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Region Braces for New Era of Free Trade

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BY RAPHAEL JOHN LALL

Local industries will be protected in the short- and medium-term from European goods and services because of provisions in place in the Economic Partnership Agreement (EPA) for a gradual opening up of T&T's market to their products, Trade and Industry Minister Keith Rowley said.

On December 16, the European Union (EU) and Cariforum (Caricom and the Dominican Republic), concluded negotiations for an agreement that began on April 16, 2004.

On December 19, Rowley held a press conference at Nicholas Tower, Independence Square, Port-of-Spain, where he examined the achievements that Caricom was able to extract from the agreement with the EU.

Rowley said we have to face the reality that we've entered a new period of free trade and this country cannot "turn the tanker around," but must rise to the challenge.

He said that all steps must be taken to prepare this country for the its new role as a trading country, which includes modernising the Customs Department, employing

modern technology, retraining members of the diplomatic corps and construction of a new port.

Rowley said all these improvements would support the seminal trade agreement that was recently concluded with the EU.

Gradual liberalisation of import duties

In terms of specific terms of the agreement that would provide protection for sensitive local industries in the short- and medium-term, Rowley said liberalisation would be "gradual."

He pointed to provisions in the agreement which would protect sensitive local industrial sectors.

Rowley sought to allay the fears of those who have predicted this country's small indigenous manufacturing industries would be wiped out when duties are removed and there is a free flow of cheaper, but high quality goods from the European continent.

Rowley said the tearing down of barriers over the next few years to allow for the imports of goods from the EU will be incremental.

"We got an agreement for gradual liberalisation of import duty for T&T and this is to minimise the effects of the competition that will flow from this liberalisation. It is not that we'll wake up tomorrow morning and find that our markets are open to imports of European goods," Rowley said.

He said Cariforum has an overall 25-year timeframe for liberalisation of 89.6 per cent of imports into the market.

"It will take place over a protracted period of time. In fact, the period of time is 25 years. So we have some time to prepare and to respond to the effects of the competition that will come from the EU imports."

He gave the example of how the agreement dealt with sugar and rice on a phased basis. Rowley said the EU has offered to remove all remaining tariffs and quotas from January 1, 2008. In the case of rice, tariffs and quotas will be remain until 2010, and 2015 in the case of sugar.

## Protection of regional industries

The agreement also made provision for the protection of sensitive local industries. Cariforum will even be allowed to reinstate tariffs in the future to protect growing industries.

Rowley said many of the clauses in the EPA are not set in stone; that they are subject to modification.

"It is not that the agreement is cast in stone and once you have done it, you're dead. It means that you will work the agreement," Rowley said.

He said there will be a moratorium of three years across the board for all the phase-in periods, ie, tariff reduction would commence in 2011.

In the case of motor vehicles, gas and mobile phones, they would be liberalised within 15 years.

For example, in the case of motor vehicles, they would be liberalised during this 15-year phase. A moratorium of ten years has been agreed, such that no tariff reduction is required between 2008 and 2017. Import duty on motor vehicles would be eliminated between 2018 and 2022.

The phase-in periods negotiated for about 5,000 product lines were five years, ten years, 15 years, 20 years and 25 years.

Rowley said that these time periods would give regional industries time to adequately prepare for competition.

## Trade issues and legislation

With regard to competition, Rowley said provision exists to ensure that within five years of the coming into force of this agreement, laws have been put into place to address restrictions on competition.

He said there is a protocol on co-operation in the agreement where there will be joint collaboration between the EU and this region which provide assistance on the draft legislation that will provide the framework for this kind of trade.

"After the signing of the agreement, we expect that the agreement will come into force at the anticipated deadline of April 2008," Rowley said.

"I am advised that in the event that some of our colleagues or any component of Caricom or on the other side does not meet that deadline, it will not be disastrous because from a practical operational standpoint, it is expected that those who are ready will have the benefit of the agreement and those who are not ready will come when they are ready," he said.

Local manufacturers and open markets

Ramesh Ramdeen, trade specialist from the Manufacturers' Association (TTMA), said the association is preparing itself for the inevitable competition.

"We would like to see anti-dumping competition policy. Bureau of Standard, Customs, these regulatory bodies are working efficiently and effectively to afford some level of competition against unfair competition and these kinds of things," Ramdeen said.

"We are going work with the Ministry of Trade and Industry to ensure that fair competition takes place. We are going to continue to educate our membership. We are going to use the facilities that have been afforded to us under the development dimension to retool. It's a whole question of re-engineering," Ramdeen said.

He said: "We recognise that we may never be able to compete in terms of economies of scope and scale with some of the larger trading partners, but we have to find niche markets."

T&T an emerging trading power

Rowley said after the successful completion of the EPA with the EU, T&T is in a position to take the lead as the region's economic tiger.

"Suffice it to say, we are the economic leaders in Caricom and by virtue of the type of investments we have made at this point in time, we can regard ourselves in many instances as having outgrown the Caricom market. The ministry needs to get these agreements concluded to create market space for our local production," Rowley said.

He said the EPA should provide us with a platform for increased trade and eventually long-term economic growth.

"The trade agreement is about ensuring that development takes place," Rowley said.

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