



REMARKS

BY

HON. ZHIVARGO LAING, M.P.

MINISTER OF STATE FOR FINANCE

AT

THE TOWN MEETING

FOR THE

ECONOMIC PARTNERSHIP AGREEMENT

CHOICES RESTAURANT

BAHAMAS HOTEL TRAINING CENTER

COLLEGE OF THE BAHAMAS

THOMPSON BLVD, OAKES FIELD

WEDNESDAY 12TH MARCH, 2008

6:30 P.M.

Ladies and Gentlemen:

We are here this evening to participate in a forum to provide information on the Economic Partnership Agreement (EPA) which was recently negotiated between the European Union and Cariforum, which comprises the Caricom Countries (Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago) and the Dominican Republic. I would like to thank the distinguished panelists present for participating in this event and the College of The Bahamas, specifically the School of Business and our moderator, Ms. Olivia Saunders for partnering with us in organizing this event.

Traditionally, former colonies of Britain, France, Belgium and the Netherlands in Africa, the Caribbean and the Pacific the ACP group were given duty free access to Europe for their exported goods. Typically, this was done through several agreements known as the LOME conventions and then through a agreement

that succeed them known as the Cotonou Agreement other developing countries outside the ACP group have customs duty levied on many of their exports sent to Europe. This duty-free access of the ACP countries discriminates against those countries outside the group and violated the most favored nation rule of the World Trade Organization (WTO). In light of this, the European Community applied for and successfully received a waiver from the World Trade Organization (WTO) to continue this discriminatory trading regime up to December 31st, 2007. The waiver was difficult to get because it required agreement by all the members of the WTO. The basis for the waiver up to December 31, 2007 was the development of a trading regime between the Parties which liberalized trade in goods and services takes place. In order to maintain the duty-free access for exports from the ACP, the EU has undertaken to negotiate Economic Partnership Agreements with each of the blocks, East Africa, West Africa, Central Africa, Southern Africa, the Pacific and the Caribbean.

The EPA has six objectives which include

1. poverty eradication,
2. regional integration,
3. integration of CARIFORUM states into the world economy,
4. supporting conditions for investment and private sector development,
5. improving capacity in trade and
6. trade related issues and strengthening the existing relationship between CARIFORUM and Europe.

On the issue of regional integration, The Bahamas has made its position known to CARICOM on the (CSME) Caribbean Single Market and Economy which is that it will not join. The text of the EPA recognizes that 'pace and content' of regional integration would be determined by the sovereign states.

The Economic Partnership Agreement is the trade agreement that replaces the trade element of the CONTONOU Agreement. It has three features which

distinguish it from the Lome Conventions; firstly, the Dominican Republic took part in the negotiations with CARICOM. Secondly, the EPA introduces the concept of 'reciprocity' with respect to trade in goods. This means that Bahamian exports will continue to enter the EU free of duty. It also means that the duty on EU imports into The Bahamas will be reduced over the next 25 years. Finally, there are also provisions in the Agreement on investment and trade in services. The Bahamas has been given six months or until June 2008 to negotiate the schedules on investment and trade in services. We have begun the process of consulting as widely as possible with the private sector concerning the services offer that we make on their behalf. To date we have held consultations with representatives of the financial services, tourism, insurance, contractors, architects, agriculture, fisheries, medical and accounting sectors.

We are hosting this meeting tonight in partnership with the College of The Bahamas and will participate in a similar exercise in Grand Bahama. We will also be

conducting additional public forums. There is also information available on the Ministry of Finance's site under the Trade Commission; the site address is www.bahamas.gov.bs/finance. For those of you who came out tonight, there is information in the back of the room that summarizes the main features of the Agreement.

Without a doubt, the EPA is a comprehensive and complex trade agreement. There are very specific commitments and review periods on all major obligations. It is divided into three main areas, trade in goods, trade in services and trade related issues. The trade in goods provisions, in addition, to providing the schedule on the reduction in duty on goods from the EU and CARIFORUM countries will require reforms in customs administration to enable the procedures and processes of the customs authority capable of accommodating the rules of the EPA. The commitments in the agreement seek to make the import and export of goods, known as trade facilitation as efficient as possible. Compliance with the trade in

goods component will be reviewed 3 years after signing the Agreement.

The trade in services provides a framework for trade in nine principal areas that include: financial services, tourism and related services, computer and related services, transport services, recreational, cultural and sporting services, research and development services and other business services. Trade in services also provides provisions to regulate electronic commerce and addresses issues such as the recognition of electronic signatures, treatment of unsolicited information and the liability of intermediary service providers with respect to the transmission and storage of information.

Unlike trade in goods which involves all the Parties to the Agreement undertaking the same tariff reduction, the services schedule is based on offers to provide the service through four modes of delivery. This means that each sector makes an offer. Mode 1 is cross border supply or the supply of the service without the

service provider or the consumer leaving their territory. For example going to the internet and purchasing airline tickets. Mode 2 is consumption abroad and this mode involves the consumer leaving their territory to consume the service. Examples of this mode are tourists and ship repair. Mode 3 is commercial presence and in the physical establishment in The Bahamas of a branch or subsidiary of the service provider. Mode 4 involves the **temporary** movement of persons. The Agreement clearly defines the types of persons that would be eligible for temporary entry.

The third area is trade related issues. The Agreement contains obligations in six areas: competition policy, innovation and intellectual property, public procurement, environment, social aspects and protection of personal data. The obligations in the chapter on the protection of personal data, innovation and intellectual property are not likely to be challenging for us because the legislation and institutions to meet those commitments are already in place. There may be a need to enact additional

legislation on intellectual property and improve the institutional capacity for enforcement. Similarly, the obligations in the chapter on social aspects is based on compliance with the International Labour Organization's four core labour standards, which are freedom of association, elimination of child labour and discrimination in the workplace and forced labour. We already have the regulatory and institutional mechanisms to meet the obligations in that chapter. The chapter on environment refers to sustainable development and renewable energy.

The obligations on public procurement involve improving access to procurement opportunities such as the establishment of on-line facilities to provide notices on tendering opportunities, informing suppliers of procurement decisions and the establishment of an authority to provide a transparent mechanism for bid challenges. Our current framework allows international bidding on works contracts. The ceiling proposed in the Agreement would require open tendering on works contracts that exceed \$10 million.

The EPA also commits countries to the enactment and establishment of a competition commission to ensure that there is fairness in the marketplace. This legislation only exists in draft form and this is an example of a new institution that will have to be created within five years of signing the EPA.

The EPA has a development component, which means that some €165 million in funds have been allocated by the EU to assist countries meet the obligations of the Agreement.

The last issue I wish to share with you is the provisions of Protocol III on Cultural Cooperation. The provisions in the Protocol are likely to positively impact performing artists like those involved in junkanoo, performing artists such as the national choirs that travel abroad to perform and the Bahamas Film Commission which seeks to attract persons to The Bahamas to shoot cinematographic films and television programmes. The Protocol on Cultural Cooperation seeks to facilitate this

type of cooperation between the Parties to the Agreement. In addition, it also contains an article to support exchanges of expertise and historic monuments.

The EPA represents a huge undertaking for the countries of the Caribbean in terms of the legislative, institutional and policy implications of implementing the Agreement. It will call for an even closer partnership between the government and the private sector in outlining common visions for the development of each sector and the implementing strategies. Finally, as your presence here today demonstrates, civil society will need to continually engaged to ensure in an interactive process that feeds into the trade strategy of The Bahamas.

Thank you.