



CARIFORUM-EC EPA: TRADE IN SERVICES¹

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The objective of the services provisions of the CARIFORUM EPA is to facilitate and strengthen trade in services. This means that parties to the agreement must ensure any foreign suppliers allowed access are treated in the same way as local operators. However, the choice of whether those services are privatised or deregulated is unaffected - on the contrary both CARIFORUM countries and the EU explicitly retain the right to regulate services as they see fit. This not least as opening up trade in services often requires specific regulation, for instance to ensure fair competition or to guarantee citizens have access to universal services.

Opening Trade in Services

Services sectors are usually subject to strict and complex domestic regulation. Hence, liberalisation of trade in services is much more complex than liberalisation of trade in goods, which is mainly a matter of lowering customs tariffs. Because of this, the CARIFORUM EPA does not open up all services sectors in a uniform manner.

- Trade opening only applies to those services sectors which the parties have positively identified for trade opening (see annex 4 of the agreement).
- There are special conditions and limitations on trade opening such as where CARIFORUM countries maintain special reservations for small and medium sized enterprises in certain sectors.

The lists of liberalised services sectors, with the relevant conditions and limitations, are called "schedules of commitments". They indicate precisely what is open to foreign services providers and under which conditions.

Asymmetry

The trade opening on services in the CARIFORUM EPA is asymmetric. The EU makes commitments in 94% of sectors while CARIFORUM does so, on average, in 75% of sectors. Within this, less-developed Caribbean countries make commitments in 65% of services sectors and the Dominican Republic in about 90%. Moreover, many CARIFORUM service commitments consist of restating (or "binding") existing commitments where sectors are already open to foreign services providers.

¹ This fact sheet describes the content of part of the CARIFORUM-EC EPA. It does not in any way replace or interpret the provisions of this Agreement.



The Right to Regulate

The CARIFORUM EPA makes it very clear that:

- Nothing requires the privatisation of any public undertaking or imposes any obligation on government procurement.
- The right to regulate economic activities (foreign services providers) is untouched including the right to introduce new regulations to meet legitimate policy objectives.
- The Parties to the EPA commit to maintaining standards and not to engage in a race to the bottom in an attempt to attract investors.
- The rules regarding behaviour of investors, which require high standards of commercial and ethical conduct, fully apply to investments in services.

Services Commitments

The full list of market access commitments is annexed to the EPA. Where a sector is included in such an annex, the EU and the CARIFORUM countries grant each other services providers access to their markets and commit to treating them equally to domestic suppliers subject to any special conditions. These conditions can include limits such as the numbers of suppliers admitted, the value of service transactions or value of operations.

The coverage of the agreement in terms of sectors is rather broad and extends to all services sectors with the exception of maritime cabotage, some aspects of air transport and audiovisual services. Services supplied in the exercise of governmental authority are excluded.

The EU has made substantial concessions in the service sector. EU services commitments open the EU market to service suppliers and investors to supply cross-border services like international phone calls, banking or architectural services. They also allow the commercial presence of CARIFORUM firms in Europe (see Investment Fact Sheet), including commitments for people to travel temporarily for business purposes across most sectors, including short term business visits, salespeople, investors, and graduate trainees.

The EU has made commitments for contractual service suppliers and some independent professionals to work in the EU in a large number of sectors, including tourist guides, entertainers, artists and chefs de cuisine. CARIFORUM's services companies will be able to transfer management trainees to their affiliated companies in the EU for up to one year of work experience. CARIFORUM companies with a contract to provide services in 29 sectors, such as nursing, computer services and



engineering, will be able to send some employees to the EU to provide these services for up to six months at a time. Similar provisions apply to skilled self-employed service suppliers in 11 sectors like legal advisory services, computer services and management consulting who will also be able to enter the EU for up to six months at a time.

The Most Favoured Nation (MFN) Clause

As with goods trade, the MFN clause in services is asymmetrical. It states that whenever the EU offers better treatment to services providers of another country, this treatment will automatically extend to CARIFORUM services. CARIFORUM countries on the other hand only have to do so where they conclude trade agreements with major trading economies. The MFN clause does not apply to regional agreements in the Caribbean although any advantage granted to the EU must also be granted to fellow CARIFORUM countries. The commitments related to the presence of natural persons are not covered by the MFN clause.

Regulatory Principles

The CARIFORUM EPA also includes regulatory principles in a few key services sectors, such as computer services, courier services, telecommunications, financial services, maritime transport and tourism services.

These aim at promoting sound and transparent regulatory frameworks in sectors that are usually subject to very specific regulation and which are key for development. In several of these sectors (e.g. courier services or telecommunications) it is expressly stated that the EU and CARIFORUM countries have the right to define the kind of universal service they wish in order to guarantee equal access to basic utility services (such as water, electricity, telephony or mail) at a uniform price.