

## **TOURISM AND FINANCIAL SERVICES**

The CARICOM Heads of Government agreed that the service sectors that would be liberalized would include:

computer and related services, research and development services, other business services, telecommunications services, financial services, environmental services, tourism and travel related services, recreational, cultural and sporting services, and transport services.

This *Trade Brief* will outline the sectors that are being contemplated for liberalization with respect to the tourism and financial services sectors as part of the Economic Partnership Agreement.

### **What does service liberalization mean?**

The General Agreement on Trade in Services has divided the provision of a service into four modes of delivery. These modes are:

- Mode 1 - Cross-border supply
- Mode 2 - Consumption abroad
- Mode 3 - Commercial presence
- Mode 4 - Presence of natural persons.

Liberalization means allowing European businesses to compete in a sector through one of the above modes.

In addition to these modes of delivery countries are also allowed to outline their horizontal commitments. This means that the limitations on market access and national treatment can be outlined across all the sectors.

In the case of The Bahamas, the horizontal commitments would include Exchange

Control Regulations, National Investment Policy etc.

### **What are the sectors being considered for liberalization in the EPA?**

CARIFORUM's position is that each country has to liberalize 65 percent of its service sectors. With respect to tourism, the following categories are being considered for liberalization:

- (a) Hotel and Restaurants (including Catering)
- (b) Hotel Management
- (c) Hotel and Resort Development and Operation (including hotel restaurant services)
- (d) Hotels and Resorts in excess of 100 rooms and restaurant services
- (e) Travel Agency and Tour Operator Services
- (f) Tourist Guide Services
- (g) Hotel Development
- (h) Marina Services

### **What are the areas for consideration in financial services?**

This area is proving rather sensitive for CARICOM. Unlike tourism where all the countries have made offers, the coverage for financial services which includes insurance, banking and other financial services has been very limited.

## **Insurance**

The insurance and insurance-related services includes

- Life, accident and health insurance services;
- Non-life Insurance Services Maritime and Air Transport Insurance Services;
- Reinsurance and Retrocession Insurance (including broking and agency services);
- Services Auxiliary to Insurance (including broking and agency services);
- Services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services;
- Actuarial services; and
- These sectors were covered by most of the countries;

## **Financial Services**

The areas of financial services that are not well covered are banking and other financial services excluding insurance. The areas for liberalization are:

- Acceptance of deposits and other repayable funds from the public;
- Lending of all types including consumer credit, mortgage credit, factoring and financing of commercial transactions;
- Financial leasing;
- All payment and money transmission services;
- Guarantees and Commitments;
- Trading for own account or for account of customers, whether on an exchange, in or over the counter market or the following:
- Derivative products including but not limited to futures and options
- Exchange rate and interest rate instruments including products such as swaps, forward rate agreement etc.,

- Money market instruments (cheques, bills, certificates of deposits etc)
- Foreign exchange
- Transferable securities
- Other negotiable instruments and financial assets including bullion
- Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publically or privately and provision of service related to such issue
- Money broking
- Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services
- Settlement and clearing services for financial assets including securities, derivative products and other negotiable instruments
- Advisory and other financial services on all activities including credit reference and analysis, investment and portfolio research and advice on acquisitions and on corporate restructuring
- Provision and transfer of financial information and financial data processing and related software by providers of other financial services
- Deposit services
- Central bank deposit
- Central bank reserve management services
- Investment and property unit trust services
- Investment banking
- Registration of offshore companies and trust (not including insurance companies and banks) to do offshore business