Economic Partnership Agreements: EU and Caribbean Region launch third phase of negotiations - Brussels, 28 September 2005

EU Trade Commissioner Peter Mandelson travels to St Lucia today to launch the third phase of Economic Partnership Agreement negotiations between the European Union and the Caribbean region. The crucial third phase will launch negotiations on the text of a final agreement, encompassing the continued integration of the Caribbean regional economy and access to the European goods and services market. He will also exchange views with his Caribbean partners on the WTO Doha trade talks.

On September 29 2005 Commissioner Mandelson will hold bilateral talks with Barbados Foreign Minister and EPA Spokeswoman Dame Billie Miller, Prime Minister of St Lucia Dr Kenny Anthony and Guyanan Trade Minister and CARICOM’s (Caribbean Community and Common Market) spokesperson on the DDA (Doha Development Agenda), Clement Rohee. On September 30 he will participate with senior Cariforum (political consultation organisation designed to promote the regional integration of the Caribbean countries in the ACP Group) officials in the EPA (Economic Partnership Agreements) Ministerial.

EU Trade Commissioner Peter Mandelson said: “Sustained growth and real development in the Caribbean requires that our EPAs do more than guarantee preferential access to the EU market. The focus on regional integration is there to build regional economies, attract inward investment and encourage economic diversification. Together with our Caribbean partners we are now moving into the vital third phase of this process. The EU is highly sensitive to the unique challenges of development in the Caribbean and it is deeply committed to helping the region manage economic change.”

What are EPAs?

Economic Partnership Agreements are the trade and development agreements that the European Union is currently negotiating with the 6 African, Caribbean and Pacific (ACP) regions. They will replace the trade chapters of the 2000 Cotonou Agreement between the EU and the ACP countries. The exception of these chapters from WTO law will expire in 2008, requiring both parties to have put in place a WTO-compatible alternative. The European Union has committed to ensuring that the EPAs will guarantee both the development focus and the preferential trading terms currently enjoyed by ACP countries, while complying with WTO obligations. The EU is conducting parallel negotiations with six ACP regions.

At the beginning of his tenure, EU Trade Commissioner Mandelson undertook a full review of the EPA process, putting in place a new benchmarking system and expert oversight to ensure that the EPAs are genuine development tools.

From Phase Two to Phase Three in the Caribbean…

Because the Economic Partnership Agreements are intended not simply to guarantee access for ACP countries to the EU market but to boost their economic development, their initial focus is on building regional markets among ACP countries, strengthening trade capacity and creating the conditions for attracting inward investment. In the Caribbean this will help smaller states benefit from economic participation in a larger trading economy and help diversify the Caribbean economy and reduce its current economic vulnerability.

Phase two of the EPA process in the Caribbean has focussed on creating the conditions for regional integration and attracting new regional investment and trade. Caribbean states have affirmed their intention of creating a single Caribbean market by the end of 2005. Phase three continues this work and will begin the work of agreeing the terms of market access for the two
regions. The EU will seek to further improve the market access already extended to ACP countries – 97% of ACP imports already enter the EU duty and tariff free.

The question of progressive opening of ACP markets will be treated only at the end of the EPA process – a decade or more – and on a timetable determined on the basis of the Caribbean region’s own assessment of its needs. The focus of the EPA process in the first instance is on encouraging ACP countries to open their markets among themselves.

**Investing in development in the Caribbean**

Although development assistance will not be part of the EPA itself, parallel to the EPA process the Commission will continue to invest heavily through the European Development Fund in development in the Caribbean, particularly in aiding the transition away from vulnerable agricultural economies. The EU and other donors are committed to providing the financial assistance related to the EPA process.