

## **EPAs: Forging an Instrument for Development**

Dame Billie Miller, CARIFORUM Ministerial Spokesperson on EPAs

The third phase of negotiations for an Economic Partnership Agreement (EPA) between CARIFORUM countries and the European Union is being launched today, in Saint Lucia.

The EU Commissioners responsible for Trade and Development Cooperation, Peter Mandelson and Louis Michel respectively, have been promoting the EPA as a tool for addressing supply-side constraints and institutional shortcomings in the Region. The results so far have been less than convincing. Resources that could be directed at addressing these constraints have not been delivered by the European Commission, and in this regard it is expected that CARIFORUM Trade Ministers will express their scepticism and deep disappointment forcefully to Commissioner Mandelson.

The Region's position is that neither trade nor market access by themselves are sufficient to promote development. Countries suffering from capacity constraints and institutional inadequacies will not be able to make the best use of market access, even under preferential terms. It is for this reason that CARIFORUM has been insisting on the need for an EPA to address the Region's development needs. This position has been emphasized time and again.

With trade liberalization, preferential market access granted to developing countries has been reduced; and this has had far reaching and devastating consequences for Caribbean societies. In addition to sustaining many of the Region's economies, preferential access to European markets safeguards the livelihood and welfare of tens of thousands of families in the Caribbean.

Over the past year and a half of discussions, the Region is greatly concerned about the Commission's commitment to development in its interaction with CARIFORUM, especially given the challenges facing export commodities such as sugar and bananas entering the EU market.

CARIFORUM is disturbed that as the two sides meet to take stock of progress in Phase II of EPA negotiations and provide political instructions on the future orientation of those negotiations and consider issues germane to Phase III, the European Commissioner for Development will not be present at the encounter. This is particularly troubling, as CARIFORUM has consistently highlighted that negotiations for an EPA are about crafting an instrument for development-centred trade liberalization. This approach enables an EPA to build on the Cotonou Partnership Agreement (CPA).

An EPA is not an end in itself, but a tool for development, and as such must be complemented by specific support measures. It must seek to strengthen

CARIFORUM regional integration, while contributing to sustainable development and poverty alleviation.

The design of an EPA must take into consideration the differences in size and levels of development, between CARIFORUM and the EU. The pace of what should be asymmetrical trade liberalization must be set by CARIFORUM, with clear exceptions for sensitive products.

An EPA is intended to be a modern trade agreement, contributing to an environment in which corporate entities can improve their international competitiveness. While there is the expectation that the EPA will mediate the Region's transition to full international competitiveness and synchronize the CARIFORUM economic space with the dynamic aspects of the global economy, it must be based on a sound development thrust.

As negotiations are poised to enter Phase III, there is agreement on both sides that the second phase of negotiations can only be described as a qualified success. What has been achieved so far is a good basis for deliberations in Phase III, but there remain mounting concerns over the scope and pace of the adjustment process, which would result from the conclusion of an EPA with the EU. In particular, there is increasing apprehension as Governments contemplate the burden of financing economic restructuring and export diversification, while adjusting to the fiscal fallout from reduced tariffs.

The Region must contend with this adjustment at a time when fundamentalist free trade policies are eroding what little policy space remains available to small, vulnerable developing economies. This trend is foreclosing the development options of countries such as ours in the Caribbean.

It is of paramount importance, given the adjustment process the Region faces, that the promised Commission support for advancing the regional integration process and addressing supply-side constraints begin to flow as soon as possible, and well before the scheduled conclusion of EPA negotiations at the end of 2007.

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