

**Feature Address by the Hon. Christopher P. Sinckler on the
Occasion of the Opening Ceremony of the Two-Day Symposium
“*Caribbean Services Exports under the CARIFORUM-EU
Economic Partnership Agreement*”**

Thank you very much and a pleasant Good Morning to one and all here. Allow me to begin by expressing a very warm welcome to Dean Belle of the Faculty of Social Sciences; I would also like to express my very warm appreciation for the very bold and innovative leadership of Mrs. Pamela Coke-Hamilton. Also Dr. Keith Nurse; Director of the OAS Department of Trade, Tourism and Competitiveness, Members of the diplomatic core; Ladies and gentlemen.

It is indeed an honour for me to be invited by the Centre to address you at this symposium on Caribbean Services Exports under the Economic Partnership Agreement. I say this not only because I am a graduate of this Centre, but also because of the importance of this issue to the economic well-being of the Caribbean.

It is by now a well known fact that services are extremely important to all economies. It is the fastest growing component of world trade. The International Trade Centre in Geneva estimates that at the beginning of the 21st century, trade in services accounted for 20% of global trade, however, by 2020, it is expected that it will account for 50% of global trade.

Services are important to both developed and developing economies alike. In Nigeria, where of course it is a heavily petroleum and oil based economy, services contribute 39% to GDP, while in Hong Kong the contribution of services to GDP is approaching 90%. Services also play a significant role in the Caribbean economies. In the Caribbean Trade and Investment Report for 2005, it was revealed that services contribute over 40% of GDP regionally and that when this figure is disaggregated for the separate economies of the region, it can go as high as 96% for Antigua; for Trinidad and Tobago, Jamaica, Belize and Dominica as high as 70%, while for Barbados it is at 84.9%.

According to these statistics the region's trade balance in respect of services records a positive identification both at a regional level and individual levels with the probable exception of Suriname, Guyana and Montserrat and this positive balance is largely driven by tourism and financial services.

These figures of course paint only part of the picture, because as was identified, there is a paucity of statistics in relation to services and their contribution to various aspects of our economy. This is a situation which several national governments recognize and which the CARICOM secretariat and other regional institutions have pledged and committed to put resources to changing in the very near future.

What we clearly do know is that services contribute significantly to the income, employment and foreign exchange earnings of every country in this region. The contribution of services therefore cannot and must not be undervalued.

Given the growing importance of trade in services to individual economies and in international trade generally, there is no surprise therefore that in 1995 the World Trade Organization sought through the GATT negotiations to identify and solidify a programme on the treaty to treat services and how it will be exchanged among countries.

For us in the region, the Economic Partnership Agreements concluded recently between the CARIFORUM countries, that is, the Caribbean and the Dominican Republic and the EU, represents a fundamental shift in the region's trading relations with the EU at many levels. Firstly it calls for reciprocity on the part of CARIFORUM, and secondly it includes the important area of services. You might be well aware that the provision of services was never part of any previous relationship with Europe in terms of our trading relations either under Cotonou or under LOME previous to that. It is therefore no secret that the region did not fully expect or gain benefits from either of these agreements in the area of services and the reality is however, that even though we had non- reciprocal trading relations with Europe in relation to goods, we have not and were not able to take fullest advantage of these. We must not make that effort in relation to

services. It is clear that the Caribbean is now considered one of the competitive areas across the world in the provision of services. If our services sectors have been able to benefit with some of the injection of capital and resources and technical expertise in relation to what was received for goods, we might have been able to transform our economies at a much faster rate and encourage growth that was deeper and more diversified.

Many studies including some undertaken during the last negotiations by the RNM and others, point to the competitive advantage which the region has in the export of a number of services. These include professional services - entertainment and cultural services, health tourism and others. Trade in services, therefore offers us the best opportunity for overcoming the limitations of the small size of our economies and the small export capacity which we have. We must therefore pay serious attention to the development of the services sector.

I am aware that the negotiation of services in the EPA was by no means an easy task. The EPA represented the first real instance for the region to have extensive negotiations on services that went beyond the WTO expressions.

Negotiating the EPA was truly a learning exercise. It engaged our negotiators for many hours on end, and the result I am told is one that is satisfying. Let me make this point here, there have been many criticisms about the agreement with Europe. I think the first thing that we have to establish is that all negotiations are about give and take – you give some and hopefully we take a lot. In our instance in the Caribbean we were going from non-reciprocal trading arrangements to reciprocal trading arrangements. It means therefore that at the outset before we started we knew we had to give up something. What we have gotten in return by and large is an agreement in its totality we can work with. It is not a perfect agreement but our negotiators were not mandated to produce a perfect agreement. There are faults in all agreements and at the last meeting of the COTED and of the Heads just concluded in the Bahamas; some of those faults were identified. The result is that we hope over the next

few weeks to be able to identify and classify those faults and to see if it is possible to make any subtle changes to the agreement. The government of Barbados new as it is and I as Minister responsible for International Trade, have agreed through a Cabinet decision to have an internal and external review of the EPA agreement. When that process is completed and we hope to have that done shortly, we will identify not just the problems that exist with the agreement but really the opportunities from which we can take advantage. There is no turning back from the EPA agreement that was initialed in December. It will be signed, there is a new timetable for signing I believe it has been pushed back to July 1, and that agreement will be signed by the government of Barbados. We are hoping of course by previous agreement that the signing ceremony will be done in Barbados.

Let me make this point. We who are charged with public policy, formulation, implementation and execution, those who are charged with the responsibility for negotiating must not and I hope will not sell to the public of the Caribbean that we have a perfect agreement; that is misleading and it serves to build up unreasonable expectations

which when not delivered upon causes unnecessary stress on those who are elected.

There are opportunities in the agreement, we must seize those opportunities; but the Economic Partnership Agreement (EPA) is not a panacea for all of our illnesses. Structural issues relating to our macroeconomic performance cannot be singularly overcome by any trade agreement no matter how well it has been negotiated; certainly if it is badly negotiated such difficulties can be exacerbated, but there is nothing within the context of the new EPA that will suggest that if we do what we have to do internally such will result. We went into the negotiating expecting to get:

1. increased market access for Caribbean service providers in all jurisdictions at both municipal and national levels in the EU as it relates to Mode IV – the temporary movement of business persons
2. the adoption of provisions on mutual recognition of qualifications;

3. the liberalization of cultural services industries, including music and the entertainment industry generally; and
4. the infusion of development related provisions in the services and investment Chapter in order to ensure the sustainability of services sectors.

As it now stands, the agreement will result in CARIFORUM MDCs liberalizing 75% of their services sectors, and CARIFORUM LDCs liberalizing 65% of their sectors. The EU is to liberalize approximately 90% of its services sectors. In terms of liberalization at the level of federal, state and municipal levels, some restrictions will apply especially in relation to MODE IV, which is of great interest to exporters in the CARIFORUM region.

On the matter of mutual recognition, the text requires respective organizational bodies in the contracting parties to commence negotiations on mutual recognition no later than three years after

entry into force of the EPA, and to develop recommendations on mutual recognition in, (but not limited to) the following areas:

- Engineering
- Architecture
- Tourism Services
- Accounting

There are gains here, but there is further work to be done.

Regarding cultural services, the region has achieved temporary entry for contractual services suppliers subject to economic needs tests, there is also there a Protocol on Cultural Cooperation which will allow, *inter alia*, for the entry and temporary stay of CARIFORUM artists in EC territories. We now have increased market access in this area.

With respect to the development dimension objective, there are provisions in the text on issues such as special and differential treatment for CARIFORUM economies, assistance in capacity

building, and the implementation of adjustment mechanisms to address the loss of Government revenue resulting from EPA-induced trade liberalization.

Already however, a number of concerns have emerged; some of these include the whole question of the granting of preferences by the OECS countries in particular to the Dominican Republic because the agreement clearly states that CARIFORUM countries must offer preferential access to all other states between CARIFORUM, which includes the Dominican Republic. We currently do not have a fully articulated trade agreement with the Dominican Republic, it is still in the process of being negotiated and it is felt that the OECS countries ought to be given an opportunity to engage in the DR directly in relation to preference.

There is also concern about the whole issue of government procurement and the question of whether the language in its legal meaning constitutes market access in relation to government procurement. CARICOM has decided that a legal opinion independent and within the secretariat is sought and identified

whether or not this is the case, but we are happy to note that RNM chief negotiator, Ambassador Richard Bernal, has received a letter from his counterpart in the European Commission identifying the fact that it was not intended to give market access in government procurement; we are happy that that letter has been received and we will be even happier if we can be assured in the letter of law that such does not exist.

I want to make just a couple more comments; we have a situation in Barbados where we know that our economy is largely service driven. We will continue to invest and support in building capacity, human resources, technical and otherwise, to ensure that we export more and that we take advantage of this agreement. Our goal now is to see how much we can export and how much we can earn. It means it can not be business as usual. Therefore, I have instructed officials in my Ministry of International Business to open up urgent discussions with the Barbados Coalition of Service Industry to ensure that together we can put together a strategic plan, a strategy really, for Barbados' export sector. We need to be far more aggressive and the Coalition of Service Industry

has received resources from the government of Barbados in the past and will receive additional resources in the coming financial year and we will begin to show the public how those resources are being spent and what is the return for them; and that I believe, must go out urgently to all in Barbados; it will not be business as usual.

Secondly in relation to cultural services, during the course of the last intercessional I was able to have a meeting with the Mayor of Milan and we were able to identify that under the EPA, there is a great opportunity for cultural services to be exported in other areas as well. I am pleased to announce that very shortly teams from my Ministry and from the staff of the Mayor, will work closely together to put in place a delegation from Barbados to travel to Milan to participate in one of the World's biggest fashion design fairs in Milan at the end of April; and that we will begin to negotiate scholarships and technical assistance with the government of Italy for our designers and others to participate and train at Milan's International School of Fashion Design. That we hope can be concretised and move forward speedily.

I also want to give notice that Mexico and Barbados have concluded negotiations for a Double Taxation Treaty; the Mexicans have indicated that they are ready to sign, Barbados is ready to sign and such signing will take place at a date to be announced shortly and this will be in addition to the signing which will occur soon with the government of Luxemburg, the Grand Duchy of Luxemburg – these are two initiatives which we want to take forward in relation to opening up our markets in relation to identifying those investment opportunities and ensuring that the various tax benefits which can be identified will be available for both states.

In conclusion I think we have to make this point. That whether or not we agree with everything that is in the EPA, whether or not we have critical comment, our role now is to ensure that we make the best of this agreement and that we utilize the space which has been provided to open up market opportunities for all Barbadians and for all Caribbean citizens alike. It will not be easy, it never promised to be easy; but if we bring private sector, government and labour organizations together with non-governmental organizations and

others in our society we can chart an appropriate course to ensure that we take fullest advantage.

Let us also be mindful that the EPA agreement represents a template for future negotiations. The CARICOM Heads have agreed to instruct the Secretary-General to write to the Canadian government to indicate that the region will shortly be ready to launch negotiations for an Economic Partnership Agreement with Canada later this year. It means that we have on our plates a second round of negotiations for the EPA simultaneously as we will contemplate and execute implementations with the EPA with Europe. This is not the time for second guessing. Let's get to work. I am obliged to you.

Thank You.