



TRADE AGREEMENTS 101 WORKSHOP

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OPENING REMARKS

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Senator, the Hon. Maxine McClean, Minister of Foreign Affairs and Foreign Trade, Mr. Carl Greenidge, Deputy Senior Director of the Office of Trade Negotiations, other specially invited guests, ladies and gentleman, a very pleasant Good Morning to you. It is my distinct pleasure to welcome you to this joint Office of Trade Negotiations (OTN)/ Private Sector Trade Team public outreach initiative. Last year, the Office of Trade Negotiations and the Private Sector Trade Team collaborated to bring you the EPA Awareness Workshop and we are very pleased to renew our partnership to deliver this Trade Agreements 101 Workshop to you today.

Our aim here is very simple. This Workshop is seeking to provide businesses and private sector associations with a better understanding of what trade agreements are and to provide them with the opportunity to learn more about potential business opportunities available under regional integration and international trade agreements.

For some the question may be- why should we have such a Workshop at the present time? I would argue that there is no better time for this exercise. A brief look at our trade balance would suffice to convince you of the same. According to the OTN, in 2008, the Barbadian economy spent US \$1.3 billion more in goods imports than goods exporters earned. Even when we factor in the revenue from the services sector, this economy still spends more on imports than it generates from export sales. It is clearly undesirable that Barbados should continue to run such a trade deficit. However, the current global economic environment makes any



attempt to reduce this trade deficit a significant challenge in light of the prevailing climate of reduced global demand for products. The task ahead is not for us to bury our heads in the sand and wait for the global economy to climb out of the doldrums, but to actively and intelligently prepare ourselves to take advantage of its recovery. As firms undertake initiatives to streamline their operations and reposition themselves to benefit from renewed global growth, one of the key elements in their success will be the ability to enter new overseas markets or strengthen their presence in some of the other markets. In order to do so, firms need to be able to identify potentially lucrative markets, pay special attention to markets where they already have preferential access and understand the terms of such access.

As participants are likely to be aware, Barbados, starting from the mid-1990s, became a party to a number of free trade agreements (FTA). These are the CARICOM-Colombia, CARICOM-Venezuela, CARICOM-Dominican Republic, CARICOM-Costa Rica free trade agreements and, most recently, the CARIFORUM-European Community Economic Partnership Agreement. As a member of CARICOM, Barbados is also currently engaged in negotiating a trade agreement with Canada. The latter two agreements represent a significant shift for us as we move away from one-way preferential regimes to trade based on the reciprocal exchange of preferences.

The burning question is- what has been our experience with free trade agreements? In many cases, our trading relations with our FTA partners have been characterised by declining exports from Barbados to those markets and increasing imports from our FTA partners.

It has long been recognised that Barbados' export markets are not adequately diversified. Barbados' top export market in 2008 was the USA, which accounted for over one-fifth of total merchandise export earnings. In 2008, other top export markets included Trinidad & Tobago, the United Kingdom, St. Lucia, Jamaica, the Netherland Antilles, St. Vincent & the Grenadines, Guyana, Grenada and Antigua & Barbuda.



The most dynamic markets for exports from Barbados between 2001 and 2008 included the Netherlands Antilles, Switzerland, Germany, China, Chinese Taipei, Greece, Hong Kong, Brazil, Malaysia and Turkey. Yet, these dynamic export markets only account for 7% of the total earnings for Barbadian exporters in 2008.

It is striking that neither Colombia, Venezuela, Costa Rica nor the Dominican Republic feature among Barbados' top export markets or our more dynamic export markets.

By contrast, Barbados' imports from most of its FTA partners have seen appreciable growth.

- From 2001 to 2008, exports from the Dominican Republic grew by 64%.
- From 2005 to 2008, exports from Colombia have grown at an average of 15% per annum.
- Between 2001 and 2008, exports from Costa Rica grew by 70.4%.

On the flipside, the Venezuelan exports to Barbados declined by 79% between 2005 and 2008.

For the most part then, our FTA partners have been effectively able to translate market access into market penetration. At the Trade Team, we have been somewhat at a loss to explain why the converse is not true for Barbados. There could be a myriad of possible competing explanations. For example,

- there could be a lack of interest in penetrating these particular markets;
- these markets may contain an armoury of regulatory barriers which effectively serve to nullify market access;
- there could be difficulties in the implementation of the agreement;
- There could be lack of capacity within our private sector to take advantage of the access granted;



- there could be a lack of knowledge about the access offered in FTAs; or
- possibly there are some hindrances in the domestic environment which preclude firms from seeking their fortunes elsewhere.

It is not clear, which combination of these factors serve to explain the lack of utilisation of the different FTAs.

But in spite of this rather gloomy picture, there have been some success stories. The paper products industry seems to have gained a foothold in the Venezuelan and Costa Rican markets and appears to be replicating this trend in the EC market.

In addition, it is with great pleasure that we have invited some of our successful local exporters to share their stories with you. We hope that as you listen carefully to Liz Cupples of Trinity Homes, Geoff Goddard of Chickmont Foods and Ian Hickling of Lenstec that you will draw inspiration and ideas from their experiences.

However, I want to reassure you that we do not want you to go away only with inspiration and ideas. The Barbados Private Association, of which the Private Sector Trade Team is a unit, is working on several fronts to assist the local businesses. First, we have secured funding to the tune of US \$225, 000.00 under the Multilateral Investment Fund of the Inter-American Development Bank to support the private sector in taking advantage of global and regional integration. The two elements of this project which will be of interest to participants are:

- The provision of information on the challenges and opportunities of the CARIFORUM- EC Economic Partnership Agreement to business owners, managers and workers; and
- Building capacity to increase exports in selected sectors.



By the end of this quarter, the Barbados Private Sector Association should commence with the implementation of this project.

In addition, a number of development co-operation facilities to support of the private sector have recently come on stream and more funds are already committed for this purpose. For example, the IADB will shortly be launching its Caribbean Compete facility which will make US \$30 million available to the region. In response to the limited capacity in the private sector to prepare strong project proposals, the BPSA has successfully secured US \$ 190, 000.00 from the United Kingdom's CARTfund for the creation of a Private Sector Project Proposal Hub. This initiative was driven by the recognition that the development assistance being provided can only be accessed through the creation of well-structured and viable projects which comply with the requirements established by the individual donors. The Barbados Private Sector Association hopes to commence the implementation of this project in the second quarter of 2010.

These initiatives are complemented by the activities of the Government of Barbados to improve this country's international competitiveness.

As you can tell, there are a number of ongoing activities and initiatives to ensure that the Barbadian private sector is able to effectively reposition itself for brighter future. This Workshop represents one of these activities. We are pleased to see that you have recognised the importance of the event and have come out in your numbers to actively participate and to make it a success.

I thank you for your kind attention and wish you a productive day!
