

Caribbean-EU Economic Partnership Agreement (EPA)

Achievements in Agriculture

Chapter on Agriculture and Fisheries

CARIFORUM was able to achieve the insertion into the Agreement of a full chapter on Agriculture and Fisheries. Chapter 5 of Title I of Part II of the Agreement sets out the objectives, which include sustainable development and exploitation, and increased competitiveness, and special mention is made of the contribution of these sectors to poverty eradication, food security and diversification. There is a commitment on the part of the Parties to engage in a **process of dialogue** in a range of areas, including technology, developmental experiences, investment promotion, policies and institutional issues. In addition, the EU has made specific commitments on **development cooperation**, which cover the following:

- a. Improvement in the competitiveness of potentially viable production, including downstream processing through innovation, training, promotion of linkages and other support activities, in agricultural and fisheries products, including both traditional and non traditional export sectors;
- b. Development of export marketing capabilities, including market research, both for trade between CARIFORUM States and between the Parties as well as the identification of options for the improvement of marketing infrastructure and transportation, and the identification of financing and cooperation options for producers and traders;
- c. Compliance with and adoption of quality standards relating to food production and marketing, including standards relating to environmentally and socially sound agricultural practices and organic and non-genetically modified foods;
- d. Promotion of private investment and public-private partnerships in potentially viable production;
- e. Improvement in the ability of CARIFORUM operators to comply with national, regional and international technical, health and quality standards for fish and fish products;
- f. Building or strengthening the scientific and technical human and institutional capability at regional level for sustainable trade in fisheries products, including aquaculture; and
- g. Supporting the process of dialogue referred to above.

Export subsidies – the Agreement commits the EU to the elimination of export subsidies on all agricultural products for which CARIFORUM has agreed to eliminate tariffs. This will be done according to modalities to be agreed at the level of the Trade & Development Committee of the EPA. CARIFORUM will not be required to eliminate any export subsidies that are applied in accordance with its rights under the WTO Agreement on Agriculture and the Agreement on Subsidies and Countervailing Measures.

Commodities – Sugar, Bananas, Rice and Rum

The agreement contains an article (Article 6), which commits the EU to engage in prior consultations with CARIFORUM on any policy developments that may impact on the competitive position of the region's traditional exports on the EU market. This is particularly important in terms of any planned liberalization of the market by the EU in the context of the WTO and bilateral free trade agreements but also extends to the EU's internal regulatory framework.

Sugar – The CARIFORUM region gained **additional access** to the EU market of 60,000 tonnes (i.e. over and above the quantities available to Sugar Protocol signatories) for the period up to the end of September 2009. Of the additional amount, 30,000 tonnes will go to the Sugar Protocol (i.e. CARICOM) countries and the remainder to the Dominican Republic.

While the Sugar Protocol remains in effect (up to the end of September 2009) the EU has given assurances that it will seek to ensure that any shortfalls on the SP quotas are reallocated among other CARICOM countries.¹ This was a key demand from the CARIFORUM side.

While the agreement limits, until 2015, the ability of CARIFORUM countries to “cumulate”² with each other and with other ACP States in respect of a number of manufactured products that contain sugar, the EU has committed to reviewing that list of products, with a view to reducing it, at the end of three years following signature of the agreement.

Rice – For a period of two years leading up to full duty-free and quota-free access, CARIFORUM rice exporting countries will be given quotas of 187,000 tonnes for 2008 and 250,000 tonnes for 2009. The quotas will be duty-free compared to the approximately €65 per tonne currently paid. The present quota available to the ACP (Guyana and Suriname) amounts to 145,000 tonnes and the proposed quotas for 2008 and 2009 would therefore represent increases of 29% and 72%, respectively. Further, the new arrangement makes no distinction between whole grain and broken rice, which means that CARIFORUM exporters should be better able to target the higher-priced market for whole grain rice, once supplies are available. In addition, the agreement contains a joint declaration committing the EU to keeping the licencing and other arrangements relating to the quota under review with aim of ensuring that CARIFORUM exporters obtain the maximum benefit from the trade.

Bananas – Bananas will gain full duty-free and quota-free access to the EU market from the inception of the EPA. In effect, the recent ruling of the WTO dispute settlement panel against the EU's preferences granted to ACP banana exporters will become null and void insofar as CARIFORUM banana exports are

¹ See JOINT DECLARATION ON REALLOCATION OF UNDELIVERED QUANTITIES UNDER THE SUGAR PROTOCOL (page 402)

² Under the Rules of Origin, CARIFORUM countries will be able to incorporate raw materials from each other's production as well as from that of other ACP States and still have the final goods qualify for preferential treatment into the EU. This is referred to a “cumulation”.

concerned since the duty-free preferences will now be protected under WTO rules governing free trade areas.

The agreement also contains a comprehensive **Joint Declaration on Bananas**³ in which the importance of the industry to several CARIFORUM countries is fully acknowledged, and which also recognizes the need for the EU to maintain significant preferences for the product. Importantly, the Declaration also commits the EU to provide funding to assist the industry in making the necessary adjustments, including diversification initiatives, and addressing the social impacts that may arise from the new trading environment.

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³ See JOINT DECLARATION ON BANANAS (page 401)