

Lessons from the Implementation of the CARIFORUM-EU Economic Partnership Agreement



**JOSEPHINE NYAKATAWA, Hub & Spokes Programme
National Trade Adviser, Jamaica**

Introduction

The CARIFORUM-EU Economic Partnership Agreement (EPA), signed between 15 CARIFORUM States and 27 European Union States in October 2008, is a trade and development partnership that replaced the non-reciprocal trade component of the Cotonou Partnership Agreement. To date, 8 CARIFORUM States and 21 EU States have ratified the Agreement. The CARIFORUM-EU EPA is being provisionally applied since December 2008.

CARIFORUM-EU EPA Objectives in Brief

- Reduce and eventually eradicate poverty through a trade partnership;
- Promote regional integration, economic cooperation and good governance;
- Promote the gradual integration of the CARIFORUM states into the world economy;
- Improve the CARIFORUM States' capacity in trade policy and trade related issues;
- Promote increased investment, economic growth and improve private sector capacity and competitiveness in the CARIFORUM Region.

What the CARIFORUM-EU EPA Covers

The CARIFORUM-EU EPA is not just a trade in goods agreement; it includes commitments on trade in services, investment, trade-related issues such as competition policy, government procurement, intellectual property rights, as well as social aspects issues. Its wide-ranging scope is a fundamental shift from the previous trade arrangements between the Parties. The Agreement, which is currently the only comprehensive EPA signed between the EU and the regions of the African, Caribbean and Pacific (ACP) States, is a major innovation in North-South trade arrangements practice.

Importantly, development cooperation commitments by the EU are spread throughout the EPA to support the implementation of the Agreement in CARIFORUM States. The Agreement also includes a separate Protocol on Cultural Cooperation which aims to improve the conditions governing the exchange of cultural activities, goods and services between CARIFORUM countries and the EU. The CARIFORUM-EU EPA is the first trade agreement in which the EU specifically included comprehensive provisions on culture. The role that this Protocol can play in stimulating opportunities for the cultural and creative sector of the CARIFORUM region, within the EU market, cannot be overemphasized.

The simple removal of border measures will not be sufficient. In particular, the potential gains from trade liberalisation will not be fully realised unless other factors causing segmentation of markets are removed. EPAs will therefore address all areas relevant to trade.

Benefits of the CARIFORUM-EU EPA to CARIFORUM States

The EU is the Caribbean region's second largest trading partner after the USA. The comprehensive scope of the CARIFORUM-EU EPA offers opportunities for enhanced production, supply and trading capacity within CARIFORUM States, which could expand the region's trade with the EU. Some of the benefits of the Agreement include, among others:

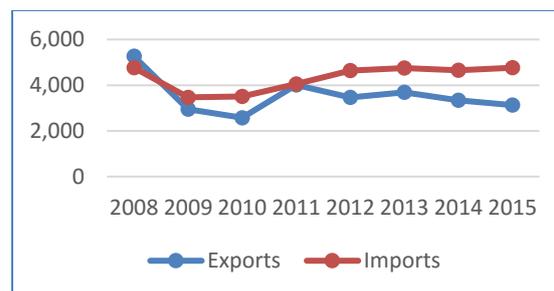
- Duty-free and quota-free market access into the EU for all products originating from the CARIFORUM region except for arms and ammunition;
- Substantial market access for CARIFORUM's services;
- Development cooperation in wide ranging areas relevant to trade;
- Opportunities for much needed investment inflows into the region;
- Cooperation among cultural professionals and practitioners from the CARIFORUM region and the EU.

Implementation Challenges

Despite the many opportunities offered by the CARIFORUM-EU EPA, many CARIFORUM States have not been able to achieve the benefits to be derived from the Agreement due to a myriad of challenges. To begin with, the conclusion and signing of the Agreement coincided with the global financial and economic crisis of 2008, which negatively impacted goods trade flows between the CARIFORUM region and the EU.

Operational and capacity constraints have also thwarted the region's efforts to take full advantage of the benefits of the EPA in both merchandise and services trade.

CARIFORUM Merchandise Trade with the EU (US\$'000)



Source: Author's calculations using ITC Trade Map data

Lessons from the Implementation of the CARIFORUM-EU EPA

Given the cross-cutting nature of the EPA, a whole-of government approach is vital in the implementation of the Agreement. It is, however, crucial to involve all the key stakeholders from the start, i.e. at the negotiation stage, to ensure ownership of the Agreement at the national level. This will facilitate the implementation process.

Importantly, inter-agency collaboration is critical to ensuring more coherent, efficient and coordinated planning and implementation. In addition, continuous awareness-raising among stakeholders is crucial to the implementation of the Agreement.

Furthermore, addressing supply-side and capacity constraints in CARIFORUM States should be a priority for both Parties to the Agreement, if the CARIFORUM region is to seize the opportunities available. The region's productivity capacity and competitiveness need to be strengthened.

Finally, the Parties to the CARIFORUM-EU EPA need to develop and implement an effective monitoring and evaluation mechanism to track progress on EPA implementation and ensure that the Agreement's objectives are realized.