phase. There are a large number of outstanding issues and modalities to be worked out. There will be difficult times ahead if one can judge by the long protracted negotiations in the framework phase. Developing countries would have to re-double their efforts to maintain and strengthen their negotiating capacity.

The framework text helped advance the process. Although it is very general and postpones for future negotiations many of the complex issues. With time being so limited, it was difficult to perceive how an overall framework package could be agreed upon by the end of July 2004 unless it remained open in some areas. The key, however, is that it is not too constraining and allows the flexibility to negotiate in the future.

Mr. Speaker,

The Framework Agreement is the best we could get in a very difficult situation in which everyone was under pressure to move in a positive direction. We are not happy with the results. It is but a mere small first step. The Doha Round is back on track, but the track ahead is fraught with many pitfalls. ?

TRADE IN SERVICES – an area of growing importance to developing countries

The area of **trade in services** has gained increased importance to economies worldwide. Trade in services is responsible for approximately eighty-percent of GDP in developed countries. In developing countries, services contribute significantly to GDP and employment. At the heart of the growth in the services trade are the advancements made in technology, particularly information technology.

This is the first in a series of articles aimed at sensitising the public on the role of services in development.

Prior to the establishment of the World Trade Organisation (WTO) at the conclusion of the Uruguay Round Negotiations in 1994, there was no multilateral agreement governing the rules for trade in services. The original General Agreement on Tariffs and Trade (GATT), now referred to as GATT 1947, provided the basic rules of the multilateral trading system from 1 January 1948, until the WTO entered into force on January 1, 1995.

The round of trade negotiations preceding the establishment of the WTO, referred to as "the Uruguay Round", was a path breaking round of trade negotiations. The conclusion of this round resulted in an agreement covering, not only further liberalization in the goods trade, but also the establishment of a framework for liberalization in the trade in services.

The inclusion of trade in services within the framework of the multilateral negotiations presented new challenges to trade negotiators, since, historically, economists and other writers on trade policy focused primarily on trade in goods. It meant, therefore, the incorporation of new concepts and a different understanding of international trade.

As trade negotiators developed their understanding of issues related to trade in services, it was clear that while there were commonalities, *via-a-viz*, the liberalisation of the goods trade – the principles of Most Favoured Nation (MFN), and National Treatment – there were important differences.

For example, a Member could be non-discriminatory in practice, while maintaining certain structural barriers to market access (e.g. limits on the number of suppliers allowed). Therefore, the principle of market access became paramount to any agreement on services.

Another challenge arose from the fact that one of the basic mechanisms for liberalizing trade in goods was the reduction of tariffs. This was not to suggest that non-tariff measures were not important. The reductions in non-tariff barriers were also important, but tariff concessions remained central to trade agreements. In the case of services the reverse was true. Therefore, the primary constraints to be negotiated were non-tariff barriers to trade in services.

Because services are created and delivered by persons, restrictions on the movement of these persons from one territory to another, also serve as trade barriers.

DEFINING AN INTERNATIONALLY TRADED SERVICE

The phenomenal explosion in technological developments makes it extremely difficult to craft any one definition that satisfies the provision of services. During the early stages of discussions, this difficulty presented a special challenge to those involved in the multilateral discussions about how

services could be traded (linked to the general sense that services were not tradable). In the case of goods, the concept is relatively simple because the producers stay in one country and the goods travel across borders to other countries.

Trade in services is much more complex. This has to do with the fact that in many cases the supplier and the customer must be in the same location. The GATS, therefore, defines four ways, or "modes" of supply, for trading services. These are:

? **Mode 1 – "Cross-border Supply":** Here the service crosses the border, independent of the supplier or the consumer. This is the type of transaction analogous to trade in goods. There is no contact between the consumer of the service and the supplier of the service. Examples include services provided through the telecommunications or postal infrastructure, such as on-line consulting, tele-medicine and University distance programmes.

? **Mode 2 – "Consumption Abroad":** This happens when the consumer moves to the territory of another country and buys services there. The consumer is a non-resident in the country where the service is consumed. Examples include tourism products and medical services.

? **Mode 3 – "Commercial Presence":** This is the supply of a service through commercial presence. In this mode, the supplier or producer of the service moves across the border to provide the service through a commercial establishment. This normally involves direct investment in the export market through the establishment of a business for the purpose of supplying a service. Examples include local offices of multinational services firms (e.g. accounting, money transfers, courier services etc.) and offices for infrastructure projects (e.g. construction firms).

? **Mode 4 – "Movement of Natural Persons":** Through this mode, a service is **s**upplied through the presence of natural persons. This means the temporary presence in the export market of a service provider. The supplier of the service is in the country on a temporary basis and so remains a non-resident. Examples include individual consultants, health workers, entertainers, sports personalities and media personnel.

A subsequent article will focus on the various fora of negotiations involving the services sector, with specific emphasis on the General Agreement on Trade in Services (GATS) and the World Trade Organisation (WTO). ?

THE CARIBBEAN COURT OF JUSTICE –
Another achievement by the Caribbean Community?

The highly anticipated inauguration of the Caribbean Court of Justice (CCJ) which should have taken place in November 2004, has now been postponed to March 2005. At present, steps are underway to ensure that there are no hiccups when the court is installed.

The idea of a regional court for the Commonwealth Caribbean was first mooted by Jamaica in 1970 – 34 years ago. The CCJ has, therefore, been in the making for a long time, but only now appears to be coming into fruition.

On August 18, 2004, the first President of the court, the Right Honourable Justice Michael de la Bastide was sworn in by the President of Trinidad and Tobago, Dr. George Richards, at a ceremony witnessed, by among others, the Prime Minister of Grenada and current CARICOM Chairman, Dr. Keith Mitchell, the CARICOM Secretary-General, Mr. Edwin Carrington, and the Commissioners of the Regional Judiciary and Legal Services Commission (RJLSC).

The RJLSC is in the process of recruiting at least nine other judges, who will sit on the CCJ. The RJLSC, as a regional body, was established to recruit and appoint the judges, who are to be recruited from the CARICOM region or the Commonwealth, or any country linked with the civil systems of Haiti and Suriname.

The seat of the CCJ has been identified as Trinidad and Tobago.

The inauguration of the CCJ will represent a significant achievement in the process of regional integration. Apart from bringing the region closer in harmony and strengthening national sovereignty, very important is the fact that the CCJ will facilitate the advancement of the Caribbean Single Market and Economy (CSME).

ORIGINS OF THE CCJ

It was in 1970 that Jamaica first mooted the idea of a regional Court of Appeal for the Commonwealth Caribbean, to replace final appeals to the Judicial Committee of the Privy Council (also referred to as simply the Privy Council) in the United Kingdom. The idea behind the Jamaican suggestion was to complete the process of political, economic and social independence of the region from Britain, the former colonial power.

It was also felt that the laws of the region should be applied and interpreted by judges of the region, who are better placed to understand the values of the people, as they come from the region themselves.

However, due to numerous factors, the idea was not followed through at the time. Thus, up to the present day, most of the Commonwealth Caribbean countries continue with the practice of final appeals from their courts lying with the Privy Council. Guyana is, however, an exception. In 1970, it abolished appeals to the Privy Council, and established its own final court of appeal.

NATURE OF THE CCJ

The Caribbean Court of Justice (CCJ) is to be established by the Agreement establishing the Caribbean Court of Justice. It is intended to be the final court of appeal for both civil and criminal matters, for those states which opt to use it, and which have a common law system. It will also have jurisdiction over matters relating to the interpretation and application of the Revised

Treaty of the Chaguaramas, which established the Caribbean Community, and which is also the legal framework of the Caribbean Single Market and Economy (CSME).

The countries that have opted to use the court are all the CARICOM Member States with the exception of the Bahamas, which opted out of the single market process.

CARICOM Member States are currently in the process of putting in place the domestic laws necessary to make the CCJ a part of their legal systems. These include enacting legislation to give effect to the Agreement Establishing the Caribbean Court of Justice, the Revised Trust Fund Agreement, and all the other CCJ legal instruments.

As of February of this year, Barbados and St. Lucia passed all of the required legislation. Belize, Jamaica, Trinidad and Tobago and St. Vincent and the Grenadines had all presented the relevant Bills to their Parliament. Antigua and Barbuda, Dominica, Grenada, Guyana and St. Kitts and Nevis are still in the process of drafting the necessary legislation. Guyana ratified the Agreement establishing the CCJ in July, 2002.

It is expected that by the time the court is launched, Barbados, Jamaica, Guyana, Trinidad and Tobago, and Grenada will have completed all the necessary internal procedures to enable them and their nationals to access the CCJ.

IMPLICATIONS FOR GUYANA

In practical terms, what the Caribbean Court of Justice (CCJ) will mean for Guyana is that where there is any dissatisfaction with a judgment issued by the Court of Appeals, litigants in both civil and criminal matters will have the opportunity to take the matter up for final adjudication with the CCJ. The CCJ will now be the final appellate court. Presently, the final forum is the Court of Appeals.
Guyanese will benefit from the CCJ as they will have the assurance that their legal matters will be examined by an impartial regional body.
In addition, if a dispute arises between Guyana and a sister CARICOM country on issues related to trade, the parties can take such matters up with the CCJ, and have a binding decision given by that court.

CONCERNS ABOUT THE CCJ

The establishment of the Caribbean Court of Justice (CCJ) is a significant undertaking by the region, which would require changes on the part of many CARICOM Member states that resort to the Privy Council.

As with any big change, there is some trepidation in several quarters as to the effectiveness of the CCJ. Some of these concerns, however, are not relevant to Guyana, especially those related to arguments that retaining appeals to the Privy Council would be better, as it ensures the independence of the judges. Guyana abolished such appeals a long time ago.

However, some other concerns which have been raised are relevant. These include whether the judges would be free from political manipulation, and whether the judges will be of high enough standard to pronounce on the matters which will be placed before them.

The independence of the CCJ has been provided for by the fact that the judges will not be appointed by political leaders or ministers, but rather by the RJLSC. In this regard, the CCJ is ahead of similar courts, such as the European Court of Justice. Ministers of Government appoint judges to that court.

Further, funding of the court and the remuneration of the judges will not rest on regional governments, but rather on a Trust Fund, which has been established and is to be administered by the Caribbean Development Bank (CDB). The trust fund will be financed by both regional and extra-regional sources. As a result, funding of the court will not be affected by the

capriciousness of any Government.

Concerns about the quality of the judges who will man the court are misplaced, since this infers that the region cannot produce high caliber legal minds. On the contrary, the region has a fine and long tradition of having produced brilliant legal minds, who have served with distinction both in the region and beyond. The judges of the CCJ are, therefore, likely to be 'worth their mettle'.

CONCLUSION

The setting up of the CCJ is a big step for the region, and for this the region should be congratulated. There is no doubt that as with other regional institutions, which have thrived, such as the West Indies Cricket team, it too shall prove to be a resounding success.

ADDITIONAL INFORMATION

Additional information, including the relevant Agreements on the CCJ, can be obtained from the website of the CARICOM Secretariat, accessible at **http://www.caricom.org.** ?

BILATERAL COOPERATION

CHINA

CCTV9/NCN Cooperation Programme

Consultations between a Chinese technical team, which visited Guyana during the period June 23 – July 05, 2004, and a team of officials from the Government Information Agency (GINA) and the National Communications Network (NCN), resulted in an agreement for the implementation of the CCTV9/NCN Cooperation Programme.

When the agreement is implemented, Guyana will enjoy twenty-four hours broadcast of CCTV9, China's lone English Channel. Programming will include news, educational programmes, cultural programmes, sports, etc.

Consultations between the Chinese and Guyanese officials in relation to this programme were facilitated by the Ministry of Foreign Trade & International Cooperation.

Guyana International Conference Centre (GICC)

The Chinese team for the construction of the GICC arrived in Guyana in August 2004, and construction of the conference centre officially commenced on September 1, 2004. A total of forty-five Chinese construction workers are currently working on-site.

Cabinet approved the establishment of an Oversight Committee, which is tasked with the responsibility of monitoring the progress of this project. The committee, which is comprised of representatives from the Ministry of Finance, the Ministry of Foreign Trade & International Cooperation, the Office of the President, the Chinese Embassy and the Ministry of Public Works and Communication, held its first meeting on September 22, 2004.

The conference centre is expected to be completed by November 2005.

Guyana/China Joint Business Development Council

The agreement establishing the Guyana/China Joint Business Development Council was signed on August 11, 2004, by H.E. Song Tao, then Chinese Ambassador to Guyana, and Hon. Clement J. Rohee, Minister of Foreign Trade & International Cooperation. The agreement is expected to serve as a mechanism for exchanges and development of closer trade ties between the Private Sector of Guyana and China.

Chinese International Trade and Investment Fair

A number of private sector companies participated in the Chinese International Trade and Investment Fair, which was held in Xiamen City, China, during the period September 9-13, 2004. This was at the invitation of the Government of the People's Republic of China to the Government of Guyana. Also in attendance was Mr. Geoffrey Da Silva, Chief Executive Officer, GO-INVEST. Guyana's participation in the fair served as an opportunity to facilitate exchanges between Guyanese Private Sector companies and their Chinese counterparts.

JAPAN

Grant Aid

The Government of Japan invited the Government of Guyana to submit project proposals for Japanese General Grant Aid and Technical Training. A total of nine (9) project proposals were submitted on August 25, 2004, to the Japanese Government for consideration for funding, in the 2005/2006 fiscal year.

Thirty-five (35) training courses in areas such as Health, Education, Information Technology, Tourism, etc., were identified for participation by Guyanese officials, in the same fiscal year.

New Amsterdam Hospital Project

The construction of the New Amsterdam Hospital project is progressing ahead of schedule, and Phase II of construction is expected to be completed shortly. It is anticipated that the new

hospital would be handed over to the Government of Guyana by the Government of Japan, by the end of this year.

This project is being funded by the Government of Japan, under its Official Development Assistance (ODA) Programme.

Agreement on Technical Cooperation between the Government of Guyana and the Government of Japan

Relations between the Government of Guyana and the Government of Japan will be further strengthened with the recent tabling by the Government of Japan, of an Agreement on Technical Cooperation between the two countries.

The agreement has been finalised and is expected to be signed soon. Among the benefits to be derived from this agreement are training, deputation of Japanese experts, donation of equipment, and other forms of technical cooperation.

SOUTH KOREA

Bilateral Investment Treaty (BIT)

The South Korean Government has responded to comments made by the Guyanese Government in August 2004, in relation to a Bilateral Investment Treaty between the two countries. The treaty has been finalised and is expected to be signed by the parties at a mutually convenient time.

The BIT is expected to produce significant economic benefits for Guyana. It is also expected to promote and expand relations between the Private Sector of both countries.

MALAYSIA

Technical Training

The Malaysian Government, through the Malaysian Technical Cooperation Programme, has invited the Government of Guyana to nominate two candidates to pursue post-graduate studies in Malaysia. The Public Service Ministry is presently interviewing potential candidates to pursue studies in the technical field.

CUBA

The Ministry of Foreign Trade & International Cooperation continues to pursue the implementation of projects agreed to during the Twenty-Second Session of the Guyana/Cuba Joint Commission.
To date, representatives for both chapters of the Guyana/Cuba Joint Business Development Council (JBDC) have been nominated. The inaugural session of the JBDC is expected to be convened shortly.

Several Ministries, including Agriculture, Health and Education, are expected to submit detailed project proposals for collaboration with the Cuban authorities.

In the area of health, efforts are being made by the Government of Guyana to have in place a new Cuban Medical Brigade, since the previous brigade has completed its stint in Guyana. This is in an attempt to continue to benefit from the invaluable services of Cuban medical personnel.

INDIA

Solar Photo Voltaic Water Pumps

The commissioning and formal handing over of five solar photovoltaic water pump systems, supplied by the Government of India, was done on September 3, 2004. The pumps will be placed in Regions 1, 5 and 9, to enhance the supply of potable water to those regions.

The Memorandum of Understanding (MOU) to facilitate the supply of the water pumps was signed on November 6, 2003.

Guyana/India Joint Business Development Council

The Chairman, Vice-Chairman, and Executive Secretary for the Guyana/India Joint Business Development Council, have been identified. Areas of interest were exchanged and the inaugural session is expected to be convened early 2005.

COLOMBIA

The Government of Guyana has tabled two draft agreements – one on trade, and the other for the establishment of a Guyana/Colombia Business Development Council. The Government of Guyana is awaiting a response from the Government of Colombia. These agreements form part of an initiative to further strengthen existing bilateral relations between Guyana and Colombia.

COOPERATION WITH INTERNATIONAL ORGANISATIONS

ORGANISATION OF AMERICAN STATES (OAS)

Scholarships

Ten prospective candidates for the OAS Agency Place Scholarships for Graduate Studies in 2005, were interviewed on August 27, 2004, at the local OAS Office in Georgetown. Officials from the Ministry of Foreign Trade & International Cooperation, the Public Service Ministry and the OAS, comprised the interviewing panel. The scholarships will cover areas such as Health, Education, Tourism, and Homeland Security. Candidates were drawn from the Public Sector.

Project Proposals

The Ministry of Foreign Trade & International Cooperation continues to seek approval from the OAS, for four project proposals, which address national development issues. The project proposals were submitted to the Special Multilateral Fund of the Inter-American Council for Integral Development (FEMCIDI), under the OAS/FEMCIDI 2004 Programming Process.

COMMONWEALTH SECRETARIAT

A Regional Workshop, organised by the Commonwealth Secretariat, was held in September 2004, in Guyana. The workshop focused on Organic Agriculture, and was one of three project proposals submitted to Ms. Francoise Chapman, Chief Planning Officer, Commonwealth Secretariat, during her visit here in February 2004.

Participants in the Workshop were drawn from CARICOM Member States.

In addition to the convening of this workshop, the Commonwealth Secretariat also responded positively to a proposal for the assignment of a Legal Draftsman to the Ministry of Legal Affairs. This Ministry is, however, awaiting a response to a proposal for the assignment of a Monitor and Evaluation Specialist to the Ministry of Agriculture.

VOLUNTARY SERVICE OVERSEAS (VSO)

Consultations are on-going between the Government of Guyana and VSO, aimed at concluding a new Memorandum of Understanding (MOU), in the near future. The previous MOU expired in May 2004. The new MOU is expected to expand the number of VSO Volunteers working in Guyana, and to facilitate the accessing of VSO Volunteers by Non-Governmental Organisations (NGOs).

In the meanwhile, the Ministry of Foreign Trade & International Cooperation continues to pursue requests for VSO Volunteers by Ministries and NGOs. VSO Volunteers work primarily in the Health and Education sectors.

REGIONAL COOPERATION

BARBADOS

As a result of discussions between the Ministry of Foreign Affairs of Guyana and the Barbadian Foreign Ministry, regarding the convening of a Joint Commission, it was agreed that both sides should conduct internal consultations to determine areas of specific interest, and to identify a suitable date for the inauguration of the Joint Commission. It is anticipated that the Joint Commission will be held during the first half of 2005.

TRINIDAD AND TOBAGO

Efforts are being made to resuscitate the high-level bilateral commission between Trinidad and Tobago and Guyana, which has been dormant for a number of years. The agreement setting up the Guyana/Trinidad and Tobago high-level bilateral commission, to stimulate increased trade and investment between the two countries was signed in 2000.

The Latin American Economic System (SELA)

In September 2004, the Ministry of Foreign Trade & International Cooperation received three proposals from the Latin American Economic System (SELA) Secretariat, in relation to the restructuring of that organisation.

As a longstanding member of SELA, Guyana is expected to examine the proposals and communicate to the Secretariat, its views regarding the proposals for restructuring. These proposals are currently receiving the attention of the committee that monitors SELA activities. The committee is comprised of representatives from beneficiary Ministries.

The Latin American Economic System (SELA) is a regional inter-governmental organization that groups twenty-seven (27) Latin American and Caribbean countries, and is headquartered in Caracas, Venezuela. SELA was established on 17 October 1975, by the Panama Convention.

The objective of SELA is the promotion of a consultation and coordination system for consensus on joint positions and common strategies for the Latin American and Caribbean region, on economic issues *vis-à-vis* countries, groups of countries, international fora and organizations.

STATEMENT BY THE MINISTER OF FOREIGN TRADE AND INTERNATIONAL COOPERATION, HON. CLEMENT J. ROHEE, AT THE OPENING SESSION, AT THE LE MERIDIEN PEGASUS, GEORGETOWN, SEPTEMBER 28, 2004

Colleagues,

I bid you a warm welcome to Guyana.

I know that for many of you coming from the Hurricane Zone and Hurricane ravaged countries, the convening of this Stakeholders Meeting a few weeks ago would not have figured prominently on your respective national agendas.

At the same time, because of the nature of the issues billed for discussion and the equally devastating impact the Reform of the EU's Sugar Regime could have on our respective national economies, it is understandable why so many of you have found it necessary to gather in Georgetown, the exigencies of your domestic situation notwithstanding.

It seems that hurricanes are not unique as regards their Caribbean origin, the CAP Reform Hurricane has the potential to be just as devastating as Francis, Ivan and Charles.

Over these two days, we shall be deliberating on the plans and prospects of our respective sugar industries, our ultimate objective being to chart a common CARICOM plan for negotiations with the EU, in light of the proposed changes to its Sugar Regime.

We have returned to Georgetown – the historic venue of the formation of the ACP Group in 1975 and the "Georgetown Agreement" – at a crucial time. We anticipate that the camaraderie and political will that led to the formation and cohesion of the ACP Group will prevail once again.

Almost thirty years later, we are at the crossroads in sugar. The Lome Conventions are no longer in operation and we are mid-way through the 2000-2008 period during which we are expected to negotiate an Economic Partnership Agreement (EPA) with the EU. All of us know that we have not achieved the rate of progress that we would have liked to achieve since Lome I. Indeed, the situation has become even more complicated with the EU's reform of its Common Agricultural Policy, and by extension, its Sugar Regime. Not to mention the WTO's July Package and its implication for Sugar.

When the Commission released its final Reform proposal to the EU Council on July 14, there was a general sense of disbelief among ACP countries. It would appear that ours, as well as, the many other stakeholders' submissions were ignored. The Commission may argue that they have made provisions for the continuation of the Sugar Protocol but as we all know, access without remunerative pricing, seriously threaten our fragile economies - economies that can crumble with the impact of a hurricane or an El Nino phenomenon.

A question that seems uppermost in the minds of many is - do we have time to change the course of events? Can we submit a unified position given the various scenarios under which our respective sugar industries operate, not to mention the transitory stages in which we find ourselves at this time?

Moreover, a key question we need to answer is - what is meant by "accompanying measures" having regard to the Commission's reference to compensation to ACP suppliers to off-set the effects of a reduced price. I submit that we must define "accompanying measures" and at the same time defend the three pillars of the Sugar Protocol, i.e. guaranteed access, price and indefinite duration.

Guyana is deeply concerned over a price cut in 2005, which would reduce revenues from sugar by

US$20M and a further price cut in 2007, which would reduce revenues by US$37 million. GUYSUCO's officials will present later today its plans and prospects for the local industry and the impact of the EU's proposals on these plans. If there is one fundamental principle we should hold tenaciously to, it is to safeguard the benefits of the Sugar Protocol during the negotiations for an EPA, as enshrined in the Cotonou Agreement.

To achieve this it is imperative that Industries, Unions and Governments collaborate closely. In this regard, I am pleased to note the presence of several regional entities, whose expertise is needed in these difficult times for sugar. Let us not lose sight of the fact that the sugar industry is the largest agricultural enterprise in the Region, a multifaceted, multi-functional industry that represents a way of life for hundreds of thousands of our citizens, maintains rural stability and brings in vital foreign exchange.

Colleagues,

Concern has been expressed in some quarters that if the ACP discussed the issue of compensation publicly, it could be seen as tacitly conceding the proposed price cuts.

In this regard, there appear three possible approaches:

i. Refusal to discuss compensation;
ii. Discuss the principle of compensation but not the modalities;
iii. Discuss the modalities of compensation at a later stage.

Within the ACP, there is an emerging consensus that option two would be the most appropriate at this point in time.

However, I must emphasize that on this particular matter, one fundamental principle stands out:

Assistance packages, such as those offered to rum and rice, in the case of sugar were woefully inadequate. Minor one-off pittances cannot possible be considered as taking the place or somehow alleviating the threatened loss of a solid, continuing, remunerative trading arrangement like the Sugar Protocol: It is foolishness or hypocrisy to pretend to suppose that such palliatives would make up for what would be lost. The only principle that would make any sense whatsoever is that ACP sugar suppliers receive equitable and comparable treatment to that which may be accorded to European domestic producers if/when they suffer adverse effects from sugar "reform" provisions. The timing and composition of any compensatory mechanism for European farmers should find comparable and practical parallel for ACP sugar suppliers. After all, the price received by the ACP is a direct function of that paid at the European domestic level and certainly the ACP suppliers should find themselves comparatively no worse off after any "reform" than before.

Colleagues, I am sure you will agree with me when I say that on this particular matter, there is no room for complacency, and it will certainly not be business as usual as regards our relationship with the European Union, so long as this Sword of Damocles' hangs over our Sugar Industry, and the livelihoods of our people.

At the same time, we have to look to the future with confidence and optimism.

The Government of Guyana would like to propose that the following actions be considered by this Meeting, as regards the formulation of a common Caricom position and plan for future action, as mandated by Heads:

1. Develop a united CARICOM response to the Commission's proposal;

2. Begin preparations for a meeting with the new EU Commissioners for Trade, Agriculture and Development Cooperation on the Commission's

proposals for the Reform of the EU Sugar Regime;

3. Exchange views on the Review of the Sugar Protocol in the context of the ACP-EU negotiations on EPAs *vis-à-vis* Article 36.4;

4. Provide inputs for a Plan of Action for lobbying and meeting with EU Member States, the European Parliament and EU's Special Committee on Agriculture;

5. Develop a unified response to the formulation of a common ACP policy as regards the quantum of decrease in price; phase in period and principles for compensation;

6. Develop a strategy towards Beet Sugar Producers;

7. Develop a strategy for embracing NGOs, etc., in the European Union;

8. Formulate a Regional legal opinion to enquire into the legality of the EU's actions in effectively amending the Protocol;

9. Determine how to insert Sugar as a special and/or sensitive product in the WTO negotiations.

I thank you. ?

Regional Seminar on the WTO and Regional Trade Agreements For Caribbean Countries

SPEECH BY THE HONOURABLE CLEMENT J. ROHEE, MINISTER OF FOREIGN TRADE AND INTERNATIONAL COOPERATION, GEORGETOWN, GUYANA, SEPTEMBER 28, 2004

Distinguished Representatives and Officials, Ladies and Gentlemen,

On behalf of the Government of Guyana, I am pleased to welcome you to this regional seminar, and to thank, in particular, its organizers and sponsors, the WTO Secretariat, INTAL, IDB and CARICOM Secretariat, for the efforts deployed to bring this seminar to fruition.

This Workshop is among the Technical Assistance activities, funded by the IDB-INTAL, which are being undertaken, on a regional basis, in the context of the Memorandum of Understanding between the WTO and the CARICOM Secretariats. Similar Workshops were held in Jamaica in May 2004, in Guyana 2002, Barbados in April 2003 and Saint Lucia in March 2004.

As the CARICOM WTO Ministerial Spokesperson, I have been able from my vantage point to note the contribution these seminars have made to regional preparedness, and participation in international trade negotiations. This region has placed a high priority on training, and there is no doubt that the region has expanded its cadre of trade specialists and trade negotiators, as a result of these training activities. The initiatives of the CARICOM Secretariat on behalf of the region have, thus, born fruit and I would certainly wish to encourage it to continue along these lines.

The task of building negotiating skills is a long term one and for small countries it demands perseverance, and sustained action to achieve the level of human resources needed to respond to the challenges. The Caribbean region, in spite of its noteworthy efforts, must still pursue tirelessly all opportunities that it can avail itself of to boost its WTO negotiating capacity and participation.

This is understandable in view of its limited representation in Geneva, and the scarcity of financial resources in the region to actively put in

place the required structures and human capacity. The funding of these seminars by the IDB, and INTAL has to be, therefore, viewed and appreciated in this light.

As a small regional grouping, CARICOM has a very special interest in the topic chosen for analysis and discussion in this seminar. WTO rules govern regional integration bodies and, therefore, CARICOM has to meet WTO requirements to ensure it meets its WTO obligations. Many of these rules were set to guarantee consistency of practice across regions and non-violation of WTO liberalization commitments.

The rapid spread of regionalism today has made such a framework of rules even more desirable, in view of the existing and potential conflicts between regionalism and multilateralism. Nearly all of the WTO's 147 Members have signed regional trade agreements with other countries. Some of these agreements are wide-ranging in scope; others aim to achieve trade liberalization across a limited number of sectors over time.

The number of RTAs notified to the GATT/WTO has exceeded the total WTO membership, and has reached roughly 166. The conclusion of RTAs continues relentlessly and has experienced an accelerated pace following the launch of the Doha Development Agenda (DDA) in November 2001. These Regional Trade Agreements are notified either under GATT Article XXIV or under the Enabling Clause or under GATS Article V.

The Caribbean Community and Common Market – CARICOM – entered into force on August 1, 1973, and was notified to the WTO on October 14, 1974 under GATT Article XXIV.

CARICOM is, therefore, part of this WTO rule making which is now caught up in a dynamism that imposes the need for constant revision and updating. Many issues that now arise were not foreseen years ago, and consequently the WTO has to remain alert and poised to respond adequately.

The current preoccupations of the WTO Rules Committee and Committee on RTAs are indeed a reflection of this, both in terms of WTO negotiation and implementation of RTAs.

In this regard, it is useful to recall that CARICOM States noted with satisfaction the inclusion within the Doha Ministerial Declaration of negotiations aimed at clarifying and improving disciplines and procedures under the existing WTO provisions applying to regional trade agreements. They also welcomed the fact that such negotiations would take into account the developmental aspects of regional trade agreements.

While the scope of negotiations will encompass all WTO provisions dealing with RTAs, there are some development provisions, such as Article XXIV of the GATT 1994, the relevant provisions of the Enabling Clause, and Article V of the GATS, which are of particular relevance to CARICOM countries.

The general timetable established for virtually all negotiations under the Doha Declaration applies to these negotiations. They were to end by January 1, 2005, but now have been extended as a result of the General Council decision on the July Framework Agreement. At the 2003 Fifth Ministerial Conference in Cancun, stock was taken of progress made, and some political guidance was given.

Progress, however, remains slow and a number of important issues for developing countries continue to be outstanding. One such issue is the relationship between Article XXIV and the Enabling Clause within GATT 1994 and the WTO Agreement.

RTAs involving developed and developing countries are subject to existing WTO provisions, such as

Article XXIV of the GATT and Article V of the GATS. RTAs in trade in goods between developing countries are subject to the Enabling Clause.

The Doha Mandate for negotiations on RTAs explicitly underscored the importance of the development dimension of regional agreements. This would involve, not only clarifying the existing flexibility in WTO rules, but a review of the relationship between GATT Article XXIV and the Enabling Clause. Furthermore, the extent to which WTO rules governing RTAs take into account different development levels between RTA members also needs to be considered.

Small developing countries experience difficulties in adjusting to greater competition on their domestic markets. They also cannot fully exploit the new market access opportunities as they are constrained by bottlenecks on the supply side.

Flexibility is needed during the transitional or implementation period of RTAs, taking into account the special needs of these small developing countries, so as to facilitate their greater integration into the multilateral trading system. An appropriate length of the transitional period, the level of final trade coverage and the degree of asymmetry in terms of timetables for tariff reduction and elimination, are critically important for these economies.

In view of the difficulties being encountered recently by developing countries to obtain waivers for preferential trade agreements concluded between developed and developing countries, there is a need for new rules governing RTAs between developed and developing countries to take account of the special development needs and interests of developing, least developed countries, and small developing countries. This is in accordance with the Doha Ministerial Declaration in view of the importance of these agreements to these countries.

Under Article XXIV, free trade area agreements are a permitted exception to the basic principle of most-favoured nation treatment (Article 1). Article XXIV allows for a degree of asymmetry in liberalization in the formation of FTAs and Customs Unions (CUs). This asymmetry, however, does not currently cover the case for non-reciprocity in RTAs between developed and certain small economies over some relevant time frame. Flexibility is also required in such limited but deserving cases.

The Enabling Clause (Decision of 28 November 1979) provides for preferences that must be "generalized, non-reciprocal and non-discriminatory". It also recognizes waivers from Article 1 of the GATT to deal with the special economic difficulties, and the particular development, financial and trade needs of the least developed countries (LDCs) in paragraph 6 of the Clause. Equally, it makes provision for more favourable and differential treatment accorded by developed countries to be "designed and, if necessary, modified to respond positively to the development, financial and trade needs of developing countries" (Paragraph 3 (c).

The extent to which the Enabling Clause has satisfied the latter criterion is now under question as exemplified by the concerns raised in the Doha Mandate on S&D. Subjecting this clause to Article XXIV would further restrict its flexibility which would go against the interests of small developing countries.

Another important issue is the interpretation of paragraph 8 (B): «substantially-all-trade>> contained in GATT Article XXIV. The elimination of duties and, apart from permissible exceptions, other restrictive regulations of commerce on "substantially-all-trade" in originating products is a requirement under Article XXIV for FTAs. The clarification of "substantially-all-trade" to be WTO compatible is needed in any new rules governing

RTAs between developed and developing countries.

Flexibility demands that more favourable consideration be given to an approach that offers an adequate benchmark of product coverage in terms of trade flows and/or in terms of a certain percentage of tariff lines that would allow small developing countries to exclude certain sensitive sectors and adequately make provision for their adjustment.

Equally requiring attention is the definition of the «reasonable time-frame» provision. The Understanding on the Interpretation of Article XXIV of the General Agreement on Tariffs and Trade 1994 defined a "reasonable period of time" in which trade restrictions should be eliminated on substantially all trade. "Within a reasonable period of time" is defined in the WTO as a period that "should exceed ten years only in exceptional cases". WTO compatibility remains controversial, since this condition is subject to a certain degree of interpretation.

Longer time–frames are necessary for most small economies to take account of the longer duration of adjustment associated with transformation and adaptation to free trade in these economies. A time-frame is needed that would allow these economies to achieve their objective of taking advantage of additional market opportunities, as well as, adequately protecting their sensitive sectors.

In conclusion, Special and Differential treatment under Article XXIV is inadequate to meet the needs of developing countries, especially in RTAs with developed countries. In addition, the existing provisions are not precise and effective allowing special and differential treatment to be negotiated on the basis of the outcome of the negotiations, which in most cases will be to the detriment of small developing countries lacking political muscle.

Stricter disciplines and procedures are required with respect to product coverage, transitional periods and the degree of asymmetry in liberalization schedules that would provide a sound legal basis for RTAs between developed and developing countries. It would significantly assist developing countries negotiating FTAs with different developed regions and required to instantaneously extend MFN concessions to third developed countries.

I have focused on ways of improving the Legal Framework of Article XXIV and some potential areas of difficulty, especially for small countries. The reason for this focus is that small developing countries, such as those in the Caribbean and Pacific, are now faced with negotiating a free trade agreement with the EU, or as in the case of the Caribbean with the Americas under the FTAA. The WTO must be made to be more supportive of these negotiations and it is in this direction that we must address our efforts.

In examining your programme, I am convinced that you will have an opportunity to examine these issues further and thus deepen your knowledge of these complex matters. This will certainly allow you to make better judgments in the negotiations ahead and act in the best interests of the region.

It is, therefore, with this sense of promise that I wish you all the best in your deliberations and thank you for your kind attention. ?

STATEMENT BY THE MINISTER OF FOREIGN TRADE AND INTERNATIONAL COOPERATION, HON. CLEMENT J. ROHEE, TO THE NATIONAL ASSEMBLY, AUGUST 5, 2004

Mr. Speaker,

It has come to our attention that the WTO Panel on European Communities (EC) Sugar Subsidies has released an interim report. As Honourable Members would be aware, the dispute concerns a challenge brought by Australia, Brazil and Thailand, against the European Community, alleging that the European Community (EC) exceeds its commitments to reduce export subsides on sugar. Guyana and some of its partners in the ACP are Third Parties in this dispute.

In accordance with WTO rules, interim panel reports are confidential to the main parties in the dispute. Guyana, thus, has no official knowledge of the findings or contents of the report, but there has been wide press coverage, including an article appearing in yesterday's **Financial Times**.

These reports suggest that the Panel has found that the EC domestic support for sugar, indirectly subsidized exports of surplus production and violated the European Community's (EC) WTO commitment to limit export subsidies. With specific reference to sugar imported into the European Community from the ACP countries and then re-exported in equivalent quantities by the European Community, the Panel apparently found that these quantities of exports must be counted within, and not in addition to the European Community's WTO commitments.

WTO interim reports are issued for verification and comment by the parties to the dispute. The WTO Panel has indicated that a final report will be issued in September. If the findings, as reported, are confirmed and allowed to stand, they will have no bearing on Guyana's access to the European Community market under the Sugar Protocol, but the steps which the European Community would be required to take to bring its operations into conformity with the Panel's findings, could have the effect of reducing the price, which Guyana receives for its sugar exports.

WTO rules allow Third Parties to participate in Appeal hearings, but not of course to institute them. In light of this, we will continue our coordination initiatives with the European Community, and with our partners in the ACP, as we have done throughout this hearing, to ensure that Guyana's interests are protected.

Mr. Speaker,

Our aim all along is to ensure the fair application of the rules of trade, that the burden of adjustment is not disproportionately distributed, and with specific reference to sugar, that the benefits of the Sugar Protocol are safeguarded.

Thank you.

The Ministry of Foreign Trade and International Cooperation's website

http://www.moftic.gov.gy

provides valuable information on
economic and trade-related information
at the national, regional and multilateral levels.

It also provides links to the website of

- **Government Agencies**
- **Regional Organizations**
- **Multilateral Organizations**

Also on the Ministry's website are past issues of the MOFTIC Digest,
the Review of Guyana's Foreign Trade, and other Publications.

This site is a useful source of information for the business community,
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