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Prepared by the Information Unit of the Caribbean Regional Negotiating Machinery (CRNM), this electronic newsletter focuses on the RNM, trade negotiation issues within its mandate and related activities.

Getting to Know the EPA is one of a series of guides produced by the Caribbean Regional Negotiating Machinery (CRNM) on the subject of the Economic Partnership Agreement (EPA) between African, Caribbean and Pacific States and Europe. This Frequently Asked Questions (FAQ) guide is designed to clarify basic facts about the EPA.

Does the EPA include provisions on Agriculture and Fisheries?

Yes! There is a full chapter dedicated to agriculture and Fisheries! Not only are the provisions under this chapter aimed at increasing the competitiveness of this sector but they are aimed at securing the sustainable development and exploitation of CARIFORUM's Agriculture and Fisheries sector. Emphases were placed on improving diversification, this sector's viability, and its capacity to be a facilitator of poverty eradication.

Has CARIFORUM Committed to 'opening up' all aspects of this sector to the Europeans?

No. In addition to duty free/quota free access for all CARIFORUM goods, CARIFORUM has been able to ensure that a number of CARIFORUM products, including some agricultural products are excluded indefinitely from liberalization within the EPA to ensure that local producers are protected. Sensitive goods have protection from liberalization in some cases up to 25 years. Furthermore, provisions are made to remove tariffs from 80% of goods imported from the EU gradually over a 15 year period.

Even though CARIFORUM liberalization is phased, wouldn't Europe have an unfair advantage because of its ability to subsidize their agricultural sector?

No. The EU is obligated under the EPA to eliminate export subsidies on all agricultural products for which CARIFORUM has agreed to liberalize. On the other hand, CARIFORUM is not required to eliminate export subsidies which are sanctioned by the WTO under the Agreement on Agriculture and the Agreement on Subsidies and Countervailing Measures.

Have there been any funding commitments from the EU to development Agriculture and Fisheries?

Yes. The EU has made specific commitments on development cooperation the aim of which is to allocate funding to core areas essential to the development of the sector. These include

1. 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;
2. Development of export marketing capabilities, including market research, both for trade between CARIFORUM States and trade between the CARIFORUM States and the EU, 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;
3. 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;
4. Promotion of private investment and public-private partnerships in potentially viable production;
5. Improvement in the ability of CARIFORUM operators to comply with national, regional and international technical, health and quality standards for fish and fish products;

6. Building or strengthening the scientific and technical human and institutional capability at regional level for sustainable trade in fisheries products, including aquaculture; and
7. Supporting the process of dialogue referred to above.

How will the denouncement of the Sugar Protocol affect CARIFORUM Sugar Producers?

The Sugar Protocol which was signed in 1975 obligated the EU, for an indefinite period, to guarantee ACP sugar producers access to the EU market for fixed quantities of ACP sugar at preferential prices. The Protocol included a provision for the EU or the signatory ACP States to discontinue the specific treatment under the Protocol by the EU or the ACP, subject to two years notice. However, that provision did not prejudice the EU commitment to the principles of the Protocol. As a consequence, it was necessary for the EU to respect these commitments while undertaking its sugar reform. The EU sugar reform, formally adopted in 2006, became necessary after a WTO ruling indicated that Europe's subsidies for domestic producers were in violation of the WTO rules on trade.

The EU sugar reform has resulted in the discontinuation of guaranteed prices for EU sugar producers. This factor, amongst others, required a reformulation of EU preferential treatment of ACP sugar producers which are signatory to the Protocol.

While the EU will discontinue the fixed price/quota guarantees under the Protocol, ACP producers, through the EPA, now have improved EU market access which is free from quota or duty restrictions. The EPA has been formulated to help countries signatory to the Protocol to adapt to the effect of EU sugar reform, while preserving preferential market access but with additional provisions to improve the competitiveness of the CARIFORUM sugar sector.

How has sugar been treated in the EPA?

Under the EPA, the CARIFORUM region has gained **additional access** to the EU market of 60,000 tons, which is in excess of the 160,000 tons available under the Protocol. This additional access will be available until the formal end of the Protocol in September 2009. This is particularly advantageous to the larger CARIFORUM sugar producers which will now be able to sell more at guaranteed prices. Of the additional amount, 30,000 tons will go to CARIFORUM Sugar Protocol (i.e. CARICOM) countries and the remainder to the Dominican Republic, which is not signatory to the Protocol. While the Sugar Protocol remains in effect the EU has given assurances that it will seek to ensure that any shortfalls on the SP quotas are reallocated among other CARICOM countries.

The EPA also contains a provision 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, which includes sugar. Such policy developments include changes in the EU's internal regulatory framework, any planned liberalization of the sugar market by the EU at the level of the WTO, as well as liberalization undertaken in other bilateral free trade agreements.

What about the treatment of other traditional exports like rice and bananas?

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 tons for 2008 and 250,000 tons 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. Furthermore, 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 licensing and other arrangements relating to the quota under review with aim of ensuring that CARIFORUM exporters obtain the maximum benefit from the trade.

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 no longer be applicable since the duty-free preferences under the EPA are now protected under WTO rules governing free trade areas.

The Agreement also contains a comprehensive **Joint Declaration on Bananas** 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.