



Jamaica & The EPA: Services

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Thumbnail

- Market access opportunities in the EU
- Is Services trade developed between EU & JA?
- Existing regulatory barriers
- Overview of the EPA
- Services aspects of the EPA
- EPA Services Value proposition

NB: All EU data from Eurostat. Jamaican data from BOJ.

The EU is an important market:

- EU consumers spent US\$3.2 tr on imports in 2004
- In 2004, EU consumers purchased 36% of global trade;
- Import spending grew by 10% per annum (compared to 9% global) between 2000-2004- so this is a dynamic market

The EU is an important market

- The EC-15 is the world's leading services trader.
- Excluding intra-EC trade, accounts for over quarter of global services trade.
- Intra-EC services market (exports + imports) is over $\frac{3}{4}$ trillion US\$ annually;
- However, EU has been having problems integrating their services regimes so there are actually many regimes operating in the EU

Jamaica has declining surplus with EU 15 Services – mn euros



European Total Services Imports from Jamaica 1998-2004 (Euros Mill)								
	1998	1999	2000	2001	2002	2003	2004	Total
Austria		11.18	8.41	2.84	0.84	2.16	2.18	27.6
Belgium	4.2	6.0	0.9	1.0	2.2	6.0	2.3	22.7
Denmark		38.00	22.00	27.00	21.00	1.00		109.0
Finland								
France			5.19	4.53	14.62	19.15		43.5
Germany	83.98	67.03	66.22	24.93	39.66	64.52	60.17	406.5
Greece			0.06	0.26	0.18	0.46	0.22	1.2
Ireland				0.05	0.00	0.60	0.42	1.1
Italy				4.00	25.00	57.00	56.00	142.0
Luxembourg					0.01	0.03	0.05	0.1
Portugal		0.16	0.28	0.37	0.23	0.11	0.16	1.3
Sweden	0.05	0.67	1.98	5.54	0.29	2.04	0.18	10.7
UK	161	156	192.3	163	220.3	168.1		1060.1
Total	249.2	278.8	297.3	233.2	324.3	321.1	121.7	

European Total Services Exports to Jamaica 1998-2004 (Euros Mill)

	1998	1999	2000	2001	2002	2003	2004	Total
Austria		0.91	1.55	0.44	0.24	0.00	0.02	3.17
Belgium	0.06	0.02	0.03	0.25	0.17	0.17	0.05	0.75
Denmark		51.00	42.00	46.00	43.00	35.00		217.00
Finland								
France			5.07	6.77	7.65	16.52		36.00
Germany	6.80	7.40	9.90	12.80	13.40	19.50	12.40	82.20
Greece			0.03	0.00	0.02	0.03	0.84	0.91
Ireland				1.21	1.39	5.85		8.45
Italy				5.00	0.00	0.00	4.00	9.00
Luxembo urg					0.07	0.16	0.17	0.39
Portugal		0.02	0.05	0.09	0.07	0.04	0.05	0.32
Sweden	0.25	3.95	7.89	15.23	28.61	34.42	27.09	117.44
UK	50.10	49.69	95.10	50.89	56.58	43.56	50.10	396.02
Total	57.21	112.99	161.62	138.68	151.19	155.25	94.71	

Market Access Opportunity: Advertising

- Turnover in EU-25 advertising Industry is EURO 122bn (2003)
- Average labour cost EURO 33,000
- This may be an opportunity for Jamaican advertising companies based on price competitiveness
- This sector (CPC 871) has no restrictions to Market access outside of those applicable to all other industries, work permits, recognition of accreditation etc.

Market Access Opportunity: Computer services

- Turnover in EU-25 computer services Industry is EURO 300bn (2003)
- Average labour cost EURO 49,000: But Hungary (11,100), Lithuania (6,500) and Latvia (8,400) getting business;
- This may be an opportunity for Jamaican companies based on price competitiveness.

Market Access Opportunity: Construction services

- Turnover in EU-25 advertising Industry is EURO 392bn (2002)
- Average labour productivity EURO 33,000 (eastern EU very competitive again, with Ireland least competitive)
- Construction orders up while personnel costs falling with Eastern EU workers;
- However, EU utilizes economic needs tests for granting work permits. EU companies also have exclusive rights for highways, airports, and public sector projects (below a threshold value);

Existing regulatory barriers

- You probably know the barriers more than we do, so your participation is key to understanding how services trade is actually done;
- Theoretically, EU regulatory barriers in the GATS schedule;
- On paper, main barriers include nationality requirements (incl boards), work permits, licensing requirements, residence requirements, previous employment requirements, various security directives, BASEL (BASEL 2- coming January), non-eligibility for incentives/subsidies, needs tests (distribution etc).

Overview of the EPA

- EPA: preferential trade & development pact between CARIFORUM (i.e. CARICOM+ DR) and EU;
- EPA expected to replace the Cotonou Agreement (i.e. the current preferential trade deal with the EU)
- EPAs to be finalized by Dec 2007 to enter into force Jan 1, 2008 as reciprocal deal;

Overview of the EPA

- Now in Phase III of negotiations
- Scheduled to be concluded in December 2006
- Phase 3 Objectives:
 - forging common understanding on the structure of an EPA agreement;
 - consolidating the outcome of discussions on the priority issues for CARIFORUM regional integration; and
 - agreeing on an approach to trade liberalisation, including identifying sensitive areas for CARIFORUM countries and the way in which they should be treated.

Services aspects of the EPA

- Cotonou chapter 4 covers trade in services in a “sympathetic” manner;
- A GATS type schedule to be determined of service areas
- Possible sensitive areas for CARIFORUM includes:
 - Legal Services
 - Accounting Services
 - Taxation
 - Architectural services
 - Engineering services
 - Medical & dental services
 - Vet services

GATS= A trade deal amongst WTO members to regulate trade in services in a transparent manner. Members select those sectors which will be subject (bound) to the agreement.

Services aspects of the EPA (Cont'd)

- Member States to submit a list of service sectors or activities that they considered sensitive and should be excluded from the liberalization process.
- Seeking to include Mutual recognition agreements, Safeguards as well as services subsidies.
CARIFORUM has also tabled a development paper;
- Temporary entry regime also proposed for professional services including models/musicians, construction, health professionals etc...

Services aspects of the EPA (Cont'd)

- Cariforum has requested that the EU liberalize inter alia the following :
 - Real estate
 - Legal services
 - Accounting;
 - Architectural services
 - Medical services
 - Computer services
 - R&D services
 - Building maintenance services
 - Energy services
 - Financial services
 - Construction
 - Tourism

Do these areas
cover your export
business interests
in the EU?

These should be liberalized in EC. Do you agree?

category	EC Proposal
Key Personnel	natural persons employed within a juridical person other than a non-profit organization and whose work and temporary stay is necessary for the setting up or proper control, administration and operation of a commercial presence. This includes business visitors and intra-corporate transferees
Intra-corporate transfers'	natural persons who have been employed by a juridical person or have been partners in it (other than as majority shareholders) for at least one year and who are temporarily transferred to an commercial presence in the territory of the other Party. The natural person concerned must belong to one of the following categories: (a) managers; (b) specialists; (c) graduate trainees.

These should be liberalized in EC. Do you agree?

EC Proposal on Business visitors

natural persons working in a senior position who are responsible for setting up a commercial presence. They do not engage in making direct sales to the general public and do not receive remuneration from a source located within the host Party.

1. attend meetings/trade fairs, make purchases/negotiate/conclude contracts
2. attend conferences/seminars as an ordinary participant;
3. undertake fact finding missions, check details or examine goods;
4. receive training in techniques/work practices employed in the EU states,
5. Deliver goods from abroad;
6. Come as a representative of a computer software company to install/de-bug/enhance their product;
7. Come as a representative of a foreign machine manufacturer to erect and install machinery;
8. Come as representatives of foreign manufacturers coming to service or repair their company's products within their initial period of guarantee;
9. Come as an adviser, consultant, trainer or troubleshooter etc.,
10. Come as a guest speaker at a conference or seminar;
11. Come to run a conference or seminar of up to 10 days duration,
12. Come to organize and/or participate in live shows or cultural events;
13. Come as an expert to brief EU businessmen about overseas legal and administrative requirements they need to meet as exporters.

These should be liberalized in EC. Do you agree?

Category	EC Proposal
business services sellers	natural persons who are representatives of a service supplier of one Party seeking temporary entry into the territory of the other Party for the purpose of negotiating the sale of services or entering into agreements to sell services for that service supplier. They do not engage in making direct sales to the general public and do not receive remuneration from a source located within the host Party.
contractual services suppliers (CSS)	natural persons employed by a juridical person of one Party established in accordance with the legislation of this Party on its territory which has no commercial presence in the territory of the other Party and which has concluded a bona fides contract to supply services with a final consumer in the latter Party requiring the presence on a temporary basis of its employees in that Party in order to fulfil the contract to provide services

These should be liberalized in EC. Do you agree?

Category	EC Proposal
independent professionals'	natural persons engaged in the supply of a service and established as self-employed in the territory of a Party who have no commercial presence in the territory of the other Party and who have concluded a bona fide contract to supply services with a final consumer in the latter Party requiring their presence on a temporary basis in that Party in order to fulfil the contract to provide services.

Which EU service partners would you agree need to get easier access to Jamaica's market?

Would you support CSS getting access into CARIFORUM market?

Services Development Proposals

- More easy access to regulatory info on EU services regime;
- Network of referrals for Caribbean service firms. Virtual meeting place should be established;
- EC to remove all economic needs tests;

Services Development Proposals

- CARIFORUM service firms to be treated as EC firms in priority areas;
- Subsidy countervailing action should not be taken against CARIFORUM service firms;
- The EU export help desk should be expanded to include services;

Services Development Proposals

- CARIFORUM Service Suppliers to be able to provide services without setting up shop in EU;
- All levels of staff should be allowed to travel, not just tertiary professionals;
- EU to provide training to service organizations to improve capacity;
- Establishment of MRAs

EPA Value Proposition

- EPA will produce results to the extent that you participate;
- The EPA will seek to promote export interest;
- EPA should result in opening of EU services market;
- EPA should also provide development benefits;
- Ultimately, EPA should move towards a modern services regime between EU and CARIFORUM where our service providers can make more money in that market;

Thanks for your time