

Economic Partnership Agreement





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□ Objective:

To raise awareness and build capacity in the area of the treaty establishing the Cariforum-EC Economic Partnership Agreement;



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□ Enabling Objectives:

- 1. To enhance the understanding of the Cariforum-EC EPA;**
- 2. To facilitate the implementation of the EPA in the Cariforum States;**



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The Economic Partnership Agreement establishes a comprehensive trade arrangement between the Cariforum States, of the one part, and the European Community and its member states, on the other part



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As of 2002, there was four years of intense negotiations between the EU and the ACP States

The EU pushed “WTO compatibility” as a frame for the talks



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As the talks advanced, there emerged growing concerns within the ACP;

The developed countries that dominate international trade are pushing for trade agreements that are based on reciprocity;



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The ACP Countries wanted the bits of market access that the EPA offered, but would have to pay a high price in terms of:

- ✓ loss of customs revenue**
- ✓ destabilisation of their economies from the expected flood of EU imports**
- ✓ unclear financial Aid**



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The decision to conclude the negotiations of the Cariforum / EU EPA as a separate region was entered into voluntarily by the Governments of the Cariforum



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The preferential trade provisions of the Cotonou were scheduled to end on December 31st 2007, which put the Cariforum region at a disadvantage;

WHY & HOW?



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The EU has the potential to be a major source of foreign investment

It is a critically important export market and a major source of essential imports, and has traditionally been a significant trade partner to the Cariforum region



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From 2008, Cariforum States needed to avoid having less favorable EU market access than the other developing countries from Africa and the Pacific that produce and export similar products such as bananas and sugar;



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The less developed countries of Africa already had duty free, quota free access into the EU markets and therefore would be in a more advantageous position if there was no EPA between the Cariforum region and the EU.



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The EPA became a priority for the Cariforum States to compete as alternative trade agreements with other major trade partners were not an option at that time;



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Another attractive aspect of the EPA is the EU's pledge to furnish development aid to assist with the costs of adjustment and implementation;



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The Cariforum-EU EPA was initialled in Barbados on December 16th 2007 by the principal negotiators representing the two regions;

After nine months of review, the EPA was signed on October 15th 2008 in Barbados by all countries except Guyana and Haiti;



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A week later Guyana signed the EPA in the privacy of it's embassy in Brussels;

Haiti because of persistent political and economic difficulties was unable to resolve issues relating to services and investment in time to sign ;



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**In March 2009, the CARIFORUM-EU
EPA was approved by the European
Parliament**

**The parties to the EPA are the 15
member states of Cariforum, the
European Commission(EC), and the
27 member states of the European
Union;**



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- The 15 Cariforum EPA countries are:**
- Antigua and Barbuda**
- The Bahamas**
- Barbados**
- Belize**
- Dominica**
- The Dominican Republic**
- Grenada**



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Con't:



Guyana

Haiti

Jamaica

St. Lucia

St. Vincent and the Grenadines

St. Kitts and Nevis

Suriname

Trinidad and Tobago



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- The 27 EU EPA countries are:**
- Austria**
- Belgium**
- Bulgaria**
- Cyprus**
- Czech Republic**
- Denmark**
- Estonia**



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Cont'd:

- Finland**
- France**
- Germany**
- Greece**
- Hungary**
- Ireland**
- Italy**



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Cont'd:

- Latvia**
- Lithuania**
- Luxembourg**
- Malta**
- Netherlands**
- Poland**
- Portugal**



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Cont'd:

- Romania**
- Slovakia**
- Slovenia**
- Spain**
- Sweden**
- United Kingdom**



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The EPA is WTO compatible, which means that it must be in conformity with the rules of the WTO, including moving towards reciprocity in a reasonable time frame;

(usually most of the liberalization must be accomplished in 10-16 years)



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However the obligations assumed by the EU and Cariforum differ in several subject areas in a manner designed to favour the developing country partner (Cariforum);



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**The negotiators in Cariforum
succeeded in having the EU provide
duty free, quota free market access
immediately as the EPA comes into
effect;**



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On the other hand, Cariforum will phase its import liberalization over periods extending as long as 25 years;

This gives the Cariforum region time to carefully calibrate tariff liberalization and the capacity to adjust;



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The Cariforum States enjoyed a moratorium on tariff liberalization up to the end of 2010;

The first tariff reduction to which Cariforum has committed is scheduled for 1st January, 2011;



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Annex III of the EPA contains a “schedule of tariff liberalization of the Cariforum States” stating the initial reduction of duties on January 1st, 2011, and for subsequent reductions up to the year 2033;



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Products originating in the EU shall not, on their importation into the Cariforum States, be subject to customs duties higher than those indicated in Annex III



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A customs duty shall include any duty or charge of any kind, including any form of surtax or surcharge, imposed in connection with the importation or exportation of goods;



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Customs duty shall not include:

- a) Antidumping, countervailing or safeguard measures applied**

- b) Fees and other charges for services rendered**



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Customs duty on exports shall not be applicable to goods originating in the Cariforum States and imported into the EU States and vice-versa;



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**Goods originating in the Cariforum /
EU region are those which satisfy the
conditions set out in the list in Annex
II of the agreement;**



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**The Caribbean Community as a
juridical entity is not a party to the
EPA;**

**The 15 Cariforum states each signed in
their individual capacity;**



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The EPA distinguishes certain obligations for which cariforum states are collectively responsible from another set of obligations for which they are individually responsible ;



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The reason is to avoid a situation where the collectivity could be exposed to sanctions from the European Commission as a result of the actions of just one member;



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The EPA is the first bilateral trade agreement between Cariforum States and another Party.

It establishes a Free Trade Area that opens up “substantially all trade” between the Cariforum region and the EU;



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The EPA guarantees the Cariforum permanent duty-free quota free (DFQF) access to the EU markets for its exports with few exceptions e.g.

Sugar and Rice, which both have short transition periods before DFQF kicks in;



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This opened up an opportunity for the Cariforum to develop some non-traditional exports including sugar based products such as soft drinks and confectionary;

- this was not permissible before the EPA;**



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On the other hand, DFQF for bananas, without former ACP quotas and license arrangements fully liberalised the EU markets and will present a challenge for small high cost producers in the Cariforum like the Windwards and Jamaica;



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Re imports into the Cariforum from the EU, a number of sensitive agricultural products have been excluded from liberalisation including:

Meats, poultry, fish, vegetables, fruits, tubers, sugars, rum, bananas, plantains and dairy products among others;



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This means that the current tariffs will not be reduced and will continue to be applied, with the flexibility to increase them up to the WTO bound rates;



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❖ EPA implementation structure:

- Joint Cariforum-EC Council
(power to make decisions in respect
of all matters covered by the
agreement)**



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- ❖ **EPA implementation structure:**
- **Trade and Development Committee
[art 4]
(wide powers for the supervision,
monitoring, and implementation)**



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- ❖ **EPA implementation structure:**
 - **Implementation Committee**
 - **Special Committee on customs cooperation and trade facilitation**



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❖ EPA implementation structure:

- Cariforum-EC Parliamentary
Committee
(promote exchange of views)**



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❖ EPA implementation structure:

➤ Cariforum-EC Consultative Committee

**(promote dialogue among social
partners and stakeholders)**



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- **Summary of the Cariforum EPA objectives:**
- **Reducing and eradicating poverty through a trade partnership;**
- **Promoting regional integration, economic cooperation and good governance;**



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- **Summary of the Cariforum EPA objectives:** **con't**
- **Ensuring the gradual integration of the cariforum countries into the world economy;**
- **Improving the cariforum countries capacity in trade policy and trade related issues;**



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Though the EPA replaces the trade provisions of Cotonou in Cariforum, the arrangements for technical and financial cooperation / development assistance for the Cariforum states are still located in the Cotonou and not in the EPA/FTA

