

# Introduction to the CARIFORUM-European Community Economic Partnership Agreement (EPA)

## Background

The Economic Partnership Agreement (EPA) was signed by the 27 European Union member states and 14 CARIFORUM states (all except Haiti) in October 2008 and it came into effect through provisional application in December 2008. It replaces the trade provisions of the Cotonou Agreement, signed in 2000, in which the European Community unilaterally granted African, Caribbean and Pacific (ACP) countries non-reciprocal market access to Europe on more favourable terms than those enjoyed by goods from other countries. There was special access for some traditional exports like sugar, rum, rice into the European market which was very important to ACP countries. The Cotonou's non-reciprocal trade preferences\* required a waiver in the World Trade Organization (WTO) because it was contrary to the basic rule enshrined in Article 1 of the GATT, that all members must be treated no less than any other member (most favoured nation (MFN) principle) unless they belong to a regional trade agreement or economic integration agreement which meets the substantive criteria of Article XXIV of the GATT or Article V of the General Agreement on Trade in Services (GATS) respectively. In exchange for the waiver, the EU and ACP states had agreed to replace the Cotonou preferential trade arrangement with a reciprocal, WTO-compatible agreement by the end of 2007.

The CARIFORUM-EC EPA was the first EPA to be completed between Europe and one of the six sub-regions of the ACP

The EPA contains rules to ensure that trade and investment between CARIFORUM and the European Union is conducted on a transparent and predictable basis while accommodating the marked differences in size and level of development between the two regions.

## Objectives

The EPA as a trade agreement with development components is designed to open up and enhance trade between Europe and CARIFORUM by removing the barriers to trade between them and by improving CARIFORUM's capacity to trade competitively. Through enhanced open trade, it is expected that the EPA will:

- Expand and improve CARIFORUM's industries and economic growth by enabling CARIFORUM States to develop exports in services and a wider range of goods in which they have a comparative advantage;

- Increase employment and business opportunities;
- Improve CARIFORUM's access to European technology and technical 'know how';
- Increase competition within CARIFORUM and thereby improve efficiency in production processes.

### **\*What are preferences?**

A preference is a concession offered in a trade agreement by a Party to another without offering that same concession to a third Country. For instance in the LOME Convention the European Community offered duty free and quota free market access for a range of products that originated from the Africa Caribbean and Pacific Regions and exported to the EC Market.

### **CARIFORUM members of the EPA:**

Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

### **European Union members of the EPA:**

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

### **What Does the EPA Look Like?**

The EPA is divided into six parts and contains annexes and protocols. The main sections are as follows:

**Part I:** Trade Partnership for Sustainable Development

**Part II:** Trade and Trade-related Matters

**Title I.** Trade in Goods

**Title II.** Investment, Trade in Services and E-commerce

**Title III.** Current Payments and Capital Movements

**Title IV.** Trade-related Issues

*Part III:* Dispute Avoidance and Settlement

*Part IV:* General Exceptions

*Part V:* Institutional Provisions

*Part VI:* General and Final Provisions

Seven Annexes

Three Protocols

Final Act

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