



**BARBADOS
PRIVATE SECTOR
TRADE TEAM**

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Minister Miller on CARIFORUM/EU EPA (excerpt)

At the outset, let me express my gratitude to all of you and particularly to my region, the Caribbean region, for appointing me to the Chairmanship of our Ministerial Trade Committee. With your cooperation and support, I am confident that we are going to have a successful meeting.

The MTC was set up to address important issues in the multilateral and bilateral trade arenas of WTO and ACP-EU Cooperation. Its terms of reference provide that we should meet at least twice per year on the ACP side and at least once a year at the joint ACP-EU level. Therefore, it is disappointing to note that it has not been possible to convene a meeting of the Committee during the last 20 months, particularly when there are burning trade issues that require our attention. I hope that all efforts will be made by everyone concerned to facilitate the holding of meetings on a more regular basis. This ACP Ministerial Trade Committee meeting and the 6th Joint ACP-EC MTC meeting, which will follow on Wednesday afternoon, come at a critical time for the ACP. As we get together in Brussels to assess the progress, which has or has not been made post Hong Kong in the WTO discussions on modalities etc. and to address crucial issues associated with the EPA negotiations, there is a feeling that the international trade agenda is not delivering for the ACP countries.

We are meeting this morning, faced with the realization that the EPA negotiations have achieved very little to date. Therefore, the burden is on this MTC meeting to

agree a way forward which will energise the negotiations. In addition, lack of progress at the WTO is threatening to derail the Doha "Development" Round and force countries to re-think their approach to the multilateral trade agenda.

Only 18 months remain before the projected conclusion of the EPA negotiations. Many issues have not yet been adequately examined and those that have been addressed have not produced satisfactory outcomes. Indeed, there are major differences between the positions of the ACP regions and those of the EC on a number of key issues, such as: (a) the regional integration process; (b) giving tangible expression to the concept of development in an EPA; (c) approaches to tariff liberalisation; (d) creating an effective funding mechanism for EPA support; and (e) what is meant by "substantially all trade". This level of divergence on major issues is a cause for concern.

When the WTO waiver expires on 31 December 2007, we need to have a working trade arrangement between the ACP regions and the European Union. It is necessary, therefore, that we either hasten the pace of the negotiations or conclude an alternative WTO-compatible arrangement which will facilitate the continuation of trade and development cooperation with our European Partners.

We have the responsibility today, as representatives of our regions, to examine all aspects of the negotiations and make recommendations that will guide the work of our negotiators and enable them to make further progress towards a satisfactory outcome.

Colleagues, let us share information and experiences. Faced with common problems, let us work together to find the best solutions to those problems. Let us agree on common approaches where this will benefit all of our regions. Let us seize the opportunity to develop common positions on many of the issues that are being negotiated. Let us use our diversity and numbers as our strength.

We note with interest that while the ACP has been divided into six negotiating regions for the EPA negotiations, the European Union continues to expand its membership. When we concluded the Cotonou Agreement, the European Union had fifteen members. Today it has twenty-five (25) with two more countries (Bulgaria, Romania) expected to join next year.

The current accession discussions within the European Union might in future result in countries such as Turkey as well as Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro and Kosovo) becoming members and therefore our partners under the Cotonou Agreement and EPAs frameworks.

Therefore, as we discuss our trade, EPA and other cooperation issues with the European Union, we should be thinking of a possible future Europe with more than thirty (30) members. It is incumbent upon us therefore to remain united as a Group and not to allow the separation created by the EPA negotiations to divide us.

Minister Miller on CARIFORUM/EU EPA (excerpt) Con'd

On the WTO front, it has become clear that unless the ACP as a Group pushes hard for the interests of its members, our countries shall remain marginalized in the global trade arena. Indeed we should continue to work in concert with the Africa Union and the Least Developed Countries under the umbrella of the G90. We have seen how the developed countries continue to haggle over their issues in capitals such as London, Tokyo and Paris and indeed at summit meetings such as that which was held last week in Vienna between the EU and USA. Most of

these discussions do not seem to take account of our concerns and interests.

The recently released draft modalities for Agriculture and NAMA for preparing negotiating schedules in these two areas demonstrate a lack of concern for weaker countries, such as those in the ACP Group. The two texts are extremely long, the issues are complex and it is difficult for our resource strained countries to cope. In the case of NAMA, for example, we have seen an attempt to take away the flexibilities which had been offered in the earlier decisions. The

attempt to use a Simple Swiss tariff reduction formula will result in very severe tariff cuts and this could harm the economies of many developing countries.

Colleagues, we must strategize and agree on how to respond to these evolving developments. Our meeting today and tomorrow should help us to address some of these crucial issues. I look forward to your valuable inputs and to a fruitful meeting.

I thank you for your attention.

Recommendations for the Financial Services Sector in the Economic Partnership Agreement Negotiations

The Barbados Private Sector Trade Team recently commissioned a study on the Financial Services Sector in CARIFORUM/EU EPA Negotiations and takes this opportunity to share the findings of the Consultant.

The speedy development of the CSME, including the convergence of practices across the region, is aimed at creating a seamless market to compensate for the lack of individual market size.

Moreover, it is critical that recognition be given to the current state of liberalisation in Barbados and its CARICOM partners within which Group Barbados is involved in the EPA negotiations.

There is also need to ensure that a level playing field exists in the domestic market; through careful monitoring of "suitcase trading" in banking and securities and insurance, along with an improved relationship between the industry and regulators to reduce some of the requirements, which make the sector uncompetitive at the national level.

The following areas are recommended for business cooperation between Barbadian and EC firms for generating new business in the changing financial sector:

- Banks and insurance companies should give consideration to the formation of joint ventures with large

EU firms with project financing capabilities and loss adjustment and actuarial specialties for the provision of these services within Barbados. This is one approach to reducing the problem of "suitcase trading" in these areas.

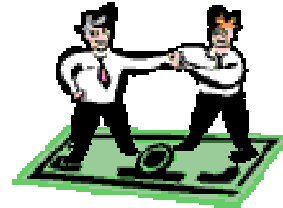
- Banks, securities and insurance companies could refer domestic transactions to EU financial institutions for a fee. This would help address the problem of lack of market access capacity by providing a mechanism for "sharing in the pie" in the domestic market.
- Onshore firms domiciled in Barbados could also put correspondent and partnership relationships in place whereby they sell the products of EU financial institutions for a fee. Firms domiciled in the market would benefit from the business and EU firms would not have to establish a commercial presence, an area in which they indicated a lack of business interest.
- Conversely, correspondent or partnership relationships could be developed whereby EU financial institutions sell particular Caribbean services to the Caribbean Diaspora residing in the EU, on behalf of Barbadian financial institutions.
- The negotiation of the removal of visa requirements into the Schengen territories for stays under 30 days and a longer term visa of between 1 to 3 years for longer term stays for qualifying Barbadians would also be essential for the development of business and correspondent relationships between the two regions.

Recommendations for the Financial Services Sector in the Economic Partnership Agreement Negotiations

- There is growing concern globally about transparency in financial operations and the growth of money laundering. An area for consideration is the scheduling of Exchange of Financial Information in Mode 1- Cross border supply, for banking and other financial services. This would help increase the capability of the regulators to regulate foreign firms domiciled in the Barbadian market.
- The development of the regional capital markets,

which critically underpins the development of the financial sector and the provision of core as well as emerging services in the banking and securities industries.

The complete study is available at www.tradeteam.bb.



Regional Tourism Positions for the EPA Negotiations

In 2006, the Caribbean Hotel Association (CHA) and the Caribbean Tourism Organization (CTO) cooperated on the development of a joint position paper on tourism and its allied industries with regard to the ongoing services negotiations for a Caribbean Economic Partnership Agreement (EPA) with Europe.

As tourism now plays such an important and multifunctional role in Caribbean development, the CHA and CTO believe that the proposed EPA must, as in the case of agriculture, contain language throughout that recognizes the central economic role the industry plays. As such, and after extensive exchanges within the industry and with various stakeholders, the CHA and CTO produced the joint CTO/CHA position paper as well as the first draft of a text for a declaration or annex on tourism to be included in the final EPA agreement.

The CHA/CTO joint position paper and draft tourism annex for the Caribbean EPA were submitted to the Regional

Negotiating Machinery for consideration and wider consultation with member states of CARIFORUM. It is expected that following a complete regional consultation on the papers, a final agreed proposal on tourism will be discussed between CARIFORUM and EU negotiators for final inclusion in the EPA.



ISO Tourism Standards to Come?

The BHTA and the Barbados Private Sector Trade Team (PSTT) collaborated on a submission to the Barbados National Standards Institute (BNSI) regarding the work of the International Standards Organisation (ISO) Technical Committee on Tourism Standards (TC 228).

The BNSI is Barbados', and one of only four Caribbean islands', representative on the ISO committee with responsibility for devising ISO standards on tourism related services. On the ISO committee's agenda at this junction was a resolution dealing with the newly proposed scope of work of ISO TC 228, which proposed: Standardisation in the field of tourism and related services to provide tourism buyers, providers and consumers with criteria for making informed decisions, excluding: accommodation and catering, and exhibition terminology.

The BHTA and the PSTT recommended on behalf of their respective memberships that the BNSI support the newly proposed scope of work for TC 228 as described in the above resolution.

The BHTA and the PSTT were of the view that hotels and restaurants are already highly regulated all over the world

by various different levels of regulations and standards, and that the application of additional standards to the accommodation and restaurant sectors, such as ISO standards are not a prerequisite for the maintenance or improvement of quality standards and service at the local level. In fact, the establishment of such standards in some cases could be inappropriate for the Barbadian context and unnecessarily increase the financial and administrative burden on predominantly local Small & Medium-sized Enterprises in the hospitality sector.

This recommendation was in line with the position of the International Hotel and Restaurant Association which actively lobbied members in advance of the resolution to support it.

The BNSI subsequently reported that Barbados voted in accordance with the recommendations of the BHTA and the PSTT however, the resolution was not approved by the required 2/3 majority participating members of the committee. As such, the scope issue will be put back in the agenda of the next ISO/TC plenary meeting scheduled for early this year.

OUTREACH

Cultural Industries

The PSTT, in recognition of the importance of the cultural industries sector to the Barbados economy, commissioned a study which formed the basis for discussion at the recently held national public/private sector consultation. In this forum, the Consultants presented their findings on the current status of the sector and, with the support of the local private sector, made recommendations to Government as to its possible approach to the ongoing Economic Partnership Agreement negotiations.

The main ones are highlighted below:

- Consolidate current goods access levels under the Cotonou Agreement.
- Maintain the cultural diversity approach which treats culture with special care while continuing to consult with service providers to identify areas of strategic, offensive interest under which services liberalisation should take place.
- Collaborate with ACP countries and the Caribbean Overseas Departments – Martinique, Guadeloupe, and French Guiana wherever possible to by-pass existing barriers to access.
- Refuse to undertake liberalisation without completion
- of CSME and CARIFORUM processes of integration.
- Request that the EU function as a real single market with common requirements for Immigration, Establishment etc.
- Negotiate cooperation agreements with the EU in film, music and book publishing sectors.
- Maintain TRIPS status quo in negotiations on Intellectual Property Rights.

MEETING POINT

National Economic Partnership Agreement Consultations

In September 2006, the Caribbean Regional Negotiating Machinery (RNM) in collaboration with the PSTT held National Consultations on the CARIFORUM/EU Economic Partnership Agreement negotiations at Sherbourne Conference Centre.

The objective of these sessions was to update both the goods and services sectors on the current status of the ne-

gotiations as well as to get private sector feedback on defensive and offensive positions.

While a greater turnout would have been more beneficial to the negotiators, we wish to thank those who gave of their time and meaningfully contributed to the process..

Public and Private Sector Representatives Discuss Liberalisation Strategies

PSTT and other public and private sector representatives met at the Ministry of Foreign Affairs and Foreign Trade to discuss proposed strategies for liberalisation under the CARICOM/DR Services Negotiations as well as the CARIFORUM-EU EPA Negotiations. These discussions covered both goods and services and ranged in scope from market access to trade facilitation.

With relation to goods, it was noted that in the event that Barbados has to shorten its exclusion list, a criteria would be developed to determine which products would become subject to phased liberalisation. This criterion, in part, will

be based on whether the product is produced locally or whether its removal would be sensitive for government's economic policy.

Concerning the liberalisation of services, participants reviewed the proposals to reassign the sensitivity afforded to certain sectors. Participants also reviewed the proposed request list to the DR as well as some potential offers. The strategy concerning CARICOM's approach to bilateral trade negotiations was also discussed. For instance, should CARICOM offer the DR the same amount of liberalisation that is being proposed under the CARIFORUM-EU Trade Negotiations?

The Private Sector discusses Trade and Investment

During the Trade and Investment Seminar which was held in 2006, participants were afforded the opportunity to not only hear presentations made by representatives from the CSME Unit and the CRNM but were also able to ask a wide range of questions.

Discussion surrounding the CARICOM Investment Code included the following: its current status in the Region, the fact that once signed into law, it would supersede current

laws with the noted exception of previous firm to firm private agreements and the question of ownership criteria as it relates to beneficiaries to the Revised Treaty.

Participants were also able to discuss their views on the various ways that Barbados could position itself to reap greater benefits in the Economic Partnership Agreements with the EU.

MEETING POINT

Technical Consultations Held

During the period October to November 2006, the CARICOM Secretariat and the CRNM held a range of technical negotiating meetings.

These have assisted in the advancement of the negotia-

ting process in a number of bilateral agreements. Bilateral services trade under CARICOM and the CARIFORUM/EU EPA was discussed in Trinidad and officials met in Barbados to assess the current situation as it pertains to trade in goods.

Rules of Origin Seminar for Public/Private Sector

The Barbados Private Sector Trade Team facilitated the participation of the private sector at a Seminar on Rules of Origin, which was held from November 8th – 10th 2006 at the Sherbourne Conference Centre.

This Seminar, organised jointly by the Ministry of Foreign Affairs and Foreign Trade, and the CARICOM Secretariat under the “Hubs and Spokes” Project.

Discussion was facilitated by Branford Isaacs and Stanley Odle, and participants comprised of representatives from both the private and public sectors were exposed to the issues on Rules of Origin.

During the seminar, participants were also engaged in workshop sessions aimed at demonstrating the practical application of Rules of Origin under the various trading arrangements.

There was also a roundtable discussion on Rules of Origin to be negotiated under the CARIFORUM-EU Economic Partnership Agreement, which afforded exporters represented at the meeting, the opportunity to identify areas of concern to be noted by negotiators in the development of a suitable regime under the EPA.

The 22nd Meeting of the COTED, Georgetown

The Council met between Nov 13 and 17, 2006 to discuss trade-related issues. These included updating the group on the operationalisation of the CSME; the suspension of the CET on a range of products for a number of Member

States; bilateral trade arrangements with a number of our Latin American trading partners and issues relating to transportation and sustainable development.

MEETING POINT

Standards and Quality

On Tuesday November 28th, 2006, a Seminar was held at the Savannah Hotel entitled “Enhancing Competitiveness of SMEs through Standards and Quality. This seminar was a collaborative effort of the Barbados National Standards Institute (BNSI), the CARICOM Regional Organisation for Standards and Quality (CROSQ) and the Business Development Unit of the Ministry of Commerce, Consumer Affairs and Business Development.

The Seminar was one of a number of events under a CROSQ/IDB Project aimed at enhancing the competitiveness of SMEs in the area of standards. At this Seminar, participants were told of the need to familiarise themselves with international trade agreements dealing with standards and technical regulations, such as the WTO

Technical Barriers to Trade and Sanitary and Phytosanitary Agreements.

Other issues discussed at the Seminar included the need for SMEs to be more export oriented and to be aware of the standards requirements in respective export markets, the need to ensure that their products met the required standards and level of quality required by the customer; support mechanisms available to SMEs seeking to implement standards in their production processes as well as the experience of some producers in implementing quality management systems such as HACCP and ISO systems.

Upcoming Events

- The first meeting between the Liaison Committee of the Barbados Private Sector Association and the Barbados Private Sector Trade Team is scheduled to take place on Thursday, February 1st, 2007 at the Board Room of the Barbados Chamber of Commerce and Industry.
- There will be a Seminar on Trade in Agriculture to discuss the findings of the Study entitled “The Impact of the proposed WTO Tariff Reduction Formulae on Local Agricultural Products” which was commissioned by the PSTT. This meeting will be held in conjunction with the Barbados Agricultural Society and is scheduled to take place on Tuesday, February 6th, 2007 at Goddards Training Room, Fontabelle, St. Michael. **NB.** The Training Room is located at the back of the TMR building.

Interested persons are asked to either contact the PSTT or the BAS Secretariat as soon as possible.

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**The PSTT wishes you a productive and
successful 2007!**