



The CARIFORUM-EC Economic Partnership Agreement

"The EPA makes full use of the provisions in WTO rules that allow developing countries to exclude certain goods from liberalisation, to protect sensitive and emerging industries, and to use safeguards to guard against surges in imports"

On 16 December 2007 the European Commission initialled an Economic Partnership Agreement (EPA) with Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Christopher and Nevis, Surinam, and Trinidad and Tobago (the CARIFORUM countries). In signing an Economic Partnership Agreement, the Caribbean and Europe aim to build on their long-established economic ties to foster growth, jobs and development in the Caribbean. The EPA was signed in the Caribbean on 15 October 2008. The EU pledged to work with the Haitian government and other Caribbean partners to ensure that the conditions for Haiti to join the EPA are in place soon.

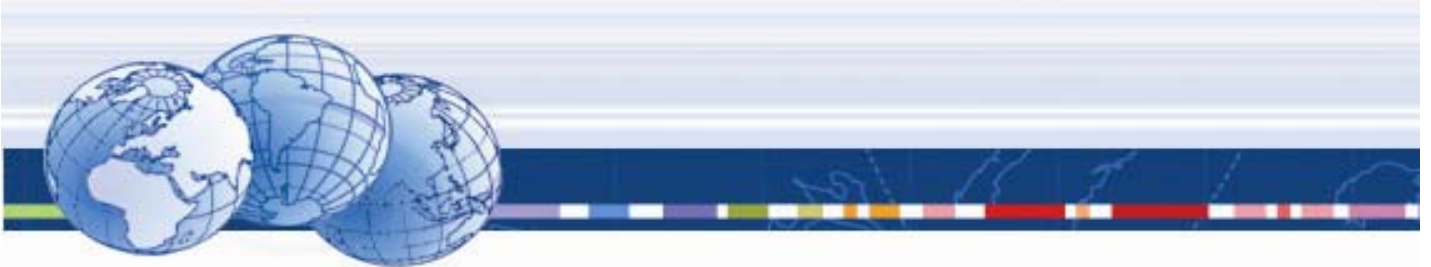
Why a new trade agreement between the EU and the Caribbean?

For more than thirty years trade between Europe and the Caribbean has been based largely on 'preferences' – special tariff rates for selected goods. Unfortunately, these arrangements have not helped Caribbean economies diversify or strengthened their industries – the Caribbean exports less now than it did twenty years ago, and receives lower prices for those exports. Dependence on preferences is not a sustainable long term strategy for the region.

Also, because they were extended unilaterally by the EU to the Caribbean in a way that discriminates between Caribbean developing countries and developing countries elsewhere in the world the arrangements that the EPA replaces were not in conformity with WTO rules. In 2001, the EU and the Caribbean were given seven years by other WTO members to negotiate a new agreement that met WTO rules. That agreement is the Economic Partnership Agreement. Trade relations are now safe against legal challenge at the WTO by other developing countries.

To comply with WTO rules a trade agreement must open up “substantially all trade” between two partners. The CARIFORUM-EC EPA does this by immediately opening all markets on the EU side and gradually opening most markets on the Caribbean side. The EPA makes full use of the provisions in WTO rules that allow developing countries to exclude certain goods from





liberalisation, to protect sensitive and emerging industries, and to use safeguards to guard against surges in imports.

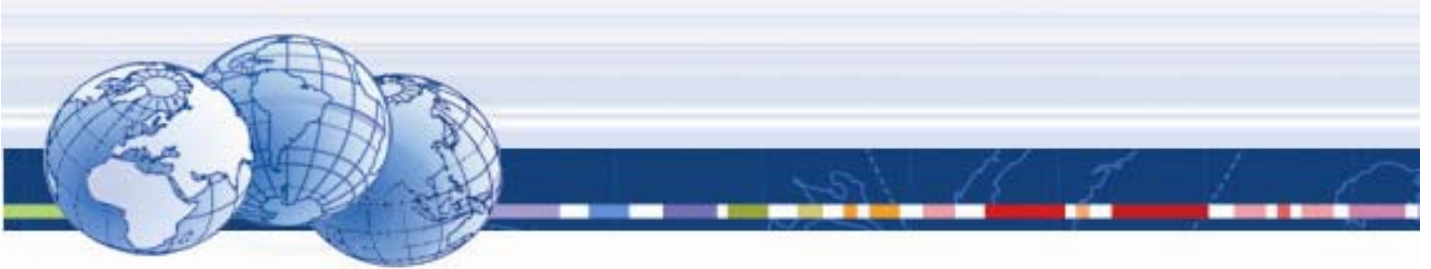
What is in the EPA?

The CARIFORUM-EC EPA is a pioneering agreement in the international trading system. It is the first genuinely comprehensive North-South trade agreement that promotes sustainable development, builds a regional market among developing countries and helps eliminate poverty. It will put the Caribbean on the map as an expanding market where traders and investors can find opportunities for growth and security for their investments.

"The EPA removes all tariffs and quotas on Caribbean exports to the EU immediately. The only exception is sugar, which will be liberalised over a period of seven years"

- At the centre of the Economic Partnership Agreement is the creation of an integrated regional market in the Caribbean. It promotes the progressive harmonisation of the external tariffs of the CARIFORUM countries building on the liberalisation of the flow of goods between the economies of the Caribbean. This will help local businesses create economies of scale and make the region much more attractive as a market for investment and trade.
- The EPA removes all tariffs and quotas on Caribbean exports to the EU immediately. The only exception is sugar and rice, which will be liberalised over short periods.
- The EU has also agreed to open up new markets for Caribbean companies and professionals to offer services in the EU and for young Caribbean professionals to gain EU work experience. These go far beyond anything offered by Europe in any other trade agreement.
- From the Caribbean side there is a gradual opening of markets over a period of 25 years, which will mean cheaper goods for consumers and businesses.
- Caribbean countries will now benefit from improved 'rules of origin' that will support the development of industries that import materials to make goods for onward export to Europe. This is important for industries such as processed food or fisheries that might import raw materials from outside the Caribbean.
- Beyond the 165 million Euros European Development Fund regional programme for the Caribbean, a development cooperation declaration in the EPA commits the EU to using its Aid for Trade financial support to help Caribbean countries implement the EPA.





Will Caribbean states be able to protect sensitive products and growing industries from trade competition?

The Economic Partnership Agreement contains considerable flexibility for the Caribbean region to exclude sensitive products and industries from liberalisation or to phase in liberalisation over many years. The coverage of goods liberalised by CARIFORUM countries under this Agreement amounts to 61% of EU imports in value over 10 years, 82% over 15 years (85% of tariff lines) and 86% over 25 years (90% of tariff lines). The main exclusions from tariff cuts are agricultural and processed agricultural products; some chemicals, furniture and other industrial products.

There are also provisions to protect and uphold environmental standards and workers rights, while guaranteeing the rights of Caribbean countries to regulate and manage their own affairs.

Will the EPA be supported with financial assistance from the EU?

The Caribbean EPA will be supported with financial assistance from the European Union Development Fund, in particular the regional programme which amounts to 165 million euro for the period 2008-2013. Funds will be used to help implement the EPAs, to build business development programmes, and to assist in the reform of the taxation system of the CARIFORUM countries.

EU-Caribbean Trade

EU trade with the Caribbean region amounted to more than EUR 6 billion in 2007. The EU exported EUR 3.275 billion to the Caribbean including ships and boats and machinery. Caribbean exports to the EU were worth nearly EUR 3 billion, including ships and boats, fuels, chemicals and agricultural products.

http://ec.europa.eu/trade/issues/bilateral/regions/acp/pr220208_en.htm

